

Health Reform From the Perspective of a Small and Rural Hospital

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Health care reform introduces new challenges and opportunities for small and rural hospitals across North Carolina. Successful transformation will require a new vision for the health system, the establishment of solid primary care networks, the implementation of an improvement engine, and the creation of new partnerships to support evolving payment mechanisms.

Anyone who visits North Carolina is instantly charmed by its small towns and beautiful scenic spaces. Small and rural communities are the heritage and the heart of this great state. "North Carolina is, and always has been, a state of small towns," is how Rural Center President Billy Ray Hall described the state [1]. Almost 4 million people, or 52% of the state's residents, live in small towns and rural communities [2]. And they seek what all North Carolinians desire: a good education for their children, access to affordable health care, and opportunities for employment [2].

Hospitals are integral to the vitality and future of many small towns in North Carolina. The hospital is frequently one of the top employers in any rural community. Hospitals organize and oversee the availability of physicians. They are one of the cornerstones to recruitment of new industry. As described by the president of the North Carolina Chamber of Commerce, access to affordable high-quality health care is a factor in creating the globally competitive business climate desired by new industries [3]. High-quality medical care is an essential element when people seek a place to retire. As described on the Southeastern Retirement Web site, "When the time comes to retire, many people dream of retreating to the quiet life of a small town.... For people looking for just such a situation, North Carolina is a haven. The state offers a slew of choices that can fulfill any prerequisite hopeful retirees might have: quiet life, outdoor activities, good weather, top-notch medical care, cultural events, easy access to major highways...you name it" [4]. By including medical care in the list of essential elements, one can easily say that the hospital is an economic engine for North Carolina's small towns.

Passage of the Affordable Care Act (ACA) introduces new challenges and opportunities for hospitals in the provision of affordable and accessible health care. The ACA is complex and contains a diverse set of provisions. Each provision will affect the health care delivery system in unique ways. The timeline for change is aggressive and commands careful attention, deliberate interpretation, and thoughtful action. During this period of significant transformation, hospitals in small and rural communities are vulnerable to intended and unintended consequences. At the same time, hospitals in small and rural communities can play an invaluable role in achieving the objectives of health care reform to increase the access to and decrease the cost of care.

Successful transformation of the health care delivery system in small and rural towns across North Carolina will require a new vision for the hospital and health system, the establishment of solid primary care networks, the implementation of an improvement engine to drive gains in efficiency, and the creation of new partnerships to support evolving payment mechanisms.

A new vision of the hospital and health system requires an understanding of the so-called triple aim, also known as the value-based aim, that underpins the ACA and the philosophy of the administrative team implementing its provisions. The value-based aim focuses on 3 imperatives: improve the health of the population, improve the experience of care, and reduce the per capita cost of care. While the shift in thinking to these 3 imperatives is not difficult for a community-minded governing body or to medical and administrative leadership, the fundamental operating framework must shift from procedures and volume to population health. Strategic thinking will be needed to integrate health outcomes and health care cost per capita within communities. The leadership of small and rural hospitals will also need to begin the delicate balance of operating in a world of mixed reimbursement, where procedures and volume are the primary drivers of payment but incentives for the value-based aim are becoming increasingly important.

A stable, well-established network of primary care physicians is the foundation for the value-based aim of the future.

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Small and rural hospitals have unique challenges in building and sustaining this foundation. Challenges include the availability of physicians, nurse practitioners, and physician assistants; access to and availability of information technology and expertise; and the availability and willingness of physicians to take leadership in creating patient-centered medical homes.

The availability of physicians, nurse practitioners, and physician assistants to provide access to care has long been a challenge in small and rural towns in North Carolina. With the provisions that might bring 32 million uninsured Americans into the health care system in 2014 [5], demand for care is expected to outstrip the availability of health care professionals. Small and rural hospitals will need to establish competitive employment opportunities and strong relationship-building strategies in order to retain existing health care professionals and attract new ones. Deliberate and appropriate use of nurse practitioners and physician assistants will be important to mitigate gaps in the availability of physicians. Establishment of clinic-based nurse case managers or navigators will help physicians and clinics focus on high-risk, high-use patients and families. Implementation of new telemedicine technologies such as the Stroke Robot, e-ICU, and/or e-visits will complement the efforts of community physicians and provide important solutions to manpower shortages.

The drive toward an effective electronic medical record (EMR) is a key element of the transformation underway in American medicine. Data are critical in the value-based aim to define vulnerable populations and to measure the outcomes and costs associated with treating these populations. A new challenge for small and rural hospitals is obtaining and implementing the information technology required to achieve these goals. To make this transition, hospitals will need capital to purchase technology and resources to compete for personnel with expertise in health care information technology. Partnerships such as integration within large health care systems and use of information technology management services organizations will play an important role in EMR development at small and rural hospitals.

At the very heart of reform and the value-based aim is the primary care physician's office. Effective use of mid-level health care professionals, use of technologies such as the e-visit, implementation of the EMR, and stratification and proactive management of chronic disease require transformational change in the fundamental operations of the primary care office. This change can only occur through the actions of physician leaders who understand the vision and are committed and willing to making the effort to transform. Small and rural hospitals will have to seek, reward, and engage these leaders in order to be successful. Without this essential physician leadership and careful execution

of office practice change, small and rural communities risk stressing the medical community and exacerbating physician shortages.

Reimbursement rates for hospitals are expected to decline; some predict reductions of up to 20% from current rates. Improving the fundamental system of care delivery in order to gain efficiency and reduce cost will require a deliberate, persistent, and methodological approach. Reducing waste, improving performance, increasing quality, enhancing customer service, eliminating errors, and managing costs is a tall order. Few small and rural hospitals have a robust improvement operating system capable of achieving these required objectives. A top-level commitment to an improvement engine such as "Lean" management can help hospitals use proven tools and techniques to eliminate waste in existing systems and to design high-performing new systems of care. True Lean management drives a tempo of change that can keep pace and even outpace the demand for improvement that reform commands.

Value-based payment systems, which include more robust pay-for-performance models and accountable care organizations (ACOs), will evolve from implementation of the ACA. Although some small and rural hospitals do not have sufficient volumes to participate in existing value-based programs, many small and rural hospitals across North Carolina perform in the top quartile of reported quality metrics and are active participants in quality-improvement collaborative groups with the North Carolina Quality Center. Provisions exist in the ACA to establish a demonstration project for value-based payment in hospitals with lower volumes. Additionally, attention will be required to guide hospital-based physician-group practices to document and report quality metrics. Existing reporting opportunities through the National Committee for Quality Assurance and the Carolinas Center for Medical Excellence require an EMR and well-established clinic practice processes to achieve high levels of performance. Looking beyond pay for performance to the concept of ACOs, a new level of financial risk is assumed for populations receiving care. Risk is mitigated by scale, and a minimum of 5,000 Medicare beneficiaries is required for participation. Therefore, small and rural hospitals will have to partner with other organizations in order to begin participation and experimentation in the ACO model.

National health care reform establishes a new paradigm by creating a value-based payment system. The elderly population is a dominant "user" of the health care system. With the largest segment of North Carolina's elderly population living in small and rural communities, the importance of the small and rural hospital is clear [2]. A successful transition into a reformed health care era for all hospitals, small and large, is essential to the health of North Carolinians and to the vitality of the communities served. NCMJ

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