How Changing Needs Impacts Health Care Delivery

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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 - Consumers

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

CMS Framework
- Traditional FFS
- Value-Based
  - Hospital VBP
  - Physicians VBP
  - Readmissions
  - HCA
  - Quality Reporting
- Alternative Delivery Models
  - ACOs
  - Medical Home
  - Bundled Payment
  - Total Accountable Care
  - Complete ESRD
- Population Health At Risk
  - Eligible Pioneer ACOs in years 3-5
  - Global Budgets

Disrupters - Payers

Value-Based Contracts Announced (2015-2017):

<table>
<thead>
<tr>
<th>Health Insurer</th>
<th>Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigna</td>
<td>56</td>
</tr>
<tr>
<td>Humana</td>
<td>54</td>
</tr>
<tr>
<td>Anthem (UniteHealth)</td>
<td>19</td>
</tr>
<tr>
<td>Aetna</td>
<td>40</td>
</tr>
<tr>
<td>Anthem Blue Cross/Blue Shield</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: HCTF analysis

State Innovation Models

6
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.
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.
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

#### Map of the United States

![Map of the United States](image)

### Rural Hospitals Then and Now

#### Rural Hospitals Then and Now

![Rural Hospitals Then and Now](image)
Medicare inpatient discharges per beneficiary continued to decline as outpatient visits per beneficiary continued to increase.
Rural Hospitals Are Closing and …
... so are Obstetric Units

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

<table>
<thead>
<tr>
<th>All Rural Counties</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Counties</td>
<td>1,984</td>
</tr>
<tr>
<td>Never had hospital(ies) with obstetric (OB) services</td>
<td>890 (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>

While 19.2% of the U.S. population lives in rural America, only 11.4% of physicians practice in rural locations.
Engage Your Stakeholders

Engage your stakeholders
- Board
- Hospital
- Physicians
- Community

Know Your Customers
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

Know Your Value

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

Manage What You Measure

Embrace Change

Factors for successful change
- Commitment
- Proper initiative at top of agenda
- Communication
- Align goals, risks, competing objectives and sponsors
- Financial incentives
- Reward senior managers that drive growth successfully
- Leadership
- Identify internal champions
- Board support
- Uplift goals with executive priority, clearly “yes or no” by the board

Analysis
- Executive commitment/clear definition of how
- Provide feedback to employees on status of initiatives
- Deals vs. managing projects
- Achieve measurable outcomes in timely manner

McKinsey&Company
Copper Queen Community Hospital

- 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
Piedmont Mountainside Hospital
Emergency Services
Ellijay, Georgia

Before
After

- 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?

Thank You

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