

# CON HOSPITAL BEDS INFORMAL WORKGROUP

August 12, 2021

## OBSERVATION WORKGROUP CHARGES

1. Evaluate whether patients who are in a licensed bed, or are in an unlicensed bed, or are in an observation unit, and who are or may become observation status, should be included/excluded in the patient count and develop definitions as necessary for observation beds, observation status, observation unit, and observation day.
2. Consider any other technical changes from the Department, e.g., updates or modifications consistent with other CON review standards and the Michigan Public Health Code.

## SUBGROUP CONCLUSIONS

The subgroup agreed, through general consensus, to the following conclusions:

1. No support or endorsement of any consideration of expanding regulatory scope to include observation related services
2. The current request for Inpatient detail on the MDHHS Annual survey should only include patients that are truly Inpatient status
3. The department has no material need or use for observation data, as it is outside the scope of regulation
4. Clarification within the Hospital Bed Annual Survey is needed to specifically call out “Inpatient” where patient related data is requested, in order to avoid any misinterpretation or accidental inclusion of non-inpatient related data

# SUMMARY OF RECOMMENDATIONS

***Charge 1a: Evaluate whether patients who are in a licensed bed, or are in an unlicensed bed, or are in an observation unit, and who are or may become observation status, should be included/excluded in the patient count...:***

Recommendations:

- Only inpatient data should be included in the patient count on the annual survey
- Observation related data should not be included in the data reported on the CON annual survey, as it is outside of regulatory scope for the department

***Charge 1b: ... and develop definitions as necessary for observation beds, observation status, observation unit, and observation day.***

Recommendations:

- Observation related data should not be included or captured as part or independent of inpatient data reported on the CON annual survey, as it is out of regulatory scope for the department. As such, introducing definitions of their component parts would risk introducing confusion in the current standards

# SUMMARY OF RECOMMENDATIONS

***Charge 2: Consider any other technical changes from the Department, e.g., updates or modifications consistent with other CON review standards and the Michigan Public Health Code.***

Recommendation:

- The CON Annual Survey should be updated to clarify that all data captured is related to patients classified as inpatient (see slides 11-13 for specific changes)

# APPENDIX

SUBGROUP DISCUSSION NOTES

## FOUR COMPONENTS OF THE WORKGROUP RECOMMENDATION

1. Confirm the Workgroup does not support a recommendation that would include the regulation of Observation Beds
2. Confirm the Workgroup agrees that the current request for Inpatient detail on the MDHHS Annual survey should only include patients that are truly Inpatient status
3. Workgroup discussion and recommendation for the collection of Observation detail
4. Discussion and agreement of any additional definitions related to the Workgroup recommendations (observation beds, observation days, observation status)

# I. CONFIRM THE WORKGROUP DOES NOT SUPPORT A RECOMMENDATION THAT WOULD INCLUDE THE REGULATION OF OBSERVATION BEDS

- I. The Workgroup agreed we do not support a solution that would include regulation of Observation Beds due to the following:
  1. Observation beds and status is outside of the scope of the Statute and CON
    - *Pursuant to Part 222 of the Public Health Code, CON regulates licensed hospital beds for the purpose of treating patients with an inpatient status. Observation beds are not currently regulated under Part 222 of the Public Health Code*
  2. The CON Bed Need Assessment, performed by Paul Delamater, uses patient origin detail within the MHA Michigan Inpatient Database (MIDB).
    - *"Michigan Inpatient Data Base" or "MIDB" means the data base compiled by the Michigan Health and Hospital Association or successor organization. The data base consists of inpatient discharge records from all Michigan hospitals and Michigan residents discharged from hospitals in border states for a specific calendar year.*
  3. Incorporating Observation days into a data submission could result in a stated bed need exceeding Rural Health and Critical Access hospital licensed bed thresholds (Rural Health cannot exceed 49 licensed beds \* Critical Access cannot exceed 25 licensed beds)
  4. Hospitals needing to expand unlicensed bed capacity to care for observation patients can do so without requiring a Certificate of Need.



# PATIENT DATA DIFFERENCES – MDHHS ANNUAL SURVEY & MHA MIDB

1. MDHHS Annual Survey
  - Detail submitted each spring for previous calendar year
  - Used for compliance review
  - Used when comparing hospital bed occupancy levels for applications for high occupancy, replacement, etc. where the hospital bed standards require a hospital to meet a certain occupancy percentage
2. MHA Michigan Inpatient Database (MIDB)
  - Detail submitted quarterly
  - Data used to build the bed need methodology
  - Bed need methodology only uses patients with Inpatient status and is focused on patient origin (county)
3. The State lacks a standardized outpatient data source
4. Consideration of State Reporting Needs Versus Hospital Internal Reporting Needs

## 2. CONFIRM THE WORKGROUP AGREES THAT THE CURRENT REQUEST FOR INPATIENT DETAIL ON THE MDHHS ANNUAL SURVEY SHOULD ONLY INCLUDE PATIENTS THAT ARE TRULY INPATIENT STATUS

1. The Workgroup agreed when providing Inpatient detail within the MDHHS Annual Survey – only Inpatient detail should be included as defined by the hospital bed standards
2. The annual survey is structured to specifically respond to standards within each specific section. The Observation detail would have to be submitted in the Section S: Special Research Questions (not considered mandatory) or a new Section could be created and deemed mandatory.
  - The State lacks a standardized Outpatient data source to accurately collect observation data
3. The commission's adopted language for "Verifiable Data" means data (**inpatient** patient days) from the most recent annual survey or more recent data that can be validated by the department.

# CURRENT HOSPITAL BED DEFINITIONS WITH SUBGROUP RECOMMENDATION

## **Section 2(1)(a) – Definitions**

**(b)** "Adjusted patient days" means the number of patient days when calculated as follows:

- (i) Combine all pediatric patient days of care and obstetrics patient days of care provided during the period of time under consideration and multiply that number by 1.1.
- (ii) Add the number of non-pediatric and non-obstetric patient days of care, excluding psychiatric patient days, provided during the same period of time to the product obtained in (i) above. This is the number of adjusted patient days for the applicable period.

**(q)** "Hospital bed" means a bed within the licensed bed complement at a licensed site of a hospital licensed under Part 215 of the Code, excluding (i) hospital beds certified for long-term care as defined in Section 20106(6) of the Code, (ii) unlicensed newborn bassinets **and unlicensed beds**

**(ff)** "Obstetrics patient days of care" means inpatient days of care for patients in the applicant's Michigan Inpatient Data Base data ages 15 through 44 with DRGs 370 through 375 (obstetrical discharges).

**(hh)** "Pediatric patient days of care" means inpatient days of care for patients in the applicant's Michigan Inpatient Data Base data ages 0 through 14 excluding normal newborns.

**(ll)** "Remaining patient days of care" means total inpatient days of care in the applicant's Michigan Inpatient Data Base data minus obstetrics patient days of care and pediatric patient days of care.

**(uu)** "Verifiable Data" means data (**inpatient** patient days) from the most recent annual survey or more recent data that can be validated by the department.

- MDHHS Annual Survey asks for number of patient days versus inpatient patient days
- Therefore, it is the survey language that needs to change to match the hospital bed standards

# 2020 Michigan Certificate of Need Annual Survey

280010	MUNSON MEDICAL CENTER	TRAVERSE CITY	HOSPITAL
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SECTION L: Licensed Inpatient Hospital Beds	Next
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**Record locked from further changes.**

Contact information for the person responsible for completing this section:  Check here if same as Section A.

Contact Name	Jennifer Groseclose	HL_CNAME
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Contact Phone	231-935-7817	HL_CPHONE
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### Instructions:

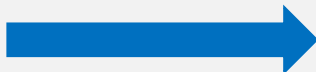
1. Report the number of patients that were discharged from the hospital during the survey year by bed type. If discharges are not available, please provide the number of admissions by bed type.
2. Report the number of patient days of care provided by the facility during the survey year by bed type.
3. Report if the facility has met the terms of approval and the project delivery requirements.
  - a. For Yes/No questions, if the facility has met all of the requirements in the question, please answer Yes. If the facility has not met all of the requirements in the question, please answer No and explain why not in the data comment box at the bottom of this Section.
  - b. If additional explanation of project delivery requirements is necessary, please put information in the data comment box at the bottom of this Section.
4. Discharges/Patient Days of Care from additional Emergency CON Beds approved pursuant to MCL 333.22235 and licensed under a temporary license are not included in the utilization data in Section L.

### Definitions:

**Discharges** mean the number of patients who expire or are released from the hospital.

**Medical/Surgical Beds** includes intensive care, cardiac care, rehabilitation, acute substance abuse, and tuberculosis beds.

**Patient Days** means the number of days that the licensed beds were occupied by a patient.



# OBSERVATION RECOMMENDATION FROM HOSPITAL BED SAC & OBSERVATION SUBGROUP

## **Current Instruction #2**

“Report the number of patient days of care provided by the facility during the survey year by bed type”

## **Proposed Workgroup Instruction #2**

“Report the number of inpatient days of care by bed type, as defined by the hospital bed standards, provided by the facility during the survey year.

### 3A. PURSUE A DETAILED REVIEW OF “WHAT PROBLEM ARE WE TRYING TO SOLVE”. ADDITIONAL DETAIL BEHIND NOT INCLUDING OBSERVATION DETAIL IN THE DATA SUBMISSION

What problem are we trying to solve?

The Workgroup recognizes the interest in capturing Observation data due to the evolving transition from Inpatient to Outpatient / Observation however:

1. Represented workgroup member facilities are unable to report observation days at the licensed bed level; Many can only report all observation or unit level (which may be a blend of licensed and unlicensed beds)
2. Creating parameters that would drive “apples to apples” submissions would require many resources (time, people, money) and no guarantee a solution could be identified
3. Observation status patients are treated in many different areas of the hospital and ASC/OP settings (ED, Cath Lab, Surgery, etc.) making it a challenge to incorporate into the Hospital Bed Standards
4. The insurance reimbursement transition from Inpatient to Outpatient is focused on procedure-based care. Surgical Services and Cardiac Catheterization are covered by CON.

## 3B. WHY WOULD WE INCLUDE OBSERVATION DATA –

1. What is the audience for the “full picture”? If CON is not interested in adding Observation beds to the standards the data is not necessary.
2. Would capturing the Observation data be helpful to the CON department? *It would be helpful to determine if changes need to be made to the standards/statute in the future given that healthcare is changing. Also, this will give proper instructions/guidance to the hospitals to report inpatient and observation data consistently across the board. Because right now, it appears that some hospitals are including observation data as part of inpatient data and others are not.*
3. Based on a hospital’s/system’s ambulatory model, the utilization could vary greatly between a hospital without an Ambulatory Surgery Center or Ambulatory Center and those that have created Outpatient Care facilities in their communities.
4. Subgroup believed the Observation data was “Nice to Know” and not “Need to Know”

OBSERVATION DEFINITIONS (ONLY REQUIRED IF  
WE ADD TO TERMINOLOGY TO  
RECOMMENDATIONS)

Due to recommendation on previous slides, the exclusion of noting observation does not require specific recommendations to observation beds, status, unit, and day



# REFERENCE SLIDES

# OBSERVATION SUBGROUP PARTICIPANTS

July 26, 2021 Subgroup Participants	
Jennifer Groseclose	Paul Delamater
Joel Flugstad	Dave Walker
Chris Struve	David McEwan
Glenn King	Marlena Hendershot
Jennifer Eslinger	Karol Clason
Kristin Tesner	Linda Larin
Steve Szelag	Nancy List
Abigail Burnell	Patrick O'Donovan

# OBSERVATION SUBGROUP PARTICIPANTS

August 9, 2021 Subgroup Participants	
Jennifer Groseclose	Paul Delamater
Joel Flugstad	Dave Walker
Chris Struve	David McEwan
Glenn King	Marlena Hendershot
Jennifer Eslinger	Karol Clason
Kristin Tesner	Patrick O'Donovan
Rachel Kelley	Abigail Burnell

# SAC & WORKGROUP PARTICIPATION

**Estimated SAC Observation Subgroup  
Meeting Hours = 10**

**Estimated Workgroup Subgroup  
Meeting Hours = 6**

**Hospital systems involved in one or more meetings, include:**

Detroit Medical Center

Henry Ford Health System

Beaumont Health

Spectrum Health

Trinity Health

Michigan Medicine

Bronson Healthcare

Ascension

Munson Healthcare

McLaren Healthcare

# INITIAL OBSERVATION RECOMMENDATION FROM HOSPITAL BED SAC

- **Section 2(1)(a) – Definitions**

- **(b)** "Adjusted patient days" means the number of patient days when calculated as follows:
  - (i) Combine all pediatric patient days of care and obstetrics patient days of care provided during the period of time under consideration and multiply that number by 1.1.
  - (ii) Add the number of non-pediatric and non-obstetric patient days of care, excluding psychiatric patient days, provided during the same period of time to the product obtained in (i) above. This is the number of adjusted patient days for the applicable period.
- **(q)** "Hospital bed" means a bed within the licensed bed complement at a licensed site of a hospital licensed under Part 215 of the Code, excluding (i) hospital beds certified for long-term care as defined in Section 20106(6) of the Code, (ii) unlicensed newborn bassinets and (iii) observation beds.
- **(ff)** "Obstetrics patient days of care" means inpatient days of care for patients in the applicant's Michigan Inpatient Data Base data ages 15 through 44 with DRGs 370 through 375 (obstetrical discharges). This term does not include admitted patients who are, or were later identified to be in observation status.
- **(hh)** "Pediatric patient days of care" means inpatient days of care for patients in the applicant's Michigan Inpatient Data Base data ages 0 through 14 excluding normal newborns. This term does not include admitted patients who are, or were later identified to be in observation status.
- **(ll)** "Remaining patient days of care" means total inpatient days of care in the applicant's Michigan Inpatient Data Base data minus obstetrics patient days of care and pediatric patient days of care. This term does not include admitted patients who are, or were later identified to be in observation status.

# OBSERVATION RECOMMENDATION FROM HOSPITAL BED SAC & OBSERVATION SUBGROUP

## Current Instruction #2

“Report the number of patient days of care provided by the facility during the survey year by bed type”

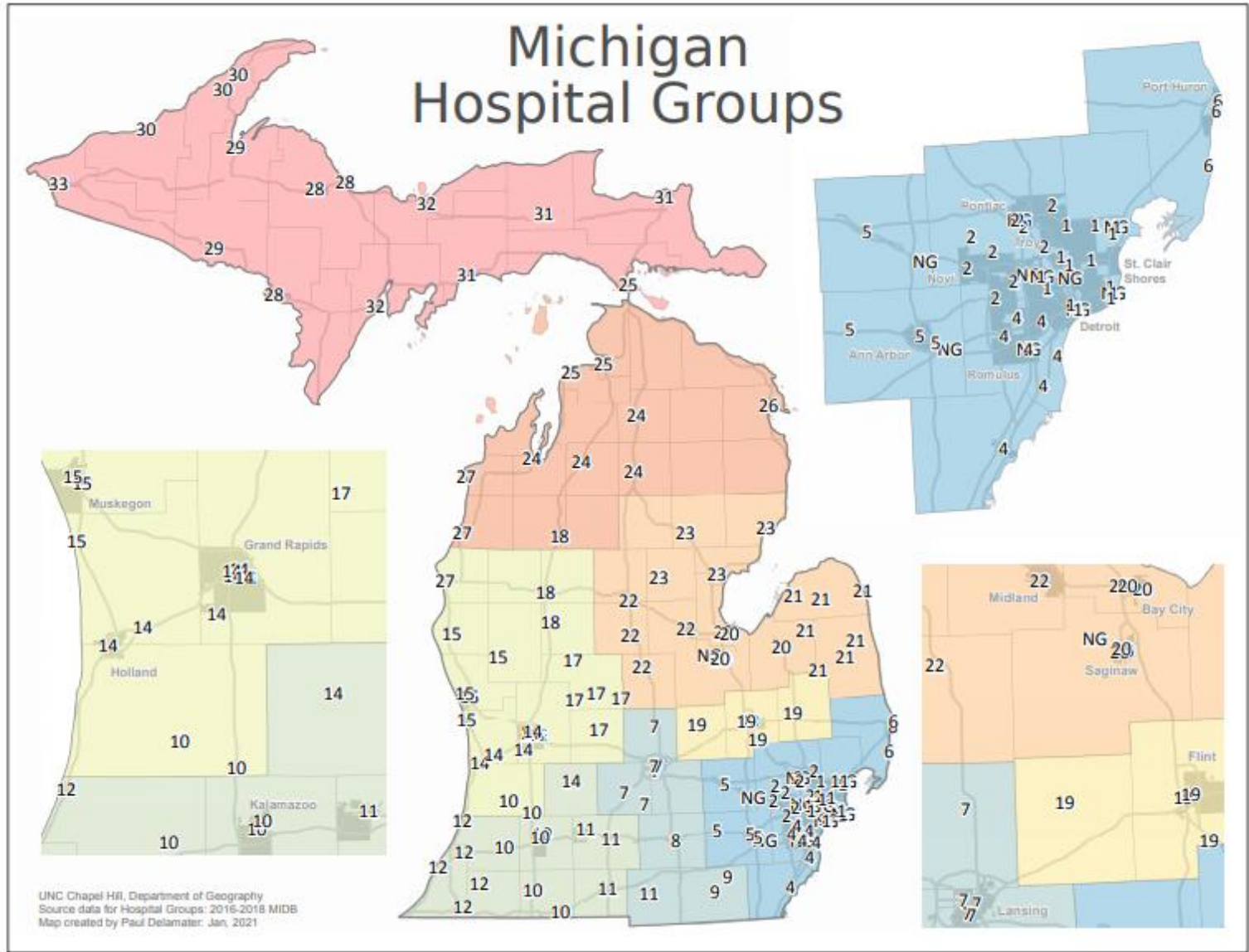
## Proposed SAC Instruction #2

“Report the number of inpatient days of care provided by the facility during the survey year by bed type. This term does not include admitted patients who are, or were later identified to be in observation status.”

## Proposed Workgroup Instruction #2

- “Report the number of inpatient days of care by bed type, as defined by the hospital bed standards, provided by the facility during the survey year.

# HOSPITAL BED INVENTORY (JULY 1, 2021)



# HOSPITAL BED INVENTORY (JULY 1, 2021)

HG	Lic Beds	Dept Inv Beds	Curr Bed Need	Need or (Surpl)
1	5,632	5,621	4,925	(696)
2	3,620	3,587	2,917	(670)
3	0	0	0	0
4	1,969	1,969	1,644	(325)
5	1,729	1,735	1,558	(177)
6	375	375	278	(97)
7	1,086	1,058	944	(114)
8	389	389	389	0
9	83	83	56	(27)
10	1,034	1,034	804	(230)
11	427	427	322	(105)
12	368	368	272	(96)
13	0	0	0	0
14	2,045	2,046	1,635	(411)
15	543	543	364	(179)
16	0	0	0	0
17	170	170	67	(103)

HG	Lic Beds	Dept Inv Beds	Curr Bed Need	Need or (Surpl)
18	123	123	75	(48)
19	1,441	1,441	1,339	(102)
20	1,355	1,352	994	(358)
21	188	188	35	(153)
22	542	542	391	(151)
23	185	185	64	(121)
24	550	550	462	(88)
25	242	242	172	(70)
26	124	124	79	(45)
27	98	98	55	(43)
28	253	279	256	(23)
29	40	40	15	(25)
30	86	86	37	(49)
31	119	119	79	(40)
32	36	36	24	(12)
33	25	25	19	(6)
NG	374	374	0	0
<b>Total</b>	<b>25,251</b>	<b>25,209</b>	<b>20,271</b>	<b>(4,564)</b>



# HOSPITAL BED NEED FORMULA HIGHLIGHT

- Exclude Normal Newborns and Psychiatric patients
- Compile monthly patient days by county for previous five years. “Out of State” is considered a separate county
- For each county, calculate the monthly patient days for all months in the planning year.
- For each county, calculate the predicted yearly patient day demand in the planning year.
- For each county, calculate the base year patient day commitment index (%c) to each hospital group.
- For each county, allocate the planning year patient days to the hospital groups by multiplying the planning year patient days by the %c to each hospital group
- For each hospital group, sum the planning year patient days allocated from each county.
- For each hospital group, calculate the average daily census (ADC) for the planning year by dividing the planning year patient days by 365. Round each ADC value up to the nearest whole number.
- For each hospital group, select the appropriate occupancy rate from the occupancy table in Appendix C.
- For each hospital group, calculate the planning year bed need by dividing the planning year ADC by the appropriate occupancy rate.

# PUBLIC HEALTH CODE EXCERPT NOTES

## Public Health Code Excerpt – Part 222 Certificate of Need

- References “licensed beds” in relation to Certificate of Need

## Public Health Code Excerpt – Part 201 General Provisions

- “Hospital” means a facility offering inpatient, overnight care, and services for observation, diagnosis and active treatment