

Public Health Committee JOINT FAVORABLE REPORT

Bill No.: SB-1395

AN ACT ESTABLISHING LICENSURE FOR LONG-TERM ACUTE CARE HOSPITALS AND REQUIRING THE DEPARTMENT OF PUBLIC HEALTH TO STUDY THE DESIGNATION OF LONG-TERM CARE FACILITIES AND

Title: CHRONIC DISEASE HOSPITALS.

Vote Date: 3/21/2025

Vote Action: Joint Favorable

PH Date: 3/3/2025

File No.:

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SPONSORS OF BILL:

The Public Health Committee.

REASONS FOR BILL:

This bill requires the Department of Public Health (DPH) to create a licensure category for long-term acute care hospitals (LTACH). The bill incorporates the federal definition of a LTACH. In addition, the bill requires the DPH commissioner to study the regulatory framework of long-term acute care hospitals and include the following:

- Any regulatory requirements that pose a burden
- Is current oversight appropriate.
- Do any regulatory inconsistencies impact the delivery of care at these hospitals.

The commissioner must report on the study and any related legislative recommendations to the Public Health Committee by January 1, 2026.

RESPONSE FROM ADMINISTRATION/AGENCY:

Manisha Juthani, Commissioner, Department of Public Health (DPH):

Commissioner Juthani commented that DPH licenses three chronic disease hospitals (CDHs) and they are defined as "long-term hospitals having facilities, medical staff, and all necessary personnel for the diagnosis, care, and treatment of chronic disease". She stated that the bill will create a new state licensure category for LTACHs which is referred to and defined in

federal statute 42 USC 1395x. The federal statute defines LTACHs as "a long-term hospital which is primarily engaged in providing inpatient services to Medicare beneficiaries and has an average stay of greater than 25 days". The department believes that the current CDH license meets the needs of patients served by these facilities and the department is unclear regarding the intentions of the bill as well as warning of unintended consequences. They state that the bill as drafted fails to add this new licensure category to the definition of long-term care facility in 19a-491c, which requires background checks for potential employees who will have direct access to patients. CDHs are currently included in that statute, and they state other licensure categories where patients typically spend 25 or more days in the facility have this background check requirement. Another potential issue the department sees is that by writing into state statute the federal definition, these facilities will be required to primarily accept Medicare and they are unclear if the intent of the bill is to create a set payor mix. They fear that this licensure would limit the number of Medicaid patients and patients on private insurance that LTACHs would be able to take in. They stated that no other facility has this Medicare requirement so it would require DPH to create a new type of monitoring.

DPH is not against the study in section 2, but they believe that the bill asks the department to examine items that are too subjective and overly broad making it unclear what aspects of the regulations the department is being asked to examine. The department also believes that this will result in a fiscal cost not accounted for in the Governor's budget.

NATURE AND SOURCES OF SUPPORT:

Kevin Johnson, Legislative Liaison, Gaylord Specialty Healthcare:

Mr. Johnson stated that a LTACH is a type of hospital that specializes in providing intensive medical care for patients with complex, serious conditions that requires a prolonged hospital stay and that these types of hospitals focus on patients who have been discharged from the ICU. He commented that the key characteristics of a LTACH are specialized care, the length of stay for a patient, the services provided, and the regulatory standards. LTACHs provide specialized care to patients with more complex and acute needs with an average stay of twenty -five days or longer. LTACHs also provide much more intensive services than outpatient facilities and are regulated to meet specific criteria set by the Centers for Medicare & Medicaid Services (CMS) and other accrediting bodies.

NATURE AND SOURCES OF OPPOSITION:

None Expressed

Reported by: Piotr Kolakowski

Date: 3/24/25