The Rural Health Safety Net and the 2020 Top 100 Rural Providers

Thursday, January 30, 2020
2:00 – 3:00pm ET

Presenters:

Michael Topchik
National Leader
The Chartis Center for Rural Health

Troy Brown
Manager
The Chartis Center for Rural Health
Rural Hospitals Serve Older, Poorer, and Sicker Populations with Less Access to Care

- **Population Over 65**: 69th percentile Rural, 35th percentile Non-Rural
- **Veterans**: 62nd percentile Rural, 35th percentile Non-Rural
- **Child Poverty**: 57th percentile Rural, 46th percentile Non-Rural
- **Diabetes**: 59th percentile Rural, 43rd percentile Non-Rural
- **Premature Death**: 62nd percentile Rural, 40th percentile Non-Rural

- **PCP Access**: 33rd percentile Rural, 62nd percentile Non-Rural
- **Dental Provider Access**: 30th percentile Rural, 65th percentile Non-Rural
- **Mental Health Provider Access**: 33rd percentile Rural, 62nd percentile Non-Rural

Convergence of Multiple Pressure Points

Local and national pressure points creating downward pressure on rural providers.

- Health Disparities
- Population Migration
- Recruitment/Retention
- Economic Policy
- Healthcare Policies
Evidence of sustained reimbursement pressure coupled with rising operating costs culminate in slim and shrinking operating margins.

"Growing concern of weaker operating performance due to declines in utilization and payor mix"

"United States nonprofit hospitals see decrease in median operating margins"

"Median operating margin decreased from 3.4% to 2.7% from 2015 to 2016"

Source:
S&P Global Market Intelligence, Not for Profit Healthcare Sector Outlook, Jan 2017; Moody’s, Not-for-Profit Healthcare and Public Hospitals, May 2017; Becker Hospital Review, 50 Things to Know About the Hospital Industry, Jan 2017
In 2015, 39% of all Rural Providers had a Negative Operating Margin

State-level percentage of rural hospitals with negative operating margin.

Today 47% of all Rural Providers have a Negative Operating Margin

State-level percentage of rural hospitals with negative operating margin.

Hospital Operating Margins: Medicaid Expansion and Non-Expansion States

Expansion State | Non-Expansion State
---|---
Median Operating Margin | 1.5% | -0.2%
% with Negative Operating Margin | 41% | 51%
Current: Sequestration, Bad Debt
The Rural Hospital Closure Crisis

A Sense of Alarm as Rural Hospitals Keep Closing

‘Who’s going to take care of these people?’
As emergencies rise across rural America, a hospital fights for its life
Number of rural hospitals closed since 2010.

Source: Sheps Center, UNC
Hospital Closures – January 1, 2020 (120 and counting)

Number of rural hospitals closed since 2010.

Source: Sheps Center, UNC
Rural Closures and Impact on Access to Care

With 113 rural hospitals closing since 2010, residents now face longer drives to receive care.

Residents of 68 communities must now drive 30 minutes more to reach the nearest hospital.
Offsetting Revenue Pressure:  
*The Decline of Access to OB Services in Rural America*

- Rural hospitals dropping OB since 2011: 134
- Rural hospitals offering OB that have closed: 21
- Rural communities that have lost access to OB since 2011: 155
The Tipping Point Emerges at 12 Months Prior to Closure

<table>
<thead>
<tr>
<th>Year Prior to Close</th>
<th>Operating Margin (median)</th>
<th>Total Revenue (median)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>-4.4%</td>
<td>$10.9M</td>
</tr>
<tr>
<td>2</td>
<td>-5.3%</td>
<td>$10.5M</td>
</tr>
<tr>
<td>1</td>
<td>-17.8%</td>
<td>$8.4M</td>
</tr>
</tbody>
</table>
Vulnerable

Percentage of State Rural Hospitals Determined to be Vulnerable

0 1%-9% 10%-15% 16%-20% 21%-25% 26%-30% 31%-40% 40%+
The ‘Most Vulnerable’

Percentage of State Rural Hospitals Determined to be Vulnerable/‘Most Vulnerable’
‘At Risk’

Percentage of State Rural Hospitals Determined to be Vulnerable/‘Most Vulnerable’/‘At Risk’

0 1%-9% 10%-15% 16%-20% 21%-25% 26+%
9 Factors with Greatest Impact on Sustainability

- Average Age of Plant
- Case Mix Index
- Government Control Status
- % Capital Efficiency
- % Occupancy
- % Outpatient Revenue
- % Change Total Revenue
- Medicaid Expansion Status
- System Affiliation
Measuring Rural Hospital Performance
A Framework for Understanding and Assessing Rural Provider Performance

Used by leading health systems to better understand individual facility performance as well as to compare with systems with similar rural investments.

Utilized by NRHA and NOSORH for advocacy efforts and basis of annual award programs.

Cornerstone for monitoring performance across 25 Montana CAHs participating in a 3-year innovation program.

Penn State and Michigan State rely on INDEX analytics as foundation for state-wide rural programming. Other participating universities have been, Wisconsin and University of Nevada.

Utilized today by Tennessee and Colorado to provide rural-relevant analytics to all rural facilities. Previously leveraged statewide in Iowa, California, Arkansas and Oklahoma.

Leveraged by DoH in Ohio, Maine, New Mexico and Mississippi as cornerstone of rural health programming.

Trusted by Critical Access and Rural & Community Hospitals nationwide as a comprehensive and objective tool for measuring performance.
Hospital Strength INDEX®

Provides a comprehensive and objective assessment of rural hospital performance.

Offers the first national rating system to include the roughly 1,300 Critical Access Hospitals and 900 Rural & Community Hospitals.

Benchmarks performance to peers nationally using percentile ranks.

Aggregates CMS data across 8 Performance Pillars comprised of roughly 50 rural-relevant indicators.

Provides transparent and actionable performance metrics, updated three times per year.
Performance Spans Market, Value, and Finance

**Market**
- Inpatient Market Share
- Outpatient Market Share

**Value**
- Quality
- Outcomes
- Patient Perspective
- Cost
- Charges

**Finance**
- Financial Efficiency

**Is a facility capturing a sufficient volume within its home market?**

**What level of care are patients receiving?**

**Are costs under control? Are charges too high/low?**

**How strong is a facility at generating revenue?**

- Is a facility capturing a sufficient volume within its home market?
- What level of care are patients receiving?
- Are costs under control? Are charges too high/low?
- How strong is a facility at generating revenue?
Performance Pillars Span Market, Value, and Finance

**Market**
- Inpatient Market Share
  - Inpatient Market Share
  - Diagnostic Tests Market Share
  - Drugs Market Share
  - Emergency Market Share
  - Outpatient Market Share
  - Emergency (ED)
    - Outpatient (OP)
    - Immunization (IMM)

**Quality**
- Emergency (ED)
- Outpatient (OP)
- Immunization (IMM)

**Outcomes**
- HF Readmission
- PN Readmission
- HF Mortality
- PN Mortality
- COPD Readmission
- COPD Mortality
- Hospital-Wide Readmission
- Proprietary Mortality Score

**Value**
- Patient Perspective
  - All Domains

**Cost**
- Adjusted IP Costs
- Adjusted OP Costs

**Charges**
- Adjusted IP Charges
- Adjusted OP Charges

**Finance**
- Capital Efficiency
Identifying the Top 100 Rural Hospitals

1. The INDEX is based 100% on Publicly Available Data
2. Comprehensive and Objective (1,300 CAHs & ~900 RPPS)
3. Overall score = sum of eight pillar scores (%ile rankings)
4. Facilities (CAHS/RPPS) with 100 highest overall scores
2020 Top 100 Rural & Community Hospitals
## How the 2020 Top 100 CAHs Measure Up to Rural Peers

<table>
<thead>
<tr>
<th>Category</th>
<th>Top 100 CAH Median</th>
<th>2020 All CAH Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Market Share</td>
<td></td>
<td></td>
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<tr>
<td>Outpatient Market Share</td>
<td></td>
<td></td>
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<tr>
<td>Quality</td>
<td></td>
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<tr>
<td>Outcomes</td>
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<tr>
<td>Patient Perspective</td>
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<tr>
<td>Cost</td>
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<tr>
<td>Charge</td>
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<tr>
<td>Financial Stability</td>
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</tbody>
</table>

[Graph showing comparison of Top 100 CAHs and 2020 All CAHs across various metrics]
### 2020 State Median Performance (CAHs – Top 3)

<table>
<thead>
<tr>
<th>AK</th>
<th>NE</th>
<th>NE</th>
<th>NM</th>
</tr>
</thead>
<tbody>
<tr>
<td>WY</td>
<td>WY</td>
<td>ND</td>
<td>IA</td>
</tr>
<tr>
<td>VT</td>
<td>CO</td>
<td>KS</td>
<td>WA</td>
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</table>

**Inpatient Market Share**

<table>
<thead>
<tr>
<th>LA</th>
<th>MA</th>
<th>ND</th>
<th>LA</th>
</tr>
</thead>
<tbody>
<tr>
<td>UT</td>
<td>TN</td>
<td>MA</td>
<td>NV</td>
</tr>
<tr>
<td>WI</td>
<td>NY</td>
<td>MA</td>
<td>AK</td>
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</table>

**Outpatient Market Share**

<table>
<thead>
<tr>
<th>Patient Perspective</th>
<th>Cost</th>
<th>Charge</th>
<th>Finance</th>
</tr>
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<tbody>
<tr>
<td>AK</td>
<td>NE</td>
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<td>UT</td>
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<tr>
<td>WI</td>
<td>NY</td>
<td>MA</td>
<td>AK</td>
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</table>
### Top 100 by the Numbers

<table>
<thead>
<tr>
<th>CAHs recognized since 2011</th>
<th>RPPS recognized since 2016</th>
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<tbody>
<tr>
<td>9X Winners</td>
<td>5X Winners</td>
</tr>
<tr>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>8X Winners</td>
<td>4X Winners</td>
</tr>
<tr>
<td>10</td>
<td>27</td>
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<tr>
<td>7X Winners</td>
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<tr>
<td>11</td>
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</table>

#### States with Most Top 100 CAHs (2011-2020)

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>IA</td>
<td>(41)</td>
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<tr>
<td>WI</td>
<td>(28)</td>
</tr>
<tr>
<td>NE</td>
<td>(27)</td>
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</table>

#### States with Most Top 100 RPPS (2016-2020)

<table>
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<tr>
<th>State</th>
<th>Count</th>
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<tbody>
<tr>
<td>WI</td>
<td>(14)</td>
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<tr>
<td>MI</td>
<td>(14)</td>
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<tr>
<td>PA</td>
<td>(12)</td>
</tr>
<tr>
<td>MN</td>
<td>(12)</td>
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</table>
State-wide INDEX Pillar Report

<table>
<thead>
<tr>
<th>PROVIDER NAME</th>
<th>INDEX RANK</th>
<th>INPATIENT MARKET SHARE</th>
<th>OUTPATIENT MARKET SHARE</th>
<th>QUALITY</th>
<th>OUTCOMES</th>
<th>PATIENT PERSPECTIVE</th>
<th>COST</th>
<th>CHARGE</th>
<th>FINANCE</th>
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<tr>
<td>2964 (CAH)</td>
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<td>97</td>
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<td>8</td>
<td>56</td>
<td>11</td>
<td>39</td>
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<tr>
<td>2955 (CAH)</td>
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<td>41</td>
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<td>13</td>
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<td>2913 (CAH)</td>
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<tr>
<td>2931 (CAH)</td>
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<td>2943 (CAH)</td>
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<td>2905 (CAH)</td>
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<td>14</td>
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<td>2915 (CAH)</td>
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<td>48</td>
<td>90</td>
<td>14</td>
<td>61</td>
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<tr>
<td>2916 (CAH)</td>
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<td>34</td>
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<td>9</td>
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<td>2961 (CAH)</td>
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<td>2917 (CAH)</td>
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<td>2941 (CAH)</td>
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<td>14</td>
<td>74</td>
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<tr>
<td>2923 (CAH)</td>
<td>97.7</td>
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<td>93</td>
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<td>25</td>
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<tr>
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<td>14</td>
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<tr>
<td>2953 (CAH)</td>
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<td>96</td>
<td>41</td>
<td>54</td>
<td>10</td>
<td>69</td>
<td>48</td>
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</tbody>
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Hospital Name Blinded
Pillar Scores are %ile Rankings
Quickly Scan to Identify Areas of Strength and Opportunity
Maine Office of Rural Health and Primary Care

- Quality improvement initiative focused on patient satisfaction with HCAHPS
  - Rural-relevant benchmarking data, analysis, education and conference participation

- “Without good data, it’s just an opinion”
  - Combination of data and expertise has created open, collaborative environment for leadership
  - Unblinded metrics foster engagement, best practice sharing, and ability to spot trends

- Maine’s Critical Access Hospitals attained a #2 national ranking for quality as a result of this initiative, and have maintained Top 10 status.

“When you undertake an initiative like this, it’s important that your partner not only provides the data but has the expertise to help facilitate the performance improvement process and work closely with stakeholders to ensure that progress blossoms and really takes hold.”

- Nicole Breton, Director
Maine Rural Health and Primary Care Office
Top 100 Timeline

Week of February XX

- Top 100 2020 Announcement
  - Online marketing resources for SORHs and Hospitals (logo, press release template)

- Notification to Hospitals and SORHs
  - *We encourage you to help spread the word – great chance to celebrate success in your state*

- Summary Report-level data available to hospitals upon request/SORHs can request blinded pillar reports

  - Opportunity to conduct 30-min state-wide webinar reviewing Top 100 metrics
Thank You For Your Time and Attention

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