

**HB 1520: Critical Access Hospital (CAH) pilot program**

## Provide an Alternate Payment Model for Vulnerable CAHs

Allow innovative care delivery in Washington's smallest communities by providing a new payment methodology for hospitals participating in the Washington Rural Health Access Preservation (WRHAP) pilot.

Through Healthier Washington, about a dozen of the smallest Critical Access Hospitals are working with the Department of Health and the Health Care Authority to model and pilot a new payment and delivery system. New legislation is needed to build upon House Bill 2450, enacted in 2016, that encouraged participation in the pilot program. The new legislation would authorize the Health Care Authority to pay hospitals participating in this pilot in innovative ways.

This program will apply a new model for only 10-12 of the smallest, most remote hospitals with a low number of inpatient stays.

### Essential care in Washington's smallest communities

Currently, Critical Access Hospitals are paid for primary care services, emergency care, and other health care services through a complex set of payment systems that do not provide adequate support for high-value care in low-volume settings. These payments lack both the flexibility needed for innovative care models and accountability for quality and total cost of care.

Given appropriate flexibility, Critical Access Hospitals can innovate to meet the unique needs of Washington's smallest communities, transforming to a sustainable hub for comprehensive primary care services, emergency and long term care and low acuity inpatient care. For some smaller communities, the low volumes of patients, the shift from inpatient to outpatient services, and a lack of commercial pay patients have strained the local hospital's ability to deliver essential services. For these communities, a new model is needed to ensure access and aid in the management of local community health. The WRHAP pilot will involve Medicaid payments as a first step; true transformation will require the participation of multiple payers, particularly Medicare.



**Washington's smallest rural hospitals seek to improve the health of local residents through the delivery of high-quality primary care, care management, emergency, and other health care services.**

### An alternative payment system

Hospitals participating in the pilot will receive an alternative payment methodology for essential community health services, including primary care and the emergency department. Under the pilot, hospitals will receive: (1) enhanced primary care payments for local residents to deliver integrated and coordinated care; (2) population-based payments to sustain the vital infrastructure needed to deliver emergency care in remote areas; and (3) performance-based payments based upon quality measures to ensure the delivery of high-value care.

To preserve and strengthen primary care and ensure that fragile emergency services are not penalized by successful efforts to keep residents healthy, the pilot requires investment of \$2 million per year over the next 3 years. This money will be used to enhance care coordination and care delivery, while supporting the hospitals as they make the changes necessary to better manage the care of their community and operate in a value-based environment.

### WSHA position

WSHA urges the legislature to authorize a new payment methodology and to appropriate \$2 million per year to support the smallest Critical Access Hospitals as they pilot a new payment system that promotes high-value care in Washington's most rural communities.