May 27, 2015

Daniel R Levinson

Inspector General

Office of Inspector General

330 Independence Avenue, SW

Washington, DC 20201

Dear Inspector General Levinson,

The National Organization of State Offices of Rural Health (NOSORH) is the membership association of the fifty State Offices of Rural Health. State Offices of Rural Health support collaboration, information dissemination and technical assistance to rural communities and health care providers including the Critical Access Hospitals across the nation. This letter is written in response to the report released by the Office of Inspector General (OIG) entitled “Medicare Could Have Saved Billions at Critical Access Hospitals (CAHs) If Swing-Bed Services Were Reimbursed Using the Skilled Nursing Facility Prospective Payment System Rates”. NOSORH would like to express our profound disappointment with this OIG report and would like to highlight some of the report’s flaws:

**1-CAHs likely to drop swing-bed services**

The OIG recommends that CMS seek legislation to adjust CAH swing-bed reimbursement rates to the lower Skilled Nursing Facility Prospective Payment System (SNF PPS) rates paid for similar services at alternative facilities. While such legislation would not explicitly prohibit swing-bed services at CAHs, due to their financial constraints, it is unlikely the CAHs would be able to continue offering swing-bed services under the SNF PPS model.

**2-The cost savings is overstated**

A March 2015 report from the University of North Carolina Rural Health Research Program [concluded](http://www.shepscenter.unc.edu/wp-content/uploads/2015/03/CritiqueOfOIGreportMarch2015.pdf) that OIG’s methodology estimated Medicare “cost savings” that are over three times too large because the OIG failed to account for fixed cost transfer among services.

**3-Family considerations inappropriately dismissed**

The OIG argues that beneficiaries at 90 percent of CAHs had access to an alternative facility that provided skilled nursing within a 35 mile radius. Therefore, the OIG argues that less costly alternatives would not limit beneficiary access to care. However, 35 miles is a significant distance for family members of the patient to travel, especially considering public transportation options are limited or non-existent in many rural areas and travel on rural roads can be challenging. Due to the added inconvenience, families may be more inclined to forego distant skilled nursing facility services all together and instead opt to take care of their loved one on their own at home. Either way, the OIG recommendation adds burdensome costs for the family. Costs that were not analyzed by the OIG at all.

**4-Risk to the patient is not addressed**

Swing beds allow patients to recover uninterrupted, while transporting a patient up to 35 miles away immediately after receiving acute care services is a potentially dangerous move. Furthermore, the OIG recommendation would put unnecessary distance between the acute care provider and the patient in the case of a relapse. Such risks were not analyzed at all by the OIG.

The National Organization of State Offices of Rural Health welcomes all recommendations that would improve efficient, effective care for rural patients and communities. However, the OIG recommendations are based on flawed methodology, and would have negative consequences for rural beneficiaries. We urge the OIG to consider the unique characteristics of rural locations and residents in making these types of assessments and recommendations.

Please do not hesitate to contact us if you have questions about the purpose and role of CAHs or need input for any other future OIG report.

Sincerely,



Teryl E. Eisinger, MA

Executive Director

National Organization of State Offices of Rural Health