Rural Transformation in Washington State

WRHAP Update

Joint Select Committee on Health Care Oversight

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Why Rural? Why Now?

Challenges Facing Rural Hospitals and Rural Communities Across Washington

- Medicare and Medicaid largest payers in rural communities (60-80% of rural hospitals' revenue)
  - Neither payments cover costs of service
  - Medicare pays 99% of allowable costs for inpatient beds
- Greater variability in utilization and revenue, and outmigration
  - Inpatient care declining as more residents seeking acute services in urban areas
- Workforce/provider issues
- Housing/employment issues
- Sicker populations
- Fewer resources to invest in health information technology to help move from fee-for-service to value-based arrangements

Result: Critical Access Hospitals and other rural hospitals at risk of closing; access to essential health services at risk

Overview: Washington Rural Health Access Preservation (WRHAP) Project

WRHAP group created in 2014 by DOH and Washington State Hospital Association, following New Blue “H” Report

Workgroup's mission: assist WRHAP Critical Access Hospitals (CAHs) on brink of closure with preparing for value-based purchasing, alternative payment models

13 of smallest and most remote Critical Access Hospitals are WRHAP members:

- Cascade Medical Center
- Columbia Basin
- Dayton
- East Adams
- Ferry County
- Forks
- Garfield
- Mid Valley
- Morton
- North Valley
- Odessa
- Three Rivers
- Willapa

WRHAP Legislation

ESHB 2450 (2016)

- Established WRHAP pilot
- Allowed designated Critical Access Hospitals (CAHs) that dropped their CAH licensure to participate in WRHAP and resume CAH payment

SHB 1520 (2017)

- Expanded ESHB 2450
- Directed HCA to create WRHAP pilot “to develop an alternative service and payment system for CAHs” and encourage additional payers to use the adopted payment methodology
- $2.1 million transition funding in 2018 and 2019 for WRHAP pilot

SHB 1520 Implementation

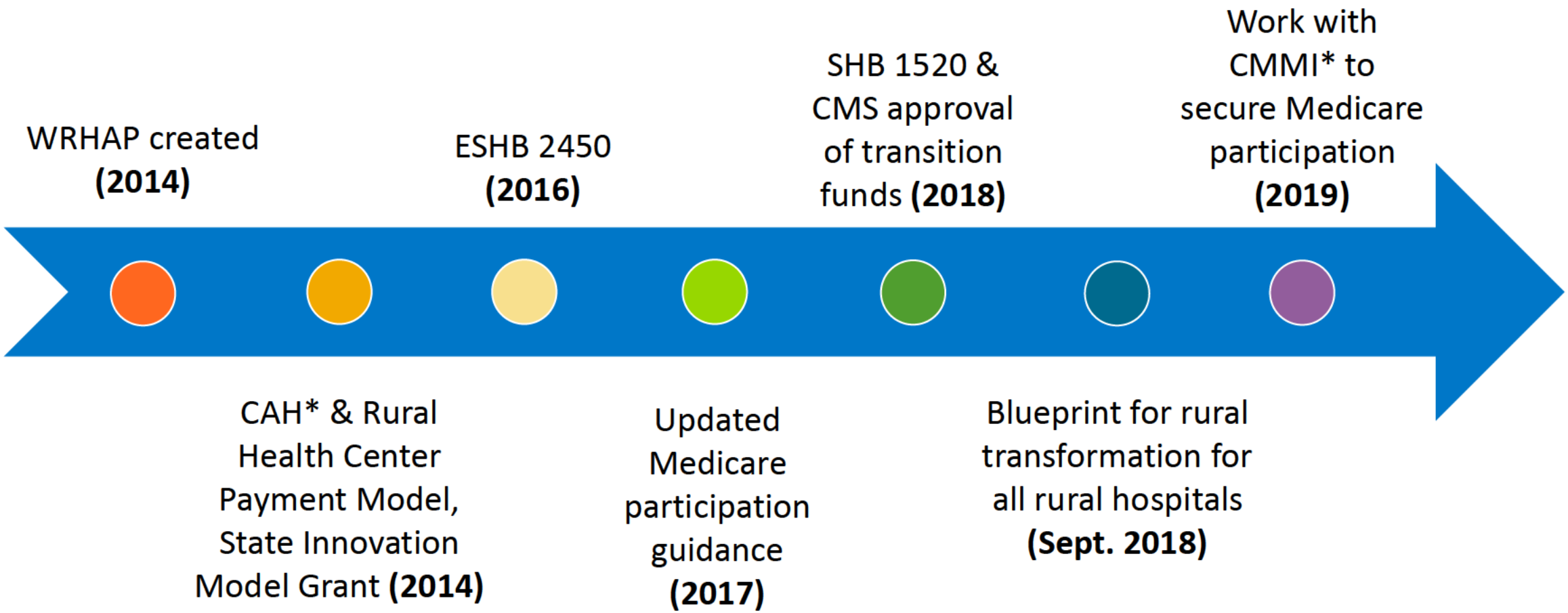
- HCA, DOH, and Washington State Hospital Association (WSHA) worked with WRHAP hospitals (summer/fall 2017) to use transition funding to:
  - Build capacity of behavioral health services or care coordination services
  - Link quality performance to implementation of those services
- HCA worked with CMS to match funding (approved July 2018)
- Transitional funding through MCO contracts with TA support from WSHA (July 2018)
- Progress report to Legislature (due December 2018)

- With CMS approval, transitional payments are active
  - WRHAP hospitals have until December 2018 to submit their first performance report

Washington's Rural Transformation Model

- **Goal:** Sustain access to essential health services in all rural communities
  - Holistic, preventive approach to improving health of rural communities and patients – starting with hospitals
    - Address statewide payment, social, regulatory, and economic barriers
  - Broad approach required for Medicare participation, which is key to helping rural hospitals
  - Customized approach for each community (created by each community)
  - Opportunity to synchronize with transformation efforts already underway, including WRHAP work

Rural Transformation Timeline



*CAH = Critical Access Hospital; CMMI = Center for Medicare and Medicaid Innovation

Rural Transformation Model – Next Steps

- Refine approach for rural communities and continue working with WRHAP members on ways to align work
- Continue working with CMMI on their participation (finalize agreement in 2019)
- Continue 1:1 meetings with rural hospitals and rural providers
- Convene health plans
- Align with the Medicaid Transformation Project

Questions?

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