Chapter 3

Health Care Settings

Chapter Outline

Key Terms

activity of daily living (ADL)
acute care facility (ACF)
acute hospital classification
Administration for Children and Families (ACF)
Administration on Aging (AoA)
adult day care
Agency for Healthcare Research and Quality (AHRQ)
Agency for Toxic Substances and Disease Registry (ATSDR)
Alzheimer's treatment facilities
ambulatory care
ambulatory infusion center (AIC)
ambulatory patients
ambulatory surgical center (ASC)
ambulatory surgery patient
ancillary services
assisted-living facility (ALF)
bed count
bed size
behavioral health care hospital
Bureau of Prisons (BOP)
cafeteria plan
capitation payment
Centers for Disease Control and Prevention (CDC)
chemical dependency program
chemotherapy
clinical laboratory
clinic outpatient
closed-panel HMO

Continuing Care Retirement Communities (CCRC)
copayment
correctional facilities
crisis services
critical access hospital (CAH)
curative care
day treatment program
dementia care facilities
developmentally disabled/mentally retarded facilities
diagnosis-related groups (DRGs)
direct contract model HMO
drug therapy
durable medical equipment (DME)
emergency care center
emergency care patient
Exclusive Provider Organization (EPO)
family practitioners
Family Support Services
federal certification
federal medical centers (FMCs)
flexible benefit plan
Food and Drug Administration (FDA)
general hospitals
group model HMO
Group Practice Without Walls (GPWW)
Health Maintenance Organization (HMO)
Health Resources and Services Administration (HRSA)
heart and vascular center
home care
home infusion care
hospice care
hospitalists
hospital-owned physician practice
hydration therapy
imaging center
Independent Practice Association (IPA)
Indian Health Service (IHS)
Individual Practice Association (IPA)
industrial health clinic
infusion center
inpatients
Integrated Delivery System (IDS)
Integrated Provider Organization (IPO)
intensive case management
intermediate care facility (ICF)
internal medicine physicians
long-term care
long-term care hospital (LTCH)
long-term hospital classification
managed care
Management Service Organization (MSO)
medical foundation
medical necessity
Military Health System (MHS)
Military Medical Support Office (MMSO)
military treatment facility (MTF)
multi-hospital systems
multi-specialty group physician practices
National Commission on Correctional Health Care (NCCHC)
National Institutes of Health (NIH)
neighborhood health center
network model HMO
network providers
newborn patients
nursing facility (NF)
observation patients
open-panel HMO
outpatient care
outpatient clinic
outpatients
pain management
pain management center
palliative care
partial hospitalization program
pediatricians
personal care and support services
Physician-Hospital Organization (PHO)
Point-of-Service plan (POS)
preadmission certification (PAC)
Preferred Provider Organization (PPO)
primary care center
Public Health Service (PHS)
public health department
referred outpatient
rehabilitation facility (outpatient)
rehabilitation hospital (inpatient)
residential care facility (RCF)
residential treatment facility
respite care
satellite clinics
short-term (acute) hospital classification
single hospitals
single-specialty group physician practices
skilled care
skilled nursing facility (SNF)
solo physician practices
specialty hospitals
staff model health maintenance organization (HMO)
student health center
subacute care
subscribers
Substance Abuse and Mental Health Services Administration (SAMHSA)
swing bed
Temporary Assistance to Needy Families (TANF)
therapeutic group home
total parenteral nutrition (TPN)
triple option plan
urgent care center (emergency care center)
utilization management
ventilator
Veterans Health Administration (VHA)
Veterans Integrated Service Network (VISN)

Objectives

At the end of this chapter, the student should be able to:

- Define key terms
- List and define hospital categories and identify types of hospital patients
- Differentiate among freestanding, hospital-based, and hospital-owned ambulatory care settings
- Distinguish among various types of behavioral health care facilities
- Detail services provided by home care and hospice agencies
- Explain the various types of long-term care
- Differentiate among the various managed care models
- Describe federal, state, and local health care facilities

INTRODUCTION

Prior to 1983 when the inpatient prospective payment system (IPPS) was implemented as part of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), patients typically received health care services as hospital inpatients where they stayed until they were well enough to be discharged home. The IPPS uses **diagnosis-related groups (DRGs)** to classify inpatient hospital cases into groups that are expected to consume similar hospital resources. Medicare originally introduced this classification system to pay for inpatient hospital care, with other payers adopting this PPS in subsequent years. Under DRGs, inpatients are discharged once the acute phase of illness has passed, and they are often transferred to other types of health care, such as outpatient care, skilled care facilities, rehabilitation hospitals, home health care, and so on. The transfer facilities provide an appropriate level of health care in a safe and cost-effective manner after the patient's attending physician (with the assistance of discharge planners, case managers, social workers, nurses, and others) has determined which facility is best by evaluating the patient's medical condition, special needs, and treatment goals.

ACUTE CARE FACILITIES (HOSPITALS)

An **acute care facility (ACF)** is a hospital that provides health care services to patients who have serious, sudden, or acute illnesses or injuries and/or who need certain surgeries. ACFs provide a full range of health care services, including ancillary services, emergency and critical care, surgery, obstetrics (labor and delivery), and so on. **Ancillary services** are diagnostic and therapeutic services provided to inpatients and outpatients (e.g., laboratory, physical therapy, and so on). Most hospital inpatient stays are short (less than 30 days), although some patients may stay for longer periods of time if it is medically necessary. Because each inpatient day is very expensive, a utilization or case manager closely monitors patient care to determine whether acute health care services are required.

Hospitals have an organized medical and professional staff, and inpatient beds are available 24 hours a day. The primary function of hospitals is to provide inpatient medical, nursing, and other health-related services to patients with surgical and nonsurgical conditions; they usually also provide some outpatient services. Hospitals are categorized as (1) **single hospitals** (hospital is self-contained and not part of a larger organization) and (2) **multi-hospital systems** (two or more hospitals owned, managed, or leased by a single organization; these may include acute, long-term, pediatric, rehabilitation, and/or psychiatric care facilities).

Another consideration when discussing hospital organization is to identify the *population served by a health care facility,* which means that health care is provided to specific groups of people. Some hospitals specialize in the treatment of children (e.g., pediatric hospitals) while others have special units (e.g., burn unit). The hospital **bed size** (or **bed count**) is the total number of inpatient beds for which the facility is licensed by the state; the hospital must be equipped and staffed to care for these patient admissions. The hospital's average length of stay (LOS) determines whether the hospital stay is classified as **short-term** or **acute,** with an average LOS of 4 to 5 days and a total LOS of less than 25 days, or **long-term,** with an average LOS of greater than 25 days.

EXAMPLE

Patient was admitted April 5 and discharged on April 10. To calculate the LOS, count the day of admission but not the day of discharge. This patient's LOS is 5 days.

Hospitals are also categorized by the following types:

- **Critical access hospitals (CAHs)** are those located more than 35 miles from any other hospital or another CAH, or they are state certified as being a necessary provider of health care to area residents. Mileage criteria is reduced to 15 miles in areas where only secondary roads are available or in mountainous terrain. CAHs must provide emergency services 24 hours a day and maintain no more than 15 inpatient beds (except for swing-bed facilities, which can have up to 25 inpatient beds if no more than 15 are used at any one time for acute care). Inpatients are restricted to 96-hour stays, unless a longer period is required due to inclement weather or the development of another emergency condition. (**Swing-bed** criteria allow a rural hospital to admit a nonacute care patient.)
- **General hospitals** provide emergency care, perform general surgery, and admit patients for a range of problems from fractures to heart disease, based on licensing by the state.
- **Specialty hospitals** concentrate on a particular population of patients (e.g., children) or disease category (e.g., cancer).
- **Rehabilitation hospitals** admit patients who are diagnosed with trauma (e.g., car accident) or disease (e.g., stroke) and need to learn how to function.
- **Behavioral health care hospitals** specialize in treating individuals with mental health diagnoses.

NOTE: **Hospitalists** are physicians who spend most of their time in a hospital setting admitting patients to their inpatient services from local primary care providers. *Long-term care hospitals* (LTCHs) are categorized as long-term care.

Hospital patients are categorized as ambulatory patients (outpatients), ambulatory surgery patients (e.g., day surgery), emergency care patients, inpatients, newborn patients, observation care patients, and subacute care patients.

- **Ambulatory patients** (or **outpatients**) are treated and released the same day and do not stay overnight in the hospital. Their length of stay is a maximum of 23 hours, 59 minutes, and 59 seconds.
- **Ambulatory surgery patients** undergo certain procedures that can be performed on an outpatient basis, with the patient treated and released the same day. Their length of stay is a maximum of 23 hours, 59 minutes, and 59 seconds. If they require a longer stay, they must be admitted to the facility as an inpatient.
- **Emergency care patients** are treated for urgent problems (e.g., trauma) and are either released the same day or admitted to the hospital as inpatients.
- **Inpatients** stay overnight in the facility for 24 or more hours, and are provided with room and board and nursing services.
- **Newborn patients** receive infant care upon birth, and if necessary they receive neonatal intensive care either within the hospital or as the result of transfer to another hospital.
- According to the *Medicare Hospital Manual,* **observation patients** receive services furnished on a hospital's premises that are ordered by a physician or other authorized individual, including use of a bed and periodic monitoring by nursing or other staff, which are reasonable and necessary to evaluate an outpatient's condition or determine the need for a possible admission as an inpatient.
- **Subacute care** is provided in hospitals that provide specialized long-term acute care such as chemotherapy, injury rehabilitation, **ventilator** (breathing machine) support, wound care, and other types of health care services provided to seriously ill patients. These facilities can look like *mini-intensive care units,* and they usually do not offer the full range of health care services available in acute care facilities (e.g., emergency departments, obstetrics, and surgery). Subacute care costs much less than acute care, and patients are often transferred directly from an intensive care unit. Medicare will reimburse subacute care facilities if care provided is appropriate and medically necessary.

Exercise 3–1 Acute Care Facilities (Hospitals)

Fill-In-The-Blank: Enter the appropriate term(s) to complete each statement.

1. Hospitals are categorized as single or _____ systems.
2. The hospital bed count or _____ is the total number of inpatient beds for which the facility is licensed by the _____.
3. The hospital's average length of stay is classified as _____ (or acute) or _____.

AMBULATORY AND OUTPATIENT CARE

Ambulatory care (or **outpatient care**) allows patients to receive care in one day without the need for inpatient hospitalization. Care is provided in either a freestanding or hospital-based facility and includes the following (Table 3-1):

- Ambulatory surgical centers (freestanding)
- Hospital-based outpatient department (e.g., dialysis, physical therapy)
- Hospital-based emergency department, including observation services
- Hospital-based ambulatory surgery program
- Hospital-based partial hospitalization program
- Hospital-owned physician practice
- Hospital-owned satellite clinics
- Industrial health clinic
- Neighborhood health centers
- Physician offices
- Public health departments
- Satellite clinics
- Staff model health maintenance organizations
- Urgent care centers

Table 3-1 Freestanding, Hospital-Based, and Hospital-Owned Ambulatory Facilities

Type of Facility	Name of Facility	Definition
Freestanding Centers and Facilities	**Ambulatory Surgical Center (ASC)**	Surgery is performed on an outpatient basis at a freestanding ambulatory surgical center. Patients arrive on the day of procedure, undergo surgery in an operating room, and recover under the care of nursing staff.
	Clinical laboratory	Stand-alone clinical laboratory performs testing in microbiology, clinical chemistry, and toxicology. The laboratory is directed by a pathologist, and testing is performed by certified, professional technologists and technicians.
	Heart and vascular center	Provides ambulatory cardiovascular services to include diagnosis and treatment, disease prevention, research, education, and cardiac rehabilitation. Diagnostic and treatment services include cardiac catheterization, Coumadin care, echocardiography, enhanced external counterpulsation (EECP), heart scans, pacemaker care, and percutaneous transluminal coronary angioplasty (PTCA).
	Staff model health maintenance organization (HMO)	Similar to large, multi-specialty group practices, it may be partially owned by the physician employees, with the physicians typically functioning as employees of either the physician group owning the practice or the insurer. Most physicians in this type of HMO are paid a salary.
	Imaging center	Freestanding facility that provides radiographic and other imaging services (e.g., MRI, PET, and so on) to ambulatory patients. Some centers also provide training and participate in national research projects.
	Industrial health clinic	Located in a business setting (e.g., factory), the emphasis is on employee health and safety.
	Infusion center (or **Ambulatory Infusion Center, AIC**)	Freestanding center that dispenses and administers prescribed medications by continuous or intermittent infusion to ambulatory patients. Infusion is supervised by a licensed health care professional (e.g., registered nurse).
	Neighborhood health center	Health care is provided to the economically disadvantaged, and treatment is family-centered because illnesses may result indirectly from crowded living conditions, unsanitary facilities, and other socioeconomic factors. Family care team consisting of a physician, nurse, and social worker provides continuity of care to families.

(Continues)

Table 3-1 Freestanding, Hospital-Based, and Hospital-Owned Ambulatory Facilities *(Continued)*

Type of Facility	Name of Facility	Definition
	Pain management center	Specializes in treatment of acute and chronic pain syndromes using proven medications and procedures. Usually a multi-disciplinary approach is used, involving participating specialists such as physiatrists, psychiatrists, neurologists, neurosurgeons, internists, and physical and occupational therapists.
	Physician office	**Solo physician practices** do not have physician partners or employment affiliations with other practice organizations. **Single-specialty group physician practices** consist of two or more physicians who provide patients with one specific type of care (e.g., primary care). **Multi-specialty group physician practices** offer various types of medical specialty care in one organization, and they may be located in more than one location.
	Primary care center	Offers adult and family care medicine in internal medicine, pediatrics, and family practice. **Internal medicine physicians** specialize in the care of adults; **pediatricians** provide comprehensive services for infants, children, and adolescents; and **family practitioners** provide care for the entire family and focus on general medicine, obstetrics, pediatrics, and geriatrics.
	Public health department	Provides preventive medicine services such as well baby clinics, which include immunizations and routine checkups.
	Rehabilitation facility	Provides occupational, physical, and speech therapy to patients with orthopedic injuries, work-related injuries, sports-related injuries, and various neurological and neuromuscular conditions.
	Student health center	Provides health care to full- and part-time students who become ill or injured. Services usually include allergy injections, contraception and counseling, health education, immunizations, HIV testing, laboratory services, routine medications, primary care and preventive medicine, screening for sexually transmitted diseases (STDs), smoking cessation, and women's health care.
	Urgent care center (or **emergency care center**)	Immediate care is provided by an on-duty physician (usually salaried). Usually owned by private corporations in states where permitted (e.g., Humana) or nonprofit facilities (e.g., hospitals).
Hospital-Based Departments and Programs	Ambulatory surgery	Elective surgery is performed on patients who are admitted and discharged the same day (e.g., biopsy); both general and local anesthesia are administered; also called *short-stay* or *one-day surgery.*
	Outpatient department	**Clinic outpatient** receives scheduled diagnostic and therapeutic care (e.g., chemotherapy following an inpatient stay). **Referred outpatient** receives diagnostic (e.g., lab tests) or therapeutic care (e.g., physical therapy) because such care is unavailable in the primary care provider's office. Follow-up is done at the primary care provider's office.
	Emergency department	Immediate care is provided by an on-duty physician to patients who have sustained trauma or have urgent problems (e.g., heart attack).
	Partial hospitalization program	Program for hospital patients who regularly use the hospital facilities for a substantial number of either daytime or nighttime hours (e.g., behavioral health, geriatric, rehabilitative care).
Hospital-Owned Facilities	**Hospital-owned physician practice**	Hospital-owned practices are at least partially owned by the hospital, and the physicians participate in a compensation plan provided by the hospital.
	Satellite clinics	Ambulatory care centers that are established remotely from the hospital. Primary care is provided by an on-duty physician (usually salaried). **EXAMPLE:** The Veterans Administration Palo Alto Health Care System located in the western United States is a 961-bed tertiary care facility with seven outpatient satellite clinics that serve patients scattered over hundreds of miles.

Exercise 3–2 **Ambulatory/Outpatient Care Facilities**

True/False: Indicate whether each statement is True (T) or False (F).

1. Ambulatory infusion centers are freestanding centers that dispense and administer prescribed medications by continuous or intermittent infusion to ambulatory patients.
2. A freestanding facility that provides only radiographic and imaging services is called a partial hospitalization program.
3. A health care center that provides treatment to the economically disadvantaged in a family-centered atmosphere is known as a neighborhood health center.
4. Clinical laboratories are stand-alone laboratories that perform testing in microbiology, clinical chemistry, and toxicology.
5. Single-specialty group physician practices consist of three or more physicians who provide patients with one specific kind of care.

BEHAVIORAL HEALTH CARE FACILITIES

The behavioral health continuum of care, under special licensing (e.g., mental health or psychiatric services), ranges from health care settings that are least restrictive (e.g., outpatient weekly psychotherapy) to most restrictive (e.g., year-round residential treatment) and includes a variety of types of health care settings (Table 3-2).

Table 3-2 Behavioral Health Care

Type of Health Care	Definition
Chemical Dependency Program	Provides 24-hour medically directed evaluation and withdrawal management in an acute care inpatient setting. Treatment services usually include detoxification (detox), withdrawal management, methadone detox, alcohol detox, opiate detox, oxycontin detox, chemical dependency, substance abuse, and individual needs and medical assessment.
Crisis Service	Provides short-term (usually fewer than 15 days) crisis intervention and treatment. Patients receive 24-hour-a-day supervision.
Day Treatment Program	Intensive treatment program provided to patients who live in the community but come to the facility up to five days per week.
Developmentally Disabled/Mentally Retarded Facilities	Sometimes categorized as an intermediate care facility (ICF), these facilities provide residential care and day programming, including academic training, clinical and technical assistance, health care services, and diagnosis and evaluation of individuals with developmental disabilities.
Emergency Care Facilities	24-hour-a-day services for emergencies (e.g., hospital emergency department).
Family Support Services	Services are provided to assist families in caring for the patient (e.g., support groups).
Home Health Care	A team of specially trained staff visit the patient in the home to develop a treatment program, and care is provided in the home.
Hospital Treatment	Patients receive comprehensive psychiatric treatment on an inpatient basis in a hospital. Length of treatment varies.
Intensive Case Management	Specially trained individuals coordinate and/or provide mental health, financial, legal, and medical services to help the patient live successfully at home and in the community.
Outpatient Clinic	Patients receive follow-up mental health care, and visits are usually under one hour. The number of visits per week depends on the patient's needs.
Partial Hospitalization Program	Patients use the facility for a substantial number of either day-time or night-time hours.
Residential Treatment Facility	Seriously disturbed patients receive intensive and comprehensive psychiatric treatment on a long-term basis.
Respite Care	Care is provided by specially trained individuals at a setting other than the patient's home to offer relief and rest to primary caregivers.
Therapeutic Group Home	Six to 10 individuals are provided with supervised housing (may be linked with a day treatment program).

Exercise 3–3 Behavioral Health Care Facilities

Fill-In-The-Blank: Enter the appropriate term(s) to complete each statement.

1. An intensive treatment program, known as a _____, is provided to patients who live in the community but come to the facility up to five days per week.
2. Treatment services for a _____ program can include detoxification, withdrawal management, and medical assessment.
3. In a _____ setting 6 to 10 individuals are provided supervised housing and supportive services.
4. Crisis services provide for _____ crisis intervention and treatment.
5. Patients that need intensive and comprehensive psychiatric treatment on a long-term basis are treated in a _____ facility.

HOME CARE AND HOSPICE

Home care allows people who are seriously ill or dying to remain at home and receive treatment from nurses, social workers, therapists, and other licensed health care professionals who provide skilled care in the home. **Skilled care** includes services that are ordered by a physician and provided under the supervision of a registered nurse, or physical, occupational, or speech therapist. Skilled care services include:

- Assessment/monitoring of illnesses
- Intravenous (IV) and medication administration
- Insertion of catheters
- Tube feedings
- Wound care

Home health care also covers the use of **durable medical equipment (DME),** which includes the following:

- Canes
- Crutches
- IV supplies
- Hospital beds
- Ostomy supplies
- Oxygen
- Prostheses
- Walkers
- Wheelchairs

Another aspect of home care provided to individuals involves **personal care and support services,** which provide assistance in performing daily living activities, such as bathing, dressing, grooming, going to the toilet, mealtime assistance, travel training, and accessing recreation services. **Home infusion care** is also provided by home health care agencies when intravenous administration of medication is medically appropriate for the patient's condition, and treatment is administered in the home instead of on an inpatient hospital basis. Examples of infusion therapy include:

- **Chemotherapy:** intravenous administration of chemical agents that have specific and toxic effects upon a disease-causing cell or organism
- **Drug therapy:** intravenous administration of other drugs including antibiotics, antivirals, and so on
- **Hydration therapy:** intravenous administration of fluids, electrolytes, and other additives
- **Pain management:** intravenous administration of narcotics and other drugs designed to relieve pain
- **Total parenteral nutrition (TPN):** administration of nutritional substances by peripheral or central intravenous infusion to patients who are either already malnourished or have the potential for developing malnutrition

Hospice care provides comprehensive medical and supportive social, emotional, and spiritual care to terminally ill patients and their families. The goal of hospice is **palliative care** (comfort management) rather than **curative care** (therapeutic). Most hospice care is provided in the home, but patients sometimes receive respite care, which offers relief and rest to primary caregivers. A trained worker or a trained volunteer comes into the home to provide care, community agencies host centers for respite care, or longer-term respite care is provided by hospitals and nursing facilities that offer short-term stays. Most hospice patients have cancer, although a growing number of hospice patients have end-stage heart, lung, kidney, neurological, or liver disease, HIV/AIDS, stroke, Alzheimer's disease, and other conditions. The hospice team consists of doctors, nurses, social workers, clergy, and volunteers who coordinate an individualized plan of care for each patient and family. Hospice care allows every person and family to participate fully in the final stages of life.

NOTE: Medicare will reimburse both home health care and hospice services.

Exercise 3–4 Home Care and Hospice

Short Answer: List two examples for each type of care.

1. Durable Medical Equipment
2. Personal Care and Support Services
3. Infusion Therapy

LONG-TERM CARE

Long-term care includes a range of nursing, social, and rehabilitative services for people who need ongoing assistance. Lengths of stay typically average greater than 30 days. While most residents of long-term care facilities are elderly, young people also need long-term care during an extended illness or after an accident. Long-term care facilities provide a range of services including custodial, intermediate, rehabilitative, and skilled nursing care.

Adult day care provides care and supervision in a structured environment to seniors with physical or mental limitations. Most are located in assisted-living facilities, churches, freestanding facilities, hospitals, or nursing facilities. Some centers specialize in caring for those with certain diseases, such as Alzheimer's disease. Adult day care staff members usually include an activity director, nurse, and social worker and also depend on volunteers to run many activities.

An **assisted-living facility (ALF)** is a combination of housing and supportive services including personal care (e.g., bathing) and household management (e.g., meals) for seniors. Assisted-living residents pay monthly rent and additional fees for services they require. An ALF is not a nursing facility, and it is not designed for people who need serious medical care. An ALF is intended for adults who need some help with activities such as housecleaning, meals, bathing, dressing, or medication reminders, and would like the security of having assistance available on a 24-hour basis in a residential environment. While **dementia care facilities** and **Alzheimer's treatment facilities** have many of the same characteristics as assisted-living facilities, there is more extensive monitoring of residents and day-to-day care. Often, these facilities are associated with assisted-living facilities, usually as a separate building or unit; and cost is higher than for assisted living (but lower than for nursing facility care).

Continuing Care Retirement Communities (CCRC) provide different levels of care based on the residents' needs from independent living apartments to skilled nursing care in an affiliated nursing facility. Residents move from one setting to another based on their needs, but they continue to remain a part of their CCRC community. Many CCRCs require a large down payment prior to admission, and they bill on a monthly basis.

An **intermediate care facility (ICF)** provides developmentally disabled people with medical care and supervision, nursing services, occupational and physical therapies, activity programs, educational and recreational services, and psychological services. They also provide assistance with activities of daily living, including meals, housekeeping, and assistance with personal care and taking medications. ICFs are state licensed and federally certified, which allows them to receive reimbursement from Medicare and Medicaid. Licensure confirms that health care facilities meet minimum standards of services and quality in compliance with *state* law and regulations. **Federal certification** measures the ability of health care facilities to deliver care that is safe and adequate, in accordance with *federal* law and regulations.

A **long-term care hospital (LTCH)** is defined in Medicare law as a hospital that has an average inpatient length of stay greater than 25 days. These hospitals typically provide extended medical and rehabilitative care for patients who are clinically complex and may suffer from multiple acute or chronic conditions (e.g., comprehensive rehabilitation, cancer treatment, and so on).

A **residential care facility (RCF)** provides nonmedical custodial care, which can be provided in a single family residence, a retirement residence, or in any appropriate care facility including a nursing home. RCFs are not allowed to provide skilled services (e.g., injections, colostomy care, and so on), but they can provide assistance with **activities of daily living (ADL),** which include bathing, dressing, eating, toileting, walking, and so on. This type of care is called *custodial care* because there is no health care component, and the care may be provided by those without medical skills or training. (NOTE: Medicare does not pay for this level of care.)

A **skilled nursing facility (SNF)** (or **nursing facility, NF**) provides medically necessary care to inpatients on a daily basis that is performed by, or under the supervision of, skilled medical personnel. SNFs provide IV therapy, rehabilitation (e.g., physical therapy, speech therapy, and so on), and wound care services. Patients are often transferred from acute care facilities to the SNF if they need continuing medical care and are not well enough to return home or if they cannot tolerate the requirements of a rehabilitation

facility. After receiving care in the SNF, a patient may be transferred to a rehabilitation facility or home. Medicare pays for up to 100 days of skilled nursing care in an SNF during a benefit period, but there are special eligibility requirements.

A *rehabilitation facility* provides services to patients who have experienced a recent decline in function, often due to a stroke or a head or spinal cord injury. Intensive medical rehabilitation is provided by specially trained health care professionals, and these facilities can be located in an acute care facility, nursing facility, or they can be freestanding. Patients must be willing and able to tolerate their rehabilitation treatment plan, and they must make progress to remain in this type of facility. Patients are transferred to rehabilitation care from acute care, post-acute care, skilled care, or from home.

Exercise 3–5 Long-Term Care

Short Answer: State the meaning of each abbreviation.

1. ALF
2. CCRC
3. ICF
4. RCF
5. SNF

MANAGED CARE

NOTE: Managed care is a concept, not a type of health care facility. However, closed-panel health maintenance organizations (HMOs), which is a managed care mode, are classified as a type of facility.

Managed care originally referred to the prepaid health care sector (e.g., HMOs), which combined health care delivery with the financing of health care services. The term is increasingly being used to refer to preferred provider organizations (PPOs) and some forms of indemnity coverage that incorporate utilization management activities. **Utilization management** controls health care costs and the quality of health care by reviewing cases for appropriateness and medical necessity. **Preadmission certification (PAC)** is a form of utilization management that involves the review for medical necessity of inpatient care prior to inpatient admission. (Refer to Table 3-3 for a comprehensive list of managed care models and definitions.)

Table 3-3 Managed Care Models

Managed Care Model	Definition
Exclusive Provider Organization (EPO)	Provides benefits to **subscribers** (individuals who pay premiums) who receive health care services from **network providers,** which are physicians and health care facilities under contract to the managed care plan.
Integrated Delivery System (IDS) (or Integrated Service Network, Delivery System, Vertically Integrated Plan, Vertically Integrated System, Horizontally Integrated System, Health Delivery Network, and Accountable Health Plan)	An organization of affiliated provider sites that offer joint health care services to subscribers. Sites include ambulatory surgical centers, hospitals, physician groups, and so on.
	IDS Models — *Definition*
	Group Practice Without Walls (GPWW) — Managed care contract in which physicians maintain their own offices and share services with plan members.
	Medical Foundation — Nonprofit organization that contracts with and acquires the clinical and business assets of physician practices.
	Integrated Provider Organization (IPO) — Manages health care services provided by hospitals, physicians, and other health care organizations.
	Management Service Organization (MSO) — Provides practice management services, including administrative and support services, to individual physician practices.
	Physician-Hospital Organization (PHO) — Managed care contracts are negotiated by hospital(s) and physician groups. Physicians maintain their own practices and provide services to plan members.

(Continues)

Table 3-3 **Managed Care Models *(Continued)***

Managed Care Model	Definition
Health Maintenance Organization (HMO)	An alternative to traditional health insurance coverage, HMOs provide comprehensive health care services to members on a prepaid basis. A **closed-panel HMO** includes group and staff models that provide services at HMO-owned health centers or satellite clinics, or by physicians who belong to a specially formed medical group that serves the HMO. An **open-panel HMO** includes direct contract, individual practice association, and network models; physicians are *not* employees of the HMO, and they do not belong to a specially formed medical group that serves the HMO.
	HMO Models — *Definition*
	Group Model HMO — Participating physicians who are members of an independent multi-specialty group provide health care services. Physician groups either contract with the HMO or they are owned or managed by the HMO.
	Staff Model HMO — Physicians are employed by the HMO, premiums are paid to the HMO, and usually all ambulatory care services are provided within HMO corporate buildings.
	Direct Contract Model HMO — Individual physicians in the community deliver contracted health care services to subscribers.
	Individual Practice Association (IPA) (or **Independent Practice Association, IPA**) — Physicians who remain in their independent office settings provide contracted health care services to subscribers. The IPA negotiates the HMO contract and manages the **capitation payment** (lump sum paid by the HMO to care for a group of subscribers).
	Network Model HMO — Two or more physician multi-specialty group practices provide contracted health care services to subscribers.
Point-of-Service Plan (POS)	Patients have the freedom to use an HMO panel of providers (for which a copayment is paid) or to self-refer to non-HMO providers (for which greater out-of-pocket expenses apply). A **copayment** is a fixed amount a subscriber must pay when seeking health care services.
Preferred Provider Organization (PPO)	A network of physicians and hospitals join together to contract with third-party payers (e.g., insurance companies), employers, and other organizations to provide health care to subscribers for a discounted fee.
Triple Option Plan (or **Cafeteria Plan** or **Flexible Benefit Plan**)	Provides subscribers and employees with a choice of HMO, PPO, or traditional health insurance plan.

NOTE: **Medical necessity** requires the documentation of services or supplies that are proper and needed for the diagnosis or treatment of a medical condition; are provided for the diagnosis, direct care, and treatment of a medical condition; meet the standards of good medical practice in the local area; and are not mainly for the convenience of the physician or health care facility.

NOTE: Consumer-directed health plans are discussed in Chapter 10.

Exercise 3–6 Managed Care

Short Answer: State the meaning of each abbreviation.

1. EPO
2. HMO
3. IPO
4. POS
5. PPO

FEDERAL, STATE, AND LOCAL HEALTH CARE

Federal, state, and local **correctional facilities** provide inmates with a secure housing environment that also offers vocational and educational advancement. Medical, dental, and mental health care services are provided to inmates according to a standard of care imposed by court decisions, legislation, accepted correctional and health care standards, and departmental policies and procedures. Care is provided by qualified health care professionals who are licensed by the state, as follows:

- Primary health care is provided by nurses, physicians, dentists, and other staff at clinics located in each prison.
- Chronic disease management, dental care, vision care, health screening specialty care clinics, and emergency care are provided on-site within the correctional facility.
- Inpatient acute care is provided at local hospitals, with medical, surgical, long-term, and psychiatric care provided by specialists at outpatient clinics located within a secure area of the hospital.

The federal **Bureau of Prisons (BOP)** provides necessary medical, dental, and mental health services to inmates by a professional staff and consistent with acceptable community standards. BOP institutions provide inmate ambulatory care, and **federal medical centers (FMCs)** provide major medical care.

NOTE: Go to http://www.usphs.gov, click on the Video Tours link, and click on each "View the video tour" link to preview services provided by federal medical centers.

In each institution, inmate sick call is conducted at least four days per week with urgent care services available at all times. A physician is either on-site or available for 24-hour continuous duty to handle medical problems that may occur after normal working hours. If an inmate requires medical services that the health care staff cannot provide, the inmate is transferred to an outside community care provider or to one of the BOP's federal medical centers.

The BOP established a quality assessment and improvement (QA&I) program that includes the evaluation and assessment of significant medical events, trends, and patterns. The Health Services Division coordinates the BOP's Safety Program (Occupational Safety, Environmental Health, and Life Safety and Fire Protection), which ensures a safe, healthy environment for staff and inmates. Two methods for evaluating the quality of health care provided to inmates are assessments by the federal Health Services Division's (HSD) Office of Quality Management and by The Joint Commission.

NOTE: The mission of The Joint Commission is to improve the quality of health care provided to the public. The Joint Commission develops standards of quality in collaboration with health professionals and others and encourages health care organizations to meet or exceed the standards through accreditation and the teaching of quality improvement concepts. Joint Commission inspections certify that BOP facilities meet national health care standards.

The **National Commission on Correctional Health Care (NCCHC)** was established in the 1970s to provide an external peer review process for correctional institutions that wish to meet its nationally accepted *Standards for Health Services*. The areas covered by the *Standards* include:

- Facility governance and administration
- Health care services support
- Health promotion and disease prevention
- Health records
- Inmate care and treatment
- Maintaining a safe and healthy environment
- Medical-legal issues
- Personnel and training
- Special inmate needs and services

The **Military Health System (MHS)** administers health care for active members of the uniformed services (and their dependents) as provided by military treatment facilities (Figure 3-1) and networks of civilian health care professionals. A **military treatment facility (MTF)** is a clinic and/or hospital located on a United States military base, and the **Military Medical Support Office (MMSO)** coordinates civilian health care services when MTF services are unavailable.

The **Veterans Health Administration (VHA),** an agency in the Department of Veterans Affairs, provides medical, surgical, and rehabilitative care to veterans of the armed services.

The VHA created regional **Veterans Integrated Service Networks (VISN),** which administer and provide health care services at VA medical centers (VAMCs) and community-based outpatient clinics.

The **Public Health Service (PHS)** Commissioned Corps is one of seven Uniformed Services of the United States and provides highly trained and mobile

Figure 3-1 **Map of TRICARE regions (Reprinted according to www.tricare.mil Content Reuse Policy.)**

health professionals who carry out programs to promote the nation's health, understand and prevent disease and injury, assure safe and effective drugs and medical devices, deliver health services to federal beneficiaries, and furnish health expertise in time of war or other national or international emergencies. The PHS Commissioned Corps is led by the Surgeon General (who reports to the Assistant Secretary of Health), and it coordinates the activities of the following DHHS agencies, operating divisions, and programs:

- **Administration for Children and Families (ACF)** is responsible for programs that provide services and assistance to needy children and families, including **Temporary Assistance to Needy Families (TANF),** which is the new state-federal welfare program.
- **Administration on Aging (AoA)** supports a nationwide aging network, providing services to the elderly to enable them to remain independent.
- **Agency for Healthcare Research and Quality (AHRQ)** supports research designed to improve the outcomes and quality of health care, reduce its costs, address patient safety and medical errors, and broaden access to effective services.
- **Agency for Toxic Substances and Disease Registry (ATSDR)** works with states and other federal agencies to prevent exposure to hazardous substances from waste sites.
- **Centers for Disease Control and Prevention (CDC)** provides a system of health surveillance to monitor and prevent outbreak of diseases.
- **Centers for Medicare & Medicaid Services (CMS)** administers Medicare, Medicaid, and the Children's Health Insurance Program (CHIP) and was formerly called the Health Care Financing Administration, or HCFA.
- **Food and Drug Administration (FDA)** assures the safety of foods and cosmetics, and the safety and efficacy of pharmaceuticals, biological products, and medical devices.
- **Health Resources and Services Administration (HRSA)** provides health resources for medically underserved populations, works to build the health care workforce, maintains the National Health Service Corps, oversees the nation's organ transplantation system, works to decrease infant mortality and improve child health, and provides services to people with AIDS through the Ryan White CARE Act programs.
- **Indian Health Service (IHS)** supports a network of 37 hospitals, 60 health centers, 3 school health centers, 46 health stations, and 34 urban Indian health centers to provide services to nearly 1.5 million

American Indians and Alaska Natives of 557 federally recognized tribes.
- **National Institutes of Health (NIH),** with 17 separate institutes, is the world's premier medical research organization, supporting some 35,000 research projects nationwide in diseases like cancer, Alzheimer's disease, diabetes, arthritis, heart ailments, and AIDS.
- **Substance Abuse and Mental Health Services Administration (SAMHSA)** works to improve the quality and availability of substance abuse prevention, addiction treatment, and mental health services.

State departments of health protect and promote health care through prevention, science, and the assurance of quality health care delivery. State departments of mental health operate mental health care facilities (or psychiatric centers) and regulate, certify, and oversee programs that are operated by local governments and nonprofit agencies. These programs include inpatient and outpatient programs, emergency, community support, residential, and family care programs.

INTERNET LINKS

Assisted Living INFO	http://www.assistedlivinginfo.com
Nursing Home INFO	http://www.nursinghomeinfo.com
State Health Agencies	http://www.statepublichealth.org
U.S. Government Official Web Portal	http://www.usa.gov
U.S. Department of Veterans Affairs	http://www.va.gov

SUMMARY

An acute care facility (ACF) provides health care services to patients who have serious, sudden, or acute illnesses or injuries and/or who need certain surgeries. They are categorized as single hospitals or multi-hospital systems as well as by type, such as general hospitals, specialty hospitals, rehabilitation hospitals, and behavioral health care hospitals. Hospital patients are categorized as outpatients, ambulatory surgery patients, emergency care patients, inpatients, newborn patients, observation care patients, and subacute care patients. Some hospitals establish satellite clinics.

Ambulatory care allows patients to receive care in one day without the need for inpatient hospitalization. Care is provided in either a freestanding or hospital-based facility. Behavioral health care ranges from settings that are least restrictive (e.g., outpatient weekly psychotherapy) to most restrictive (e.g., year-round residential treatment) and includes a variety of types of health care settings. Home care allows people who are seriously ill or dying to remain at home and receive treatment, and it includes the use of durable medical equipment (DME), personal care and support services, and home infusion care. Hospice care provides comprehensive medical and supportive social, emotional, and spiritual care to terminally ill patients and their families. Long-term care facilities provide a range of services including custodial, intermediate, rehabilitative, and skilled nursing care. Managed care refers to the prepaid health care sector (e.g., HMOs), which combines health care delivery with the financing of health care services as well as to preferred provider organizations (PPOs), and some forms of indemnity coverage that incorporate utilization management activities.

Federal, state, and local correctional facilities provide secure housing for inmates in an environment that also provides vocational and educational advancement. The Military Health System (MHS) administers health care for active members of the uniformed services provided by military treatment facilities and networks of civilian health care professionals. The Veterans Health Administration (VHA) provides medical, surgical, and rehabilitative care to veterans of the armed services. The Public Health Service (PHS) Commissioned Corps provides highly trained and mobile health professionals who carry out programs to promote the nation's health, understand and prevent disease and injury, assure safe and effective drugs and medical devices, deliver health services to federal beneficiaries, and furnish health expertise in time of war or other national or international emergencies.

State departments of health protect and promote health care through prevention, science, and the assurance of quality health care delivery. State departments of mental health operate mental health care facilities (or psychiatric centers) and regulate, certify, and oversee programs that are operated by local governments and nonprofit agencies.

STUDY CHECKLIST

- Read the textbook chapter, and highlight key concepts. (Use colored highlighter sparingly throughout the chapter.)

- Create an index card for each key term. (Write the key term on one side of the index card and the concept on the other. Learn the definition of each key term, and match the term to the concept.)
- Access chapter Internet links to learn more about concepts.
- Answer the chapter Exercises and Review questions, verifying answers with your instructor.
- Complete the chapter StudyWare activities.
- Complete WebTutor assignments and take online quizzes.
- Complete lab manual assignments, verifying answers with your instructor.
- Form a study group with classmates to discuss chapter concepts in preparation for an exam.

CHAPTER REVIEW

True/False: Indicate whether each statement is True (T) or False (F).

1. Clinic outpatients receive scheduled diagnostic and therapeutic services.
2. Diagnosis-related groups classify inpatient and outpatient hospital cases into groups that are expected to consume similar hospital resources.
3. General hospitals admit patients for a range of problems from fractures to heart disease and provide emergency care and general surgery services.
4. Outpatient psychotherapy is considered a restrictive type of behavioral health care service.
5. Subscribers are individuals who pay premiums to receive health care services.
6. Critical access hospitals provide emergency services and maintain no more than 30 inpatient beds.
7. Swing beds allow rural hospitals to admit emergency patients.

Multiple Choice: Select the most appropriate response.

8. A patient who has a serious, sudden, or acute illness or injury would be treated in a(n)
   a. acute care facility.
   b. intermediate care facility.
   c. long-term care facility.
   d. skilled nursing facility.
9. Hospitals that provide specialized long-term acute care such as chemotherapy, wound care, or injury rehabilitation are known as _____ hospitals.
   a. general
   b. rehabilitation
   c. specialty
   d. subacute
10. The type of care that provides comprehensive medical and supportive social, emotional, and spiritual care to terminally ill patients and their families is known as _____ care.
    a. home
    b. hospice
    c. personal
    d. support
11. A type of HMO that includes group and staff models, which provide services at HMO-owned health centers or by physicians who belong to a specialty-formed medical group, is a(n) _____ HMO.
    a. closed-panel
    b. group model
    c. individual practice
    d. staff model
12. A _____ is either on-site or available for 24-hour continuous duty to handle an inmate's medical problems that may occur after normal working hours.
    a. certified medical assistant
    b. physician
    c. prison guard
    d. warden

Fill-In-The-Blank: Enter the appropriate term(s) to complete each statement.

13. A hospital that admits patients who are diagnosed with trauma or disease and need to learn how to function again is a(n) _____.
14. Services that are ordered by a physician and are provided under the supervision of a registered nurse, or physical, occupational, or speech therapist, are known as _____.
15. The goal of hospice is _____ rather than _____.
16. Individuals with mental health diagnoses that require inpatient intervention are treated in _____ hospitals.

17. Internal medicine physicians specialize in the care of adults while _____ provide services to infants, children, and adolescents.

Short Answer: Briefly respond to each question.

18. Explain the goal of hospice care, and list the types of services provided in hospice programs.
19. The federal Bureau of Prisons (BOP) provides health care to inmates. Describe the two methods for evaluating the quality of health care provided to inmates.
20. List and discuss the four types of hospitals covered in your textbook.
21. Sally Smith has an 80-year-old mother, Mary, who lives with her. Sally works full-time in the day and also attends to Mary's needs. Sally still wants her mother to remain in her home with her; however, Mary can no longer be left alone while Sally is at work. Discuss the type of facility that would be able to offer assistance in this situation.
22. Define ancillary services and give three examples of this type of service.