

CAH Outpatient Services Medicare Patient Cost Sharing



NATIONAL ACADEMY
FOR STATE HEALTH POLICY

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nashp.org

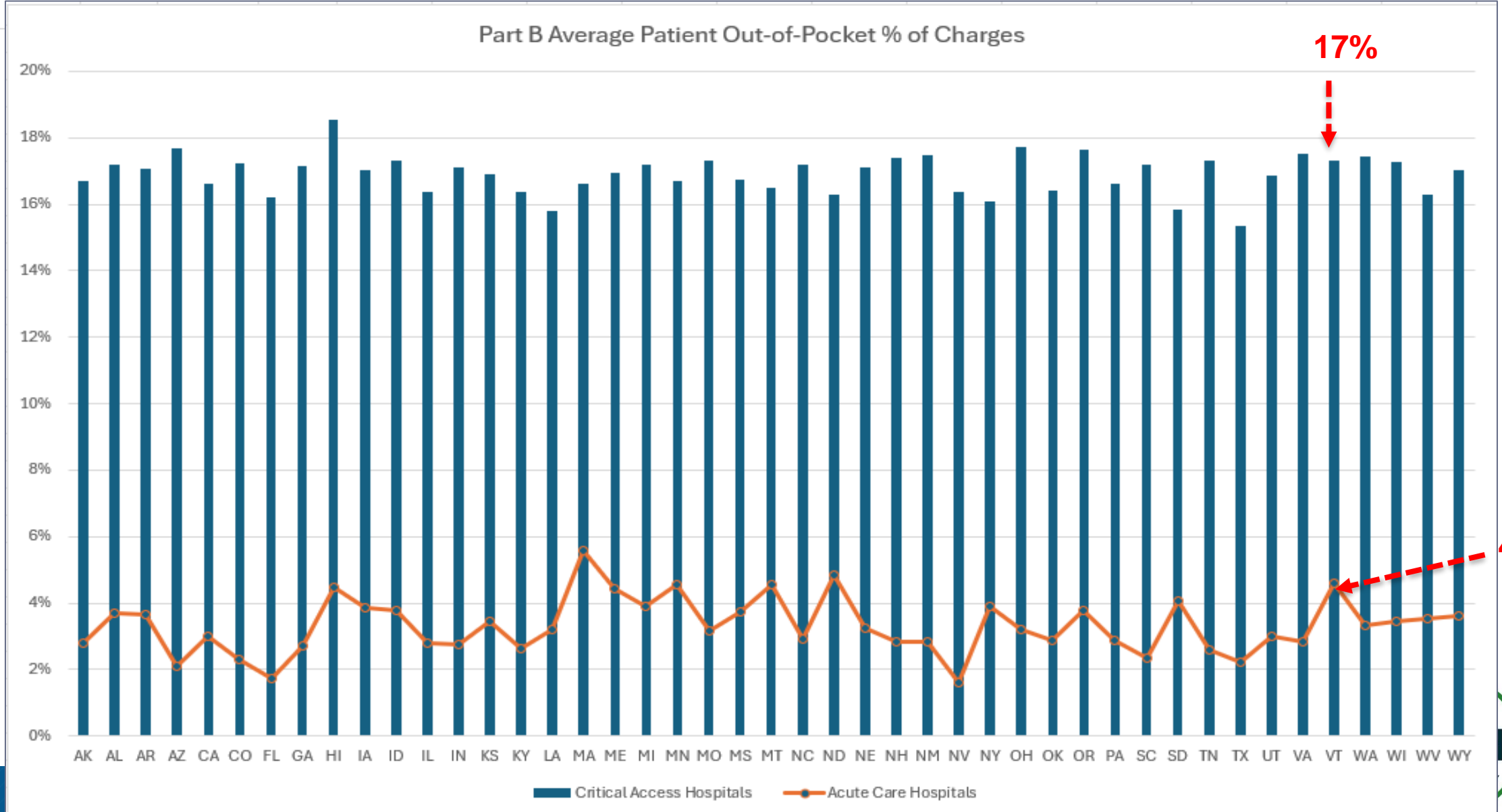
Critical Access Hospitals

- 1900s several hospitals closed across the US because of financial losses
- 1997 Balanced Budget Act created CAH facility type
 - No more than 25 beds
 - Distance from nearest hospital or deemed "necessary provider" by state
 - Medicare Payment = 101% of reasonable costs (provides significant financial support to CAHs)
 - Payment determined by "costs", and not available when rate set, so CMS determined "charges" were appropriate
- 2006 Eliminated state designation of "necessary provider" for new designations.

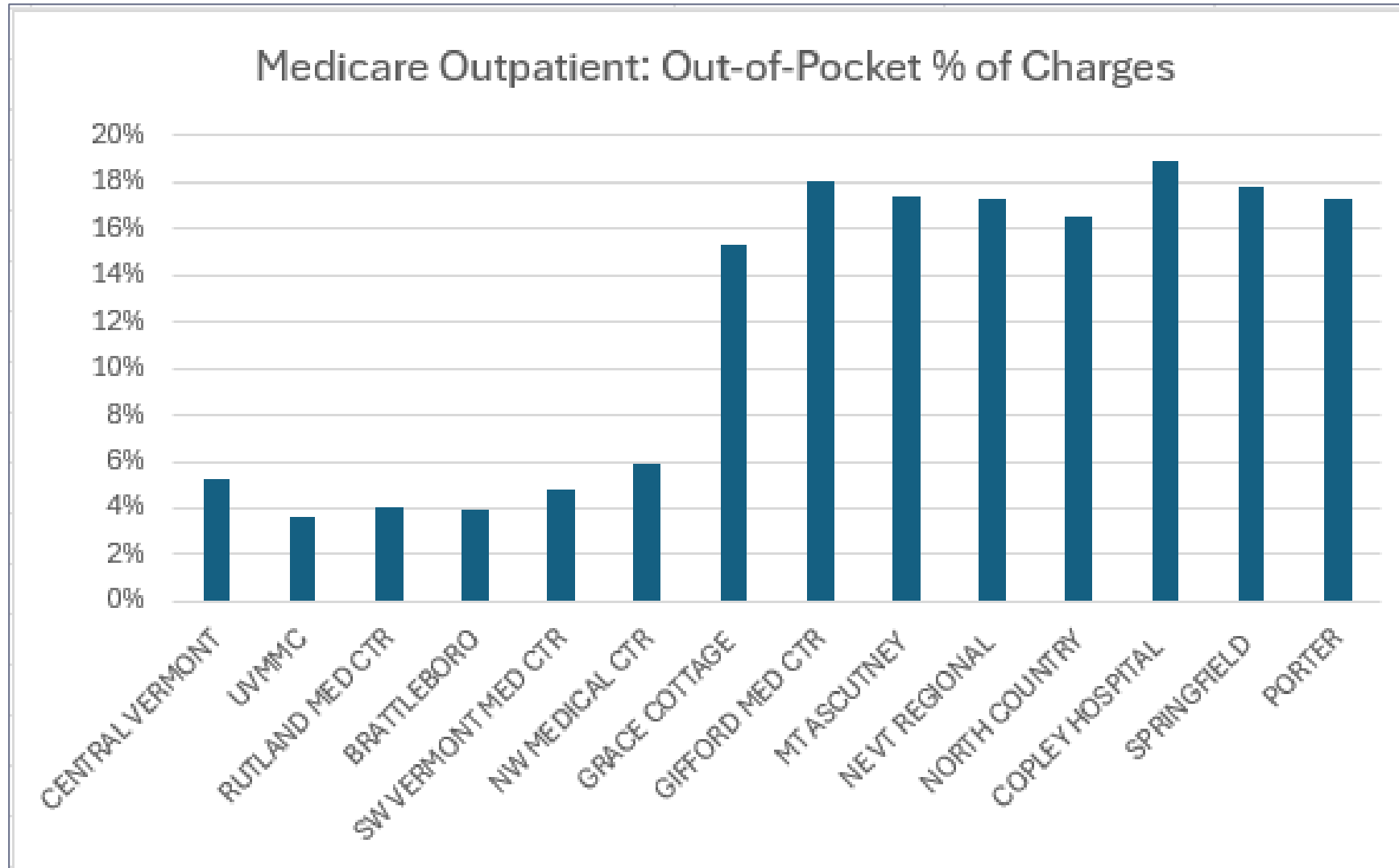
Medicare Outpatient Cost Sharing

| | Medicare Payment Calculation | Patient Cost Sharing | Medicare "Bad Debt" Payment |
|--|---|---|--|
| Acute Care- Short Term Hospitals | OPPS | 20% of Medicare approved rate; cap = inpatient deductible | 65% Medicare Bad Debt |
| Critical Access Hospitals | 101% of costs | 20% of Charge ; no cap | 65% Medicare Bad Debt |

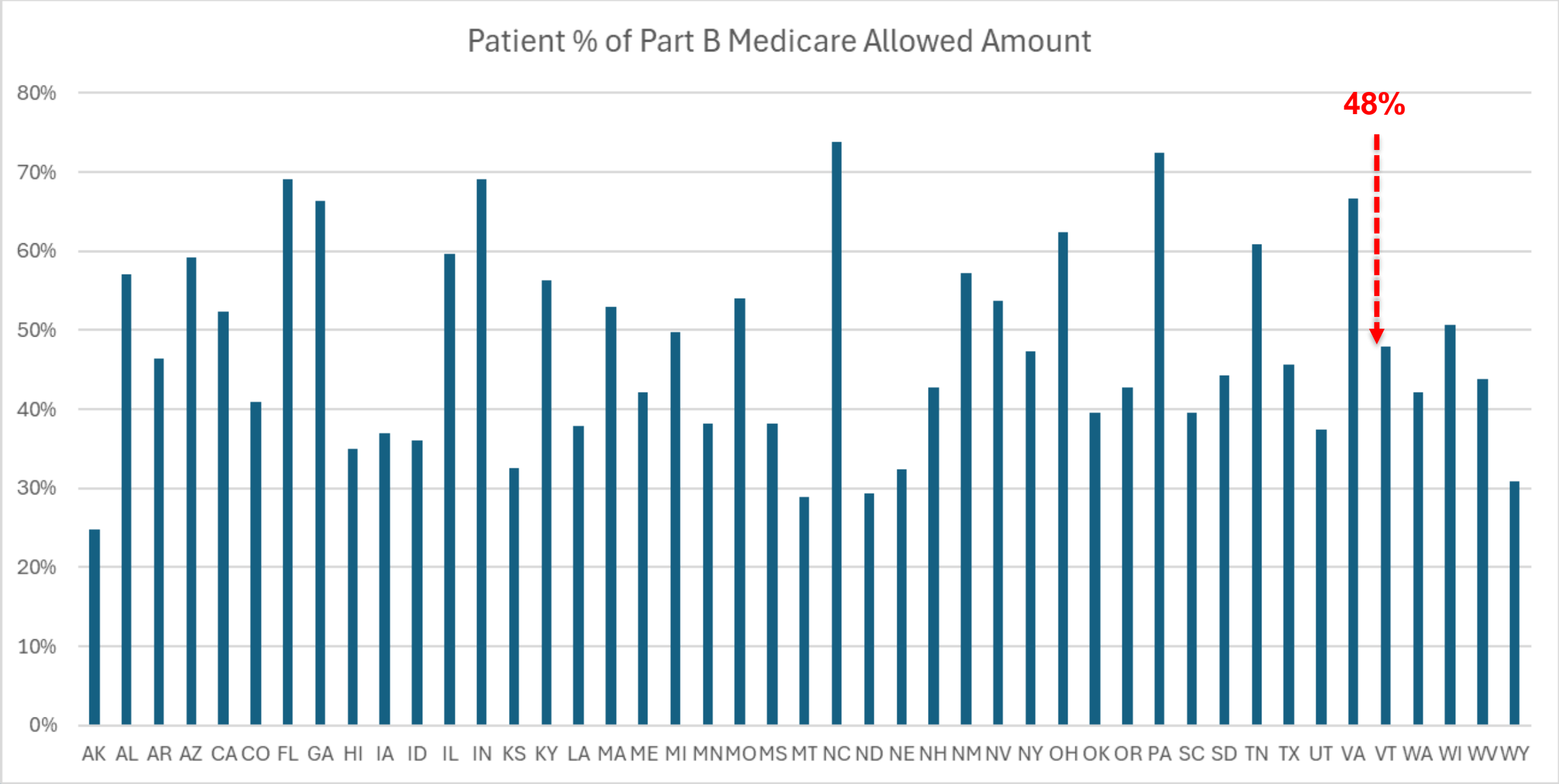
Medicare Outpatient: Out-of-Pocket % of Charges (2024)



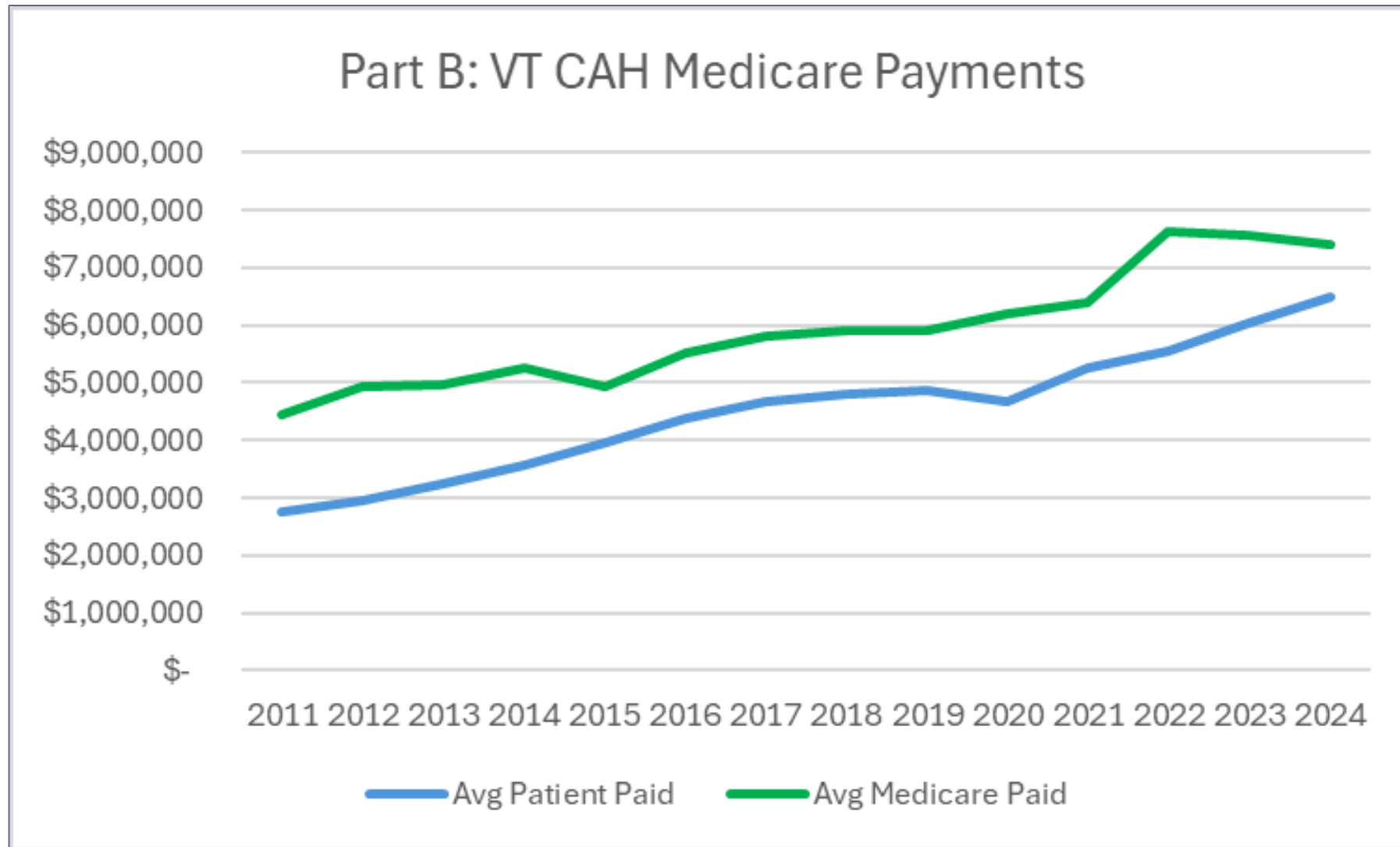
Medicare Outpatient: Out-of-Pocket % of Charges (2024)



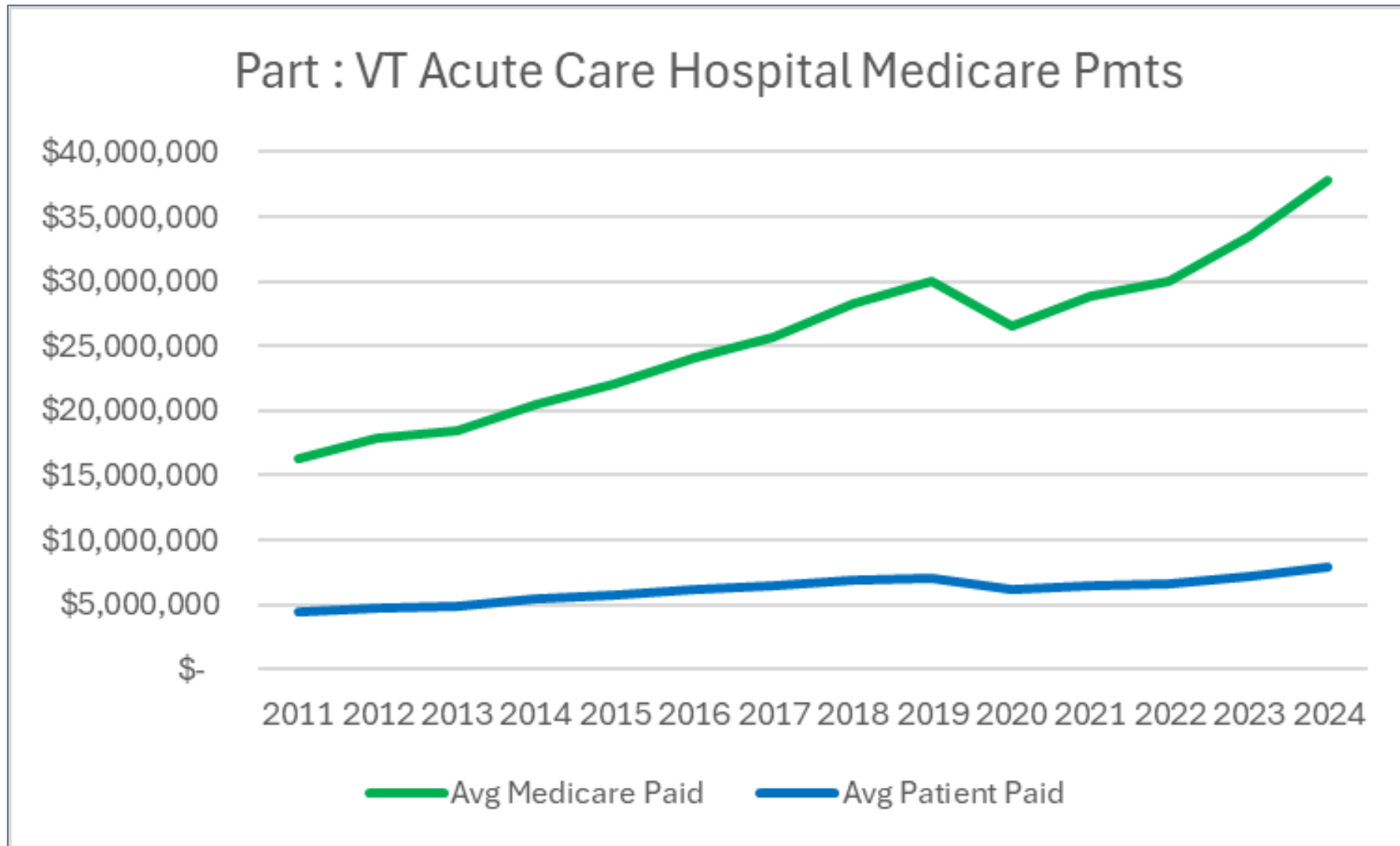
Outpatient CAH Out of Pocket % of Medicare Payment (2024)



VT CAH Average Medicare Out-Patient Payments

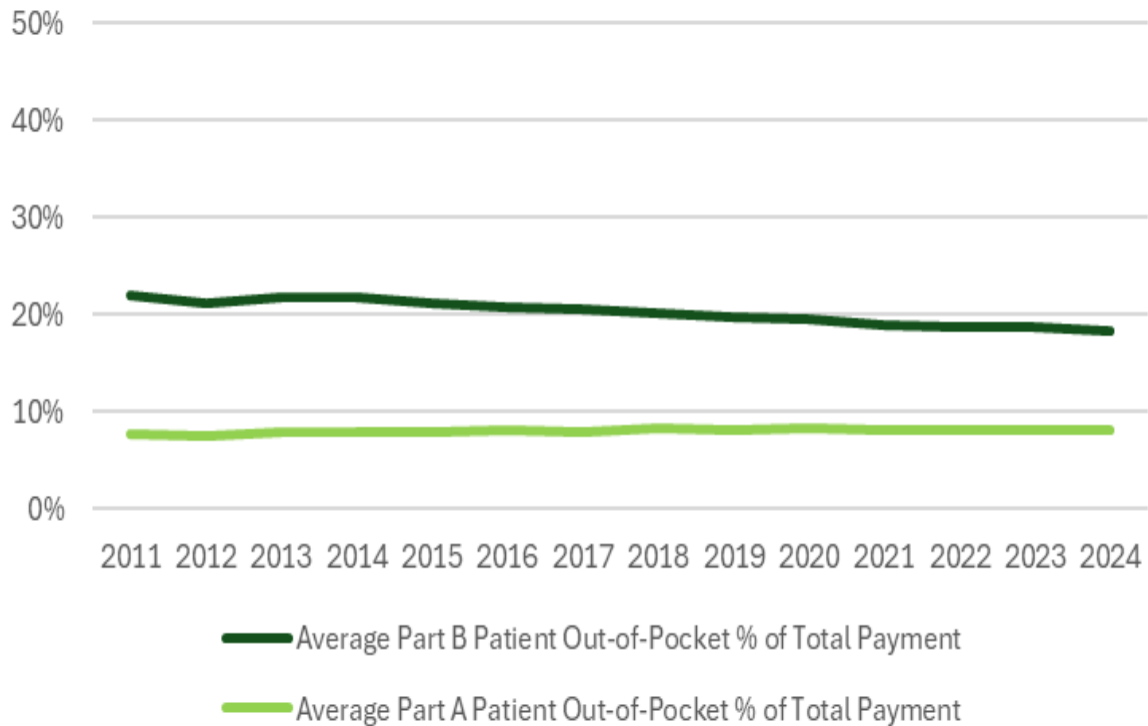


VT Acute Care Hospitals Average Medicare Out-Patient Payments

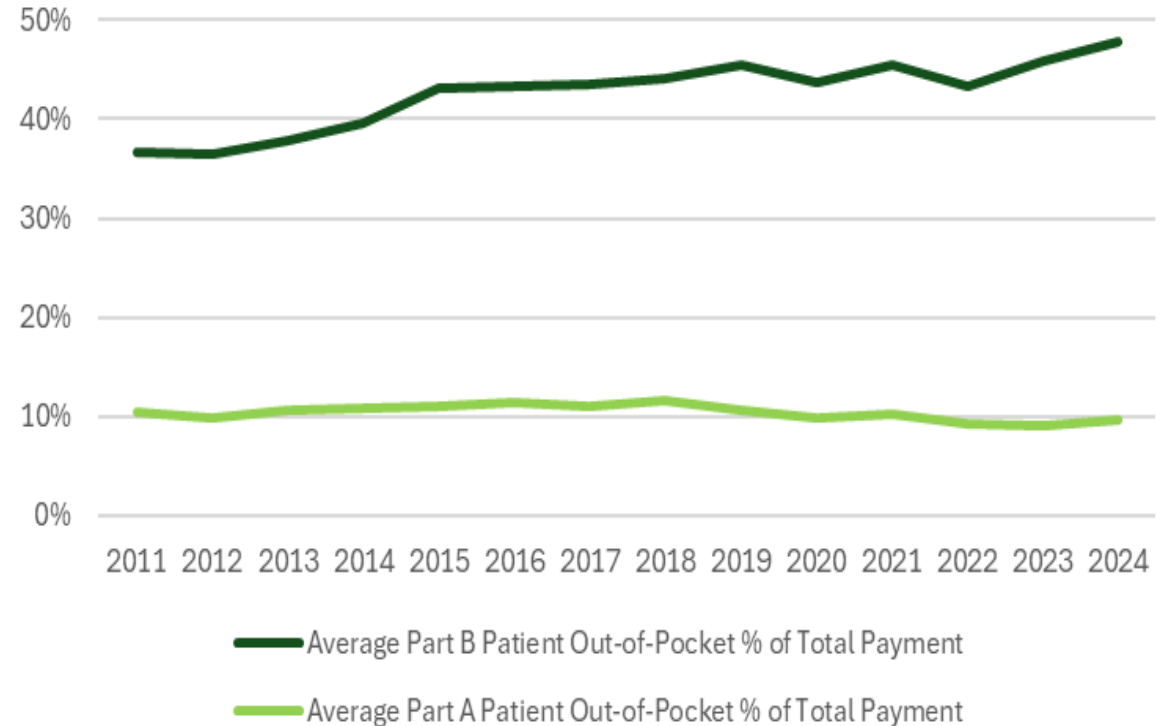


VT Hospitals Average Out-of-Pocket % of Medicare Payments

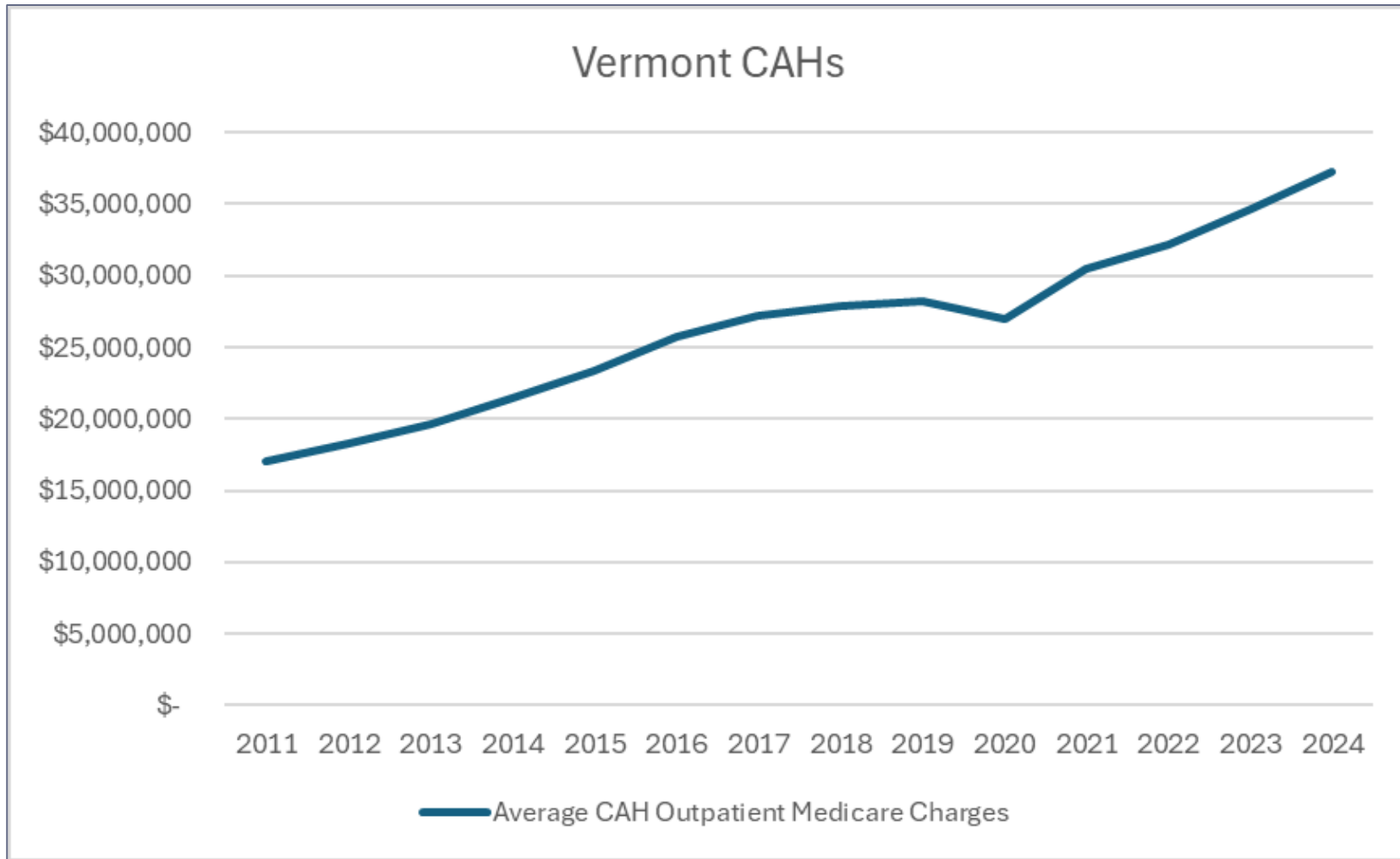
VT Acute Care Hospitals



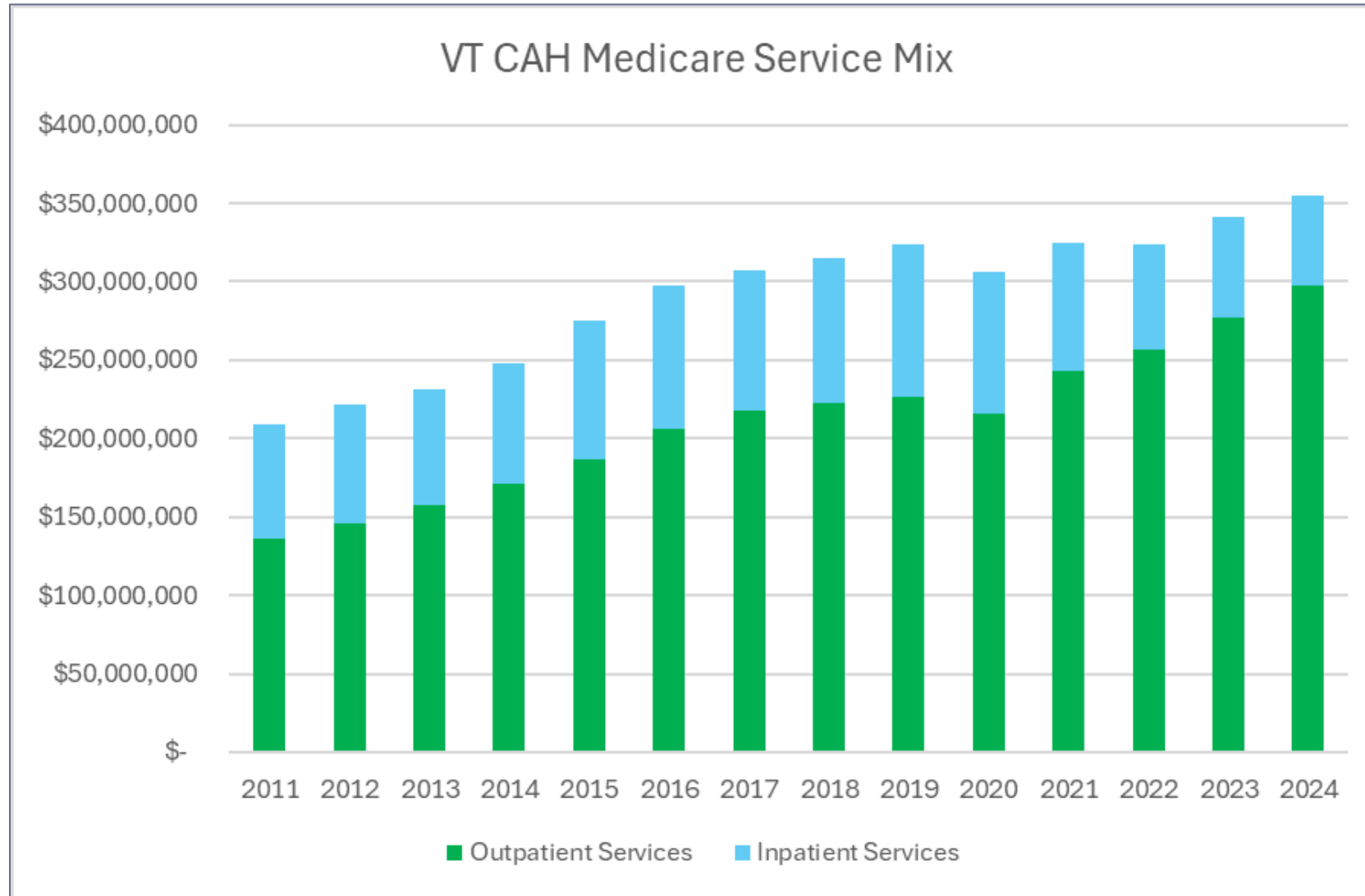
VT CAH Hospitals



VT CAH Outpatient Charges



VT CAH Service Mix



MedPac Report to Congress, June 2025

RECOMMENDATION

For fee-for-service Medicare beneficiaries, the Congress should:

- **Set coinsurance for outpatient services at critical access hospitals equal to 20 percent of the payment amount for services that require cost sharing; and**
- **Place a cap on critical access hospitals' outpatient coinsurance equal to the inpatient deductible.**

- Coinsurance payments \$2.1 billion lower
- Reduced Medigap premiums
- Reduced Medicaid billing
- Reduced Employer Sponsored Plan Supplemental Medicare premiums

[Jun25 MedPAC Report To Congress SEC.pdf](#)

Thank you!

NASHP's Health System Costs Resources:

- Written research and analysis & state legislative tracking
- Model legislation & regulation to address consolidation and more
- Hospital Cost Calculator & hospital financial transparency reporting template
- <https://www.nashp.org/policy/health-system-costs/>



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