



Office of Rural Health Policy Federal Update

Louisiana Rural Health Association

October 15, 2007

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*U.S. Department of Health and Human Services
Health Resources and Services Administration
Office of Rural Health Policy*



Overview

- Federal Health Policy Environment
- Recent Developments in CAHs
- Regulatory Changes
- Emerging Issues for CAHs and the Medicare Rural Hospital Flexibility (Flex) Program
- ORHP and Other Rural Resources



● ● ● About Office of Rural Health Policy

- Created in 1987 to address the problems for rural hospitals that arose from the implementation of the Prospective Payment System (PPS).
- Serves as the voice for rural within the Department of Health and Human Services
- Administers grant programs, makes policy recommendations, and facilitates research on rural health.
- Coordinates border health, international health, intergovernmental affairs (Commissions) for HRSA



● ● ● The Federal Health Care Environment in 2007



HHS Headquarters

- HHS Priorities 2007
 - Value-driven health care system
 - Medicaid modernization
 - Health information technology
 - Medicare Rx
 - New Orleans Health System
 - Personalized health care
 - Pandemic preparedness
 - Emergency response and Commissioned Corps Readiness



● ● ● | **Legislative Update**
Medicare Modernization Act CAH
Provisions



- Reimbursement Based on 101% of Cost
- Reinstatement of Periodic Interim Payments
- Flexibility in Method II Election
- Bed Size- up to 25 Acute Care Beds
- Cost-based reimbursement for on-call mid-levels
- Psychiatric/Rehabilitation Units of up to 10 beds each
- Elimination of State Waiver Authority of 35-mile rule after 1/1/2006



● ● ● | **Expiring MMA Rural Provisions**



- Outpatient Hold Harmless- phase out in 2008
- Incentive Payment for Physicians in Physician Scarcity Areas (12/31/07)
- Work Geographic Adjustment 1.0 Floor for Rural Physician Payments (12/31/07)
- Direct Payment to Labs for Technical Component of Lab Services (12/31/07)
- 2% Ambulance Bonus Payment (12/31/06)
- 5% Add-On Payment for Home Health Services (12/31/06)



● ● ● Legislative Possibilities in 2007



- MMA Extenders
- 340B for CAHs, RHCs
- Medicare Advantage Protection for CAHs, RHCs
- Health Information Technology
- S-CHIP Reauthorization
- MedPAC Rural Representation



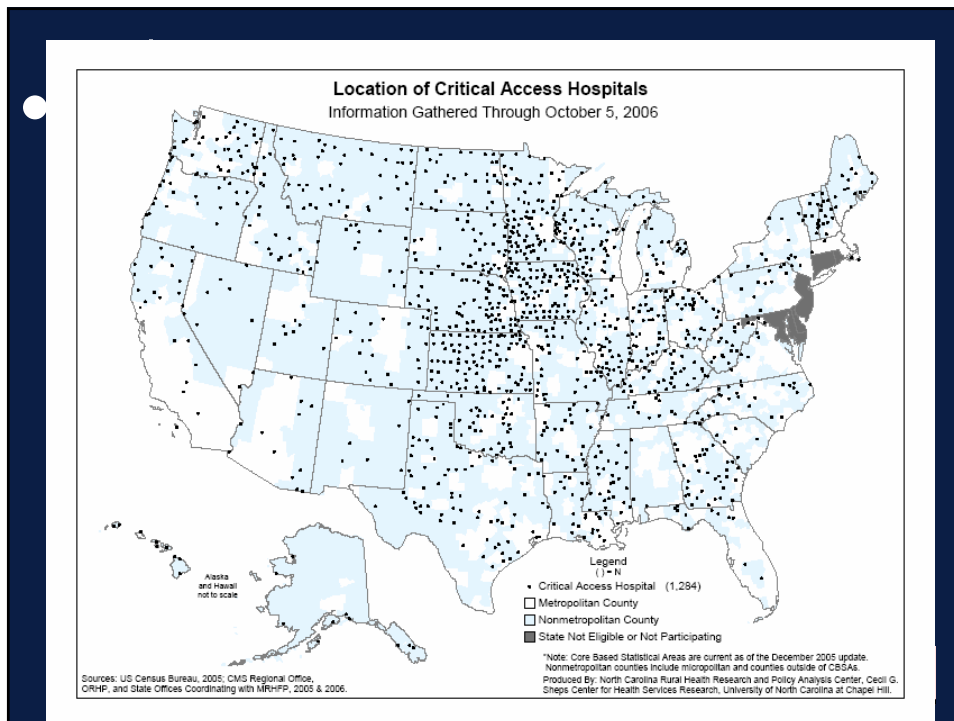
● ● ● MedPAC Rural Report

- MedPAC was Congressionally mandated to publish a final report on the impacts of certain rural provisions in the MMA by 12/2006.
- No formal recommendations were made.
- Discussion highlights:
 - Replace SHC add-on for outpatient PPS and outpatient hold harmless with a low-volume adjustment
 - Allow CAHs to merge and retain CAH status, allowing the merged CAH to exceed bed limit





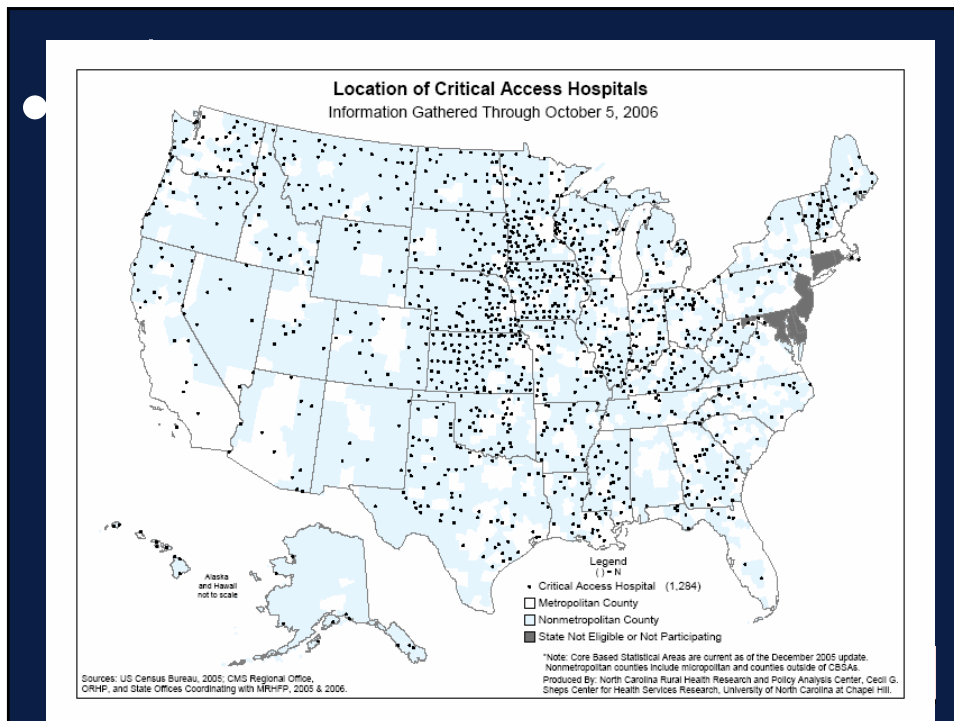
Recent Developments in CAHs



● ● ● Current CAH Status

- 1,283 CAHs as of March 2007 (52 in LA)
- ~53 with Distinct Part Units (DPUs) (6 in LA)
- ~62% with Necessary Provider Status
- ~16% in Metropolitan Statistical Areas
- ~14% <15 miles from another hospital

http://www.flexmonitoring.org/documents/DataSummaryReportNo2_Nov06.pdf





Current CAH Status

- Total Margin- 2.05%
- Medicare Inpatient Mix- 78.77%
- Medicare Outpatient Mix- 37.19%
- Medicare Revenue per Day- \$1,327
- Daily Census (swing)- 1.59
- Daily Census (acute)- 3.35

http://www.flexmonitoring.org/documents/DataSummaryReportNo2_Nov06.pdf



The Future of CAHs



The Price of Success- Perceptions and Scrutiny

- Viability of Cost-Based Reimbursement
- Anecdotal Reports of Bad Actors (Preserving Access or Pure Revenue Generation?)
- Continued Congressional Support
- 2006 MedPAC Report





Are Concerns Valid?

- Depends on how health care is viewed
- If goal is to provide care as efficiently as possible, CAHs present challenges
- If goal is to assure access to health care services in rural communities, CAHs present opportunities
- Issue is finding balance between efficiency and access



Regulatory Activity Effecting CAHs





Inpatient Hospital Payments

- FY08 Proposed IPPS Reg Released 4/13/07
 - 3.3% Market Basket Update w/quality data
 - Creation of Medicare-Severity DRGs
 - Minor Rural Specific Policy Updates
 - CAHs reverting back to IPPS status



Outpatient Hospital Payments

- CY 2007 Rule
 - 7.1% add-on for rural SCH
 - Hold-harmless Payments for Small Rural Hospitals
 - CAH allow onsite registered RN perform an emergency medical screening
- CY 2008 Rule



● ● ● Rural Health Clinics

- Final Rule on hold
 - New proposed rule expected 2007
- Updated Participation Requirements and Payment Provisions
 - Shortage area requirements
 - De-designation
- Quality Assurance/Performance Improvement (QAPI)



● ● ● Emerging Issues for CAHs and the Flex Program



● ● ● | Emerging Issues

- Medicare Advantage
- Quality Reporting
- Health Information Technology (HIT)
- Performance Measurement



● ● ● | Medicare Advantage & CAHs

- Many different types of plans with no “set” rates that plans must pay
- Each CAH must negotiate separate contracts with each plan- some CAHs have been successful in negotiating favorable rates
- Out-of-network rates are at “Original” Medicare rates, although actual payment rate and method may vary



● ● ● Medicare Advantage & CAHs

- NAC 2007 Report MA Chapter
 - Enhanced Beneficiary Information
 - Instant providers verification of beneficiaries' current plan enrollment
 - Provide timely current enrollment data

<http://ruralcommittee.hrsa.gov/nacpubs.htm>



● ● ● CAHs & QIO Work

- 8th Scope of Work (SOW) required QIO's to do rural hospital work (Task 1c2)
 - <http://www.cms.hhs.gov/QualityImprovementOrgs/>
 - Greatly expands activities related to rural providers and incentives to work with CAHs
- 9th Scope of Work focus on prevention, patient safety, and care coordination



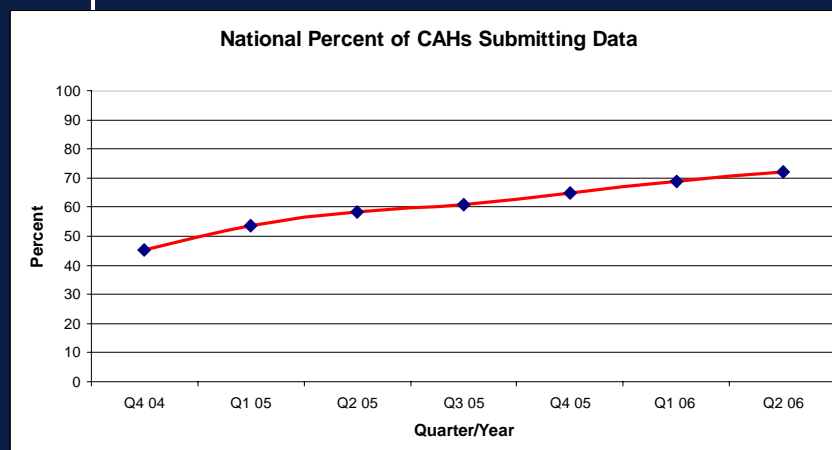


Quality Reporting & CMS Hospital Compare

- Quality reporting is becoming increasingly important
- CAHs are not incentivized or required to participate in CMS “Hospital Compare” website
- Approximately 40% of CAHs report
- Opportunities for assistance at State level
- <http://www.hospitalcompare.hhs.gov/>



National % of CAHs Submitting Data



Note: Only includes CAHs converted as of 7/31/05.





Medicare Hospital Value-Based Purchasing (VBP)

- Tax Relief and Health Care Act of 2006 required CMS to set up a P4P/Value Based Purchasing Plan for Inpatient Services by 2009
 - CMS Sponsored Two Listening Session January and April 2007 to discuss VBP plan development
 - Medicare Hospital VBP Options Paper April 2007 with final plan due summer of 2007
- Primary Areas of Rural Interest
 - Exclusion of CAH in initial plan development
 - Rural relevant performance measures
 - Development of incentive structure



Health Information Technology (HIT) CAH Statistics

- All have internet access with 98 percent using high-speed
- Majority of CAHs have more than 20 computers in the facility
- More than 2/3 use teleradiology
- Half of clinicians have electronic access to clinical guidelines and use of computerized clinical lab ordering and radiography ordering & review
- Almost half use computerized screening for allergies and drug interactions
- About 1/4 use computerized prescription order entry
- Almost 1/4 use telepharmacy
- 1/5 have some form of an EHR

Source: Flex Monitoring Team Briefing Paper No. 11, The Current Status of Health Information Technology Use in CAHs, May 2006





Federal HIT Activities

- FCC
 - New Demonstration program
 - Some portion of \$100 million available
 - Focused on broadband network development
http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-06-144A1.pdf
- USDA
 - Telemedicine and Distance Learning: Hardware and Software (@ \$20 million annually)
<http://www.usda.gov/rus/telecom/dlt/dlt.htm>
- HRSA and AHRQ
 - Depends on Congressional Budget
<http://www.hrsa.gov/telehealth/>
<http://healthit.ahrq.gov>



Investing in the Future of CAHS: Measuring the Impact of Flex

- Less focus on conversion; move toward performance and quality improvement
 - Continued work on networking, partnerships and integration of emergency medical services
- More on quality and HIT
 - Tracking increases in CAHs reporting to Compare
 - TASC Survey on CAH HIT investment
- Linking up with key national initiatives
 - Hospital Compare Website
 - Utilizing HIT (national adoption of EHRs)





Investing in the Future of CAHS: Measuring the Impact of Flex

- Developing Performance Measures for the Flex Program
 - Improving Financial Performance of CAHs
 - Service Expansion of CAHs
 - Quality Improvement
 - Increasing use of Health Information Technology
 - Community Benefit/Impact
 - Working with CAHs and CAH-eligibles



ORHP and Rural Resources





ORHP's Community-Based Grants

- Rural Health Care Outreach Services Grants
 - Three-Year Demonstration Grants
 - Up to \$375,00 over the project period
- Network Development
 - Three-Year Demonstration Grants
 - Up to \$540,000 over the project period
- Network Planning
 - One-Year Grants
 - Up to \$85,000 Awards



ORHP State and Hospital Programs

- Rural Hospital Flexibility Grants
 - 45 States, Competing in 2007
- Small Hospital Improvement Grants
 - Grants of @ \$8K for > 1,500 small rural hospitals
- State Offices of Rural Health
 - All 50 States, Non-competing applications in 2007



● ● ● | Applying for Federal Grants

Have to go through Grants.Gov- Must register first



● ● ● | Access to Capital

- Working with CMS to develop strong but common sense relocation guidelines
- Working with HUD, USDA
- Model Plans Available Free
- Contact: Jerry Coopey (301-443-0835; jcoopey@hrsa.gov)



<http://www.hud.gov/offices/hsg/hosp/hsghospi.cfm>
<http://www.hud.gov/offices/hsg/hosp/prototype.pdf>





Access to Capital



Rural Assistance Center



One-Stop Shopping

- Funding Info
- Resource Guides
- Best Practices

<http://www.raconline.org>

1-800-270-1898/info@raconline.org

Hours – Monday – Friday 8 AM – 5 PM central



● ● ● | National Rural Recruitment & Retention Network

The National Rural Recruitment & Retention Network (3R Net) states are not-for-profit organizations helping health professionals find practice opportunities in rural areas throughout the country. Some of the health professions we serve:

- Physicians
- Dentists
- Nurse Practitioners
- Physician Assistants
- Registered Nurses
- Mental Health Professionals
- Other Health Care Professionals



<http://www.3rnet.org>



● ● ● | Rural Health Clinic TA Series

- Quarterly Conference Call Series for all RHCs
 - Sponsored by ORHP- Conducted by the National Association of Rural Health Clinics
- Toll-free call in; Slides sent out in advance
- Focus on billing, coding, quality improvement; etc.

<http://www.narhc.org>



● ● ● | CMS Rural Open Door Forum

○ Topics

- Payment & billing for Health Professional Shortage Area (HPSA) and/or Physician Shortage Area (PSA) status,
- Cost report clarifications
- Classifications for & qualifications of rural provider types
- MMA provision implementation
- Rulemaking
- Quality program initiatives

http://www.cms.hhs.gov/OpenDoorForums/24_ODF_RuralHealth.asp#TopOfPage



● ● ● | Contact

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ORHP- <http://ruralhealth.hrsa.gov>





CAH Interpretive Guidelines

- On 11/14/2005 CMS released Interpretive Guidelines for the Conditions of Participation (CoPs) related to the CAH location and replacement facility requirements
- Significantly changes the requirements for 15-35 miles and replacement facilities (for all CAHs, not just necessary provider)
- CMS has up to one year after relocation to do final determination





Louisiana Grantees

Delta

The Health Enrichment Network, Inc. Oakdale, LA 431,235.00

Quality

Hospital Service District No. 1-A of the Parish of Richland Delhi, LA 48,049.00

Outreach

Bayou Teche Community Health Network	Franklin, LA	\$125,000
Franklin Parish Hospital Service District, No. 1	Winnsboro, LA	\$121,778
Hospital Service District No. 1-A of the Parish of Richland	Delhi, LA	\$124,760
City of Grambling	Grambling, LA	\$184,890
Louisiana Tech University	Ruston, LA	\$191,285
Louisiana Rural Health Association	Napoleonville, LA	\$125,000

SORH

Louisiana Department Of Health And Hospitals	Baton Rouge, LA	\$ 148,500.00
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Flex

Dept of Health & Hospitals LA \$ 480,646

SHIP

LA Louisiana 330,965

CAH-HIT

Louisiana Department of Health and Hospitals Baton Rouge, LA 1,546,893.00

AED

Louisiana DHH, OPH, Bureau of EMS Baton Rouge, LA 99,794.00

3,958,795.00

