



## CRITICAL ACCESS HOSPITALS: KEY TO RURAL HEALTH CARE

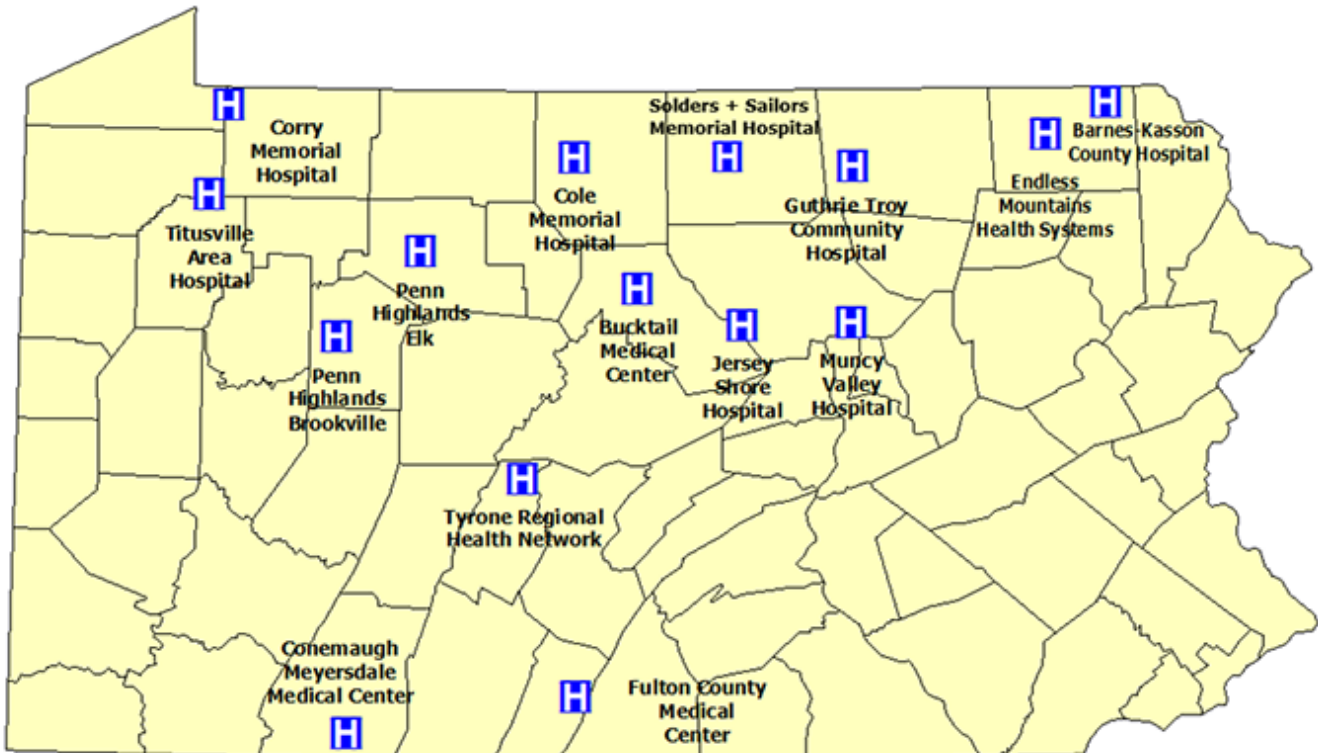
**Hospitals are the key provider of health care in rural areas throughout Pennsylvania.** Rural hospitals act as anchors for a broad range of health and human services in their communities. These hospitals also are major contributors to the local economy and one of the largest employers.

**Rural Hospitals Face Challenges.** The economic and demographic characteristics of rural communities are different from those of urban and suburban communities and require special consideration. Rural areas must contend with sparse populations and geographic barriers. They also must contend with significant health professional shortages to address populations who are generally older, sicker, and poorer. They also have a greater reliance on—and thus, vulnerability to—government programs such as Medicare and Medicaid.

According to the 2016 Financial Analysis by the Pennsylvania Health Care Cost Containment Council (PHC4), 51 general acute care hospitals in Pennsylvania had negative operating margins—43 (84%) of these providers were smaller hospitals, many in rural areas.

During 2014, 21 percent of Pennsylvania’s population lived in rural areas. Pennsylvania’s 67 counties are classified into one of eight classes based on population. The most rural counties—6th, 7th, and 8th classes—include populations that are less than 95,000 and include 28 counties. Pennsylvania’s smaller rural hospitals face significant fiscal challenges as they strive to preserve access to health care in their communities.

### In Pennsylvania, there are 15 federally defined Critical Access Hospitals





**Federally Defined Critical Access Hospitals.** The federal Critical Access Hospital (CAH) program was created by Congress in the Balanced Budget Act of 1997 to help improve the health care delivery system in rural areas of the United States and reduce hospital closures. Critical access hospitals receive reimbursement at 101 percent of cost for inpatient, outpatient, and swing bed care. Eligible hospitals must:

- Be a rural hospital participating in the Medicare program
- Be located more than 35 miles from another hospital or have been designated a “necessary provider” by the state
- Have an average daily census of no greater than 25
- Provide 24-hour emergency care services

**Pennsylvania Payment Policy Needed to Protect Patient Access to Care in Rural**

**Communities.** Even with federal implementation of the CAH program, rural Pennsylvania hospitals still reported negative patient care margins. The main reason for this problem is the chronic underpayment for services provided to patients that are paid for by Pennsylvania’s Medical Assistance program. While CAHs are entitled to receive cost based reimbursement for Medicare claims, there is no such guarantee for Medicaid reimbursement.

**What Needs to be Done.** Pennsylvania should follow the lead of many other states and **adopt a law (changing the Pennsylvania Welfare Code) to pay Medical Assistance rural CAHs in a manner similar to the Medicare CAH program**, so that annual Medical Assistance payments are not at risk of elimination for these crucial providers.

In Pennsylvania, rural CAHs currently are supported through an annual supplemental appropriation for Medical Assistance, which is subject to state budgetary pressures.

List of Pennsylvania Critical Access Hospitals			
Hospital	County	County Class	115th Congressional District
Barnes-Kasson Hospital	Susquehanna	6	10th
Bucktail Medical Center	Clinton	6	5th
Cole Memorial Hospital	Potter	8	5th
Conemaugh Meyersdale Medical Center	Somerset	6	9th
Corry Memorial Hospital	Erie	3	5th
Endless Mountains Health Systems	Susquehanna	6	10th
Fulton County Medical Center	Fulton	8	9th
Guthrie Troy Community Hospital	Bradford	6	10th
Jersey Shore Hospital	Lycoming	5	10th
Muncy Valley Hospital	Lycoming	5	10th
Penn Highlands Brookville	Jefferson	6	5th
Penn Highlands Elk	Elk	6	5th
Soldiers + Sailors Memorial Hospital	Tioga	6	10th
Titusville Area Hospital	Crawford	6	5th
Tyrone Hospital	Blair	5	9th

County Class	Population
3	210,000-499,999
4	145,000-209,999
5	95,000-144,999
6	45,000-94,999
7	20,000-44,999
8	Less than 20,000