

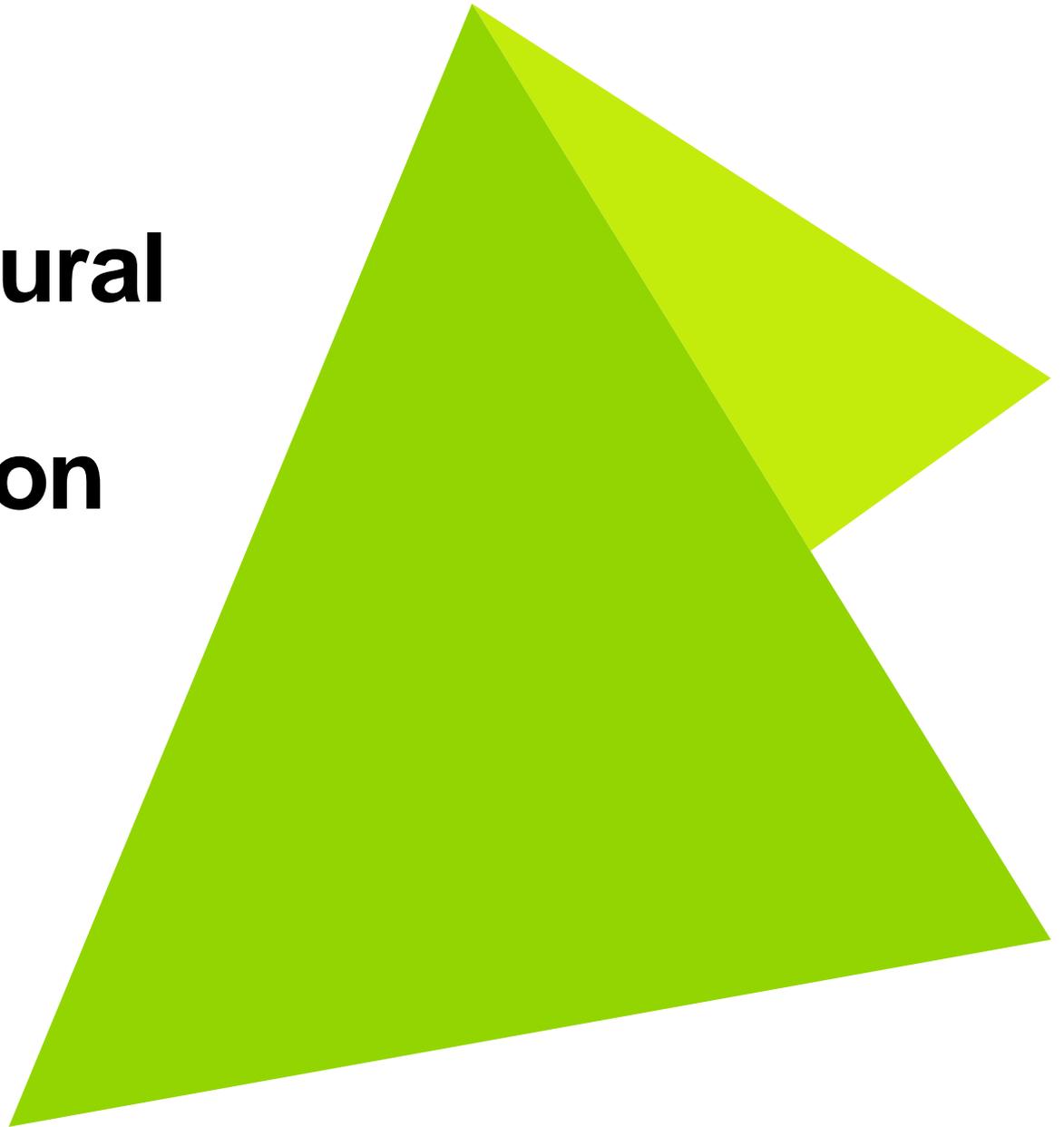


# Tennessee Rural Hospital Transformation Program

*Application Review Webinar*



July 22, 2020



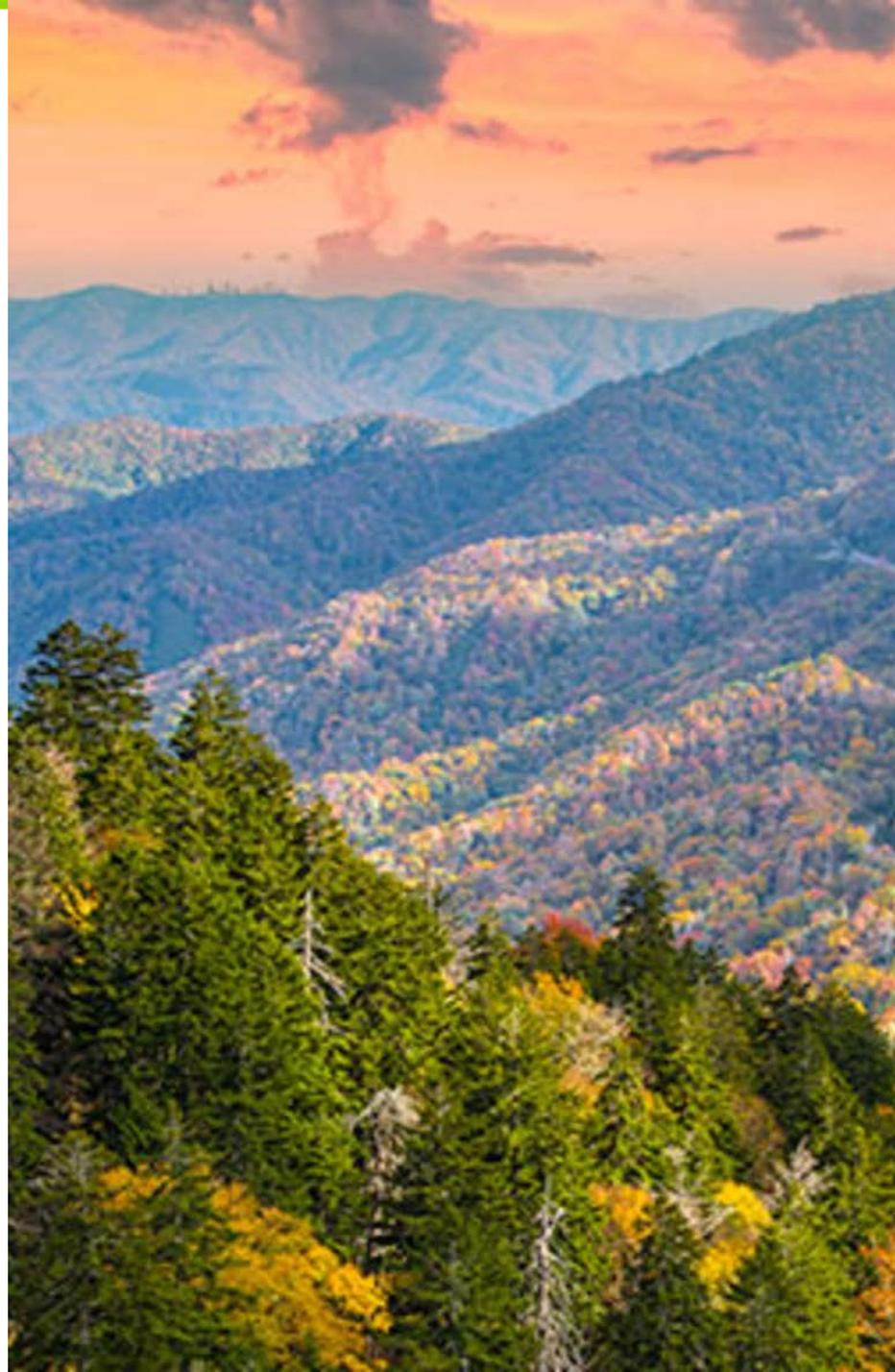
# Agenda

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1. Program & Application  
General Overview

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2. Live Demo & Questions



# Program & Application General Overview

# Rural Hospital Transformation Program

## *Purpose and Key Dates*

### Purpose of the Program

- The Tennessee Rural Hospital Transformation Act of 2018 was created to help rural hospitals develop plans to ensure their financial viability and ability to continue to provide necessary healthcare services.
- Legislators required the Tennessee Department of Economic and Community Development (TNECD) to establish and manage a rural hospital transformation program tasked with assessing viability, identify new delivery models, develop strategic partnerships, and implement necessary operational changes.
- TNECD, as stipulated by the Act, hired Guidehouse (f/k/a “Navigant Consulting, Inc.”) through a competitive bidding process to develop the Rural Hospital Transformation Program. The Program includes an application process, the Transformation Plans, and a reporting mechanism for the post-participation reporting.

Application Steps	Date
Application Go-Live on the TNECD Website	July 16 <sup>th</sup>
Preliminary Application Close	September 7 <sup>th</sup>
Applicant Qualitative Interviews	Late July – Early September
Notification of Triage Status	Late September

# Rural Hospital Transformation Program

## *Development Approach*

The Tennessee Department of Economic and Community Development (TNECD) was tasked by the Tennessee General Assembly to create “transformation plans” to support “**rural hospitals in assessing viability and identifying new delivery models, strategic partnerships, and operational changes that enable the continuation of needed healthcare services in rural communities.**”

## Program Approach

### 1 Program Development

- TNECD convened a Committee of State and non-State stakeholders representing multiple State departments, the hospital associations, and educational entities.
- The Committee worked with Guidehouse to establish the Rural Hospital Transformation Program.

### 2 Hospitals Identified for Transformation

- State stakeholders worked with Guidehouse to create a comprehensive application process to quantitatively and qualitatively assess population served, need for transformation, and willingness to transform.
- Round 3 applicants will be selected based on composite scores and approval by the Rural Hospital Transformation Program Committee.

### 3 Hospital Assessments & Transformation Plans

- Guidehouse and select TNECD personnel will visit each hospital triaged for Round 3 to gain site-specific context and develop a tailored Transformation Plan based on data submitted by the facility and State and information collected during the on-site assessments.\*

\*Note: Due to the COVID-19 pandemic, site visits may be conducted virtually.

Source: TNECD and State of Tennessee

# Rural Hospital Transformation Program

## Year 1 and 2 Facility Progress & Results

- Since transformation plan delivery, program facilities have described approximately **\$3M in revenue generating wins and over \$2M in quantifiable expense reductions.**
- Program hospitals have made several “quick wins” in the 6-12 months since receiving their transformation plans.
- **Over 50 percent** of all facility-reported metrics were rated as positive progress towards both revenue generating and cost saving initiatives during the most recent reporting period, indicating sustained progress towards implementation during the COVID-19 pandemic.

### Key Wins from Q2 Reporting Period



#### #1: Debt Reduction

Several program facilities have reduced their debt, with one Year 2 hospital reducing overall debt from \$2.4M to less than \$100k in only 6 months. Another Year 1 hospital reduced bad debt from 19% in June 2019 to 11% in June 2020.



#### #2: 340B Implementation

One Year 1 facility implemented a successful 340B program that has led to \$160K in additional annual revenue.



#### #3: Swing Bed Strategy

A Year 1 facility implemented a command center with their system's flagship hospital, resulting in an average of 2-2.5 swing bed patients each day and the hospital no longer operating at a loss.

# Rural Hospital Transformation Program

## Application Overview

### General Description

- The online application will identify hospitals who wish to be considered for a transformation plan to ensure the organization’s financial viability and ability to provide necessary health services.
- To gain access to the application, the hospital CEO and Board Chairman must acknowledge the requirements of the Program and commit to fulfill all program participation requirements by completing the Intent to Submit, Disclaimers and Acknowledgements form.

**Step 1**  
*Sign Intent to Submit, Disclaimers, and Acknowledgements*

**Step 2**  
*Populate and Submit the Online Application*

Key Elements

- Intent to Submit
- Participation Disclaimer
- Participation Acknowledgements
  - General
  - Stakeholders
  - Timeline
  - Post-Plan Reporting
- **Timing:** As soon as possible; An access link to the application will be generated following receipt of signed Step 1 documents

- Online Application
  - General Administrative Section
  - Organizational Information
  - Facility, Quality, & Operational Indicators
  - Financial Statement Data & Financial Indicators
  - Additional Organizational Indicators
  - Qualitative Interview Scheduling
- **Timing:** Submit by 5pm CT, Monday, September 7<sup>th</sup>, 2020

# Rural Hospital Transformation Program

## *Important Notes*

- The application is only accessible after the CEO and Board leadership have signed the Intent to Submit, Disclaimers and Acknowledgements.
- Once the Intent to Submit and accompanying documents have been submitted, the applicant will receive a link to the application.
- **Note:** The application link sent in the confirmation email is a one-time use link. Once the application is opened and resaved, a new link will be generated. Please use the most recent link generated to return to your saved work.
- Any question with a red star (\*) is a required question. The application cannot be submitted without answers to all required questions.
- All application materials, including submissions through Guidehouse's secure FTP, are due by **5:00pm CT on Monday, September 7<sup>th</sup>, 2020.**

# Live Demo & Questions

# Step 1: Sign the Intent to Submit, Disclaimers and Acknowledgements

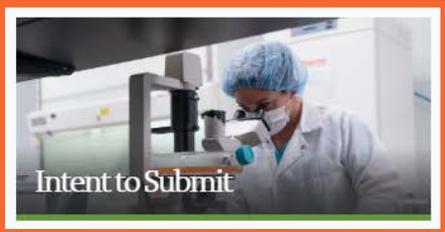


Go to the homepage of the program: <https://www.tn.gov/e cd/rural-development/rural-hospitals.html>

## Tennessee Rural Hospital Transformation Act

On May 21, 2018, Governor Haslam approved the Tennessee Hospital Transformation Act of 2018 and it took effect July 1, 2018. The Tennessee Department of Economic and Community Development (TNECD) was tasked by the Tennessee General Assembly to create “transformation plans” for supporting “rural hospitals in assessing viability and identifying new delivery models, strategic partnerships, and operational changes that enable the continuation of needed healthcare services in rural communities.” The intent is for TNECD, in consultation with the advisory committee, to contract with individual consultants or professional firms to provide consultation for target rural hospitals.

For additional information, please visit the [110th Tennessee General Assembly Public Chapter 1055](#).



# Step 1: Sign the Intent to Submit, Disclaimers and Acknowledgements



Populate the Intent to Submit, Disclaimers, and Acknowledgements forms.

## Intent to Submit

By signing below, we are advising the TNECD and other stakeholders of our organization's intent to complete the application for participation in the Tennessee Rural Hospital Transformation Program.

By submitting this statement, our organization is expressing its intent to be considered for inclusion in the program, our understanding of the requirements to participate as outlined in the [Application FAQ](#) and an additional confirmation of commitment to fulfill all such requirements if our organization is selected. Furthermore, this letter also serves to notify the TNECD that while our organization's application will be completed in full, circumstances may prevent our application from being submitted by the specified application closing period of **5:00pm CT September 7th, 2020**. We acknowledge that by submitting by the application after the closing period that we may be forfeiting our participation in the program. Extensions to complete the application following the closing date may be considered on a case-by-case basis and are at the discretion of TNECD and its consultants.

By signing below, our organization acknowledges and agrees that the above information is reflective of the intentions of the organization's leadership.

Submit Form

# Step 1: Sign the Intent to Submit, Disclaimers and Acknowledgements



Go to the email entered in the Intent to Submit form and click on the application link provided in the email.

## Sample Email

 RuralHospitalIntenttoSubmit\_Submission\_496329616.pdf  
3 KB

**EXTERNAL EMAIL: Do not open attachments/click links if source is unknown.**

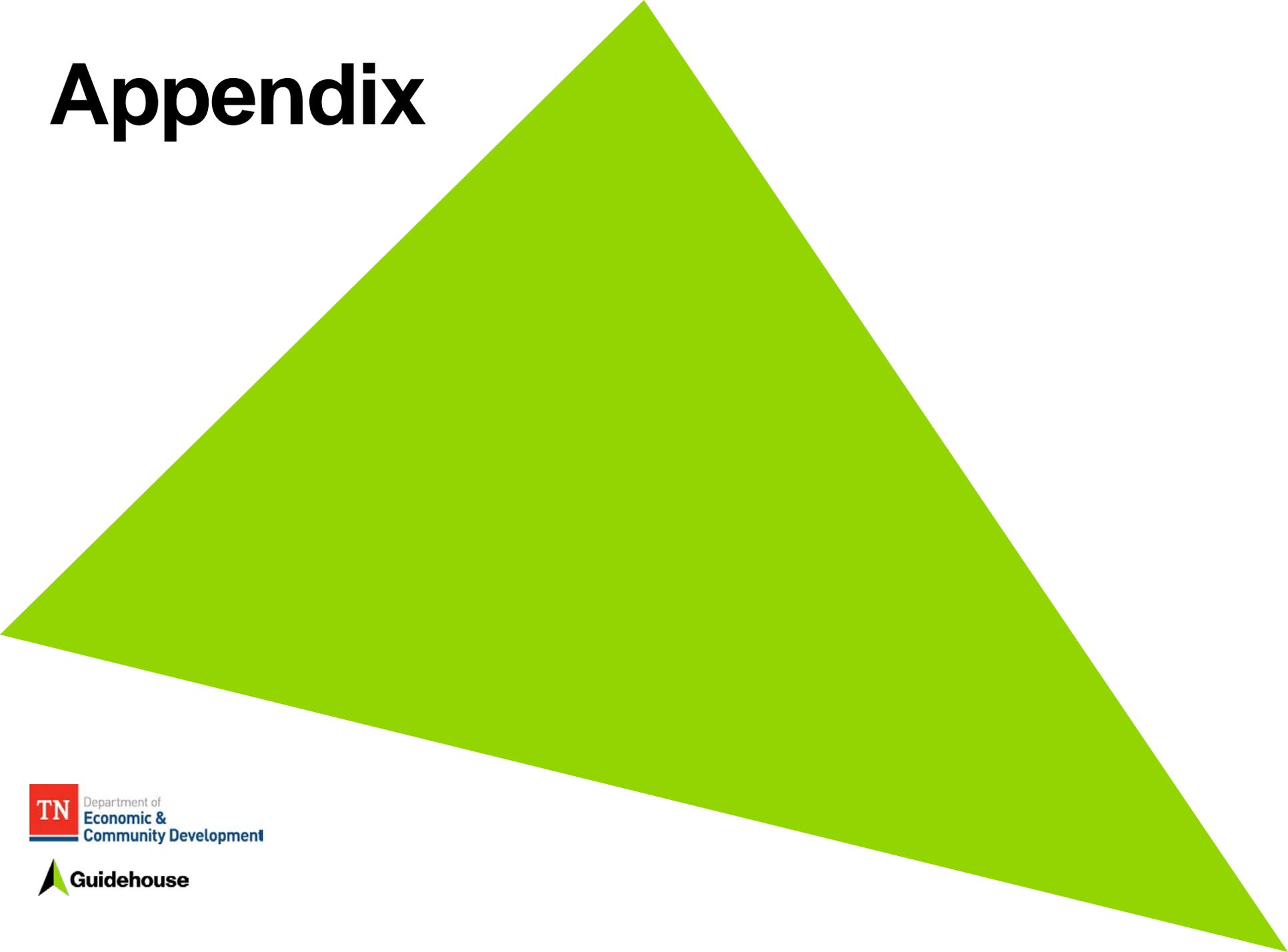
Thank you for submitting a Letter of Intent for the Rural Hospital Transformation Program.

You can complete the full application by visiting: [https://stateoftennessee.formstack.com/forms/tennessee\\_rural\\_hospital\\_transformation\\_program](https://stateoftennessee.formstack.com/forms/tennessee_rural_hospital_transformation_program)

Please note: Each time you "Save and Resume" you will need to update the bookmark in order for your most recent data to be saved. The link will change each time you select Save and Resume. Please visit our [Frequently Asked Questions](#) page for additional information.

**Note: The link provided in this email is a one-time use link. Every time the application is saved, a new link will be generated. Please use the current link to resume your work in the application.**

# Appendix



# Rural Hospital Transformation Program

## General Administration Section

### Section Goals

- Obtain hospital identifier information
- General overview of hospital ownership and structure
- Primary contact information

Major Data Points	Explanation
Hospital Identification	<ul style="list-style-type: none"><li>• All identification information should be completed to accurately connect facilities to state-acquired data</li><li>• Identify any name changes or rebranding that has taken place in the last two years</li></ul>
Hospital Ownership and Structure	<ul style="list-style-type: none"><li>• Confirm ownership or control based on high-level hospital classification and sub-category</li></ul>
Primary Contacts	<ul style="list-style-type: none"><li>• Name, Phone, and Email of hospital's chosen contact</li></ul>

# Rural Hospital Transformation Program

## Organizational Information Section

### Section Goals

- Define precise applicant service area (Primary and Secondary)
- Understand applicant's view of key services to the organization
- Identify executive, board, and clinical leadership as well as general workforce information
- Understand HIT capabilities

Major Data Points	Explanation
Service Area	<ul style="list-style-type: none"><li>• Primary (PSA) and Secondary Service Area (SSA) as defined by zip codes</li></ul>
Key Services	<ul style="list-style-type: none"><li>• Most important service lines to your organization and accompanying inpatient discharges and outpatient visits</li></ul>
Leadership and Workforce information	<ul style="list-style-type: none"><li>• Using secure FTP: Submit current physician roster for physicians practicing at your facilities by specialty in Excel</li><li>• Populate provided tables with executive, board and clinical leadership</li><li>• Populate high-level workforce overview table: for each category provide total FTEs and raw count of personnel</li></ul>
HIT Capabilities	<ul style="list-style-type: none"><li>• Identify if the organization has an EHR/EMR, system age, vendor, and capabilities based on dropdown menu</li></ul>

# Rural Hospital Transformation Program

## *Facility, Quality, and Operational Indicator Section*

### Section Goals

- Understand the high level operating / clinical metrics of applicant organization
- Understand the payer mix situation of applicant organization
- Obtain high-level volumes information
- Understand applicant baseline quality scores

Major Data Points	Explanation
Operating / Clinical Metrics	<ul style="list-style-type: none"><li>• Numerical response to clinical metrics (e.g. Avg. Age of Facility, CMI, LOS, Beds, etc.)</li><li>• Certain rates are also included and should be expressed as a percentage (Turnover, Mortality, Readmission, Infection)</li></ul>
Payer Mix	<ul style="list-style-type: none"><li>• Tables are provided to populate for both Government payers and Commercial payers</li><li>• Detailed commercial payer breakdown table should also be populated</li></ul>
High Level Volumes	<ul style="list-style-type: none"><li>• Provide count of most recent calendar year or the most current measure of inpatient, outpatient, ED, and total <u>Discharges or Visits</u></li></ul>
Baseline Quality Scores	<ul style="list-style-type: none"><li>• Provide scores for: AHRQ, NHQM, &amp; HCAHPS as available</li></ul>

# Rural Hospital Transformation Program

## Financial Statement Data and Financial Indicator Section

### Section Goals

- Gather financial statements
- Obtain other financial details
- Understand applicant liquidity and financial Indicators

Major Data Points	Explanation
Financial Statements	<ul style="list-style-type: none"><li>• Using secure data link: submit Balance Sheet and Income Statement</li><li>• Preferably in Excel format, but PDF if unavailable</li><li>• Most recent 12 months or FY, and previous two years</li></ul>
Financial Impact of COVID-19	<ul style="list-style-type: none"><li>• Estimated impact on revenues and expenses for March through June 2020</li></ul>
Other Financial Details	<ul style="list-style-type: none"><li>• Agency Expenses (Locum tenens &amp; Nurses) should be expressed in <u>total dollars</u> and <u>total FTEs</u> for each</li><li>• Other data points should be expressed in <u>dollars</u> (Bond Covenants, Total Debt, etc.)</li></ul>
Liquidity and Financial Indicators	<ul style="list-style-type: none"><li>• Long-Term Debt to Capitalization, and claims denial rate should be expressed as a <u>percent</u></li><li>• Days Cash on Hand, Days in Net A/R, and Debt Service Coverage Ratio should be expressed as a <u>number</u></li><li>• All other data points should be expressed in <u>dollars</u></li></ul>

# Rural Hospital Transformation Program

## *Additional Organizational Indicator Section*

### Section Goals

- Obtain organizational charts associated with the applicant organization
- Identify and understand applicant organization’s approach to employee development
- Understand availability of employee satisfaction or engagement data

Major Data Points	Explanation
Organizational Charts	<ul style="list-style-type: none"><li>• Using secure FTP: Submit organizational charts for the hospital and any key service areas or outside facilities</li></ul>
Employee Development	<ul style="list-style-type: none"><li>• In a free-response format, provide any development programs or initiatives that your organization participates in or provides to employees</li><li>• Confirm if your organization sets aside budget to encourage employees to seek outside development</li></ul>
Employee Satisfaction / Engagement	<ul style="list-style-type: none"><li>• Identify whether or not your organization collects employee satisfaction / engagement scores or data at regular intervals</li></ul>

# Rural Hospital Transformation Program

## Qualitative Interview Scheduling

### Section Goals

- Receive input from applicants on preferred interview dates and times

Major Data Points	Explanation
Top 5 Interview Options	<ul style="list-style-type: none"><li>• Using the dropdown menu for the <u>date</u>, select the best days for your organization</li><li>• Selected dates will prompt the <u>time</u> dropdown menu for applicants to choose from</li><li>• Choose the <u>best 5</u> options for your organization’s CEO and a Board representative to conduct a one-hour phone interview</li><li>• Each option should be <u>different</u> to ensure your organization receives an interview as scheduling will be first come, first serve</li></ul>

# Contact

**Baxter DeBruyn**

Senior Consultant

Baxter.DeBruyn@guidehouse.com

(202) 481-7377

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**Logan McCoy**

Director, Tennessee Department of  
Economic and Community Development

Logan.McCoy@TN.gov

(629) 201-0063

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