

How hospitals see Medicaid limits

By CAROLINE PRICE

Starting Oct. 1st, hospital administrators are going to be unhappy—and their degree of unhappiness will be directly related to the percentage of Medicaid patients those hospitals serve.

On that date, a Michigan law goes into effect that states: "Basic in-patient hospital care is limited to the length of stay by diagnosis which does not exceed the 75th percentile of Michigan length of stay guidelines as specified by the department of Social Services."

It means patients whose hospital stay exceeds 25 per cent of the average length of stay established (or who reach 75 per cent of the standard length of stay) will lose Medicaid benefits.

THE MICHIGAN length of stay standards list the number of allowed days for various medical diagnoses and take age into account.

For example the average length of stay given for a patient with heart disease from the age of birth to 19 years is seven days (36 per cent). A patient who has complications may stay two more days, or 25 per cent longer, before losing Medicaid benefits.

If the stay exceeds this 75th percentile, either the patient must pay, or the hospital must absorb the cost.

Although inner city hospitals with a large percentage of Medicaid patients will feel the pinch hardest, suburban hospitals also seem to have cause for alarm.

"We would have lost \$40,000 if this had happened last year," said Sister Mary Calasanta, president of St. Mary Hospital in Livonia.

"And if other inner city hospitals go into receivership the patients will shift here. I know there's a lot of abuse of Medicaid going on, but it's up to the government to get into those frauds," she added.

JOHN REDDY, president of Providence Hospital in Southfield agreed. "This law becomes a threat to all health care in Michigan. City hospitals will be affected—in fact Wayne County General Hospital projects a loss of \$2 million—and as they become affected so will we."

"I think it's a very unfair bill," said Allan Breake, executive director for Garden City Osteopathic Hospital. "I would support an amendment to the bill, however, that required hospitals to send utilization and review worksheets with the billing to the state for patients past the 75th percentile," he adds.

RAY HAGGERTY, director of finance for William Beaumont Hospital in Royal Oak, opposes the law, too. "The hospital will have two choices. To write off the costs and make up the deficits with contributions, or to increase costs for the paying patient. We just don't consider this an acceptable reimbursement program."

"The stay of a Medicaid patient is usually one-half day shorter than other patients," says Riley Allen, president of Crestmont Hospital in Rochester.

"How can the state expect these patients to pay past the 75th percentile? If they had the money to pay they wouldn't need Medicare in the first place. I want to see the costs go down on Medicaid, too, but we get people who are just too sick to send home in the time the state says they should leave."

"The hospital wouldn't argue with requirements that we prove the patient needs to be in for a longer stay. But what the state should really do is crack down on the ineligible people receiving Medicaid benefits."

According to Allen, only 45 per cent of the patients at Crestmont are on Medicaid. "But what about the hospitals that have 65-70 per cent of their patients on Medicaid? There's no way they can survive," he added.

IN SPITE OF objections to the bill, no complaints seem to have reached the ears of those directly involved in passing it. State Rep. Melvin Larsen (R-Oxford), a supporter of the bill, said:

"No one has contacted me and said, 'Well, we have a crisis that has to be resolved before Oct. 1. The hospitals are running their campaign in the media without talking to us.'"

According to Larsen, the prime purpose of the bill was to cut costs. "The average cost of a hospital stay is \$150 a day now. We just can't give a credit card to everyone that plugs into the system."

Larsen doesn't believe the bill will be as great a financial hardship as some hos-

itals contend. "They always claim they'll have to close down," he said.

The representative adds he is willing to listen. "But the hospitals are going to have to prove the hardship this time."

"I'd like a fair and equitable bill or I wouldn't have supported it. It's all a matter of whose ox is gored."

"We have had \$200 million appropriated for hospitals this year, and costs will continue to spiral if we don't put on some kind of restraint."



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