

Key Takeaways

- The Rural Health Model has enabled Pennsylvania small rural hospitals to remain financially viable by providing them with predictable revenue sources, which were especially important during the pandemic.
- Participating hospitals are implementing transformation plans that change the way care is delivered in their communities and allow them to address community health issues.
- Some participating hospitals are now collaborating with other hospitals to provide better, and more enhanced, services within their region, such as expanding access to telehealth.
- The Pennsylvania’s Rural Health Model is the “crown jewel” of rural innovation projects nationwide.

Background: Rural Health Redesign Center & Model

In 2019, Act 108 created the Rural Health Redesign Center Authority. The authority is the governing body of the Rural Health Redesign Center (RHRC), which is responsible for recruiting rural hospitals to participate in a new Rural Health Model (Model), providing technical assistance, and evaluating the effectiveness of the Model.

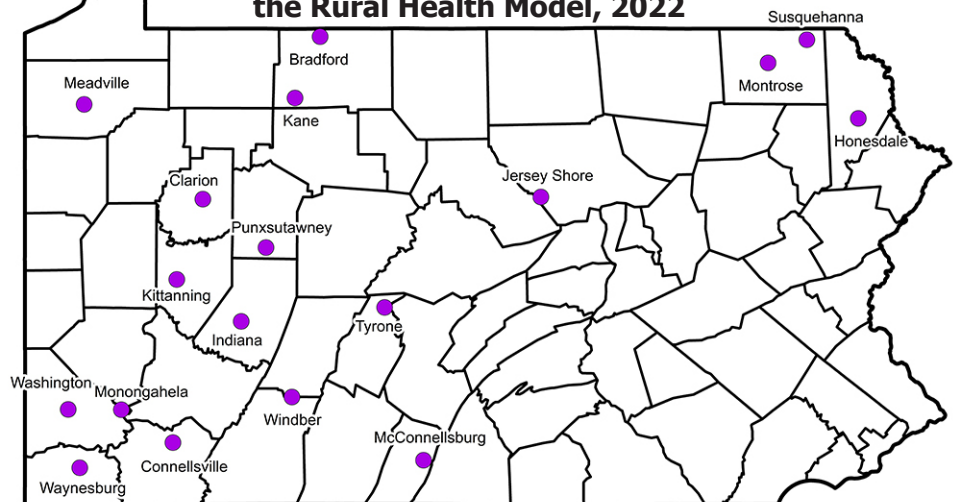
Pennsylvania Acting Secretary of Health Keara Klinepeter said the Model was developed to keep rural hospitals open, as they are critical to the Pennsylvania healthcare infrastructure and for the high-risk communities they serve.

At its core, the Model is designed to provide small rural hospitals with predictable revenue to maintain care in their communities. Currently, 18 rural Pennsylvania hospitals that serve approximately 1.3 million rural residents are participating in this pilot program, which moved these hospitals from “fee-for-service” payments to a value-based, or global budget, payment model. The global budgets are funded by Medicare, Medicaid, and commercial payors (insurers) who agree to participate.

According to RHRC Executive Director Gary Zegiestowsky, this global budget payment Model provides hospitals with predictable revenues, so that they can focus on the key services that drive improved health of each patient and the community.

RHRC Chief Operating Officer Janice Walters stressed that the Model is not a government program or a subsidy, but a reimagined service delivery model. She said healthcare needs to be reimagined as a delivery system that rewards improved overall health of communities through financially viable, yet responsible, means. Encouraging collaboration, versus competition, is essential to the future of rural health

Location of Hospitals Participating in the Rural Health Model, 2022



Data source: Rural health Redesign Center.

care as it can help keep vital healthcare services in rural Pennsylvania communities.

Kate Slatt, vice president of Innovative and Payment and Care Delivery at the Hospital and Healthsystem Association of Pennsylvania, echoed this point. She said that rural hospitals often care for socio-economically challenged and aging populations, and are disproportionately dependent on government payors, which typically pay less than the cost of delivering the high-quality care that Pennsylvania rural hospitals provide every day.

Impact: Rural Health Redesign Center & Model

Hospital administrators that testified were all Model participants. They agreed that the Model works and that it has helped to keep their facilities financially solvent, especially during the pandemic when hospitals could not provide elective procedures.

Thomas Kurtz, president and CEO of Chan Soon-Shiong Medical Center at Windber, focused his comments on the Model’s impact on community health and the direct patient care programs that were implemented to meet the needs of

the hospital's patients and community. One program established by the hospital is a palliative care program, which is a holistic patient- and family-centered approach that provides a more effective care alternative for people with chronic conditions. This program helps community members avoid high-cost emergency department visits. Participation in the Model has also given Windber Hospital and other hospitals within the region the opportunity to collaborate on health care issues. He pointed to the joint orthopedic program among three hospitals in his region.

Loren Stone, chief executive officer of the Endless Mountains Health Systems said the Model presents hospitals with the opportunity to expand programs that improve the health status of their patients, and not just provide traditional healthcare services. Endless Mountains Health Systems has established programs such as chronic disease management, access to primary care, and health and wellness initiatives since joining the Model.

Sean Burns, vice president of Provider Payment & Network Infrastructure at Highmark Health, said that from the payor's perspective, the Model has deepened its relationship with hospitals, and is providing new approaches to meet community health needs.

Providing a national perspective, Brock Slabach, chief operations officer at the National Rural Health Association, said that 138 rural hospitals nationwide have closed between 2010 and 2022, and another 453 are at-risk of closure. In

Pennsylvania, no rural hospital participating in the Model closed during the pandemic, noting it is a catalyst for transforming rural health delivery as it stimulates collaboration beyond the hospital's four walls. He called the Model the "crown jewel" of rural innovation projects nationwide.

John Lewis, president and CEO of Armstrong Center for Medicine & Health Hospital, said the Model has allowed participants to think differently about health care service provision and a future healthcare model. He made the analogy to President John F. Kennedy's 1961 "moon shot" speech, which spurred innovation and led to the U.S. placing a man on the moon. He said that lofty challenge created a goal that required innovation, experimentation, creativity, focus, collaboration, and, importantly, funds and a budget to draw upon.

Future: Rural Health Redesign Center & Model

Looking to the future, Mr. Lewis talked about the potential to expand the Model to other health care providers, such as nursing homes and EMS providers.

Mr. Zegiestowsky said the Model could be used to address the social determinants of health in communities, increase data exchanges on patient health among area hospitals, and promote healthy living practices that can become part of the rural community culture. To this end, he called for continued and expanded state and federal support in the areas of waivers to test and innovate new Models, the continued partnership with the Centers for Medicaid and Medicare, and increased state agency collaborations.

Acting Secretary Klinepeter noted that the department is working with rural hospitals to identify and test new organizational structures to allow flexibility and ensure that safe and effective health care services remain in our rural communities. She also noted that the department is drafting updates to hospital registrations, with the goal of creating sustainable health care services in all 67 Pennsylvania counties.

Thank you to the following individuals who participated in the hearing: Pennsylvania Department of Health Acting Secretary Keara Klinepeter; The Hospital and Healthsystem Association of Pennsylvania Vice President of Innovative Payment and Care Delivery Kate Slatt; Rural Health Redesign Center COO Janice Walters; Chan Soon-Shiong Medical Center at Windber President and CEO Thomas Kurtz; Endless Mountains Health Systems CEO Loren Stone; Highmark Health Vice President of Provider Payment & Network Infrastructure Sean Burns; National Rural Health Association COO Brock Slabach; Armstrong Center for Medicine & Health Hospital President and CEO John Lewis; Rural Health Redesign Center Executive Director Gary Zegiestowsky.

Scan QR code for the agenda, testimony and recording of the public hearing.



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