

CAH Finance and Operations Webinars

March 21, 2024

Know Your Value: Regional Collaboration and Competition for Critical Access Hospitals

The mission of the Oregon Office of Rural Health is to improve the quality, availability and accessibility of health care for rural Oregonians.

The Oregon Office of Rural Health's vision statement is to serve as a state leader in providing resources, developing innovative strategies and cultivating collaborative partnerships to support Oregon rural communities in achieving optimal health and well-being.

Webinar Logistics

- Audio is muted for all attendees.
- Select to populate the  to populate the chat feature on the bottom right of your screen. Please use either the chat function or raise your hand  on the bottom of your screen to ask your question live.
- Presentation slides and recordings will be posted shortly after the session at: <https://www.ohsu.edu/oregon-office-of-rural-health/resources-and-technical-assistance-cahs>.





CAH Operation and Finance Webinars

April 18, 2024 | 12 p.m. – 1 p.m. | [Register here](#)

Ensuring Long Term Success Today: 2024 Revenue Cycle Strategies

May 16, 2024 | 12 p.m. – 1 p.m. | [Register here](#)

Best Practices for CAHs: Budget Process and Budget Building

June 20, 2024 | 12 p.m. – 1 p.m. | [Register here](#)

Interface: How Primary Care and CAH Operations Can Work Together

July 18, 2024 | 12 p.m. – 1 p.m. | [Register here](#)

Beyond Coexisting: Building a Thriving Relationship Between Finance and Human Resources

August 15, 2024 | 12 p.m. – 1 p.m. | [Register here](#)

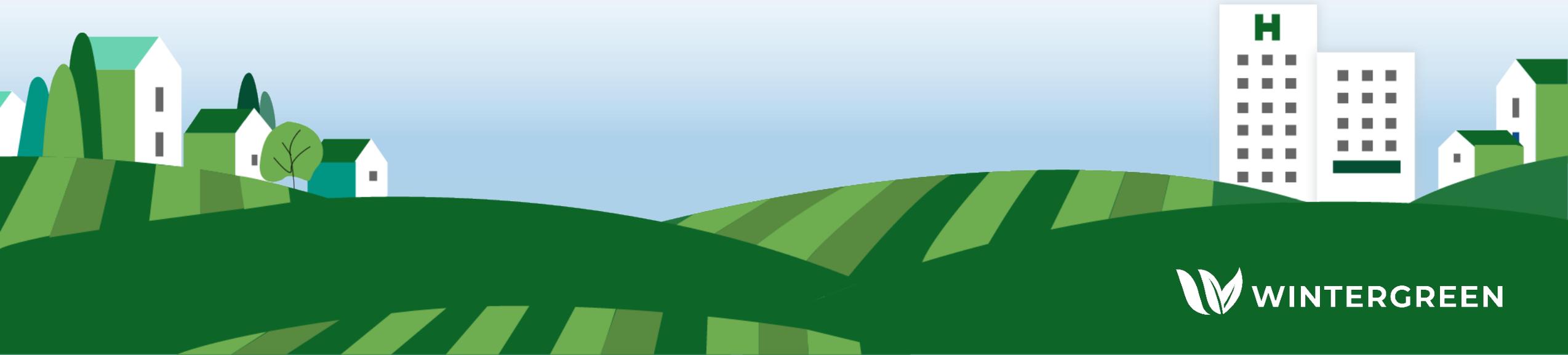
Behavioral Health: Leveraging RHCs to Expand an Essential Service



Rob Bloom is a Principal at Wintergreen. Prior to joining Wintergreen as a Principal, Rob served as CFO for Carthage Area Hospital for over a decade. He previously held positions with the Hospital as Administrator of Primary Care Services and Interim Chief Financial Officer. In addition to his role as CFO at Carthage, Rob also served concurrently (2021-2022) as Chief Financial Officer at Claxton Hepburn Medical Center and Orleans Community Hospital in addition to providing consultative services to several other hospitals in rural New York.

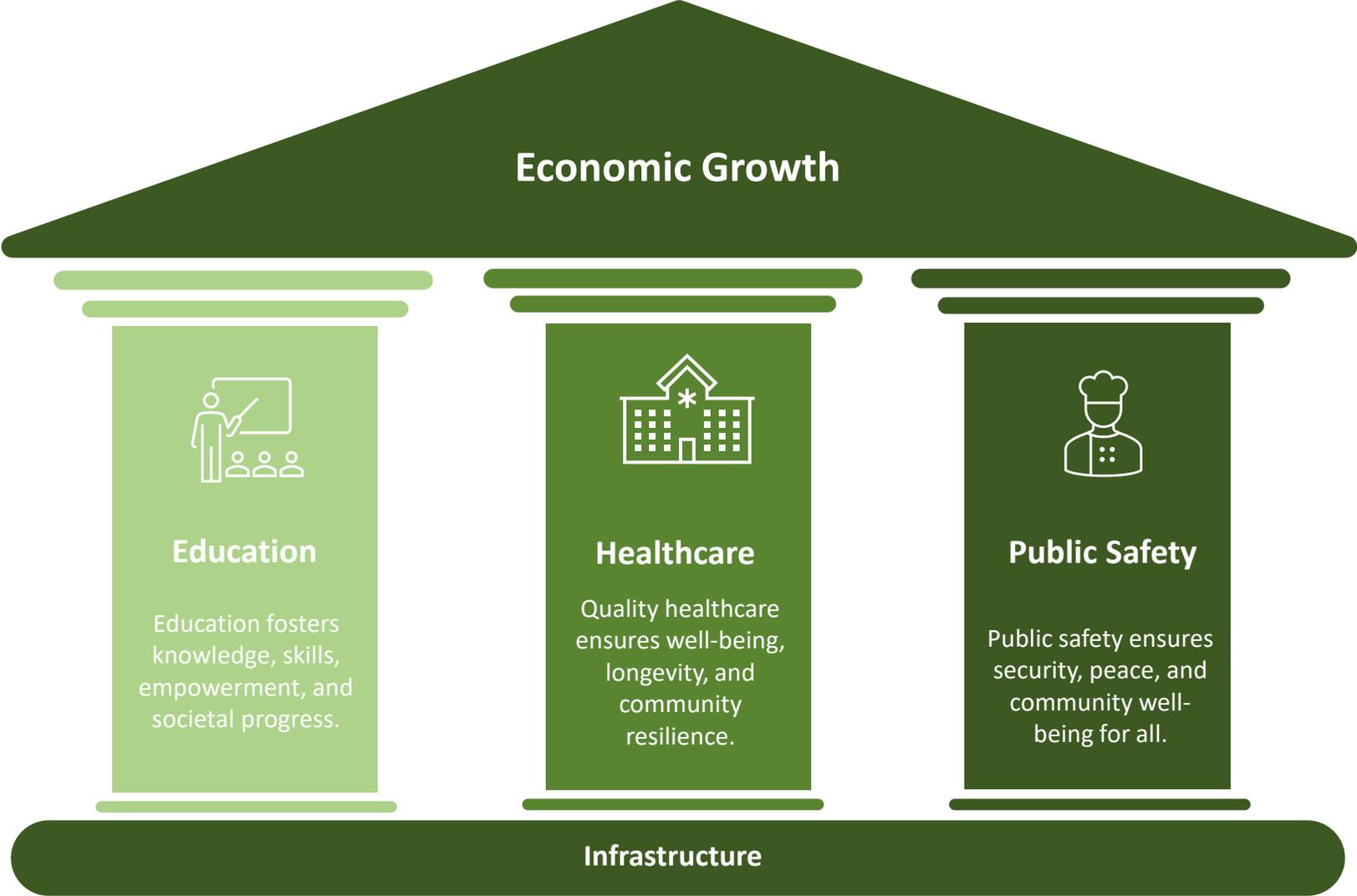
Know Your Value: Regional Collaboration and Competition for Critical Access Hospitals

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Don't Forget Community Impact

Community Impact



Community Impact



Community Health

Provides access to high quality healthcare and emergency services. Overall community is healthier, happier, and more vibrant.

Workforce

Health systems / hospitals are the largest employer in many communities. This provides a stable base of employment and can attract talented providers to the area to practice medicine and contribute to the community well-being.

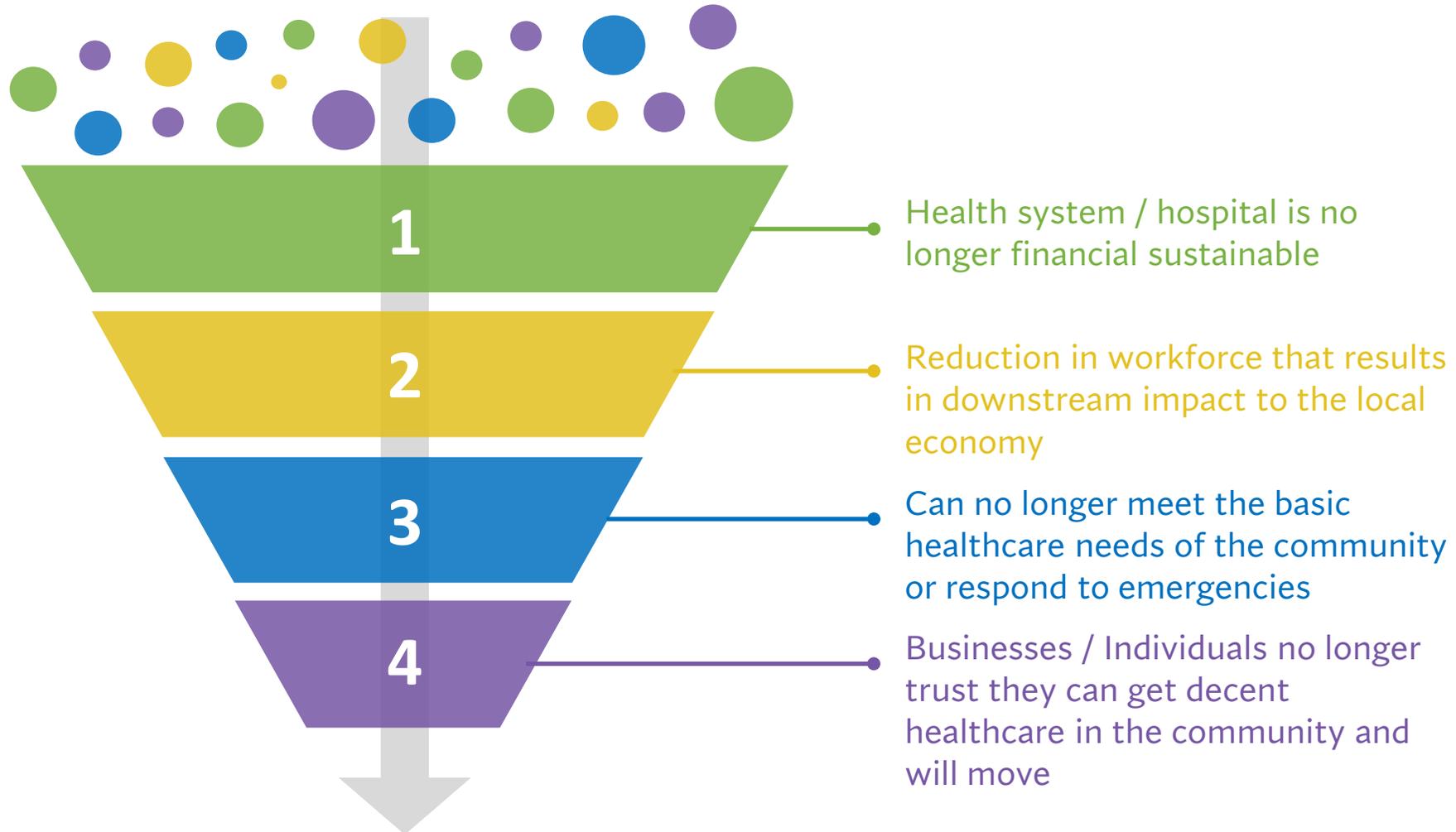
Community Trust

The community trusts the health systems, partners are willing to collaborate, which can lead to innovation and improved outcomes. Market share can be obtained from competitors.

Infrastructure

Health systems and hospitals operate as a community within the community. To meet operational needs of the health system, goods and services are procured from vendors, which can have an additional downstream impact on the community and investment can create innovation in service.

Community Impact

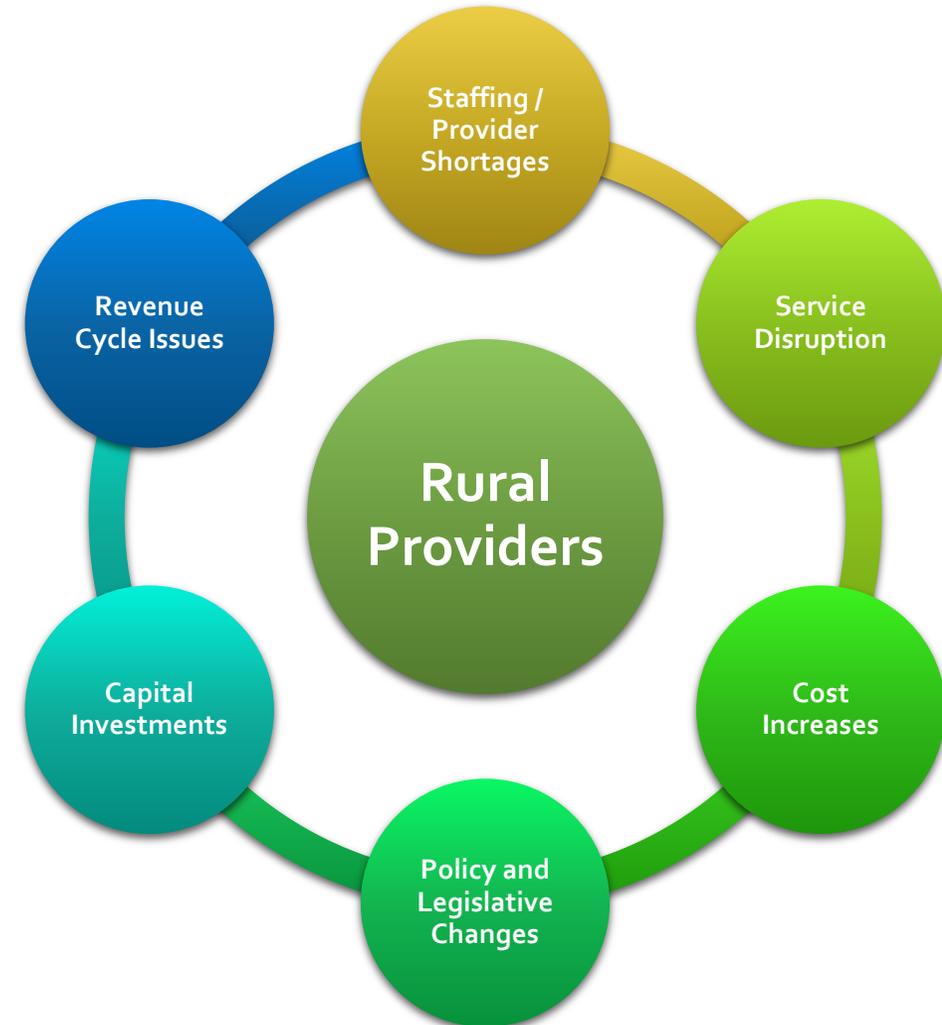


Fate of the Community in Jeopardy

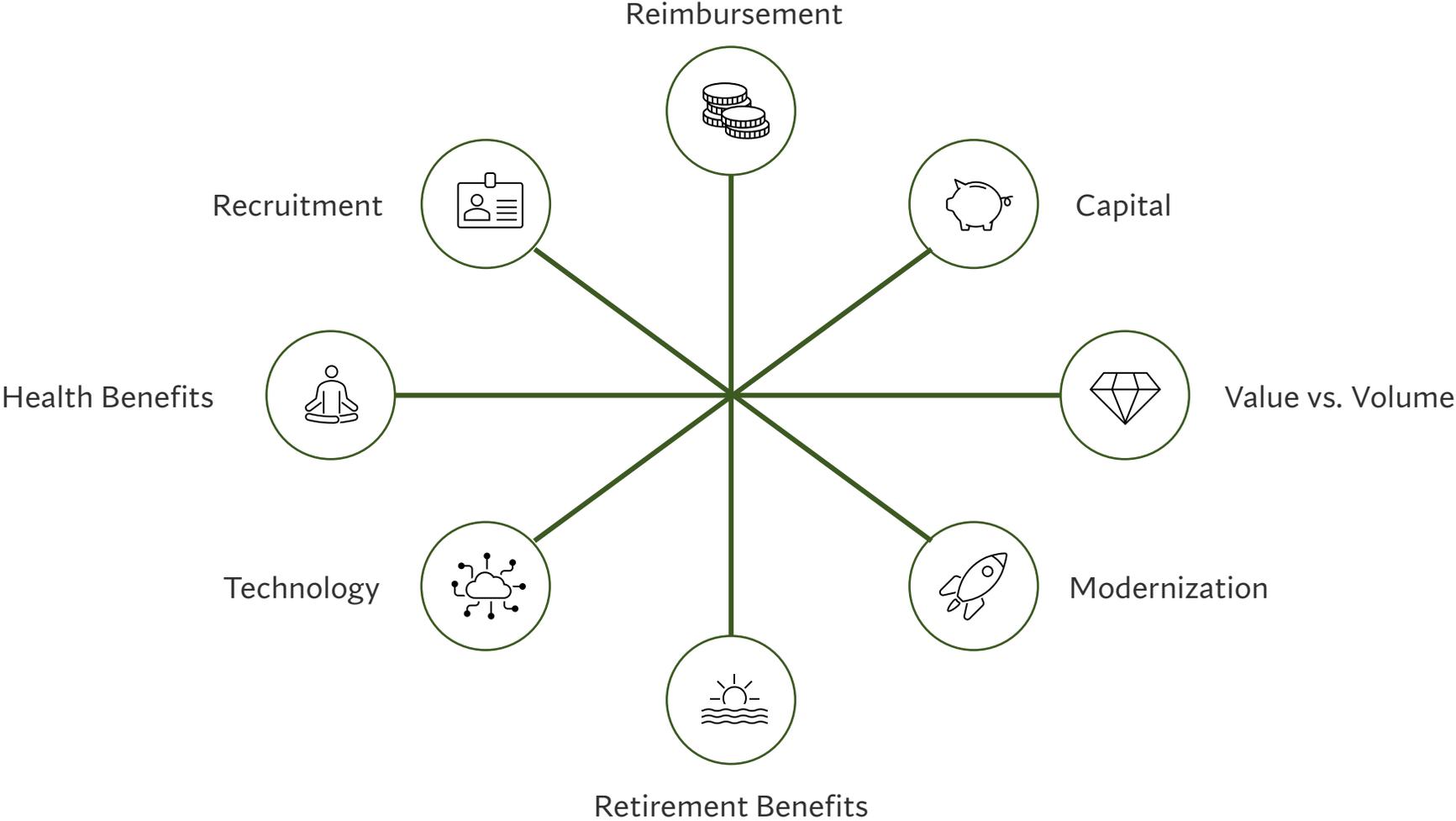
What are we looking for?

The Harsh Realities

- Rural providers continue to experience cost increases, while having to address staffing shortages, outmigration, and significant policy/legislative changes
- The past few years have fundamentally changed how many patients receive healthcare services
 - Organizations must take a proactive approach to address these changes
 - Population-based initiatives and telehealth continue to gain traction across the industry



Interdependence of Major Drivers



What Do CAHs Bring To The Table?

Move to Alternative Payment Models

- Health Systems and Hospitals will play a key role in leading the communities from a sick care system to a healthcare system
- Engaging with community partners, health systems and hospitals have the size and scale to lead the transition for the community
- Who is this going to be in the middle, health systems and hospitals or the payor?
- Critical Access Hospitals offer the opportunity for regional investment in services to avoid duplication within a collaborative model
- CAHs enhance the ability to dilute down overhead costs to reduce the total cost of care improving the risk position



The Value of CAHs

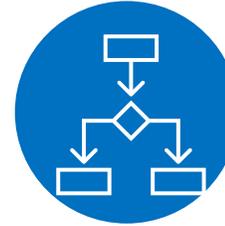
Almost by definition, Critical Access Hospitals have had the deck stacked against them in the fight for survival. The skills and core competencies learned through years of trial offer value to larger partners if..



**Community
Relationship**



**Excess
Capacity**



**Patient
Access**



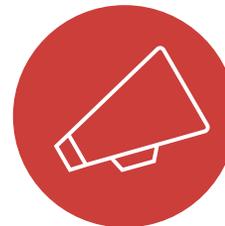
**Well-rounded
employees**



**Recruitment
Incentives**



**Medicare
Protections**



**Important
Legislative Positions**



**Health Plan
Opportunities**

Partnership Value Examples

Partnership Value



- **Partner A**

- Image

- Use of system branding and image can increase public opinion about the rural provider
 - In healthcare, many of the larger systems hold favorable opinions with the general public due to the marketing and outreach conducted by those larger systems
 - Potential increase in patient demand of facility based on use of partner/affiliated brand throughout the region
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- **Partner B**

- Franchise

- Depending on the level of commitment, expansion of brand to rural communities increases the overall reliance on the brand and patient population served
 - Expands the primary and secondary service areas through the broader regional deployment of the brand into rural communities
 - With the continued push for ACOs and population-based outcomes, the expansion to rural markets increases the attributed lives to that larger system

Partnership Value



- **Partner A**

- Purchased Services

- Allows access to GPOs and other purchasing agreements that can reduce the cost for the entity
 - Larger systems can secure more advantageous pricing due to the economies of scale associated with the larger entity
 - Can purchase services through the system that would considerably more expensive if secured through a third party
 - For example, many larger systems can provide revenue cycle solutions to partners/affiliates

- **Partner B**

- Support Services

- Can dilute down fixed cost to partners/affiliates and further leverage economies of scale
 - Fixed cost versus variable cost remains material within the healthcare environment and the ability further dilute down fixed costs benefits the collective system
 - Allows for additional revenue streams to the system based on the support services provided

Partnership Value



- **Partner A**

- Service Coordination

- Creates an environment where patients can easily secure services at larger hospitals for specialty services not provided in the rural community
 - Decreases the number of patients lost to follow-up due to the integrated approach around service coordination
 - Often, patients in rural communities fail to receive follow-up services due to scheduling and coordination of services with providers out of their network

- **Partner B**

- Focused Service Linkage

- Allows the leveraging of different hospital and practice designations to ensure patients receive appropriate levels of care
 - For example, partnering with a post-acute care facility can reduce the number of waitlisted patients at the larger facility
 - Can allow for population-based initiatives where the system can monitor health outcomes among the patient population

Partnership Value



- **Partner A**

- Management Support

- Access to management and administrative support
 - Positions/areas can include: CIO, Infection Control, Compliance, HIPAA, general counsel, CFO, Medical Directors
 - Hospitals can also gain access to standardized policies, procedures, and processes

- **Partner B**

- Distributed Overhead

- Large hospitals and systems have a considerable amount of fixed costs that can be distributed to regional partners and affiliates
 - Distributed overhead not only includes staff, but can also include IT systems and other capital components

Partnership Value



- **Partner A**

- Capital Investment

- Potential access to funds for capital initiatives such as facility projects, new service initiatives, and or medical equipment
 - Potential reduced capital cost due to economies of scale and lower borrowing cost
 - Larger systems are often able to fund capital initiatives independently or secure more favorable terms due to the financial position of the system

- **Partner B**

- Regional Investment

- Allows for investment based on the regional needs of a patient population
 - Often, regions experience duplication of services and underutilized staff, which may increase the overall cost of care
 - Can allow for centralization of services at rural hubs based on the collective demand for services within region

Partnership Value



- **Partner A**

- Technology Integration

- Access integrated systems that include an EHR, PACs, Revenue Cycle Tools, Performance Improvement Tools, and other systems
 - Many rural hospitals have these systems in place; however, often deal with interoperability issues that increase inefficiencies and or outdated systems
 - Reduced costs for technological solutions due to the consolidated buying power of the larger group
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- **Partner B**

- Financial & Clinical Transparency

- Access to data for patient populations who receive services at the affiliated hospitals or those hospitals which leverage the EHR of a larger hospital/system
 - Data includes services provided, costs of those services, and locations of care
 - Dilution of certain technological fixed overhead that could be shared among all the hospitals on the platform

Partnership Value



- **Partner A**

- Physician Integration

- Access to providers, particularly specialists, that may otherwise be unavailable in rural communities due to the cost and demand for services
 - Provider participation in system-based performance and growth initiatives
 - For APPs, this can include supervision by other providers within the affiliated system

- **Partner B**

- Broad Physician Deployment

- Decentralization of providers away from urban centers and deployment to rural communities increases access and potential patient referrals back to urban centers
 - Sharing of costs among the affiliated hospitals based on demand for services and deployment of providers

Partnership Value



- **Partner A**

- Clinical Integration

- Provides access to processes and evidence-based standards implemented within larger hospitals and system
 - Many smaller hospitals do not have the staff available to constantly monitor and maintain systems and processes as seen at larger hospitals
 - Can rotate staff through larger hospitals to maintain/increase clinical competencies
 - May provide access to float pools and additional staff to meet patient demand

- **Partner B**

- Integrated System Capacity

- Allows for the creation of staffing pools and the regional deployment and flexing of staff based on specific needs of an entity at any given time
 - As seen with COVID, hospitals continue to experience staff shortages which can often be addressed more easily in a system environment than at an individual hospital
 - CAH reimbursement can be leveraged to reduce the cost of training to the system



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ORH Announcements

April 11, 12:00 p.m. -1:00 p.m. | Community Conversations: Guide to ORH Data Resources for Your Rural Health Grants and Research
[\(Register here\)](#)

Rural Population Health Incubator Grants | Applications due May 3, 2024
[\(More information here\)](#)

June 12-13, Virtual | 1st Annual Forum on Rural Population Health & Health Equity
[\(Register here\)](#)

October 2-4, Bend, OR | 41st Annual Oregon Rural Health Conference
[\(More information here\)](#)

Thank you!

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