Rural Hospitals At Risk and the Impact of COVID

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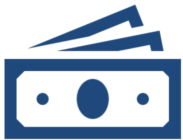
The Reality of Healthcare in Kansas prior to the pandemic

Kansas At A Glance

- Decreasing patient numbers created challenges in attracting/retaining talent and maintaining skills
  - 45 (36%) of the state's 126 hospitals had an average daily census of less than 2 patients



- Financial realities impacted access to capital investment, ongoing education and offering new technologies/techniques
  - 73% of Kansas hospitals were operating at a loss

- Health care plays a critical role in economic impacts for communities but significant number were at risk
  - Navigant ranksed Kansas as the state with the second highest number of rural hospitals at high financial risk (29); Kansas has the highest number of rural hospitals considered essential to their communities at high financial risk (25)

Pandemic Impact: Good and Bad

Changing utilization, staffing and levels of care in rural hospitals

- During peak periods, few or no Intensive Care Unit beds available in Kansas
- Patients traveled hundreds of miles, sometimes several states away, for critical care services
- Patients required isolation, respiratory care, proning and emotional support due to limited visitation
- Mass testing, screening, monoclonal antibody administration, vaccination, and personal protective equipment protocols were implemented almost overnight

Financial benefits and challenges

- Rural hospitals saw increases in average daily census as they cared for pandemic patients as well as those awaiting a critical care bed
- Staffing reached crisis levels, with hospitals paying up to $200 per hour for contracting nursing
- As employers returned to work, Certified Nursing Assistants and other front-line personnel sought opportunities and sign-on bonuses outside of health care
- Centers for Medicare and Medicaid proposed vaccine mandates deeply concern rural hospitals

Pandemic highlights rural gaps

- Broadband connectivity prevented immediate move to telehealth in some rural communities and into patient homes
- Public health department staffing and infrastructure required additional support from local hospitals/clinics
- Physician manpower challenges as same Medical Director for EMS, Public Health, Long Term Care, etc. in many rural communities
- Transportation and communication challenges as patients moved across the continuum of care

COVID Emergency Response Grant

EXPANDING RURAL TELEHEALTH THROUGH ENHANCED BROADBAND

Rawlins County Health Center, Atwood
Republic County Hospital, Belleville
Hanover Hospital, Hanover
Nemaha Valley Community Hospital, Seneca
Hiawatha Community Hospital, Hiawatha
Citizens Medical Center, Colby
Sheridan County Health Complex, Hoxie
Rooks County Health Center, Plainville
Clay County Medical Center, Clay Center
Memorial Hospital, Abilene
Gove County Medical Center, Quinter
First Care Clinic, Hays
Lawrence Memorial Hospital, Lawrence
Morris County Hospital, Council Grove
Ness County Hospital, Ness City
Rush County Memorial Hospital, La Crosse
The University of Kansas Health System Pawnee Valley Campus, Larned
Hodgeman County Health Center, Jetmore
Kingman Community Hospital, Kingman
Minneola District Hospital, Minneola
Comanche County Hospital, Coldwater
Medicine Lodge Memorial Hospital, Medicine Lodge

Hospital location
Number of patient participants per county

THE UNIVERSITY OF KANSAS HEALTH SYSTEM

Cares Act funding not enough to prevent closures: 2020 saw the largest single year of rural hospital closures in two decades

*National Rural Health Association National Rural Health Clinic/Critical Access Hospital Conference, September, 2021

Rural hospitals remain at risk

- 135 rural hospitals have closed, nationally, since implementation of the Affordable Care Act in 2010 due to 'death by a thousand cuts'
- Over 450, nearly one quarter of all rural hospitals in the US are vulnerable to closure
- 263 rural hospitals are considered at high risk, specifically based upon key financial and operational measures exhibited by hospitals prior to closure
- Pandemic relief funding assisted cash-strapped hospitals in the short-run but reporting and pay-back has begun

THE UNIVERSITY OF KANSAS HEALTH SYSTEM

Rural experts predict mid-2022 will see another round of hospital closures

Continued financial challenges

- March 2020 report to Congress demonstrated average rural hospital margin of -6.6%
- Medicare and Medicaid account for 56% of average rural hospital revenues, contributing significantly to negative operating margins due to sequestration, elimination of bad deb allowance and failure to expand Medicaid
- Medicare and Medicaid shift to ‘Value Based Programs’ rewarding quality and not quantity require investment in IT, staffing and equipment
- The rural challenge: “Fewer people and resources across a wide geographic area

THE UNIVERSITY OF KANSAS HEALTH SYSTEM

We Are Committed to Improving the Health of Kansans

In the Late '90s

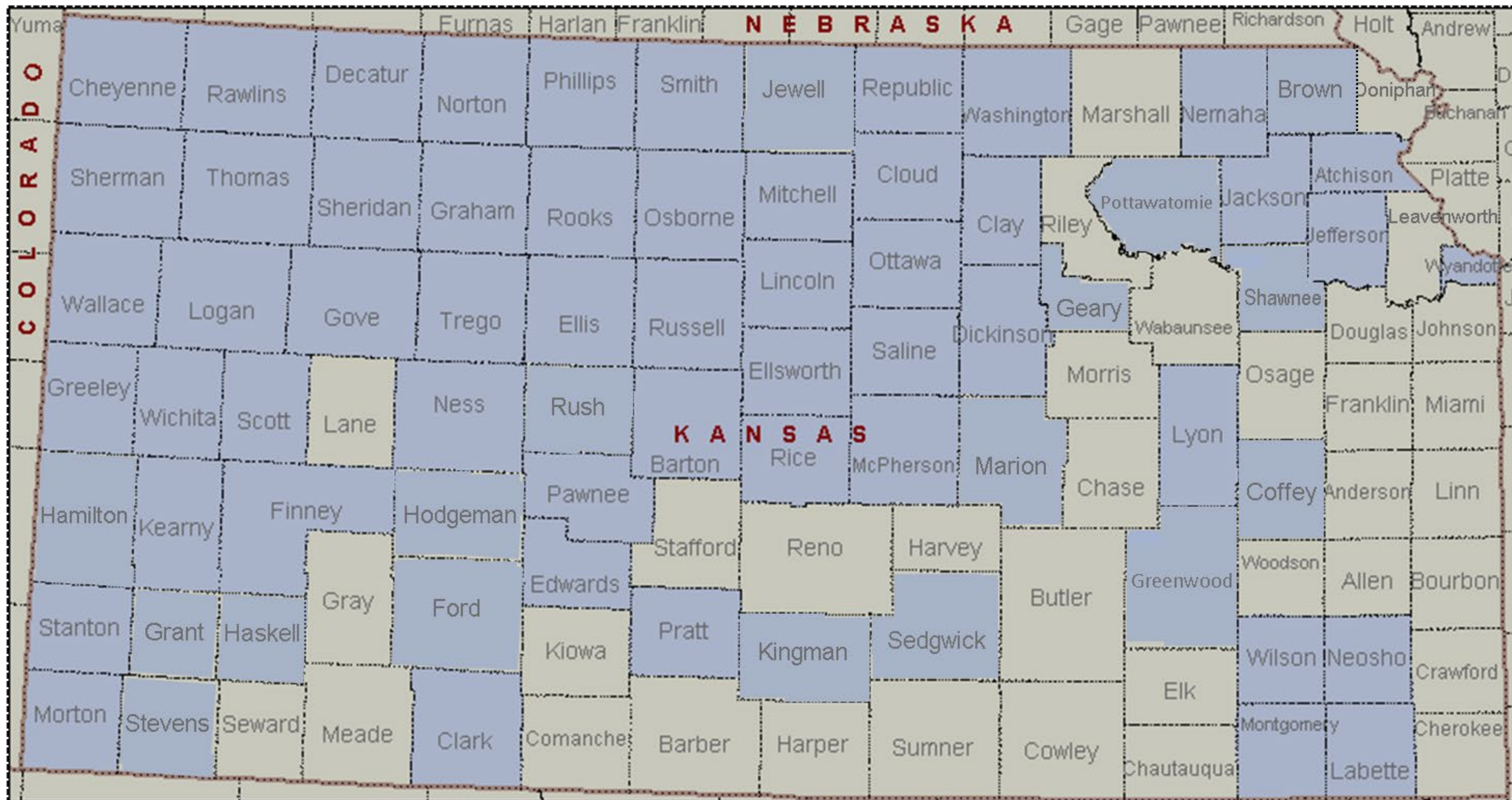
- 70% of our beds were empty
- Projected to lose $20M in 2000 and every year thereafter (many think that number was low)
- Struggling to attract patients
- Struggling to attract providers and staff
- Struggling to obtain supplies
- Struggling to change public perception of the care delivered here

How We Are Committed

- We continue to invest our intellectual and operational capabilities
  - Kansas Heart & Stroke Collaborative
  - UKHS Care Collaborative “we didn’t leave when the grant ran out”
  - Adding sepsis, heart failure, trauma and diabetes programming
  - Created Rural Accountable Care Organization bringing $4.3M in shared savings back to rural communities this year
- We are committed to helping imagine and design what healthcare in Kansas could look like

UKHS Care Collaborative

78 Members across 70 Kansas counties



*Represented in 70 Kansas counties

What Can Rural Health Care In Kansas Look Like?

Rural models under exploration

- Maintain rural ER and outpatient services including telehealth support
- Transitional care beds to assess need for inpatient services
- Partnership with neighboring hospital for inpatient care
- Strong EMS necessary for transfer of time critical patients and those requiring hospitalization
- Focus upon population health services including Chronic Care Management and Remote Patient Monitoring, shown to reduce Total Cost of Care by 22%

The University of Kansas Health System

Rural Emergency Hospital Program

Next Steps in Rural Health Transformation

- Objectives
  - Preserve local access to high quality essential services
  - Connect community to broader care continuum
  - Data-driven transformation
- Launch of federal Rural Emergency Hospital (REH) Program provides context for broader transformation efforts
  - KHA, Kansas Health Foundation, and United Methodist Health Ministry Fund facilitating rural community conversations
- Opportunity for TUKHS/Care Collaborative to provide boots-on-the-ground leadership and support for transformation
  - Complements KHA's role in building the case while providing planning and implementation support
  - Complements Center for Rural Health's role in performing research around new rural models of care

Pursuing the Opportunity

- Align with TUKHS' mission as academic medical center
  - Increase level of care patients can access close to home
- Avoid high cost associated with using economic integration (e.g., acquisition, facility management) as means to preserve local access to care
- Leverage existing relationships and resources
  - Care Collaborative clinical and tactical support
  - SHS operational/financial opportunities
  - TUKHS/KUMC Population Health analytics to target transformation priorities i.e. outmigration and SDOH

UC Davis – Anchor Institution

- Beginning in 2018, UC Davis re-imagined its role as safety net provider for Northern California
  - "[W]e can be the backstop for the entire region, while actively seeking partnerships with providers at lower-acuity institutions and helping them to up-level their care delivery capabilities, so that when patients reach our medical center, they truly need to be there…."
  - Focus on patient access to care regionally rather than lower-acuity "heads in beds" at UC Davis facility
  - UC Davis entered into new relationships with regional hospitals and other safety net providers including, but not limited to, expanded virtual visits and synchronous/asynchronous subspecialty support

D. Lubarksy and E. Keating, *Academic Medical Center as Collaborative Partner: Six Strategic Questions for a Reinvention*, NEJM Catalyst (August 2021)

Rural Health Transformation Network

- In CY22, Care Collaborative provides participating rural communities with individualized data and support and develops tools for facilitated decision-making
  - Compilation of relevant data on community health status
  - Trending reports generated from CMS data on local utilization and outmigration
  - Tools for service line evaluation
  - Convening conversations among regional and statewide providers
- In CY23, begin providing implementation support for rural communities with completed tactical plans (including REH conversion, if determined appropriate)

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Care Collaborative Workstreams

Evidence-Based Guidelines

Provide customization, implementation support, and performance assessment

- A. AMI and Stroke
- B. Stroke
- C. Heart Failure
- D. Diabetes *Medicaid APM*
- E. Cancer Screening/Survivorship
- F. COPD/Asthma
- G. Trauma
- H. Substance Use Disorder
- I. Dementia
- J. Palliative Care

Quality & Patient Safety

Partner with participants to advance optimal outcomes

- A. Patient Safety Incidents/ Performance Improvement Initiatives
- B. Quality Data Collection and Reporting
- C. Chronic Care Management & Remote Patient Monitoring
- F. Transportation (Mission Control)
- D. Participant Recruitment and Retention

Rural Health Transformation

Offer resources to improve rural health access and sustainability

- A. Data-Driven Market Analysis and Service Line Assessment
- B. REH Evaluation/ Service Line Rationalization
- C. Provider and Executive Recruitment
- D. Administrative Support Services **(e.g., purchasing, revenue cycle)**
- E. Governance
- F. Compliance
- G. Telehealth & Virtual Care

Population Health Mgmt. Operations and Innovation

Pursue new payment and delivery models to improve value and address social determinants

- A. ACO Performance & Reporting ***MSSP & Direct Contracting***
- B. ACO Value-Based Contracting ***Commercial Opportunities***
- C. Clinical Integration ***Single-Signature Payer Contracts***
- D. Post-Acute Care
- E. Integrated Behavioral Health
- F. Hospital-at-Home
- G. Local, State, & National Advocacy

Current Project | Planned Project

CMS Health Care Innovation rural program keys to success

- Successful experience in Value Based Care, demonstrating improved quality and reduced total cost of care
- Population health capabilities i.e. claims analytics, care coordination/chronic care management
- Telehealth capabilities and capacity including remote patient monitoring
- Claims analysis and data analytics capabilities
- Most importantly, TRUST

Questions?