A Path Forward: The Rural Healthcare System of the Future

Presentation to 2023 IHA Small & Rural Hospitals Annual Meeting

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Outline of Comments

Setting the Landscape: Federal and State Policies, commercial carrier activity → **"New" Models of Care being implemented** → **Preparing: transforming modalities of patient care**

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Landscape: Federal Policy Goals

- Getting to categories 3 and 4 of HCPLAN model: alternative payment models with both upside shared savings and downside risk; population-based payment
- Federal policy goals to reach 100% of beneficiaries in an advanced payment model by 2030 – applied to both Medicare (directly) and Medicaid (through letters to state Medicaid directors)
- Specific actions
  - Medicare Shared Savings Program – the program, not demonstrations
  - Other designs to shift downside risk to providers (global budgets, direct contracting, i.e. ACO REACH)
  - Eye on the prize: quadruple aim

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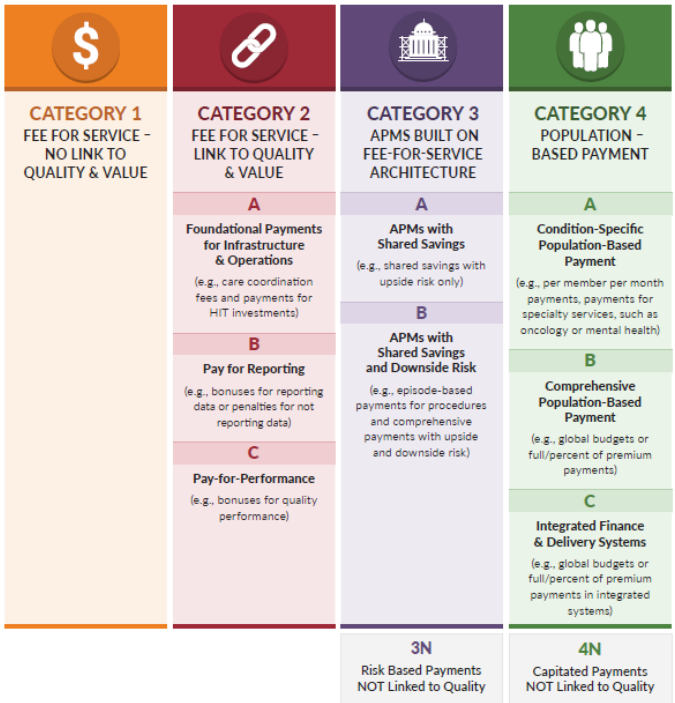
Health Care Payment Learning and Action Network (HCP LAN)

Alternative Payment Model Framework

Source: http://hcp-lan.org/workproducts/apm-framework-onepager.pdf



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Shared Savings Program

Plateau of 561 in 2018, fell to 477 in 2021, 456 in 2023

Composition in 2022

252 low revenue (55%)	2,240 Rural Health Clinics	467 Critical Access Hospitals	One-sided: 33% (151)	Two-sided include 144 in basic tracks, 161 in enhanced track	Source: CMS: Savings Program Fast Facts – As of January 1, 2023

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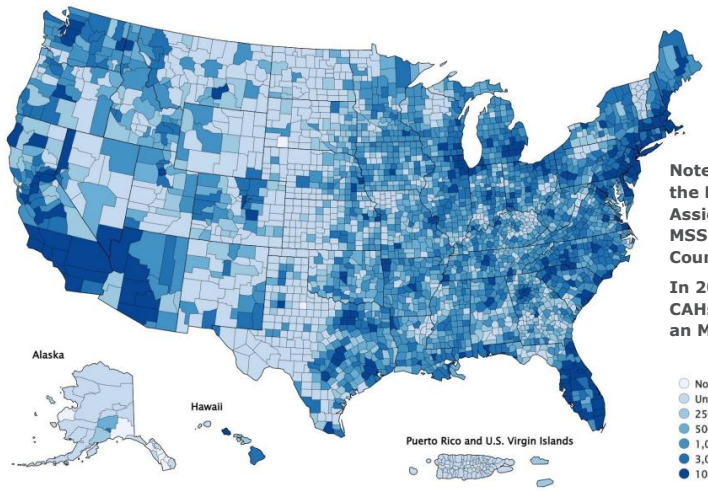
ACO Spread - 2022

Medicare Shared Savings Program ACO Assigned Beneficiary Population by County



Note: This lists the Beneficiaries Assigned to an MSSP ACO by County

In 2022, 430 CAHs are part of an MSSP ACO

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Source: CMS - Medicare Shared Savings Program Fast Facts

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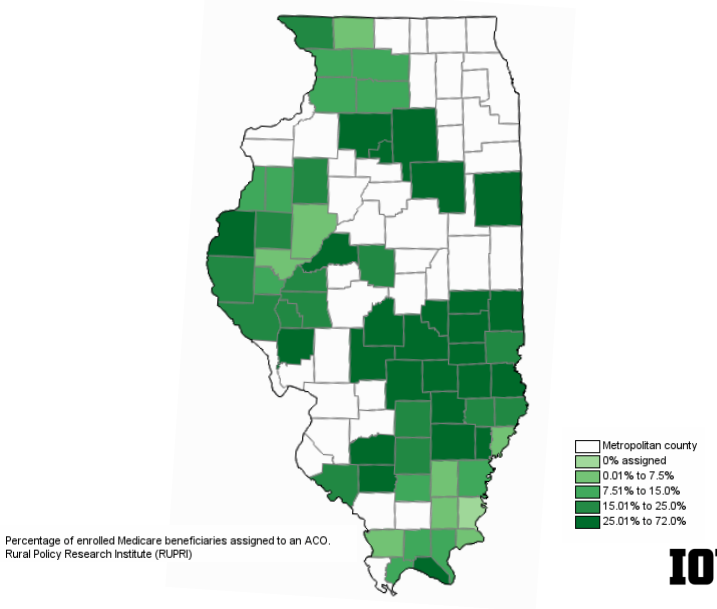
ACO Attributed Lives in Illinois Counties, 2021



Percentage of enrolled Medicare beneficiaries assigned to an ACO.
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SSP Changes 2023 for 2024

Longer time in Basic Track with no downside risk

Advance payment

More favorable calculation of shared savings for new and low revenue ACOs

Source: Medicare Shared Savings Program: Rule Changes and Implications for Rural Health Care Organizations. *Rural Health Value Policy Brief*. 2022. https://ruralhealthvalue.public-health.uiowa.edu/files/RHV%20MSSP%20Rule%20Changes%20and%20Implications.pdf

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Medicare Advantage Has Arrived

- Most recent data Kaiser Report (2023) shows that just over half of Medicare beneficiaries are enrolled in MA plans – 30.19 million of 59.82 million
- RUPRI Center report of 2022 enrollment shows rural enrollment at 38.8%, up from 34.6% in 2021 and 22.1% in 2016
- Maps show percent enrolled by state, and percent enrolled by county in Illinois in 2022

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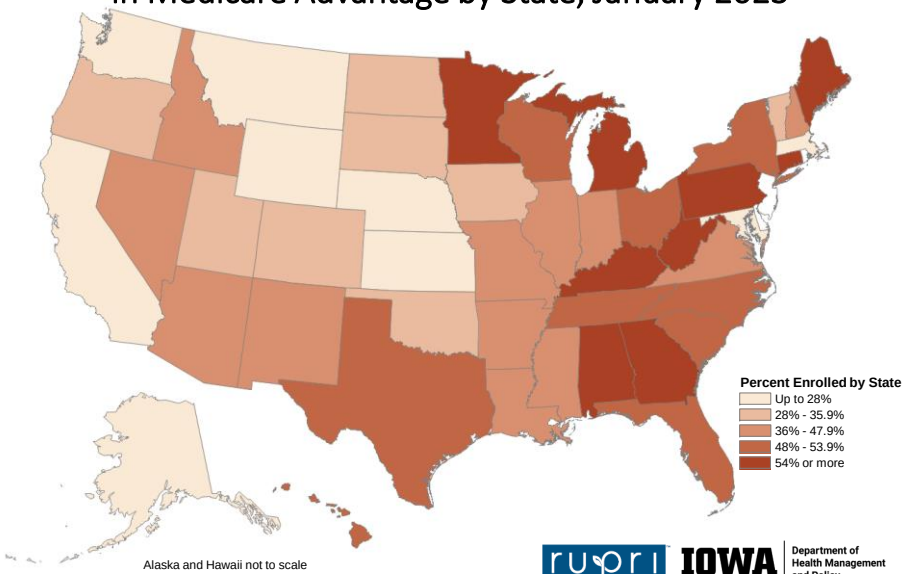
Percent of Eligible Non-Metropolitan Beneficiaries Enrolled in Medicare Advantage by State, January 2023



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Source of data: Centers for Medicare and Medicaid Services (CMS) data, as of January 2023
Produced by: RUPRI Center for Rural Health Policy Analysis, 2023

Note: Delaware, New Jersey, and Rhode Island contain no non-metropolitan counties

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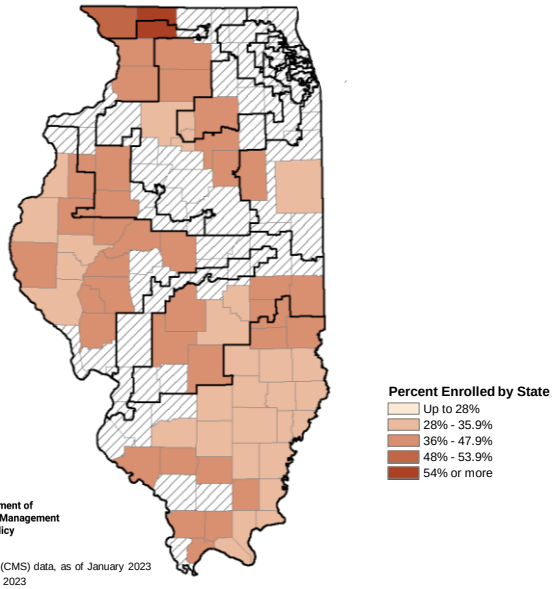
Percent of Eligible Non-Metropolitan Illinois Beneficiaries Enrolled in Medicare Advantage, January 2023



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Source of data: Centers for Medicare and Medicaid Services (CMS) data, as of January 2023
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Implications of MA Growth

- Choices for rural beneficiaries
- Debate about quality of the benefits, but research evidence leans to better quality outcomes and more benefits to the beneficiaries
- MA plans are *private* plans contracting with health care organizations
- Opportunity or threat? Or both? – critical element of the national and state landscapes

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Landscape: Commercial Plans

- Helped create the bandwagon of VBP – earliest efforts predated SSP
- Inherent interest in VBP based on
  - Marketing advantage
  - Reduces medical loss ratio
  - Impacts return on investment
  - Lower premiums in a competitive market
- Examples:
  - Cigna Collaborative Accountable Care – Core Physicians in Exeter, NH: https://www.pcpcc.org/initiative/cigna-collaborative-accountable-care-core-physicians
  - Blue Cross NC, Caravan Health expanding Blue Premier to Community and Rural Hospitals: https://www.bluecrossnc.com/provider-news/blue-cross-nc-caravan-health-collaborate-expand-blue-premier-community-and-rural

Landscape: State Policies

- Medicaid payment policy, including requirements built into contracts with Managed Care Organizations (MCOs) – 29 require MCOs to implement VBP models; 26 define the types of VBP models
- State regulatory policies facilitate or inhibit change
- CMS role of transmittal letters to state Medicaid directors:
  - January 7, 2021, letter re opportunities to address SDOH
  - January 4, 2023, CMS guidance re SDOH waivers

Sources: Most States Require Managed Care Organizations to Implement VBP Models with Providers. *Insights* Guidehouse. July 19, 2022. https://guidehouse.com/insights/healthcare/2022/blogs/managed-care-implement-vbp-models?lang=en

Transforming Care

- Value-based care (basis for payment?): important to get into this stream
- Community engagement: pathway to success, **action-oriented**
- Care across the continuum: linkages to sites of care outside the community
- Focus on the benefits of integrated health teams that broaden locus of care to community-based services that can address preventive measures and living environments that influence chronic conditions

Transforming Healthcare

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Changing Sites of Care

- Telehealth – Disruptor?
  - Use increased dramatically in 2020-2021
  - Declined since 2021, but leveled off at higher percent of all visits than pre-PHE, including primary care
  - Not yet a major disruptor, but use in primary care and remote patient monitoring indicate potential impact
- Increased use of ambulatory sites for formerly inpatient services
- Shift in sites of care for rehabilitation, monitoring and treating chronic conditions

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Effects on Legacy Sites

- Hospital information from previous presentation: closure, financial stress, onset of a new classification (Rural Emergency Hospitals)
- Closures of Skilled Nursing Facilities in Rural places: 472 in 400 nonmetropolitan counties between 2008 and 2018; as of 2018 10.1% of nonmetropolitan counties without a nursing home
- In 2021, 138 counties with no retail pharmacy, 101 in noncore counties and 15 in micropolitan counties

Sources: Sharma H et al. 2021. Trends in Nursing Home Closures in Nonmetropoitan and Metropolitan Counties in the United States, 2008-2018. *Rural Policy Brief 2021-1.* RUPRI Center for Rural Health Policy Analysis. https://rupri.public-health.uiowa.edu/publications/policybriefs/2021/Rural%20NH%20Closure.pdf

RUPRI Center for Rural Health Policy Analysis. 2022. Nursing Homes in Rural America: A Chartbook. https://rupri.public-health.uiowa.edu/publications/other/Nursing%20Home%20Chartbook.pdf

Constantin J, Ullrich F, and Mueller KJ. 2022. Rural and Urban Pharmacy Presence – Pharmacy Deserts. *Rural Policy Brief 2022-2.* RUPRI Center for Rural Health Policy Analysis. https://rupri.public-health.uiowa.edu/publications/policybriefs/2022/Pharmacy%20Deserts.pdf.

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The Health Teams of 2024

- Primary care foundation and focus – comprehensive, continuous, coordinated
- Include clinical care focused on behavioral health (including substance use)
- Include community-based service providers
- Link to others in community, including public health
- Think about what is meant by *engagement* – an **action** orientation focused on quadruple aim (improve population health, enhance patient experience, increase provider satisfaction, reduce cost of care)

One Possible Scenario: Old Wine in New Bottles

- New Bottle: combination of new payment and new treatment modalities
- Old Wine: Traditional organizational configuration and reliance on volume as driver of payment
- Consequence: Short term survival (perhaps); long term problems as payment continues to shift and modality changes bring new competitors –***missed opportunities***

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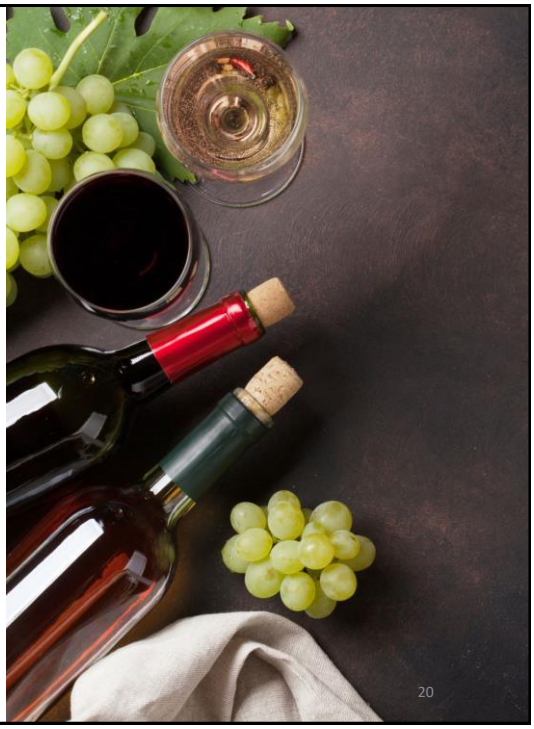
A Different Scenario: New Wine in New Bottles

- New Bottle: combination of new payment and new treatment modalities
- New Wine: (*example):* community health care organizations (including, most often led by, hospitals) providing services through health teams and negotiating (or accepting) new payment designs that support strategies tied to quadruple aim
- Consequence: sustainable services appropriate for each community – ***optimizing opportunities created by changes in payment and treatment modalities***



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Implication: What Needs to be Done

- Take full advantage of advances in health care to shift locus of care to most cost-effective site
- Take full advantage of any investment capital available to build and maintain information systems
- Take full advantage of support for building networks and taking action through networks
- For healthcare organizations, the analogy of building a race car to get into the fast lane to VBP still holds (originally presented in 2018)

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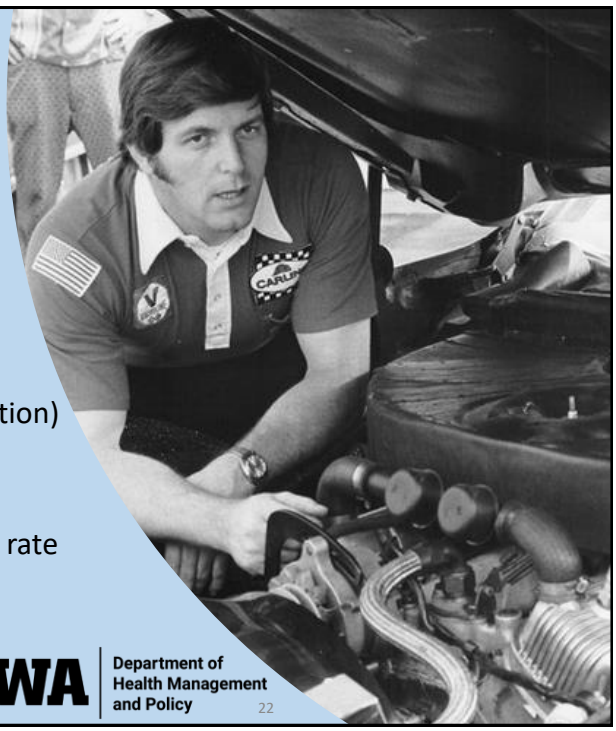
Building the Race Car: Engine is Finance



- Current finance: pro forma
- Operating in a shared savings environment
- Understanding cross-payer issues (helps tremendously to be an all-payer demonstration)
- Operating at full risk
- Crucial to keep it lubricated: in McCready biweekly meetings of CEO and CFO to make rate adjustments

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The Wheels for the Car

- Community partnerships
- Maintains continuous progress toward community health objectives
- Maintaining tire pressure: spreading resources to meet health needs through the appropriate agency

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The Body of the Car: Strategies and Tactics

- Care management for high-risk patients
- Identifying pressure points driving expenditures and work to control (readmissions down in MD; “high-flyers” in emergency rooms)
- Population health measures to achieve community health goals

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Rural Health Value Resources

- Value-based Care Assessment tool: https://ruralhealthvalue.public-health.uiowa.edu/TnR/vbc/vbctool.php
- Social determinants of health opportunities guide: https://ruralhealthvalue.public-health.uiowa.edu/files/Understanding%20the%20Social%20Determinants%20of%20Health.pdf
- Care Coordination: A Self-Assessment for Rural Health Providers and Organizations: https://ruralhealthvalue.public-health.uiowa.edu/files/RHV%20Care%20Coordination%20Assessment.pdf

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Further Resources

The RUPRI Center for Rural Health Policy Analysis

http://cph.uiowa.edu/rupri

The RUPRI Health Panel

http://www.rupri.org

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- ✓ The National Rural Health Resource Center https://www.ruralcenter.org/
- ✓ The Rural Health Information Hub https://www.ruralhealthinfo.org/
- ✓ The National Rural Health Association https://www.ruralhealthweb.org/
- ✓ The American Hospital Association https://www.aha.org/front

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