Swing-bed services under the Medicare program, 1984-87

by Herbert A. Silverman

Under Medicare, swing beds are beds that can be used by small rural hospitals to furnish both acute and post-acute care. The swing-bed concept was incorporated into the Medicare program by the provisions of the Omnibus Reconciliation Act of 1980 (Public Law 96-499). The law authorized the Medicare and Medicaid programs to cover swing-bed services furnished by rural hospitals with fewer than 50 beds. The provisions of the law were based on the experiences gained in demonstration projects that began in rural hospitals in Utah during the early 1970s and later expanded to Iowa, South Dakota, and Texas. The approach proved popular and received public and private sector support. The program takes advantage of the declining acute care occupancy rates and the surplus bed capacity that became increasingly common among rural hospitals during the 1970s. It provided these hospitals a means of obtaining additional revenues without incurring significant additional costs. At the same time, it provided greater access to post-acute nursing care services in rural areas where such services tend to be thinly dispersed.

The regulations governing Medicare coverage of post-acute services furnished in swing-bed hospitals were issued by the Health Care Financing Administration in July 1982. The method of paying for swing-bed services furnished by a swing-bed hospital was based on the assumption that these hospitals incur a relatively low incremental cost to provide post-acute care. They use the personnel, equipment, and facilities already in place to serve acute care patients. Additional service requirements to meet the special needs of nursing care patients (e.g., patient activities, discharge planning) would not require a major expansion of staff. Accordingly, the per diem reimbursement rate for the routine care component of post-acute services covered under Medicare in a swing bed was set at a rate equal to the average paid by the Medicaid program to SNFs for skilled nursing care during the prior calendar year in the State where the hospital is located. Ancillary services were to be reimbursed at cost.

The period following the issuance of the swing-bed regulations was marked by intense Federal efforts to contain the rise of hospital costs to the Medicare program. Several measures affecting payments to hospitals were passed during this period. The Tax Equity and Fiscal Responsibility Act (TEFRA) was passed in September 1982; the Social Security Amendments of 1983 instituted the prospective payment system (PPS) for hospital reimbursement; and the Deficit Reduction Act (DEFRA) of 1984 reinstated a new version of the Medicare separate reimbursement limits for hospital-based and freestanding SNF care that had been eliminated under TEFRA.

This rapid pace of change in the bases by which Medicare reimbursed hospitals for acute and post-acute care induced uncertainty among rural hospitals as to whether it was worthwhile electing the swing-bed option. This was reflected in the initial slow rate of applications by eligible hospitals for certification as a swing-bed facility. However, as the incentives provided by PPS at the acute and post-acute interface became clearer, the rate of election increased. This is reflected in Table 1 that shows the rate at which hospitals became certified to furnish swing-bed services.

By the end of 1983, about 18 months following the issuance of the regulations, only 149 of an estimated 2,236 hospitals eligible to elect the swing-bed option had done so. By mid-1987, the proportion was approaching the halfway point.

The increasing participation of hospitals in the provision of post-acute skilled nursing care services resulted in swing beds gaining an increasing share of the Medicare SNF market. As summarized in Table 2 and

| Number of certified swing-bed hospitals: Selected dates, 1983-87 |
|------------------|------------------|
| Selected date    | Number of hospitals |
| December 31, 1983 | 149              |
| December 31, 1984 | 471              |
| December 31, 1985 | 771              |
| December 31, 1986 | 956              |
| July 31, 1987    | 1,056            |

SOURCE: University of Colorado, Center for Health Services Research: Data from Health Care Financing Administration Contract, "Evaluation of National Rural Swing-Bed Program."
detailed in Table 3, admissions to swing-bed hospitals for Snf services increased from 3.0 percent of all Medicare Snf admissions in 1984 to 9.7 percent in 1987. the swing-bed share of Medicare-covered Snf days increased from 1.5 to 6.0 percent during the same period. Reimbursements for swing-bed care increased from 2.0 percent of Snf reimbursements in 1984 to 6.2 percent in 1987.

Table 2
Percent share of skilled nursing facility admissions, covered days of care, covered charges, and reimbursement accounted for by swing-bed hospitals under Medicare: Calendar years 1984-87

| Year | Admissions | Covered days | Covered charges | Reimbursements |
|------|------------|--------------|-----------------|----------------|
|      | Percent share |              |                 |                |
| 1984 | 3.0        | 1.5          | 1.8             | 2.02           |
| 1985 | 7.1        | 4.6          | 4.7             | 4.77           |
| 1986 | 8.5        | 5.7          | 5.6             | 5.67           |
| 1987 | 9.7        | 6.6          | 6.2             | 6.22           |

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy; Data from the Medicare Statistical System; data development by the Office of Research and Demonstrations.

Shaughnessy, Schlenker, and Silverman (1988) reported findings that help to interpret the data in Table 3. They found that swing-bed patients have substantially shorter stays and greater rehabilitation potential than do nursing home patients. Swing-bed patients, in greater proportion than nursing home patients, were found to need intense medical and skilled care for such problems as recovery from surgery, hip fractures within the past 6 weeks, shortness of breath, and the need for intravenous catheters. Nursing homes tend to treat patients with problems more typically seen in institutional long-term care settings; such as, incontinence, impaired cognitive functioning, and dependence in carrying out activities of daily living (e.g., feeding self, dressing). Each type of facility seems particularly suited to care for patients who can be, respectively, characterized as needing intense subacute care or as the traditional long-term care patient. The evaluation concluded, "At the subacute phase, the quality of services furnished by hospitals was found to be better overall than those services furnished by nursing homes. On the other hand, nursing homes provide higher-quality, traditional, long-term care services."

In addition to providing a partial explanation for the differences in length of stay, case-mix explains some of the differences in covered charges. The evaluation report estimates (based on 1985 data) that the more intense but shorter term care required by swing-bed patients results in costs about 20-percent higher per day than the average nursing home patient. This is reflected in the differences in the covered charges submitted. In 1987, swing-bed covered charges averaged $185 per day compared with $169 for all Snf days. Reimbursement of routine swing-bed services based on the State Medicaid program's average per diem reimbursement to skilled nursing facilities for routine care services during the previous year kept the difference in reimbursement per day to only $2 in 1987 ($79 to $77).

A second report evaluated the impact of Medicare's prospective payment system (PPS) on the swing-bed program (Shaughnessy et al., 1988). This evaluation found that, despite higher per diem costs for post-acute swing-bed services the overall costs for an episode of illness tended to be lower for patients discharged from a swing-bed hospital "... patients discharged from acute care in hospitals with swing-bed programs were more likely to receive swing-bed care than patients discharged from comparison hospitals. Such patients also received less Medicare nursing home (Snf) and home health care. Subsequent acute care use and cost also tended to be lower for patients discharged from acute care in swing-bed hospitals. The overall result was a slightly lower total cost of care (both excluding and including the cost of the initial acute care episode) for patients discharged from acute care in swing-bed hospitals."

One factor that may explain the narrowing gap from 1984 to 1987 in the Medicare reimbursement per day is the decreasing average length of covered stay in all Snfs, including skilled nursing services furnished by swing-bed hospitals (Table 3). As shown in Table 3, this average decreased from 26.6 days in 1984 to 21.5 days in 1987. This would reflect the decrease in Snfs, since the period 1984-87, the average length of nursing care stay increased in swing-bed hospitals. The shorter length of stay decreases the proportion of payment to Snfs made by beneficiaries because of the coinsurance kicking in on the 21st day. Thus, Medicare payments averaged over fewer coinsurance days increases the average Medicare payment per covered day.

Another factor narrowing the difference in the average reimbursement per day may be the method of reimbursing for post-acute routine care services by swing-bed hospitals. Ancillary services which include: supplies, operating room use, drugs, laboratory and radiology services, and anesthesia, are reimbursed at cost. The per diem amount that swing-bed hospitals receive for routine care services is based on the State Medicaid program's average per diem reimbursement to skilled nursing facilities for routine care services during the previous year. For the purposes of the ensuing discussion, accommodation charges will be referred to as charges for routine care services. Routine care charges are usually characterized as room and board charges, but embedded in the cost base on which the charges are established are allocations for such overhead costs as general and nursing administrative services, maintenance and repairs, operation of the physical plant, laundry and linen, housekeeping, dietary services, central services and supply, medical records, and social services. The per diem average amounts charged to Medicare from 1985 through 1987 by swing-bed facilities and Snfs for accommodations and ancillary services to skilled nursing care patients are shown in Table 4.

The average per diem routine care charges by swing-bed hospitals increased by about one-half the rate of increase of the Snfs (Table 4).2 Average per diem

1 Prior to 1985, the Medicare Statistical System did not separately record charges by their accommodations and ancillary services components.
2 The sum of average per diem accommodation and ancillary charges in Table 4 is greater than the average covered charges in Table 3 because some of the accommodations and/or ancillary charges may have been deemed to be noncovered under Medicare.
### Table 3
Distribution of skilled nursing facility (SNF) admissions, days of care, charges, and reimbursements to nursing home and swing-bed hospitals under Medicare by area of residence: Calendar years 1984-87

| Year | All SNFs | Swing bed | All SNFs | Swing bed | All SNFs | Swing bed | All SNFs | Swing bed | All SNFs | Swing bed | All SNFs | Swing bed |
|------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
|      | Total    | Total     | Total in thousands | Per admission | Total in thousands | Per admission | Total in millions | Per day | Total in millions | Per day | Total in millions | Per day | Total in millions | Per day |
| 1984 | 332,746  | 10,084    | 8,864.4  | 26.6      | 133.1     | 13.2      | $975.4   | $2,931    | $17.8     | $1,765    | $134     | $464.8   | $1,397    | $52  |
| 1985 | 360,501  | 25,493    | 8,544.4  | 23.7      | 312.0     | 12.2      | 1,082.7  | 2,948     | 124       | 1,917     | 157      | 494.6    | 1,372     | 57   |
| 1986 | 347,418  | 29,426    | 7,769.8  | 22.4      | 365.5     | 12.4      | 1,122.7  | 3,231     | 145       | 2,172     | 175      | 501.4    | 1,443     | 65   |
| 1987 | 327,012  | 31,732    | 7,041.1  | 21.5      | 425.3     | 13.4      | 1,187.8  | 3,632     | 169       | 2,474     | 185      | 544.3    | 1,664     | 77   |

**Percent**
- AARG: 0.6 46.5 6.0 7.4 5.4 7.4 15.4 6.0 14.0 5.8 5.1

**NOTE:** AARG is average annual rate of growth.

**SOURCE:** Health Care Financing Administration, Bureau of Data Management and Strategy; Data from the Medicare Statistical System; data development by the Office of Research and Demonstrations.

### Table 4
Distribution of charges for skilled nursing facility (SNF) accommodation and ancillary services: Calendar years 1985-87

| Year | Swing beds | SNFs | Swing beds | Ancillary charges |
|------|------------|------|------------|------------------|
|      | Total in thousands | Per day | Total in thousands | Per day | Total in thousands | Per day | Total in thousands | Per day |
| 1985 | 22,426.3   | $72  | $710,933.8 | $86    | $344,898.3    | $44    |
| 1986 | 28,510.6   | 78   | 706,319.0  | 95     | 397,806.7    | 56     |
| 1987 | 34,046.5   | 80   | 696,337.7  | 104    | 461,560.3    | 72     |

**Percent**
- AARG: 23.2 5.4 1.0 10.0 29.7 11.4 15.7 27.9

**NOTE:** AARG is average annual rate of growth.

**SOURCE:** Health Care Financing Administration, Bureau of Data Management and Strategy; Data from the Medicare Statistical System; data development by the Office of Research and Demonstrations.
Table 5
Distribution of skilled nursing facility (SNF) admissions, days of care, charges, and reimbursements to nursing homes and swing-bed hospitals under Medicare, by area of residence: 1987

| Area of residence       | Number of hospitals providing swing-bed services | Covered SNF admissions | Number of covered days of care |
|-------------------------|--------------------------------------------------|------------------------|-------------------------------|
|                         | Total    | Number | Percent of total | Total    | Number | Percent of total |
| All areas               | 1,058    | 327,012 | 31,731          | 9.7      | 7,041,052 | 21.5 | 425,251  | 6.0 | 13.4 |
| United States           | 1,058    | 326,257 | 31,730          | 9.7      | 7,027,823 | 21.5 | 425,240  | 6.1 | 13.4 |
| Northeast               | 16       | 53,385  | 455             | 0.9      | 1,578,320 | 29.6 | 7,082     | 0.4 | 15.6 |
| North Central           | 504      | 101,895 | 18,258          | 18.0     | 1,971,967 | 19.4 | 209,530  | 11.7 | 12.8 |
| South                   | 369      | 82,058  | 9,772           | 11.9     | 1,787,008 | 21.8 | 150,041  | 8.4 | 15.4 |
| West                    | 179      | 88,879  | 3,146           | 3.5      | 1,690,529 | 19.0 | 37,097   | 2.2 | 12.0 |
| New England             | 13       | 9,410   | 299             | 3.2      | 251,022   | 26.7 | 4,270    | 1.7 | 14.3 |
| Rhode Island            | 0        | 1,144   | 1               | 0.1      | 34,895    | 30.5 | 7        | 7   | 7.0  |
| Connecticut             | 0        | 3,765   | 5               | 0.1      | 99,306    | 26.4 | 53       | 0.1 | 10.6 |
| Middle Atlantic         | 3        | 43,975  | 156             | 0.4      | 1,327,298 | 30.2 | 2,810    | 0.2 | 18.0 |
| New York                | 0        | 21,161  | 10              | 0.4      | 699,281   | 33.0 | 123      | 0.2 | 12.3 |
| New Jersey              | 0        | 3,726   | 9               | 0.2      | 109,883   | 29.5 | 67       | 0.1 | 7.4  |
| Pennsylvania            | 3        | 19,026  | 137             | 0.7      | 518,134   | 27.1 | 2,620    | 0.5 | 13.1 |
| East North Central      | 97       | 57,374  | 2,922           | 5.1      | 1,248,104 | 21.8 | 37,552   | 3.0 | 12.9 |
| Ohio                    | 7        | 11,974  | 173             | 1.4      | 230,475   | 19.2 | 1,823    | 0.8 | 10.5 |
| Indiana                 | 6        | 9,295   | 441             | 4.7      | 179,755   | 19.3 | 5,892    | 3.3 | 13.4 |
| Illinois                | 22       | 15,598  | 879             | 5.5      | 325,838   | 20.4 | 10,033   | 3.2 | 11.8 |
| Michigan                | 0        | 13,841  | 25              | 0.2      | 393,822   | 27.7 | 1,384    | 0.1 | 15.4 |
| Wisconsin               | 60       | 6,275   | 1,404           | 24.7     | 126,214   | 20.4 | 19,060   | 14.9 | 18.6 |
| West North Central      | 467      | 44,521  | 15,436          | 34.7     | 723,863   | 18.3 | 192,978  | 28.7 | 12.5 |
| Minnesota               | 54       | 7,223   | 1,359           | 18.8     | 153,564   | 21.3 | 12,004   | 3.4 | 9.5  |
| Iowa                    | 91       | 10,106  | 4,349           | 43.0     | 138,179   | 13.7 | 50,800   | 36.8 | 11.7 |
| Missouri                | 47       | 12,318  | 2,658           | 16.7     | 189,805   | 15.4 | 24,547   | 12.9 | 11.9 |
| North Dakota            | 33       | 2,236   | 1,166           | 52.1     | 45,312    | 20.2 | 21,144   | 46.7 | 18.1 |
| South Dakota            | 34       | 1,137   | 674             | 76.9     | 15,160    | 13.3 | 10,867   | 71.7 | 12.4 |
| Nebraska                | 63       | 4,419   | 1,852           | 41.9     | 50,541    | 16.2 | 28,090   | 35.4 | 14.5 |
| Kansas                  | 85       | 7,060   | 3,777           | 53.3     | 101,302   | 14.3 | 48,936   | 45.2 | 12.1 |
| South Atlantic          | 82       | 30,983  | 1,773           | 5.9      | 745,447   | 24.8 | 34,613   | 4.6 | 19.5 |
| Delaware                | 0        | 225     | 0               | 0.0      | 8,099     | 27.5 | 0        | 0   | 0.0  |
| Maryland                | 0        | 1,798   | 0               | 0.0      | 41,984    | 23.9 | 100      | 0.2 | 16.7 |
| District of Columbia    | 0        | 265     | 0               | 0.0      | 6,444     | 24.3 | 0        | 0   | 0.0  |
| Virginia                | 5        | 3,469   | 101             | 2.9      | 102,488   | 29.5 | 1,482    | 1.4 | 14.7 |
| West Virginia           | 10       | 2,050   | 375             | 17.9     | 51,003    | 24.4 | 6,791    | 13.3 | 18.1 |
| North Carolina          | 21       | 3,863   | 647             | 16.7     | 102,780   | 26.6 | 13,529   | 13.2 | 20.9 |
| South Carolina          | 13       | 2,828   | 325             | 12.4     | 71,121    | 27.1 | 7,766    | 10.3 | 23.9 |
| Georgia                 | 24       | 2,607   | 150             | 7.3      | 50,960    | 19.3 | 3,173    | 6.3 | 16.7 |
| Florida                 | 9        | 13,123  | 126             | 1.0      | 311,168   | 23.7 | 1,764    | 0.6 | 13.8 |

See footnotes at end of table.

Charges for ancillary services furnished by SNFs increased at more than double the rate of swing-bed hospitals although the latter was still 50-percent higher in 1987. The latter relationship is not unexpected, given the characteristics of post-acute swing-bed patients described earlier and the greater access to ancillary services generally available in hospitals. In interpreting these figures, the reader should bear in mind that from 1985 through 1987 total covered days of care furnished by SNFs decreased.

Based on the data available for this analysis, it is not possible to apportion reimbursements to routine care or ancillary services. Assuming there is a concomitance between costs and charges, it is clear that reimbursements per day to SNFs have been rising in closer consonance with the rise in covered charges than has been the case for swing-bed hospitals (Table 3). This suggests that the current method of paying for routine swing-bed services may not be keeping up with the rate of increase in the hospital's costs of providing routine swing-bed services. However, in light of increasing participation in the swing-bed program, it may be supposed that swing-bed hospitals were still recovering the marginal cost of furnishing post-acute routine swing-bed services in 1987. Based on 1984 data, the evaluation report estimated that, on average, swing-bed hospitals incurred an incremental cost per day for routine post-acute care of about $33 to $34. The average routine care revenues received exceeded the costs by $8 to $10 per day. The 1987 data suggest that the difference between marginal routine care costs and
In the South, almost 12 percent of SNF admissions were to swing-bed hospitals. In the largely urbanized Northeast, less than 1 percent of the admissions for SNF services were made to swing-bed hospitals. However, New Hampshire and Vermont are notable exceptions to the pattern of the Northeast. In these two States, more than one-fourth of the admissions for SNF services went to swing-bed hospitals. Admissions to swing-bed hospitals are based on the residence of the patient. Where admissions to swing-bed hospitals are noted in States with no swing-bed facilities, admission to a facility in a neighboring State is the probable explanation.

The West census region presents a dichotomy between the Mountain States and Pacific Coast States. In the Mountain States, almost 12 percent of the admissions for SNF services were to swing-bed hospitals. In four of the Mountain States (Montana, Idaho, Wyoming, and New Mexico), more than 20 percent of the admissions for SNF services were to swing-bed hospitals with Wyoming having almost 60 percent going to swing-bed hospitals. The remaining Mountain States show less than 10 percent of the admissions for SNF services going to swing-bed hospitals. The number of hospitals submitting bills for swing-bed services differs from the number certified on July 31, 1987, for the following reasons: Hospitals can be certified at any time during the year (additional hospitals became certified after July 31, 1987). The number of hospitals submitting bills is not the same as the number certified during the year because a certified hospital may not have provided swing-bed services during the year, and a Hospital may choose to terminate its certification to furnish swing-bed services.

See footnotes at end of tables.

Table 5—Continued

Distribution of skilled nursing facility (SNF) admissions, days of care, charges, and reimbursements to nursing homes and swing-bed hospitals under Medicare, by area of residence: 1987

| Area of residence | Number of hospitals providing swing-bed services | Covered SNF admissions | Covered days of care |
|-------------------|-------------------------------------------------|------------------------|----------------------|
|                   | Total Number Percent of total Total Number Percent of total |
| East South Central| 105 22,833 4,471 19.6 562,723 24.2 73,859 13.4 16.5 |
| Kentucky          | 13 5,126 349 6.8 139,356 27.2 7,077 5.1 20.3 |
| Tennessee         | 27 8,869 1,264 14.0 259,526 29.2 18,279 6.3 13.0 |
| Alabama           | 14 5,989 285 4.8 101,989 17.2 3,413 3.3 12.0 |
| Mississippi       | 51 2,899 2,589 89.3 51,642 17.9 47,061 90.8 18.2 |
| West South Central| 172 29,172 3,529 12.1 488,838 16.8 41,569 8.5 11.8 |
| Arkansas          | 31 2,985 838 21.3 39,715 13.3 7,885 19.9 12.4 |
| Louisiana         | 34 7,210 842 11.7 109,272 15.2 10,624 9.7 12.6 |
| Oklahoma          | 25 4,322 471 10.9 61,354 14.4 5,881 9.6 12.5 |
| Texas             | 82 14,655 1,579 10.8 278,497 19.0 17,179 6.2 10.9 |
| Mountain          | 131 19,998 2,361 11.8 342,881 17.1 28,651 8.4 12.1 |
| Montana           | 29 2,581 587 22.0 53,192 20.6 7,331 13.8 12.9 |
| Idaho             | 17 1,625 322 21.1 22,748 14.9 3,195 14.0 9.9 |
| Wyoming           | 13 5,06 297 58.7 8,177 16.2 4,439 54.9 15.1 |
| Colorado          | 31 5,984 428 7.9 87,672 15.7 4,952 5.6 11.3 |
| New Mexico        | 14 1,157 274 23.6 21,554 18.6 2,911 13.5 10.8 |
| Arizona           | 10 4,105 198 4.8 71,501 17.4 2,595 3.8 13.3 |
| Utah              | 14 3,542 230 6.5 57,681 16.4 2,820 4.9 12.3 |
| Nevada            | 3 998 37 3.7 20,056 20.1 346 1.7 9.4 |
| Pacific           | 48 68,981 785 1.1 1,347,447 19.6 8,946 0.7 11.4 |
| Washington        | 19 4,735 279 5.9 82,499 17.4 3,033 3.7 10.9 |
| Oregon            | 2 4,203 49 1.2 96,752 23.0 468 0.5 9.8 |
| California        | 19 58,983 378 0.6 1,136,025 19.3 4,545 0.4 12.1 |
| Alaska            | 5 122 26 21.3 2,537 20.8 230 9.4 9.2 |
| Hawaii            | 3 838 55 6.6 29,634 35.4 663 2.2 12.1 |
| Outlying areas    | 0 755 1 0.1 13,429 17.8 3 0.0 3.0 |

Number of hospitals providing swing-bed services based on the residence of the patient. Where admissions to swing-bed hospitals are noted in States with no swing-bed facilities, admission to a facility in a neighboring State is the probable explanation.
Table 5—Continued
Distribution of skilled nursing facility (SNF) admissions, days of care, charges, and reimbursements to nursing homes and swing-bed hospitals under Medicare, by area of residence; 1987

| Area of residence | Covered charges | Reimbursements |
|-------------------|-----------------|----------------|
|                   | Total           | Swing bed      | Total           | Swing bed      |
|                   | Amount in thousands | Per day | Amount in thousands | Percent of total | Per day | Amount in thousands | Percent of total | Per day |
| All areas         | $1,187,820.9 | $189 | 78,500.7 | 6.6 | $185 | $544,276.5 | 46.8 | $77 |
| United States     | 1,165,571.4 | 189 | 75,500.0 | 6.8 | 185 | 540,335.8 | 46.8 | 77 |
| Northeast         | 223,988.4 | 142 | 1,244.1 | 8.6 | 175 | 95,591.6 | 42.7 | 51 |
| North Central     | 336,796.3 | 171 | 4,276.2 | 12.6 | 184 | 161,798.3 | 49.0 | 92 |
| South             | 254,292.5 | 165 | 27,921.8 | 9.4 | 184 | 124,755.3 | 42.1 | 69 |
| West              | 330,994.2 | 196 | 7,118.1 | 2.2 | 189 | 162,215.6 | 49.0 | 96 |
| New England       | 36,849.2 | 147 | 747.7 | 2.0 | 175 | 16,540.0 | 44.9 | 66 |
| Maine             | 4,200.7 | 229 | 7.6 | 0.2 | 205 | 2,267.2 | 54.0 | 123 |
| New Hampshire     | 2,484.8 | 177 | 428.6 | 17.2 | 178 | 972.6 | 39.1 | 59 |
| Vermont           | 1,201.3 | 127 | 288.0 | 24.0 | 167 | 498.4 | 41.5 | 53 |
| Massachusetts     | 13,968.5 | 167 | 5.1 | 0.1 | 111 | 6,500.2 | 46.5 | 87 |
| Rhode Island      | 5,621.0 | 104 | 1.1 | 0.1 | 157 | 1,502.0 | 41.5 | 43 |
| Connecticut       | 11,372.8 | 114 | 17.4 | 0.2 | 328 | 4,800.0 | 42.2 | 48 |
| Middle Atlantic   | 187,039.2 | 141 | 496.4 | 0.3 | 177 | 79,051.6 | 42.3 | 60 |
| New York          | 97,116.4 | 139 | 22.7 | 0.1 | 222 | 38,840.4 | 40.0 | 56 |
| New Jersey        | 15,745.1 | 143 | 13.1 | 0.1 | 196 | 7,102.2 | 45.1 | 65 |
| Pennsylvania      | 74,177.7 | 143 | 460.7 | 0.6 | 176 | 33,109.0 | 44.6 | 64 |
| East North Central| 191,120.7 | 153 | 6,962.6 | 3.6 | 185 | 88,071.7 | 46.1 | 71 |
| Ohio              | 34,857.8 | 151 | 552.9 | 1.6 | 303 | 15,655.2 | 44.9 | 68 |
| Indiana           | 23,670.0 | 133 | 1,071.4 | 4.5 | 182 | 13,102.4 | 54.9 | 73 |
| Illinois          | 73,115.2 | 224 | 2,162.9 | 3.0 | 205 | 33,571.1 | 45.9 | 103 |
| Michigan          | 41,606.6 | 106 | 73.4 | 0.2 | 181 | 16,810.1 | 40.4 | 44 |
| Wisconsin         | 17,671.1 | 139 | 3,191.2 | 17.6 | 185 | 8,393.2 | 50.6 | 70 |
| West North Central| 145,675.6 | 201 | 35,513.6 | 24.4 | 184 | 73,716.6 | 50.6 | 102 |
| Minnesota         | 10,590.0 | 121 | 2,145.4 | 11.6 | 174 | 7,328.7 | 44.4 | 57 |
| Iowa              | 31,556.0 | 228 | 9,942.4 | 31.5 | 198 | 18,971.2 | 60.1 | 137 |
| Missouri          | 52,955.4 | 279 | 5,265.7 | 9.9 | 215 | 27,492.2 | 51.9 | 145 |
| North Dakota      | 5,049.8 | 111 | 2,721.3 | 53.9 | 129 | 2,226.6 | 44.1 | 49 |
| South Dakota      | 2,400.8 | 158 | 1,941.7 | 75.7 | 169 | 875.5 | 36.5 | 50 |
| Nebraska          | 18,306.5 | 227 | 4,788.0 | 26.2 | 175 | 7,455.2 | 40.7 | 93 |
| Kansas            | 20,308.4 | 200 | 8,709.0 | 42.9 | 190 | 7,899.0 | 39.3 | 78 |
| South Atlantic    | 102,720.0 | 138 | 5,319.2 | 5.2 | 154 | 44,899.0 | 43.7 | 60 |
| Delaware          | 757.9 | 97 | 0.0 | 0.0 | 0 | 336.0 | 42.6 | 41 |
| Maryland          | 5,961.0 | 121 | 140.0 | 0.3 | 140 | 2,317.3 | 45.8 | 55 |
| District of Columbia | 891.0 | 138 | 0.0 | 0.0 | 0 | 464.1 | 52.1 | 72 |
| Virginia          | 14,228.8 | 139 | 317.0 | 2.2 | 214 | 6,177.2 | 43.4 | 60 |
| West Virginia     | 6,426.2 | 126 | 1,239.3 | 19.7 | 186 | 2,468.3 | 38.7 | 49 |
| North Carolina    | 11,963.4 | 115 | 1,782.5 | 15.1 | 132 | 4,569.2 | 38.7 | 45 |
| South Carolina    | 10,495.9 | 148 | 1,102.5 | 10.5 | 142 | 4,695.2 | 44.7 | 66 |
| Georgia           | 7,133.6 | 142 | 417.8 | 5.9 | 132 | 2,994.4 | 42.0 | 59 |
| Florida           | 45,883.4 | 61 | 404.2 | 0.9 | 229 | 20,830.6 | 45.4 | 67 |

See footnotes at end of table.
### Table 5—Continued

Distribution of skilled nursing facility (SNF) admissions, days of care, charges, and reimbursements to nursing homes and swing-bed hospitals under Medicare, by area of residence: 1987

| Area of residence | Total | Swing bed | Reimbursements |
|-------------------|-------|-----------|----------------|
|                   | Amount in thousands | Per day | Amount in thousands | Percent of total | Per day | Amount in thousands | Percent of total | Per day |
| East South Central | 71,911.8 | 130 | 12,959.8 | 18.0 | 175 | 28,396.6 | 39.5 | 51 | 4,504.3 | 15.9 | 34.8 | 61 |
| Kentucky          | 12,231.0 | 124 | 1,071.6 | 6.2 | 151 | 6,856.2 | 39.8 | 49 | 451.3 | 6.6 | 42.1 | 64 |
| Tennessee         | 34,562.2 | 133 | 4,091.4 | 11.8 | 251 | 13,581.9 | 39.3 | 52 | 1,296.6 | 9.6 | 31.7 | 80 |
| Alabama           | 11,700.4 | 115 | 534.7 | 4.6 | 157 | 4,794.1 | 41.0 | 47 | 153.3 | 3.2 | 23.7 | 45 |
| Mississippi       | 8,418.0 | 117 | 7,262.0 | 86.3 | 154 | 3,166.3 | 37.6 | 61 | 2,601.1 | 82.1 | 35.8 | 55 |
| West South Central| 119,650.7 | 245 | 9,382.6 | 7.6 | 228 | 50,469.8 | 42.2 | 103 | 3,165.5 | 6.3 | 33.7 | 76 |
| Arkansas          | 9,331.4 | 236 | 1,472.1 | 15.6 | 187 | 5,294.7 | 56.7 | 133 | 567.9 | 10.7 | 38.6 | 72 |
| Louisiana         | 42,263.1 | 387 | 3,660.8 | 8.7 | 345 | 17,418.8 | 41.2 | 159 | 777.6 | 4.5 | 21.2 | 73 |
| Oklahoma          | 18,715.8 | 305 | 1,014.1 | 5.4 | 172 | 8,278.8 | 47.2 | 144 | 534.0 | 4.2 | 34.9 | 60 |
| Texas             | 49,340.5 | 177 | 3,235.6 | 6.6 | 188 | 19,325.3 | 36.4 | 68 | 1,465.8 | 7.7 | 43.3 | 85 |
| Mountain          | 59,105.4 | 172 | 5,211.3 | 8.8 | 182 | 29,809.6 | 50.4 | 87 | 2,246.2 | 7.5 | 43.1 | 78 |
| Montana           | 5,820.7 | 110 | 1,090.9 | 18.7 | 149 | 2,557.7 | 43.9 | 48 | 364.9 | 14.3 | 33.4 | 50 |
| Idaho             | 2,021.5 | 128 | 648.0 | 22.2 | 209 | 1,530.6 | 52.7 | 68 | 333.1 | 21.6 | 51.4 | 104 |
| Wyoming           | 1,926.2 | 151 | 698.3 | 56.5 | 156 | 500.0 | 40.4 | 61 | 257.5 | 51.5 | 35.9 | 57 |
| Colorado          | 18,300.3 | 210 | 1,093.6 | 5.6 | 209 | 9,326.5 | 50.7 | 106 | 465.0 | 5.0 | 44.9 | 94 |
| New Mexico        | 4,834.6 | 224 | 761.7 | 15.8 | 262 | 2,285.7 | 47.3 | 106 | 396.3 | 17.3 | 52.0 | 138 |
| Arizona           | 12,565.5 | 176 | 426.8 | 3.6 | 173 | 6,792.1 | 54.1 | 95 | 254.6 | 3.5 | 52.3 | 90 |
| Utah              | 10,127.5 | 175 | 458.0 | 4.5 | 162 | 5,218.9 | 51.5 | 90 | 179.9 | 3.3 | 37.3 | 60 |
| Nevada            | 3,220.1 | 161 | 69.2 | 2.2 | 201 | 1,593.2 | 49.4 | 79 | 24.0 | 1.5 | 34.5 | 89 |
| Pacific           | 271,888.2 | 202 | 1,906.8 | 0.7 | 213 | 132,406.0 | 48.7 | 98 | 789.3 | 0.6 | 41.4 | 88 |
| Washington        | 12,157.7 | 147 | 483.0 | 4.0 | 161 | 6,449.2 | 53.0 | 78 | 238.8 | 3.7 | 48.9 | 79 |
| Oregon            | 15,223.8 | 157 | 101.7 | 0.7 | 217 | 5,721.3 | 44.2 | 89 | 656.6 | 1.0 | 65.5 | 142 |
| California        | 226,777.6 | 210 | 1,092.0 | 0.5 | 240 | 116,910.4 | 48.9 | 103 | 354.5 | 0.3 | 32.5 | 76 |
| Alaska            | 630.1 | 248 | 100.8 | 16.0 | 422 | 290.0 | 46.0 | 114 | 51.1 | 17.6 | 50.7 | 214 |
| Hawaii            | 5,099.8 | 172 | 124.0 | 2.4 | 187 | 2,134.4 | 41.9 | 72 | 78.4 | 3.7 | 63.2 | 118 |
| Outlying areas*   | 1,849.3 | 138 | 0.7 | 0.0 | 233 | 922.8 | 49.9 | 69 | 0.0 | 0.0 | 0.0 | 0.0 |

*Less than 0.05 percent.

†Includes Puerto Rico and other outlying areas.

NOTE: NA is not applicable

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Medicare Statistical System; data development by the Office of Research and Demonstrations.

The States showing more than 50 percent of the admissions for SNF services going to swing-bed hospitals were: North Dakota, South Dakota, Kansas, Mississippi (the highest at 89 percent), and Wyoming. Delaware and the District of Columbia were the only jurisdictions with no admissions for swing-bed services. Figure 1 displays the geographic patterns of admissions to swing-bed hospitals as a percent of all SNF admissions.

For the individual States, the relationship among admissions, covered days of care, charges, and reimbursement is about that indicated for 1987 in Table 2. A notable exception is Mississippi. As previously mentioned, about 89 percent of the admissions for SNF services in Mississippi went to swing-bed hospitals. Swing-bed hospitals accounted for almost 91 percent of the covered days of care and received 82 percent of SNF reimbursements. Mississippi was the only State in which the average length of SNF stay in a swing-bed hospital (18.2 days) exceeded the statewide average (17.9 days).

### Summary

The data presented in this article and the findings of the evaluation indicate that the rural hospital swing-bed program has been working as might have been anticipated:

- Swing-beds have assumed the provision of a significant portion of post-acute care services in many States with large rural areas.
- The post-acute care mix in swing-bed hospitals represent more short term, intense level of care requirements than those in SNFs. Swing-bed hospitals seem better suited to meeting nursing care needs of these types of patients than do rural SNFs, which seem more suited to meeting the needs of the traditional long-term care nursing home patients.
- Higher average total charges per day for swing-bed patients suggest that they tend to be more expensive to care for than the patients in SNFs; especially in the use of ancillary services.
- Per diem reimbursements for swing-bed services have been growing at an average annual rate of about one-third of that for SNFs.

The latter finding raises question as to whether the current basis for reimbursing for post-acute routine care services in swing-bed hospitals causes per diem revenues to rise at a slower rate than per diem costs. The current difference between marginal costs and revenues seem
sufficient to attract increasing participation by rural hospitals with fewer than 50 beds. However, given the different behavior of the overhead as well as the direct cost components of the costs for routine care services in hospitals and SNFs, the current method of paying for routine swing-bed services may require re-examination some time in the future. This may become more apparent when the experiences of the larger rural swing-bed hospitals brought into the program by the Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203) are analyzed. Under this legislation, the swing-bed option was extended to rural hospitals with fewer than 100 beds. Providing an incentive to small rural hospitals to continue rendering swing-bed services may require re-examination of the bases on which payment for these services are made.

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