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
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**

- **WRHAP created (2014)**
- **ESHB 2450 (2016)**
- **SHB 1520 & CMS approval of transition funds (2018)**
- **Work with CMMI* to secure Medicare participation (2019)**

- CAH* & Rural Health Center Payment Model, State Innovation Model Grant (2014)
- Updated Medicare participation guidance (2017)
- Blueprint for rural transformation for all rural hospitals (Sept. 2018)

*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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