CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-01 Medicare General Information, Eligibility, and Entitlement	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 42	**Date: NOVEMBER 9, 2006**
	Change Request 5114

SUBJECT: Swing Bed Hospital Updates

I. SUMMARY OF CHANGES: The manual sections relating to swing bed hospitals have been updated to reflect statutory and regulatory changes that currently appear in Section 2230 of the Provider Reimbursement Manual, published December of 1992.

Changes have also been made to terms describing Medicare provider agreements for SNFs that are no longer in effect, per The Omnibus Budget Reconciliation Act of 1981 (OBRA), Pub. L. 97-35, section 2153.

MANUALIZATION/CLARIFICATION – EFFECTIVE DATE*: N/A
IMPLEMENTATION DATE: **December 11, 2006**

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	1/Table of Contents
	1/1/10.1/Hospital Insurance (Part A) for Inpatient Hospital, Hospice, Home Health and Skilled Nursing Facility (SNF) Services - A Brief Description
R	5/Table of Contents
R	5/10.6.4/Determining Payment for Services Furnished After Termination of Provider Agreement
R	5/20/Hospital Defined
R	5/30.3/Hospital Providers of Extended Care Services

III. FUNDING:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

Business Requirements
Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-01	Transmittal: 42	Date: November 9, 2006	Change Request 5114

SUBJECT: Swing Bed Hospital Updates

I. GENERAL INFORMATION

A. Background: The Omnibus Budget Reconciliation Act of 1980 (OBRA 1980) permitted certain rural hospitals with fewer than 50 beds to use their inpatient facilities, as necessary, to furnish long-term care services. The Omnibus Budget Reconciliation Act of 1987 (OBRA 1987) extended the Medicare swing-bed program to rural hospitals with less than 100 beds with certain payment limitations.

B. Policy: Rural hospitals with less than 100 beds can make application and request approval to be a swing bed hospital from the regional office. In order to obtain a swing bed approval the hospital must be located in a rural area and have fewer than 100 beds; have a Medicare provider agreement, as a hospital; be substantially in compliance with the SNF participation requirements identified in 42 CFR 482.66; not have in effect a 24-hour nursing waiver granted under 42 CFR 488.54(v); and not have had a swing bed approval terminated within the 2 years previous to the application for swing bed participation.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
5114.1	Fiscal Intermediaries shall make payment only to swing bed hospitals that have received approval from the Department of Health and Human Services.	X								AB MAC

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
	None.									

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: N/A **Implementation Date:** December 11, 2006 **Pre-Implementation Contact(s):** Julie Stankivic (410) 786-5725 **Post-Implementation Contact(s):** Julie Stankivic (410) 786-5725	No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

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Medicare General Information, Eligibility, and Entitlement

Chapter 1 - General Overview

Table of Contents

(Rev.42, 11-09-06)

10.1 - Hospital Insurance (Part A) for Inpatient Hospital, Hospice, *Home Health* and Skilled Nursing Facility (SNF) Services - A Brief Description

(Rev.42, Issued: 11-09-06, Effective: N/A, Implementation:12-11-06)

Hospital insurance is designed to help patients defray the expenses incurred by hospitalization and related care. In addition to inpatient hospital benefits, hospital insurance covers posthospital extended care in SNFs and posthospital care furnished by a home health agency in the patient's home. Blood clotting factors, for hemophilia patients competent to use such factors to control bleeding without medical or other supervision, and items related to the administration of such factors, are also a Part A benefit for beneficiaries in a covered Part A stay. The purpose of these additional benefits is to provide continued treatment after hospitalization and to encourage the appropriate use of more economical alternatives to inpatient hospital care. Program payments for services rendered to beneficiaries by providers (i.e., hospitals, SNFs, and home health agencies) are generally made to the provider. In each benefit period, payment may be made for up to 90 inpatient hospital days, and 100 days of posthospital extended care services.

Hospices also provide Part A hospital insurance services such as short-term inpatient care. In order to be eligible to elect hospice care under Medicare, an individual must be entitled to Part A of Medicare and be certified as being terminally ill. An individual is considered to be terminally ill if the individual has a medical prognosis that his or her life expectancy is 6 months or less if the illness runs its normal course.

Medicare General Information, Eligibility, and Entitlement

Chapter 5 - Definitions

Table of Contents

(Rev.42, 11-09-06)

10.6.4 - Determining Payment for Services Furnished After Termination *of Provider Agreement*

(Rev.42, Issued: 11-09-06, Effective: N/A, Implementation:12-11-06)

Effective with the date a provider agreement (or swing bed approval) terminates no payment is made to the provider under such agreement for the following:

A. Hospital

1. Termination-Hospital Agreement - Inpatient hospital services (including inpatient psychiatric hospital services) and swing bed extended care services furnished on or after the effective date of the hospital's termination, except that payment can continue to be made for up to 30 days of inpatient hospital services and/or swing bed extended care services (total of no more than 30 days) furnished on or after the termination date to beneficiaries who were admitted (at either the acute or extended care level) prior to the termination date.

2. Termination-Swing Bed Approval - Swing bed extended care services furnished on or after the effective date of the termination of the hospital's swing bed approval, except that payment can continue for up to 30 days of extended care services furnished on or after the termination date to beneficiaries who were admitted (at either the acute or extended care level) prior to the termination date.

B. Skilled Nursing Facility

1. Termination-SNF - Posthospital extended care services furnished on or after the effective date of termination of the agreement, where such agreement has been voluntarily terminated by the provider (see §10.6.1 of this chapter) or involuntarily terminated by the Secretary for cause (see §10.6.2 of this chapter), except that payment can continue to be made for up to 30 days of posthospital extended care services furnished on and after the termination date to beneficiaries who were admitted prior to the termination date.

C. HHA and Hospice

Payment may be made for services under a plan of treatment for up to 30 days following the effective termination date of a home health agency or hospice if the plan was established before the termination date.

D. Providers - Termination

See Medicare Claims Processing Manual Chapter 1 for billing instructions concerning other items and services, including outpatient physical therapy or speech-language pathology and diagnostic services, furnished on or after the effective date of termination on or after the day following the close of such agreement.

20 - Hospital Defined

(Rev.42, Issued: 11-09-06, Effective: N/A, Implementation:12-11-06)

A hospital (other than psychiatric) means an institution which is primarily engaged in providing, by or under the supervision of physicians, to inpatients, diagnostic and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons; or rehabilitation services for the rehabilitation of injured, disabled, or sick persons.

To be eligible to participate in Medicare, a hospital must also be an institution which:

- Maintains clinical records on all patients;
- Has bylaws in effect with respect to its staff of physicians;
- Has a requirement that every patient must be under the care of a physician;
- Provides 24-hour nursing service rendered or supervised by a registered professional nurse, and has a licensed practical nurse or registered professional nurse on duty at all times;
- Has in effect a hospital utilization review plan;
- Is licensed or is approved by the State or local licensing agency as meeting the standards established for such licensing; *and*
- Meets other health and safety requirements found necessary by the Secretary of Health, and Human Services. (These additional requirements may not be higher than comparable ones prescribed for accreditation by the Joint Commission on Accreditation of Hospitals with exceptions specified in the law).

Such an institution, if approved to participate as a hospital, may also be approved as a swing bed facility pursuant to demonstration authority or if the hospital is a rural hospital with less than *100* beds. (See §30.3 below)

30.3 - Hospital Providers of Extended Care Services –

(Rev.42, Issued: 11-09-06, Effective: N/A, Implementation:12-11-06)

In order to address the shortage of rural SNF beds for Medicare patients, rural hospitals with fewer than 100 beds may be reimbursed under Medicare Part A for furnishing post hospital extended care services to Medicare beneficiaries if the hospital has obtained a swing bed approval from the Department of Health and Human Services. Such a hospital, known as a swing bed hospital, can "swing" its beds between hospital and SNF levels of care, on an as needed basis. In accordance with §1883 of the Act, rural hospitals with fewer than 100 beds must make application and request approval to be a swing bed hospital from the regional office. In order to obtain swing bed approval, the hospital must:

- As noted above, be located in a rural area (i.e., located outside of an "urbanized area," as defined by the Census Bureau and based on the most recent census, *see 42 CFR 482.66(a)(2)*) and have fewer than 100 beds *(excluding intensive care-type beds and newborn bassinets)*
- Have a Medicare provider agreement, as a hospital;
- Be substantially in compliance with the SNF participation requirements identified in 42 CFR 482.66; (most other SNF participation requirements would be largely met by virtue of the facility's compliance with comparable hospital conditions);
- Not have in effect a 24-hour nursing waiver granted under 42 CFR 488.54(c); and
- Not have had a swing bed approval terminated within the 2 years previous to application for swing bed participation.

However, the Department may grant swing bed approval, on a demonstration basis, with hospitals meeting all of the statutory requirements except bed size and geographic location.

Prior to October 1, 1990, a swing-bed hospital could also furnish intermediate care facility (ICF) type services to non-Medicare patients. Effective with services furnished on or after October 1, 1990, the distinction between SNFs and ICFs for certifying a facility for the Medicaid program was eliminated. Thus, for purposes of the Medicaid program, facilities may no longer be certified as ICFs but instead may be certified only as nursing facilities (NFs) and can provide services as defined in §1919(a)(1) of the Act. Effective October 1, 1990, such services furnished by swing-bed hospitals to Medicaid and to other non-Medicare patients are referred to as NF-type services.