36TH ANNUAL AHA RURAL HEALTH CARE | LEADERSHIP CONFERENCE

FEBRUARY 19-22, 2023 | SAN ANTONIO, TX

JW MARRIOTT SAN ANTONIO HILL COUNTRY

American Hospital Association™

Advancing Health in America

AHA Events

North Country Healthcare – a regional approach to rural healthcare delivery

Tom Mee RN BSN MBA – Chief Executive Officer, North Country Healthcare

Michael Peterson FACHE – President and CEO, Androscoggin Valley Hospital


CMC
New England Heart
& Vascular Institute
Androscoggin Valley
HOSPITAL
ONE
WAY

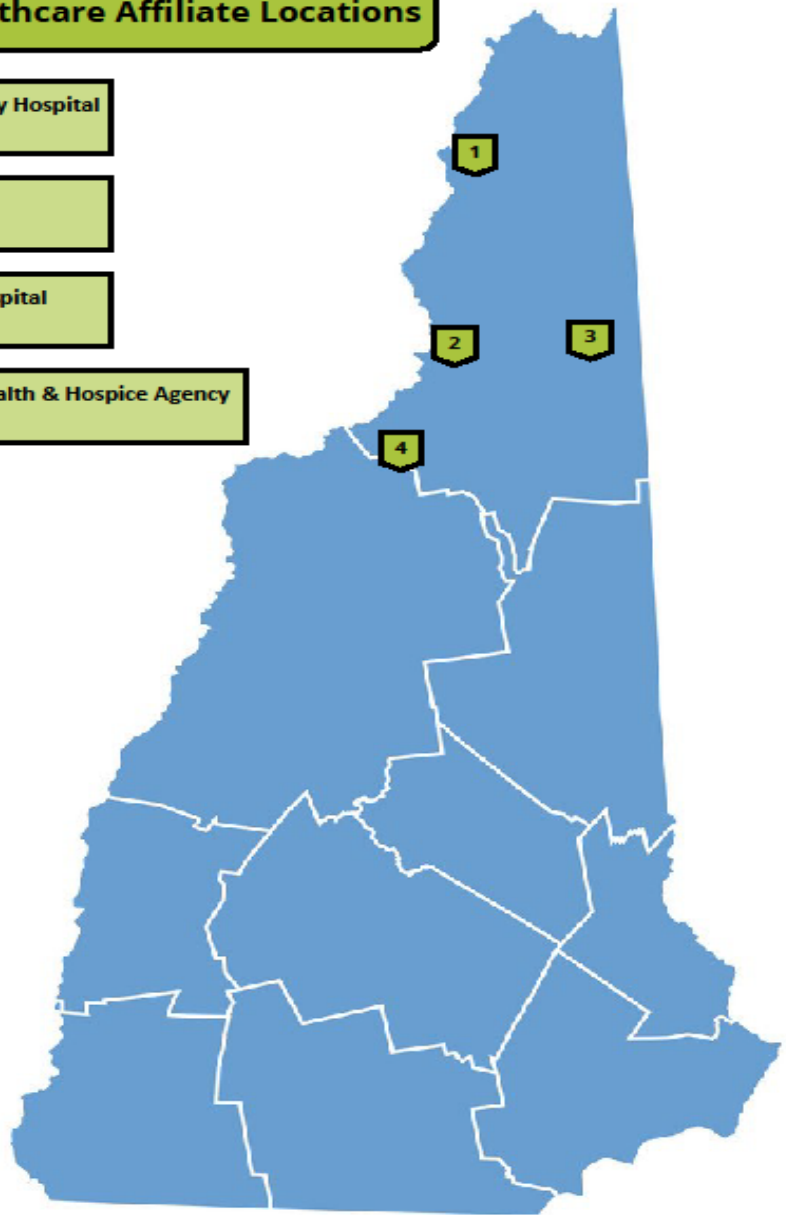

NCH
Weeks Medical Center
EMERGENCY
HOSPITAL MAIN ENTRANCE
LANCASTER CLINIC


EDWARD "EDDIE" NASH
EMERGENCY DEPARTMENT
EMERGENCY
MAIN ENTRANCE
AMBULANCE
Welcome!
No Smoking
On Our Campus


NORTH COUNTRY
HOME HEALTH & HOSPICE AGENCY

North Country Healthcare Affiliate Locations

1. **Upper Connecticut Valley Hospital**
   Colebrook, NH
2. **Weeks Medical Center**
   Lancaster, NH
3. **Androscoggin Valley Hospital**
   Berlin, NH
4. **North Country Home Health & Hospice Agency**
   Littleton, NH



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Understanding Integrated Health Systems

- Integrated care should not be narrowly defined, but instead should be viewed as an overarching principle for a broad and multidisciplinary set of ideas and principles that seek to better co-ordinate care around people's needs.

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Stakeholder Definitions of Integration

- Health system perspective - health services that are managed and delivered so that people receive a continuum of health promotion, disease prevention, diagnosis, treatment, disease-management, rehabilitation and palliative care services, coordinated across the different levels and sites of care within and beyond the health sector, and according to their needs throughout the life course
- Leadership perspective - The process that involves creating and maintaining, over time, a common structure between previously independent stakeholders … for the purpose of coordinating their interdependence in order to enable them to work together on a collective project
- Social science/public health perspective - Integration is a coherent set of methods and models on the funding, administrative, organizational, service delivery and clinical levels designed to create connectivity, alignment and collaboration within and between the cure and care sectors. The goal of these methods and models is to enhance quality of care and quality of life, consumer satisfaction and system efficiency for people by cutting across multiple services, providers and settings. Where the result of such multi-pronged efforts to promote integration lead to benefits for people the outcome can only then be called “integrated care”
- Patient perspective - I can plan my care with people who work together to understand me and my providers, allow me control, and bring together services to achieve the outcomes important to me

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History

Approximately 15 years ago, Androscoggin Valley Hospital specialists began offering services including those listed below at Weeks Medical Center and Upper Connecticut Valley Hospital - facilities which would later become North Country Healthcare (NCH) affiliates:

- Ear, Nose, Throat/Allergy
- Neurology
- Obstetrics/Gynecology

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Why the Affiliation?

- Healthcare reform requires an emphasis on citizens' overall health, and on value over volume. Small hospitals can not achieve these goals alone.

- Together through integration and standardization the combined economies of scale can ensure the financial sustainability of our four hospitals.

- Independently each hospital cannot be all things to all people. As a system, we can help ensure maintaining services in our region.

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Mission

The mission of NCH is to improve lives by assuring consistently excellent, integrated healthcare.

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Vision

Healthy and empowered rural communities supported by our model of excellence and sustainability

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Key Questions - *What is best for the community?*

INDEPENDENCE	AFFILIATION
By retaining local control the hospital would not be subject to any changes imposed by a parent, changes the community might perceive is not best for residents.	Affiliation also does not assure sustainability, the hospital will still be required to implement substantial change. Affiliation will, however, enhance the ability of the hospital to implement change through system programs and services, i.e. cost reduction, shared programs, care management. The affiliated hospitals will also enhance sustainability with a larger population to serve under population health financing.

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Key Questions -

Are the hospitals currently meeting the health care needs of their communities and are they capable of developing the programs and services necessary to support future needs?

INDEPENDENCE	AFFILIATION
With patients in the service area going elsewhere for care it can be argued that the health care needs not being met. Individual hospital efforts to reduce loss of patients to hospitals out of the area have met with limited success.	Through affiliation the hospitals can collaborate to develop centers of excellence that will offer more local service, enhance quality and reduce cost.

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Key Questions - *Is maintaining local control/autonomy essential for each hospital?*

INDEPENDENCE	AFFILIATION
Independence assures local control over the hospital operations, its strategy and its assets, but does not ensure sustainability.	With any affiliation there is some loss of control. The amount of loss of control is mitigated by careful development of the parent board governance structure and reserved powers as well as the individual hospital's participation in the governance and management of the parent.

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Key Questions - *What level of operating profitability is necessary to ensure stand-alone competitiveness? Can each hospital maintain and sustain that level of profitability?*

INDEPENDENCE	AFFILIATION
Maintenance of operating margin is somewhat independent of affiliation as each hospital must do this under both options, necessitating continued aggressive management of costs and identification of revenue opportunities.	Through reduced operating and capital costs affiliation will ease some of the burden to achieve profitability. More important, collaboration with other providers can have substantial impact on the cost of delivering care; such impact is far more difficult for the independent hospital.

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Key Questions - *What is the competitive position of the individual hospitals within the market?*

INDEPENDENCE	AFFILIATION
Individual hospitals will continue to address potential leakage through improved ease of access, quality and patient experience, and partnerships with tertiary hospitals to bring specialists to community.	Working together through affiliation and with NH tertiary care centers will result in a more successful solution to leakage – all parties will be incented to provide care in the North Country assuming it can be done for lower cost and comparable quality. An affiliation can enhance the perceived expertise people are seeking through partnership in the system, local presence of system providers, and introduction of system community clinical services.

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Key Questions - *How will changing competitive and market dynamics affect the hospitals' ability to grow, achieve scale, and attain the volumes and market share essential for ongoing viability?*

INDEPENDENCE	AFFILIATION
The individual hospital will seek opportunities to participate in ACO's possibly joining with other regional hospitals while also seeking a closer tertiary relationship without corporate affiliation; will work with area physicians to partner where necessary for outpatient services; will establish limited centers of excellence through contractual relationship	Working together the hospitals can more effectively participate in an integrated ACO and physician organization, encouraging growth beyond current service area to benefit both the system and tertiary hospital, can offer centers of excellence from established programs, can introduce new technology either at reduced capital cost or through shared programs with other system members.

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Key Questions - *Is the hospital positioned to participate in health care reform and other population health initiatives?*

INDEPENDENCE	AFFILIATION
Each hospital's ability to measure and improve quality, manage care across a broad continuum and assume risk is limited by its size and technology. The individual service area population is too small to sustain risk. The hospital will, therefore, contractually partner with other hospitals, regional/tertiary, to provide the infrastructure needed.	Working in collaboration with a larger system the four hospitals will be able participate in several new payment models for Medicare, Medicaid, and commercial payors. Collaboration will provide access to the infrastructure required to support care coordination and management of risk.

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Key Questions -*Have the hospitals achieved consistent success in attracting providers and employees to the organization?*

INDEPENDENCE	AFFILIATION
Recruiting and retention will continue to be a challenge, particularly for physicians. The individual hospital may work with regional hospitals to jointly recruit physicians and to develop shared coverage that can reduce the numbers of physicians needed, but will be limited by anti-trust.	Working together the hospitals can more efficiently provide physician and other clinical staff across the region reducing duplication of services.

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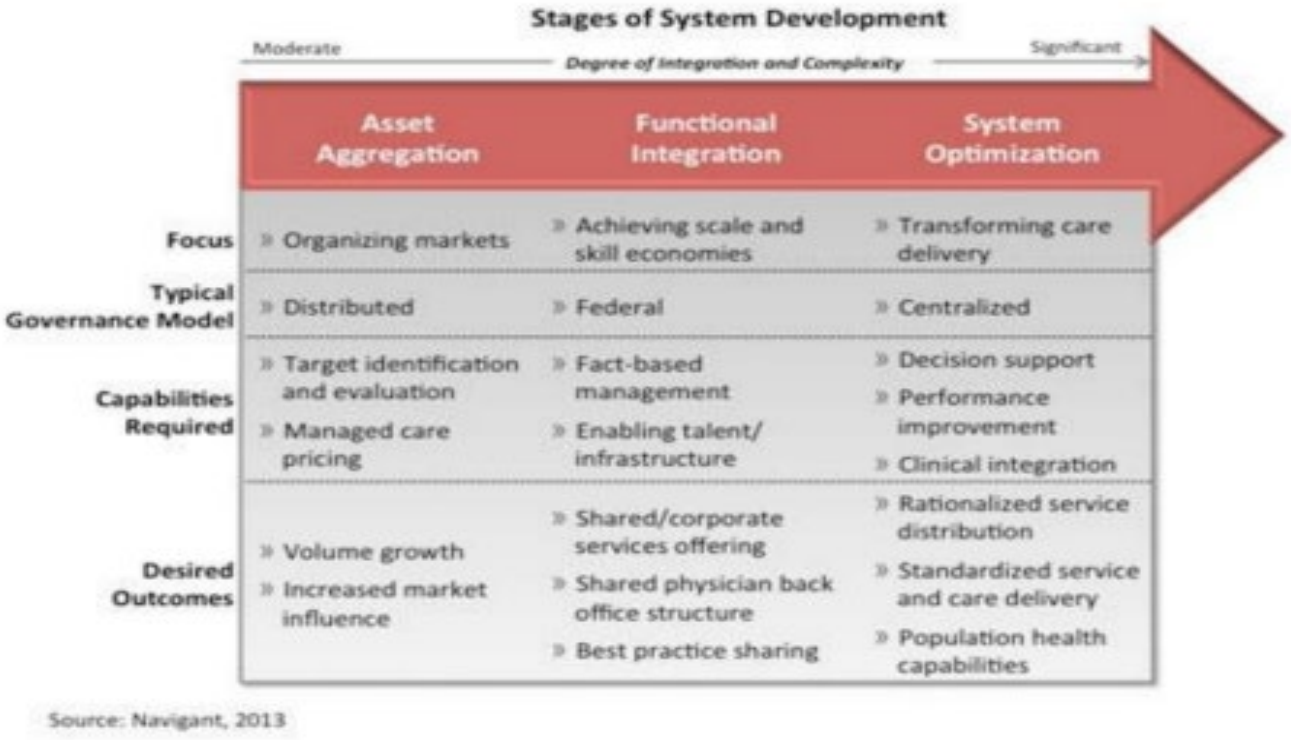
Article – *Navigating the Stages of System Development (October 7, 2013)*



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Potential Organizational Structures

- Merger/Consolidation - not practical for a number of reasons, the greatest being that the hospitals must remain under 25 inpatient beds to retain critical access licensing.
- Joint Venture - the hospitals would form a mutually owned unit in order to complete a specific goal. In this scenario, the hospitals remain completely separate, and are only together to achieve their common identified goal.
- Network Affiliation - the hospitals establish a new network entity to complete specified functions. The individual hospitals would keep their established identities, but also create new branding of certain services under the new network affiliation with the goal of achieving efficiencies not possible previously.
- Common Parent - a new corporation is established to serve as the 'sole corporate member' of the existing hospitals. The current hospitals remain in place, but a higher significant authority now exists. The current hospitals would cede some of their authoritative power to the new entity.

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History

2014 - Formal affiliation process of the following healthcare entities began (Letter of Intent submitted):

- Androscoggin Valley Hospital
- Littleton Regional Healthcare
- Upper Connecticut Valley Hospital
- Weeks Medical Center

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History

2014 – 2016:

- Community Forums Held
- Business Plan Developed
- Affiliation Submission Sent to Attorney General

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History

2016:

- Affiliation approved by Attorney General
- North Country Healthcare (NCH) introduced. 1,400 staff – area's largest employer
- Four independently-governed, critical access hospitals, each with individual Presidents.
- Independent control of assets and charitable endowments
- NCH Board of Directors formed

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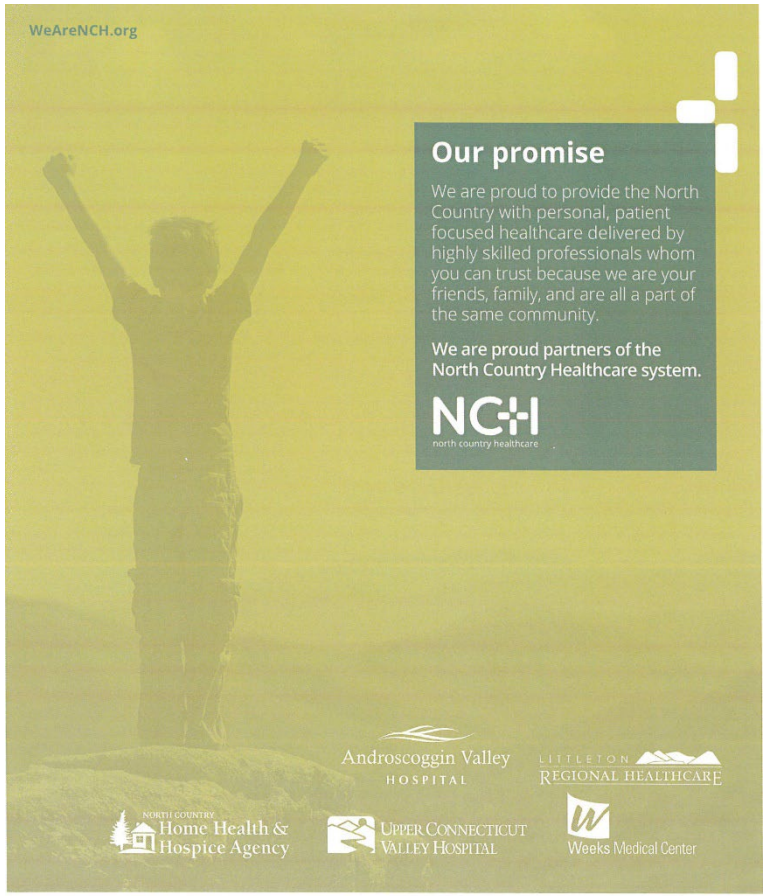
History

2016:

Internal and external marketing campaign.



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History

2018 – North Country Home Health and Hospice Agency added as a formal affiliate, providing additional resources and integration.

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History

2019:

Internal and external marketing plan to redefine remaining entities within minds of consumers

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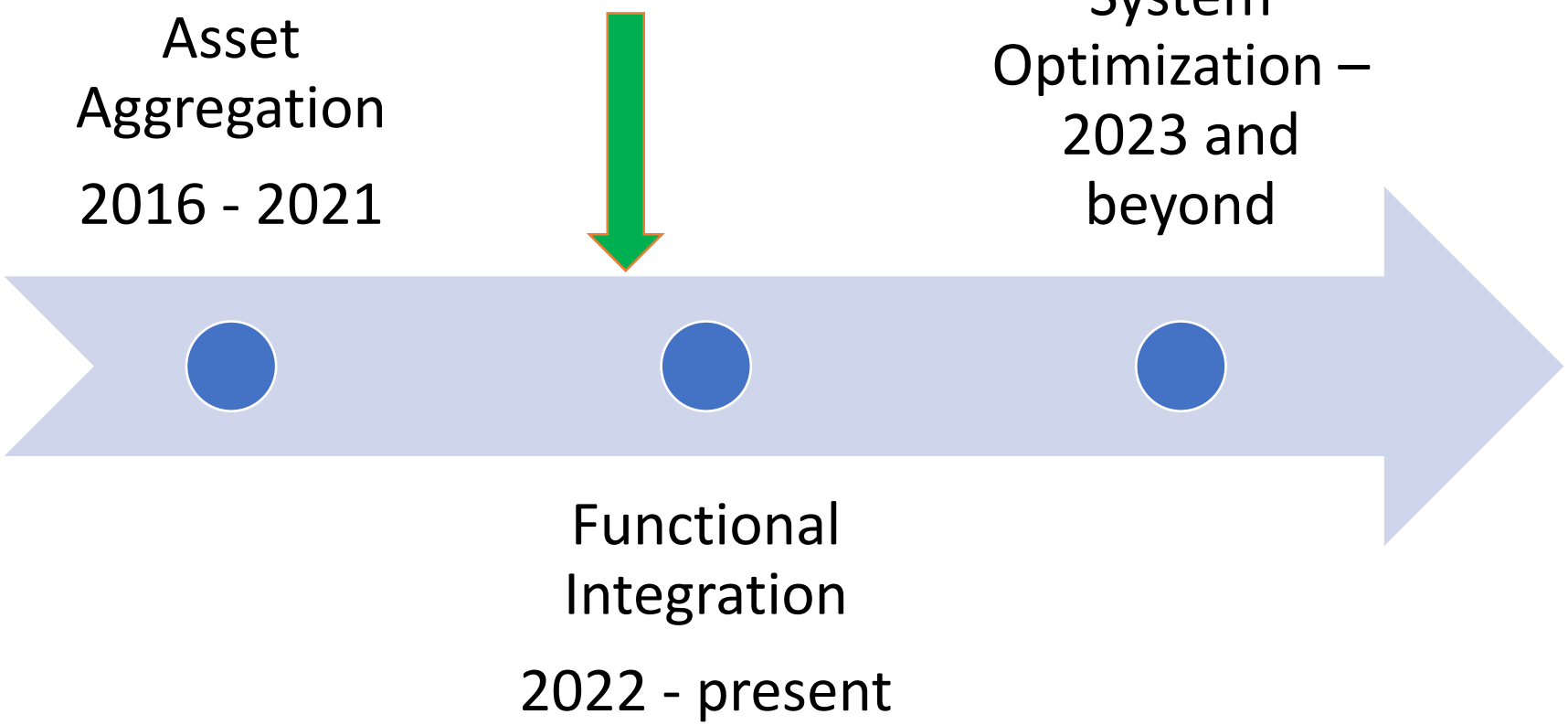
NCH Evolution



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Affiliate Specific Expectations

- Continuing to meet the mission of the hospital, recognizing specific objectives as articulated in the hospitals strategic plan
- Continue to improve the clinical care and patient service provided to the community
- Ensure access to care for the hospitals service area, adding locally provided services as feasible
- Realize financial goals related to operating margin, and access to capital
- Support medical staff to provide patient care consistent with organization goals and community need
- Maintain competitive salaries for employees
- Continue local philanthropy; retain control of current philanthropic assets
- Retain appropriate local autonomy for governance while ensuring local participation in system planning and decision making.

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Management Services Agreement – Core Elements

- Outlined a one-time, now lapsed, right to withdraw
- Agreement to furnish management and administrative services
- Management duties and services to be performed:
  - Parent executive officer
  - Hospital executive officer
  - System management services
  - Reservation of core responsibilities
- Coordinated activities and plans
- Fundamental system commitment
- Funding and payment of parent operating costs

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NCH Intent – Original Bylaws

- To preserve the ability of each Affiliate to provide core services;
- To align the missions, clinical services, and economic interests of the Affiliates;
- To develop a highly coordinated health care network that will improve the quality, increase the efficiencies and lower the costs of healthcare delivery in the communities served by the Affiliates;
- To protect the ability of the Affiliates to perform their existing charitable mission in the future, and;
- To broaden the charitable missions of the affiliates to embrace a commitment to the New Hampshire North Country

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NCH Governance

Bylaws:

- The NCH Board consists of:
  - Chair of each affiliate board
  - Two (2) appointees for each affiliate
  - Four (4) At-Large directors appointed by the NCH Board
  - NCH CEO (ex officio)

- Term limits:
  - Four (4) consecutive three-year terms

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NCH Governance

Major Matters (Article IV, Section 7(b))

- The bylaws outline numerous actions that require approval at affiliate and system levels:
  - **Major Organizational Matters**
  - **Major Operational Matters**
    - Special Approval Power in the Case of Major Operational Matters (Article IV, Section 7(c))
      - NCH Board override on Major Operational Matters if one or more affiliates reject a proposed action (requires 75% of NCH board to approve override)

NCH Governance

- Major Organizational Matters
  Article IV, subparagraphs 7(b)(i) through 7(b)(xiii)

  - Amendment of affiliate or NCH bylaws
  - Election of NCH directors
  - Election of affiliate directors
  - Dissolution of an affiliate
  - Merger or consolidation
  - Incurrence of debt in excess of 3% of revenues
  - Material disposition or acquisition of assets
  - Appointment or removal of NCH CEO
  - Appointment or removal of affiliate president
  - Adoption or modification of a financial or investment management policy

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NCH Governance

- Major Operational Matters
  Article IV, subparagraphs 7(b)(xiv) through 7(b)(xxii)

  - NCH operating and capital budget
  - Affiliate operating and capital budgets
  - Material deviation from approved capital budgets
  - Adoption of compensation and benefit programs
  - Approval of IT systems
  - Approval of financial accounting systems and auditors
  - Addition, elimination, or major change to clinical services

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NCH Governance

- Bylaws provide for committees of the board:
  - Executive
  - Finance (and Compensation subcommittee)
  - Governance
  - Quality
  - Ethics
  - Other committees as deemed appropriate

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Authority Matrix

	Governance Function	System Board	System CEO	Affiliate Board	Affiliate President	Source in Governing Documents
A	Organizational Functions					
1. Organizational Documents						
1.1	Amendment of System Articles or Bylaws	Must initiate; must approve by 2/3rds vote.	-	Must approve by 2/3rds vote.	-	Bylaws, Major Organizational Matters ("OM")
1.2	Amendment of Affiliate Articles or Bylaws	May initiate; must approve by majority vote.	-	May initiate; must approve by majority vote.	-	Bylaws, OM
2. Nominations, Appointments and Removals						
2.1	Election of System Directors	Nomination, as applicable; approval by majority vote.	-	Nomination, as applicable.	-	Bylaws, OM
2.2	Election of Affiliate Directors	Approval by majority vote.	-	Nomination; approval by majority vote.	-	Bylaws, OM
2.3	Removal of System Board Member	Majority vote of remaining directors	-	-	-	System Bylaws
2.4	Removal of Affiliate Board Member	-	-	2/3rds vote of remaining directors.	-	Affiliate bylaws

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Successful Integrations

- Standardized quality markers and reporting for all patients
- Standardized protocols, internal referral network plan, and operating practices
- Centralized and standardized recruitment activities and retention practices for providers and staff
- A business analytics unit for NCH

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Successful Integrations

- Standardized job titles, pay grades, shift differentials and pay practices
- A common payroll and common employee benefits, including a health insurance plan
- Centralized and standardized Quality Services, Risk Management, Corporate Compliance

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Successful Integrations

- Centralized and standardized Laboratory Services and Pharmacy
- Centralized and standardized Radiology Services and Rehabilitation Services
- Centralized and standardized Materials Management Services

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Successful Integrations

- An overarching marketing plan including standardized logos and brand guidelines
- Integration of Home Health and Hospice Agency as an affiliate
- A Chief Information Officer with responsibility for standardizing Information Technology System

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Successful Integrations

- Participation in a Community Care Organization
- Electronic Performance Manager (Employee Evaluations)
- System-wide Employee Engagement Surveys and Affiliate-Driven Improvement Initiatives

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Clinical Services

Standardize and, where appropriate, centralize clinical services, ensuring that consistent high quality patient experiences and clinical outcomes are achieved across the system.

Tactics Include:

- Quality Initiatives
- Medical Staff Credentialing
- Centers of Excellence
- Patient Experience
- Standardization of Clinical Services

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Business Operations

Develop a single efficient and effective Business Operations Unit standardizing business functions including, but not limited to, human resources, purchasing, and financial operations.

Tactics Include:

- Centralization of Payroll and Benefits
- Centralized Revenue Cycle
- Group Purchasing Organization
- Quality, Corporate Compliance, and Risk Management
- Price Transparency

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Information Technology

Develop a comprehensive approach to health information technology, while moving to a state of the art, standardized platform to allow our Team to deliver an improved patient experience.

Tactics Include:

- IT System Inventory
- Interoperability
- Common IT Platforms

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Communications

Ensure effective and timely two-way communication with our internal stakeholders and the communities we serve through a common centralized approach to marketing, branding, and system-wide communications.

Tactics Include:

- Common Approach to Marketing and Branding
- Intranet for System Communication

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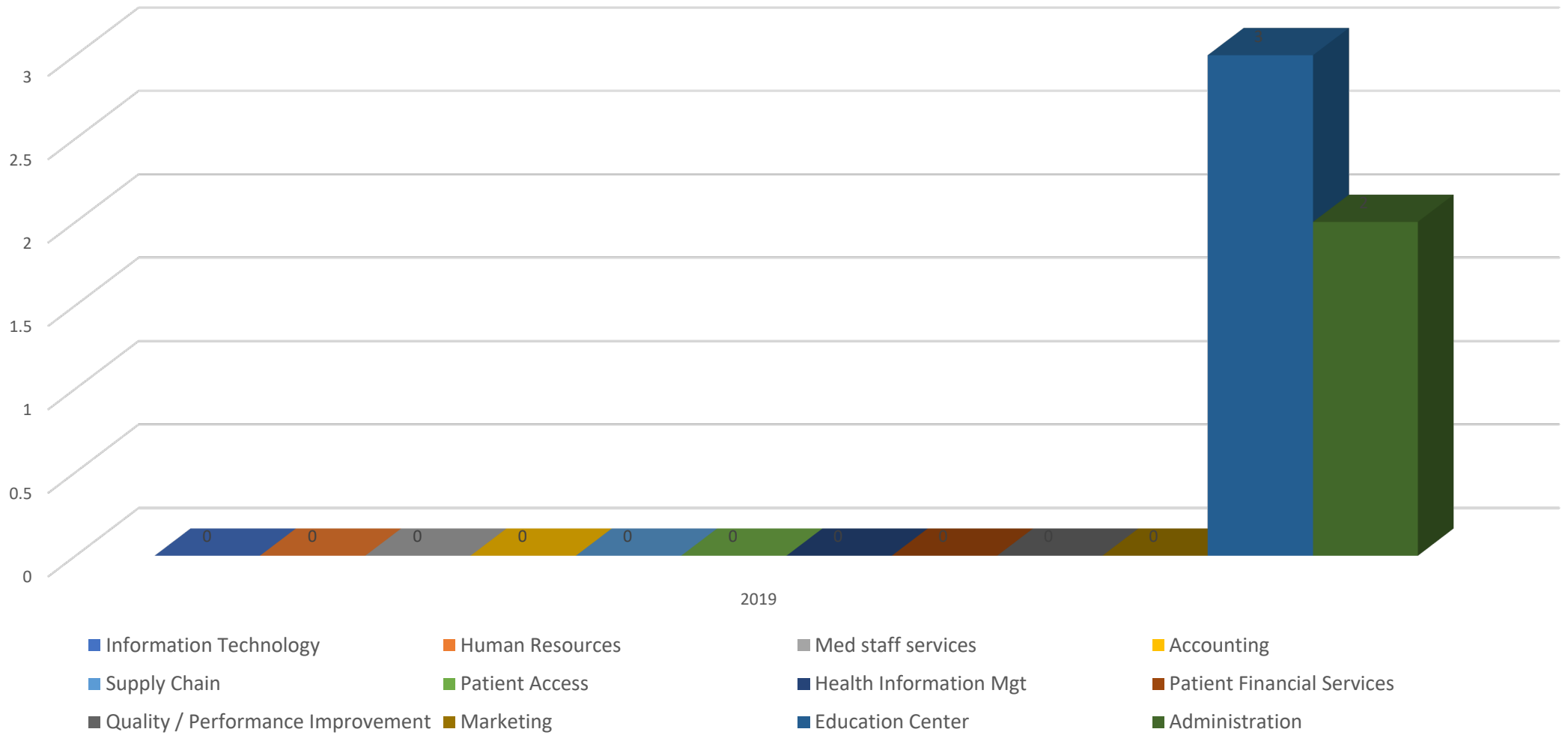
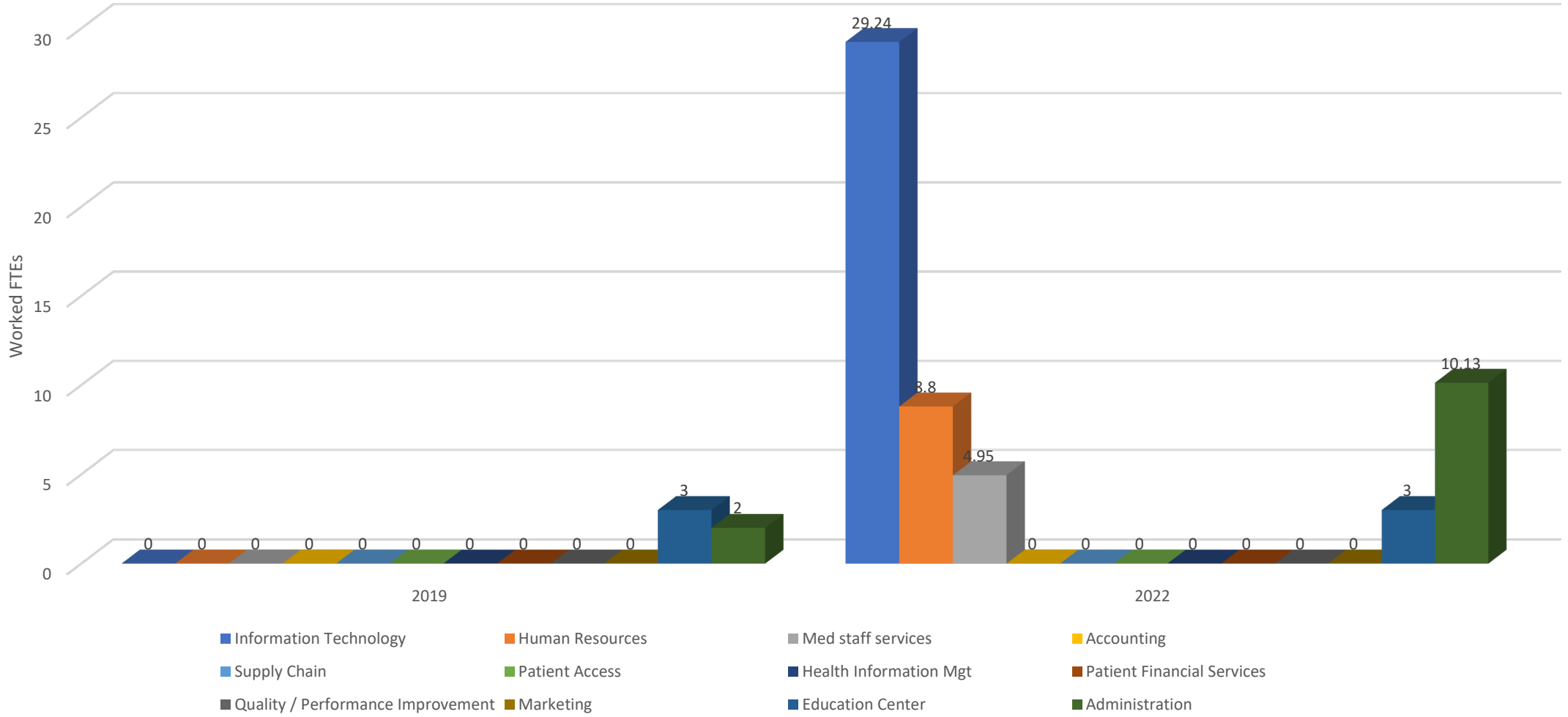
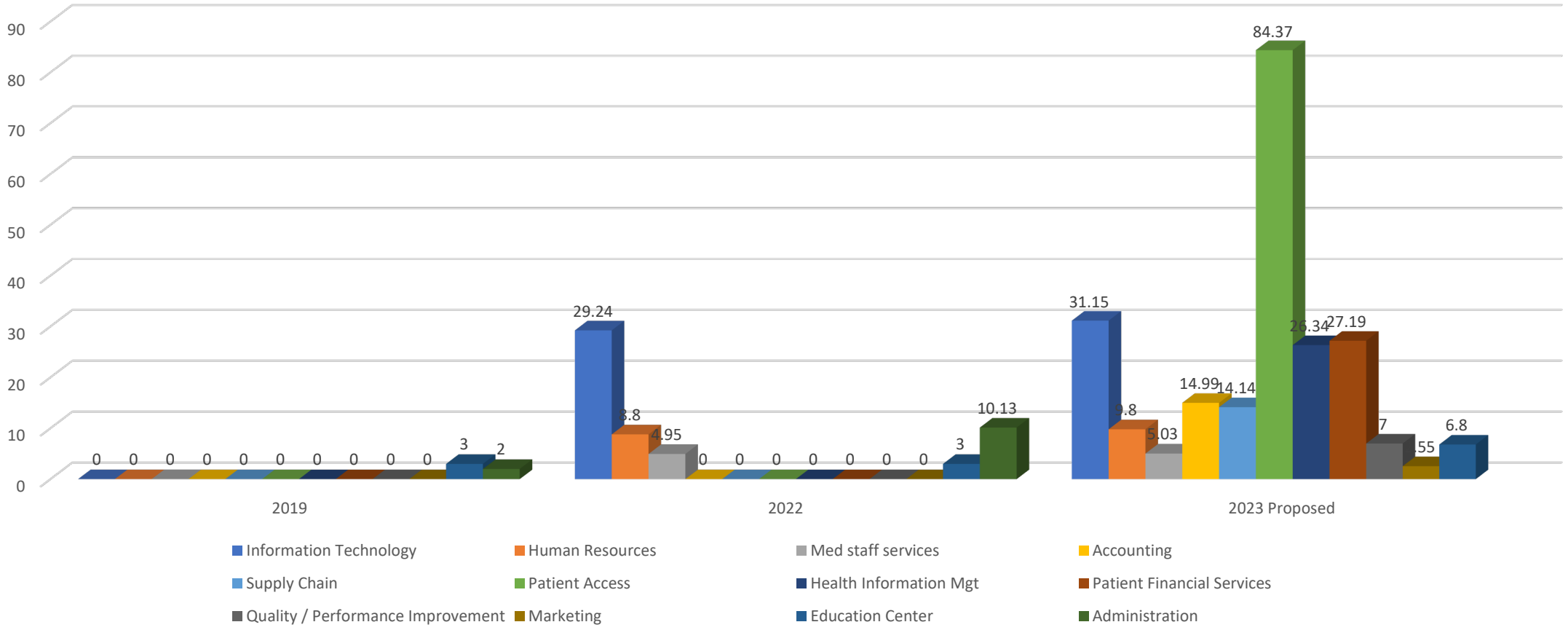
NCH Infrastructure 2019 FTEs



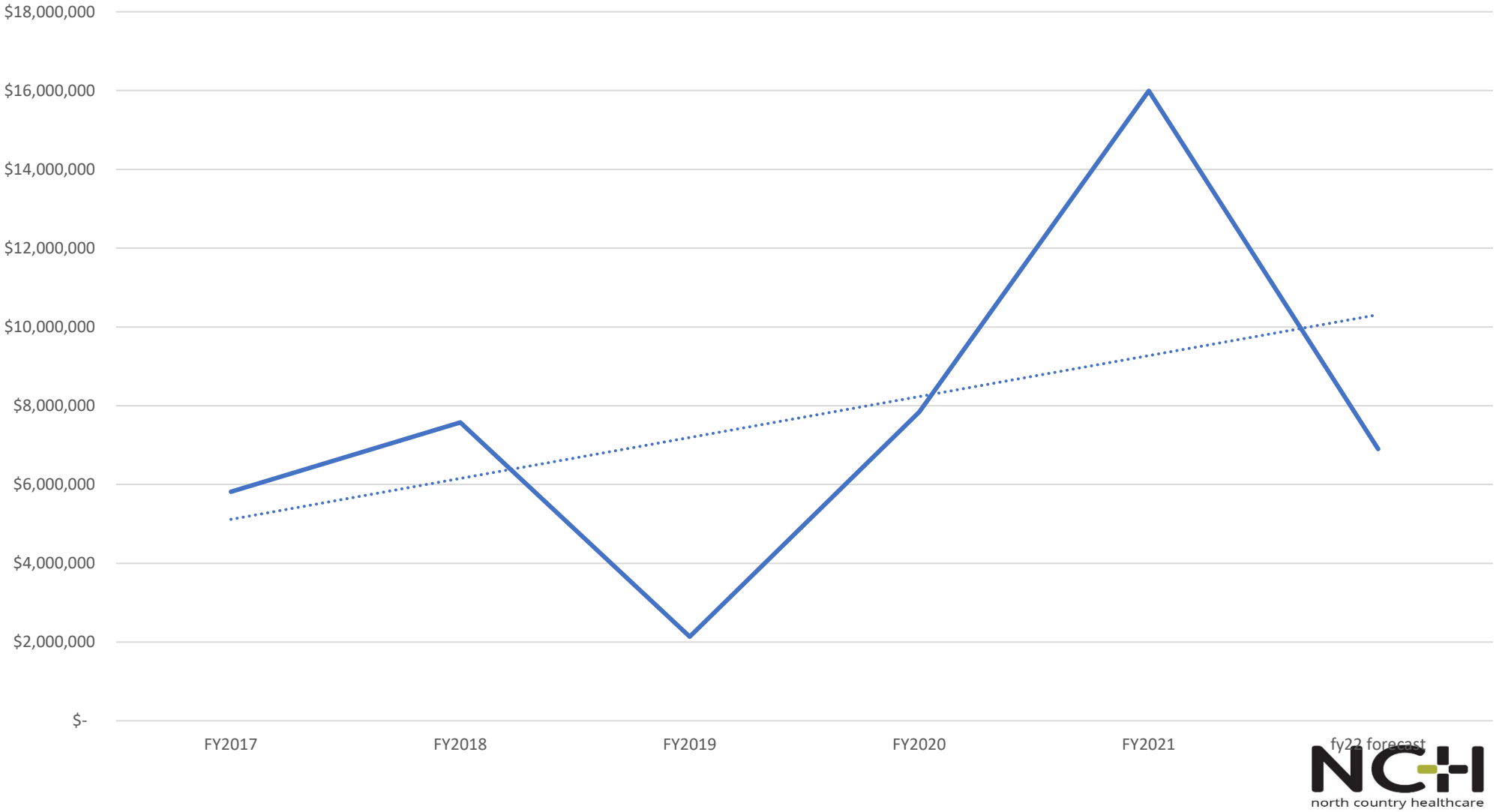
NCH Infrastructure 2019 – 2022 FTEs



NCH Infrastructure 2019 – 2023 (proposed) FTEs



Trend in Net Operating Income



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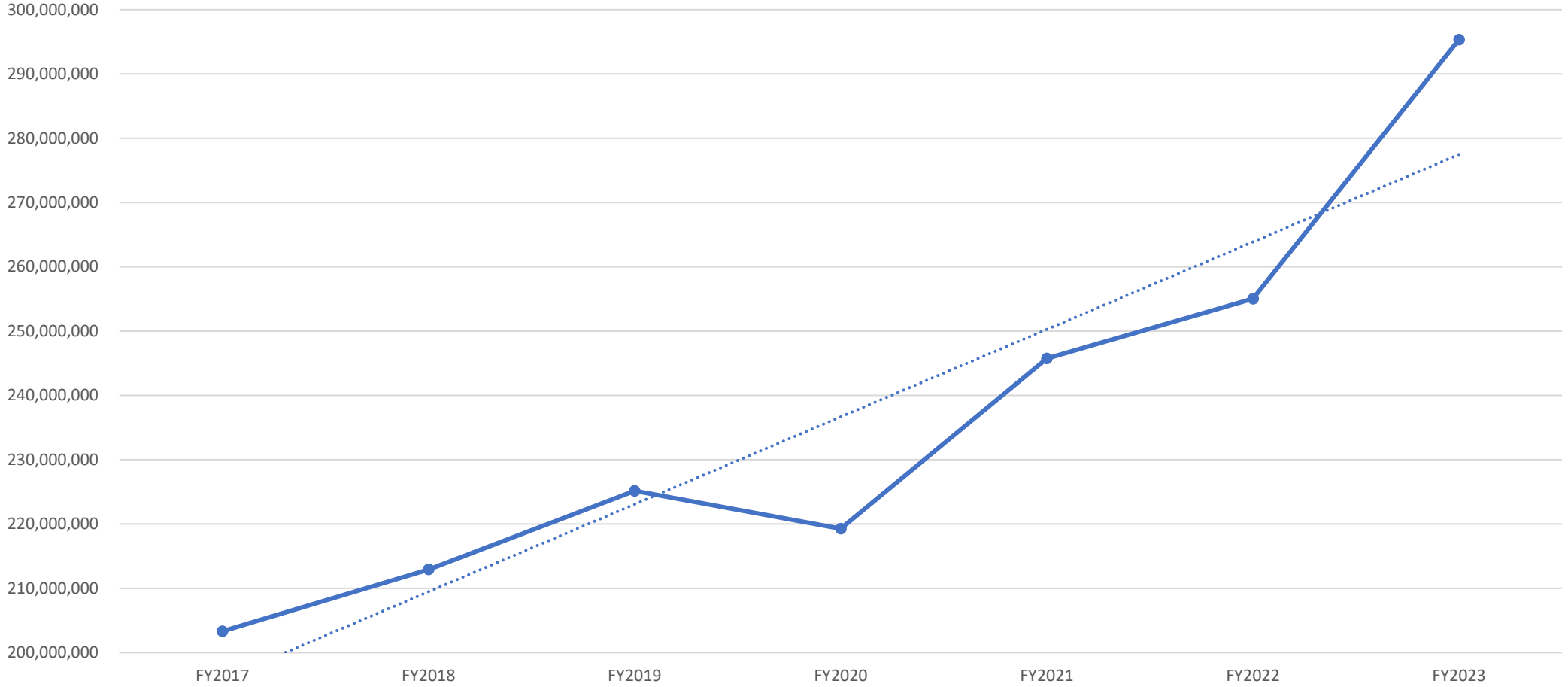
Growth – Gross Patient Revenue



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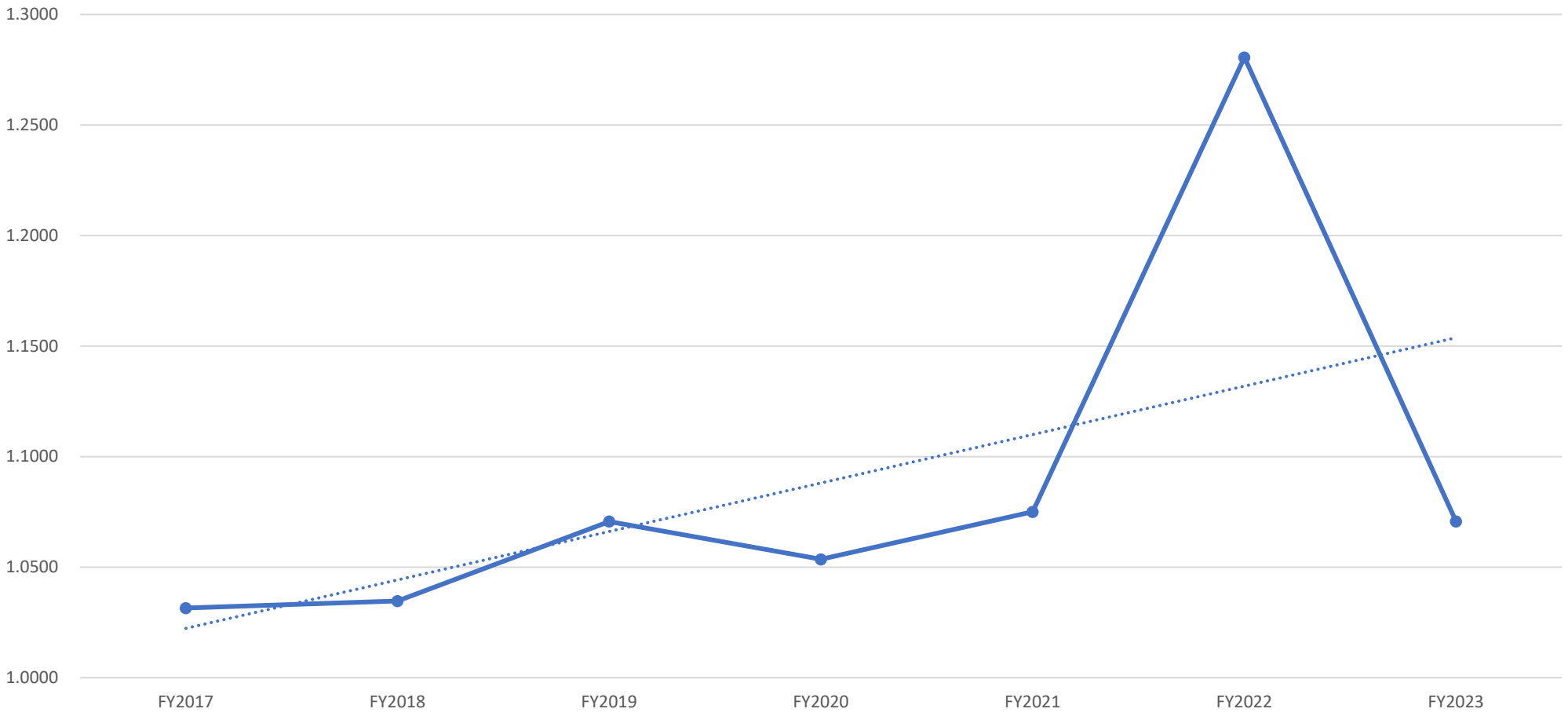
Growth – Case Mix Index



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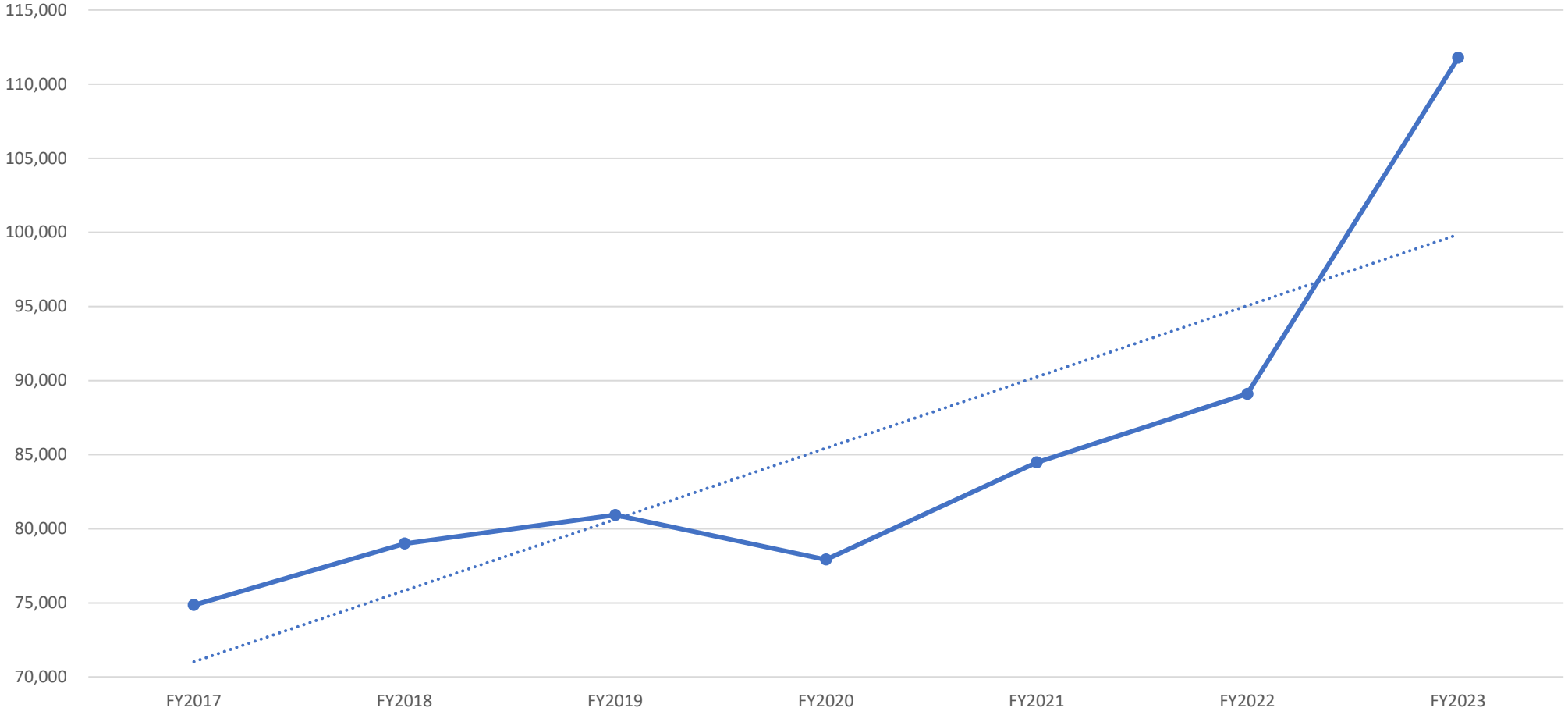
Growth – Ambulatory Encounters



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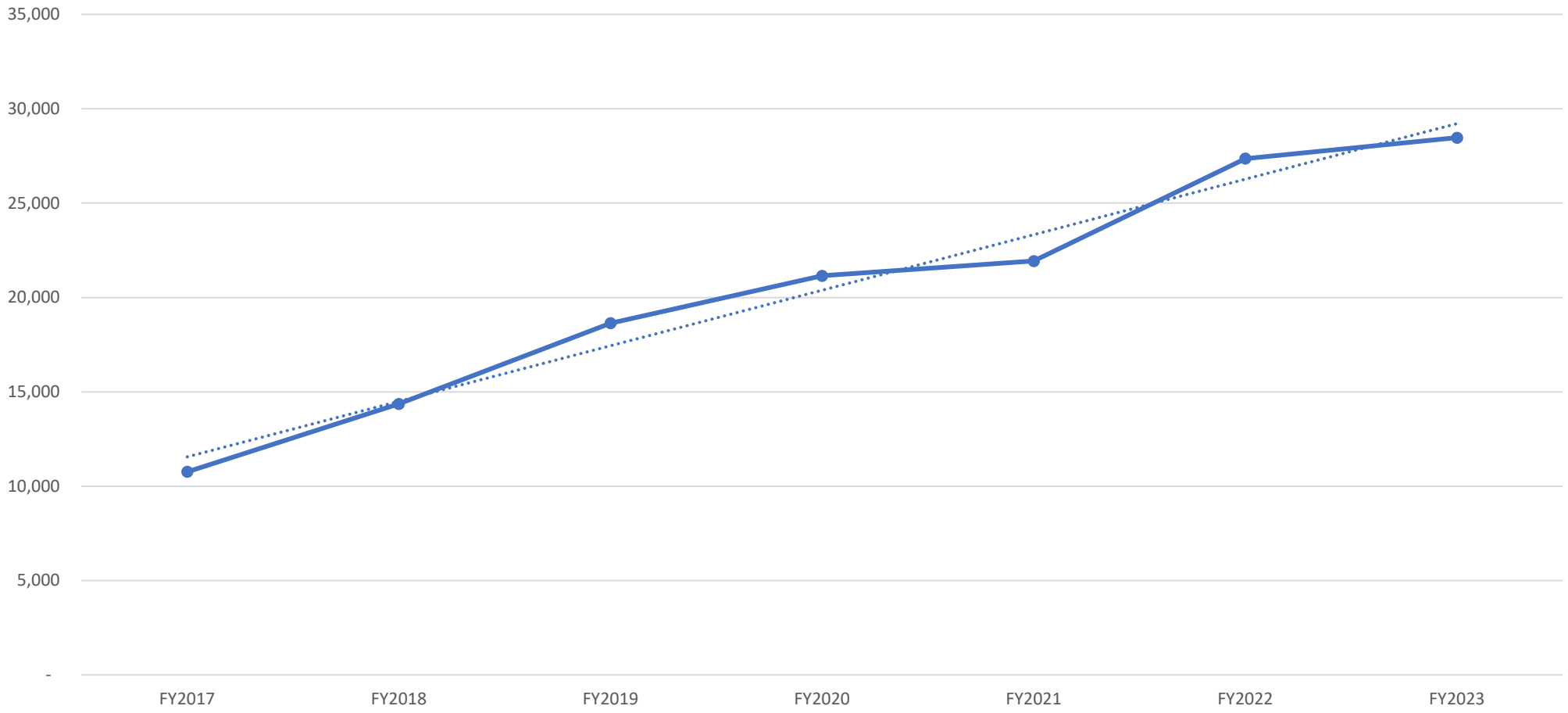
Growth – Hospice Days



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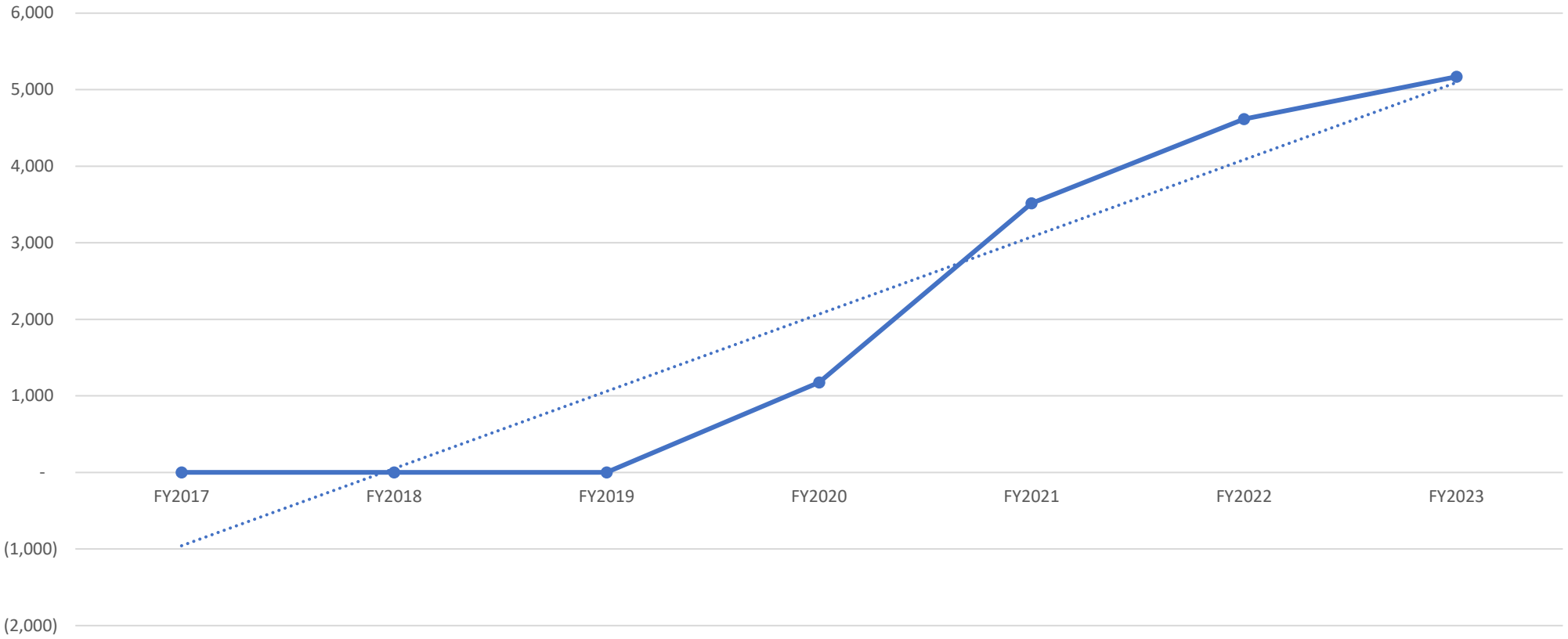
Growth – Telehealth Encounters



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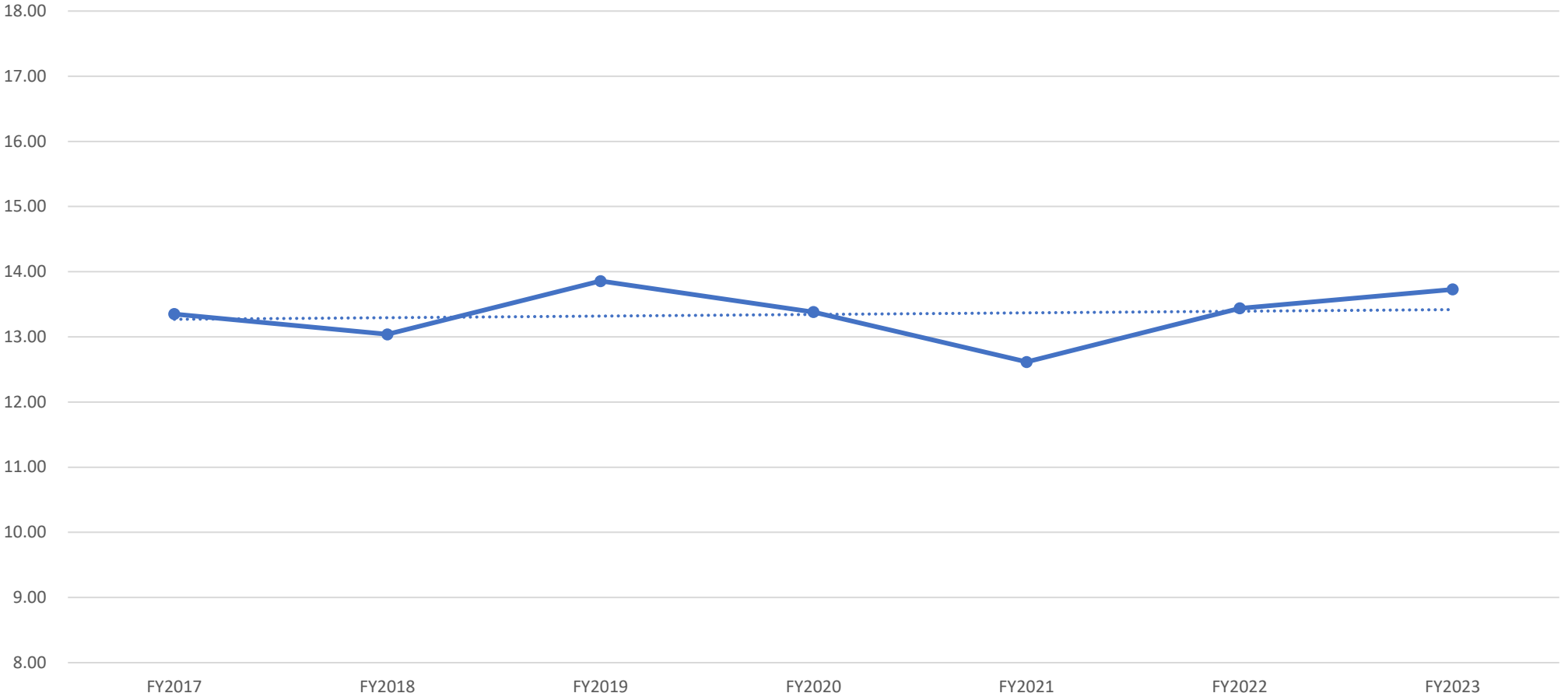
Creating Efficiencies – FTEs per APD



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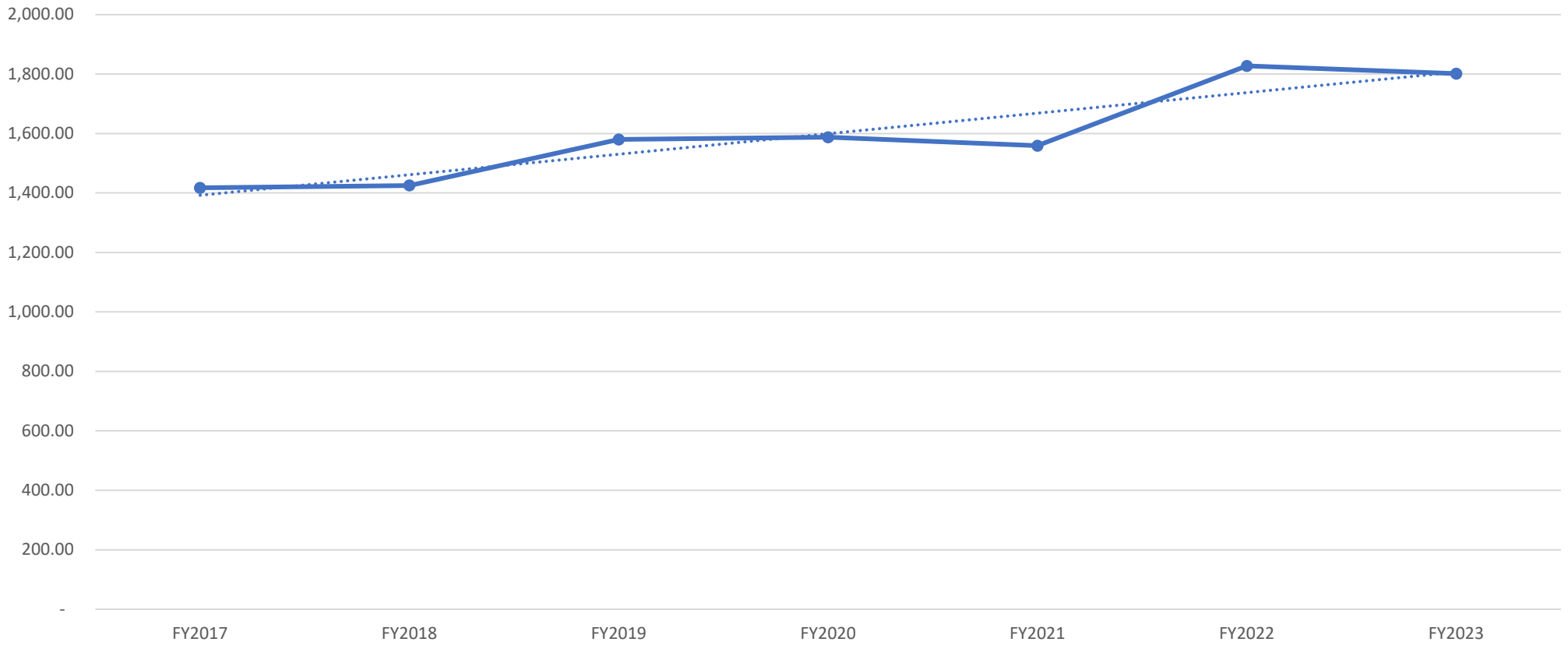
Creating Efficiencies – Labor Cost per APD



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SOMETIMES THE
RIGHT PATH
IS NOT THE
EASIEST ONE.