Rural Populations are Older, Less Healthy, Less Affluent and Have Limited Access to Multiple Types of Care

Source: The Chartis Center for Rural Health
Convergence of Multiple Pressure Points

Local and national pressure points creating downward pressure on rural providers.

- Health Disparities
- Population Migration
- Recruitment/Retention
- Healthcare Policies
- Economic Policy
48% of all Rural Providers have a Negative Operating Margin

State-level percentage of rural hospitals with negative operating margin.

Hospital Operating Margins: Medicaid Expansion and Non-Expansion States

<table>
<thead>
<tr>
<th></th>
<th>Expansion State</th>
<th>Non-Expansion State</th>
<th>Nebraska</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Operating Margin</td>
<td>1.5%</td>
<td>-0.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>% with Negative Operating Margin</td>
<td>41%</td>
<td>51%</td>
<td>41%</td>
</tr>
</tbody>
</table>
The Rural Hospital Closure Crisis

The New York Times

A Sense of Alarm as Rural Hospitals Keep Closing

The Washington Post

‘Who’s going to take care of these people?’
As emergencies rise across rural America, a hospital fights for its life
Hospital Closures – 113 and counting

Number of rural hospitals closed since 2010.

Source: Sheps Center, UNC
Residents of 68 communities must now drive 30 minutes more to reach the nearest hospital.
Offsetting Revenue Pressure:  
*The Decline of Access to OB Services in Rural America*

- Rural hospitals dropping OB since 2011: **134**
- Rural hospitals offering OB that have closed: **21**
- Rural communities that have lost access to OB since 2011: **155**
The Tipping Point Emerges at 12 Months Prior to Closure

Year Prior to Close

Operating Margin
-4.4%  ➔  -5.3%  ➔  -17.8%

Total Revenue
$10.9M  ➔  $10.5M  ➔  $8.4M
Rural Hospital Vulnerability

Percentage of State Rural Hospitals Determined to be Vulnerable

- 0%
- 1%-9%
- 10%-15%
- 16%-20%
- 21%-25%
- 26%-30%
- 31%-35%
- 36%-40%
- 41%-45%
- 46%+

Legend:
- FL (46%+)
- SC (41%-45%)
- GA (36%-40%)
- AL (31%-35%)
- VA (26%-30%)
- TN (21%-25%)
- OK (16%-20%)
- KS (10%-15%)
- MT (1%-9%)
- NH (0%)

States:
- AK
- CA
- HI
- WA
- MT
- ND
- SD
- MN
- WI
- MI
- NY
- CT
- MA
- OR
- ID
- WY
- NE
- IA
- IL
- IN
- OH
- PA
- NJ
- RI
- CA
- NV
- UT
- CO
- KS
- MO
- KY
- WV
- MD
- DE
- DC
- AZ
- NM
- OK
- AR
- TN
- VA
- NC
- TX
- LA
- MS
- AL
- FL
The ‘Most Vulnerable’

Percentage of State Rural Hospitals Determined to be ‘Most Vulnerable’
7 Factors with Greatest Impact on Sustainability

- Case Mix Index
- Government Control Status
- % Capital Efficiency
- % Occupancy
- % Outpatient Revenue
- % Change Total Revenue
- Medicaid Expansion Status
Key Considerations for Rural Providers
Engaging Rural Hospital Leadership Teams Across the Country

500+ healthcare executives and their trustees.
Key Considerations for Rural Hospitals

Remote geography presents both opportunities and challenges for rural providers.

Physician recruitment, retention, retirement, and burnout are significant patient barriers to access in rural healthcare.

Reliance on government reimbursement disproportionately impacts the rural health safety net.

Improving access and quality of care requires clinical integration.

EHR integration is critical to effective clinical partnerships.

Virtual care may improve access and patient experience at low cost, but may be a disruptor to current care delivery and payment models.

Value is incentivized by alternative payment models, under which strong performance is essential to secure bonus revenues.

Investment in primary care networks by rural acute care providers is critical.

Population health management demands high-value, coordinated care, incentivized by alternative payment models that reward improved community health.

Strategic governance must be informed by the latest rural-relevant research.
Survey Response: Top 3 considerations

- Geographic Remoteness: 69%
- Physician Recruitment, Retention: 69%
- Workforce (non-Dr.) Recruitment, Retention: 69%
- Reliance on Govt. Reimbursement: 46%
- Improving Clinical Partnerships
- Potential for Virtual Care
- Emergence of Alternative Models
- Increase Investment in Primary Care Models: 23%
- High-value, Coordinated Care for Pop Health
- Strategic Governance using Rural Metrics
Sample Questions and Challenges Facing Key Stakeholder Groups

Hospitals and Healthcare Systems

- How do we attract more commercial patients to improve margins near-term? How do we optimize revenue?
- How can we better understand and control our costs?
- Where do we get access to capital?
- How can we grow our physician group?
- What services will be needed in the future?
- What IT systems should we invest in?
- How do we break into digital health? Where do we begin?
- Do we need a partner?

Physicians/Clinicians and Medical Groups

- Can I survive as an independent practice? How do I keep costs down? How can I grow my revenue? Should I combine with another practice, group or health system? Should I retire early?
- What new capabilities do I need, by when, and how will I afford them? Where do I find them? How do I implement them?
- Do we have the right leadership in place to guide us into the future?
- What do my patients want and how do I provide it?
- How do I tackle all of this and stay abreast of new medical advancements, billing and coding, continuing medical education – and avoid burnout?
Critical Access Hospital Performance in Nebraska
A Framework for Understanding and Assessing Rural Provider Performance

Used by leading health systems to better understand individual facility performance as well as to compare with systems with similar rural investments.

Utilized today by Tennessee and Colorado to provide rural-relevant analytics to all rural facilities. Previously leveraged statewide in Iowa, California, Arkansas and Oklahoma.

Utilized by NRHA and NOSORH for advocacy efforts and basis of annual award programs.

Cornerstone for monitoring performance across 25 Montana CAHs participating in a 3-year innovation program.

Penn State and Michigan State rely on INDEX analytics as foundation for state-wide rural programming. Other participating universities have been, Wisconsin and University of Nevada.

Leveraged by DoH in Ohio, Maine, New Mexico and Mississippi as cornerstone of rural health programming.

Trusted by Critical Access and Rural & Community Hospitals nationwide as a comprehensive and objective tool for measuring performance.
Performance Pillars Span Market, Value, and Finance

**Market**
- Inpatient Market Share
  - Inpatient Market Share
  - Diagnostic Tests Market Share
  - Drugs Market Share
  - Emergency Market Share
  - Outpatient (OP)
  - Immunization (IMM)
  - Procedures Market Share
  - Radiology Market Share
  - Visits & Consultations Market Share

**Quality**
- Emergency (ED)
  - HF Readmission
- Outpatient (OP)
  - PN Readmission
  - HF Mortality
- Immunization (IMM)
  - PN Mortality
  - Hospital-Wide Readmission
  - Proprietary Mortality Score

**Outcomes**
- All Domains
  - HF Readmission
  - PN Readmission
  - HF Mortality
  - PN Mortality
  - Hospital-Wide Readmission
  - Proprietary Mortality Score

**Value**
- Patient Perspective
  - All Domains

**Finance**
- Cost
  - Adjusted IP Costs
  - Adjusted OP Costs
- Charges
  - Adjusted IP Charges
  - Adjusted OP Charges
- Financial Stability
  - Capital Efficiency
2019 Top 100 Critical Access Hospitals
Nebraska’s Top 100 CAH Footprint - 2019

• Brodstone Memorial
• Memorial Health Care Systems
• Jefferson Community Health Center
• Howard County Medical Center
• Community Medical Center
• Pender Community Hospital
• Providence Medical Center
• Phelps Memorial
• Johnson County Hospital
Nebraska’s Top 100 Alumni

Brodstone Memorial Hospital
• 8-time recipient

Memorial Health Care, Jefferson Community Health Center
• 5-time recipients

Boone County Health Center, St. Francis Memorial Hospital, Ogallala Community Hospital, York General, Cherry County, Howard County Medical Center
• 4-time recipients

Avera St. Anthony’s, Community Medical Center, Pender Community Hospital
• 3-time recipients

Phelps Memorial, Memorial Community Hospital, Community Hospital, Box Butte General, Sidney Regional Medical Center, Providence Medical Center
• 2-time recipients

Crete Area Medical Center, West Holt Memorial Hospital, Gordon Memorial, Antelope Memorial, Brown County Hospital, Johnson County Hospital
• 1-time recipients
How the 2019 Top 100 CAHs Measure Up to Rural Peers
# Nebraska Critical Access Hospital Performance

<table>
<thead>
<tr>
<th></th>
<th>Overall INDEX Score</th>
<th>IP Market Share</th>
<th>OP Market Share</th>
<th>Quality</th>
<th>Outcomes</th>
<th>Patient Sat.</th>
<th>Cost</th>
<th>Charges</th>
<th>Finance</th>
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<tbody>
<tr>
<td>NEB CAHs</td>
<td>80</td>
<td>60</td>
<td>82</td>
<td>93</td>
<td>51</td>
<td>78</td>
<td>14</td>
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<tr>
<td>All U.S. CAH Median</td>
<td>53</td>
<td>40</td>
<td>47</td>
<td>64</td>
<td>49</td>
<td>66</td>
<td>34</td>
<td>58</td>
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<td>NEB CAHs v US CAHs</td>
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**QUARTILE RATING SCALE**

- 1=100-75
- 2=74.9-50
- 3=49.9-25
- 4=24.9-0

*Note: The table compares the performance of Nebraska Critical Access Hospitals (NEB CAHs) with the median performance of all U.S. Critical Access Hospitals (CAHs). The arrows indicate improvement or decline in performance across different indicators.*
Save the Dates

- National Rural Health Day (Nov. 21)
  - Performance Leadership Awards

- Top 100 (February 2020)
Thank You For Your Time and Attention

Michael Topchik
National Leader, Chartis Center for Rural Health
Senior Vice President, iVantage Health Analytics
mtopchik@chartis.com

Troy Brown
Manager, Chartis Center for Rural Health
tbrown@chartis.com

Melanie Pinette
Client Services Manager, Chartis Center for Rural Health
mpinette@chartis.com