Inspector General Faults Specialty Hospitals' EDs

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Physician-owned specialty hospitals are largely unprepared to handle emergencies and should be more closely tracked by the government to ensure that they comply with Medicare rules, according to a report from the Inspector General of the Department of Health and Human Services.

The IG's office reviewed written policies for managing medical emergencies, staffing schedules, and staffing policies for 8 days at 109 physician-owned facilities that were identified from a list provided by the Centers for Medicare and Medicaid Services. There are an unknown number of physician-owned specialty hospitals, according to the IG, which is urging the CMS to begin compiling a list.

Of the 109 hospitals surveyed, 66 were surgical, 23 were orthopedic, and 20 were cardiac hospitals. Eighteen of the cardiac hospitals had an emergency department; only 11 of the 23 orthopedic hospitals and 31 of the surgical hospitals had an ED. Thirty-three of the 109 hospitals were in Texas, 15 were in Louisiana, 9 in Oklahoma, 9 in Kansas, and 8 in South Dakota. The rest were spread across other states.

While half of the physician-owned hospitals surveyed had an emergency department, more than half of those EDs only had a single bed. Only 45% of the EDs had a physician on site at all times.

Ninety-three percent of the hospitals met Medicare staffing requirements: having a registered nurse on duty at all times, and a physician on call at all times. But seven hospitals did not have an RN on duty, and one hospital did not have a physician on call or on duty on at least 1 of the 8 days reviewed.

Two-thirds of the hospitals told staff to call 911 in case of emergency.

While transferring a patient with an emergent problem to another hospital's ED is acceptable, it might be a violation of Medicare conditions of participation if a hospital uses 911 to obtain medical assistance to stabilize a patient, according to the IG. Thirty-seven of the 109 hospitals (34%) engaged in that practice, the IG reported.

A hospital also is not in compliance if it uses 911 as a substitute for providing services required by the conditions of Medicare participation, noted the IG.

Almost 25% of the hospitals did not address in written policies the "appraisal of emergencies, initial treatment of emergencies, or referral and transfer of patients," according to the report.

The IG urged the CMS to enforce Medicare staffing requirements. Hospitals should also have information in their written policies on how to manage a medical emergency, such as how to use emergency response equipment or how to follow life-saving protocols, said the IG.

The CMS issued a written response to the IG that was included in the report. The agency said it agreed with the IG's recommendations and that it would examine current compliance through its routine hospital surveys. As many as 42% of the 109 hospitals would not have been subject to CMS oversight, however, according to the IG. Those facilities were instead accredited by the Joint Commission or the American Osteopathic Association.

Finally, the CMS said it would use its existing authority to require hospitals to have written policies and procedures on managing emergencies, but that it would also consider whether regulatory changes are needed to establish specific requirements for equipment and staff qualifications.

The report was requested by the Senate Finance Committee, whose leaders—Sen. Chuck Grassley (R-Iowa) and Sen. Max Baucus (D-Mont.)—have a history of seeking restrictions on physician-owned specialty hospitals, and have successfully implemented moratoriums on new facilities.

These senators will likely introduce a new proposal to rein in specialty hospitals this spring, Molly Sandvig, executive director of Physician Hospitals of America, said in an interview.

Ms. Sandvig said that her organization—which represents 108 physician-owned facilities—believed that all hospitals should meet Medicare conditions of participation. However, not every hospital should have an emergency department, she said.

And while transfers may be acceptable, "No hospital should use 911 as a substitute for providing proper care to patients," said Ms. Sandvig. That practice, however, is very limited, she said, alleging that the IG had misrepresented facilities' policies and practices. ■