

CAH/FLEX

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From North Carolina and Wisconsin: The RHFP as a Vehicle for State Policy

Background

Participation in the **Medicare Rural Hospital Flexibility Program (RHFP)**, and eligibility for federal grant dollars to implement the program on a statewide basis, is predicated on the development and approval of a “**State Rural Health Plan.**” At a minimum, state plans are required to provide for the creation of one or more rural health networks, promote regionalization of rural services and improve access to hospital and other health services. States have been given considerable latitude in how they choose to pursue these goals and to the degree they wish to integrate other rural system goals into their state program.

What is the Strategy? Who is Doing it?

Of the states visited by the National Tracking Project team, two in particular - **North Carolina** and **Wisconsin** - provide examples of how RHFP implementation strategies can serve as a **springboard for integrating state rural policy goals with federal program goals.** Each state’s implementation strategy was outlined in their State Plan and in their federal grant application for program funding.

How Does the North Carolina Strategy Work?

The program goals in North Carolina’s State Rural Health Plan commit the state to:

- ◆ Meshing the RHFP with complementary state initiatives that are also designed to improve access, quality and cost-effectiveness of care for Medicaid and low-income, uninsured patients through community health networks;
- ◆ Providing the planning and implementation support that Critical Access Hospital (CAH) community networks require to move to a higher level of integration in meeting patient needs; and
- ◆ Keeping the patient, not the provider, as the focus of all network development activities.

Under the North Carolina program, networks are expected to develop and maintain strong working relationships with public health, transportation services and other community-based health care resources. Participating organizations have made specific commitments to addressing indigent needs, serving at-risk populations, improving access to existing services, and providing services that would not be available without the network.

The linchpin in North Carolina's strategy is binding the CAH and support hospital(s) together through multi-tiered relationships whereby network success will have positive impacts on each party. The North Carolina Office of Research Demonstrations and Rural Health Development strongly encourages the operations of anchor network members (CAHs and their support hospital(s)) to be tightly coupled either through direct ownership of the CAH by the support hospital or, at least, through a strong management contract.

The key elements of the North Carolina approach include:

- ◆ Maintain a strong State Office presence throughout the process
- ◆ Coordinate and collaborate with the State Hospital Association
- ◆ Require networks to include non-acute, community-based providers
- ◆ Require a network commitment to meeting indigent care needs
- ◆ Provide explicit advice on inter-organizational relationships

How does the Wisconsin Strategy Work?

In Wisconsin, the state plan and state grant application outlined a strategy for assuring that a minimum set of objectives would be pursued by program participants. Grant funds available from the RHFP are distributed to eligible hospitals through two grant pools. Awards are made after a merit-based application review by the State's Bureau of Quality Assessment (the lead agency responsible for the development and implementation of the RHFP in Wisconsin).

1. The first dedicated grant pool supports successful applicants in their efforts to achieve facility-specific conversion goals.
2. The second dedicated grant pool supports successful applicants in pursuing a specific set of common or shared services, as identified in the state plan.

The shared and common services of Wisconsin include:

- ◆ Assessment, planning and enhancement of emergency medical services
- ◆ Exploring the benefits and promoting the uses of telehealth services
- ◆ Assessment and planning of community services relative to conversion
- ◆ Development of shared network services and resources for operation
- ◆ Conducting staff education to improve system efficiencies and operations

Using this strategy allows the state to support the pursuit of local facility and network goals related to the conversion and assures priority consideration of the five emphasized areas in hospital and network activities.

Conclusion

These accomplishments in promoting state policy goals depend upon the ability of the lead program agency to garner support for an active oversight and guidance role. Without the support of key stakeholders (i.e., viewing such a strategy as appropriate and necessary relative to their organizational needs) this approach becomes less effective. Both North Carolina and Wisconsin have rich histories and considerable investment in the development of their rural health infrastructure. This has contributed significantly to their level of success in using a proactive/strategic approach to rural health policy.

There are many lessons to be learned from the experiences of these two states. At the very least is the awareness that any step in the direction of coordinating efforts and integrating program resources is a good step, and one that can be built upon. This requires a State Office of Rural Health, or similar agency, to take a proactive position; thinking strategically but acting incrementally. The RHFP's requirement for a "State Rural Health Plan" provides a unique opportunity for State Offices and other agencies to use it and the federal dollars tied to it as a vehicle to strengthen the rural health delivery system of their state.

Where Can I Get More Information?

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Background

The Rural Hospital Flexibility Program is a federal initiative to strengthen rural health. It:

1. Allows small hospitals the flexibility to reconfigure operations and be licensed as Critical Access Hospitals (CAHs).
2. Offers cost-based reimbursement for Medicare acute inpatient and outpatient services.
3. Encourages the development of rural-centric health networks.
4. Offers grants to states to help implement a CAH program in the context of broader initiatives to strengthen the rural health care infrastructure.

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