

RURAL HOSPITAL TASK FORCE

Committee Findings and Recommendations
to President Brooks Keel

July 1, 2016



AUGUSTA
UNIVERSITY

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Overview

The delivery of health care in the United States is in flux, beset by unprecedented medical and fiscal challenges. Although rising health care costs and growing uncertainties affect every segment of our nation and state, rural areas face a particularly difficult set of challenges. Health care services are challenged, and rural hospitals are reducing services. In many cases, rural hospitals have closed their doors, leaving their communities with limited access to health care.

Rural hospitals provide health care and critical care to 20 percent of Americans and are vital economic engines for their communities.



Factors Leading to Rural Hospital Closures

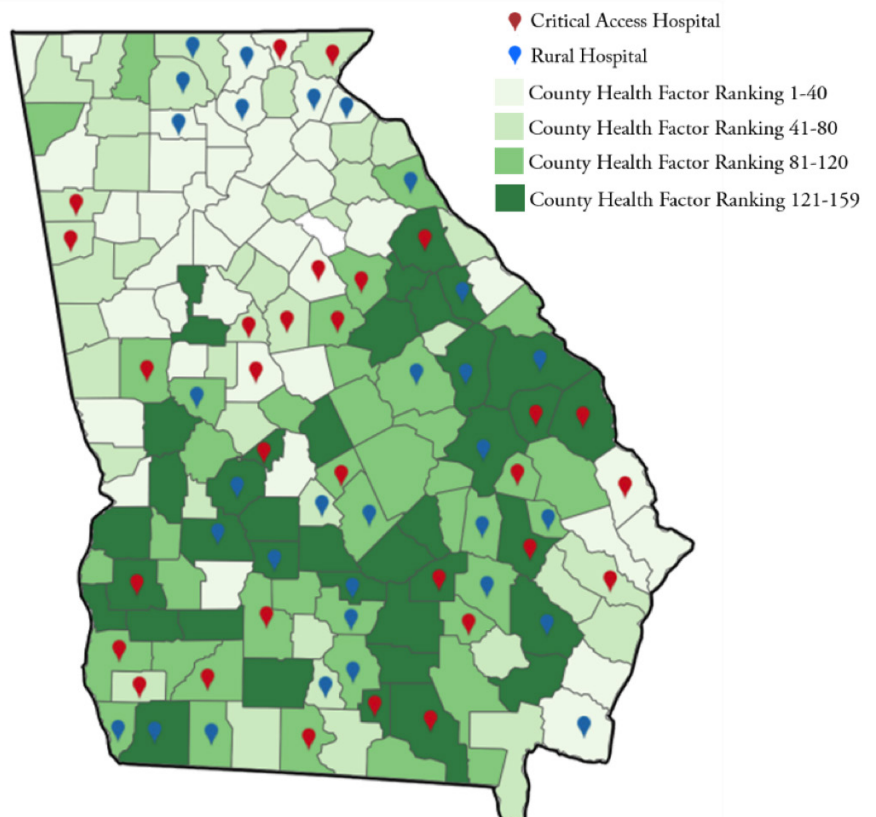
Many rural hospitals are not members of cooperatives or other organizations that offer an opportunity to maximize purchasing power. Rural hospitals must support infrastructure services such as information technology (IT) and compliance, which have become increasingly complex and expensive. Furthermore, the standard administrative leadership of a hospital is often too expensive for the limited clinical services revenue to support.

According to the North Carolina Rural Health Research Program, nationally 75 rural hospitals have permanently closed since January 2010, and Georgia's State Office of Rural Health reports that nine rural hospitals in Georgia have closed since 2001; one as recently as June 2016.

Frequent issues with contracting and revenue-cycle management exacerbate an already challenged cash flow. In addition to decreased revenues due to a decline in clinical services, services typically offered in a rural community hospital are not reimbursed as well as services and procedures provided in larger tertiary facilities. The Affordable Care Act (ACA) will further reduce revenues and disproportionate share hospital (DSH) dollars are scheduled to go away.

In many communities, insured residents have lost confidence in their hospital and are seeking other options for their health care. Thus uninsured patients, with less access to care in other venues, make up an increasing share of rural hospital customers. The inability to attract clinical providers to rural communities, particularly providers who can provide services that are well reimbursed, exacerbates the revenue issue.

Rural communities are more likely than urban ones to have an older population with a higher volume and severity of health concerns not covered by private insurance. The 2016 County Health Factor Ranking (1) is an estimate of the comparative future health of counties, measuring health-related behaviors, clinical care, social, economic and physical environment factors. It is abundantly clear from the map that the vast majority of rural/critical access hospitals are located in counties with rankings in the bottom 50 percent of the state.



Anomaly of the Successful Rural Hospital

As part of the task force's deliberations, we invited presentations from representatives of hospitals that have been successful in the current environment. We also spoke with persons familiar with rural hospitals to identify characteristics contributing to the success of those facilities.

1) Successful rural hospitals have an engaged and knowledgeable board

Successful hospitals have governing boards that are active in developing strategic plans, and, while working collaboratively with management, realize that decisions ultimately rest with them. An educated and knowledgeable board is needed not only for rural hospitals in Georgia to be successful, but for rural hospitals nationwide (2).

2) Successful rural hospitals have visionary administrative leadership

There is convincing evidence that visionary administrative leadership is one of the hallmarks of successful rural facilities. These leaders quickly recognize changes in health care and adapt their strategic plans to fit the new paradigm. They vigorously engage in cutting costs, improving revenues and adapting to the new environment. They realize models that served rural hospitals well in the past will not suffice in today's markets. They actively use technology to improve their performance and look for other revenue streams to replace those that are drying up.

3) Successful rural hospitals maximize operational efficiencies

Many successful facilities have formal or informal relationships with larger facilities that provide clinical integration and/or operational support. Of equal importance is a sustainable and financially viable strategic plan. Employing advanced practice registered nurses (APRNs) and physician assistants (PAs) as generalists and recruiting specialty clinicians is another strategy to create an efficient and effective rural hospital team.

4) Successful rural hospitals facilitate medical staff alignment

In successful facilities, medical staff is aligned with the hospital board and hospital administration in a strategic plan. Medical staff is large enough to support the hospital and comprises a sufficient range of specialties to support its activities. In the event the necessary specialties are not available, telemedicine allows access to services that patients need.

5) Successful rural hospitals are aligned with clinical partners

It is clearly beneficial for rural hospitals to partner with larger facilities. Such partnerships provide the opportunity to access services and resources either not usually available in smaller facilities or much more expensive when provided on site. The structure of the alignment varies, but some form of alignment is a constant. We also observed that either ownership of or close working relationships with nursing homes is a necessity.

Recommended Actions for Rural Hospitals

The task force assembled a list of suggested activities that, individually and collectively, will begin the process of restoring rural hospitals to a more opportune level of performance. These recommendations will benefit some hospitals more than others, as each hospital's circumstances are unique.

1) Effective orientation and ongoing education of rural hospital CEOs and board members

The complexities of health care and the challenges facing rural hospitals require CEOs and board members to have a broad spectrum of knowledge in many complex areas. Among them are an understanding of their hospital and region, legislative policy issues and regulations, technology, population health, drug prices, reimbursement models, and financial and quality measures (2). In addition, CEOs and board members must be able to make necessary and sometimes difficult decisions that impact the neighbors and stakeholders they see and interact with on a daily basis.

Providing proper orientation for new CEOs and board members and continuing education for existing CEOs and board members is a requirement for the success of any hospital, especially those in rural areas. It is important for each hospital to create a structured plan for continuing education and ensure that the board

and CEO agree to a required ongoing commitment. Orientation and education can and should be provided on a variety of platforms.

2) Ongoing efforts to reduce expenses/maximize reimbursements

As with hospitals nationwide, rural hospitals in Georgia are witnessing their revenues decline. This trend is caused by several converging factors.

Management and consulting groups can provide assistance with determining a strategy, but this is often cost prohibitive. Rural hospitals can create systems where many services are centralized and expenses shared by the hospitals within the system, while the needs of the individual facilities are still addressed. They can also consider integration with a larger hospital system to reduce expenses. But they must also be vigilant in their own hospital to reduce expenses wherever possible, such as the 340B drug pricing program. With government and payers frequently changing rules and regulations, hospitals need to determine a model that is constantly refined for their environment.

3) Shared services

IT, purchasing, compliance, health information management systems (HIMS), credentialing and privileging of staff, competency training and preparation for Joint Commission inspections are all critical services to the operation of a hospital, but they come with significant cost. Every opportunity to contain or reduce costs in these areas, while preserving the integrity and quality of the facility, should be explored. While these services can be outsourced, rural hospitals should consider creating a central system or integrating with a larger system that could provide these services at a lower cost.

4) Strategic planning

Strategic planning in rural hospitals, as in any organization, is essential to establish strategies and tactics that allow the organization to properly align resources with goals that support the hospital's mission, vision and values. The unparalleled challenges facing rural hospitals today make the importance of such plans even more vital. Working collaboratively with their communities, hospital boards, administration and medical staff, hospitals must tailor their strategic plans to the size of their service population as well as the specific needs of their population. Once a strategic plan is complete, it must be frequently re-evaluated and day-to-day operational tasks adjusted to maintain alignment with the overarching mission of the organization.

5) Gateway to emergent care

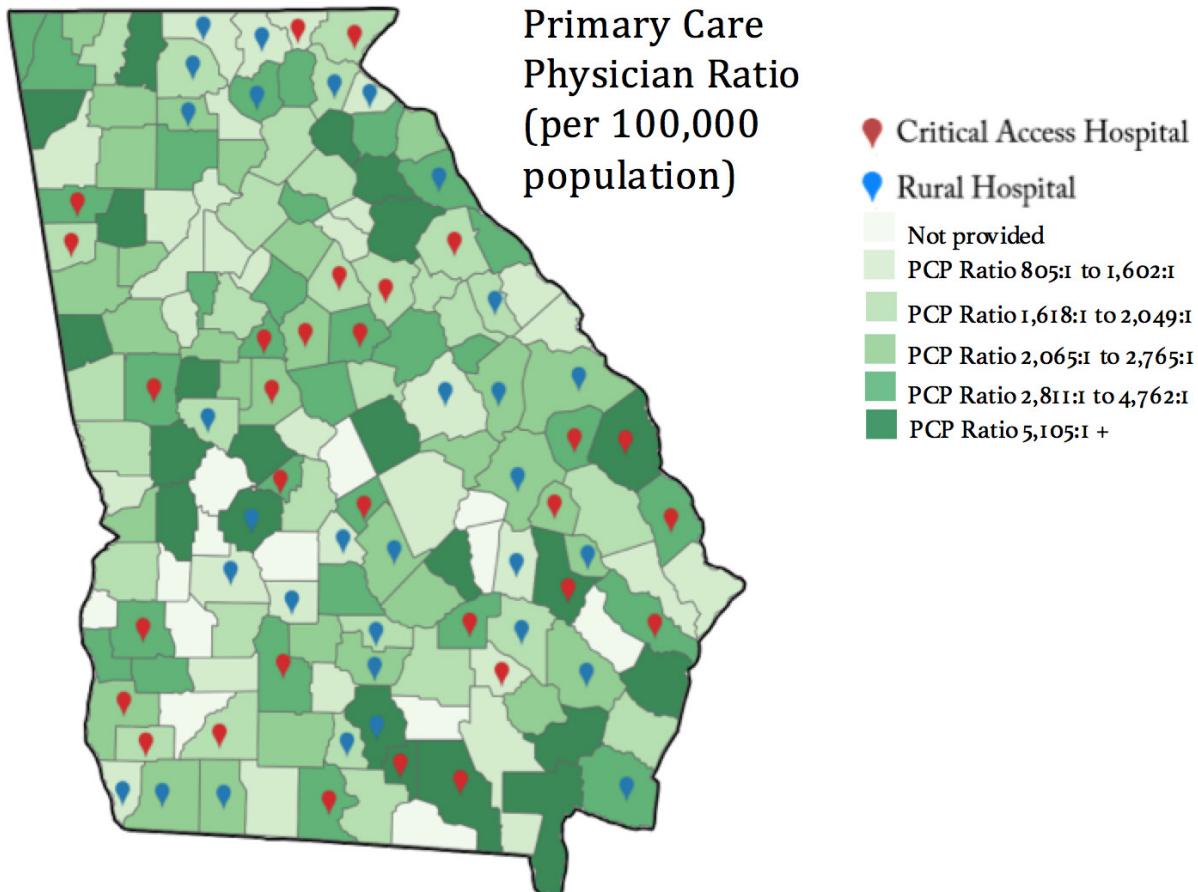
Rural hospitals should be viewed as the entry point for emergent care. EDs in rural areas are typically the sole source for patient care. Equally important is their role in diagnosing and stabilizing a patient for transfer to a higher level facility, with the patient expected return to the rural hospital for discharge and appropriate follow up care.

The community should have confidence in their rural hospital's ED and use it as their first choice. Similarly the local emergency medical system (EMS) should share the facility's approach to patient care and work collaboratively with the ED to ensure patients are directed appropriately. Advances in telemedicine integrated with a higher level facility should be considered as a way to increase the level of care to patients while keeping them in their community.

6) Support primary care

The looming physician shortage across the United States is well documented and is exponentially greater in rural areas. The map below shows many of the rural communities in Georgia have severe shortages in the number of primary care physicians compared to per capita population.

Rural hospitals need to explore effective ways to attract and retain primary care physicians in their communities. This can prove difficult as many young physicians prefer to locate in urban areas for family and career reasons (3). Hospitals should implement innovative recruiting opportunities to make rural hospitals more attractive.



7) Use of technology

In order to provide optimal care for patients, rural hospitals need to consider the opportunities technology offers to expand service offerings and improve outcomes. The use of technology to expand telehealth and share electronic health records is essential for rural hospitals. Though expense and accessibility are serious concerns, rural hospital strategic plans must incorporate enhancing and increasing the use of technology.

a) Telehealth

Telemedicine offers a multitude of benefits for rural hospitals and the patients they serve. For the patient, the greatest benefits are wider access to services in a more convenient and expedient fashion. For the hospital, technology offers the ability to expand and diversify services and can assist in reducing expenses, especially in the ED of a rural hospital. Telemedicine provides immediate access to clinical knowledge that may not be available in rural hospitals.

b) Electronic health records

The advantages of electronic health records are abundant as are the costs of implementation, especially for rural hospitals. Rural hospitals must carefully analyze tangible and non-tangible costs and benefits to determine whether this service is a viable option.

c) Health information exchange

The advent of the health information exchange (HIE) provides a pathway to link disparate electronic medical record systems using interoperability methods, preventing the need for electronic medical record consolidation across organizations. HIEs provide several unique benefits for organizations seeking to achieve clinical integration; HIEs:

- o Aggregate information across providers, creating longitudinal patient records. This brings more information to the provider at the point of treatment, thus driving better outcomes
- o Eliminate the need for transferring and waiting for medical records, thus simplifying referral processes
- o Are sources of aggregated clinical data that can be analyzed to inform quality metrics, clinical decision support, population health and care coordination



8) Greater use of PAs and APRNs

It is well known to health care planners that we are approaching a crisis in our workforce: There will simply not be a sufficient number of physicians to meet all health care needs. Based on current trends, the deficit will likely be more acute in rural areas. A single change will not solve the problem; addressing this shortage will require immediate implementation of several strategies.

APRNs and PAs should be employed in greater numbers and in expanded roles to address health professions shortages, thus playing critical roles and adding value in rural health care. Students in these health professions should be exposed to clinical educational opportunities in practices in rural communities to facilitate their consideration of these venues as career options.

The effective model of a rural health team care would rely heavily on APRNs and PAs as first-line clinicians in many settings, including inpatient, ambulatory/community-based clinics and offices, long term care and swing beds, and homes. For maximum productivity, they also require ancillary support in many settings, thus requiring supervisory skills. Each one must have access to rapid or immediate consultation at advanced levels of complexity along with avenues for referral and transfer. Telemedicine is critical to optimizing advanced practice providers. The rural hospital should identify its needs and align the appropriate professionals, regardless of preparation.

9) Develop programs for convalescing patients (transitional care or swing beds) and ambulatory services

Larger urban hospitals have frequent difficulty placing patients because they do not have beds available. These patients often need care after they complete their convalescence and need ambulatory services or placement in an extended care facility. Many times these patients could be provided care in a transitional or swing bed, providing advantages for both hospitals. Specifically, a clinical integration of care between larger, more specialized hospitals working with smaller community hospitals could provide a continuum of care closer to the patient's home community.





10) Marketing

We urge rural hospitals to recognize the importance of marketing the quality of their care and partnerships with other facilities. Similarly, each hospital should listen to its community and respond accordingly to the community's perception of their services. Lastly, rural hospitals should encourage philanthropy, particularly with the passage of legislation allowing tax credits for donations to rural hospitals.

11) Enrollment in 340B drug pricing program

The Health Resources and Services Administration (HRSA) administers the 340B drug pricing program, which allows eligible organizations to purchase drugs at a significant discount. Critical access hospitals are eligible to apply for participation in this cost savings program, as are other hospitals under varying qualifications: federally qualified health centers, rural referral centers, sole community hospitals and more. We recommend that rural hospitals secure a retail pharmacy license and operate the pharmacy within the hospital. A program implemented using this method has the potential to reduce pharmacy costs to the hospital by 25 percent.

12) Integration

Many of our suggestions are necessary for a successful clinical integration model. Integration with a larger hospital system may offer the best opportunity for rural hospitals to survive. This would, in our opinion, provide the most appropriate care for patients. Integration can occur when the rural hospital is owned by the urban hospital, but it may also occur with affiliation and contractual agreements.

With a clinical integration model, a patient who presents to a rural hospital can be assessed by the practitioners and a decision made as to whether the patient should be managed in the rural community or in the urban facility. If the situation is not clear, a telemedicine consultation may be arranged. If the patient is transferred, the condition will be monitored through communication between the two hospitals. As soon as the patient's condition permits, the patient will be transferred back to the rural hospital to complete the acute care and appropriate discharge will be arranged. The patient will receive continuing care within the community and may be able to see their urban subspecialist by telemedicine or in a satellite clinic at the rural hospital where a subspecialist from the urban hospital holds clinics on a regular basis. In some circumstances, there may be procedures performed at the rural hospital by staff from the urban facility.

With integration, hospitals may share services such as IT, compliance, legal, etc., or some services may be fully or partially supplied by the larger facility.



How

Augusta University/ AU Health can Assist Rural Hospitals

The task force developed recommendations that Augusta University and All Health can implement to assist the stabilization of rural hospitals and help ensure citizens of rural Georgia have access to the care they need in their communities. These recommendations require continuing support, guidance and innovation to accommodate the unique circumstances of each hospital and community:

1) Create an office specializing in rural hospitals

- a) The Augusta University Office of Rural Health (ORH) will work with hospitals to:
 - o Serve as an unbiased resource for the education, training and sharing of best practices for CEOs and hospital board members.

The ORH can provide education, training and consultation, including:

 - o An orientation program for board members to clearly define their roles and responsibilities
 - o Ongoing education for board members in areas of impact
 - o Mentoring programs for new CEOs and CEO roundtables for more experienced CEOs
 - o Initiatives to reduce CEO turnover
 - o Collaboration on strategic planning efforts utilizing our experts in nine colleges, nine centers, 12 institutes and the entirety of AU Health
 - o Create a web-based resource center for rural hospitals to use at their convenience that provides accessible information in PDF and webinar format

- b) Work with the Augusta University Office of Government Relations to advocate for policy changes to benefit rural hospitals in areas such as:
 - o Telemedicine
 - o Swing-bed funding
 - o Physician shortages
- c) Maintain and cultivate new relationships with hospitals and state agencies
- d) Create advisory committee to keep abreast of issues in rural communities comprised of community members
- e) The ORH will identify research opportunities around rural populations in an effort to better understand specific needs of the rural hospital patient.

2) Develop a model of clinical integration with selected rural hospitals

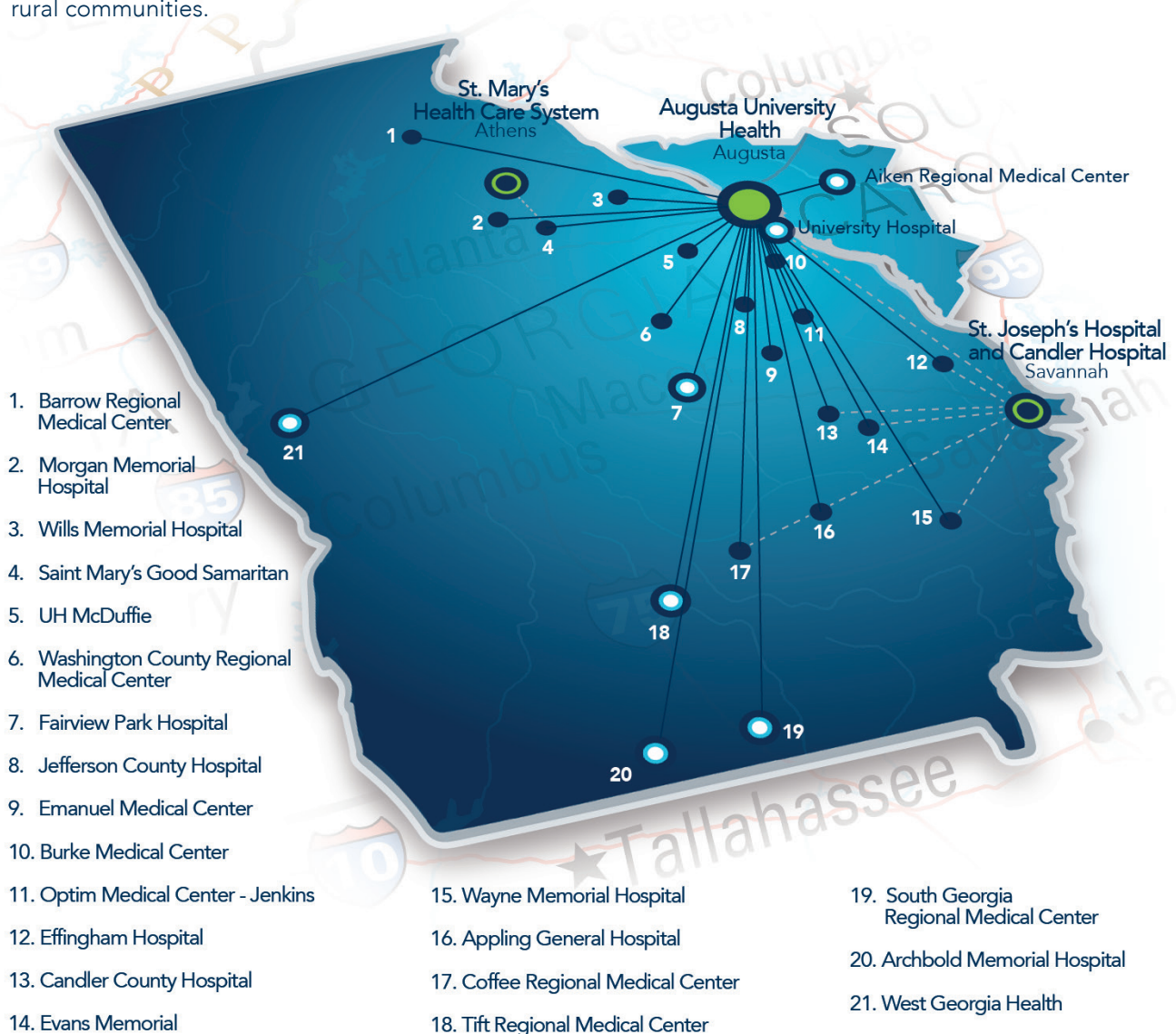
Clinical integration can facilitate care coordination among many providers while increasing quality and effectiveness of care. Ideally, patients who need hospitalization would receive care in the rural hospital as long as it is able to meet their clinical needs, including through consultation via telemedicine. Patients who need care available only at the urban hospital would be transferred there until their condition allowed transfer back to the rural hospital, their home or an extended care facility.

3) Create and enhance academic programming and continuing education

- a) Strengthen and develop rural tracks for our students
- b) Engage rural physicians to develop CME programs for rural physicians to increase physician retention
- c) Telehealth training for students along with a needs assessment of staff and physicians of rural hospitals
- d) Create rural teaching hospital partnerships with Augusta University/AU Health and encourage the development of inter-professional faculty and student teams for learning and care delivery (reciprocal learning)
- e) Increase academic offerings focused on rural health and hospital management
- f) Enhancing and/or developing APRN/PA residency programs to increase the supply of these critical professionals to assist rural hospitals

4) Strengthen and expand telehealth

A nationally recognized telemedicine service founded at Augusta University, REACH Health is making neurological consults available to patients in rural areas 24/7/365 within an often life-saving 10 minutes. Through this pioneering telemedicine service, neurologists at AU Medical Center can diagnose and treat stroke patients at member hospitals from anywhere at any time, using a standard computer, webcam and broadband internet connection. A successful telehealth program requires dependable and easy-to-use technology, clinical and administrative staff committed to the project, and open lines of communication to discuss issues and find solutions for areas that need improvement. Augusta University and AU Health must leverage our experience and success with REACH to expand our telemedicine service offerings, both to the 28 hospitals with which we currently partner and to other rural communities.





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