



# Recommendations for Rural Health Transformation Models

## Purpose

In September 2023, Rural Health Innovations was contracted by the Episcopal Health Foundation (EHF) to conduct a review and assessment of the Texas Community Health Access and Rural Transformation (CHART) Model design and rollout. This included an examination of Centers for Medicare and Medicaid Innovation (CMMI) initiatives, an analysis of the Texas CHART Model design and related communications with hospitals and partners, an analysis of state hospital finances, and interviews with more than a dozen key informants. Recommendations are provided to guide health policymakers, state-level leaders and individual rural health care organizations as they prepare for and participate in future value-based models.

## Background

CMMI awarded CHART to four state grantees, including Texas, to address rural disparities by transforming health care delivery through innovative financial arrangements, and operational and regulatory flexibilities in fall 2021. The CHART Model intended to test whether health care quality

and patient health could be improved in rural communities, while reducing Medicare and Medicaid spending. The model ended in September 2023 due to a lack of hospital participation.

## Texas CHART Model

The Texas CHART Model sought to improve financial stability at rural Texas hospitals through capitated payments and to increase access to care through telemedicine. Initially, 13 hospitals indicated an interest in participating. That number grew to 61 following outreach

efforts led by the organizational lead (Texas Health and Human Services Commission), the Texas Organization for Rural and Community Hospitals, and EHF. In the end, no hospitals signed a participation agreement to join the model by the November 2022 deadline.

## Negative Disruptors

- **Time:** short window of time to commit; 7 year commitment period
- **Market Share:** substantial Medicare Advantage market; decreased fee for service Medicare market
- **Readiness:** capitated payments are complicated; low-level of understanding among hospital leaders
- **Financial Instability:** need for infrastructure and provider start-up funding; unsustainable payment formula; decrease in hospital financial stability; high level of uncompensated care

## Positive Disruptors

- **Funding:** predictable foundation funding support
- **Rural-focused:** rural value-based care model

## Recommendations for Rural Health Care Organizations

- Offer input and feedback to federal agencies through public comments, requests for information and listening sessions before models and opportunities are released.
- Learn more about participating in value-based payment models and population health.
- Build capacity to collect and analyze quality and population health data.
- Increase readiness for risk to participate in value-based care and payment models.

## Recommendations for State-Level Leaders

- Provide essential technical assistance to rural providers on implementing care processes and understanding capitated payment arrangements.
- Provide upfront data and operations support to rural providers in the transition to value-based care and population health.
- Engage Medicaid, private payers and rural networks in planning.
- Include rural hospital leaders in designing state applications for federal models.