

## EXECUTIVE SUMMARY

The Medicare Rural Hospital Flexibility Program, or Flex Program, was established by the Balanced Budget Act (BBA) of 1997. Any state with rural hospitals and a state rural health plan may establish a Flex Program and apply for federal funding. The Flex Program also created critical access hospitals (CAHs) as a Medicare provider type. CAH designation allows the hospital to be reimbursed on a reasonable cost basis for inpatient and outpatient services including lab and qualifying ambulance services that are provided to Medicare patients and, in some states, Medicaid patients.

The Flex Program cooperative agreement provides funding to state governments or other designated entities to support CAHs and provider-based rural health clinics (RHCs) in: quality improvement, quality reporting, performance improvements and benchmarking, designating facilities as CAHs, population health, innovative model development, and the provision of rural emergency medical services (EMS). Only states with CAHs or hospitals eligible to convert to CAH status and a state rural health plan are eligible to participate in the Flex Program.

Flex funding encourages the development of cooperative systems of care in rural areas, joining together CAHs, providers of EMS services, clinics, and health practitioners to increase efficiencies and quality of care. The Flex Program requires states to assess statewide needs and funds their efforts to implement community-level outreach and technical assistance to advance the following goals:

- Increase the number of CAHs consistently reporting quality data
- Improve the quality of care in CAHs
- Maintain and improve the financial viability of CAHs
- Build capacity of CAHs to achieve measurable improvements in the health outcomes of their communities
- Improve the organizational capacity of rural EMS
- Improve the quality of rural EMS
- Increase knowledge and evidence base supporting new models of rural health care delivery
- Assist rural hospitals to seek or maintain appropriate Medicare participation status to meet community needs

The Flex grant is organized into six program areas with goals, objectives, and related activities:

1. CAH Quality Improvement (required)
2. CAH Operational and Financial Improvement (required)
3. CAH Population Health Improvement (optional)
4. Rural EMS Improvement (optional)
5. Innovative Model Development (optional)
6. CAH Designation (required if assistance is requested by rural hospitals)

The Flex Program is administered through the Federal Office of Rural Health Policy (FORHP) at the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS). The Flex funding to states is administered as a cooperative agreement in both competitive and non-competitive grant cycles. Fiscal year (FY) 2020 (September 1, 2020 – August 31, 2021) is the second year of a 5-year cooperative agreement cycle. A summary of the FY 2019 Flex cooperative agreement guidance goals, objectives and activities can be found in Section 1 of this manual. Flex cooperative agreement guidance for each year of the funding cycle can be accessed on the [Flex Cooperative Agreement Guidance](#) page of the [Technical Assistance and Services Center \(TASC\) website](#).

## Federal Office of Rural Health Policy

FORHP coordinates activities related to rural health care within the US HHS. Part of HRSA, FORHP has department-wide responsibility for analyzing the possible effects of policy on residents of rural communities. Created by Section 711 of the Social Security Act, FORHP advises the Secretary of HHS on health issues within these communities, including the effects of Medicare and Medicaid on rural citizens' access to care, the viability of rural hospitals, and the availability of physicians and other health professionals.

FORHP administers grant programs designed to build health care capacity at both the local and state levels. These grants provide funds to 50 State Offices of Rural Health (SORHs) to support on-going improvements in care, and to rural hospitals through Flex and SHIP grants in 45 states. Through its Community Based Division, FORHP provides support to community organizations to improve health service delivery and strengthen rural health networks and encouraged collaboration among rural health care providers.

Learn more about FORHP in Section 2 of this guide.

## Technical Assistance and Services Center

The Technical Assistance and Services Center (TASC) was created in 1999 by the National Rural Health Resource Center (The Center) through funding from FORHP to provide technical assistance and resources to the grantees of the Flex Program. This Flex Program Fundamentals guide was developed as part of TASC's services and is updated on an annual basis. The TASC section of the guide includes information on the tools and resources that can be found on the TASC website, Flex Program Workshops, communication tools, technical assistance, and contact information for TASC staff. State Flex Program contact information can also be found within the State Flex Profiles on the TASC website.

TASC's services are essential as the job duties of a Flex Coordinator are broad and far-reaching without step-by-step instructions. Because of the varying tasks associated with the Flex Coordinator position, it is important to remember the following tips:

- The role of the Flex Coordinator is to be the convener and liaison between local, state, and national rural health groups, all the while maintaining a neutral position
- Partnerships are keys to success
- Understanding the CAH environment and how to promote financial and operational improvement are vitally important
- For quality improvement, look at what exists and think creatively about how to improve
- CAHs need to play a part in a comprehensive system of care
- Be aware of the resources available to help you be successful

TASC provides tools and resources on topics applicable to the Flex Program including CAH surveys. CAHs are required to comply with Medicare Conditions of Participation (CoP) in order to receive Medicare/Medicaid payment. A CAH survey is used to determine whether a CAH complies with the CoP set forth at 42 Code of Federal Regulations (CFR) Part 485 Subpart F. Certification of CAH compliance with the CoP is accomplished through observations, interviews and document/record reviews. The survey focuses on a CAH's performance of organizational and patient-focused functions and processes while assessing compliance with federal health, safety, and quality standards that will assure that the beneficiary receives safe, quality care, and services.

TASC maintains relationships with state, national, and federal organizations as well as health information technology (HIT) organizations. One organization that TASC works closely with is the Flex Monitoring Team (FMT). FMT is a consortium of the Rural Health Research Centers located at the Universities of Minnesota, North Carolina at Chapel Hill, and Southern Maine. FMT monitors and evaluates the Flex Program by developing relevant quality, financial, and community-benefit performance measures and reporting systems to help state and federal policy makers and rural health care providers understand the impact of the Flex Program. The FMT's research assesses the impact of the Flex Program on critical access hospitals (CAHs) and communities and examines the ability of the Flex grantee to achieve overall Flex Program objectives.

## Medicare Beneficiary Quality Improvement Project

FORHP created the Medicare Beneficiary Quality Improvement Project (MBQIP) as a Flex Program activity within the core area of quality improvement. The primary goal of this project is for CAHs to implement quality improvement initiatives to improve their patient care and operations. MBQIP uses Flex funding to support CAHs with technical assistance and national benchmarks to improve health care outcomes. Participating CAHs report a specific set of annual and quarterly measures determined by FORHP and engage in quality improvement projects to benefit patient care.

Benefits of participating in MBQIP include:

- Engagement in quality improvement initiatives
- Improved patient care across a broad population
- Improved hospital services, administration, and operations
- Creation of clear benchmarking and the identification of CAH best practices
- Receiving technical assistance regarding cutting edge quality improvement tools and models
- Preparing CAHs for the future when they will likely have to report national standardized measures
- Fulfilling the quality improvement portion of the Flex grant

To support technical assistance needs of state Flex Programs and participating CAHs, FORHP established the Rural Quality Improvement Technical Assistance (RQITA) cooperative agreement. RQITA works closely with TASC, FMT, and FORHP to improve quality and health outcomes in rural

communities through technical assistance to beneficiaries of FORHP quality initiatives, including MBQIP and the Small Health Care Provider Quality Improvement (SHCPQI) grantees. To support SHCPQI, RQITA works closely with the Georgia Health Policy Center.

## Performance Improvement & Measurement System and Program Evaluation

The Performance Improvement & Measurement System (PIMS) module is a data collection tool that is integrated with [HRSA's Electronic Handbook \(EHB\)](#), a grant support and performance management application that unifies HRSA grant management processes and enables electronic data submission. PIMS allows FORHP to gather standardized performance data from recipients. With PIMS data, FORHP will track activities with common measures that focus on CAH performance improvement.

Another part of a successful and effective Flex Program is program assessment which includes documenting outcomes and showing continuous program management and improvement. Assessments can also examine results with short and long-term outcomes. Assessment of the state Flex Programs is critical to the success, sustainability, and continued funding of the program. It is essential to assess impact to demonstrate value. TASC is available to assist in sorting through the various tools and resources available to state Flex Programs to find an evaluation model that will work for them. We highly recommend taking the time to review the [Flex Program Performance Management/Program Evaluation Guide](#) on the TASC website that was created in October 2019 and either establishing or reviewing your current evaluation model at least annually.