

Performance of Rural Healthcare Under the Affordable Care Act



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A consideration in the design of the Affordable Care Act (ACA) is the role played by rural patients and their providers. This geographically diverse and misunderstood segment of the healthcare delivery system could provide meaningful insight for developing Accountable Care Organization (ACO) models, and for hospitals dealing with the implementation of the Affordable Care Act.

June 2012

An evaluation of how to effectively align and integrate rural hospitals into ACOs starts with a quantitative understanding of existing payment and utilization patterns, and the historical delivery performance by rural providers from financial, clinical, operational and patient experience perspectives.

Below are summary findings from research conducted by iVantage Health Analytics that shed new, multi-dimensional light on the rural healthcare delivery system using the latest Medicare Shared Savings data files, the first nationwide hospital rating system to evaluate community and rural hospitals including all 1,326 Critical Access Hospitals, and the industry's largest proprietary rural Emergency Department database.

Based upon this timely analysis of the most current public and proprietary data, rural hospitals have achieved a noteworthy level of comparative performance including demonstrated quality, patient satisfaction and operational efficiency for the type of care most relevant to rural communities. While not all care is equal, and it is understood that much complex care is appropriately referred to tertiary care centers, the findings suggest, and the new law demands, that ACOs must manage populations in a variety of settings. Value in healthcare is created by doing a few things well, not by trying to do everything.

The rural findings may just suggest that by natural selection, rural has figured out what it does well and has optimized those services for the patient's benefit. The misunderstanding that rural hospitals are more costly, inefficient and have lower quality and satisfaction is empirically challenged. More importantly as providers and developers seek to address the New Healthcare using innovative delivery models, the rural setting must be better understood and included in any strategy for patient-centered care.

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John Morrow – EVP and Co-Founder,
iVantage Health Analytics, Inc.™

The study recognizes the significant differences between healthcare in rural America compared to urban settings and the unique challenges that many safety net hospitals in sole provider communities face. This study nonetheless finds high value in rural healthcare. The study evaluates key performance measures across physician, outpatient, hospital and emergency department settings. The measures include: beneficiary costs, quality of care, patient safety, patient outcomes, patient satisfaction, facility costs and service pricing, market size, competition and demand growth factors.

Summary of Medicare Beneficiary Payment Findings

- Approximately \$7.2 billion in annual savings to Medicare alone if the average cost per urban beneficiary were equal to the average cost per rural beneficiary,
- Approximately \$2.2 billion in annual cost differential (savings) occurred in 2010 because the average cost per rural beneficiary was 3.7% lower than the average cost per urban beneficiary,
- Per-capita Inpatient Hospital Service payments for rural beneficiaries are 2% less costly than payments for urban beneficiaries,
- Per-capita Physician Service payments for rural beneficiaries are 18% less costly than payments for urban beneficiaries, and
- Per-capita Outpatient Service payments for rural beneficiaries are 14% more costly than payments for urban beneficiaries.

Summary of Hospital Performance Findings

- Neither the rural nor urban cohort dominates performance across the CMS Process of Care topic areas (PN, HF, AMI, SCIP and OP).
- There is no significant performance variation on 30-day readmission rates at the benchmark levels for the two hospital study groups. There is nominal performance variation on 30-day all-cause mortality rates.
- Rural hospital performance on HCAHPS patient experience survey measures is better than urban hospitals.
- For three of the four price and cost efficiency measures based on Medicare Cost Reports, rural hospital performance is better than urban hospitals.

Summary of Emergency Department Performance Findings

- Rural Emergency Departments experienced a 12% increase in utilization between 2007-2011 compared to the baseline 24% increase in the decade between 1998-2008.
- Patient Acuity in rural Emergency Departments is lower (over 50% of visits are low acuity) compared to published national benchmarks for all Emergency Departments (34% of visits are low acuity).
- 58% of low acuity visits to rural Emergency Departments are during business hours (9 am to 5 pm), compared to one third of all visits to US Emergency Departments, as cited in May 2011 Congressional testimony.
- The median Time to Medical Screening for rural Emergency Department patients (20 minutes) is 11 minutes faster when compared to wait times for all US Emergency Department patients (31 minutes) as reported in a published national benchmark study.
- The median Total Time in the ED for rural Emergency Department patients (100 minutes) is 56 minutes faster when compared to all US Emergency Department patients (156 minutes) as reported in a published national benchmark study.
- Inpatient Admissions in rural Emergency Departments (5%) is less than half the national Inpatient Admission rate (12.5%).
- Transfer rates from the rural Emergency Department to another facility (4%) are more than double the published national benchmarks (1.8%).

Quarterly Update Based on Most Recently Available Data and Refined Assessment Framework using the Hospital strength Index™, the 5th Annual National Rural Emergency Department Study, and most recent CMS Shared Savings Data File for ACO Development

About iVantage Health Analytics

iVantage Health Analytics is a leading provider of information products serving an expansive healthcare industry. The company integrates diverse data into innovative delivery platforms to ensure customers' timely, concise, and relevant strategic action.

iVantage Health helps healthcare executives gain strategic perspective across the entire enterprise, from Strategy and Planning to Clinical and Functional Performance Benchmarking and Physician Strategy. Our solutions blend our deep industry and operational expertise with internal benchmark analytics and strategic market information. That unique capability combined with leading edge technology pinpoints vital performance and growth opportunities for customers.

For more information call **615.932.8400**. You can download a copy of the full report at www.iVantageHealth.com

