

# CAH and Healthcare Reform

# What does Healthcare Reform Mean to CAH hospitals

- What is good for the goose is good for the gander
- To be cost based or not to be cost based
- RAC – More of an issue than Health Care Reform?
- Do we really matter and what to do next

# What is good for the goose is good for the gander

- CAH hospitals are not an island unto themselves.
- Urban hospitals will be impacted by healthcare reform in many ways and that will impact us even if we are shielded in some way.
- Short term is not long term – If CAH's are exempt initially, the current administration perspective seems to be they will do what they will do. If we are shielded we will not be shielded in the long run.

# What is good for the goose is good for the gander continued

- Policy on other issues may have equal impact such as CRP in farming areas. CRP is the payment for keeping farm land unfarmed in highly erodable areas. This payment has kept high quantities of grain off the market. If changed it will increase supply, decrease prices and cut federal budget. Rumor is that this program may be cut. The direct impact to rural counties could be devastating. This is one example of how healthcare reform may be just one item to watch out for. Others depend on each state but are as relevant.

# What is good for the goose is good for the gander continued

- CAH hospitals often rely on help from Urban hospitals for things like air ambulance, Kidney Dialysis, program support etc. If the urban hospitals are impacted by Healthcare Reform then CAH's will be impacted indirectly.
- Some legislatures see CAH's as shipping locations and not hospitals. Depending on how it all shakes out, there may develop motivation to eliminate CAH's as they now exist.

# To be cost based or not to be cost based

- CAH hospitals have stabilized their operations by and large as the result of cost based reimbursement.
- Will cost based reimbursement continue? From what I have read, it should in the short run.
- Will there be a benefit to not be cost based? We don't know enough to have an answer but it may be that in the long run we are not given a choice. In the short run, I am guessing we will have Cost Based Reimbursement.

# RAC – More of an issue than Health Care Reform?

- At this point, RAC may have more of an immediate threat than Healthcare Reform.
- Many Federal Representatives and Senators have heard the word but have no idea of what it is or how it impacts or potentially impacts CAH's.
- CAH's may not know completely either till some more audits are done. In reality it is very scary.
- Need to contact congress to let them know about potential impact.

# Do we really matter and what to do next

- Contact State and Federal Reps in coordinated effort to let them know our feelings on RAC and CAH reimbursement.
- Let them also know that to fix the system is more than dealing with just insurance options.
- Federal government payment for all our business is not real attractive to me. We make money on insurance. Without that, we can make cost but not much profit. In some cases it may be that amount of bad debt would provide some stability but not profit.
- Hold on for the ride.....