

Frequently-Asked Questions Related to Critical Access Conversion

What does it mean to be designated as a Critical Access Hospital?

- The Critical Access Hospital (CAH) program works to improve access to rural health care. CAHs provide essential services to a community and are reimbursed by Medicare and Medicaid on a reasonable costs basis.

How many CAHs are there, and where are they located?

- There are 1,326 certified CAHs located throughout the United States.
- Thirteen CAHs are located in Pennsylvania, including Penn Highlands Brookville which converted in 2006.
- Charles Cole Memorial Hospital converted in July of 2007.
- Titusville Hospital converted in December of 2014.
- Penn Highlands Elk will become the 14th CAH in Pennsylvania.

What are the benefits of CAH status?

- Cost-based reimbursement from Medicare and Medicaid. This has the potential to increase revenues.
- Focus on community needs.
- Capital improvement costs included in allowable costs for determining Medicare and Medicaid reimbursement.
- Access to Flex Program grant money.

Is CAH conversion a downgrade for a facility?

- **No.** CAH is a change in provider designation and not a downgrade. Conversion to CAH status does not mean losing services. Penn Highlands Elk will continue to operate as it does today providing the same continuum of care it currently delivers including all of its outpatient services, surgeries and its 24/7 emergency department. The CAH designation will not limit Penn Highlands Elk's ability to care for its patients. And in some instances, hospitals that have converted and improved their financial position have expanded their range of services.

Is there a limit on the length of stay for patients at CAHs?

- CAHs must maintain an annual average length of stay of 96 hours (four days) or less for their acute care patients. Swing bed patients have no length of stay limit.



What about emergency services?

- CAHs must provide 24-hour emergency services.

How many beds are allowed?

- Penn Highlands Elk will maintain its current 75 bed license.
- CAHs may have a maximum of 25 acute care inpatient beds. Beds included in this count are:
 - Medical/Surgical
 - Intensive Care
 - Obstetrics
 - Swing Beds
- Certain beds do not count toward the 25-bed limit, including examination or procedure beds, stretchers, operating room tables, bassinets, gero-psych beds, long-term care and distinct observation beds.
- Penn Highlands Elk will be able to care for an unlimited number of observation patients up to its current 75 bed license designation.
- Penn Highlands Elk's long-term care facility, Pinecrest Manor, will continue to operate as a 138 bed facility.
- Penn Highlands Elk's geriatric behavioral health unit, Generations, will continue to operate at its current 10 bed compliment.

What will happen when Penn Highlands Elk is approaching the 25-bed limit?

- A plan of action is being developed to address this and includes three options.
 1. Transfer swing bed patients to Pinecrest Manor for short stays when possible.
 2. Create a distinct observation unit to remove patients from the 25-bed count.
 3. Transfer high-acuity patients requiring sub-specialty support.

(over)



Won't the aging of the population lead to more inpatient admissions?

- An aging population does **NOT** necessarily lead to more utilization. In Pennsylvania, the inpatient admission rate of use for senior citizens has declined. There has been a steady decline in admissions over the past decade. In 2004, there were 770,000 seniors admitted to PA hospitals, compared to 663,000 last year. According to an article published in Modern Healthcare, consultants and Healthcare Executives across the country say weak admissions are projected to last for years despite the millions of newly insured Americans, the aging of the baby boom generation and the steady upward creep of the overall population. Expect to see better coordinated care driving more patients to outpatient settings as healthcare consumers seek lower cost options for care.

What is the financial trend at Penn Highlands Elk?

- Penn Highlands Elk has had financial losses in four of the past five years, and the forecast for the healthcare industry gives no indication of a reversal of this trend. In fiscal year 2014, PH Elk lost \$2.4 million from operations. The average loss over the past five years is \$648,639.

What is the estimated financial impact of CAH status on Penn Highlands Elk?

- PH Elk could potentially receive **\$2.0 million** in additional reimbursement per year. This does not include the positive impact on outpatient clinics.

What is our vision for the future at Penn Highlands Elk?

- Penn Highlands Healthcare plans to launch several initiatives at Penn Highlands Elk that will help redefine the hospital's mission, improve customer service, enhance quality and increase access to care.
- These plans include, but are not limited to:
 - Recruiting additional physicians and advanced practice providers, thus reducing outmigration of patients from Penn Highlands Elk.
 - Working to reconfigure service lines to ensure convenient access to primary, community-based health care.
 - Improving the patient experience and timely throughput at the hospital's Emergency Department.
 - A recommitment by Penn Highlands Elk to the communities of Johnsonburg and Emporium by securing primary care physicians in those communities.

In Summary....

- **Converting Penn Highlands Elk to a Critical Access Hospital begins to bring financial stability in a challenging environment.**
- **Financial stability allows Penn Highlands Elk to continue and even enhance its mission to the communities it serves.**