ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 510

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 10, 1996

The Assembly Health Committee reports favorably Assembly Bill No. 510 with committee amendments.

As amended by the committee, this bill would permit acute care hospitals to establish subacute care units. In addition, the bill permits acute care hospitals to convert a portion of existing bed capacity into a subacute care unit by applying to the Department of Health for a certificate of need (CN) on an expedited review basis.

Subacute care is defined as a comprehensive in-patient program for patients who have had an acute illness, injury or exacerbation of a disease process for which they were hospitalized immediately prior to entry into the program, have a determined course of treatment prescribed, and do not require intensive diagnostic or invasive procedures, but the patient's condition does require physician direction, intensive nursing care, frequent recurrent patient assessment and review of the clinical course and treatment plan for a period of time, significant use of ancillary medical services and an interdisciplinary approach using a professional team of physicians, nurses and other relevant professional disciplines to deliver complex clinical interventions.

As it applies to acute care hospitals, the bill provides that:

- a hospital may convert 7% of its licensed medical-surgical bed capacity into a subacute care unit, or 12 beds, whichever is greater;

- the unit's long-term care beds are to be licensed by the Department of Health as long-term care beds and shall meet all applicable State licensing and federal certification requirements, including the physical requirements for skilled nursing beds under the federal Medicare program;

- the maximum length of a patient's stay in the unit cannot exceed eight days;

- the subacute care unit must be certified to participate in the Medicare program as a skilled nursing facility; and

- a hospital's licensed medical-surgical bed capacity will be reduced by the number of beds converted to a subacute care unit.

The bill also provides that the long-term care beds in the unit will

not be included in long-term care bed inventories for certificate of need review purposes.

The bill sets forth diagnostic categories and criteria for clinically stable hospital patients who should be placed in a comprehensive rehabilitation hospital rather than a subacute care unit. The bill also requires hospitals that convert beds for subacute care to periodically report various activities to the Department of Health.

The committee amendments:

- restrict the provisions of the bill to subacute care units in acute care hospitals;

- delete the exemption from the CN requirement for hospitals proposing to establish a subacute care unit and, instead, provide for expedited review of the CN application required under these amendments, which is to be processed by the Department of Health within 90 days;

- provide that a subacute care unit's long-term care beds are to be licensed by the Department of Health as long-term care beds and shall meet all applicable State licensing and federal certification requirements;

- limit a patient's length of stay in a subacute care unit to a maximum of eight days;

- limit the size of a subacute care unit to 7% of the hospital's licensed medical-surgical bed capacity or 12 beds, whichever is greater;

- prohibit a hospital from transferring long-term care beds in its subacute care unit to another hospital's subacute care unit;

- stipulate that bed limitations for a hospital shall include both conversions of existing acute care beds and any purchases or other acquisitions or rentals of beds to be used by a hospital for the provision of subacute care;

- require a hospital to pay a CN application fee of $5,000 to establish a subacute care unit;

- make a hospital which proposes to establish a subacute care unit subject to the fee for the filing of an application for a license for long-term care beds and any renewal thereof as established by the Department of Health;

- provide that subacute care shall not be a Medicaid-covered service;

- provide that if an acute care hospital which has a subacute care unit plans to transfer a patient from the hospital to the subacute care unit, the hospital shall discharge the patient from the hospital and admit the patient to the subacute care unit; and

- make each admission to a subacute care unit subject to a $35 health care quality fee to be paid to the Department of Health, the revenues from which shall be deposited in a dedicated fund to be established by the commissioner, and designated as the "Health Care Quality Monitoring Fund."

As reported by the committee, this bill is identical to Senate

Bill No. 368 (1R) ACA (Matheussen/Lynch), which the committee also reported on this date.

This bill was prefiled for introduction in the 1996-97 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.