NATIONAL RURAL HEALTH RESOURCE CENTER

Financial Leadership Summit 2016

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July 21, 2016

The Center's Purpose

The National Rural Health Resource Center (The Center) is a nonprofit organization dedicated to sustaining and improving health care in rural communities. As the nation's leading technical assistance and knowledge center in rural health, The Center focuses on five core areas:

- Transition to Value and Population Health
- Collaboration and Partnership
- Performance Improvement
- Health information Technology
- Workforce

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Presentation Objectives

- Present findings from 2016 Financial Leadership Summit
- Discuss forces driving market changes and transition challenges of small rural hospitals
- Share strategies developed by the panelists that support rural hospitals
- Provide and discuss hospital examples of strategies
- Build awareness of available tools and resources that support rural hospitals for population health

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Financial Leadership Summit 2016

- Support: Federal Office of Rural Health Policy (FORHP), April 18 – 19, 2016, Minneapolis, MN
- Purpose: To identify strategies and actions that rural hospital leaders and providers should consider as they transition to Value-Based Purchasing (VBP) and population health management

This project is supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under grant number UB1RH24206, Information Services to Rural Hospital Flexibility Program Grantees, $957,510 (0% financed with nongovernmental sources). 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 be inferred by HRSA, HHS or the U.S. Government.

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Summit Panelists

Minneapolis, MN April 19, 2016

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Summit Panelists

Jodie Criswell, CFO
Hammond Henry Hospital

Jeffrey M. Johnson, Partner
Wipfli LLP

Lance W. Keilers, President
Connected Healthcare Solutions, LLC

Ralph J. Llewellyn, Partner
Eide Bailly LLP

Rebecca McCain, CEO
Electra Hospital District

Jim Nelson, Sn.VP Finance & Strategic Development, CFO
Fort HealthCare, Inc.

Marcus Pigman, Rural Project Manager
Kentucky Office of Rural Health

Greg Rosenvall, Rural Hospital Improvement Director
Utah Hospital Association

Eric K. Shell, Director
Stroudwater Associates

Brock Slabach, Sn.VP,
National Rural Health Association

Larry Spour, CFO
Lawrence County Memorial Hospital

Susie Starling, CEO
Marcum and Wallace Memorial Hospital

Brian Stephens, CFO
Chief Financial Officer
Door County Medical Center

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Market Forces Driving Health Care Industry Towards Population Health

- IHI Triple Aim
- Affordable Care Act (ACA)
- CMS *Better Care, Smarter Spending, Healthier People* initiative
- Centers for Medicare and Medicaid Innovation (CMMI)
  - Ongoing development and testing of new health care payment and delivery models that improve quality and health care delivery system

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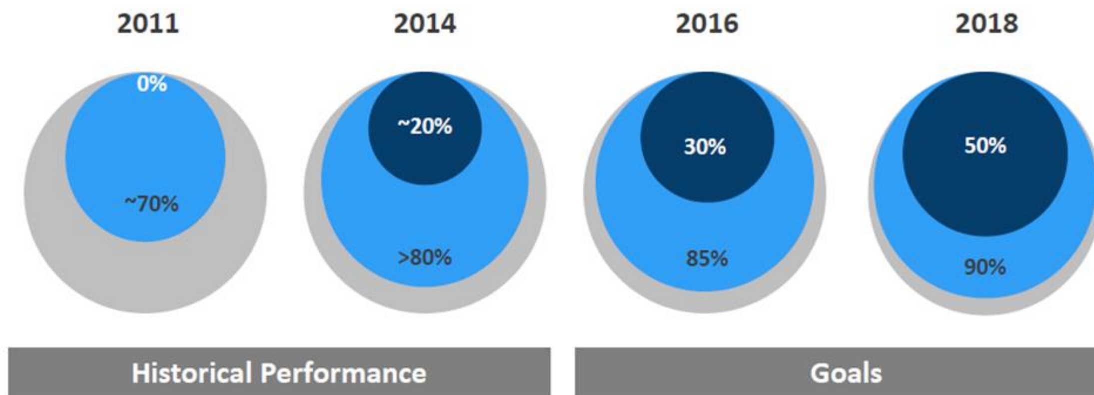
Alternative Payment Model Targets



Alternative Payment Models and Sustainability, Advance Interoperable HIE Program Senior Leader Call, February 24, 2016, John Rancourt, Deputy Director, Office of Care Transformation

Other Market Forces Driving Health Care Industry Towards Population Health

- Commercial insurance plans with large deductibles
- Reductions in Medicare, Medicaid and insurance payments
- Elimination of Disproportionate Share Hospital (DSH) Payments
- Public reporting requirements that increase transparency of quality indicators
- Incentives and penalties based on quality

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Forces Impeding Rural Hospitals

- Limited resources for expertise
- Lack of board awareness of population health
- Competition from larger systems their own insurance product
- Inability to access, manage and share EHR data
- Unrecognized value of quality of care provided on financial statements

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Drivers - Challenges

MARKET DRIVING FORCES

- SIM Grants and CMMI Models
- ACOs and Alternative Payment Models
- MACRA, MIPS and Quality Incentives
- State Medicaid Payments and CCOs
- Network Initiatives
- Awareness of Population Health
- Reductions in FFS Payments

Transition to Value Based System and Population Health

TRANSITION CHALLENGES

- Leadership Awareness and Education
- Reimbursement Reductions
- Data Access and Management
- Bifurcated Payment Models
- Confusion Due to Transition Process
- Physician Recruitment and Retention
- Patient Engagement and Compliance
- Current Financial Reporting rules

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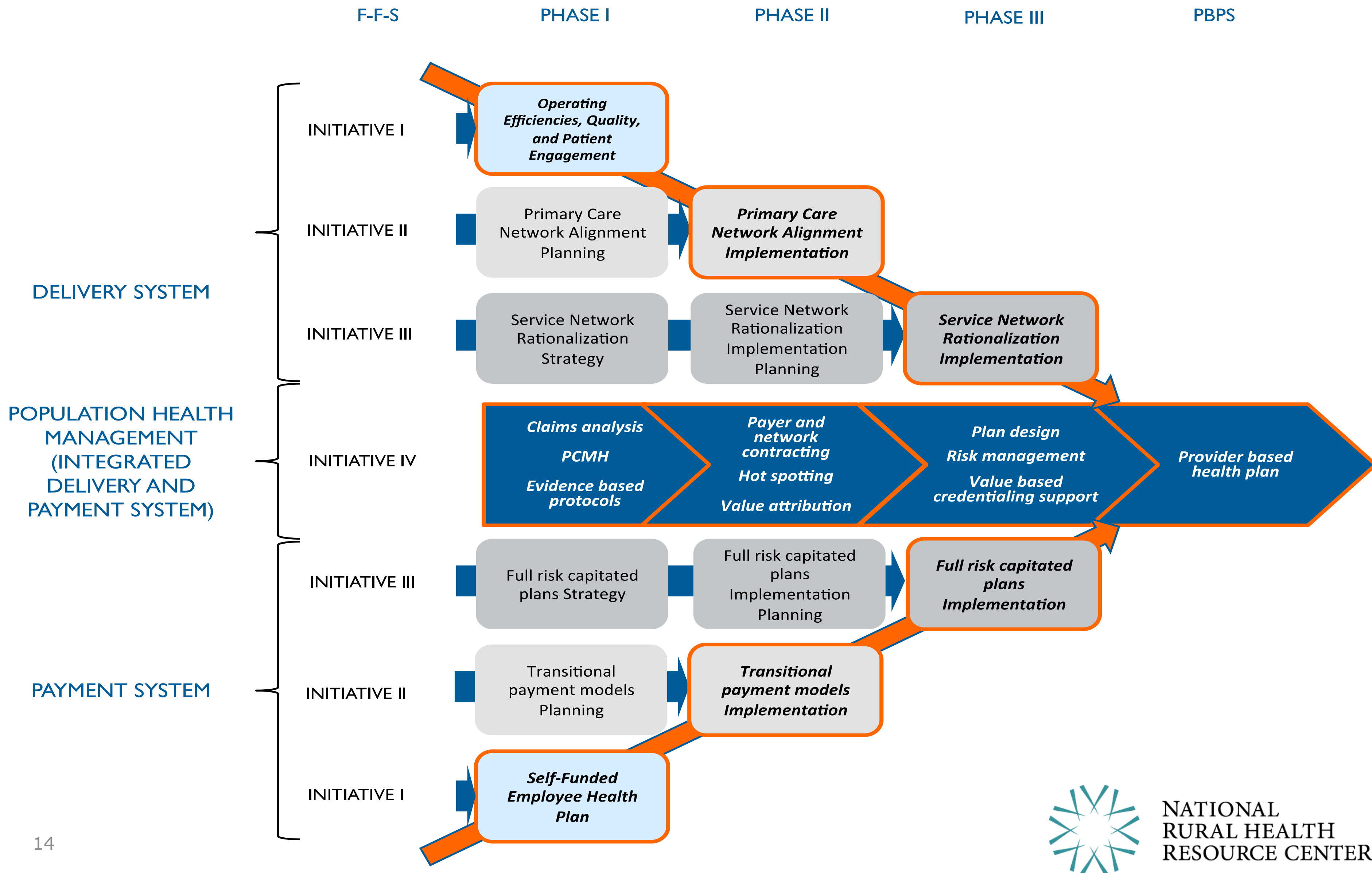
Transition Strategies

- Developed by panelists based on 2 frameworks
  - Performance Excellence (PE) Blueprint
    Modified Baldridge Framework
  - *Transition Implementation Framework*
    Produced by Stroudwater Associates

Performance Excellence (PE) Framework

Transition Implementation Framework



Strategy Timeframes

- Panelists divided strategies into 3 timeframes
  - Immediate (Within the next 18 months)
  - Short-term (18 months to 36 months)
  - Long-term (36 months to 60 months)

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Immediate Strategies

- Improve Financial, Clinical and Operational Efficiency
- Engage and Educate Leaders and Staff
- Educate and Partner with Physicians and other Primary Care

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Short-term Strategies

- Align Community Health Needs and Identify Available Population Health Resources
- Develop Care Transition Teams
- Collect, Manage and Act on Patient Data

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Long-Term Strategies

- Collaborate with Other Rural hospitals and Larger, Regional Health Systems

- Document Hospital Outcomes and Demonstrate Value

Financial Leadership Summit (2016) Questions for Consideration

Financial Strategies to Transition to Value

- What are the most important financial strategies that a rural hospital can pursue to successfully transition to value-based payments and sustain services?
- What opportunities exist for rural hospitals to close the gap to achieve these key strategies?

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Success Stories and Lessons Learned

- Care transition teams
- Community Needs Assessment
- Executive Team Morning Huddles
- Focus on Community Wellness and Population Health
- Network with other providers
- Improve Efficiencies
- LEAN Implementation
- Network Development, Leadership Education
- Quality Improvement

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Financial Leadership Summit (2016) Questions for Consideration

Strategies for Financial Transition to Value

- With regards to the identified key strategies, are there other successful models and examples for rural hospitals to utilize?

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Resources Needed to Transition to Population Health

- Hospital grant resources such as such as Small Rural Hospital Improvement Program and Health Center Control Network Grants
- Regional, state and national financial benchmarks
- Case studies to share impact of strategies
- Materials and best practices on change processes
- Effective communication methods
- Targeted 10 to 15 minute videos for boards and medical staff
- Methods to partner with physician leadership and champions

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Resources Needed to Transition to Population Health

- Examples of physician contracts with incentives with relative value units (RVUs) plus quality indicators
- Technical assistance through CMMI initiatives
- Follow-up support after workshops – example, Small Rural Hospital Transitions (SRHT) Project
- Access to data and ability to mine health care data
- Network development
- SRHT outcomes
- Key performance indicators
- Flex needs assessments for population health

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Financial Leadership Summit (2016) Questions for Consideration

Resources by State Partners and Networks

- What other resources could state Flex and rural hospital programs and rural health networks provide to better support rural hospitals so that they can successfully implement these key financial strategies?

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Conclusions

- Rural hospitals need to improve financial, clinical and operational efficiency in the current volume-based environment
- The implementation of the ACA and the goal of achieving the "Triple Aim" is rapidly introducing value-based purchasing and population health
- Rural hospitals that are able to create networks of shared information and care, safeguard their future by improving patient outcomes and reducing the overall cost of care

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