



Critical Access Hospitals Threatened

Issue Overview

For several years Critical Access Hospitals (CAHs) – small, rural hospitals who are the backbone of rural health care in Wisconsin – have been targeted by a number of misguided proposals, including:

- Reducing payments to CAHs from the current 101% of reasonable costs to 100%;
- Eliminating CAH designation for hospitals less than 10 miles from the next nearest hospital; and
- Eliminating CAH necessary provider designation.

The Wisconsin Hospital Association strongly opposes proposals that seek to roll-back or outright eliminate CAH designation and continues to be opposed to proposals reducing CAH reimbursements.

Critical Access Hospital Designation

With enactment of the Balanced Budget Act of 1997, several rural hospital demonstration programs were merged together to create a new designation called the “Critical Access Hospital.” Under this program, CAHs that met certain requirements were to receive cost-based reimbursement. To qualify and receive CAH designation, a hospital must be less than 25 beds and a certain distance (15 miles by secondary road or 35 miles by primary road) from another hospital unless determined to be a “necessary provider” (NP) by a state. A state’s ability to deem a hospital an NP, thereby waiving the distance requirement, was sunset in 2006. Existing CAHs were grandfathered into the program. Currently there are 1,300 CAHs nationwide, including 58 in Wisconsin. The majority of Wisconsin CAHs are NPs.

The President has proposed in his budgets eliminating CAH designation for CAHs less than 10 miles from another hospital. **WHA estimates this proposal would impact eight Wisconsin CAHs.** The President has also recommended reducing CAH reimbursement. Even further, in 2013, the Office of Inspector General (OIG) recommended the Centers for Medicare & Medicaid Services (CMS) seek legislative authority to eliminate NP designation for CAHs. Doing so would allow CMS to remove CAH designation for those NPs that do not meet the 35/15 mile distance from another hospital. By its own accounting, the OIG report indicated that 64 percent, 849 CAHs, across the country could be subject to loss of CAH status if Congress were to enact this change. Wisconsin has 58 CAHs, of which a majority are necessary provider. **WHA strongly opposes the OIG recommendation.**

Key Points

- **CAHs Preserves Access To Care:** After hundreds of rural hospitals closed, Congress created the CAH designation in 1997 to stem these closings. Since then it has been critical to keeping the doors open for many rural hospitals, which provide vital, local access to care for many of our most vulnerable citizens – rural seniors who are, on average, poorer and sicker.
- **CAH Program Operates Efficiently:** The CAH program represents less than five percent of Medicare’s total hospital budget while providing care for more than 60 million Medicare beneficiaries across the nation.
- **CAHs Provide Quality, Efficient Care:** Studies show that CAHs achieve high levels of performance in quality, patient satisfaction, and operational efficiency...a value to the Medicare program.

WHA Position

The CAH program has served Medicare well over the years—it has kept access to care close to home for rural Medicare beneficiaries in Wisconsin and has provided significant value to the Medicare program. **WHA strongly opposes changes arbitrary mileage or necessary provider changes to CAHs.**

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