

# Utilizing SHIP Funds to Prepare for Global Budgets

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# Agenda

- ▶ Pennsylvania Office of Rural Health (PORH) Overview
- ▶ Overview of the global budget structure and implementation of the PA Rural Health Model
- ▶ Strategies to Reduce Potentially Avoidable Utilization (PAU)
- ▶ FY19-20 PA SHIP activities
- ▶ Challenges, successes, and best practices
- ▶ Progress and outcomes-to-date for SHIP activities

# Pennsylvania Office of Rural Health (PORH)

- ▶ PORH was formed in 1991 as a partnership between the federal government, the Commonwealth of Pennsylvania, and The Pennsylvania State University (Penn State)
- ▶ At Penn State, PORH is administratively located in the Department of Health Policy and Administration in the College of Health and Human Development
- ▶ PORH provides expertise in the areas of rural health, agricultural health & safety, oral health, and community & economic development
- ▶ PORH has seven employees including one Flex and one SHIP coordinator
- ▶ The Flex and SHIP coordinators work as a team to support 15 CAHs and 27 SHIP hospitals

# Overview of the PA Rural Health Model

- ▶ The Pennsylvania Rural Health Model (PA RHM) is an alternative payment model designed to address the financial challenges faced by rural hospitals by transitioning them from fee-for-service to global budget payments
  - ▶ This aligns incentives for providers to deliver value-based care and provides an opportunity for rural hospitals to transform the care they deliver to better meet community health needs
- ▶ The PA RHM was designed in partnership with the Center for Medicare and Medicaid Innovation (CMMI) and the Pennsylvania Department of Health (PA DOH)
- ▶ Pennsylvania is the first state in the country to design and implement a model such as this that is focused entirely on rural hospitals
- ▶ The PA RHM was implemented on January 1, 2019 with five hospitals and five payers participating in Year One
- ▶ Currently, there are 13 participating hospitals and six payers in Year Two

A Federally Funded Program

# Pennsylvania Rural Health Model

*Accelerating Health Care Innovation in Pennsylvania*

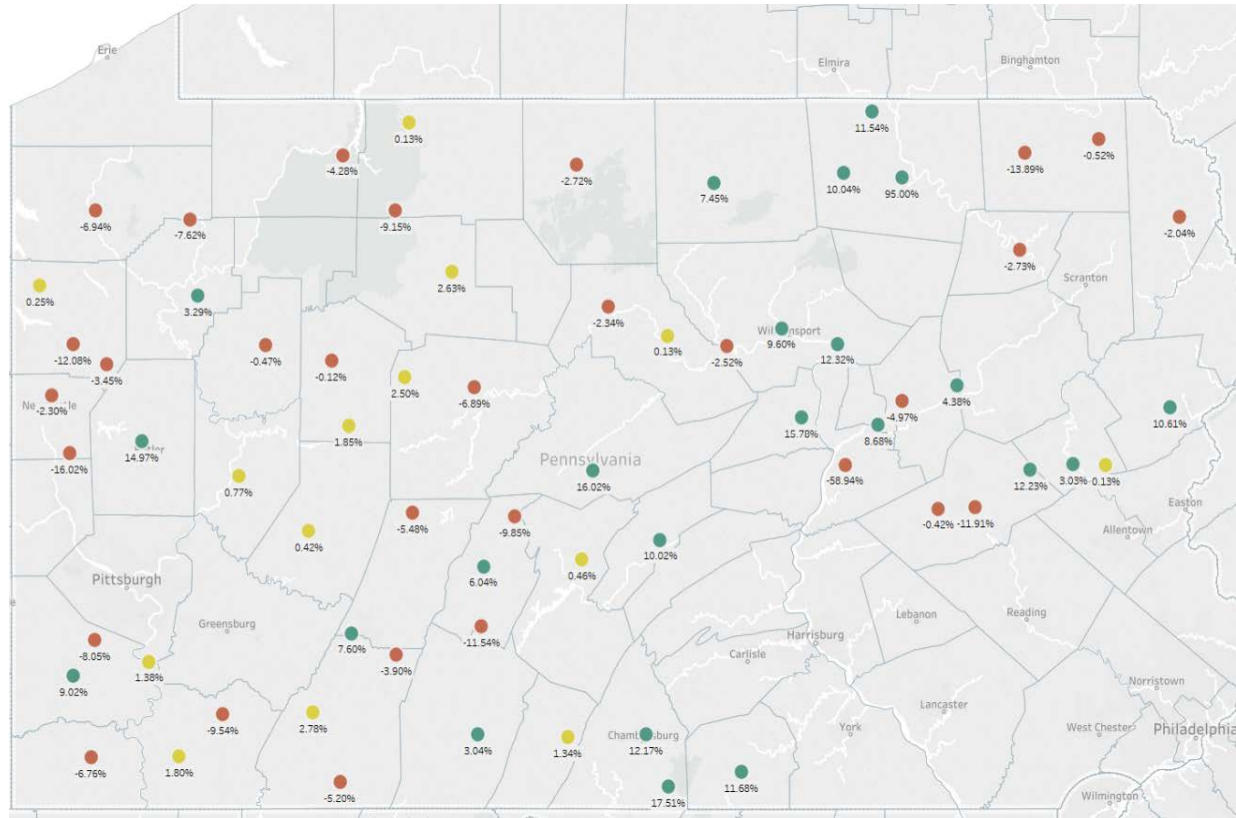
## Pennsylvania Rural Health Model (PA RHM)



# The Pennsylvania (PA) Rural Health Model (the "Model")

Rural hospitals across the nation are struggling under the fee-for-service (FFS) system due to declining populations relative to high fixed costs to operate a hospital

The goal of PA Rural Health Model is to prevent rural hospitals that ensure access to high-quality care in local communities and economic vitality from closing

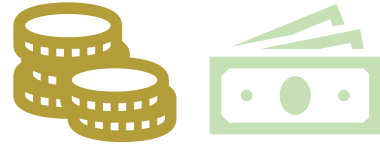


5 hospitals launched the Model on January 1<sup>st</sup>, 2019. 8 additional hospitals joined on January 1<sup>st</sup>, 2020. There are a total of 13 hospitals in 11 counties.

*The Model provides protection from some of the most challenging issues facing rural healthcare leaders by minimizing several of the risks hospitals experience under FFS*

FFS Risk		Model Benefit
Volume fluctuations		Predictable revenue stream
Provider resignations / recruitment challenges		Protects hospital revenue from the immediate impact of providers departure and provides stability until recruitment efforts are successful
Competition with tertiary centers for volume		Competition is no longer the driver of revenue
Investments in population health (right thing for the community, wrong thing for the bottom line)		Eliminates the concern as you are paid to keep people well
Regulatory barriers that prohibit innovation		Within the Model, opportunities exist to apply for waivers of regulations that may stifle innovation

There are two core tenants that make the Model different from FFS that work in combination to create different incentives for hospitals



The Model stabilizes cash flow from all participant payers



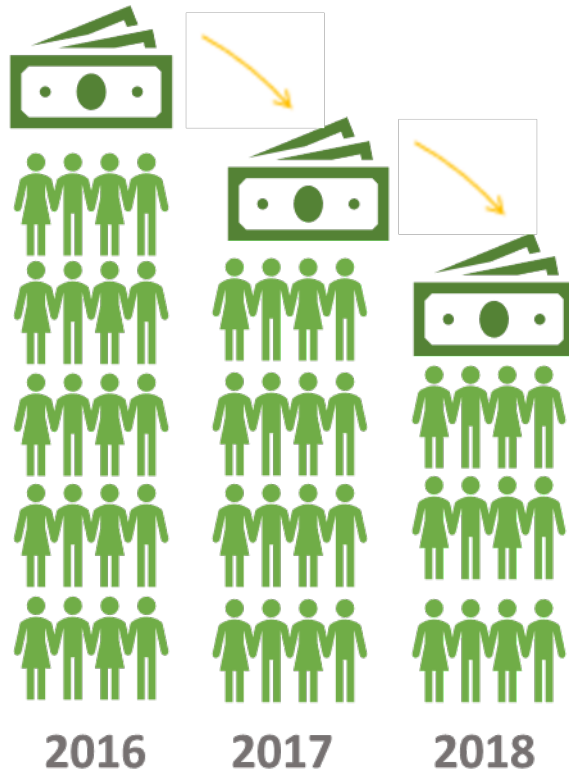
The hospital is incentivized to invest in community health to retain revenue



The global budget stabilizes hospital revenue compared to fee for service, which is imperative in rural communities where population is declining

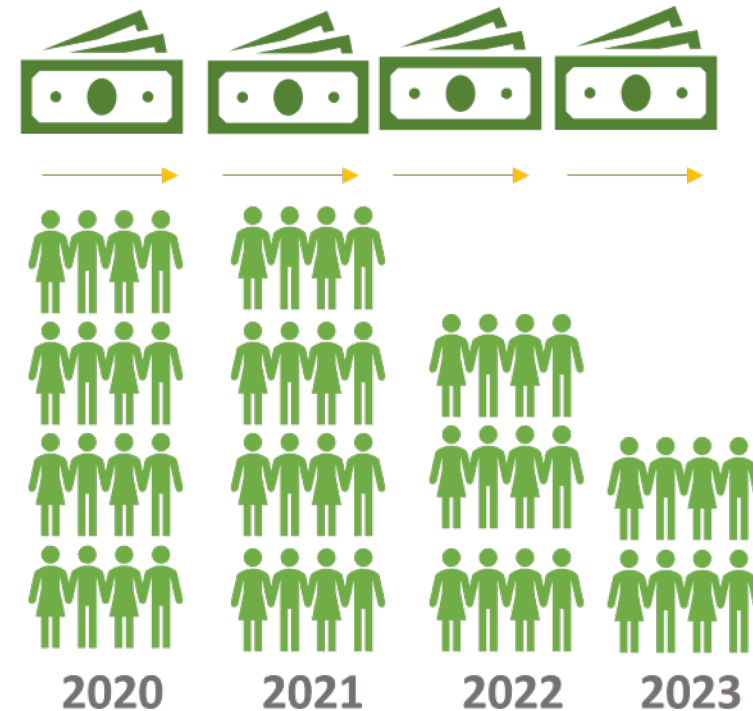
### Fee for Service

Hospital is paid for the # of healthcare resources consumed by the community, but as the community is getting smaller, so is revenue.

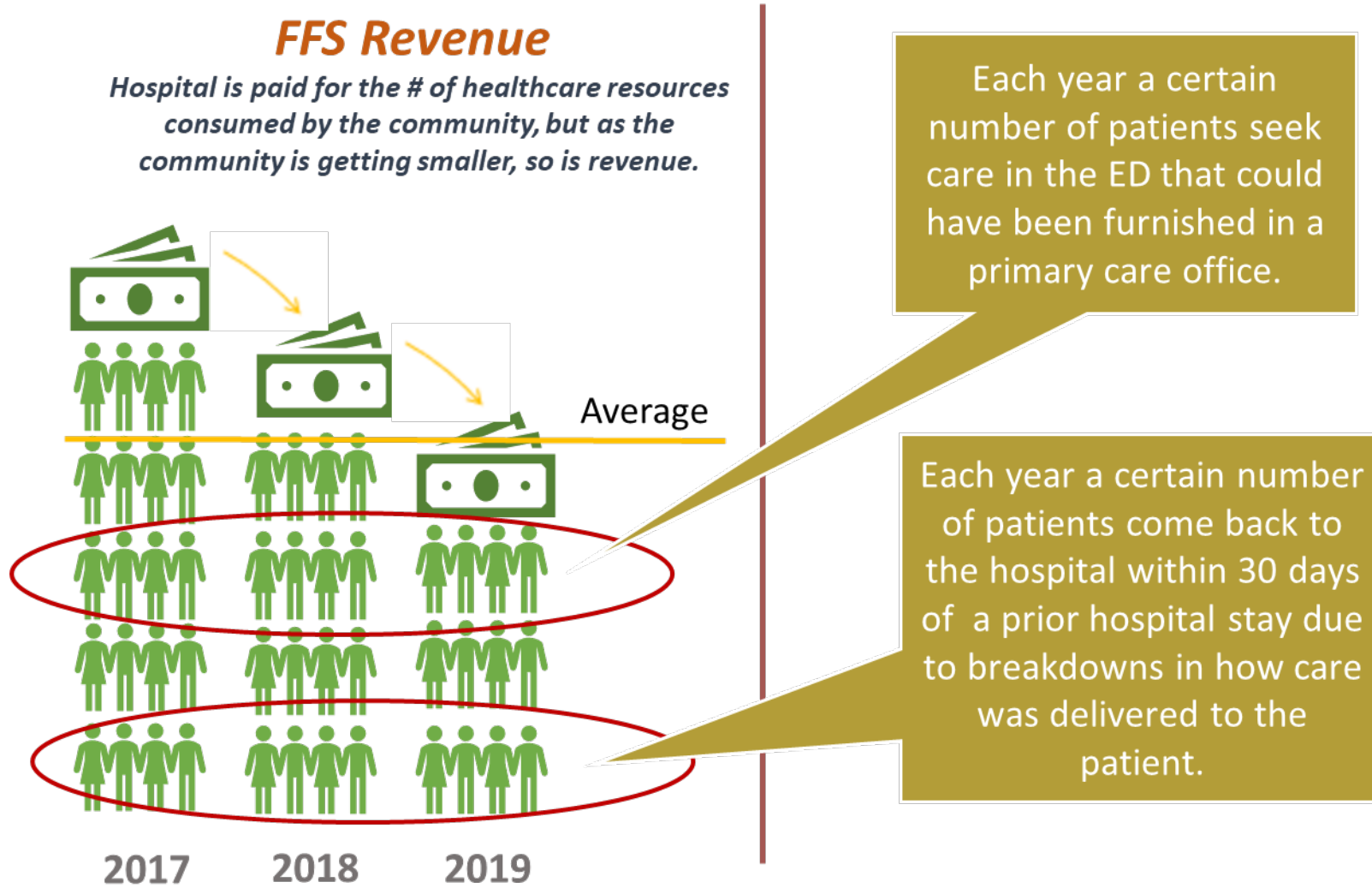


### Global Budget

Hospital is paid the same amount of money as historic NPR regardless of how many resources are consumed by the community.



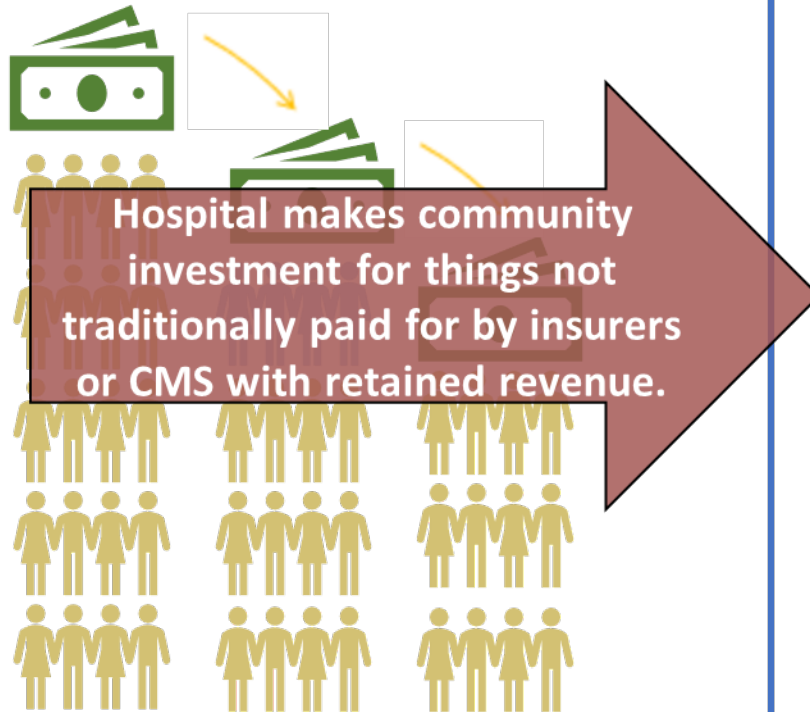
To the extent the hospital can reduce unnecessary utilization, they keep the historical revenue



By retaining the revenue associated with the reduced PAU, the hospital can invest in services that promote community wellness

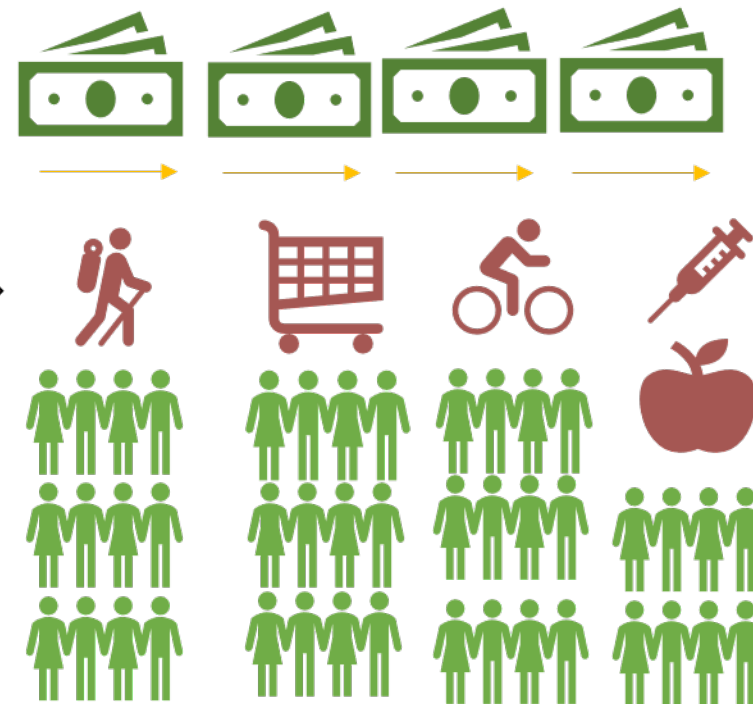
### FFS

*Hospital is paid for the # of healthcare resources consumed by the community, but as the community is getting smaller, so is revenue.*



### Global Budget

*Hospital is paid the same amount of money irrespective of how many resources are consumed by the community.*



# Strategies to Reduce Potentially Avoidable Utilization in ED and Readmissions

- ▶ Implement or Expand Care Coordination
  - ▶ Focus on Chronic Conditions
    - ▶ Congestive Heart Failure
    - ▶ COPD
  - ▶ Community Paramedicine/Mobile Integrated Health care
- ▶ Integrated Primary Care
  - ▶ Provider-based Rural Health Clinics
- ▶ Social Determinants of Health (SDoH)
- ▶ Substance Use Disorder (SUD) and Mental Health
- ▶ Oral Health
- ▶ Telemedicine
- ▶ Regional Strategies
- ▶ Operational Efficiencies

# Pennsylvania's 27 SHIP-eligible Hospitals

- **Barnes-Kasson County Hospital**
- Bucktail Medical Center
- Commonwealth Health Tyler Memorial Hospital
- Conemaugh Meyersdale Medical Center
- Conemaugh Miners Medical Center
- Conemaugh Nason Medical Center
- **Endless Mountains Health System**
- **Fulton County Medical Center**
- **Geisinger Jersey Shore Hospital**
- Guthrie Towanda Memorial Hospital
- Guthrie Troy Community Hospital
- LECOM Health Corry Memorial Hospital
- Penn Highlands Brookville
- Penn Highlands Clearfield
- Penn Highlands Elk
- Penn Highlands Huntingdon
- **Punxsutawney Area Hospital**
- St. Luke's Hospital Miners Campus
- Titusville Area Hospital
- **Tyrone Hospital**
- UPMC Bedford
- UPMC Cole
- **UPMC Kane**
- UPMC Lock Haven
- UPMC Muncy
- UPMC Wellsboro
- **Washington Health System Greene**

Legend:

**Green** = Model Year 1

**Bold** = Model Year 2

Gray = New SHIP Hospital

# FY19-FY20 PA SHIP Activities

- ▶ Value-Based Purchasing activities continue to be the focus for PA SHIP hospitals
  - ▶ 19 hospitals in FY19 and 21 hospitals in FY20 selected VBP activities to include Quality Reporting, HCAHPS Collection or Training, QI Training, Provider-based Clinic Quality Measures Training, and Alternative Payment Model training activities
- ▶ Fewer hospitals selected Accountable Care Organization (ACO) and Payment Bundling (PB) activities
  - ▶ 6 hospitals in FY19 and 4 in FY20 selected ACO activities to include Disease Registry, Community Paramedicine, Provider Order Entry Training, Pharmacy Services Implementation, and SDoH
  - ▶ 3 hospitals in FY19 and 2 hospitals in FY20 selected PB activities to include ICD-10, S-10 Cost Report Training, and Price Transparency Training

# Challenges

- ▶ Number of SHIP Hospitals Participating in the PA RHM
  - ▶ Year 1: Four (4) of 25 SHIP participating hospitals
  - ▶ Year 2: Eight (8) of 27 SHIP participating hospitals
- ▶ Timing
  - ▶ Year 1 hospitals did not have to commit to the Model until December 31, 2018
  - ▶ Year 2 hospitals had to commit prior to August 2019
  - ▶ Year 3 hospitals extended due to COVID-19
- ▶ Lack of Cohort Participation
- ▶ COVID-19
  - ▶ Paused Year 3 recruiting efforts
  - ▶ Paused majority of SHIP activities so hospitals could focus on the pandemic

# Successes and Best Practices

## ▶ Successes

- ▶ 100% SHIP Hospital participation in both FY19 and FY20
- ▶ Number of Hospitals participating in Care Coordination and Telemedicine activities increased from (4) in FY18 to (5) in FY19 and (6) in FY20
- ▶ 76% of PA SHIP hospitals in FY19 and 84% in FY20 selected HCAHPS or Quality Reporting activities to focus on quality

## ▶ Best Practices

- ▶ Model Working Groups (6): Regional Strategies, Care Coordination, SDoH, Transportation, SUD, and Operational Efficiency
- ▶ COVID-related
  - ▶ COVID significantly increased the use of telemedicine
  - ▶ Some waivers likely to become permanent



# Progress and Outcomes Examples

- ▶ UPMC Wellsboro and LECOM Corry Memorial Hospital
  - ▶ Discharge Planning and Care Coordination Initiatives
    - ▶ Improved patient outcomes
    - ▶ Reduced Readmissions
    - ▶ Improved patient satisfaction
- ▶ UPMC Muncy and UPMC Kane
  - ▶ Telehealth Initiatives (Neurology, Pulmonology, Infectious Disease, Wound Care)
    - ▶ Increased Access to Care
    - ▶ Improved Patient Outcomes
    - ▶ Decrease in Transfers

# Questions?

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