Small Rural Hospital Transitions (SRHT) Project

Federal Office of Rural Health Policy

Community Focus in National Transition

Paul Moore, DPh
Senior Health Policy Advisor
Federal Office of Rural Health Policy, Health Resources & Services Administration
U.S. Department of Health & Human Services
Webinar Learning Objectives

• Your Federal Office and Key Policy Issues
• Gain a greater understanding of the evolution of new value-based payment and delivery models;
• Learn of strategies that assist rural hospitals in transitioning with the emerging system of health care delivery and payment;
• Discover help to improve financial and quality performance now while preparing to transition into the future, based on your own community need.
Federal Office of Rural Health Policy

FORHP is the “Voice for Rural” across the Department

✓ Advises the Secretary of HHS

✓ Rural-specific policy and research role

✓ Administers a number of grant programs that support the rural health care infrastructure
Another Policy Voice for Rural Health

The National Advisory Committee on Rural Health & Human Services

- **Policy Briefs and Recommendations Available online**

- **Emerging Issue letters to the Secretary**
Budget

The budget requests $144 million for rural health and includes:

- $17 million to support providers in rural and isolated areas improve patient care with the use of telehealth, telemedicine and health IT
- $10 million to expand the Rural Opioid Overdose Reversal Grant Program to help reduce morbidity and mortality related to opioid overdoses in rural communities
- $26 million to continue the Rural Hospital Flexibility Grants to support delivery system reform activities and access to health care services in rural communities
FY 2016 Competitive Grant Programs

**Small Health Care Provider Quality Improvement Grant Program**

- 3 years, $200,000 K per year
- ~ 20 awards
- To deliver quality improvement activities in rural communities
  - Evidence-based
  - Outcomes oriented
  - Population Health
- Eligibility: rural, non-profit or public entity, partner with 2 other entities
- FOA available: January, 2016
- Program start date: August, 2016
- Contact: Ann Ferrero, aferrero@hrsa.gov; 301-443-3999

**Rural Health Network Development Planning Program**

- 1 year, $100,000
- ~ 24 awards
- Help to promote the planning and development of healthcare networks
- Eligibility: rural, non-profit or public entity
- Program start date: June, 2016
- Contact: Amber Berrian, aberrian@hrsa.gov, 301-443-0845
Resources for Rural Hospitals

State Funding
• The Rural Hospital Flexibility Grant Program
• The Small Hospital Improvement Program

The Flex Monitoring Team
• Studies and Data on Critical Access Hospital Issues and State Flex Programs
Rural Health and Hospital Research

Rural Health Research Gateway

Topics
Centers
Researchers
Other Resources
Search

Research Alerts
Stay on top of the latest federally-funded rural health research:
- E-mail
- RSS Feed
- Facebook

Rural Health Research Centers
Welcome to the Rural Health Research Gateway. This site provides access to publications and projects funded through the federal Office of Rural Health Policy (ORHP) as part of the Rural Health Research Centers and Analysis Initiatives grant program.
Learn more about the Rural Health Research Gateway.

Featured Resources
Toxics Release Inventory Discharges and Population Health Outcomes in Rural and Urban Areas of the United States (Final Report)
Key Policy Issues for 2016
Key Policy Issues for 2016

- Reviewing the Medicare Payment Updates and Proposed Rules
  - Inpatient
  - Outpatient
  - Physician Fee Schedule
  - RHCs
Key Policy Issues for 2016

• Key Regulations
  • Meaningful Use and Interoperability
• Marketplace Issues (Network Adequacy, Essential Community Providers, etc.)
Key Policy Issues for 2016

- Alignment with Key National Trends
  - Measuring & Reporting Quality
  - Value-Based Purchasing
  - Medicare Merit-Based Incentive Payments
  - Alternative Payment Models
Alternative Payment Models

- Accountable Care Organizations (ACOs)
  - Medicare Shared Savings Program (MSSP)
  - ACO Investment Model (AIM)
  - Pioneer ACO
  - Next Generation ACO
- Examples of Other Alternative Payment Models
  - Patient Centered Medical Home Model
  - Comprehensive Primary Care (CPC) Initiative
  - Medicare-Medicaid Financial Initiative FFS Model
Linking Medicare FFS Payments to Value

Hospitals

- Hospital Value-Based Purchasing (HVBP)
- Hospital Readmissions Reduction Program
- Hospital-Acquired Condition (HAC) Reduction Program

Physicians

- Physician Value-Based Modifier
Key characteristics
- Producer-centered
- Incentives for volume
- Unsustainable
- Fragmented Care

Systems and Policies
- Fee-For-Service Payment Systems

Key characteristics
- Patient-centered
- Incentives for outcomes
- Sustainable
- Coordinated care

Systems and Policies
- Value-based purchasing
- Accountable Care Organizations
- Episode-based payments
- Medical Homes
- Quality/cost transparency
Medicare Fee-for-Service

GOAL 1: 30%
Medicare payments are tied to quality or value through alternative payment models (categories 3-4) by the end of 2016, and 50% by the end of 2018.

GOAL 2: 85%
Medicare fee-for-service payments are tied to quality or value (categories 2-4) by the end of 2016, and 90% by the end of 2018.

STAKEHOLDERS:
Consumers | Businesses
Payers | Providers
State Partners

NEXT STEPS:
Testing of new models and expansion of existing models will be critical to reaching incentive goals.

Creation of a Health Care Payment Learning and Action Network to align incentives for payers.
Target Percentage of Payments in ‘FFS Linked to Quality’ and ‘Alternative Payment Models’ by 2016 and 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFS linked to quality (Categories 2-4)</td>
<td>0%</td>
<td>~20%</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>Alternative payment models (Categories 3-4)</td>
<td>~70%</td>
<td>&gt;80%</td>
<td>85%</td>
<td>90%</td>
</tr>
<tr>
<td>All Medicare FFS (Categories 1-4)</td>
<td>&gt;80%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
</tbody>
</table>

Historical Performance | Goals

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

• How do we get to “better care, smarter spending, and healthier people”? 

  “Improving the way providers are incentivized, the way care is delivered, and the way information is distributed will help provide better care at lower cost across the health care system.”

• What are the “challenges” to “Business as Usual” for small, rural hospitals?
Challenging Environment

Rural hospitals paid under PPS, and Critical Access Hospitals, generally had the lowest profitability in comparison to hospitals with other payment classifications.
A Transitioning Landscape
Are the rural payment protections a dividing line?

The Rural Safety Net

- CAH Cost-Based Reimbursement
- Rural Health Clinic and FQHC Payment
- Swing Bed Payment
- Method II Billing

Traditional Medicare

- DRGs
- Physician Fee Schedule
- Medicare DSH
- Medicare GME

Unique rural payment methodologies not often included in quality reporting requirements

Legislation moving toward value has emphasized standard payment
Target Percentage of Payments in ‘FFS Linked to Quality’ and ‘Alternative Payment Models’ by 2016 and 2018 for Small Rural Hospitals and Providers

Goals

Historical Performance

2011
- 0%
- ~70%

2014
- ~20%
- >80%

2016
- 30%
- 85%

2018
- 50%
- 90%

Alternative payment models (Categories 3-4)
FFS linked to quality (Categories 2-4)
All Medicare FFS (Categories 1-4)
Small Rural Hospitals and Providers
Our Goal...Helping Rural Communities Make the Transition

- Supporting rural hospitals
- Addressing community health needs
- Addressing community workforce needs
- Assisting state rural health efforts
- Increasing access through telehealth
- Rural health information resource website
- Information for new and existing telehealth networks
- Resources for Rural Health Clinics
- Regulation Review
- White House Rural Council
- National Advisory Committee on Rural Health and Human Services
- Collaboration with key rural partners
- Monitoring Access/Rural Safety Net
Resources for Rural Hospitals

Small Rural Hospital Transition (SRHT) Project

Assisting Small Rural Hospitals to Bridge the Gap

Health care systems are in a state of transition and a new care delivery and payment model is emerging based on value. Small rural hospitals are facing many challenges in preparing for the new health care environment. Particularly difficult challenges include transitions of care as patients move from one care setting to another, the evolution of new payment approaches such as value-based purchasing, and new care delivery models such as accountable care organizations (ACO), shared savings programs and patient-centered primary care medical homes. Success in this new environment will require bridging the gaps between the current health care system and the newly emerging system of health care delivery and payment.

The Small Rural Hospital Transition (SRHT) Project was created by the Federal Office of Rural Health Policy (FORHP) with funding from the Health Resources and Services Administration (HRSA) to assist small rural hospitals in transitioning to new care delivery and payment models.
Resources for Rural Hospitals

New Contract: Rural Quality Improvement Technical Assistance

• Fills an essential need for rural-focused quality TA
• Beneficiaries of TA are FORHP grantees
  • Flex Coordinators and MBQIP participating CAHs
  • Small Rural Healthcare Provider Quality Improvement program
Other Funding Available for Transition Planning

- 2016 Small Rural Hospital Improvement Program (SHIP)
- Rural Health Network Development Planning Program
Rural Health Clinic Technical Assistance Series

- ORHP funded through the National Association of Rural Health Clinics
- Listserv
  - Exchange info, ask questions
  - Sign up
  - Conference Calls
  - 6 per year on range of topics
  - Sign up and review previous calls
Rural Considerations in the Medicare Access & CHIP Re-Authorization Act

• Technical Assistance for Rural Physicians…

• Focus on Chronic Disease Management for Rural Communities…
Delivery System Reform Support

- Potential Alignment with Rural Health
  - Transforming Primary Care Initiative
  - Healthcare Payment Learning and Action Network
  - ACO Investment Model (AIM)
RHIHub
Community Health Gateway

Toolkits
• Resources and best practices to help you identify and implement public health programs

Sustainability Tools
Rural Health Models and Innovations Hub
• Find examples of approaches you can adapt for your program, including models shown to be effective, as well as new and emerging ideas.

Economic Impact Tool
• Show how your program’s grant funding affects your community’s economic well-being
We build knowledge through research and collaboration to effect change toward a high performance rural health system.

Learn More >
A few final thoughts…

Making the transition to the Rural Healthcare System of the future will require…

…understanding of new payment and care delivery models

…a keen focus on your own community’s needs

…a willingness to adapt in meeting those needs.
A few final thoughts…

The Rural Healthcare System of the future…

… is essential to the entire healthcare system!
… can provide locally integrated access to better care, smarter spending and improved health;
… will embrace quality and population health measurement to prove value to patients and purchasers.
… will find sustainability through that value.
THANK YOU

Contact Information

301-443-1271
pmoore2@hrsa.gov

www.ruralhealth.hrsa.gov