

Transforming the Delivery of Essential Care in Rural Communities

Medical Design Forum
AIA Seattle/AHP Medical Forum

February 7, 2013



The *Essential Care, Everywhere* study provides new insight into Washington's rural communities, and their 42 hospitals.



The Study area covered by this study comprises over 59% of the State's land mass and approximately one million residents.



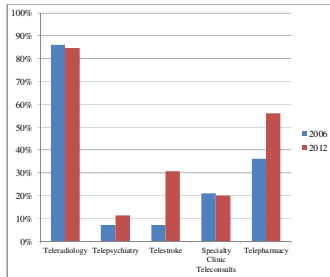
- The Study service area is much more sparsely populated than the State, with a density per square mile that is 87% lower than the State average.
- Washington State has over 6,724,000 residents; the study area has just over 1,000,000 residents.
- Nearly 15% of the State's population resides in the study area.



Only a few of us need hospital care at any one time, but our rural hospitals treat hundreds each day.

- 188 Patients per day on average.
- Total outpatients up 26% in 5 years.
- Only 5 inpatients per day.

The use of telehealth has escalated in our rural hospitals. Over 80% of respondent Study hospitals reported telehealth capabilities, an increase of 68% since 2006.



- The vast majority of hospitals with telehealth capabilities offer teleradiology.
- Telepharmacy, telestroke, and telepsychiatry capabilities have all increased significantly since 2006.

We offer more than a hospital.

More outpatient services than inpatient
(In and out on the same day)

Managing primary care & employing doctors

Providing emergency services & first responders

Supporting aging in place
(Home health, long-term care, etc.)

Most rural physicians have determined that they cannot survive without hospital backing.

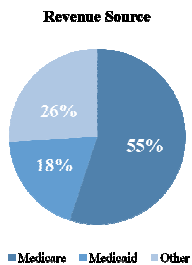
- 54% increase in hospital-owned clinics between 2006 and 2011.
- The study hospitals collectively employ over 300 primary care providers.
- 90% of the study hospitals employ community primary care providers.
 - Half of these hospitals employ at least 2/3 of their community's primary care providers; with almost 30% responsible for all of the local primary care.
- Close to half of all the primary care providers in the study communities are employed by the hospital.

If rural hospitals disappear...

- So do:
 - Primary care & specialty services
 - Ambulance services
 - Nursing homes & long term care
 - Other community health services
 - Jobs
- Patients don't disappear:
 - Travel cost
 - Sicker patients
 - Shift unattractive payer mix

Medicare and Medicaid are the predominant payers, and Medicare and Medicaid patients are disproportionately using the Study hospitals for care.

- 73% of the inpatients served by the Study hospitals have either Medicare or Medicaid as a payer.
 - Statewide, Medicare, and Medicaid represent 54% of total discharges.
- On average, Study hospitals have a nearly 39% service area inpatient market share of Medicare and Medicaid.
 - This compares with an average commercial inpatient market share of about 22% in 2011.
- In other words, Medicare and Medicaid patients are disproportionately staying in their local communities for care.



The cost of charity care and bad debt provided by the hospitals was more than \$75 million in 2011. While all hospitals statewide have seen large increases over the past 5 years, the increase is significantly higher for Study hospitals.

- ❑ The Study hospitals provided almost \$25.4 million in charity care and \$46.9 million in bad debt in 2011.
- ❑ Charity care has increased by 109% for all Study hospitals and by 116% in the CAH hospitals, compared to 51% statewide.
- ❑ Bad debt has also increased significantly – 77% for all Study hospitals.

Acute care subsidizes other services.

- ❑ Cost-based reimbursement and tax revenues don't cover all costs.

	Hospital - Acute Care	Outpatient Surgical Clinic	Health clinic	Home Health	EMS	District Total
Margin	5%	-43%	-34%	-21%	-2%	1%

Rural care costs Medicare 6.5% less.....

Medicare Beneficiary Spend Data

WA State Average Beneficiary Total Spend	\$5,901
Study Service Areas Average Total Spend	\$5,544
CAH Service Areas Average Total Spend	\$5,499
'Save' to Medicare	\$68,681,842

Source: iVantage Medicare Beneficiary Spend Data, 2012

- ❑ It has been iVantage's experience that Medicare is a proxy for Medicaid.

Rural hospitals...an essential part of the local economy.....

- On average, each hospital employed nearly **232 FTEs**, with salaries and wages of nearly **\$14.7 million**, making the study hospitals a leading local employer.

Statewide, rural hospital salaries and wages contributed over **\$500 million** to local economies in 2011.

In addition, national data suggests **that each hospital job supports about 2 additional jobs** (AHA Trendwatch).

Where we're going...



Even under current regulatory constraints, rural hospitals are actively moving to further improve care, improve health, and reduce costs....

- ✓ Collaborations
- ✓ Telehealth
- ✓ Lean/Process Improvement
- ✓ Transparency: Outcome
- ✓ Monitoring and Reporting

Despite payment methodologies and limitations, CAHs have been leaders in addressing the needs of their communities:

- ❑ In most communities, rural hospitals have:
 - ❑ stabilized and enhanced primary care.
 - ❑ developed outpatient services that directly address community need.
 - ❑ provided the infrastructure – the “hub and bridge” – to connect rural residents with needed services.

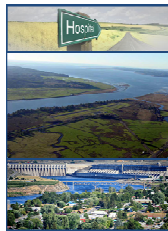
- ❑ And, they continue to work collaboratively to address mental health and substance abuse.

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- ✓ Telehealth
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Essential Care in Rural Communities

Thomas J. Martin
Administrator
Lincoln Hospital
Davenport, WA



Building the Foundation



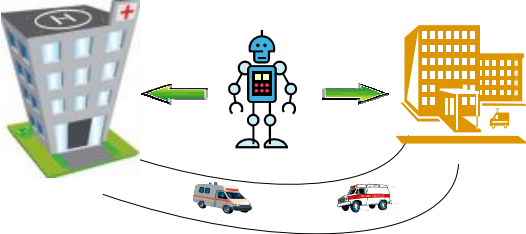
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Lincoln's Robot
Part of the Team



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Co-Managing Complex Patients



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Our Experience

In Just 8 Months:

- Hospital Transfers declined by 20%
- Admissions Increased by 21%
- Inpatient Days Increased by 32%
- Inpatient Net Revenue Increased by over \$1 million dollars.



In Summary
Benefits to The Hospital

- Enhances level of care
- Patient and community confidence
 - With access to specialists
 - More utilization of hospital and ancillary services
- Added medical staff
- Added nursing staff



In Summary
Benefits to The Hospital, continued

- Minimal addition of cost that generates significant revenue
- Focuses on the continuum of care, improves quality and Lowers cost to the patient
- Reduction in number of patients transferred
 - Transfer cost avoidance
 - Transfer risk to patient avoided
 - Increased utilization/continuation of Inpatient Program



Grant County, NM
Population Density: 8/sq. mile

Hidalgo Medical Services

New Mexico

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Hidalgo Medical Services
Silver City Community Health Center

- **Opened 2/1/13**
- **30,000 Sq Ft**
- **Combines three facilities into one**
- **Replaces 11K sq ft Clinic & 2 satellite facilities**

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Hidalgo Medical Services
Silver City Community Health Center

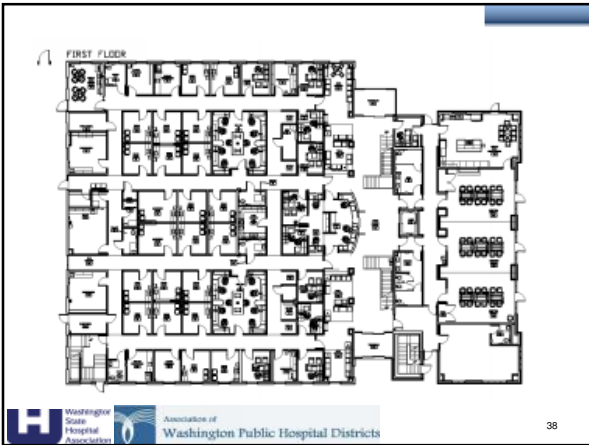
- **24 Primary Care Exams**
- **10 Chair Dental Suite**
- **Mental Health Suite with Adult Group and Child Play Areas**
- **Community Health Workers in each clinical hallway (6 total) & 3 classrooms**

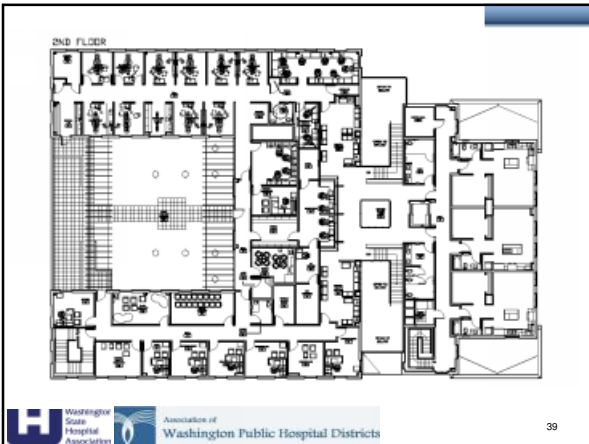
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Hidalgo Medical Services
Silver City Community Health Center

- All Records and Radiology is Digital and Integrated into 4 Core Services
- 3 One-Bedroom Apartments for Students and Residents
- Teaching Kitchen
- Pharmacy



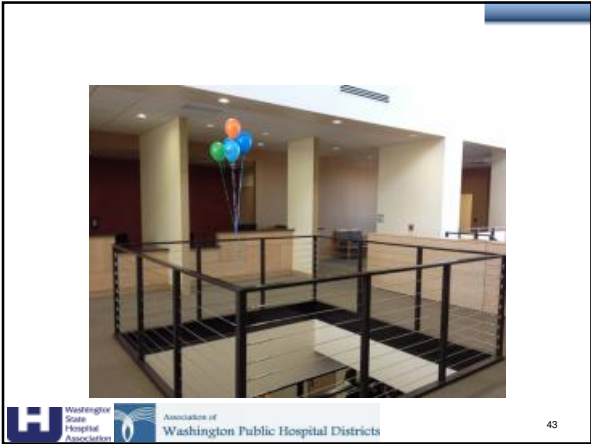


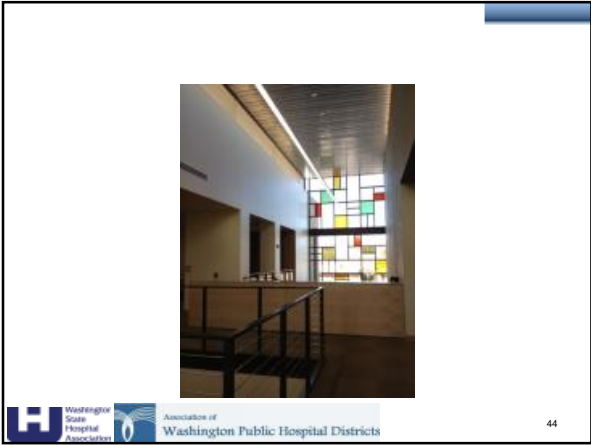
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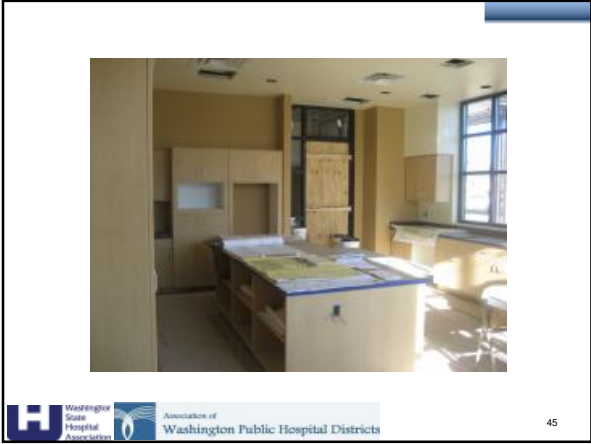


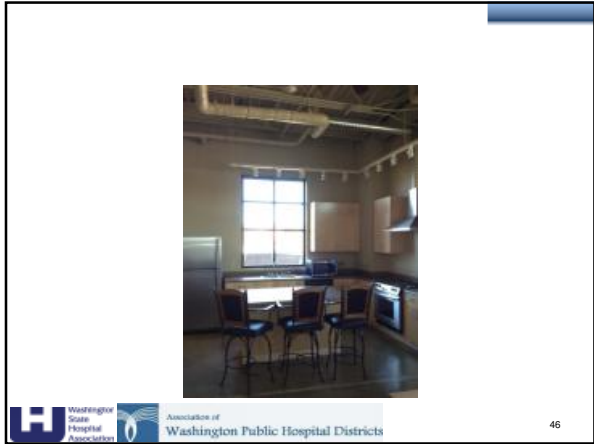


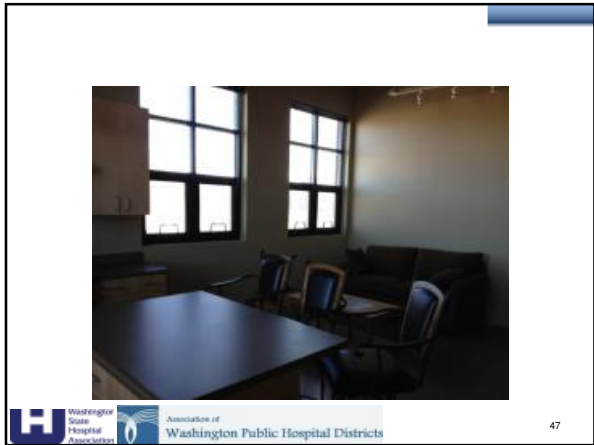


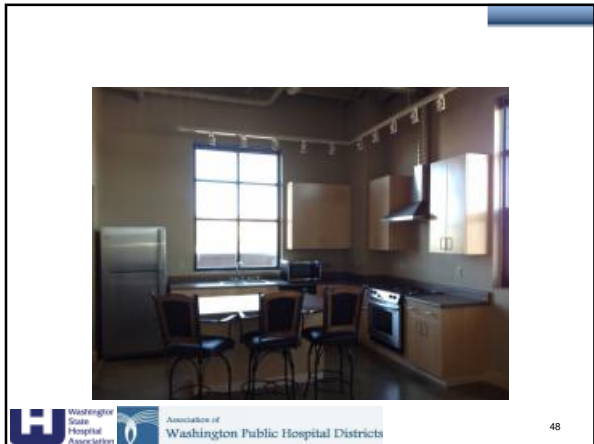


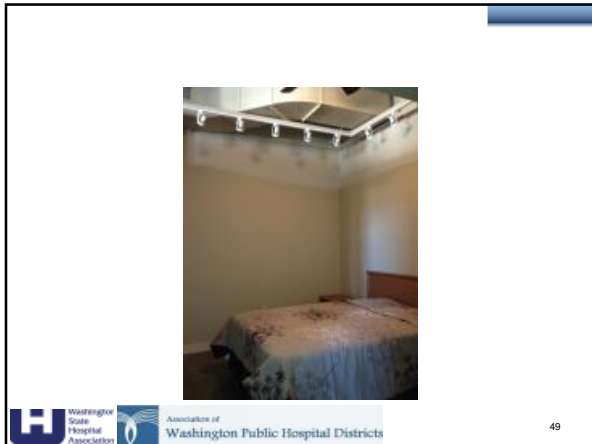




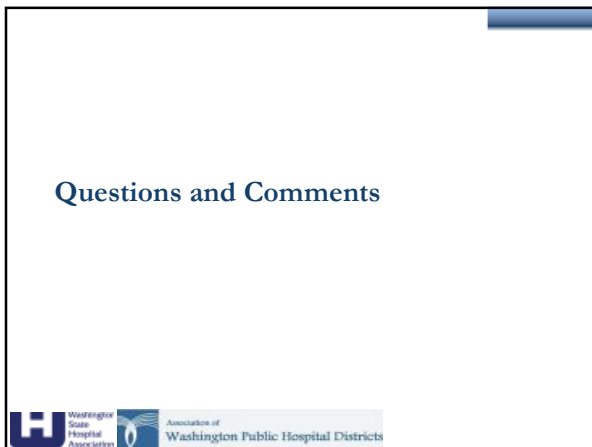


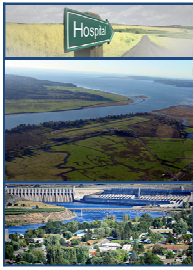












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