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Section for Small or Rural Hospitals

Innovative Models of Health Care Delivery:

Central Minnesota ACO Investment Model

Rural Hospital Executive Education Series





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Agenda

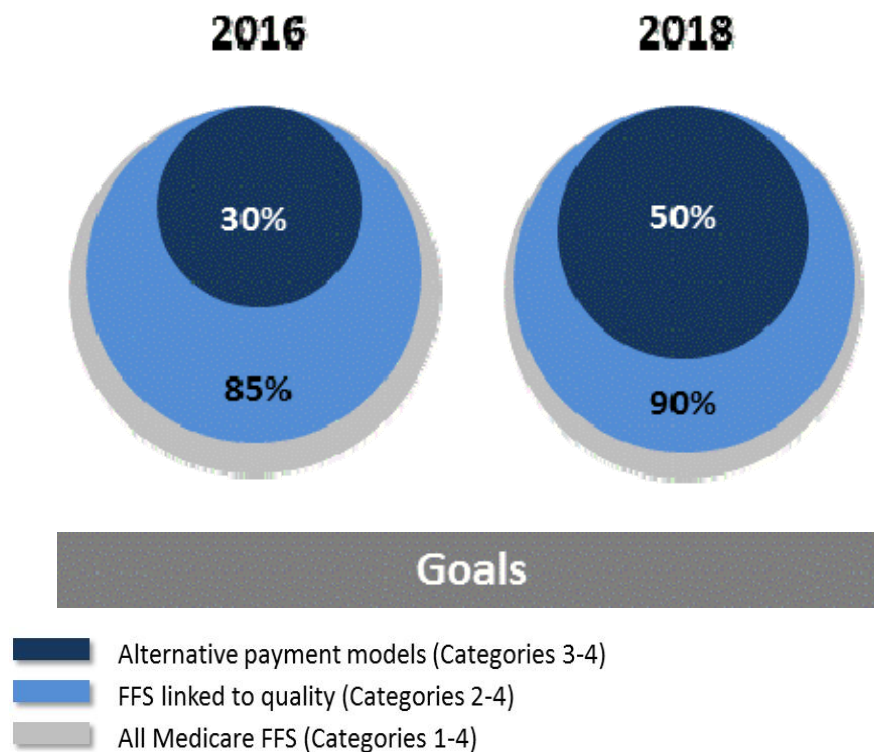
- 1. DHHS goals for alternative payment models**
- 2. New models of delivery and payment**
- 3. Central Minnesota AIM**
- 4. AHA Board Task Force**



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HHS Value-based Payment

Target percentage of payments in 'FFS linked to quality' and 'alternative payment models' by 2016 and 2018



- **Triple Aim**

- Better Care
- Smarter Spending
- Healthier People

- **Moving from volume to value**

- Pay-for-performance initiatives
- Alternative payment models



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From Volume to Value

CMS Framework

Traditional FFS

Value-Based (Link to Quality)

- Hospital VBP
- Physician VM
- Readmissions
- HACs
- Quality Reporting

Alternative Delivery Models

- ACOs
- Medical homes
- Bundled payments CJR and Cardiology
- Comprehensive Primary Care+
- Comprehensive ESRD

Population Health/ At Risk

- Eligible Pioneer ACOs in years 3-5
- Global Budgets (Maryland hospitals)

Volume

Value



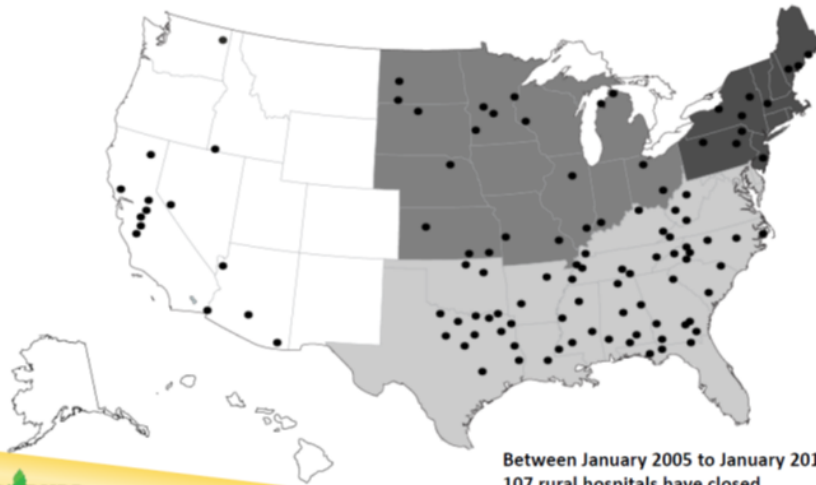


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Rural Hospital Closures



Rural Hospital Profitability, Closures, and Free-Standing Emergency Departments



Between January 2005 to January 2016,
107 rural hospitals have closed





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The CMS Innovation Center

Demonstration Projects

- **Frontier Community Health Integration Project**
- **Value-based purchasing demo for CAHs**
- **Frontier Extended Stay Clinic**
- **Rural Community Hospital Program**
- **CMMI Challenge Grants**
- **State Innovation Models**

Alternative Payment Models

- **Bundled Payments**
- **ACO Investment Model**
- **Regional/Global Budgets**





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State Initiatives

- **Georgia Free-standing Emergency Room**
- **Kansas Primary Health Centers 12/24 hour**
- **Oregon Rural Hospital Reform Initiative**
- **Minnesota CAH Payment Reform**
- **Washington New Blue “H” Initiative**
- **South Carolina Hospital Transformation Plan Program**



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Rural Health Initiatives

Population Health Health Networks

- **Administrative**
- **Clinical integration**

Advanced Payment Models

- **Bundled payments**
- **Medicaid ACOs**
- **Medicare Shared Savings ACOs**
- **Commercial plan APMs**



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AIM ACO

Rachelle Schultz, CEO

Winona Health

Winona, MN



Larry Schulz, CEO

Lake Region Healthcare

Fergus Falls, MN



ACO INVESTMENT MODEL (AIM)

CENTRAL MINNESOTA

Lake Region Healthcare, Fergus Falls, MN

Madison Healthcare Services, Madison, MN

Winona Health, Winona, MN

AIM seeks to encourage uptake of coordinated, accountable care in rural geographies by offering pre-payment of shared savings in both upfront and ongoing per beneficiary per month payments.



Winona Health, Winona, Minn.



Lake Region Healthcare, Fergus Falls, Minn.



Madison Healthcare Services, Madison, Minn.

ACO INVESTMENT MODEL

Central Minnesota

In order to be **eligible for the ACO Investment Model**, an ACO must have met the following criteria:

- Accepted into and participate in the Shared Savings Program.
- Determined to be from a rural area using the application selection criteria.
- Includes only a CAH or inpatient PPS hospital with 100 or fewer beds.
- Is not owned or operated in whole or in part by a health plan.
- Did not participate in the Advance Payment Model.



ACO Investment Model

ACO INVESTMENT MODEL

Central Minnesota

AIM ACO that begins on January 1, 2016 receives three types of payments:

- **An upfront, fixed payment**
- **An upfront, variable payment: based on the number of its preliminarily prospectively-assigned beneficiaries**
- **A monthly payment of varying amount depending on the size of the ACO: based on the number of its preliminarily prospectively-assigned beneficiaries.**



ACO Investment Model

ACO INVESTMENT MODEL

Central Minnesota

- The **upfront payments** support ACOs in improving infrastructure and redesigning care processes
- **Savings** are **projected prospectively for 2 years** and returned to CMS, but only if realized.
- The **third year is full risk** for the providers. At the end of the third year the hospitals can choose to disband, continue, grow or merge the ACO as desired.

MEDICARE ACO
ROADMAP



ACO INVESTMENT MODEL

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Uses of AIM funding include:

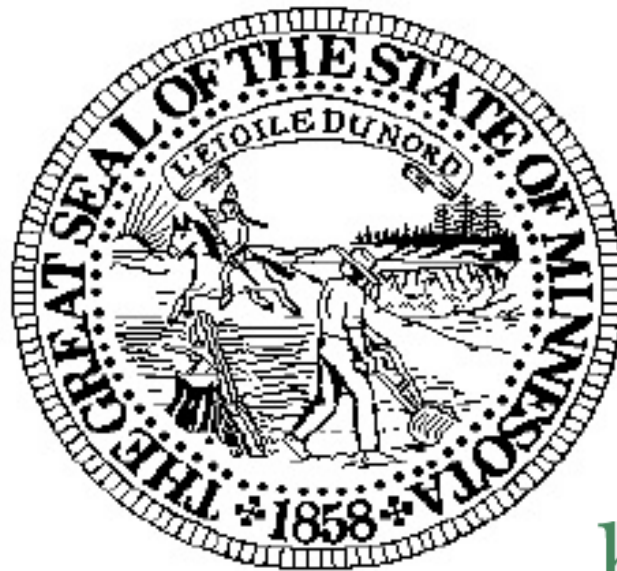
- Investments in infrastructure such as the expansion of HIT systems to include a patient portal and/or data warehouse capabilities.
- Hiring of staff such as nurse case managers, executives or project directors to oversee the implementation of care coordination efforts.



ACO Investment Model

**MINNESOTA
DEPARTMENT OF HUMAN SERVICES**

INTEGRATED HEALTH PARTNERSHIPS CONTRACT



Minnesota Department of **Human Services**

health reform
MINNESOTA
A Better State of Health

ACO INVESTMENT MODEL

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Next Steps:

- Self-insured employee health plans
- Understanding BIG DATA
- Patient-centered coordinated care.





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AHA Board Task Force: Ensuring Access to Care in Vulnerable Communities





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Task Force Update

Ensuring Access to Health Care in Vulnerable Communities Task Force

- ❖ Confirm the **characteristics and parameters** of vulnerable rural and urban communities by analyzing hospital financial and operational data and other information from qualitative sources where possible;
- ❖ Identify **emerging strategies, delivery models and payment models** for health care services in rural and urban areas;
- ❖ Identify **policies/issues at the federal level** that impede, or could create, an appropriate climate for transitioning to a different payment model or model of care delivery, as well as identify policies that should be maintained.



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Task Force Update

- **Task force work is ongoing**
- **Anticipated time frame for report**
- **Listening sessions**
 - January 27, February 9, March 8
 - Venue for members to convene and discuss items being considered by the task force
 - Feedback received will be incorporated into the work of the task force
 - Task force members will attend
 - AHA will provide a summary report to the task force members
- **Potential models**

Rural Hospitals: A Community's Anchor

DID YOU KNOW?

- Rural America includes approximately 67 million people, about 18% of the population and 84% of the geographic area of the U.S.A.
- There are 1,866 rural hospitals that support nearly 2 million jobs.
- Every dollar spent by a rural hospital produces another \$2.28 of economic activity.
- A typical critical access hospital employs 213 community members.
- Rural hospitals handle more than 21.6 million emergency visits.

Access to
primary care

Safe haven in times
of emergency

Jobs

24/7 care

EMERGENCY

Community Partnerships
to ensure wellness and
total health

Tell Congress to protect health care in rural communities.



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Discussion

**Questions and
Comments**





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AHA Advocacy Day



SAVE THE DATE
Tuesday,
Sept. 13, 2016
Washington, D.C.

www.aha.org/advoacdayreg



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Questions

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