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

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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