A Path Forward for Affordable Care in California: Sustaining Health Care in Rural Communities

Rural Health Care Symposium
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Sustaining Health Care in Rural Communities

- Care and financial policies often developed without consideration for rural environments
- Important differences exist between urban and rural health care services delivery
- Expansion of integrated and value-based care may seem out of reach
- Coordination, integration and communication with the patient at the center – results in lower cost, higher quality
- 673 rural hospitals at risk of closure (according to the NRHA)
- California has unique differences – geographic diversity, size
- How can we build rural capacity to support integrated care?
- Can we develop rural-appropriate payment systems?

Ensuring rural communities have the care and services they need, now and in the future:
A Path Forward for Affordable Care in California

A public policy roadmap that creates a path forward to tackle critical issues facing hospitals, patients, families, and communities.

Coverage
- Individual mandate
- Coverage for all

Access
- Integrate physical and behavioral health
- Improve sustainability of Medi-Cal
- Efficient workforce

Value
- Affordable coverage
- Sustainable payment models

Collaboration
- Address outdated regulations that deter value-based health care and limit care modernization
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For many hospitals that provide essential care in the state’s least populated areas, financial stability can be elusive:

- Hospitals in low-population areas are often financially strained.
- Cash flow is based on inpatient utilization and is census-driven.
- Low utilization equals decreased cash.
- Many struggle to keep the doors open.
- Puts all services at risk for the entire community.
- Focusing on population health is counterintuitive to survival.
- May be necessary for reducing long-term costs.

A "global budget" can stabilize hospital revenue:

- Hospitals are paid the same amount each month regardless of inpatient utilization.
- Can help hospitals transition from fee-for-service to value-driven care.
- Offers predictable revenue.
- Lowers costs by allowing for investments in population health to reduce utilization.
- Eliminates the concern of census-driven reimbursement.
- Hospital is paid to keep people well.

An all-payer global budget requires broad participation from key players, as well as safeguards and innovation:

- Medicare
- Medi-Cal
- Covered CA
- CalPERS
- Large commercial plan(s)
- Approval by CMMI
- Grant funding for transformation planning
- Waiver of rules that may stifle innovation
Is global budgeting a viable approach? What about:

- Unanticipated changes in utilization (fire, flood, earthquake, etc.)
- The hospital is in the “red” right now
- Already a low-cost provider
- Will hospitals just “shift” the care or change the provision of services
- New services that are implemented mid-year
- Who is going to make the rules and oversee them?
- The investment required to address population health?
- Who else is doing this — why us?
- What is the alternative or can we just be left alone?

Change is hard — even though the current environment is not sustainable, adopting a new way of thinking is critical to keep services viable in low-population/rural communities

- Process and timeline:
  - CHA researching and financial modeling
  - Opportunity identification
  - Communities
  - Facilities
  - Engage hospitals
  - Engage stakeholders (state, CMMI, plans, payers)
  - Construct a model/proposal
  - Seek federal approvals
  - Implement

Questions

Raise your hand or submit a questions at www.menti.com and enter code 69 32 61