Critical Access Hospitals Have a Strong Future

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August 22nd, 2013

RWHC 1

Outline of Talk

1. Who is RWHC?
2. Overview of Rural Health Care
3. Rural Health's Two-fer: Health & Jobs
4. Critical Access Hospitals Here to Stay
5. Health Care ➔ Community Health
6. Today's Challenges
7. Top 20 CAH Success Factors
8. My Top Four Recommendations

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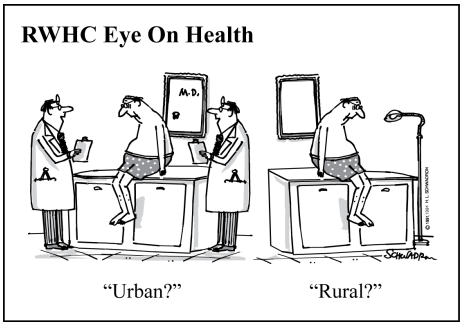
1. Who Is RWHC?



RWHC is a cooperative of 39 rural hospitals located across the state. Mission of advocacy and shared services in support of **keeping local care local.**

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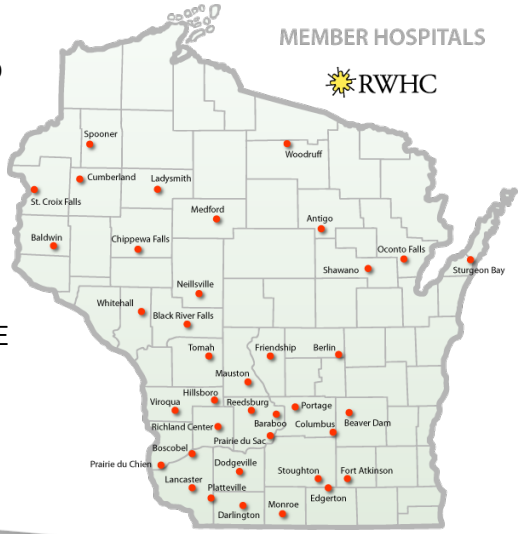
RWHC at 10,000 Feet

- Founded in 1979.
- RWHC is non-profit coop owned by 39 rural hospitals (with net rev ≈ $1.4B & ≈ 2,000 hospital & LTC beds).
- 8 PPS & 31 CAH; ≈ 24 "independent" and 15 system "affiliated."
- ≈ 70 employees, ≈ 50 FTE
- ≈ $11M RWHC budget (75% member sales, 17% non-member sales, 6% dues & 2% grants).



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RWHC's Rural Agenda is Multifaceted

- Federal **healthcare reform** that recognizes rural realities.
- Fair **Medicare and Medicaid** payments to rural providers.
- **Federal and State regulations** that recognize rural realities.
- **Retain property tax exemption** for nonprofit hospitals.
- Solve growing **shortage of rural physicians and providers**.
- Bring rural voice to **regional provider networks & payers**.
- Bring a rural voice into the **quality improvement** movement.
- Continue push for workplace and community **wellness**.
- Strong link between **economic development** and rural health.

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Meeting Big Challenges Not New (1 of 2)

1970s: Federally funded planners proposed consolidation of rural hospitals in Wisconsin; that plan was blocked and RWHC's role as an advocate was born.

1980s: Growth of health plans with closed provider networks were seen as threat; RWHC started a rural based plan and received federal anti-trust protection.

1980-90s: **Medicare radically changed how they paid hospitals** and 100's of rural hospitals closed; in response, RWHC and others championed Medicare's Critical Access Hospital program that provides critical support to most of our members today.

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Meeting Big Challenges Not New (2 of 2)

- **1990s: Growth in the shortage of physicians working in rural Wisconsin** has led to the Wisconsin Academy of Rural Medicine, RWHC's Wisconsin Collaborative for Rural Graduate Medical Education and a major rural expansion by the Medical College of Wisconsin.
- **2000s:** The National Institute of Medicine highlighted **major gaps in American health care quality**–pro-active support for better health and care at a lower cost.
- **2010s:** That **providers will be paid not for volume but for value** has led RWHC to focus on services preparing for the new era of Accountable Care Organizations.

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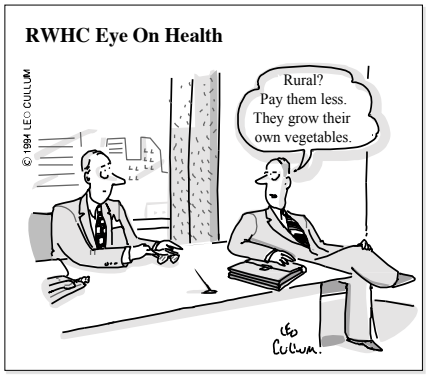
2. Overview of Rural Health Care

There is an Ongoing Need for Rural "Myth" Busting

- Rural residents **don't care about local care**.
- Rural folks are **naturally healthy, need less**.
- Rural health **care costs less** than urban care.
- Or rural health care **is inordinately expensive**.
- Rural **quality is lower**; urban is better.
- Rural hospitals are just **band-aide stations**.
- Rural hospitals are **poorly managed and governed**.



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Rural Health Typically Does More With Less

- "The people served by rural hospitals are **more likely to report a fair to poor health status, suffer from chronic diseases, lack health insurance, and be heavier, older, and poorer** than residents of urban areas."
- Yet overall, **the average cost per Medicare beneficiary is 3.7 percent lower in rural communitiess** than in urban ones, and rural hospitals perform better than urban hospitals on three out of the four cost and price efficiency measures on Medicare Cost Reports."

"Implications of Proposed Changes to Rural Hospital Payment Designations Policy Brief," by The National Advisory Committee on Rural Health and Human Services, December, 2012

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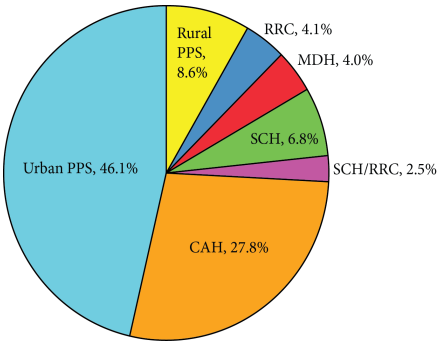
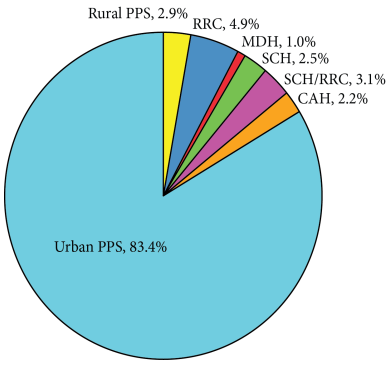
U.S. Hospitals

Percent Hospitals by Type



Percent Medicare Payment by Hospital Type



North Carolina Health Research Policy Analysis Center, 8/12

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Rural Hospitals Have a Lot to Brag About

- Rural hospital performance on CMS **Process** of Care measures is **on par** with urban hospitals.
- Rural hospital performance on CMS **Outcomes** measures is **better** than urban hospitals.
- Rural hospital performance on **HCAHPS** inpatient experience survey measures is **better** than urban hospitals.
- Rural hospital performance on **price and cost efficiency** measures is **better** than urban hospitals.
- While, **Medicare spent $2.2 billion less in 2010 on rural beneficiaries–3.7% less than average urban beneficiary**.

"Rural Relevance Under Healthcare Reform"
(based on Medicare Shared Savings Data Files) 1/23/12
http://www.ivantagehealth.com/

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3. Rural Health's Two-fer: Health & Jobs

Rural health is all about the natural tension between the power of capital and the power of place.

This makes rural health dependent on the local community, local employers, local schools & vice versa.

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Jobs Depend on Rural Health (1 of 2)

- Local **rural health = local jobs**.
- People often know that **business relocation decisions are influenced by the cost and quality of health care available locally**.
- **But as or more importantly**, rural health has the **same economic impact as export commodities** like milk, soy beans or rural based manufactured goods because of its **ability to bring health insurance premiums and taxes back into the community**.

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Jobs Depend on Rural Health (2 of 2)

- Rural insurance premiums and taxes **only come back** to circulate in the community and create jobs **if there are local health care providers there** (and people use them) to attract those dollars.
- For **every 2 jobs created (or lost) in rural health care**, the number of jobs in **other local businesses increase (or decrease) by 1⁺ jobs**.
- **The rural economy is extremely dependent on WHERE its health care dollars are spent.**

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4. Critical Access Hospitals Here to Stay

CAHs are a distinct Medicare provider type with a cost based payment method. Conditions of Participation **basically same except:** 25 bed max. and average 96 hr. LOS max.

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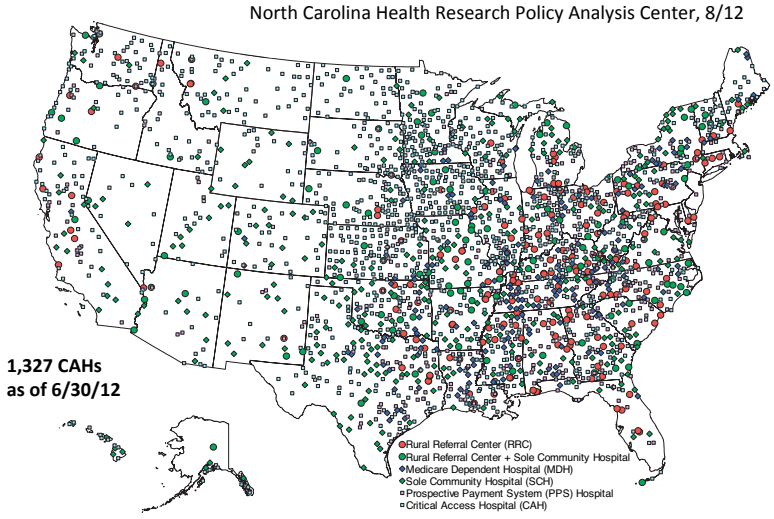
Rural Hospitals: Backbone of Rural Health

North Carolina Health Research Policy Analysis Center, 8/12



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Urban & Rural WI Hospitals Are Leaders

- 13 CAHs in iVantage top 100 CAH List (2013)
- High overall quality (2nd in 2011 - AHRQ)
- Low rate of uninsured (tied for 5th in 2010-11)
- Low cost state in Medicare program
- Relatively strong physician/hospital cooperation
- Hospitals'/systems' relatively better finances
- Robust adoption of HIT, especially with EHR
- Supportive tort environment
- Leadership promoting county health rankings

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5. Long Term: Health Care ➔ Community Health

"Sure we can just keep dousing fires, or we can find the kid with the matches."

It's no longer about what we charge for a hospital visit but what it costs to keep an insured population healthy.

"We must help all reach highest potential for health and reverse the trend of avoidable illness."*

*American Hospital Association's "Health for Life, Better Health, Better Health Care" August, 2007

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National Rural Health Snapshot – 2010 (1 of 2)

Access to Health Services			
	Rural *% population*	**Non-Rural** *% populationl*	*Rural Rate Higher Than Non-Rural*
No form of health coverage (age 18 - 64 years)	20.6	17.0	21.2%
Needed to see doctor but could not because of cost–past year	15.6	13.6	14.7%
No personal doctor	18.1	19.3	-6.2%
No dental care in previous year	35.6	28.3	25.8%
Health Behavior/Risk Factors			
	Rural *% population*	**Non-Rural** *% populationl*	*Rural Rate Higher Than Non-Rural*
Current Smoker	22.0	17.8	23.6%
Obese (Body Mass Index ≥30)	30.5	25.9	17.8%

www.shepscenter.unc.edu/rural/snapshot.html

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National Rural Health Snapshot – 2010 (2 of 2)

Age - Adjusted Mortality			
	Rural *per 100,000 population*	**Non-Rural** *per 100,000 population*	*Rural Rate Higher Than Non-Rural*
All - cause	893.8	823.1	8.6%
Infant (age<1)	755.0	690.9	9.3%
Diseases of the heart	249.4	230.2	8.3%
Diabetes mellitus	27.6	24.6	12.2%
Chronic obstructive pulmonary disease (COPD)	49.0	42.2	16.1%
Unintentional Injuries (including motor vehicle traffic)	51.9	34.7	49.6%
Suicide	13.4	10.3	30.1%

www.shepscenter.unc.edu/rural/snapshot.html

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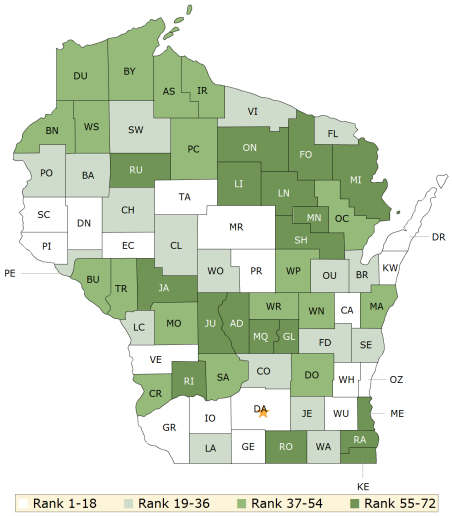
County Health Outcome Rankings – 2013



Rusk County

Health Outcomes: 55th
Mortality: 63rd
Morbidity: 36th

Health Factors: 57th
Behaviors: 10th
Clinical Care: 45th
Social/Economic: 67th
Environment: 68th

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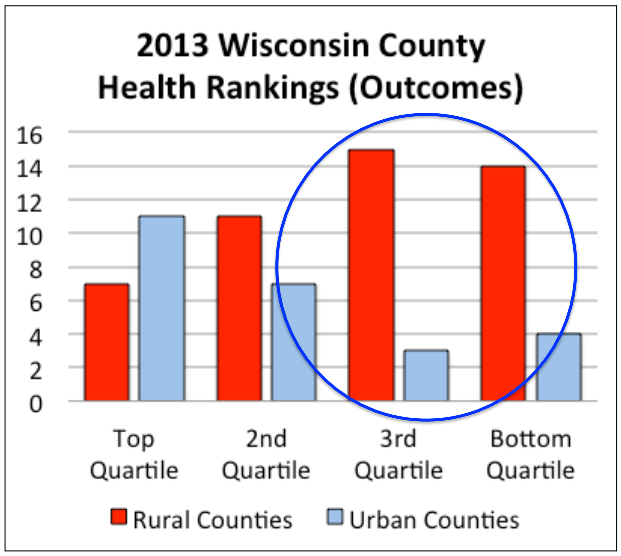

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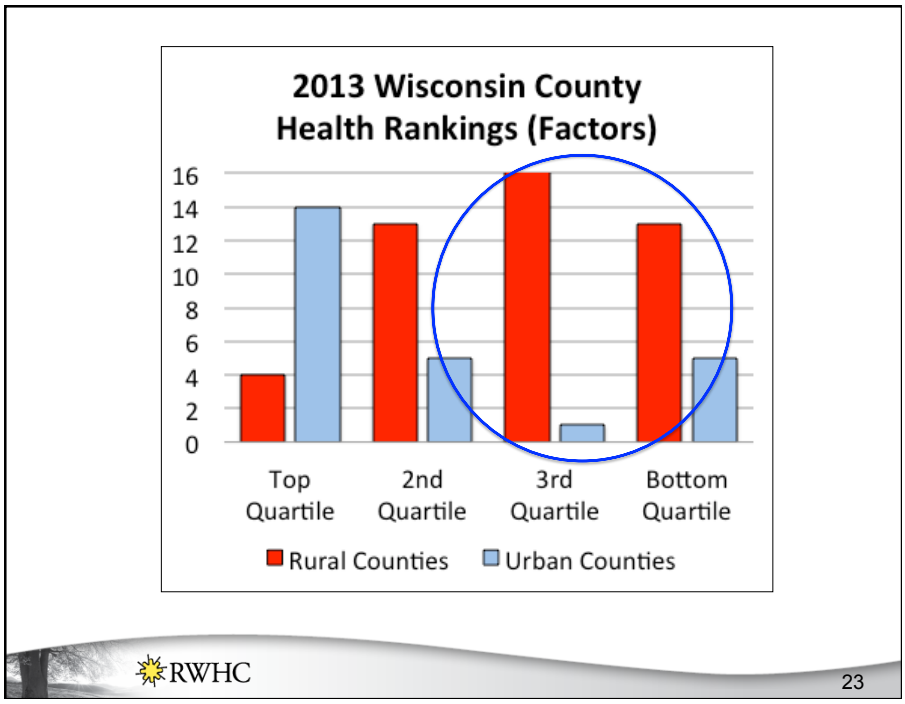
2013 Wisconsin County Health Rankings (Factors)
16
14
12
10
8
6
4
2
0
Top Quartile
2nd Quartile
3rd Quartile
Bottom Quartile
Rural Counties
Urban Counties
RWHC
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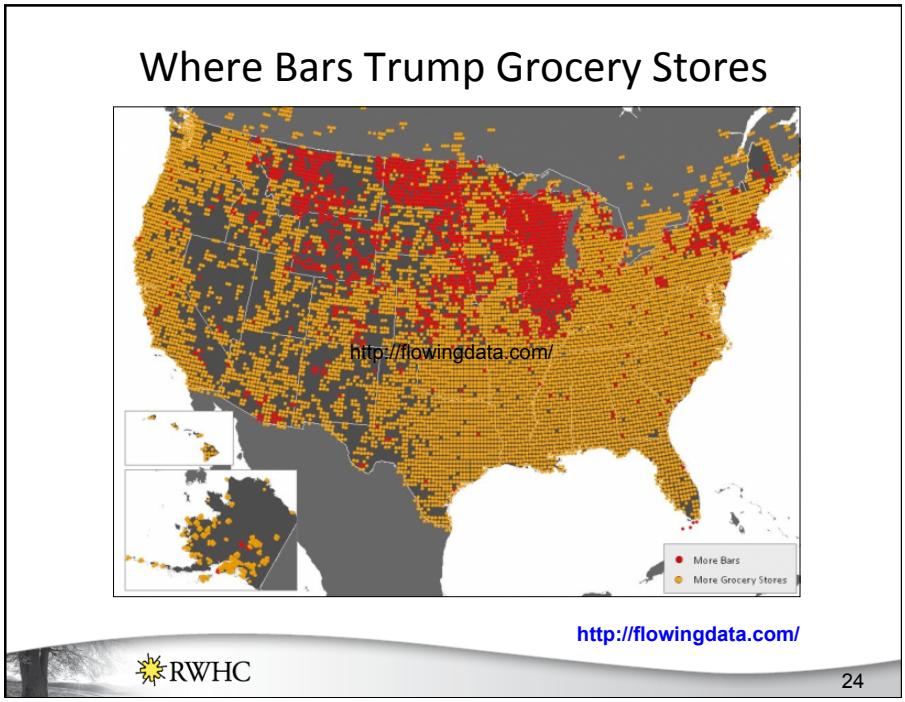
Where Bars Trump Grocery Stores
http://flowingdata.com/
More Bars
More Grocery Stores
http://flowingdata.com/
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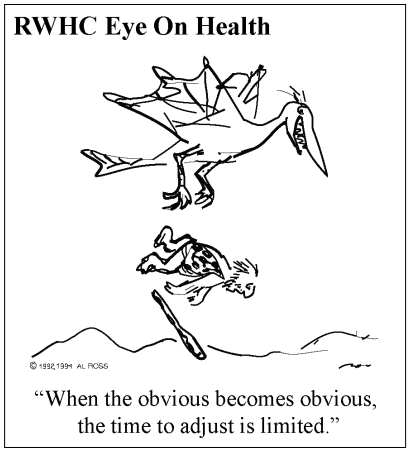
6. Today's Challenges



"When the obvious becomes obvious, the time to adjust is limited."

Rural Health is not exempt from political chaos and the alignment of forces driving reform to improving population health, individual health care, and lower costs (the Triple Aim).

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The Four Questions Facing Every Hospital

1. How do we provide **local patient-centered care** that is team based and outcome focused?
2. How do we **collaborate** with regional organizations **to emphasize value of care over volume of care**?
3. How do we **partner** with others locally and regionally **to foster healthy communities**?
4. How do **we adapt urban-based federal models** to the unique characteristics of our rural communities?

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Details Differ: Big Picture Unchanged

	Current State	Future State
Cost:	Reduction Viewed as Discrete Projects	Continuous Process Improvement
Quality:	Public Relations/Liability Issue	Drives Reimbursement
Physicians:	Drive Volume	Drive Value
Collaboration:	Limited Amount Required for Financial Success	Clinical and Finance Staff Must Work Together
Financial Risk:	Revolves Around Cost Position	Revolves Around Utilization of Services Across Continuum

Healthcare Financial Management Association

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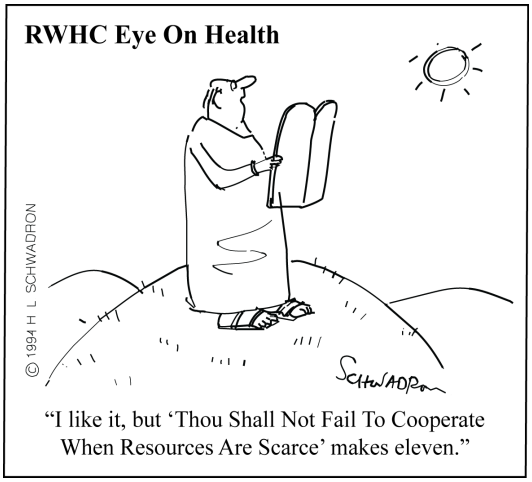
7. Top Twenty CAH Critical Success Factors



"I like it, but 'Thou Shall Not Fail To Cooperate When Resources Are Scarce' makes eleven."

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Top Twenty CAH Critical Success Factors

Leadership

Engage & educate the hospital **board**

Align hospital leaders & managers

Unite with physicians & other 1° care providers

Strategic Planning

Do **meaningful strategic planning** at least annually

Use a systems framework for planning to ensure a **holistic** approach

Communicate the plan organization-wide in easy to understand language

Terry Hill, Executive Director
National Rural Health Resource Center

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Top 20 CAH Success Factors

Patients, Partners & Communities

Measure and **publicly report patient satisfaction**

Explore partnerships with **rural network and/or larger systems**

Explore partnerships with **other providers in your service area**

Engage & educate **your community**

Terry Hill, Executive Director
National Rural Health Resource Center

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Top 20 CAH Critical Success Factors

Measurement, Feedback, & Knowledge Management

Use a **strategic framework to manage information**

Evaluate strategic process regularly and **share information organization-wide**

Gather & **use data** to **improve health and safety of patients in the service area**

Terry Hill, Executive Director
National Rural Health Resource Center

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Top 20 CAH Critical Success Factors

Workforce & Culture

Develop a **workforce** that is **change ready** and customer / **patient focused**

Focus intensely on **staff development and retention**

Operations & Processes

Develop **efficient business processes** and maximizes revenue cycle management

Continually improve quality and safety processes

Use technology appropriately to improve efficiency and quality

Terry Hill, Executive Director
National Rural Health Resource Center

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Top 20 CAH Critical Success Factors

Impact & Outcomes

Publically report and communicates **outcomes**

Document value in terms of **cost, efficiency, quality, satisfaction, and population health**

Terry Hill, Executive Director
National Rural Health Resource Center

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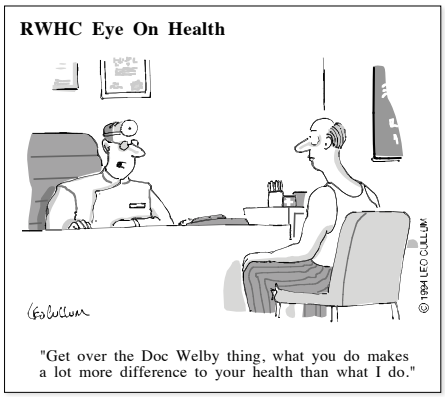
8. My Top Four Recommendations



Recommendation #1

Recognize that **good health** is **more than good health care**; that it requires **individual responsibility** and understanding how **jobs and education impact health**.

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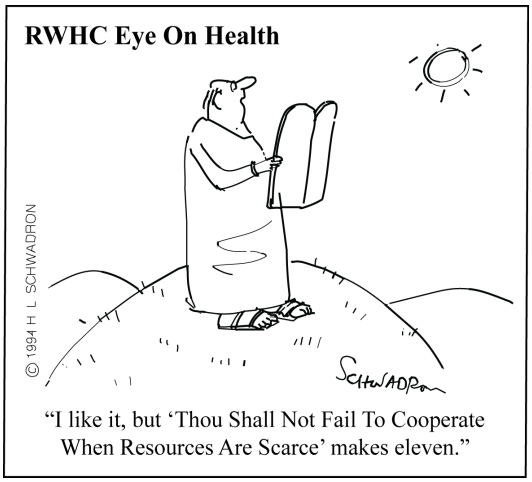
Recommendation #2: Compete & Cooperate



"I like it, but 'Thou Shall Not Fail To Cooperate When Resources Are Scarce' makes eleven."

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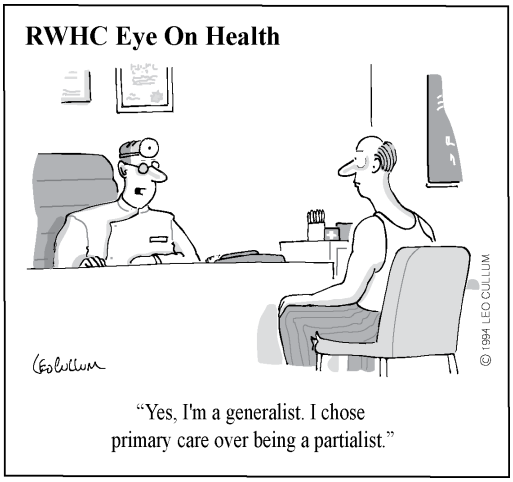
Recommendation #3: Follow Your Passion



"Yes, I'm a generalist. I chose primary care over being a partialist."

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Recommendation #4: Vision Matters

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Rural Health Resources

- **RWHC Web**: **www.RWHC.com**
- Free **RWHC Eye on Health e-newsletter**; email **office@rwhc.com** with "subscribe" on subject line.
- **Wisconsin Office of Rural Health**: **http://WORH.org**
- **County Health Rankings & Roadmaps** **www2.countyhealthrankings.org**
- **Nation Rural Health Resource Center** **www.ruralcenter.org**
- **Rural Assistance Center** at **www.raconline.org/** is an incredible federally supported information resource.
- The **Health Workforce Information Center** **www.healthworkforceinfo.org/**

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