



CHASE

Colorado Healthcare Affordability and
Sustainability Enterprise

Hospital Transformation Program: Proposed Rural Support Fund

What is the Rural Support Fund and how is it different from the Hospital Transformation Program?

The proposed Rural Support Fund is complementary funding to the [Hospital Transformation Program](#) (HTP) to prepare critical access and rural hospitals for future value-based payment environments.

Under the HTP, hospitals will be required to implement quality-based initiatives and projects to receive supplemental payments and demonstrate meaningful community engagement and improvements in health outcomes over time. For some rural hospital communities, layering quality-based initiatives on top of insufficient operational strategies or infrastructure may not allow the hospitals to prepare for the needs of the communities they serve or the payment methodologies of the future. Select critical access or rural hospitals will be eligible to receive additional support payments to prepare for alternative payment methodologies in the future through strategic planning and financial modeling, and then to operationalize those strategies.

Who is eligible? Who will be selected?

Not-for-profit critical access or rural hospitals meeting the criteria below are eligible to request funds through an attestation form.

Funding will be allocated to low revenue hospitals, which are defined as those that contribute to the bottom 10% of net patient revenues for all critical access or rural hospitals. Net patient revenue is determined from each hospital's Medicare Cost Report and is averaged between 2016, 2017 and 2018. In addition, funding will be allocated to hospitals with a low fund balance, which are defined as those that contribute to the bottom 2.5% of the fund balance for all critical access or rural hospitals not eligible as a result of the net patient revenue criteria. Fund balance is determined from each hospital's 2019 Medicare Cost Report.

Funding amount

Funding for rural support payments will be \$12,000,000 annually for each of the five years of the HTP, equaling \$60 million in total funding. For each qualified hospital, the annual payment is equal to \$12,000,000 divided by the total number of qualified hospitals. A qualified hospital must submit an attestation form requesting funding up to the amount available per hospital to be eligible for payment. If a qualified hospital does not request the amount available per hospital or does not submit an attestation form, the remaining funds will be redistributed to a qualified hospital demonstrating need beyond the amount available per hospital. The attestation form must be completed annually to ensure the hospital is qualified for the Rural Support Payment throughout the five-year HTP endeavor.



How can the funding be used?

Funding is expected to be available each of the five years through the HTP. The funding may be used for services to prepare the hospital for future value-based or alternative payment methodologies, including:

- Technical capacity
 - ✓ Health Information Exchange (HIE) connectivity, such as Colorado Regional Health Information Organization (CORHIO) fees;
 - ✓ Strategic planning and consulting;
 - ✓ Employee trainings to augment leadership and development abilities;
 - ✓ Data analytics;
 - ✓ Actuarial services and financial modeling for alternative payment methodologies;
 - ✓ Facilitation and/or convening of community and partner meetings with key stakeholders; or
 - ✓ Travel stipends for hospital staff to attend meetings outside of their community.
- Transformation capital to operationalize strategic plan
 - ✓ Establish or augment service lines, such as funding shared clinical resources for behavioral health or substance use disorder; or
 - ✓ Physical plant changes, such as conversion of intensive beds to ambulatory health or creating behavioral health capacity.

Provider Attestation

A draft of the provider attestation form can be found on the Rural Support Fund page of the HTP website at www.colorado.gov/pacific/hcpf/http-rural-support-fund. The attestation form asks qualified hospitals to provide a detailed narrative explaining how the hospital plans to use the Rural Support Supplemental Payments to further the HTP goals and principles.

Next steps

The Department invites any feedback and/or questions to the Rural Support Payment dedicated email address (HCPF_RSf@state.co.us) by Tuesday, Dec. 15, 2020. Following this and input from the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) Board, the attestation process will begin for qualified hospitals, with a request date of Friday, Jan. 22, 2021. The funds are expected to become available in Spring 2021.

