

WISCONSIN HOSPITAL ASSOCIATION, INC.



April 2008

Critical Access Hospital Flexibility Act of 2007 (S. 1595)

Legislation entitled the *Critical Access Hospital Flexibility Act of 2007* has been introduced by Senators Gordon Smith and Ron Wyden as S. 1595. This legislation would provide needed flexibility to Critical Access Hospitals in Wisconsin.

Background

Critical Access Hospitals (CAHs) are the backbones of small, rural communities and are also often the largest employer in their community, providing stable family-wage jobs for their residents. To protect these critical facilities, CAHs receive cost-based Medicare reimbursement. To be designated as a CAH, a hospital must meet certain criteria, one of which is having a maximum of 25 beds.

The Critical Access Hospital (CAH) designation has been a lifeline for many Wisconsin hospitals, but some have begun to experience the program's lack of flexibility, specifically at it relates to the 25 bed limit. While the 25 bed limit is not a problem on most days, occasionally, a CAH census may jump above 25, forcing the hospital to either divert or transfer a patient. For example, recently a number of Wisconsin CAHs saw flu outbreaks in their communities, and were hamstrung by the 25 bed limit. These hospitals were faced with the unfortunate choice between sending a sick patient home or exceeding the 25 patient census limit.

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S. 1595 seeks to address this situation by allowing for a certain amount of flexibility in the 25 bed limit restriction. Under S. 1595, a CAH will be allowed to choose between the current 25 bed per day count or have the bed count based on an annual number of filled patient beds not exceeding 7,300 (thus, an average daily census of 20 beds per day). The latter option would allow a CAH to adjust to the communities' natural ebb and flow.

A hospital that chooses the flex option and exceeds 7,300 in a year will maintain their CAH status for one more year. If the hospital exceeds the 7,300 patient day level in the two sequential years, the hospital will no longer be deemed a CAH under Medicare. In this way, S. 1595 stays true to the original intent of the legislation while allowing CAHs a limited amount of flexibility.

WHA Position

Wisconsin's CAHs would be well served under S. 1595 and we urge Wisconsin's Members of Congress to support this legislation.