



Shifting Healthcare Priorities from Volume to **VALUE**

One Rural Community at a Time

2021-2022 Fiscal Annual Report

RHRC Team

A Word From Leadership...

Dear Colleagues,

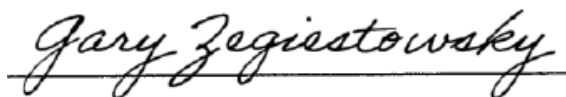
We are proud that we have successfully completed our second year of operations as an organization with several notable accomplishments, including transforming healthcare delivery in rural communities across the Commonwealth through continued execution of the Pennsylvania Rural Health Model (PARHM). The criticality of our work is illustrated well based on the economic contributions of PARHM participants totaling \$2.4 billion for the Commonwealth based on approximately 18,000 jobs and \$900 million in salary contributions that fuel the economic vitality of these rural communities.

The RHRCA continues to effectively lead efforts for the PARHM and other value-based initiatives as an independent entity focused on improving the health of the rural residents and communities we serve. We have also continued to lead the RHRCO, a 501c3 nonprofit serving as a supporting organization to the RHRCA for fundraising activities and technical assistance opportunities beyond Pennsylvania. We were successful in securing licensure for the RHRCO to serve as a Community Benefit Organization (CBO) and are actively pursuing multiple grants to expand our abilities for community transformation both in Pennsylvania and across the country while strengthening the long-term sustainability of the organization.

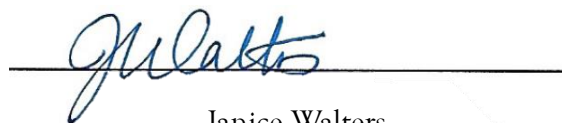
As we complete our second fiscal year of operation, we have added 5 new hospitals to the PARHM, now totaling 18 hospital and 6 payer participants. Through this expanded participation, we now reach approximately 1,300,000 rural residents and serve some of the most disparate communities in the state in terms of both health and economic status. As we progress after the pandemic, we are pleased that all PARHM participating hospitals remained open and operated above capacity to meet the significant health care demands in each community.

Through continued partnership with the Centers for Medicare and Medicaid Innovation (CMMI) to finalize the Global Budget Methodology, we have made great strides towards improving the financial sustainability of our rural hospitals with each cohort showing significant improvements in overall operating margins. Through the alignment of payment mechanisms with population health improvement, over 100 value-based transformation goals have been completed by PARHM hospitals to better align the care delivered with the needs of each community. As the Model progresses, these efforts are proving effective with the quality of care delivered by our hospitals continuing to improve and pass all commercial and Medicare quality measures defined for the program.

We have strong alignment across our participating hospitals and payers, and we believe this collaborative approach is one of the keys to our success. As we head into the next year, we are focused on leveraging regional and program-wide collaborations to progress our efforts to transform care as well as expanding our reach to address social determinants of health. 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 of Programs



Background

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 opportunities of the RHRCA.

WHO WE ARE

Our Mission:

To protect and promote access by the residents of the Commonwealth to high-quality health care in rural communities through innovation in health care delivery.

Our Goals:



HELPING RURAL COMMUNITIES THRIVE

2021-2022 ACTIVITIES

Building on the momentum of last year, our primary focus of the 2021-2022 fiscal year was the execution of the Pennsylvania Rural Health Model (PARHM). In addition to general RHRCA operational activities, this included the onboarding of the final cohort of participant hospitals, continued transformation of hospital healthcare delivery systems, and educating the public through the development of content and speaking at public forums.

Education & Events

- Development of public-facing case studies and reports.
- Event: Value-Based Purchasing for Rural Communities (*Mar. 2021*)
- Event: NRHA Plenary Session (*Sep. 2021*).
- Hosted PARHM Spring Summit for hospital-payer collaboration and networking (May 2022)
- Event: Healthcare Innovation Congress (thINc360) (May 2022)
- Legislative Hearing (January 2022)
- Center for Rural PA Legislative Hearing (February 2022)

Recruitment & Transformation

- Onboarding of 5 additional hospitals.
- 2022 Transformation Plan Updates.
- Payer/Provider Joint Workgroups.
- Interviewing participant hospitals to assess Social Determinant of Health needs across the program.
- Development of a program-wide goal to address food insecurity.
- Pursued 2 grants to support regional transformation in PARHM communities.
- Secured \$60,000 of grant funding for PARHM participant hospital to undergo facility renovations.

Operational

- CMMI required monitoring and reporting.
- Community Benefit Organization Licensure for the RHRCA.
- Hiring of additional staff (PARHM Director and CBO Coordinator).

WHAT IS THE PARHM?

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 better meet community health needs.

There are two primary pillars of the 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**

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

PARHM PARTICIPANTS

Providers:

1. Armstrong County Memorial Hospital
2. Barnes-Kasson County Hospital
3. Butler Health System (DBA Clarion Hospital)*
4. Chan Soon-Shiong Medical Center at Windber
5. Endless Mountains Health Systems
6. Fulton County Medical Center
7. Geisinger Jersey Shore Hospital
8. Highlands Hospital*
9. Indiana Regional Medical Center*
10. Meadville Medical Center*
11. Monongahela Valley Hospital
12. Olean General Hospital (DBA Bradford Regional Medical Center)*
13. Punxsutawney Area Hospital
14. Penn Highlands Tyrone Hospital
15. UPMC Kane Hospital
16. Washington Health System Greene
17. Washington Hospital
18. Wayne Memorial Hospital

* Indicates 2021 onboarded hospitals

Payers:

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

**Not one PARHM
participant hospital
closed during the
COVID-19 Pandemic**

PROJECTS PENDING FUNDING

As the PARHM progresses, interest in collaboration among hospitals has increased to drive larger impacts in rural regions across Pennsylvania. In response to this interest, the RHRCA, with support of the RHRCO, has begun pursuing funding to support these partnerships, serving as the centralized project coordinator. Below are two projects submitted for funding from the Health Resources & Services Administration (HRSA) in early 2022.

Workforce Innovations in Rural Communities (WIRC)

A collaborative of the RHRCO and 8 PARHM hospitals to expand public health capacity by supporting healthcare job development, training, and placement through the development of standardized career tracks for coding and revenue-cycle professionals in the hospital setting.

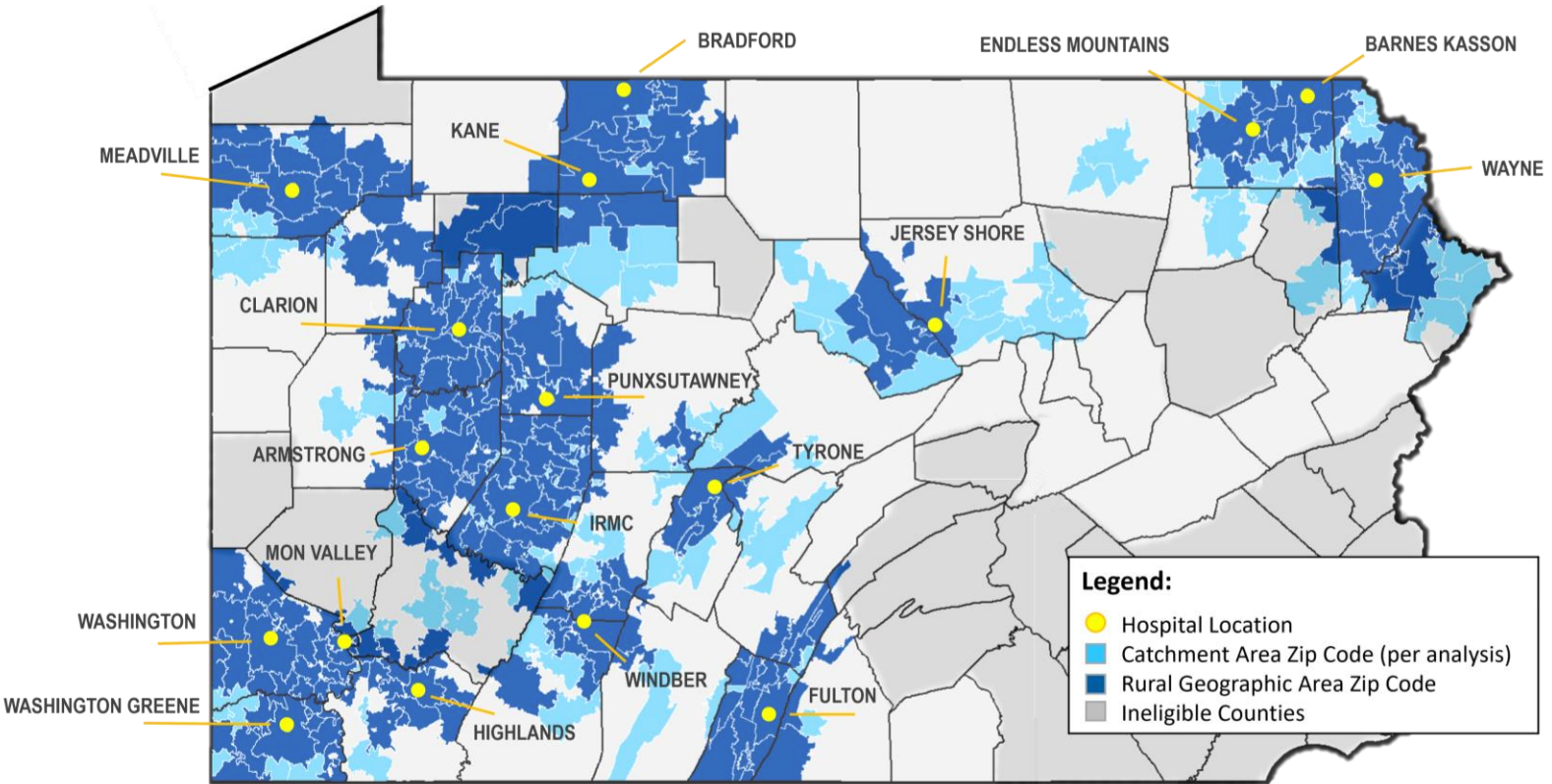
Peer Recovery Expansion Project (PREP)

A collaborative of the RHRCO, 7 PARHM hospitals, 7 Single County Authorities, and Pitt-PERU to enhance access to substance use and behavioral health treatment services across rural Pennsylvania by embedding Peer Recovery Specialists and Case Managers in hospital emergency departments.

*** The PREP project was awarded in August of 2022 and is in the early stages of implementation. While the WIRC project was not awarded, the RHRCA will continue to prioritize the pursuit of funding to enhance healthcare workforces in the rural communities we serve.**

SERVICE AREAS

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



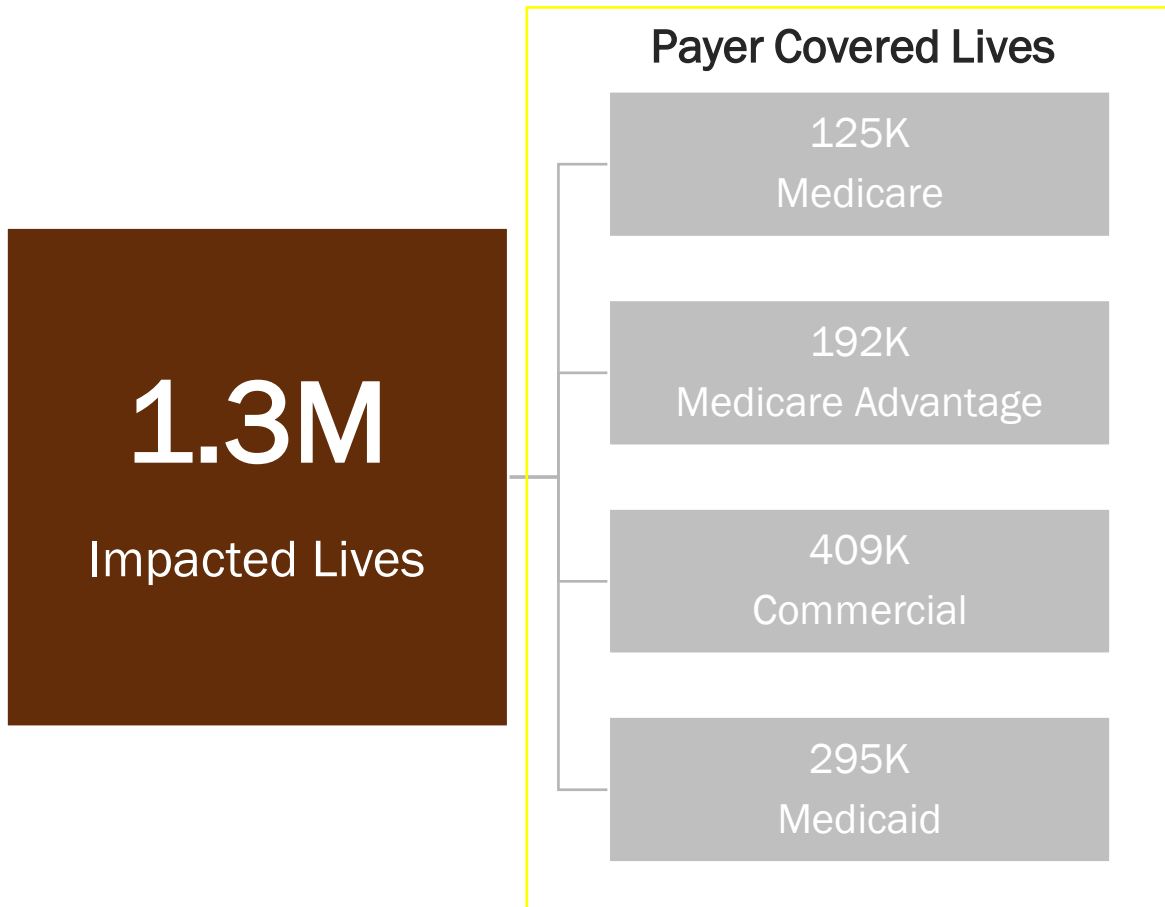
Pennsylvania Counties Served

✓ Armstrong	✓ Fulton	✓ McKean
✓ Blair	✓ Greene	✓ Somerset
✓ Clarion	✓ Indiana	✓ Susquehanna
✓ Crawford	✓ Jefferson	✓ Washington
✓ Fayette	✓ Lycoming	✓ Wayne

It has been calculated that approximately **1.3M** Pennsylvanians are impacted by the PARHM through its geographic footprint as represented by the blue regions of the map above.

OUR IMPACT (Lives Impacted)

Our reach of over 1.3M people is impacting some of the most critical communities in the state, with elevated unemployment, disability, and poverty rates compared to the rural state averages.



DEMOGRAPHICS SERVED

HPSA Population*

31.6%

Unemployment:

5.5%

Poverty:

13.7%

Disability:

17.0%

**HPSA - Health Professional Shortage Area*

OUR IMPACT (Hospital & Economic Stability)

PARHM participant hospitals have experienced increased financial stability as a result of the Model, as evidenced by improvements of the overall operating margins seen in their audited financial statements.

Consolidated Operating Margin of PARHM Participants					
	2018	2019	2020	2021	Improvement over Baseline
Cohort I	-4.20%	-1.50%	3.80%	6.70%	260%
Cohort II		0.70%	1.00%	5.30%	657%
Cohort III			-4.50%	0.40%	109%
AVERAGE IMPROVEMENT					342%

By supporting these hospitals, many of whom are the economic engines in their communities, the RHRCA is preserving 5% of Pennsylvania’s total economic contributions and 6% of the state’s jobs and of salary contributions.



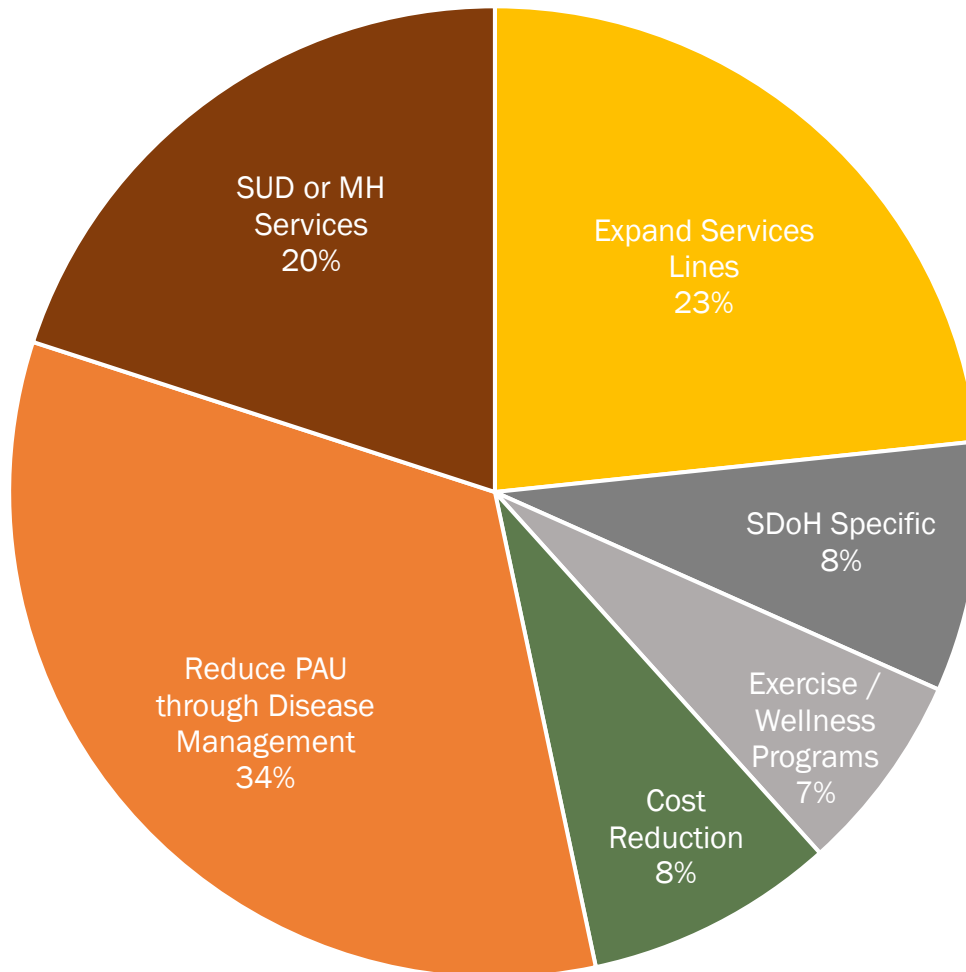
ECONOMIC CONTRIBUTIONS OF PARHM PARTICIPANTS

<i>Impacted Lives:</i>	<i>Economic Contributions</i>	<i>Salary Contributions</i>	<i>Jobs Provided</i>
1.3M	2.4B	886M	17.8k

OUR IMPACT (Healthcare Transformation)

This increased financial stability has provided participant hospitals with flexibility to invest in care delivery transformation that better meets their community's needs to improve overall population health.

Hospital Transformation Focus Areas



* SUD - Substance Use Disorder | MH - Metal Health | PAU - Potentially Avoidable Utilization | SDoH - Social Determinants of Health

Between 2019 - 2021 there were over 100 goals completed or in progress across the program to drive delivery system reform.

OUR IMPACT (Quality Measures)

As the Model enters its fourth performance year, preliminary results show that the quality of care being delivered by participants is improving or remaining on trend with historic measures.

Programmatic monitoring shows –



The rural communities served by the participant rural hospitals continue to receive more efficient healthcare services in comparison to national rural peers.



Medicare discharges per 100,000 by the PARHM participant hospitals continue to be below rural averages.

PARHM is passing all commercial and Medicare quality measures

TESTIMONIALS & ACCOLADES

“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 for our patients”

“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.”

“If not for the PARHM, our hospital would not have survived the COVID-19 Pandemic.”

VIEWPOINT COVID-19: BEYOND TOMORROW
Sustaining Rural Hospitals After COVID-19
The Case for Global Budgets

Jonathan E. Fried, MD, MPP
Harvard Medical School, Boston, Massachusetts; and Harvard Kennedy School, Cambridge, Massachusetts.

David T. Liebers, MD, MPP, MPH
Harvard Medical School, Boston, Massachusetts; and Harvard Kennedy School, Cambridge, Massachusetts.

The coronavirus disease 2019 (COVID-19) pandemic is a financial stress test for US hospitals.^{1,2} Revenues have declined from the suspension of elective procedures and nonessential services, and many hospitals have experienced a surge of critically ill patients. These circumstances have created an unprecedented challenge for rural hospitals, many of which entered the crisis in poor financial condition due to the loss of patients to regional referral centers and rural depopulation.³ Of the 4663 acute care hospitals in the US, approximately 47% are located in rural areas across 49 states.⁴ The added financial strain of COVID-19 has the potential to accelerate the closure of rural hospitals, draining health care resources and jobs from rural communities that have lost 130 hospitals since 2010.^{5,6}

eneue, global budgets can provide rural hospitals with much-needed financial stability and flexibility to respond to changing community health needs. As a financing mechanism, global budgets to address economic challenges that have affected rural hospitals and have been exacerbated by COVID-19. Rural hospitals have high fixed costs, limited cash reserves or access to credit, and rely on patient and surgical volume for revenue.⁷ The financial outlook of rural hospitals prior to COVID-19 has made them less able to weather the rapid decline in revenue from clinic visits and procedures during the crisis.⁵ A global budget would insulate rural hospitals from this volatility and could obviate the need for piecemeal financial aid packages.

MedCityNews

HOSPITALS, PAYERS

Transforming rural healthcare will require a funding overhaul. Here's one way to do it.

The answer to rural healthcare's financial issues could lie in a payment model that pools funds from public and private insurers alike to pay for agreed-upon core services, allowing rural hospitals to provide the care most needed by the communities they serve.

By ANUJA VAIDYA

Post a comment / Jul 18, 2021 at 10:30 AM

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PennState

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The Pennsylvania State University
118 Keller Building
University Park, PA 16802

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porh.psu.edu

November 18, 2021

David Hoff, CEO, Wayne Memorial Hospital, Receives Rural Health Leader of the Year Award

University Park, Pa. – David Hoff, CEO of Wayne Memorial Hospital, received the 2021 Rural Health Leader of the Year Award, presented by the Pennsylvania Office of Rural Health. The award was presented by Lisa Davis, director of PORH and outreach associate professor of policy and administration at Penn State, during a ceremony on Nov. 18, 2021 at Wayne Memorial Hospital in Honesdale, PA.

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Q&A: Inside the Pennsylvania Rural Health Model

Maggie Van Dyke

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OUR LEADERSHIP

The RHRCO provides staffing to the RHRCA through a formal management agreement. As our work continues to evolve, our team continues to grow. This team is comprised of long-term rural residents and former rural healthcare executives with an intimate understanding of the issues at hand in these communities, and we are determined to address them through creative and practical approaches.



Gary Zegiestowsky, MBA
Executive Director

Gary joined the RHRCA in 2020. He is responsible for the operations of the RHRCA/O, including internal procedures, board relations, legislative efforts and fund development. 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 of Programs

Janice joined PARHM in 2018. She is responsible for the overall implementation of the PARHM and other RHRCA/O initiatives. Janice is passionate about ensuring rural populations, which include her family and loved ones, maintain access to high-quality healthcare through innovative solutions.



MEET THE TEAM



Sue Pascarella
CBO Coordinator

Sue joined the team in 2022. In her role, she helps hospitals address social determinants of health impacting their communities. She is a lifelong resident of rural P.A. and a former employee of her local community hospital. Due to this experience, she is excited to help hospitals better meet the needs of their communities by serving as an extender of them to create linkages and provide resources.



Beth Locke
PARHM Director of Transformation Planning

Beth joined the team in 2022. She is a rural resident in P.A. and has a diverse clinical background as a registered nurse in hospital, military, and school settings. In her role, she works with our hospitals to plan and implement value-based care initiatives in their communities. With her understanding of rural, Beth is passionate about improving access to care in our service areas communities through care delivery reform.



Brigitte Green
PARHM Operations Manager

Brigitte joined PARHM in 2019. She supports the work of the Chief Operating Officer through data analytics, reporting, and modeling. Through her prior employment at a local rural hospital, Brigitte gained an appreciation of the important role of healthcare in rural communities.



Diana Carpenter
PARHM Clinical Program Manager

Diana joined the PARHM in 2019. She is responsible for providing hospitals with clinical resources to inform development of their transformation plans. She has a background in clinical services and a passion for helping others. Having grown-up in a rural community, she is committed to preserving access to care for rural residents.



Tracey Dorff
Grant Writer, Data Analyst

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



Lacey English
Intern

Lacey began her internship in 2021 focusing primarily on identifying social determinants of health impacting PARHM participant hospital communities through individual interviews and reporting. Lacey is a resident physician specializing in internal medicine and pediatrics. She has a background in public health and a passion for improving social inequalities that impact wellbeing.

OUR BOARD

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 the PARHM, assess its long-term viability, and support other RHRCA strategies and initiatives.

Board Representatives as of June 30, 2022

Board Officers

- Doug Doyle (Chair)* – Vice President of Provider Network, Highmark Wholecare
- John Lewis (Vice Chair) – Chief Executive Officer, Armstrong County Memorial Hospital

Commonwealth Representatives

- Muneeza Iqbal – Deputy Secretary of Health Resources & Services, PA Dept. of Health
- Meg Snead – Acting Secretary, PA. Dept. of Human Services
- Michael Humphreys – Acting Commissioner, PA Insurance Dept.

Nationally Recognized Experts

- Donna Kinzer – Global Budget Expert, DK Healthcare Consulting
- Brock Slabach – Senior Vice President, National Rural Health Association

Payer Representatives

- Kayvin Robertson – Vice President of Provider Contracting & Relations, Highmark Health
- Raymond Prushnok – Assistant Vice President of Social Impact, UPMC Health Plan
- John Bulger, DO – Chief Medical Officer, Geisinger Health Plan
- Megan Richards – Senior Network Director, Aetna
- Mike Sweeney – Vice President, UPMC Health Plan
- Sarah MacDerment – Actuarial Director, Geisinger Health Plan

Hospital Representatives

- Tammy Anderer – Chief Administrative Officer, Geisinger Jersey Shore Hospital
- Jack Sisk – Chief Executive Officer, Punxsutawney Area Hospital
- Sara Adornato – Chief Executive Officer, Barnes-Kasson County Hospital
- Loren Stone – Chief Executive Officer, Endless Mountains Health Systems
- James Pettinato – Chief Executive Officer, Wayne Memorial Hospital
- Kate Slatt – Vice President, Innovative Payment and Care Delivery, Hospital and Health system Association of PA

* Mr. Doyle was appointed Board Chair by the Governor in July of 2022.

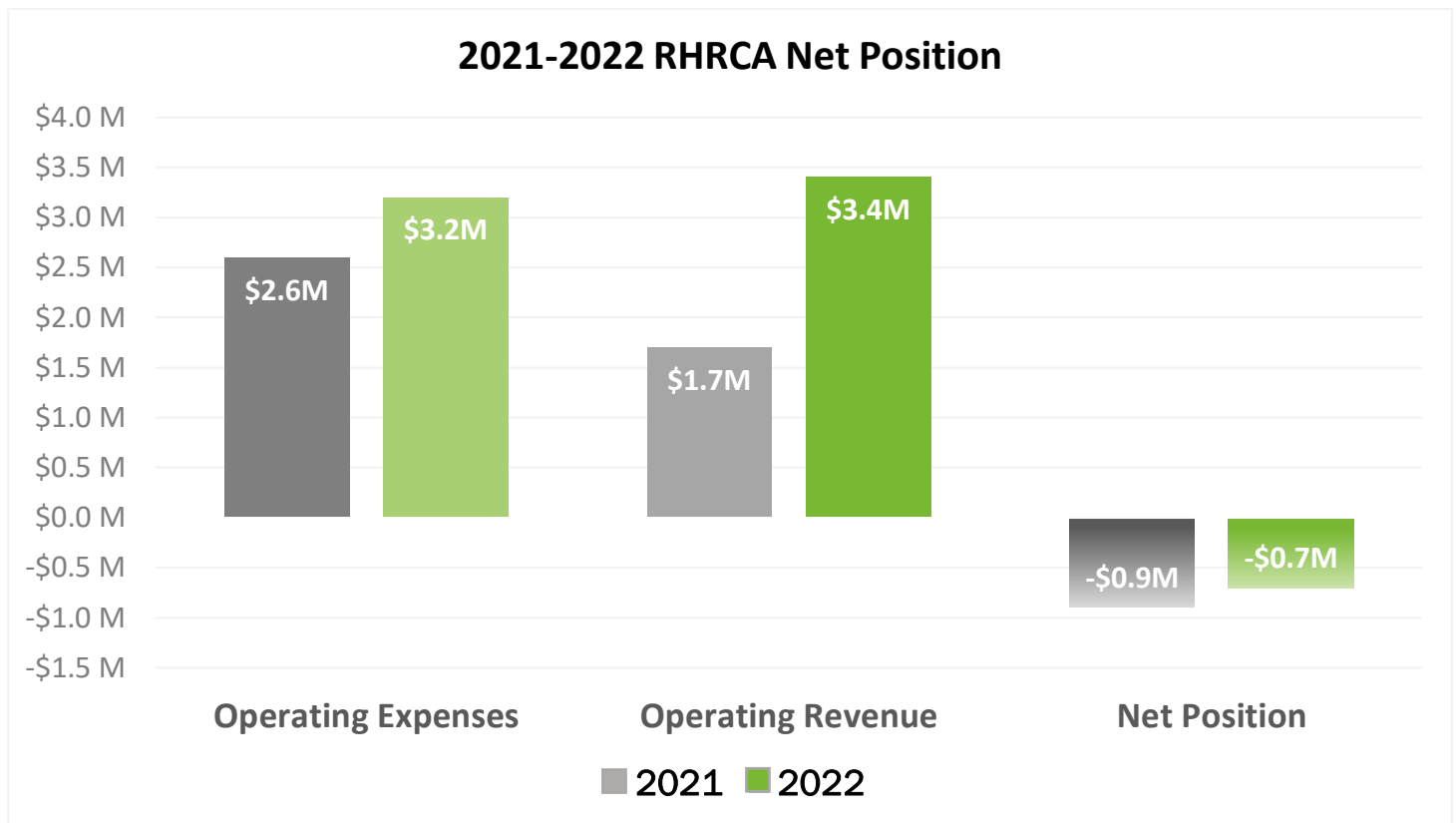
FINANCIALS

While the RHRCA operated its programs on a calendar year, the Authorities financials are audited by fiscal year. The following provides highlights of the RHRCA’s financial audit for the year end of June 30, 2022, as completed by external auditor, FORVIS, LLP.

Highlights:

- The RHRCA reported income from operations for this fiscal year. 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, 2022, the Authority incurred consulting costs that were funded through the working capital loan, secured federal grant, and contributions from an affiliate.
- Major funding sources primarily included The Centers for Medicare and Medicaid Innovation (CMMI) and the Rural Health Redesign Center Organization (RHRCO)

In 2020, a 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. In 2021, the RHRCA rebounded from the prior year operating loss with operating income and an increase in net position of \$0.2M:



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 formal recruitment of the PARHM coming to a close, the RHRCA intends to shift its focus to execution of the Model and enhanced support to its participants. This comes in addition to continued outreach activities to increase public awareness of the RHRCA and PARHM, and planning for the future of the Model beyond the demonstration period.

Execution

Continue supporting hospitals in the Model, monitoring for areas of improvement and expanding technical assistance services to participants.

Transformation

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

Social Determinants of Health

Through our Community Benefits Organization, build out SDoH strategies to address areas of need in hospital communities.

Educate & Events

Provide education on the Model and lessons learned by establishing connections with external stakeholders and presenting at public forums.

Planning for the Future

Develop strategies to sustain the program and the transition to Value-Based Care by participants in cooperation with CMMI, and state and federal partners.

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 supporting 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
- Butler Health System (DBA Clarion Hospital)
- Chan Soon-Shiong Medical Center at Windber
- Endless Mountains Health Systems
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- 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.RHRCA.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@RHRCA.org.

VOLUNTEER: Our hospitals are always looking for help in various departments. If you are in a RHRCA 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 and Facebook (@ruralhealthredesigncentre) 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.RHRCA.org/donate or contact us to provide a donation that will help preserve access to quality healthcare in rural communities. All donations are tax deductible.

For more ways to get involved, email us at support@rhrca.org.

