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Hospitals Find Ways to Bill for Custodial Patients, 'Compassionately' Coax Discharge

By Nina Youngstrom

When the parents of a patient at a skilled nursing facility (SNF) became disenchanted with her care, they brought her back to the hospital. Although the young woman has no acute medical needs and dissatisfaction with the SNF isn't a legitimate reason for admission, at the parent's insistence, she joined the ranks of patients who are in the hospital for custodial care—which isn't covered by Medicare, takes up beds needed by acutely ill patients and exposes them to risks.

The woman is now one of 30 custodial patients on the med-surg unit at University of Vermont Medical Center (UVMMC) in Burlington, which has 400 med-surg beds, said Steven Grant, M.D., associate chief medical officer of care coordination and patient transitions. Typically, 10% to 15% of the beds are non-acute care (custodial and skilled-level care), which he understands is comparable to other hospitals. Grant is seeing more patients who are custodial from the start. They are awaiting placement elsewhere—usually in SNFs or nursing facilities, often because their families are unable or unwilling to take care of them in the meantime or they don't have homes or families at all. One patient has been at UVMMC for 600 days. The problem will intensify on May 11 with the end of the COVID-19 public health emergency, when the waiver of the three-day inpatient hospital qualifying stay for SNF admission expires.

UVMMC admits them as inpatients and delivers the Hospital-Issued Notice of Noncoverage (HINN). Depending on the version of the HINN, it informs Medicare patients that the services they're about to receive or are receiving aren't covered because they're not medically necessary, not delivered in the most appropriate setting or custodial, which means they pay for the stay.

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