

Medicare Rural Hospital Flexibility Program

Critical Access Hospital Designation

Resource Guide



The California State Office of Rural Health (CalSORH), housed within the California Department of Health Care Services, Primary, Rural, and Indian Health Division, administers the Federal Medicare Rural Hospital Flexibility Program (Flex Program).

The Flex Program is intended to preserve access to primary and emergency health care services, improve the quality of rural health services, provide services that meet community needs and foster a health delivery system that is both efficient and effective.

The Flex Program, established as part of the Balance Budget Act of 1997 (Section 4201, Public Law 105-33) allows rural hospitals participating in Medicare to convert into a Critical Access Hospital (CAH) status.

Hospitals designated as CAHs receive increased revenues through the cost-based reimbursement Medicare Program.

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What is a CAH?

A CAH is a rural community hospital certified to receive cost-based reimbursement from the Medicare Program. CAHs receive cost-based reimbursement plus one percent, totaling 101% for inpatient and outpatient services (including lab and qualifying ambulance services).

The reimbursement that CAHs receive is intended to improve their financial performance and thereby reduce hospital closures. Each hospital must review its own situation to determine if the CAH status would be advantageous.

CAHs are certified under a different set of eligibility rules called Medicare Conditions of Participation (CoP) that are more flexible than the acute care hospital CoPs. Please refer to [CoP 42CFR485 subpart F](#) for additional information.

CAH Criteria

Initially, to be designated as a CAH, a rural hospital must meet the criteria below:

- ✓ Currently be participating in the Medicare Program as a rural public, non-profit **or** for-profit hospital*, **or** be a hospital that ceased operation after November 29, 1989, **or** a downsized health clinic or center that previously operated as a hospital.

**(If the hospital/facility has never been a Medicare participating provider and wishes to be a CAH, it must first meet the certification as a hospital and then put in a change of status request to be a CAH. In this case, the hospitals will be surveyed twice: 1) to verify compliance with the CoP as Medicare participating hospital, and 2) to verify compliance with the CoP to convert into a CAH).*

- ✓ Be located in a rural area or treated as rural entity under a special provision that allows qualified hospital providers in urban areas to be treated as rural for purposes of becoming a CAH. A map and a list of hospitals located in rural areas may be found in the [Office of Statewide Health Planning and Development's California Rural Hospitals Map Book](#).
- ✓ Be located more than a 35-mile drive, or in the case of mountainous terrain or in areas with only secondary roads available, a 15-mile drive from a hospital or another CAH. The CoPs were updated April 19, 2013. Please refer to the [CAH Guidance Update Memorandum Summary](#) for more information. To obtain contact information, please visit the [Department of Transportation's Local Assistance Contact](#) page.
- ✓ Provide 24-hour emergency care services 7 days a week, using either on-site or on-call staff.

CAH Criteria (Continued)

- ✓ Provide no more than 25 inpatient beds that can be used for either inpatient or swing bed services; however, it may also operate a distinct part rehabilitation or psychiatric unit, each with up to 10 beds.
- ✓ Have an annual average length of stay of 96 hours or less per patient for acute care (excluding swing bed services and beds that are within distinct part units).
- ✓ Be a participating member in a Rural Health Network, or planning on becoming a member within six (6) months from the date of the State CAH Conversion Application. A Rural Health Network is defined as an organization consisting of at least one CAH and at least one full-service hospital where participants have entered into specific agreements regarding patient referrals, transfers, communication, and patient transportation.

Note: The CAH conversion is a process that may take six to twelve months to complete. It is recommended that prior to filling out the State CAH Conversion Application, gathering the necessary documentation, and completing other state/federal forms, the hospital confirms meeting the criteria listed on pages 2 and 3.

Hospitals seeking CAH status not meeting the criteria on pages 2 and 3 should not proceed with completing the CAH designation process.

California Critical Access Hospital Network (CCAHN)

- ✓ The CCAHN is the rural network established to assist California CAHs. The CCAHN is a statewide organization with the purpose of creating collaborative working relationships among California CAHs to strengthen its members through sharing resources, education, and innovation. Please visit [CCAHN](#) for more information about the rural network.

Steps to Complete the CAH Designation Process

1. The Hospital Confirms Meeting the Criteria Described on Pages 2 and 3

2. The Hospital Conducts a Financial Feasibility Assessment

Each hospital must perform its own financial assessment to determine if the CAH designation would result in a better financial return. The financial feasibility assessment will determine if it is advantageous for the hospital to convert into a CAH status. Some hospitals will find that having a CAH status is in fact advantageous, and others however will not. A hospital should convert to CAH designation status only if it is appropriate for the community needs and the hospital service area. In particular, consideration should be given to the bed limit for CAHs and whether that is a good match for the community need.

3. The Hospital Contacts CalSORH and Completes the State CAH Conversion [State CAH Application \(6/2014\) \(Word\)](#)

4. The Hospital Completes the Medicare Enrollment Application ([Form CMS 855A](#)) and Mails it to the Fiscal Intermediary (FI)

Mail the completed form CMS-855A to:

Noridian
P.O. Box 6770
Fargo, DN 58108-6770

For more information about the Medicare Enrollment Application process, please call 1-855-609-9960 or visit [Noridian Medicare Contracts](#).

Note: *Prior to scheduling the CAH Certification Survey, form CMS-855A must be completed and submitted to the FI.*

5. CalSORH Reviews the State CAH Application

The application and supporting documentation will be reviewed for completeness within two weeks of receipt. If additional documentation is needed CalSORH will contact the hospital.

6. CalSORH Mails Letter to Hospital

Once CalSORH determines that the application is complete, CalSORH will mail a letter to the hospital informing that the application for CAH conversion has been reviewed and determined to be complete. Also, the letter will further inform that a copy of the application and supporting documentation will be forwarded to the California Department of Public Health, Licensing and Certification Division (L&C) to begin the second phase of the Medicare CAH certification process.

Steps to Complete the CAH Designation Process – Continued

7. The Hospital Arranges for a CAH Certification Survey

Once the hospital receives notice from the FI that the review of form CMS-855A has been completed, the hospitals may arrange for the CAH Certification Survey. The survey may be completed by either an approved CMS Accredited Organization (AO) or the State Agency District Office. See pages 6 and 7 for the listings.

Applicants are encouraged to review the CAH Interpretive Guidelines and assess their facility's readiness to successfully complete a CAH Certification Survey. For more information about the CAH Certification Survey, see page 4 of the State Operations Manual in [Appendix W](#).

8. Completion of the CAH Certification Survey

The final phase of the Medicare certification process begins when either the AO or the District Office completes the survey and sends the results to the Center for Medicare and Medicaid Services (CMS) Regional Office in San Francisco for review and approval. The hospital will receive written notification of the results.

9. CMS Notifies the Hospital of the Approval

CMS will send a letter to the hospital informing of the CAH certification approval and of the hospital's new Medicare provider number.

District Offices

Name	Address	Phone/Fax Numbers	Counties Served
Bakersfield	4540 California Avenue, Suite 200 Bakersfield, CA 93309	Phone: (661) 336-0543 Toll Free (866) 222-1903 Fax: (661) 336-0529	Kern, Tulare
Chico	126 Mission Ranch Boulevard Chico, CA 95926	Phone: (530) 895-6711 Toll Free: (800) 554-0350 Fax: (530) 895-6723	Butte, Colusa, Glenn, Lassen, Modoc, Nevada, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Yuba
East Bay	850 Marina Bay Parkway, Building P, 1 st Floor Richmond, CA 94804-6403	Phone: (510) 620-3900 Toll Free: (866) 247-9100 Fax: (510) 620-3924	Alameda, Contra Costa
Fresno	285 West Bullard, Suite 101 Fresno, CA 93704	Phone: (559) 437-1500 Toll Free: (800) 554-0351 Fax (559) 437-1555	Fresno, Kings, Madera, Mariposa, Merced, Stanislaus
Los Angeles (for complaints, incidents, and survey issues)	Administrative Headquarters Health Facilities Inspection Division Administration 12440 E. Imperial Highway, Room 522 Norwalk, CA 90650	Phone: (562) 345-6884 General # Toll Free: (800) 228-1019 Fax: (562) 409-5096	Los Angeles
Orange County	681 S. Parker Street, Suite 200 Orange, CA 92868	Phone: (714) 567-2906 Toll Free: (800) 228-5234 Fax: (714) 567-2815	Orange
Redwood Coast & Santa Rosa	2170 Northpoint Parkway Santa Rosa, CA 95407	Phone: (707) 576-6775 Toll Free: (866) 784-0703 Fax: (707) 576-2037	Napa, Solano, Marin, Sonoma, Mendocino, Humboldt, Lake, Del Norte
Riverside	625 E. Carnegie Drive, Suite 280 San Bernardino, CA 92408	Phone: (909) 388-7170 Toll Free: (888) 354-9203 Fax: (909) 388-7174	Riverside

District Offices (Continued)

Name	Address	Phone/Fax Numbers	Counties Served
Sacramento	3901 Lennane Drive, Suite 210 Sacramento, CA 95834	Phone: (916) 263-5800 Toll Free: (800) 554-0354 Fax: (916) 263-5840	Alpine, Amador, Calaveras, El Dorado, Placer, Sacramento, San Joaquin, Tuolumne, Yolo
San Bernardino	464 West Fourth Street, Suite 529 San Bernardino, CA 92401	Phone: (909) 383-4777 Toll Free: (800) 344-2896 Fax: (909) 888-2315	Inyo, Mono, San Bernardino
San Diego North	7575 Metropolitan Drive, Suite 104 San Diego, CA 92108-4402	Phone: (619) 278-3700 Toll Free: (800) 824-0613 Fax: (619) 278-3725	(Parts of) Imperial, San Diego North County
San Diego South	7575 Metropolitan Drive, Suite 211 San Diego, CA 92108-4402	Phone: (619) 688-6190 Toll Free: (866) 706-0759 Fax: (619) 688-6444	Imperial, San Diego, (Cities south of Interstate 8)
San Francisco	1501 North Hill Drive, Suite 22 Brisbane, CA 94005	Phone: (415) 330-6353 Toll Free: (800) 554-0353 Fax: (415) 330-6350	San Francisco, San Mateo, Santa Clara (Parts of: Cupertino, Los Altos, Mountain View, Palo Alto, Stanford, Santa Clara, Saratoga, Sunnyvale)
San Jose	100 Paseo de San Antonio, Suite 235 San Jose, CA 95113	Phone: (408) 277-1784 Toll Free: (800) 554-0348 Fax: (408) 277-1032	Monterey, Santa Clara, (Parts of: San Jose, Los Gatos, Campbell, Milpitas, Morgan Hill, Gilroy), San Benito, Santa Cruz
Ventura	1889 North Rice Avenue, Suite 200 Oxnard, CA 93030	Phone: (805) 604-2926 Toll Free: (800) 547-8267 Fax: (805) 604-2997	San Luis Obispo, Santa Barbara, Ventura

CMS-Approved Accreditation Organizations

Organization	Mailing Address	Contacts
American Osteopathic Association/Healthcare Facilities Accreditation Program (AOA/HFAP)	142 East Ontario Street Chicago, IL 60611-2864	Cappiello, Joseph Phone: (312) 202-8072 jcappiello@hfap.org
		Robins, Beverly Phone: (312) 202-8062 brobins@hfap.org
		Zarski, Mike (cc) Phone: (312) 202-8047 mzarski@osteotech.org
Det Norske Veritas Healthcare (DNV Healthcare)	400 Techne Center Drive, Suite 350 Milford, OH 45150	Horine, Patrick Phone: (513) 388-4888 patrick.horine@dnv.com
		Scott, Darrell Phone: (513) 388-4862 darrell.scott@dnv.com
Joint Commission (JC) (Formerly known as the Joint Commission on Accreditation of Healthcare Organizations or JCAHO)	601 13 th Street, NW, Suite 560S Washington, DC 2005	Kurtz, Patricia (cc) Phone: (202) 783-6655 pkurtz@jointcommission.org
	One Renaissance Boulevard Oakbrook Terrace, IL 60081	Misenko, Steve Phone: (630) 792-5836 smisenko@jointcommission.org
		Office of Quality Monitoring Phone: (630-792-5000 ogm@jointcommission.org