

MEMORANDUM



TO: MEMBERS OF THE NEW YORK STATE SENATE
MEMBERS OF THE NEW YORK STATE ASSEMBLY

FROM: Robert J. Murphy
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DATE: May 25, 2010

SUBJECT: Memo of Opposition TCU Demonstration Program Expansion



On behalf of the New York State Health Facilities Association, the New York Association of Homes and Services for the Aging, the Southern New York Association and the Greater New York Health Care Facilities Association, we are writing to urge you to reject the proposed expansion and extension of the Transitional Care Unit (TCU) demonstration program. Collectively our associations represent over 500 nursing homes throughout the state, many of which provide short-term rehabilitative and medical post-acute care services.



Specifically, both the governor (in his Executive Budget) and the Legislature in **S3532/A3144**, propose to expand the existing TCU demonstration from 5 to 10 sites, and extend the program for 5 more years. In 2005, lawmakers approved the 5-site program to test the quality and cost effectiveness of caring for Medicare patients whose inpatient hospital stays are ending, but are not ready for safe discharge to their homes.

Our associations and their members contend that expansion and extension of this demonstration represents poor public policy and ultimately does a disservice to individuals needing post-acute care, providers that are already furnishing this level of care and the taxpayers of this state:

- 1. Creating TCUs adds more nursing home beds when the state is trying to reduce nursing home capacity.** TCUs are nothing more than Medicare certified nursing homes. The state's objective – reflected in its financial plan – is to eliminate 6,000 nursing home beds over a five-year period. At the same time, expanding TCUs will add nursing home beds. This is contrary to the state's goal and is duplicative, wasteful and inefficient.
- 2. TCUs largely duplicate services that nursing homes offer.** TCUs are certified as nursing home beds and are paid under Medicare's nursing home benefit. Nursing homes are authorized to offer the very same services as TCUs, and in fact New York's nursing homes are increasingly providing "transitional" or "subacute" care, as it is known. Over a third of all individuals who receive nursing home care are now discharged to their own homes.



3. **Nursing homes are a more appropriate care environment in many cases.** They provide a full spectrum of post-acute care services to elderly, disabled, and chronically ill patients. Nursing homes offer these services in comfortable, homelike environments that, unlike hospital settings, address the individual's needs on a holistic level. In addition, nursing homes are more conducive to healing and optimizing well being because they focus on interdisciplinary care and patients' functional status.

4. **Nursing homes will become more dependent on Medicaid funding and more financially unstable.** There is growing concern about the high level of dependence on the state-funded Medicaid program to finance nursing home care and the financial stability of many nursing homes. Without Medicare revenues (which would be siphoned off by TCUs) more and more nursing homes will fail financially.

5. **DOH's initial report on the TCU demonstration was inconclusive at best, and pointed out some concerns.** The Department of Health's (DOH) January 2009 report indicated that TCU patient satisfaction surveys revealed concerns about the care environment and comments that the discharge process was often hurried. Unfortunately, the report did not address nursing care hours per patient or overall staffing levels, nor did it conclusively demonstrate that TCU patients could not be served in nursing homes. Reported TCU occupancy rates ranged from 54% to 72%, well below nursing home occupancy rates.

Our associations remain willing to work with acute care hospitals to appropriately place patients who are truly unable to access needed post-acute care services, in the limited circumstances where this may exist. However, with an inconclusive report from DOH and indications from nursing homes that existing TCUs are duplicating services they already offer, we argue that it is ill-advised to extend this demonstration for another 5 years and to double it in size. Before any expansion or lengthy extension of the demonstration is authorized, a more detailed review of the clinical status of the patients being admitted and the outcomes of that care should be conducted.

At a time when New York State is attempting to "rightsize" the health care delivery system and encourage care in the least restrictive and intensive care setting that is appropriate, it makes no sense to create more nursing home beds in hospitals. Indeed, it is antithetical to the state's policy goals. For all of these reasons, we respectfully urge you to reject any proposals to expand and extend the TCU demonstration program. We appreciate your consideration of our position.