TRANSITIONING TO A HIGH PERFORMANCE RURAL HEALTH SYSTEM

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Overview

- Change is here
- Creates opportunities as well as threats
- Why should response be other than incremental adjustment?
- How should organizations (hospitals) respond?
- What are the results to which we should aspire?

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Rural Delivery has Faced Major Crisis before

- Hospital care as the cornerstone of health care: rural challenge answered with Hill-Burton
- Hospital financial structure challenged by Prospective Payment System (PPS): rural challenge answered with Flex Program
- Health care delivery challenged by changes in site of care and payment shift to “value”: rural challenge answered with …

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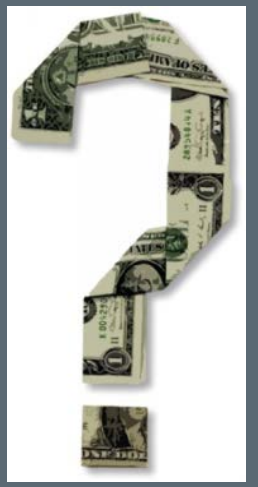
Current rural landscape

- Population aging in place
- Increasing prevalence of chronic disease
- Changes in patient revenue sources
- Small scale independence questionable, if not unsustainable?



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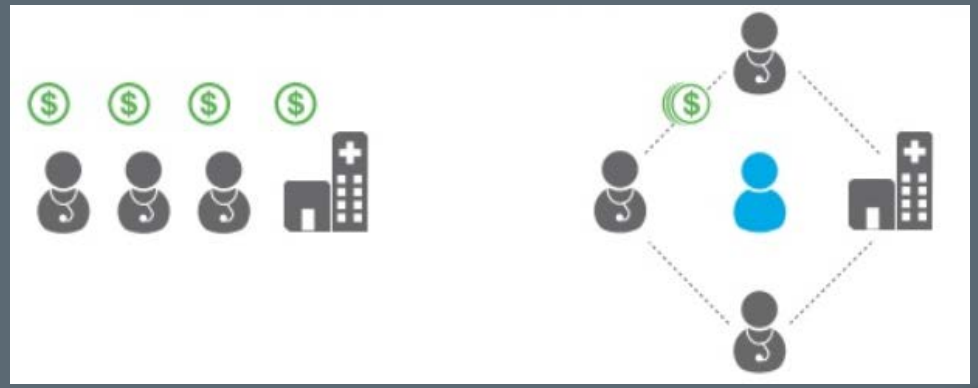
Tectonic shifts occurring

- Insurance coverage shifts: through health insurance marketplaces; private exchanges; use of narrow networks
- Public programs shifting to private plans
- Volume to value in payment designs



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Evolution of Medicare Payment Through Four Categories

- Fee-for-service with no link to quality
- Fee-for-service with link to quality
- Alternative payment models built on fee-for-service architecture
- Population-based payment

Source of this and following slides: CMS Fact Sheets available from cms.gov/newsroom

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Speed and Magnitude: Goals for Medicare Payment

- 30 percent of Medicare provider payments in alternative payment models by 2016
- 50 percent of Medicare provider payments in alternative payment models by 2018
- 85 percent of Medicare fee-for-service payments to be tied to quality and value by 2016
- 90 percent of Medicare fee-for-service payments to be tied to quality and value by 2018

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Parallel in Commercial Insurance

- Coalition of 17 major health systems, including Advocate Health, Ascension, Providence Health & Services, Trinity Health, Premier, Dartmouth-Hitchcock
- Includes Aetna, Blue Cross of California, Blue Cross/Blue Shield of Massachusetts, Health Care Service Corporation
- Includes Caesars Entertainment, Pacific Business Group on Health
- Goal: 75 percent of business into value-based arrangements by 2020

Source: http://www.hcttf.org/

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CMS Slogan: Better Care, Smarter Spending, Healthier People

- Comprehensive Primary Care Initiative: multi-payer (Medicare, Medicaid, private health care payers) partnership in four states (AR, CO, NJ, OR)
- Multi-payer Advanced Primary Care Initiative: eight advanced primary care initiatives in ME, MI, MN, NY, NC, PA, RI, and VT
- Transforming Clinical Practice Initiative: designed to support 150,000 clinician practices over next 4 years in comprehensive quality improvement strategies

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CMS Slogan: Better Care, Smarter Spending, Healthier People

- Pay for Value with Incentives: Hospital-based VBP, readmissions reduction, hospital-acquired condition reduction program
- New payment models: Pioneer Accountable Care Organizations, incentive program for ACOs, Bundled Payments for Care Improvement (105 awardees in Phase 2, risk bearing), Health Care Innovation Awards

CMS Slogan: Better Care, Smarter Spending, Healthier People

- Better coordination of care for beneficiaries with multiple chronic conditions
- Partnership for patients focused on averting hospital acquired conditions

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Rapid Cycle Learning and Change

- Momentum is toward something very different, more than changing how to pay for specific services
- Need to be strategic, in lock step with or ahead of change in the market
- Change in dependencies from fee-for-service to sharing in total dollars spent on health

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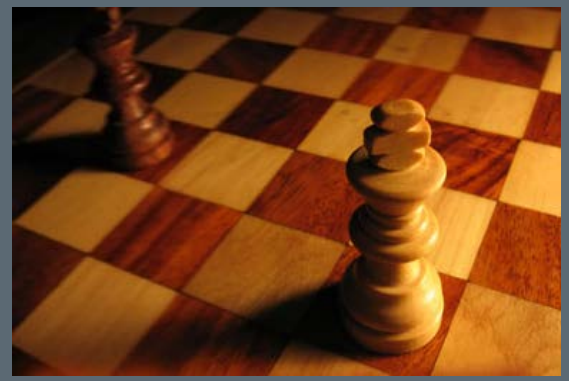
What is the next move to rural vitality?

- Goals of a high performance system
- Strategies to achieve those goals
- Sustainable rural-centric systems
- Aligning reforms: focus on health (personal and community), payment based on value, regulatory policy facilitating change, new system characteristics



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The high performance system

- ✓ Affordable: to patients, payers, community
- ✓ Accessible: local access to essential services, connected to all services across the continuum
- ✓ High quality: do what we do at top of ability to perform, and measure
- ✓ Community based: focus on needs of the community, which vary based on community characteristics
- ✓ Patient-centered: meeting needs, and engaging consumers in their care

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Strategies

- Begin with what is vital to the community (needs assessment, formal or informal, contributes to gauging)
- Build off the appropriate base: what is in the community connected to what is not
- Integration: merge payment streams, role of non-patient revenue, integrate services, governance structures that bring relevant delivery organizations together

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Approaches to use

- Community-appropriate health system development and workforce design
- Governance and integration approaches
- Flexibility in facility or program designation to care for patients in new ways
- Financing models that promote investment in delivery system reform

Community-appropriate health system development and workforce design

- Local determination based on local need, priorities
- Create use of workforce to meet local needs within the parameters of local resources
- Use grant programs

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Governance and integration approaches

- Bring programs together that address community needs through patient-centered health care and other services
- Create mechanism for collective decision making using resources from multiple sources

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Flexibility in facility or program designation to care for patients in new ways

- How to sustain emergency care services
- Primary care through medical home, team-based care models
- Evolution to global budgeting

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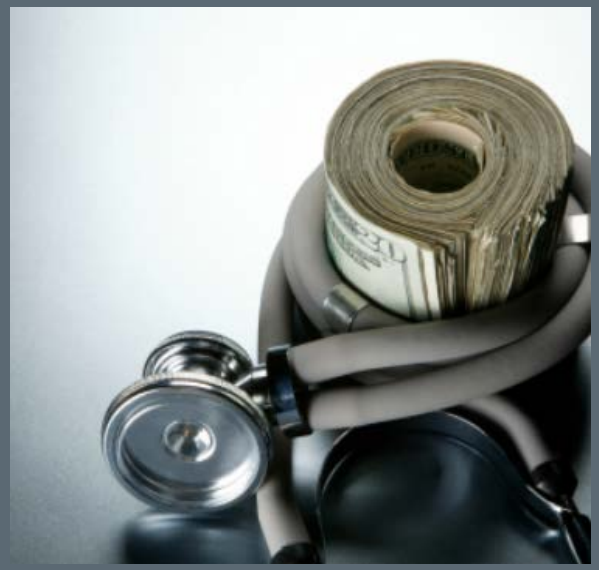
Financing models that promote investment in delivery system reform

- Shared savings arrangements
- Bundled payment
- Evolution to global budgeting
- New uses of investment capital



Special importance: shared governance

- Regional approaches
- Aggregate and merge programs and funding streams
- Inter-connectedness of programs that address personal and community health: the culture of health framework
- Strategic planning with implementation of specifics
- Develop and sustain *appropriate* delivery modalities

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Special Considerations to Get to Shared Responsibility, Decisions, Resources

- A convener to bring organizations and community leaders together: who and how?
- Critical to success: realizing shared, common vision and mission, instilling culture of collaboration, respected leaders
- Needs an infrastructure: the backbone intermediary
- Reaching beyond health care organizations to new partners to achieve community goals

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Fundamental Strategies

- Integrating care: driven by where the “spend” is and therefore where the “savings” are
- From inside the walls to serving throughout the community
- Collaborations are critical
- Culture of Health Framework

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Aspirational Goal: Accountable Care Community Components

- Collaboration and partnership for effective local governance
- Structure and support including health information technology, a “backbone” organization
- Leadership and support from strong champions
- Defined geography and geographic reach
- Targeted programmatic efforts

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For further information

The RUPRI Center for Rural Health Policy Analysis

http://cph.uiowa.edu/rupri

The RUPRI Health Panel

http://www.rupri.org

The Rural Health Value Program

http://www.ruralhealthvalue.org