

McKnight's

The news you need

Rehab Realities

by Shelly Mesure



Things I Think

By Gary Tetz



The World According to Dr. El

By Eleanor Feldman Barbera



- Home
- News
- Blogs
- Resources
- Reports
- Directory
- Marketplace
- Events



Tim Mullaney, Staff Writer

December 06, 2013

Dedicated observation stay units could protect nursing home benefits, save hospitals \$1 billion annually, researchers say

Share this article:

- facebook
- twitter
- linkedin

- google



Hospitals slap the government with lawsuits over 'two-midnight' policy to reduce observation stays

Specialized hospital units for patients under observation status could dramatically reduce the number of seniors forced to pay out-of-pocket for skilled nursing care, according to findings in the current issue of *Health Affairs*.

Investigators analyzed information from case studies of observation units in Atlanta hospitals, statewide discharge data for Georgia, and national survey and discharge data. They found strikingly better results in hospitals with “type 1” observation units. These are dedicated specifically to caring for patients under observation and have defined protocols for doing so. Fewer than one in six U.S. hospitals has a type 1 unit, according to lead author Michael Ross, M.D., of the Emory University School of Medicine.

Patients in a type 1 unit had a 23% to 38% shorter length of stay, the researchers found.

These patients also were less likely to have a subsequent inpatient admission. By implementing type 1 units, hospitals stand to save \$1 billion or more per year, the researchers estimated.

Wider adoption of type 1 units also would help address a Medicare loophole that is sticking seniors with costly bills for skilled nursing and rehabilitation care, according to the researchers.

After spending days in the hospital, some Medicare beneficiaries are surprised to learn they were never admitted as an inpatient but were held under observation status. This becomes especially problematic if they need follow-up care in a skilled nursing facility, because this Medicare benefit only kicks in after a beneficiary has spent three midnights as a hospital inpatient.

About 7% of observation patients spend more than 48 hours in the hospital in that status, but this number plunges to 0.1% for patients in type 1 units, according to Ross. Type 1 units are tasked specifically with making admission decisions within a day.

Patients in a type 1 unit are likely to “get into inpatient care faster” and are “less likely to lose their nursing home benefit,” Ross said in a PBS NewsHour interview.

Critics counter that patients who are discharged from a type 1 unit still will not qualify for Medicare coverage of any needed skilled nursing or rehab. This sticking point would be resolved by a bill to eliminate the three-midnight requirement. The measure, introduced by Rep. Jim McDermott (D-WA), is part of an increasingly urgent effort to close the observation stay loophole, which also has involved other legislation, legal action and regulatory changes.

Share this article:

- facebook

- [twitter](#)
 - [linkedin](#)
 - [google](#)
-
-

Similar Articles

- [Nursing home groups suggest \\$1 billion Medicare cuts could cost even more](#)
 - [Hospitals increasingly use 'observation stay' loophole, data shows](#)
 - [Report: \\$1 billion annually for Alzheimer's research will save government, taxpayers](#)
 - [... but pandemic flu in nursing facilities could be controlled, researchers say](#)
 - [Expanded meal deliveries could reduce nursing home admissions, but cost benefits vary by state, researchers find](#)
-

Related Topics

- [Medicare](#)
- [Observation Stay](#)
- [Observation Stay Loophole](#)
- [rehabilitation](#)
- [Skilled Nursing Care](#)
- [Type 1 Unit](#)

[McKnight's Return To Top](#)

Coverage

- [News](#)
- [Blogs](#)
- [Events](#)
- [Video](#)

Resources

- [Marketplace](#)
- [Reports](#)
- [Glossary](#)
- [Industry FAQ](#)
- [Jobs](#)
- [Editorial Calendar](#)

User Center

- [Subscribe](#)
- [About us](#)
- [Contact us](#)
- [Advertise](#)
- [Sitemap](#)
- [Comment Policy](#)

 [Ad Choices](#)

Connect With Us

- [Newsletters](#)
- [Facebook](#)
- [Twitter](#)
- [LinkedIn](#)
- [RSS Feeds](#)

Copyright © 2014 Haymarket Media, Inc. All Rights Reserved

This material may not be published, broadcast, rewritten or redistributed in any form without prior authorization.

Your use of this website constitutes acceptance of Haymarket Media's Privacy Policy and Terms & Conditions.