

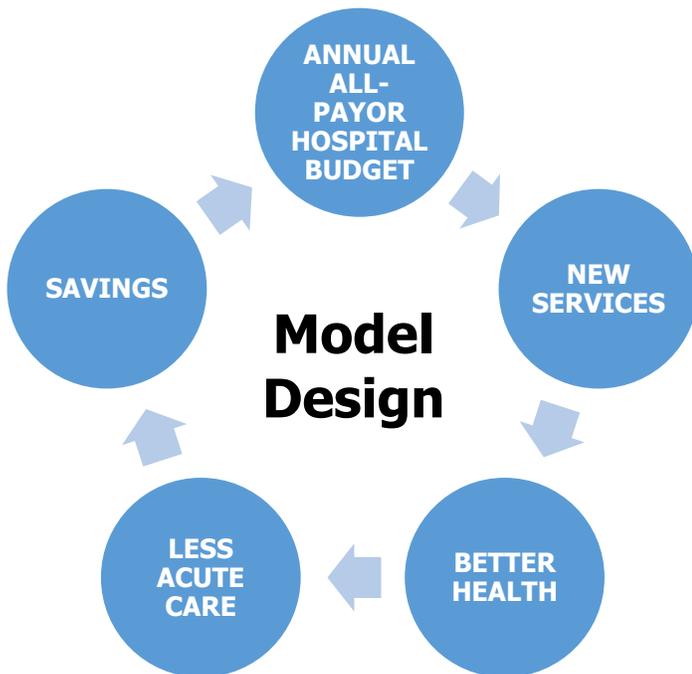
A Bold Experiment to Heal Rural PA The Rural Health Model

Pennsylvania’s 42 rural general acute care hospitals are the primary, and sometimes the only, source of care for 3.4 million¹ rural Pennsylvanians. Rural hospitals are often the largest employers, supporting nearly 44,000 jobs in local economies.

Rural Health, Health Care, and Economies at Risk

From economic instability to high rates of chronic disease, the challenges of life in rural Pennsylvania are well understood.

Pennsylvania’s rural hospitals also face significant challenges. **More than 50 percent² of these hospitals have negative operating margins.**



How the New Model Addresses Rural Challenges

The Rural Health Model changes the way rural hospitals are paid in order to:

- Provide predictable hospital finances, prevent hospital closures, and avoid the loss of hospital services and jobs
- Reward hospitals financially for improving the health of communities and reducing the need for intensive—and expensive—acute care

The Pennsylvania Department of Health and the Centers for Medicare and Medicaid Innovation developed the model and, along with HAP, are supporting its pilot in Pennsylvania. The model is designed to kick start a virtuous circle of better health and less emergency and inpatient care—resulting in savings from the reduced health care spend. Key aspects of the model include:

- **Annual global, all-payor hospital budgets, not fee-for-service payments:** Instead of being paid for each service provided, hospitals receive annual budgets based on past patient volume, services, and revenue. Hospitals will be able to use these budgets to fund operations and balance their books, independent of the specific health care services provided. The model is designed to include all payors (commercial, Medicaid, and Medicare).
- **New services:** With predictable annual budgets, hospitals can invest in the health care services communities need most, focusing on effective ways to improve health and reduce the need for expensive emergency and inpatient care.



- **Better health and quality of life:** Patients and communities have the support needed to become healthier because hospitals can redirect resources to services designed to do just that. In addition to better access to care, hospitals can begin to tackle social determinants of health such as challenges around food, transportation, and literacy that are drivers of poor health and high acute care utilization.
- **Less need for acute care:** When people are healthier, they have less need for intensive and expensive emergency and inpatient care.
- **Savings:** By investing in lower cost services that reduce the need for higher cost acute care, hospitals can break even or achieve savings that can be reinvested. During early years of the pilot, hospitals will keep these savings. During later years, savings will be shared with insurers.

Examples of New Services

New strategies and services in development as the result of the Rural Health Model include:

- **Better care coordination** and outcomes for high-needs, high-cost patients with multiple chronic diseases
- **Better access to primary care** and more appropriate use of emergency care to reduce avoidable utilization
- **Improved access to treatment for substance use disorder** through community partnerships
- **Investments in geriatric care** and shared infrastructure for remote patient monitoring

References

¹[American Fact Finder](#). 2018 American Community Survey, 2017 Economic Census. United States Census. Last accessed: 6/10/2019.

²HAP analysis. [General Acute Care Hospital Financial Analysis Fiscal Year 2018](#). Pennsylvania Health Care Cost Containment Council.

What's Next?

Recruitment goals: Enroll 30 hospitals in the model by 2021.

Pilot outcomes: Measure and evaluate:

- Increased access to primary and specialty care services
- Fewer deaths related to substance use disorder and better access to treatment
- Reduced rural health disparities through improved chronic disease management and preventative screenings

A model for the nation? Policymakers across the country are watching this pilot. If successful, the Rural Health Model could be applied in other states.

How You Can Help: The Rural Health Redesign Center

State lawmakers are urged to pass the legislation (Senate Bill 314 and House Bill 248) needed to establish the **Pennsylvania Rural Health Redesign Center Authority**.

This independent authority will administer the Rural Health Model pilot and:

- Help hospitals and insurers work together to identify and adopt effective ways to address common challenges
- Provide economies of scale for cost-effective, shared infrastructure and technical support—including national expertise—and help with joint grant applications and waiver requests