The Future of Critical Access Hospitals and Rural Health Care

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The Realities of Hospital Closure

- Hospital in Oneida, TN closed July 1
- Had closed in 2013 before purchase by Pioneer Health Services
- Filed for bankruptcy in April
- No emergency care
- Nearest emergency care is 39 miles

Source: A Ellison (2016) "Tennessee hospital forced to close after negotiations fall through." *Becker Hospital Review* July 5.

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A Storm Hits

- Years of sequestration hit cost-based reimbursement
- Sources of payment change from government administrative price setting (and political decisions) to negotiations with private plans
- Consumers change purchasing decisions in private insurance, accepting high deductibles in exchange for lower premiums

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Waves of Change

- Medicare and Medicaid provided through private managed care organizations
- Medicare and Medicaid sharing financial risk with providers in shared savings models

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Evolution of Medicare Payment Through Four Categories

1. Fee-for-service with no link to quality
2. Fee-for-service with link to quality
3. Alternative payment models built on fee-for-service architecture
4. Population-based payment

Source of this and following slides: CMS Fact Sheets available from cms.gov/newsroom

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Changing World of Private Insurance

- A nagging constant: premium increases
- Result: shift to deductibles and copayments to cover financial risk (by insurers)
- Result: different patterns of use and payment

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Changing World of Private Insurance

- Market dynamics: competing plans come and go; markets carved out within rating areas; varying strategies for covering actuarial risk
- Contracting with narrow networks
- Sharing financial risk with providers

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Summary: Market Forces Shaping Rural Health

- Hospital closure: 73 since 2010; up to 283 "vulnerable" now
- Enrollment increasing through Health Insurance Marketplaces and in plans outside of those marketplaces
- Development of health systems: 1,299 health care sector mergers and acquisitions in 2014, up 26% from the year before, with value of deals up 137%
- Growth in Managed Care Organizations and Accountable Care Organizations
- Continued evolution of payment systems

The Road to Oz?

- Turn adversity into motivation to change
- Turn onslaught of program changes and demonstration programs into opportunities to invest in change
- Requires that key stakeholders take the road together: Board of Trustees, C-suite, clinicians, community
- Shared commitment to local services and well being of population and community

Adversity to Positive Change: Hospital Transition

- To urgent care clinic (5 hospitals that had closed)
- To emergency center (5 hospitals)
- To skilled nursing facility (3 hospitals)
- To acute rehabilitation center (1 hospital)
- To Outpatient facility (3 hospitals)
- To primary care clinic (4 hospitals)

Source: Sharita R Thomas et al. "A Comparison of Closed rural Hospitals and Perceived Impact" *Findings Brief* North Carolina Rural Health Research Program. April, 2015. http://www.shepscenter.unc.edu/wp-content/uploads/2015/04/AfterClosureApril2015.pdf

Case Examples of Hospital Reconfiguration

- Epic Medical Center in Eufaula, McIntosh County OK closed as a hospital and reopened next day as urgent care clinic; May 23,2016
- Memorial Hospital and Physician Group in Frederick OK will transition from inpatient to outpatient (no emergency) during 2016

Taking Action: Serving the Community

- Hill Country Memorial Hospital in Fredericksburg, TX
- Used Toyota principles to better management to cut costs
- Used knowledge of community to focus on elderly
- Turned hospital near closure to a thriving community provider

Beyond Crisis Management: Building the Road Starts with Strategic Framing

- What does the community need?
- How is the hospital configured to meet that need?
- What changes would improve the ability to meet the need?
- What resources are available?
- What is the roadmap to sustainable local services?

Finding the Answers

- Importance of community data, role of community health needs assessment, epidemiological grounding
- Understanding the market forces in your region, such as activities of large system (Intermountain Health) and alliances (Western Healthcare Alliance)

Finding the Answers

- Requires creating teams with equitable share in decision making
- Develop a framework for working through issues, e.g., AHA Committee on Research material
- Use all available and applicable demonstration and innovation support resources: Flex program, State Innovation Models, Centers for Medicare and Medicaid Innovation programs, FORHP programs, foundation programs

Results of Reconfiguration

- Post-acute care at Mayo system hospitals in Minnesota
- Replication in Oregon, with state funding support for development
- Anson County, NC hospital rebuilt with new design for patient flow that reduced use of the emergency room; 52 beds to 15, added van service because needs assessment identified transportation needs, and a patient navigator – facilitated because part of Carolinas HealthCare System

Paving the Road with Sound Fiscal and Process Management

- Managing as a "pay-for-performance hospital": St. Joseph's Hospital in Highland, IL
- Implementing Lean management: Mercy Network in IA
- Takeaways from sources of technical assistance

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Turning the Corner: Population Health

- Motivation is that the wave of the future is global payment, not payment per encounter, changing currency from encounters/patients to enrolled lives/population
- Requires *some* reframing of traditional strategic questions to apply to managing care and engaging populations in healthy behaviors

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Hospitals and System Act

- Trinity Health (Catholic health system with 88 hospitals) investing $80 million in 6 communities over five years to improve public health, particular focus on obesity and tobacco use
- Senior VP for safety net and community health: "We need to be part of the business of creating health in our communities"
- Additional $40 million in low-interest loans to communities

Source: Maria Castelluccu. "Trinity Health to invest $80 million to improve health in six communities." *Becker's Hospital Review* November 19, 2015

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North Carolina Hospitals Take Action

- Statewide effort (Rural Health Action Plan) has four strategies addressing healthy activities including investments in local industry
- Southeastern Health in Robeson County: case manages, transportation, assist with Medicaid applications
- Halifax Regional Medical Center: fitness campaign

North Carolina Hospitals Take Action

- Granville Medical Center in Oxford: transitional care team
- Transylvania Regional Hospital: evolve into something different, including what services to offer, (orthopedics and emergency) and not (labor and delivery)

Source: Rose Hoban "Rural Hospitals Embrace Population Health in Quest for Relevance." *North Carolina Health News* March 4, 2016

Choices to Make Along The Road

- Commit to change
- Interplay with the move to pay for value
- Major shift to population health calls for two major directions
- Different foci, but need to focus: data to identify patients by chronic condition profiles; population health for community

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Using Medicaid Payment Levers

- Recommendations of the RUPRI Health Panel

1. Promote integrated and comprehensive primary care delivery.

A. Expand the development of integrated and comprehensive primary care.
B. Develop team-based care strategies.
C. Support non-visit-based care strategies.

2. Promote integrated and comprehensive care across the health care continuum.

A. Integrate care across settings.
B. Develop a new healthcare workforce to serve the continuum of care.
C. Design Medicaid network adequacy policies to ensure access to essential rural health care services.

Using Medicaid Payment Levers

3. Promote accountability for the health of the Medicaid population in rural communities.

A. Support new governance models that align with new partnerships and the continuum of care.

B. Support the development and implementation of population health data management platforms and skills, health information exchanges, and electronic health records.

4. Promote measures, reporting standards, and payment approaches relevant to rural providers.

A. Develop rural appropriate health care value measures.

B. Assist rural providers to implement performance measurements and reporting systems.

C. Align and make transparent Medicaid managed care data and performance.

Using Medicaid Payment Levers

5. Promote payment designs that recognize the nature and circumstances of rural providers and systems.

A. Recognize the challenge of low volumes in payment designs.

B. Support new rural hospital configurations through payment policies.

6. Provide technical assistance to rural providers during the Medicaid transition to value-based payment.

A. Provide technical assistance for transitions to value based care.

B. Help identify and disseminate proven population health and financial risk-management strategies.

For further information

The RUPRI Center for Rural Health Policy Analysis
http://cph.uiowa.edu/rupri

The RUPRI Health Panel
http://www.rupri.org

Rural Telehealth Research Center
http://ruraltelehealth.org/

The Rural Health Value Program
http://www.ruralhealthvalue.org

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