

REP. PETE STARK (CA)

SENIOR DEMOCRAT

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SEN. JEFF BINGAMAN (NM)

Congress of the United States
Joint Economic Committee
Democrats

108TH CONGRESS

804 HART SENATE OFFICE

BUILDING

WASHINGTON, DC 20510-6602

202-224-0372

FAX 202-224-5568

www.senate.gov/~jec/democrats

WENDELL PRIMUS

STAFF DIRECTOR

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Contact: Nan Gibson

202-224-0377

**REP. STARK QUESTIONS NEED FOR FURTHER GROWTH IN
MEDICARE LONG-TERM CARE HOSPITALS**

Washington, D.C. – **Rep. Pete Stark (D-CA)**, Senior Democrat on the **Joint Economic Committee**, today released a new policy brief, *Long-Term Care Hospitals: More Facilities, More Expenditures, More Questions*. This policy brief highlights the recent rapid growth in costly Medicare Long Term Care Hospital (LTCH) settings and questions whether Congress should support further growth at this time. (*Full text of the report is available at <<http://jec.senate.gov/democrats/Documents/Reports/lrch6feb2004.pdf>>.*)

“The 275 percent increase in the number of these primarily for-profit facilities over the past decade is dramatic. It’s time Congress questioned whether this growth reflects a true increase in clinical need or just a means to game robust profits from Medicare without adding value to the care provided to our seniors and people with disabilities,” said Stark.

LTCHs are one of four types of post-acute settings that are reimbursed under Medicare. Patients in LTCHs are generally medically complex and require a stay of longer than 25 days. The number of these facilities has increased from 109 to 300 in the past decade and Medicare expenditures directed to these facilities have grown from \$398 million in 1993 to an anticipated \$2.3 billion in 2005.

“Large for-profit companies that are reporting significant revenue increases and robust profit margins are fueling growth in the long term care hospital sector,” added Stark. “Their margins are 5 to 10 times higher than those for acute hospitals and skilled nursing facilities.”

Recent data from the non-partisan Medicare Payment Advisory Commission (MedPAC) suggest that there may be substantial overlap between the types of patients being treated in LTCHs and skilled nursing facilities, yet LTCHs cost 4 to 5 fold more under Medicare. The potential for LTCHs to substitute for less costly skilled nursing facilities is exacerbated by the fact that there is currently no clinical patient admission criteria under Medicare for LTCHs.

“A review of the LTCH Medicare provider network raises a number of important public policy questions,” said Stark. “It is appropriate for Congress, who is responsible for providing fiscal oversight of Medicare, to enact legislation temporarily placing a moratorium on the future growth of this provider category until these questions are answered. Next week I plan to introduce legislation to do just that.”

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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