

Alternative Finance Mechanisms for Rural Health Care Sustainability

*Learning Opportunity for States Interested in
Rural Payment and Delivery Reform*

Supported by Arnold Ventures



nashp.org

Agenda

1) Welcome

- *Maureen Hensley-Quinn, Senior Director, NASHP*
- *Maggie Houle, Arnold Ventures*

2) Project Context and Overview

- *Maureen Hensley-Quinn, Senior Director, NASHP*

3) Connecting the Dots with RHTP Investments

- *Janice Walters, CEO, RHRC*

4) Analytic Profiles, Issue Briefs, and Blueprint for Rural Payment Reform

- *Julie Sonier, Senior Fellow, Mathematica*

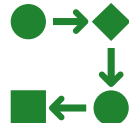
5) Next Steps/Q&A

- *Maureen Hensley-Quinn, Senior Director, NASHP*

Why this project? Why now?



Managing the state budget and preparing for upcoming financial changes



Implementing policy changes required by OBBBA, including RHTP



Coverage program oversight and sustainability



Ensuring access to care in rural areas

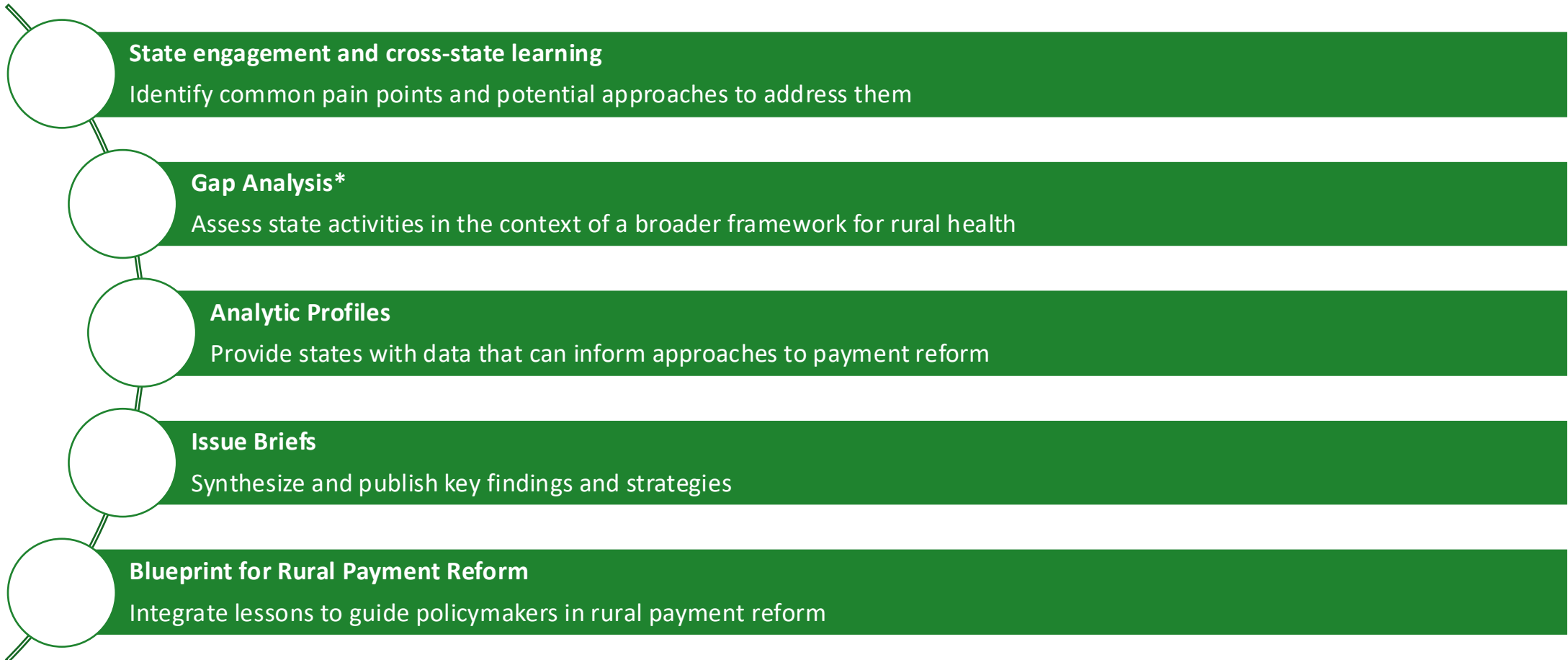


Preparing for Gubernatorial and legislature transitions

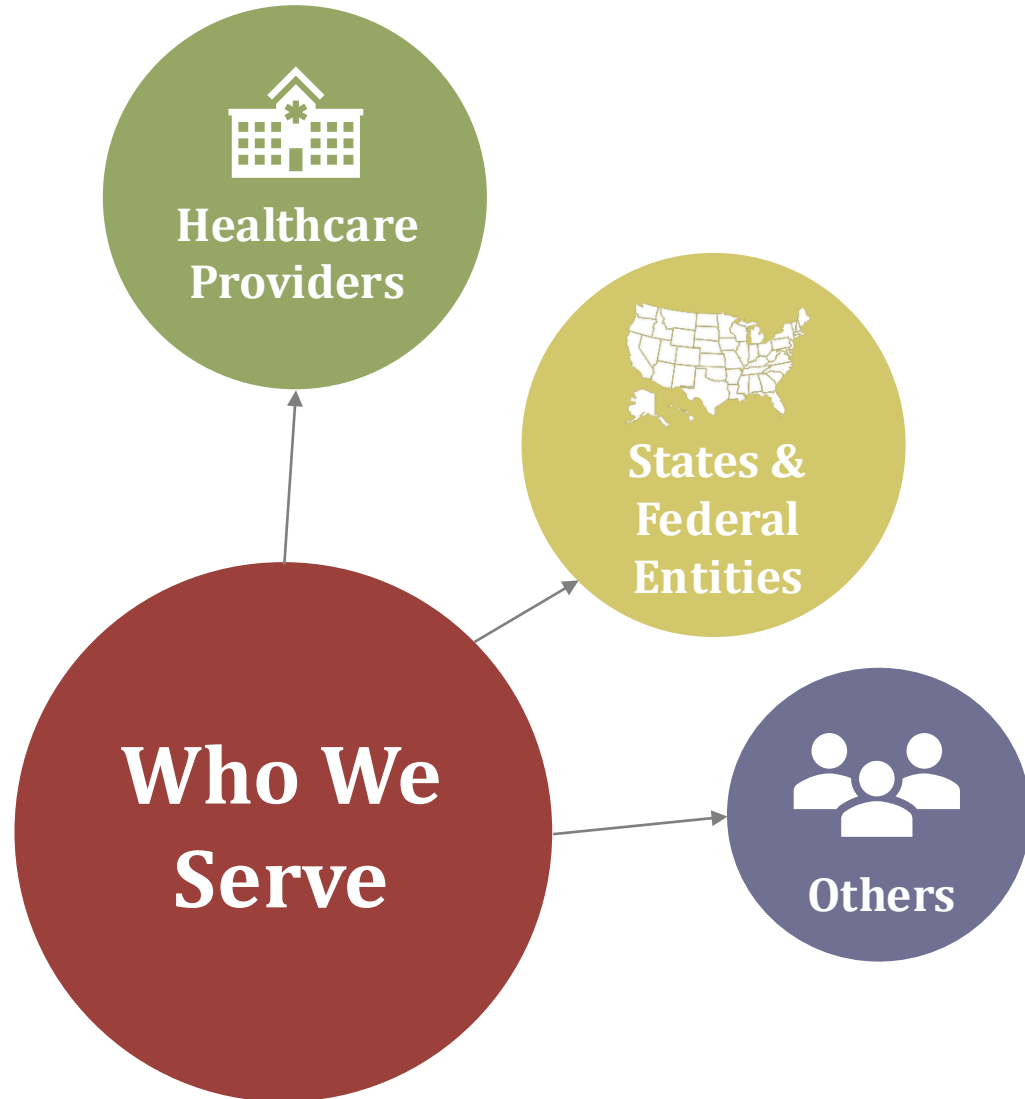
Project Goals

- Foster cross-state learning about payment and delivery models that work to improve rural health outcomes and sustainability
- Support states no matter where they are on their journey toward payment reform
 - States do not have to be working on payment reform as part of their RHTP activities to benefit from this project
- Support states* with a deep dive “gap analysis” comparing their RHTP activities with a broader framework and vision for rural health
- Arm states with data to better understand opportunities and challenges of rural health care payment reform and to inform decisions
- Synthesize and disseminate learnings through a series of issue briefs and a Blueprint for Rural Payment Reform

Project Components



RHRC is a 501c3 non-profit



MISSION

To protect and promote access to high quality health care in rural Pennsylvania and the nation.

VISION

Through partnership, improve the health and wellness of rural communities.

OUR TEAM

Our 40-person team is composed of former rural residents and healthcare leaders, with over 500 years of combined rural-relevant expertise.



The Future of Rural Healthcare and RHTP

Guiding Principles: S.E.R.V.E.



S

Service: We serve providers and communities who need rural-relevant expertise.

E

Excellence: We perform our work with the highest degree of integrity and ethical standards.

R

Responsive: We respond rapidly to all our partners, acknowledging outreach and making a commitment to meet needs in a timely way.

V

Visionary: We provide innovative and transformative healthcare solutions.

E

Every Partner, Every Community: We make this same commitment to all of our partners and communities.

RHRC's Two-Pronged Approach

Stabilize

provide technical assistance through robust tools and rural-relevant subject matter expertise

Transform

provide frameworks to drive alternative payment, clinical transformation strategy, and implementation roadmaps



We Offer Tailored, Rural-Relevant Services to States, Rural Communities, and Healthcare Organizations:

| | | |
|---|---|---|
|  Value-Based Care and Alternative Payment Models |  Clinical Transformation & Population Health |  Facilitation & Stakeholder Engagement |
|  Organizational Culture Development |  Hospital Financial Analysis |  Strategic Planning |
|  Service Line and Outmigration Analysis |  Leadership and Team Development |  Regulatory and Compliance Support |
|  Legal Support |  Quality Performance Management |  Data Analytics and Dashboards |



Pursuing Long-Term Sustainability

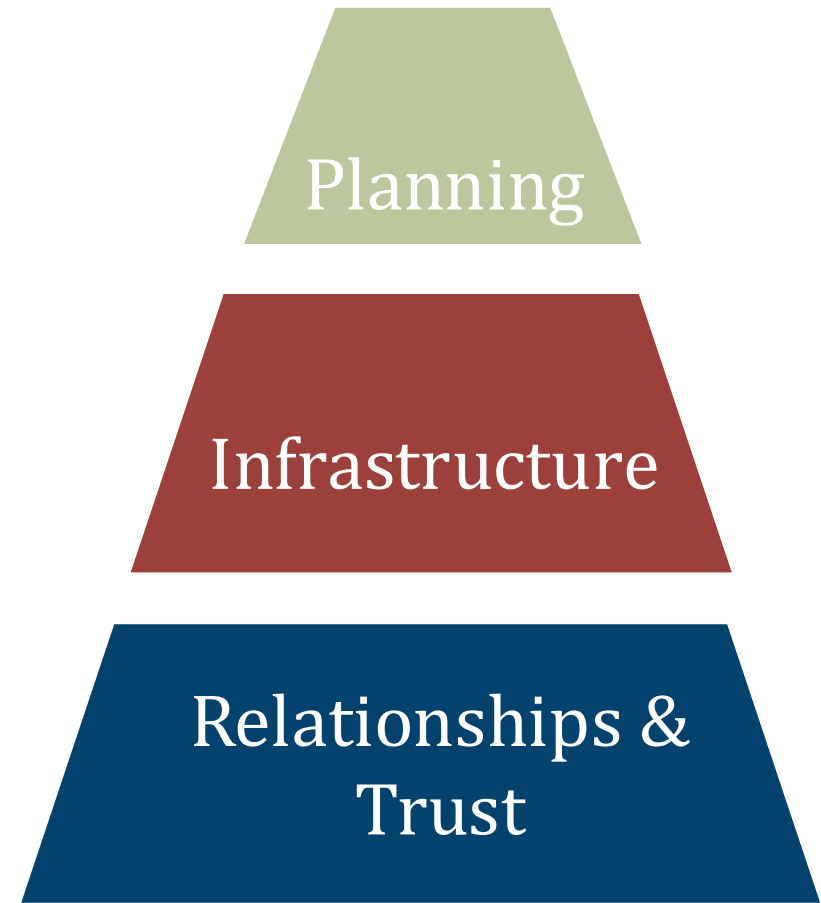
- Systematic change to the healthcare ecosystem is needed to truly preserve and revive rural health.
- In leading innovation programs such as the Pennsylvania Rural Health Model (PARHM) and the Rural Emergency Hospital Technical Assistance Center, our team has been on the frontlines of innovation and payment reform since inception.
- We serve as a central convenor of hospitals, payors, state and federal officials, contractors, and other relevant partners to drive stakeholder engagement that delivers transformative solutions.
- Our work continues to serve as a learning lab, influencing national policy across industries.



RHRC Lessons Learned From Its Implementation Experiences

- Fixed and predictable payments improve a hospital's financial position.
- CAHs and PPS hospitals greatly benefit by receiving their CMS payments in equal biweekly installments within the PARHM.
- REHs greatly benefit from receiving the fixed facility payment.
- The PARHM wasn't perfect, but it provided for a robust learning environment regarding what works and doesn't work within rural specific alternative payment frameworks
- Methodology for next-generation rural health sustainability efforts must go beyond payment and include robust transformation strategies including infrastructure planning

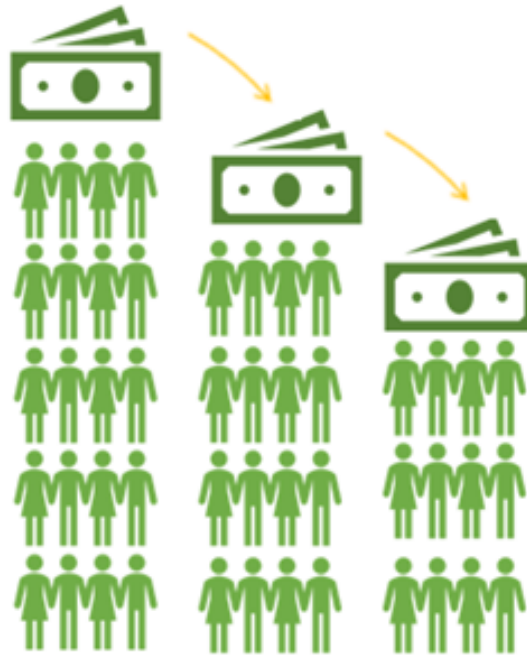
The most important lesson is that to achieve innovative change, it requires upfront investment to **authentically engage all stakeholders** in a way that fosters trust and aligns value for all parties.



What We Mean By Alternative Payment

Fee for Service

Hospital is paid for the # of services provided, but as the community is getting smaller, so is revenue



Current
Standard

Alternative Payment

Hospital is paid predictable revenue in exchange for keeping people healthy



Alternative payment coupled with population health efforts, provide predictable revenue while realigning incentives for hospitals to provide services that the community actually needs.

The Future of Rural Health Summit (2024)

Forty-two **experts in rural health services** and **policy** engaged in facilitated discussions representing:

- Rural hospitals
- Rural clinics, including Federally Qualified Health Centers and Rural Health Clinics
- Health services researchers
- All members of the RUPRI Health Panel
- Policy experts, including state offices of rural health
- Consulting expertise
- Practicing clinicians

The **vision** was a national framework adapted to diverse rural settings that includes **aligned financial incentives** and a **minimum floor of essential services**, plus **necessary and vital community services** relevant to the community's or regional needs (e.g., regional centers of excellence), that move **beyond the walls of the hospital** to include social, public health, and economic factors.

The **result** was a roadmap for addressing the needs of evolving rural healthcare systems and creating thriving rural communities.



Future of Rural Health: Roadmap to Action

Strengthening Rural Health

This document, published by RUPRI/NRHA/West Health, was informed by the Pennsylvania Rural Health Model. This road map provides a path to sustainability but needs alignment with CMS and the RHTP program to achieve the overarching objectives.

Full report can be found at: <https://rupri.org/wp-content/uploads/Report-Future-of-Rural-Health-Summit.pdf>

BUILDING A FRAMEWORK WITH SPECIFIC ELEMENTS

- LEVERAGE the full continuum of care
- Address Health-Related Social Needs (HRSN)
- Use the framework of the High-Performing Rural Health System to guide specific actions

ACTION

- Designing a local & regional decision-making structure
- Determine local needs and actions—an ongoing process taking advantage of changes in health care organization and delivery

TRANSITIONING TO A SUSTAINABLE SYSTEM IN THRIVING RURAL COMMUNITIES

- Transitioning health services finance
- Actions to re-organize health services
- Assuring high-quality rural health services

SPECIFIC ELEMENTS SUPPORTING THE RURAL HEALTH SYSTEM

- Blended Funds Flow
- Payment Policies
- Workforce Considerations
- Use of Technology & Data

POLICY ACTIONS

- Financing Rural Health Services
- Support workforce initiatives already underway
- Support current infrastructure, physical and organizational
- Undertake discussions and actions through local and regional coalitions of stakeholders in rural health



Is it too late?

NO!

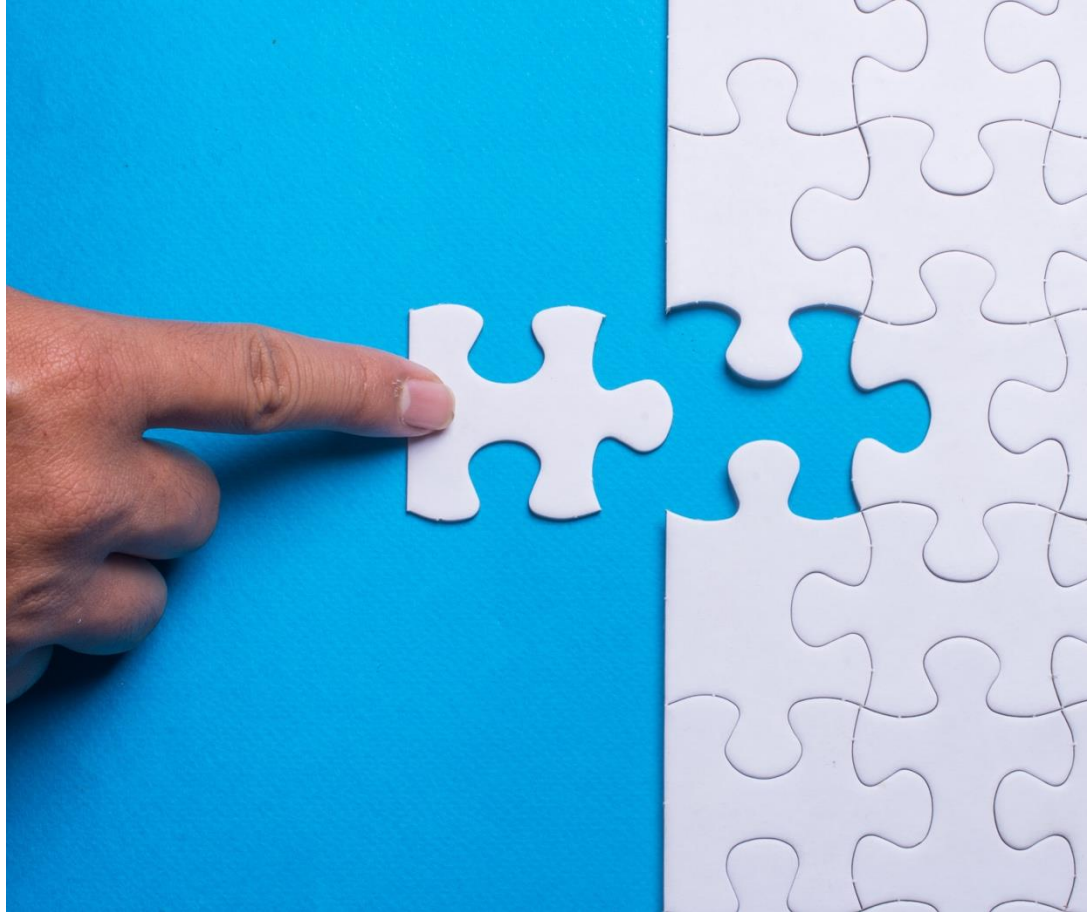
Even if your RHTP application did not include implementing or exploring an alternative payment model for rural health, your RHTP investments can still give you the foundation for rural health sustainability and prepare you to transition to an alternative payment model.





Project Overview

RHRC and Arnold Ventures



- Up to six (6) participating states will be eligible to receive a gap analysis comparing the activities and investments included in their approved RHTP applications with the Future of Rural Health framework.
- This process will be led by the Rural Health Redesign Center and learnings will be included in reports for Arnold Ventures and in the 'Blueprint for Rural Payment Reform' that will be a key tool for states looking to implement alternative payment solutions.

Gap Analysis Framework



Building a Framework with Specific Elements



Action



Specific Elements Supporting the Rural Health System



Policy Actions



Transitioning to a Sustainable System in Thriving Rural Communities

Future of Rural Health Recommendations

Specific recommendations for each pathway phase

Rural Health Transformation Plan

Specific activities and investments detailed in the RHTP

Gap Analysis

Assessment of alignment between RHTP and Pathway

Goals of the Gap Analysis

1. Highlight areas of opportunity for your state to support rural health sustainability
2. Provide recommendations on practical and concrete actions your state can take
3. Lay the groundwork to engage in successful rural payment reform efforts
4. Establish a baseline status report for evaluating your state's progress
5. Create a foundation for building relationships with providers, payers, and state agencies to support meaningful change
6. Collaborate and align with other states on shared goals and solving for barriers



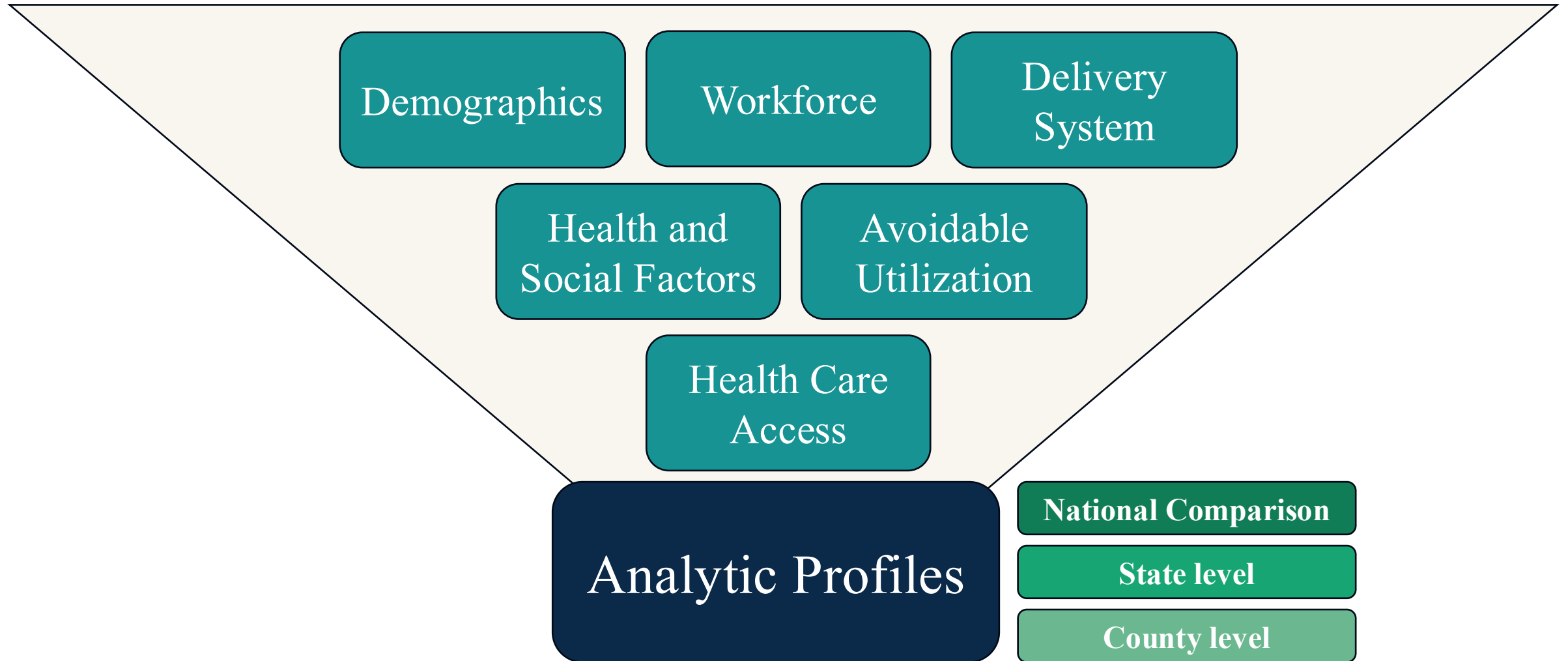


Analytic Profiles

- / Participating states will receive analytic profiles that combine data from disparate sources to support rural health care payment reform efforts**
- / Profiles will help states understand:**
 - Environment and factors to consider in rural payment reform (e.g., demographics, payer mix)
 - Challenges and opportunities, such as potentially avoidable health care utilization
 - Environment for payment transformation relative to the nation
 - Current and past federal payment reform model participation by in-state providers
- / Timing: Summer 2026**
- / States will decide whether to share the profiles publicly**



Creating State Analytic Profiles





How states can use the analytic profiles

- / From these profiles, we expect that states will be able to access valuable information to inform assessment of:**
 - Community factors that affect preparedness for payment transformation
 - Key areas for development to support payment transformation
 - Selection of value-based payment models, based on community characteristics, health care utilization, and provider/payer environment



Issue Briefs and Blueprint for Rural Payment Reform

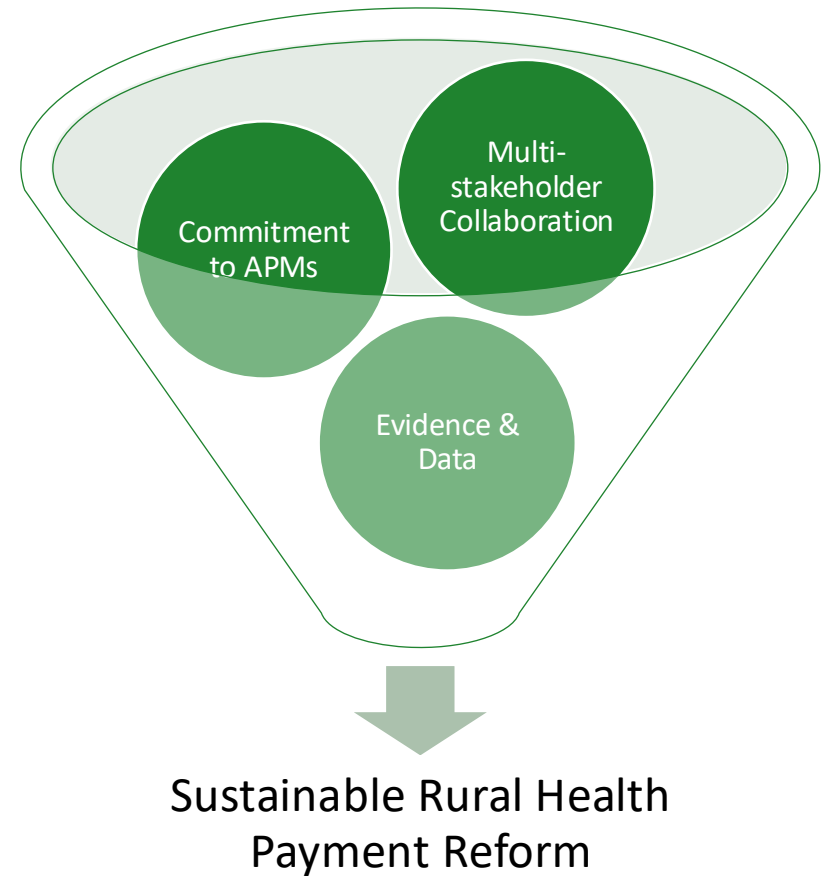
- / Goal: summarize and disseminate key learnings along the way, and create a state-informed synthesis that summarizes learnings and the path forward for rural payment reform**
- / Issue briefs: Summer and early fall**
- / Blueprint for Rural Payment Reform: January 2027**

Seeking State Teams...



That are committed to the following:

- Adopting alternative payment methodologies to improve care and patient outcomes
- Bending the cost trend
- Collaborating with stakeholders to ensure the adoption of realistic innovations that avoid unintended consequences
- Use evidence and data to inform policy and payment decisions



Next Steps: State Team Participation!

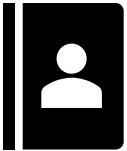
COMING
SOON

- **State Survey** to assess interest & capacity for participation – open 6/1 – 6/26
 - Teams must include state officials AND key stakeholders, i.e. providers, payers, CBOs, etc.
 - **Must complete survey to participate in key project components**
- **Next Call: June 16th @ 3pm ET**
 - Focus – How to move towards payment and delivery reforms in rural areas
 - All are welcome! Registration coming soon!

Thank you!



Key Contacts



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