

SOUTH COUNTY HEALTH



— Creating a Sustainable Delivery System

November, 2023

Rhode Island Healthcare Strategy

Discussion Items

November, 2023

- Welcome and Objectives
- South County Health Focus & Physician Perspectives
- Root Cause of the Problem
- How Legislators Solve the Problem
- Impact on Consumers
- Discussion





South County Health Focus



Mission, Vision & Values

OUR VISION: MODEL HEALTH SYSTEM

OUR KEY STRATEGIC INITIATIVES

1. **HIGH PERFORMING HEALTH SYSTEM**
Achieving top 10% in quality, service, and financial performance.
2. **SERVICE LINE CENTERS OF EXCELLENCE**
Destination quality, service, and innovation for key clinical programs.
3. **TRANSFORMATION**
Deployment of contemporary, consumer-driven platforms and models of care leveraging automation, data, and analytics to enhance health outcomes.
4. **ACCESS**
Seamless, connected, and easy access that delights our customers.
5. **COMMUNITY HEALTH**
Integrate services that connect our communities to care across the continuum advancing health and value.



OUR VALUES:

INTEGRITY

Honoring our commitments to those we serve

CARING

Exceptional compassion for our patients and coworkers

RESPECT

Building trust through mutual regard, collaboration, openness, and humility

EXCELLENCE

Relentless pursuit of benchmark performance in everything we do

PARTNERSHIP

Building relationships that support our values and accelerate results

STEWARDSHIP

Managing organizational resources to preserve and sustain our mission

OUR COMMITMENTS:

FOCUS • CONTINUOUS IMPROVEMENT • OPERATIONAL EXCELLENCE • SOLUTION-ORIENTED • FAIL FORWARD



Stay Updated

Sign up for South County Health Newsletters

Patient Story



Melinda Finds Strength in Support from Her Care Team

Last Christmas, Melinda noticed a mass in the front of her left breast, so she made an appointment with **Emily Hoffman**, Certified Nurse Midwife, of South County Health's Center for Women's Health. As she was leaving her appointment, while she was still in the parking lot, she got a call from the Center for Women's Health asking her to come back in for a diagnostic mammography to scan for breast cancer.

The next week, Melinda was sitting with **Sue Hall**, Breast Health Navigator, and making plans for surgery at South County Hospital. Her general surgeon, **Gracie Luetters, MD**, performed a left mastectomy in February and a right mastectomy in August.

"I absolutely love Gracie and the relationship we have. She's very understanding, listens so well, and really genuinely cares about your well-being." says Melinda.

Melinda, a longtime patient of South County Health's Center for Women's Health, received chemotherapy at the **Cancer Center at South County Hospital**, and is currently undergoing radiation therapy at South County Health's **Radiation Therapy facility** on the Hospital campus.

"I'm a huge fan of the chemotherapy nurses and team as a whole. They've been nothing shy of the best for me. I absolutely loved going there every day I had to, and loved



EXPRESS CARE
OR
EMERGENCY
DEPARTMENT
[LEARN MORE](#)

What's the difference between an Emergency Room and Express Care?

[Click Here](#) to learn which care setting is appropriate for when you or a loved one is sick or injured.



Email:

SouthCountyHealthMarketing@southcountyhealth.org

Upcoming Events



Understanding Joint Replacement
Thursday, Nov. 16
12pm

Join Dr. Andrew Kay and Dr. David Vegari, orthopedic surgeons from Ortho Rhode Island, as they host a virtual seminar to discuss our innovative approach and how it helps patients experience a faster recovery process with less pain, while regaining their mobility and quality of life.

[Register now >](#)



Women's Health Day
Saturday, Nov. 18
1-3 pm

Join South County Health providers and staff, and community health and wellness organizations for an afternoon of education, inspiration, and community as we explore women's health issues and healthy living at all ages.

[Register now >](#)



Mews Tavern Gear 'N' Beer 5k
Sunday, November 19 12pm

Over 2,000 runners, family and friends are expected on November 19, you won't want to miss out on all the fun, including a fabulous raffle! South County Health is excited to partner with the Mews as the beneficiary of this year's race, with proceeds going to support our **Breast Health Center**.

[Register now >](#)

Distinctly Differentiated Quality

Quality, Safety, Service and Value

Hospital

Overall CMS Star Rating

Medicare.gov

South County Hospital



Westerly Hospital



Kent Hospital



Newport Hospital



Rhode Island Hospital



**Data generated during May 2023 from Medicare.gov*



South County Health & Industry Challenges



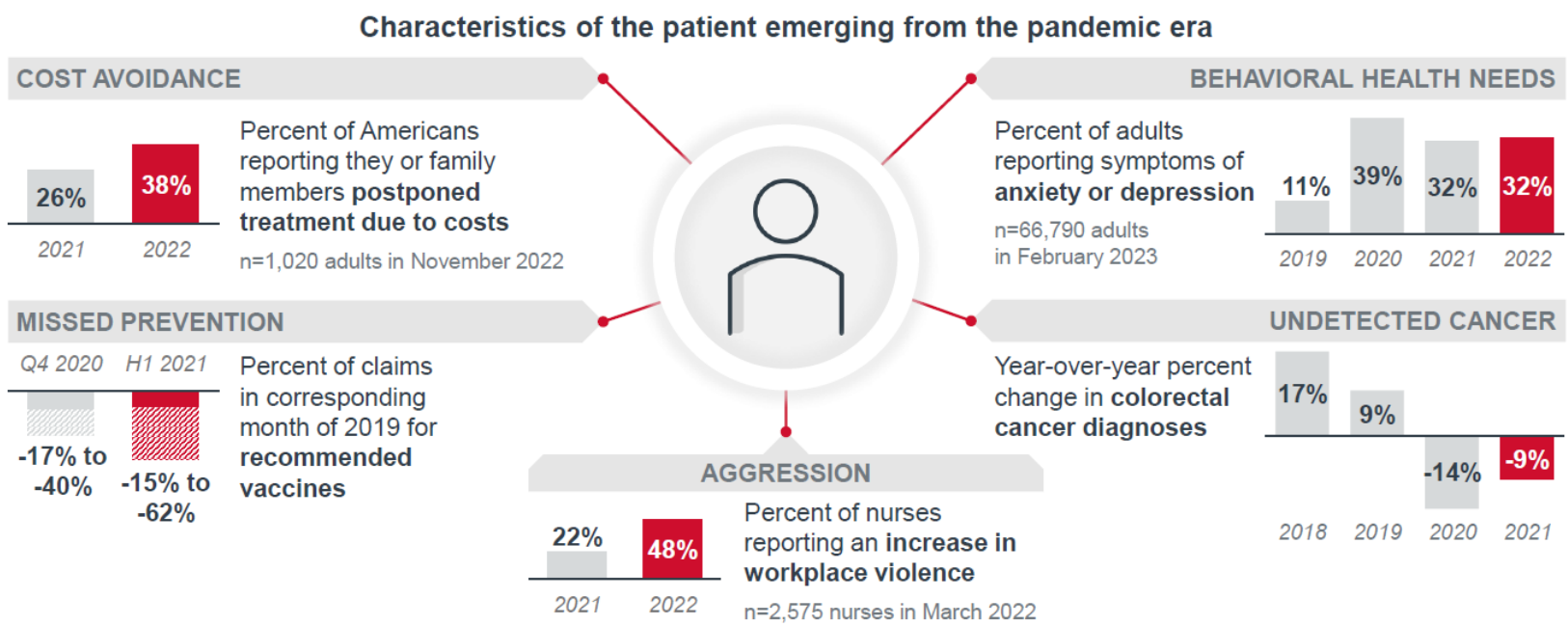
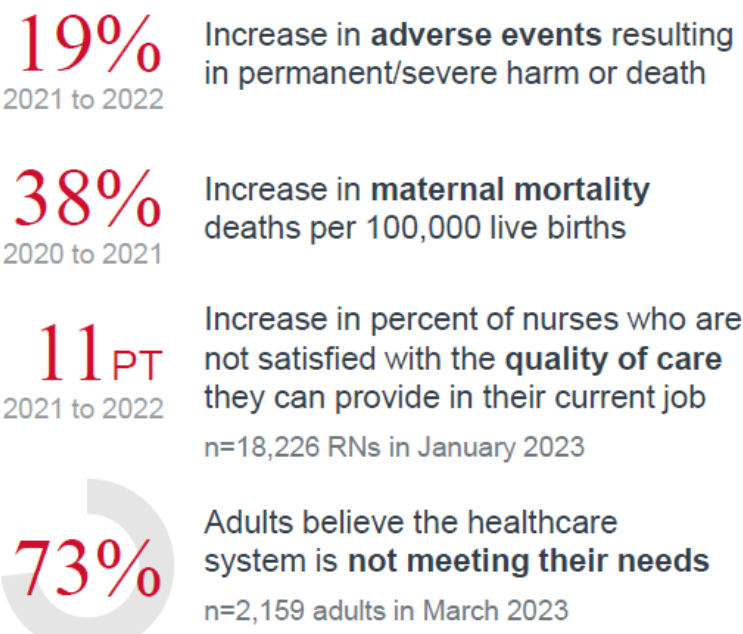
Lingering Damage from Pandemic Represents Chaotic New Normal

“The industry has emerged from a unifying catastrophe into a time of chaotic instability. Poor patient health, declining clinical quality, and higher overall health spending form a concerning foundation. As these factors combine with a tightening economy and impending disruption, healthcare leaders are rightfully anxious about changes and pressures that lie ahead.”

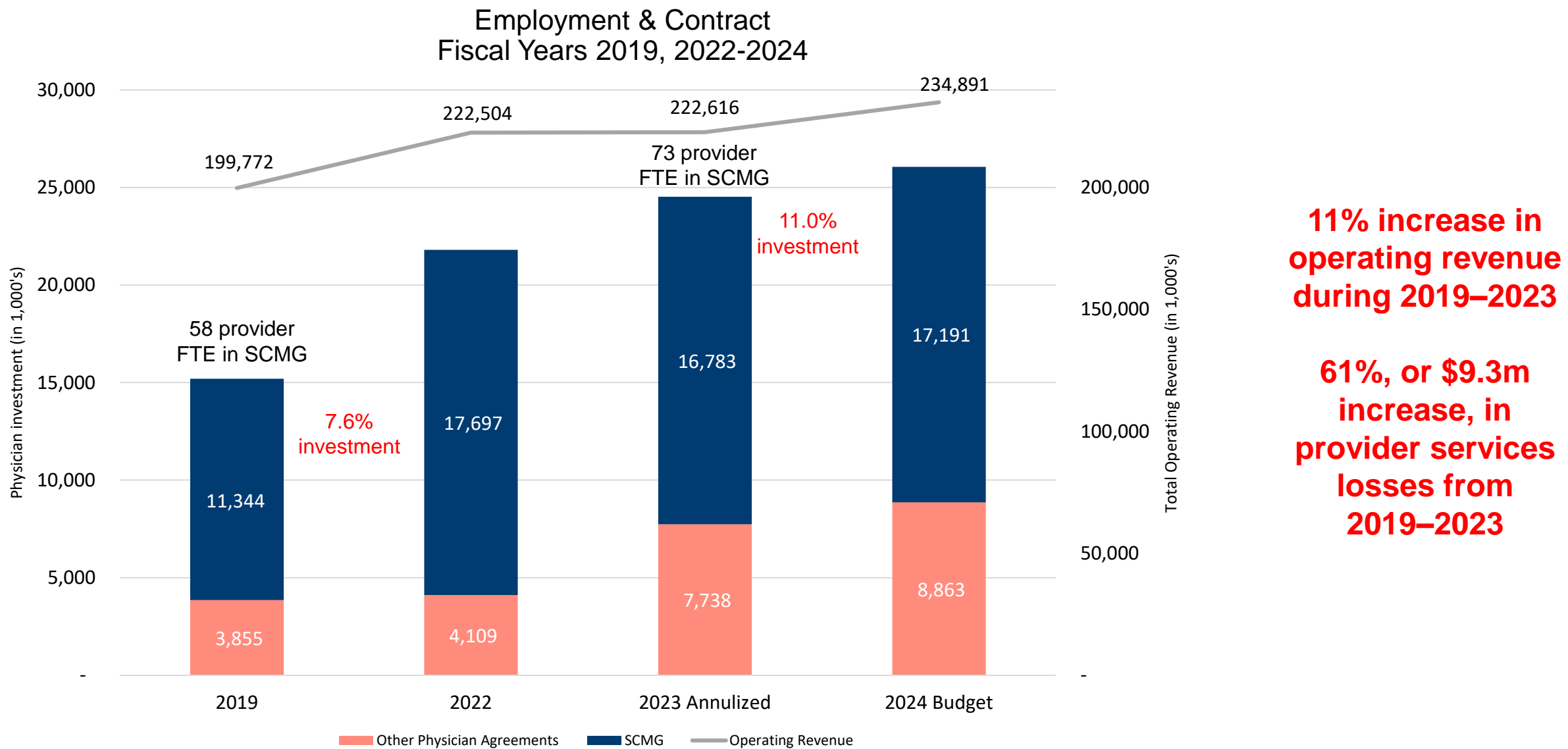


Advisory Board – The State of the Healthcare Industry Heading Into 2024

Declining quality outlook

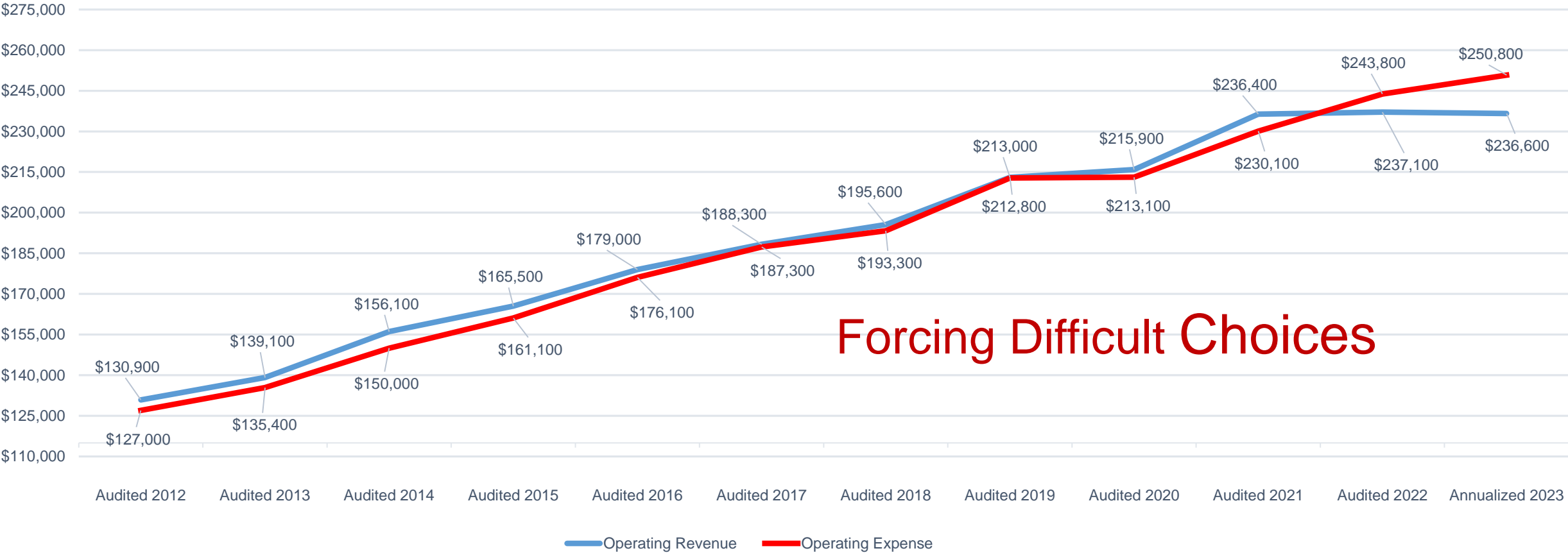


RI Hospitals and Health Systems - Ill-Equipped to Sustain Loss in Increasing Physician Pay Gap



Current State is not Sustainable

South County Health Without Foundation
Financial Performance Trends
in 1,000's



Forcing Difficult Choices

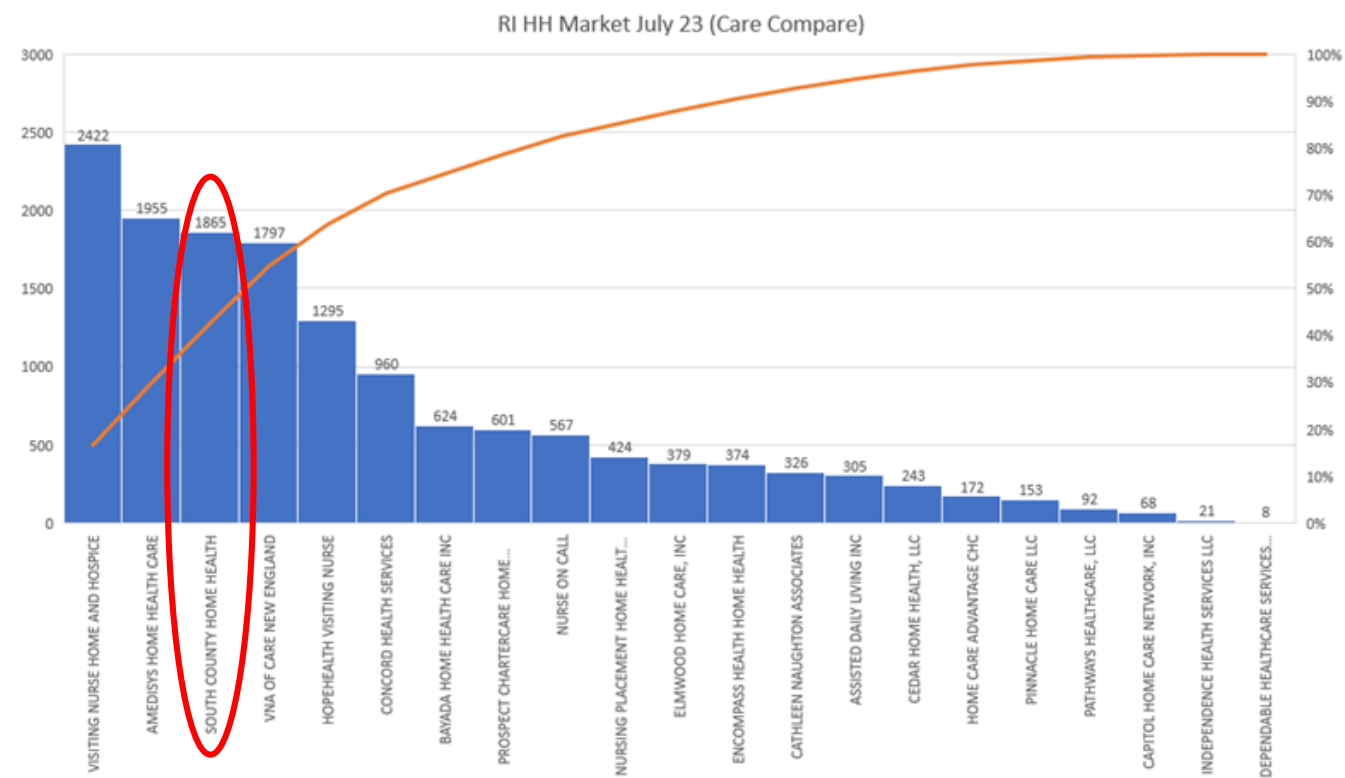


Eroding Financial Picture for Home Health

South County Home Health	FYE 2020	FYE 2021	FYE 2022	FYE 2023 Projected	FY2024 Budget	FYE 60% Medicare Advantage
Gain/(Loss) from Operations	\$ 633,219	\$ 626,262	\$ 60,000	\$ (676,800)	\$ (1,000,000)	\$ (1,560,000)

SCHH is in the 75th %ile of Patient Experience

Choices to make



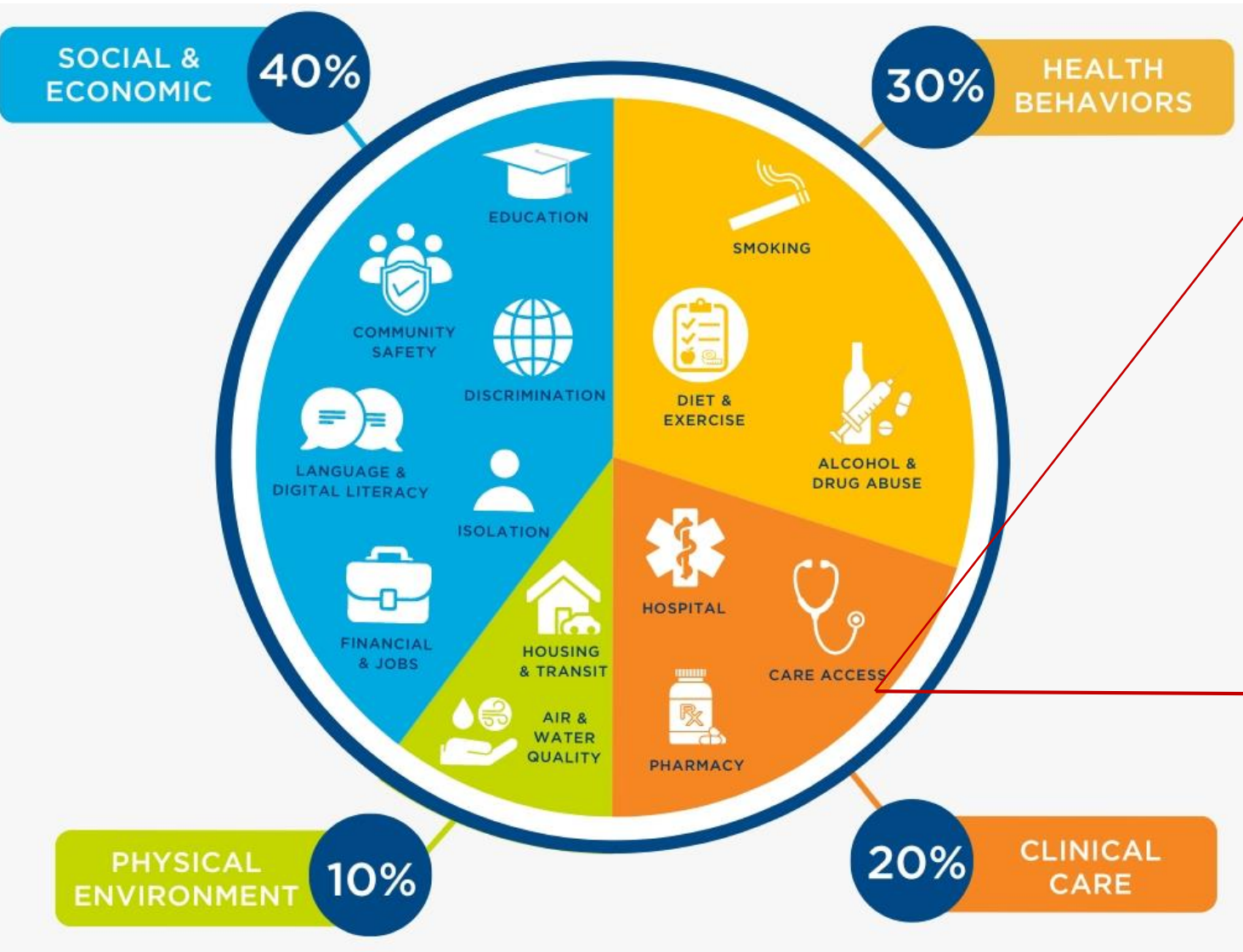


South County Health Path to Sustainability in RI Healthcare

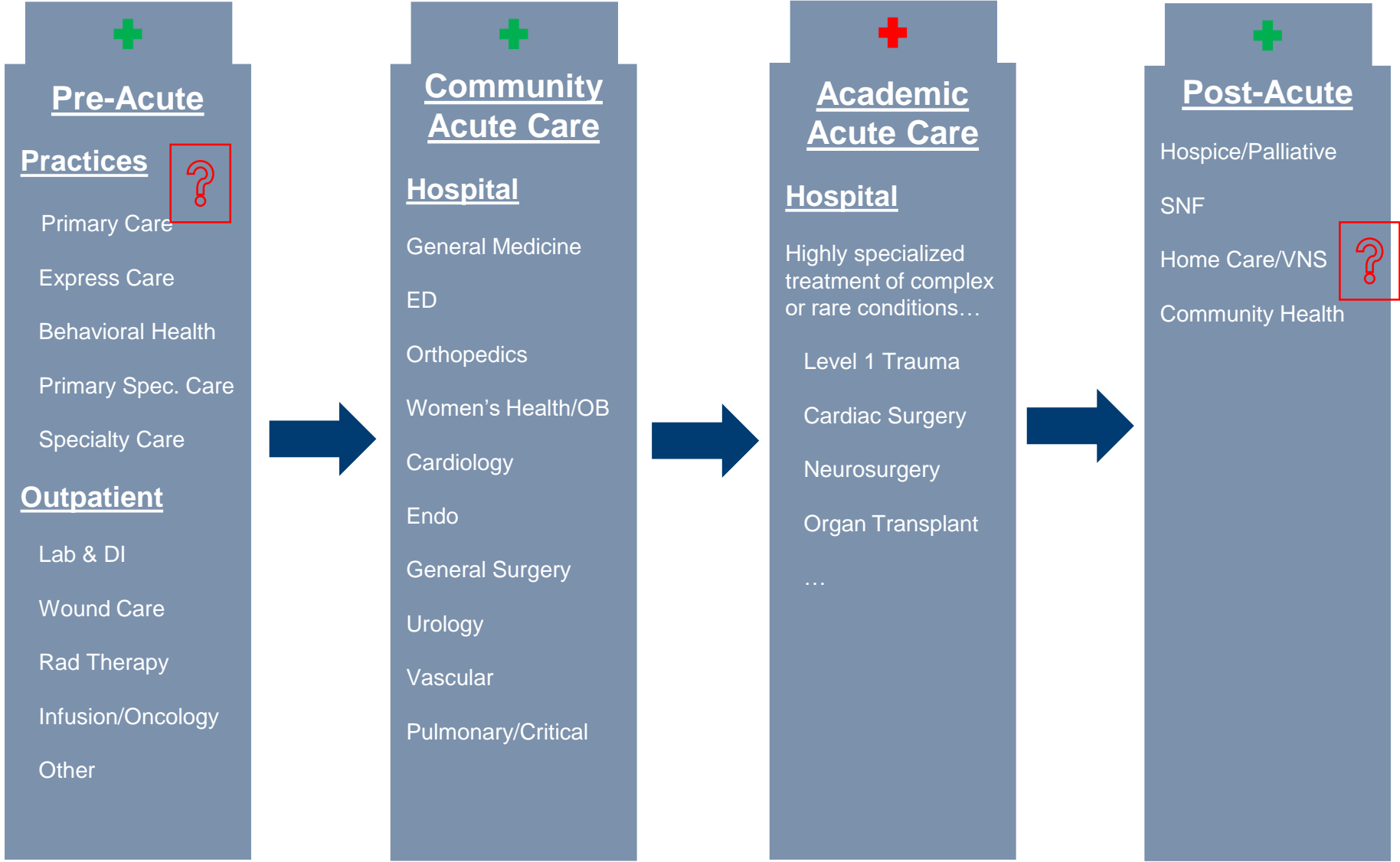


What Determines the Health of a Community?

Clinical Care



What's South County Health's Role?



Choices to Make...





Impending Crisis: Inaccessibility of Healthcare Rhode Island



Nearly Impossible to Find Primary Care

Finding a primary care doctor in Rhode Island is getting more difficult. Here's why

Even doctors can't find doctors. What's driving Rhode Island's shortage?



Amy Russo

The Providence Journal

The Providence Journal

Published 5:02 a.m. ET Feb. 8, 2023 | Updated 3:49 p.m. ET Feb. 8, 2023



Key Points

- The shortage has been fueled by a perfect storm of factors — unattractive pay for primary care doctors, low Medicaid reimbursement rates, huge student loans and burnout.
- As the number of primary care doctors shrinks, nurse practitioners and physician assistants are beginning to fill the void.
- Where are the doctors going? Some of them have left primary care to practice 'concierge' medicine that offers patients great access to care but see far fewer of them. How? They don't take insurance.

Unless You Can Pay Cash...

Emergence of 'concierge' medicine and better doctor access — for a price

Some providers have decided they've had enough, while some doctors who've remained in the field have been offering so-called concierge medicine for those who can pay a steep flat fee, sometimes a few thousand dollars.

Typically those providers don't deal with insurers, see fewer patients and offer them far more attention.

Those without the means for concierge care are then thrown back into the already massive pool of patients searching for primary-care doctors.

*Depressed Rates
Depressed Fee Schedule
Older, Sicker Patients
Why Come to RI???*



Hallmarks of a Failing Delivery System...

But Is Anyone Paying Attention?

RI Health officials are asking people to avoid ERs if possible. Here's where to go instead.



Katherine Gregg

The Providence Journal

The Providence Journal

Published 3:23 p.m. ET Nov. 17, 2022 | Updated 6:40 p.m. ET Nov. 17, 2022



PROVIDENCE – From the head of emergency medicine at Kent Hospital came this picture on Thursday "of what an overcrowded emergency department looks like."

"Today it looks like an 82-year-old grandfather forced to wait in an emergency department for two days while having a heart attack because there is not a bed in the cardiology wing.

"It looks like a 24-year-old woman having a miscarriage, sitting in a hallway. ... while staff desperately try to find a sick patient who can come out of her room so she and her husband can have a private place to grieve. [And] it looks like a patient with depression that is so severe he is actively suicidal, forced to wait in the emergency department for three days for a psychiatric bed."

[November 17, 2022](#)

Opinion/Landekic: RI's hospitals are overwhelmed and our safety – again – in danger

Nick Landekic Guest columnist

Published 6:05 a.m. ET Nov. 18, 2022 | Updated 10:57 a.m. ET Nov. 18, 2022



Nick Landekic, of Bristol, is a retired scientist and biotechnology entrepreneur who has spent more than 35 years working in the pharmaceutical industry.

Rhode Island's hospital system is once again strained to the point of breakdown. Recent experiences report nine- to 12-hour waits for care at emergency rooms at Miriam, Rhode Island, and Hasbro Children's hospitals because of the "triple-demic" of steeply rising RSV, flu and COVID cases. A leading caregivers union calls the situation "dangerous." Without immediate action by Gov. Dan McKee and the state government, we risk our hospital system collapsing.

Overcrowded ERs [RI Health officials are asking people to avoid ERs if possible. Here's where to go instead.](#)

[November 18, 2022](#)



Who Is Next? – Troubling Trend Hospital Bankruptcies, Acquisitions and Closures

Does RI Want to be Proactive or Reactive for Future Bankruptcies

Westerly Hospital

- Westerly Hospital files for receivership in 2011
- Restructuring overseen from 2011 to 2013 by the Rhode Island Superior Court
- L&M acquires Westerly Hospital in 2013
- L&M acquired by Yale New Haven Health in 2016

Our Lady of Fatima Hospital & Roger Williams Medical Center

- Hospitals merge in 2009 to form CharterCare Health Partners
- Prospect Medical Holdings, a California-based for-profit company, acquires majority stake in 2014
- Ongoing disputes with AG amid contemplated closure during 2020-2021
- AG approves sale during summer 2021

Landmark Medical Center and Rehabilitation Hospital

- Bankruptcy in 2008 precedes Prime Healthcare Services, a California-based for-profit company, acquiring in 2013
- Significant fines associated with failure to follow procedures for conversion to not-for-profit in 2017

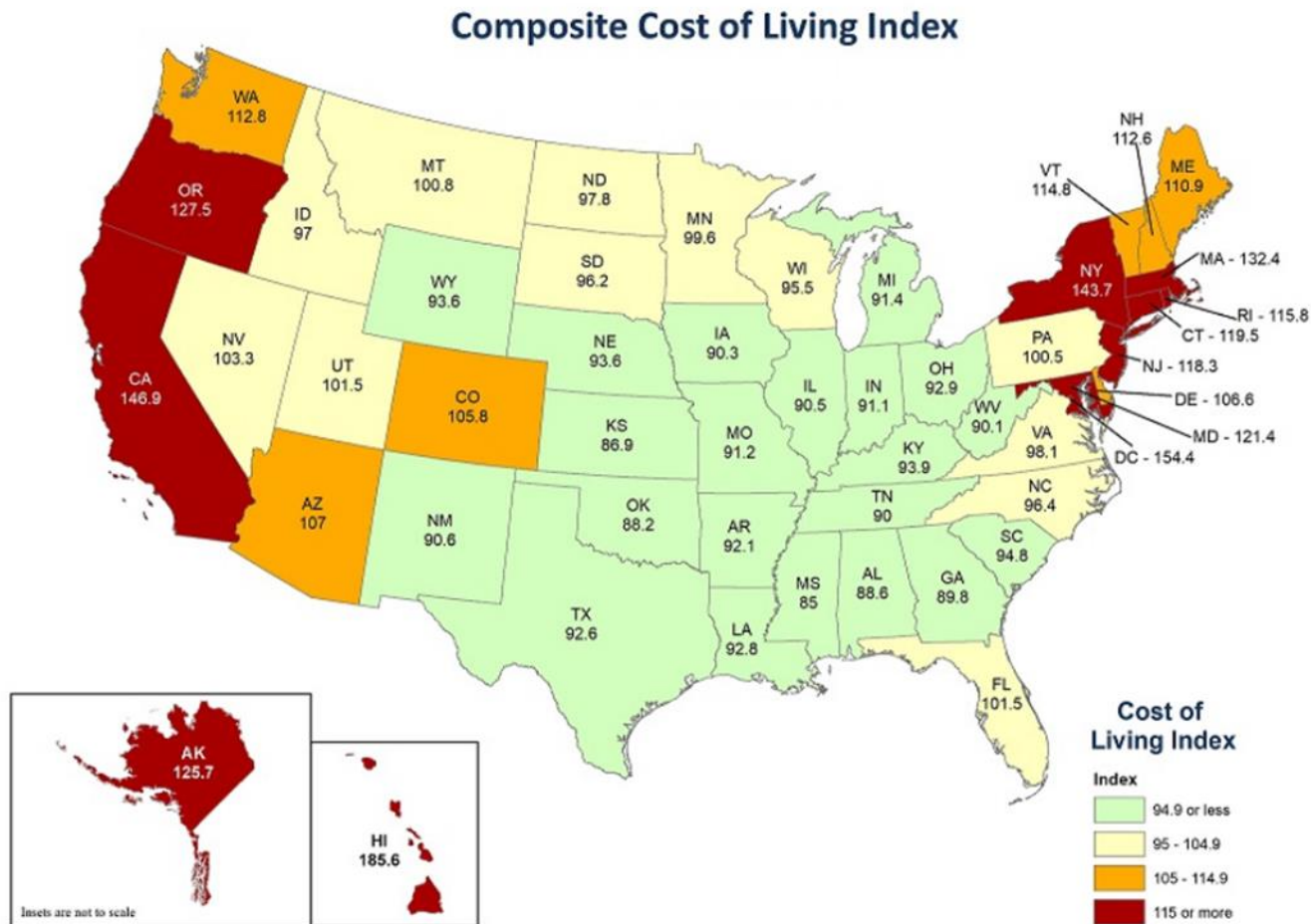
Memorial Hospital of Rhode Island

- Care New England acquires the struggling Hospital in 2013
- Financial struggles continue despite acquisition
- Maternity ward closed in 2016
- ICU closed in 2017
- ED closed in 2018
- CNE sells facility to real estate developed for \$250,000



Rhode Island – Unattractive for Health Systems

High Cost of Living, Low Reimbursement Undermines Recruitment



The Council for Community and Economic Research ranks Rhode Island amongst the most expensive states to live in using their Cost of Living Index, a composite score ranking the relative expense of housing, utilities, groceries, transportations, etc.

Rhode Island ranks as the 11th most expensive state



Rhode Island – Unattractive for Physicians

Physician Recruitment and Retention



doximity

Metro Areas with the **LOWEST** Compensation for Physicians

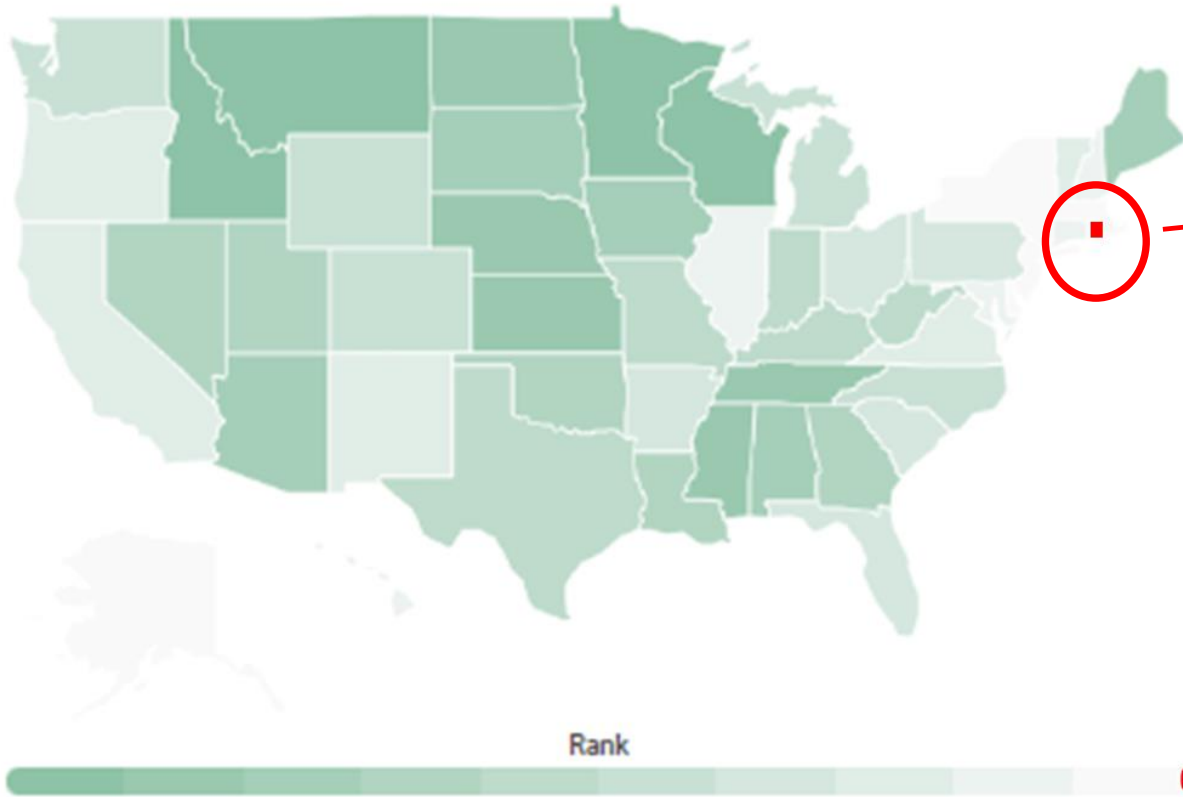
1. Baltimore, MD — \$330,917*
2. Providence, RI — \$346,092*
3. San Antonio, TX — \$355,439*
4. Washington, D.C. — \$356,633*
5. Boston, MA — \$363,545*
6. Portland, OR — \$363,890
7. Denver, CO — \$364,927*
8. Philadelphia, PA — \$373,765*
9. Birmingham, AL — \$375,074
10. Detroit, MI — \$376,007



Rhode Island – Unattractive for Physicians

Rhode Island - Worst State in the Nation to Practice Medicine

The best and worst states for doctors



Healthcare Advisory Board, a renowned healthcare consulting group, promulgated a report ranking RI as the worst state in the nation for physicians to practice medicine. The ranking was based on scoring of starting salaries, annual wages, hospitals per capita, and quality of public hospital systems, among other key performance indicators of a healthy delivery system (19 total).

Rhode Island – Unattractive for Nurses

Registered Nurse Recruitment and Retention



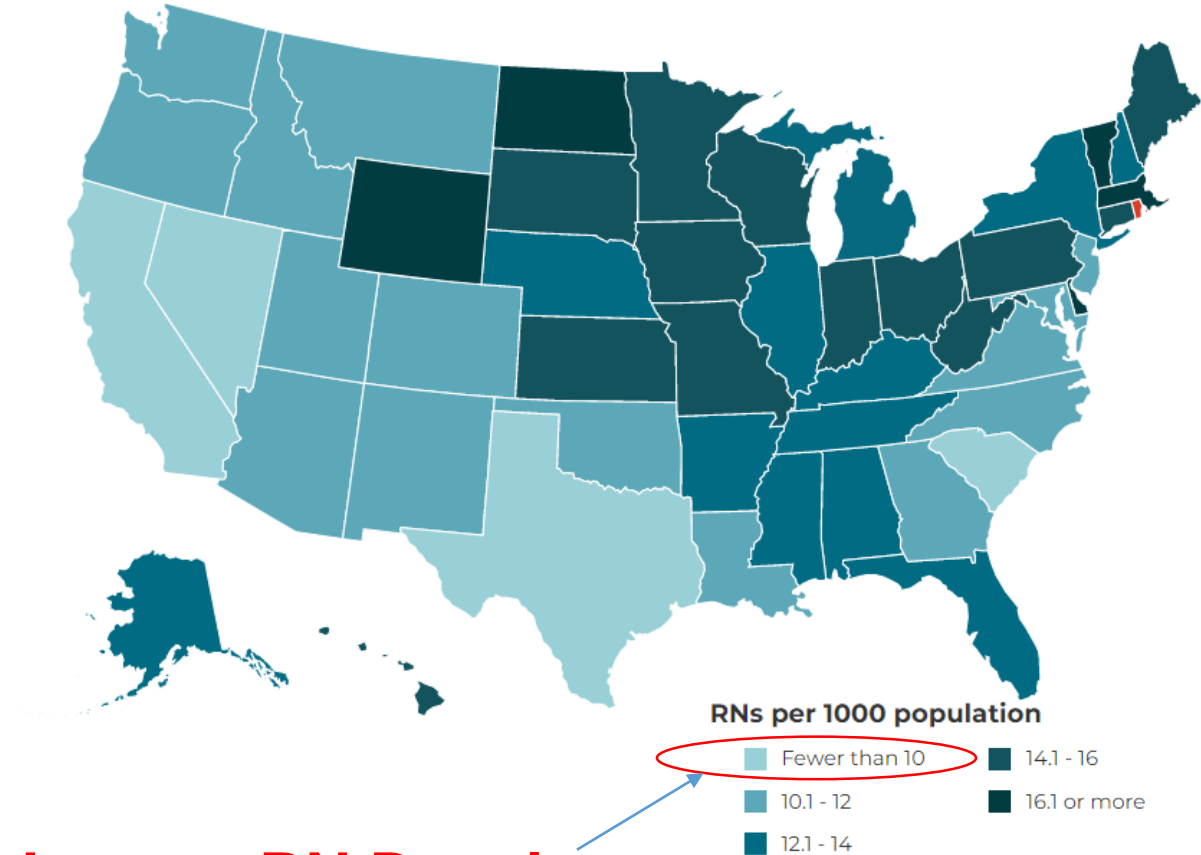
U.S. BUREAU OF LABOR STATISTICS

Occupational employment and wage statistic data released during May 2020 by the US Bureau of Labor Statistics indicates that **Massachusetts** has the **THIRD** highest average salary for registered nurses **behind only California and Hawaii**.

California	\$120,560
Hawaii	\$104,830
Massachusetts	\$96,250
Oregon	\$96,230
Alaska	\$95,270
...	

Its estimated over 84,000 registered nurses are employed in Massachusetts while only approx. 12,000 are employed in Rhode Island.

RI RNs can expect to make 16% less per year than in neighboring states.



Lowest RN Density

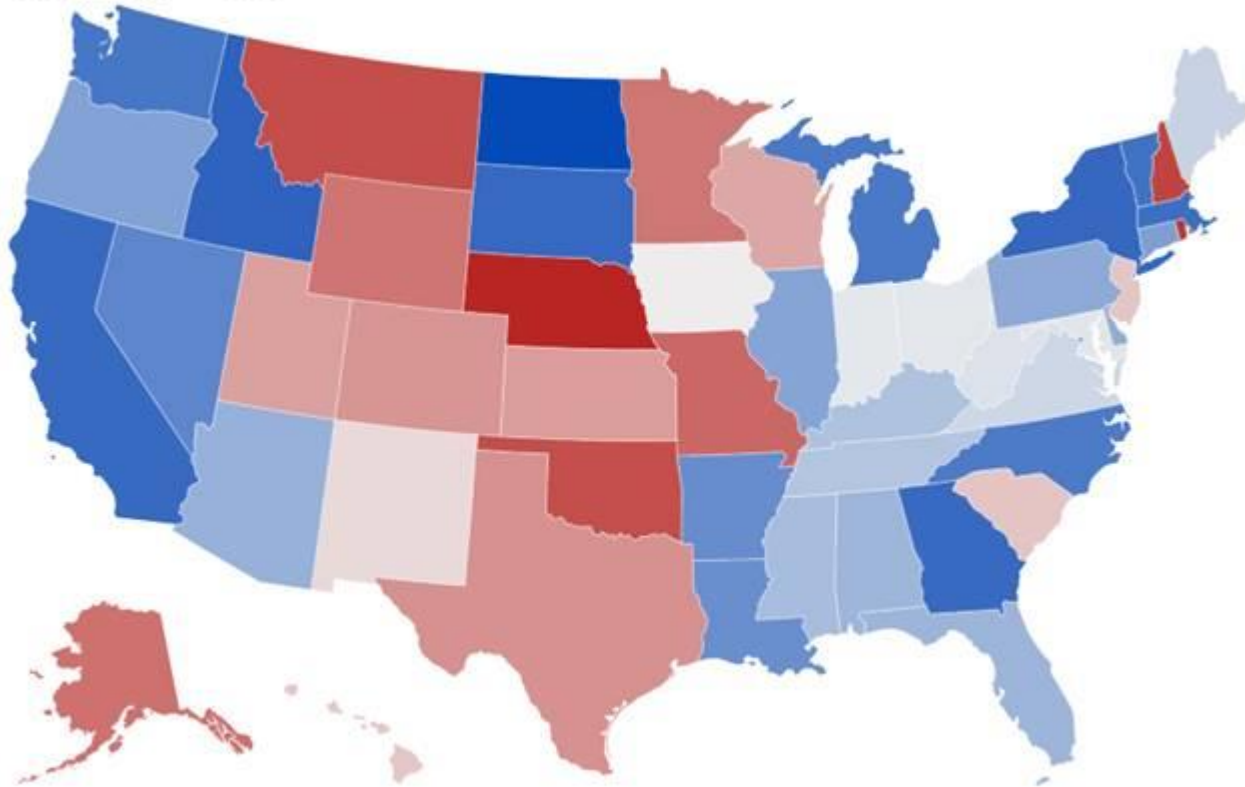


Rhode Island – Mass Exodus for Nurses

2nd Highest Decline in RN's Nationally during Pandemic

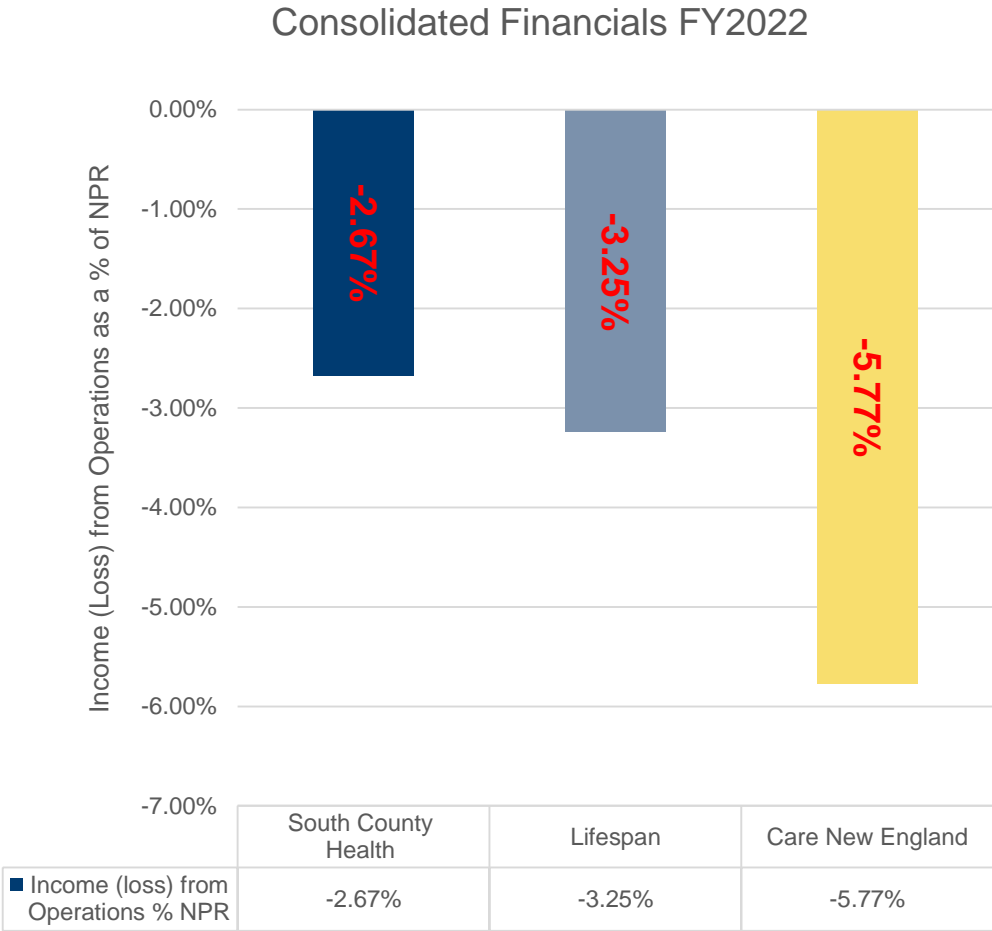
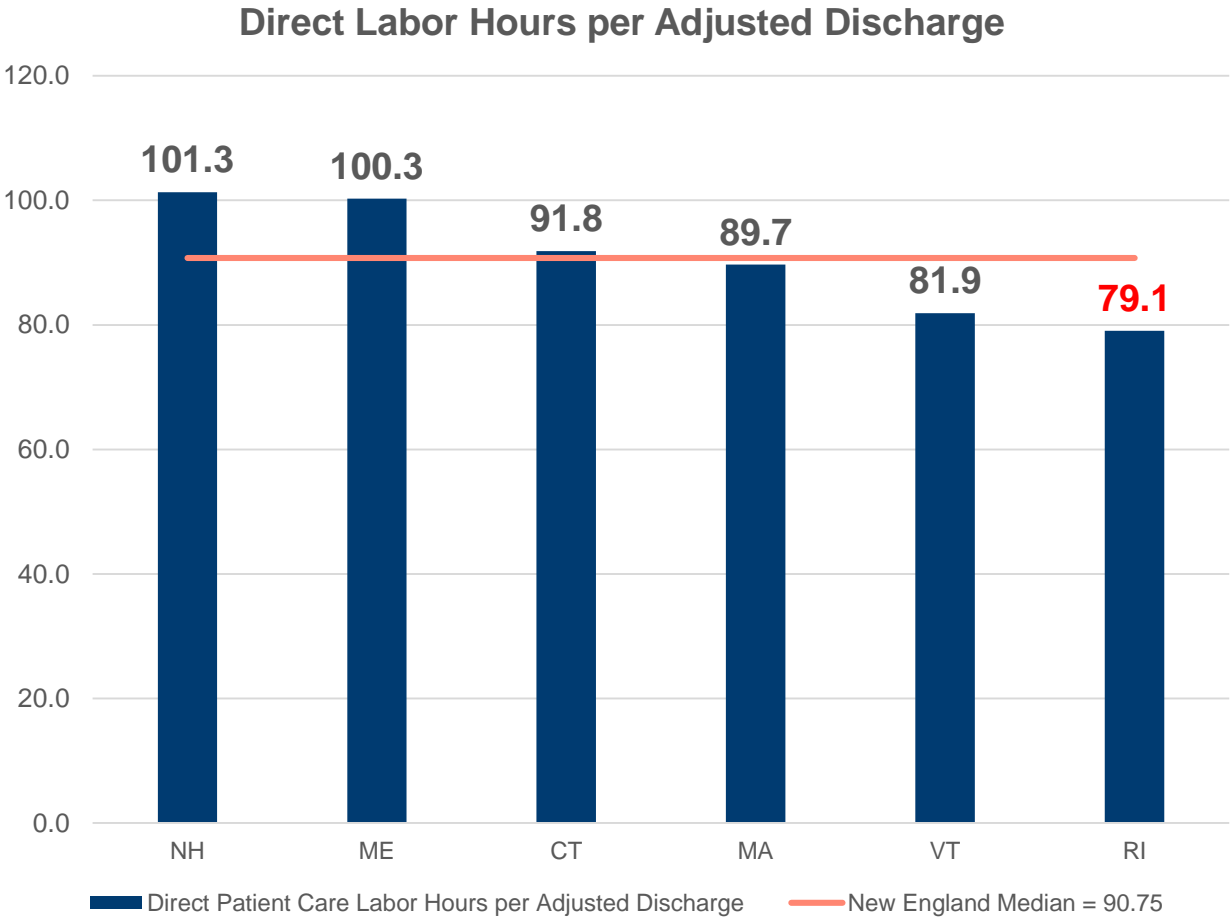
Change in Concentration of Registered Nurses by State, 2020- 2021

Color reflects degree of change
-20.00 0.00 20.00



As recently reported in US News, **Rhode Island saw the second-largest proportional decline in registered nurses** from 11.08 per 1,000 population in May 2020 to 9.91 per 1,000 population in **May 2021** — **losing nearly 1,300 nurses year over year**

Rhode Island Hospitals' Eroding Margins also Eroding Workforce



Kicking the Can on Hospital Infrastructure

How Long Can RI Health Systems Put Off Updating Infrastructure??

> Health Care Manage Rev. Jan/Mar 2021;46(1):66-74. doi: 10.1097/HMR.0000000000000227.

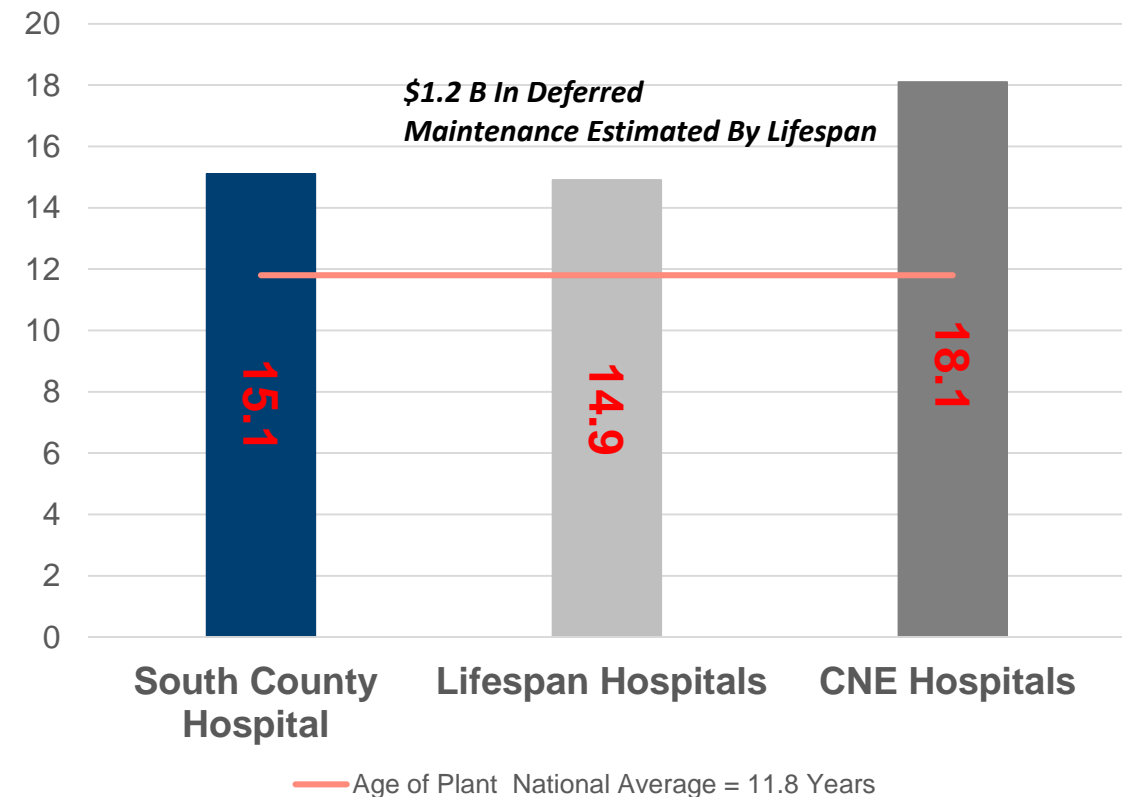
A reason to renovate: The association between hospital age of plant and value-based purchasing performance

Brad Beauvais¹, Jason P Richter, Forest S Kim, Erin L Palmer, Bryan L Spear, Robert C Turner

Results: Hospitals within the lowest quartile of average age of plant (0-8.13 years) were found to have a total Performance Score of 2.35 points higher than hospitals with a an average age of plant in the fourth quartile (14.63 years and above; $R = 21.5\%$; $p < .001$) while controlling for hospital ownership, size, teaching status, geographic location, service mix, case mix, length of stay, community served, and labor force relative cost. Comparable results were found within the VBP domains, specifically for Clinical Care ($\beta = 4.09$, $p < .001$) and Patient Experience ($\beta = 3.41$, $p < .001$). Findings for the Patient Safety and Efficiency domains were not significant. A secondary and more granular examination of capitalized assets indicates organizations with higher building asset accumulated depreciation per bed in service were associated with lower total performance ($\beta = -.25$, $p < .001$), Clinical Care ($\beta = -.31$, $p < .05$), and Patient Experience scores ($\beta = -.45$, $p < .001$).

Conclusions: The results of this study provide evidence of an inverse association between a hospital's age of plant and specific elements of VBP performance.

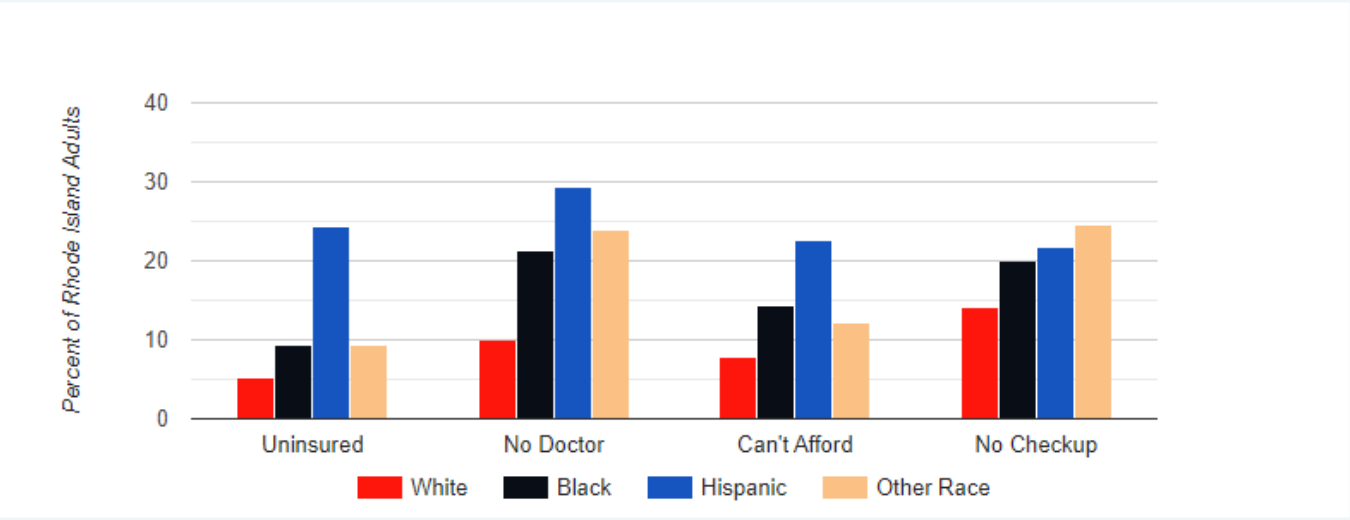
Age of Plant: RI Hospitals Compared to National Average



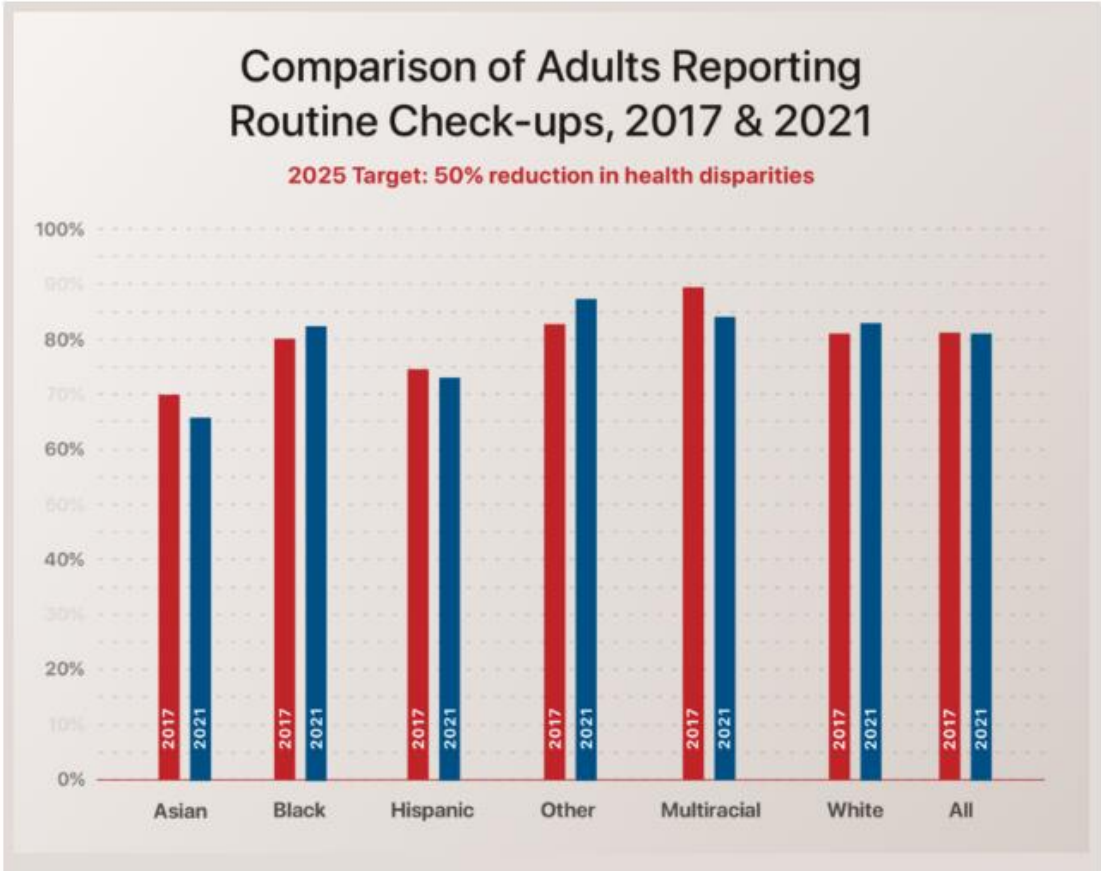
Poor Access Drives Health Inequity in Rhode Island



By Race / Ethnicity



- White, non-Hispanic adults have fewer barriers to access healthcare than other racial/ethnic groups.
- The prevalence of being uninsured, having no doctor, and experiencing cost barriers to seeing a doctor are highest among Hispanic adults compared with all other racial/ethnic groups.





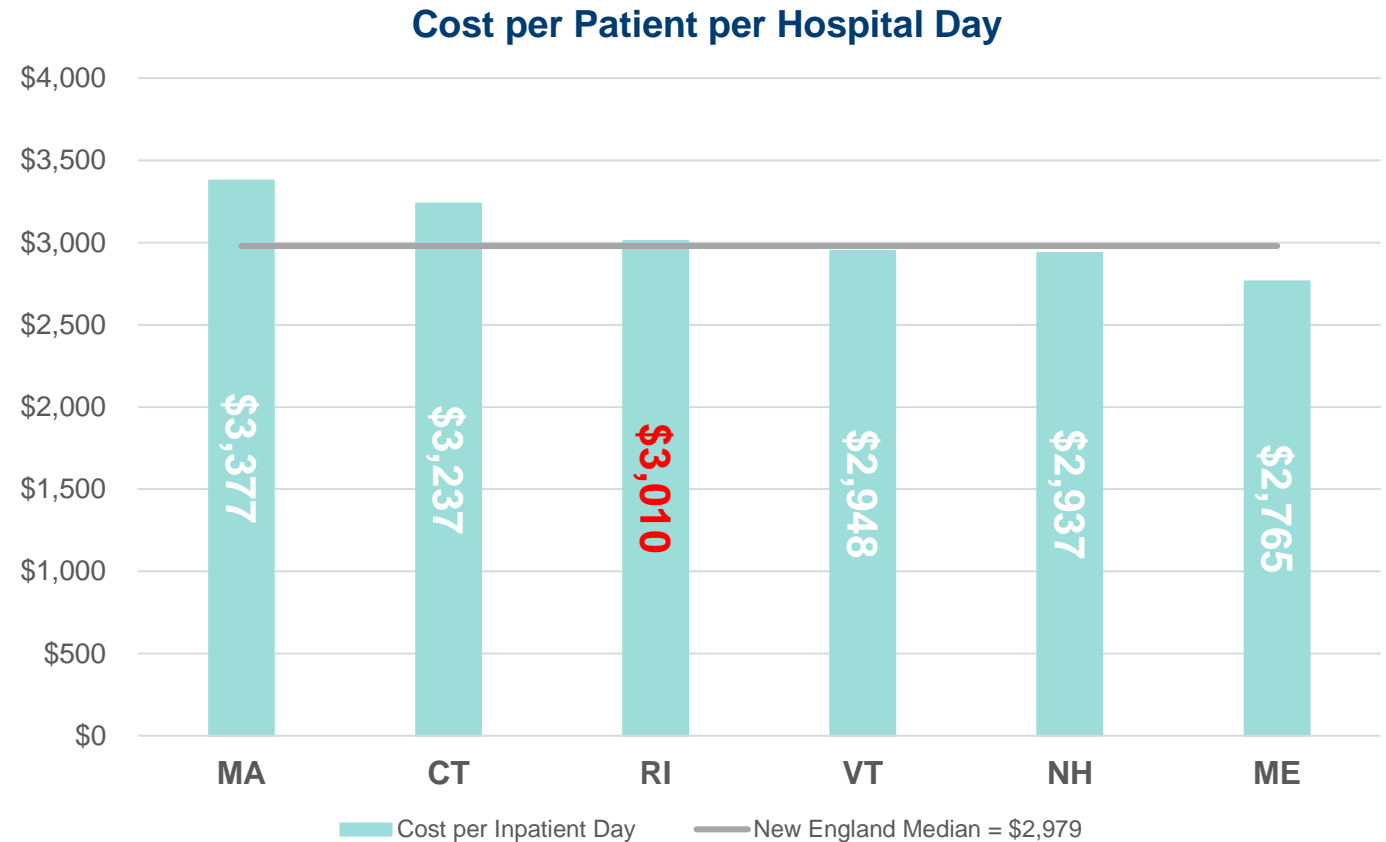
Root Cause: Rhode Island Health Systems and Providers are Systematically Underfunded by OHIC



Healthcare **Not Cheaper** to Provide in Rhode Island

Substantially Similar Operating Costs

Information available through Kaiser State Health Facts and Becker's Healthcare demonstrates there is no virtually no difference (<1.5%) in adjusted expenses per patient per hospital day in RI (\$3,010) compared the New England average (\$3,053) and median (\$2,979).



OHIC Depresses Commercial Rates Below Market

Chronic Underfunding Crippling Health Systems in Rhode Island

OHIC caps annual rate increases at consumer price index, less food and energy, **plus 1%**.

50% of the resulting annual increase must be tied to quality improvement.

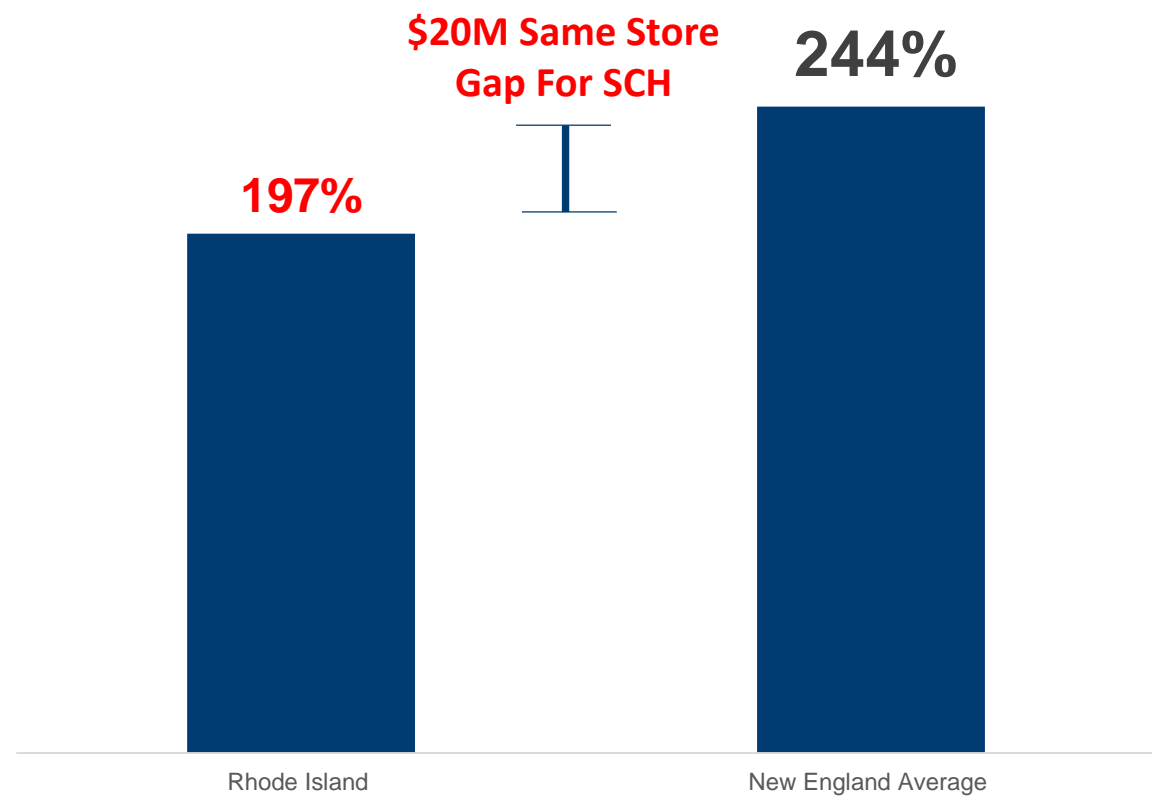
Adjustments to the rate cap are made unilaterally by OHIC.

Failure to meet any of the quality improvement measures results in a permanent reduction in commercial payment rates.

Rates capped by OHIC fail to keep pace with inflation.

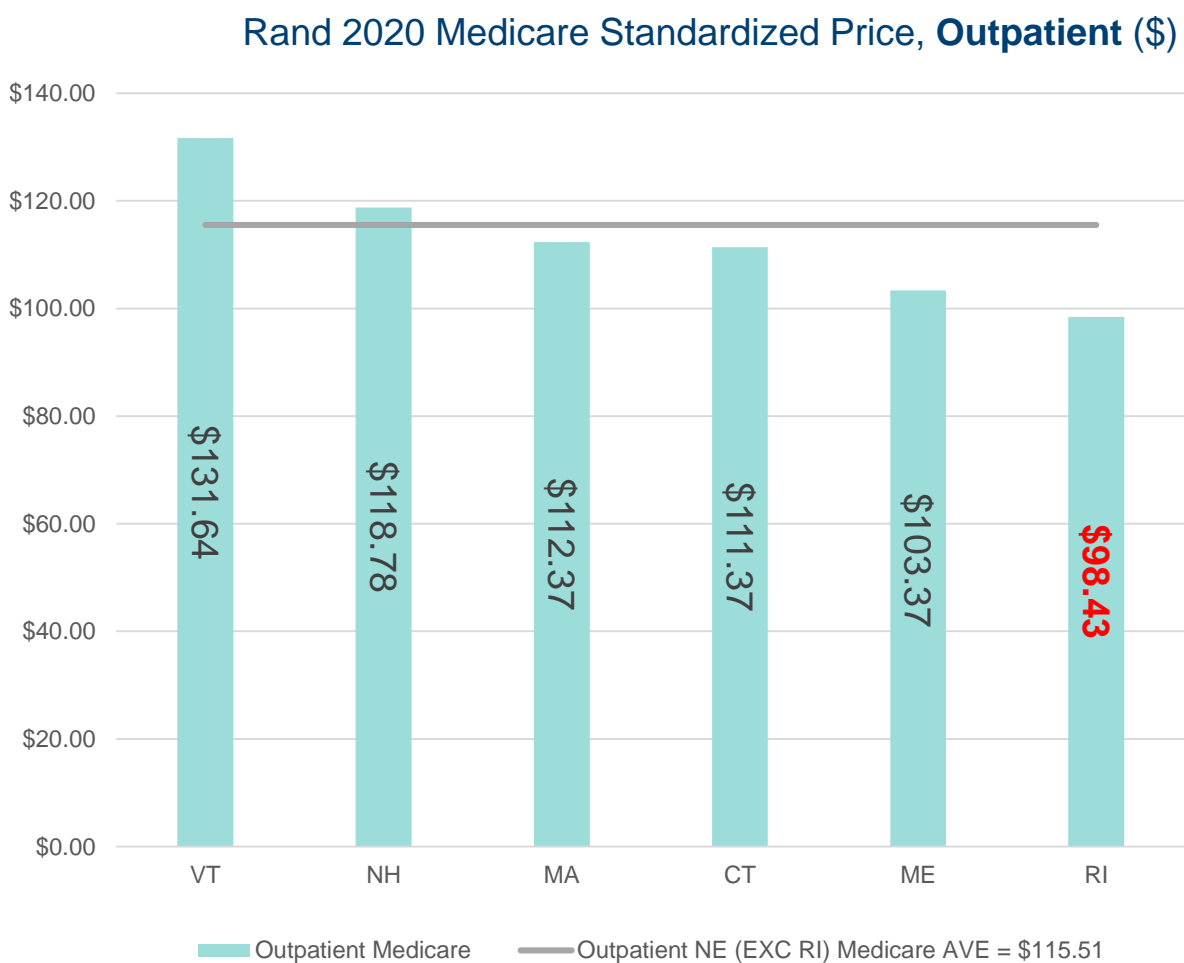
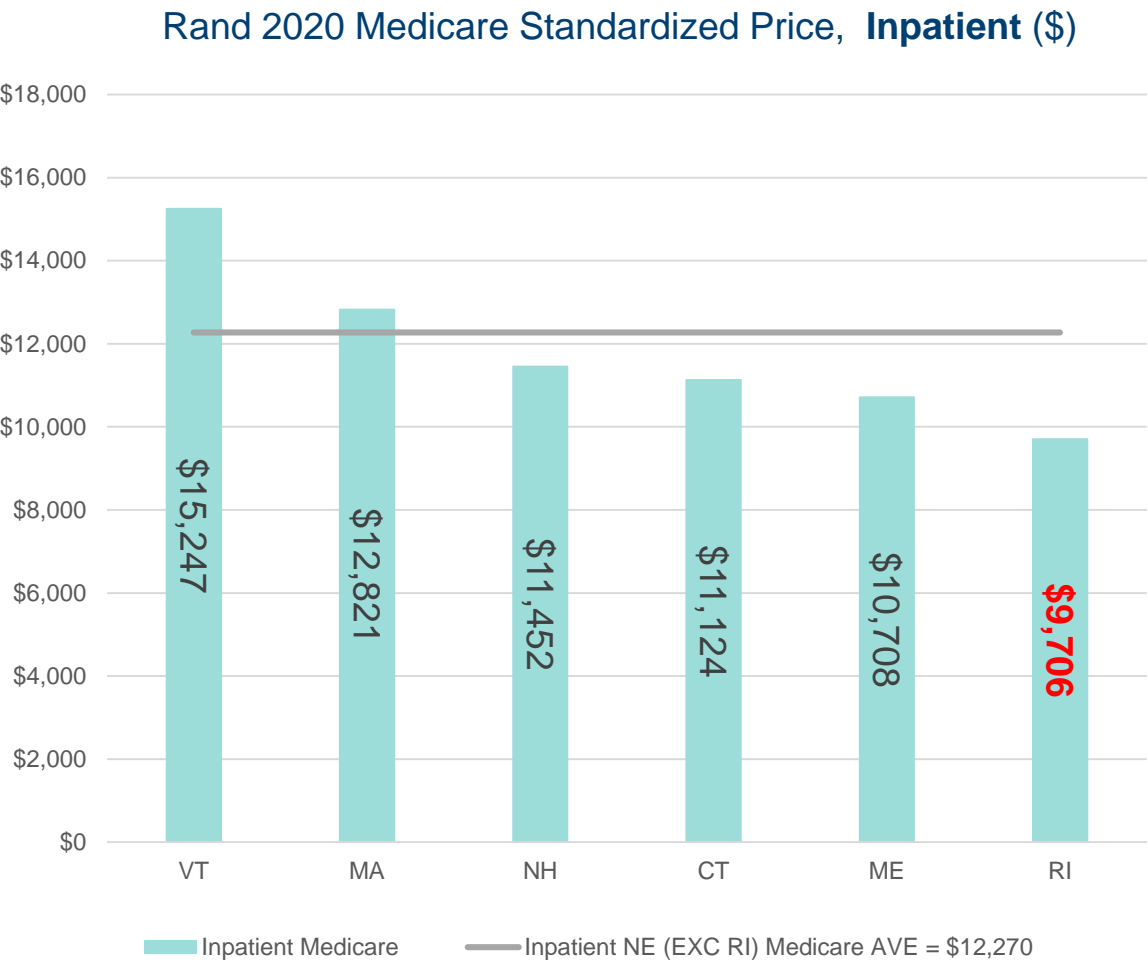
Commissioner retains authority to make unilateral decisions based on his/her discretion alone

Commercial Rates as a % of Medicare



Medicare Standardized Prices

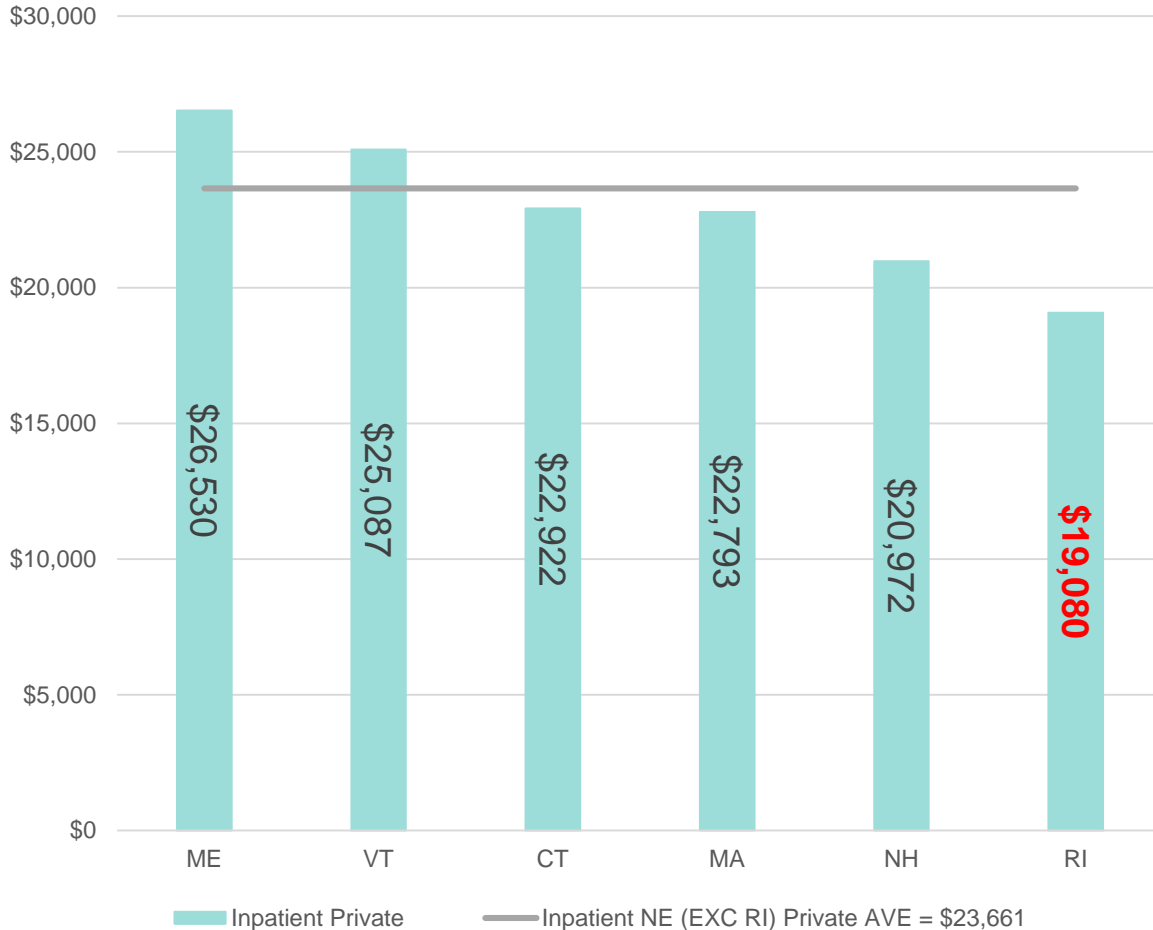
Inpatient and Outpatient Variability by State



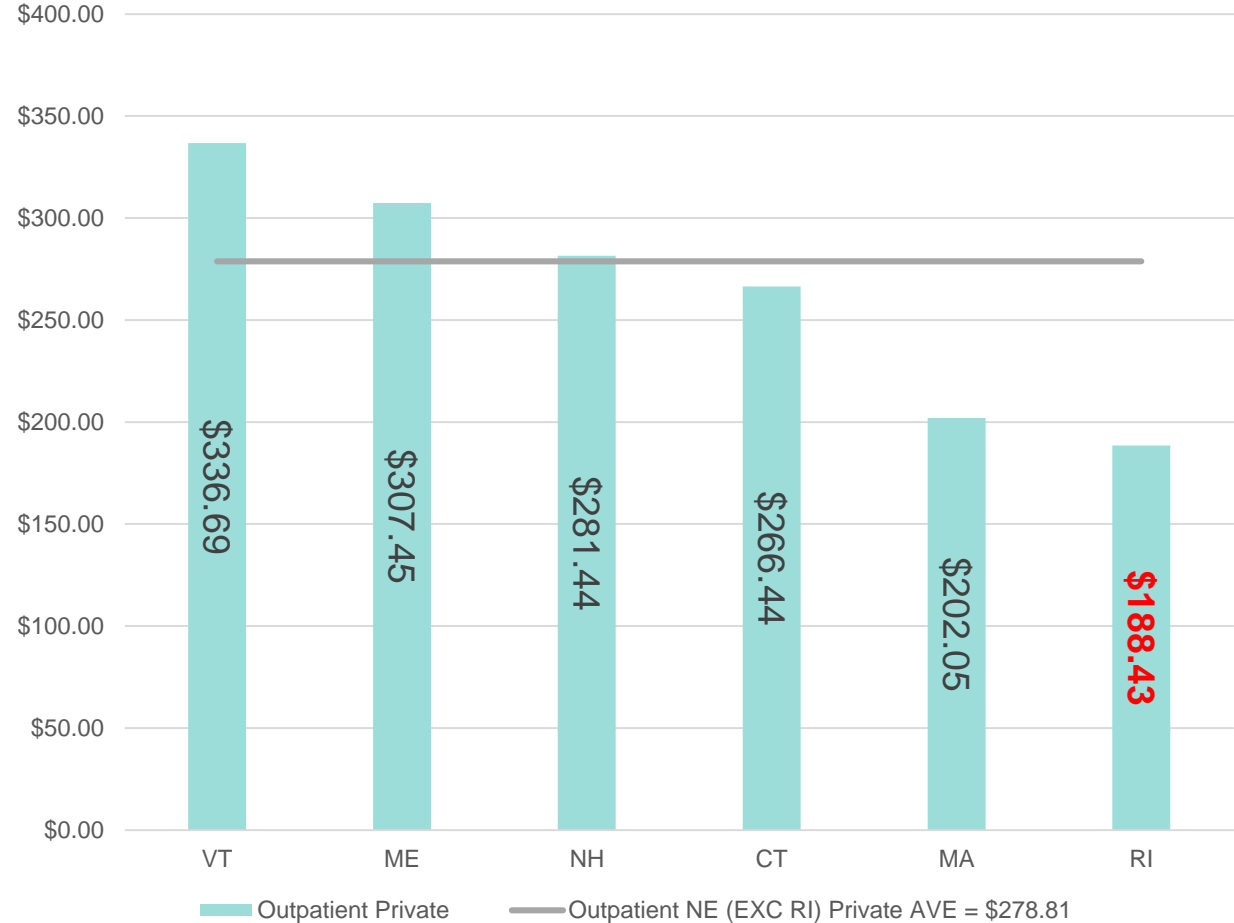
Private Commercial Standardized Prices

Inpatient and Outpatient Variability by State

Rand 2020 Private Standardized Price, **Inpatient** (\$)

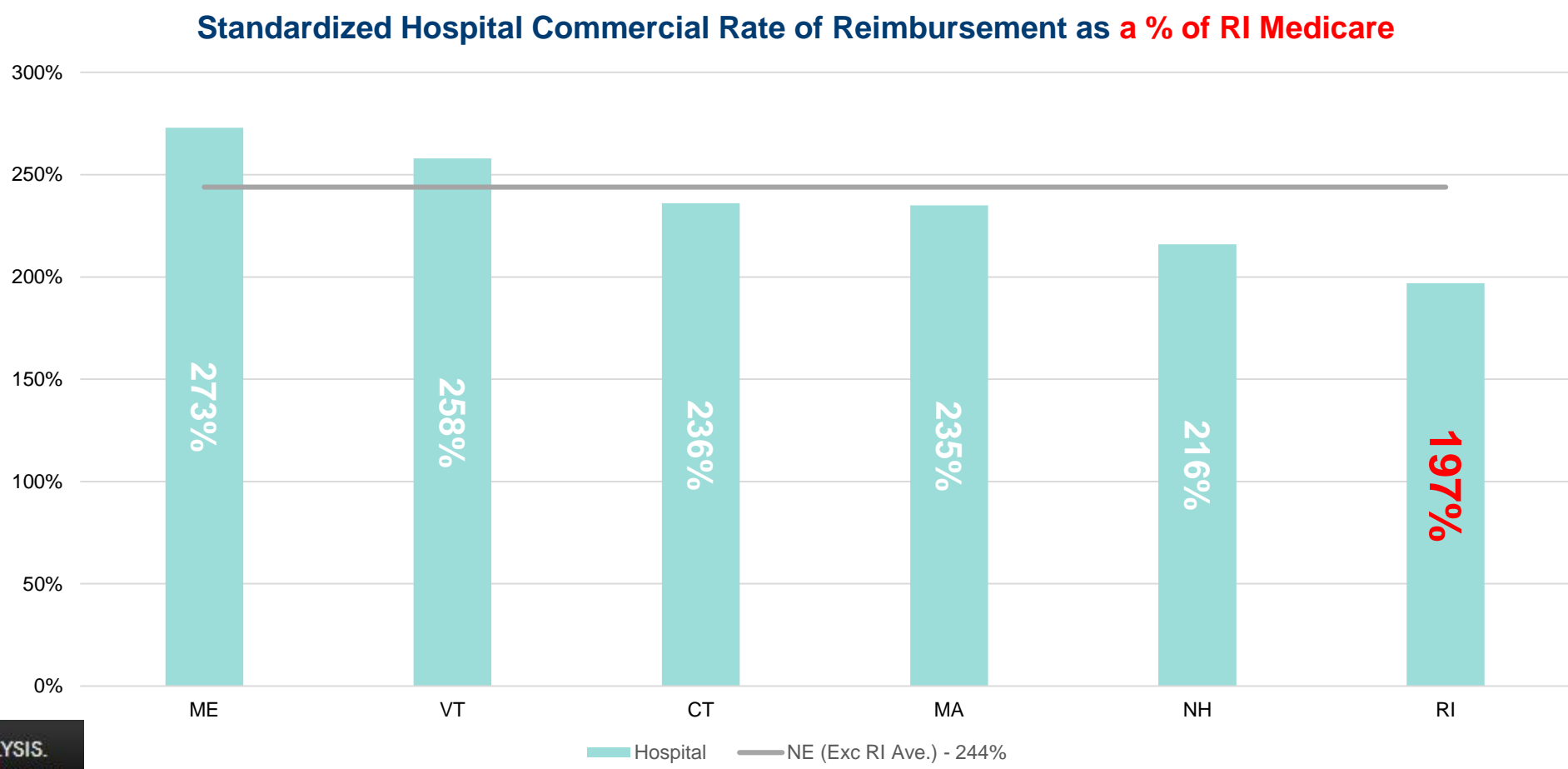


Rand 2020 Private Standardized Price, **Outpatient** (\$)



Private Commercial Standardized Prices

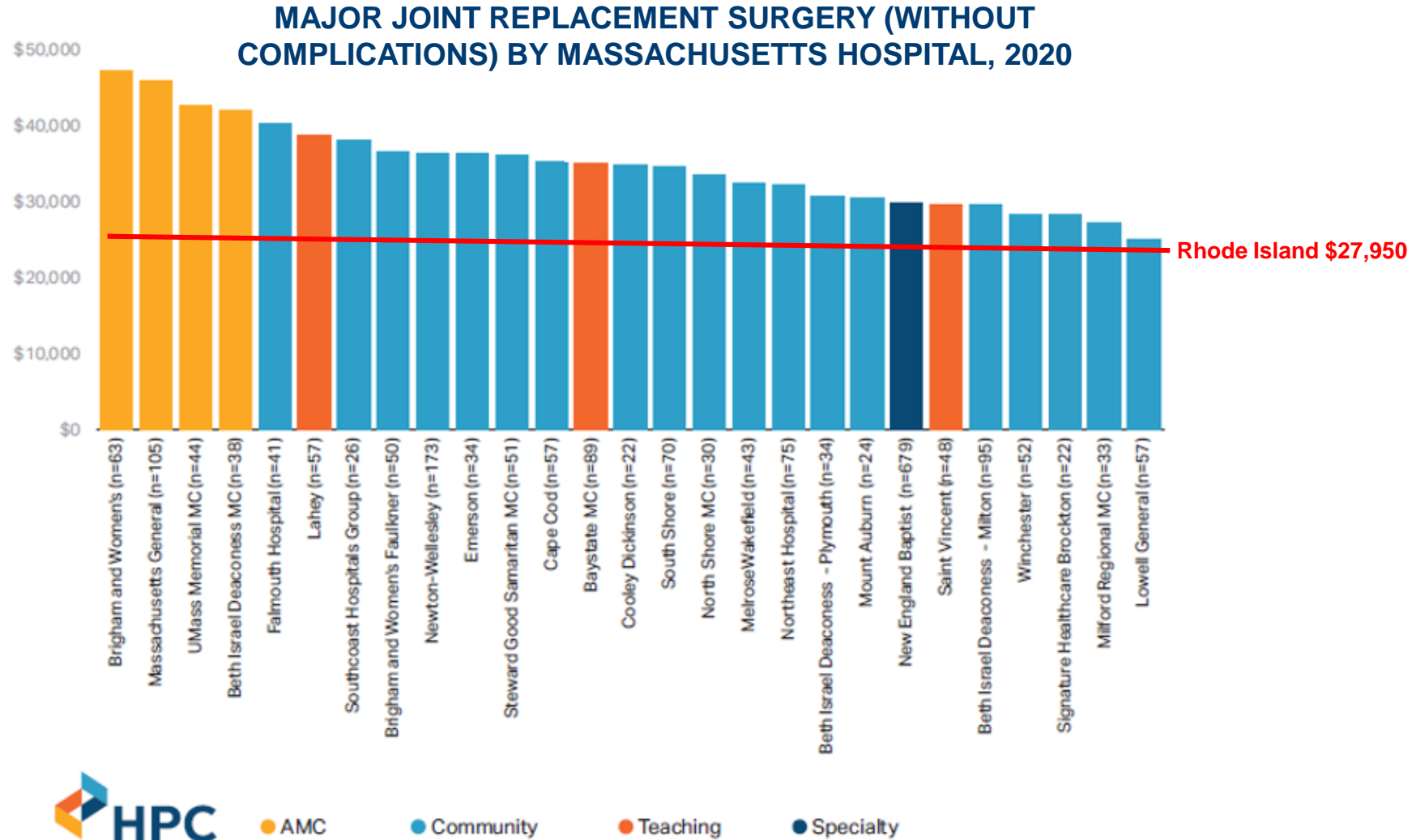
As a Percentage of Rhode Island Medicare



[Prices Paid to Hospitals by Private Health Plans - July 01, 2022](#)

Specific Examples of Commercial Rate Disparity

Rhode Island compared to Massachusetts Hospitals



AMC

Community

Teaching

Specialty

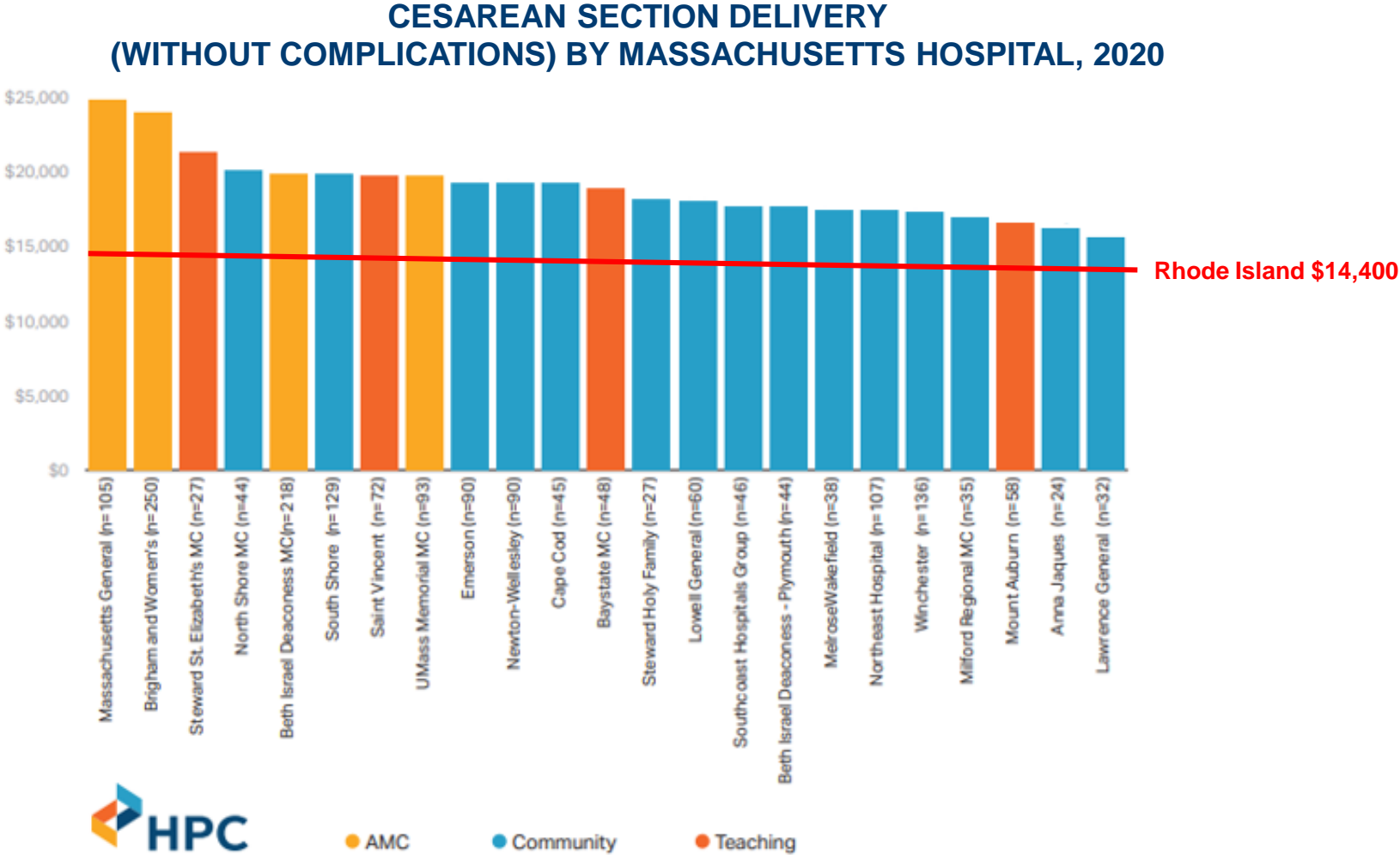
SOURCES: HPC analysis of Center for Health Information and Analysis Massachusetts All-Payer Claims Database, v10 2018-2020

Additional information available at mass.gov; Rhode Island estimated from South County Health internal data



Specific Examples of Commercial Rate Disparity

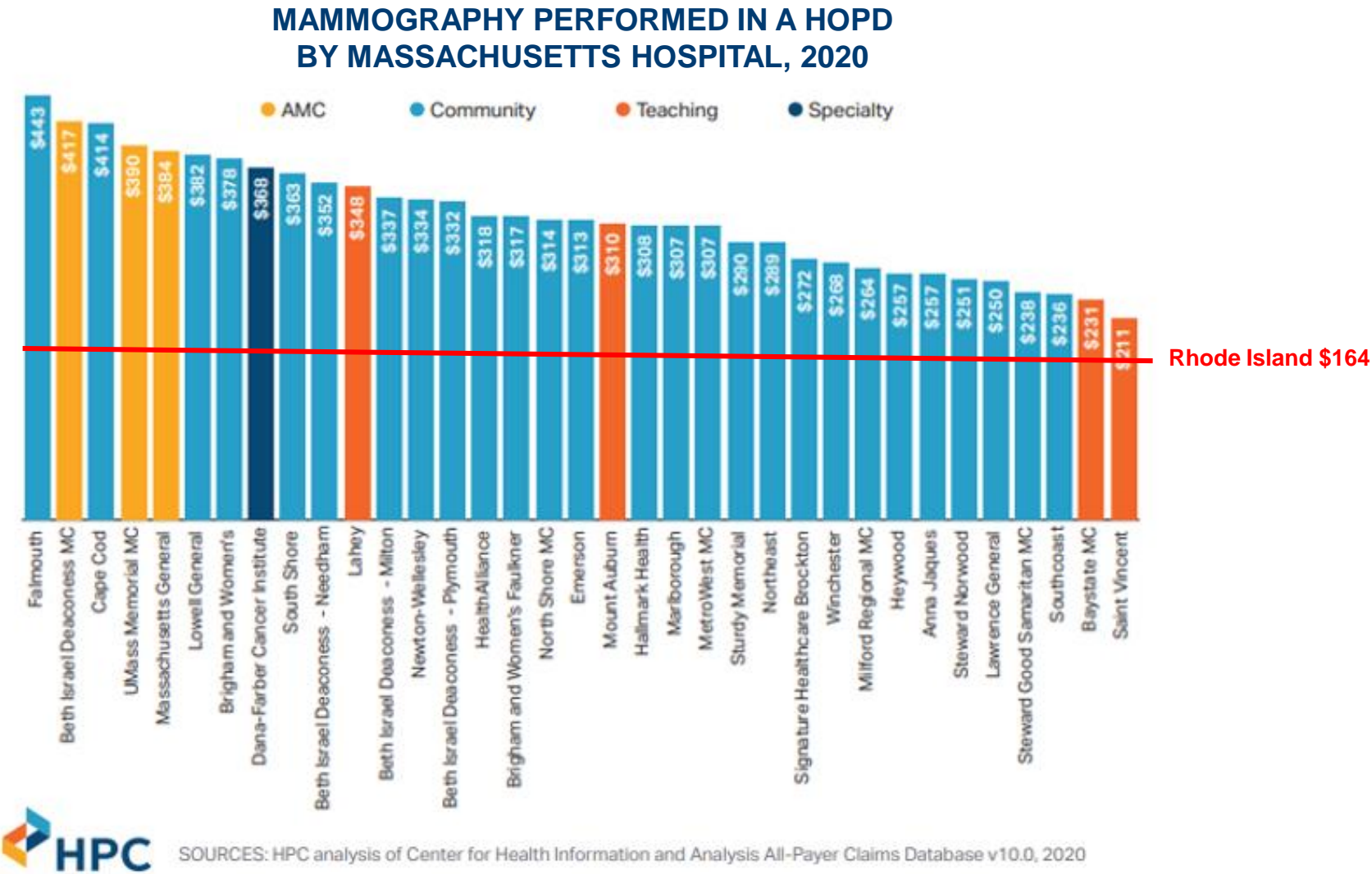
Rhode Island compared to Massachusetts Hospitals



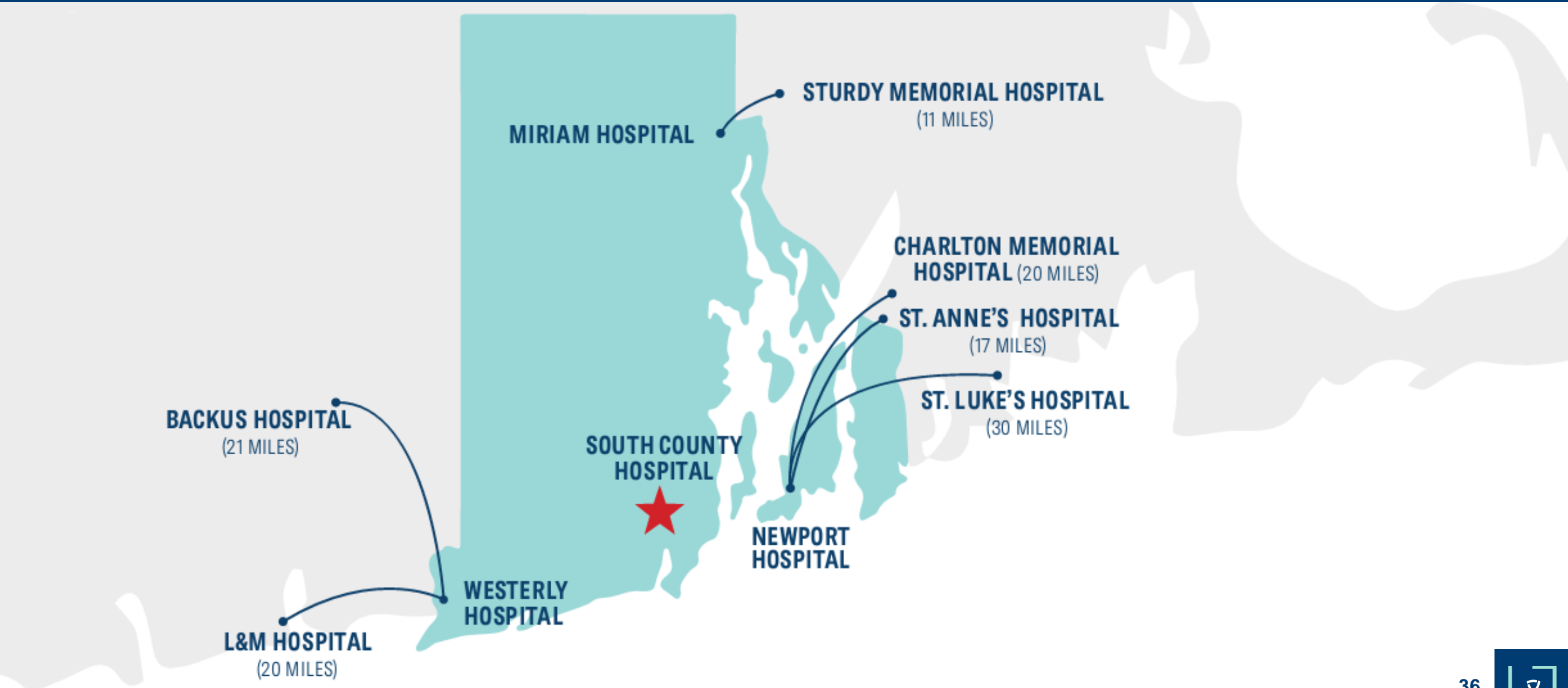
SOURCES: HPC analysis of Center for Health Information and Analysis Massachusetts All-Payer Claims Database, v10 2018-2020
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Specific Examples of Commercial Rate Disparity

Rhode Island compared to Massachusetts Hospitals



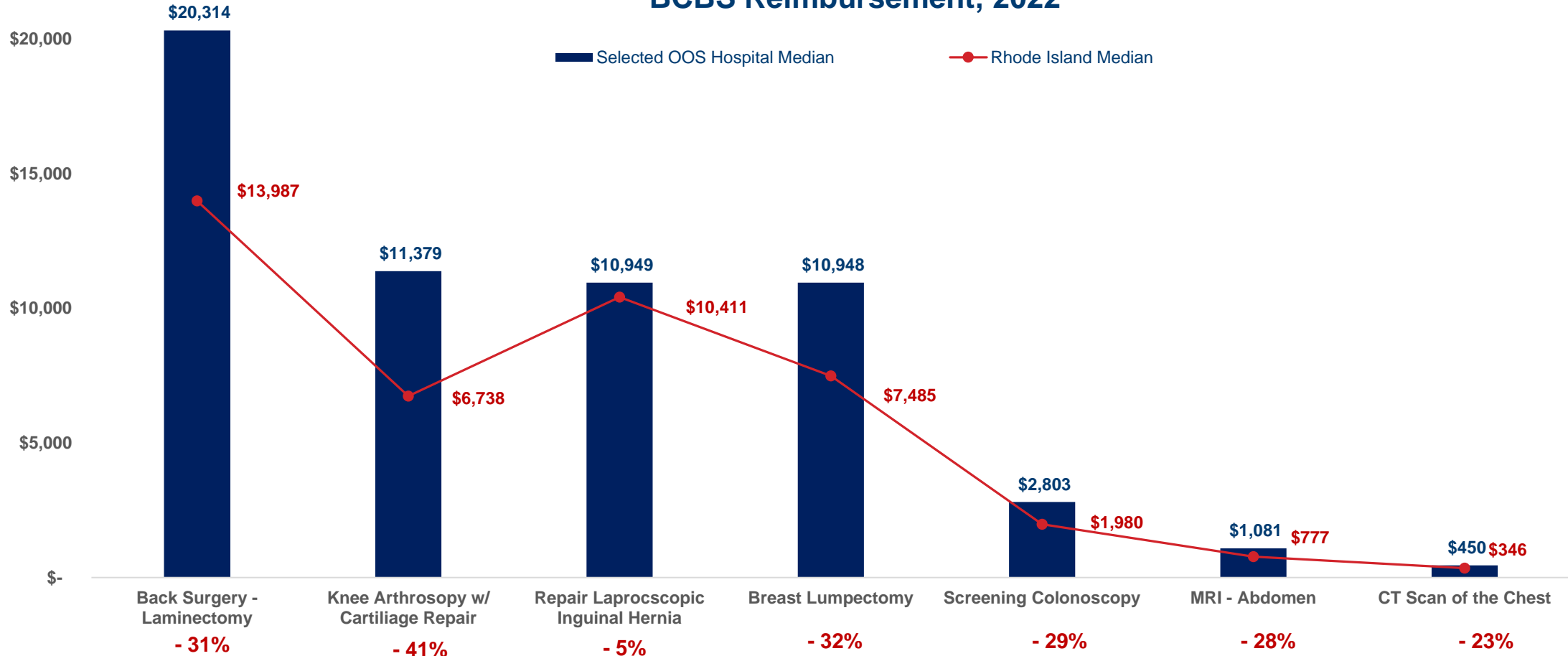
Out of State Community Hospitals Used for Benchmarking Not too Far Away for Doctors and Nurses...



Blue Cross Paying More Just Across the Borders

Blue Cross Blue Shield Payments in MA and CT

Other Common Procedures Performed in Community Hospital Settings BCBS Reimbursement, 2022





Legislative Solution

A Pathway to Regional Parity



South County (and HARI) Goal to Introduce Legislation for '24 Session

NOT a Request for General Assembly Funds Request to Change OHIC Statute

South County Health (in partnership with HARI) will seek to introduce legislation through the General Assembly that amends the Rhode Island Health Care Reform Act of 2004 – Health Insurance Oversight (§§ 42-14.5-1 – 42-14.5-5) (the “HCRA”) in an effort to avoid the continuing, severe worsening of access, quality, and safety of healthcare in Rhode Island. The General Assembly must:

1. Update the HCRA’s statement of purposes (Act, §2) of the Office of Health Insurance Commissioner (“Commissioner”) to include the achievement of regional rate parity to ensure consumer access to high quality, safe, and contemporary health systems while advancing health equity for all Rhode Islanders.
2. Require OHIC to report on the commercial “regional average rate” for hospitals and physicians.
3. In each of the three years following passage, insurers must enter into contracts increasing hospital and physician rates by one-third of the shortfall between the existing rates and the regional average rate plus the rate of healthcare inflation.
4. Beginning in 2027, insurers prohibited from entering into contracts with hospitals or physicians failing to pay less than the regional average rate and no more than 110% of regional average rate.
5. Establish a Health Insurance Board of Review to give health systems and physicians standing regarding rate decisions that adversely affect hospitals and physicians.



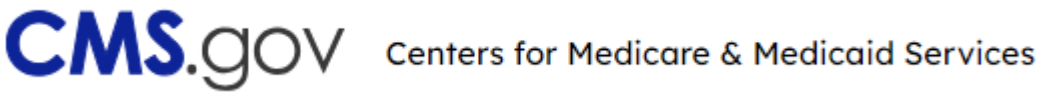


Impact on Consumers: **Minimal**

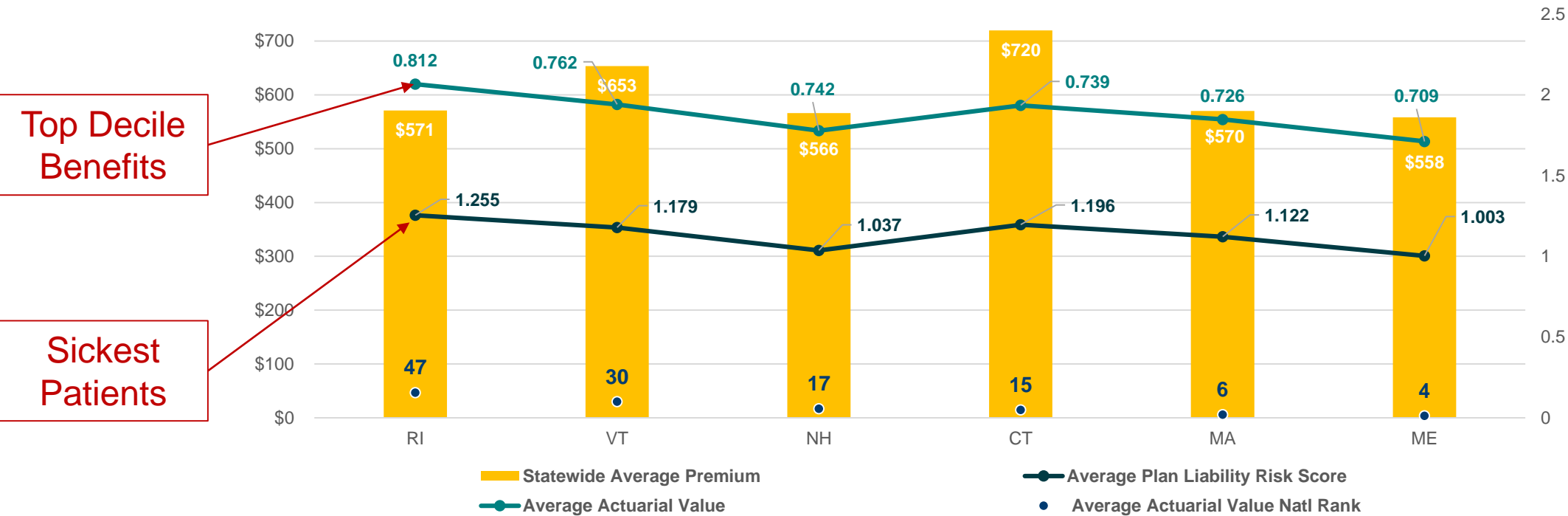


Why are Rhode Island's Premiums Similar?

Rhode Island Patients are Sicker; Benefits are Richer; Payments Significantly Lower



Rhode Island Premiums compared to Other New England States



Top Decile Benefits

Sickest Patients

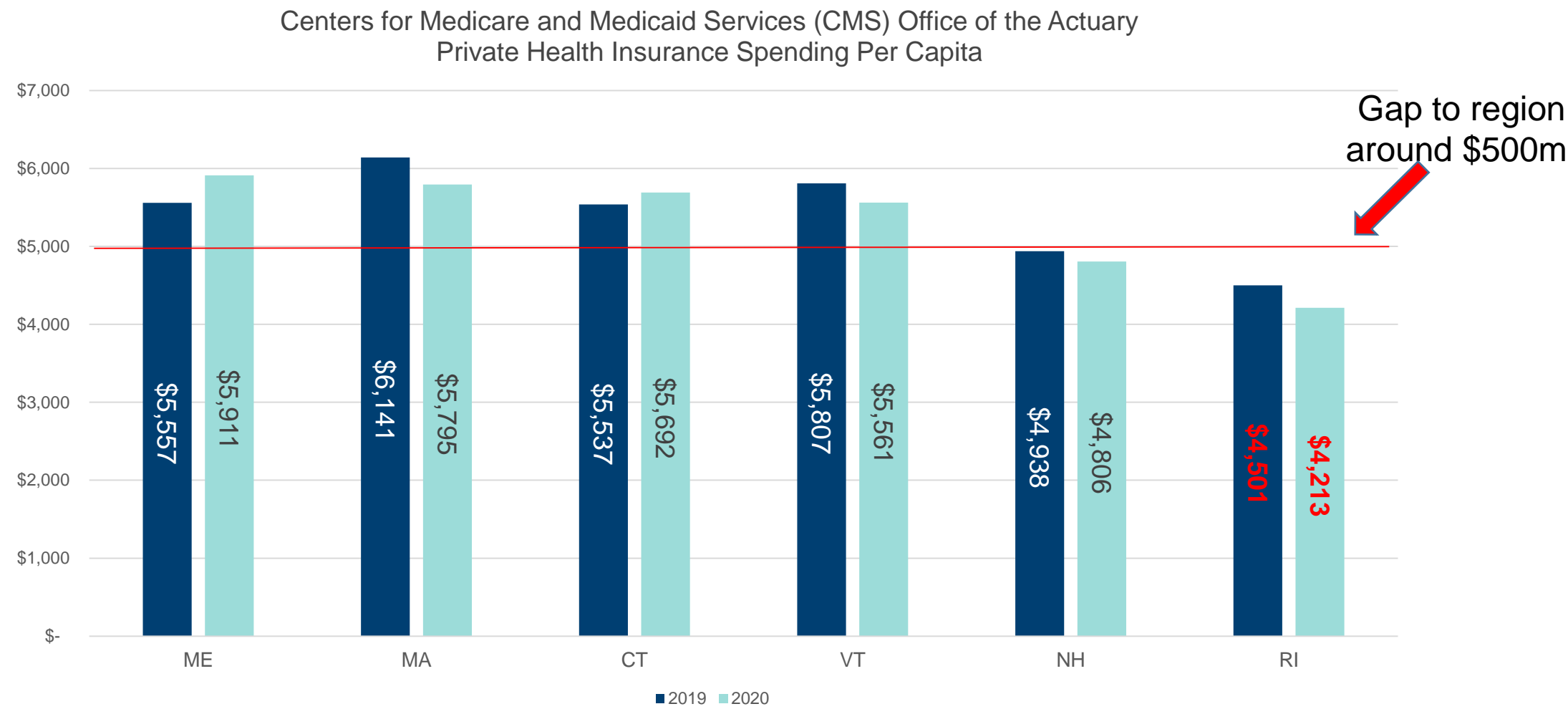
Actuarial Value is a measure of benefit richness. The higher the actuarial value score, the richer the benefits and therefore less cost sharing paid by the member

Plan Liability Risk Score is a risk score that is intended to reflect the insurer's expected cost for covering services related to its enrollees' medical conditions



CMS Office of the Actuary

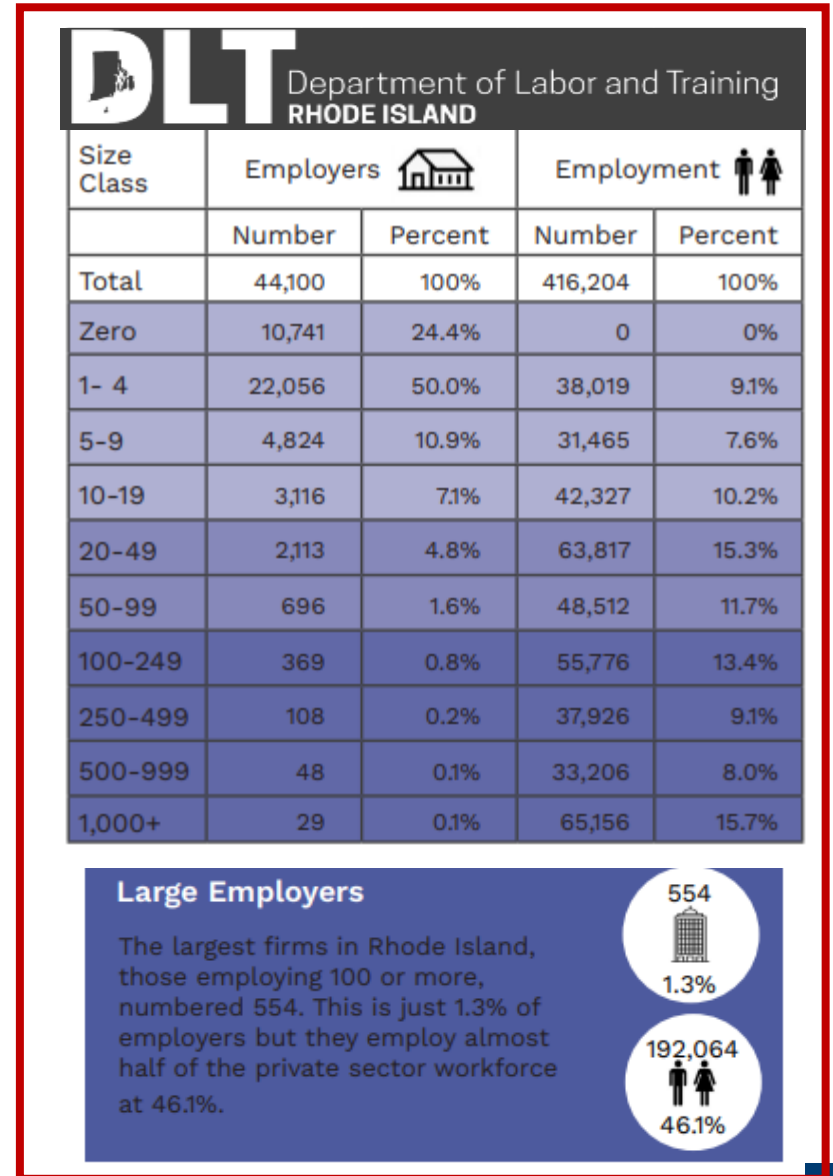
2019 & 2020 Private Health Insurance Spending per Capita – Variability by State



Bridging the Gap – Minimal Impact at the Individual Level

Relatively Small Impact on Premiums

Item <small>(all figures rounded)</small>	Item Description
\$500,000,000	Gap in RI healthcare spending
500,000	Commercially insured lives
\$1,000	Employee contribution per member per year (16% contribution)
\$83	Employee contribution per member per month (16% employee contribution)
\$521	Monthly premium
\$25	Incremental monthly impact to employers (over 3 years) per employee per month
\$4	Incremental monthly impact to employees (over 3 years) per member per month



Majority of RI Large Employers National For Profit Organizations

Billions in Profit



Are these multi-billion dollar companies worth prioritizing over community hospitals and providers?



RI Leaving Federal Funds on the Table

Low & Middle Income Families Protected Through Exchanges and Federal Subsidies

Federal subsidies associated with health insurance exchanges shield low–middle income populations that purchase insurance directly through the exchange.

The table below shows \$24 million of additional federal funds would flow into the state by raising health insurance premiums by \$1,000 per member over three years .

Item <small>(all figures rounded)</small>	Item Description
28,861	Total enrollment
84%	Percentage receiving financial assistance
24,243	Member receiving financial assistance – NO ADDITIONAL COST
\$333	Unsubsidized Annual Cost Increase (16%)
\$24,243,000	Additional Federal funds

This does not include bringing NHPRI Medicaid rates to alignment with BCBS-administered Medicaid rates.

Neighborhood Health Plan RI parity may generate an incremental \$15m–\$20m of Federal funding through subsidies for RI.

Information based on HealthSource RI Open Enrollment Facts 2023



Discussion

