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March 23, 2005 LB 664

SENATOR JANSSEN: Senator Cudaback, to open on LB 664.

SENATOR CUDABACK: Thank you, Mr. President. Mr. President and members, LB 664 is a bill that's kind of been here before, but not really in this form. LB 664 redefines a facility licensed as a critical access hospital, one that shall have no more than 25 acute care, inpatient beds, and in doing so it allows two eligible, small rural hospitals--Lexington and Broken Bow--to convert to critical access status. Only four other community hospitals are eligible for conversion in Nebraska. They have provided written documents that they do not intend to do so. The federal critical access hospital program allows a small rural hospital to leave a payment system designed for much larger urban hospitals for a payment system that meets their needs. The medical payment system for a critical access hospital is based on what Medicare defines as allowable reasonable costs. That is the key word. Instead of the fixed-fee schedule based on a diagnosis related to groups, a fixed and fee schedule for outpatient services. In order to qualify for critical access hospitals, the limit of service is to a 96-hour hospital stay, be located in rural areas, and be over 35 miles to the nearest hospital, and to form a partnership with at least one critical access hospital and one larger hospital, and have agreements with a larger hospital for referral and transfer, transportation, communications, accreditation, and professionals, and quality assurance. It's critical that we pass LB 664 this year because there is a new federal requirement effective January 1, 2006, that removes the state's ability to waive the requirement critical access hospitals be 35 miles apart. Critical access hospitals designed before January 1, 2006, are allowable when at least 25 miles apart. So without the 35-mile waiver, the passage of LB 664 this session, Lexington and Broken Bow will not be...qualify. And Senator Fischer, Senator Byars will also share this time of opening. And, Senator Fischer, you may have my time. Then you turn it over to Senator Byars when you finish your statement. Thank you.

SENATOR JANSSEN: Senator Fischer.