

CAH/FLEX

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From Oklahoma and Wisconsin: “Right Sizing” — Matching the Scope of Services to the Population

Background

As communities, governing boards, and medical staffs face the decision of whether to convert to a Critical Access Hospital (CAH), they are often concerned that conversion means “downsizing,” perhaps giving up some services and becoming something “less than a hospital.” Consumers often equate complex, technologically-intensive services with high quality, and some decision-makers fear that the loss of surgery or other services will hurt the hospital’s image in the community, making it difficult to maintain or increase local market share.

However, CAH conversion rules do not prohibit the offering of any particular services, as long as those services are offered within the rules:

- ◆ A limit of 15 inpatient beds and 10 additional swing beds is maintained.
- ◆ Average length of stay is 96 hours per patient.
- ◆ A registered nurse is on duty whenever an inpatient is in the facility.
- ◆ A physician is available to the facility.
- ◆ Credentialing, quality assurance, and networking requirements are met.
- ◆ Emergency services are available 24 hours, 7 days per week (and any state requirements regarding physician response times to the ER are met).

Whether or not to offer obstetrical (OB) services is a particularly thorny issue for rural hospitals. While hospitals typically lose money on OB services, they are reluctant to give them up because providing those services creates a link to families and children in their communities.

Previous Findings from the Field

Volume 1, Number 1: From Idaho: The CAH Start-Up Kit
Volume 1, Number 2: From North Carolina: Strengthening Billing
Systems for Rural Emergency Medical Services
Volume 1, Number 3: From North Carolina and Wisconsin:
The RHFP as a Vehicle for State Policy

Project Website: <http://www.rupri.org/srhf-eval/>

Decisions to eliminate or reduce services, or to add services, can and should be made as part of a strategic planning process that begins by assessing the needs of the local population. Finding the right scope of services involves building on existing strengths and resources, as well as making full use of the support and access to resources afforded by network partners. Moreover, rural hospitals must acknowledge that they can serve their communities in many ways other than by providing inpatient services.

How does the Right Sizing strategy work?

Of the many CAHs visited by the National Tracking Project team, a few help to illustrate the Right Sizing strategy. At each hospital, the board and administration were concerned about meeting the needs of the local population while maintaining or enhancing the hospital's image in the community. Each hospital developed a strategy that enabled it to serve its community efficiently, using available resources.

A Right Sizing Case in Point

The administrator of Atoka Memorial Hospital in Oklahoma reported that his CAH's strategic plan called for actions to address the leading causes of death in his county. Specifically, he observed a large number of deaths due to stroke, many of which might have been prevented with thrombolytic therapy if the technology were available locally to determine whether the stroke was caused by a clot or a hemorrhage.

Atoka also had a CT scanner that was under-utilized. A CT scan can detect whether a stroke is caused by a clot or a hemorrhage, but it must be read by a knowledgeable radiologist immediately if the thrombolytic therapy is to be effective. In this case, Atoka's regional network partner was not able to provide radiology service as quickly as needed, but a specialty radiology service was found in another state that could accept CT scans via teleradiology and turn them around in 15 minutes. This radiology service has become a functional network partner. (The administrator calls this "real life networking.") The CT scanner is now getting more use and generating more revenue. More importantly, lives are being saved, and this "high-tech" procedure has improved the image of the hospital in the community.

How does the strategy work for a hospital that stops providing OB services?

St. Joseph's Community Health Services in Hillsboro, Wisconsin, is still providing OB services, but that may change soon, when one of the physicians currently doing deliveries moves out of state. St. Joseph's is concerned about losing the connection between the hospital and the community if it closes its delivery rooms. The solution? A licensed day care center is being planned which will use the space that has become available as a result of the CAH conversion. Families will continue to see the hospital as serving their needs. (A hospital 20 miles away will continue to deliver babies.)

Mercy Health Love County in Marietta, Oklahoma, was not offering OB services when the decision was made to convert to a CAH. However, like St. Joseph's, the board at Mercy was concerned about serving families in the community. To address that concern, Mercy developed a school-based clinic program, offering primary care to adolescents, the most underserved segment of the local population. Like the Wisconsin community, Mercy's community is grateful to have its hospital meeting a need in the community. Concerns about the lack of local OB services are minimal.

Conclusion

Critical Access Hospitals may need to stop offering some services, due to staffing considerations or simply because these services cannot be offered without substantial revenue losses. Rather than discussing such decisions in terms of the specific services offered or not offered, the strategic decision-making process at these three CAHs has focused on the populations that are served, and the needs of those populations. If the CAH cannot serve the population by offering a specific in-patient service, it may be able to serve that population in another way. By keeping the community informed of this strategic decision-making process, new services have had a good chance of succeeding—not only from a revenue standpoint, but by building a strong image and strengthening ties between the hospital and its community.

Key elements of the Right Sizing approach:

- ◆ Assess the needs of the community.
- ◆ Assess the strengths and resources of the hospital.
- ◆ Consider eliminating services that cannot be supported by current resources or population base.
- ◆ Be careful about the accounting. Some services are “byproducts” of other services and losing them doesn't really cut expenses but instead cuts revenues.
- ◆ Consider offering new services that build on strengths and meet community needs.
- ◆ Consider costs and potential revenues associated with services.
- ◆ Keep the community informed during the decision-making process.
- ◆ Commit to serving the populations in the community, not just offering a specific service.

Where Can I Get More Information?

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Background

The Rural Hospital Flexibility Program is a federal initiative to strengthen rural health. The Program:

1. allows small hospitals the flexibility to reconfigure operations and be licensed as Critical Access Hospitals (CAHs);
2. offers cost-based reimbursement for Medicare acute inpatient and outpatient services;
3. encourages the development of rural-centric health networks; and
4. offers grants to states to help implement a CAH program in the context of broader initiatives to strengthen the rural health care infrastructure.

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