Rural Hospitals and Health Care

Case Challenge & Opportunity

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VAHHS
Our Landscape

Selected Rural Healthcare Facilities in Vermont

Source(s): data.HRSA.gov, U.S. Department of Health and Human Services, January 2019
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
Percent of Rural Hospitals by Operating Margin

<table>
<thead>
<tr>
<th>Range</th>
<th>% Total</th>
<th># Hospitals</th>
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</thead>
<tbody>
<tr>
<td>&lt; -5%</td>
<td>14.3%</td>
<td>2</td>
</tr>
<tr>
<td>-4.9% - 0.01%</td>
<td>42.9%</td>
<td>6</td>
</tr>
<tr>
<td>0% - 2.9%</td>
<td>28.6%</td>
<td>4</td>
</tr>
<tr>
<td>3% - 4.9%</td>
<td>14.3%</td>
<td>2</td>
</tr>
</tbody>
</table>

Averages
All Hospitals: 5.7%
Rural Hospitals: 4.9%

<table>
<thead>
<tr>
<th>Pressures / Challenges / Changes</th>
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<tbody>
<tr>
<td>Workforce shortages</td>
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<tr>
<td>Challenging payer mix</td>
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<tr>
<td>Geographic separation, isolation</td>
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<tr>
<td>Changes in care delivery</td>
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<tr>
<td>State and federal hospital cuts (rates, DSH)</td>
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<td>Economic, cultural and social changes</td>
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What Are The Challenges?

Emergent
- Opioid epidemic
- Violence in communities

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

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

- Medical surge capacity
- Cyber threats
- Regulatory burden
- Coverage
- Medicaid Expansion
- Health Plan Design
- Workforce shortage
- Aging infrastructure
- Limited Access

Source: American Hospital Association, 2018
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.
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 payment
• 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