



**AHA Advocacy Alliance**  
**FOR**  
**Rural Hospitals**

**CMS Documentation for CAH  
Necessary Providers**

**Priya Bathija**

**American Hospital Association**

February 18, 2016

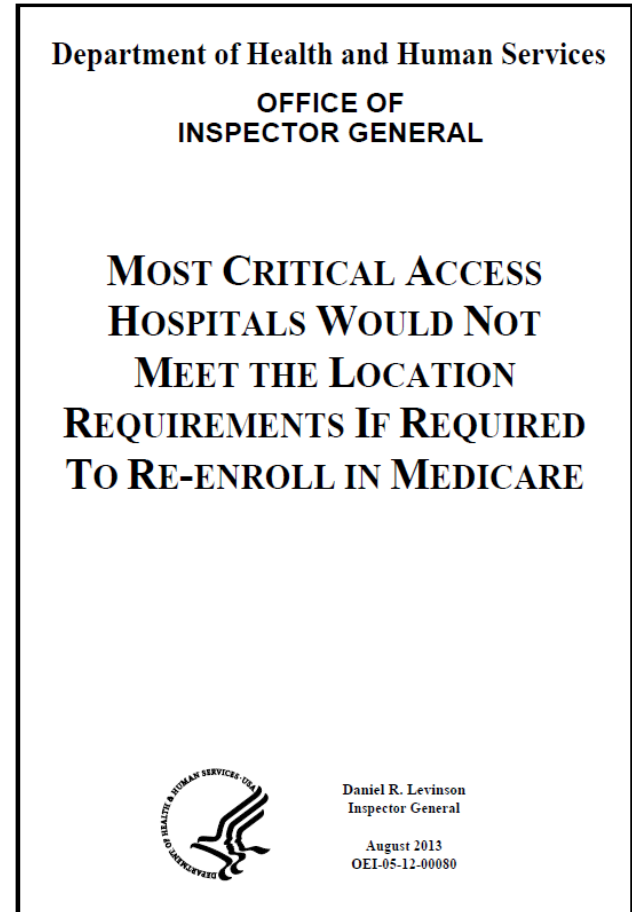


# Background

- **Statute and regulations require CAHs to meet location and distance requirements**
  - **Location Requirement**
    - CAHs must be located in a rural area
  - **Distance Requirement**
    - CAHs must be located more than a 35-mile drive (15 miles in areas with only secondary roads or mountainous terrain) from another hospital
- OR**
- Be designated as a necessary provider prior to 2006

# Background

- **August 2013 Report**
- **OIG recommended that CMS periodically reassess and maintain evidence that it is re-evaluating CAHs' compliance with these requirements**



# Background

- **CMS Response – Transmittal 145 (Aug. 2015)**
- **Lists documents CAHs must provide to prove they have met the location and distance requirements**
  - Necessary provider CAHs required to provide necessary provider designation letter issued by the state prior to Jan. 1, 2006
  - Inconsistent with previous CMS guidance
  - Problem for many CAHs

# AHA Advocacy

- **Conversations** with CMS survey and certification staff
- **Letter** to the agency urging CMS to immediately remedy this issue by revising its guidance to allow alternative methods of documentation
- **Evaluation** of alternative options



American Hospital Association

November 17, 2015

Andrew M. Slavitt  
Acting Administrator  
Centers for Medicare & Medicaid Services  
200 Independence Ave., S.W.  
Washington, DC 20201

RE: *Critical Access Hospital Interpretive Guidance – Transmittal 145*

Dear Mr. Slavitt:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our 43,000 individual members, the American Hospital Association (AHA) is writing to address our concerns related to interpretive guidance recently released by the Centers for Medicare & Medicaid Services (CMS) in its State Operations Manual (SOM).

We are concerned that CMS's recently articulated requirements around the documentation necessary to support a critical access hospital's (CAH) necessary provider (NP) designation are inappropriate and unnecessarily limited. They may very well have the dire consequence of causing many CAHs to lose the designation that they rightfully obtained prior to 2006. We urge CMS to immediately remedy this issue by revising its requirements to allow alternative methods of documentation.

In order to qualify for participation in the CAH program, a CAH must be located in a rural area and meet the distance or NP criteria set forth in 42 CFR 485.610(b) and (c). On Aug. 21, CMS published Transmittal 145, which included Exhibit 365 to Chapter 9 of the SOM, titled *Critical Access Hospital (CAH) Recertification Checklist: Rural and Distance or Necessary Provider Verification*. Exhibit 365 sets forth the procedures to be followed by the CMS Regional Offices (RO) and State Agencies to verify hospitals' compliance with these requirements for program participation prior to conducting a CAH recertification survey.

Specifically, for NP CAHs, Exhibit 365 indicates that the RO must review each CAH's file to determine whether there is evidence that the CAH was certified as an NP prior to Jan. 1, 2016. However, it lists only one source of evidence that will be considered sufficient – an NP designation letter issued by the state prior to Jan. 1, 2006. However, CMS did not actually require states to issue these letters when CAHs were designated originally as NPs. Indeed, until the agency issued Exhibit 365 in August, there had never been any sort of statute, regulation or CMS policy that required states to have issued an NP designation letter to a CAH that had

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American Hospital Association

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# Revised Guidance from CMS

- Issued by CMS to state survey agencies on February 12

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop C2-21-16  
Baltimore, Maryland 21244-1850



Center for Clinical Standards and Quality / Survey & Certification Group

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Ref: S&C: 16-08-CAH

**DATE:** February 12, 2016

**TO:** State Survey Agency Directors

**FROM:** Director  
Survey and Certification Group

**SUBJECT:** Critical Access Hospital (CAH) Recertification Checklist for Evaluation of Compliance with the Location and Distance Requirements

## Memorandum Summary

**CAH Recertification Checklist:** In order to routinely re-evaluate the compliance of currently certified CAHs with the status and location requirements at 42 CFR 485.610, the Centers for Medicare & Medicaid Services (CMS) has revised the attached *CAH Recertification Checklist: Rural and Distance or Necessary Provider Verification* for use by the CMS Regional Office (RO) staff when processing CAH recertifications. The revised checklist includes:

- Procedures on determining whether a CAH that was certified by CMS prior to January 1, 2006 had been designated by the State as a necessary provider.
- Examples of documentary evidence to demonstrate necessary provider designation prior to January 1, 2006.

# Revised Guidance from CMS

- **Allows state survey agencies to consider alternative methods of documentation for necessary provider CAHs**
  - Review CAH file to confirm there is evidence of necessary provider CAH status (**FOR EXAMPLE**, a designation letter issued by the state prior to Jan. 1, 2006)
  - If not available, regional office may ask State if there is documentation of state designation performed prior to Jan. 1, 2006

# *Revised Guidance from CMS*

- **No fixed list of acceptable documents**
- **CMS provides a case study example**
  - Copy of state's Rural Health Plan prior to 2006
  - Evidence that hospital met the criteria at that time
  - Letter from the state confirming that the hospital was designated by the state as a necessary provider prior to Jan. 1, 2006



# ***AHA Perspective***

- **Pleased the new guidance allows consideration of alternative methods of documentation**
- **We believe this will allow CAHs that have rightfully obtained a necessary provider designation to continue participation in the CAH program**
- **We will continue to monitor implementation of this guidance to ensure this happens**



# *Discussion*

**We invite your questions  
and comments.**



# Contact Information

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# American Hospital Association