

## TESTIMONY OF REP. DAN CARTER, 2ND GENERAL ASSEMBLY DISTRICT

### A Short Term Transitions Unit from Higher Levels of Care to Home and Community Services.

Bethel Health Care & The Cascades assisted living is a post-acute continuum of care comprised of 161 SNF beds, 28 Assisted Living units, 14 Residential Care units, and an Out-Patient Therapy service. The crux of our operation is a 90 bed short term rehabilitation program whose mission is to provide services that allows for patient recovery and safe discharge home.

Our operation is different from the typical SNF facility in that we discharge 25–35 patients each week. To accommodate this flow, unique operational systems have been developed, including an on-site clinical expertise that addresses the current furor over hospital readmissions. As hospitals struggle to bring their readmission rate down to 20%, the overall BHC rate is less than 10%. BHC has developed the basic model of care that CMS has been promoting in their request for innovations.

The BHC model of operation also supports the State goal of reducing SNF Medicaid bed occupancy. We have been operating a “right-sized” facility since opening in 1994. We have consistently maintained a Medicaid census of approximately 30% of occupied beds. Compared to the State average Medicaid census of over 68%, we have 50 fewer Medicaid beds than a typical SNF facility of the same size. This case mix saves the Medicaid budget over \$4M/year.

To further achieve goals of both State and Federal health care plans, BHC is proposing a demonstration project. The project is based on the development of a short term, sub-SNF transition unit. The mission of the unit is to provide an alternative low cost menu of services to those who do not require SNF care, but who are compromised such that they cannot safely return home.

The unit would serve as a step down unit for the BHC rehabilitation program, serving orthopedic and medically complex patients. By providing these services with-in an assisted living type setting, system health care cost savings of over \$200/day can be achieved.

Barriers to development of the transition unit are the State regulations that govern Assisted Living and Residential Care facilities. Some of these regulations and their interpretation, designed for a long term population, are at odds with the goals

of a short term care program. A demonstration project status is necessary so that current codes can be reconciled to allow for the short term program, particularly as the demonstration project proves to be successful and warrants replication.

As a step down unit, it is expected that the majority of patient/ users will be funded by private and insurance payors. With this base, the transition unit can be established and then becomes applicable for other specialized uses. There is an opportunity for significant Medicaid cost savings for delivery of care to those who live in the community and who use the ER as their access to the health care system. The transitional unit may provide an alternative placement from the ER for a select group of these patients.

Sifting through these ER patients, there are those who are on Medicaid, whose medical condition does not warrant admission to an SNF, yet who are compromised such that they cannot safely return home. The needs of these ER patients exceed the standard frequency of care delivered by community based services. If they are sent home there is risk that they will fail and return to the ER. Should they be kept at the ER over night or kept in observation, Medicaid is paying an ER rate, the highest cost/day in the health care delivery system..

The demonstration project will develop acceptable short term admission protocols, and requests that The Department of Social Services to determine an appropriate Medicaid rate for providing restorative short term services. It is anticipated that the base rate, including 24 hour nursing over-sight, would be less than \$160/day. A Medicaid patient diverted from ER care, could spend several days at the TCU, safely return home, and still generate significant Medicaid cost savings. As importantly, savings to the health system will be counted by reducing hospital readmissions from the community.

Reducing the State Medicaid budget is complex and will require many solutions. This proposed demonstration project has been rolled into Bill SB 1022, as it meets the long term care goals of strengthening community services, and providing Medicaid patients an alternative from receiving needed health care in expensive institutional settings.