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PUBLIC HEARING

**SUBJECT:**

**Hospital Inpatient Reimbursement:  
The Impact of the Current System,  
and Recommendation for Change.**

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by

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The New York Chapter of the American College of Emergency Physicians welcomes this opportunity to submit recommendations for change in hospital reimbursement to improve access and quality of emergency care.

Over the past few years, hospital overcrowding and boarding of admitted patients in emergency departments has compromised patient care throughout New York State. The American College of Emergency Physicians (ACEP) National Task Force on Overcrowding found from a recent national survey of State ACEP Chapters that it is a problem in 40 other states as well.

New York State has the most severe problem. High hospital occupancy coupled with staff shortages, increased numbers of patients with AIDS, drug related problems, and increased numbers of patients with no health insurance have caused gridlock in many hospital emergency departments throughout this state.

Many actions have been taken in the past year to attempt to alleviate this problem. More beds have been added or approved for construction, salaries for personnel in short supply have increased, and the length of stay has decreased in many hospitals. Hospitals have been allowed to place extra beds on inpatient floors. Patients remaining in emergency departments are to be assigned an inpatient physician. This has alleviated the problem to a significant degree, but the problem has not been eliminated. Many patients still experience long waits in the emergency department environment when they belong in an intensive care unit or an inpatient

bed. As the winter approaches, emergency physicians in New York City are seeing an increased number of admitted patients boarded in the emergency departments. The emergency department was never designed to substitute for an inpatient care bed. It is becoming increasingly clear to the public at large that, rich or poor, everyone is affected when emergency care capabilities are compromised. True equity in health care is found at the emergency department door.

New York ACEP's position is that the present health care reimbursement system must undergo revolutionary change before the public can be assured hospital care when they need it most. Many studies have shown that the current DRG (Diagnostic Related Group) reimbursement system rewards hospitals if they fill beds with elective admissions, and places them in financial jeopardy when they fill with emergencies. With high hospital occupancy, emergency patients must compete with elective patients for beds. When hospitals are losing money and fear for their future, it is easy to understand how the economics of reimbursement will dictate actions that place the emergency patient at lower priority for in patient beds. The emergency patient is the more expensive patient and more likely to be uninsured. Unless these underlying economic realities are acknowledged and addressed, patients in need of emergency hospital care will continue to suffer needlessly.

New York ACEP calls for the following changes in current health policy.

## **Reimbursement changes**

**The financial disincentives to admit emergencies must be reversed.**

1. DRG's must be adjusted to cover the true cost of care of emergency admissions. This is true for all hospitals and especially hospitals with a disproportionate share of emergency admissions. It is openly acknowledged by hospital administrators that elective admissions are the way hospitals stay solvent.
2. Because the Emergency Department is the source of admission for the uninsured to medical/surgical beds, coverage of bad debt emergency admissions must be increased to cover the true cost of care. The current bad debt and charity pool in New York State should be increased or prioritized to accomplish this pending implementation of further changes such as guaranteed access to health insurance to all who need it.

**Occupancy targets for hospital beds must allow a margin of safety**

3. Hospital bed occupancy targets should be planned at 85% for **available** (e.g. staffed) medical-surgical beds. On January 10th, 1989, the New York State Department of Health studied delays in emergency admissions in New York City. On this date, the study found 91% certified medical surgical bed occupancy and 95.4% available bed occupancy. At that time the system had widespread

Emergency Department backups. A repeat study later this year showed less of a problem coupled with a lower occupancy rate.

Health planners have traditionally grouped medical and surgical beds together when estimating bed need and occupancy targets. In practice, however, surgical beds may not be available for medical patients. Therefore, future health plans for the number and occupancy targets for these two services should be separate and distinct. This is because the medical service receives predominantly unscheduled (emergent) admissions (1987 New York SPARCS data: medical 79.1% unscheduled; surgical 45.3% unscheduled).

Where necessary, beds must be added so that patients are no longer boarded in emergency departments.

Simultaneous with these changes, New York State should enforce the policies stating that patients should not be kept for longer than eight hours in the emergency department when they need an inpatient bed.

**The federal share of needed capital costs must not be discounted.**

4. A strong effort must be made to increase the Medicare (federal) share of capital cost reimbursement from 85% to

100% for areas of demonstrated need (such as states with AIDS epidemics). This will allow much needed hospital and nursing home beds to be added in a more expedient manner.

5. Emergency department and hospital based ambulance service reimbursement must be studied and adjustments made to cover the true cost of care. These services, important in their own right, are an integral part of the medical evaluation and treatment for the majority of medical/surgical patients admitted to hospitals in this state.

Plans for a solid Emergency Medical Service System have been in place for over twenty years. However, financial support has been lacking to make these plans a reality. Regulations designed to improve emergency department care were not fully implemented, in large part because of a perceived lack of financial backing.

It is time for the financing system to fully support all the elements of an Emergency Medical Service System. The economics of emergency care must be commensurate with patients' needs. Only then will the medical care we receive on an emergency basis in this state be of a quality New Yorkers have a right to expect and deserve.