



NATIONAL  
RURAL HEALTH  
RESOURCE CENTER

## Rural Strategies for Transitioning to Value-based Purchasing and Population Health



**2016 Financial Leadership  
Summit Findings**

**SRHT HELP Webinar  
August 10, 2016**

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# 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



# 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



# Financial Leadership Summit 2016

**Supported by:** 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

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# Summit Panelists



Minneapolis, MN April 19, 2016



# Summit Panelists

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Hammond Henry Hospital

Jeffrey M. Johnson, Partner  
Wipfli LLP

Lance W. Keilers, President  
Connected Healthcare Solutions, LLC

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Kentucky Office of Rural Health

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Eric K. Shell, Director  
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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



# Market Forces Driving Health Care Industry Towards Population Health

- IHI Triple Aim
  - Improve the quality of care and patient experience
  - Improve the health of populations
  - Reduce the per capita cost of health care
- 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

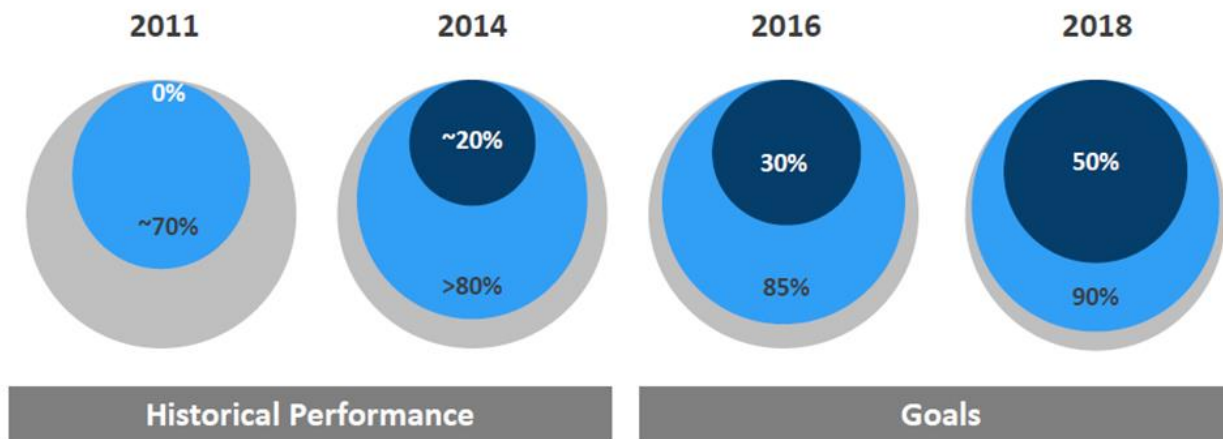




# Alternative Payment Model Targets

Target percentage of payments in 'FFS linked to quality' and 'alternative payment models' by 2016 and 2018

- Alternative payment models (Categories 3-4)
- FFS linked to quality (Categories 2-4)
- All Medicare FFS (Categories 1-4)





# 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



# Forces Impeding Rural Hospitals

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



# Drivers and 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

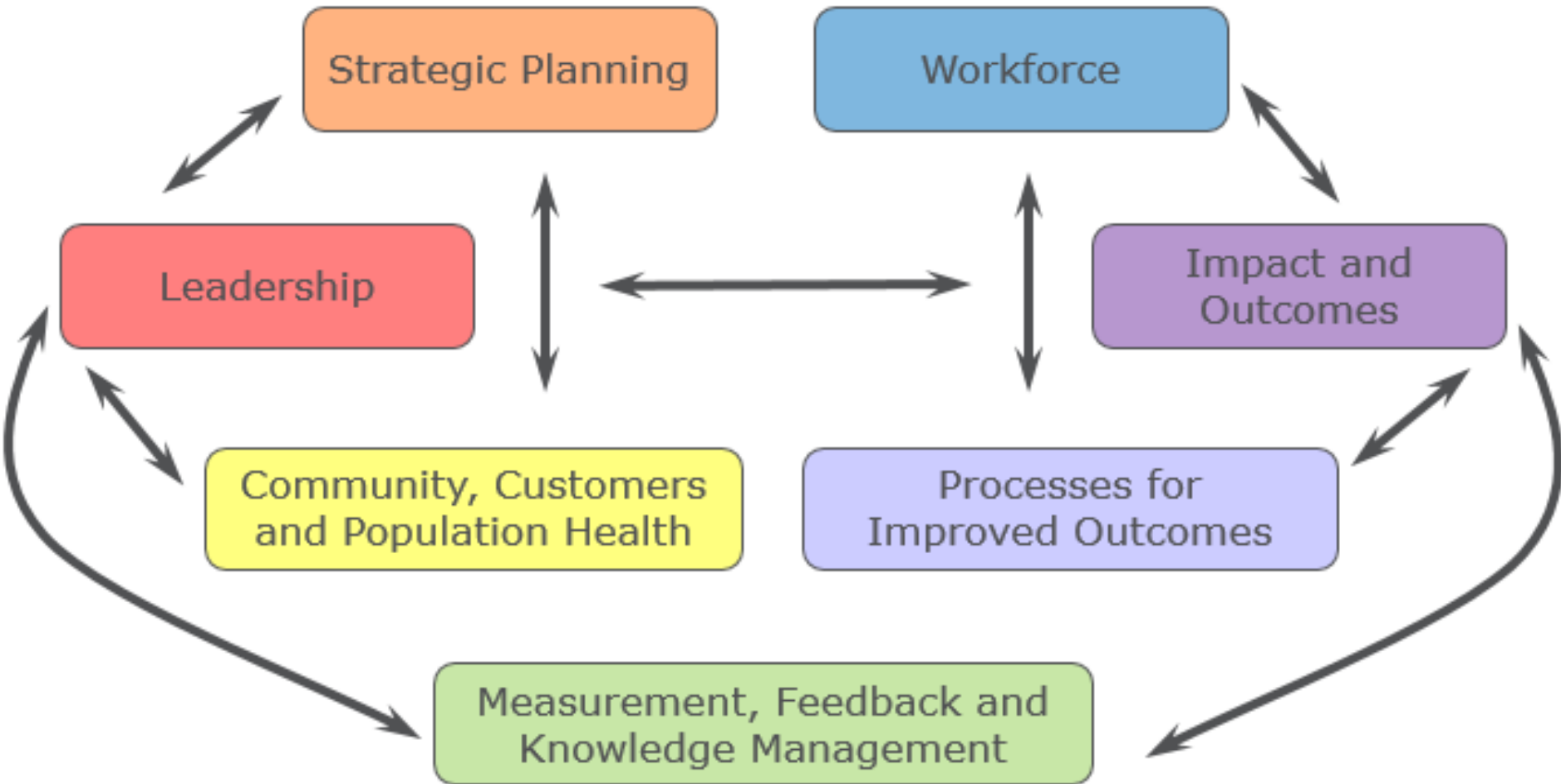
Current Financial Reporting rules

# Transition Strategies

- Developed by panelists based on 2 frameworks
  - [Performance Excellence \(PE\) Blueprint](#)  
Modified Baldrige Framework
  - [Transition Implementation Framework](#)  
Produced by Stroudwater Associates

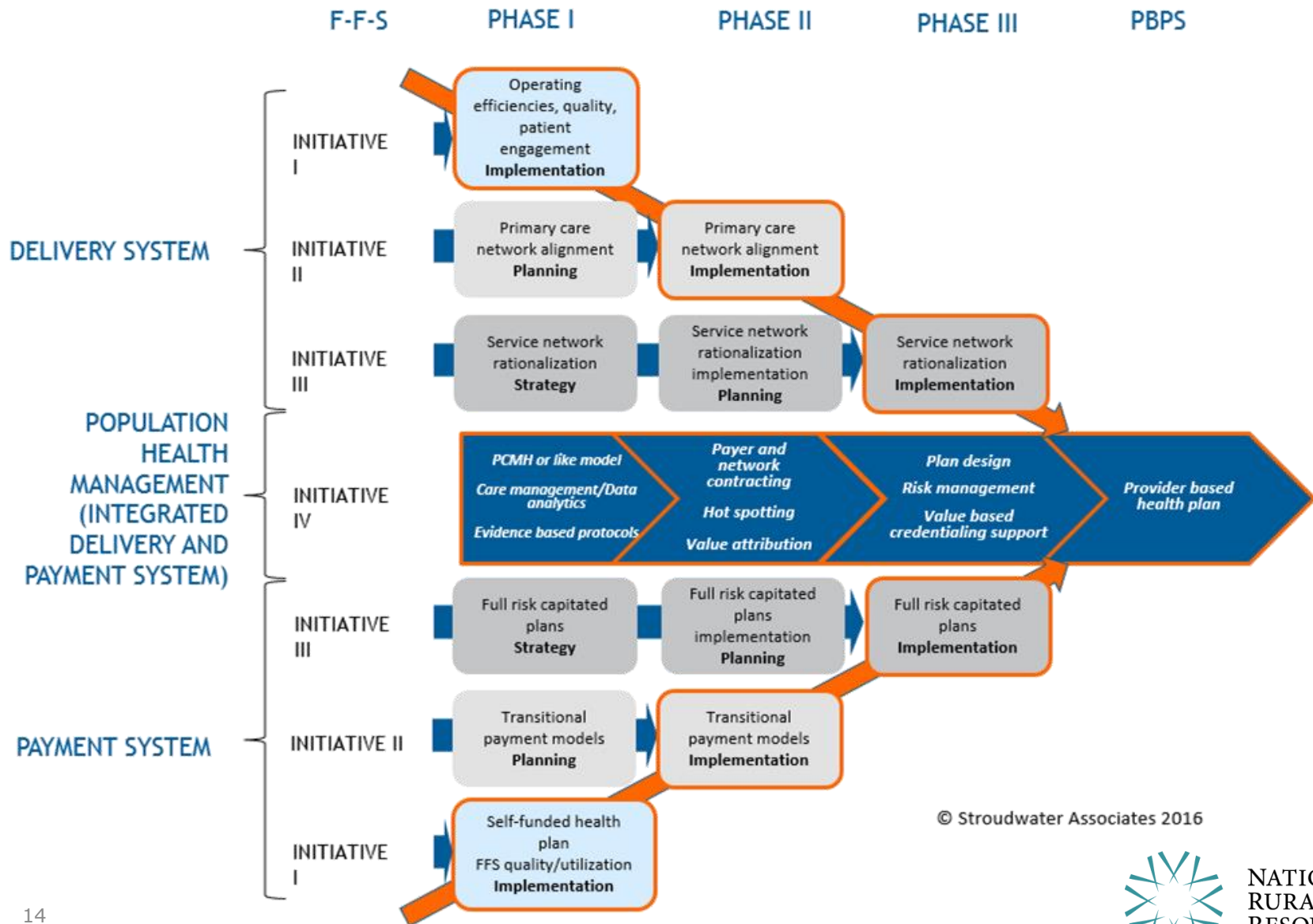


# Performance Excellence (PE) Framework



Modified from Baldrige Performance Excellence Framework

# Transition Implementation Framework



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# 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)





# Immediate Strategies

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



# Short-term Strategies

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



# Long-term Strategies

- Collaborate with Other Rural hospitals and Larger, Regional Health Systems
- Document Hospital Outcomes and Demonstrate Value



# Questions for Consideration

*(Type your answer in the Chat Box)*

- 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?

# 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



# Questions for Consideration

*(Type your answer in the Chat Box)*

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

# 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



# 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



# Questions for Consideration

*(Type your answer in the Chat Box)*

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



# Conclusions

- There are an important set of basic strategies that rural hospital leaders can use to achieve success in the emerging value-based population health reimbursement system



# 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



# Download The Report

The [PDF Financial Leadership Summit Report](#) is available on the [Financial Leadership Summit webpage](#)





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