
Critical Access Hospitals of the Future: Leaders in Sustaining Healthy Communities

Keith J. Mueller, Ph.D.

Director, RUPRI Center for Rural Health Policy Analysis

Presented at the

TEXAS CRITICAL ACCESS HOSPITAL CONFERENCE

Addison, Texas

Tuesday, March 16, 2004

Are We Satisfied With the Current Health System?



- As it is configured?
- As it is financed?
- As it is integrated with other services in the community?
- As measured by the health of the community and its residents?

Why Look to CAHs?



- Traditional role of community hospitals to be health care leaders
- Expectations created for “financially stable” health care providers
- Role in the Rural Hospital Flexibility Grant Program

What Financial Stability: What We Sought in 1997

- Payment stabilization through cost-based reimbursement
 - Secure access for rural residents, Medicare beneficiaries
 - Re-invigorate small rural hospitals
-

What We Got: Becoming a CAH

- Satisfying length-of-stay requirements
 - Definition of essential: state variation
 - Flex \$\$ to help
-

What We Got: Financial Security

- For well-managed institutions
 - Allowable costs reimbursed
 - Lab payment, maybe
 - Working toward cost-based for full book of business
-

What We Got: Evolution of the Flex Program

- Analyze hospital financial condition
 - Assist in survey and credentialing
 - Second survey
 - Move to incorporate EMS
 - Move to strengthen networks
 - Move to quality improvement initiatives
 - Bottom line: Hospital as a Voice of the Community
-

The 2003 Improvements

- Redefine: bed size
 - Redefine: distinct part units
 - Redefine: window closing on state-specific definition of essential hospital (January 1, 2006)
 - Cost-based becomes cost plus one percent
-

The 2003 Improvements (continued)

- Cost-based funding applies to facility costs associated with physician services
 - Stabilize: eligibility for periodic interim payments for inpatient services
 - Stabilize: reimbursement for on-call providers extended to physician assistants, nurse practitioners, and clinical nurse specialists
-

Continuing to build local health systems and improve patient safety and quality

- Flex reauthorization and clear direction beyond hospital certification
 - Small Hospital Improvement Program reauthorization
-

Building blocks for the future

- Securing the base: performance improvement for the hospital
 - Demonstration project for consumer-directed chronic outpatient services must include a rural area
 - Agency for HealthCare Research and Quality program to promote the use of information technology in quality improvement, with a rural emphasis in funding
-

The future is now

- MedPAC study of the impacts of rural hospital payment adjustments, including new CAH provisions – final report due December, 2006
 - Demonstration project to make a skilled nursing facility an originating site for telehealth – report due June 1, 2005, designation January 1, 2006
 - Citizen's Health Care Working Group to form in 2005
-

Will you be leaders and trendsetters, or will you be followers?

- Leaders in quality and performance improvement
 - Leaders in innovative service delivery
 - Leaders in rural communities: making the right investments
 - End game: Improved and sustained community health
-

RUPRI Center for Rural Health Policy Analysis



www.rupri.org/healthpolicy
