

The Critical Access Hospital (CAH) Program Overview

Background

The Critical Access Hospital (CAH) Program was included in the Balanced Budget Act of 1997. The CAH Program is a permanent Medicare program, and requires federal legislation in order to make any program changes.

Reimbursement

The critical access hospital receives reimbursement at 101 percent of cost for inpatient, outpatient and swing bed care. If the 35-mile distance requirement is met, cost-based reimbursement for a CAH ambulance service is allowed. Compensation and related costs for physician on-call coverage of the emergency room is also covered. As of January 1, 2005, on call reimbursement is allowable for physician assistants, nurse practitioners and clinical nurse specialists.

Eligibility Criteria

- Rural, public or private, not-for-profit or for-profit hospital participating in the Medicare program.
- More than 35 miles from another hospital or CAH (15 miles in mountains or on secondary roads) **OR** have been designated a “necessary provider” by the state. **The “necessary provider” designation authority will be eliminated on January 1, 2006. Hospitals designated as a CAH prior to January 1, 2006 will be grandfathered in.**

Program Requirements

The program has some relaxed requirements and provides some flexibility.

- Service limits:
 - **25 total beds** to be used for acute or swing bed care
 - **96 hours annual aggregate average acute length of stay limit**
 - Can have either or both a 10 bed psychiatric or 10 bed rehabilitation distinct part unit. Payment is on a prospective payment basis. The beds and length of stay are excluded from the 25 beds and the 96 hours length of stay limits noted above.
- Services include:
 - Inpatient and outpatient care
 - Emergency care available 24 hours/day with medical staff on-call and available within 30 minutes
 - Laboratory
 - Radiology
 - Some ancillary and support services may be provided part-time, off-site

- No exclusions of other ancillary/clinical services
 - Can have a distinct part skilled care or nursing facility
- Staffing
 - Emergency services staff (trained or experienced in emergency care)
 - Medical staff
 - At least one MD/DO (need not be on-site)
 - May include PAs and NPs
 - One RN on duty 24 hours/day
- Hours of Operation
 - 24 hours/day, if occupied
 - Emergency services made available, if not occupied
- Network Requirement
 - Part of a rural network (one hospital and one CAH)
- Network Agreement should include provisions for:
 - Referral and transfer
 - Routine and emergency transportation
 - Communications
 - Credentialing and quality assurance assistance (hospital, PRO, or equivalent)

Key Considerations

- Bed limit of 25 total for acute and swing bed.
- Aggregate Annual Length of stay of 96 hours or less
- Financial Implications