Steps to Engage Rural Health Clinics in Medicaid Value-Based Purchasing Initiatives

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Rural health clinics (RHCs) were established through the Rural Health Clinic Services Act of 1977[1] in order to improve access to non-physician practitioners, such as physician assistants and nurse practitioners, in rural areas that lacked an adequate supply of physicians. Today, there are approximately 4,100 RHCs[2] in 44 states.[3] To be eligible to become a RHC, a practice must be in a "non-urbanized area," according to the US Census Bureau, and be located in a health professional shortage area (HPSA), a medically underserved area (MUA), or a governor-designated MUA.

RHCs are certified by the Centers for Medicare & Medicaid Services (CMS) and must meet specific requirements, including specified staffing ratios and available services. There are two types of RHCs, independent and provider-based. Independent RHCs are free-standing practices owned and operated by a provider, group of providers, or health system. Provider-based RHCs are owned and operated most commonly by hospitals, but can also be owned and operated by nursing homes or home health agencies that participate in Medicare.[4]

RHCs are reimbursed by state Medicaid programs either through the Prospective Payment System (PPS) or through a qualifying alternative payment methodology (APM). Similar to federally qualified health centers (FQHCs), in order for states to pursue a value-based APM with RHCs, individual RHCs must agree to participate, and the APM must reimburse each RHC the equivalent of what it would have received through the PPS.[5]

As states develop and implement value-based purchasing initiatives in their Medicaid programs, engaging safety net providers will help these efforts have the greatest impact on reducing overall health care costs and increasing quality. Value-based APMs, such as pay-for-performance and shared savings, shift practice reimbursement away from a focus on the volume of services billed toward a focus on providing high quality, efficient care.[6, 7]

While state Medicaid agencies across the country have been moving forward with engaging FQHCs in value-based purchasing initiatives, progress has been much slower with RHCs. The National Academy for State Health Policy (NASHP) has been working with six states through its Value-Based Payment Reform Academy to support them in developing value-based APMs for FQHCs and RHCs. Working with these states and the Federal Office of Rural Health Policy has led to the identification of key infrastructure and capacity barriers RHCs often face when engaging in value-based purchasing:[8]

- **Organizational capacity**: Many RHCs do not have the staff or leadership capacity to champion the practice changes necessary to undertake value-based purchasing models. Officials from the six Academy state teams noted that many RHCs in their states struggle with provider recruitment and retention. Additionally, many do not have operating margins to support the data analytics and/or administrative staff that are critical for practices engaged in value-based purchasing. Assessment tools, such as the University of Iowa Rural Health Value Assessment Tool, can help states and RHCs better understand existing capacity for value-based purchasing. While some RHCs may not have the requisite infrastructure and capacity to participate in value-based APMs currently, states may want to consider how they can support and promote practice transformation and a greater emphasis on population health management among RHCs in the near-term.

- **Low Medicaid Empanelment**: Academy states reported many RHCs have a majority of Medicare and commercial patients, and a minority of Medicaid patients.[9] Small numbers of Medicaid patients may make it challenging for state Medicaid agencies to accurately set payment rates in a new APM or determine practice performance on quality metrics, particularly those tied to payment. Additionally, states will need to be strategic in engaging RHCs with low Medicaid empanelment who may not have enough patients to incentivize them to participate in any value-based APM.
- **Provider-based RHC complexities**: Gaining support for value-based purchasing from provider-based RHCs may be challenging, as their participation will likely depend on the overall goals, priorities, and financial environment of the operating hospital. It is important to note that Medicaid reimbursement for services provided by provider-based RHCs owned by hospitals are intertwined with the hospital's overall revenue.
- **Limited quality reporting requirements**: RHCs submit cost reports to CMS, but are not required to submit data on quality metrics at this time. Notably, services provided by RHCs that are paid through the Medicare all-inclusive rate methodology are not eligible for the Medicare Merit-Based Incentive System.[10] RHCs' participation in commercial quality improvement initiatives is not well documented.[11] As a result, some RHCs may not have experience with quality and process improvement, which could mean these RHCs require greater support to participate in value-based APMs, which are tied to quality measurement and reporting.

Despite these challenges, there are successful examples of RHCs engaging in value-based purchasing and quality reporting and improvement.

- **Engage RHCs participating in Medicare ACOs**: Presently, almost 15 percent of Medicare Shared Savings Program (MSSP) ACOs include at least one RHC.[12] Lead researcher Judy Ortiz at the University of Central Florida conducted a study of RHC participation in Medicare ACOs in the southeast United States. This research found that RHCs participating in ACOs tend to be independent, larger, for-profit, and more well established (between 5 to 10 years old).[13] States may want to start by targeting these types of RHCs to participate in efforts to design value-based APMs. These RHCs may already have the infrastructure and capacity necessary to participate in these types of models.
- **Engage RHCs in Quality Measurement and Reporting**: Quality measurement and reporting is a cornerstone of value-based APMs. States may want to start by engaging their RHCs in quality reporting initiatives. For example, the Michigan Center for Rural Health brought together RHCs in the state to identify appropriate quality metrics for them and to serve as a forum for sharing practice-level quality improvement best practices.[14]

  The Maine Rural Health Research Center piloted a set of primary care-based quality measures with a cohort of RHCs across the United States. A steering committee developed a set of 18 quality measures to pilot with RHCs. The pilot did not achieve the RHC enrollment that it expected, highlighting capacity issues for RHCs. The pilot did find that participating RHCs were interested in technical support on extracting data from electronic and paper records, data analysis and benchmarking, and quality improvement,[15] highlighting that states may be able to incentivize RHCs to participate in quality reporting and ultimately value-based purchasing efforts by offering technical assistance.

Available Resources:

States interested in engaging RHCs in value-based purchasing can explore the following resources:

- National Organization of State Offices of Rural Health (NOSORH)
  - NOSORH Resource: *Engaging State Offices of Rural Health and Rural Health Clinics in Value-Based Care*
  - NOSORH Resource: Key contacts in each state's Office of Rural Health
- CMS Rural Health Clinics Center
- Rural Health Information Hub
  - Topic: Rural Health Clinics
- Rural Health Research Gateway
  - Topic: Rural Health Clinics
- University of Iowa Rural Health Value's Value-Based Care Assessment Tool
- National Association of Rural Health Clinics
- HRSA Federal Office of Rural Health Policy

Endnotes

1. Public Law 95-210.
2. Centers for Medicare & Medicaid Services Medicare Learning Network. "Rural Health Clinic." January 2017. https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/RuralHlthClinfctsht.pdf.
3. Centers for Medicare & Medicaid Services. "CASPER Report 0006D Name and Address Listing for Rural Health Clinic Based on Current Survey," May 23, 2017. https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/rhclistbyprovidername.pdf,
4. Rural Health Information Hub. "Rural Health Clinics (RHCs) Frequently Asked Questions." Accessed November 20, 2017. https://www.ruralhealthinfo.org/topics/rural-health-clinics#difference.
5. Centers for Medicare & Medicaid Services, Rural Health Clinic, January 2017. https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/RuralHlthClinfctsht.pdf.
6. Health Care Payment Learning & Action Network, Alternative Payment Model: APM Framework (McLean, VA: The MITRE Corporation, 2017). http://hcp-lan.org/workproducts/apm-refresh-whitepaper-final.pdf.
7. For more information on value-based purchasing, please visit the National Academy for State Health Policy's Toolkit: State Strategies to Develop Value-Based Alternative Payment Methodologies for FQHCs. https://nashp.org/toolkit-state-strategies-to-develop-value-based-alternative-payment-methodologies-for-fqhcs/
8. NASHP Value-Based Payment Reform Academy State-Only Discourse Meeting, Washington, DC, July 26, 2017; and Personal interview with HRSA Federal Office of Rural Health Policy, teleconference, August 15, 2017.
9. John A. Gale and Andrew F. Coburn, The Characteristics and Roles of Rural Health Clinics in the United States: A Chartbook (Portland, ME: University of Southern Maine, Muskie School of Public Service, Maine Rural Health Research Center, 2003). http://digitalcommons.usm.maine.edu/cgi/viewcontent.cgi?article=1086&context=facbooks.
10. Centers for Medicare & Medicaid Services. "Getting Started with the Quality Payment Program: An Overview of MIPS for Small, Rural, and Underserved Practices." PowerPoint. Accessed November 20, 2017. https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/MACRA-MIPS-and-APMs/QPP-for-small-and-rural-slides.pdf.
11. John Gale, et al., Pilot Testing a Rural Health Clinic Quality Measurement Reporting System (Portland, ME: University of Southern Maine, Muskie School of Public Service, Maine Rural Health Research Center, 2016). https://muskie.usm.maine.edu/Publications/rural/RHC-Quality-Measurement-Reporting.pdf.
12. Centers for Medicare & Medicaid Services. "Fast Facts: All Medicare Shared Savings Program (Shared Savings Program) Accountable Care Organizations (ACOs)." January 2017. https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/Downloads/All-Starts-MSSP-ACO.pdf.
13. Judith Ortiz, et al. "RHCs in Accountable Care Organizations (ACOs)." PowerPoint, Rural Health Research Group, University of Central Florida, College of Health & Public Affairs, Sept. 15, 2016. https://www.hrsa.gov/ruralhealth/resources/conferencecall/rhcacoslides.pdf.
14. Michigan Center for Rural Health. "Michigan RHC Quality Network." Accessed November 15, 2017. http://www.mcrh.msu.edu/programs/RHC/Michigan%20RHC%20QN.html.
15. John Gale, et al., Pilot Testing a Rural Health Clinic Quality Measurement Reporting System.