Information for Swing Bed Hospitals in the Process of Converting to Critical Access Hospitals (CAHs)

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Rural swing bed hospitals will be reimbursed under the SNF PPS starting on the first day of the hospital's next cost reporting year. We have received several inquiries from providers who are in the process of converting to critical access hospitals. They are reluctant to train staff and install the necessary SB-MDS processing and transmission equipment for the short period between their fiscal year start date and the effective date of their CAH agreements. CMS has no authority to waive this requirement for facilities in the process of converting to CAHs. We have identified the following four options for providers to consider while their applications for CAH status are pending.

1. Contact your state survey agency again. Generally, a CAH provider agreement is effective on the last day of a clean survey. Your state agency may be able to work with you to establish an early survey date.
2. The provider could subcontract with a vendor to encode and transmit the MDS data. Nurses in the swing bed unit would still perform the assessment, and record the data hard copy. The contractor would then encode and transmit the MDS data to CMS. The provider would need a formal contract with the vendor, including a confidentiality agreement. This option has been used by small SNFs since the inception of the SNF PPS.
3. If there is only a short period of time between effective date of the CAH provider agreement and the SNF PPS effective, a provider may want to consider billing the swing bed claims at the default rate. The facility would receive lower reimbursement, but would not incur the costs associated with systems installation and staff training. The swing bed hospital would also still be eligible to bill for those high-cost services that are not included in the SNF PPS rate; i.e., the consolidated billing exclusions like CAT scans and MRIs.
4. The hospital could also consider using the free CMS-developed software and transmission system, and minimizing costs by hiring a part-time contractor (or possibly a student) to set up and run the system. There are instruction manuals and Help Desks for MDS coding and use of the software. These materials should allow staff to perform the basic functions without incurring large training costs.