Considerations for Rural Hospital Advocates
Prepared for Jellico, Tennessee

Introduction

Since 1995, the mission of Rural Health Association of Tennessee (RHA) (www.tnruralhealth.org) is to lead the way to a healthy Tennessee through partnerships, advocacy, education, and resources. Our 800+ members include rural hospitals, school health professionals, mental and behavioral health providers, and others who work to address health disparities in rural and other minority populations.
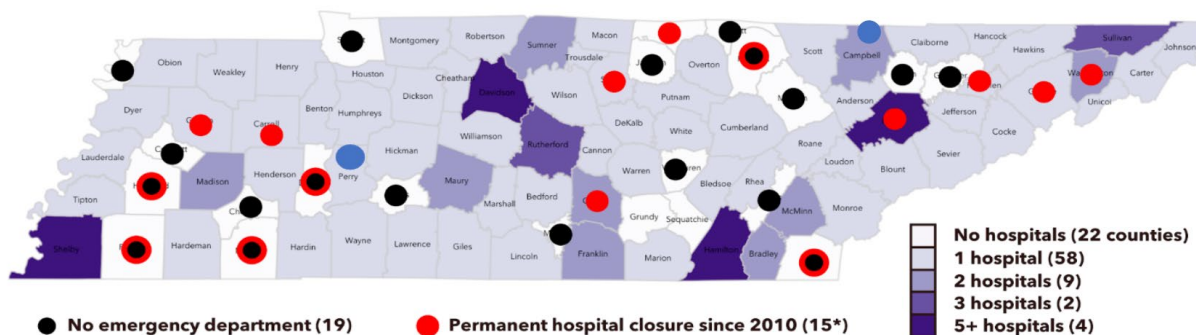
Over the past several months, RHA has received numerous requests and notices of concern about Jellico Community Hospital. The CEO of RHA, Jacy Warrell, visited the community of Jellico Community Hospital and met with several local advocates on January 10, 2024. The following information is meant for informational purposes only to provide city leadership with relevant information about the availability of resources for rural communities and hospitals.

Additional information and resources are provided that may be useful for talking points and/or grant applications mentioned at the end.

About Rural Hospital Closures

Tennessee has the second highest number of hospital closures per captia in the nation, second to only Texas. It is estimated that 75% of Tennessee's remaining essential access rural hospitals are at high risk of closure without significant intervention (2022 Rural Hospital Sustainability Index: Trends in Rural Hospital Financial Viability, Community Essentiality, and Patient Outmigration. The Center for Health Care Quality and Payment Reform reports 30 of Tennessee's rural hospitals are at immediate or high risk of closure.


Number of Hospitals by County (2020)

No hospitals (22 counties)
1 hospital (58)
2 hospitals (9)
3 hospitals (2)
5+ hospitals (4)

● No emergency department (19) ● Permanent hospital closure since 2010 (15*)

NOTE: This map from the Sycamore Institute was prepared in October 2019 and edited by Tennessee Health Care Campaign. Decatur County, Perry County, and Campbell Counties closed and have changed ownership, though all three are pending full re-open.

Socio-cultural drivers of health

As demonstrated below, low-income, education rates, and lack of social emotional support are among the biggest challenges faced by Tennessee's rural population. Areas circled in white indicate "rural hotspots" for each of the social factors listed. (Source: https://exploretnhealth.org/). Campbell County is circled in red.

### Household Income by ZIP Code, CHR 2019
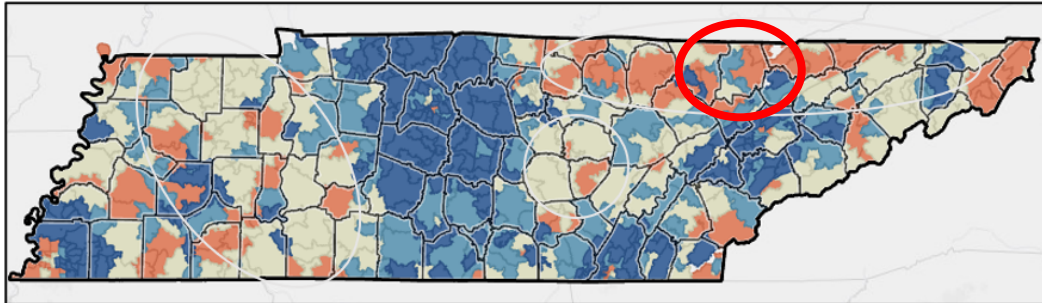
Orange and green areas of this visual represent ZIP codes with a lower household income.

% Age 25+ With Less than a High School Education by ZIP Code, 2019

More Than 20%
15.1- 20%
10.1 - 15%
Less than 10%
No Data
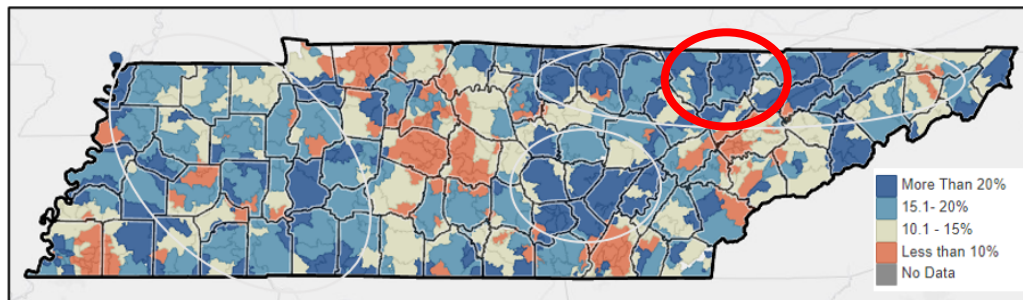
Blue areas on this visual represent ZIP codes with a higher percentage of population age 25+ without a high school education.

Inadequate Social/Emotional Support, % of Adults Age 18+ by County, CDC BRFSS 2006-12

Over 23.0%
19.1 - 23.0%
15.1 - 19.0%
Under 15.1%
No Data or Data Suppressed
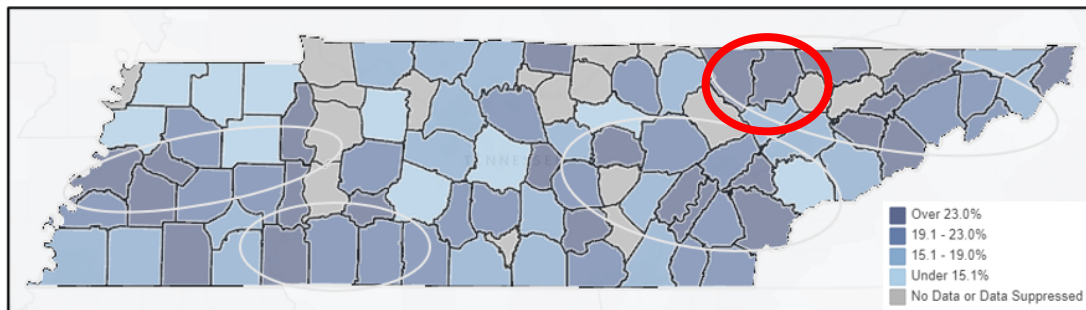
A higher percentage indicates an increased lack of social or emotional supports available within the community.

Poverty is also much more pervasive in rural Tennessee compared to the state's metro and suburban communities, which leads to greater health disparities in all major health indicator categories from obesity, diabetes, heart disease, and cancer https://www.ruralhealthinfo.org/).

The following that considers non-clinical factors that affect health is from United Ways of Tennessee, ALICE report.

CAMPBELL COUNTY, TN, 2017

ALICE HOUSEHOLD SURVIVAL BUDGET

	Single Adult	Married Couple	1 Adult, 1 School-Age Child	1 Adult, 1 Infant	2 Adult, 2 School-Age Children	2 Adults, 1 Infant, 1 Preschooler
Housing	$389	$457	$457	$457	$608	$608
Child Care	$–	$–	$156	$417	$313	$833
Food	$179	$372	$309	$259	$622	$543
Transportation	$322	$386	$386	$386	$644	$644
Health Care	$124	$248	$248	$248	$602	$529
Technology	$55	$75	$55	$55	$75	$75
Miscellaneous	$130	$185	$178	$205	$314	$363
Taxes	$229	$314	$166	$233	$278	$397
Monthly Total	$1,428	$2,037	$1,955	$2,260	$3,456	$3,992
Annual Total	$17,136	$24,444	$23,460	$27,120	$41,472	$47,904
Hourly Wage	$8.57	$12.22	$11.73	$13.56	$20.74	$23.95

Note: The budgets reflect different costs based on the age of children in the household; full-day care for infants and preschoolers (4-year-old) and after school care for school-age children. To create budgets for additional family types: For an additional infant, increase the total budget by 13 percent; for an additional 4-year-old, by 13 percent; and for a school-age child, by 6 percent.

Sources: BLS, 2017—Consumer Expenditure Surveys; Consumer Reports, 2017—Best Low-Cost Cell-Phone; HUD, 2017—Fair Market Rents; IRS, 2017—About Form 1040; Tax Foundation, 2017; Tennessee Department of Human Services, 2018; USDA, 2017—Official USDA Food Plans.

ALICE HOUSEHOLD STABILITY BUDGET

	Single Adult	Married Couple	1 Adult, 1 School-Age Child	1 Adult, 1 Infant	2 Adult, 2 School-Age Children	2 Adults, 1 Infant, 1 Preschooler
Housing	$571	$760	$760	$760	$903	$903
Child Care	$–	$–	$166	$500	$331	$941
Food	$343	$697	$612	$519	$1,231	$1,065
Transportation	$614	$737	$737	$737	$1,228	$1,228
Health Care	$124	$301	$301	$265	$556	$556
Technology	$109	$129	$109	$109	$129	$129
Savings	$176	$262	$268	$289	$438	$482
Miscellaneous	$176	$262	$268	$289	$438	$482
Taxes	$553	$712	$579	$604	$1,073	$1,261
Monthly Total	$2,666	$3,860	$3,800	$4,072	$6,327	$7,047
Annual Total	$31,992	$46,320	$45,600	$48,864	$75,924	$84,564
Hourly Wage	$16.00	$23.16	$22.80	$24.43	$37.96	$42.28

Note: The budgets reflect different costs based on the age of children in the household; full-day care for infants and preschoolers (4-year-old) and after school care for school-age children. To create budgets for additional family types: For an additional infant, increase the total budget by 10 percent; for an additional 4-year-old, by 9 percent; and for a school-age child, by 5 percent.

Sources: American Community Survey, 2017; BLS, 2017—Consumer Expenditure Surveys; Consumer Reports, 2017—Best Low-Cost Cell-Phone; HUD, 2017—Fair Market Rents; IRS, 2017—About Form 1040; Tax Foundation, 2017; Telogical Systems, 2016; Tennessee Department of Human Services, 2018; USDA, 2017—Official USDA Food Plans; U.S. Department of Health and Human Services, 2017—Medical Expenditure Panel Survey.   Reference: UnitedForALICE.org

Campbell County (Jellico) Health Services Profile

Health Professional Shortage Areas (HPSA) Score
(Higher numbers indicate greater degree of shortage)

Campbell County	Federally Qualified Health Center	Dental Health	25
			21
		Mental Health	21
			21
		Primary Care	20
			20
	HPSA Population	Dental Health	15
		Mental Health	17
		Primary Care	13
	Rural Health Clinic	Dental Health	19
		Mental Health	18
		Primary Care	17

Federally Qualified Health Center

- Community Health Center of East Tennessee, Inc (La Follette)

Federally Designated Rural Health Clinics

- Tennova Lafollette Medical Center Clinic – South (La Follette)
- Charles H. Wilkens MD; PC (Jellico)
- Appalachia Health Services, LLC (Jellico)
- Tennova La Follette Medical Center (La Follette)
- Complete Healthcare Medical Center (Jacksboro)

Joint Annual Report Information

Jellico Community Hospital did not file a Joint Annual Report (JAR) for 2021. 2022 and 2023 reports are not yet publicly posted (Public Joint Annual Report Search (tn.gov)

Assessment and Recommendations

Since Jellico Community Hospital closed and reopened, there are several new federal programs that may work to the community's advantage, such as the Rural Emergency Hospital program. To get out of the cycle of changing owner hands every few years, closing and reopening, and ensure that the community is in the driver's seat, the current situation of Boa Vida exiting the current facility may present a new opportunity for community members to evaluate their options. Some recommendations for consideration include:

1. Establish an advisory board to investigate:
   - Rural Emergency Hospital conversion
   - Establishing a non-profit federally designated Rural Health Clinic (partial while waiting on REH status and to triage in the future)
   - Opening a non-profit mental and behavioral health facility

   Note: A non-profit entity would open eligibility for the facility to receive reimbursement for basic primary care services for uninsured adults, behavioral health care for uninsured adults, and other funding opportunities to meet needs such as food and housing.

   Note 2: Rural Health Association of Tennessee is willing to support consulting, community consensus building, and/or grant writing support for planning purposes.

2. Questions for new hospital ownership
   - Is it possible to lease a portion of the hospital (as opposed to the entire facility)? This could potentially provide a win-win scenario that would allow the facility to have multiple tenants, preserve the Emergency Room Services, and provide greater care for the community.
   - Is the tenant willing to pay for leasing the space? Either a flat fee or a small percentage of revenue generated could provide money that could be re-invested in the building.
   - Are the owners willing to adopt a Community Engagement model that would work in partnership with the local community to identify needs, funding sources, and how to coordinate care between other primary care providers, mental and behavioral health providers, etc.
   - Will the owners accept uninsured patients? What is their plan to refer patients who have other needs such as food, mental and behavioral health, housing, etc.

3. Establish a search committee for other operators such as, UT Medical Center, LifePoint, Saint Thomas, and Tennova. Currently it appears that Boa Vida has been the sole entity looking for other systems to purchase license for the hospital. RHA recommends the City to appoint a committee and/or person who has no financial interest in the change of ownership who can "champion" the community to find an appropriate healthcare partner.

4. Submit a legislative proposal to provide funding to the City Jellico to test a new model. TN Legislature would not provide funds to a corporate entity, but may to a local government.

Rural Emergency Hospital Information

The following information is a sampling of information from the [Rural Emergency Hospital Technical Assistance Center,](#) a no-cost resource for hospitals wishing to convert to REH status.

Eligibility Criteria

To qualify as an REH, the hospital must:

- Be in a rural area and licensed as a critical access hospital (CAH) or rural prospective payment system (PPS) hospital as of December 27, 2020, with fewer than 50 beds
- Be a licensed Medicare provider
- Meet staff training and certification requirements
- Meet annual average length of stay requirements*
- Meet state licensure requirements for REH
- Have an established transfer agreement with a level I or level II trauma center
- Meet conditions of participation (similar to a CAH or PPS hospital for emergency services)
- Have an action plan including provisions for staffing, a transition plan, and description of services offered

*The annual per patient average length of stay (LOS) cannot exceed 24 hours. The LOS begins at the time of registration, check-in, or triage of the patient, whichever occurs first, and ends upon discharge from the REH. District part SNFs are not subject to 24-hour annual average LOS.

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REHs can also offer services such as:

- Ambulatory and transport services
- Behavioral health services (including substance use treatment)
- Care through a rural health clinic
- Care through a distinct part skilled nursing facility
- Low-risk labor and delivery services (supported by the necessary emergency surgical procedures)
- Maternal health
- Outpatient surgery
- Post-hospital care (non-inpatient)
- Primary care services
- Routine laboratory services*
- Telehealth

*Tests such as complete blood count, basic metabolic panel, liver function test, and other routine laboratory tests

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Mathematica

Payment Summary

Gain

- Increased payment for REH services:
  - Outpatient Prospective Payment System (OPPS) + 5% for Medicare FFS
- $3.2M per year in monthly facility payments from CMS (scheduled to increase to $3.36M in 2024)

Lose

- Close inpatient services (all-payors)
- Close swing bed services/shift to SNF
- Not eligible for 340(B) drug pricing
- Cost-based reimbursement for CAHs

No payment changes to rural health clinics, physicians, non-REH services for PPS hospitals (paid under Medicare respective fee schedules)

No Medicare required changes to Medicaid, Medicare Advantage, or Commercial payers (see later slide for more information about other payers)

No changes to beneficiary cost sharing

More information: Section 1833(t)(1)(B)(v) and (t)(21), 603 amendments to section 1833(t), and1834(l) of the Social Security Act and Calculation of Rural Emergency Hospital (REH) Monthly Additional Facility Payment for 2023 (cms.gov)

REH Application Requirements

Hospitals applying to convert to an REH must submit with their application:

- An **action plan** including description of services, staffing provisions, and a transition plan
- At least one **transfer agreement** with level I or II trauma centers
- **Attestation** for meeting REH **conditions of participation**

Application timing: The application process can take several months or more. Timing depends on multiple factors such as application completeness, hospital eligibility status/readiness, and state office staff availability.

More information: Guidance for Rural Emergency Hospital Provisions, Conversion Process and Conditions of Participation memo

Distinct Part Skilled Nursing Facility (SNF) Unit

An REH can operate a SNF as a distinct part unit

The REH must certify the distinct-part SNF unit with CMS
  - ➤ Certification requires meeting separate SNF conditions of participation and staffing requirements
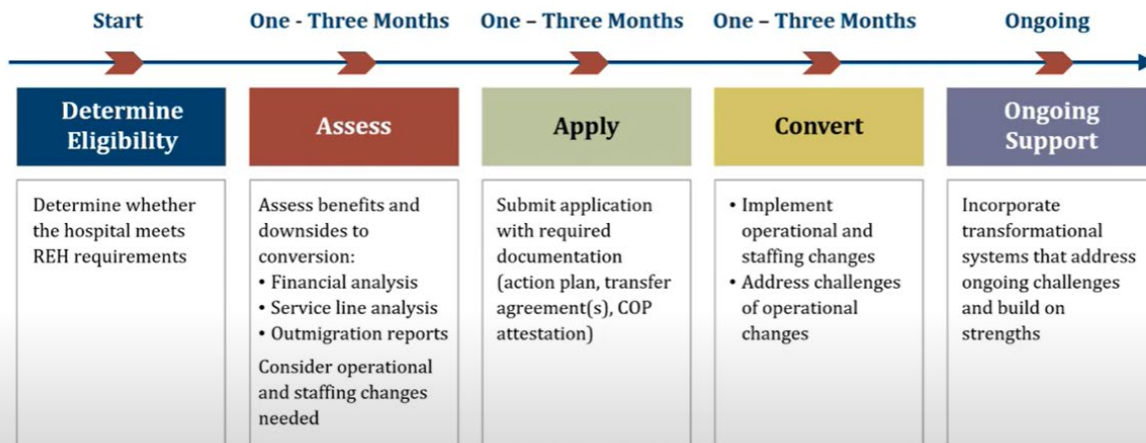
SNF admissions are subject to a prior 3-day inpatient stay requirement
  - ➤ REHs do not provide inpatient care; therefore, SNF admissions for REHs would come from other hospitals

More Information: State Operations Manual Chapter 2, section 2256A and CMS spotlight of Skilled Nursing Facility PPS, and the RHRC REH FAQ

REH Conversion Process

Start	One - Three Months	One – Three Months	One – Three Months	Ongoing
Determine Eligibility	**Assess**	**Apply**	**Convert**	**Ongoing Support**
Determine whether the hospital meets REH requirements	Assess benefits and downsides to conversion: • Financial analysis • Service line analysis • Outmigration reports Consider operational and staffing changes needed	Submit application with required documentation (action plan, transfer agreement(s), COP attestation)	• Implement operational and staffing changes • Address challenges of operational changes	Incorporate transformational systems that address ongoing challenges and build on strengths

Please reach out to the RHRC if this timeline creates a barrier to consideration

Funding Opportunities

The below funding opportunities could be applied for by the City of Jellico and/or other nonprofits. These may take several months to complete and receive notice. Rural Health Association of Tennessee is willing to provide grant writing support as possible.

[Rural Health Network Development Planning Program](#)
Funding Opportunity Number: **HRSA-24-007**
Dates to Apply: **10/25/2023 to 01/26/2024**
Bureau/Office: **Federal Office of Rural Health Policy**
Status: **Open $100,000**   Estimated Award Date: **07/01/2024**

The purpose the Rural Health Network Development Planning Program ("Network Planning Program") is to plan and develop integrated health care networks that collaborate to address the following legislative aims: (i) achieve efficiencies; (ii) expand access to and improve the quality of basic health care services and health outcomes; and (iii) strengthen the rural health care system.

FUNDING OPPORTUNITY: On January 8, 2024, the Appalachian Regional Commission (ARC), a federal-state partnership working to strengthen economic growth and community development in 13 Appalachian states, issued a Notice of Solicitation of Applications (NOSA) for its Investments Supporting Partnerships in Recovery Ecosystems (INSPIRE) initiative. The grant program addresses the region's substance use disorder (SUD) crisis with investments in the creation and expansion of a SUD recovery ecosystem that helps facilitate workforce entry and re-entry. Awards issued through the INSPIRE Initiative will support a wide variety of projects on the post-treatment to employment continuum, including investments in healthcare networks to better meet the needs of SUD recovery professionals, recovery-focused job and workforce training programs, expanded recovery support networks, training and certification of recovery specialists, and more. S The Advanced Research Projects Agency for Health (ARPA-H) just launched the [Healthcare Rewards to Achieve Improved Outcomes (HEROES) program](#). The program aims to explore new ways to address some of our country's most pressing preventable health challenges.

NIH Grant

HEROES calls for letters of interest from potential health catalysts, corporations, investors, health insurers, and philanthropists invested in addressing one of the four health challenges mentioned above. Teams with diverse backgrounds and capabilities will be important for fulfilling the program's goals, and HEROES encourages applications from interested parties with many different specialties or areas of expertise. The effort allows community-based organizations to serve as the prime awardee.

The deadline to submit a Letter of Interest is **February 29, 2024**. For more information, visit the [ARPA-H HEROES website](#).

The deadline for final applications is March 8, 2024. Award announcements are anticipated to be made in September 2024. To learn more and apply, [click here](#).