



**Washington
Rural Health
Collaborative**

2017

Annual Report

Letter from Executive Director

2017 was an exciting year characterized by proactive growth and development. At the 2017 Board retreat, it was unanimously agreed the “brand” for WRHC and its members *must be* operational excellence. An Operational Excellence Committee was established and met throughout 2017, and this focus will continue as we begin our 2018 strategic planning. Our commitment to operational excellence was manifested through multiple projects (pgs. 6-7).

Important milestones include the completion of our three-year HRSA grant (page 11) focused on value-base contracting readiness, and a successful second year of the Rocky Mountain ACO, where achieving shared sharing was missed by only \$1.88 per member per month. Lastly, the PHD Joint Operating Board continued transitioning to value-base care by negotiating its first Medicaid value-based contract with Amerigroup, which you will read about on page 8.

The power of The Collaborative was highlighted in areas of joint service contracting, driving down costs and increasing savings for our members. In 2017, we saved member hospitals nearly \$2.3 million dollars. We also executed a delegated credentialing contract for members, and as this report goes to press, we are signing a lab services contract that will be available to all members, providing significant savings. These are glowing examples that underscore our ability to maximize Group Purchasing Organization (GPO) partnerships for the benefit of our members.

Member commitment to the success of The Collaborative is demonstrated by an increase in active participation and growth in member ROI. In comparison to 2016, member direct savings increased by more than \$200,000, with an average ROI per dollar invested of \$8.21. Since tracking direct member savings began in 2014, The Collaborative has saved members an estimated \$6.4 million dollars.

Holly Greenwood, Executive Director

Meet Holly Greenwood

Holly became the Executive Director of the WRHC in 2014, bringing 20+ years of administrative, operational and collaborative leadership experience. Her vision of a high-performing hospital network based on active collaboration, transparency and operational excellence drives WRHC’s success. Prior to WRHC, she spent 16 years at CHOICE Regional Health Network, overseeing operations, legislative affairs and developing community programs. Of particular note was her work with the Washington legislature to develop, introduce and pass a law funding community collaboration among healthcare providers. Subsequently, Federal legislators successfully introduced the “Community-based Collaborative Care Networks” amendment, included in the landmark health reform bill signed by President Obama in 2010.



MISSION

Collaborating to stimulate innovation and agile partnerships that improve rural health care quality, efficiency, and sustainability.

VISION

To be recognized as a significant network of partners supporting member hospitals to achieve service excellence through collaboration and innovation.

History & Purpose

The Western Washington Rural Health Care Collaborative began operating in 2003 with eight critical access hospitals located in Western Washington.

The Collaborative's activities support members to improve the quality and health care delivery systems in their unique communities. Since inception, that focus has not faltered, as membership expanded to include 13 critical access hospitals, all separately governed and located throughout rural Washington State.

The Collaborative also changed its name to the Washington Rural Health Collaborative in 2014, and we revised our mission and vision statements, to articulate the full breadth of services and expanding scope of operations.

In 2015, a comprehensive strategic planning process resulted in a four-year plan to support members in preparing and positioning their organizations for the transition to value-based care, while developing a sustainable structure for the Collaborative to support the work. In 2016, the Collaborative was recognized nationally by Intalere, for supporting members in value-based readiness and transformation - a reflection of our member focus and commitment to quality.

2017 was a year focused on operational excellence, and that work materialized in a variety of exciting accomplishments, including:

- ❖ Increased level of member inter-dependence that enhances member independence;
- ❖ Implementation of a sustainable business model for The Collaborative ensuring our future success and growth;
- ❖ Development of a framework that will support operational excellence within each member's organization by achieving standardized clinical and financial outcomes across the WRHC membership;
- ❖ Maximized joint contracting through the implementation of two contracting tools that collect real-time purchasing and service spend data to manage current cost and evaluate future opportunities through use of a procurement software system.

2017 At-A-Glance



100% Members Reporting Select Quality and Financial Metrics



360,683
Combined District Population



9,297
Inpatient Discharges



102 Average Daily Census



263 Available Beds

121,980
Emergency Room Visits



437,637
Clinic Visits

765,788
Outpatient Visits



198 Provider FTEs Employed



3,612 Full-Time Employees



\$573,961,703
Net Patient Service Revenue

3,631
Total Patients Served Per Day



\$9,579,918
Charity Care

Meet Our Team

Carrie Wetzel, Contract Manager

Carrie started her healthcare career 20 years ago in a rural primary care clinic. Always focusing on achieving success, Carrie is a driven operational visionary who welcomes the challenges of today's changing healthcare industry. With a passion for contracting and business development, Carrie is leading the Contracting Department's growth and infrastructure development to create the foundation for member facility cost reduction initiatives and WRHC's sustainability for years to come.

Her strategic move into healthcare contracting and procurement is directly focused on reducing operational costs, and developing a strategic approach to rural hospital procurement. Her successes at WRHC include the purchase and implementation of two contracting tools that will reduce costs through spend visibility across the WRHC membership.



Peggy Utesch, Executive Assistant

Peggy joined the WRHC team in June 2016 as the Executive Assistant, bringing a wide variety of skills to her role, including 20+ years of experience in executive-level healthcare support.



Relocating to Washington from Colorado, she most recently worked for the Community Care Alliance, an organization focused on healthcare transformation in the world of value-based medicine. Prior to her role at CCA, she owned and operated Movin' Forward Consulting, providing public relations, graphic design and technical writing/editing services to non-profit organizations in Western Colorado. Her work experience also includes grant writing, facilitation, business start-ups and public speaking. She received a Grace Huffman Writing Scholarship in 2009, and is a Senior Fellow with the American Leadership Forum.

Jeffrey Seward, Contracting Data Analyst

Jeffrey is the newest member of the WRHC team. He recently received his Master's Degree in Information Management - Business Intelligence from the University of Washington, and brings to his new position a passion for improving systems that help people. His experience includes working as a legal and technical assistant and a business intelligence consultant. His skillset includes database and web analytics, as well as IT. He is the author of Food for Energy or Energy for Food: A Chemical Dependency, which discusses the risks of having two critical governmental infrastructures at odds in assessing critical risks to both industries.



2017 Committee Accomplishments

Chief Financial Officers

- Supported and implemented three joint contracting opportunities: Medical Malpractice, Physician Recruitment, and 3D Mammography purchase.
- Guided operationalization of two contracting tools that provide access to real-time purchasing and service data across 13 hospitals.
- Developed an alignment strategy for capital equipment procurement across the membership.
- Supported development of the Delegated Credentialing Program that reduces new provider payer credentialing resulting in increased financial performance.

Cohort 1 – Value-Based Care Readiness & Transformation

- Six participating hospitals (Forks, Morton General, Ocean Beach, Snoqualmie Valley, WhidbeyHealth, and Willapa Harbor).
 - Focus 1: Collecting and analyzing patient data to drive process improvement.
 - Focus 2: Coding education to accurate reflection of a patient’s complete condition.

Cohort 2 – Rocky Mountain Accountable Care Organization

- Nine hospitals participating in WA and CO, serving 13,232 Medicare beneficiaries.
- The five Washington hospitals (Jefferson Healthcare, Klickitat Valley Health, Mason General Hospital, Newport Hospital & Health Services, and Summit Pacific Medical Center) serve 11,700 Medicare beneficiaries.
- Launched ACO-wide performance improvement initiatives for Medicare Annual Wellness Visits, Hypertension and Chronic Care Management.
- Year 1 Results: 1) Successfully reported on 13 GPRO Clinical Quality Measures and 2) \$3.2 million in total saving for Medicare, missing shared savings targets by only \$1.88 per-member-per-month.

Chief Nursing Executives

- Began discussing the creation a shared pool of nurse travelers.
- Created a process to share individual facility educational offerings.
- Submitted a proposal for a Nurse Advisory Board purchase.
- Worked with WRHC Cohorts 1 and 2 teams on data analysis and practice improvement.
- Participated in presentation of Value-Based Purchasing from the Transformation HUB.

Quality Improvement

- Focused on building the clinical, professional and technical skills of staff members.
- CPHQ certifications were achieved by: Klickitat Valley Health, Mason General Hospital, PMH Medical Center, Snoqualmie Valley Hospital, WhidbeyHealth Medical Center, and Willapa Harbor Hospital.
- Widely adopted swing-bed measures developed by Snoqualmie Valley Hospital.
- Brainstormed pathways for ethical review system improvements.
- Continued working with Cohort 1 and 2 to support practice transformation work.
- Reviewed quarterly clinical and financial dashboards for improvement opportunities.
- Recognized statewide quality award winners who represented their facilities at the national level: Mason General Hospital, Newport Hospital & Health Services, and Jefferson Healthcare.

2017 Strategic Goals & Accomplishments

Maintain a Strong and Financially Viable Organizational Structure

Measures:

1. Identify and develop the business model for one revenue generating service by the end of Q2 2017, and begin implementation by the end of 2017.
2. Maintain a strong network of committed hospital leaders.

Outcomes:

- 1a. Board approved the WRHC recommendation to add an administrative fee to contracts and services, which generated \$101,565 in revenue toward sustainability.
- 1b. Independent contracts:
 - Received \$20,000 to support WSMA Provider Leadership training.
 - Secured a \$73,308 contract with the Community Care Alliance to support the Rocky Mountain Accountable Care Organization's work.
2. New Member Recruitment
 - Met with Kittitas Valley Health to explore membership. Kittitas joined WRHC in January 2018.
 - 85% of members are meeting WRHC board participation requirements of 66% of attendance at WRHC Board meetings

Prepare Member Hospitals for Health Care Reform and Value-based Care Transformation Ensuring No Member is Excluded by 2020

Measures:

1. 100% report having a plan in place to achieve readiness for value based care (VBC).
2. Each hospital will identify measures and be actively working on process improvement.
3. Each member hospital will have access to one new value-based contract in 2017.
4. By the end of Q2 2017, the Operational Excellence taskforce will create a working definition and process for developing a framework to support member hospitals in achieving operational excellence.
5. By Q1 2018, Operational Excellence Committee will have recommendation of framework for board.
6. Identification of plan for data warehouse, tools, and staffing by Q1 2018.

Outcomes:

1. 85% of members report having a plan in place and are actively working toward VBC.
2. The six hospitals in Cohort 1 are preparing for VBC by actively tracking the progress of at least one measure, and the five hospitals participating in a Medicare ACO and have completed the project's second year.
- 3a. 69% of members have at least one value-based contract in place.
- 3b. Identified and executed an Amerigroup value-based contract in Q2, which includes a PMPM in addition to shared saving opportunities. Whidbey, Jefferson, Mason, Snoqualmie, Ocean Beach, Newport, Morton, and Klickitat are contracted.
4. Taskforce created a visual guide for WRHC's evolution toward achieving operational excellence among members.
5. Successfully launched the Operational Excellence Taskforce and two subcommittees that will develop the goals and framework for achieving operational excellence among members and present to board Q1 2018.
6. Taskforce developed a draft plan for consideration at March 2018 Board retreat.

Support Member Sustainability and Independence Through Collective Action

Measures:

1. Development of operational framework to support collective action and maximize efficiencies.
2. WRHC staff and CEO committee will fully vet the delegated payer credentialing program and present recommendation to board by Q4.
3. By the end of Q2 2017, the WRHC board will have approved the development and implementation plan for the telemedicine network.
4. By the end of Q2 2017, WRHC will explore options for centralized recruitment of providers and staff leadership.

Outcomes:

1. Explored legal and operational structures to support current public hospital district structures. Decision to move forward slowly, solidifying structure and building efficiencies through inter-dependence, collective action and member commitment.
2. The Board approved creating a delegated payer enrollment program for launch January 1, 2018, that creates the infrastructure and volumes necessary for payers to delegate credentialing.
3. In partnership with EvergreenHealth, WRHC is in the final stages of developing a telemedicine network. Phase One will include a pulmonary pilot project and is set to launch in Q1 2018.
4. Board decision to not build the centralized recruitment capacity, but employ an interim strategy for physician recruitment through a joint contract. A two-year preferred partner contract was executed 10/20/2017.

Expand Joint Contracting Opportunities

Measures:

1. By the end of 2017, three group contracts will be executed.
2. By the end of Q3, two Collaborative-wide procurement tools (Curvo/Valify) will be fully implemented.
3. Implementation of Valify will support our ability to identify high-cost savings opportunities & gain visibility of non-labor spending across collaborative.
 - a. By the end of Q4, three data-drive opportunities will be presented to the Board.
4. By the end of Q3, WRHC will identify additional strategies to maximize group purchasing opportunities.

Outcomes:

1. Three preferred pricing, joint contracts were executed in 2017: 1) Medical Malpractice; 2) Physician Recruitment, and 3) Mammography 3D.
- 2a. Curvo – a supply chain spending analytics tool - was implemented by 12 of 13 WRHC hospital members.
- 2b. Valify – a purchased services spend analytics tool - was Implemented by all 14 WRHC hospital members.
3. Through use of Valify, three, high-spend joint opportunities were identified for evaluation by the CFO Committee, that will choose two to pursue in 2018.
- 4a. Alignment of Group Purchasing Organizations among members is underway, focusing on primary or secondary alignment to Intalere.
- 4b. WRHC is meeting directly with their preferred GPO partner to explore additional member opportunities.

PHD Joint Operating Board

The PHD Joint Operating Board was established in 2006 under Washington State Law; RCW 70.44.240 and RCW 70.44.450, authorizing collective negotiations with public and private health plans and provider groups. WRHC is the administrative home for the PHD-JOB, providing administrative leadership, fiscal oversight and staff support.

Collectively, we:

- Develop and analyze models and strategies to negotiate, enter into and carry out joint agreements and contracts;
- Engage in collective negotiations with health plans or provider groups desiring to contract in the State of Washington;
- Explore models related to value and risk-based contracting, sharing lessons learned, process improvements and tools;
- Identify opportunities to pilot value-based purchasing contracts;
- Represent members' interest in healthcare reform discussions and projects.

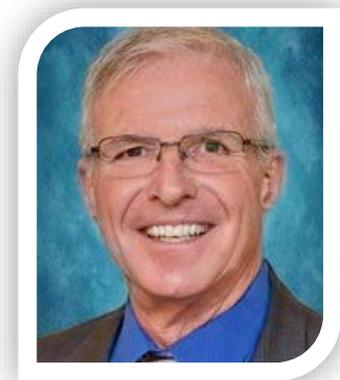
2017 Success Highlight – First Value Based Contract Negotiated!

- **Payer:** Amerigroup
- **Contract Type:** Shared Savings / Upside Risk Only
- **Member Participated:** Nine members: (Jefferson Healthcare, Klickitat Valley Health, Mason General Hospital, Morton General Hospital, Newport Hospital and Health Services, Ocean Beach Hospital, Snoqualmie Valley Hospital, Skagit Valley Health, and WhidbeyHealth)
- **Key Contract Details:**
 - Fee for service reimbursement based on Medicaid fee schedule
 - Per member, per month Medical Care Management Reimbursement
 - Shared savings opportunity based on meeting five quality measures

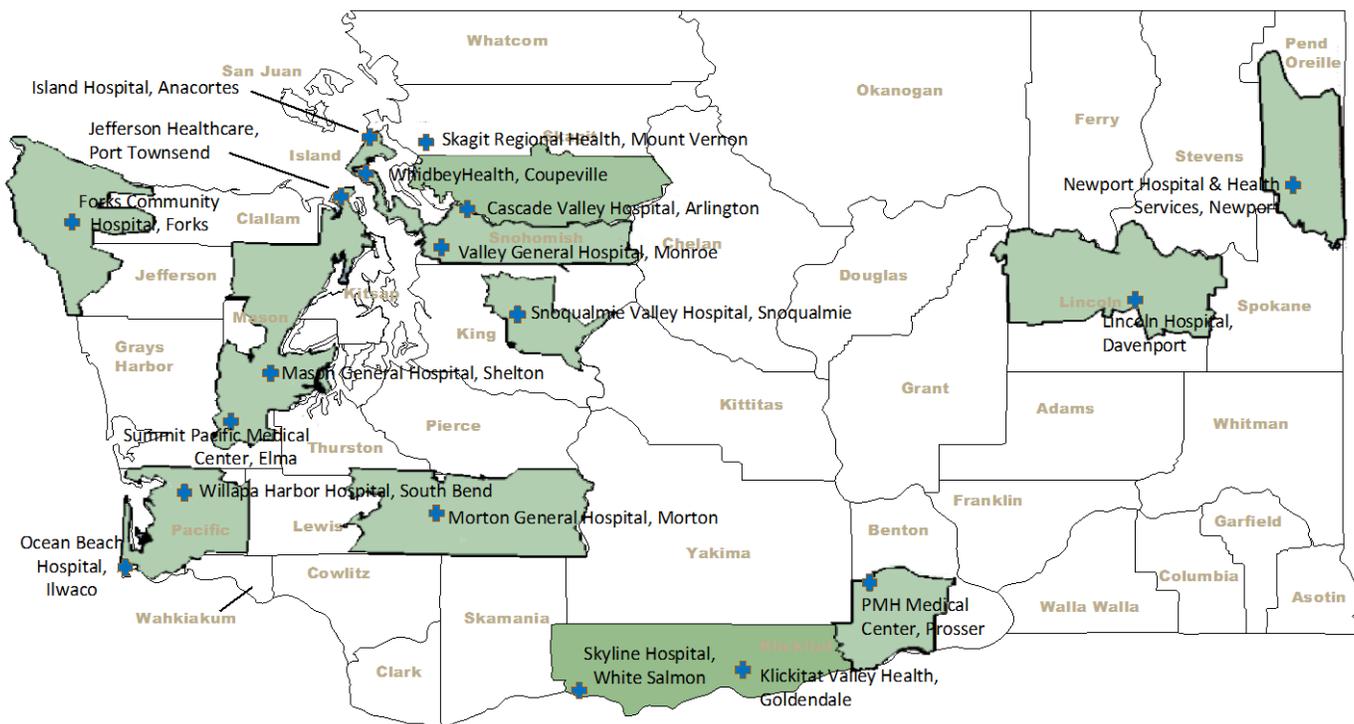
Introducing Paul Kennelly, Director of Contracting and Payer Relations

Paul Kennelly joins WRHC as Director of Contracting & Payer Relations in January 2018. His deep knowledge of payer contracting, revenue cycle, and operations, combined with 25+ years of healthcare experience means WRHC and the PHD-JOB members now have an “encyclopedia” of healthcare knowledge.

Paul holds a Bachelor's degree in Economics and a Master's degree in Healthcare Administration. Prior to joining the WRHC team, he served as Director of Client Services within the anesthesia billing industry and previously held various group practice positions including VP of Operations for Memorial Clinic in Olympia, WA; Director of Practice Management for Team Health Anesthesia Management in Tacoma, WA; and Chief Operating Officer for Cedars Sinai Physician Management Services Organization, Los Angeles, CA.



PHD Joint Operating Board Hospitals



- Skagit County PHD No. 1 | Skagit Regional Health Cascade Valley Hospital
- Clallam County PHD No.1 | Forks Community Hospital
- Skagit County PHD No. 2 | Island Hospital
- Jefferson County PHD No. 2 | Jefferson Healthcare
- Klickitat County PHD No.1 | Klickitat Valley Health
- Lincoln County PHD No. 3 | Lincoln Hospital
- Mason County PHD No. 1 | Mason General Hospital & Family of Clinics
- Lewis County Hospital District No. 1 | Morton General Hospital
- Pend Oreille County PHD No. 1 | Newport Hospital & Health Services
- Pacific County PHSD No. 3 | Ocean Beach Hospital
- Prosser Public Hospital District, Benton County | PMH Medical Center
- Skagit County PHD No. 1 | Skagit Regional Health
- Klickitat County PHD No. 2 | Skyline Hospital
- King County PHD No. 4 | Snoqualmie Valley Hospital
- Grays Harbor County PHD No. 1 | Summit Pacific Medical Center
- Snohomish County PHD No. 1 | EvergreenHealth Monroe
- Whidbey Island PHD | WhidbeyHealth
- Pacific County PHD No. 2 | Willapa Harbor Hospital

HRSA Grant Highlights

Performance Improvement and Rapid Deployment Initiative

The Problem: In early 2014, WRHC members became aware of major changes in the arena of healthcare reimbursement. Led by Centers for Medicaid & Medicare Services (CMS) and followed closely by the Health Care Authority (HCA) in Washington State, the system began shifting away from a fee-for-service model, toward a payment system based on provider performance, efficiency, and patient outcomes. WRHC's rural hospital members felt CMS, HCA and other payers had not fully considered the unique characteristics of rural medical communities or provided a clear vision of what a transformed *rural* healthcare environment would look like. WRHC hospitals clearly saw they did not have access to the tools or resources required to meaningfully participate in healthcare reform.

The Solution: In 2014, Washington Rural Healthcare Collaborative (WRHC) applied for and was awarded a \$863,908 Rural Network Development Grant through the Health Resources and Services Administration (HRSA). The overall objective of the "Performance Improvement and Rapid Deployment Initiative," was to "improve the capacity of participating hospitals to collect, analyze and improve clinical and financial metrics that result in reduced costs, while improving quality and preparing member hospitals for value-based contracting (VBC)."

What We've Learned:

- To fully code a patients' medical conditions to more accurately reflect the severity of illness;
- How to identify, negotiate and implement value-based payment (VBP) contracts;
- How to use data, analytics and care coordination to monitor patient progress, close care gaps and drive quality improvement strategies to reduce costs;
- To actively engaging patients in disease prevention activities; including health screenings, education and disease self-management skills
- The importance of community-level physician leaders to champion care transformation.



The Results:

- 85% of participants are actively engaged in VBC performance improvement projects;
- 69% of participants are actively engaged in value-based contracts;
- 100% of Collaborative members contribute unblended data to a benchmarking database used for rapid process improvement in areas of the highest identified need;
- Collaborative member ROI was over \$1 million in grant Y1 and over \$2 million in Y2.

Membership Return on Investment

The Collaborative began tracking direct savings to members associated with its various initiatives since 2014. In last year's Annual Report, we reported estimated savings of approximately \$2.1 million. This year, we have documented more than \$2.3 Million in direct savings to members. These savings are allocated across the initiatives detailed in **Figure 1**.

The net return (less membership dues paid) was roughly more than \$2.1 million. This conservative accounting, by member, is depicted in **Figure 2** and shows that average ROI per dollar invested is \$8.21, ranging from a low of \$2.96 to a high of \$15.60.

Figure 1
Allocation of Direct Savings

Contract	WRHC Total Savings	% of Total Savings
Paclab	\$ 531,749.86	23.0%
PSF Med/Mal	\$ 453,591.00	19.6%
Quest	\$ 377,976.90	16.4%
Allevant	\$ 312,000.00	13.5%
HRSA Network	\$ 167,735.10	7.3%
Curvo Subscription	\$ 128,700.00	5.6%
Intalere	\$ 96,540.12	4.2%
Valify	\$ 67,333.37	2.9%
Novarad	\$ 67,114.36	2.9%
Legal Master Contract	\$ 29,288.00	1.3%
Legal/Compliance Consultant	\$ 24,011.00	1.0%
Cejka Search	\$ 17,000.00	0.7%
Fuji 3D Mammo	\$ 11,392.00	0.5%
Turnkey 340b	\$ 9,993.22	0.4%
Compliance Line	\$ 9,100.00	0.4%
HealthStream	\$ 7,700.00	0.3%
TOTAL	\$ 2,311,224.93	100.0%

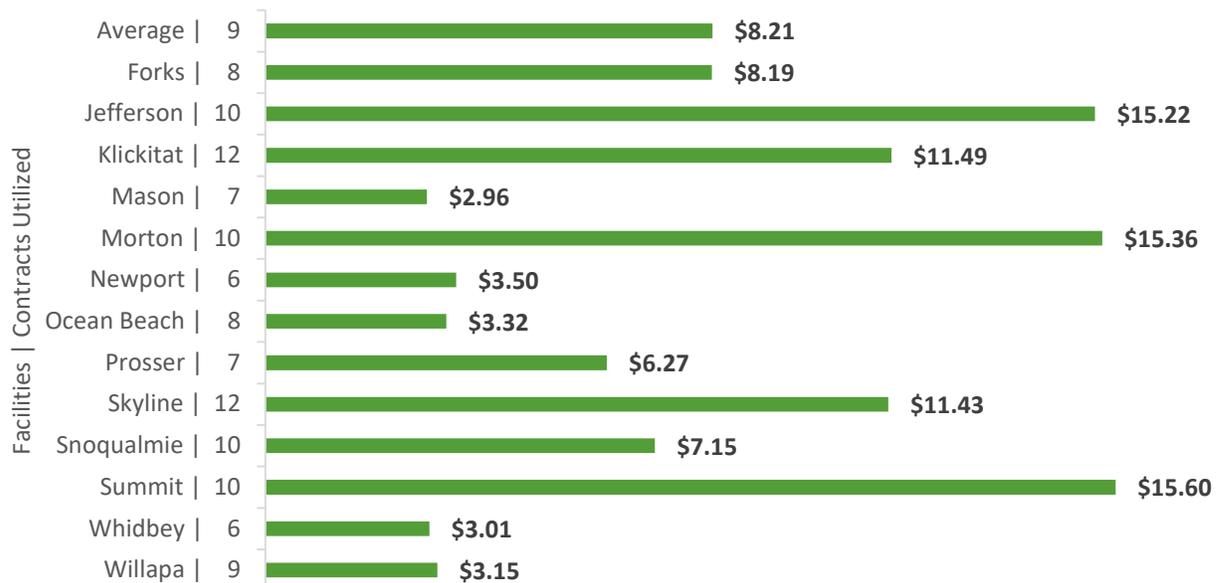
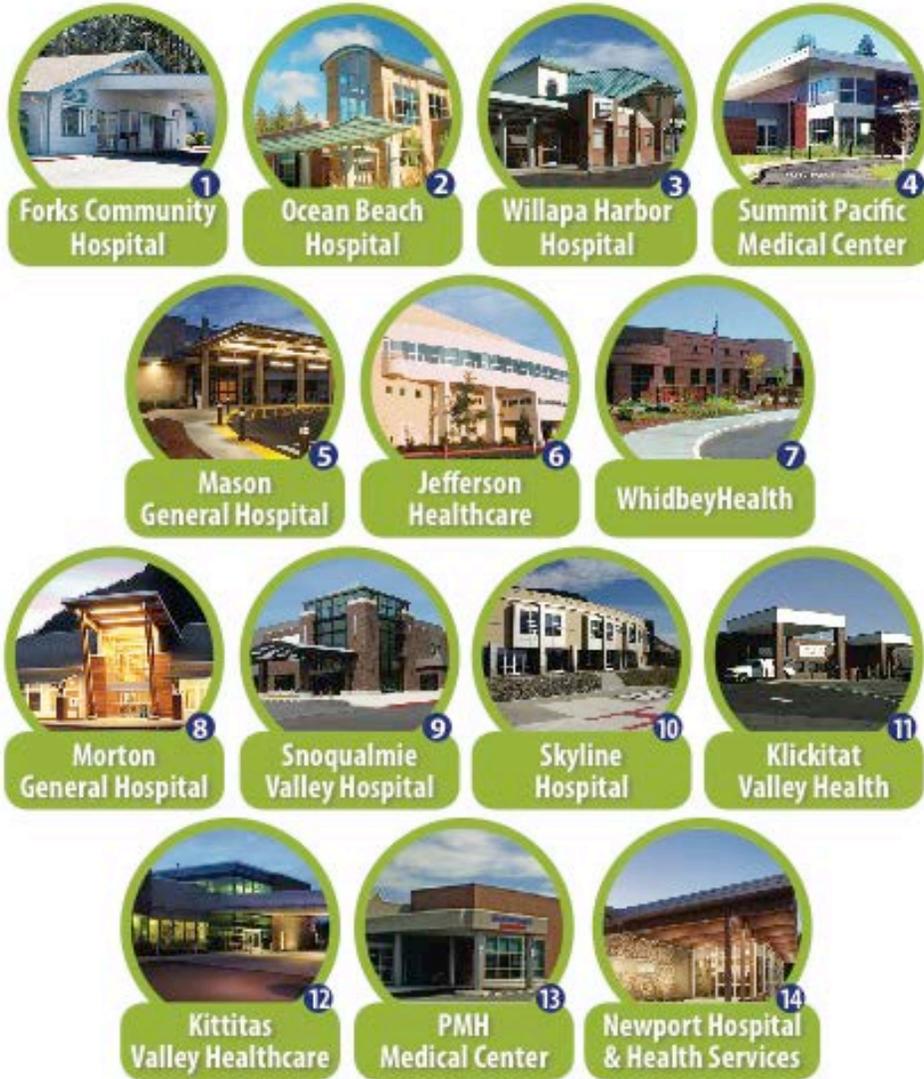


Figure 2
2017 Actual Return on Investment by Hospital

Members and Coverage





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