



Vermont Association of
Hospitals and Health Systems

Rural Hospitals and Health Care *Challenge & Opportunity*

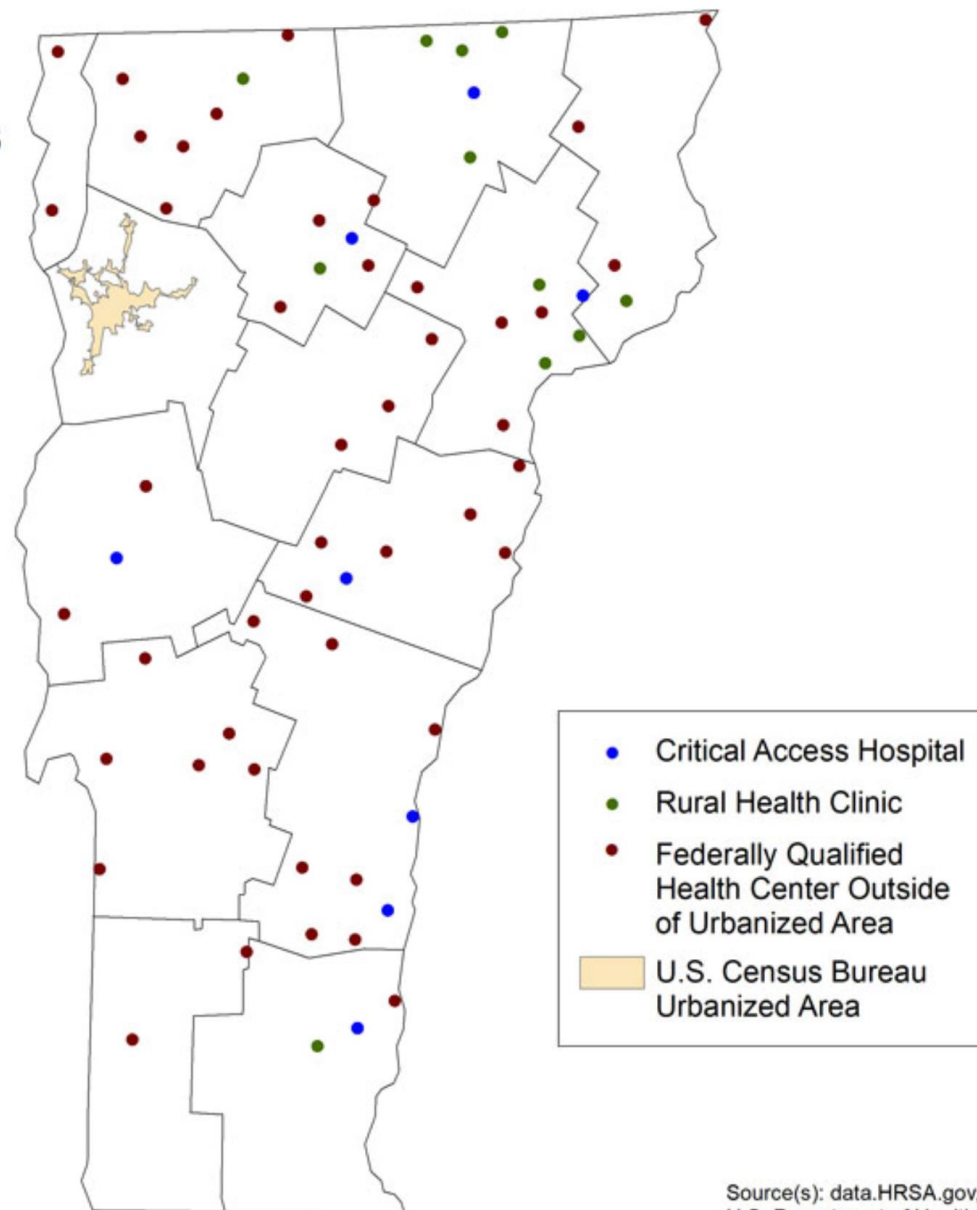
Jeff Tieman, *President and CEO*

VAHHS



Our Landscape

Selected Rural Healthcare Facilities in Vermont





Task Force on Ensuring Access in Vulnerable Communities

AHA Rural Task Force Charge:

- Confirm characteristics and parameters of vulnerable communities
- Identify strategies to ensure ongoing health care services
- Identify federal and state policies that may impede such strategies



Contributions and Community

- **Caregivers**

- Provide emergency care to 266,000 patients each year
- Deliver 5,800 babies and perform 120,000 surgeries
- Provide at least \$60 million in uncompensated care
- Conduct medical research; collaborate with other hospitals and partners
- Rank #4 nationwide on affordability, quality and patient satisfaction

- **Employers**

- Employ 17,000 people across the state
- Pay \$1.5 billion in salaries and benefits
- Usually largest local employer and economic engine

- **Community Builders**

- Community Health Needs Assessments / Action plans
- Work with partners including DAs, schools, home health
- Rise VT, housing, food security, transportation, wellness promotion



Vermont's Reform Work

- State is historically ahead of national policy
- Providers are leading the All-Payer Model
- Overall goal is to move from volume to value
- Vermont-designed, Vermont-specific approach
- ***Policymakers must acknowledge the investments and challenges involved in creating a more efficient and effective system***

Model: An Opportunity For Vermont And An Exemplar For The Nation

Ena Backus, Al Gobeille, Cornelius Hogan, Jessica Holmes, Betty Rambur

NOVEMBER 22, 2016

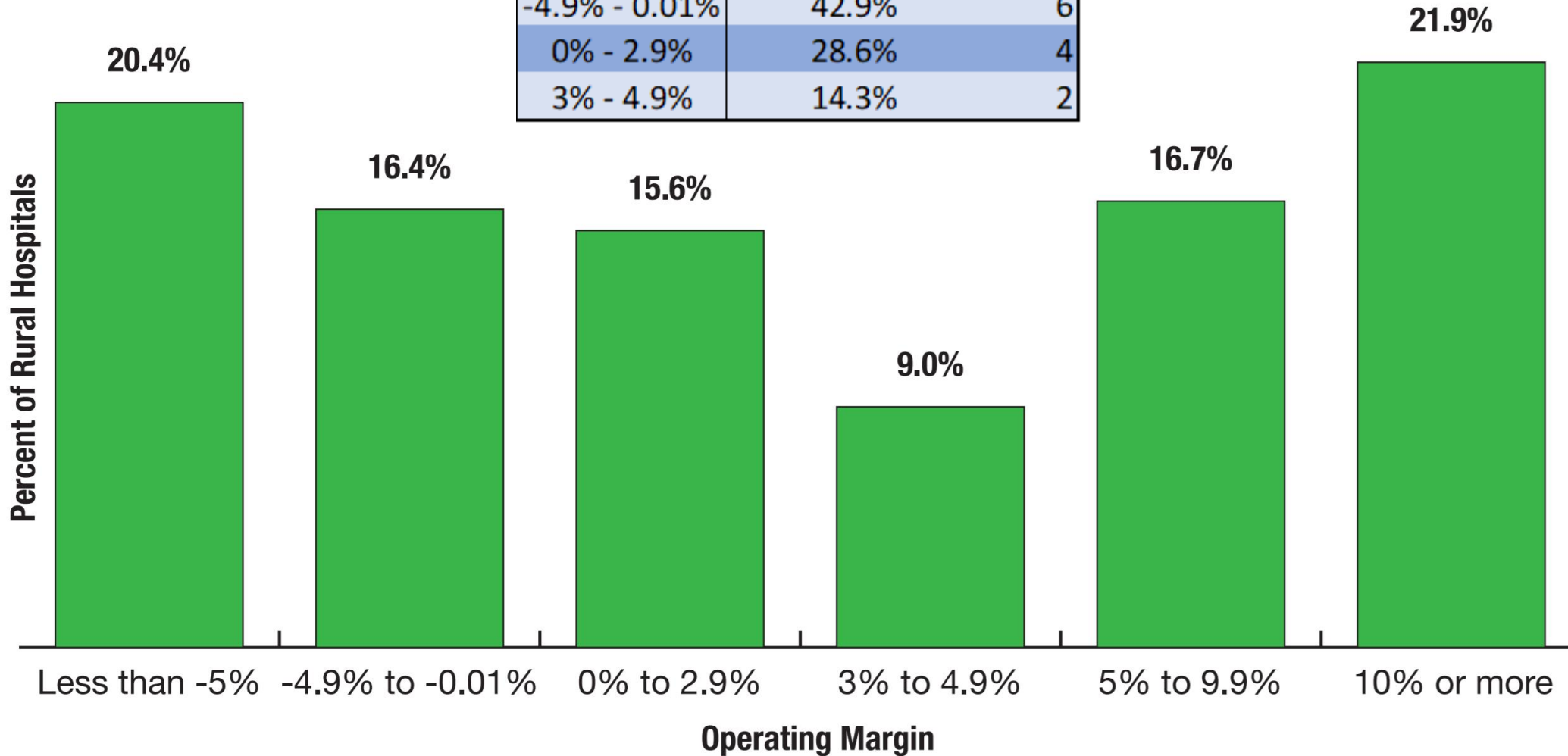
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Percent of Rural Hospitals by Operating Margin

FY 2018 - Vermont Hospitals		
Range	% Total	# Hospitals
< -5%	14.3%	2
-4.9% - 0.01%	42.9%	6
0% - 2.9%	28.6%	4
3% - 4.9%	14.3%	2

Averages
 All Hospitals: 5.7%
 Rural Hospitals: **4.9%**



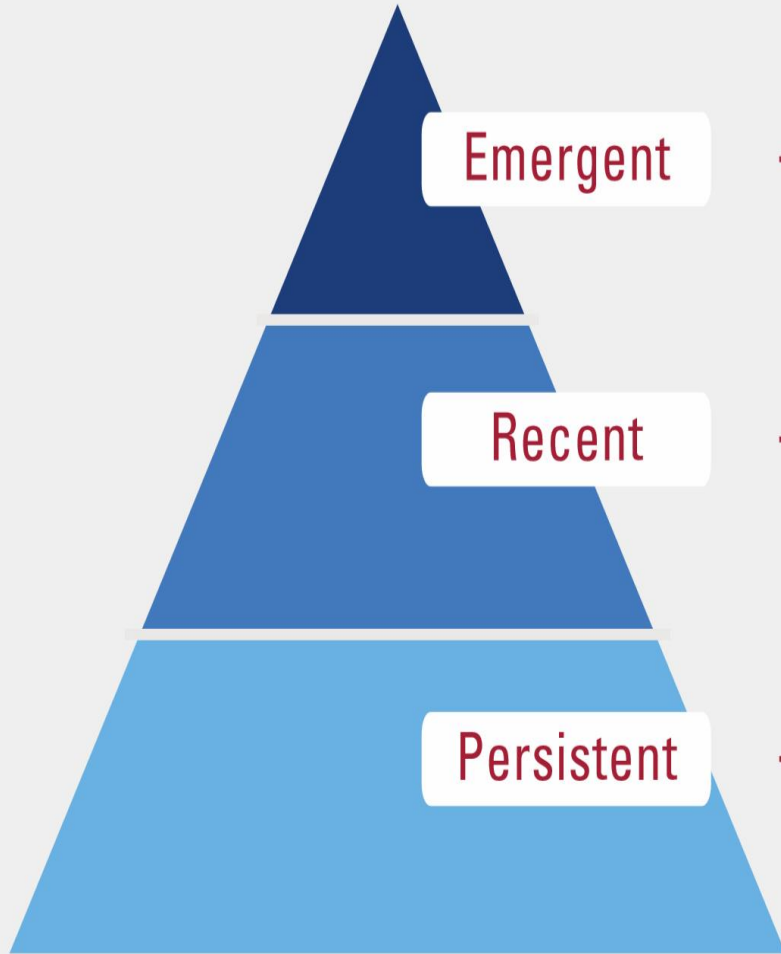
Source: Health Forum, 2013 AHA Annual Survey of Hospitals.



Pressures / Challenges / Changes

Workforce shortages	Challenging patient mix; aging population
Challenging payer mix	Declining patient volume
Geographic separation, isolation	Aging infrastructure / access to capital
Changes in care delivery	Mental health / opioid crises
State and federal hospital cuts (rates, DSH)	Capacity to invest in reform / transformation
Economic, cultural and social changes	Regulatory compliance

What Are The Challenges?



Emergent

- Opioid epidemic
- Violence in communities

- Medical surge capacity
- Cyber threats

Recent

- Care delivery shifts
- Behavioral health
- Economic and demographic shifts
- High cost of drugs

- Regulatory burden
- Coverage
- Medicaid Expansion
- Health Plan Design

Persistent

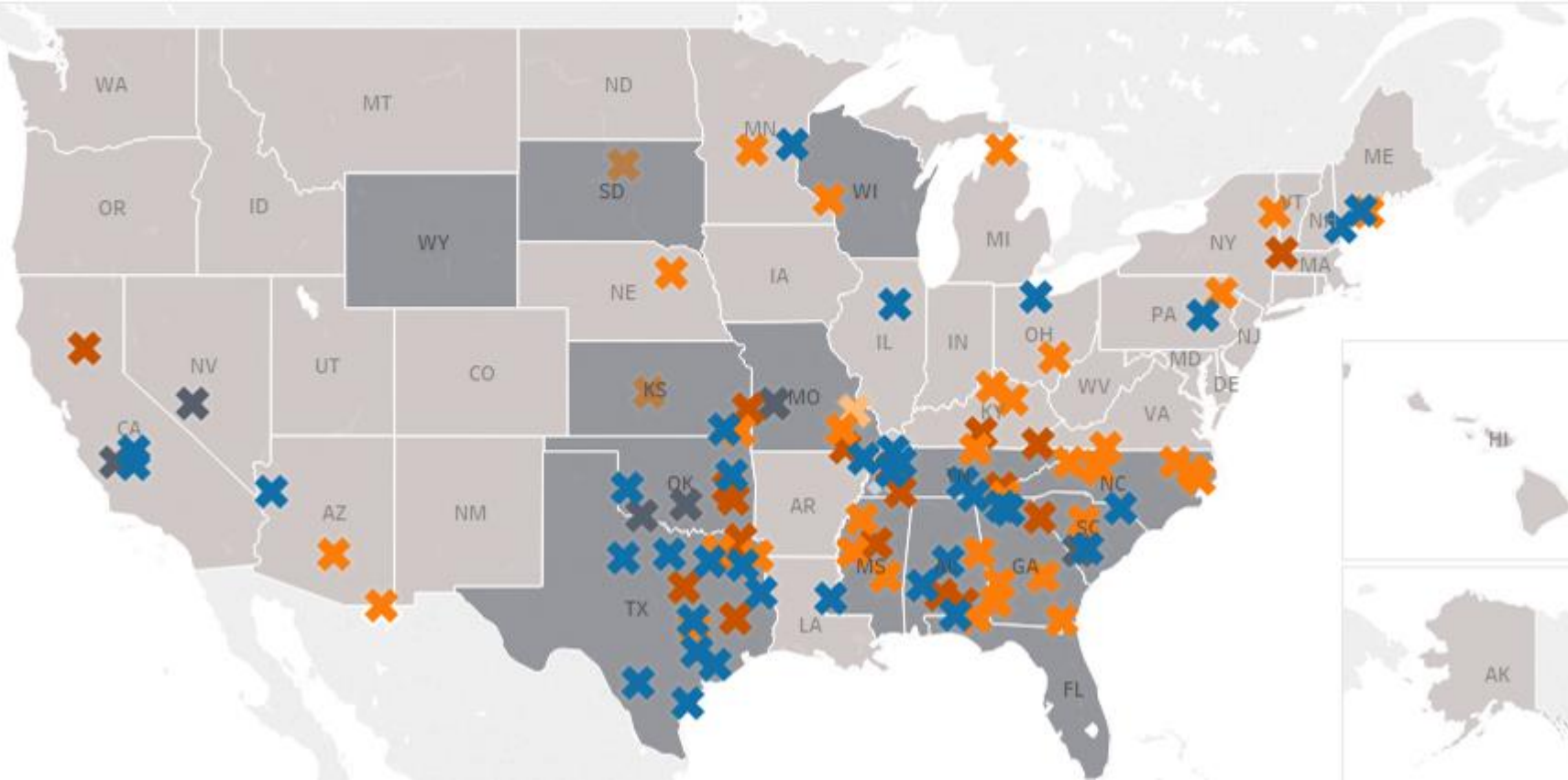
- Low patient volume
- Payer mix
- Patient mix
- Geographic isolation

- Workforce shortage
- Aging infrastructure
- Limited Access

Source: American Hospital Association, 2018

101 Closed Rural Hospitals

There have been 101 Rural Hospital closures since 2010 and 143 since 2005. These counts do not include those that have closed and re-opened.



- Medicare Payment Type**
- Prospective Payment System
 - Critical Access Hospital
 - Medicare Dependent Hospital
 - Sole Community Hospital
 - Re-based Sole Community Hospital
 - Disproportionate Share Hospital
 - Rural Referral Center
- Current Status of Medicaid Expansion Decision**
- Adopted the Medicaid Expansion
 - Not Adopting the Medicaid Expansion at this Time



Rural Task Force Recommendations

- Key recommendations already part of Vermont's APM:
 - Create new payment methodologies; engage with CMMI
 - Pursue federal waivers to improve integration
 - Address social determinants of health
 - Amplify use of telemedicine to reach remote and vulnerable people
- ***Focus on prevention and primary care***



Potential Barriers to Transformation

- Bridging gap between FFS and value-based payme
- Workforce shortage / related challenges
- Alternative payment models in rural settings
- Insufficient financial resources and ability to account for risk
- Legislative cuts / Medicaid rates
- Vermont's economy and demographics



VAHHS Recommendations

- **Ensure hospitals can participate effectively in reform**
- **Promote workforce development**
 - Tax credits, education support, creative collaborations
- **Improve Medicaid reimbursement**
 - Reduce the cost shift, reinstate DSH funding
- **Access transformation dollars**
- **Engage Vermonters in dialogue on health care future**
- **View Vermont as rural health system**

