PA House Majority Policy Committee Hearing
University of Pittsburgh at Bradford Campus
January 19, 2022

Written Testimony Submitted by:
Janice Walters, MSHA, CHFP
Chief Operating Officer / Rural Health Redesign Center / Pennsylvania Rural Health Model

Testimony:

Thank you to the PA House Majority Policy Committee, Representative Kathy Rapp and Representative Martin Causer for holding this hearing, and for the invitation to provide testimony regarding the Pennsylvania Rural Health Model (PARHM), the Rural Health Redesign Center (RHRC), and what the PARHM specifically has meant for the Bradford community.

The Pennsylvania Rural Health Model was birthed as an alternative payment model with the intention of transforming healthcare in Rural Pennsylvania. PARHM was developed to address the financial challenges faced by rural hospitals by fundamentally changing how healthcare is paid for within participant communities. The program transitions rural hospitals from fee-for-service to a value-based payment mechanism of a global budget. The global budgets are funded by Medicare, Medicaid, and Commercial Payers who have agreed to participate in the Model. This methodology encourages hospital leaders to shift care focus from volume-based to value-based allowing them to better meet the needs of their community and improve population health without concern for its impact on their organization's bottom line.

Through the legislative Act 108 of 2019, the Rural Health Redesign Center Authority (RHRCA) was created to serve as the governing organization of the PARHM and has a governing board of directors comprised of hospitals, payers, government officials, and national rural health experts. The RHRCA was officially formed in May of 2020 and has been governing the program since. In addition to the Rural Health Redesign Center Authority, a supporting not-for-profit organization was also created, the Rural Health Redesign Center Organization (RHRCO), with the overall vision of becoming a long-standing resource to rural healthcare leaders. These two organizations are collectively known as the Rural Health Redesign Center (RHRC).

Since its inception, 18 hospitals and six payers have joined the Model including four Pennsylvania Managed Care Organizations (MCO's), one national MCO, and Medicare FFS. These hospitals span across fifteen rural counties and are located in the most critical communities across the state with unemployment, poverty, and disability rates above the state's rural average. These participants include thirteen PPS hospitals and five critical access hospitals. It has been calculated that 1.3 million people are impacted by the Model through the footprint of these hospitals, which accounts for approximately 10% of the Pennsylvania population. 100% of surveyed responders from PARHM participant hospitals reported that their organization was among the top five largest employers in the community and 80% reported that they were ranked as the first or second largest employer in their community. Participant hospitals are estimated to contribute 6% of total salary contributions *($866 million)* for the state as well as 6% of total job

opportunities *(17.8 thousand)* and provide significant economic benefit to these communities and Pennsylvania *($2.4 billion)*.

The economic contributions of these rural hospitals not only make these organization the backbone of the communities, but also drive great impact to the state as a whole. Recognizing this, RHRC leadership is dedicated to keeping the doors of these facilities open. The process by which to do this is two-fold: (1) to increase the financial stability of hospitals through the distribution of predictable global budgets and (2) to guide hospitals through a transformation process to drive improvements to population health and access to care based on the current needs of their communities. Identifying new healthcare delivery methods, and even infrastructure, is part of the program to encourage innovation and creativity to keep viable healthcare services in rural Pennsylvania.

With the help of national experts, and through collaboration of RHRC leadership and participant payers, hospitals are guided through a transformation planning process that outlines goals and action steps that will better enable them to meet the goals of their communities. Efforts currently being pursued vary by hospital and include goals such as telehealth implementation, improving care collaboration, addressing social determinants of health such as food insecurity, expanding access to mental health and SUD treatment, testing new hospital structures, and expanding primary care. All goals can be attributed to achieving three main transformation objectives – (1) improve access to care, (2) improve population health, and (3) decrease deaths due to substance use disorder.

Specific to Bradford, the RHRC is working with it in partnership with the Pennsylvania Department of Health (PA DOH) to redefine what care at Bradford specifically looks like with the goal of maintaining access to care and improving population health. In partnership with PA DOH, Bradford is testing a new care design that allows it to adjust its bed size to the needs of the community. The goal is to ensure access to low-acuity inpatient care remains at this facility while partnering with Olean General for higher acuity needs. As part of its transition, Bradford reduced licensing to 10 beds but has quickly readjusted to 20 beds to ensure appropriate capacity remains in the community. The RHRC has worked closely with Bradford leadership, as well as the Centers for Medicare and Medicaid Innovation (CMMI) to ensure the global budget is appropriately established to provide financial stability to maintain access to healthcare in the Bradford community. This right-sizing exercise also included the transition of surgical care to Olean with the assurance that transportation needs of community members are addressed to ensure that travel did not create patient hardship and be a detriment to care. Bradford's transformation vision includes plans to expand access to primary care, as well as cancer care, in the Bradford community, and to ensure that low acuity inpatient beds are retained at a level to meet the healthcare needs of the community. While healthcare services at Bradford may look different, the overarching goal of all (state leaders, RHRC leaders, hospital leaders, CMS and Managed Care Organizations) is to ensure that access to healthcare remains in McKean County.

As the Model progresses and is entering into its 4th performance year, results are beginning to be seen. Hospital participants are seeing the benefit of predictable payments throughout the pandemic. Early results show that the Medicare spend per-member-per-month (PMPM) has

decreased in comparison to national trends. In addition, data indicates that PARHM participants are faring better than the National Rural rate for both PQO-90 and PQI-92 quality scores for 2019 and 2020 calendar years.

With these early successes of the Model being observed, leadership is hopeful that it will be able to build upon its successes and secure a successor program to continue the evolution of these important changes that are underway in rural communities within the Commonwealth. To keep vital healthcare services in rural Pennsylvania communities, we need to reimagine what healthcare looks like, driving for a delivery system that rewards improved overall health of the communities through financially viable, yet responsible, means.

Thank you for this opportunity to provide testimony.

Respectfully submitted,

Janice Walters