

ILLINOIS CRITICAL ACCESS HOSPITALS:

Exploring the Financial Impacts of the Swing Bed Program

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EXECUTIVE SUMMARY

The Swing Bed Program is a Medicare program available to Critical Access Hospitals (CAHs) and rural Prospective Payment System (PPS) hospitals with fewer than 100 beds. The term “swing bed” may be simply thought of as a bed that moves from an inpatient bed to a skilled nursing bed, as needed. In rural communities, hospital-based swing beds are vital in keeping services close to home, as well as helping ensure coordinated care for rural Medicare beneficiaries. The Swing Bed Program is also an important contributor to the CAHs’ overall inpatient revenues.

To better understand the significance of the Swing Bed Program in rural Illinois, the Illinois Critical Access Hospital Network (ICAHN) partnered with Northern Illinois University’s Center for Governmental Studies (CGS) to survey Illinois CAHs regarding the importance of their Swing Bed Programs in terms of financial indicators, quality outcomes, and community benefits. Of the 48 CAHs in Illinois, 30 completed an online survey administered between June and August 2018¹. Highlights of the survey results, and this report, include:

- » Swing bed patient readmission rates have generally been below 5% in recent years. These readmission rates are significantly lower than the Illinois statewide average rate for skilled nursing facilities. According to the Centers for Medicare and Medicaid Services *Nursing Home Compare* data, the percentage of short-stay residents in Illinois who were re-hospitalized after a nursing home admission was 24.4% in 2016-2017.
- » The average length of stay for patients in CAH swing beds is significantly lower than that of stand-alone skilled nursing facilities. Patients are discharged from swing beds in an average of approximately 10 days, while those in skilled nursing facilities stay for an average of 26 days.
- » The importance of swing bed revenues varies significantly among Illinois CAHs. While swing bed revenues accounted for an average of 12.5% of all 2016 CAH inpatient revenues, many hospitals received a much higher percentage of inpatient revenues from swing beds. Swing bed revenues accounted for over 20% of total inpatient revenues at more than one-third of all CAHs (17 out of 48). In addition, nine CAHs received more than 30% of total inpatient revenues from swing beds.

¹ The online survey was supplemented with data from a variety of other sources including Flex Monitoring and Centers for Medicare and Medicaid Services *Nursing Home Compare* data.

- » Considering the small margins under which CAHs operate, losing swing bed revenues would cause significant financial distress for these hospitals. According to a recent national study, a 20% decline in revenue would cause 72% of CAHs to have negative operating margins. A 30% loss in revenue would cause 80% of CAHs to operate with negative margins.
- » Through several follow-up interviews conducted as a part of the survey process, CEOs and nursing staff acknowledged that without the Swing Bed Program their hospitals would be forced to cut staff, reduce services, and in some instances, close their doors. This, in turn, would negatively impact the larger community economically and from an access to local, quality health care standpoint.
- » Currently, there are no standard quality and benchmarking initiatives specific for the Swing Bed Program, nor are swing beds able to be star rated; consequently, payors and potential referring health care facilities may overlook look swing beds as the best option. This may be an opportunity for CAHs to collectively evaluate their programs and begin benchmarking quality outcomes.

Overall, the Swing Bed Program yields positive outcomes at both the patient and community levels. Providing post-acute care to patients in rural communities relieves the stress of them having to be transported outside the comfort of their local community and social networks and promotes restorative and transitional care. This approach leads to better patient outcomes – a goal of every health care organization. Research and data show that with a shorter average length of stay and lower readmission rates, patients are receiving quality health care with access to specialists, physicians, and high level nursing staff in their own communities. Furthermore, using swing beds to fill vacant hospital beds can arguably help strengthen the CAH’s financial stability, which has economic implications for the community and its workforce.



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