American Hospital Association™

Advancing Health in America

25 Years of Going the Extra Mile

Michigan Critical Access Hospital Conference

November 10-11, 2022

Park Place Hotel, Traverse City, MI

American Hospital Association

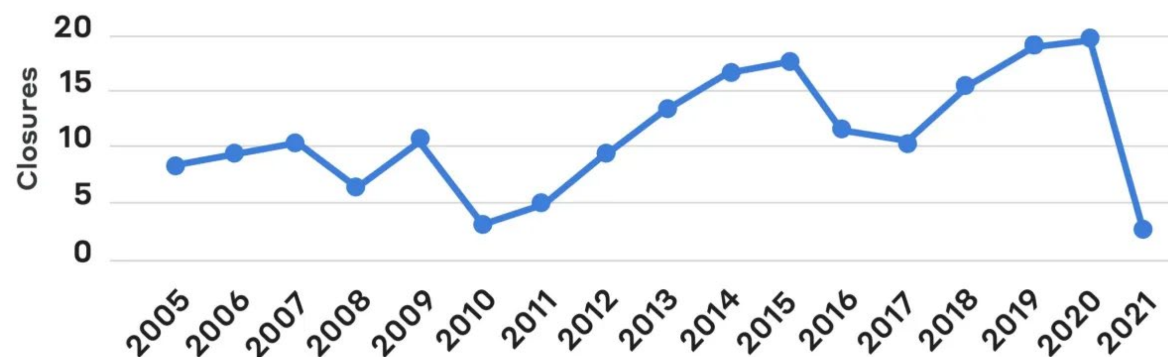
Rural Hospital Closures and Solutions: A Federal Update

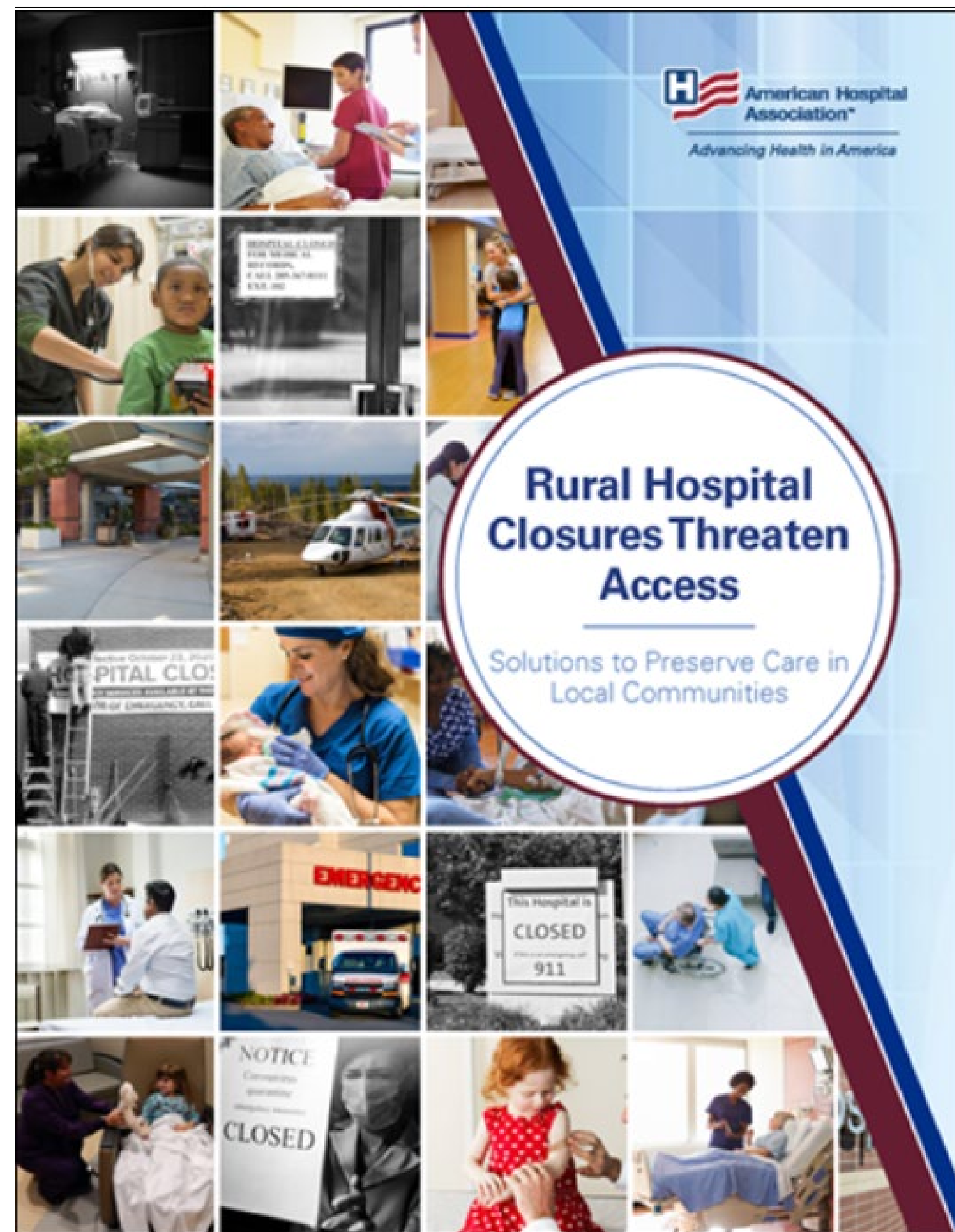
John T. Supplitt, Senior Director

AHA Rural Health Services

Rural Hospital Closures

- 136 closures between 2010 and 2021
- 19 closures in 2020





Understanding the triggers driving hospital closures.

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United States Government Accountability Office

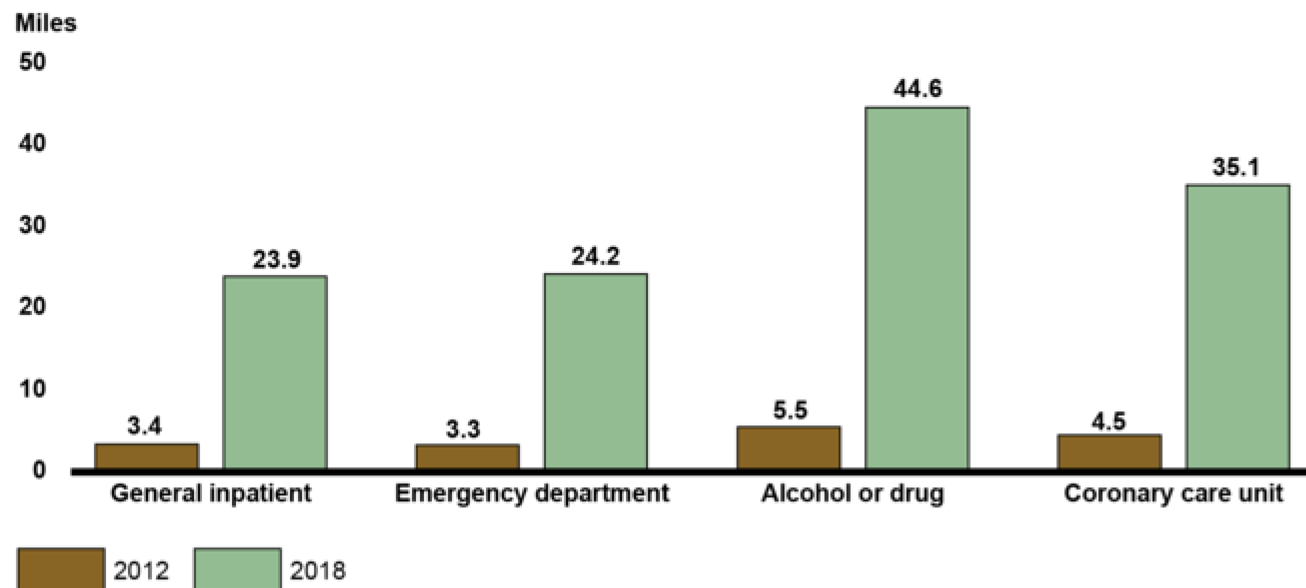
GAO

Report to the Ranking Member, Committee on Homeland Security and Governmental Affairs, United States Senate

December 2020

RURAL HOSPITAL CLOSURES

Affected Residents Had Reduced Access to Health Care Services



Source: GAO analysis of data from the Department of Health and Human Services and North Carolina Rural Health Research Program. | GAO-21-93

OBSTETRICS | U.S. Rural Hospitals

Rural hospitals provide access to obstetrical care close to home for millions of Americans. But now, that crucial lifeline is being threatened.

Rural community hospitals deliver nearly 1 in 10 babies in the U.S. The availability to local, timely access to care saves lives.

Rural hospitals accounted for 333,824 [9.5%] of the 3,505,115 total community hospital births in 2020.

1,796

There are 1,796 rural community hospitals in the U.S., slightly more than a third of all community hospitals.

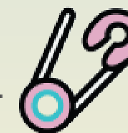
Rural hospitals represented 35% of the nation's 5,139 community hospitals in 2020.

Yet, nearly half of rural community hospitals did not offer obstetric services in 2020.

72% [1,292 of 1,796] of all U.S. rural community hospitals reported whether they offered obstetric services in 2020. Of these hospitals, 47% [601 of 1,292] indicated they did not provide obstetric services.

89

Between 2015 and 2019, there were at least 89 obstetric unit closures in U.S. rural hospitals.



More than 2.2 million women of childbearing age live in maternity care deserts (1,095 counties) that have no hospital offering obstetric care, no birth center and no obstetric provider.

Source: Nowhere to Go, March of Dimes, 2020.

SOURCE: Based on AHA Annual Survey Databases | www.ahadata.com | © 2022 by the American Hospital Association
For more information or to purchase access to AHA data | ahadatainfo@aha.org

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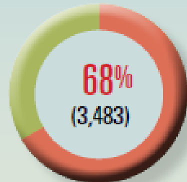
SYSTEM-AFFILIATED | U.S. Rural Hospitals

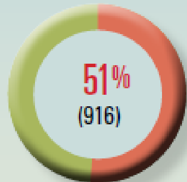
WHAT IS A SYSTEM-AFFILIATED HOSPITAL? A system-affiliation, as defined by AHA, involves an ownership, lease, sponsorship or contract-management relationship with a central health care organization.

» SYSTEM-AFFILIATED

While 68% of all US community hospitals are system-affiliated, only half of rural hospitals are part of a system.



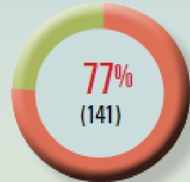
System-affiliated community hospitals



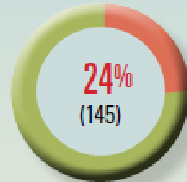
System-affiliated rural community hospitals

» INVESTOR-OWNED

Most investor-owned rural community hospitals are system-affiliated. State/local government rural community hospitals are least likely to be part of a system.



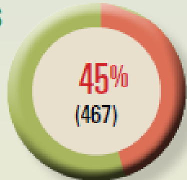
System-affiliated Investor-owned rural community hospitals



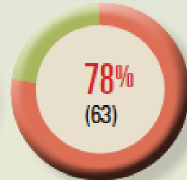
System-affiliated state/local government rural community hospitals

» CRITICAL ACCESS HOSPITALS

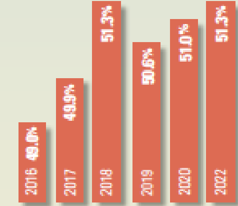
Critical access hospitals are somewhat less likely to be system-affiliated than all rural community hospitals, while rural referral centers are more apt to be in a system.



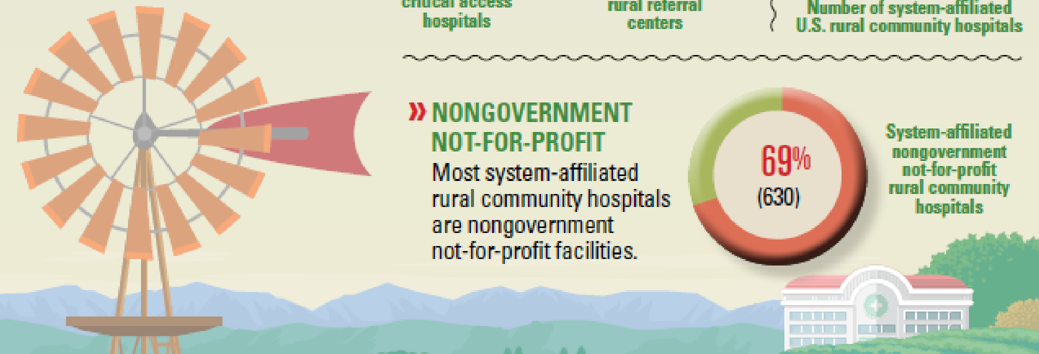
System-affiliated critical access hospitals



System-affiliated rural referral centers

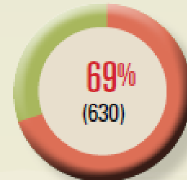


Number of system-affiliated U.S. rural community hospitals



» NONGOVERNMENT NOT-FOR-PROFIT

Most system-affiliated rural community hospitals are nongovernment not-for-profit facilities.



System-affiliated nongovernment not-for-profit rural community hospitals

WHAT IS A SYSTEM-AFFILIATED HOSPITAL?

A system-affiliation, as defined by AHA, involves an ownership, lease, sponsorship or contract-management relationship with a central health care organization.

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Health Professional Shortage Areas - Primary Care

Alaska

Legend

States

HPSA Score

1 - 13

14 - 17

18 and above

Non-HPSA

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Rural Hospitals: A Community's Anchor

DID YOU KNOW?

- Rural America includes approximately **63 million people**, about **19%** of the population and **97% of the geographic area of the USA**.
- There are **1,796 rural hospitals** that support nearly **1.7 million jobs**.
- Every dollar spent by a rural hospital produces another **$2.27 of economic activity**.
- A typical critical access hospital **employs 197 community members**.
- Rural hospitals handle more than **18.5 million emergency visits**.
- Rural hospitals support **1:12 rural jobs** in the U.S. and **$220 billion in economic activity**.

Access to primary care

Safe haven in times of emergency

Jobs

24/7 care

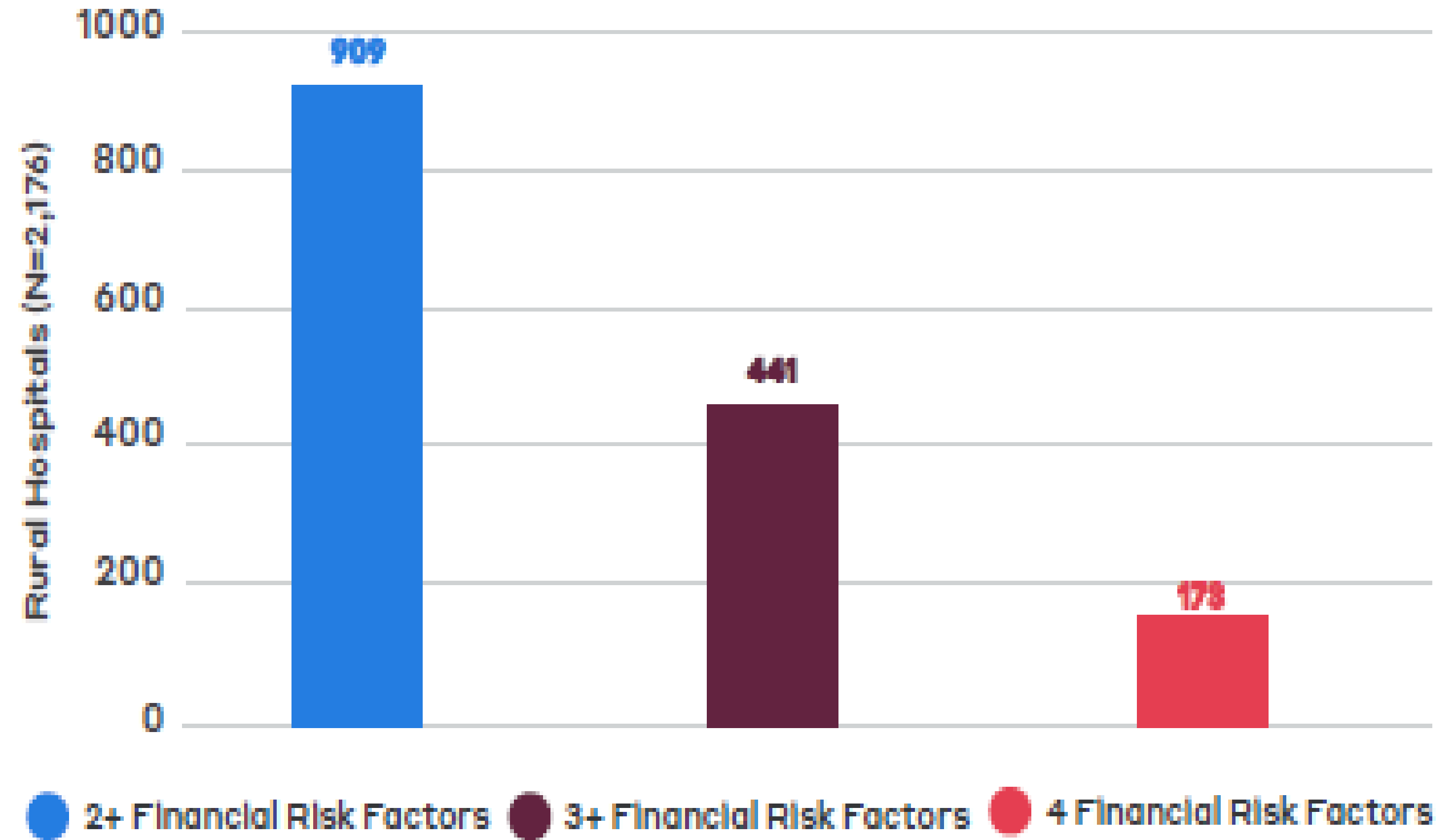
EMERGENCY

Community Partnerships to ensure wellness and total health

Tell Congress to protect health care in rural communities.

American Hospital Association

Financial stress affects rural hospitals, 2017-2020



Bipartisan Policy Center

Congressional Legislative Update

American Hospital Association™
Advancing Health in America

American Hospital Association
Advancing Health in America

Action Alert

- Stop the forthcoming 4% Statutory Pay-As-You-Go (PAYGO) **sequester**
- Extend, or **make permanent, the Low-volume Adjustment and the Medicare-dependent Hospital programs**
- Increase the number of **Medicare-funded graduate medical education positions** to address the need for additional physicians in the U.S.
- Finalize passage of the **Improving Seniors' Timely Access to Care Act**
- Make permanent the **expansion of telehealth services** and extend the **hospital-at-home** program
- Establish a **temporary per diem payment** targeted to hospitals to address the discharge of patients to post-acute care or behavioral facilities
- Create a **special statutory designation** for metropolitan anchor hospitals

117TH CONGRESS
1ST SESSION

S. 3018

To amend title XVIII of the Social Security Act to establish requirements with respect to the use of prior authorization under Medicare Advantage plans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 20, 2021

Mr. MARSHALL (for himself, Ms. SINEMA, Mr. THUNE, and Mr. BROWN) introduced the following bill; which was read twice and referred to the Committee on Finance

---

A BILL

To amend title XVIII of the Social Security Act to establish requirements with respect to the use of prior authorization under Medicare Advantage plans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the "Improving Seniors'
5 Timely Access to Care Act of 2021".

Seniors' Timely Access to Care Act, (HR 3173/S 3018)

This bill establishes several requirements and standards relating to prior authorization processes under Medicare Advantage (MA) plans.

Safety from Violence for Healthcare Employees Act

117TH CONGRESS
2D SESSION

H. R. 7961

To protect hospital personnel from violence, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 7, 2022

Ms. DEAN (for herself and Mr. BUCSHON) introduced the following bill; which was referred to the Committee on the Judiciary

---

A BILL

To protect hospital personnel from violence, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the "Safety From Violence
5 for Healthcare Employees Act" or the "SAVE Act".

Whoever knowingly assaults or intimidates an individual employed by a hospital, or an entity contracting with a hospital or other medical facility, during the course of the performance of the duties shall be fined under this title, imprisoned not more than 10 years, or both.

… uses a deadly or dangerous weapon or inflicts bodily injury, shall be fined under this title or imprisoned not more than 20 years, or both.

The Healthcare Cybersecurity Act
S 3904/HR 8806

- Improve collaboration and coordination between CISA and HHS
- Authorizing cybersecurity training for the Healthcare and Public Health (HPH) sector
- Analysis of cybersecurity risks to the HPH sector with a focus on:
  - impacts to rural hospitals
  - vulnerabilities of medical devices, and
  - cybersecurity workforce shortages

117TH CONGRESS
2D SESSION
S. 3904
[Report No. 117–177]

117TH CONGRESS
2D SESSION
H. R. 8806

To enhance the cybersecurity of the Healthcare and Public Health Sector.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2022

Mr. CROW (for himself and Mr. FITZPATRICK) introduced the following bill; which was referred to the Committee on Homeland Security

A BILL

To enhance the cybersecurity of the Healthcare and Public Health Sector.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the "Healthcare Cybersecu-
5 rity Act of 2022".

Restoring Hope for Mental Health and Well-Being Act

- Mental Health and Crisis Care Needs
- Substance use Disorder Prevention
- Treatment and Recovery Services
- Access to Mental Health Care and Coverage
- Supporting Children’s Mental Health Care Access

117TH CONGRESS
2D SESSION

H. R. 7666

To amend the Public Health Service Act to reauthorize certain programs relating to mental health and substance use disorders, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 2022

Mr. PALLONE (for himself and Mrs. RODGERS of Washington) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

A BILL

To amend the Public Health Service Act to reauthorize certain programs relating to mental health and substance use disorders, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**
4 (a) SHORT TITLE.—This Act may be cited as the
5 “Restoring Hope for Mental Health and Well-Being Act
6 of 2022”.

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Travel Nursing Agency Transparency Study Act

117TH CONGRESS
2D SESSION

S. 4352

To require a study on the effects of travel nurse agencies on the health industry during the COVID–19 pandemic.

IN THE SENATE OF THE UNITED STATES

JUNE 6, 2022

Mr. CRAMER introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

---

A BILL

To require a study on the effects of travel nurse agencies on the health industry during the COVID–19 pandemic.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the "Travel Nursing Agency
5 Transparency Study Act".

GAO STUDY ON TRAVEL NURSE AGENCIES. The Comptroller General of the United States shall conduct a study which shall include consideration of—

- the business practices and payment practices of such agencies, including any potential price gouging;
- the specific ways in which rural areas of the United States were affected by the rise of travel nursing across the country, and subsequent workforce shortage disparities;

2022 Rural Advocacy Agenda

Protect Rural Hospitals—including extenders

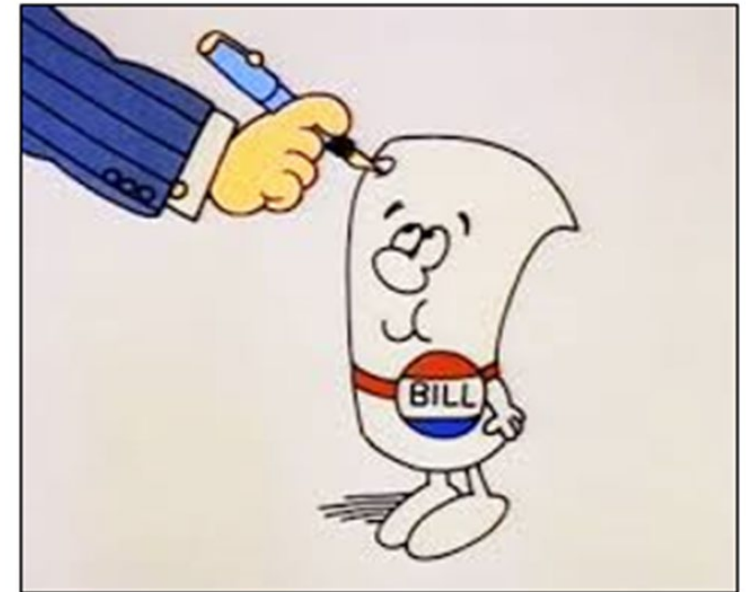
- HR 6700 Critical Access Hospital Relief Act
- H.R. 8747 Assistance for Rural Community Hospitals Act
- S. 4009 Rural Hospital Support Act

Protect Rural Moms & Babies

- H.R. 769/ S.1491 Rural MOMS Act
- H.R. 4387 Maternal Health Quality Improvement Act of 2021
- H.R. 959/ S. 346 Black Maternal Health Momnibus Act of 2021

Rural Public Health

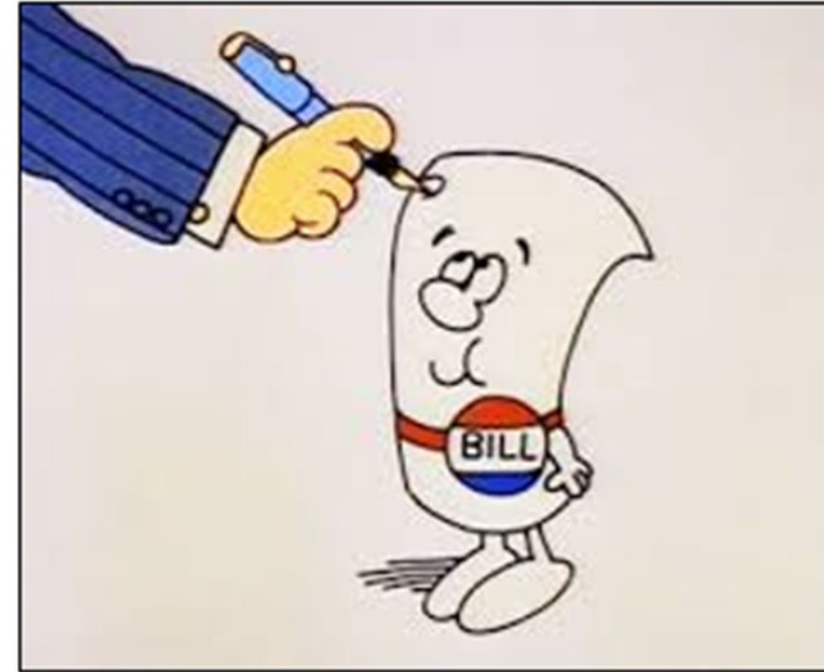
- S. 3799 - PREVENT Pandemics Act



2022 Rural Advocacy Agenda

Address the Workforce Shortage

- S 1810/HR 3541 Conrad State 30 and Physician Access Reauthorization Act
- S 924/HR 2130 Rural America Health Corps
- S 246/HR 851 Future Advancement of Academic Nursing Act professionals.
- S. 834/HR 2256 Resident Physician Shortage Reduction Act
- S.1024/H.R.2255 Expedite Visas for Highly Trained Foreign Health Care Workers



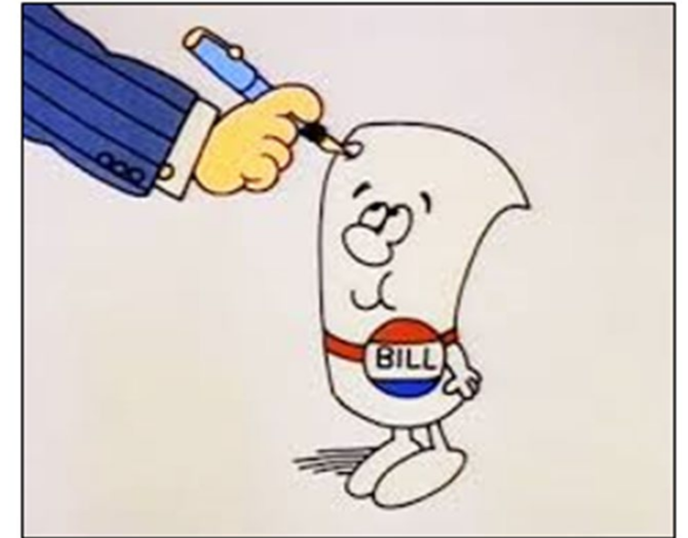
2022 Rural Advocacy Agenda

Telehealth

- HR 4040 Advancing Telehealth Beyond COVID-19 Act of 2021
- S. 1512/ H.R. 2903 CONNECT for Health Act
- S. 368/HR 1332 Telehealth Modernization Act

Protect 340B

S 773/HR 3203 Protect 340B DSH Hospitals



Emergency Medical Services

S. 2037/HR 2454 Protecting Access to Ground Ambulance Services

Policy, Regulations and Rulemaking Update

American Hospital Association™

Advancing Health in America

Telehealth Extenders Expire 151 Days After PHE Ends – House Passed 2-Year Extension in July

- Expand originating sites
- Expand eligible practitioners to furnish telehealth services
- Extend the ability for RHCs and FQHCs to furnish telehealth
- Delaying the 6-month in-person requirement for mental health services furnished through telehealth
- Audio-only telehealth services
- Allow telehealth to meet the face-to-face recertification requirement for hospice care

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Parts 412, 413, 482, 485, and 495

[CMS–1771–F]

RIN 0938–AU84

Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year 2023 Rates; Quality Programs and Medicare Promoting Interoperability Program Requirements for Eligible Hospitals and Critical Access Hospitals; Costs Incurred for Qualified and Non-Qualified Deferred Compensation Plans; and Changes to Hospital and Critical Access Hospital Conditions of Participation

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Final rule.

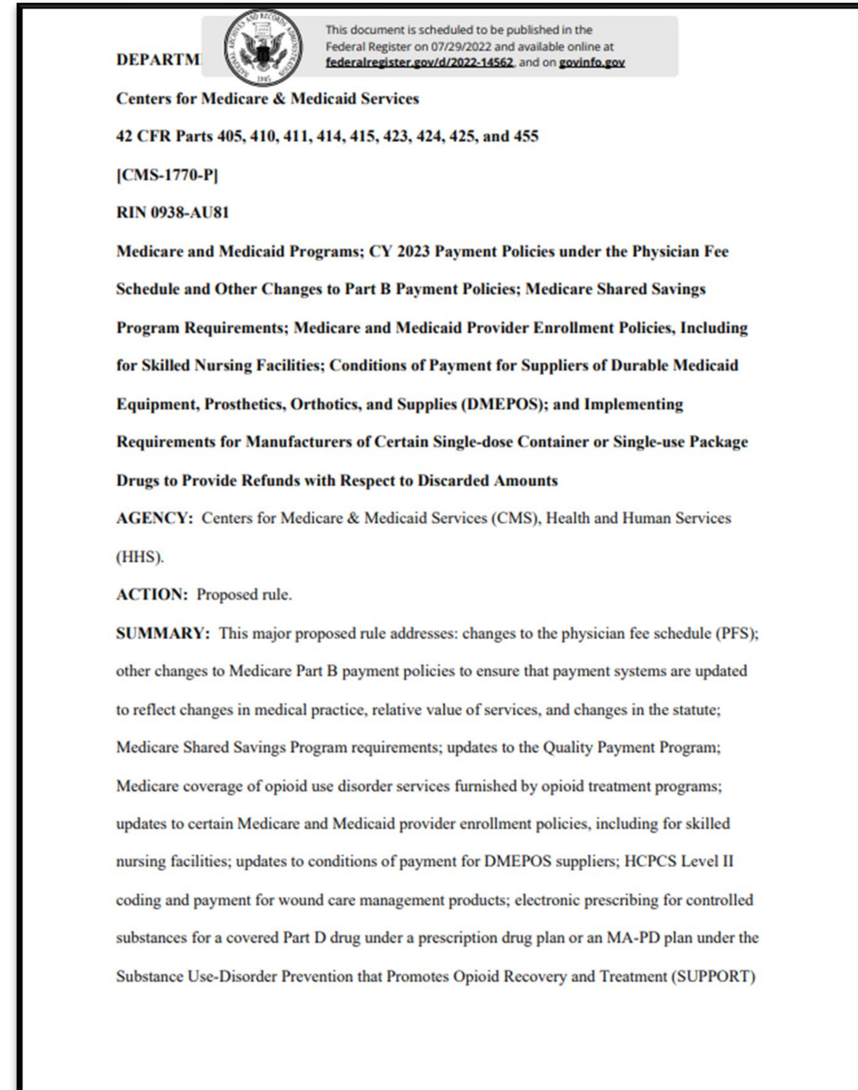
CMS final rule for hospital inpatient PPS for FY 2023

1. IPPS payment rate was increased to 4.3%, or $2.6B
2. Establishing new GME policies
3. 10 new quality including 3 health equity-focused measures
4. Finalized a proposed requirement for continued COVID-19-related reporting
5. Finalizing the new hospital designation to identify "Birthing-Friendly" hospitals
6. Permanently apply a 5% cap on any decrease in a hospital’s area wage
7. MDH/LVA set to expire

Medicare Physician Fee Schedule Final Rule

Rural-relevant proposals include:

- Conversion Factor
- Telehealth: Audio Visits/Temporary Services
- Medicare Shared Savings Program
- Behavioral Health Incident to Physician Services



This document is scheduled to be published in the Federal Register on 07/29/2022 and available online at federalregister.gov/d/2022-14562, and on govinfo.gov

DEPARTM

Centers for Medicare & Medicaid Services

42 CFR Parts 405, 410, 411, 414, 415, 423, 424, 425, and 455

[CMS-1770-P]

RIN 0938-AU81

Medicare and Medicaid Programs; CY 2023 Payment Policies under the Physician Fee Schedule and Other Changes to Part B Payment Policies; Medicare Shared Savings Program Requirements; Medicare and Medicaid Provider Enrollment Policies, Including for Skilled Nursing Facilities; Conditions of Payment for Suppliers of Durable Medicaid Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS); and Implementing Requirements for Manufacturers of Certain Single-dose Container or Single-use Package Drugs to Provide Refunds with Respect to Discarded Amounts

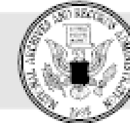
AGENCY: Centers for Medicare & Medicaid Services (CMS), Health and Human Services (HHS).

ACTION: Proposed rule.

SUMMARY: This major proposed rule addresses: changes to the physician fee schedule (PFS); other changes to Medicare Part B payment policies to ensure that payment systems are updated to reflect changes in medical practice, relative value of services, and changes in the statute; Medicare Shared Savings Program requirements; updates to the Quality Payment Program; Medicare coverage of opioid use disorder services furnished by opioid treatment programs; updates to certain Medicare and Medicaid provider enrollment policies, including for skilled nursing facilities; updates to conditions of payment for DMEPOS suppliers; HCPCS Level II coding and payment for wound care management products; electronic prescribing for controlled substances for a covered Part D drug under a prescription drug plan or an MA-PD plan under the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT)

CMS final rule for Hospital Outpatient PPS for CY 2023

- Conversion Factor
- 340B-Acquired Drugs
- Outpatient Mental Health Services
- Supervision of Diagnostic Tests



This document is scheduled to be published in the Federal Register on 07/26/2022 and available online at federalregister.gov/d/2022-15372, and on govinfo.gov

de: 4120-01-P]

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Parts 405, 410, 411, 412, 413, 416, 419, and 424

[CMS-1772-P]

RIN 0938-AU82

Medicare Program: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Organ Acquisition; Rural Emergency Hospitals: Payment Policies, Conditions of Participation, Provider Enrollment, Physician Self-Referral; New Service Category for Hospital Outpatient Department Prior Authorization Process; Overall Hospital Quality Star Rating

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Proposed rule.

REH/CAH Conditions of Participation

- Additional Outpatient Services
- Provider-based Rural Health Clinics
- REH Staffing
- Transfer Agreements

FEDERAL REGISTER

The Daily Journal of the United States Government

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Parts 485 and 489

[CMS–3419–P]

RIN 0938–AU92

Medicare and Medicaid Programs; Conditions of Participation (CoPs) for Rural Emergency Hospitals (REH) and Critical Access Hospital CoP Updates

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Proposed rule.

s document is scheduled to be published in the
deral Register on 07/26/2022 and available online at
deralregister.gov/d/2022-15372, and on govinfo.gov

de: 4120-01-P]

AND HUMAN SERVICES

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Policies, Conditions of Participation, Provider Enrollment,

Physician Self-Referral; New Service Category for Hospital Outpatient Department Prior

Authorization Process; Overall Hospital Quality Star Rating

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Proposed rule.

REH Payment Policies

FEDERAL REGISTER

The Daily Journal of the United States Government

- Covered Outpatient Services
- Payment of Covered Services
- Payment of non-Covered Services
- Monthly Payments
- Cost Reporting

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Parts 485 and 489

[CMS–3419–P]

RIN 0938–AU92

Medicare and Medicaid Programs; Conditions of Participation (CoPs) for Rural Emergency Hospitals (REH) and Critical Access Hospital CoP Updates

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Proposed rule.

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de: 4120-01-P]

N SERVICES

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Physician Self-Referral; New Service Category for Hospital Outpatient Department Prior

Authorization Process; Overall Hospital Quality Star Rating

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Proposed rule.

CAH CoP Mileage Rule

- **Clarifies the definition for "primary roads" in the location and distance requirements for CAHs**
  - "numbered Federal high way; or a numbered state highway with two or more lanes each way"
- **Mileage requirement review process**
  - Data-driven review process for all hospitals within 50-mile radius of the CAH
  - Automatic recertification for CAHs with no new hospitals within 50-mile
  - CAHs with new hospitals within 50-mile radius will be subject to additional review

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Litigation

AHA's current and active policy-related litigation

- ✓ No Surprises Act Regulation
- ✓ 340B Contract Pharmacy – Intervention
- ✓ 340B Contract Pharmacy
- ✓ 340B Payment Reductions
- ✓ Disclosure of Negotiated Charges
- ✓ Site Neutral Payment Policy
- ✓ HHS Deadlines for Deciding Appeals

In addition, AHA has filed dozens of Amicus or "Friend-of-the-Court" briefs.

340B OPPS Litigation and Contract Pharmacy

340B OPPS Payments

- Supreme Court rules in favor of hospitals
  1. Unanimous decision in favor of hospitals
  2. Motion to Remedy HHS' Unlawful Cuts
  3. Motion to Include 2020-2022 Reimbursement Cuts
  4. Motion to Immediately Halt HHS' Unlawful Reimbursement Cuts for the Remainder of 2022
  5. Repayment begins October 2022 for all years

Contract Pharmacy

- Drug manufacturers limit distribution of certain drugs with contract pharmacy arrangements: updates
- Urge HHS to enforce statute
- Support HHS in legal challenges including filing amicus brief supporting HRSA in Novartis/UT case

No. 20-1114

IN THE

Supreme Court of the United States

AMERICAN HOSPITAL ASSOCIATION, et al.,

Petitioners,

v.

XAVIER BECERRA, in his official capacity as the Secretary of Health and Human Services, et al.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

REPLY BRIEF FOR THE PETITIONERS

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Counsel for Petitioners

No Surprises Act - Update

- **Federal Independent Dispute Resolution Process**
  - IDR entities must consider the Qualifying Payment Amount
  - IDR entities must issue written decisions
  - Payers must identify when they have downcoded a claim
- **Uninsured/Self-pay Good Faith Estimates**

American Hospital Association™
Advancing Health in America

Medicare Advantage

Washington, D.C. Office
800 10th Street, N.W.
Two CityCenter, Suite 400
Washington, DC 20001-4956
(202) 638-1100

August 31, 2022

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
7500 Security Blvd
Baltimore, MD 21244

Re: CMS-4203-NC, Medicare Program; Request for Information on Medicare

Dear Administrator Brooks-LaSure:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations and our clinician partners — including more than 270,000 affiliated physicians, two million nurses and other caregivers — and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) appreciates the opportunity to provide comments in response to the Centers for Medicare & Medicaid Services' (CMS) Request for Information (RFI) regarding the Medicare Advantage (MA) program.

AHA submitted comments Aug 31 on CMS' Request for Information on MA oversight

- Raised concerns over MA practices and policies that restrict/delay access to care
- Provided considerations for health equity, behavioral health access, and post-acute care services
- Outlined implications for continued enrollment growth in the program

Hospital and System Operational Priorities

A Cybersecure Environment

Key strategies to bolster your defenses and strengthen your response capabilities:

1 | Take a critical and objective look at your existing TPRM program framework.

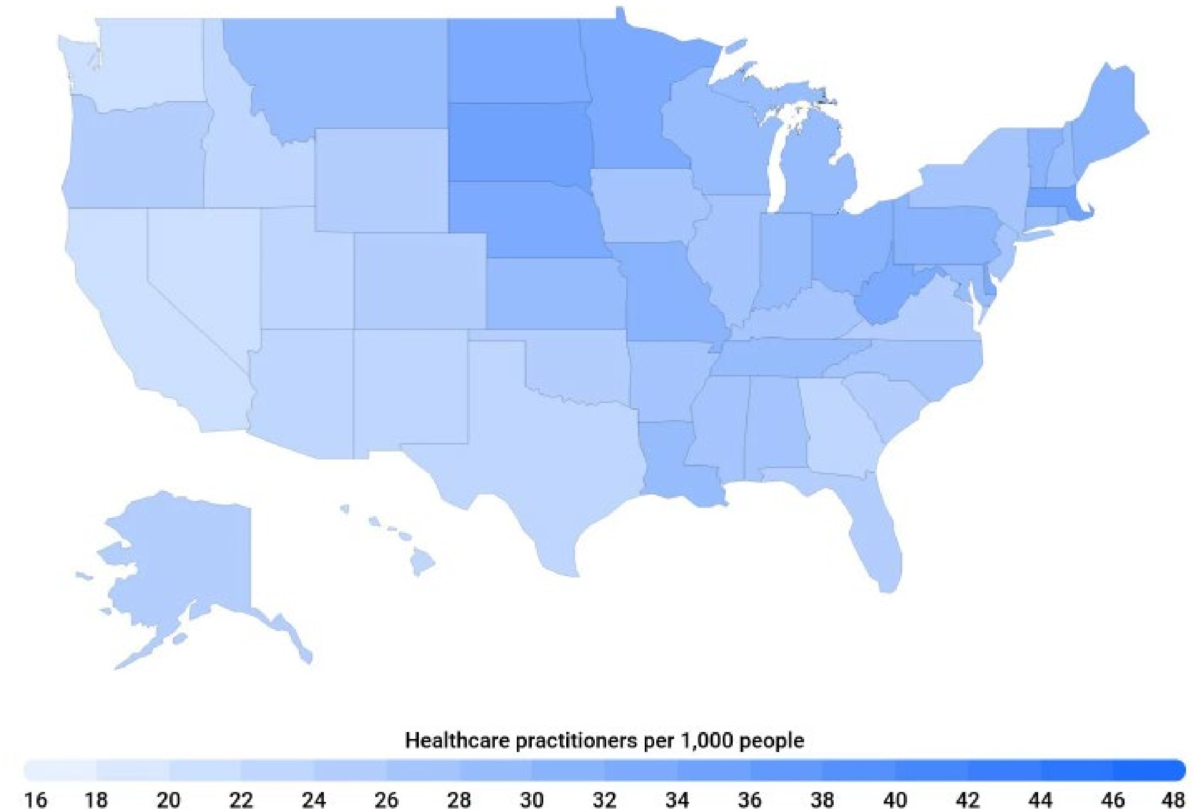
2 | Implement third-party, risk-based controls and cyber-insurance requirements based on identified risk levels.

3 | Consistently and clearly communicate third-party, risk-management policies, procedures and requirements internally.

4 | Prepare intensively for incident response and recovery.

Workforce Shortages and Response

- Creative staffing
- Well-being and violence prevention
- Stabilization and retention
- Data tools to address current staffing gaps
- Care model re-design
- Use of technology to extend care teams
- Leadership training/development
- Educational pipeline
- Workforce analytics and forecasting
- Workforce strategic planning



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AHRMM
Advancing Health Care through
Supply Chain Excellence

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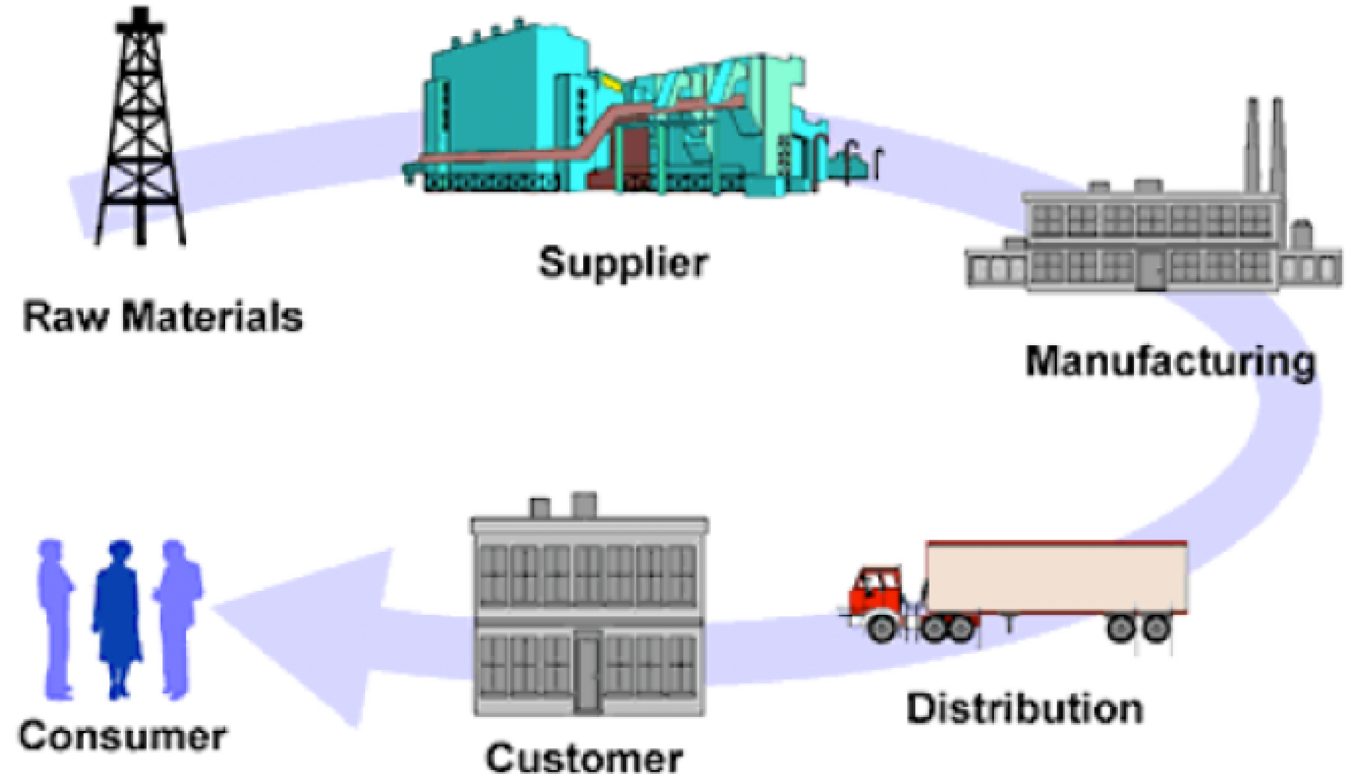
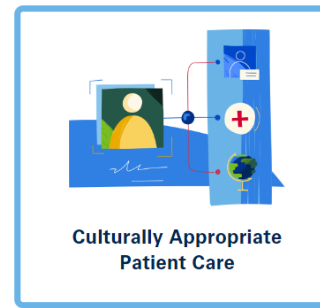
Supply Chain Resource Council (SCRC) Report

Supply Chain Issues

- **Resilience efforts**
  - FDA: Resilient Supply Chain Program for medical devices
  - ASPR: Supply Chain Resilience Work Group



Health Equity Priorities



FORHP Areas of Impact for Health Equity

The Federal Office of Rural Health Policy (FORHP) collaborates with rural communities and partners to support community programs and shape policy that will improve health in rural America.

Cross Agency Collaboration

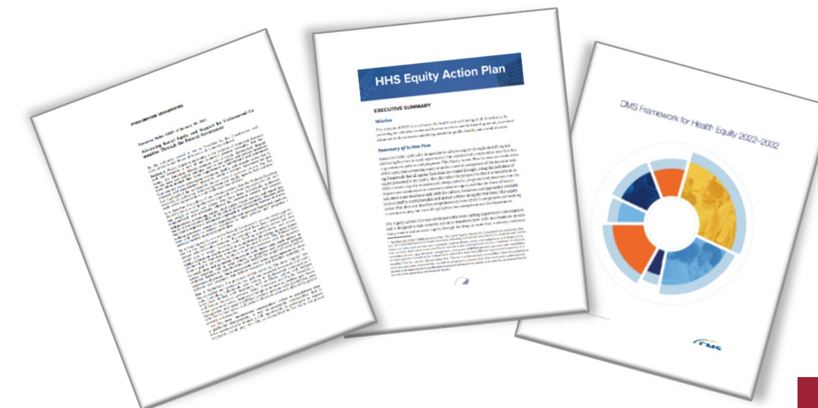
Works across HRSA, HHS, and several other federal partners to accomplish its goals

Capacity Building

Increases access to health care for people in rural communities through grant programs and public partnerships

Voice for Rural

Advises the HHS Secretary on policy and regulation that affect rural areas



improve
system
help
payment
develop
models
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Services
care
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patients

Initiatives to Accelerate the Development and Testing of New Payment and Service Delivery Models

CHART Model

This model aims to empower rural communities to develop a high quality care delivery system through new seed funding, payment structures, operational and regulatory flexibilities and technical and learning support.

Stage: Announced

Community Health Access and Rural Transformation (CHART) Model

Community Transformation Track	
NOFO / Application portal opens†	September 15, 2020
Application deadline	March 16, 2021
LO/Awardee selection	July 2021
Pre-implementation period	August 2021 – December 2022
Performance periods	January 2023 – December 2028

Community Transformation Track

The CHART Model Community Transformation Track aims to catalyze modernization of rural health delivery systems through three pillars: Upfront funding, Operational Flexibilities, and APMs.

Investment & Transformation

Cooperative Agreement Funding	Transformation Plan	Capitated Payment APM
Seed funding to facilitate community transformation	Quality Strategy & Operational Waivers	Prospective & Predictable Bi-Weekly Payments

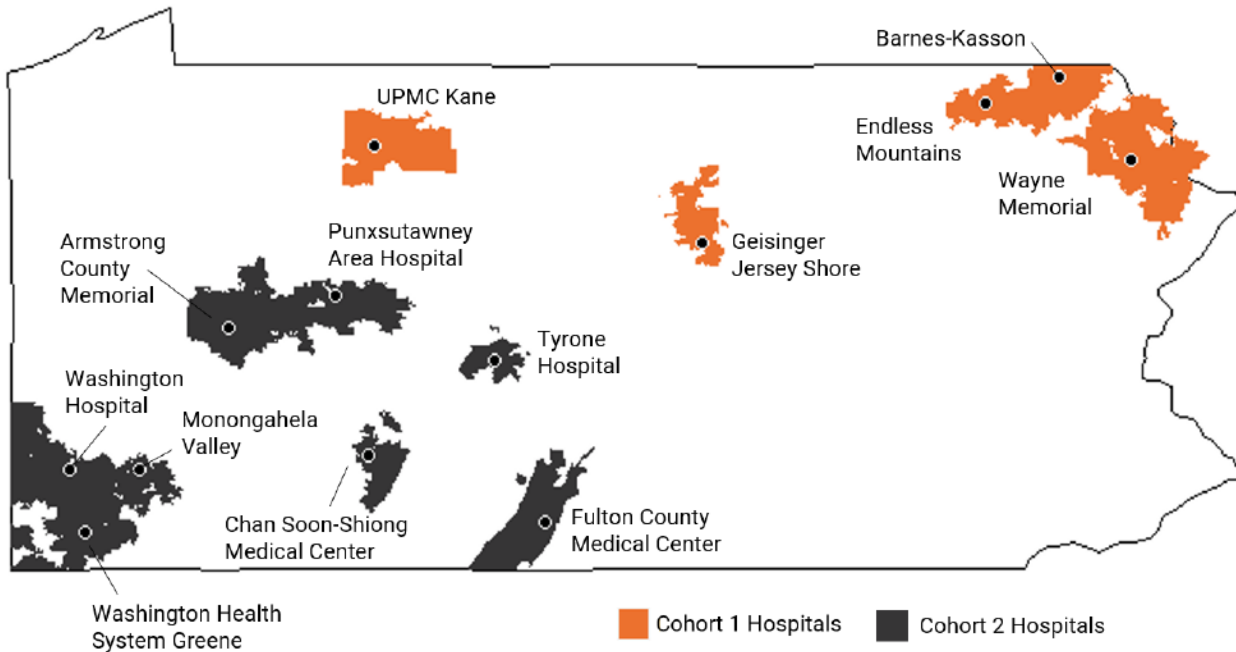
Impact

Improved quality of care and health outcomes for rural beneficiaries

Improved access to care for rural beneficiaries

Increased financial sustainability for rural providers

Models of VBP & CHART



ACO Investment Model

Source: Centers for Medicare & Medicaid Services

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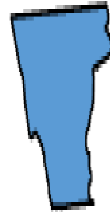
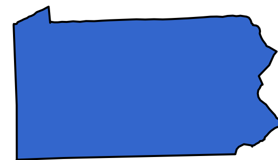
Initiatives to Accelerate the Development and Testing of New Payment and Service Delivery Models

Regional Budget Payment Concept

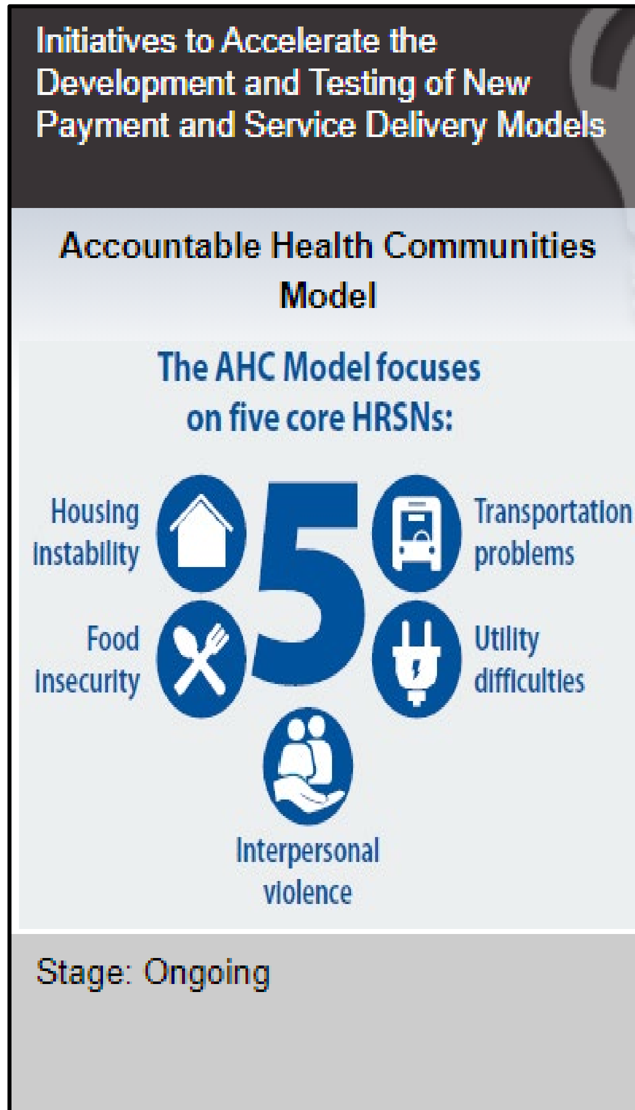
The Centers for Medicare and Medicaid Services is seeking input on the feasibility of regional multi-payer prospective budgets as a potential payment model and potential for rural areas.

Stage: Ongoing

CMMI global budgets/all payer models

All-payer model	Novel test	Medicare flexibility
Maryland	Hospital global budgets to decouple hospital revenues from volume and incentivize prevention and wellness	Allow global budgets to determine Medicare payment amounts to Maryland hospitals
 Vermont	ACOs at scale statewide to incent value and quality under the same payment structure throughout the delivery system	OneCare Vermont is currently the sole ACO operating in the state..
 Pennsylvania	Hospital global budgets for rural hospitals and a deliberate plan to improve quality and efficiency across services and service lines	Allow global budgets to determine Medicare payments to participating Pennsylvania rural hospitals

Accountable Health Communities Model



AHC Model requirements:

1. identify and partner with clinical delivery sites to screen for SDOHs and make referrals
2. connect high-risk community-dwelling beneficiaries to community service providers
3. align model partners to optimize community capacity to address health-related social needs

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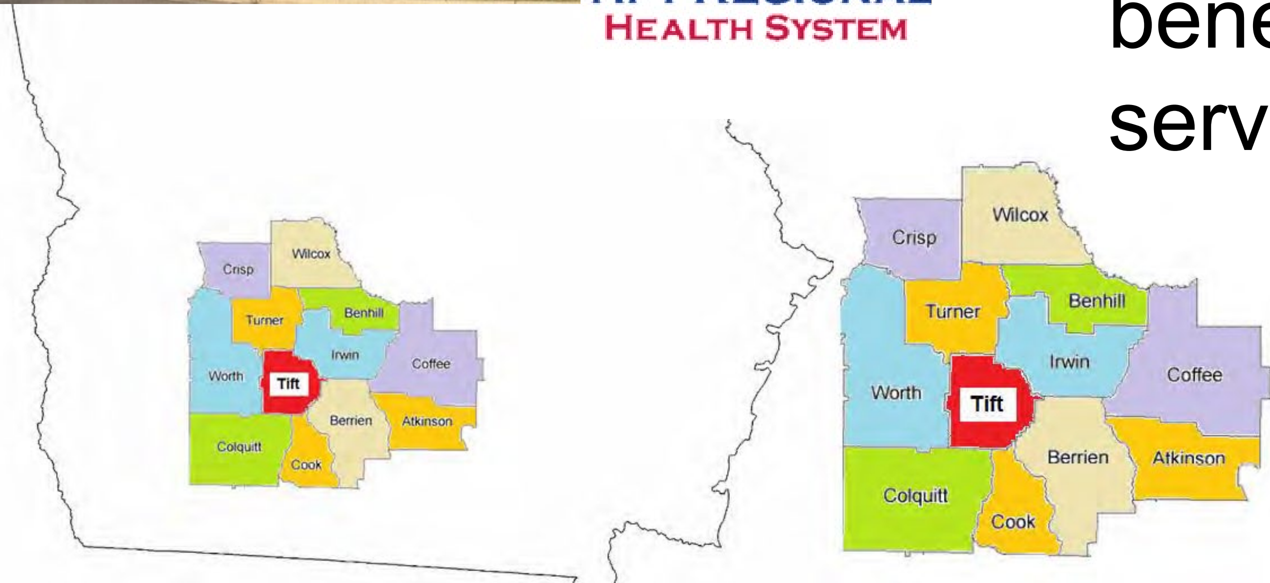

Accountable Health Communities Model

Assistance Track – Provide community service navigation services to ***assist*** high-risk beneficiaries with accessing services.

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New Models of Payment and Delivery in Action

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RURAL POLICY RESEARCH INSTITUTE
Center for Rural Health Policy Analysis

Rural Health Value
UNDERSTANDING AND FACILITATING RURAL HEALTH TRANSFORMATION.

Stratis Health

2020 Report to Congress

CENTER FOR MEDICARE AND MEDICAID INNOVATION

Bright Spots

Case Studies in Innovative Rural Healthcare

TEXAS A&M HEALTH
A&M Rural and Community Health Institute

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Stratis Health

Rural Health System Value-Based Care Innovators Roundtable: Strategies and Insights

October 2022

mln BOOKLET

PRINT-FRIENDLY VERSION

KNOWLEDGE • RESOURCES • TRAINING

HOSPITAL VALUE-BASED PURCHASING

Page 1 of 14 ICN MLN907664 June 2020

CMS Medicare Learning Network

CMS Findings at a Glance

ACO Investment Model (AIM)

Final Evaluation of Three AIM Performance Years

Model Overview

CMS Findings at a Glance

Frontier Community Health Integration Project (FCHIP)

Evaluation of Model (2016-2019)

Findings

Ambulance – 2 Participating CAHs

"It's helped us beef up our staffing and we've been able to get equipment we wouldn't otherwise have been able to get because money on if we didn't have money to cover the staff."
–CAH Administrator

CMS Findings at a Glance

Bundled Payments for Care Improvement Advanced (BPCI Advanced) Model

Model Years 1, 2 & 3 (through January 1, 2020)

HOSPITAL FINDINGS THROUGH THE FIRST TEN MONTHS

PAYMENT

Reduction in payments were primarily driven by reductions in skilled nursing facility (SNF) and inpatient rehabilitation facility (IRF) payments.

UTILIZATION

Fewer patients were discharged to an institutional post-acute care facility, such as a SNF or IRF. For patients who had a SNF stay, the average stay was shorter.

QUALITY

Quality of care was generally maintained. Beneficiary surveys indicated no differences in self-reported changes in functional status, care experience, or satisfaction with care between BPCI Advanced and comparison respondents.

NET MEDICARE SPENDING

Despite hospitals reducing average episode payments in seven out of 13 clinical episodes analyzed over the first 10 months, after accounting for reconciliation payments made to participants, Medicare experienced estimated net losses under BPCI Advanced.

$134.6 million decline in fee-for-service payments – $293.3 million reconciliation payments paid out by CMS = $158.6 million estimated net loss

Clinical Episode	Decline in FFS Payments	Reconciliation Payments	Net Savings to Medicare	Percent Savings
Congestive Heart Failure	$14,971,891 *	$80,043,888	($65,071,997) *	-6.1%
Sepsis	$48,524,675 *	$105,962,104	($57,437,429) *	-2.8%
SPRI	$1,153,440	$28,984,998	($27,831,558) *	-4.4%
Stroke	$12,730,868 *	$24,434,484	($11,703,616) *	-2.2%
Renal failure	$2,108,594	$12,074,252	($9,965,658) *	-3.0%
COPD, Bronchitis, Asthma	$8,608,719 *	$18,390,596	($9,781,877) *	-2.6%
Cardiac Arrhythmia	$3,423,815	$11,897,536	($8,473,721) *	-2.9%
Acute Myocardial Infarction	$3,042,421	$7,449,651	($4,407,230)	-1.7%
Gastrointestinal Hemorrhage	($545,092)	$2,141,134	($2,686,226)	-1.7%
PCI (Outpatient)	$1,531,004	$677,957	$853,047	1.2%
Hip & Femur Procedures	$10,364,908 *	$4,429,872	$5,935,036 *	2.2%
Urinary Tract Infection	$12,796,218 *	$2,988,315	$9,807,903 *	2.9%
MJRLE	$15,933,866 *	($6,215,108)	$22,148,974 *	6.2%

Percent savings is calculated as a percent of baseline Medicare payments. FFS=fee-for-service; SPRI=simple pneumonia and respiratory infections; COPD=chronic obstructive pulmonary disease; PCI=percutaneous coronary intervention; Hip & Femur=hip and femur procedures except major joint; MJRLE=major joint replacement of the lower extremity. * Indicates statistical significance, $p < 0.10$.

KEY TAKEAWAYS

Early evidence from the independent evaluation of the BPCI Advanced Model indicates that participating hospitals reduced Medicare FFS payments for most of the clinical episodes evaluated while maintaining quality of care. However, Medicare experienced net losses in the first ten months of the model after accounting for reconciliation payments. This underscores the challenges of identifying appropriate benchmarks in setting target prices within a prospective payment framework. Voluntary model entry and exit further exacerbate these pricing challenges. CMS made significant design changes starting in Model Year 4 (2021) to improve the model's financial sustainability. Future evaluation reports will analyze the impact of these changes as well as the impact of participating PGPs.

Questions and Discussion

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American Hospital Association