Federal Rural Health Update

Region B Meeting

Greenville, South Carolina

August 19th, 2014

Presenters:

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Office of Rural Health Policy

Health Resources & Services Administration

U.S. Department of Health & Human Services

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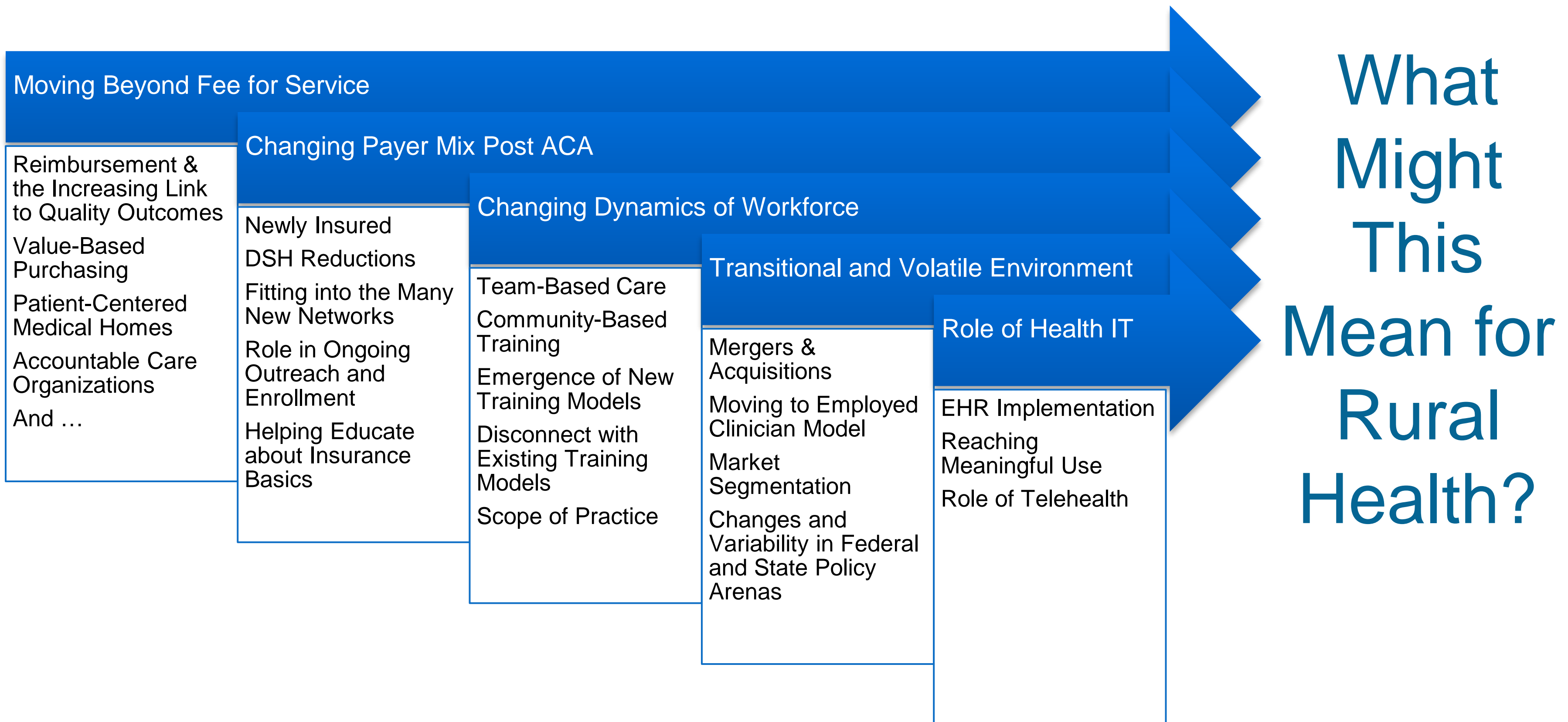
Today's Presentation

- Quick Background
- Emphasizing Value in Rural Health
  - Discussion of the Issues
    - Collaboration
    - Finance
    - Workforce
    - Community Health
    - Health Information Technology
    - Research
  - Making the Link to New and Continuing Initiatives, Resources and Tools

Emerging Questions & Challenges



Collaboration

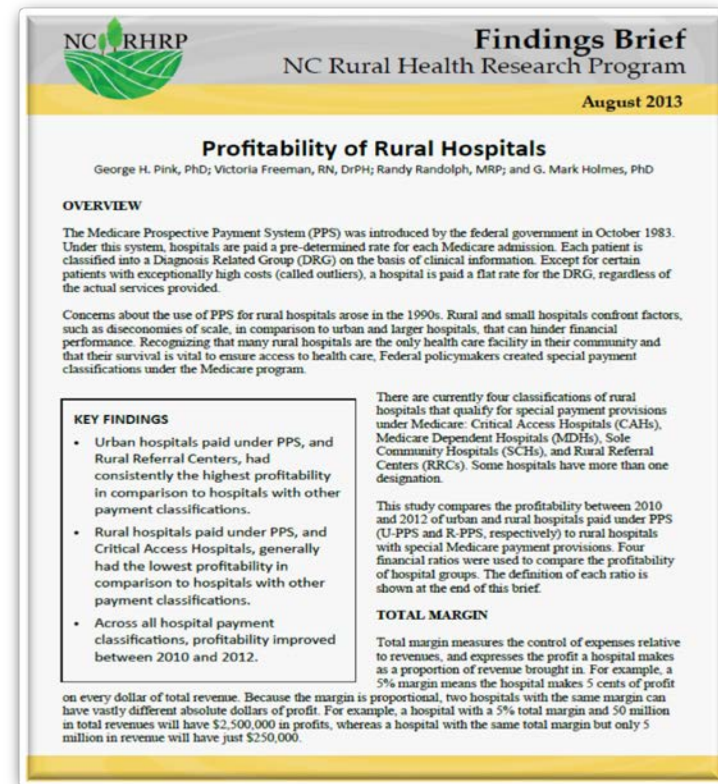
HHS Partners

Federal Partners

External Partners

Finance

- Variable National Picture
- Identifying and Promoting Successful Interventions
- Monitoring “At-Risk” Communities
- Helping Rural Health Clinics



NC RHRP

Findings Brief
NC Rural Health Research Program

August 2013

Profitability of Rural Hospitals

George H. Pink, PhD; Victoria Freeman, RN, DrPH; Randy Randolph, MRP; and G. Mark Holmes, PhD

OVERVIEW

The Medicare Prospective Payment System (PPS) was introduced by the federal government in October 1983. Under this system, hospitals are paid a pre-determined rate for each Medicare admission. Each patient is classified into a Diagnosis Related Group (DRG) on the basis of clinical information. Except for certain patients with exceptionally high costs (called outliers), a hospital is paid a flat rate for the DRG, regardless of the actual services provided.

Concerns about the use of PPS for rural hospitals arose in the 1990s. Rural and small hospitals confront factors, such as diseconomies of scale, in comparison to urban and larger hospitals, that can hinder financial performance. Recognizing that many rural hospitals are the only health care facility in their community and that their survival is vital to ensure access to health care, Federal policymakers created special payment classifications under the Medicare program.

KEY FINDINGS

- Urban hospitals paid under PPS, and Rural Referral Centers, had consistently the highest profitability in comparison to hospitals with other payment classifications.
- Rural hospitals paid under PPS, and Critical Access Hospitals, generally had the lowest profitability in comparison to hospitals with other payment classifications.
- Across all hospital payment classifications, profitability improved between 2010 and 2012.

There are currently four classifications of rural hospitals that qualify for special payment provisions under Medicare: Critical Access Hospitals (CAHs), Medicare Dependent Hospitals (MDHs), Sole Community Hospitals (SCHs), and Rural Referral Centers (RRCs). Some hospitals have more than one designation.

This study compares the profitability between 2010 and 2012 of urban and rural hospitals paid under PPS (U-PPS and R-PPS, respectively) to rural hospitals with special Medicare payment provisions. Four financial ratios were used to compare the profitability of hospital groups. The definition of each ratio is shown at the end of this brief.

TOTAL MARGIN

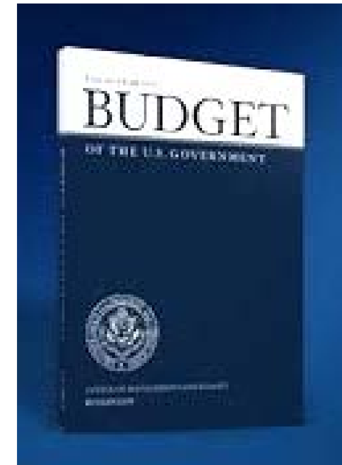
Total margin measures the control of expenses relative to revenues, and expresses the profit a hospital makes as a proportion of revenue brought in. For example, a 5% margin means the hospital makes 5 cents of profit on every dollar of total revenue. Because the margin is proportional, two hospitals with the same margin can have vastly different absolute dollars of profit. For example, a hospital with a 5% total margin and 50 million in total revenues will have $2,500,000 in profits, whereas a hospital with the same total margin but only 5 million in revenue will have just $250,000.

Finance

- Where Does Rural Fit In …
  - ACOs
  - Medical Homes
  - Bundling
  - Value-Based Payment
  - Deficit Reduction

Workforce

- President's 2015 Budget Proposals
- Ongoing Impact of the President's Improving Rural Health Care Workforce Initiatives
- Promoting Rural Training Tracks
- National Health Service Corps



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A 21st Century Health Care Workforce for the Nation

February 2014

http://aspe.hhs.gov/health/reports/2014/HealthCare_Workforce/rpt_healthcareworkforce.cfm

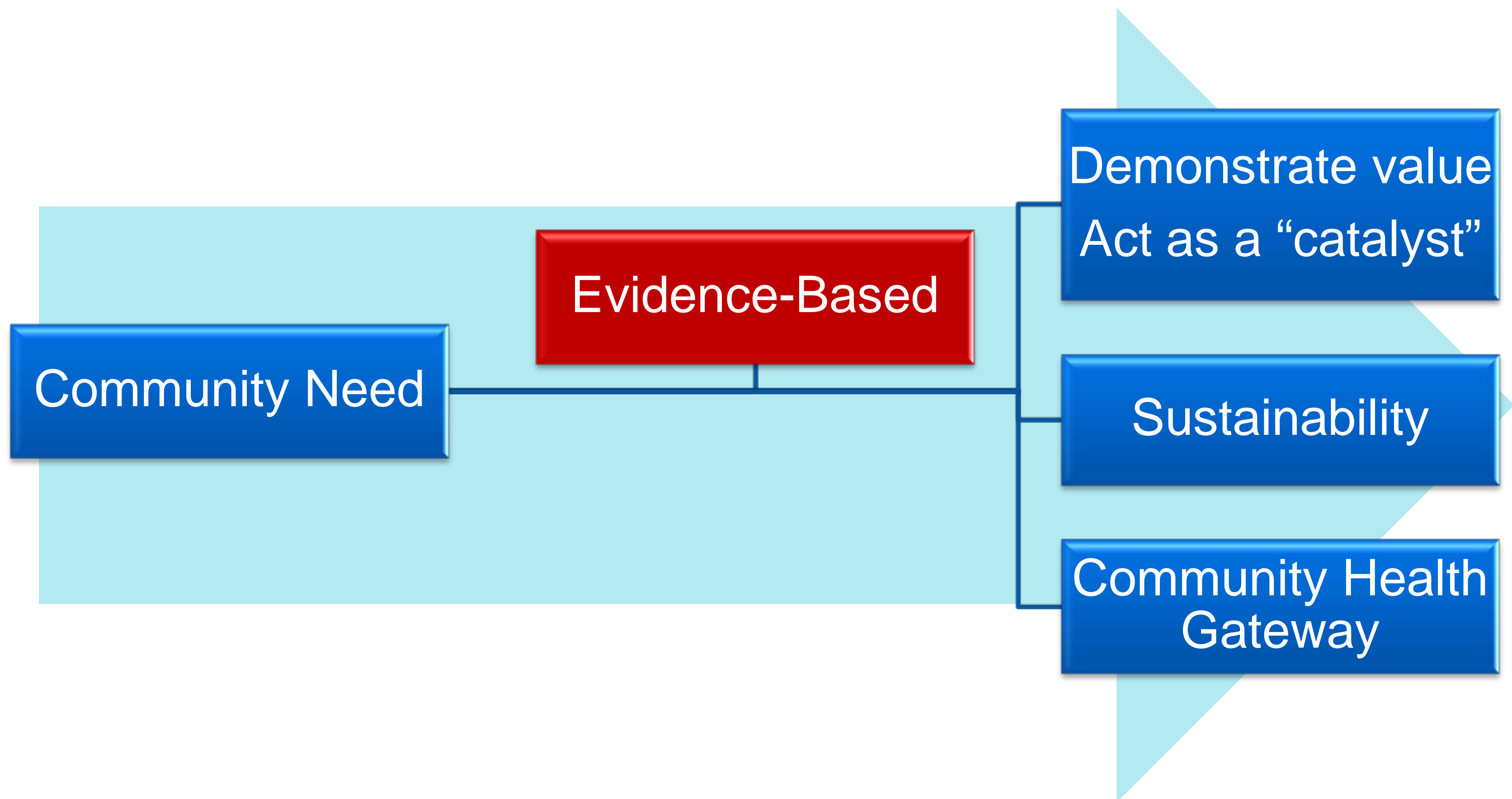
National Health Service Corps

- www.NHSC.hrsa.gov
- Facebook.com/NationalHealthServiceCorps
- Twitter.com/NHSCorps

NURSE Corps

- www.hrsa.gov/loanscholarships/nursecorps/
- Facebook.com/HRSANURSECorps

Community Health



Community Health

FY 2015 Competitive Programs

- Rural Health Care Services Outreach Program
- Rural Health Network Development Planning Program

**Please see slides at the end for more details*

Health Information Technology and Telehealth

- Helping Rural Providers on the Path to Meaningful Use
  - Rural Health IT Network Program
  - Collaborating with ONC and USDA
  - Supporting Shared Learning and Collaboration
  - Expansion of Broadband

Health Information Technology and Telehealth

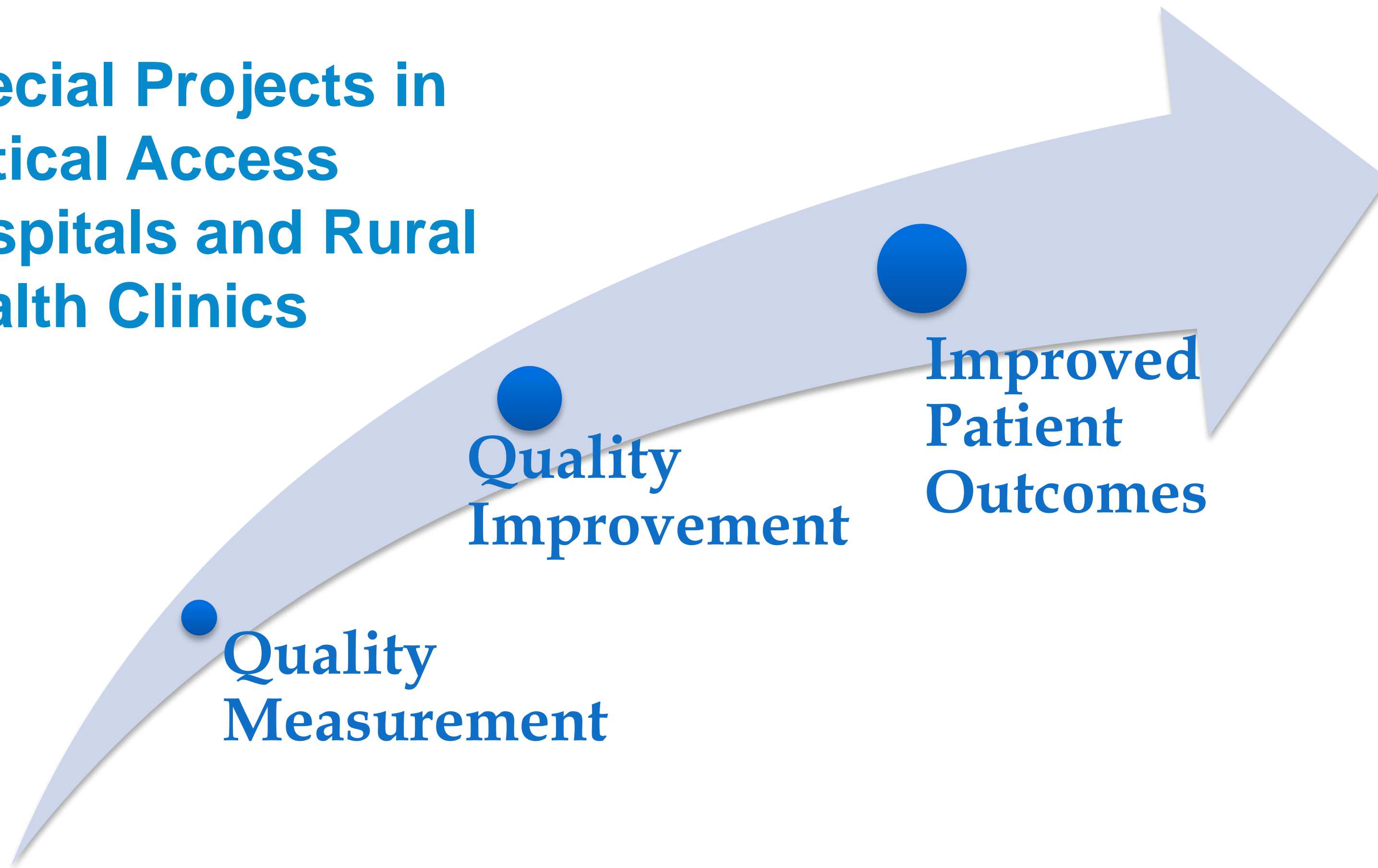
- Leveraging Tele-health Technology
  - Grants as a Test Bed
  - A New Focus on the Evidence-Base
    - A Special Focus on Veterans
  - Connecting Communities with National Experts
  - Identifying Ongoing and Emerging Policy Challenges

Policy and Research

- Ensuring a Voice for Rural
- Picking Through the Annual Payment Updates
- Translating the Larger Policy Context
- Evolution of the ORHP Research Role
- Informing Policy

Rural Health Quality

Special Projects in Critical Access Hospitals and Rural Health Clinics



Supporting Rural Health Quality

- Small Rural Hospital Improvement Program
- The Future of the Flex Grant

How ORHP Programs Support Rural Health

- Flex
- SHIP
- Small Health Care Provider QI

- Regulation Review
- Flex Monitoring Team
- National Advisory Committee on Rural Health & Human Services
- Policy Briefs

- Outreach
- Network
- Network Planning
- Telehealth Networks
- USDA Capital Loans
- Workforce

- State Office of Rural Health
- Technical Assistance & Services Center
- Rural Assistance Center
- RHC TA Series

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FY 2015 Competitive Grant Programs

Rural Health Care Services Outreach Program

- 3 years
- $200,000 per year
- To deliver health care services in rural communities
  - Evidence-based
  - Outcomes oriented
- Eligibility: rural, non-profit or public entity, partner with 2 other entities
- FOA available Fall/Winter 2014
- Start date: May 2015
- Contact: Linda Kwon, *lkwon@hrsa.gov*, 301-594-4205

Rural Health Network Development Planning Program

- 1 year
- $100,000
- help to promote the planning and development of healthcare networks
- Eligibility: rural, non-profit or public entity
- FOA available Fall/Winter 2014
- Start date: June 2015
- Contact: Amber Berrian, *aberrian@hrsa.gov*, 301-443-0845

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