

## MICHIGAN COUNTY MEDICAL CARE FACILITIES COUNCIL

**As Class III Facilities, Our Mission Sets Us Apart...**

*We serve those most in need as Michigan's safety net and remain dedicated to quality and value in our communities.*

### RURAL HOSPITAL SWING BED EXPANSION BILL

**The MICHIGAN COUNTY MEDICAL CARE FACILITY COUNCIL opposes these bills, and offers the following for your information.**

#### **WHY ARE HOSPITALS PURSUING THIS ISSUE?**

Hospital census is down statewide, and empty beds result in a loss of revenue. If allowed to use swing beds for long-term care, hospitals would gain a significant new revenue stream upon which new hospital construction projects could be conceived and financed. It may also be seen as a way to fix current financial issues.

#### **IS THERE A PROBLEM? NO.**

Skilled nursing facilities are best suited to offer rehabilitation services to Michigan residents. The state recognizes this fact in the rules governing swing beds. Swing beds can be a real asset to the community, by providing the flexibility necessary in rural underserved areas when a skilled nursing bed is not available. When a skilled nursing facility is available, it is a more appropriate level of step-down care, geared specifically for rehab services and patient comfort, and is much cheaper to the taxpayer footing the bill. Michigan hospitals with swing beds should continue to follow the rules. These rules were well known to them at the time they made application to operate swing beds.

#### **WILL THIS HURT CONSUMERS AND TAXPAYERS? YES.**

Michigan has 31 hospitals with swing beds. Of those, 23 are Critical Access Hospitals (CAH) and eight are rural. Eleven of the CAH facilities with swing beds also have a hospital long-term care unit. In the example provided on page two, the nursing facility was \$1844.62 *per day* cheaper to the taxpayer, making the hospital swing bed nearly 6.5 times the cost *per day* of the skilled nursing facility, which was literally attached to the hospital. This example is from a critical access hospital. Rural hospital reimbursement for a patient in a swing bed is similar to that of the nursing home. Additionally, nursing facilities must also maintain activities, offer amenities, and specialize in rehab services.

#### **ARGUMENTS YOU MAY HEAR FROM HOSPITALS:**

- 1) **They need deregulation** - The term "swing bed" arose out of the *Omnibus Budget Reconciliation Act of 1980*, which served to amend the Social Security Act to deal with circumstances faced by many rural hospitals experiencing Medicare reimbursement problems. Frequently, when they had patients ready for discharge to skilled nursing facilities, they had nowhere to send such patients. This is rarely the case today. Nursing home beds are usually available in these areas. If deregulation is the desired action, hospitals can simply follow CON procedure to remove themselves from the swing bed program.
- 2) **They need choice** - The fact of the matter is that skilled nursing facilities are the appropriate step-down setting for rehab services. Medicare sets criteria for payment, setting and when medical necessity exists. Hospitals are required to follow Medicare rules with regard to coverage for an inpatient hospital stay. When hospitals determine that patients are ready to be discharged, they are required to issue a notice of discharge. Swing beds exist to fill a temporary gap. That temporary gap can be very expensive, but is necessary from time-to-time in rural areas. This proposal is a very expensive solution in search of a problem.



MICHIGAN COUNTY  
MEDICAL CARE  
FACILITIES  
COUNCIL

*Our Mission Sets Us Apart*

**Over**

#### SUMMARY:

We believe keeping patients in a hospital bed when they no longer meet criteria to stay in a licensed hospital bed is wrong on many levels. Extending a hospital stay unnecessarily is not only bad public policy and fiscally irresponsible, it is potentially harmful to the resident/patient. Nursing home residents enjoy many quality-of-life services, like beauty shop appointments, entertainment and social activities and visits from pets. Each setting plays an important role in the healthcare continuum. They both have expertise and purpose, and that is why they both exist. When a patient no longer meets hospital level of care criteria, discharge planning should be focused on the individual patient's needs and the most appropriate and cost effective setting to meet those needs. Specialized appropriate care at a substantially lower cost in a home-like setting is what a skilled nursing home provides over a hospital swing bed. We need to seek both quality and value for our scarce public healthcare dollars. Michigan's Medicaid Long Term Care client count is expected to rise dramatically, and Michigan's 65+ population is predicted to grow from 90,000 to over 2,000,000 over the next 20 years. We can not sustain funding Medicare or Medicaid programs at the state or federal level without being thoughtful and well-informed consumers and taxpayers.

#### REFERENCE:

In the 2008 Federal District Court opinion in *Schoolcraft Memorial Hospital v. Michigan Department of Community Health*, Judge Jonker referenced the daily Medicare reimbursement amount that applied to a hospital swing bed patient on November 30, 2007 as \$2,181.55. The rate that applied to a patient receiving substantially similar care at the adjoining nursing home during this same time was only \$336.93.

**Does this cost nothing? Absolutely not.** Taxpayers foot this bill, paying nearly 6.5 times more for similar care and services, just because they are being provided in a hospital building.

#### COVERAGE AND WHO PAYS?

Medicare Part A covers skilled care in a skilled nursing facility (SNF) under certain conditions for a limited time. Skilled care is health care given when a patient requires skilled nursing or rehabilitation staff to manage, observe, and evaluate care. Medicare covers certain skilled care services needed daily on a short-term basis (up to 100 days).

#### CMS 2011 Medicare Benefits Online Manual

*In 2011, YOU pay the following for each benefit period (following at least a 3-day covered inpatient hospital stay for a related illness or injury):*

- Days 1-20: \$0 each day
- Days 21-100: up to \$141.50 each day
- Beyond 100 days: 100%

*There is a 100-day Medicare limit.*

#### CMS.GOV

*Hospitals provide Hospital-Issued Notices of Noncoverage (HINNs) to beneficiaries prior to admission, at admission, or at any point during an inpatient stay if the hospital determines that the care the beneficiary is receiving, or is about to receive, is not covered because it is:*

- *Not medically necessary;*
- *Not delivered in the most appropriate setting; or*
- *Is custodial in nature.*

#### MICHIGAN COUNTY MEDICAL CARE FACILITIES COUNCIL

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