



Maximizing the CAH Model,  
Strategies for evolving with changes  
in the Market

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Background for CAH's

- Part of the Balanced Budget Act of 1997
- Designed to help hospitals in Rural areas
- Must meet certain criteria:
  1. 25 beds or fewer (acute and swing bed)
  2. average annual stay of 96 hours or less
  3. payment rules require physician to certify that an individual may reasonably be discharged or transferred within 96 hours.

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Background for CAH's

4. Furnish 24 hour emergency care
5. have an agreement with an acute care hospital for e.g.. Transfers, communication and referrals
6. located more than a 35 –mile drive from any hospital or other CAH
7. There are 1,326 CAH's out 5,759 hospitals or 23%.

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AAMC became a CAH on 10/1/2004 under a Governor exception because we do not meet the 35 mile rule.

Right now there are 5 CAHS in SC, 30 in GA, 21 in NC. The most is KS 83.

Why become a CAH – Reimbursed cost plus 1% Additional \$1.5M to \$2M reimbursement.

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### Maximizing the CAH model

- Some costs are allowed some are not.  
Advertising, Physician costs
- Some whole Departments are some are not  
Marketing, Foundation, HH, DME, Stand alone  
Physician offices
- Step down overhead costs to Revenue producing departments  
Example on Excel spread sheet

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### Maximizing the CAH model

- What do we get reimbursed for Medicare patients

	2011	2012	2013	2014
I/P day	\$2,087	\$2,402	\$2,238	\$2,657
Swing bed	\$1,093	\$1,496	\$1,354	\$1,522
O/P	43%	41%	40%	39%
RHC	\$75	\$113	\$149	\$166

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**Let's discuss physician costs: Can not double dip**

Some physicians can be Medical Directors  
OR, Wound Care, Radiology etc.

Those costs are allowed

PBRHC allow physician costs that are face to face with patients as an allowed cost on the Cost Report

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**Challenges, Strategies as a CAH**

- Costs are moving targets do not want to be surprised at YE and have a large payable to Medicare (not accrued)
- Cost Report filed 5 months after YE in our case Feb. If there is a receivable you will see the funds 3 to 4 month after that. (planning)
- Possible changes in distance requirement
- MCO's Difficult to deal with and receive prompt payment

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**Challenges, Strategies as a CAH**

- EHR incentive payments much less for CAH's
- Cost plus 30% in year we submitted \$300k
- PPS Millions of additional dollars
- Growing HH business not on cost report creates loss \$'s, our Board deems it a viable part of the organization.
- Audit and more Audits

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### Closing Remarks

- Still advantageous to be a CAH
- If we are to lose the designation means we would also lose PBRHC.
- We would become much less than we are right now and would need to make adjustments to our delivery model
- But right now are very strong financially the future is bright and we can control our future and not have others decide for us. (Except government).

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