



Rural Health Reform Initiative  
2019 Decision Tree Update

June 10, 2019

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) workgroup<sup>1</sup>, 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<sup>2</sup> and now in 2019.

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 2019 results include the recommendation that two hospitals, Samaritan North Lincoln Hospital and Adventist Tillamook Regional Medical Center, transition from CBR to an Alternative Payment Method (APM). As in 2017, 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, 14 hospitals are recommended for APM and 19 hospitals are recommended for CBR.

	2017 Recommendation	2019 Recommendation
CBR	21	<b>19</b>
APM	11	<b>14</b>

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 14 hospitals recommended for APM starting January 1, 2020.

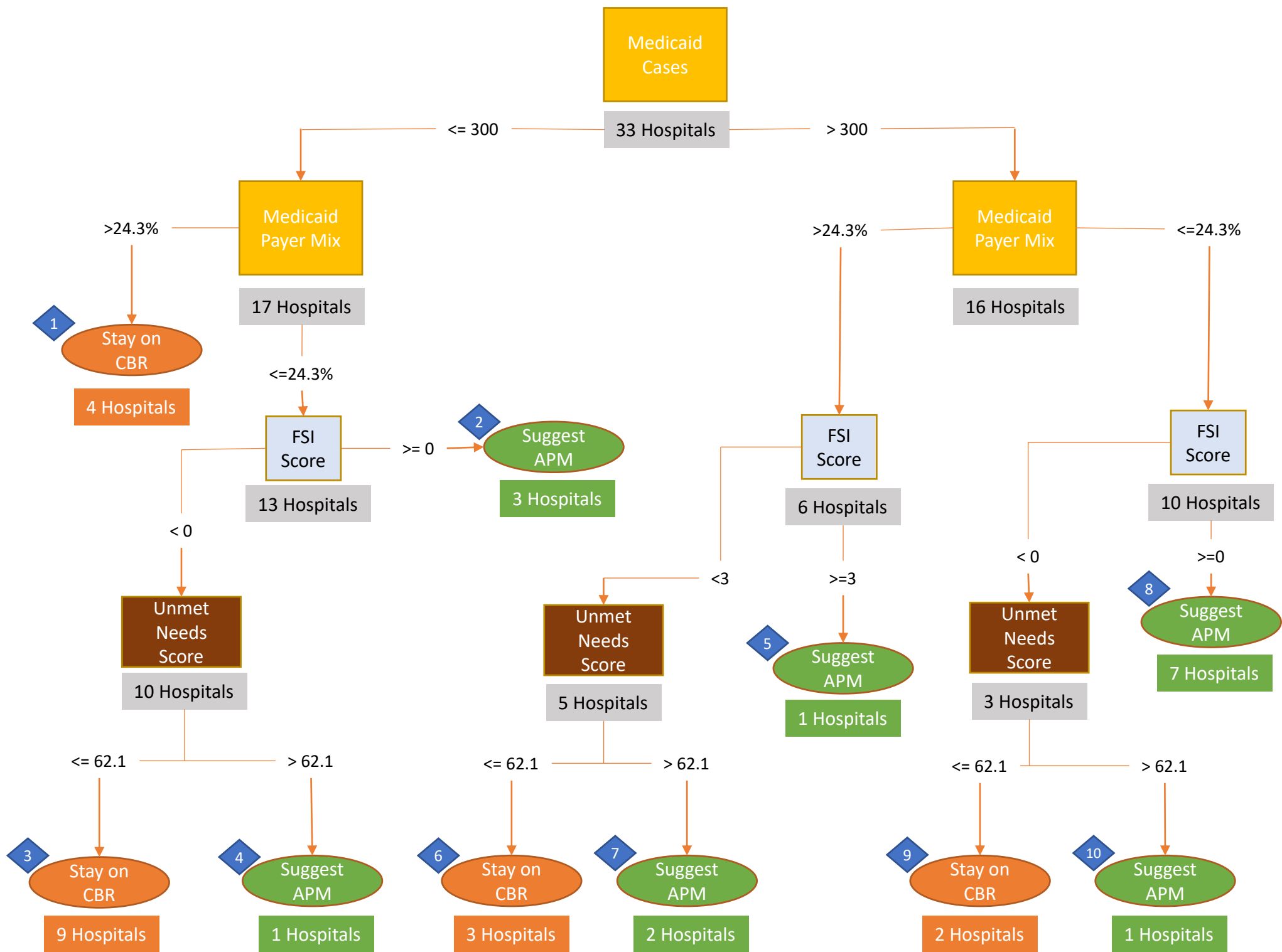
<sup>1</sup> The workgroup included representatives from coordinated care organizations (CCOs), Type A/B (rural) hospitals through the Oregon Association of Hospitals and Health Systems (OAHHS), and the Office of Rural Health (ORH).

<sup>2</sup> Since 2017, Willamette Valley Medical Center was transitioned from a DRG hospital to a Type B hospital, increasing the total count of Type A and B hospitals to 33. At the time of status change, Willamette Valley Medical Center was determined to be an APM hospital and remains so in 2019.

Hospital Name	Frontier Hospital	2017 Recommendation	2019 Recommendation	Decision Branch
Adventist Tillamook Regional Medical Center	No	STAY ON CBR	SUGGEST APM	8
Asante Ashland Community Hospital	No	SUGGEST APM	SUGGEST APM	8
Blue Mountain Hospital	Yes	STAY ON CBR	STAY ON CBR	3
CHI St. Anthony Hospital	No	SUGGEST APM	SUGGEST APM	2
Columbia Memorial Hospital	No	SUGGEST APM	SUGGEST APM	8
Coquille Valley Hospital	No	STAY ON CBR	STAY ON CBR	3
Curry General Hospital	No	STAY ON CBR	STAY ON CBR	3
Good Shepherd Medical Center	No	SUGGEST APM	SUGGEST APM	5
Grande Ronde Hospital	No	SUGGEST APM	SUGGEST APM	8
Harney District Hospital	Yes	STAY ON CBR	STAY ON CBR	1
Lake District Hospital	Yes	STAY ON CBR	STAY ON CBR	3
Legacy Silverton Hospital	No	SUGGEST APM	SUGGEST APM	7
Lower Umpqua Hospital	No	STAY ON CBR	STAY ON CBR	3
Mid-Columbia Medical Center	No	STAY ON CBR	STAY ON CBR	9
PeaceHealth Cottage Grove Community Hospital	No	STAY ON CBR	STAY ON CBR	1
PeaceHealth Peace Harbor Medical Center	No	SUGGEST APM	SUGGEST APM	2
Pioneer Memorial Hospital - Heppner	Yes	STAY ON CBR	STAY ON CBR	3
Providence Hood River Memorial Hospital	No	SUGGEST APM	SUGGEST APM	10
Providence Newberg Medical Center	No	SUGGEST APM	SUGGEST APM	8
Providence Seaside Hospital	No	STAY ON CBR	STAY ON CBR	3
Salem Health West Valley Hospital	No	STAY ON CBR	STAY ON CBR	1
Samaritan Lebanon Community Hospital	No	STAY ON CBR	STAY ON CBR	6
Samaritan North Lincoln Hospital	No	STAY ON CBR	SUGGEST APM	8
Samaritan Pacific Communities Hospital	No	STAY ON CBR	STAY ON CBR	9
Santiam Memorial Hospital	No	SUGGEST APM	SUGGEST APM	4
Southern Coos Hospital & Health Center	No	STAY ON CBR	STAY ON CBR	3
St. Alphonsus Medical Center - Baker City	Yes	STAY ON CBR	STAY ON CBR	3
St. Alphonsus Medical Center - Ontario	Yes	STAY ON CBR	STAY ON CBR	6
St. Charles - Madras	No	STAY ON CBR	STAY ON CBR	6
St. Charles - Prineville	No	STAY ON CBR	STAY ON CBR	1
St. Charles - Redmond	No	SUGGEST APM	SUGGEST APM	7
Wallowa Memorial Hospital	Yes	SUGGEST APM	STAY ON CBR	2
Willamette Valley Medical Center	No	SUGGEST APM	SUGGEST APM	8

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

Recommendation	Profile
Stay on CBR	19 Hospitals 40.7% Medicaid Charges
Suggest APM	14 Hospitals 59.3% Medicaid Charges





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Actuarial Evaluation

June 28, 2019

I, Daniel Roe, am an Actuary at Oregon Health Authority (OHA) Actuarial Services Unit (ASU), 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) 2019 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. The results of the model would not have changed with the inclusion of proper FSI data.

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

Hospital	2017 Branch	2019 Branch	Reason
Adventist Tillamook Regional Medical Center	9	8	Improved FSI
Samaritan North Lincoln Hospital	6	8	Improved 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
Asante Ashland Community Hospital	10	8	Improved FSI
Columbia Memorial Hospital	10	8	Improved FSI
St. Charles – Redmond	5	7	Declined FSI
Willamette Valley Medical Center	7	8	Decreased Medicaid Payer Mix

Please feel free to contact me at [daniel.roe@state.or.us](mailto:daniel.roe@state.or.us) if you have any questions.

*Daniel Roe*

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