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**AGENDA**  
**Hospital Co-Location**  
May 5, 2015

1:00 – 1:05 pm	<b>Colin P. McCarthy</b> Associate Hancock Daniel Johnson & Nagle PC Richmond, VA	Introduction
1:05 – 2:15 pm	<b>David W. Eddinger</b> Technical Director, Hospital Survey & Certification Centers for Medicare and Medicaid Services Windsor Mill, MD	Discussion will specifically focus on:  What Medicare considers “the hospital”  An explanation of what constitutes shared/commingled space  An explanation of independent compliance and how Medicare evaluates independent compliance  Related payment rules and Conditions of Participation
2:15 – 2:30 pm	All	Q & A

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# Hospital Co-Location

**May 5, 2015**

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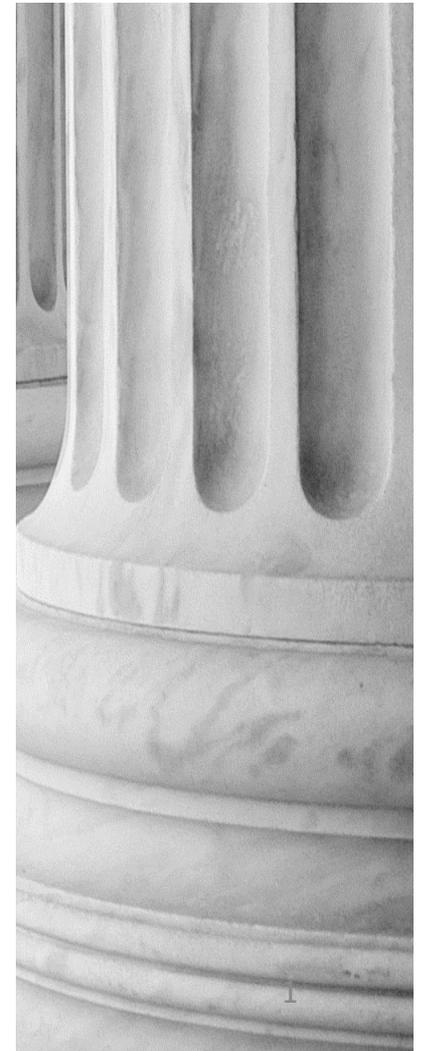
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# Determining Independent Compliance of Hospitals That Are Co-located

***The information provided in this presentation is only intended to be general summary information. It is not intended to take the place of statute, regulations, or official CMS policy.***

April 22, 2015, 90 minute version, 76 slides



# Independent Compliance

- The issues and survey methods discussed in this presentation apply to hospitals and may apply to other provider or supplier types
- This presentation will focus on hospital issues
- Independent compliance issues may be present:
  - On campus co-locations of hospitals with other entities
  - Off campus provider-based locations that are co-located
  - **Separately located** hospitals that are “sharing” activities

# Applicable Regulations

- 42 CFR 482 (Hospital CoP)
- 42 CFR 488 Subpart A (Accreditation & Survey Rules)
- 42 CFR 489 (Provider Agreement)
- 42 CFR 413.65 (Provider-based)
- 42 CFR 412.20–412.29 (IPPS Excluded Rules)
- 42 CFR 412.22(e)-(g) (Hospital-within-Hospital Rules)
- 42 CFR 412.22(h) & 412.25(e) (Satellite rules)

# Basic Principles

- Under the definition of a hospital (SSA 1861(e)) and the Medicare provider agreement regulations (42 CFR 489) each Medicare certified hospital must independently demonstrate compliance with all applicable CoP
- Another entity cannot make that demonstration of compliance for the hospital with which we have the agreement

# Basic Principles

- Certain payment rules such as the provider-based rules, hospital within hospital (HwH) rules, and the satellite rules add additional requirements pertaining to co-location situations, **but**
- Payment rules, including those for grandfathered HwH, provider-based locations, or satellites, **never** supersede or negate the requirement for independent CoP compliance.

# Determining Independent Compliance

The issues related to independent compliance should be evaluated:

- any time there exists an on-campus or off-campus collocation situation
- When there appears to be “sharing” between the hospital and another hospital or entity

## Determining Independent Compliance: A Medicare Certified Hospital Is:

- A certified hospital is a physical entity that has a provider agreement to participate in Medicare
- A certified hospital is **more than a cluster of inpatient rooms/beds**
- A certified hospital is **more than a nursing unit**
- A certified hospital is **more than an allocation of costs** to cost centers
- A certified hospital is **more than a collection of contracts or service agreements**

## Determining Independent Compliance: A Medicare Certified Hospital Is:

- An entity that merely establishes beds/nursing services within a hospital(separate entity) and contracts with its landlord for many/most other services needed for its patients is likely **not behaving as a separate hospital entity from its landlord**
- It is most likely **behaving as a department/unit of the landlord hospital**

# Determining Independent CoP Compliance

- A certified hospital **cannot** depend on another hospital for its compliance
- A certified hospital **cannot**:
  - Behave as a department or unit of another hospital,
  - As a subordinate part of a separate co-located entity/activity, or
  - Treat a separate co-located entity as a subordinate part of the hospital

## Determining Independent Compliance: Co-located Hospitals

- If deemed must have separate accreditation with deemed status from any other hospital, other provider, or other supplier
- Accreditation must reflect certification (or potential certification in an initial certification situation)

# Medicare Participation in Its Entirety and Independent Compliance

- Each entity that has a Medicare hospital provider agreement must ensure that it is in compliance with its conditions at all times
- The hospital must comply with its CoP in the entirety of the certified hospital
- A hospital may not depend upon another entity for its CoP compliance

# Understanding the Basics

- All Medicare certified hospitals must **independently** meet all of the hospital CoPs, and must not rely upon another hospital, other co-located provider or supplier type for its compliance. Applies:
  - To co-located hospitals, other providers or suppliers, or other non-hospital activities
  - To other hospitals, or other providers or suppliers that are not co-located with the hospital
  - Whether or not under common direct or indirect ownership

# Exceptions to Independent CoP Compliance

- The Governing Body CoP allows a system that owns two or more separately certified hospitals to have a system governing body over all or some of its hospitals
- The Medical Staff CoP allows two or more separately certified hospitals that operate under the same system governing body to establish a unified medical staff

## Survey Process - 488.26(c)(2)

- “The survey process uses resident [patient] outcomes **as the primary means** to establish the compliance status of facilities.”
- CMS requires that observations of actual care and outcomes be the **PRIMARY** method employed to evaluate a hospital’s compliance
- However, citations are not solely based on observations of care or adverse outcomes
- Compliance with all processes required by the CoP are evaluated

## §489.53 Termination by CMS

- “(a) *Basis for termination of agreement with any provider.* CMS may terminate the agreement with any provider if CMS finds that any of the following failings is attributable to that provider:
  - (1) It is not complying with the provisions of title XVIII and the applicable regulations of this chapter or with the provisions of the agreement.”

# Hospital Locations

- Medicare requires that the entire hospital complies with the hospital CoPs as one hospital
  - All locations of the hospital (on or off campus) are included in the compliance of the hospital with CoPs as 1 entity,
  - **All locations** of the hospital that operate **under its State hospital license**, or in the case of a State that requires more than one license, its hospital licenses,
  - The Medicare participating hospital **must match its CMS Certification Number (CCN), and**
  - The Medicare participating hospital **must match the practice locations** it submitted to CMS on its **CMS Form 855A and 855B**

# Hospital With Multiple Locations

A single certified hospital must have:

- One medical staff
- One governing body
- One unified medical record
- One set of organizational-level policies
- One nursing department
- One license ***or*** in accordance with State law
  - Some states require each campus have a separate license
  - Some states require a hospital provider-based off campus surgery department to be licensed as an ambulatory surgery center

## Hospitals With Two or More Campuses (remote locations), Satellites, and/or Off-campus Outpatient Departments

- Must comply with the Hospital CoP as a single entity
  - Non-compliance with the CoP at any location is non-compliance for the entire hospital
- Must comply with Provider-based rules at 413.65
  - PB rules apply to both on-campus and off-campus locations

# Hospital Space 24/7

- All certified hospital space, departments, services, and/or locations:
  - Must be under hospital's control 24/7
  - Cannot be "part time" part of hospital and "part time" another hospital, ASC, physician office, or any other activity
  - Required to be 'the hospital' 24/7, however outpatient departments are not required to be open for business 24/7

# Determining Independence Compliance between Co-located Hospitals

- The Medicare provider agreement requires that **each hospital must individually and independently** demonstrate compliance with CoPs
- PB rules require that all locations of a certified hospital must demonstrate integration and compliance with CoP as 1 entity (**oneness**) –  
**Versus**
- HwH rules require that a hospital that is a HwH must demonstrate **separateness** from the hospitals with which it is co-located

# Other Non-hospital Co-locations That May Lead to Issues

- Hospital co-located with:
  - An ASC
  - A hospice Inpatient Facility
  - Physician Offices
  - ESRD Facility (Independent or hospital-based)
  - A SNF/NF
  - Other co-located activities owned by the hospital's direct owner, a parent corporation, or owned by another entity

# Labels That Are “Red Flags”

- ESRD Facility that is labeled as a hospital unit
- SNF or NF that is labeled as a hospital unit
- LTCH (or another separately certified hospital) that is labeled as a hospital unit
- Could be just “**mislabeling**” but may indicate that the activity, which is a non-hospital activity, is being operated hospital as if it is a department of the hospital
- The mislabeling may not prove non-compliance, but **does indicate a need for closer assessment**

# Determining Independent Compliance

- Examples of hospitals that should be evaluated for independent compliance:
  - Co-located hospitals
    - HwH are a type of collocated hospital
    - HwH have very specific rules at 412.22(e), (f), and (g)
  - Hospitals that are co-located with any other entity

# Determining Separateness: Co-located Hospitals

- Co-located vs. hospital-within-hospital (HwH)
  - Co-located means more than one hospital sharing a campus
  - HwH means at least one of those co-located hospitals is excluded from IPPS
    - HwH rules are at 412.22(e)
    - 412.22(f)(g) may apply
- An HwH exists when an **entire** IPPS excluded hospital is co-located on the same campus as another hospital

# HwH Rules Verses Medicare Hospital CoP

- The HwH rules at 412.22(e) require the 2 hospitals operate separately or the IPPS excluded hospital losses its IPPS excluded payment status **but not its provider agreement**
- The rules at 412.22(f) “grandfather” a HwH from having to meet the separateness rules at 412.22(e)
  - But have no impact on the requirement that the hospital complies with the CoP or provider agreement

# HwH Rules Verses Medicare Hospital CoP

- If HwH has grandfathered status and ceases meeting rules at 412.22(f), the hospital must comply with 412.22(e)
- If HwH does not comply with rules at 412.22(e), the hospital loses IPPS excluded payment status and defaults to hospital IPPS payment status
- **A HwH's loss its IPPS-excluded payment status does not impact its Medicare provider agreement**

# HwH Rules Verses Medicare Hospital CoP

- **The HwH rules at 412.22(e) and HwH “grandfathering” rules at 412.22(f) are payment rules**
- **As previously stated, payment rules never waive, supersede or negate the CoPs or the requirements under the provider agreement**
- **A HwH “grandfathered” or not for payment purposes, must continue to comply with the hospital CoP independently** from other hospitals or entities

# Hospital Off-campus Locations: Satellites

- **Inpatient location** of hospital A and co-located on **another hospital's campus** (hospital B), and **paid under a payment system that is excluded from IPPS**, is labeled as a **satellite**
  - 412.22(h)- satellite of excluded hospital
  - 412.25(e)- satellite of excluded unit
- Satellites are types of provider-based locations
- A satellite is a **part** of an IPPS excluded hospital or unit that is located on the campus of **another** hospital

# Hospital or Hospital Unit Satellites

- **Satellite rules** basically direct what a satellite has to do to demonstrate that the satellite is **separate from the hospital in which it is located**, and that the satellite is **in fact an integrated part of the hospital to which it belongs**
- A hospital with a satellite (unless the satellite has grandfathered satellite status) cannot contract any Medical (healthcare) personnel from the hospital with which the satellite is co-located
  - Medical Personnel means MD/DO, nurses, pharmacists, RT, or any other licensed healthcare professionals

# Hospital or Hospital Unit Satellites

- Must be physically separate from the hospital in which it is co-located
- Must comply with the CoP as an integrated part of the hospital with which it is certified
- Is surveyed as part of the Medicare certified hospital to which it belongs
- Must demonstrate independent CoP compliance from its landlord
- Must not behave as a unit/department of the landlord

# Satellites

- CMS evaluates whether the satellite complies with the CoP as an integral part of the hospital with which it is certified, and
- That it demonstrates independent CoP compliance from its landlord
- A satellite **must not** behave as a unit/department of the landlord
- Above bullets also apply to a co-located remote location of another hospital

# Satellites that Have “Grandfathering” Under the Payment Rules

- Some hospital satellites have grandfathered status for the payment rules, however
- Just like HwH with grandfathered status
- As previously stated, these payment rules **never waive, supersede or negate** the hospital CoP or provider agreement rules

# Determining Separateness Co-located Hospitals-A Review

- PB rules and the Medicare provider agreement require that all locations of a certified hospital must demonstrate integration and compliance with CoP as 1 entity (oneness)
- A certified hospital must comply with the CoP as a single entity in order to participate in Medicare, another entity **cannot** make that demonstration for the hospital. Therefore,

## Determining Independent Compliance with a Co-located Hospital-A Review

- A hospital, including those that are co-located, **must independently demonstrate compliance** with Medicare hospital CoP
- CMS will evaluate **which** hospital is conducting a required process or providing a care or service, and determine whether “the hospital” demonstrates **independent compliance** with CoP

## Determining Both Separateness and Independent Compliance between Co-located Hospitals

- When evaluating two co-located hospitals or a hospital that is co-located with another entity, CMS evaluates:
  - Physical space
  - People that appear to be “shared”
  - Operations/Processes

# Determining Independence Co-located Hospitals

- Tools and Methods
  - Floor plans
  - Contracts
  - Observation
  - Interviews
  - Document reviews (policies, procedures, and sometimes – patient records)

## Co-located Hospitals or Co-located Non-Hospital Activities: **Physically Separate**

### ■ **Evaluate floor plan**

- Observe what is actually present
- No commingling of physical space (cannot travel through hospital space to get to another entity (no shared space))
- Cannot travel through another entity (such as another hospital, ASC, inpatient hospice) to get to the hospital
  - Elevator to floor is allowed
- Cannot “time share” a space (hospital space is hospital space 24/7)

# Hospitals That Are Co-located With Another Hospital or Non-hospital Activity: **Physically Separate**

- **Evaluate the floor plan**
  - Each hospital must have within its certified space at least those services that any typical hospital would have, ex for non-psych
    - Nursing station(s)
    - Medication room(pharmacy/drug storage area)
    - Clean and dirty utility at appropriate locations
    - Medical records (physical location of records/ staff)
    - Admissions department to support inpatient services
    - Procedure room(s)
    - Separate bathrooms for patients, visitors, and staff
    - Equipment storage

## Hospitals That are Co-located With Another Hospital or Non-hospital Activity: **Physically Separate**

- **Evaluate the floor plan**
  - Are there spaces within the hospital that belong to another entity
  - Are there spaces that belong to another entity that can only be accessed from the hospital
  - Are there hospital spaces that can only be accessed through another entity (such as a room that is within hospital space, but which can only be accessed by a door located in the other entity)

## Hospitals That are Co-located With Another Hospital or Non-hospital Activity: **Physically Separate**

- Commingled Space is cited at:
  - “§482.12 Condition of participation: Governing body. There must be an effective governing body that is legally responsible for the conduct of the hospital.”
- The hospital’s GB is legally responsible for the hospital’s obligations under the provider agreement and are the one’s held responsible for ensuring that this entity is in fact an independent hospital

## Determining Separate Space: Physically Separate Verses a 2-Hour Fire Wall

- Requirements under Physical Environment (PE) CoP(482.41):
  - Though co-located hospitals must be physically separate, the COPs and the LSC **do not require that they are physically separated by a fire-rated barrier or fire-rated wall**
    - **State law may have such a requirement**
  - However, LSC surveyors must survey a hospital's physical space "2 hr firewall to 2 hr firewall". If no such barrier of the required rating is in place between the host and the co-located hospital, the surveyor will survey the full compartment until the required barrier is reached
  - It should be noted that any identified LSC deficiencies within the shared 2 hr compartment apply to both the host and the co-located hospital

## Determining Separate Space: Physically Separate Verses a 2-hour Fire Wall

- Requirements under PE (482.41), continued:
  - Since hospital inpatient space is surveyed as Health Care Occupancy under the LSC, the host and co-located hospital can become physically separated and considered separate occupancies **ONLY** if a 2-hour FRR barrier is put in place between the host and the co-located hospital's space. That barrier must be compliant with the LSC

## Determining Separate Space: Physically Separate Verses a 2-hour Fire Wall

- For ASC's that are co-located with a hospital, the ASC requirement is for a 1-hour FRR barrier between the ASC and the host hospital, but the hospital still has the 2 hr requirement to separate the occupancies. For example:
  - If surveying ASC you stop at the 1 hr rated wall
  - If surveying Hospital you continue survey through a 1 hour wall and continue until you come to a 2 hr rated wall

## Determining Independent Compliance: Co-located Hospitals or Activities

- **Evaluate contracts**
- No commingling of staff
- Staff are working for one hospital or the other, not both simultaneous for both
- Typically staff such as maintenance or housekeeping work for the landlord hospital and provide a contracted service to the tenant
- Service agreements do not demonstrate that “the hospital” is in fact an independent entity

# Independent Compliance: Independent Department of Nursing

- One co-located hospital (Hospital A) may not supply the other hospital's (Hospital B) nurses. Each certified hospital must have its own organized department of nursing
- Each Medicare participating hospital must have its own RNs and other nursing staff(all hospitals may supplement with RNs from a nursing service)
- Individual nurses may be employed at more than one hospital and work for different employers on different days (People are allowed to have more than one job if they choose)
- Separate hospitals may not commingle staffs
- Nursing supervisors may not supervise more than one hospital's nurses at one time

# Independent Compliance: Independent Department of Nursing

- Evaluation methods include:
  - Determine who the DON reports to. Is it someone outside the certified hospital? Or to the CEO or another manager within that hospital's organizational structure
  - Determine to whom the hospital's nurses report
  - Determine if nursing shift supervisors tour parts of the other hospital or co-located entity

# “Chain Of Command”

- Each hospital must have its “chain of command” within the certified hospital, for example:
  - Unit RN reports to
  - Unit Manager reports to
  - Hospital DON reports to
  - Vice President For ...reports to
  - Hospital CEO reports to
  - Governing Body for this certified hospital

# Independent Compliance: Independent Department of Nursing

- Evaluation methods continued:
  - Are nursing staff simultaneous caring for patients in more than one hospital?
  - Are individual nurses working for more than one hospital on the same day
  - Does the hospital's personnel department describe the nurses as their employees or are the nurses employee's of the other hospital?
  - Are "float" nurses assigned to work at the hospital from some type of shared staffing pool?
  - If the nursing departments/staff are combined then "the hospital" does not have its own organized nursing department as required at 482.23

# Independent Compliance: Separate Medical Records and Medical Record Department

- Each certified hospital must have its own medical record department
- Each certified hospital must have its own medical record for each of its patients
- For a single patient there **cannot** be a single paper record or EHR shared between multiple hospitals
  - Accessing Hospital A's EHR of a patient by Hospital B (when that person is now Hospital B's patient) is allowed if done in accordance with HIPAA
- Each certified hospital must have its own system of records
- Each hospital must have its own medical record employees

## Independent Compliance: Separate Medical Records and Medical Record Departments

- Some CMS survey methods include:
  - Is the same person in charge of the medical records of both co-located hospitals?
  - Do medical record personnel work with the records of both hospitals on the same day?
  - Who do the employees work for?
  - If the medical records department is combined then “the hospital” does not have **its own** medical record service as required by 482.24

## Determining Independent Compliance: Co-located Hospitals

Issues: It is common, and allowed by the hospital CoP, for a tenant hospital to contract via a formal contract certain services (such as food preparation, lab services, radiologic services, maintenance, housekeeping) from another entity, including from its landlord. However when that exists,

- Any citations in a such a contracted service results in noncompliance with all hospitals that use the noncompliant service



# Determining Independent Compliance: Citation Levels

- If it is determined that a certified hospital does not have an independent:
  - Nursing Department
  - Medical Records Service
  - Physical space
  - Other department
- Then the hospital will be cited at the **Condition Level** for each applicable CoP

## Same Service Used By Co-located Hospitals

- When on a hospital survey of one hospital, and a service used by both co-located hospitals is cited for noncompliance at the condition level :
- Complaint survey is presumed to have taken place for the other hospital
- Deemed status, if applicable, would be removed from each hospital using the service

# Independent Compliance: Citation Levels

- As previously stated, hospital's may contract certain services from other hospitals
- However, they cannot contract compliance or a program
- It is important to remember that a hospital cannot be created by contracting services from a co-located entity, a landlord hospital or an entity that owns or controls two co-located hospitals
- If a hospital does not demonstrate independent compliance with the CoP, the hospital must be cited at the condition level for each applicable CoP.

# Contracts

- Must be under the oversight of the GB
- Must be monitored with QAPI program
- Must comply with general accepted accounting principles (42 CFR 413)

# Independent Compliance: Citations

Example: Infection Control. The hospital must have its own infection control program, policies, and surveillance.

- Could contract the services and time of another hospital's Infection Control Practitioner (ICP) by name and scheduled days (except in satellites **without** grandfathering)
- Could not contract out the infection control program or compliance
- ICP simultaneously working in both hospitals or when both hospital share the program, would demonstrate hospitals do not have independent compliance- cite at condition level

Additionally, could not contract out the QAPI program

# Independent Compliance: Food Service

- It is common and permissible for one hospital to contract preparation and delivery of meals from the collocated hospital
- Food preparation can be contracted
- Each hospital must independently have compliance with the Food Services CoP
- Each hospital must have its own dietitians (by name and days/schedule), diet manual, menus, policies
- Each hospital is responsible for meeting its patients nutritional needs

# Processes to Evaluate Independent Compliance

- Evaluate admission process
  - Who admits (specific personnel)
  - Where does this happen
  - Where is their office or workspace
  - Where does the paperwork take place
  - Do admissions come through landlord ED
    - No direct admits through another hospital's ED
    - Two hospitals cannot share the ED
    - EMTALA applies to landlord hospital (EMTALA) obligation must be fulfilled before a hospital may transfer a patient

# Processes to Evaluate Independent Compliance

- Response to emergencies (482.12(f))
  - Who responds to emergency – is it that hospital's staff
  - Who charts
  - Where are the records
  - Where are the staff qualification records maintained

# Rapid Response Teams: Who Responds During an Emergency?

- Each hospital must independently comply with 482.12(f) and the other CoP
- In the case of co-location, “the hospital” must respond to its own emergencies, with its own trained staff (not another entity’s staff) and equipment.
- Every hospital is required to have adequate trained staff, policies, and equipment to meet the emergency care needs of its patients.
  - This also applies to hospital satellites located within other hospitals (the satellite is not permitted to function as a unit of its landlord).

# Evaluate Processes to Evaluate Independent Compliance

- Respiratory Therapy
  - Who does it
  - Where is the clean and dirty equipment kept
  - Where are the medical records kept
  - Who is the required manager
  - If vents used, who maintains while in use, where stored, who cleans

# Evaluate Processes to Evaluate Independent Compliance

- Wound care team or IV team
  - Who does it
  - Where are the records
  - Where are the records for qualifications of wound care or IV team staff
  - If special wound care or IV nurses – whose nurses are they

# Evaluate Processes to Evaluate Independent Compliance

- Pick any processes and ask the same types of questions

## Evaluating Independent CoP Compliance: Is This Hospital the Entity That Is “Demonstrating” Compliance?

- Some examples:
- Patients Rights—who provides notice, provides Important Notice, provides notice of physician presences or ownership (as applicable)
- Discharge Planning – who does it, are patients admitted/discharged when patient transferred from one hospital/entity to the other

## Evaluating Independent CoP Compliance: Is This Hospital The Entity That Is “Demonstrating” Compliance?

- Utilization Review: Does the hospital have its own agreement with the QIO, if not survey UR
- Organ, tissue, eye procurement –
  - Does this hospital have its own agreement (separate agreement from another hospital) with each type organization.
  - Who reports deaths to each.

# Case example #1– ED issues

- Catholic hospital (hospital A) could not conduct reproductive services so leased space to another entity to establish a co-located OB Hospital (hospital B) on the 2<sup>nd</sup> floor
- We determined that the floor plan and service plan showed the hospitals as separate hospitals with independent compliance except in one major area, direct admits through hospital A's ED
- A department of a hospital can only belong to one hospital, never two or more hospitals

# Case example #1 – ED issues

- OB patient was to come into the hospital A ED and directly admitted to hospital B
- The CoP require an ED to be integrated with the hospital with which it is a part. In this case the ED is not part of hospital B
- When a patient comes to the ED, that hospital acquires an EMTALA obligation.
- Hospital A must fulfill all its EMTALA obligations before they can transfer certain patients to hospital B

## Case example #1– ED issues

- A tenant hospital may not use its landlord hospital's ED for admissions
- A tenant hospital may not use its landlord hospital's ED staff to cover their patient's emergencies
- **Remember the tenant hospital claims it is a separate hospital**

# Case Examples, 3 Hospitals with Co-located ASC

- Hospital leased space to a Medicare certified ASC
- Hospital wished to lease back OR space from the ASC on a certain schedule (time sharing). Three examples:
  - Case A, hospital was to contract ASC staff
  - Case B, hospital staff would operate the OR
  - Case C, after delivery the hospital would announce this is an ASC and ASC patient and at that time it was ASC space
- Hospital space must be hospital space 24/7,
  - A reminder- no "time sharing"
- This is commingling space and in some cases, commingling of staff
- Neither case was permissible

## Independent Compliance

- The preceding methods are **some of the methods** that can be used to determine whether two or more separately certified co-located are in fact separate hospitals and that each hospital is demonstrating independent compliance

## Options When Two or More Separately Certified Hospitals Are Not Demonstrating Independent Compliance-

- Important Point: Applicable Medicare regulations and State hospital licensure laws, CON laws, or other laws may limit the available options
- Option 1 – The hospitals may choose to combine into a single certified hospital
- Option 2 - The hospitals may choose to comply independently

## Option 1 – Combine Two or More Separately Certified Hospitals That Are Not Demonstrating Independent Compliance

- Combination is frequently not a viable option
  - They must be under the same direct ownership in order to combine. A combination or an acquisition-combination would be needed.
  - When a Rehabilitation hospital or a Psychiatric hospital combines with an IPPS hospital, the excluded hospital becomes an excluded unit of the IPPS hospital

## Option 1 – Combine Two or More Separately Certified Hospitals That Are Not Demonstrating Independent Compliance - continued

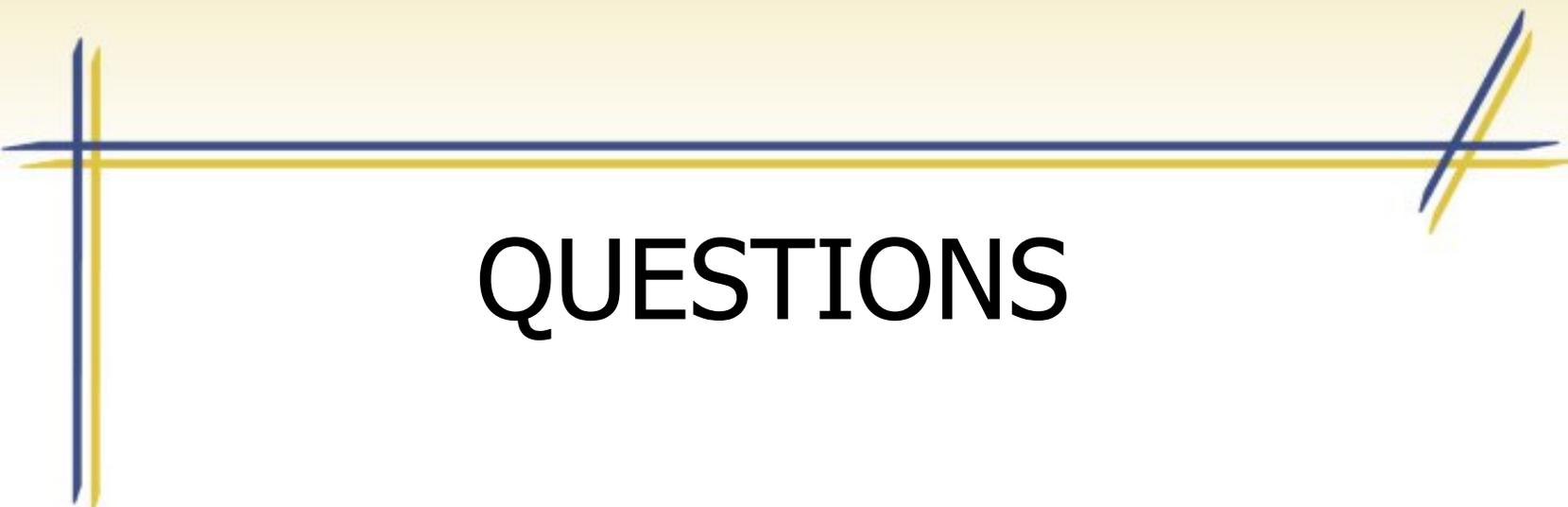
- Without classification changes, an IPPS Excluded Hospital cannot combine with a different type of IPPS Excluded Hospital
  - A children's or cancer hospital, or LTCH cannot combine with an IPPS hospital and retain both payment statuses
  - Children's, cancer, or LTCH IPPS Excluded Units **do not exist**
  - IPPS excluded hospitals must participate in their entirety as a single classification of IPPS Excluded Hospital
- Other issues may prevent certain combinations

## Option 2: Separately Certified Hospitals Truly Behave as Separate Hospitals

- If the owners choose to operate separate hospitals each hospital must demonstrate independent compliance
  - Separate MS, Nursing, Medical Records and so forth
  - Staff cannot be commingled between separately certified hospitals

## Option 2: Separately Certified Hospitals Truly Behave as Separate Hospitals

- Space may not be shared between separately certified hospitals
- An entity that calls itself a “hospital” may not rely upon service agreements to demonstrate that it is a hospital or that it is demonstrating independent compliance with the CoP
- **One hospital may not behave as a unit of the other hospital, nor can two or more hospitals behave as a single hospital**



# QUESTIONS

