Understand Your Performance: State, Regional and National Benchmarks for Ohio RHCs

Ohio Rural Health Clinic Presentation
August 12, 2021

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Rural Health Clinics are an essential part of the rural healthcare delivery system

The Ohio Office of Rural Health see RHCs as a top priority

Your organization is being asked to participate in the RHC project to help develop a statewide performance improvement network
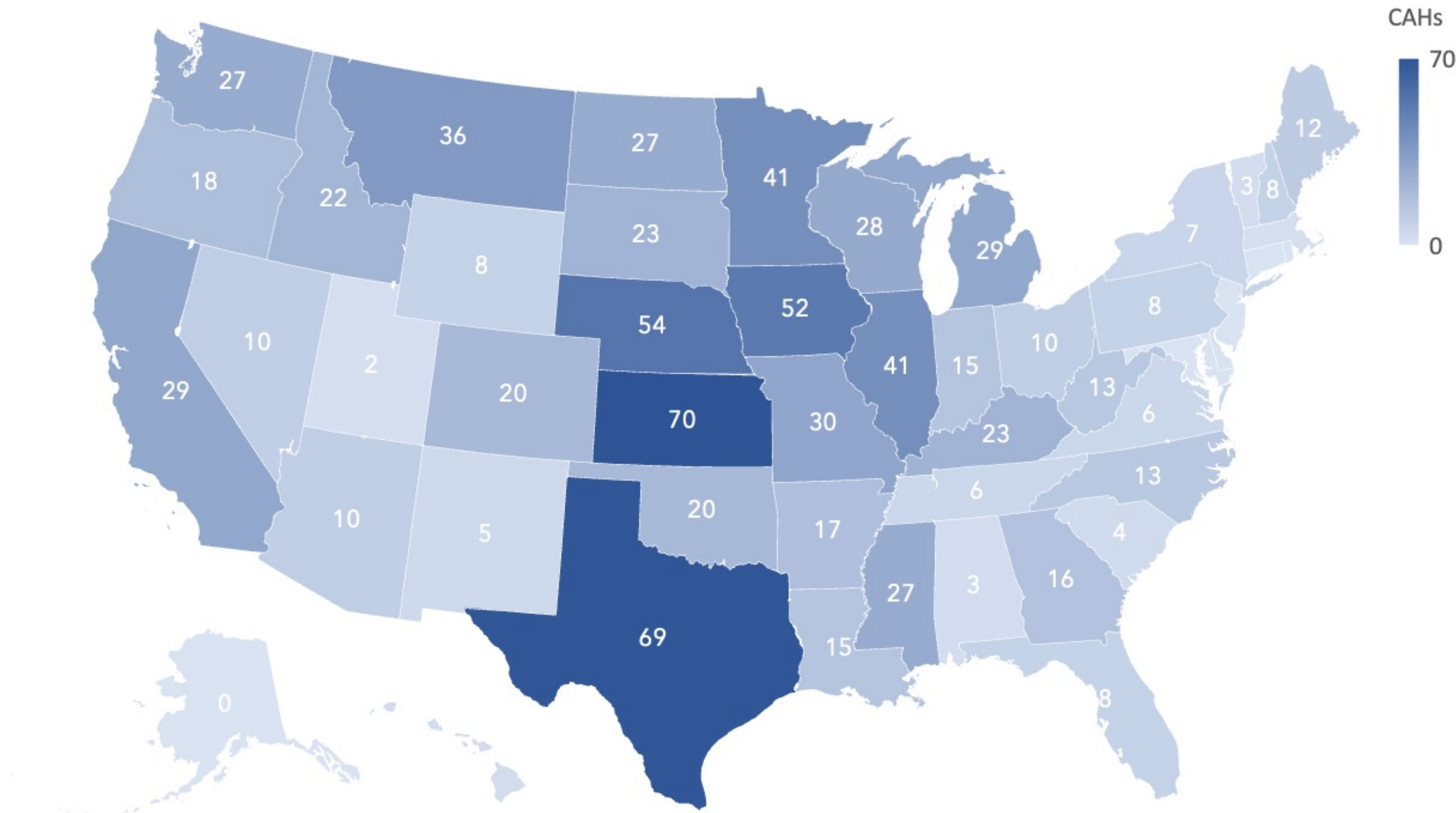
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2019 Ohio RHCs

RHC Counts

Total RHCs

53

35 **66%**

18 **34%**

Hospital-owned

Independent

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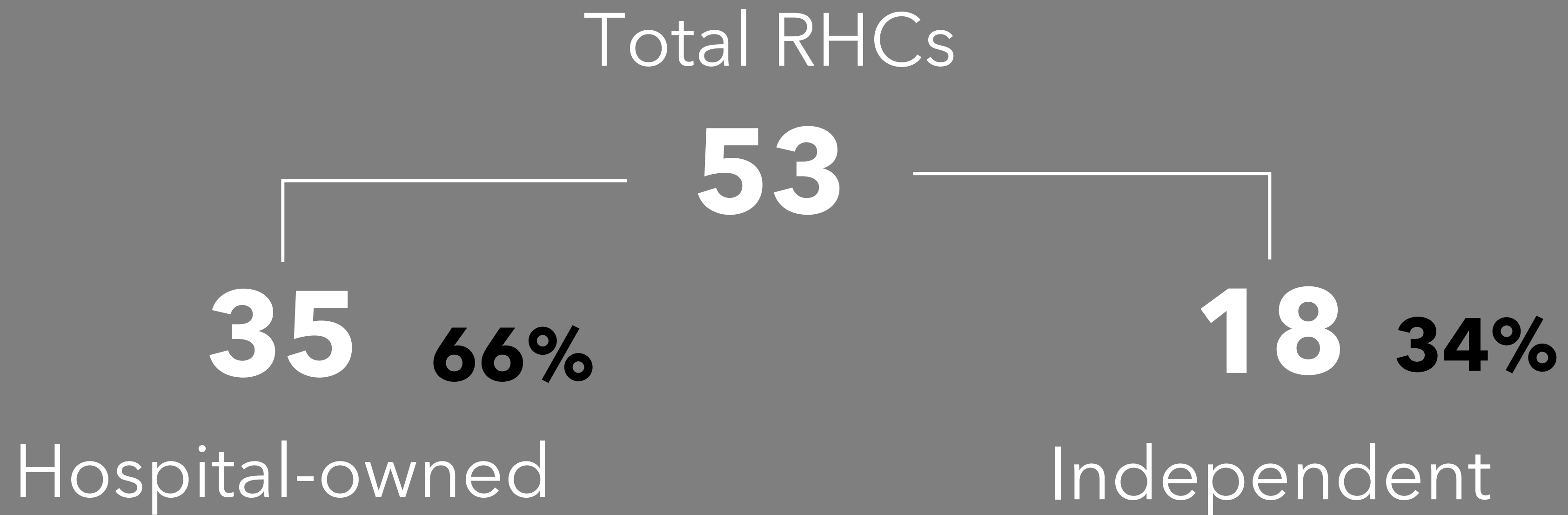
RHC Modernization Act

CAHs with Provider-based RHCs by State

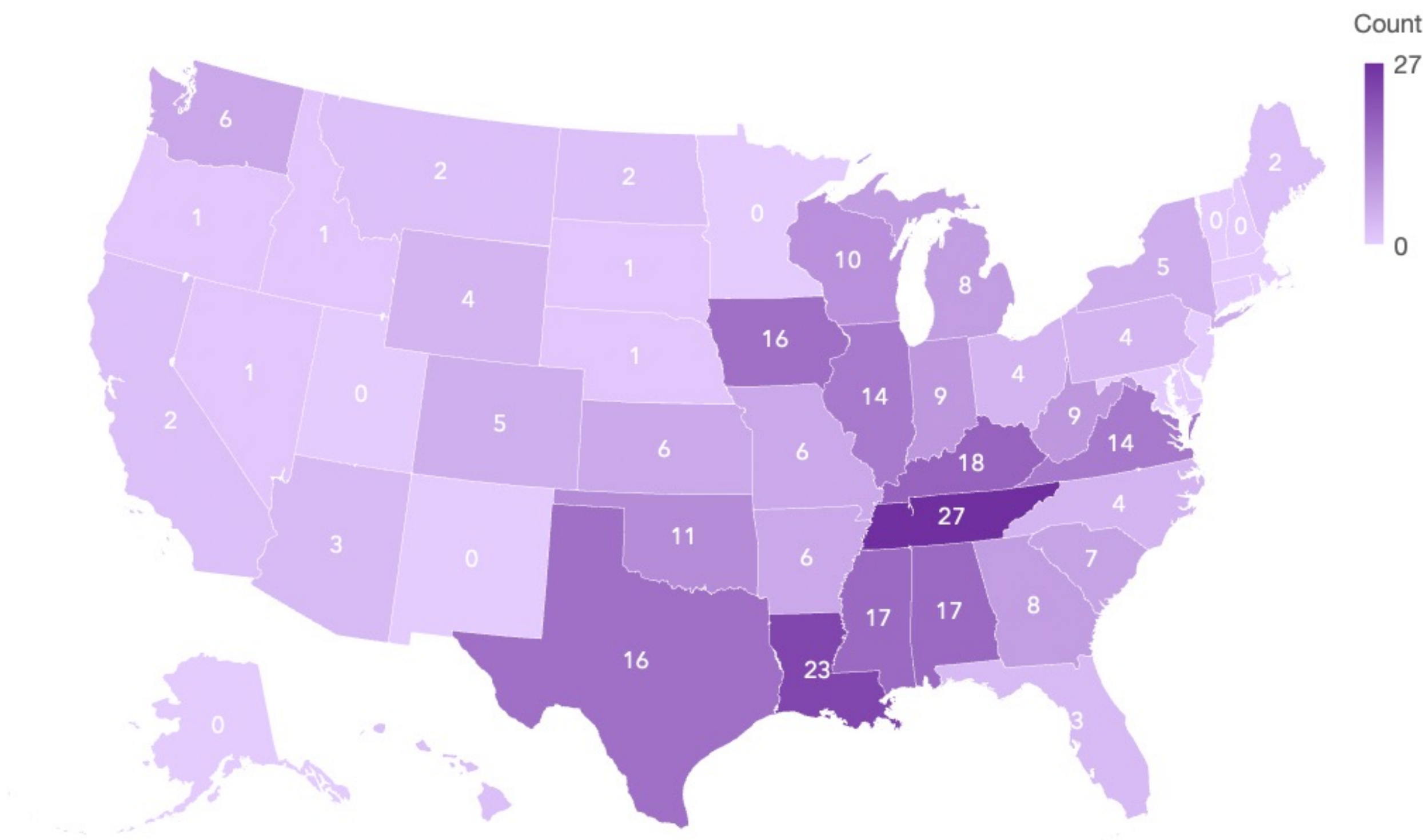**Map A**: State Comparison of CAHs that Own Provider-based Rural Health Clinics (2019)

890

In 2019, there were approximately **1,350** Critical Access Hospitals in the US. Among those organizations, **890** owned and operated at least one Provider-based Rural Health Clinic. Collectively, these CAHs owned **1,649** PB-RHCs. The distribution of PB-RHCs largely reflected the distribution of CAHs across rural America, with a large percentage of PB-RHCs located in the Midwest.

Data Source: December 2020 Medicare Cost Report release for hospital and RHC fiscal year 2019; and December 2020 CMS Provider of Services (POS) data file. Refer to the Data Management slide of this document for more details.

RHCs Established After 12/31/2019 by State

Map B: State Comparison of RHCs Established in CY 2020

295

The Act established a retroactive grandfathering provision to be effective December 31, 2019. In the time between the grandfathering date established in the Act and the enactment date of the legislation, **295** primary care practices had been newly designated as RHCs. Among that cohort, **142** were clinics subject to the capped rate and **153** were eligible for an uncapped rate. Overall, RHCs in **38** states were established after December 31, 2019.

Data Source: December 2020 CMS Provider of Services (POS) data file. Refer to the Data Management slide of this document for more details.

RHCs with Cost Per Visit Rates >$250

Table D: Summary All RHC Cost Per Visit Rates with $250 Threshold (FY 2019)

PAYMENT	>$250	<$250	TOTAL
Capped Rate	115	1,235	1,350
Uncapped Rate	1,085	1,819	2,904
Total	**1,200**	**3,054**	**4,254**

In FY 2019, nearly three-quarters of all RHCs had a per-visit cost less than $250.00 *(**3,054** of **4,254** RHCs or **72**%)*

*Note that **4,254** RHCs had complete, accurate and traceable cost report submissions*

1,200

Prior to the Act, PB-RHCs were eligible for an **uncapped** payment rate while RHCs that are owned and operated by hospitals with 50 beds or greater, as well as Independent RHCs, were subject to a **capped** per visit payment rate.

The relevant threshold of analysis for RHC Cost per Visit rates is **$250.00** given the current distribution of rates across the 4,254 RHCs and the projected per-visit reimbursement levels established in the RHC Modernization section of the Act.

RHC Cost Per Visit Rate Bands

Chart A: Distribution of Cost Per Visit Rate Bands for All RHCs (FY 2019)

The seven (7) cohorts with the highest Cost per Visit represent 10% of the total count of RHCs

90%

Chart A displays cohorts based on cost per visit rates calculated as Total Costs divided by Total Visits. We constructed 13 bands based on the cost per visit rates for all RHCs for FY 2019. This analysis includes all RHCs (Independent and Hospital-owned) and excludes those clinics whose Medicare cost reports contained material errors, omissions or irregularities (n=293). For each band we calculated its percentage of total RHCs.

In FY 2019 for the 4,254 RHCs that had complete, reliable and traceable Medicare cost report submissions, **90%** of RHCs report a Cost per Visit rate lower than $325
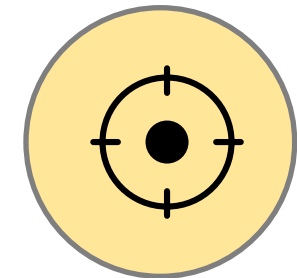
Data Source: December 2020 Medicare Cost Report release for hospital and RHC fiscal year 2019; and December 2020 CMS Provider of Services (POS) data file. Refer to the Data Management slide of this document for more details.

RHC Network Checklist
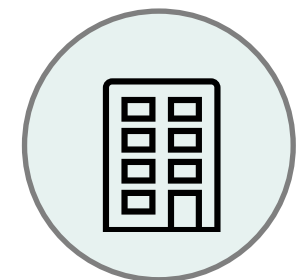
10-Point Checkup

~~Cost Report Consolidation~~

Productivity Standards ???
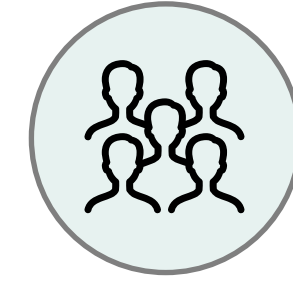*** Exemption with MAC?*

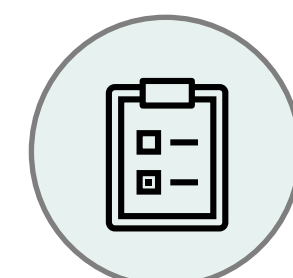Optimal Hospital Linkage

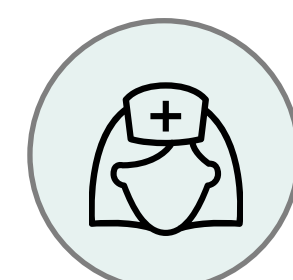340B Optimization

Specialty Care Integration
*** Behavioral Health Telemedicine*

Patient Panel Development

HCC Education and Monitoring

CCM, TCM and BHI Implementation

Contracts and Compliance

Quality Measurement/Benchmarks

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Performance Measurement

Performance Ratios

A critical few metrics, structured in the form of ratios across a targeted set of categories, provides a 360° view of RHC performance

Staffing Metrics	Clinic Value
Gross Charges per Total Staff	$ 118,095
Net Revenue per Total Staff	$ 87,619
Patient Visits per Total Staff	998
Clinical Staff Ratio	71.4%
Gross Charges per Clinical Staff	$ 165,333
Gross Charges per Non-Clinical Staff	$ 413,333

Performance Metrics	
Clinic Profit Margin	-6.52%
Clinic Profit Margin per Patient Visit	$ -5.73
Clinic Profit Margin per Total FTE	$ -5,714
Expense per Patient Visit	$ 93.6
Expense per Total FTE	$ 93,333

Productivity Metrics	
Work RVUs per FTE Physician	3,278
Work RVUs per FTE APP	5,000
New Patients per FTE Physician	122
New Patients per FTE APP	325
Panel Size per FTE Physician	1,389
Panel Size per FTE APP	1,500

Compensation Metrics	
Salary per FTE Physician	$ 139,063
Salary per FTE APP	$ 115,000
Variable Compensation per FTE Physician	$ 23,438
Variable Compensation per FTE APP	$ 25,000

Quality Metrics	
NQF #0018 Controlling Blood Pressure	79.6%
NQF #0028 Tobacco Screening	85.9%
NQF #0038 Childhood Immunizations	35.3%
NQF #0059 HbA1c Poor Control (>9%)	93.6%
NQF #0419 Documentation of Medications	75.9%

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An RHC's most important asset is its people. **Staffing Metrics** allow clinic leaders to evaluate the number, profile and cost effectiveness associated with clinical and non-clinical team members.

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Patient Visits per Total Staff	998
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Ratios that factor in **Total Staff** provide a way to normalize the data among clinics of different sizes

Note the distinction between **Gross Charges** and **Net Revenue**. The latter describes the actual cash received for services rendered and typically is a more valid unit of analysis

Gross Charges describe the full, retail price of clinical services. Think of it as a car's Manufacturer's Suggested Retail Price (**MSRP**) in the sense that it is typically a higher price, and a starting point for actual cost

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Financial performance tends to drive many strategic and operational decisions. **Performance Metrics** allow clinic leaders to assess the overall financial performance, profitability and cost effectiveness of a clinic.

Performance Metrics

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Clinic Profit Margin per Patient Visit	$ -5.73
Clinic Profit Margin per Total FTE	$ -5,714
Expense per Patient Visit	$ 93.6
Expense per Total FTE	$ 93,333

Profit Margin functions as the most relevant and illustrative financial metric because it simultaneously accounts for revenue and expense:

$$\frac{(Revenue - Expense)}{Revenue}$$

Among the Profit Margin-oriented metrics, the **Clinic Profit Margin per Patient Visit** tends to be the most intuitive and insightful metric. Note that changes in patient volumes will not result in a 1:1 change in profitability given the fixed vs. variable expense relationship in a clinic's cost structure

Clinic leaders often focus on expense management in the form of reducing salary costs, FTEs and overhead. While these operational tactics can be useful, the underlying economics of healthcare delivery typically highlights the proportional value in focusing on revenue growth

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How effectively a clinic utilizes its resources can be a major driver of overall financial performance. **Productivity Metrics** allow clinic leaders to evaluate the amount of clinical output relative to staffing and overhead inputs.

Productivity Metrics

Work RVUs per FTE Physician	3,278
Work RVUs per FTE APP	5,000
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Relative Value Units (RVUs) represent a unit of analysis that reflects the amount of work effort associated with a specific service/CPT code. Work RVUs are commonly used to set productivity goals and compensation levels for providers.

New Patient ratios serve as a signal for the health and growth of the clinic's market and ability to attract patients who received primary care from other practices.

Panel Size has emerged as a key variable in the development of provider compensation packages given the increased penetration of value-based payment models, population health management priorities and Accountable Care Organizations (ACOs).

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The linkage between performance and compensation is a management priority. **Compensation Metrics** allow clinic leaders to monitor the overall costs associated with provider salaries and variable compensation.

Compensation Metrics

Salary per FTE Physician	$ 139,063
Salary per FTE APP	$ 115,000
Variable Compensation per FTE Physician	$ 23,438
Variable Compensation per FTE APP	$ 25,000

Total compensation generally can be divided into two major categories: **Salary** and **Variable Compensation**. The latter describes the "bonus" income or fringe benefits that the provider earns in addition to base salary.

During the past several years, the healthcare industry has seen a trend in provider compensation away from base salary toward packages that are richer with **Variable Compensation**, and the variable compensation component increasingly includes Quality metrics.

Common examples of **Variable Compensation** can be categorized into Productivity, Value-Based and Other.

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RHCs exist to provide access to high quality primary and specialty care to rural communities. **Quality Metrics** allow clinic leaders to determine the caliber of clinical care provided by the RHC's professional staff.

Quality Metrics

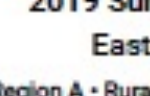|	
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NQF #0419 Documentation of Medications	75.9%

The **National Quality Forum** is responsible for coordinating the development and ratification of clinical quality measures. The following five NQF metrics have been identified via research by John Gale from the Maine Rural Health Research Center as the most rural relevant.

We encourage RHCs to track a small number of relevant metrics for all the clinic's patients, and to ideally have those metrics monitored at the provider-specific level.

The PQRS and then MIPS public reporting programs for physician practices included 100+ potential measures, most of which were relevant to large urban practices and multi-specialty practices. Few of the metrics were rural relevant and/or valid for small volume clinics.

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Ohio RHC Network Project

In exchange for 20 minutes of your time one time per year, your RHC can access an external benchmark report in POND that will compare your performance to your RHC peers using all these metrics

The POND RHC Summary report includes peer-grouped benchmark data that compares your performance against other regional, similar RHCs

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18

Our Current States
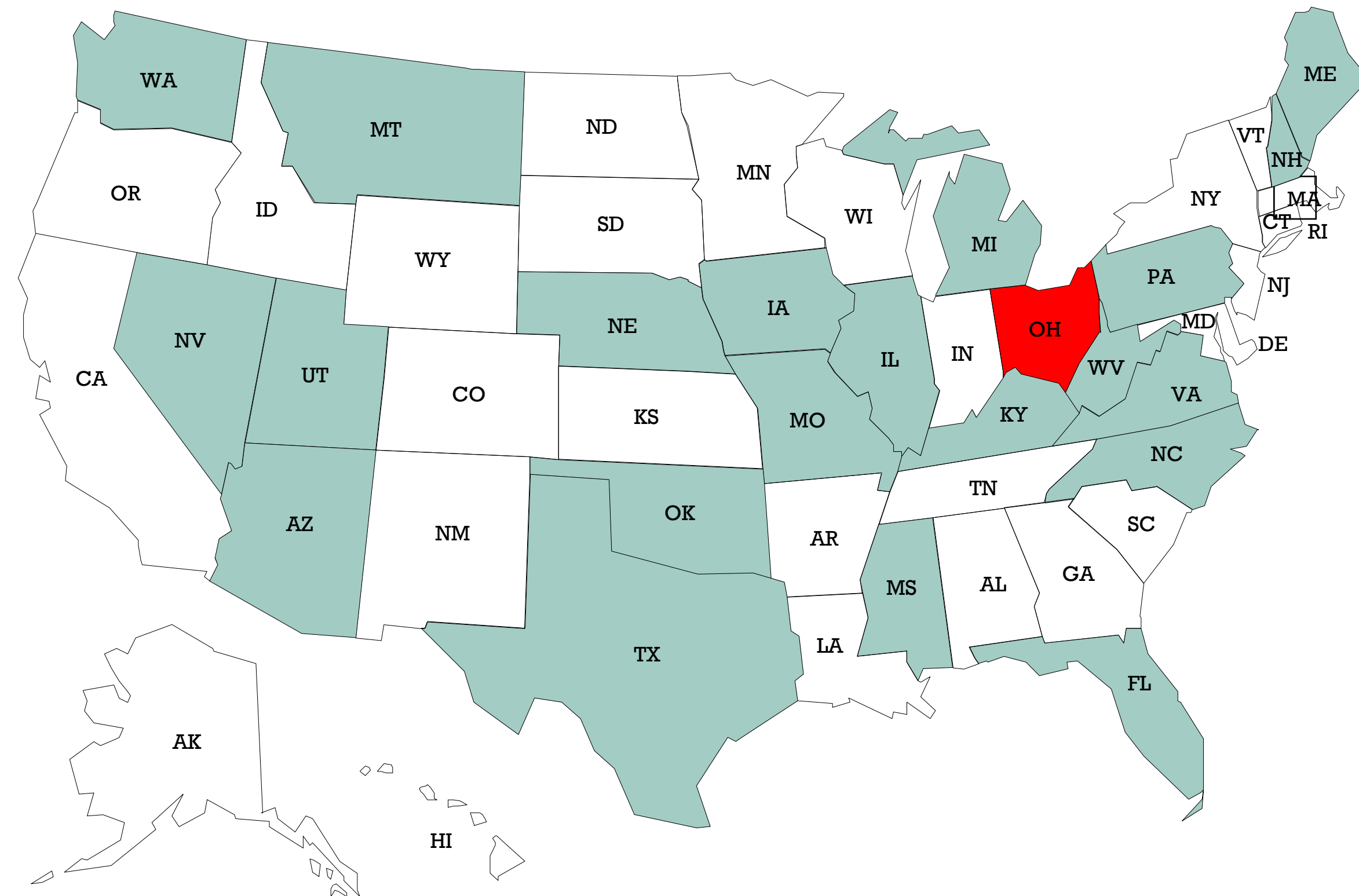
If you are located in one of these states you have access to the POND program right now

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20

How Does It Work?

Cost Report Scorecards

State Scorecards
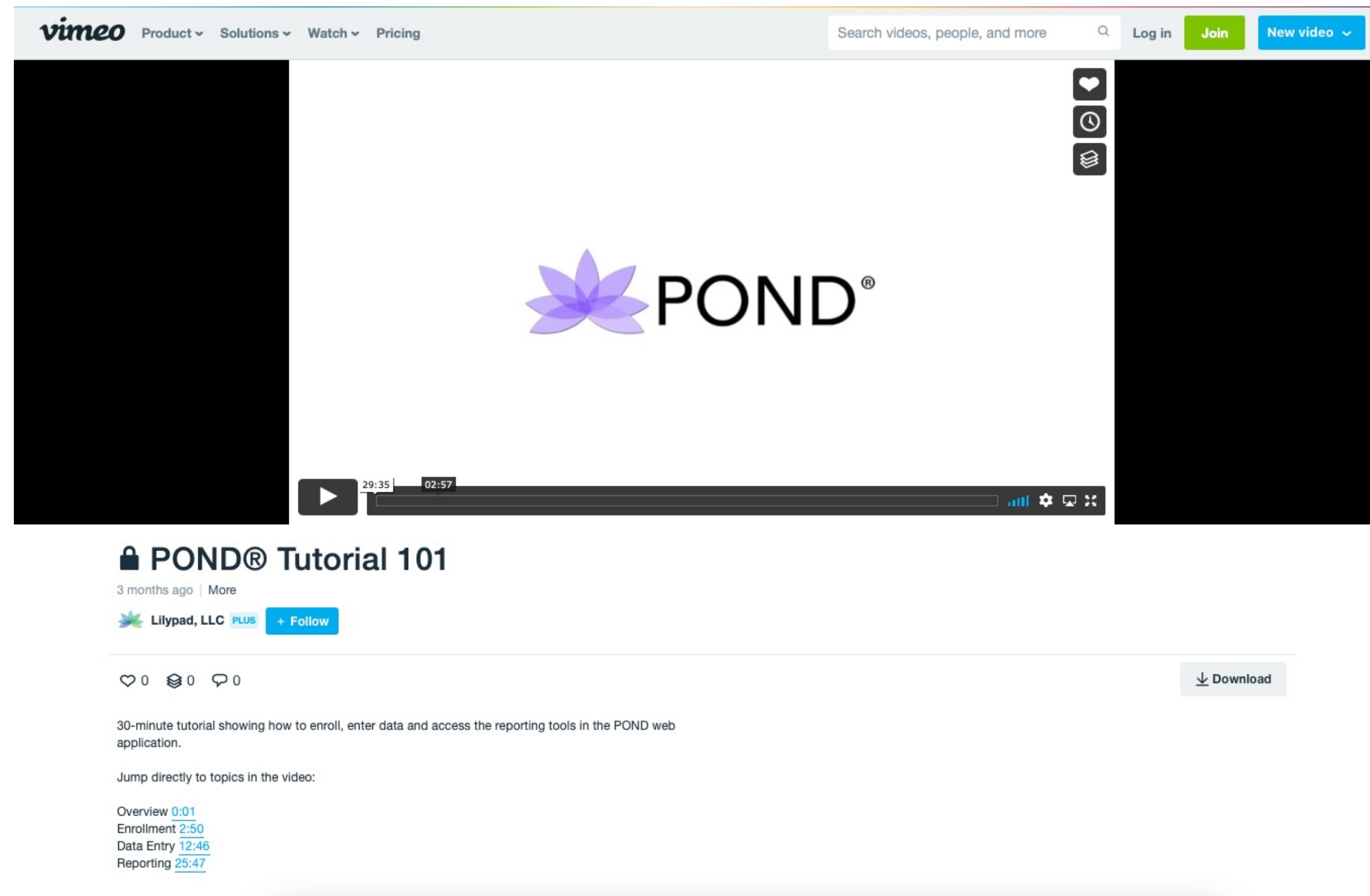
Clinic Scorecards

POND Analytics

Clinic Scorecard

Interactive Tools
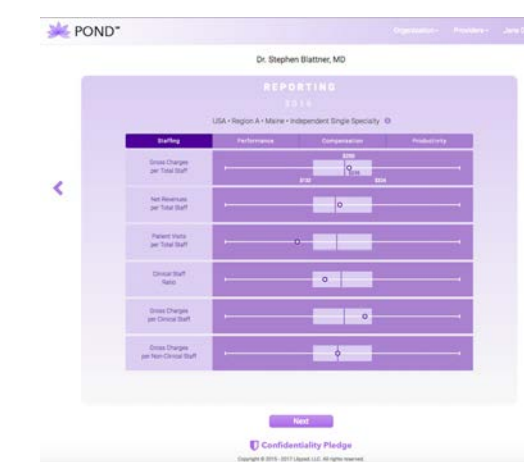
To gain access to these reports and tools the required data must be entered into the POND web application

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Tutorial

https://vimeo.com/466246995/0ebde8b506

What's Next?

If you have not already used POND:

1. View the Online Tutorial
2. Enroll your RHC
3. Enter data
4. Generate reports
5. Spread findings

POND Summary Report

Site Audit

Cost Report Scorecard

Lilypad Award Rankings
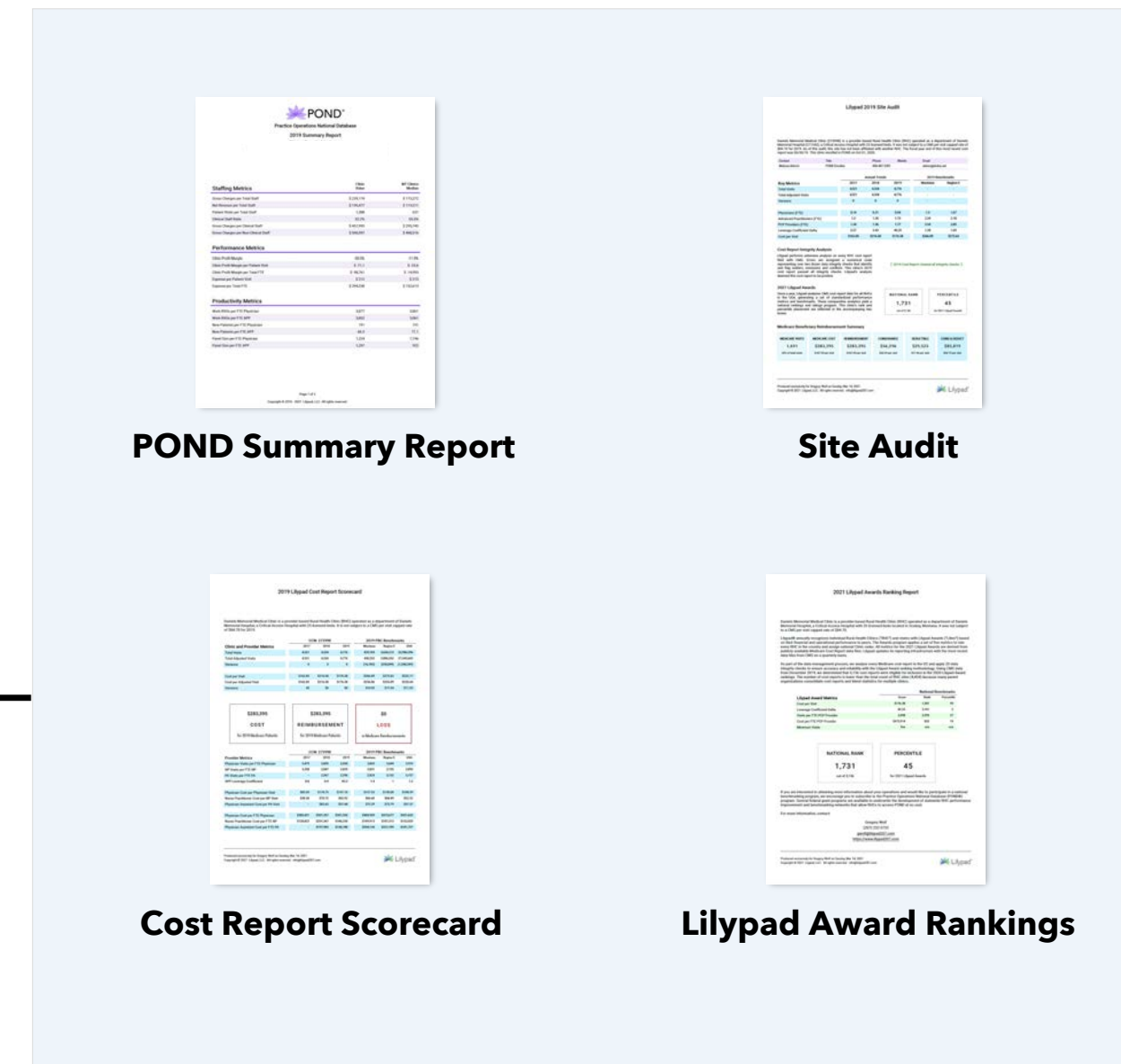
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Lilypad is a Maine-based analytics firm that provides mobile and web-based applications for rural primary care practices. We adhere to a core business principle that accountable physicians/clinical leaders and administrators require sound data and simple, innovative tools to be successful in their roles within the emerging value-based care delivery environment.

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