



BETTER BENEFITS – MORE CHOICES

Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!

Investments in Better Care: Critical Access Hospital Provisions

The Medicare Modernization Act makes several modifications to Critical Access Hospitals as established under the Medicare Rural Hospital Flexibility Program, which was created by Congress in the Balanced Budget Act of 1997 to support small, limited service hospitals located in rural areas.

Critical Access Hospital Provisions:

✓ **Payment:**

- » Prior to enactment of the MMA, Medicare paid critical access hospitals on the basis of their Medicare-allowable costs.
- » The MMA **increases critical access hospital payments to 101 percent of reasonable costs and extends cost-based reimbursement to additional on-call emergency care providers, providing additional dollars to these rural hospitals.**
- » Additionally, the MMA **reauthorizes the Medicare Rural Hospital Flexibility (FLEX) Program, expanding this important source of grant funding for small rural hospitals.**

✓ **Status:**

- » **For hospitals that are seeking critical access hospital status, the MMA removes barriers and simultaneously eases some of the requirements that are in place for existing critical access hospitals.**
- » The MMA gives critical access hospitals greater flexibility by **increasing the number of beds they can use for acute care from 15 to 25 beds.**
- » The MMA also permits **critical access hospitals to establish psychiatric and rehabilitation distinct part units.**
- » In addition, the MMA limits the state waiver of the 35-mile rule, grandfathering in facilities designated as critical access hospitals before January 1, 2006.
- » The MMA also authorizes critical access hospitals to receive periodic interim payments, as is currently the case for eligible hospitals, skilled nursing facilities, and hospices.