Pennsylvania Rural Health Model Hospital Specific Perspective

Part II

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Endless Mountains Health Systems

Montrose, Pennsylvania

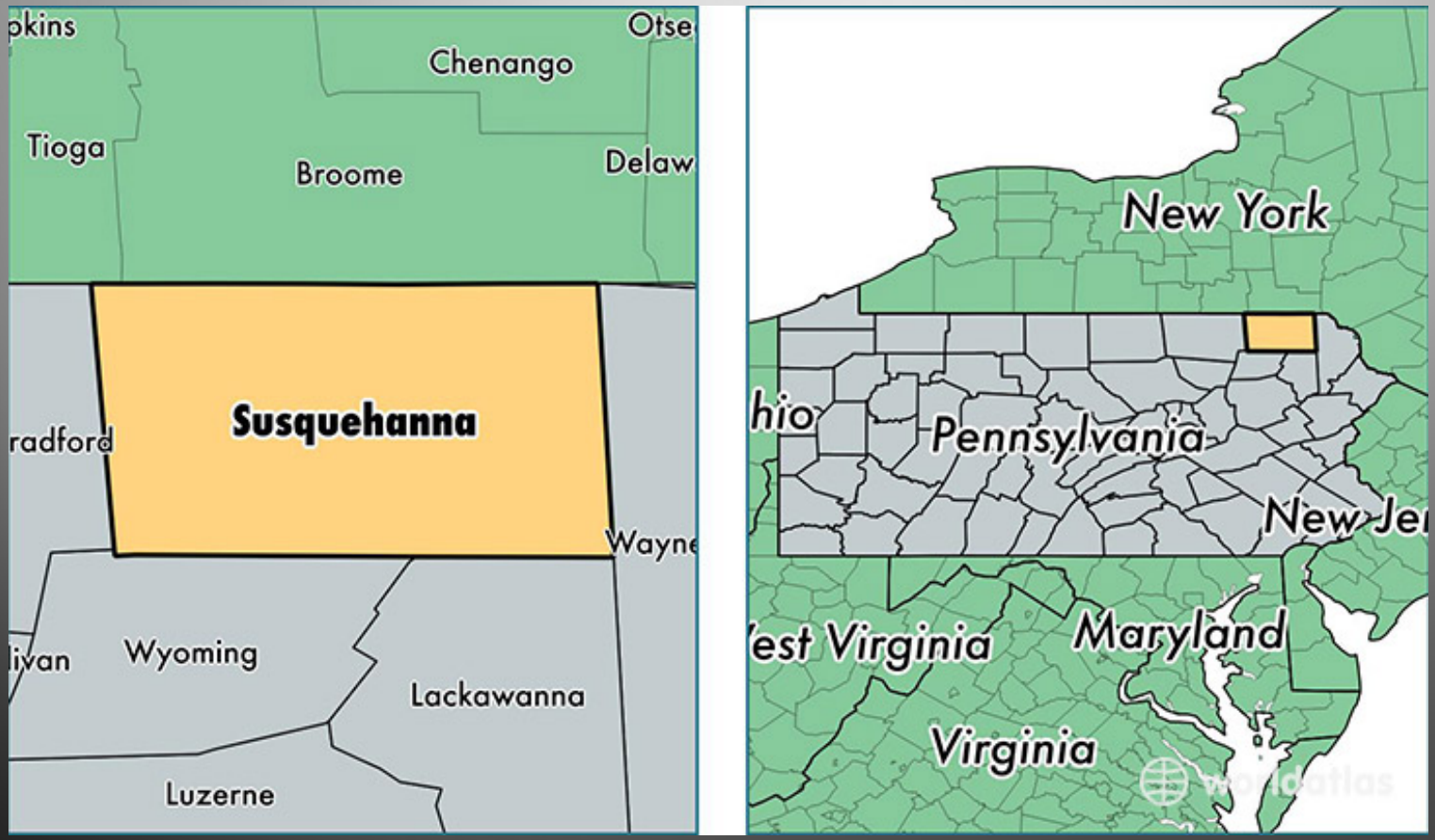
Overview

- Brief History of Endless Mountains Health Systems (EMHS)
- Process
- Challenges

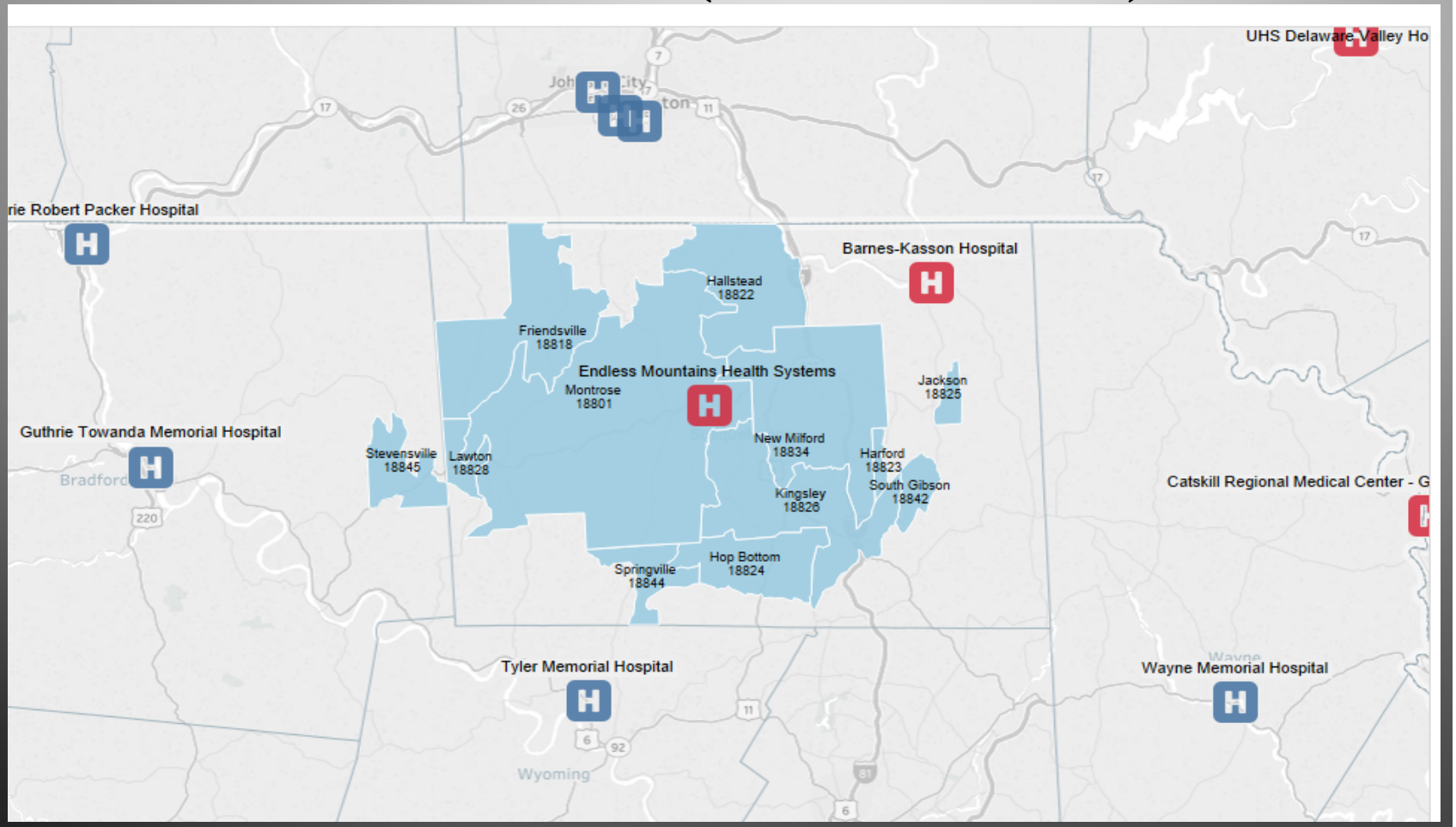
EMHS HISTORY

- Susquehanna County, Pennsylvania
- Not-for-profit 501(c)3 Acute Care Hospital
- Purchased from Montrose General Hospital in 1997
- Critical Access Hospital Conversion February 2004 (Necessary Provider)
- Replacement hospital facility December 2013
- Geographic HPSA

Service Area



Service Area (Continued)



Recent Financial Performance

Endless Mountains Health Systems - P&L									
December 31, 20XX									
					FY '15	FY '16	FY '17	*FY '18	*Projected
					$000	$000	$000	$000	$000
Operating Revenue									
	Gross Patient Revenue				35,120	34,231	36,360	34,371	33,741
		Contractual Allowances			(13,459)	(12,401)	(13,284)	(13,749)	(11,914)
		Charity Care			(19)	(13)	(47)	(26)	(26)
		Bad Debt			(1,332)	(1,015)	(1,637)	(1,009)	(1,050)
			Net Patient Revenue		20,310	20,802	21,392	19,587	20,751
		Other Operating Revenue			132	482	553	374	116
	Total Operating Revenue				20,442	21,284	21,945	19,961	20,867
Operating Expenses									
	Salaries & Wages				7,183	7,245	7,220	6,960	7,080
	Benefits				1,694	1,772	1,645	1,506	1,520

Demographic Projections

2018-2023 Change

Total Service Area	2018 Estimate	2023 Projection	Absolute Change	Percent Change	Share of Growth
00-17	4,207	3,943	-264	-6%	0%
18-44	6,247	6,157	-90	-1%	0%
45-64	6,836	6,107	-729	-11%	0%
65+	4,842	5,179	337	7%	100%
Total	22,132	21,386	-746	-3%	100%

Source: IBM Watson Health

2018-2023 Change

Primary Service Area	Name	00-17	18-44	45-64	65+	Total
18801	Montrose	(125)	(56)	(258)	113	(326)
18828	Lawton	(6)	(5)	(10)	8	(13)
18844	Springville	(9)	(13)	(43)	19	(46)
18823	Harford	(3)	4	(12)	4	(7)
18818	Friendsville	(13)	(7)	(48)	15	(53)
18826	Kingsley	(22)	4	(68)	28	(58)
18845	Stevensville	3	0	(15)	8	(4)
18834	New Milford	(28)	(16)	(118)	55	(107)
18825	Jackson	(1)	1	(9)	4	(5)
18824	Hop Bottom	(18)	(8)	(37)	15	(48)
18822	Hallstead	(40)	7	(106)	67	(72)
18842	South Gibson	(2)	(1)	(5)	1	(7)
PSA Total		*(264)*	*(90)*	*(729)*	*337*	*(746)*
Total Service Area		**(264)**	**(90)**	**(729)**	**337**	**(746)**

Source: IBM Watson Health

Evaluation & Decision Path & Process

The Rural Health Model - Introduction

- 2016 – Announcement – Rural Health Model – Sustain Rural Healthcare Providers.
- Discussion with the Board of Directors – Letters to State Senators and Representatives.
- January 2017 – Wolf Administration announcement that CMMI approved the program and was providing $25 Million over a five year period to support the Initiative.
- "This new, multi-payer, global budget initiative is a payment model in which hospitals are provided a fixed amount of funding for a fixed period of time to improve the health of Pennsylvania's rural communities, rather than

Process

- PA Dept. of Health (DOH) – Deputy Secy. Lauren Hughes, MD – started discussions regarding EMHS participation (2016 and early 2017)
- October 2017 – First on-site meeting with PA DOH and EMHS leadership team. Support from McKinsey
- The DOH and McKinsey provided support in the development of the Transformation Plan and evaluating the impact using the Transformation Opportunities Analysis Tool (TOAT).
- The DOH and McKinsey brought a significant amount of data to the process which aided in decision making and prioritizing transformation objectives

Process (Continued)

- There was continual communication between the DOH, McKinsey and EMHS during the planning/evaluation process.
- The DOH added resources to the Rural Health Innovation area as the process evolved.
- EMHS evaluated the TOAT developed by McKinsey and there were several items that were considered inaccurate by EMHS
  - Fixed vs. Variable Cost – Much of EMHS cost was fixed (impact on PAU savings projection).
  - Assumptions based on models, i.e. Emergency Dept. utilization was based on the NYU model. You can't apply an urban model

Collaboration and Idea Sharing

- The DOH had information exchange sessions with the interested year-one participants and we were able to share information and concerns.
- Group calls facilitated by DOH occurred frequently so we could share questions and concerns on the entire process. Collaborative between the year-one participants.
- Information on the “legal” documents was shared and feedback sought by DOH. The process was transparent.

Engage Community Providers

- In March 2018 EMHS held its first community partner meeting (now held quarterly) to engage providers and social service areas outside of EMHS. We introduced the Rural Health Model to them and worked to see how we could better interact to serve the population.
- EMHS developed an organizational philosophy of a "seamless system of services" to better provide for all needs of patients, not just healthcare.
- First venture into the Social Determinants of Health

Leadership and Board Engagement

- The leadership team was involved throughout the process. Administrative Directors from Nursing, Ancillary Services, HR & Public Relations, and IT.
- The leadership team embraced the opportunity for change.
- The Board was kept updated every month on the progress, concerns, and developments of the RHM.

Choosing Transformation Priorities

- What will have the biggest impact on Potentially Avoidable Utilization (PAU)
- 28% of EMHS inpatient admissions are respiratory related
  - Focus on COPD to reduce PAU and provide better care coordination for COPD patients
- Increase access to Primary Care
  - NYU model predicted 56% of EMHS emergency department (ED) visits were avoidable
  - Increase access to primary care to reduce potential ED visits

Challenges

- Implementation would not have happened without support from DOH.
  - Too few people wearing too many hats
- Ongoing implementation – data review, data availability, future years transformation initiatives, and monitoring.
- Future third-party payer negotiations
- Sustainability – Model is a net revenue model, not a breakeven or profitability model
- Medicare payment changes

Suggestions

- Program must be collaborative between the administrator, providers, and payers.
- Providers and Payers should be meeting as early in process as possible.
- Know your data “Trust but Verify” (Russian Proverb)
- Share information and ideas within the Provider Community
- Be Innovative.

THANK YOU!

QUESTIONS