



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 Health Policymakers

- Incorporate technical assistance into models.
- Define assigned beneficiaries for Medicare models.
- Engage rural health leaders in the design and timelines of new models.
- Understand that beneficiary enrollment in Medicare Advantage is growing — a trend that limits the impact of programs to support safety net providers with traditional Medicare.
- Include primary and behavioral health care — in models to help improve access, address health disparities and lower health-related costs.
- Consider the amount of documentation required by health care providers.
- Design a capitated payment amount that factors in the low volumes.
- Provide upfront funding to support small rural hospitals as they transition to value-based care and population health management.
- Recognize that small rural hospitals have a limited ability to assume risk.