The Impact of Health Care Reform on Rural Communities

Keith J. Mueller, Ph.D.
Director, RUPRI Center for Rural Health Policy Analysis
Head, Department of Health Management and Policy
College of Public Health
University of Iowa

2012 Avera Rural Health Conference:
Rural Health & Community Vitality
October 4, 2012
Sioux Falls, South Dakota

Importance of Transitions to Optimize Opportunities

- Changes are coming, under auspices of reform or otherwise
- Implement the changes in the context of what is desirable for rural communities
- How do we pull that off?

rupri rural policy research institute

The University of Iowa

The Changing Landscape

- **$$** must be squeezed out of current health care expenditures: 20+% of GDP by 2020 is not acceptable
- **Both** price and quantity of services must be reduced
- Changes will happen in the delivery system, fundamental not cosmetic
- For health systems, PRESSURE TO GROW AND SUSTAIN PATIENT VOLUME

rupri rural policy research institute

The University of Iowa

Coincidental Presence of Models for Change (old and new)

- Prevention and population health
- Community well-being
- Bundled payment
- Value based purchasing
- Managed care organizations
- Accountable care organizations

rupri rural policy research institute

The University of Iowa

Demands for service will shift

- Expansion of Medicaid enrollment with some federal help in paying providers, but limited
- Expansion of enrollment in the individual and small group markets
- CAN'T EXPECT CURRENT / HISTORIC APPROACHES TO DELIVERING AND FINANCING CARE TO RESPOND TO THIS SHIFT

rupri rural policy research institute

The University of Iowa

Changes in Finance / Payment: Value based purchasing

- Inpatient payment to PPS hospitals effective October 1, 2012
- Will be developed for outpatient payment
- Demonstration project for CAH payment
- Value based modifiers for physician payment

Finance Change: Payer mix

- Decrease in uncompensated care
- Increase in covered lives (commercial health plans) and therefore "negotiated" prices
- Increase in Medicaid coverage and shift of that client base toward different payment schemes
- Non patient revenues subject to turns in the economy

rupri rural policy research institute

The University of Iowa

Changes in delivery system: Patient-Centered Medical Homes (PCMH)

- Not your father's "medical home"
- Potential future of primary c are
- Emphasis on integrated services, management of chronic conditions, team-based, patient-centered care

rupri rural policy research institute

The University of Iowa

Changes in the delivery system: Accountable Care Organizations (ACO)

- Including Medicare Shared Savings Program (MSSP)
- But don't wait for that to sink or swim
- Including Pioneer Demonstration from Centers for Medicare and Medicaid Innovation (CMMI)
- And much more.....

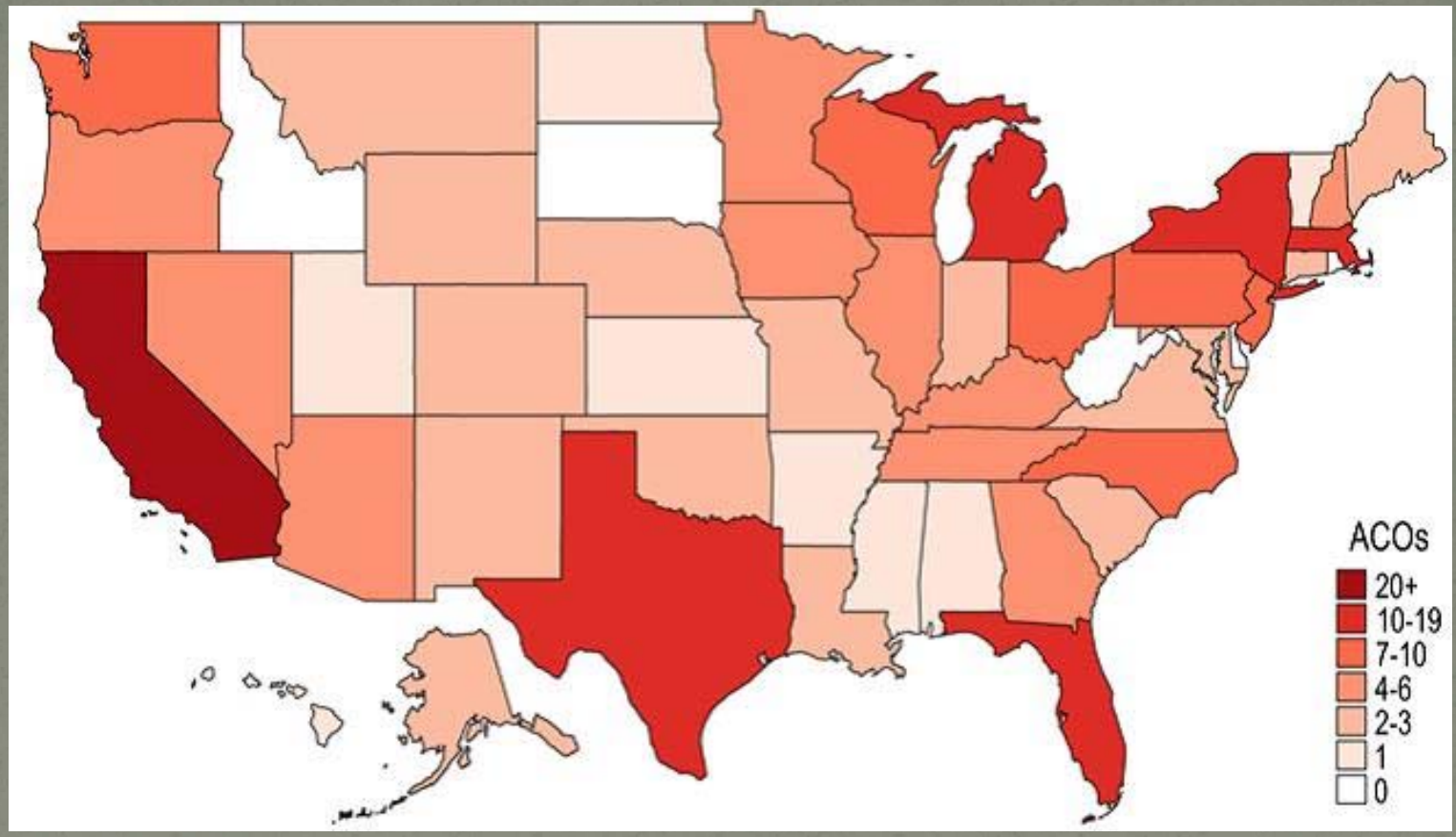
rupri rural policy research institute

The University of Iowa

Tally Sheet

- 32 Pioneer ACOs
- 116 MSSP ACOs
- 20 116 are Advanced Payment
- 221 private sector ACOs

ACO DISTRIBUTION BY STATE



Source: David Muhlestein, Andrew Croshaw, Tom Merrill, Cristian Pena. "Growth and Dispersion of Accountable Care Organizations: June 2012 Update."
Leavitt Partners. Accessed August 20, 2012 from LeavittPartners.com

rupri rural policy research institute

The University of Iowa

Overview of Change

- Time of change: health care systems, new private insurance products, new payment methods
- Creates threats and opportunities
- Public programs are part of the trends
- Aligning policy specifics with the broad goals for a better system in the future

rupri rural policy research institute

The University of Iowa

Summary of Direction of Changes

- FFS to VBP
- PC Physicians to Other Primary Care and PCMH personnel
- Face-to-face encounters to telehealth
- Independent entities to systems
- Encounter-based medicine to person-based health
- Revenue centers to cost centers and vice versa

A Vision for the Future from the RUPRI Panel

The RUPRI Health Panel envisions rural health care that is affordable and accessible for rural residents through a sustainable health system that delivers high quality, high value services. A high performance rural health care system informed by the needs of each unique rural community will lead to greater community health and well-being.

rupri rural policy research institute

The University of Iowa

Should be: Foundations for Rural Health

- **Better Care**: Improve the overall quality, by making health care more patient-centered, reliable, accessible, and safe.
- **Healthy People/Healthy Communities**: Improve the health of the U.S. population by supporting proven interventions to address behavioral, social, and, environmental determinants of health in addition to delivering higher-quality care.
- **Affordable Care**: Reduce the cost of quality health care for individuals, families, employers, and government.

Source: "Pursuing High Performance in Rural Health Care." RUPRI Rural Futures Lab Foundation Paper No. 4.
http://ruralfutureslab.org/docs/Pursuing_High_Performance_in_Rural_Health_Care_010212.pdf

rupri rural policy research institute

The University of Iowa

A High Performance Rural Health Care System Is

- **Affordable**: costs equitably shared
- **Accessible**: primary care readily accessible
- **Community-focused**: priority on wellness, personal responsibility, and public health
- **High-quality**: quality improvement a central focus
- **Patient-centered**: partnership between patient and health team

rupri rural policy research institute

The University of Iowa

Central points from RUPRI Health Panel regarding change

- Preserve rural health system design flexibility: local access to public health, emergency medical, and primary care services
- Expand and transform primary care: PCMH as organizing framework, use of all primary care professionals in most efficient manner possible

Continued

- Use health information to manage and coordinate care: records, registries
- Deliver value in measurable way that can be basis for payment
- Collaborate to integrate services
- Strive for healthy communities

rupri rural policy research institute

The University of Iowa

Innovate to accelerate pace of change

- In health care work force: community paramedics, community health workers, optimal use of all professionals, which requires rethinking delivery and payment models – implications for regulatory policy including conditions of participation
- In use of technology: providing clinical services through local providers linked by telehealth to providers in other places – E-emergency care, E-pharmacy, E-consult
- In use of technology: providing services directly to patients where they live

rupri rural policy research institute

The University of Iowa

The future can be healthy people in healthy communities

- Where people choose to live
- Through local providers linked to integrated systems of care
- Who, together with their patients, manage health conditions
- Not the same design everywhere, but the high quality, patient-centered everywhere

rupri rural policy research institute

The University of Iowa

Pursuing Alternative Futures

- Organizations should pursue "first do no harm" but also alternative visions for the future
- Health care systems active in reshaping delivery, with Triple Aim in mind
- Dialogue has to lead to action

rupri rural policy research institute

The University of Iowa

Pursuing the possible

- When community objectives and payment and other policy align
- Community action is where policy and program streams can merge
- Community leadership a critical linchpin
- Pursuing a vision

rupri rural policy research institute

The University of Iowa

For Further Information

The RUPRI Center for Rural Health Policy Analysis

http://cph.uiowa.edu/rupri

The RUPRI Health Panel

http://www.rupri.org

Dr. Keith J. Mueller

Department of Health Management and Policy
College of Public Health
105 River Street, N232A, CPHB

Iowa City, IA 52242

319-384-3832

keith-mueller@uiowa.edu

rupri
rural policy research institute

THE UNIVERSITY OF IOWA