Learning Objectives

At the conclusion of this session, participants will be able to :

- Identify key critical access hospital (CAH) financial indicators
- Interpret, analyze, syntheses, and evaluate key data to aid in strategy development
- Apply the knowledge learned to your own Flex Program management.

Made available by the Wyoming Department of Health, Public Health Division, State Office of Rural Health, Flex Program. This project is/was supported by the Health Resources and Service Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under Medicare Rural Hospital Flexibility Grant H54RH43-17 (total award amount of $502,000.00). This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements to be inferred by ,HRSA, HHS, or the U.S. Government.

Flex Program Core Competencies

1. Managing the Flex Program
2. Building and sustaining partnerships
3. Improving processes and efficiencies
4. Understanding policies and regulations
5. Promoting quality reporting and improvement
6. **Supporting hospital financial performance**
7. Addressing community needs
8. Understanding systems of care
9. Preparing for future models of health care

Medicare Rural Hospital Flexibility (Flex) Program

Source: Core Competencies for State Flex Program Excellence Guide. June 2018. Retrieved from https://www.ruralcenter.org/tasc/core-competencies

Flex Program Core Competencies, Continued

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Wyoming Department of Health

6. SUPPORTING HOSPITAL FINANCIAL PERFORMANCE

- ✓ CAH financial and operational improvement is one of the primary goals of the Flex Program.
- ✓ Sustainable financial performance of CAHs is essential for both the day to day operation of the facility as well as for needed investments in technology and infrastructure.
- ✓ Recent market forces and dramatic changes in payor reimbursement have resulted in financial challenges for many of the nation's smallest hospitals.
- ✓ This financial distress has led to the closure of dozens of rural hospitals throughout the country, and several hundred more classified as financially distressed.

Medicare Rural Hospital Flexibility (Flex) Program

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Wyoming Department of Health

6. SUPPORTING HOSPITAL FINANCIAL PERFORMANCE, CONTINUED

- ✓ Given the complexity of Medicare and Medicaid regulations, billing codes and private payer contracts, rural hospital financial improvement is often dependent on access to financial expertise both within and outside the facility.
- ✓ Hospitals need to follow the most effective financial and business processes and utilize an efficient revenue cycle management system.

Medicare Rural Hospital Flexibility (Flex) Program

Source: Core Competencies for State Flex Program Excellence Guide. June 2018. Retrieved from https://www.ruralcenter.org/tasc/core-competencies

Proficiency

Proficiency in the following contribute to excellence in supporting hospital financial performance:

- ✓ Understanding basic concepts of CAH finance
- ✓ Utilizing financial performance improvement strategies
- ✓ Maintaining a cadre of trusted financial experts

Medicare Rural Hospital Flexibility (Flex) Program

Source: Core Competencies for State Flex Program Excellence Guide. June 2018. Retrieved from https://www.ruralcenter.org/tasc/core-competencies

Wyoming Department of Health

Understanding Basic Concepts of CAH Finance

- ✓ While state Flex Programs are not expected to have extensive knowledge of CAH finance, it is important that they understand the basic concepts of CAH financing.
- ✓ These basic concepts include cost-based reimbursement, revenue cycle management and CAH financial indicators, as well as acknowledged financial improvement strategies.

Medicare Rural Hospital Flexibility (Flex) Program

Source: Core Competencies for State Flex Program Excellence Guide. June 2018. Retrieved from https://www.ruralcenter.org/tasc/core-competencies

Support

State Flex Programs have employed various strategies to support improvement of CAH financial status including:

- ✓ Round tables and cohorts for hospital chief financial officers (CFOs)
- ✓ Financial education of hospital staff and boards
- ✓ Financial and business consulting support for CAHs
- ✓ Benchmarking rural hospital financial performance
- ✓ Financial how-to tools and informational resources

Medicare Rural Hospital Flexibility (Flex) Program

Source: Core Competencies for State Flex Program Excellence Guide. June 2018. Retrieved from https://www.ruralcenter.org/tasc/core-competencies

Maintaining a Cadre of Trusted Financial Experts

- ✓ State Flex Programs may not have the expertise on staff to fully support CAHs in their financial improvement efforts; therefore, it is recommended that state Flex Programs have access to CAH financial experts for advice and to help them develop statewide financial improvement strategies.
- ✓ Such experts can be found in hospital consulting firms as well as through TASC and its cadre of expert advisors. The Flex Monitoring Team (FMT) is another important source of information and research on CAH finances.
- ✓ They have a library of financial information on CAHs and periodically publish research reports and special studies on the topic.

Medicare Rural Hospital Flexibility (Flex) Program

Source: Core Competencies for State Flex Program Excellence Guide. June 2018. Retrieved from https://www.ruralcenter.org/tasc/core-competencies

Wyoming Department of Health

Tips on Supporting Hospital Financial Performance:

- ✓ Understand the basic concepts of CAH finance
- ✓ Establish a relationship with a cadre of trusted CAH financial experts who can provide advice and direction when needed

Medicare Rural Hospital Flexibility (Flex) Program

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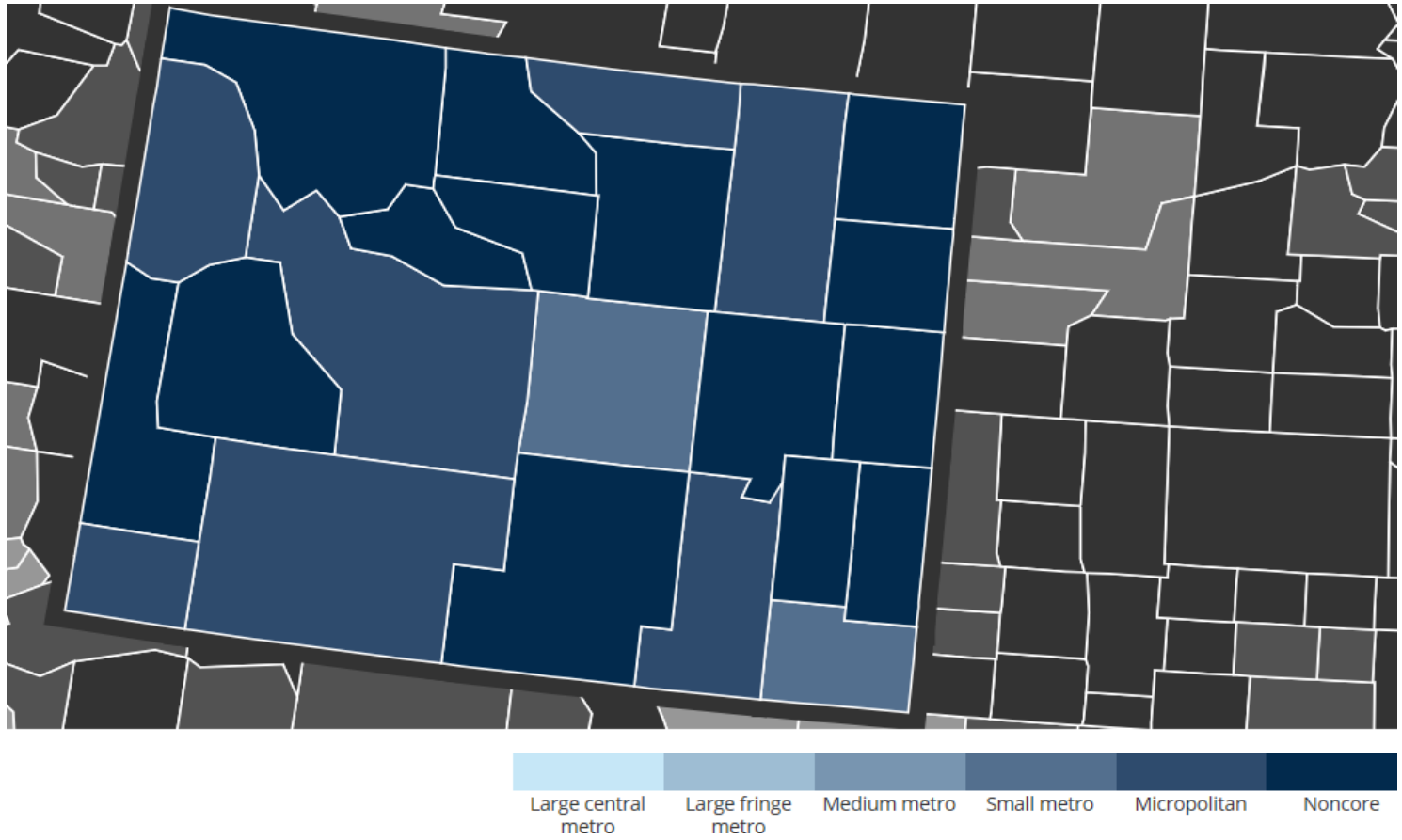
WY CAH Financial Benchmarking Initiative

Kyle Cameron, …



Who: Wyoming

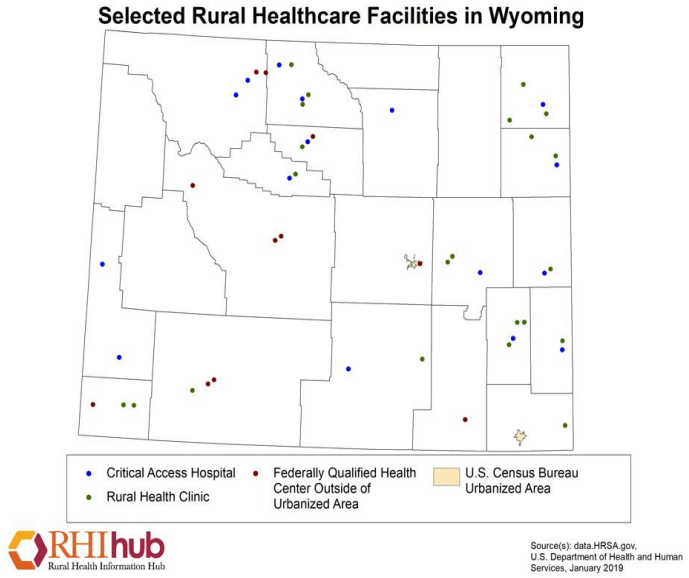
- 69% Rural
- 47% Frontier
- Total Pop: 577,737
- 92.8% Caucasian alone, 10% Hispanic or Latino
- 14.5% uninsured
- $60,938 Median Household Income (2013-17)
- Most populated city is Cheyenne with 63,624 in 2017
- Large fluctuations in seasonal population due to tourism (e.g., 4.1 million visitors to Yellowstone National Park in 2018)

Sources: census.gov (2017 data) and nps.gov

Wyoming

Who: CAHs

- 16 CAHs
  - Four are part of a system
  - 14 meet the federal criteria of being 35 miles from the next nearest hospital or 15 miles in mountainous terrain/secondary road
  - X are financially fragile
  - 4 have had CEO turnover in past 2 years



Wyoming CAHs














Source: https://www.wyohospitals.com/find-a-hospital/

Why

Ten years of talking at Flex Planning meetings

Regular CAH encouragement by Flex staff to use Quality Health Indicators (Qhi) but only 4 CAHs were using the tool for a few financial and operational (F/O) measures.

CAH CEOs reported they would like to have financial and operational benchmarking opportunities

- Support decision making and planning
- Support reporting to board
- Easy, accessible, and timely data with various reporting capabilities

Flex program in need of timely data to support planning, decision making, resource allocation, and evaluation

What

- Financial and operational benchmarking
- All CAHs
- Easy
- Limited data entry
- Reporting functionality
- Standardized
- Monthly reporting
- Data uploading capabilities

How

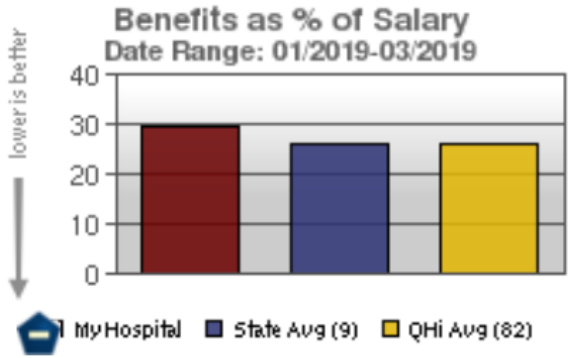
- One-year planning and development (9/2017 – 8/2018) via email, conference calls, and webinars
  - Discussed tools, costs and options
  - Selected QHi as tool for data collection and reporting
  - Reviewed and prioritized all financial and operational (F/O) measures (about 200) in QHi
  - Discussed & prioritized measures (52 initial priorities)
  - Selected 20 measures for initial reporting
  - Continue with blinded data but each CAH represented
  - Developed a spreadsheet with 30 reporting elements and definitions
  - Training
  - Tested tools and reporting process
- 8 months implementation (9/2018 – current)
  - 11 CAHs reporting monthly
  - Historic data added so dataset begins 5/2018
  - Monthly dashboards emailed to CEO and CFO (QHi does electronically)
  - Blinded data
  - Two networking meetings
  - Verbal commitment from all CFOs or CEO to report data monthly
  - Peer to peer support
  - Monthly reporting reminders (request data by 15th of each month but tend to get data last week of following month
  - Flex staff enter data for 7 of the CAHs into QHi each month

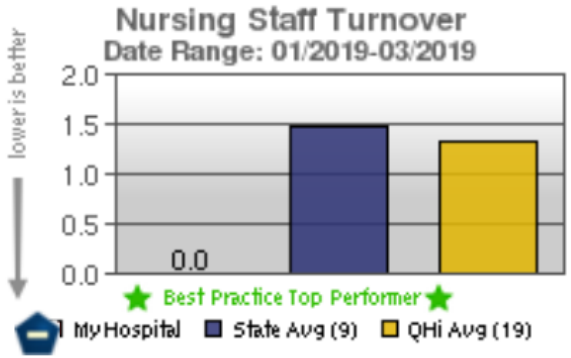
Measures Selected

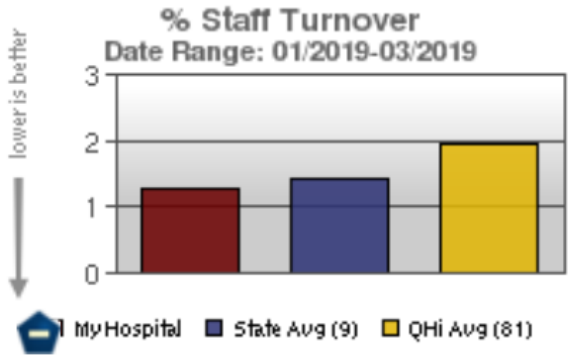
- Benefits as a % of salary
- Staff turnover
- Nurse staff turnover
- Salary to operating expenses
- Days cash on hand
- Gross days in accounts receivable (A/R)
- Cost/adjusted patient day
- Labor hours per adjusted patient day
- Labor cost per adjusted patient day
- Cost per patient day
- Labor hours per patient day

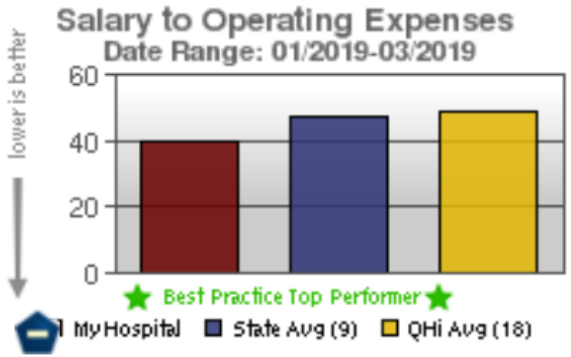
- Operating profit margin
- Earnings before interest, tax, depreciation and amortization (EBIDTA) margin
- Acute occupancy/day
- Swing bed occupancy/day
- Payer Mix
  - Commercial
  - Medicaid
  - Medicare
  - Self/Private
  - Other

Sample HR Dashboard





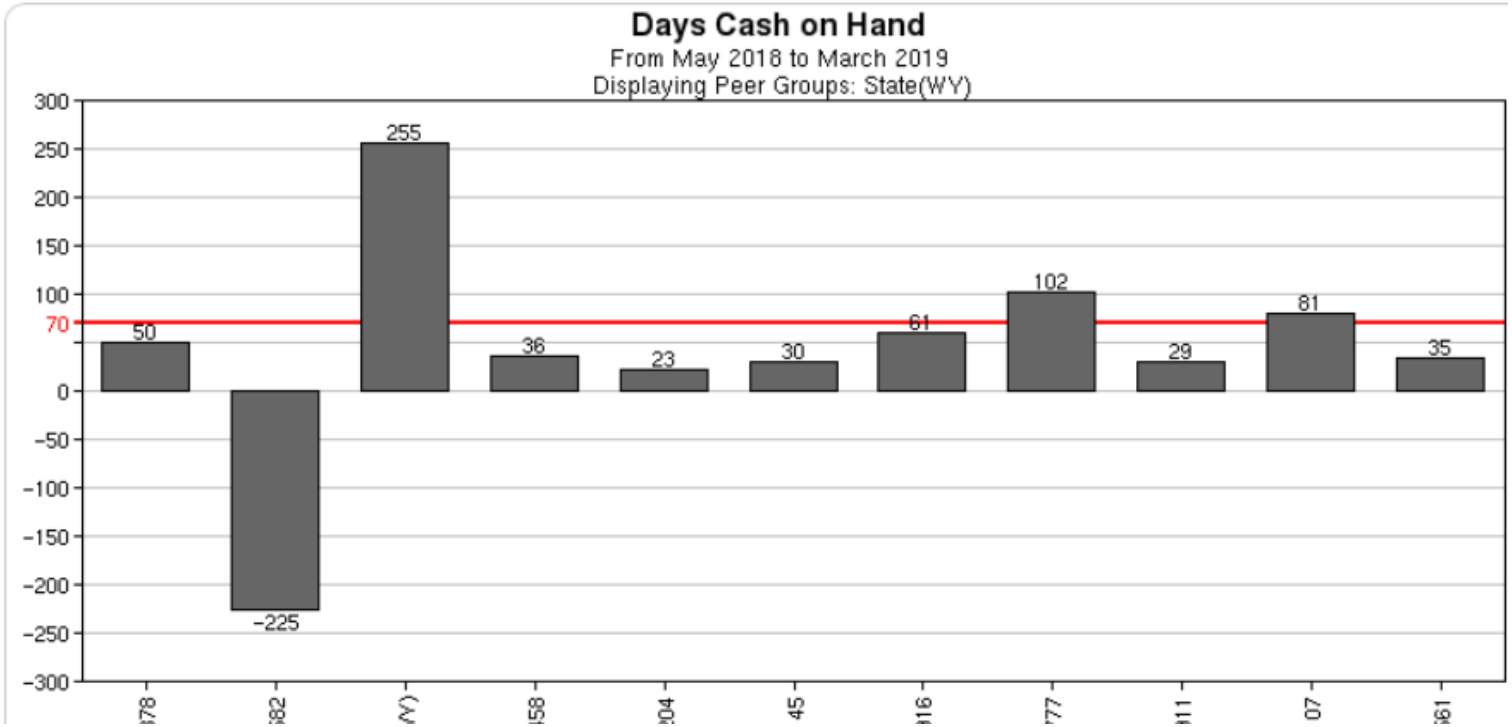




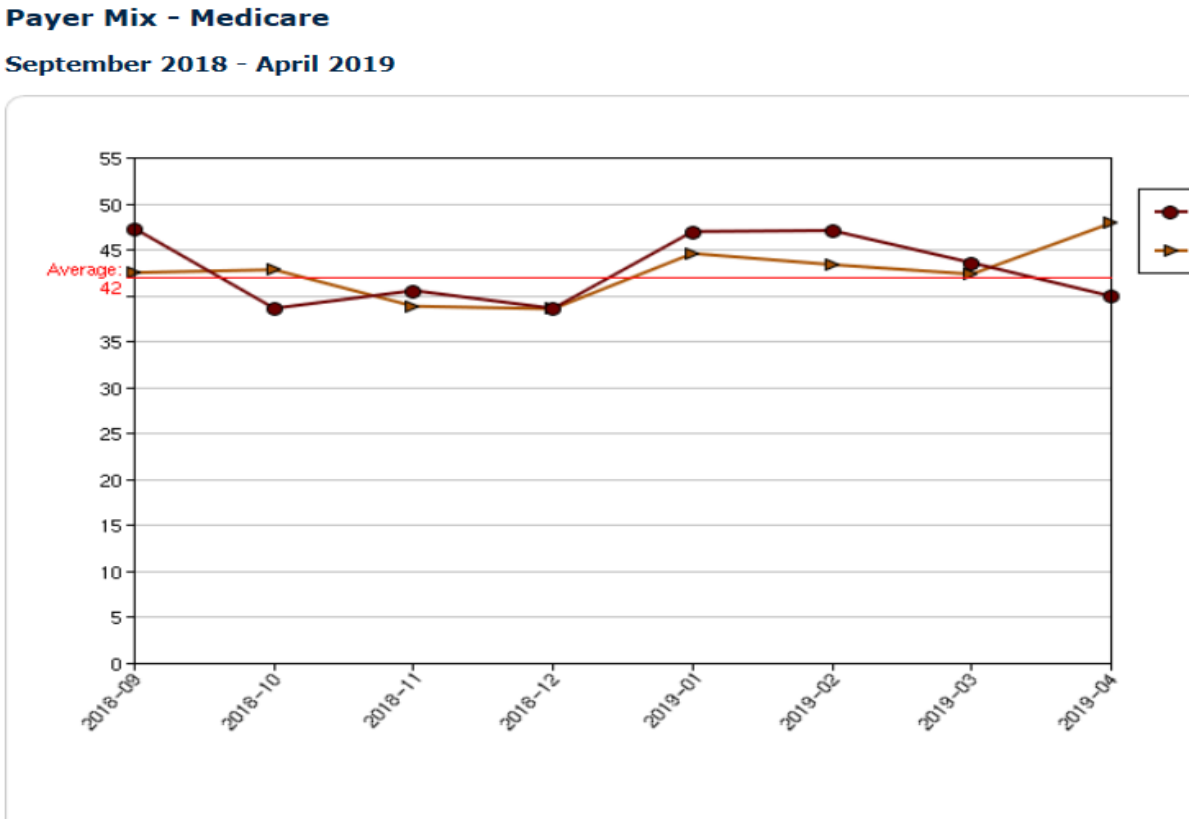
Bar per provider by measure

Days Cash on Hand

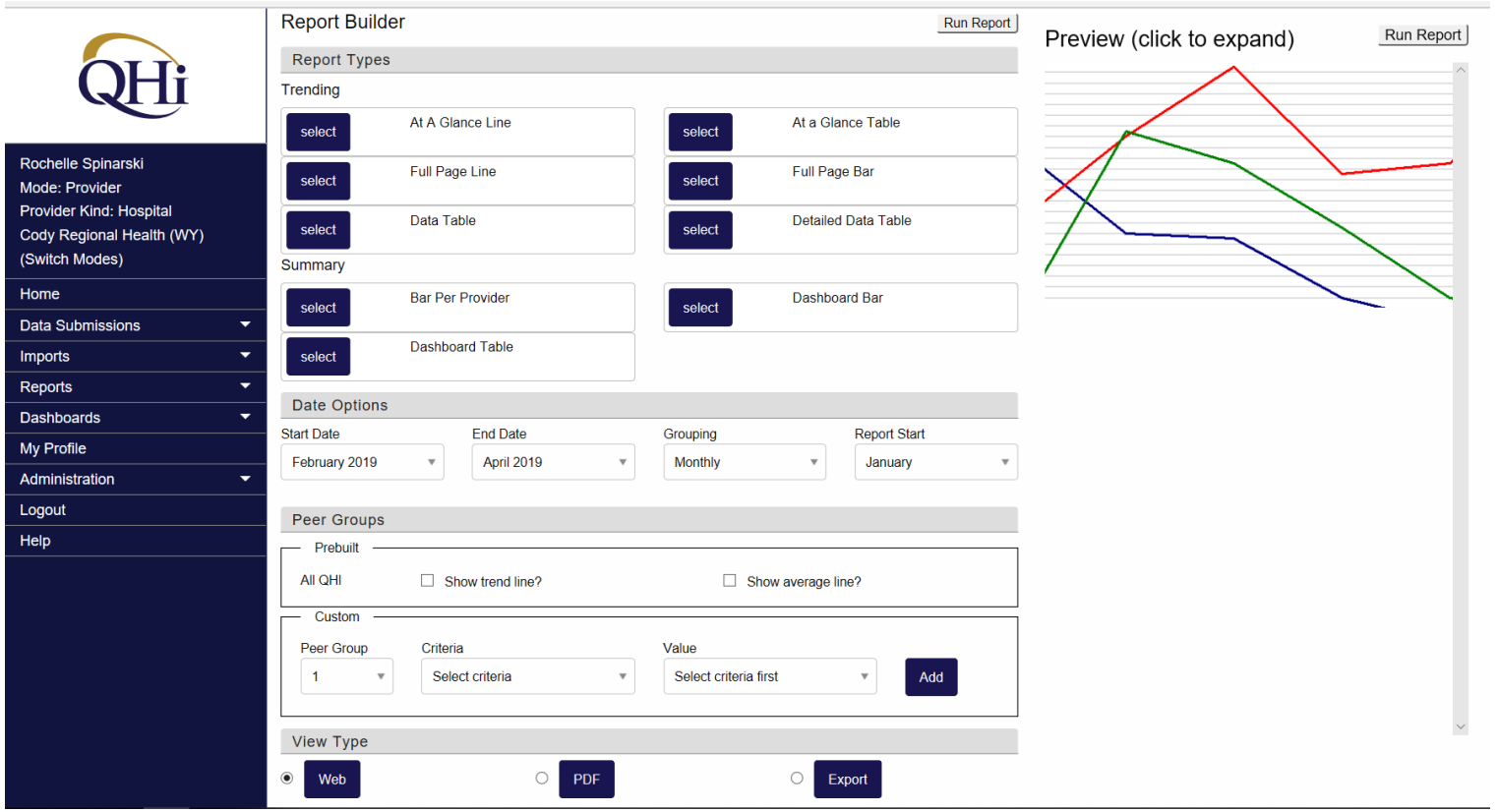
May 2018 - March 2019



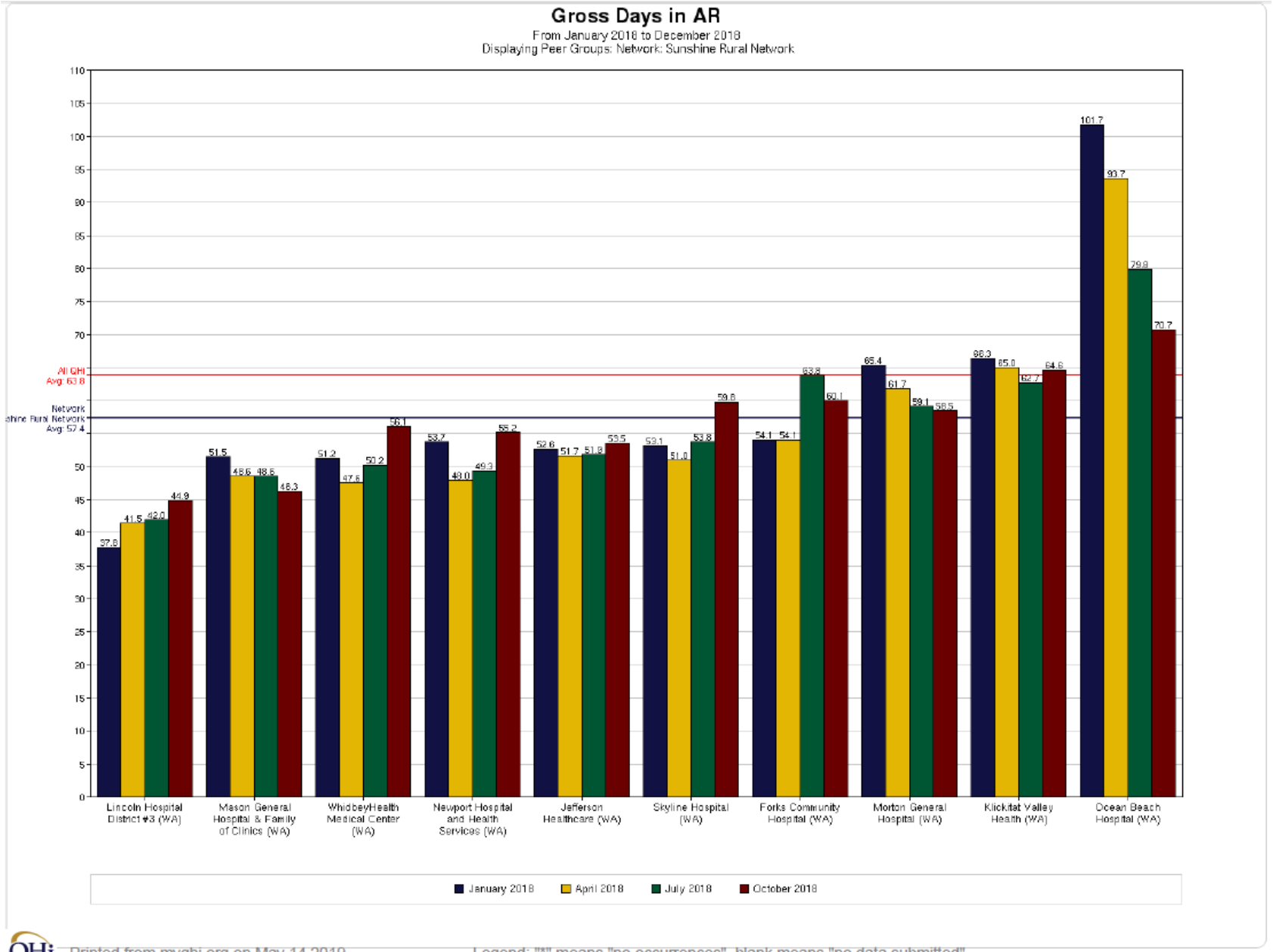
CAH Specific Report By Month By Measure



New Report Builder Tools for CAHs

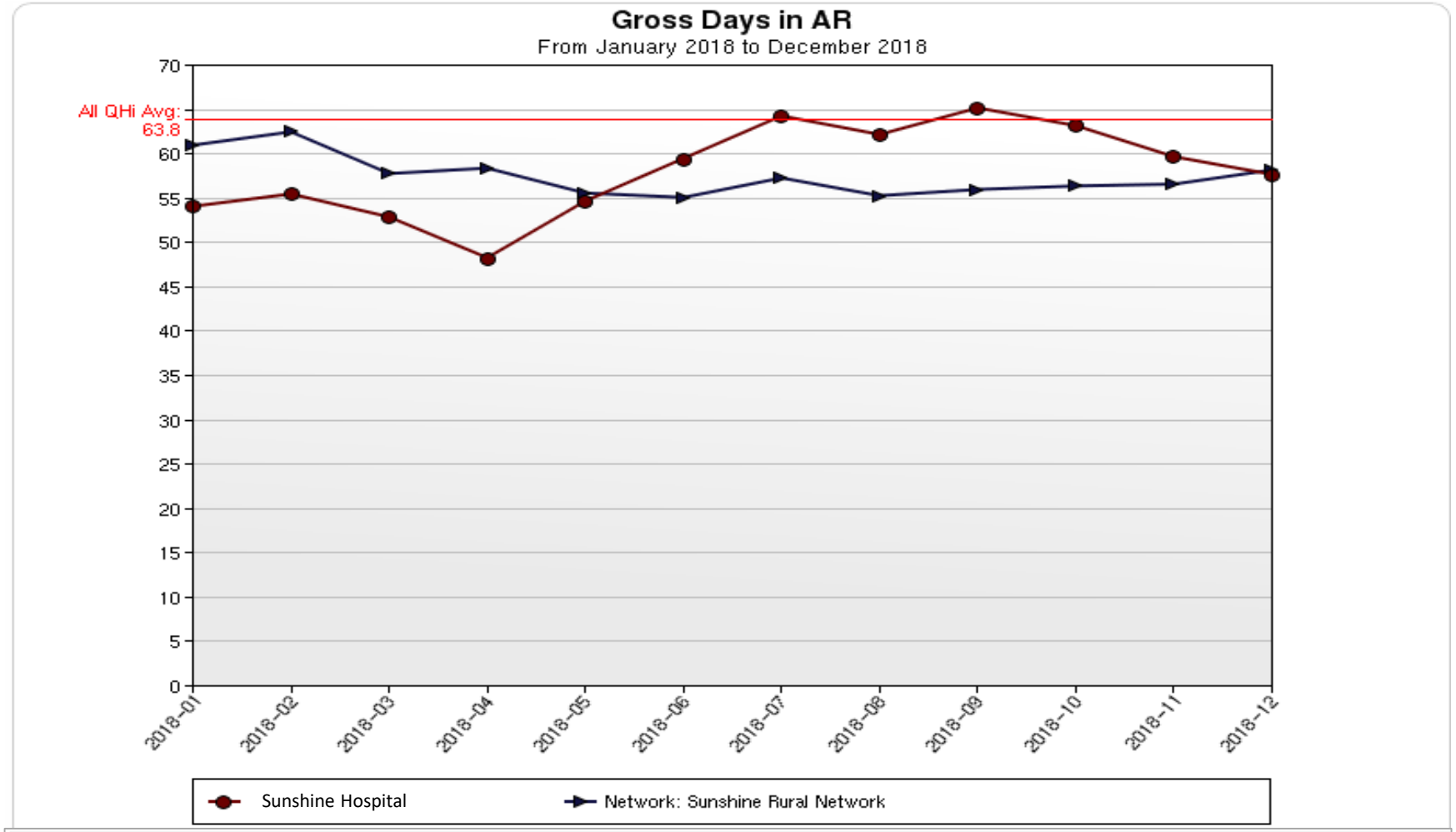


Sample Reports



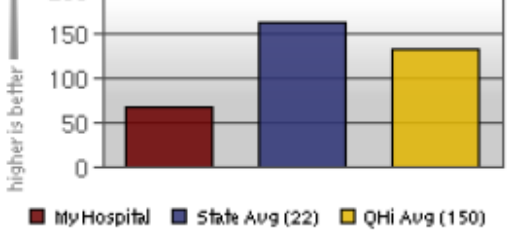
Legend: "*" means "no occurrences", blank means "no data submitted"

Sample Reports, Continued

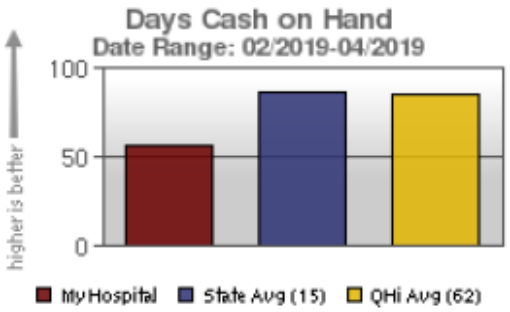


Gross Days in AR

	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12
Sunshine Hospital	54.0	55.4	52.8	48.2	54.6	59.4	64.2	62.1	65.1	63.1	59.6	57.6
Network: Sunshine Rural Network	60.9	62.4	57.7	58.3	55.5	55.0	57.2	55.2	55.9	56.3	56.5	58.1
All QHi Avg						63.8						

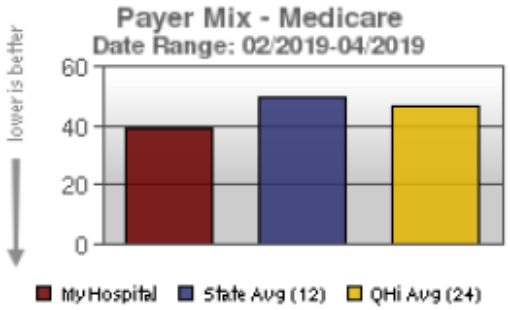


My Hospital	68.3
State Avg (22)	162.1
QHi Avg (150)	132.3



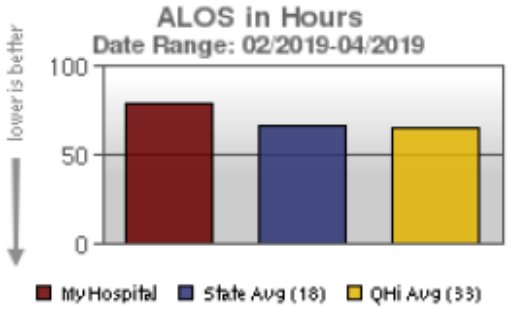
Days Cash on Hand
Date Range: 02/2019-04/2019

My Hospital	56
State Avg (15)	86
QHi Avg (62)	84



Payer Mix - Medicare
Date Range: 02/2019-04/2019

My Hospital	39.3
State Avg (12)	49
QHi Avg (24)	



ALOS in
Date Range:

My Hospit	
State A	
Q	

Sample Reports, Final

Next steps

- QHi is changing reporting format for WY CAHs so data will be reported into an online spreadsheet
  - CAHs will report data into QHi monthly
  - Flex team will send reminders for non-reporters
  - Auto-reporting will continue
  - Quarterly CFO/CEO meetings will continue

- Upcoming action items:
  - Report changes because of new reporting features in QHi
  - Additional measures
    - 4 high-priority measures were not included because we didn't have standardized definitions and agreement
  - Annual commitment
  - Flex planning & support based on findings

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