



# Shifting Healthcare Priorities from Volume to **VALUE**

*One Rural Community at a Time*

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**2020 Annual Report**

*RHRC Team*

# A Word From Leadership...

Dear Colleagues,

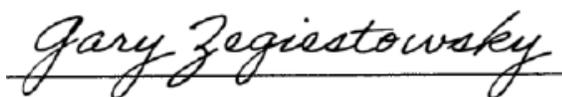
We are proud that we have successfully established the RHRCA and have the organization up and running. The RHRCA can now effectively lead efforts for the Pennsylvania Rural Health Model (PARHM) and other value-based initiatives as an independent entity focused on improving the health of the rural residents and communities we serve. We also successfully established the RHRCO as a 501c3 nonprofit to serve as a supporting organization to the RHRCA for fundraising activities and technical assistance opportunities beyond Pennsylvania that will strengthen the long-term sustainability of the organization.

As we complete our first fiscal year of operation, we have 13 hospitals and 6 payers all committed to our goal of transforming healthcare in rural communities and are currently onboarding additional hospitals for 2021 participation. We have made great strides towards our key objectives of improving the financial sustainability of our hospitals using an alternative payment model while encouraging hospitals to transform the way care is delivered to best align with the needs of each community. Our efforts to work in partnership with the Centers for Medicare and Medicaid Innovation (CMMI) will continue as we work to evolve our Global Budget Methodology to align payment mechanisms with population health improvement.

In spite of difficult times in dealing with the pandemic, we are pleased that the PARHM provided financial stability to our participating hospitals, enabling all of them to remain open and operate above capacity to meet the significant health care demands in each community. Through the PARHM, we reach approximately 850,000 rural residents and serve some of the most disparate communities in the state in terms of both health and economic status.

We have strong alignment across our participating hospitals and payers, and we believe this collaborative approach is one of the keys to our success. A survey of leaders from our participating hospitals shows that 92% would choose to participate in the Model again, if given the chance, thus confirming the value we are bringing to these hospitals and their communities.

As we head into the next year, we are focused on the recruitment of additional hospital participants into the PARHM to expand our reach to rural residents while progressing our efforts to transform care with the hospitals and payers currently in the Model. We are optimistic that we can truly make a difference in the lives of the residents we serve through the work we are doing, and we are thankful for this opportunity.



Gary Zegiestowsky  
Executive Director



Janice Walters  
Chief Operating Officer



## Background

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Through the passing of Act 108 in 2019 the Pennsylvania Rural Health Redesign Center Authority (RHRCA) was birthed, along with the PA Rural Health Redesign Center Fund. The RHRCA is an independent entity created to administer the PA Rural Health Model. The purpose of Act 108 is to protect and promote access by residents of the Pennsylvania Commonwealth to high-quality health care in rural communities by encouraging innovation in health care delivery.

With this legislation being signed into law on November 26th, 2019 by Governor Tom Wolf, the RHRCA was formally established the following year. This was bookmarked by the holding of its inaugural board meeting on May 26, 2020.

To work in tandem with the RHRCA, a separate not-for-profit entity was established in the summer of 2020 - The Rural Health Redesign Center Organization (RHRCO). The RHRCO is a 501c3 corporation structured to support the fundraising efforts and technical assistance activities of the RHRCA.

# WHO WE ARE

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## Our Mission:

Helping Rural Communities  
**THRIVE!**

## Our Goals:



*Committed to addressing the challenges facing rural hospitals  
and communities in Pennsylvania and across the nation.*

# 2020 ACTIVITIES

Throughout 2020, the primary focus of the RHRCA was the formal establishment of the entity and continuation of the Pennsylvania Rural Health Model.

## RHRCA Establishment

To formally develop and establish the RHRCA, the following activities were conducted:

- ✓ Board appointments
- ✓ Development and passing of entity Bylaws
- ✓ Development of initial company policies
- ✓ Submission and attainment of organizational documents including:
  - DUNs, EIN, Insurance Certification, W-9
- ✓ Establishment of the RHRCO
- ✓ Establishment of entity bank accounts
- ✓ Securement of an accounting vendor
- ✓ Securement of a payroll vendor
- ✓ Selection of Financial Audit and Tax firm
- ✓ Development of HR policies
- ✓ Securement of support services including:
  - Company Insurance, Employee Benefits
- ✓ The hiring of staff, including the Executive Director, Gary Zegiestowsky
- ✓ Transferring existing staff from 3<sup>rd</sup> party agency to RHRCA
- ✓ Obtaining staff licenses for IT platform
- ✓ Website development

# 2020 ACTIVITIES (cont.)

## Pennsylvania Rural Health Model (PARHM)

The Pennsylvania Rural Health Model is an alternative payment model designed to address the financial challenges faced by rural hospitals by transitioning them from fee-for-service to global budget payments. These global budget payments are funded by Medicare, Medicaid, and Commercial Payers who have agreed to participate in the Model. This model aligns incentives for providers to deliver value-based care and provides an opportunity for rural hospitals to transform the care they deliver to better meet community health needs.

### There are two primary activities of administering PARHM:

1. Increase the financial stability of hospitals through the distribution of predictable global budgets.
2. Guide hospitals through a transformation plan process to drive improvements to population health and access to care in their communities.

Transformation Plan initiatives vary by hospital, but all can be attributed to **three main transformation categories set forth by CMMI** -



**Improve Access  
to Care**



**Improve Population  
Health**



**Decrease Substance Use  
Disorder Deaths**

### 2020 Activities Related to PARHM:

- Securing contract with program vendors - Mathematica (*global budget vendor*) , Rural Health Value (*transformation plan coaching*)
- 2021 Transformation Plan updates
- CMMI required monitoring and reporting procedures
- Participant recruitment: five additional hospitals will onboard in 2021.

*The model was designed in partnership with the federal Centers for Medicare and Medicaid Services (CMS) Center for Medicare and Medicaid Innovation (CMMI).*

# PARHM (cont.)

## Model Participants

### Providers:

1. Armstrong County Memorial Hospital (ACMH)
2. Barnes-Kasson County Hospital (BKH)
3. Chan Soon-Shiong Medical Center at Windber (CSSMCW)
4. Endless Mountains Health Systems (EMHS)
5. Fulton County Medical Center (FCMC)
6. Geisinger Jersey Shore Hospital (GJSH)
7. Monongahela Valley Hospital (PH MVH)
8. Punxsutawney Area Hospital (PAH)
9. Penn Highlands Tyrone Hospital
10. UPMC Kane Hospital
11. Washington Health System Greene (WHS)
12. Washington Hospital (WHS)
13. Wayne Memorial Hospital (WMH)

### Payers:

1. Aetna
2. Centers for Medicare and Medicaid Services
3. Gateway Health
4. Geisinger Health Plan
5. Highmark
6. UPMC Health Plan

**92%**

of responding provider representatives agreed that if given the opportunity again, they would choose to participate in the Model.

- RHRC Survey

# OUR WORK

Through administration of the PA Rural Health Model, the RHRCA reaches over 847,671 individuals across the state, 28.9% of whom live in Health Professional Shortage Areas (HPSA).

## DEMOGRAPHICS SERVED

*Minority Population:*

**5.7%**

*Unemployment:*

**5.4%**

*Poverty:*

**13.3%**

*HPSA Population:*

**28.9%**

## OUR IMPACT

*Impacted  
Lives:*

**848K**

*Economic  
Contributions*

**1.6B**

*Salary  
Contributions*

**586M**

*Jobs  
Provided*

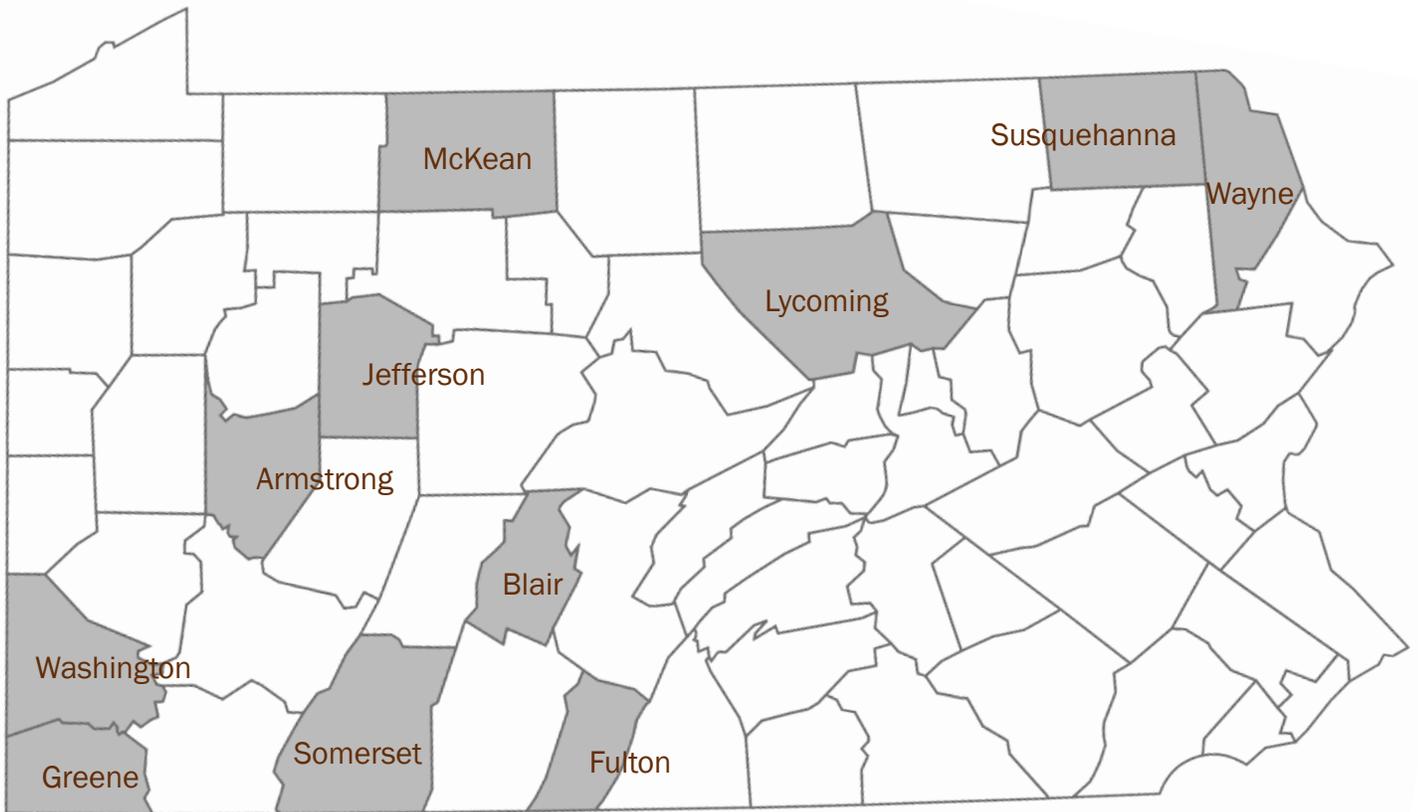
**11K**



# SERVICE AREAS

The current footprint of the RHRCA is in alignment with the geographies served by PARHM participant hospitals which span eleven rural Pennsylvania counties.

Futuristically, the goal is to expand this reach overtime to serve more rural communities in the state and across the nation.



# TESTIMONIALS

*Provided by leadership of PARHM provider participants*

“ The Model has changed our focus from being a "sick" care system to being a "health" care system which has helped drive many other strategic initiatives.

“ The Model has helped create financial stability which gives our organization the opportunity to assess the community needs and weakness to grow, establish, and implement positive changes to assist the patients we care for.

“ This program has prevented the hospital from closing and not serving the members of this community.

“ We are glad to be a participant in the model. We have found the Team to be very supportive.

# MEET THE TEAM



**Gary Zegiestowsky, MBA**  
*Executive Director*

Gary joined the RHRCA in 2020. He is responsible for the establishment and operation of the RHRCA as the independent entity administering the PARHM and the RHRCA as a non-profit supporting organization. Gary is committed to improving the health and wellbeing of these rural residents and leveraging learnings to serve others nationally.



**Janice Walters, MSHA, CHFP**  
*Chief Operating Officer*

Janice joined PARHM in 2018. She is responsible for the Model's overall implementation and support of the RHRCA's operations. Janice is passionate about ensuring rural communities, which include her family and loved ones, maintain access to high-quality healthcare through innovative solutions.



**Brigitte Green**  
*Operations Manager*

Brigitte joined PARHM in 2019. She supports the work of the Chief Operating Officer through data analytics, reporting and modeling. Brigitte was employed by a rural hospital in north central Pennsylvania prior to joining the Model, which made her appreciate the important role the rural hospital plays in its community.



**Diana Carpenter**  
*Clinical Program Manager*

Diana joined the PARHM in 2019. She is responsible for assisting hospitals with developing and implementing their transformation plans and she has a background in clinical services and a passion for helping others. Having grown-up in a rural community, she is committed to helping rural residents access services in their communities.



**Tracey Dorff**  
*Administrative & Technical Support*

Tracey joined the team in 2020. She has a formal degree in Business Management and is certified in LEAN Management. Born and raised in rural, Tracey has an appreciation for the work of the RHRCA and the importance of maintaining access to healthcare in rural communities.

# OUR BOARD

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The RHRCA Board is comprised of government appointed commonwealth, rural health, and PARHM participant payer and provider representatives. The Board's main priorities are to work in partnership with CMMI and the Department of Health (DoH) to ensure success of PARHM, assess its long-term viability, and stand up the RHRCA as an independent entity.

Our 2020 Board Representatives at the time of formation were as follows:

## **Commonwealth Representatives:**

- Rachael Levine, M.D. (Chair), *PA Dept. of Health*
- Teresa Miller, *PA Dept. of Human Services*
- Jessica Altman, *PA Insurance Dept.*

## **Payer Representatives:**

- Andrew Richard, *Aetna*
- Keith Mitchell, *Aetna*
- Glenn Pomerantz, *Gateway Health*
- John Bulger, M.D. *Geisinger*
- Sara MacDerment, *Geisinger*
- Sean Burns, *Highmark*
- Raymond Prushnok, *UPMC*
- Mike Sweeney, *UPMC*

## **Hospital Representatives:**

- Tammy Anderer, *GJSH*
- John Lewis, *ACMH*
- Jack Sisk, *PAH*
- Sara Adornato, *BKH*
- Kate Slatt, *HAP*
- Loren Stone, *EMHS*
- James Pettinato, *WMH*

## **National Recognized Experts:**

- Donna Kinzer, *DK Healthcare Consulting*
- Brock Slabach, *National Rural Health Association*



# FINANCIALS

The RHRCA had an external audit of the organization’s financial statements for the year ended June 30, 2021 completed by BKD, LLP. The financial highlights of this audit are as follows:

- The Authority initiated operations during the fiscal year ended June 30, 2021 which included obtaining a \$2,000,000 working capital loan from the Commonwealth of Pennsylvania and contracting with various consulting providers including:
  1. Mathematica – Operational and Administrative Support
  2. RJW Enterprises – Contract Staffing Services
  3. Rural Health Value – Operational Support
- The Authority reported a loss from operations for the fiscal year ended June 30, 2021. The Authority is designed to break even in operations after the initial use of working capital, based on all expenses being funded by corresponding grant and contribution revenue. During the fiscal year ended June 30, 2021, the Authority incurred initial consulting costs that were funded through the working capital loan, and totaled \$966,193
- Major funding sources during the fiscal year ended June 30, 2021 primarily included The Centers for Medicare and Medicaid Innovation (CMMI) and the Rural Health Redesign Center Organization (RHRCO)

The working capital loan from the Commonwealth of Pennsylvania was required due to an unexpected cut in funding from CMMI, the RHRCA’s primary funding source to support the PARHM. The operating loss incurred due to this cut in funding is shown below:



In future reporting periods, the Authority expects any operating gain or loss to be based on timing of expenses and reimbursement.

A copy of the audit is publicly available at:  
<https://www.health.pa.gov/topics/Health-Innovation/Pages/Rural-Health.aspx>

# WHAT'S NEXT...

With the entity formally established through the activities conducted in 2020, the RHRCA intends to build on this momentum by continuing to support PARHM and its participants, extending services to additional rural communities, and performing outreach activities to increase public awareness of the organization and the Model throughout 2021 and beyond.



## Recruitment

Continue strategies to recruit and onboard additional eligible hospitals into PARHM.



## Transformation

Continue to identify and implement transformation initiatives in the current PARHM participating hospitals.



## Educate

Provide education specific to rural health, value-based care, innovative payment models, and other areas of expertise to external organizations .



## Events

Identify and present in public forums to increase awareness of the RHRCA and share lessons learned through PARHM implementation.

# THANK YOU...

Thank you to our stakeholders and supporters including: Our partner organizations encouraging us to pursue innovative strategies and offering insights along the way; our PARHM participants, without whom we would not have a program to administer; and to our funders for providing us stability to continue offering our services to support rural communities across the state.

## **Partner Organizations**

- Centers for Medicare and Medicaid Innovation
- Center for Rural Pennsylvania
- Healthcare Council of Western PA
- Hospital and Healthsystems Association of Pennsylvania
- Pennsylvania Department of Health
- Pennsylvania Department of Human Services
- Pennsylvania Insurance Department
- Pennsylvania State Office of Rural Health

## **Participant Hospitals**

- Armstrong County Memorial Hospital
- Barnes-Kasson County Hospital
- Chan Soon-Shiong Medical Center at Windber
- Endless Mountains Health Systems
- Fulton County Medical Center
- Geisinger Jersey Shore Hospital
- Monongahela Valley Hospital
- Punxsutawney Area Hospital
- Penn Highlands Tyrone Hospital
- UPMC Kane Hospital
- Washington Health System at Greene
- Washington Hospital
- Wayne Memorial Hospital

## **PARHM Participant Payers:**

- Aetna
- Centers for Medicare & Medicaid Services
- Gateway Health
- Geisinger Health Plan
- Highmark
- UPMC Health Plan

# GET INVOLVED

With your support, we can continue to serve rural communities across Pennsylvania and the nation. You too can help bridge the gaps existing in these underserved areas.

**LEARN MORE:** Visit [www.RHRCO.org](http://www.RHRCO.org) to learn more about our current initiatives and services.

**CONTACT US:** Send us a message via our website portal or email us at [Support@RHRCO.org](mailto:Support@RHRCO.org).

**VOLUNTEER:** Our hospitals are always looking for help in various departments. If you are in a RHRCO service area and would like to support your local hospital, consider emailing us or call your local facility directly.

**FOLLOW US:** Follow us on LinkedIn (@rhrc) to stay up to date with our latest news, photos, and videos.

**PARTNER:** Partner with us to develop and implement projects that impact rural healthcare and surrounding communities.

**SHARE:** Share your ideas with us to promote the development of population health projects geared towards your philanthropic priorities.

**DONATE:** Visit [www.RHRCO.org](http://www.RHRCO.org) or contact us to provide a donation to help support our initiatives. All donations are tax deductible.

*For more ways to get involved, email us at [support@rhrc.org](mailto:support@rhrc.org).*

