



RURAL POLICY RESEARCH INSTITUTE

Center for Rural Health Policy Analysis

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## Rural Innovation Profile

### *Rural Health Networks and New Forms of Governance*

**What:** A formal regional network of rural and urban independent hospitals focused on performance improvement and an integrated health partnership.

**Why:** To create efficiencies and financial stability for independent hospitals operating in the accountable care/shared-savings healthcare environment.

**Who:** Wilderness Health, Two Harbors, Minnesota.

**How:** Establishing a non-profit network with a formal governance structure that advances its mission through various committees and its integrated health partnership.

### Key Points

- **Communication:** Trust is essential to any strong relationship; however, it takes time and happens only through open and regular communication.
- **One Member = One Vote:** Everyone should be at the table and should feel like an equal partner, regardless of organization size or revenue.
- **Ongoing Training:** Ongoing training opportunities are essential to ensure that all network partners and their employees have a shared understanding of the network’s mission.
- **Flexible Meeting Structure:** Travel times between rural organizations can be long and people’s schedules are full, so conference calls and webinars are vital. Occasional face-to-face meetings are still essential.

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## **OVERVIEW**

Wilderness Health is a formal collaborative of independent rural and urban hospitals that serves patients across the continuum of care. The network's governance structure enables all members to have an equal voice at the table. Network members aim to work together to improve patient and community health outcomes and ensure the long-term viability and independence of member organizations.

## **DESCRIPTION**

Established in 2013, Wilderness Health is a formal, regional, non-profit network of rural and urban hospitals in northeastern Minnesota, including:

- 1 urban hospital: St. Luke's Hospital, Duluth, with 267 beds, 23 primary care clinics, 1 pharmacy, 6 urgent care suites, and 1 express care suite;
- 1 large rural hospital, an affiliate of Fairview Health System in the Twin Cities: Fairview Range/Range Regional Health Services, with 3 primary care clinics, memory care, home care, senior care, inpatient behavioral health, pharmacy, and an 81-bed hospital; and
- 7 Critical Access Hospitals (CAHs): Bigfork Valley Hospital, Big Fork; Community Memorial Hospital, Cloquet; Cook County North Shore Hospital, Grand Marais; Cook Hospital, Cook; Lake View Hospital (an affiliate of St. Luke's Hospital), Two Harbors; Mercy Hospital, Moose Lake; and Rainy Lake Medical Center, International Falls. These CAHs, ranging in size from 14 to 25 hospital beds, all have at least 1 clinic, and most have long-term care facilities and other senior-related services.

Four of the CAHs are publicly owned taxing districts, while the other hospitals are 501c3 non-profits. All of the hospitals are independent and are working to maintain their independent status.

The network hospitals began having conversations as the Affordable Care Act was being finalized, because sequestration was having an impact on revenue, and reimbursement talk had started to shift from fee-for-service to value-based. A network leader was hired in 2013 after the CAHs lost 2 percent of their Medicare reimbursement due to sequestration, and a major payer stated it would be changing its CAH reimbursement from a cost-based method to a diagnostic related group method. The hospitals estimated that this change would create a significant financial loss and realized that they might be able to lessen the effect of the change by working together. By the end of 2013, after extensive discussions and planning, a non-profit corporation was formed: Wilderness Health.

In 2014, the nine-member network established its governance structure, which includes a board and several committees. The board has representation from each member and each member has one vote. Network revenue is derived from member dues that are based on organization size and revenue, as well





as grants. The network's Governance Committee includes four member hospital representatives and one ex-officio member, the Executive Director. Since early 2015, the network has also started establishing roundtables, issue-focused groups that meet, discuss, share policies and procedures, and problem solve. The first roundtable, the Human Resources (HR) Roundtable, was created because many of the hospitals only have one HR staff member responsible for their entire employee population. This group initially focused on various HR policies and procedures and on ACA reporting requirements, and has succeeded in establishing a group that shares ideas and questions with other subject matter experts. A second roundtable is the Chief Financial Officer Roundtable. Its initial focus has been on the transition to ICD-10 and cost reporting. In addition, a new Materials Management Roundtable has been formed that will focus on purchasing practices and decreasing waste.

One of the earliest benefits of the formal relationships established through Wilderness Health is ongoing communications that result in learning, sharing, and problem solving. The hospitals have learned that trends identified in St. Luke's (the largest volume member) will eventually move to all of the other facilities (typically the largest and more urban see the trends first). By sharing information, the hospitals are better prepared for changes, such as increasing emergency room utilization or patient volumes due to the flu.

In addition to addressing operational and reimbursement challenges, the network also explored the options and opportunities of forming an Accountable Care Organization (ACO). Although an ACO allows facilities to remain independent, the network realized that partnerships were essential for its rural providers, who do not have large patient volumes.

Furthermore, because the Medicare Shared Savings Program, an ACO model, offers low reimbursement for Minnesota providers and there are few Medicare fee-for-service members, the network did not pursue this model. Instead, the network applied for and is participating in the [Integrated Health Partnership \(IHP\)](#), Minnesota's Medicaid ACO model. This ACO is more flexible and retrospective patient attribution is based on claims utilization data. Therefore, the focus of the network is on establishing a healthcare home for all patients within the network, care coordination, and health management/improvement. As part of the IHP, Wilderness Health members have access to timely patient data for every attributed Medicaid member. Network members view this as critical to care coordination and health improvement. Although the data is aggregated, network members can discuss findings and problem solve across the network. Network members are supporting this work as well as other quality and performance initiatives by having a network medical director.

**“All of our network members needed a way to keep their independence so we are using this as a way to do that.”**

***Cassandra Beardsley,  
Executive Director,  
Wilderness Health***





## NEXT STEPS

Wilderness Health members will continue to have discussions with local healthcare providers (e.g., clinics, long-term care facilities, and pharmacies) to engage in network activities. The network will also continue to establish roundtables to tackle problems and share lessons learned, and over the next 18 months, it will be working on a data integration initiative to improve care coordination throughout the healthcare system.

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