

# Laying the Bricks on the Road to a High Performance System

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# “Advancing the Transition to a High Performance Rural Health System”

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RUPRI Health Panel Paper: <http://cph.uiowa.edu/rupri/publications/policybriefs/2014/Advancing%20the%20Transition%20-%20Health%20Panel%20Paper.pdf>

RUPRI Health Panel Brief:

<http://cph.uiowa.edu/rupri/publications/policybriefs/2014/Advancing%20the%20Transition%20-%20Health%20Panel%20Brief.pdf>

# Rural System Balance

- Need points of access to modern health care services: Hill/Burton
- Payment system change with advent of PPS: payment designations for rural institutions, culminating in Medicare Rural Hospital Flexibility Program (Critical Access Hospitals)
- Payment and delivery system reform: rural based action to evolve into high performance systems



# Times Are A Changin'

Come gather 'round people  
Wherever you roam  
And admit that the waters  
Around you have grown  
And accept it that soon  
You'll be drenched to the bone  
If your time to you  
Is worth savin'  
Then you better start swimmin'  
Or you'll sink like a stone  
For the times they are a-changin'.



# Current rural landscape

- Population aging in place
- Increasing prevalence of chronic disease
- Sources of patient revenue change,
- Is small scale independence sustainable?



# The Answer Is ...

- “My sense is that most small, rural hospitals have a feeling they will need to pick a partner eventually. Rural communities in the West are fiercely independent. It’s how they define who they are. John has a good hospital and he’s an excellent administrator so they don’t feel desperate. But it’s hard for rural hospitals to look ahead and think that they won’t have to have a partner.” [Sr VP for network development at Centura Health]

# The Answer Is ...

- “There has to be a way for small, independent hospitals to show that they have high-quality, affordable care and to get reimbursed for what they do locally.” [CEO of Black River Falls Hospital in Wisconsin]
- “Everyone is having trouble crossing the shaky bridge into value-based systems. If we do it correctly, rural health care will emerge stronger. I’m bullish on it in the long. In the short-run? We will have a lot of trouble.” [Brock Slabach, NRHA]

Source: Rite Pyrellis, “Rural Hospitals Innovate to Meet New Health Care Challenges.” *Hospitals and Health Networks* January 13, 2015 [http://www.hhnmag.com/display/HHN-news-article.dhtml?dcrPath=/templatedata/HF\\_Common/NewsArticle/data/HHN/Magazine/2015/Jan/cov-rural-hospitals-challenges](http://www.hhnmag.com/display/HHN-news-article.dhtml?dcrPath=/templatedata/HF_Common/NewsArticle/data/HHN/Magazine/2015/Jan/cov-rural-hospitals-challenges)

# Tectonic shifts occurring

- Insurance coverage shifts: through health insurance marketplaces; private exchanges; use of narrow networks
- Public programs shifting to private plans
- Volume to value in payment designs





# Summary: Market Forces Shaping Rural Health

- Hospital closure: 51+ since 2010
- Enrollment into insurance plans and function of choice and cost (“Geographic Variation in Plan Uptake in the Federally Facilitated Marketplace” [http://www.shepscenter.unc.edu/wp-content/uploads/2014/09/EnrollmentFFMSeptember\\_rvOct2014.pdf](http://www.shepscenter.unc.edu/wp-content/uploads/2014/09/EnrollmentFFMSeptember_rvOct2014.pdf))
- Choices among plans (“Geographic Variation in Premiums in Health Insurance Marketplaces” <http://cph.uiowa.edu/rupri/publications/policybriefs/2014/Geographic%20Variation%20in%20Premiums%20in%20Health%20Insurance%20Marketplaces.pdf>)
- Development of health systems
- Growth in Accountable Care Organizations (NRACO, Illinois Rural Community Care Organization)

# Market and Societal Pressures on Rural People, Places, and Providers

- People: migrating to and from places for economic and choice reasons: challenge to sustain a delivery system
- Places: for health care services, non-political boundaries
- Providers: service-based revenue streams threatened, evolve to new systems

# More Than Buzzwords?

- Alternative payment variations on fee-for-service: ACO, bundled payment, next?
- Culture of Health and ACC (accountable care communities)
- Move upstream to premium dollar
- Watch the strategic decisions made by major players: CHI example from Modern Health Care May 18, 2015 – jumping into the boat leaving the dock



# What is the next move to rural vitality?

- Goals of a high performance system
- Strategies to achieve those goals
- Sustainable rural-centric systems
- Aligning reforms: focus on health (personal and community), payment based on value, regulatory policy facilitating change, new system characteristics



# The high performance system

- ✓ **Affordable:** to patients, payers, community
- ✓ **Accessible:** local access to essential services, connected to all services across the continuum
- ✓ **High quality:** do what we do at top of ability to perform, and measure
- ✓ **Community based:** focus on needs of the community, which vary based on community characteristics
- ✓ **Patient-centered:** meeting needs, and engaging consumers in their care

# Strategies

- Begin with what is vital to the community (needs assessment, formal or informal, contributes to gauging)
- Build off the appropriate base: what is in the community connected to what is not
- Integration: merge payment streams, role of non-patient revenue, integrate services, governance structures that bring relevant delivery organizations together

# Illustration: CHNA for an Illinois Hospital

- Indicators from county health rankings:
  - Adults reporting poor or fair health: 14% (IL 16%)
  - Adult obesity: 28% (IL 25%)

## Risk factors

- High Blood Pressure: 32% (29%)
- Arthritis: 30% (26%)
- At Risk Alcohol: 18% (17%)

# Priorities from that Assessment

- Substance abuse
- Nutrition, physical activity and obesity
- Access to care
- Mental health



# Illustration: Adams County Community Health Assessment

- Partners: Adams County Health Department, Blessing Hospital, United Way of Adams County
- Data from Healthy People 2020, County Health Rankings, Illinois State Improvement Plan survey

# Illustration: Adams County Community Health Assessment Priority Areas

- Access to Health Services: increase proportion of people with usual primary care provider
- Oral Health: Reduce proportion of children and adolescents with untreated dental decay
- Substance Abuse: Reduce proportion of adolescents reporting rode with drive who had been drinking

# Approaches to use

- Community-appropriate health system development and workforce design
- Governance and integration approaches
- Flexibility in facility or program designation to care for patients in new ways
- Financing models that promote investment in delivery system reform

# Community-appropriate health system development and workforce design

- Local determination based on local need, priorities
- Create use of workforce to meet local needs within the parameters of local resources
- Use grant programs



# Governance and integration approaches

- Bring programs together that address community needs through patient-centered health care and other services
- Create mechanism for collective decision making using resources from multiple sources



# Flexibility in facility or program designation to care for patients in new ways

- How to sustain emergency care services
- Primary care through medical home, team-based care models
- Evolution to global budgeting



# Financing models that promote investment in delivery system reform

- Shared savings arrangements
- Bundled payment
- Evolution to global budgeting
- New uses of investment capital



# Special importance: shared governance

- Regional megaboards
- Aggregate and merge programs and funding streams
- Inter-connectedness of programs that address personal and community health: the culture of health framework
- Strategic planning with implementation of specifics
- Develop and sustain *appropriate* delivery modalities



# Special Considerations to Get to Shared Responsibility, Decisions, Resources

- A convener to bring organizations and community leaders together: who and how?
- Critical to success: realizing shared, common vision and mission, instilling culture of collaboration, respected leaders
- Needs an infrastructure: the megaboard concept
- Reaching beyond health care organizations to new partners to achieve community goals

# Examples of Governance

- Quad City Health Initiative: 25-member community board
- Hart of New Ulm Project in MN: New Ulm Medical Center in lead role in rural community

Source: "Improving Community Health through Hospital-Public Health Collaboration." November, 2014. Available through the AHA web site

# Results

- Linking housing to a community health plan in St Paul, MN; financing from health foundations and community development financial institutions
- Collaboration of public health, community development corporation, and community development finance improved indoor air quality in NYC

# Getting to the new system: demonstrations

- “Local Primary Care Redesign” projects that combine primary care and other health care providers (including the local hospital) in organizational configurations that expand and sustain access to comprehensive primary care focused on individual and community health improvement
- “Integrated Governance” projects align various organizations in a community or region in a new model of governance, using affiliation agreements and memoranda of understanding, requiring new governing entities such as community foundations, or establishing new designs that merge financing and funding streams and direct new programs

# Getting to the new system: demonstrations

- “Frontier Health Systems” – innovative models to secure sustainable essential health care services integrated with services across the horizontal and vertical care continua
- “Finance tools to repurpose existing local health care delivery assets;” support projects that leverage existing assets to develop sustainable rural systems meeting needs of local populations

# Rapid Cycle Learning and Change

- Momentum is toward something very different, more than changing how to pay for specific services
- Need to be strategic, in lock step with or ahead of change in the market
- Change in dependencies from fee-for-service to sharing in total dollars spent on health



# Some Specifics

- Chief Medical Financial Officer in a CAH in Montana
- Chief Patient Officer at Johns Hopkins
- Use of health coaches in Winona MN
- Collaborations forming ACOs
- Joint ventures – with health plans, health systems

# Fundamental Strategies

- Integrating care: driven by where the “spend” is and therefore where the “savings” are
- From inside the walls to serving throughout the community
- Collaborations are critical
- Culture of Health Framework



# Policy Considerations: System development and workforce

- Medicare Shared Savings Program improvements to engage rural providers, including CAHs, RHCs, FQHCs
- Continue developments in payment to support redesigned rural primary care systems, such as payment for care management
- Facilitate adoption of telehealth where appropriate
- Reviews of potential antitrust violations consider benefits to rural communities from integrated systems

# Policy Considerations: System development and workforce

- Federal support for training a new health care workforce
- Federal research and planning related to workforce incorporate all participants in the workforce
- Grants programs support system development: Federal Office of Rural Health Policy Network and Outreach Grants, State Innovation Models (CMMI), Community Transformation Grants (CDC)

# Policy Considerations: Governance and Integration

- Capital available through federal programs be targeted to rural providers and places engaged in service integration and redesign
- Grant funding directed to collaboration among local provider and service organizations
- Federal task force review governing requirements for all types of health care and human service entities to identify inconsistencies in required composition

# Policy Considerations: Governance and Integration

- White House Rural Council discuss new approaches to designing programs across agencies such that funding streams are easily merged
- Additional means of aggregating capital for local investment be explored



# Policy Considerations: Flexibility in Facility or Program Designation

- Learn from demonstrations of Frontier Extended Stay Clinic and Frontier-CHIP Program to establish new designations and associated payment policies
- Reconfigure some rural hospitals to medical hubs to provide essential local services that do not include inpatient hospitalization, requires changes in regulatory and payment policies
- Implement Sections 2703 and 3502 of the ACA to encourage rural innovation in medical homes

# Policy Considerations: Financing models promoting investment in delivery system reform

- In value based purchasing approaches use achievement and improvement in tandem to assess value
- New payment models should be designed, demonstrated, and implemented to facilitate transition to high performance systems
- Incentives for investment should be in information systems, personnel and physical infrastructure associated with meeting needs of populations outside of the “four walls” of hospitals and fixed-place clinics

# Aspirational Goal: Accountable Care Community Components

- Collaboration and partnership for effective local governance
- Structure and process support including health information technology, a “backbone” organization
- Leadership and support from strong champions
- Defined geography and geographic reach
- Targeted programmatic efforts
- Sources of funding (seed investments) and financing (on-going investments to sustain the ACC)

# Discussion

- What are the elements of current practices that must be preserved?
- What are the essential ingredients for change that Offices of Rural Health can help install?



# For further information

**The RUPRI Center for Rural Health Policy Analysis**

<http://cph.uiowa.edu/rupri>

**The RUPRI Health Panel**

<http://www.rupri.org>

**The Rural Health Value Program**

<http://www.ruralhealthvalue.org>



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