Washington State
Hospital Association

Washington Rural Health Access Preservation Pilot

Innovative Payment for Emergency Care in Rural Washington State

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Disclaimer

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Overview

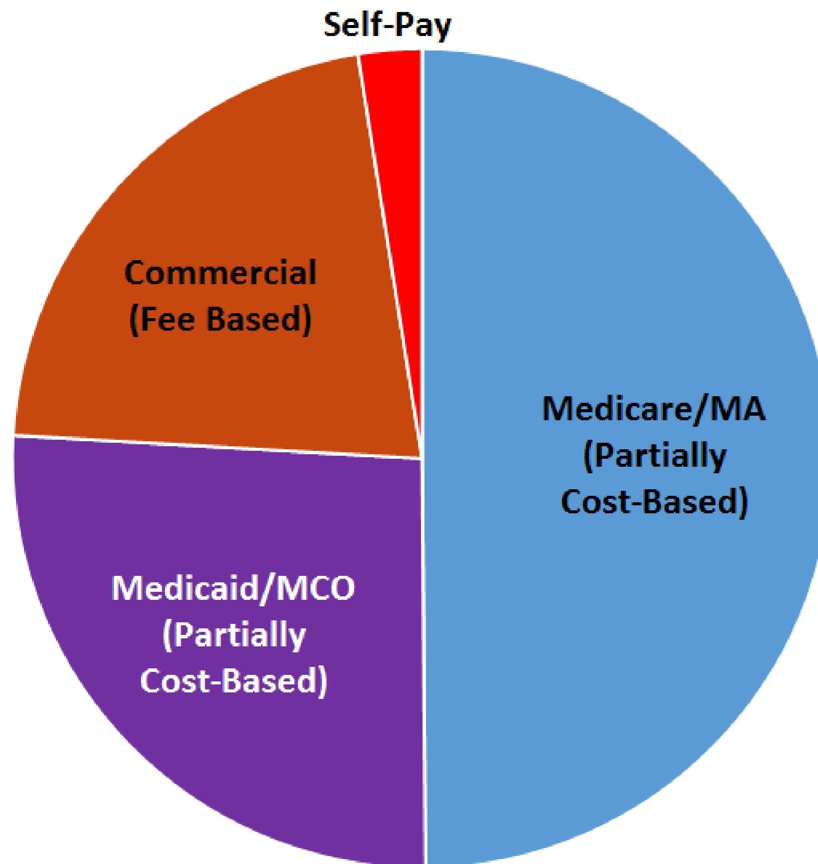
- The Challenge for Rural Healthcare
- Challenges of Cost Based Reimbursement
- Washington Rural Health Access Preservation Pilot (WRHAP)
- ED Payment Model and Implementation Challenges
- Next Steps

Challenges of Rural Health Care

- 80 rural hospitals in 25 states have closed since 2010
- Demographic shifts
- Shift to outpatient care
- Small numbers
- Often the only source for a broad range of services
- Complex and interconnected payment

Challenge of Cost Based Reimbursement

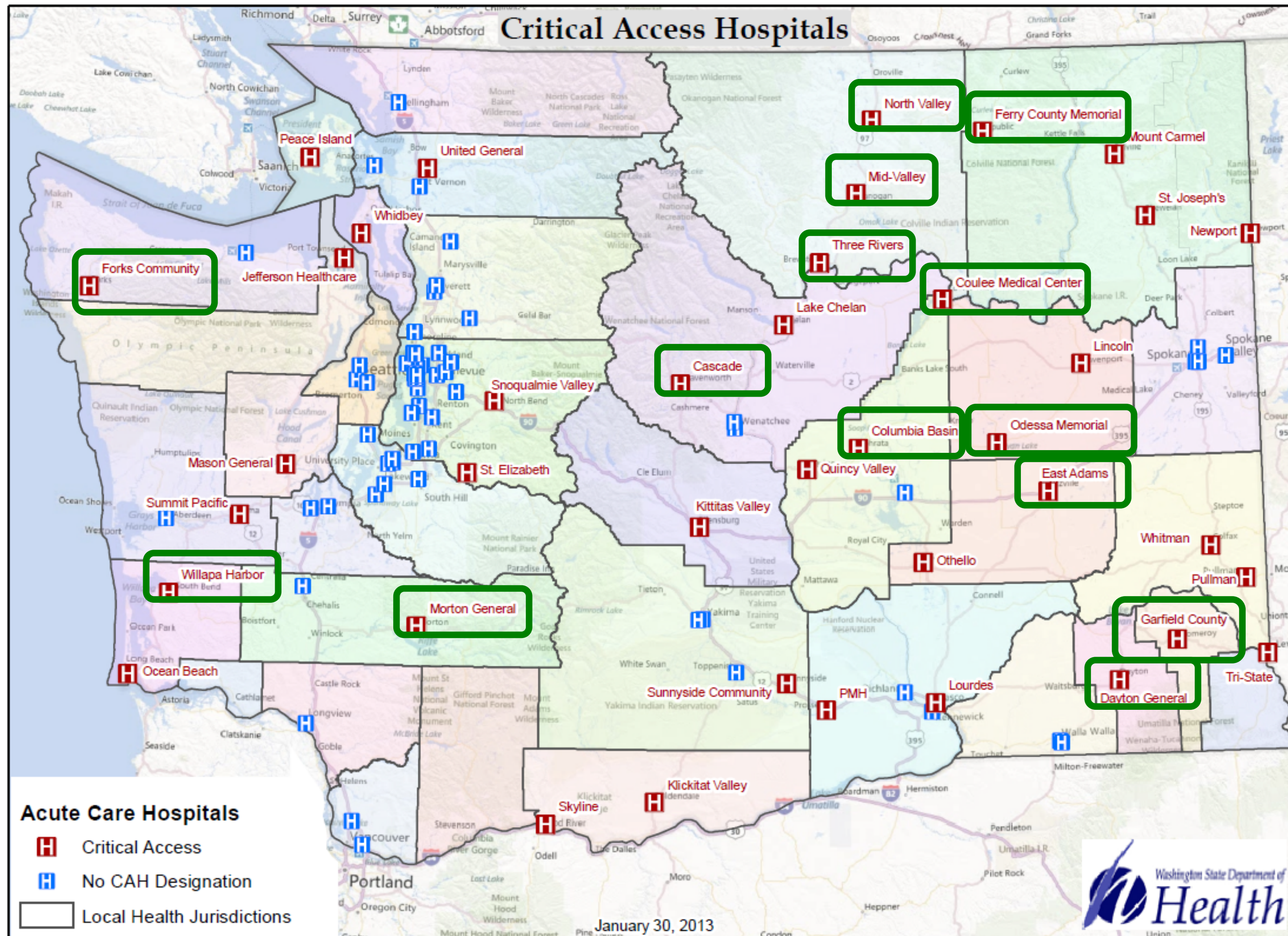
- 99% is not cost
- On average, only 90% of costs were covered
- Volume based in a fundamentally low volume area
- Separate payment streams without recognition of the whole
- EXTREMELY COMPLEX


Payer Mix in WRHAP Hospitals 2015
Self-Pay
Commercial (Fee Based)
Medicare/MA (Partially Cost-Based)
Medicaid/MCO (Partially Cost-Based)

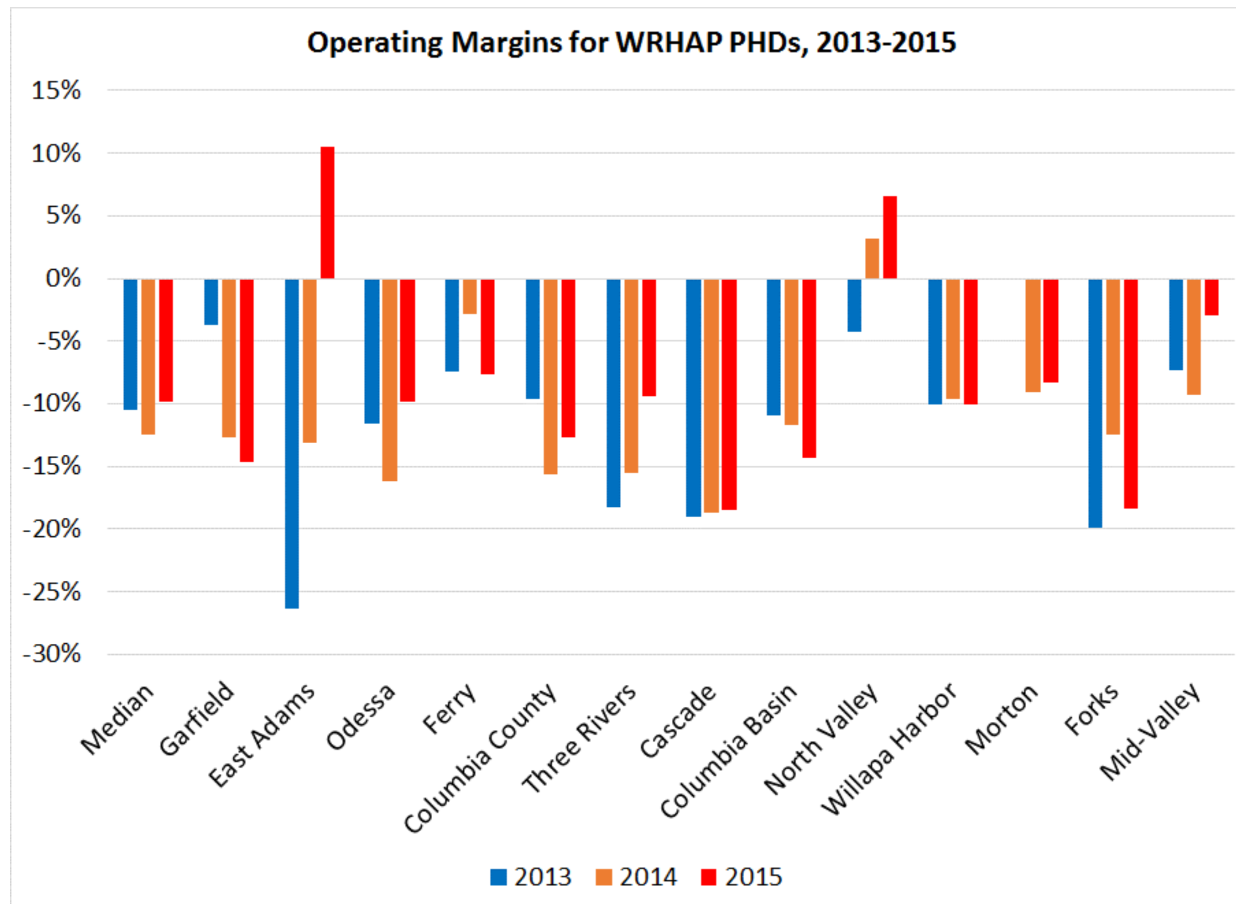
WRHAP Goals

- Sustain access to essential healthcare services- primary care, emergency and long-term care
- Develop and pilot an alternative payment methodology that will support sustainability
- Create the regulatory framework to allow WRHAP hospitals to deliver high value care locally
- Begin with Medicaid, move to an all payer model
- Transformation to population health districts

14 Critical Access Hospitals



Financially Vulnerable



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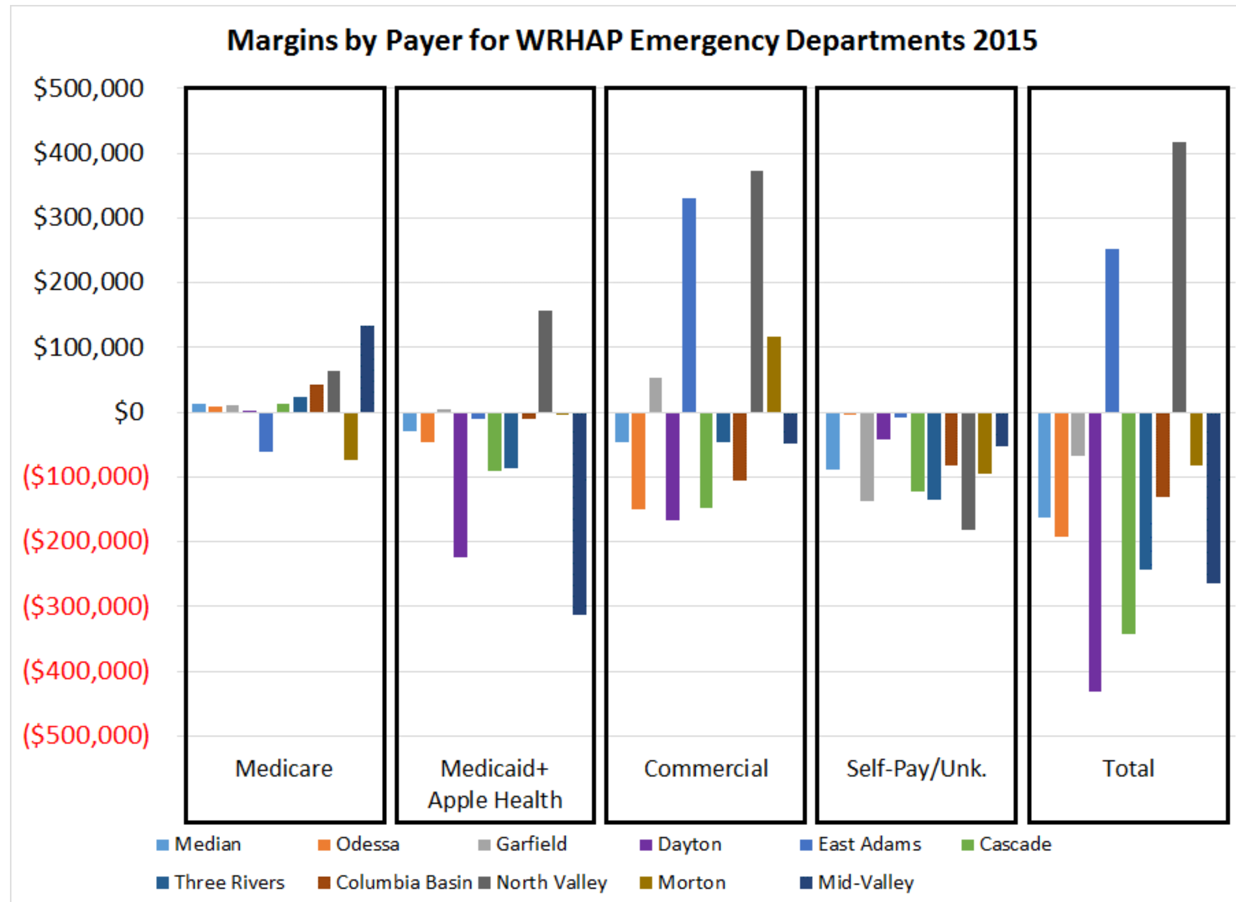
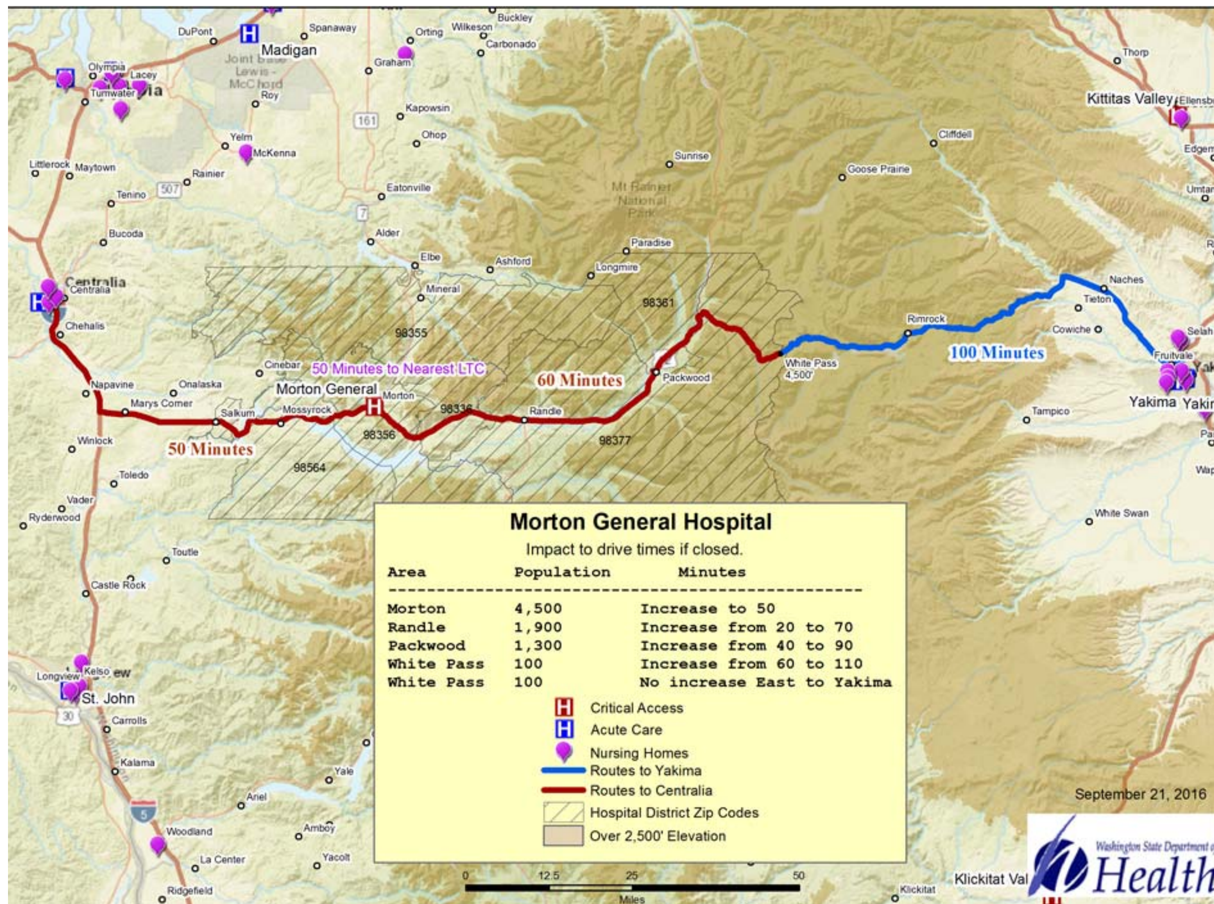
Emergency Department Margins



Emergency Department Challenges

- Average 9% deficits
- Emergency visits are more expensive in rural areas- high infrastructure cost with low volume
- Payments do not cover the cost
- Does not recognize public interest in access to services

WRHAP Hospitals are Remote



ED Solutions

- Phase 1: Minimum ED Payment for each payer
  - Establish minimum level needed for adequate service provision
  - Calculate payer share
  - Supplemental payments to cover shortfalls in visit-based payments

- Implementation
  - Calculation of minimum level
  - Administrative oversight
  - Continues to incentivize volume

ED Solutions

- Phase 2: Population-Based Payment
  - Annual Per-Resident Payments from Each Payer
  - Payment per visit
  - Performance-Based Payment

- Implementation
  - Similar administrative and budget determination concerns
  - Volume incentive
  - Performance on quality measures

Next Steps

- HB 1520- new payment and up-front investment
- 2018 LTC and Inpatient evaluation
- Q4 2018- Pilot
- Payer engagement

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THANK YOU!

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