

# Leading Hospitals in 2018 and Beyond

**Dennis E. Burke, President & CEO**

**October 16, 2018**

**Oregon State of Reform Health Policy Conference  
Portland, OR**





# GOOD SHEPHERD

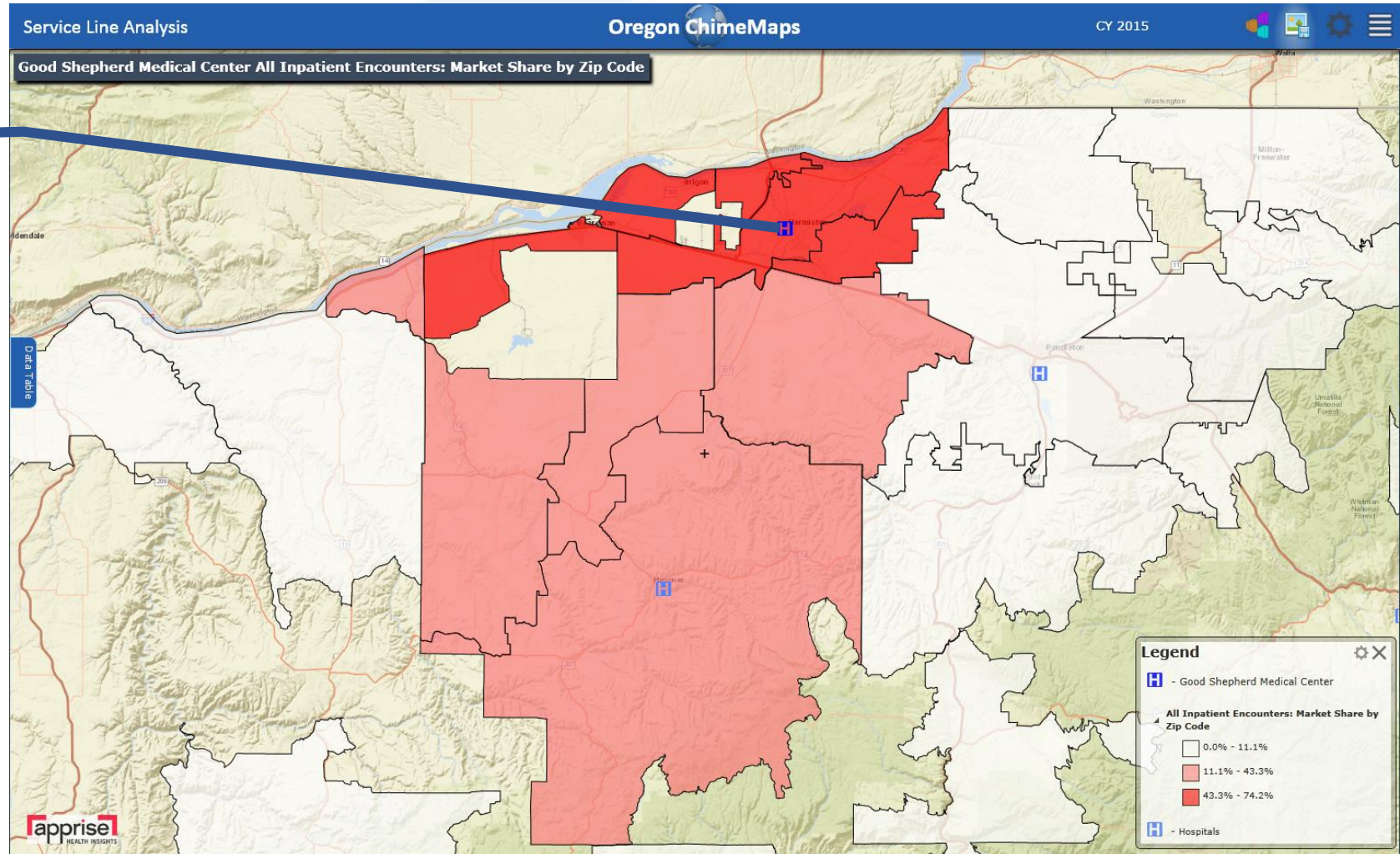
HEALTH CARE SYSTEM



# Where We Are Located and Who We Serve

## Inpatient Analysis

610 NW 11<sup>th</sup> Street  
Hermiston, OR  
97838



# Who We Are

## Critical Access Hospital

- Serving Western Umatilla County and Morrow County in Eastern Oregon.
- Hospital provides Inpatient and Outpatient Surgery, Laboratory, Diagnostic Imaging, ER with Level III Trauma Center, Family Birth Center, Inpatient Med/Surg and CCU, Wound Care and IV Therapy. We also provide Hospice, Home Health, Personal Home Care Service and have a Home Medical Equipment (HME) retail outlet.
- Good Shepherd Medical Group employs 40 providers and provides Cardiology, Chiropractic, Endocrinology, Family Practice, Urgent Care, OB-GYN, Internal Medicine, Orthopedics, Pediatrics and Urology.
- Employee 700 individuals living throughout Eastern Oregon and Southeastern Washington.
- Independently owned and operated, DNV-accredited health care system.
- Our mission is to provide compassionate, high quality, and accessible health care, and to promote a healthy community.

# Most Pressing Challenges

- Recruitment
- Recruitment & Retention
- Recruitment & “Grow Your Own”

# Recruitment and Retention

## “Grow Your Own” Physicians

- More PNW Medical Schools
- Residency Programs
  - Oregon Graduate Medical Education Consortium (OGMEC)
  - Rural Training Track Partnership (Kadlec, St. Anthony, Good Shepherd)

## Other Professional Associations

- Nursing Schools (Blue Mtn. Community College, Walla Walla Community College, Eastern Oregon University, OHSU)
- Subsidizing Instructors (St. Anthony & Good Shepherd)
- Affiliation With Other Schools (i.e. Oregon Institute of Technology)

# Recruitment

## Physicians and Qualified Healthcare Staff



Matthew P.  
Carlson, DO,  
Urgent Care



Christopher K.  
Scott, DC, Pain  
Management



Lina Castillo,  
MD, Pediatrics



Angie Hays,  
ARNP, Women's  
Center



Kelli  
Stephenson,  
CNM, FNP-C,  
Women's Center

2017 – 2018 Fiscal Year Recruitment

# Reimbursement Challenges

## Critical Access Hospitals

- Maintain CAH Cost-Based Reimbursement
- 340B Program
- Higher deductible & Co-Pay Insurance Plans (Silver, Bronze & Minimal)
- Bad Debt and Charity Care Increasing
- Tightening Authorizations
- Second Opinion Programs
- Broadening Array of “Never Events” (All or nothing reimbursement)



# Volume Challenges

## Losing Traditional Business

- Inpatient Volume Decreasing (as percentage of total business)
- Sub Specialties (Urology, Obstetrics, General Surgery, Orthopedics)
- Don't Have the "Day Business" to Support Night and Weekend Call
- Other "Disruption Innovation" (Telehealth, "Box Store" Clinics, Ambulatory Surgical Centers, Urgent Cares, Free-Standing ERs)

# Increase In Costs

- Labor (Professional, Technical, Non-Technical)
- Supply Costs
- Drug Costs (Luxturna Gene Therapy for Blindness \$850,000)
- Behavioral Health Costs (Unmet Need, ER Boarding)
- Regulatory Costs / Administrative Costs (\$7.6 million estimated for average-sized community hospital – non-clinical regulatory requirements)
- Sequestration
- Site-Neutral Policies
- ER Usage Increasing Due to Lack of Primary Care

# Rural Areas Perform Worse In:

- Adult Smoking
- Adult Obesity
- Teen Pregnancy
- Uninsured Rates
- Preventable Hospital Stays
- Education
- Children Living in Poverty
- Injury Deaths
- Behavioral Health

# Something's Got to Give

Does this make sense? Hospital at the Fulcrum of Cost Containment

## Supply/Regulatory Costs

- Supply Costs
- Labor Costs
- Regulatory Costs
- Social Determinant of Health Costs

## Reimbursement/ Alternative Technology

- Reduced Payments
- Alternative Medicine
- Authorizations & Second Opinions
- Sequestration
- Value-Based Purchasing

**Hospitals**

# Universal Healthcare

## SOCIALIZED HEALTHCARE

- United States 18% Annual GDP
- England 10% Annual GDP
- Canada 11% Annual GDP
- Germany 11% Annual GDP
- Taiwan 7% Annual GDP???

# Alternative Payment Structure

## UNIVERSAL COVERAGE

- Medicare for All
- Single Payer
- Role of Private Coverage (Primary Coverage or Supplemental Coverage)

# Medicare/Medicaid Options

- Medicare for All
- Medicare for More (e.g. 55+ buy-in)
- Medicare X (competitive Medicare commercial plan marketed through exchanges)
- Medicaid Buy-in (directly competitive Medicaid plan marketed through exchanges)

# Future of Rural Health

## ONGOING CHALLENGES

- Low Volumes
- High Percentage Public Payers
- Regulatory Burden
- Shift from Inpatient to Outpatient Services
- Behavioral Health
  - Opioid Crisis
- Inadequate Primary Care
- Recruitment



# Rural Options

- RURAL EMERGENCY MEDICAL CENTER (REMC)  
S1130 HR 5675
- Discontinue Inpatient Care
- 24/7 Emergency/Observation/Ambulance/Transfer Center
- Skilled Nursing
- Outpatient Services

# AHA Rural Policy Priorities

- Fair and Adequate Reimbursement
- New Models of Care
- Regulatory Relief
- Health Information Technology (PIP – Promoting Interoperability Program)
- Workforce Development
- Prescription Drug Pricing

Questions?

