BECKER'S HEALTH IT & CIO REVIEW

Rural Healthcare Needs More Than Just Money, It Needs Solutions

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Lately there's been increasing discussion around how to help rural and community hospitals cope with the transition to value based reimbursement.

Some are looking to legislation like the Save Rural Hospitals Act, which would increase reimbursement and pull back regulation. While this would undoubtedly help with immediate fiscal challenges, it wouldn't address the fundamental, structural problems that cause rural facility revenue shortfall in the first place.

What good is increased reimbursement if you don't have a patient to treat, or a doctor to perform? To borrow from my medical colleagues, it's a secondary solution for a primary problem. We must first address these issues, otherwise we'll be putting millions of dollars into a failing system. For many, telemedicine is a key element of the comprehensive solution they need.

Defining the Problem

Thin margins are pushing rural facilities to the brink, but in my work at one of the busiest middle market healthcare restructuring firms in the country, I've seen that it's a different problem keeping hospital executives up at night: attracting and retaining doctors.

Since the urban shift began in the 1970s, rural facilities have tried with limited success to attract physicians. Doctors, like many young, upwardly mobile cohorts, increasingly prefer the lifestyle offered in urban areas. Today 10 percent of US doctors live in rural areas, where they must treat 20 percent of the US population. This means that the doctors that choose to live in rural areas have to take on more than their fair share, working nights, weekends, and long hours. Doctors are burnt out at an ever-alarming rate, so it's no shock that many choose to go to better staffed urban locations.

The problem gets fiscal when we look at specialists. With dwindling patient bases (again, from the shift of young people), there often isn't enough specialist work to justify a full time position at a rural facility, so the hospital doesn't staff those roles. If a patient needs specialist care that isn't locally available, that patient goes to a larger tertiary facility in an urban area. This is the hub and spoke model.

This lack of necessary care – more than the level of reimbursement – is why 25 percent of rural hospitals are expected to close within the next 10 years. These hospitals don't need reimbursement dollars thrown at them, they need the ability to offer the appropriate level of services and specialties that will earn them a sustainable net reimbursement level.

Telemedicine

Despite its increasing popularity, the aforementioned hub and spoke model is unideal for everyone involved. The patient and his or her relatives must make an unhappy, long commute for what could be continuing care, the rural facility loses the potential specialist reimbursement from the transferred patient, and rural physicians

Telemedicine helps all three groups by allowing qualified doctors to provide a consultation via remote livestream video screen. For patients, their licensed specialist advises an in-room nurse or nurse practitioner on which tests to administer, with the specialist engaging his or her skillset virtually. This is especially helpful in the areas of stoke, nephrology, psychiatry, and cardiology. Using the same setup, remote doctors can relieve small town physicians of their workplace bane: night and weekend duty. Improving lifestyle factors like night call makes recruitment and retention immensely easier. With both doctors and patients happily using rural facilities, these hospitals are able to increase reimbursement by providing more treatment.

We're already seeing this model turn around rural hospital finances. At Eagle Telemedicine, where I am COO, I've seen patient volume skyrocket. By 2018, we expect to reach 5,000 patient admissions annually – that's more than 140% growth in annual admission averages. Today, there is no longer frenzied conversation about physician understaffing and revenue shortfall. Everyone realizes there is a solution.

How to Make It Work

This is not to say that your elected officials can't help rural hospitals. Telemedicine has challenges, and I do think legislation could help. This is where fixing reimbursement makes sense.

Currently, insurers often won't pay nearly as much for a telemedicine consult as they would for a traditional in-person visit. Some hospitals have chosen to take this reimbursement hit in exchange for increased patient volume, but reimbursement levels remain a strong disincentive.

Over a dozen states have enacted parity laws, and nationwide parity legislation would insure that hospitals in all states can get the telemedicine reimbursement they deserve. With this forward-thinking solution, we can turn around hospitals nationwide, allowing them to continue providing quality care for the long term.

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