



Hospital Transformation Program: Proposed Rural Support Fund

Fact Sheet January 2021

PROGRAM HISTORY & OVERVIEW

The proposed Rural Support Fund is complementary funding to the [Hospital Transformation Program \(HTP\)](#) to prepare 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 rural hospitals will be eligible to receive additional support payments to prepare rural hospitals for alternative payment methodologies in the future through strategic planning and financial modeling, and then to operationalize those strategies.

Who is eligible? Who can apply? Who will be selected?

Critical access hospitals may apply. Hospitals will be evaluated based on responses to an application and year over year financial statement analysis.

Funding will be directed to hospitals demonstrating the most financial distress based on financial and utilization measures. Funding will be prioritized to low revenue hospitals, which are defined as those that contribute to the bottom 10% of all net patient revenues for all rural or Critical Access Hospitals. Net patient revenue is determined from each hospital's Medicare cost report and is averaged over the last three available years.

Funding amount

Funding for rural support payments will be \$12,000,000 annually for each of the five years of the HTP waiver, equating \$60 million in total funding.

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:

The Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) is a government-owned business within the Department of Health Care Policy & Financing.



- 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.

What can funds *not* be used for?

The funding may not be used for land or real estate investments for the sole purpose of future financial benefit, to finance or satisfy any existing debt, or to establish service lines that do not service the community's needs.

Provider Application and Agreement

A draft of the provider application and agreement can be found on the Rural Support Fund page of the HTP website at www.colorado.gov/pacific/hcpf/htp-rural-support-fund. The application serves as the Provider Agreement between the Department of Health Care Policy & Financing (the Department) and the hospital provider. The application consists of the following components:

- Objectives and goals
- Use of funds by year with activity, estimated cost, and timeframe
- Budget
- Sustainability Plan
- Reporting process and template
 - ✓ Financial reporting of each expense category
 - ✓ Narrative including process and any setbacks or challenges

Next steps

Following input from the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) Board and stakeholders, 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. Questions or comments are welcome by email at HCPF_RSF@state.co.us. For more on Affordability Toolkits please visit:

www.colorado.gov/pacific/hcpf/affordability

