Community Health Access and Rural Transformation (CHART) Model- Community Transformation Track

101 Informational Slides Talking Points

Slide 1 – Intro Slide

- Hello! I look forward to providing you with a general overview of an exciting federal funding opportunity, the Community Health Access and Rural Transformation (CHART) Model – Community Transformation Track.
- Texas Health and Human Services Commission (HHSC) was 1 of 4 Lead Organizations (Alabama, South Dakota, and Washington) selected by the Centers for Medicare and Medicaid Services (CMS) in September 2021 to take part in the 7-year CHART Model project.
- The Fiscal Program Coordination unit of the Chief Financial Officer's Office at HHSC is administering the CHART Model in Texas. If you have any questions that I'm not able to address today, we can reach out to them at the e-mail at the bottom of this screen (HHSC_CHART@hhsc.state.tx.us) for clarification.
- In this presentation, you will hear more about how the CHART Model will be operationalized in Texas. At a high-level, the vision for the CHART Model is:
  1. To support participating rural hospitals through a stable stream of income from regular Medicare payments;
  2. to provide rural hospitals funding for telemedicine equipment;
  3. to provide rural hospitals an opportunity to take advantage of certain operational flexibilities offered by CMS; and
  4. to bolster transformation in Medicaid through an alternative payment model (APM).
- In return, hospitals that participate will:
  1. Take part in a telemedicine project that addresses a community health challenge.
  2. Work with HHSC and the Aligned Payers (Medicaid Managed Care Organizations) to increase the percent of Medicaid revenue that is under a capitated arrangement each performance period.
  3. Report on selected quality measures.
- The hope for implementing this health care delivery system redesign strategy is that it will enable rural hospitals to improve their financial stability and provide the care most needed by their community members.

- HHSC is advising hospitals to act under the idea of "presumptive participation." This means that we should follow all the steps as if we will participate in the CHART Model, until we identify something about participating that makes it not the right project for us. This is recommended as participating in the CHART model is a significant decision and not one that can be made in a few days or even weeks.

Slide 2 – Agenda

- In today's presentation, I will go over the CHART Model Goals and provide you with and an overview of the CHART Model in Texas and how it relates to the landscape of health care in rural Texas and Alternative Payment Models.
- Then, we'll review the CHART Model benefits of participation, hospital eligibility criteria, timeline and resources.
- I will also present the requirements and purpose of the Advisory Council, as it is a vital component of the CHART Model.
- Lastly, I will leave you with the Roadmap to CHART Model Participation, which includes some possible next steps for us.
- The goal for today's presentation is to provide you with information to understand the CHART Model in Texas and provide us with information to determine if participation is an option for us.

Slide 3 – CHART Model Goals

- The CHART Model is a voluntary model that will test whether aligned financial incentives, operational & regulatory flexibility and robust technical support will help rural providers transform care on a board scale to achieve the goals listed on this slide.
- The goals for the CHART Model are to:
  - Improve quality of care and health outcomes for rural beneficiaries
  - Increase adoption of APMs among rural providers, and
  - Improve rural provider financial sustainability
- Achieving these goals will positively impact the identified health care challenges in Rural Texas and our specific community.

Slide 4 – CHART Model in Texas: Overview (1 of 2)

- Now let's move into the overview of the CHART Model in Texas.
- Initially, there were two CHART Model tracks:
  - The Community Transformation Track (which is the one HHSC was awarded), and
  - The Accountable Care Organization (ACO) track, which was recently removed by CMS.
- The CHART Model at its most basic level is an innovative federal grant for rural hospitals to implement APMs.

Slide 5 – CHART Model in Texas: Overview (2 of 2)

- Now this will be important to us, what are the benefits of participating in CHART? The CHART Model is offering three main benefits to help ease the transition for hospitals to an APM.

1. Regular lump-sum payments based on a hospital's Medicare fee-for service income (a.k.a. capitated payment amount (CPA)).
    - CMS will replace Medicare fee-for-service claims reimbursement for Participant Hospitals with regular, twice-monthly, lump-sum payments throughout the duration of the CHART Model. The CHART Model CPA will be calculated by CMS, not HHSC.
    - This stable revenue stream is meant to incentivize Participant Hospitals to lower fixed costs and engage in activities that improve quality of care and best serve the needs of the community. And the benefit for facilities is payment stability and predictability, as well as the freedom to invest in new service lines.
    - The current plan is that CMS will provide an estimated amount to potential Participating Hospitals this by May or June and then a final CPA amount will be provided in October (before signed participation agreements are due to CMS on November 1, 2022).
    - The HHSC website has additional information for us to review on how the Medicare payments will be calculated. Later in the presentation we will go over information on the website and other resources.
2. In addition to the regular Medicare Payments, HHSC will use cooperative funding to support hospitals in establishing a telemedicine project. There is a limit to the number of hospitals that can be supported through the grant funding; however, HHSC is exploring options to support rural hospitals who may already have their own telehealth equipment and may not require grant funding for this aspect of the CHART Model.
    - HHSC anticipates receiving up to $5 million in cooperative agreement funding over seven years
    - HHSC anticipates dispersing up to $2.7 million in cooperative agreement funding over 7 years for up to 14 hospitals to establish a telemedicine project that fits the needs of the hospital's county and addresses a CHART Model requirement.
3. Lastly,
    - CMS will make available certain operational flexibilities to expand HHSC's ability to implement health care delivery system redesign and promote participating hospitals' capacity to manage their patients' care.
        - Regulatory flexibilities may include waivers of the skilled nursing facility 3-day rule, telehealth requirements (after the end of the current public health emergency [PHE] flexibilities) and care management home visits.
        - Being able to provide a Medicare beneficiary with incentives such as transportation reimbursement, cost-sharing waivers and gift card rewards may also be permitted.

- There is a fact sheet on the HHSC web site that explains more about these flexibilities.

Slide 6 – Health Care in Rural Texas (1 of 2)

- We all live and understand what challenges face rural hospitals, but it may be beneficial to zoom out to the statewide perspective.
- In a recent report by the Texas Hospital Association, out of the 254 counties in Texas, 70 percent are rural.
- On this slide, you will see a graph that was produced by our friends at Texas Organization of Rural & Community Hospitals (TORCH) that shows the unfortunate rural hospital closure crisis in our state.
- Since 2004, 24 rural hospitals in Texas have closed.
- The CHART Model is meant to help rural hospitals get on good financial footing by providing regular Medicare payments and allowing hospitals to have some flexibility to transform the way they provide care to patients.

Slide 7 – Health Care in Rural Texas (2 of 2)

- Between 2013 and 2018, HHSC conducted a series of meetings, focus groups and community needs assessments that allowed Texas stakeholders to provide feedback about community health care-related needs, needs of specific populations, impact of geographies, proposed interventions, and health care challenges and opportunities. The stakeholders included a diverse group of Texans from across the state.
- The purpose of these assessments was to inform HHSC of the gaps between services and resources available and the community needs, as well as to identify opportunities to improve communities through health care transformation projects across the state.
- On this slide, you will see four community health challenges identified by HHSC that rural Texas has been confronting for many years:
  - A Lack of coordinated care.
  - Uncoordinated care transitions resulting in unplanned hospital readmissions.
  - A need for improved treatment and prevention of chronic conditions.
  - Limited or no access to primary and specialty care.
- In looking at these four community health challenges, we have discussed similar challenges.
- HHSC and its CHART Model community partners will be required to address at least one of the community health challenges.

Slide 8 – Alternative Payment Models (1 of 2)

- Alternative Payment Models (APMs) are included in one of the CHART Model goals we previously discussed – "Increase adoption of alternative payment models (APMs) among rural providers."
- Using APMs in Medicare and Medicaid in the CHART Model is meant to allow hospitals flexibility and freedom to manage lump sum monthly payments to better meet the needs of patients.

- At the national level, and in Texas, Medicare, Medicaid and commercial payers are continuing to shift towards paying for value of health care services instead of volume.
- APMs are payment approaches that incentivize high-quality and cost-efficient care by shifting payment from volume (fee-for-service) to quality and/or value (where value = quality/cost).
- APMs are payment arrangements agreed upon between payers and providers that can apply to a specific clinical condition, a care episode, or a population.
- As noted in a 2019 study by the RAND Corporation, which was based on interviews with physicians in small rural practices, "rural health care providers have adopted Advanced APMs at lower rates compared to urban health care providers".
- The CHART model would allow for rural hospitals to test whether participating in APMs is a viable option for their business model.

Slide 9 – Alternative Payment Models (2 of 2)

- On this slide, is the nationally recognized Healthcare Payment Learning and Action Network (HCP LAN) Alternative Payment Model (APM) Framework. This framework describes a range or continuum of payment model concepts, encompassing varying degrees of risk for providers.
- Moving from left to right, category 1 is Fee-for-Service with no link to quality and value, followed by incremental steps, all the way to category 4 which is Population-Based Payment. In Population-Based Payment, clinicians and organizations are paid and responsible for the care of a beneficiary for a long period of time, more than 1 year.
- The Medicare Capitated Payment Amount in the CHART Model is similar to a category 4 Population-Based Payment.
- HHSC is also working with managed care organizations to develop a Medicaid APM approach.

Slide 10 – CHART Model in Texas: Benefits of Participation

- In return hospitals that participate in CHART will:
    1. Work to increase the percent of their Medicaid revenue under a capitated arrangement each performance period. To do this, they will participate in APMs developed by HHSC and Aligned Payers (Medicaid Managed Care Organizations).
    2. Take part in a telemedicine project that addresses a community health challenge.
    3. Report on at six performance measures for the duration of the Model (3 selected by CMS and 3 selected by HHSC in collaboration with Participant Hospitals).
    4. Address selected health equity and social determinants of health relative to their community.
- Resources to help us with each of these components are available on HHSC's website and HHSC is hosting monthly meetings with potential Participant Hospitals to review resources and address questions regarding the process.

Slide 11 – CHART Model in Texas: Hospital Eligibility Criteria

- The CHART Model does have eligibility criteria, which are as follows:
    1. Each Participant Hospital must be (1) an acute care hospital or (2) Critical Access Hospital that either:
        - Is physically located within the Community and receives at least 20 percent of its Medicare FFS revenue from Eligible Hospital Services provided to residents of the Community; or
        - Is physically located inside or outside of the Community and is responsible for at least 20 percent of Medicare expenditures for Eligible Hospital Services provided to the residents of the Community.
    2. If we have any questions regarding eligibility, we can reach out to HHSC and HHSC can help make an eligibility determination.

Slide 12 – CHART Model in Texas: Timeline

- The CHART Model Pre-Implementation Timeline is posted on the HHSC website. This slide is an abbreviated version that shows the key dates for us.
    - HHSC will be begin drafting the CHART Model transformation plan from March to May with the final draft due to CMS in July. This plan will outline how rural hospitals will transform health care delivery and how Aligned Payers (Medicaid Managed Care Organizations) and HHSC will support their efforts.
    - Sometime in May or June, CMS will release estimated Medicare CPA amounts to all hospitals that turned in an interest form to HHSC. The estimated CPA will give us a preview of what our Medicare twice monthly lump-sum payment amount will be.
    - Hospitals should review the CMS-provided estimated Capitated Payment Amount (CPA) and inform HHSC of its decision to continue to participate in the CHART Model by July 1.
    - From May until October is the hospital decision-making period (It is in red on the graphic). This is where we will want to educate our stakeholders, Chief Financial Officer (CFO), Board of Directors - you, and others about what the CHART Model is and analyze whether this is the right opportunity for our facility.
    - We have until November 1, 2022 to sign a participation agreement with CMS but need to provide a *preliminary* decision to HHSC about our continued participation by July 1.

Slide 13 – CHART Model in Texas: Resources

- Updated information can be found on the HHSC web site about the CHART Model as well as a copy of HHSC's application and an abstract that provides a summary of the how HHSC proposes to implement the CHART model in Texas.
- The best way to remain up to date about CHART is to refer to HHSC's web site for most current information and to subscribe for email updates about it.
- Refer to slide for more information about how to find information on HHSC web site:

1. search for CHART Model – take you to the Rural Hospital Grant Facilitation page
2. Under the heading "CHART Model Award" – you can find
3. HHSC's role in CHART Model
4. Sign up for email updates about CHART Model
5. View HHSC's CHART Model application
6. We also have a dedicated email box for CHART Model: **HHSC_Chart@hhsc.state.tx.us**

Slide 14 – Advisory Council (1 of 2)

- The CHART Model requires Lead Organizations (HHSC in Texas) to establish an Advisory Council.
- The Council is a multi-stakeholder organization that will play an advisory role to HHSC, who is the state's Lead Organization for the CHART Model.
- There are specific membership requirements that are meant to ensure representation from all types of stakeholders involved in CHART implementation (such as the State Medicaid Agency, a beneficiary in the Community served by CHART, and Participant Hospitals).
- These requirements are laid out by CMS and described on the HHSC website.
- The Council has been formed and it meets on a quarterly basis.

Slide 15 – Advisory Council (2 of 2)

- The purpose of the Advisory Council will provide critical feedback in the development and implementation of the CHART Model Transformation Plan and assists with collaboration efforts.
- Other activities include, but are not limited to, advising on:
    1. hospital and payer recruitment, developing arrangements with payers governing APM alignment and data-sharing,
    2. monitoring progress, and
    3. identifying necessary changes.
- HHSC values the input from potential Participant Hospitals on this project.
- HHSC also welcomes our feedback and input so feel free to let me know of any feedback or questions and I can forward to the HHSC CHART inbox.

Slide 16 – Roadmap to CHART Model Participation

- HHSC has asked that an interest form be submitted by March 28, 2022. **We have submitted the interest form.** Since we have already submitted an interest form, we have completed the first step in the Roadmap to Participation!
- HHSC is working on distributing some additional materials (such as a checklist for participation and materials to share with decision-makers). Overall, HHSC recommends the following as next steps:
    1. Notify HHSC if we have any questions or if your hospital reaches a decision NOT to participate.
    2. Continue discussions with our hospital leadership board/team, that is part of today's presentation.

3. Review and complete identified steps in CHART Model Participation Checklist. Along with other important resources and documents: Financial Specifications Resource documents and Telemedicine Project worksheet.
4. HHSC hosts optional monthly meetings with potential Participant Hospitals where key components of CHART are discussed and opportunities to share lessons learned and best practices with other rural hospitals.
5. HHSC is advising hospitals to act under "presumptive participation." This means for us to follow all the steps as if we will participate in the CHART Model, until a time comes that we identify that it is not the right project for our hospital.
   - Our final decision will not need to occur until we receive our final Capitated Payment Amount from CMS in October to review and discuss.
   - However, our research and preparation to participation needs to begin now Because there are a lot of steps involved in educating and informing the necessary stakeholders about this significant change. A change that affects how our hospital will be paid for certain Medicaid and Medicare beneficiaries for the next 7 years. If we wait until October to decide, this will not allow us enough time to complete all the steps needed for participation, conduct needed financial analysis, and gain community buy-in for this project.

Slide 17 – Questions about the CHART Model

- Thank you for listening and participating in the CHART Model presentation.
- What are your initial thoughts?
- Any questions?
- Please note that HHSC CHART Model staff have a dedicated email box and will work to answer questions as promptly as possible: HHSC_Chart@hhsc.state.tx.us.