How Changing Needs Impacts Health Care Delivery

John Supplitt
American Hospital Association
How Changing Needs Impacts Delivery

John Supplitt, Sr. Director
AHA Member Relations
AGENDA
Disrupters
Rural America and who lives there
Rural hospitals then and now
Workforce
Strategies and tactics
The future of rural health care
Disrupters

- Vertical
- Horizontal
- Consumers
- Payers
Disrupters - Vertical

Jamie Dimon  Jeff Bezos  Warren Buffet
Disrupters - Vertical

CVS Pharmacy

Anthem

Aetna
Disrupters - Vertical

Tale of the tape

2016 revenue total for the companies and their pharmacy benefits management business

**CVS**
$177.5 billion

- Caremark
  $120 billion

**UnitedHealth**
$184.8 billion

- OptumRx
  $60.4 billion

Source: Modern Healthcare research
Disrupters - Horizontal

2017 in Review: The Year M&A Shook the Healthcare Landscape

Ken Kaufman
Disrupters - Horizontal
Disrupters - Horizontal
Disrupters - Horizontal

Going BIG

Catholic Health Initiatives
Dignity Health

Snapshot of a combined Catholic Health Initiatives and Dignity Health

159,000
(approximate)
Employees

139
Hospitals

19
Clinically integrated networks

20
MILLION
(approximate)
Annual patient visits

$28.4
BILLION
Combined revenue

28
States served

$4.7
BILLION
(approximate)
Charity care, community benefit and unpaid cost of government programs

25,000
(approximate)
Physicians and other advanced practice clinicians

COMING TOGETHER

Kevin Lofton
Lloyd Dean

Sources: Catholic Health Initiatives and Dignity Health
Disrupters - Consumers

Source: Accenture 2015
Disrupters - Consumers

- Diabetes
- Hypertension
- Weight Loss
- Smoking Cessation
March Bill Of The Month: For Toenail Fungus, A $1,500 Rx

Do you have an exorbitant or baffling medical bill? Join the KHN and NPR’s Bill-of-the-Month Club and tell us about your experience. We’ll feature a new one each month.
Disrupters - Payers

Value-based Purchasing
- Shared savings
- Bundles
- Shared risk
- Global budgets

Traditional FFS

Value-Based
- Hospital VBP
- Physician VM
- Readmissions
- HACs
- Quality Reporting

CMS Framework

Alternative Delivery Models
- ACOs
- Medical homes
- Bundled payment
- CPC
- Complete ESRD

Population Health/At Risk
- Eligible Pioneer ACOs in years 3-5
- Global Budgets

Volume Value

VALUE-BASED PROGRAMS

LEGISLATION PASSED
- MIPPA
- ACA
- PAMA
- MACRA

PROGRAM IMPLEMENTED
- ESRD-QIP
- HVBP
- HRRP
- HAC
- VM
- SNF-VBP
- APMs
- MIPS

American Hospital Association
## Disrupters - Payers

<table>
<thead>
<tr>
<th>Health Insurer</th>
<th>Valued-Based Contracts Announced (2015-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigna</td>
<td>56</td>
</tr>
<tr>
<td>Humana</td>
<td>54</td>
</tr>
<tr>
<td>Aetna</td>
<td>40</td>
</tr>
<tr>
<td>UnitedHealth</td>
<td>19</td>
</tr>
<tr>
<td>Anthem Blue Cross Blue Shield</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: HCTTF analysis

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In value-based care, physicians and patients engage and adopt behaviors that lead to better health outcomes.

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### State Innovation Models

- Minnesota Accountable Health Model
- Iowa Department of Human Services
- American Hospital Association
Rural America and Who Lives There
Rural America and Who Lives There

Share of Nonelderly Population in Rural Area by State, 2015

Kaiser Family Foundation analysis based on the 2015 American Community Survey 1-Year Estimates.
Rural America and Who Lives There
Rural America and Who Lives There

Percentage of potentially excess deaths, 2014

- Heart disease
- Cancer
- Unintentional injury
- Chronic lower respiratory disease
- Stroke

Nonmetropolitan
Metropolitan

Percentage of potentially excess deaths
Life expectancy for U.S. residents decreases as the level of rurality increases:

- In 2005-2009, those living in large metropolitan areas had a life expectancy of 79.1 years compared with 76.7 years for those living in rural areas.
- Causes of death contributing most to lower life expectancy in rural areas include:
  - Heart disease,
  - Unintentional injuries,
  - Chronic obstructive pulmonary disease,
  - Lung cancer,
  - Stroke,
  - Suicide, and
  - Diabetes
Infant mortality rates, by urbanization level: United States, 2014

Infant mortality rates decreased as urbanization level increased, from 6.55 deaths per 1,000 births in rural counties to 6.20 in small and medium urban counties and 5.44 in large urban counties.
Kaiser Family Foundation analysis based on the 2015 ACS 1-Year Estimates.
Rural America and Who Lives There

Health Coverage Among the Nonelderly by Geographic Area, 2015

Kaiser Family Foundation analysis based on the 2015 ACS 1-Year Estimates.
Social Determinants of Access

- Metropolitan, or urban, counties tend to have a greater supply of health care providers per capita than nonmetropolitan counties.
  - This is especially true for specialists such as neurologists, anesthesiologists, and psychiatrists.
  - The same is true for the supply of dentists, which decreases per capita as the level of rurality increases.
- Rural residents often live farther away from health care resources, which can add to the burden of accessing care.
- Nonphysician practitioners, such as nurse practitioners and physician assistants are an important part of the health care landscape in rural communities.
Rural America and Who Lives There
Rural Hospitals
Then and Now
Hospital occupancy rates, 2006–2015

- Urban
- Rural
- All hospitals

Fiscal year

Occupancy rate (percent)

Medicare inpatient discharges per beneficiary continued to decline as outpatient visits per beneficiary continued to increase.
Declining inpatient use of critical access hospitals

Total annual all-payer discharges per critical access hospital

- Median
- 10th percentile

Years:
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
Growth in Medicare’s FFS payments for hospital inpatient and outpatient services, 2006–2015

Calendar year

- Inpatient
- Outpatient

Billions of dollars


29 31 32 34 37 40 43 46 53 56

135 136 139 141 143 144 146 147 147 149
Rural Hospitals Are Closing and ...
... so are Obstetric Units

Distribution of hospital obstetric unit closures in rural counties, 2004-2014

<table>
<thead>
<tr>
<th>Description</th>
<th>All Rural Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Counties</td>
<td>1,984</td>
</tr>
<tr>
<td>Never had hospital(s) with obstetric (OB) services</td>
<td>898 (45.3%)</td>
</tr>
<tr>
<td>Continual OB services</td>
<td>907 (45.7%)</td>
</tr>
<tr>
<td>Loss of all OB services</td>
<td>179 (9.0%)</td>
</tr>
<tr>
<td>Closures of hospitals with OB</td>
<td>14</td>
</tr>
<tr>
<td>Closures of OB units</td>
<td>165</td>
</tr>
</tbody>
</table>

UNIVERSITY OF MINNESOTA
RURAL HEALTH RESEARCH CENTER
Workforce
While 19.2% of the U.S. population lives in rural America, only 11.4% of physicians practice in rural locations.
Table 1: Percentage of Physicians Graduating from 1988 to 1999 Practicing in Rural Areas, by Physician Type

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Large Rural Percent</th>
<th>Small Rural Percent</th>
<th>Isolated Small Rural Percent</th>
<th>Total Rural Percent</th>
<th>Total Urban Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family medicine</td>
<td>11.3</td>
<td>7.6</td>
<td>3.7</td>
<td>22.6</td>
<td>77.3</td>
</tr>
<tr>
<td>Internal medicine</td>
<td>7.0</td>
<td>2.8</td>
<td>1.4</td>
<td>11.3</td>
<td>88.7</td>
</tr>
<tr>
<td>General pediatrics</td>
<td>6.4</td>
<td>2.0</td>
<td>0.7</td>
<td>9.1</td>
<td>90.9</td>
</tr>
<tr>
<td>General surgery</td>
<td>11.0</td>
<td>4.3</td>
<td>1.1</td>
<td>16.4</td>
<td>83.6</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>10.3</td>
<td>2.6</td>
<td>0.6</td>
<td>13.5</td>
<td>86.5</td>
</tr>
<tr>
<td>Obstetrics-gynecology</td>
<td>8.2</td>
<td>2.1</td>
<td>0.4</td>
<td>10.7</td>
<td>89.3</td>
</tr>
<tr>
<td>Emergency medicine</td>
<td>6.9</td>
<td>1.9</td>
<td>0.8</td>
<td>9.6</td>
<td>90.3</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>6.5</td>
<td>1.6</td>
<td>0.5</td>
<td>8.7</td>
<td>91.3</td>
</tr>
<tr>
<td>Medical specialties</td>
<td>6.0</td>
<td>1.5</td>
<td>0.6</td>
<td>8.1</td>
<td>91.9</td>
</tr>
<tr>
<td>Surgical specialties</td>
<td>3.4</td>
<td>0.3</td>
<td>0.2</td>
<td>3.9</td>
<td>96.1</td>
</tr>
<tr>
<td>Total</td>
<td>7.5</td>
<td>2.8</td>
<td>1.2</td>
<td>11.4</td>
<td>88.6</td>
</tr>
</tbody>
</table>
2018 Nurse Practitioner State Practice Environment
Supply and Distribution of the Behavioral Health Workforce in Rural America
Strategies and Tactics
Engage your stakeholders

- Board
- Hospital
- Physicians
- Community
Know Your Customers

COMMUNITY HEALTH NEEDS ASSESSMENT
REPORT 2016

FRESNO, KINGS, MADERA AND TULARE COUNTIES
Some key metrics:
Admissions and readmissions
Community benefit information for tax exemption preservation for nonprofits
Covered lives, premium revenue and cost per member (if the organization runs a health plan)
Daily cash balance and cash collections
Daily census
Daily emergency department activity
Gross revenue and payer mix of revenue
HCAHPS
Healthcare complexity codes
Length of stay by service line
Maximum debt service coverage ratio

Observation stays
Occupancy by service line
Operating margin
Outpatient registrations
Patient experience
Patient populations that drive costs the most
Productivity and operational efficiency
Staff overtime
Surgeries
Unrestricted days cash on hand
Variance between actual and budgeted FTEs
McInsey & Co. list big data capabilities today's providers ought to have or should be acquiring:

- Reporting
- Monitoring
- Data mining and evaluation
- Prediction/simulation
- Population management analytics
- Provider profiling/physician performance analytics
- Point-of-care health gap analytics
- Disease management
- Cost modeling/performance risk management/comparative effectiveness
# Embrace Change

## Factors for successful change

<table>
<thead>
<tr>
<th>Senior managers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>Put initiative at top of agenda</td>
</tr>
<tr>
<td>Communication</td>
<td>Relate single, clear, compelling story—no mixed messages</td>
</tr>
<tr>
<td>Financial incentives</td>
<td>Reward senior managers if initiative is successful</td>
</tr>
<tr>
<td>Nonfinancial incentives</td>
<td>Provide recognition for strong performance</td>
</tr>
<tr>
<td>Leadership</td>
<td>Identify owner/champion</td>
</tr>
<tr>
<td>Stretch targets</td>
<td>Uphold goals with mantralike consistency; team “lives or dies” by the numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Middle managers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision authority</td>
<td>Exercise consistent control over defined set of tasks</td>
</tr>
<tr>
<td>Skills in managing people</td>
<td>Provide feedback to employees on status of initiative</td>
</tr>
<tr>
<td>Skills in managing projects</td>
<td>Achieve measurable milestones in timely manner</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frontline staff</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills</td>
<td>Consider training key aspect of initiative</td>
</tr>
<tr>
<td>Tools</td>
<td>Make technology and techniques available to employees</td>
</tr>
<tr>
<td>Motivation</td>
<td>Clearly reward excellent performance to improve morale</td>
</tr>
</tbody>
</table>

McKinsey & Company

Organization

American Hospital Association
Rural Health Care in the Future
Rural Hospitals: A Community’s Anchor

Access to primary care

Safe haven in times of emergency

Jobs

24/7 care

DID YOU KNOW?
- Rural America includes approximately 67 million people, about 18% of the population and 84% of the geographic area of the USA.
- There are 1,866 rural hospitals that support nearly 2 million jobs.
- Every dollar spent by a rural hospital produces another $2.29 of economic activity.
- A typical critical access hospital employs 213 community members.
- Rural hospitals handle more than 21.6 million emergency visits.

Community Partnerships to ensure wellness and total health

Tell Congress to protect health care in rural communities.
Redefining the "H"

ADVANCING HEALTH IN AMERICA
THE PATH FORWARD

Our vision: A society of healthy communities where all individuals reach their highest potential for health.

Our commitment:

- **Access**: Access to affordable, equitable health, behavioral and social services
- **Value**: The best care that adds value to lives
- **Partners**: Embrace diversity of individuals and serve as partners in their health
- **Well-being**: Focus on well-being and partnership with community resources
- **Coordination**: Seamless care propelled by teams, technology, innovation and data

Our role: The ‘H’ of the future = Hospitals, Health systems, and Health organizations that are:

- Partnering and leading in our communities
- Striving toward the vision to advance health in America
- Helping our communities beyond the four walls of the hospital
- Creating new models of care, services and collaborators

Our Mission
To advance the health of individuals and communities. The AHA leads, represents and serves hospitals, health systems and other related organizations that are accountable to the community and committed to health improvement.

Driving Forces
- Affordability
- Coverage
- Consumerism
- Payment for Value
- New Technologies
- Chronic Care Management
- Consolidation
- Community Benefit
- Population Health Management

Strategic Priorities
- Advocating for Access and Coverage
- Delivery and Payment Reforms
- Performance Improvement
- Advancing Affordability
- Shaping the Future Workforce
- Shaping the Narrative

American Hospital Association
aha.org
Expanding Access Points for Primary, Dental and Behavioral Health
Lafayette Regional Health Center
Health Care Collaborative of Rural Missouri
Lexington, Missouri

Hospitals and FQHCs can get along! Lafayette Regional Health Center partnered with LiveWell Community Health Centers and the Health Care Collaborative of Rural Missouri and its four FQHCs.

Accessing primary care, dental care and psychiatric services is a challenge to the residents of rural communities; there simply are not enough local resources to meet the demand. These providers have expanded access, improved efficiency, enhanced the health of the population and maximized resource utilization by avoiding unnecessary duplication of services while directing patients toward the appropriate site of service.
Addressing the Social Determinants of Health
Ensuring Access to Care

Avera eCARE:
Emergency, Hospitalist and Specialty Consultation

Population Health:
New Hope Dialysis Center

Grow Your Own:
Primary Care Clinicians

Social Determinants:
Housing and Economic Development

Wagner Community Memorial Hospital
Avera

45 % Medicare
+ 22 % Medicaid
+ 13 % Indian Health Service
80 % Public Pay

WAG
wagner area growth.

Yankton Sioux Tribe
“Land of the Friendly People of the Seven Council Fires”
1858
Copper Queen Community Hospital

Telemedicine/Freestanding ED

- 14-bed acute-care critical access hospital in Bisbee, Ariz.
- Located in a remote area near the U.S. border with Mexico and a service area of 2,500 square miles
- Telemedicine services are provided by six separate providers for trauma, pediatrics, behavioral health, neurology, cardiology, ER-burn and endocrinology
- Established Arizona’s first rural freestanding ED in Douglas
Ensuring Access
Hospital Conversion to a Freestanding ED

• **NGMC closed its ED** and three months later it ceased operations.
• **PMH Jasper had a local footprint:** cardiac imaging center, outpatient diagnostic center, MRI and sleep center. Twenty-seven percent of PMH Jasper patients reside in Gilmore County.
• **PMH ran the gauntlet** of bureaucratic and legal obstacles as it crept toward approval.
• **PMH had to build trust and bridge a gap** between a skeptical community and the new owners.
• **PMH Emergency Services** is a licensed freestanding ED and the first of its kind in Georgia.
ACO Investment Model (AIM)
Rural Hospital Collaboration
Lake Region Healthcare, Fergus Falls, MN
Madison Healthcare Services, Madison, MN
Winona Health, Winona, MN

AIM seeks to encourage uptake of coordinated, accountable care in rural geographies by offering pre-payment of shared savings in both upfront and ongoing per beneficiary per month payments.

Uses of AIM funding include:
- Investments in infrastructure such as the expansion of HIT systems to include a patient portal and/or data warehouse capabilities.
- Hiring of staff such as nurse case managers, executives or project directors to oversee the implementation of care coordination efforts.
Questions and Discussion
John T. Supplitt
Senior Director
AHA Member Relations
Chicago, IL
312-422-3306
jsupplitt@aha.org
Community Assessments, Plans & Contributions

Gundersen Health System works in partnership with a wide range of area organizations to help improve health in the communities we serve.

Assessing health needs is an important part of the mission of hospitals and county health departments. All partners involved in this community health needs assessment process agree their organizations share a common vision of improving community health and yet may prioritize needs and address them differently in subsequent action plans for their organizations.

| Gundersen Lutheran Medical Center | + |
| Gundersen Boscobel Area Hospital and Clinics | + |
| Gundersen Moundview Hospital and Clinics | + |
| Gundersen Palmer Lutheran Hospital and Clinics | + |
| Gundersen St. Joseph’s Hospital and Clinics | + |
| Gundersen Tri-County Hospital and Clinics | + |
Questions?
Thank You

John Supplitt
Senior Director
American Hospital Association
jsupplitt@aha.org