By Kelly Kolker, RPh

Support Patient Safety Initiatives Using **CMS's Critical Access Hospital Funding Opportunity**

HEALTH CARE FACILITIES ACROSS THE NATION ARE FEELING FINANCIAL strain, struggling to make ends meet and improve the bottom line, but none are as financially fragile as the small rural hospital. For years, many rural hospitals have been trying to cope as rising health care costs outpace reimbursement. The Centers for Medicare and Medicaid Services (CMS) Critical Access Hospital (CAH) Program has become a financial lifeline for these facilities.

Acquiring CAH Status

Under the Balanced Budget Act of 1997, the Medicare Rural Hospital Flexibility Program (Flex Program) was established by Congress to strengthen the financial performance and viability of rural hospitals and ensure access to health care. The Flex Program provides states with grants, which are then used to implement critical access hospital programs in those particular states. The Critical Access Hospital designation allows hospitals to receive cost-based reimbursement from Medicare (and Medicaid, in some states) for inpatient, outpatient, and swing bed care for "allowable and reasonable" costs. The CAH program also gives hospitals relief from staffing and service requirements that apply to a "full-service" hospital, allowing them to tailor their services to better fit the needs of their specific community.

Rural hospitals that wish to acquire CAH status must meet the following federal eligibility requirements:

- Be located at least 35 miles from another hospital (15 miles in mountainous terrain or areas with only secondary roads)
- Limit bed size to a maximum of 25 acute inpatient beds
- Have an annual average length of stay of 96 hours or less for acute-care patients
- Provide 24-hour emergency and nursing services
- Participate in a rural health network (defined as an organization consisting of at least one CAH and at least one full-service hospital) whose participants have entered into specific agreements regarding communication and patient referral, transfer, communication, and transportation
- Establish credentialing and quality-assurance agreements with at least one hospital that is a member of the network, a Medicare Quality Improvement Organization (QIO), or an entity identified in the state's rural health plan

Equipment and Technology Purchases

The most obvious benefit to licensure as a critical access hospital is the increased revenue generated by the switch to cost-based reimbursement. As a small, rural hospital with CAH designation, Guttenberg Municipal Hospital (GMH) in northeast Iowa has been able to take advantage of cost-based reimbursement to purchase equipment and technology that is otherwise cost-prohibitive for a hospital of its size. In a pharmacy staffed by a pharmacist only four hours a day, five days a week, medication safety is always a top concern. In the past, the nursing staff had unlimited and virtually unmonitored access to the pharmacy department, using it as a medication room to obtain doses for all new orders given when a pharmacist was not on duty. Accountability for what was removed from the department was minimal, and control of stock levels was difficult.

In 2006, under the CAH program, GMH was able to acquire Omnicell automated medication dispensing systems (AMDS) for use on the medical/surgical floor, as well as in the emergency department. GMH chose to lease the equipment for two reasons: First, as a small CAH, GMH did not have large cash funds to purchase the equipment outright. Second, lease payments are made from the hospital's operating budget, as opposed to the capital budget, and CMS reimbursement is more accessible for operating expenses. At the end of each fiscal year, the hospital's total operating expenses are documented on a cost report submitted to CMS. Reimbursement from CMS is based on the hospital's Medicare patient population only. Therefore, although the reimbursement rate for a CAH is 101%, only a percentage of the expenses are reimbursed, based on the number of Medicare patients the hospital serves. The Omnicell systems have allowed GMH to maintain a standard of care and best practice for 24-hour medication dispensing, inventory control, and security, without placing a major financial strain on the facility.

With the Omnicell AMDS in place, the probability of errors occurring during the medication administration process is greatly decreased. The AMDS have allowed for tighter narcotic control and more accurate record keeping, while providing the nursing staff with convenient access to these medications. Timing of medication delivery is also improved, with nursing staff no longer having to navigate the shelves of the pharmacy department in search of med-

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ications that their patient may need immediately. Approximately 85% of the medications on formulary at GMH are stocked in the med/surg AMDS, drastically decreasing the number of times nurses must obtain access to the pharmacy department in the absence of a pharmacist on duty.

Future Plans

As GMH continues to place a top priority on patient safety, especially medication safety, we plan to purchase additional technology through the cost-based reimbursement CAH program. An Omnicell anesthesia workstation for management of anesthesia medications and supplies, as well as a bar coded medication administration system are on the docket for the upcoming fiscal years. Participation in the Critical Access Hospital Program makes GMH and other small rural hospitals viable, and gives us the ability to invest in the equipment necessary to ensure access to health care and continue to provide services tailored to our community.

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Additional Resources:

- Nebraska Hospital Association's CAH Communication Toolkit: www.nhanet.org/critical_access/cah_toolkit.htm
- Omnicell's CAH Center: www.omnicell.com/criticalaccess.asp
- State Offices of Rural Health: tasc.ruralhealth.hrsa.gov/statecontact.shtml
- State Rural Hospital Flexibility Program Contact: ruralhealth.hrsa.gov/funding/50sorh.htm

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