

Agency Report

Mike Vicario, NCHA Vice President of Regulatory Affairs
Petition for Change in Basic Policy

Acute Care Bed Petitioner 1:

Mike Vicario
NCHA Vice President of Regulatory Affairs
919-677-4233
mvicario@ncha.org

Request:

“NCHA petitions the State Health Coordinating Council to amend Policy AC-5 to enable Critical Access Hospitals to count acute and swing bed days of care in the formula used to determine needed replacement capacity.”

Background Information:

Chapter 2 of the Plan allows petitioners early each calendar year to recommend changes that may have a statewide effect. According to the Plan, “Changes with the potential for a statewide effect are the addition, deletion, and revision of policies and revision of the projection methodologies.” The change recommended by this petitioner is a policy revision that would have a statewide effect.

Policy AC-5, as published in the 2010 North Carolina State Medical Facilities Plan (SMFP), is shown below:

POLICY AC-5: REPLACEMENT OF ACUTE CARE BED CAPACITY

“Proposals for either partial or total replacement of acute care beds (i.e., construction of new space for existing acute care beds) shall be evaluated against the utilization of the total number of acute care beds in the applicant’s hospital in relation to utilization targets found below. In determining utilization of acute care beds, only acute care bed “days of care” shall be counted. Any hospital proposing replacement of acute care beds must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application.”

Facility Average Daily Census	Target Occupancy of Licensed Acute Care Beds
1 – 99	66.7%
100 – 200	71.4%
Greater than 200	75.2%

For additional background information, see pages four and five:

- Page 4: Table listing North Carolina Critical Access Hospitals and showing bed inventory data, as reported on the 2009 Hospital License Renewal Applications;

- Page 5: Information about Critical Access Hospitals and Swing Beds from the CMS (Center for Medicare and Medicaid Services) website.

Analysis/Implications:

NCHA requests that Policy AC-5 be revised as shown below:

NCHA PROPOSED POLICY AC-5:

“Proposals for either partial or total replacement of acute care beds (i.e., construction of new space for existing acute care beds) shall be evaluated against the utilization of the total number of acute care beds in the applicant's hospital in relation to utilization targets found below. In determining utilization of acute care beds, only ~~acute care bed~~ days of care provided in acute care beds and Medicare swing beds located in Critical Access Hospitals shall be counted. Any hospital proposing replacement of acute care beds must clearly demonstrate the need for maintaining the acute care and Medicare swing bed capacity proposed within the application.”

Average Daily Census	Target Occupancy of Licensed Beds
1-99	66.7%
100-200	71.4%
Greater than 200	75.2%

In support of their petition, NCHA notes the following: “In calculating the occupancy rate, Policy AC-5 permits “only acute care bed days of care” to be counted. This clause precludes an applicant from including days of care provided in psychiatric, rehabilitation or nursing home units to be used to justify replacement of acute care beds. However the clause also prevents consideration of the nursing care days provided in Medicare swing beds, thereby penalizing swing bed hospitals by limiting replacement projects to only the number of beds needed for acute care.” Given that swing beds are used to provide both acute care and skilled nursing care, as needed, it seems reasonable to the Agency to include swing bed days when calculating Policy AC-5 target occupancy rates.

Agency Recommendation

The Agency recommends including swing bed days when calculating Policy AC-5 target occupancy rates. However, to ensure clarity and to ensure that swing bed days are counted only for proposals to replace acute care beds in Critical Access Hospitals, the Agency recommends that Policy AC-5 be revised as follows:

DRAFT POLICY AC-5: REPLACEMENT OF ACUTE CARE BED CAPACITY

Proposals for either partial or total replacement of acute care beds (i.e., construction of new space for existing acute care beds) shall be evaluated against the utilization of the total number of acute care beds in the applicant's hospital in relation to utilization targets found below. For hospitals not designated by the Center for Medicare and Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed “days of care” shall be counted. For hospitals designated by the Center for Medicare and Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed “days of care” and swing bed days (i.e., nursing facility days of care) shall be counted in determining utilization of acute care beds. Any hospital proposing replacement of acute care beds must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application. Additionally, if the hospital is a Critical Access Hospital and swing bed days are

proposed to be counted in determining utilization of acute care beds, the hospital shall also propose to remain a Critical Access Hospital and must demonstrate the need for maintaining the swing bed capacity proposed within the application. If the Critical Access Hospital does not propose to remain a Critical Access Hospital, only acute care bed “days of care” shall be counted in determining utilization of acute care beds and the hospital must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application.

Facility Average Daily Census	Target Occupancy of Licensed Acute Care Beds
1 – 99	66.7%
100 – 200	71.4%
Greater than 200	75.2%

List of North Carolina Critical Access Hospitals – 2009 License Renewal Application Data

License #	Name	Acute Care Licensed Beds	Acute Care Beds: Days of Care	Swing Beds	Skilled Nursing Days
H0108	Alleghany Memorial Hospital	41	2824	41	474
H0099	Ashe Memorial Hospital	76	5193	6	225
H0268	Bertie Memorial Hospital	6	1570	6	0
H0160	Blowing Rock Hospital	28	654	28	4309
H0154	Cape Fear Valley-Bladen County Hospital	48	3809	10	10
h0037	Charles Cannon Jr. Memorial Hospital	25	5713	25	883
H0007	Chatham Hospital	25	3280	21	461
H0063	Chowan Hospital	49	7003	25	0
H0171	Davie County Hospital	81	1422	25	1546
h0003	FirstHealth Montgomery Memorial Hospital	37	1850	0	638
H0193	Highlands-Cashiers Hospital	24	920	0	1987
H0155	Hoots Memorial Hospital	22	1014	22	2970
h0004	Our Community Hospital, Inc.	20	53	20	972
H0115	Pender Memorial Hospital	43	3155	10	2667
h0002	Pungo District Hospital Corporation	39	2283	0	919
H0079	St. Luke's Hospital	45	3540	25	1754
H0165	Stokes-Reynolds Memorial Hospital	53	822	0	2119
H0069	Swain County Hospital	48	1606	10	545
H0273	The Outer Banks Hospital	19	3663	16	0
H0111	Transylvania Community Hospital	42	5874	0	342
h0006	Washington County Hospital	49	1853	0	326
	Totals	820	58101	290	23147

Information from the CMS (Center for Medicare and Medicaid Services) website

“A facility that meets the following criteria may be designated by CMS as a CAH:

- Is located in a State that has established with CMS a Medicare rural hospital flexibility program; *and*
- Has been designated by the State as a CAH; *and*
- Is currently participating in Medicare as a rural public, non-profit or for-profit hospital; or was a participating hospital that ceased operation during the 10-year period from November 29, 1989 to November 29, 1999; or is a health clinic or health center that was downsized from a hospital; *and*
- Is located in a rural area or is treated as rural; *and*
- Is located more than a 35-mile drive from any other hospital or CAH (in mountainous terrain or in areas with only secondary roads available, the mileage criterion is 15 miles); *and*
- Maintains no more than 25 inpatient beds; *and*
- Maintains an annual average length of stay of 96 hours per patient for acute inpatient care; *and*
- Complies with all CAH Conditions of Participation, including the requirement to make available 24-hour emergency care services 7 days per week.

A CAH may also be granted "swing-bed" approval to provide post-hospital Skilled Nursing Facility-level care in its inpatient beds.”

Swing Bed Providers:

“The Social Security Act (the Act) permits certain small, rural hospitals to enter into a swing bed agreement, under which the hospital can use its beds, as needed, to provide either acute or SNF care. As defined in the regulations, a swing bed hospital is a hospital or critical access hospital (CAH) participating in Medicare that has CMS approval to provide post-hospital SNF care and meets certain requirements. “