

## Hospital Licensing

Prepared by the Department of Inspections and Appeals

### ACCREDITATION AND INSPECTION FREQUENCY OF HOSPITALS

Type of Accreditation	Inspection Cycle	# of Hospitals
Non-accredited requiring DIA surveys	Every 4 yrs	56
Critical Access (non-accredited) requiring DIA surveys	Every 4 yrs	12
Joint Commission on the Accreditation of Health Care Organizations (JCAHO) or American Osteopathic Association (AOA)	Every 3 yrs	52
TOTAL LICENSED HOSPITALS		120

### CRITICAL NEED FOR ADDITIONAL DIA RESOURCES

- Non-accredited hospitals should be surveyed on a 3-year cycle to ensure quality in care.
- National Council of Quality Assurance (NCQA) mandates hospitals contracting with managed care organizations be inspected once every 3 years.
- DIA currently does not have resources to conduct additional hospital inspections, thus forcing hospitals to hire outside inspectors at additional costs to the facility and patients.
- Due to the growing cost of JCAHO accreditation, DIA anticipates the number of hospitals dropping JCAHO accreditation in favor of state inspection will dramatically increase.

#### *JCAHO cost of inpatient utilization and outpatient services*

12-50 bed hospital	\$7,400 - \$8,000
85-100 bed hospital	\$35,000-\$40,000
100 + bed hospital	\$80,000-\$90,000

*\*These figures increase with number of individual service programs offered*

### CRITICAL ACCESS HOSPITALS

- Hospitals seeking Critical Access status must be inspected by DIA prior to certification.
- DIA currently lacks the resources to conduct the initial certification inspections in a timely manner.
- An estimated 20 rural hospitals will seek Critical Access designation in the future, allowing them to obtain additional Medicare funding.
- Critical Access certification increases the State's potential for drawing down vital federal dollars. Critical Access Hospitals receive federal reimbursements on the basis of the number of Medicare/Medicaid patients served by the facility.
- In the last 2 years DIA has hosted 3 daylong sessions on pursuing Critical Access certification

### LICENSE FEES

The Department proposes to increase the hospital license fee from \$10 to \$1,000. Revenue generated by the increase will fund an additional FTE (requested by the Department and included in the Governor's FY '02 Budget Recommendations) to decrease the inspection cycle and aid in the inspection of rural hospitals seeking Critical Access designation. (Note: The hospital license fee has not been increased since 1947 when it was originally established.)

### ADMINISTRATIVE RULE

The proposal permits the Department to adopt fees through Administrative Rules and removes language requiring the Department to seek approval from the Board of Health and the Hospital Licensing Board prior to adopting administrative rules. The Boards' separate meeting schedules significantly delays the Department's rulemaking process. However, the Department will continue to seek the advice and approval of the Hospital Licensing Board during the rulemaking process.

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