

# 2018 | Annual Report



**Washington  
Rural Health  
Collaborative**



# Letter from the Executive Director

Twenty-eight marked the completion of the Washington Rural Health Collaborative's (WRHC) 15th year! It was characterized by growth, change and an unrelenting commitment to advancing rural healthcare value, quality and efficiency in the communities our members serve. In early 2018, we welcomed two new members – Kittitas Valley Healthcare (Ellensburg) and Lincoln Hospital (Davenport), bringing our membership to 15 rural public hospital districts. In response to our commitment to excellence, the focus on achieving excellence through high-standards of quality emerged at our 2018 board retreat, which will serve as the foundation for our volume-to-value transition work. In June, WRHC received a one-year HRSA Network Development Planning Grant to establish the infrastructure to support value based contracts. This grant award will accelerate our vision of operational excellence.

Another important 2018 milestone was the Rocky Mountain Accountable Care Organization's (RMACO) successful completion of its third year. Page 10 details our members' efforts and learnings that will serve us well as healthcare reform continues. We began 2018 anticipating the release of another ACO RFP from the Centers for Medicare and Medicaid Services, but learned in July that CMS was proposing substantial changes to the ACO program. With final rules not scheduled for release until 2019, we showcased our agility and flexibility by reorganizing our priorities to align with the extended federal timeframe. In the interim, we investigated a variety of alternative payment models, as we consider next steps on the volume-to-value journey.

As part of that exploration, WRHC and our members actively engaged with the State of Washington's Health Care Authority, to assure that any transformation model moving hospitals and clinics from fee-for-service to value-based payments recognizes the unique needs of rural healthcare providers. WRHC also joined a group of independent rural ACO networks from five states, to explore development of a rural payment model focusing initially on Medicare, but with a long-term strategy that includes national payers and Medicaid.

Finally, in late 2018, staff proposed expansion of our membership to help reduce operating costs. In November, WRHC's board approved this change, and in 2019, the Public Hospital District Joint Operating Board (PHD-JOB) will move under WRHC as a program. PHD members will continue setting the strategic direction for payer contracting, while gaining access to specific purchased services and Group Purchasing Organization contracts.

WRHC's mantra continues to be "Stronger Together." This year, we again provided members significant return on investment (page 7), and those savings underscore our ability to maximize partnerships for the benefit of our members. I trust that 2019 will be as demanding as prior years, and we welcome the challenge!

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 State legislature to develop and pass a law funding community collaboration among healthcare providers. Subsequently, Washington State successfully introduced the *Community-based Collaborative Care Networks* amendment included in the landmark health reform bill signed by President Obama in 2010.



## Mission & Vision

- ✓ Collaborating to stimulate innovation and agile partnerships that improve rural healthcare quality, efficiency, and sustainability.
- ✓ 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 members in Western Washington. In 2014, we changed our name to the Washington Rural Health Collaborative, revised the mission and vision statements to articulate the breadth of our services, and expanded our scope of operations.

The Collaborative's activities support members to improve the quality and healthcare delivery systems in their unique communities. Since inception, that focus has not faltered, as our membership has grown to include 15 critical access hospitals, all separately governed and located throughout rural Washington State.

In 2016, we established a four-year strategic plan to support members through their transition to value-based care and to develop a sustainable structure for the Collaborative that supports this work, including the following four objectives:

1. Maintain a strong, financially viable organizational structure;
2. Prepare member hospitals for healthcare reform and value-based care transformation ensuring no hospital is excluded from any value-based contract after 2020 for lack of readiness;
3. Support member sustainability and independence through collective action;
4. Expand joint contracting opportunities.

Early in our history, revenue was limited to membership dues and grants. As WRHC grew, we realized the need to diversify funding in order to ensure ongoing sustainability and growth. In 2017, our team launched a new business model that includes administrative fees from joint contracting and program service fees. In 2017, we generated \$200,000 in new revenue with no increase in membership dues. The new funding structure will ensure our sustainability for years to come.

Our vision - supporting member hospitals to achieve service excellence through collaboration and innovation - is at the heart of everything we do. When a sentence begins with "all members have a need," there is an opportunity to leverage WRHC's power.



## WRHC Member Hospitals



**Arbor Health  
Morton**



**Forks Community  
Hospital**



**Jefferson  
Healthcare**



**Kittitas  
Valley Healthcare**



**Klickitat  
Valley Health**



**Lincoln  
Hospital**



**Mason  
General Hospital**



**Newport Hospital  
& Health Services**



**Ocean Beach  
Hospital**



**Prosser  
Memorial Health**



**Skyline  
Hospital**



**Snoqualmie  
Valley Hospital**



**Summit Pacific  
Medical Center**



**WhidbeyHealth  
Medical Center**



**Willapa Harbor  
Hospital**

## Board List

1. Eric Moll, Chair & CEO – Mason General Hospital & Family of Clinics
2. Robb Kimmes, Vice Chair & CEO – Skyline Health
3. Leslie Hiebert, Secretary/Treasurer & CEO – Klickitat Valley Health
4. Tim Cournyer, CEO – Forks Community Hospital
5. Hillary Whittington, CAO/CFO – Jefferson Healthcare
6. Julie Petersen, CEO – Kittitas Valley Healthcare
7. Tyson Lacy, CEO – Lincoln Hospital and North Basin Clinics
8. Leianne Everett, CEO – Arbor Health Morton
9. Tom Wilbur, CEO – Newport Hospital & Health Services
10. Larry Cohen, CEO – Ocean Beach Hospital
11. Craig Marks, CEO – Prosser Memorial Health
12. Kim Witkop, MD, Interim CEO – Snoqualmie Valley Hospital
13. Josh Martin, CEO – Summit Pacific Medical Center
14. Geri Forbes, CEO – WhidbeyHealth Medical Center
15. Carole Halsan, CEO – Willapa Harbor Hospital

# 2018 Strategic Goals & Accomplishments

## Maintain a Strong and Financially Viable Organizational Structure

### *Objectives:*

- Remain financially strong and continue significant progress on developing a sustainable business model.
- Be recognized as an engaged, significant network of partners supporting member hospitals to achieve service excellence through collaboration and innovation.

### *Achievements:*

- In 2018, WRHC met its budget goals, and 100% of new contracts contained an administrative fee to support our sustainability, with 94% of members participating in at least two service contracts. We are on track to achieve complete sustainability by 2023, including membership dues, new membership categories, and expanded service lines.
- In 2018, WRHC created the Washington Rural Health Network, LLC, to support a shared savings model and development of for-profit business lines, like delegated credentialing and telemedicine.
- The year 2018 also saw the establishment of an operational framework (policies, procedures, employee handbook) and structure (IT, HR), as well as the establishment of WRHC cultural norms to support staff.
- WRHC received an Intalere Best Practice Award for Financial & Operational Improvement, meeting our goal of achieving recognition for our work in developing member cost reduction initiatives.

## Prepare Member Hospitals for Healthcare Reform and Value-Based Care Transformation by 2020, Ensuring No Member is Excluded

### *Objectives:*

- Each hospital will have active engagement from a provider champion, who focuses on implementing value-based care transformation.
- Develop a framework and financial plan that will support a Quality Integrated Network, including, but not limited to, an ACO across the WRHC membership.
- Continue preparing hospitals for value-based care transformation, including development of a sustainable payer-contracting model focused on Medicare and Medicaid payment models through active participation in HCA's Multi-Payer network work group.

### *Achievements:*

- Of our 15 member hospitals, 73% (11) have identified an active physician champion, and two more will identify a physician champion in Q1 2019, as we continue to prepare for a value-based marketplace.
- In 2019, we established the Washington Rural Health Network and began work to identify a data warehouse and analytics tools, in anticipation of a 2018 CMS ACO application. Although CMS delayed the application process, we will continue to explore an ACO in 2019, as dictated by market changes and member needs.
- Work on value-based contracting has continued, and we anticipate discussions with Molina to result in establishment of a value-based contract in Q1 2019.
- WRHC continues to collaborate with the Washington Health Care Authority on development of a sustainable Multi-Payer Model that supports rural payment transformation while achieving the Quadruple Aim - better access, lower costs, improved patient outcomes, and clinician experience.
- Throughout 2018, we discussed opportunities with major commercial payers, including United Health Care, Aetna, Premera, & Regence BlueShield.

## Support Member Sustainability and Independence through Collective Action

### *Objectives:*

- Develop an operational framework that supports WRHC's evolution, in support of members achieving operational excellence through inter-dependence, collective action and member commitment.
- Create space for continued discussions on the evolution of the WRHC's model for achieving operational excellence.

### *Achievements:*

- During 2018, WRHC worked diligently to develop an infrastructure that meets National Committee for Quality Assurance (NCQA) standards and payer requirements for delegated credentialing. This structure will allow WRHC to request delegation authority from payers to credential members' providers on behalf of health plans, resulting in significantly reduced enrollment times and increased revenue flow.
- We also executed a contract with EvergreenHealth in late 2018 that launches our Telemedicine Program. We will begin with Jefferson Healthcare as the pilot hospital in early 2019 and focus on pulmonology. Additional hospitals and specialty services will be phased-in over time.
- As we further explore the power of networking and partnerships, board members reached out to organizations, like the University of Washington and Washington State University, to explore potential future programs and partnerships. We identified several possible collaboration opportunities for further exploration in 2019, including medical student rotations and post-graduation placements at rural hospitals.
- In addition to their annual planning retreat (March), the board of directors identified a second extended meeting date (October), affording them the opportunity to evaluate the myriad of fast-paced changes occurring in the marketplace and implement mid-year strategic work plan adjustments.

## Expand Joint Contracting Opportunities

### *Objectives:*

- Develop a proactive WRHC contracting program, focusing on contract integrity, strategic renegotiations, and member satisfaction.
- Develop a strategic partnership with a preferred Group Purchasing Organization (GPO).

### *Achievements:*

- By the end of 2018, WRHC fully implemented a Contract Management Program, covering all new and existing WRHC contracts.
- The Contract Department closely tracked the implementation and savings generated by a collective lab services contract. The onboarding of hospitals throughout 2018 will generate substantial savings in 2019, as full utilization takes place and expands to our new PHD category of members. We also expect to execute a temporary staffing collective contract in 2019 to further this financial goal.
- Our goal in 2018 was to execute three shared service contracts. We exceeded that goal by year's end, with four new contracts in place.
- As we work toward GPO Alignment across our membership – either primary or secondary – 13 of our 15 members were GPO-aligned at the end of 2018. We are hopeful the last two will align in early 2019.

## 2018 At-A-Glance



**100%** Members Reporting Select Quality and Financial Metrics



**382,794**  
Combined District Population



**11,997**  
Inpatient Discharges



**153** Average Daily Census



**305** Available Beds

**138,155**

Emergency Room Visits



**556,148**  
Clinic Visits

**682,333**

Outpatient Visits



**289** Employed Provider FTEs



**4,334** Full-Time Employees



**\$682,581,603**  
Net Patient Services Revenue

**3,772**

Total Patients Served Per Day



**\$11,369,605**  
Charity Care

Available Beds, Emergency Visits, Outpatient Visits, Providers Employed, Total FTEs, Net Patient Service Revenue, Clinic Visits from internal member data. Patient Discharges from Washington State Inpatient CHARS database. Charity Care from Washington State Department of Health most recent Year End Reports. Population from Nielsen Claritas.

# Membership Return on Investment

The Collaborative began tracking direct savings to members associated with its various initiatives in 2014. In last year’s Annual Report, we reported estimated savings of approximately \$2.3 million.

This year, we have documented more than \$2 million in direct savings to members. These savings are allocated across the initiatives in **Figure 1**.

**Figure 2** depicts member savings and shows that average ROI per dollar invested is \$6.32, ranging from a low of \$1.32 to a high of \$16.10.

Figure 1 Allocation of Direct Savings		
Contract	WRHC Total Savings	% of Total Savings
Reference Lab	\$ 908,426.78	44.2%
Transitional Care Consulting	\$ 238,000.00	11.6%
Data Analytics	\$ 196,033.37	9.5%
Medical Malpractice Insurance	\$ 163,002.00	7.9%
GPO Affiliation	\$ 119,714.81	5.8%
PACS	\$ 86,686.62	4.2%
Legal Master Contract	\$ 78,431.50	3.8%
Sepsis Training	\$ 72,000.00	3.5%
Billing	\$ 47,958.00	2.3%
Property Insurance	\$ 43,601.00	2.1%
Physician Recruitment	\$ 29,000.00	1.4%
Legal/Compliance Consultant	\$ 27,705.00	1.3%
Pharmacy 340b Program	\$ 13,055.00	0.6%
Planning Grant	\$ 10,503.00	0.5%
Coding Consulting	\$ 9,920.95	0.5%
Compliance Hot Line	\$ 9,100.00	0.4%
<b>TOTAL</b>	<b>\$ 2,053,135.11</b>	<b>100.0%</b>



**Figure 2**  
2018 Actual Return on Investment by Hospital

# PHD Joint Operating Board

Established in 2006 under the auspices of the Washington Interlocal Cooperation Act (RCW 70.44.240 and RCW 70.44.450), the Public Hospital District Joint Operating Board (PHD-JOB) represents 16 PHDs located throughout Washington State. The PHD-JOB's primary mission is to work with health plans to negotiate and implement contracts designed to benefit both PHD-JOB participating hospitals and health plans.

## Together the PHD-JOB

- Explores and evaluates value-based contract programs with an emphasis on shared savings models.
- Collectively shares "lessons learned" and process improvement opportunities.
- Engages in contract negotiations with health plans in Washington State.
- Develops productive and mutually beneficial partnerships with health plans to advance value-based contracts and reduce administrative requirements.
- Collaborates to share, evaluate and represent our members' interests in healthcare reform discussions and projects.

## 2018 Highlights

- Refined and implemented an Amerigroup shared savings contract.
- Successfully negotiated standard contract language for both hospital and clinic agreements for the following health plans:
  - Aetna
  - First Choice
  - United Healthcare
- Worked on standardized language with Regence BlueShield.
- Explored value-based opportunities for commercial insurance products.
- Achieved over \$270K in shared savings on value-based contracts.
- Consistently met selected quality measures on value-based contracts.
- Identified an opportunity and began negotiations with Molina Healthcare on a shared savings, value-based contract.

## 2019 and Future Opportunities

In 2018, it became clear there were similarities, common themes, and opportunities between the PHD-JOB and WRHC. Recognizing this unique and powerful synergy, WRHC merged its joint contracting with the PHD-JOB's health plan contracting to create a unified Contract Department. Further, in December 2018, the WRHC Board of Directors approved a restructuring that adds PHD-JOB participants as a distinct WRHC membership classification. This melding of the contracting processes and unification of the PHD-JOB with WRHC is a powerful step in our ongoing move toward operational excellence.

# Grant Highlights

## Operational Excellence in Action!

During 2018, WRHC launched work on two important grants that further our mission to achieve service excellence through collaboration and innovation.

### HRSA Rural Network Development Planning Grant: (July 1, 2018 – June 30, 2019)

Against the backdrop of health care transformation and toward the goal of operational excellence, the Collaborative's board of directors engaged a new vision in 2018 – the formation of the Washington Rural Health Network, LLC (WRHN). The first step, forming the legal entity, is complete, and development of the operational infrastructure necessary to support value-based payment models is the focus for our work in 2019. The Health Resources and Services Administration (HRSA) Rural Health Network Development Planning Grant is a one-year grant for \$99,818, awarded to us July 1, 2018. This grant will help us develop infrastructure to support new payment models that focus on quality while reducing cost. WRHN is building on experience and work already underway in the areas of group contracting, shared services and mitigation of duplicative tracking and reporting systems that are costly barriers to achieving value-based care delivery. WRHN will be a strong and viable entity representing rural, critical access hospitals across the state who are collaborating with the Centers for Medicare and Medicaid Services and Washington State to develop new, sustainable rural health payment models.

### Washington Coverdell Stroke Program: (December 2018 – April 2020)

The Washington State Department of Health (DOH) is one of nine states participating in the Centers for Disease Control and Prevention's Paul Coverdell National Acute Stroke Program, named after Georgia Senator Paul Coverdell who died from a stroke while in office. The program's primary focus is to develop and improve stroke care and patient outcomes.

In December 2018, WRHC received grant funding from the DOH for 13 of our 15 hospital members to participate in this national program. Over the next two years, member hospitals will work collectively to develop and refine strategies that improve stroke outcomes.

The WRHC Quality Committee will lead the work, by coordinating our hospital participants to develop a comprehensive WRHC Stroke Quality Improvement Project that includes:

- Identifying 2-3 stroke measures to report, analyze, and improve;
- Tracking and reporting stroke-related quality measures using QHi;
- Developing a data-driven quality plan that improves stroke care;
- Identifying training needs to ensure the quality plan's ongoing success.



As these exciting projects unfold, we look forward to reporting on their successes in 2019!

# 2018 Program Accomplishments

## Rocky Mountain Accountable Care Organization (RMACO)

A major WRHC focus has been to prepare member hospitals for the shift from volume to value-based reimbursement payment models. CMS provided a variety of grants to assist with this transformation, including the Medicare Shared Savings Program (MSSP) ACO program. In 2016, five of WRHC's hospitals joined hospitals in Colorado to participate in an MSSP ACO. The focus is to support hospitals in providing coordinated care that ensures patients receive the right care at the right time, while avoiding duplication of services and preventing medical errors. When an ACO succeeds in delivering high-quality care and spending healthcare dollars more effectively, the ACO then shares in the savings it achieves for the Medicare program.

An important 2018 milestone was Rocky Mountain ACO's successful completion of their third and final year. We made great progress on approving our quality scores, while reducing overall costs, saving Medicare \$7,063,814 in the first two years. In 2016, RMACO missed the Medicare Shared Savings threshold by only \$1.88 per member per month (PMPM). In 2017, we missed Shared Savings by only *ten cents* PMPM! Having come so close in 2017, and coupled with our continued diligence, we are hopeful that we will achieve shared savings in 2018.

## Telemedicine

When specialty care is not available in local communities, the outmigration of services not only increases the cost of care for patients, it represents a lost opportunity to build the caregiver-patient relationship. Outcomes are also better when patients receive care close to home. With the availability of advanced video conferencing technology, it is now possible for rural hospitals to provide a variety of specialty services virtually.

Throughout 2018, WRHC has been building a Telemedicine Program with EvergreenHealth that will allow participating member hospitals to provide a variety of services not currently available in rural communities. Once equipment is in place and tested, Jefferson Healthcare will launch the pilot program, testing all aspects of operations, from scheduling through billing and patient satisfaction. Additional member hospitals will connect when the pilot is completed, and the menu of services offered will broaden over time. Twenty-nineteen will be an exciting year as we see this innovative, patient-centered project come online.

## Delegated Credentialing

Delegated credentialing is a formal process by which a payer gives another entity the authority to perform provider credentialing on its behalf. This option has not been available to small, individual hospitals, because minimum volumes of more than 100 providers are required. Through the power of collective action, we can overcome that restriction. Since health plans can delegate credentialing authority to an entity like WRHC, this collective action could significantly reduce provider enrollment times. Currently, WRHC member hospitals are experiencing 60- 90-day delays to enroll new providers with health plans, resulting in lost revenue and reduced patient access to services. Collectively, however, WRHC can meet most health plan standards on behalf of its 15 rural hospital members, so in 2018, we moved to become the delegated credentialing entity for our members.

Phase I of the implementation plan is complete, including a mock audit. Phase II is well underway, toward the final goals of attaining delegated authority from payers in 2019 and providing member savings for this important scope of work.

## Meet Our Team

### Paul Kennelly, Director of Contracting and Payer Relations

Paul joined WRHC as Director of Contracting & Payer Relations in January 2018, and in late 2018, his responsibilities expanded to include all WRHC contracting services. Paul's knowledge of payer contracting, revenue cycle, and clinical operations, combined with 25+ years of health care experience, ensures WRHC's contracting activities are strategically aligned to optimize member value. Paul holds a Bachelor's degree in Economics and a Master's degree in Healthcare Administration. Prior to joining WRHC, he served as Director of Client Services in the anesthesia billing industry and 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 Siani Physician Management Services Organization, Los Angeles, CA.



### Jeffrey Seward, Contracting Data Analyst

Jeffrey comes to WRHC from eastern Montana, where he grew up farming and ranching. The experience of growing up in rural Montana has shaped his understanding of rural health issues in Washington. He holds a Master's degree in Information Management, Business Intelligence, from the University of Washington and brings critical thinking skills and a passion for improving systems that help people. Previously, he worked as a legal and technical assistant and business intelligence consultant. His skillset includes top-notch 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 risk of having two governmental infrastructures at odds in assessing risks to both industries.



### Peggy Utesch, Executive Assistant

Peggy joined the WRHC team in June 2016, bringing a wide variety of skills to her role, including 20+ years in executive-level health care support. Relocating to Washington from Colorado, she most recently worked for the Community Care Alliance, an organization focused on health care 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, is a Senior Fellow with the American Leadership Forum, and the author of two mountain biking guidebooks to Eastern Utah.









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