Flex Monitoring Team Resources for State Flex Coordinators and Critical Access Hospitals

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A Performance Monitoring Resource for Critical Access Hospitals, States, and Communities

Flex Monitoring Team

University of Minnesota

University of North Carolina at Chapel Hill

University of Southern Maine

Overview of Presentation

- Financial Reports and Resources
  - New Flex Monitoring Team Initiative
- Quality Reports and Resources
  - Quality Issues for Hospital-Specific Reports
- Health System Development & Community Engagement Reports and Resources

Financial Reports and Resources

George Pink, PhD
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What is the CAH Financial Indicators Report?

- 21 indicators of financial performance and condition developed with expert advice
- Profitability, liquidity, capital structure, revenue, cost, and utilization
- Peer groups
- Benchmarks
- Proposed financial distress model

Resources Available to State Flex Coordinators

- ***State level***
  - State Summary
  - State Graphs
  - State Data
  - State Medians
- ***Hospital level***
  - Hospital Summary
  - Hospital Report
  - Hospital Graphs
  - Hospital Cover Letters

- ***Other resources***
  - Presentation
  - Calculator
  - Primer
  - FMT Reports and Data

2-Page State Summary

Executive Summary for Minnesota

This is a two page state-level executive summary of the 8th issue of the CAH Financial Indicator Report. *It contains a high-level snapshot of key financial measures for the CAHs in MN based on analysis of Medicare Cost Reports.*

How does *MN*'s financial performance in 2009 compare to 2008 and the nation?

How do we compare to..	..ourselves last year?	..the country?
Profitability Indicators		
Total Margin	About the same	↑ Higher
Cash Flow Margin	About the same	↑ Higher
Return on Equity	About the same	About the same
Operating Margin	About the same	↑ Higher
Liquidity Indicators		
Current Ratio	About the same	About the same
Days Cash on Hand	About the same	About the same
Days Revenue in Accounts Receivable	About the same	↑ Higher
Capital Structure Indicators		
Equity Financing	About the same	About the same
Debt Service Coverage	About the same	About the same
Long-Term Debt to Capitalization	About the same	About the same
Revenue Indicators		
Outpatient Revenues to Total Revenues	About the same	About the same
Patient Deductions	About the same	↓ Lower
Medicare Inpatient Payer Mix	About the same	↓ Lower
Medicare Outpatient Payer Mix	About the same	↓ Lower
Medicare Outpatient Cost to Charge	About the same	About the same
Medicare Revenue per Day	↑ Higher	↑ Higher
Cost Indicators		
Salaries to Net Patient Revenue	About the same	↓ Lower
Average Age of Plant	About the same	About the same
FTEs per Adjusted Occupied Bed	About the same	↑ Higher
Utilization Indicators		
Average Daily Census Swing-SNF Beds	About the same	↓ Lower
Average Daily Census Acute Beds	About the same	About the same

How does *MN*'s financial performance in 2009 compare to benchmark?

Benchmarks are a key component of many performance measurement systems because they help identify good financial performance and provide specific targets for improvement. Benchmarks for five indicators were created from a survey of CAH CEOs and CFOs. Medians change over time but benchmarks provide a constant basis on which to judge financial performance and condition. *For more information see the Benchmark section in the CAH Financial Indicator Report.*

Your 2009 Performance Compared to Benchmarks

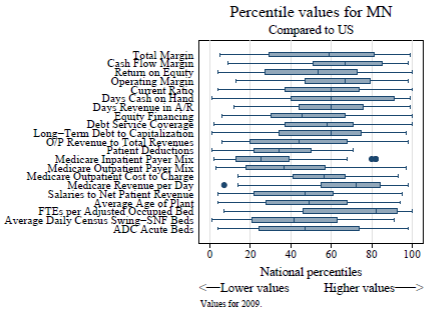
		Percent of CAHs Meeting Benchmark	
Indicator	*Benchmark*	*MN*	*Nation*
Cash Flow Margin (percent)	5	80.5%	53.5%
Days Cash on Hand (days)	60	61.0%	52.8%
Debt Service Coverage (times)	3	47.5%	42.3%
LT Debt to Capitalization† (percent)	25	40.8%	47.4%
Medicare O/P Cost to Charge† (times)	.55	76.9%	68.3%

† For these ratios, lower values are associated with better financial performance.

Report Produced: Summer 2011

How does *MN*'s financial performance in 2009 compare to other CAHs in the nation?

The figure below presents the percentile values for your state(s) compared to the US. A box on the left side of the graph suggests values below the US; a box on the right side of the graph suggests your state typically has values above the nation. The left edge of the box represents the 25th percentile of values for your state(s), and the right edge of the box represents the 75th percentile for your state(s). The line in the middle of the box represents the median value for your state(s), and dots represent "outlier" values for your state(s).



For the CAHs in MN, what is the current risk of financial distress compared to all CAHs?

A well-functioning prediction model can be used by administrators and boards as an early warning system so that remedial action may be taken before financial distress occurs. The model uses financial performance variables (current profitability, reinvestment, and hospital size) and market characteristics variables (competition, economic status, and market size) to predict financial distress (equity decline, unprofitability, and closure) two years later.

Risk of Financial Distress

	Number (Percent) of CAHs	
Risk	*MN*	*US*
Low	66 (86%)	813 (63%)
Mid-Low	10 (13%)	232 (18%)
Mid-High	1 (1%)	119 (9%)
High	0 (0%)	124 (10%)
Total	77	1288

CAH Financial Indicators Report Team
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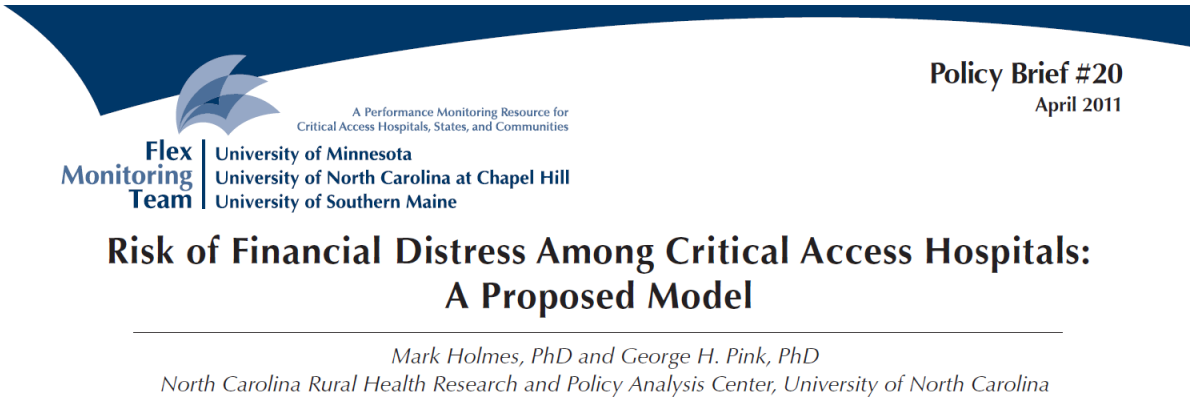
Report Produced: Summer 2011

Financial Distress Model

- Details of the model can be found at:

  http://www.flexmonitoring.org/documents/PolicyBrief20_Strategies.pdf



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Policy Brief #20
April 2011

Risk of Financial Distress Among Critical Access Hospitals: A Proposed Model

Mark Holmes, PhD and George H. Pink, PhD
North Carolina Rural Health Research and Policy Analysis Center, University of North Carolina

What do CEOs and CFOs think really works to improve financial performance?

THE JOURNAL OF RURAL HEALTH

ORIGINAL ARTICLE

Adoption and Perceived Effectiveness of Financial Improvement Strategies in Critical Access Hospitals

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What strategies are used by financial high performers?

FEATURE STORY

M. Alexis Kirk
George M. Holmes
George H. Pink

achieving benchmark financial performance in CAHs

lessons from high performers

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2012-13 Major New Flex Monitoring Team Initiative

- Development of Hospital-Specific Reports and State Reports that Incorporate Quality, Finance, and Market/Community Measures for CAHs
- Will integrate and expand finance, quality and market/community measures in one report

Purpose of Initiative

- To provide CAHs with a report that identifies the quality, finance, and market/community measures on which each hospital is performing well, the measures on which each hospital is performing poorly, and the hospitals from which it can learn
- To provide State Flex Programs with a report that identifies the measures on which most CAHs in the state are performing well, the measures on which most hospitals in the state are performing poorly, and which hospitals are in greatest need of help.

Methods

- Identification of user needs and review of literature
- Selection of measures
- Initial data analysis and measure revision
- Development of alternative formats for presentation of measures
- Mockup of the pilot finance, quality, and community report will be developed by August 31, 2013 for review by ORHP staff, state Flex coordinators and CAH user group representatives.

Quality Reports and Resources

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Flex Monitoring Team Quality Reports

- National and State Reports on CAH Hospital Compare participation and results annually and trends over time
- Includes inpatient and outpatient process of care, HCAHPS, mortality and readmission data
- Aggregate data across CAHs nationally and by state (25 patients per measure minimum)
- State report drop down menu on FMT website http://www.flexmonitoring.org/indicators.shtml

Flex Monitoring Team State Quality Reports

- Key Findings
- Reporting rates over time for inpatient, outpatient and HCAHPS measures
- Quality measure results for CAHs in each state and nationally
  - Tables for most current year
  - Graphs of 3 year trends in inpatient measure results (Appendix)

Flex Monitoring Team State Quality Reports

- New in this year's reports: statistically significant differences in inpatient and outpatient measure results between CAHs in each state and all other CAHs nationally
  - Insufficient data to compare
  - No significant differences
  - Significantly higher
  - Significantly lower

CAH Volume for Quality Measures at State Level

Number of Hospital Compare Measures with Data for 25 or More CAH Patients in State	Number of States
0-6	1
7-15	9
16-19	9
20-23	12
24-26	14

How Can State Flex Programs Use FMT State Quality Reports?

- Compare reporting rates for CAHs in your state over time and with other states to encourage reporting

Data to Use:

- State reporting rates over time for inpatient, outpatient and HCAHPS measures
- Reporting ranges in national key findings
- Number of measures in your state with insufficient data for statistical significance

How Can State Flex Programs Use FMT State Quality Reports?

- Identify conditions and specific quality measures to target for Quality Improvement initiatives for CAHs in your state

Data to Use:

- Quality measure results for CAHs in each state
- Statistically significant differences between CAHs in each state and all other CAHs for each quality measure

Quality Measure Issues for Hospital-Specific CAH Reports

- Selecting relevant quality measures
- Deciding how to deal with missing data and small volume
- Defining benchmarks and peer groups for comparison

CAH Quality Reporting for 2010 Discharges

- CAH reporting to Hospital Compare:
  - 73.5% inpatient
  - 21.2% outpatient
  - 38% HCAHPS
- One-fourth of CAHs are not publicly reporting any quality data to Hospital Compare
- Reporting continues to vary widely by state: inpatient 22% to 100%, outpatient 0% to 84%, HCAHPS 0% to 100%

Missing Data

- Voluntary reporting means that a substantial number of CAHs have no publicly reported quality data or are missing data on multiple quality measures
- Should the FMT include data for all relevant measures, regardless of the number of CAHs reporting the measure?

Small Volume

- Few CAHs have enough volume to reliably calculate many individual measures on an annual basis.
- Many CAHs do not have 300 HCAHPS surveys, the annual minimum recommended by CMS.
- Many CAHs do not have enough cases for the condition-specific 30-day mortality or readmissions measures.

Small Volume

- What options should the FMT consider for dealing with small volume in hospital-level reports?
  - Individual measures with confidence intervals
  - Composite scores by condition
  - Aggregate data on individual measures or composites for multiple years

Defining Benchmarks and Comparison Groups

- **Potential benchmarks**
  - median scores, 75th percentile, 90th percentile for individual or composite measures
- **Possible options for comparison groups**
  - All hospitals nationally
  - All CAHs nationally
  - All hospitals in a state
  - All CAHs in a state
  - Peer groups based on factors such as the UNC financial peer groups, the volume and scope of services, or other organizational characteristics (e.g., system membership)

Health System Development & Community Engagement Reports and Resources

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Health System Development & Community Engagement

- 3rd core area of Flex activity (HSD/CE)
  - Developing collaborative regional or local systems of care across the continuum of care
  - Addressing community needs
  - Integrating EMS in those regional and local systems of care
- Includes:
  - Community benefit strategies and reporting
  - Community health needs assessments
  - Addressing unmet needs
  - Development of regional systems of care (e.g., STEMI/stroke)
  - Coordination and integration of local systems of care
  - Supporting and stabilizing EMS systems of care

Community Impact and Benefit Reports

- National/state reports on CAH community benefit activities
  - Summarized biennially – 2010 data will be available in August
  - Based on American Hospital Association Annual Survey data
  - Includes specific measures on community benefit activities and hospital service mix (community impact)
  - Plans: incorporate IRS Form 900, Schedule H data (e.g., charity care/uncompensated, community benefit spending, etc.)
- State report drop down menu on FMT website http://www.flexmonitoring.org/indicators.shtml

2010 CAH Community Benefit Activities

- Long term plan for improving health of community - 79%
- Budget for community benefit activities – 59%
- Works with other providers, agencies to:
  - Conduct a health status assessment of the community – 76%
  - Develop assessment of community health service capacity – 63%
- Filling vital community needs (service mix)
  - Substance abuse – 4.2%
  - Long term care – 49%
  - Long term care – 49%
  - Ambulance - 25%
  - Psychiatric – 22%
  - Obstetrics – 38%
  - Dental – 7.6%
  - Palliative care – 14%

Community Benefit Resources

- Community Benefit Reporting Toolkit for CAHs
  - Overview of IRS Community Benefit reporting requirements
  - Review of IRS Form 990 and Schedule H
  - Analysis of allowable activities and supporting evidence base
  - Accounting guidelines and cost calculations
  - **http://flexmonitoring.org/documents/Community-Benefit-Reporting-Toollkit.pdf**
- Resources and technical assistance on IRS community benefit and community health needs assessment requirements for CAHs
- Updates on changes to IRS guidelines

HSD/CE Resources

- Developing Regional STEMI Systems of Care: A Review of the Evidence and the Role of the Flex Program
  - Review of evidence for developing regional STEMI systems
  - Description of State Flex activities and successful projects
  - Overview of resources, toolkits, and contacts
  - http://flexmonitoring.org/documents/STEMI-BriefingPaper29.pdf
- Exploring Community Impact of Critical Access Hospitals
  - Establishes framework for understanding impact of CAHs on their communities: service, economic, and community benefit
  - Reviews CAH activities in each of the areas of community impact
  - http://flexmonitoring.org/documents/BriefingPaper14_CommunityImpact.pdf

New HSD/CE Projects

- Assessment of Flex Program EMS activities (FY 11-12)
  - Catalog and summarize State Flex Program EMS activities
  - Assess activities in relations to Program Guidance
  - Identify outcome measures and best practices
- Review of evidence and Flex Program activities to develop community paramedicine programs (FY 12-13)
  - Review of evidence
  - Identify State Flex Program activities and best practices

New HSD/CE Projects (cont)

- CAH community benefit & safety net activities (FY 11-12)
  - Using IRS Form 990, Schedule H data
  - Document CAH community benefit activity levels including charity and uncompensated care levels and assess their safety net role
- Comparing community benefit activities of CAHs and other rural and urban hospitals (FY 12-13)
  - Understand factors related to community benefit differences
- Case Studies of CAH Turnarounds (FY 12-13)
  - Local case studies of successful CAH turnarounds
  - Identify financial, operational, and clinical turnaround strategies; development of services to meet community needs, and strategies to engagement with and communicate changes to community

Evolving HSD/CE Opportunity

- Development of collaborative community health needs assessments and interventions to address unmet local needs
- IRS and CDC strongly encourage collaboration
- CHNA needs of different providers:
  - Tax exempt hospitals are required to conduct CHNAs every three years under the ACA
  - Public health departments/agencies seeking voluntary accreditation are required to conduct periodic CHNAs
  - FQHC conduct CHNAs to support their activities
  - Many other local providers conduct needs assessments

Using HSD/CE Reports and Resources

- Use data reports to target CAHs needing support and technical assistance related to community benefit and needs assessment activities
- Share updates on IRS community benefit and needs assessment guidelines with CAHs and state policymakers
- Conduct educational programs for CAHs
- Examine and learn from initiatives implemented by other Flex Programs
- Use the expertise of other Flex Programs and the FMT in the development of programs and outcome measures

Additional Information

- Flex Monitoring Team website www.flexmonitoring.org
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