



Rural Health Reform Initiative
2021 Decision Tree Update

June 16, 2021

Pursuant to ORS 414.653(5) the Oregon Health Authority (OHA) is tasked with identifying any Type A or B hospital that would not be expected to remain financially viable if paid in a manner other than cost-based reimbursement (CBR). The Rural Health Reform Initiative (RHRI) workgroup¹, working with independent actuarial firm Optumas, established a decision tree methodology in spring of 2014 to evaluate hospitals' readiness to transition away from CBR. Following initial determinations in 2014, OAR 410-141-3420 section (11) requires OHA reevaluate which hospitals should be on CBR every odd numbered year, with determinations happening in 2015, 2017, 2019 and now 2021.

OHA and Apprise Health Insights, a subsidiary of the Oregon Association of Hospitals and Health Systems (OAHHS), updated the decision tree based on the most recent data available and recalculated the decision tree thresholds using the same methodology as in previous years and reached consensus on the recommendations. Findings were reviewed by OHA actuaries and approved by the OHA Chief Financial Officer.

The 2021 results include the recommendation that two hospitals, Adventist Tillamook Regional Medical Center and PeaceHealth Peace Harbor Medical Center, transition from an Alternative Payment Method (APM) to a Cost Based Reimbursement (CBR). As in previous years, Wallowa Memorial Hospital is recommended as an APM hospital by the decision tree model, however, will remain on CBR due to frontier hospital status. In total, 12 hospitals are recommended for APM and 21 hospitals are recommended for CBR.

	2019 Recommendation	2021 Recommendation
CBR	19	21
APM	14	12

The following pages contain details on the RHRI decision tree model and final determinations of reimbursement method.

The next step required under section (12) of the OAR is to calculate the non-contracted rates for the 12 hospitals recommended for APM starting January 1, 2022.

¹ The workgroup included representatives from coordinated care organizations (CCOs), Type A/B (rural) hospitals through the Oregon Association of Hospitals and Health Systems (OAHHS), and the Office of Rural Health (ORH).

Hospital Name	Frontier Hospital	2019 Recommendation	2021 Recommendation
Adventist Tillamook Regional Medical Center	No	SUGGEST APM	STAY ON CBR
Asante Ashland Community Hospital	No	SUGGEST APM	SUGGEST APM
Blue Mountain Hospital	Yes	STAY ON CBR	STAY ON CBR
CHI St. Anthony Hospital	No	SUGGEST APM	SUGGEST APM
Columbia Memorial Hospital	No	SUGGEST APM	SUGGEST APM
Coquille Valley Hospital	No	STAY ON CBR	STAY ON CBR
Curry General Hospital	No	STAY ON CBR	STAY ON CBR
Good Shepherd Medical Center	No	SUGGEST APM	SUGGEST APM
Grande Ronde Hospital	No	SUGGEST APM	SUGGEST APM
Harney District Hospital	Yes	STAY ON CBR	STAY ON CBR
Lake District Hospital	Yes	STAY ON CBR	STAY ON CBR
Legacy Silverton Hospital	No	SUGGEST APM	SUGGEST APM
Lower Umpqua Hospital	No	STAY ON CBR	STAY ON CBR
Mid-Columbia Medical Center	No	STAY ON CBR	STAY ON CBR
PeaceHealth Cottage Grove Community Hospital	No	STAY ON CBR	STAY ON CBR
PeaceHealth Peace Harbor Medical Center	No	SUGGEST APM	STAY ON CBR
Pioneer Memorial Hospital - Heppner	Yes	STAY ON CBR	STAY ON CBR
Providence Hood River Memorial Hospital	No	SUGGEST APM	SUGGEST APM
Providence Newberg Medical Center	No	SUGGEST APM	SUGGEST APM
Providence Seaside Hospital	No	STAY ON CBR	STAY ON CBR
Salem Health West Valley Hospital	No	STAY ON CBR	STAY ON CBR
Samaritan Lebanon Community Hospital	No	STAY ON CBR	STAY ON CBR
Samaritan North Lincoln Hospital	No	SUGGEST APM	SUGGEST APM
Samaritan Pacific Communities Hospital	No	STAY ON CBR	STAY ON CBR
Santiam Memorial Hospital	No	SUGGEST APM	SUGGEST APM
Southern Coos Hospital & Health Center	No	STAY ON CBR	STAY ON CBR
St. Alphonsus Medical Center - Baker City	Yes	STAY ON CBR	STAY ON CBR
St. Alphonsus Medical Center - Ontario	Yes	STAY ON CBR	STAY ON CBR
St. Charles - Madras	No	STAY ON CBR	STAY ON CBR
St. Charles - Prineville	No	STAY ON CBR	STAY ON CBR
St. Charles - Redmond	No	SUGGEST APM	SUGGEST APM
Wallowa Memorial Hospital	Yes	SUGGEST APM	STAY ON CBR
Willamette Valley Medical Center	No	SUGGEST APM	SUGGEST APM

	Hospital Profile		Recommendation	Hospitals
1	Medicaid Case Load: Small Medicaid Relevance: High	Financial Strength: NA Community Need: NA	Stay on CBR	3
2	Medicaid Case Load: Small Medicaid Relevance: Low	Financial Strength: Strong Community Need: NA	Suggest APM	2
3	Medicaid Case Load: Small Medicaid Relevance: Low	Financial Strength: Weak Community Need: Unmet	Stay on CBR	11
4	Medicaid Case Load: Small Medicaid Relevance: Low	Financial Strength: Weak Community Need: Met	Suggest APM	1
5	Medicaid Case Load: Large Medicaid Relevance: High	Financial Strength: Ex Community Need: NA	Suggest APM	2
6	Medicaid Case Load: Large Medicaid Relevance: High	Financial Strength: Not Ex Community Need: Unmet	Stay on CBR	2
7	Medicaid Case Load: Large Medicaid Relevance: High	Financial Strength: Not Ex Community Need: Met	Suggest APM	2
8	Medicaid Case Load: Large Medicaid Relevance: Low	Financial Strength: Strong Community Need: NA	Suggest APM	6
9	Medicaid Case Load: Large Medicaid Relevance: Low	Financial Strength: Weak Community Need: Unmet	Stay on CBR	3
10	Medicaid Case Load: Large Medicaid Relevance: Low	Financial Strength: Weak Community Need: Met	Suggest APM	1

Recommendation	Profile
Stay on CBR	21 Hospitals 43.9% Medicaid Charges
Suggest APM	12 Hospitals 56.1% Medicaid Charges



Rural Health Reform Initiative
2021 Decision Tree Update
Actuarial Evaluation

June 29, 2021

I, Daniel Roe, am an Actuary at Oregon Health Authority (OHA) Office of Actuarial and Financial Analysis (OFA), Member of the American Academy of Actuaries (MAAA), and an Associate of the Society of Actuaries (ASA). I have reviewed and hereby confirm the findings and conclusions of the Rural Health Reform Initiative (RHRI) 2021 Decision Tree Update.

In my analysis, I reviewed the data provided by OHA Health Policy and Analytics (HPA) and the Oregon Association of Hospitals and Health Systems (OAHHS) and concurred with the conclusions of the Decision Tree Model. I reviewed the data for reasonableness and completeness; however, a complete and thorough independent verification of the data was beyond the scope of my review. One hospital had incomplete Financial Strength Index (FSI) data, however that hospital's branch was reached before the FSI was considered in the decision tree. Also, in a deeper review of a transitioning hospital's financial reports, Peace Harbor, found there was a discrepancy between what is reported in the Healthcare Cost Reporting Information System (HCRIS) and Oregon's FR-3 reports based on audited financials. The results of the Decision Tree Model would not have changed using data from Peace Harbor's FR-3 reports.

Two hospitals will be moving from the alternative payment methodology back to cost-based reimbursement (CBR):

Hospital	2017 Branch	2019 Branch	Reason
Adventist Tillamook Regional Medical Center	8	9	Weakened FSI
PeaceHealth Peace Harbor Medical Center	2	3	Weakened FSI

Four hospitals changed decision tree branches but the outcome of CBR or APM did not change from the 2017 decision tree.

Hospital	2017 Branch	2019 Branch	Reason
CHI St. Anthony Hospital	2	8	Increased Medicaid Cases
Harney District Hospital	1	3	Decreased Medicaid Payer Mix
Samaritan North Lincoln	8	2	Decreased Medicaid Cases
St. Charles – Redmond	7	5	Increased FSI

Please feel free to contact me at daniel.roe@dhsaha.state.or.us if you have any questions.

Daniel Roe