



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

August 4, 2009

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Governor's Section 13.10 Requests for the Use of Federal Economic Stimulus Funding for Preventing Health Care Associated Infections in Ambulatory Surgical Centers -- Agenda Item VII

REQUEST

The Governor requests that the Joint Committee on Finance approve the allocation and expenditure of \$160,000 in 2009-10, from moneys received under the federal American Recovery and Reinvestment Act (ARRA) of 2009, to support the prevention of health care associated infections (HAIs) in ambulatory surgical centers.

BACKGROUND

The Centers for Disease Control and Prevention (CDC) defines HAIs as infections that patients acquire during the course of treatment for other conditions within a healthcare setting. The CDC estimates that, nationwide, approximately 1.7 million HAIs and 99,000 associated deaths occur each year.

Health care providers are not required to report HAIs to the state, and the Division of Public Health (DPH) in the Department of Health Services (DHS) does not conduct regular HAI surveillance activities. However, DPH has conducted some activities to track HAIs, including the following: (a) a 2008 survey to determine rates of methicillin resistant *staphylococcus aureus* (MRSA); (b) annual surveys tracking influenza vaccination rates among employees of hospitals and nursing homes; (c) a 2009 survey of acute care facilities to determine participation in the National Health Care Safety Network; and (d) a study of the status of *clostridium difficile* in Wisconsin inpatient facilities. The Wisconsin Hospital Association and MetaStar, Inc. also conduct various HAI prevention and surveillance activities in the state.

Ambulatory surgical centers (ASCs) are defined in federal law as any distinct entity that operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization, has an agreement with the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), and meets certain federal requirements for the operation of an ASC.

ANALYSIS

CMS indicates that ASCs are the fastest growing type of institutional provider participating in Medicare, and that ASCs account for 43 percent of all same-day surgeries performed in the United States. CMS also cites evidence suggesting that ASCs may have insufficient infection control practices. The ARRA funding is intended to implement new ASC survey processes, and increase the frequency of ASC inspections.

Beginning in federal fiscal year (FFY) 2009-10, states will be required to use the new survey process to inspect ASCs. CMS and CDC, in collaboration with Maryland, Oklahoma and North Carolina, developed the new process in a 2008 pilot project. The enhanced survey process includes a new survey instrument, "tracer methodology" (where a patient is followed through the entire interaction with an ASC), and internal ASC systems to assess quality and performance improvement.

The federal government also increased the percentage of ASCs that must be surveyed in FFY 2009-10, from 10% to 38%. As there are currently 47 non-accredited ASCs operating in Wisconsin, the state will be required to inspect at least 18 ASCs using the enhanced survey procedures during FFY 2009-10. CMS estimates that the new survey process will require an additional 46 hours per ASC.

The federal stimulus bill provided a total of \$10 million to states to address HAIs in ASCs through expanded oversight activities, with \$1 million available in FFY 2008-09 and \$9 million available in FFY 2009-10. The state did not apply for FFY 2008-09 funds, and has not yet submitted an application for FFY 2009-10 funds. The application for these funds is due on August 30, 2009.

These ARRA funds may not be used to supplant any funding currently used for survey and certification of ASCs, or other survey activities required by CMS. The state may only use the ARRA funds for additional workload necessitated by the new survey process and increased frequency of inspections. Based on projected costs of inspections, and the number of ASCs required to be inspected, the Department estimates that \$160,000 in federal ARRA funds will be required to hire a project position to meet the expanded federal requirements.

ALTERNATIVES

1. Approve the Governor's request to allow the Department of Health Services to allocate and expend \$160,000 in 2009-10, from federal ARRA funds, for prevention of health care associated infection in ambulatory surgical centers.
2. Deny the request, but direct the administration to resubmit the request once the grant application has been finalized and submitted to the federal government.
3. Deny the request.

Prepared by: Sam Austin