

August 16, 2005

Dear CEO/CFO/Administrator,

The purpose of this letter is to clarify the program requirements for applications to operate a Transitional Care Unit (TCU) and the process by which the demonstration projects will be reviewed and approved. On August 5, 2005, you were notified of the new section 2802-a of the Public Health Law authorizing the Commissioner to approve up to five general hospitals to operate TCUs on a demonstration basis.

In accordance with 2802-a of PHL, all providers applying to participate in this demonstration program must meet all conditions of participation for skilled nursing facilities, as defined under title XVIII of the Federal Social Security Act (Medicare). In order to qualify for Medicare certification, providers must comply with Part 415 of Title 10 rules and regulations of the State of New York. Providers not currently licensed to operate nursing home beds will **not** be required to obtain Public Health Council (PHC) establishment approval.

As part of this demonstration program, specific State SNF regulations that may impede the development of TCUs or their ability to provide appropriate services to patients; may be subject to waiver, at the discretion of the Department. Such issues will be reviewed on an individual basis.

Please be advised that the program **does not** mandate the provision of rehabilitative services. However, patients in a TCU who require rehabilitative services as part of their treatment plan should actively participate in therapy, and those services should be provided in combination with other specialized medical, nursing, or other hospital ancillary services that can not be delivered in another health care setting. Applicants must demonstrate the need for any services proposed within the TCU and emphasize the benefits of such a program to a specific community, including, but not limited to, addressing the absence of sufficient post-discharge services in nursing homes and community-based care.

Transitional care units should be limited in length of stay and designed to meet and resolve specific sub-acute medical care needs. The expected average length of stay for patients served in a TCU ranges from 5 to 21 days, following a qualifying acute care stay. TCU services will be reimbursed at the applicable Medicare per diem SNF rate.

Please note that applications are now to be submitted no later than October 14, 2005.

We hope this clarifies the scope of the TCU demonstration program. If you have any questions, please contact Christopher Delker at (518) 402-0966.

Sincerely,

Lisa M. Wickens
Assistant Director
Office of Health Systems Management