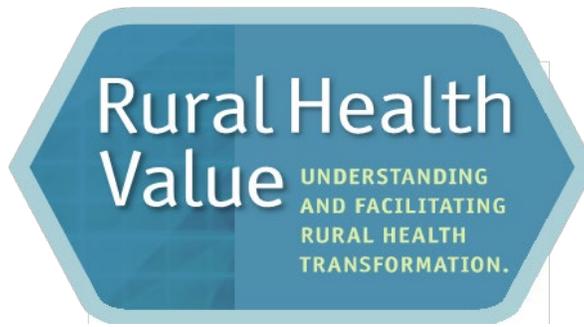




Center for Rural Health Policy Analysis



## Demonstrating Critical Access Hospital Value: A Guide to Potential Partnerships

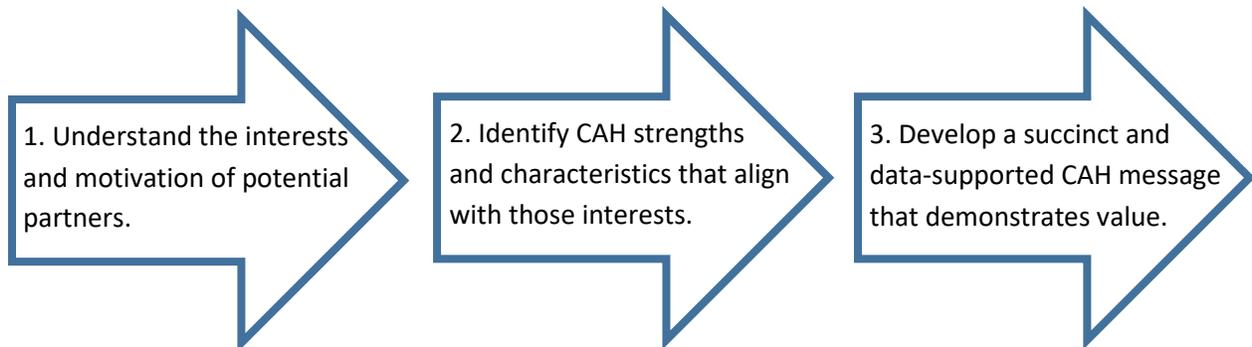
### CMS Aims and the Critical Access Hospital

The Centers for Medicare & Medicaid Services (CMS) have set rigorous goals designed to support three health care system aims—better care for individuals, better health for populations, and lower cost. Achieving these goals will require an engaged continuum of payers and providers—including insurers, hospitals, physicians, and community-based organizations. Therefore, an independent critical access hospital (CAH) will likely seek a variety of partners to deliver health care that prioritizes CMS’s three aims. However, a CAH may be challenged to demonstrate its value to potential partners in a low-volume and cost-based reimbursement environment.

### Purpose of this Guide<sup>1</sup>

The purpose of this guide is to help a CAH quantitatively demonstrate its value to a potential partner. Potential CAH partners might include an insurer (payer), a managed care organization, a provider-based health plan, an accountable care organization, a health care system, a CAH network or alliance, or even a community-based organization. The term “potential partner” is used to underscore that health care organization relationships may take many forms, from non-binding agreements to ownership models.<sup>2</sup>

The challenge of demonstrating CAH value to a potential partner is threefold: (1) matching CAH strengths to potential partner interests and motivations, (2) quantitatively demonstrating CAH strengths, and (3) presenting the CAH value message. This guide outlines a flexible three-step process to help a CAH prepare for discussions with potential partners.



<sup>1</sup> Preparation of this guide was informed by semi-structured interviews with representatives from health systems, insurers, a national accountable care organization, and CAH leadership.

<sup>2</sup> This guide does not comment on the relative merits of various health care organization relationship types. Furthermore, the guide is not designed to help a CAH demonstrate its value to its governing board, local community, or policy makers.

## Step One: Understand the Potential Partner

A CAH should consider a potential partner as a potential customer. Good marketing practice suggests the importance of understanding the interests and motivations of the customer, and then developing products and/or services to meet those interests and motivations. Thus, a CAH should carefully consider “What’s in it for a potential partner?” **Understanding the interests and motivations of a potential partner is the foundation upon which a CAH can develop its quantifiable value demonstration.** A potential partner’s interests can vary widely and can be multiple. Thorough research combined with local knowledge will often uncover potential partner interests and motivations. Failure to complete this step will significantly weaken the CAH’s value proposition. Then, it is incumbent on the CAH to demonstrate, as quantitatively as possible, how its strengths and characteristics can most effectively contribute to potential partner interests and motivations.

Potential partner interests and motivations will often be dependent on the potential partner organization type. For example, the interests and motivations of large health systems may be different from those of insurers. Potential partner interest and motivation examples are matched to organization types in the following table.

Potential Partner Interest and Motivation Examples	ACO	Health Care System	Community-Based Org.	Insurer	CAH Network
Expand market share or geographic footprint	●	●			
Increase revenue	●	●	●		
Support clinical quality and/or patient satisfaction		●			
Meet network adequacy standards				●	
Promote regional brand recognition		●		●	●
Sell additional products or services			●	●	●
Affiliate with primary care practices	●	●			
Access additional inpatient capacity		●			
Expand population base to spread financial risk	●			●	
Increase population base to access capitated payments	●	●			
Increase use of high fixed-cost services, facilities, specialists		●			●
Allocate costs from large hospitals to CAHs		●			
Obtain a platform for value-based contract testing	●	●			●
Address social determinants of health			●		

## Step Two: Identify the CAH Value Proposition

The CAH value proposition must address the interests and motivations of the potential partner. Appropriately, the CAH value proposition can vary as widely as potential partner interests and motivations. CAH strengths and characteristic examples that address potential partner interests and motivations are detailed in the following table.

Market	Services	Experience	Structure/Finance
Broad population and/or geographic base (primary service area)	Strong primary care practice affiliation (ownership preferred)	Patient-centered medical home accreditation	Low cost to payers
Market share dominance in the primary service area	Human services integration, including behavioral health	Demonstrated clinical quality, patient safety, and/or patient satisfaction	CAH financial strength, including projected operating margins and reserves
Available local workforce to meet health care delivery needs	Service mix offerings complementary to potential partner's services	Patient engagement capacity	Financial risk management experience
Access to an insured patient population		Population health management experience, such as care coordination or disease management	Aligned measures that support value transformation
		Demonstrated organizational capacity to improve value-based performance	Management structure that supports value transformation

When possible, CAH strengths should be demonstrably quantified. For example, a CAH can map service areas, show quality measure and HCAHPS scores, describe physician engagement action plans, complete revenue pro formas, and list programs that demonstrate CAH commitment to CMS's three aims.

## Step Three: Presenting the CAH Value Message

Start the process of presenting the CAH value message by reaching out to influential contacts within the potential partner organization to arrange a meeting with key strategic leaders. Although no clearly superior message venue or style is preferred, the CAH value message should be succinct, professional, grammatically correct, and supported by data and graphics. The message might be a written document or a PowerPoint-type presentation. Data or information that does not address potential partner interests and motivations should not be included except briefly as background. Extraneous information may distract the potential partner and diminish the CAH value message.

Importantly, presenting a CAH's demonstrable value is one part of an ongoing conversation that leads to an effective relationship with a potential partner. That conversation might start as follows:

- I. The purpose of this letter or presentation
  - a. “We are here today to discuss a potential partnership between our CAH and your organization.”
  - b. “A partnership will benefit both organizations in this way ...”
- II. CAH introduction
  - a. “Let me briefly describe our CAH and community.”
  - b. (Supported by carefully selected maps, growth charts, awards, service mix, etc.)
- III. Environmental scan
  - a. “Our research suggests that your organization brings market dominance to ...”
  - b. “Yet, we believe that through a partnership with our CAH, your market dominance can become that much stronger.”
  - c. “Here’s how together we can both be stronger.”
  - d. (Supported by carefully chosen CAH strengths and characteristics that address potential partner interests and motivations.)
- IV. The offer
  - a. “As you can see, there are compelling reasons for us to partner.”
  - b. “Yet, we understand that partnerships can look and operate in many different forms.”
  - c. “Would you like to continue the conversation?”

A form-field template to help organize CAH value thoughts and data is included on the next page.

## Summary

Achieving CMS’s three health care system aims will require partnerships along the continuum of care. This guide outlines a three-step process for a CAH to demonstrate its value to a potential partner. The process begins with understanding the interests and motivations of the potential partner, then identifying CAH strengths and characteristics that align with those interests and motivations, and finally developing a succinct and data-supported message that demonstrates CAH value. The CAH has an important role to play in its community’s health care. Trusting and mutually supportive health care partnerships will most effectively deliver the three aims of better care for individuals, better health for populations, and lower cost.

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The Rural Health Value project is funded by the Federal Office of Rural Health Policy through Cooperative Agreement UB7 RH25011.

## CAH Value Demonstration Worksheet

Potential partner organization:

Potential partner contact:

CAH lead for contact:

### Potential partner interests and motivations

1	Click or tap here to enter text.
2	Click or tap here to enter text.
3	Click or tap here to enter text.
4	Click or tap here to enter text.
5	Click or tap here to enter text.

### CAH data and information that addresses potential partner interests and motivations

1	Click or tap here to enter text.
2	Click or tap here to enter text.
3	Click or tap here to enter text.
4	Click or tap here to enter text.
5	Click or tap here to enter text.
6	Click or tap here to enter text.
7	Click or tap here to enter text.
8	Click or tap here to enter text.
9	Click or tap here to enter text.
10	Click or tap here to enter text.

### Contacts made (timing/descriptions)

Date	Contact	Notes
Enter date.	Click or tap here to enter text.	Click or tap here to enter text.
Enter date.	Click or tap here to enter text.	Click or tap here to enter text.
Enter date.	Click or tap here to enter text.	Click or tap here to enter text.
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