American Hospital Association

CRITICAL ACCESS HOSPITALS
January – December 2007

AHA Section for Small or Rural Hospitals
CAH Annual Report - 2007

The American Hospital Association (AHA) is a national advocate for critical access hospitals (CAHs). Since the inception of the program in 1997, the AHA has supported improvements and enhancements to the program through legislation and regulation; pushed for fair and equitable payments; worked to reduce regulatory burdens; collaborated with rural health partners, and supported CAHs through education and management assistance.

REPRESENTATION, ADVOCACY AND POLICY DEVELOPMENT

Advocating for Program Improvement on the Legislative Front
During 2007, the AHA supported a number of legislative proposals that would preserve rural access to care. Two bills that were introduced represented bipartisan efforts by the House Rural Health Care Coalition and the Senate Rural Health Caucus. These AHA-backed bills are:

- ★ *The Health Care Access and Rural Equity Act (H-CARE)* would extend through 2011 existing rural health provisions of the *Medicare Modernization* (MMA) and *Deficit Reduction Acts* (DRA). H.R. 2860 also would extend the outpatient hold-harmless provision for rural hospitals with fewer than 100 beds; extend the 2% add-on for ambulance trips in rural areas, and extend the 5% add-on for rural home health services. CAHs would gain flexibility to respond to daily and seasonal fluctuations in patient load and receive cost-based reimbursement for outpatient lab services.

- ★ *The Craig Thomas Rural Hospital and Provider Equity Act(R-HoPE)* would extend the outpatient hold-harmless provision for rural hospitals under 100 beds and sole community hospitals, continue the grandfather clause allowing direct payments to independent laboratories for the technical component of pathology services, and extend the 5% rural add-on payment for home health services. In addition, S. 1605 would provide cost-based reimbursement for CAHs' outpatient lab services regardless of where the patient is physically located, remove the cap on disproportionate share adjustment percentages for all hospitals and improve payments for ambulance services in rural areas.

The AHA also will work to advance other bills introduced to improve CAH bed-size flexibility, cost-based reimbursement for clinical lab and ambulance services, 340B discounts for inpatient and outpatient drugs and payment at 101% of cost for inpatient, swing-bed and outpatient hospital services by Medicare Advantage plans.

Pursuing Fairness in the Regulatory Arena
The AHA also represents the interests of CAHs to numerous federal agencies, but most notably the Centers for Medicare & Medicaid Services (CMS). In 2007, we provided comments on the Medicare inpatient PPS and outpatient PPS rules. Members received advisories that analyzed the proposed and final rules explaining the AHA's positions on provisions within the rules. Our persistence on behalf of our members resulted in key regulatory victories in 2007, including, revisions to the CAH interpretive guidelines and relocation criteria.

- ★ CMS' 2005 interpretive guidelines severely limited CAHs' ability to rebuild and relocate while maintaining their cost-based payment status. To change the guidelines, the AHA undertook an extensive advocacy campaign, including a survey of the field, congressional letters and meetings with CMS officials. In the fall, CMS released revised CAH guidelines that will significantly ease the process of rebuilding and relocating for CAHs. The agency will no longer require CAHs without "necessary provider" designation to pass the "75% test" upon relocation. CMS also relaxed the definitions of "mountainous terrain" and "secondary roads" for the purposes of determining whether a facility is exempt from the mileage requirement, and allows greater flexibility for necessary provider CAHs to meet the 75% test, among other changes. While the AHA is pleased that CMS adopted many of our recommended policy changes, we remain concerned that the agency did not adopt all of them.

- ★ As part of the effort to identify quality measures relevant to rural providers, we urged CMS to adopt five specific heart attack care measures in the outpatient PPS final rule as part of its new outpatient quality reporting program. Those measures are most relevant for small hospitals that tend to stabilize and transfer the majority of patients who present at their emergency rooms with heart attack symptoms. And, when a CMS contractor announced in December that it would not allow CAHs to submit the outpatient measures, we took issue with that position, citing the importance of allowing CAHs to demonstrate their commitment to transparency and quality improvement by. In January 2008 CMS agreed to allow CAHs to submit and publicly report outpatient quality data.

We will continued to work with CMS to reduce obstacles to CAH rebuilding and replacement and permit CAHs to effectively serve Medicare beneficiaries and others by delivering desperately needed services to rural residents in their neighboring communities.

FISCAL YEAR 2008 APPROPRIATIONS

The AHA continues to advocate for adequate funding for CAHs. Fiscal year 2008 funding for Rural Hospital Flexibility Grants is $37.9 million; State Offices of Rural Health is $8.0 million; Rural Outreach Grants is $48.0 million; Rural Health Research is $8.6 million; Delta Health Initiative is $24.6 million; and Rural and Community AEDs is $1.5 million.

INTER-ORGANIZATIONAL RELATIONSHIPS

The AHA and the Section collaborate with partners from state associations, national organizations, and the federal government in support of CAHs. These relationships include:

- ★ American Academy of Family Physicians, Committee on Health of the Public
- ★ The Joint Commission, Work Group on Accreditation Issues for Small or Rural Hospitals
- ★ HRSA Office of Rural Health Policy, FLEX Program Advisory Committee, and
- ★ NRHA Annual CAH Conference Planning Committee

MEMBER OUTREACH, EDUCATION AND MANAGEMENT ASSISTANCE

The AHA and the Section assist our hospital members through communication, education and management strategy tools and resources, and services such as the Section's *CAH Update* newsletter and the *CAH Web Site* at www.aha.org/aha/key_issues/rural/focus/cah.html.

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