

A Federally Funded Program

# **Pennsylvania Rural Health Model**

*Accelerating Health Care Innovation in Pennsylvania*

***SORH Q&A Session: Lessons Learned from the Pennsylvania Rural Health Model Team***

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*Presented by:*

*Gary Zegiestowsky, MBA, RHRC Executive Director*

*Janice Walters, MSHA, RHRC Chief Operating Officer*

The Rural Health Redesign Center is committed to addressing the challenges facing rural hospitals and communities not only in Pennsylvania but across the Nation

## Vision

Transforming health care to meet the needs of rural communities

- Increase access
- Improve quality
- Improve population health
- Decrease Cost

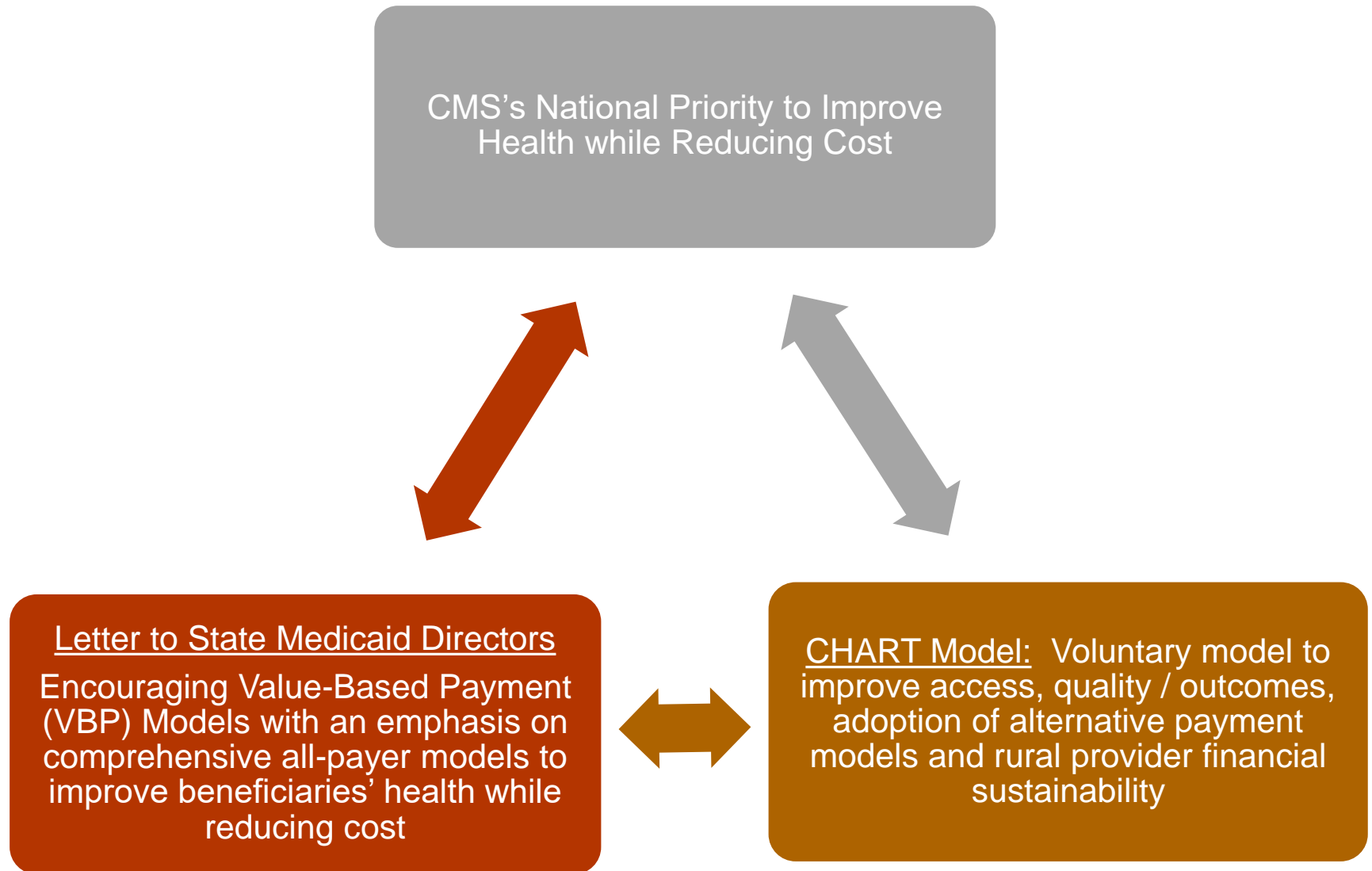
## FOCUS

Build solutions to drive financial sustainability

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

# Value-Based Payments – CMS views this as a critical component to Health Care Transformation

## Two recent CMS Announcements



Based on the CMMI published NOFO, it appears there are a lot of similarities between CHART Community Transformation and the PARHM but also some differences

*Lessons learned in PA helped to inform CHART*

### Program Comparison

## PARHM

- 7 - year program
- Cooperative Agreement with CMMI funding and reporting requirements
- State-Based Model
- Multiple hospital participation based on PA specific county definition
- Global Budget provides predictable payment to hospitals
- Transformation plan at Hospital level with community engagement
- Hospital scale target requirement
- Medicaid participation was encouraged
- Commercial payer participation required
- Saving achieved through methodology development

## CHART

- 7-year program
- Cooperative Agreement with CMMI funding and reporting requirements
- Community-Based Model
- Multiple hospital participation based on FORHP eligibility definitions
- “Capitated Payment” provides predictable payment to hospitals.
- Transformation plan at Community Level
- 10,000 Medicare FFS beneficiary requirement within “community”
- Medicaid participation required
- Commercial payer participation optional
- Savings achieved through discount rates

# 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*

- Partnership between CMMI and the Commonwealth of Pennsylvania to test a new payment model for rural hospitals
- Participation by hospitals and payers is voluntary:

17 Participant Hospitals		
PPS / Sole Community	CAH	
12	5	
6 Participant Payers		
Medicare FFS	4 PA MCOs	1 National MCO
MCOs include Commercial Medicare Advantage and Medicaid Managed Care		

- Federally funded through CMMI to provide technical assistance to participant hospitals who join the Model
  - 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

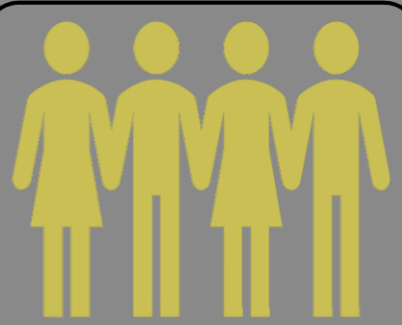
A few known metrics and outcomes at this point based on the first few Model performance years

**A few statistics**



Global Budget NPR included in PARHM:

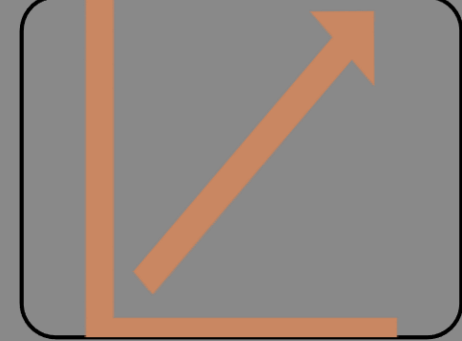
- 2020 actual - **\$438M:**
  - **73% Gov't**
- 2021 estimates **\$721M:**
  - **70% Gov't**



2020 Covered Lives

Medicare FFS – 105K

- Medicare Managed – 140K
- Medicaid Managed – 175K
- Commercial -306K
- 726K Total Est. Covered lives

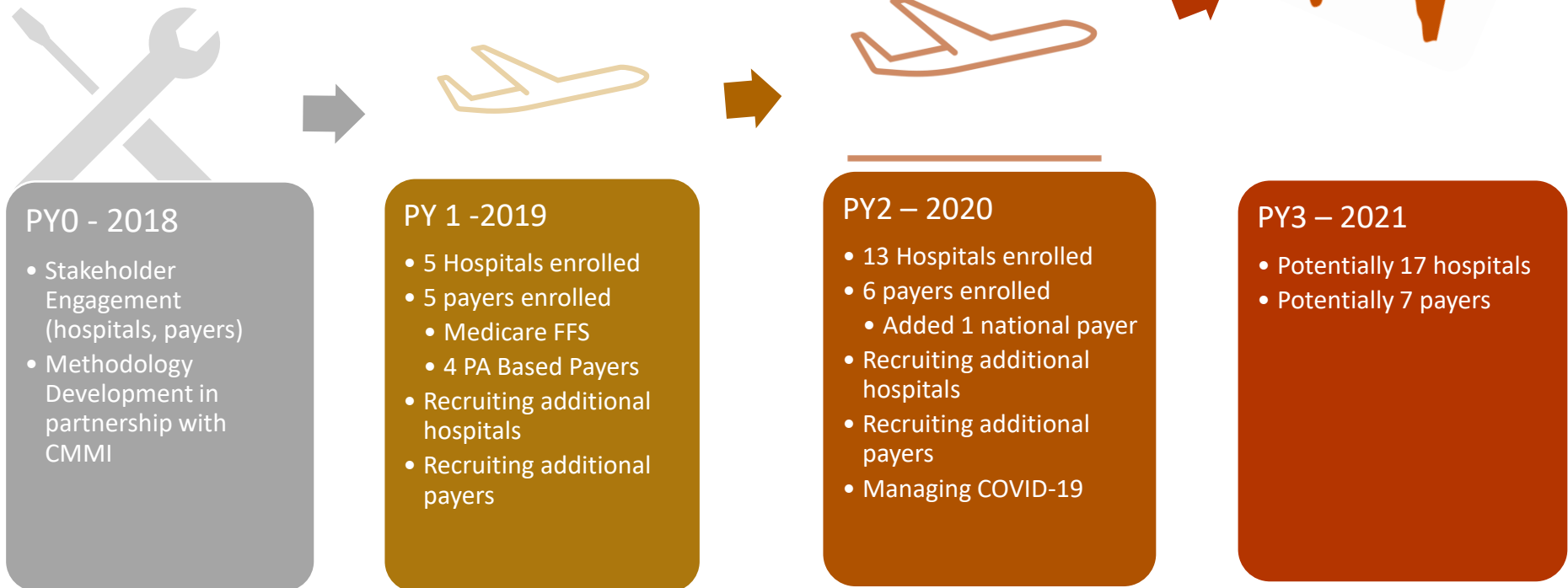


Positive Impact

- COVID-19 sustainability
- Cash flow improvement as evidenced by increased days cash on hand
- HEDIS quality metrics sustained or improved

A Program of this nature is a journey, and success takes time

### *A multi-year journey through 2024*



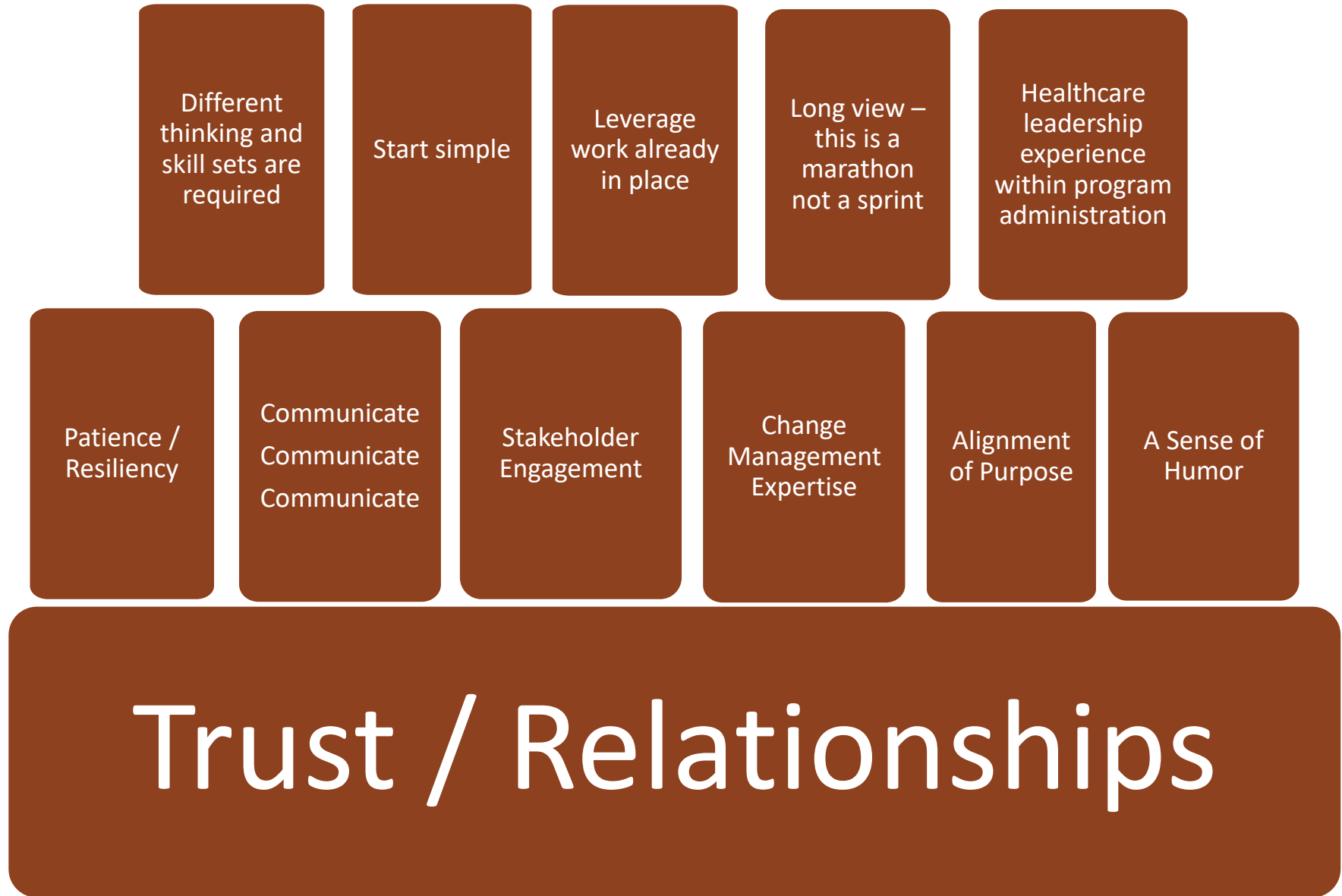
Focus areas to support the transformation of health care in communities

## Technical Services and Capabilities Developed to Support the Program





A few insights on what is needed to make a program of this nature work:



A few points to remember when implementing a program of this nature:

## Key Messages

### Change is hard -

- Even though the current environment isn't sustainable, adopting a new way of thinking is difficult for healthcare leaders, Board of Directors, clinicians, etc.
- The paradigm requires a different mindset – takes discipline to think differently
- Overcoming fear of the change takes time
- Even when leaders want to adopt the change, there are often other circumstances that prohibit them from doing so (competing priorities, bandwidth issues, etc.)

### Data, Data, Data

- *Timely Data is essential*
- *Lack of data will stifle innovation*

Broad stakeholder engagement is essential to successfully implement a program of this nature

### Key Stakeholders (not exhaustive)

- ✓ Department of Human Services (DHS / State Medicaid)
- ✓ State Office of Rural Health
- ✓ Hospital Leaders
- ✓ Governor's Policy Office
- ✓ Other state agencies (Insurance Department, Department of Health, Department of Agriculture)
- ✓ State Hospital Association
- ✓ Commercial Payers
- ✓ Legislators
- ✓ Other Trade Organizations
- ✓ Community Organizations (housing authorities, office for aging)
- ✓ Other healthcare providers (primary care, behavioral health, post acute providers, etc.)

Q&A



Contact information:

**Gary Zegiestowsky, MBA, Executive Director**

Rural Health Redesign Center (RHRC)

Email: [gz@rhrco.org](mailto:gz@rhrco.org)

**Janice Walters, MSHA, Chief Operating Officer**

Rural Health Redesign Center (RHRC)

Email: [jw@rhrco.org](mailto:jw@rhrco.org)

**Website:** [www.RHRCO.org](http://www.RHRCO.org)