



# Critical Access Hospital Relocation Guidelines

Virginia Rural Health Association's  
3<sup>rd</sup> Annual Small Rural Hospital Conference

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Centers for Medicare & Medicaid Services  
Philadelphia Regional Office

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# First, a Word or Two from Our Sponsor

- National Provider Identifier Update
- Low Income Subsidy Outreach
- Focus on Prevention
- Medicare Administrative Contractors
- Quality Initiatives
- New CMS Administrator's Agenda



# National Provider Identifier

- Effective January 1, 2008: Phase One of implementation for institutional claims
- First Level: NPI #s required in “billing” and “pay to” boxes of claims
- Second Phase: NPIs required in all boxes, including referring and ordering physicians by May 23, 2008
- Test NOW!!!



# Low Income Subsidy Outreach

- Available for many people with limited income and resources
- People with lowest income and resources
  - No premiums/deductibles; small or no co-payments
- VA has more than 13,000 potential LIS individuals in 45 different zip codes statewide



# Focus on Prevention

- **Medicare Preventive Services Benefits**
  - "Welcome to Medicare Visit"
  - Adult Immunization--Influenza Immunization, Pneumococcal Vaccination, & Hepatitis B Vaccination
  - Colorectal Cancer Screening (*Deductible waived eff. 01/01/07*)
  - Screening Mammography
  - Screening Pap Test & Pelvic Examination
  - Prostate Cancer Screening
  - Cardiovascular Disease Screening
  - Diabetes Screening
  - Glaucoma Screening
  - Bone Mass Measurement
  - Diabetes Self-Management, Supplies, & Services
  - Medical Nutrition Therapy
  - Smoking Cessation Counseling
  - Abdominal Aortic Aneurysm (AAA) Ultrasound Screening (*Eff. 01/01/07*)



# Medicare Administrative Contractors (MACs)

- **Medicare Administrative Contractors (MACs)**
  - 23 MACs to replace FIs & Carriers by 2011
    - 15 AB-MACs
    - 4 D-MACs (for DMEPOS)
    - 4 specialty MACs
- **For A/B MAC, VA is part of Jurisdiction 11**
- **For DME, VA is part of Jurisdiction C**
  - **Cigna Government Services (CGS) already in operation**





# Medicare Administrative Contractors (MACs)

- 4 DME MACs have been awarded and all successfully implemented by 6/1/07
- 5 A/B MACs awarded and implemented
- 10 A/B MACs still to be awarded and implemented
  - Jurisdictions 1, 4, 5 & 12 expected award date awarded October 2007
  - Jurisdictions 2, 7 & 13 EAD September 2007
  - Jurisdictions 6, 11, 14 & 15 EAD July 2008
  - Jurisdictions 8, 9 & 10 EAD September 2008



# Quality Initiatives

- **Presidential Executive Order of August 22, 2006**
  - Value Based Purchasing
- **Deficit Reduction Act of 2005**
  - Inpatient Hospital P4P
  - Home Health P4P
- **Tax Relief & Health Care Act of 2006**
  - Physician Quality Reporting Initiative
  - Outpatient Hospital Pay for Reporting



# New CMS Administrator's Agenda

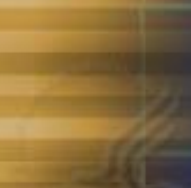
- Kerry Weems, Acting Administrator
- 4 Points on his agenda:
  1. Protecting the integrity of programs and systems
  2. Quality agenda
  3. Consumer control and education
  4. Health IT





# CAH Relocation

- Survey & Certification letter released by CMS on Sept. 7, 2007
- Supersedes guidance that was contained in November 14, 2005 letter
  - Interpretation of 42 CFR 485.610(c): CAH location relative to other hospitals
  - 42 CFR 485.610 (d): relocation of those with necessary provider designation
- New Revisions to:
  - Appendix W, Survey Protocol, Regulations & Interpretive Guidelines for Critical Access Hospitals
  - Chapter 2, Certification Process, Sections 2255B and 2256F of the State Operations Manual





# To Be a CAH, a Hospital Must...

- Be in a state that has a state FLEX program
- Be located in a rural area, or designated rural area
- Furnish 24-hour emergency care services
- Provide no more than 25 inpatient beds
- Have an average annual LOS of 96 hours or less
- Be located no more than 35 miles from nearest hospital or other CAH/15 miles in mountainous terrain, or only secondary roads OR have been state certified as a necessary provider by 12/31/2005

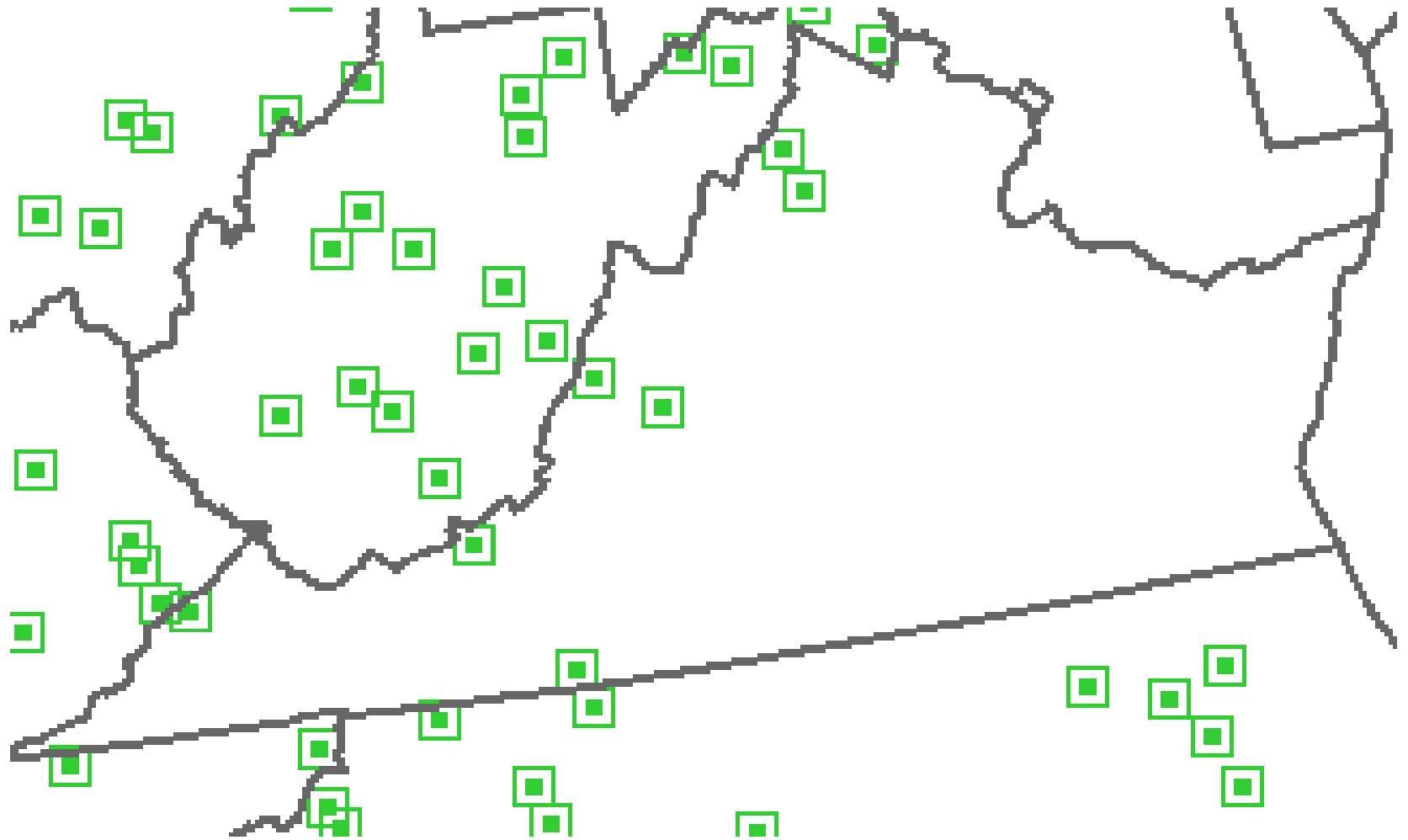


# Critical Access Hospitals in VA\*

- Bath County Community Hospital
- Carilion Giles Memorial Hospital
- RJ Reynolds-Patrick County Memorial Hospital
- Dickenson Community Hospital
- Stonewall Jackson Hospital
- Shenandoah County Hospital
- Page Memorial Hospital, Inc.

*\* As of August 2007*

# Critical Access Hospitals in VA\*





# Medicare Modernization Act of 2003

- Section 405 (h)(2)(b) amended section 1820 of the Social Security Act eliminating state authority to issue necessary provider status
- Sunset on 12/31/2005
- Existing CAHs with necessary provider status were grandfathered in
  - Must remain “essentially” the same provider



# Distance Requirements

- One of the three distance requirements must be met:
  - 35-Mile Distance: CAH located more than a 35-mile drive from another hospital or CAH
  - 15-Mile Distance: In case of mountainous terrain/secondary roads, CAH located more than a 15-mile drive
  - No Distance Requirement: Before 1/1/2006, state designated as necessary provider



# Mountainous Terrain (Non NP CAHs)

- Mountainous terrain identified by state agency that oversees transportation, or U.S. Geological Survey
  - CMS relying on each state's own definition of "mountainous terrain"
- Combination of mountainous/non-mountainous terrain: must be no route to nearest hospital with 15 or fewer miles in mountainous terrain
- Example:
  - Route to nearest hospital consisted of: first 12 miles in mountainous terrain, next 5 miles in non-mountainous, then final 4 more miles in mountainous terrain; would qualify with 16 total miles of road in mountainous terrain
- ❖ ***No longer a requirement that mountainous terrain must be 3,000 feet in elevation***



# Secondary Road (Non NP CAHs)

- Must document there are more than 15 miles between CAH and other facility with no primary roads
- Primary roads:
  - Any numbered federal highway
  - A numbered State highway with 2 or more lanes each way
  - A road showed on a map as a “primary highway divided by a median strip” (U.S. Geological Survey’s Federal Geographic Data Committee, symbol as a “primary highway, divided by median strip)



## Relocation of Grandfathered CAHs with NP Status

- NP status before 12/31/2005 and wants to relocate after 1/1/2006 continues to meet location requirements if:
  - It serves at least 75% of the same service area
  - It provides at least 75% of the same services
  - It is staffed by at least 75% of the same staff
- New guidelines only apply the “75% rule” to NP CAHs





## Relocation of Grandfathered CAHs with NP Status

- If NP CAH does not meet all requirements, considered a cessation of business
- Must reapply under new rules
- Renovation or expansion on same campus is not considered a relocation
- All newly constructed NP CAHs are considered relocated facilities
- Other CAHs (non-NP) seeking to relocate must comply with all conditions in Sect. 485.610 (a) through (c)



# 75% of Same Service Area

- CMS will compare zip codes of populations currently served with zip codes in new location
  - Will take into account special factors
- After 6 months to 1 year, CAH must submit evidence they are in compliance
- Amount of evidence needed to support may be based on proximity to original facility





# 75% of the Same Services

- Does not preclude the CAH from offering additional services
- CMS will look at:
  1. the lines of business
  2. The scope and availability of services
- CAH must submit breakdown of services to allow for pre- and post-relocation analysis
  - No set format for classification taxonomy
- If CAH offers service 20% of time in new location, not considered the same service
- If offered 50% or more of the time, it can count toward 75% standard





# 75% of the Same Staff

- Must show 75% of staff that were at CAH prior to relocation remains on staff
  - Includes contracted personnel
- May exclude contracted employees who work less than halftime on average
- Do not have to calculate different types of staff separately
- Will take historical high turnover rates into account
  - Should show plans to fill vacancies or alleviate high turnover trends



# 75% of the Same Staff

- Ways to demonstrate it will meet requirement:
  - Attestations of staff that they will maintain contractual relationship at new location
  - Evidence showing how staff will commute to new location will not change drastically
  - Evidence of employment contracts with at least 75% of staff



# Preliminary Letter of Intent to CMS

- Update to the State Operations Manual, Chapter Two
- Prior to relocation activity, CAH submits letter of intent to the CMS Regional Office
- Should state plans to relocate (build new replacement facility) but offer essentially same services
- Contact S&C staff to foster communication



# Preliminary Letter of Intent to CMS

- Letters should include:
  - Original designation of necessary provider status
  - Documentation that CAH will continue to meet criteria used to get NP status
  - Addresses of present and future locations
  - Documentation CAH meets rural location requirements
  - Documentation it will meet 75% rule
  - Timetable for relocation



# Preliminary Letter of Intent to CMS

- RO will evaluate to determine if new location will meet requirements
- Will notify CAH of its preliminary determination
  - Preliminary approval if it complies with standards at 42 CFR 485.610(b) and (d).
- Final determination will only be made after relocation is completed



# After Relocation Is Completed...

- Relocated NP CAH can continue in new location if:
  - Received preliminary approval from RO
  - No changes to affect preliminary attestation
  - Holds all required state licenses
  - Meets all CoP requirements per State Agency
  - Meets 75% rule
- If RO determines requirements at §482.610(b) and (d) are not met, it is considered a cessation of business and provider agreement is terminated



# General Considerations in Relocations

- CAH has burden of proof that it satisfies requirements
- NP CAH expected to continue to provide services based on criteria when state designated NP (e.g., HPSA)
- Must demonstrate likelihood of meeting each of the 75 percent criteria
- Renovation/expansion on same campus not a relocation (unless the CAH did not receive prior approval from CMS RO)
- All newly constructed facilities are considered relocated facilities
- Relocation w/o NP status: if meets all CoPs, it will qualify as a CAH as it would if it was a new CAH



# Who to Contact

- Preliminary Letters are sent to the RO:

Centers for Medicare & Medicaid Services  
Philadelphia Regional Office  
150 S. Independence Mall West, Suite 216  
Philadelphia, PA 19106  
Attn: Tim Hock



# Who to Contact

- VA State Agency:

Director

Office of Licensure & Certification

VA Dept. of Health

3600 West Broad Street, Suite 216

Richmond, VA 23230

Attn: Chirs Durrer



# Who to Contact

- Patrick Hamilton, CMS Philadelphia Regional Office  
Phone: (215) 861-4097  
E-mail: [patrick.hamilton@cms.hhs.gov](mailto:patrick.hamilton@cms.hhs.gov)
- Cindy Melanson, CMS Central Office  
Phone: (410) 786-0310  
E-mail: [cindy.melanson@cms.hhs.gov](mailto:cindy.melanson@cms.hhs.gov)



# For More Information...



NPI:

<http://www.cms.hhs.gov/nationalprovidentstand/>



Low Income Subsidy:

<http://www.cms.hhs.gov/LowIncSubMedicarePresCov/>



Preventive Benefits:

<http://www.medicare.gov/Health/Overview.asp>



# For More Information...

Medicare Administrative Contractors:

<http://www.cms.hhs.gov/MedicareContractingReform/>

Physician Quality Reporting Initiative (PQRI):

<http://www.cms.hhs.gov/pqri/>

Survey & Cert Letter of Sept. 7, 2007:

<http://www.cms.hhs.gov/SurveyCertificationGeneralInfo/downloads/SCLetter07-35.pdf>



# For More Information...

Medlearn:

[www.cms.hhs.gov/MLNGenInfo](http://www.cms.hhs.gov/MLNGenInfo)

Provider Open Door Forums:

[www.cms.hhs.gov/OpenDoorForums](http://www.cms.hhs.gov/OpenDoorForums)

Provider Center

[www.cms.hhs.gov/center/provider.asp](http://www.cms.hhs.gov/center/provider.asp)

Listservs

[www.cms.hhs.gov/apps/maillinglists](http://www.cms.hhs.gov/apps/maillinglists)