Rural Health Redesign Center

Accelerating Health Care Innovation in Pennsylvania

PA House Majority Policy Committee

Promising Rural Health Sustainability in Pennsylvania

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Testimony provided by :

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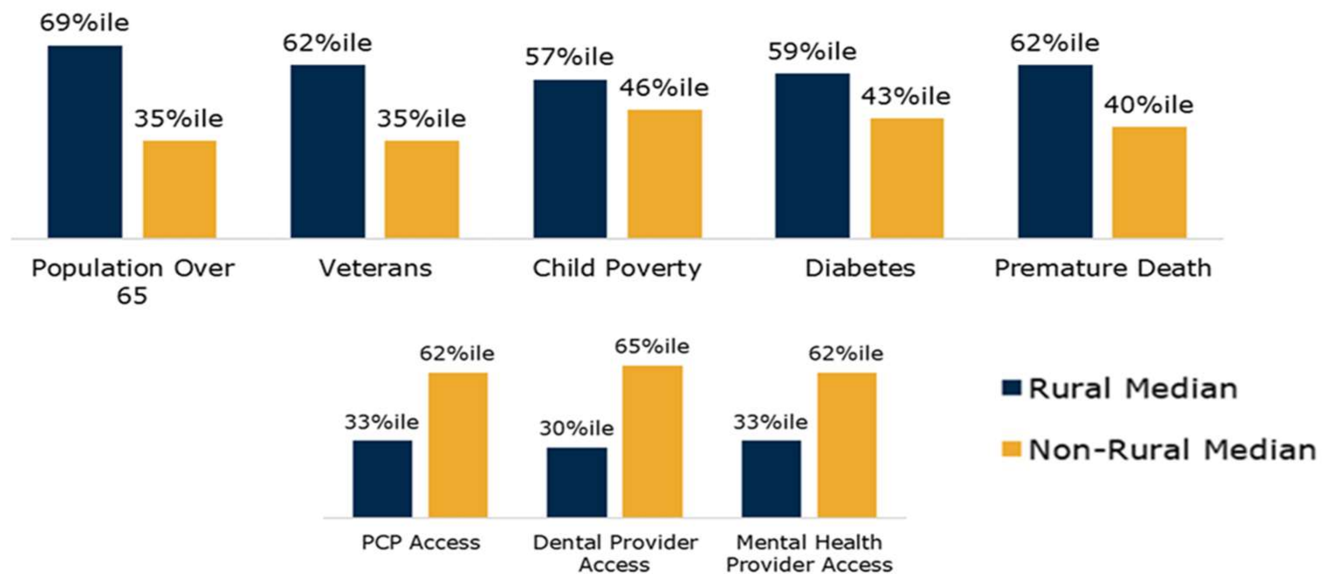
Rural America faces many health care challenges and has limited resources to meet community health needs



Addressing health challenges in rural communities requires building health care capacity to meet community health needs and sustain the local economy.

Source: The Chartis Center for Rural Health, 2019

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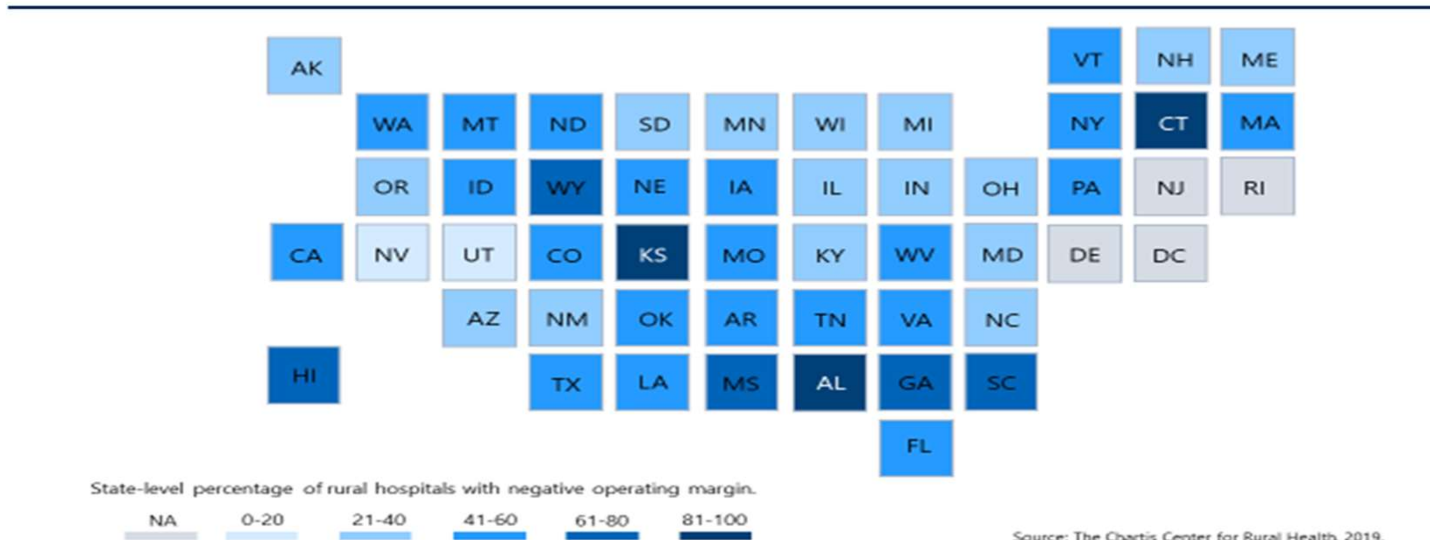
Rural hospitals struggle to survive, despite their core value in providing access to health care while strongly supporting the local economy



When rural hospitals close, rural communities:

- Lack local emergency and inpatient care
- Struggle to provide local employment and recruit other businesses
- Face a decreased tax base to support needed services

Over the last 10 years, over 130 hospitals have closed; 17 have closed in 2020 alone. Rural hospitals need a new and more sustainable way of being paid so they can remain open and provide valuable services to their communities.

The Pennsylvania (PA) Rural Health Model (the "Model")

The goal of PA Rural Health Model is to prevent rural hospitals, which ensure access to high-quality care and economic vitality in local communities, from closing

- First of its kind program between the Centers for Medicare and Medicaid Innovation (CMMI) and the Commonwealth of Pennsylvania to test a new payment model specifically for rural hospitals as a potential solution to the nationwide problem
- Participation by hospitals and payers is voluntary:

18 Participant Hospitals		
PPS / Sole Community	CAH	
13	5	
6 Participant Payers		
Medicare FFS	4 PA MCOs (Highmark, UPMC, Geisinger, Gateway)	1 National MCO (Aetna)
MCOs include Commercial Medicare Advantage and Medicaid Managed Care		

- Significant funding through CMMI to provide technical assistance to participant hospitals and payers:
    - Grant funds provide for technical assistance to participant hospitals to help ensure success
    - Health insurers remain the source for hospitals' net patient revenue streams
    - Model will be assessed based on rural hospitals financial performance and population health outcome measures

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What the PARHM is trying to achieve and how success will be measured

Outcome Measurements of Success

Financial position of the participant hospitals improve over time

Population health outcomes

- Increased access to care
- Improve chronic disease management and preventative screenings
- Reduction in substance abuse related deaths

Reduction in total cost of care

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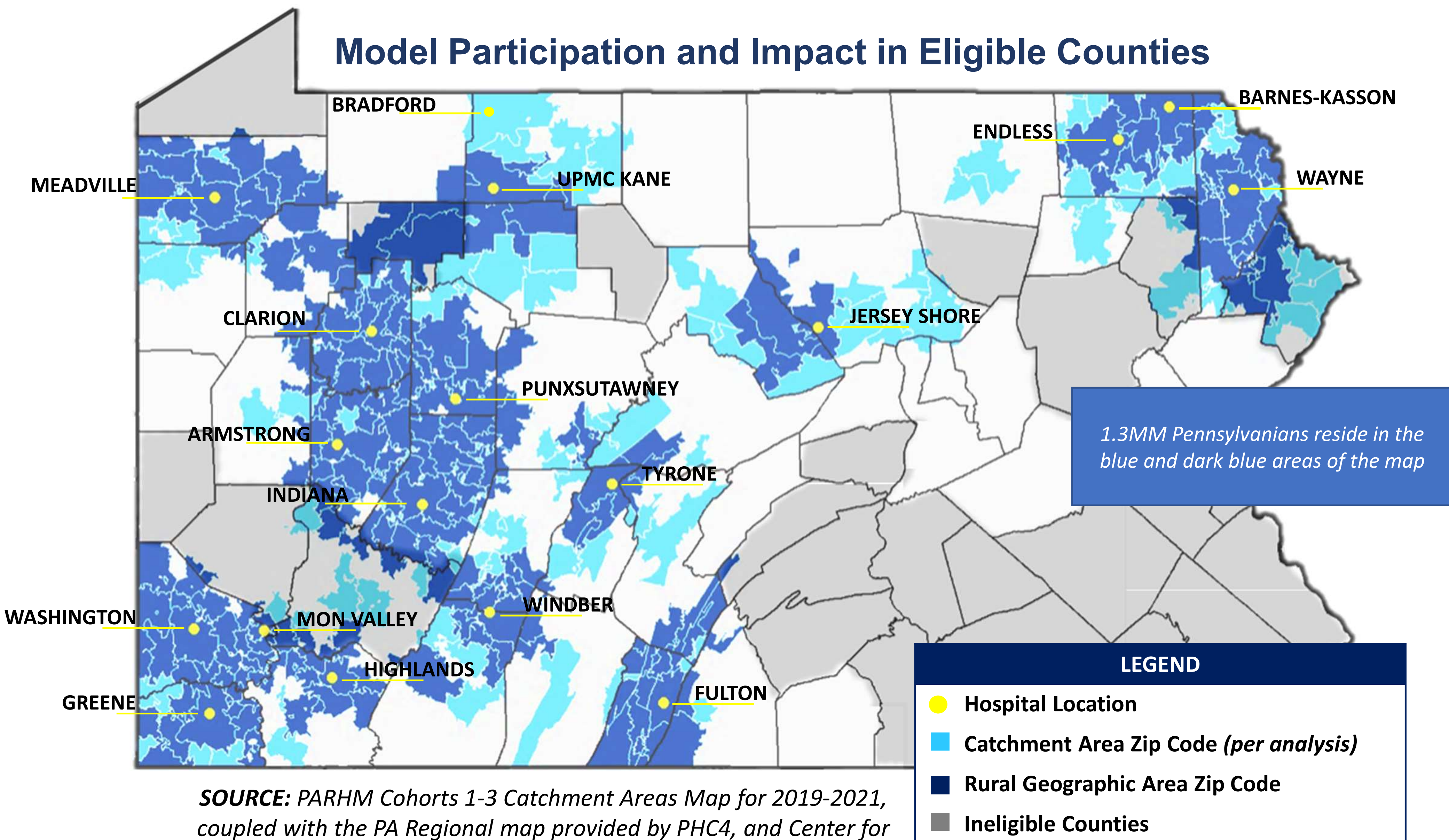
The PARHM has significant reach in rural counties across the state of Pennsylvania based on the catchment area data gathered by population zip codes, the footprint of PARHM is illustrated below



SOURCE: *PARHM Cohorts 1-3 Catchment Areas Map for 2019-2021, coupled with the PA Regional map provided by PHC4, and Center for Rural PA Data*

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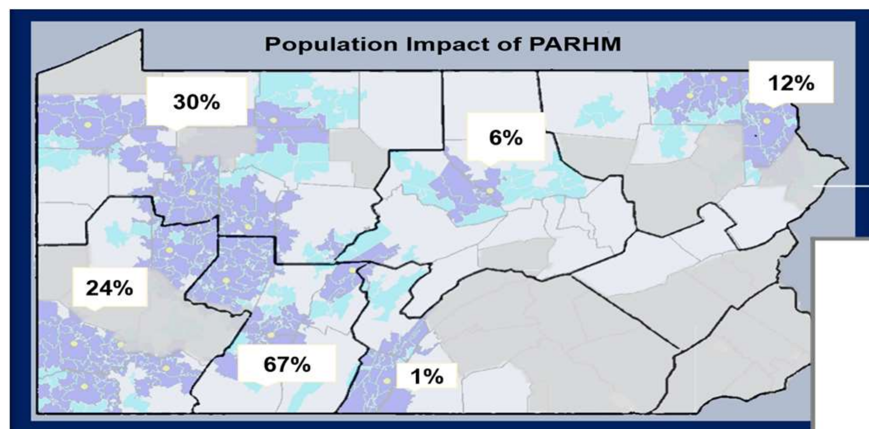
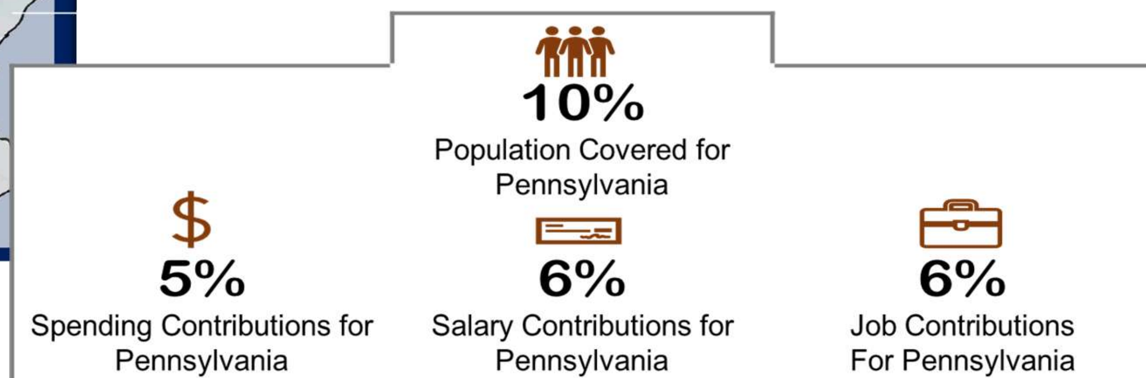
Based on this HAP study, the estimated regional economic impact of the hospitals in the PARHM is $2.4 billion which accounts for almost 18K jobs in these communities

REGIONS	SPENDING CONTRIBUTIONS	SALARY CONTRIBUTIONS	JOBS PROVIDED
Northwest (5 hospitals)	$616M	$229M	4.4K
Southwest (5 hospitals)	$1.0B	$381M	7.7K
Altoona/Johnstown (3 hospitals)	$377M	$138M	2.7K
North and South Central (2 hospitals)	$141M	$57M	1.1K
Northeast (3 hospitals)	$226M	$82M	1.9K
TOTAL	**$2.4B**	**$886M**	**17.8K**

The PARHM participant hospitals can be estimated to impact 10% of the state population, contribute 5% of total spending, and produce 6% of salaries and job opportunities.



Provided by PARHM Catchment Zip Code Data



SOURCE: *Hospital and Healthsystem Association of Pennsylvania's (HAP) 2020 analysis of FY 2019 data: Beyond Patient Care: Economic Impact of Pennsylvania Hospitals, coupled with the regional map of Pennsylvania provided by PHC4*

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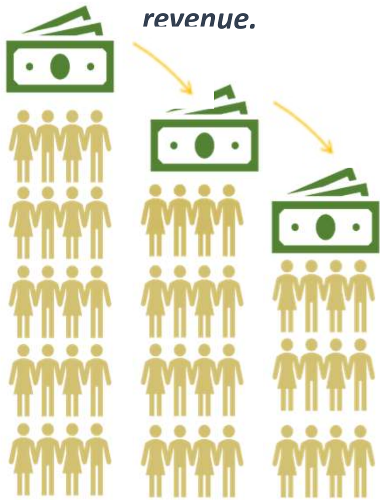
Global Budgets provide the financial predictability and flexibility for rural hospitals to invest in care delivery transformation to meet the community's health needs. Testing innovation and new delivery models is a key concept in retaining healthcare in rural PA communities

Fee For Service Payment

Hospital is paid for the # of healthcare resources consumed by the community, but as the community is getting smaller, so is revenue.

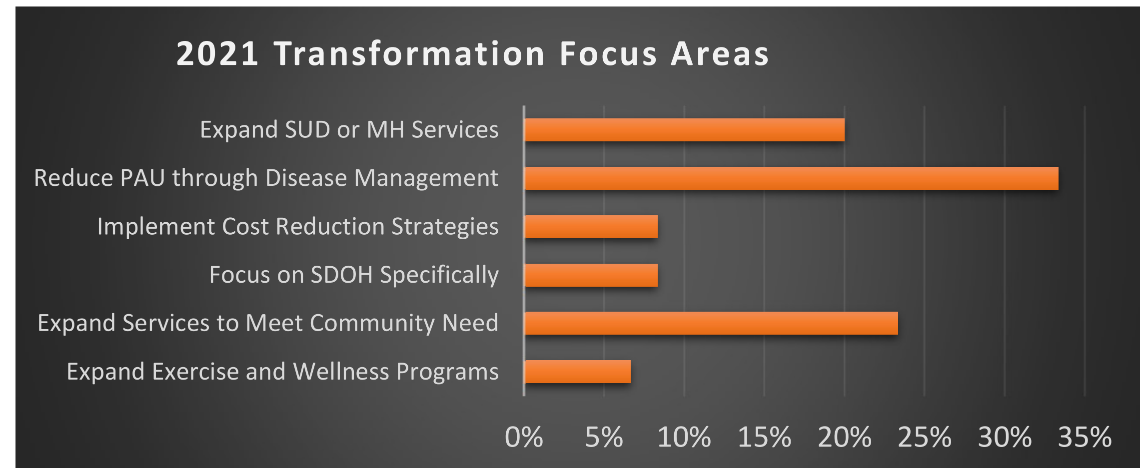


Global Budget Payment

Hospital is paid the same amount of money irrespective of how many resources are consumed by the community.

Global budgets offset declining hospital revenue with stable a revenue stream that enables hospitals to make the shift from payment based on volume to payment based on value of care delivered

Global budgets allow hospitals to make innovative investments in community health



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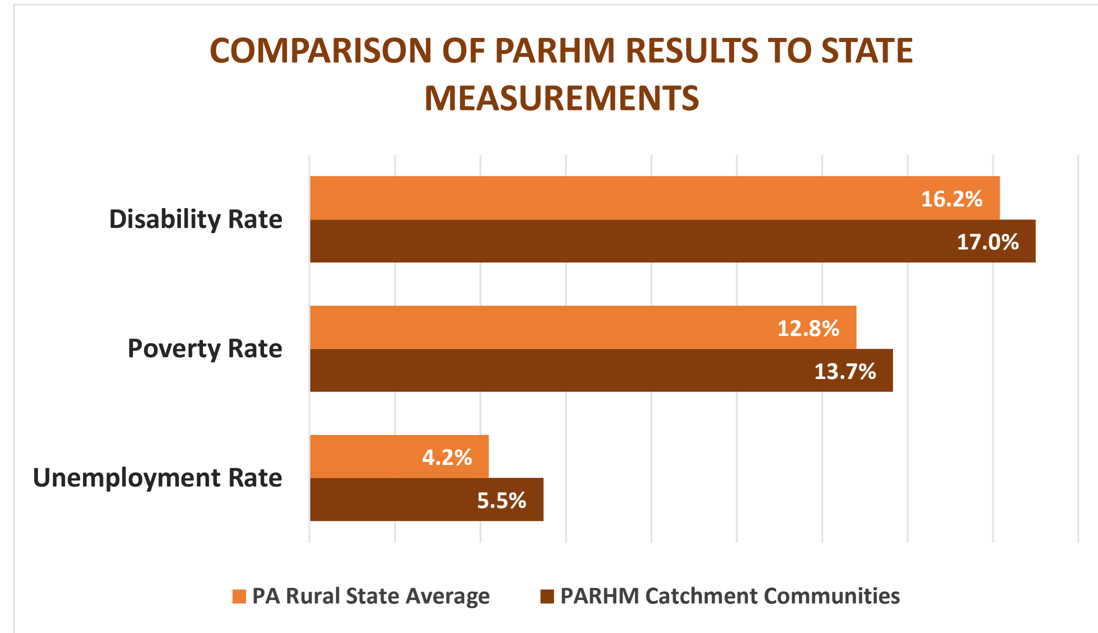
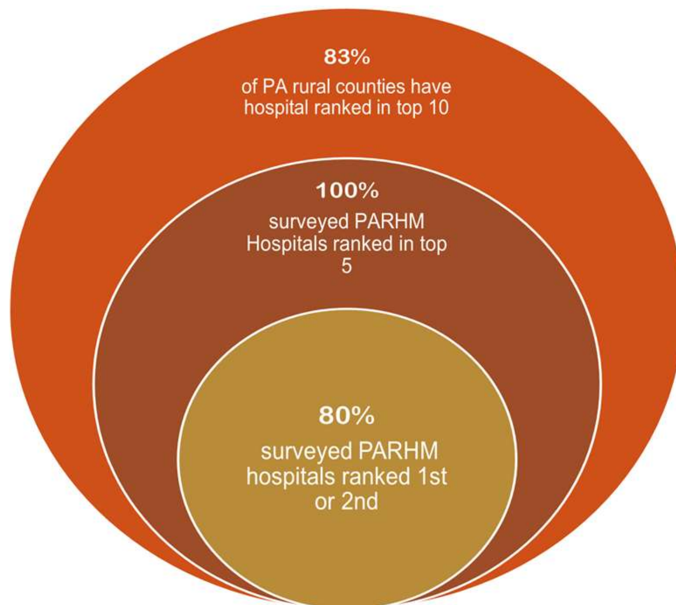
PARHM hospital communities are some of the most critical across the state. An analysis was conducted comparing the participant hospital community average health and economic needs to the state's rural averages.

Findings of this analysis concluded that:

- 100% of PARHM participant hospital communities have unemployment rates above the rural state average.
- 78% of PARHM participant hospital communities have disability rates above the rural state average.
- 67% have poverty rates above the rural state average.
- 50% of PARHM participant hospital communities have unemployment rates, poverty rates, and disability rates above the rural state average.





Despite the high unemployment rates, PARHM participant hospitals are some of the largest employers in the communities.

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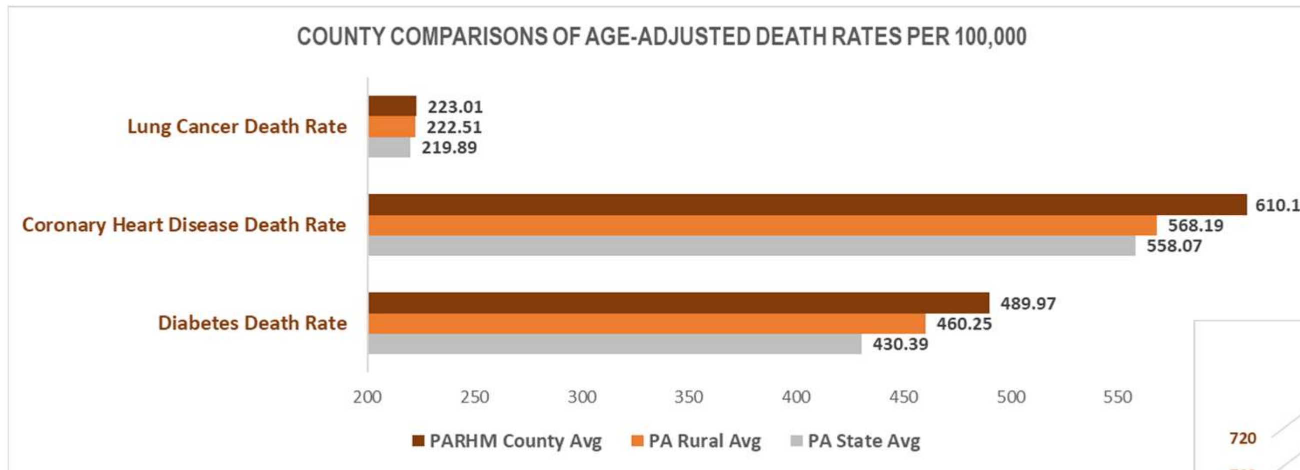
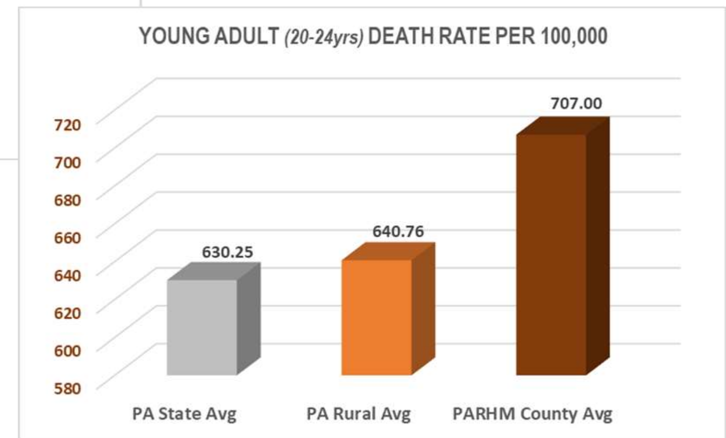
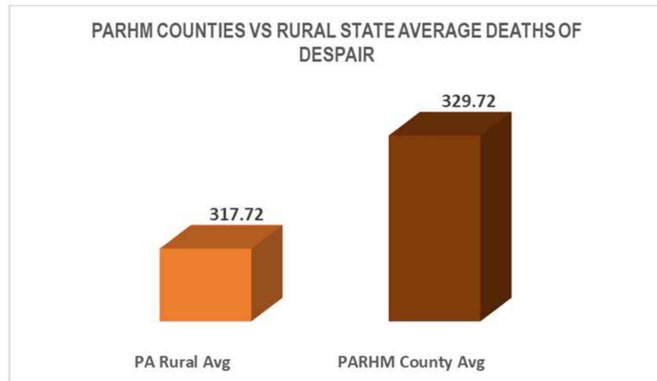
Using DHS health equity data, a variety of age-adjusted death rates were examined. The graphs below identify that PARHM participant counties have higher rates in all of the represented categories compared to state and rural averages.



76%

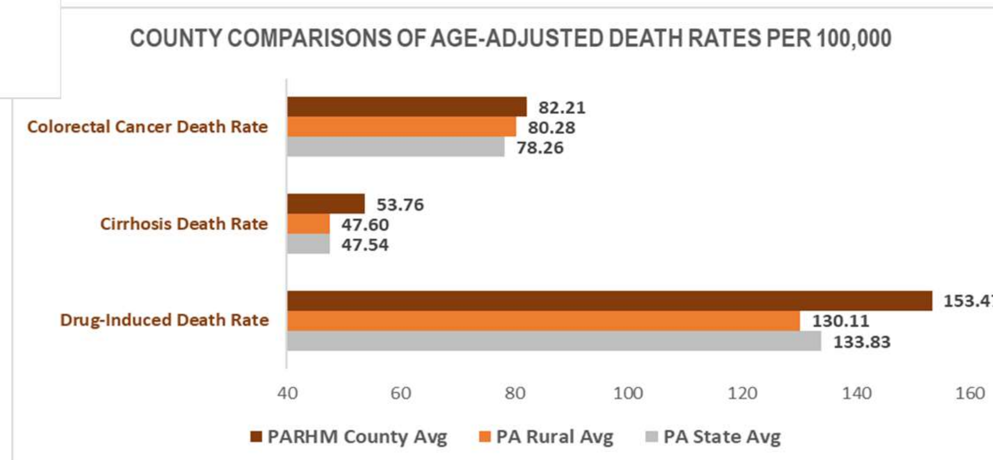
Of the population health metrics examined measured worse for PARHM counties compared to state total, urban & rural averages.





60%

Of participant counties report more deaths of despair than the rural state average.



73%

Participant counties report drug-induced and cirrhosis death rates above the rural state average.

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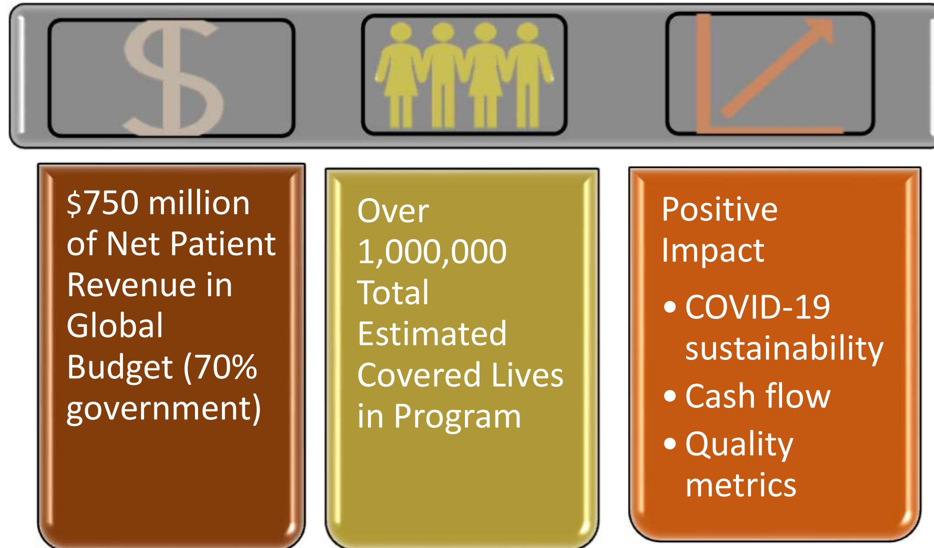
The value of the model is being realized by providing financial stability to hospitals while improving the health of the populations they serve

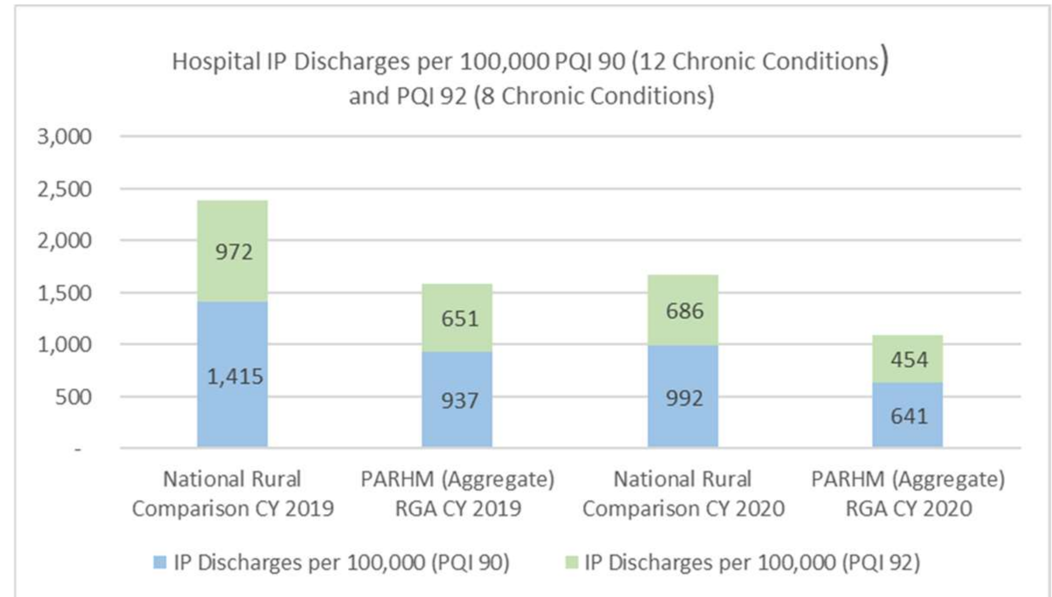


With more than 1 million covered lives in the program, the RHRC can now build scalable solutions for rural hospitals and communities across the state and potentially nationwide

Outcome Measurement	Success Realized To Date
Financial position of the hospitals improve over time	• No hospitals in program closed during COVID-19 pandemic • Days cash on hand average improved from 2 days to 30 days
Population health outcomes	Transformation plans in process focus on 3 areas: • Increasing access to care • Improving chronic disease management • Reducing substance abuse related deaths
Reduction in total cost of care	Reductions in total cost of care will be measured in later years of model once transformation plans are implemented and cost reductions can be realized

Utilization Trends based on CMS and DHS data: Overall, participants are improving their Hospital Acquired Condition scores and maintaining CMS readmission rates within the rural average.

Medicare data shows that PARHM participant hospitals performed better than National Rural in both PQO 90 and PQI 92 scores for both 2019 and 2020 calendar years.



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Cohort 1 participants improved avoidable utilizations

10/12

Participants improved HAC scores

16/16

Participants maintained CMS readmission rates

**Note: Results based on 2018-2019 comparisons. 2020 results have not yet been published.*
HAC Scores: Critical access hospitals are not required to report. Campus facility reporting is done at the parent organization
Readmissions: Facilities with low volume are not included. Campus facility reporting is done at the parent organization

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Quality of care improvements: The average PARHM hospital rating increased slightly from 2018 to 2019. Moving into 2020, participants trended favorably in 73% of the Medicare quality measures monitored, despite impacts cause by the Covid-19 Pandemic.

3.75 STAR RATING

Overall rating of participant hospitals in 2019 – includes care transitions and discharge information.

(↑ .25 stars from 2018)

Medicare Quality

Measure	Measure_Name	CY 2019 National Rural	CY 2019 PARHM RGA	CY 2020 National Rural	CY 2020 PARHM RGA	National Overall Trend	PARHM Overall Trend
AAP	Adults' Access to Preventive/Ambulatory Health Services	90%	90%	89%	88%	Yellow	Yellow
COU	Risk of Continued Opioid Use - 15 Day	16%	17%	15%	17%	Green	Green
COU	Risk of Continued Opioid Use - 31 Day	7%	7%	8%	9%	Yellow	Yellow
ED PAU	Avoidable ED Visits	41%	41%	38%	39%	Green	Green
FMC	Follow-up After ED Visit for People With Multiple High-Risk Chronic Conditions	60%	60%	59%	60%	Yellow	Green
NQF 1769	Hospital-Wide Unplanned Readmission (w/ risk adj)	16%	16%	16%	16%	Green	Green
NQF 3400	Use of Pharmacotherapy for Opioid Use Disorder	76%	73%	77%	76%	Green	Green
PCR	Plan All-Cause Readmission Rates	15%	14%	15%	14%	Green	Green
POD	Pharmacotherapy for Opioid Use Disorder	36%	39%	35%	38%	Yellow	Yellow
PQI 90	Hospital IP Discharges per 100,000 PQI 90: (12 Chronic Conditions)	1415	937	992	641	Green	Green
PQI 92	Hospital IP Discharges per 100,000 PQI 92: (8 Chronic Conditions)	972	651	686	454	Green	Green

The Rural Health Redesign Center (RHRC), created by PA Legislative Act 108 of 2019 and created in May of 2020, is becoming the leader of rural health care transformation in PA, and potentially the nation.

RHRC Vision

Transforming health care to meet the needs of rural communities

- Increase Access
- Improve Quality
- Improve Population Health
- Decrease Total Cost of Care

RHRC Focus

Build solutions to drive financial sustainability while meeting the health care needs of each community

Build on lessons learned to bring scalable, cost-effective solutions to rural communities based on experience

The RHRC is uniquely positioned to drive transformation building on the lessons learned in PA and Other States

- Technical services and capabilities developed to support the PA Program can be leveraged to other communities and states as shown in the Overall Program Management and Leadership Framework

- The RHRC can serve as a “learning lab” with significant expertise to assist other organizations that pursue value-based care models for rural communities building on lessons learned in Pennsylvania

The Rural Health Redesign Center is dedicated to supporting participant hospitals and the high-risk communities they are a part of.

Goals Moving Forward…

Continue to support the eighteen participant hospitals in serving the 1.3M individuals impacted by the program.

Provide financial support to hospitals using global budgets, stabilizing the economic contributions of these facilities to their communities.

Improve overall population health by improving access to care and social determinant of health measurements through community-based transformation goals.

Transform the healthcare mindset from quantity of care to quality.

Expand PARHM's footprint by recruiting additional hospitals eligible to participate in the program

Hospitals are the backbone of many rural communities. By being a part of this initiative, participants will be able to witness long-term, lasting results related to the improvement in quality of care, positive impacts on population health, and overall transformation of their communities.

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