Navigating the Turbulent Waters of Change in Healthcare

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The Changing Waters

* Policy changes: insurance coverage, payment, regulations, spending
* Market Changes: Restructuring, competing health plans, accountable care organizations
* Emerging opportunities to improve local healthcare delivery

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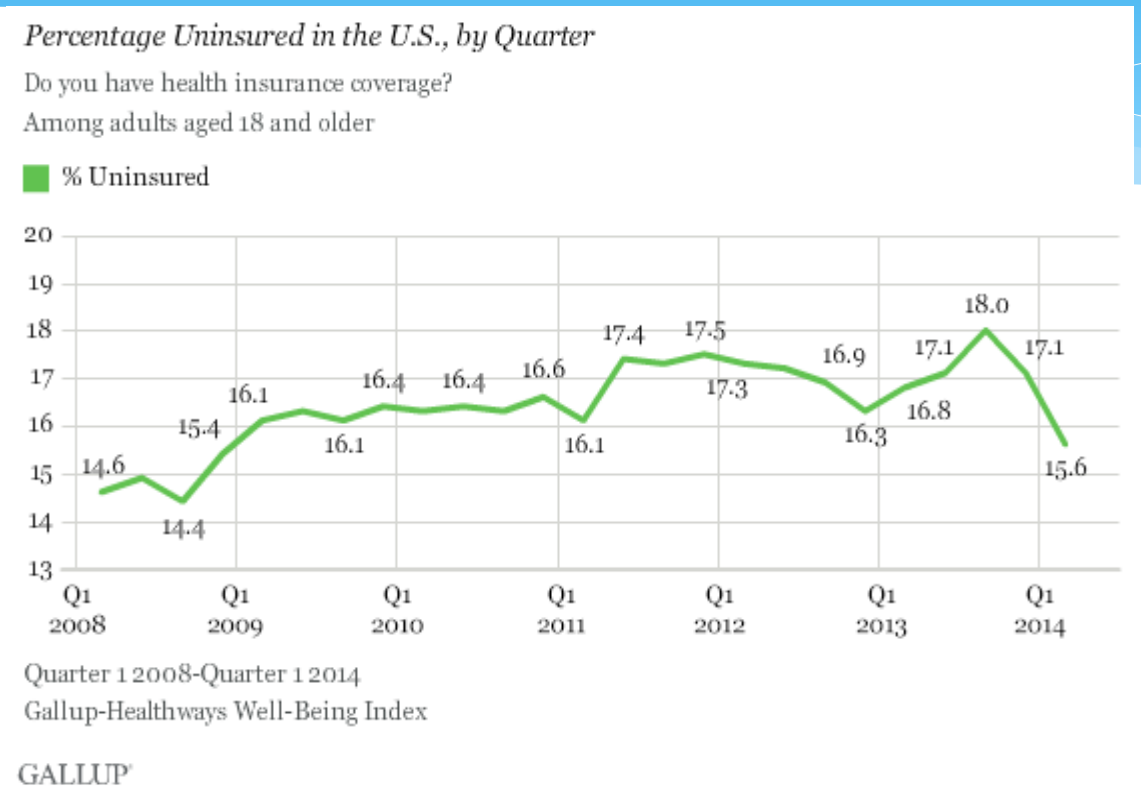
Policy Change: Insurance Coverage

* More than 9 million newly insured in 2014: health insurance marketplace enrollment, Medicaid enrollment, employer-based insurance, purchase from traditional sources
* More people with insurance cards
* But even with required essential benefits facing new complexities and uncertainties
* And new payment contracts to negotiate for rural providers

The Changes in Health Insurance Coverage

* Will influence "patient flow"
* Will also direct "consumers" to use system differently
* Will affect revenue
* Creates backdrop for different investment strategies

Changes In Insurance Status



Data from April 14 Gallup Poll

* 4% of US population newly insured as of April; 2.1% through exchanges, 1.9% not
* Among newly insured, 30% aged 18-29 (constitute 21% of population)
* Among newly insured, 75% with household incomes below $60,000

Gallup Daily tracking poll of more than 20,000 adults, aged 18 and older

Data from RAND Study

* Representative sampling design; 2,641 individuals aged 18 to 64, weighted to provide national estimates, changes September 2013 – March 2014
* Net gain of 9.3 million insured; gain in employer-sponsored insurance of 8.2 million and net loss in individual market of 1.6 million
* Marketplace enrollment of 3.9 million

Changes to Medicaid

* Eligibility changed to 138% of federal poverty guideline
* No categorical eligibility
* Moves closer to insurance model
* Increased population covered, brings increased focus on cost and value

New Medicaid Enrollment

* Some in all states, woodwork effect and marketplace redirecting some
* Total new enrollment: 6 million
* Variation by state (affected by expansion decision)
  * New Mexico: 63,210 (11% increase)
  * Arizona: 143,633 (12% increase)
  * California: 1,443,000 (15.8% increase)
  * Nevada: 136,551 (l41.1% increase)

What the Change Means

* New sources of payment
* New rules associated with the sources of payment
* Initial federal involvement in raising payment for primary care (2013 and 2014)
* Rating areas, service areas, and network contracts with commercial insurers

What the Changes May Mean

* Types of insurance plans may "devolve" when premiums increase
* Could be more shifting into "consumer driven" health insurance design
* Increase in deductibles and copayments drives consumer behavior
* Premium dollar becomes a source of revenue in new risk-sharing arrangements

Policy Changes: Payment

* The primary care payment increase was temporary
* Primary care bonus payment functioning as expected
* Reductions through adjusting annual increase for PPS hospitals
* New approaches: Value based, shared savings, bundled payment, other contractual arrangements

Policy Changes: Payment

* Rural payment systems continue, but for how long?
* Payment decisions for specific services for as long as we have a fee-for-service system: telehealth, provision of services by certain professionals

Policy Changes: Regulatory

* Conditions of participation for hospitals
* Scope of practice for professionals
* Specific regulations such as anti-trust and "Stark" provisions
* Insurance regulations regarding out-of-pocket limits, coverage of specified services

Policy Changes: Population Health

* The Public Health Trust Fund
* Demonstration in payment systems such as the Pioneer Accountable Care Organizations, State Innovation Models
* Changes in state Medicaid programs

Market Forces Shaping Rural Health

* Hospital closure: 40 since 2010 (*USA Today* story from November 14, 2014)
* Enrollment into insurance plans and function of choice and cost ("Geographic Variation in Plan Uptake in the Federally Facilitated Marketplace" http://www.shepscenter.unc.edu/wp-content/uploads/2014/09/EnrollmentFFMSeptember_rvOct2014.pdf)
* Choices among plans ("Geographic Variation in Premiums in Health Insurance Marketplaces" http://cph.uiowa.edu/rupri/publications/policybriefs/2014/Geographic%20Variation%20in%20Premiums%20in%20Health%20Insurance%20Marketplaces.pdf)
* Development of health systems
* Growth in Accountable Care Organizations

The Headlines

* A big shift in Chicago's hospital market (Becker's Hospital Review Sept 16)
* CHI-Aetna health care network to expand reach (Omaha World Herald Sept 12)
* CHI Franciscan Health, Virginia Mason and others form health network (Becker's Hospital Review Sept 12)

The Headlines

* U.S. Health Services total Deal Value for Q1 2014 Rose 152% (pwc PRNewswire May 22)
* Rural hospitals pressured to close as healthcare system changes (Reuters Sept 3)
* Wal-Mart is now a primary care provider

Elements HCO Responsiveness

* Strategic planning: consciousness of mission, vision, values and how they "play out" in changing environment
* Adapting to changing market: change or wither away?
* Knowledge management: the most critical currency of the modern HCO

Future Pathways: Providers and Payers

* Maryland's all payer global budgeting approach
* Michigan health systems joining BC/BS of Michigan in new reimbursement model (24 hospitals)
* Acting as if Medicare the only payer

Change is What You Make of It

* Address social issues with prescriptions and follow up
* Take holistic approach to population health
  * Affiliate with organizations who are not healthcare providers
  * Truman Medical Center in Kansas City partnered to open grocery store, bank
* Promote price transparency
* Include physicians in administrative decision-making
* Serious about hospitality
  * Patient experience as area of expertise in upper management

Elements of a Successful System Redesign

Elements

* Clear Vision
* Teamwork
* Leadership
* Customer focus
* Data analysis and action plans
* Inclusive beyond health care system

Source: *Pursuing the Triple Aim,* Bisognano and Kenney. Jossey-Bass. 2012

Examples From Rural Institutions

* Available from the Rural Health Value project: http://cph.uiowa.edu/ruralhealthvalue/innovations/Profiles/
* Community Outreach in Delhi, LA
* System Transformation in the Mercy Health Network, IA
* Service Delivery Integration& Patient Engagement in Humboldt County, CA

Other Innovations

- Chief Medical Financial Officer in Banner General Hospital in Sandpoint, Idaho (CAH)
- Chief Patient Experience Officer named at Johns Hopkins Medicine
- All about value for the patient/customer

Where Do We Go From Here?

* From "Advancing the Transition to a High Performance Rural Health System" by the RUPRI Health Panel, document and brief available from www.ruprihealth.org
* Four approaches, with accompanying policy considerations

Approach 1: Community-appropriate health system development and Workforce Design

* Characterize new roles for local health care providers, such as Rural Health Clinics and Federally Qualified Health Centers, in system delivery design
* Pay for services developed in new system configurations, such as new payment to primary care providers for care management

Approach 2: Governance and Integration Approaches

* Target capital to rural providers and places engaged in service integration and redesign, and explore additional means of aggregating capital for local investment
* Identify inconsistencies among funding streams in required composition of local organizations and recommend changes; create locally based "megaboards" that could unify decision making among local entities

Approach 3: Flexibility in Facility or Program Designation to Care for Patients in New Ways

* Reconfigure facilities as medical hubs to provide essential local services that do not include inpatient hospitalization; will require change in regulatory and payment policies
* Develop person-centered health homes, under programs for health homes (e.g., Sections 2703 and 3502 of the ACA)

Approach 4: Financing Models that Promote Investment in Delivery System Reform

* Value-based purchasing methods should use achievement and improvement in tandem
* Incentives for investment should change in parallel to incentives in payment methods

The Worst of Times

* Confusion associated with changes in the insurance market
* Uneven effects based on state decisions
* Uncertain policy environment following political winds
* Payment through traditional mechanisms reduced
* The giant sucking sound

The Best of Times

* More of our neighbors with affordable health insurance coverage that meets minimum standards
* Importance of quality of health care experience
* Attention to population health
* Throwing off the shackles of discrete payment for discrete encounters
* Getting the attention of systems with resources to leverage

RuralHealthValue.org

- Rural Health System Analysis and Technical Assistance
  - Assess the rural implications of policies and demonstrations
  - Develop tools and resources to assist rural providers and communities
  - Inform and disseminate rural health care innovations

www.RuralHealthValue.org

- Share an innovation with RHSATA that has moved your organization (or another) toward delivering value.
- Continue to be a leadership voice for rural health care value.
  - Our glass is at least half full. A positive attitude is infectious!

Collaborations to Share and Spread Innovation

- The National Rural Health Resource Center
- The Rural Assistance Center
- The National Rural Health Association
- The National Organization of State Offices of Rural Health
- The American Hospital Association

For Further Information

The RUPRI Center for Rural Health Policy Analysis

http://cph.uiowa.edu/rupri

The RUPRI Health Panel

http://www.rupri.org

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