Small Rural Hospital Transition (SRHT) Project

Financial Operational Assessment (FOA)

Hospital Scope of Work (SOW)
2015 - 2016

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SMALL RURAL HOSPITAL TRANSITION (SRHT) GOALS, HOSPITAL READINESS AND PROJECT EXPECTATIONS

SRHT Goals

The Small Rural Hospital Transition (SRHT) Project supports small rural hospitals nationally by providing on-site technical assistance to assist bridging the gaps between the current health care system and the newly emerging one that is based on value. The program assists rural hospitals in transitioning to a value-based system by concentrating on four core areas to:

- Assess the use of best practices that maximize performance;
- Determine opportunities to implement process improvements;
- Align health care services with community needs; and
- Prepare the hospital for new payment and care delivery models.

SRHT gathers information about successful strategies that support selected hospitals with improving financial, operational and quality performance, as well as positions the hospital for transitioning to a value-based system. Successful strategies and lessons learned are identified through post-project follow up assessments. The information is then shared with other rural facilities across the country so that they too may benefit from the program’s onsite technical assistance by applying these strategies to their own hospital to help them prepare for transitioning to a value-based system. Successful strategies and lessons learned are disseminated through the Rural Hospital Toolkit for Transitioning to Value-Based Systems.

Hospital Readiness

Selected hospitals should be willing and able to meet readiness requirements. Executive leadership should be willing and able to initiate the project, as well as move forward to effectively utilize resources by being prepared to:

- Provide pre-/post-project values for tracking measures
- Complete and submit all data requests;
- Meet project deadlines;
- Secure and hold onsite consultation dates;
- Prepare the board, management team and any other project champions for the onsite consultations; and
- Complete the project as identified in the hospital work plan.
Executive teams should be willing, able and ready to use the technical assistance provided through the consultation to springboard the hospital into the transition process by preparing to participate in a shared savings plan, Accountable Care Organization (ACO) and/or primary care medical home (PCMH).

**Project Expectations**

Selected hospitals should be willing, able and ready to meet project expectations by completing [participation requirements](#), as well as, by sharing successful strategies that helped them to implement recommended best practices and prepare for the transition to a value-based system. Selected hospitals must also be willing and able to demonstrate measurable outcomes with pre-/ post-project values. SRHT measurable outcomes are used by the hospital and RHI to:

- Monitor progress over time
- Determine the project impact
- Identify successful transition strategies

Selected hospitals are expected to share their success stories with other rural hospitals through live [Performance Management Group (PMG) calls](#). Successful hospitals are also showcased through [Hospital Spotlights](#) to disseminate best practices to other rural providers and strategies that positions rural hospitals for the future. Hospitals unable to meet readiness and participation requirements are placed back in queue and the project support is directed to the next ranked hospital.

**Executive Leadership Involvement**

SRHT Projects are large comprehensive consultations that require top leadership involvement. Executive leadership must be willing and able to participate in all steps of the performance improvement process as outlined in the participation requirements. The hospital chief executive officer (CEO) should be committed to leading the project by being actively involved and engaged throughout the consultation. The CEO should work with the consultant and RHI staff to facilitate the project planning and onsite consultations, implement best practices and transition strategies and demonstrate measurable outcomes. Top leadership involvement is so important that the SRHT does not accept a representative in lieu of the CEO.

Executive leadership should share project reports and action plans with the board members and management teams. The hospital’s management team and other key project champions should be actively involved and engaged throughout the project.
to successfully implement consultant recommended best practices and adopt transition strategies at the department level to ensure sustainability.

**SRHT Project Preparation**

Executive leadership should use [online tools and resources](#) available through the [National Rural Health Resource Center](#) to prepare the management team and other champions for the SRHT Project. Available resources include educational trainings that support staff development and build internal capacity. Ongoing staff development is necessary to ensure the implementation of best practices that sustain post-project gains. Refer to [Appendix A](#) for a list of key suggested trainings and resources.

Executive and management teams should participate in live [Health Education and Learning Program (HELP) Webinars](#) and [PMG calls](#). Previously [recorded HELP webinars](#) and [PMG Call playbacks](#) are easily accessed online and should be shared with management teams and their front-line staff to build department capacity and accountability. Hospitals are encouraged to use the playbacks at will for ongoing staff and board development.

Selected hospitals are also encouraged to use the [Rural Hospital Toolkit for Transitioning to Value-Based Systems](#) to prepare for the SRHT Project. SRHT Project encourages administrators to develop a hospital-wide culture of [performance excellence](#). To support performance excellence, the SRHT Project emphasizes the use of key performance indicators (KPI) and a framework to facilitate the adoption of consultant best practice recommendations and strategies.
SRHT FINANCIAL OPERATIONAL ASSESSMENT (FOA) PROJECT

Purpose of FOA Project

The purpose of the FOA is to identify opportunities for the hospital to implement best practices that improve efficiency and performance. The FOA assesses the hospital’s operations at the department level to establish priorities for both short and long-term, as well as, to develop action steps to implement best practices. It’s also designed to develop strategies that assist the team in preparing for value-based system and helping them transition to new payment systems.

Objectives of FOA Project

The objective of the FOA project is to financially position the hospital for the future by:

- Evaluating opportunities for physician alignment and service area provider complement to support primary care.
- Determining opportunities to further develop primary care recruitment strategies and review provider incentive compensation.
- Determining opportunities for aligning services with community needs.
- Assisting the hospital team to develop an action plan with specific measurable outcomes to improve performance while creating strategies that prepare the hospital to transition to value-based system.

The consultation methodology supports the objectives by identifying performance-improvement opportunities that result in increased financial stability, which may include the evaluation of the following:

- Historic/potential demand for clinical services.
- Clinical service line gaps.
- Reimbursement and cash flow with emphasis on selected service lines.
- Physician practice management.
- Hospital expense analysis.
- Hospital’s organizational architecture and management principles.
Consultation Methodology

1. Hospital submits data request and interview schedule **at least 6 weeks prior** to first onsite date. Hospitals unable to meet this deadline will be placed back in queue and the project support directed to the next ranked hospital.

2. Consultant to analyze hospital data and review pertinent information to prepare for the first onsite consultation visit.

3. First on-site consultation visit – one to two (1-2) days
   a. Consultant interviews executive leadership and management team members, medical staff representatives, key project champions, board members and others that CEO or consultant deem necessary for project.
   b. Consultant conducts exit interview with the CEO and others to review preliminary findings and recommendations, and discuss next steps.

4. Preparation for second consultation visit
   a. CEO reviews the draft report and recommendations prior to second onsite consultation visit to prepare for second onsite visit. CEO should provide feedback on the report and recommendations to the consultant by one week prior to the onsite date.

5. Second onsite consultation visit - One (1) day
   a. Consultant presents report and recommendations to executive and management teams, key champions, medical staff and board members.
   b. Consultant conducts an action planning session with the executive and management teams to:
      i. Clarify the implementation of recommended best practices;
      ii. Define tracking measures for determining measurable outcomes for the SRHT Project, and;
      iii. Outline strategies to prepare for transitioning to a value-based system.

6. Finalization of the report, recommendations and action plan
   a. CEO is responsible for providing feedback to the consultant so that the report and action plan may be finalized within the SRHT Project timeline. CEO should complete a final review of the report, recommendations and action plan, as well as provide feedback to the consultant within two (2) weeks following the second onsite visit. Report is considered final after this time period and support for the project ends.
First Onsite Consultation Visit

The first consultation visit consists of a full day (or possibly 2 days) of interviews with executive and management team members, medical staff and board members. The first consultation visit focuses on finding opportunities for financial, operational, and quality performance, as well as discovering strategies that supports the hospital’s transition process. Additional data may be requested as follow up to consultation. The day begins with a meeting with the executive team with individual interviews following throughout the day. It ends with an exit interview with the CEO.

Second Onsite Consultation Visit

The second onsite visit requires a full day for the executive and management teams. The first half of the day consists of the report presentation to the executive and management teams, as well as, the board members, medical staff and any other key community champions that the CEO would like to invite. The remaining half of the day is devoted to the action planning process. The objective is to provide the hospital teams with a clear understanding of the opportunities and recommendations so that the:

- Management teams can develop action plans to implement the best practice recommendations at the department level; and
- Executive team can develop strategies that positions the hospital for the future and transitions them to a value-based system.

Executive and management teams should to participate in both the report presentation and action planning sessions.
# Hospital Work Plan and Deadlines

The deadlines are developed for each hospital based on the scheduled onsite consultation dates.

<table>
<thead>
<tr>
<th>Deadline</th>
<th>Hospital Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Request and Interview Schedule</td>
<td>a. Hospital to submit initial data requests and interview schedule at least <strong>6 weeks prior</strong> to the first on-site consultation visit. Hospitals unable to meet this deadline are placed back in queue and the project support is directed to the next ranked hospital.</td>
</tr>
<tr>
<td>First on-site consultation – 1 to 2 days</td>
<td>a. Hold interviews with executive leadership and management team members, medical staff representatives, key project champions and board members&lt;br&gt;b. Request for additional data&lt;br&gt;c. Hold exit interview with CEO</td>
</tr>
<tr>
<td>Preparation for second onsite consultation visit</td>
<td>a. CEO to review draft report and recommendations and provide feedback to consultant to at least 2 weeks prior to prepare for the second onsite visit.&lt;br&gt;b. A call may be scheduled between the CEO and consultant, if needed, to review the report and prepare for the second onsite visit</td>
</tr>
<tr>
<td>Second on-site consultation visit – 1 day</td>
<td>a. Present report and recommendations to executive and management teams, key staff, medical staff and board members through one meeting&lt;br&gt;b. Develop action plan with executive and management team members to implement best practice recommendations to improve processes and maximize performance&lt;br&gt;c. Develop strategies with executive team that prepare the hospital for transitioning to value-based system. Will consider opportunities for the hospital to participate in Accountable Care Organizations (ACOs), shared savings plans and primary medical homes&lt;br&gt;d. Hold exit with CEO</td>
</tr>
<tr>
<td>CEO to finalize the report by 2 weeks from the second onsite-visit</td>
<td>a. CEO to finalize the report, recommendations and action plan by two (2) weeks from the second onsite visit. Report is considered final after this time period</td>
</tr>
<tr>
<td>Project completed and end of SRHT Project support</td>
<td></td>
</tr>
</tbody>
</table>
FOA Anticipated Outcomes and Tracking Measures

The consultation report provides best practice recommendations for performance improvement and outlines strategies for transitioning to a value-based system. Therefore, the FOA anticipated outcomes includes both financial and quality indicators. The anticipated outcomes for the FOA project are listed below, and should be considered during the action planning session. The hospital should track the below measures for each anticipated outcome and report pre-/ and post-project values to RHI staff.

<table>
<thead>
<tr>
<th>Anticipated Outcome</th>
<th>Tracking Measure</th>
<th>Standard</th>
<th>Hospital Target Goal based on Anticipated Outcome</th>
<th>Hospital Pre-Values</th>
<th>Hospital Project Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase total margin by 10% on an annualized basis</td>
<td>Net Income</td>
<td>US Median for Rural Hospitals $____</td>
<td>____</td>
<td>____</td>
<td>____</td>
</tr>
<tr>
<td>Increase net patient revenue by 2.5% on an annualized basis*</td>
<td>Net Patient Revenue</td>
<td>US Median for Rural Hospitals $____</td>
<td>____</td>
<td>____</td>
<td>____</td>
</tr>
<tr>
<td>Increase Days of Cash and Investments on Hand by 10 days</td>
<td>Days Cash on Hand</td>
<td>US Median for Rural Hospitals ___ days</td>
<td>____ day</td>
<td>____ day</td>
<td>____ days</td>
</tr>
<tr>
<td>Improve quality of care by improving HCAHPS scores for questions on overall rating of the hospital (refer to questions 21 and 22 in Appendix B).</td>
<td>HCAHPS score for overall rating of the hospitals as reported in Hospital Compare or similar reporting site such as MBQIP for items: &quot;Patients who gave their</td>
<td>State: _ (%)</td>
<td>____ (%)</td>
<td>____ (%)</td>
<td>____ (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>National: _(%)</td>
<td>____ (%)</td>
<td>____ (%)</td>
<td>____ (%)</td>
</tr>
</tbody>
</table>

RURAL HEALTH INNOVATIONS, a subsidiary of the National Rural Health Resource Center
<table>
<thead>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>&quot;hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)&quot;</td>
<td>State: _ (%)</td>
<td>___ (%)</td>
<td>___ (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&quot;Patients who reported YES, they would definitely recommend the hospital&quot;</td>
<td>National: _ (%)</td>
<td>___ (%)</td>
<td>___ (%)</td>
</tr>
</tbody>
</table>

Hospital to determine base-line values before the second on-site consultation visit
Contact Information

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APPENDICES
Appendix A: Resources

**Guides and Toolkits:**
- Road to Value: Financial Strategy to Transition to a Value-based System
- A Guide for Rural Hospitals to Identify Populations and Shift to Population Health
- Understanding the Hospital Medicare Cost Report Uncompensated and Indigent Care Data Form CMS-2552-10 (Worksheet S-10)

**HELP Webinars Playbacks:**
- Strategies for CAH Success in the New Healthcare Market
- Partnerships: Positioning Hospitals for the Future- Part 1
- Partnerships: Positioning Hospitals for the Future- Part 2
- Physician Contract Negotiations: Forming Partnerships for Value-Based Payment Models
- Payer Contract Negotiations: Getting Paid for Delivering Value

**PMG Call Playbacks:**
- Missouri Delta Medical Center Approach to Preparing to Participate in an Accountable Care Organization (ACO)
- Marcum and Wallace Memorial Hospital’s Approach to Developing a Patient Centered Medical Home (PCMH)

What do I need to do now to prepare for value based models and population health strategies for the future?
Appendix B: HCAHPS Survey Questions

HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) Survey Questions

Would Recommend Your Hospital Composite

Reported in Hospital Compare as:

"Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)"

"Patients who reported YES, they would definitely recommend the hospital"

HCAHPS Question 21. Using any number from 0 to 10, where 0 is the worst hospital possible and 10 is the best hospital possible, what number would you use to rate this hospital during your stay?

HCAHPS Question 22. Would you recommend this hospital to your friends and family?

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1 CMS HCAHPS Survey Questions and Instructions