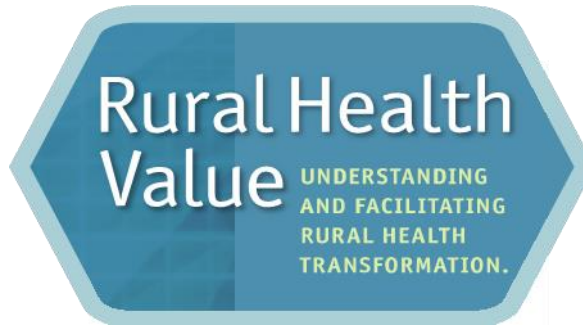




Center for Rural Health Policy Analysis



TECHNICAL ASSISTANCE FOR HOSPITALS APPLYING TO THE PENNSYLVANIA RURAL HEALTH MODEL— A CMMI-SPONSORED RURAL HOSPITAL GLOBAL BUDGET MODEL

A Rural Health Value Brief

Introduction

The Rural Health Value (RHV) works on behalf of the Pennsylvania Department of Health Rural Health Redesign Office (RHRO) to support rural hospitals interested in participating in the Pennsylvania Rural Health Model (PA RHM). RHV assists hospitals by providing coaching and guidance to develop an action plan that will support transformation activities aligned with PA RHM goals.

This brief is intended for those exploring or considering global budget or other transformation models for rural hospitals (e.g., state governments considering global budgeting models, hospital associations, rural hospital administrators, federal policymakers, etc.). It describes rapid cycle change in small-scale organizations (rural hospitals) with resource scarcity constraints (including personnel). Helping rural hospitals rapidly develop plans that focus on community health rather than clinical services exclusively and forecast finances under a new payment model is both essential and challenging. The brief describes the RHV experiences coaching Pennsylvania rural hospitals, both Critical Access Hospitals (CAHs) and Inpatient Prospective Payment System hospitals, to offer lessons applicable in similar circumstances.

Pennsylvania Rural Health Model

The PA RHM is a rural hospital, all-payer, global budget model sponsored by the Center for Medicare and Medicaid Innovation (CMMI). It is currently 1 of 3 state-based CMMI health reform models. Sixty-seven rural Pennsylvania hospitals are eligible to participate in the PA RHM. The PA RHM will test whether providing a hospital global budget will reduce hospital expenditure growth, increase care access, enhance care quality, and improve rural hospital financial viability. Pennsylvania and its subcontractors has available up to \$25 million in CMMI funding over seven years to implement the model, including recruiting hospitals and payers, developing global budgets, analyzing data, preparing reports, and providing technical assistance to participating hospitals. During the PA RHM, Pennsylvania has agreed to achieve \$35 million in cumulative Medicare hospital savings, and an all-payer financial target of no more than 3.38 percent cumulative annual hospital cost of care growth rate per beneficiary over the course of the model.¹

¹ Center for Medicare and Medicaid Innovation. <https://innovation.cms.gov/initiatives/pa-rural-health-model/>. Accessed July 5, 2019.

For each participating hospital, the PA RHM establishes global revenue budgets unique to each payer, including Medicare, Medicaid, and commercial health insurers. The global budgets are based on historic revenue with identified adjustments to account for market dynamics. Thus, the global budget offers a stable source of revenue, in contrast to the fluctuations of volume-dependent revenue. The global budget covers all hospital inpatient and outpatient care. Physician payment is not included in the PA RHM. Medicare cost-based reimbursement continues for CAHs, although payment amounts are equal and consistent throughout the year, enabling improved cash flow management and avoiding periodic cash shortfalls.

The PA RHM will also test whether a hospital global budget allows rural hospitals to redesign care absent the constraints of fee-for-service in a manner that reduces cost and improves quality of care. Therefore, to participate in the PA RHM, each hospital develops a rural hospital Transformation Plan (TP). The TP details at least three measurable transformation goals designed to:

- reduce potentially avoidable utilization,
- improve operational efficiency, and/or
- address unmet community needs.

Pennsylvania and CMMI will monitor hospital activity to ensure transformation goal progress. In addition to the TP, PA RHM participation requires that participating hospitals explain how anticipated service changes will enhance community health and wellness for populations served. To help hospitals financially plan for participation, Pennsylvania provides financial forecasting that combines the financial aspects of the global budget with proposed transformation activities.

As part of PA RHM implementation, Pennsylvania has committed to three overarching population health and access goals: increased access to health care, improved chronic disease management and preventive screenings, and decreased deaths from substance use disorder. These goals will be realized through hospital efforts outlined in the TPs.

Rural Health Value

RHV, funded by the Federal Office of Rural Health Policy (FORHP) through a cooperative agreement, was created in 2012 to accelerate rural-centric adaptation to the volume-to-value transition in health care. The RHV mission is to build and distribute an actionable knowledge base through research, practice, and collaboration that helps create high performance rural health systems. The RHV team is a highly functioning collaboration representing two primary organizations, the Rural Policy Research Institute (RUPRI) Center for Rural Health Policy Analysis at the University of Iowa and Stratis Health. These two organizations combine to bring extensive expertise and experience in rural analysis, technical assistance, innovative models, a deep understanding of the rural health environment, and the ability to help facilitate transformation. RUPRI's Center for Rural Health Policy Analysis, in the Department of Health Management and Policy (HMP), provides access to faculty and staff to support policy assessment and research. HMP provides core administrative staff. Stratis Health provides access to expertise in technical assistance and tool development, and Stratis Health staff provide project management and project evaluation support.

The RHV team develops rural-specific tools and resources, interprets rural health care policy, disseminates best practices, provides direct technical assistance, and listens thoughtfully to rural stakeholders, sharing their experience and rationale for policy change. With the dynamic nature of the health care environment, the RHV team has been able to leverage the structure of a cooperative agreement, working closely with FORHP to be as responsive and creative as possible as different needs and priorities arise. The RHV resources are available at: www.ruralhealthvalue.org.

RHV Role in PA RHM

To date, the RHV team has focused its time and resources on technical assistance to rural Pennsylvania hospitals that are contemplating participation in the PA RHM model beginning on January 1, 2020. With FORHP's support, the RHV team worked with the RHRO to develop a scope of work primarily focused on coaching hospitals through the transformation planning process.

While the PA RHM is a financial payment model using all-payer global budgets, a hospital's success in the PA RHM is predicated on redesigning care and services to move beyond a fee-for-service orientation to design and deliver care based on community and patient needs. As a result, each hospital completes a detailed TP as an essential component of their application to participate in the PA RHM. The primary role of the RHV team is to provide individualized TP coaching to hospitals considering participation in the PA RHM starting in January 2020. The RHV coaching work funded by FORHP began in March 2019 and concluded in July 2019, with six rural Pennsylvania hospitals. (Note: the RHV TP coaching continues with additional hospitals through August 2019, under separate funding from CMMI through the Pennsylvania Department of Health.)

As a prelude to one-to-one hospital coaching, RHV produced individual hospital and community data profiles. The data profile collated publicly available data regarding hospital operations, hospital finance, community demographics, and county health. The hospitals also completed the [RHV Value-Based Care Assessment](#), a self-evaluation of eight domains of value-based care (developed previously by RHV).

Through a series of 1-to-1 coaching calls, email exchanges, and a 2-day in-person workshop, the RHV coaches supported the hospitals to understand the variety of data sources available to select transformation goals, prioritize goals, develop action steps, determine how to measure progress toward goals, and facilitate completion of TPs for submission to CMMI. Hospitals typically developed 3 transformation goals and 5-20 action steps associated with each goal. The goals and action steps described care delivery and community health goals required to drive hospital success in a global budget environment. RHV developed a standard approach and supporting resource materials and templates for TP coaches' use. The RHV technical assistance process is described more fully below.

RHV Technical Assistance Processes

The RHV technical assistance process included a structured series of one-to-one coaching calls with each hospital, supplemented by an in-person workshop and a variety of tools and resources. An outline of the structured process, goals, and resources for the planning process is shown in the table below.

Process	Description
Pre-work	The hospital team completes the RHV Value-Based Care Assessment and shares a copy of their most recent community health needs assessment (CHNA) and strategic plan (if available) with the RHV coach. The RHV team provides a customized hospital data profile to the hospital.
Kickoff call	The hospital team meets the RHV coach and develops a better understanding of the process, purpose, and resources available for TP development. The call is structured to provide the coach a better understanding of the hospital's current context, priorities, and needs.
Data Analysis call	The hospital team and coach identify preliminary strategic priorities that support the PA RHM goals. Prior to the call, hospital teams were encouraged to discuss a series of questions provided by the RHV coach while they reviewed their RHV-produced hospital data profile, RHV Value-Based Care Assessment Report, CHNA, and strategic plan.
Prioritization call	The hospital team and coach narrow the list of potential strategic priorities to three transformation goals that align with PA RHM goals. Hospitals are strongly encouraged to limit the number of transformation goals for inclusion in their TPs to keep efforts focused and manageable. Hospitals are also asked during this call to begin considering action steps for each transformation goal.
Sharing workshop	Hospital teams and coaches meet for an in-person summit with all participating hospitals. The summit includes presentations highlighting resources available to support implementation of TP strategies, education on the financial modeling tool, a panel discussion with Year One hospitals that are currently operating in the PA RHM, individual in-person planning time with RHV TP coaches, and opportunities for Q&A and networking.
Action Planning call	The coach supports the hospital team in developing and completing action steps for each of the hospital transformation goals.
Completion	Ongoing discussion and email exchanges occur between the hospital, RHV coach, and PA RHM team to complete the TP.

A variety of tools and resources were developed to support the hospitals during the transformation planning process, including:

- **Transformation Planning Overview:** a one-page summary outlining the goals, process, and resources for the transformation planning process.
- **TP Completion Guide:** a detailed guide for completion of the TP template (Excel spreadsheet) that helps hospitals understand TP requirements and how to enter information into the template.
- **Prioritization Guide:** an optional structured process and worksheet to help hospitals focus and prioritize potential strategies for inclusion in the TP.
- **Transformation Planning Resource Guide:** a curated list of tools and resources available either through the PA RHM team, RHV, or other sources to help hospitals implement and complete transformation goals.

In partnership with RHV, the PA RHM team is active in the coaching process with each of the hospitals, and readily available to answer questions, particularly those related to financial modeling and resources available for implementation. The PA RHM team also holds weekly all-provider calls to give hospitals additional information and support.

RHV coaches regularly share lessons learned across hospitals and adjust materials and resources to continually improve and align with PA RHM team and hospital needs.

Lessons Learned

Hospital Team Composition and Roles

Each hospital has their own culture, leadership structure, and resources, but RHV found the following actions important to an effective TP planning process.

- Encourage broad participation on the hospital TP team (not just by position or role, but also by individuals of influence) to facilitate communication and buy-in across hospital leadership.
- Invite clinician participation on the hospital TP team to provide medical care and community health perspectives (recognizing that leadership needs to provide clinicians the time to participate).
- Identify an individual hospital representative early in the process who will be responsible for completion and submission of the final TP template.

Communications and Coaching Process

Hospitals varied in their preferences for communication, but for the most part email to the full hospital TP team was typical. Although the overall process for coaching was standardized, it was also adjusted and tailored to meet individual hospital needs (for example, some hospitals only needed one call focused on action steps, others had multiple calls during that phase of the process). Lessons relating to communications and the coaching process are identified below.

- Allow ample time during the first call for introductions and to discuss hospital team members' expectations for participation.
- Identify other high priority hospital activities or milestones that will occur during transformation planning process (e.g., next CHNA, annual budget cycle, capital projects, accreditation visits).
- Establish transformation planning timelines and TP completion expectations up front. Informing hospital leadership that completion of the TP is a mandatory component of the application to participate in the model helps maintain focus and purpose.
- Regularly bring discussion back to the three key PA RHM goals—potentially avoidable utilization, operational efficiency, and/or aligning services with community need. But also remind the hospitals that they will have the opportunity to update their TP annually. Longer-term ideas and goals can be incorporated in the future.
- Set interim deadlines for hospitals to submit draft goals and action plans in the TP template. This allows for review and discussion and ensures that the TP adequately reflects hospital TP planning team discussions and aligns with PA RHM goals.
- Share financial modeling information as early in the process as possible. Understanding PA RHM financial impacts at an individual hospital level allows hospital teams to focus on transformation planning.

Summary

This document summarizes a process that facilitates the development of a plan to allow a rural hospital transition from a volume-oriented operation to an organization focused on community health and facilitated by a global budget. Implementing a complex transition is not a matter of “ready, set, go,” particularly for resource-constrained rural hospitals. RHV provided robust technical assistance and coaching support to develop individual hospital TPs. The RHV experience in the PA RHM highlights the value of working with transformation process experts who understand the unique circumstances facing small rural hospitals and the challenges of addressing community health in rural America. Early successes in Pennsylvania suggest opportunities for rural hospital transformation in additional states.

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