American Hospital Association
SECTION FOR SMALL OR RURAL HOSPITALS

Annual Report 2012

Approximately 59.5 million Americans representing over 19 percent of the U.S. population live in rural areas and depend upon the hospital serving their community as an important, and often only, source of care. Remote geographic location, small size, and limited workforce, along with physician shortages and inadequate financial resources, pose a unique set of challenges for rural hospitals. In 2012, the AHA's Section for Small or Rural Hospitals advocated for the unique needs of our 1,630 constituents, which includes over 975 critical access hospitals.

This report highlights some of the legislative issues the AHA championed on behalf of small or rural hospital members. It also reviews achievements in areas of regulatory policy, governance, and member services such as education, leadership, and communications.

REPRESENTATION AND ADVOCACY

President Obama's fiscal year (FY) 2013 budget proposal would reduce payments to CAHs from 101 percent to 100 percent of reasonable costs. In addition, effective in FY 2014, it would eliminate the CAH designation for hospitals that are less than 10 miles from the nearest hospital. AHA is very concerned about cuts that affect the work hospitals do for their communities. The AHA will continue to work with the administration and Congress to avoid detrimental cuts while strengthening health care in rural America.

Medicare Extenders


FACTSHEET

Expiring Medicare Provisions

THE ISSUE

AHA POSITION

The AHA urges Congress to recognize that the circumstances that necessitated these provisions continue to exist and, therefore, it is appropriate that they be extended.

WHY?

KEY PROVISIONS

The AHA is pleased that Congress provided relief on certain issues as part of the Budget Control Act of 2011 and then again as part of the Middle Class Tax Relief and Job Creation Act of 2012. However, the laws did not go far enough in extending certain policies critical to rural hospitals. We will continue to work with Congress to provide small, rural hospitals with adequate reimbursement, including extension of expiring rural provisions. Key rural hospital extenders are:

- Low-volume hospital payment adjustment;
- Medicare-dependent hospital program;
- 508 geographic reclassifications;
- Ambulance add-on payments;
- Medicare reasonable cost payments for clinical diagnostic lab tests in certain rural areas;
- Outpatient hold harmless payments for rural and sole community hospitals; and
- Direct billing for the technical component of certain physician pathology services.

The AHA has worked with members of Congress on letters promoting the R-HoPE Act (H.R.3859/S.1680), which would extend several Medicare extenders, and for the Rural Hospital

Access Act (H.R.5943/S.2620), which extends the Medicare-dependent hospital program and enhanced Medicare low-volume adjustment.

Advocacy in Action

With the continued threat of cuts to hospital payments, the AHA has organized additional ways for our voice to be heard. The AHA Advocacy Alliances are special interest groups created to engage legislators on the issues about which you care deeply, including one for rural hospitals. Alliance activities include special briefing calls and e-mails to keep members up-to-date on key developments, special breakout sessions at AHA Advocacy Days, direct member outreach, and other issue-specific resources.

The debate over the national debt and what to do about it is the top issue for lawmakers. At Advocacy Days, hospital leaders ensure that Congress does not impose arbitrary payment cuts to providers, but instead offers real solutions to our nation's fiscal problems. AHA has conducted several advocacy days highlighting rural hospital issues, among others.

Speaking up for hospitals. As part of an AHA Advocacy Day, rural hospitals CEOs were interviewed for local radio news segments. Raymond Montgomery, president and CEO of White County Medical Center in Searcy, AR, and an AHA board member, is featured.

Making the case on Capitol Hill. Following AHA's Advocacy Day briefing, Kansas rural hospital leaders met with Sen. Jerry Moran, R-KS, (at far right). From left to right are Jodi Schmidt, president and CEO of Labette Health in Parsons; Fred Lucky, senior vice president of the Kansas Hospital Association; and Mike Ryan, CEO of Herington Municipal Hospital.

REGULATORY POLICY

The AHA represents the interests of small or rural hospitals to numerous federal agencies, but most notably the Centers for Medicare & Medicaid Services (CMS), the Health Resources and Services Administration (HRSA), and the Federal Communications Commission (FCC).

Over the past year, the AHA represented small or rural hospital interests on several major rules, including final rules for the Medicare inpatient prospective payment system (PPS), the outpatient PPS, and Medicare physician fee schedule. Small or rural hospitals welcomed some major victories in regulatory policy and enforcement, including but not limited to:

- Continuing the adjustment of 7.1 percent to the OPPS payments to certain rural sole community hospitals, including essential access community hospitals (EACHs);
- Expanding the reach and use of broadband connectivity;

- Extending the moratorium on enforcement of the direct supervision policy for outpatient therapeutic services;
- Identifying ambulatory payment classification codes that can move from direct to general supervision;
- Allowing CAHs to include the cost of capital leases for certified electronic health record (EHR) technology in their Medicare EHR incentive payments;
- Rescinding a policy requiring a physician's or non-physician practitioner's signature on a requisition for lab tests;
- Allowing CRNAs to bill directly and be reimbursed by Medicare for services determined by the state to be within their scope of practice, including chronic pain management;
- Revising the existing Medicare and Medicaid Conditions of Participation for hospitals and CAHs, advanced practice practitioners so they are more flexible while eliminating some burdensome paperwork; and
- Allowing non-physician practitioners in hospitals and post-acute facilities to conduct a face-to-face encounter as long as they are working with or under the supervision of a physician.

AHA is proud of the many regulatory wins we negotiated with support of Congress and through our comments to regulatory agencies. AHA will remain vigilant on other areas where rule making is burdensome or where the agency rule exceeds legislative intent, and pursue changes as needed to ensure equitable treatment of small or rural hospitals.

AHA SECTION FOR SMALL OR RURAL HOSPITALS

The AHA Section for Small or Rural Hospitals has a long history of providing a unique blend of forum and network – linking hospital members with shared interests and missions – to advise AHA on advocacy activities and deliberate on polices important to all small or rural hospitals. The Section and AHA ensure that the unique needs of this segment of its membership are a national priority. The Section monitors the issues facing its constituents, develops policy, and identifies solutions to their most pressing problems. The Section's Governing Council leads these efforts while Section members are also represented on each of AHA's nine Regional Policy Boards (RPBs) and the AHA Board of Trustees.

Governance

Small or rural hospitals have a direct role in shaping AHA strategy and policy through representation on the AHA Board of Trustees, Governing Council, and Regional Policy Boards (RPBs). In 2012, seven rural hospital CEOs are members of the AHA Board of Trustees, eighteen are members of the Section Governing Council, and 28 serve as Section delegates and alternates across the nine RPBs. Other opportunities for involvement exist through task forces and ad hoc committees. The Section's Nominating Committee worked diligently to recruit members and broaden representation on AHA governance and policymaking bodies.

Organizational Relationships

The AHA works closely with several partners, including the Health Resources and Services Administration Office of Rural Health Policy, the Federal Communications Commission, and National Rural Health Association (NRHA), to affect positive change in federal policies and improve the status of small or rural hospitals across the country.

MEMBER SERVICES

Growing and sustaining the rural health care workforce, improving quality while controlling costs, and maintaining access to essential services are priorities for small or rural hospitals. To help our members, the AHA offers a variety of services such as education and technical assistance, communications, and leadership recognition.

Education and Technical Assistance

The AHA offers educational and technical assistance through Webinars, teleconferences, and workshops. The AHA sponsors the Health Forum Rural Health Care Leadership Conference and supported other national and regional rural hospital conferences as sponsor or faculty. During 2012, the Section produced several Webinars on implementing ICD-10, a National Health Service Corps CAH pilot, navigating the drug shortage, hospital/FQHC relations, direct supervision of outpatient services, meaningful use of EHRs, and federal legislative and regulatory policy updates. Resources such as best practices and case examples may be found at *Hospitals In Pursuit of Excellence*.

Communications

The AHA is the field's primary resource for timely communication on the issues affecting small or rural hospitals. Through its *Update* newsletters, *AHA News and News Now* publications, member calls, Web site, and site visits, the AHA reaches out and connects with members and solicits their opinions on a variety of strategic issues.

Leadership Recognition

Each year the AHA recognizes small or rural hospital chief executives and administrators who have achieved improvements in local health delivery and health status through their leadership and direction, with the Shirley Ann Munroe Rural Hospital Leadership Award. James Dickson, CEO of Copper Queen Community Hospital in Bisbee, AZ, received the 2011 award.

MOVING FORWARD

The AHA will continue to work hard on behalf of small or rural hospitals as they develop and implement reform strategies and tackle emerging issues. This report is only a summary of the many ways in which AHA adds value to small or rural hospitals. Visit our Web site for additional information, or contact John Supplitt, senior director, AHA Section for Small or Rural Hospitals, at (312) 422-3306 or jsupplitt@aha.org.