

Medicare Rural Hospital Flexibility Program (Flex)

The Balanced Budget Act of 1997 created the Medicare Rural Hospital Flexibility Program. The purpose of the program is to assist small rural hospitals and to improve access to health services in rural communities. A Critical Access Hospital (CAH) designation can allow for enhanced service diversification and combines potentially improved (cost-based) reimbursement with savings from relaxed operating requirements to help ensure the financial viability of participating hospitals.

Key criteria for designation of CAHs include:

- Located more than 35 road miles or, in the case of a facility located in mountainous terrain or where only secondary roads exist, more than 15 road miles from a hospital or another critical access hospital; or, before January 1, 2006, be certified by the state as a necessary provider of health care services to residents in the area
- Provide 24-hour emergency care that is necessary for ensuring access to emergency care services in the area served by the facility
- Have no more than 25 acute care inpatient beds, including swing beds
- Provide inpatient care for a period not exceeding 96 hours, as determined on an average annual basis for each patient
- Operate a quality assessment and performance improvement program and follow appropriate procedures for review of utilization of services

Currently, nine hospitals in Hawaii qualify as Critical Access Hospitals. They are:

- Hale Hoola Hamakua
- Kahuku Hospital
- Kau Hospital
- Kauai Veterans Memorial Hospital
- Kohala Hospital
- Kula Hospital
- Lanai Community Hospital
- Molokai General Hospital
- Samuel Mahelona Memorial Hospital

For more information regarding the Medicare Rural Hospital Flexibility Program, please refer to:

http://www.hrsa.gov/ruralhealth/about/hospitalstate/medicareflexibility_.html.