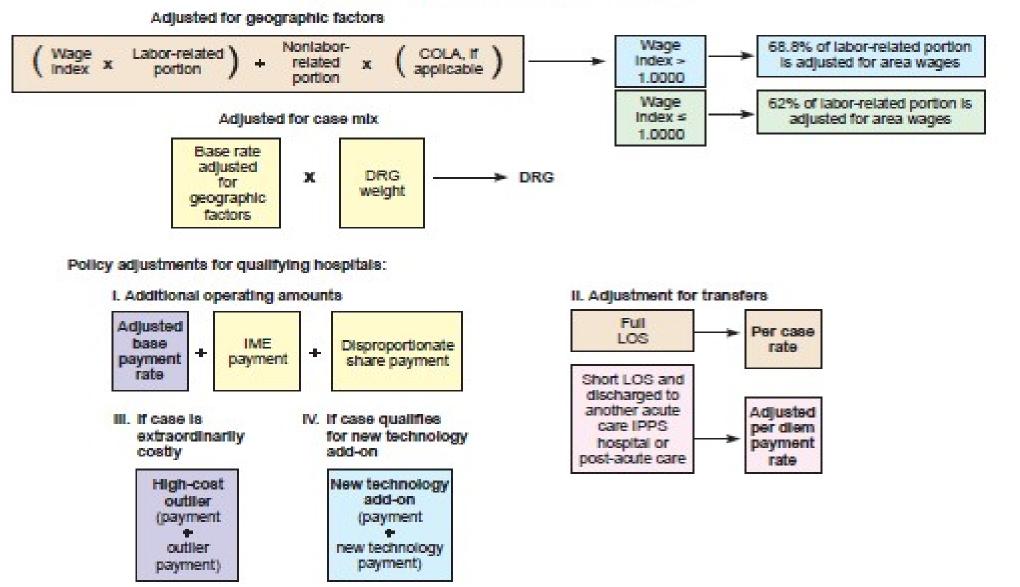


Advancing Health in America

AHA Rural Health Services NEW MODELS OF PAYMENT AND DELIVERY February 2020

Acute Care Hospital Inpatient Prospective Payment System Operating Base Payment Rate

Old Models of Payment and Delivery



Critical Access Hospital (CAH)

Rural or acquires rural status (42 CFR 412.103 for detail)

- More than 35 miles from nearest hospital or CAH or more than 15 miles in areas with hazardous terrain or only secondary roads or designated by state as "necessary provider" before 2006
- 25 beds or fewer (including swing beds)
- 24-hour emergency services
- Annual average length of stay of 96 hours or less per patient for acute care

101 percent of "reasonable costs" for both inpatient and outpatient care. CAHs are not subject to inpatient prospective payment system (PPS) or outpatient (PPS) and are not "subsection (d)" hospital 101 percent of reasonable costs for swing bed services

Sole Community Hospital (SCH)

More than 35 miles from other "like" hospitals (excludes CAHs) or rural and one of the following: Between 25 and 35 miles from other like hospitals and serves as main hospital in the vicinity (42 CFR 412.92 for detail) or Between 15 and 25 miles, but other hospitals often inaccessible (e.g., due to severe weather) Nearest like hospital is at least 45 minutes away

Inpatient: Higher of standard inpatient PPS or hospital-specific rate (HSR) HSR derived from cost per discharge in a base year (1982, 1987, 1996, 2006), adjusted for inflation and case mix Outpatient: Outpatient PPS + 7.1 percent (except drugs and biologics)

Medicare Dependent Hospital (MDH)

Rural or acquires rural status (42 CFR 412.103 for detail). Expired in 2017 but extended through 2022 Not a SCH

100 beds or fewer

At least 60 percent of inpatient days or discharges are Medicare Part A beneficiaries (42 CFR 412.108 for detail)

Inpatient: Standard IPPS + 75 percent of amount by which highest HSR exceeds PPS HSR derived from cost per discharge in base year (1982, 1987, 2002), adjusted for inflation and case mix Outpatient: Standard outpatient PPS

Rural Referral Center (RRC)

Rural plus one of the following (42 CFR 412.96):

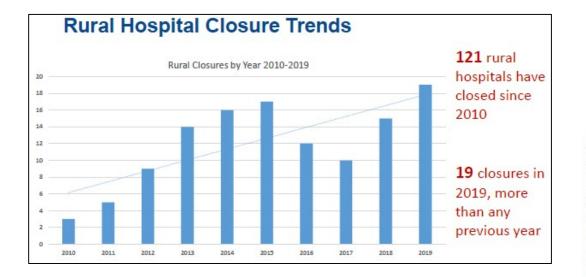
275 beds or more, or

Most Medicare patients referred by outside providers AND most (services provided to) Medicare patients live 25+ miles away, or

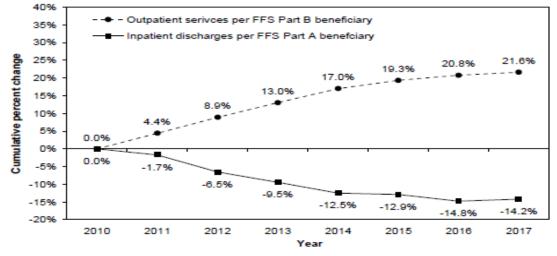
High case-mix + high discharge volume + one of the following: mostly specialty practitioners, most inpatients live 25 miles away, many patients referred by outside providers

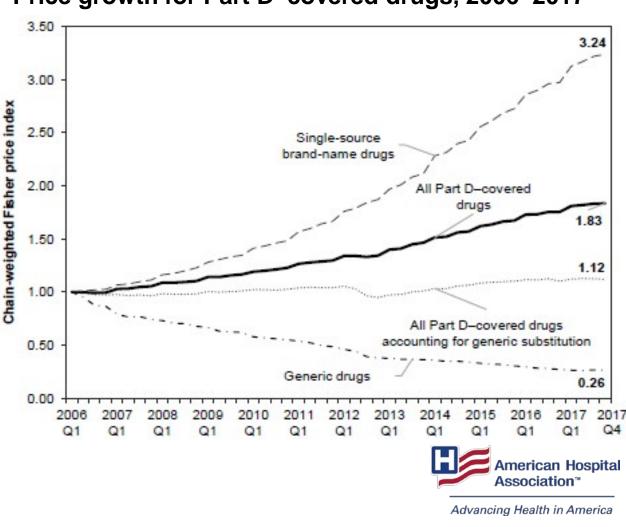
Inpatient: Standard inpatient PPS; special treatment for Medicare DSH and geographic reclassification Outpatient: Standard outpatient PPS; receive inpatient reclassified wage index

What we already know.



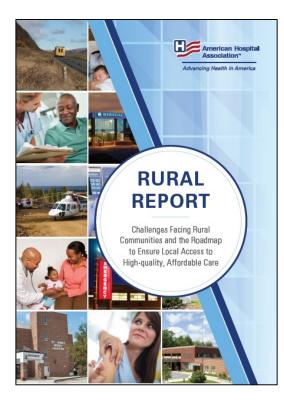
Percent Change Medicare Discharges 2010-17





Price growth for Part D–covered drugs, 2006–2017

AHA Interventions





Millions of Americans living in vulnerable rural and urban communities depend upon their hospital as an important, and often only, source of care. However, these communities and their hospital face many challenges. As the hospital field engages in its most significant transformation to date, some communities may be at risk for losang access to health care services. It will be necessary for payers and health care providers to work together to develop strategies that support the preservation of health care services for all Americans.

Recognizing this, the American Hospital Association (AHA) Board of Trustess, in 2015, created a task force to address these challenges and examine ways in which hospitals can hole neuros access to health care services in vulnerable communities. The task force considered a number of integrated, comprehensive strategies to reform basht care delivery and payment. Their report sets forth a meru of options from which communities may select based on their unique needs, support structures and preferences. The ultimate goal is to provide unlerable communities and the hospitals that serve them with the tolos mecosary to determine the essential services they should atrive to maintain locally, and the delivery system options that will allow them to do so. While the task force's focus was on vulnerable communities, these strategies may have broader applicability for all communities as hospitals referient how they provide better, more integrated care.





Rural Advocacy Agenda

America's rural hospitals are committed to serving their communities and ensuring local access to high-quality, affordable health care. The AHA is working to ensure federal policies and regulations are updated for 21st century innovation and care delivery, and new resources are invested in rural communities to protect access.

- 1. Support New Payment and Delivery Models
- 2. Ensure Fair and Adequate Reimbursement
- 3. Remove Red Tape
- 4. Support Telehealth and Health Information Technology
- 5. Bolster the Workforce
- 6. Rein in Prescription Drug Pricing





Congressional and Administration Efforts

CMS RURAL HEALTH STRATEGY

- 1. Apply a rural lens
- 2. Improve access
- 3. Advance telehealth and telemedicine
- 4. Empower patients
- 5. Leverage partnerships

Health Resources & Services Administration

Rural Access to Health Care Services Request for Information

HOUSE COMMITTEE ON WAYS & MEANS CHAIRMAN RICHARD E. NEAL

FOR IMMEDIATE RELEASECONTACTJuly 16, 2019Erin Hatch, 202-225-2856

Ways and Means Committee Launches Rural and Underserved Communities Health Task Force explore holistic bipartisan policy options that could improve outcomes and care in these communities.





improve System is payment demonstrations Medicaid Services testing New delivery New delivery New delivery CMS Medicaid COMPORTING COMPORT New delivery New delivery Country Country

CMS Innovation Center

Goals:

- Lower costs
- Improve quality

Common mechanisms:

- Care coordination
- Payment incentives



CMS Innovation Center Rural Demonstrations

	Description	<u>Examples</u>
Accountable Care	 Coordinated care across clinicians and health care organizations with opportunities for shared savings May include pre-payments 	 Advanced Payment ACO Model ACO Investment Model
Bundled Payments	 Combined payment to health care providers for all services provided during full episode of care 	 Bundled Payments for Care Improvement
Enhanced Flexibility in Payment and Care Delivery	 Tests of more flexible approaches to payment or service design 	 Rural Community Hospital Frontier Community Health Innovation Project PA Rural Health Model
	Payment models to support	- Frantiar Extanded

Primary Care Transformation Payment models to support coordinated, patient-centered, high-quality primary care

 Frontier Extended Stay Clinic





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