

Maine Hospital Forms Rural Integrated Primary Care System to Attract Physicians and Broaden Access to Care

Reach Out: Physicians' Initiative to Expand Care to Underserved Americans

SUMMARY

Blue Hill Memorial Hospital Foundation in Blue Hill, Maine developed its fledgling affiliated multi-site group practice, Peninsula Primary Care Association, for underserved residents of Hancock County.

The association established five rural health clinics, each at a former private practice site. It compensated doctors according to units of medical service rendered, and patients paid on a sliding fee basis.

The project was part of the Robert Wood Johnson Foundation (RWJF) *Reach Out: Physicians' Initiative to Expand Care to Underserved Americans* national program.

Key Results

- During the planning grant period (1994–1995), the association launched an area health status inquiry and recruited four new family physicians.
- It received federal rural health clinic status, increasing its Medicare and Medicaid reimbursement levels.
- In 1996, under the implementation grant, it incorporated a community based mental health and substance abuse treatment agency into its organization.
- By mid-1998, the end of the grant period, the project had grown to employ over 70 staff members, including 13 physicians and eight mid-level practitioners, though its financial stability remained in doubt.
- In the year ending July 1998, the project recorded 46,275 patient visits.

Funding

RWJF supported this project with two grants totaling \$293,090 from August 1994 to July 1998.

THE PROBLEM

Blue Hill Memorial Hospital, was a 26-bed nonprofit primary and acute care facility in Blue Hill, Maine, a town of about 2,000 inhabitants midway up the state's coast. Its service area (western Hancock County) comprised 13 rural communities of the Blue Hill Peninsula—about 17,000 inhabitants in total. In this area, approximately 16 percent of the population was 65 or older and 14.6 percent fell under the federal poverty level. The area had a marginal economic base, limited employment prospects and few employers large enough to offer health insurance.

Like hospitals in many rural areas, Blue Hill found it difficult to attract and keep primary care physicians, due to professional and social isolation, limited peer support, shortage of other supportive resources (such as adult daycare, child daycare and respite services) and physician reimbursement for services well below the national average.

In September 1990, staff committed to a five-year campaign to make the hospital a rural integrated primary care system. In addition to the hospital, existing elements of the "system" at that time included community health education, a home health agency, a 46-unit retirement community, formal affiliation with a regional hospital (Eastern Maine Medical Center) and a fledgling medical group practice, Peninsula Primary Care Association, which its parent organization—the Blue Hill Memorial Hospital Foundation—established as a corporate affiliate of the hospital in 1992.

THE PROJECT

The hospital sought the RWJF grants in 1994 to galvanize the planning, startup and full implementation of its fledgling Peninsula Primary Care Association. A nonprofit, multisite group practice, the association was dedicated to providing universal access at a single high standard of care to all residents within the hospital's service area, regardless of their ability to pay.

Peninsula projected that its creation would lead to an increase in its ability to recruit and retain well-trained primary care physicians. It also foresaw a reduction in the exorbitant billing of medical insurers. Five rural health clinic sites in four small communities of the Blue Hill peninsula comprised Peninsula, each a former private practice site: Bucksport Family Medicine; Castine Community Health Services; Blue Hill Family Medicine and Blue Hill Women's Health; Island Medical Center (in Deer Isle); and Tenney Hill Family Practice (added in September 1995).

Primary care physicians on the staff at Blue Hill Memorial Hospital designed the Peninsula Primary Care Association, in collaboration with community organizations and hospital officials. A board of directors—four community members and three physicians—provided guidance. The hospital insured physicians practicing within Peninsula. The physicians were organized geographically into three practice "teams," each with its own medical director. In a move aimed at increasing patient care quality, Peninsula compensated physicians on the basis of "units" of medical services provided, not patient volume.

The hospital foundation funded the venture with a \$1 million loan of working capital. Charging patients a sliding scale fee for services (based on their ability to pay) and/or billing third parties, Peninsula also relied on an annual subsidy from the hospital—primarily to offset bad debt and charity care arising from the association's "universal acceptance" doctrine. In 1997, the Peninsula Primary Care Association changed its name to Peninsula Primary Care.

RESULTS

Planning Phase

From August 1994 to July 1995, the grantee met these planning goals:

- The Peninsula Primary Care Association achieved a minimal level of integration of its five previously private fee-for-service practices into a single nonprofit organization. It also achieved 501(c)(3) tax-exempt status from the Internal Revenue Service.
- It secured federal rural health clinic status for its (then) four sites. This status substantially increases Medicare and Medicaid reimbursement for patient care.
- All primary care physicians already on staff at Blue Hill Memorial Hospital committed to joining Peninsula and the project recruited four new family physicians.
- In 1995, Peninsula hired a business manager to oversee the integration of its formerly distinct private practices. It ratified an employment agreement, compensation model and fringe benefit package. In addition, it overcame potential state anti-trust objections to its formation (since virtually all primary care physicians within the region would become employees of the same organization).
- Peninsula began the first of a number of yearly campaigns to promote its benefits to the community. It fielded news releases and public service announcements, ran print and radio ads, held community workshops and seminars, spoke to community groups and distributed flyers and a newsletter to all area

residents. The campaign stressed Peninsula's willingness to accept all patients without regard to their ability to pay.

• Peninsula launched an area health status inquiry and service needs assessment. Through a Portland, Maine consultant (Public Health Resources Group of Portland), Peninsula conducted this regional inquiry to help shape its development and services. The results of the inquiry, reported in 1995, suggested that while the population of the Blue Hill peninsula was healthy (with few exceptions), there were chronic issues to be addressed in the areas of mental health, diabetes and orthopedics, and a relatively high teen suicide rate. Peninsula modified its practice and/or services in all areas of concern, though lack of funding over the years has limited their ability to provide extensive mental health care.

Implementation Phase

Peninsula's implementation efforts, from August 1995 to July 1998, can be grouped, roughly, in the following areas:

- **Project growth.** By August 1996, each of Peninsula Primary Care Association's five practice sites offered at least one evening and/or weekend session. In its first implementation year, mid-1995 to mid-1996, the project conducted 38,394 patient visits. In 1996, it hired an outreach director, a full-time accountant and five physician assistants. However, it dropped two implementation goals as unachievable: transportation for those families without it and making childcare available during office visits. The period saw the erection of two new buildings: a medical office building in Bucksport (completed in December 1996) and a new two-story medical office building in Blue Hill (1997). By mid-1998, Peninsula had grown to employ over 70 staff, including 13 physicians and eight mid-level practitioners, though its financial stability remained in doubt. In the final year of grant funding the project recorded 46,275 patients visits.
- New physician recruitment. Physician medical education debt impeded recruitment efforts. For three physician recruits, community organizations in Castine and Deer Isle agreed to pay half of their new doctors' outstanding debt; the amount was matched by Blue Hill Memorial Hospital. A fourth physician recruit, with support from the state Office of Rural Health, enrolled in the Maine State Loan Repayment Program. All who were recruited cited Peninsula's nonprofit status, its compensation model, and especially its principle of serving all patients regardless of ability to pay, as affecting their decisions to practice in the area.
- **Financial situation.** In 1994, Blue Hill Memorial Hospital envisioned a self-sustaining level of income and operations at Peninsula, to be achieved relatively quickly. However, by 1997 Peninsula faced an operating loss of \$1.5 million, far exceeding original forecasts. Part of this shortfall resulted from slow Medicare reimbursement. For example, although two Peninsula sites began operations in September 1994, it did not receive its first Medicare payments until October 1995.

Patient bad debt augmented the association's financing woes. The bad debt was caused at least in part by a local culture in which people did not admit to a lack of resources, or even avail themselves of Medicaid. Significant drawdowns from the hospital's endowment were required to meet Peninsula's operating obligations.

- The "Sustainability Plan." To address these and other issues, Peninsula commissioned a "Sustainability Plan" for achieving financial break-even. Northland Health Group, a Portland, Maine, consulting firm with national experience with physician practices, developed the plan. Presented in August 1997, it set forth stringent recommendations in the areas of billing and collections, centralization of billing, financial reporting, patient scheduling, purchasing, emergency room staffing and physician compensation, as well as a two-year schedule for meeting specific goals in all areas. The association carried through these recommendations, although following an elongated timeline with respect to its physician compensation model (based on patient volume).
- Rural Health Clinic Status. In 1997—in order, among other things, to enjoy increased Medicare and Medicaid reimbursement as a "Provider-Based Rural Health Clinic" under state rules—Peninsula agreed to become a department of Blue Hill Memorial Hospital. The change in corporate auspices made it possible for Peninsula to change the status of its practice sites from independent Rural Health Clinic status to Provider-Based RHC status, thus further increasing Medicare and Medicaid payments for its clinics by approximately \$500,000 per year. To qualify for this status, a closer working relationship was established with Eastern Maine Hospital (a tertiary hospital providing sub-specialist care). Blue Hill Memorial Hospital then sought designation as a "critical access hospital," because such status comes without a cap on Medicare/Medicaid reimbursement. Becoming a rural health clinic in 1995, and later a provider-based rural health clinic (in mid-1998), proved essential to Peninsula's commitment to provide patient care regardless of ability to pay.
- Peninsula Counseling acquired. In February 1996, Peninsula Primary Care Association incorporated a community based mental health and substance abuse treatment agency, Rural Health Partners, into its organization. Renamed Peninsula Counseling, the agency brought mental health services to the system's practice sites. Peninsula Primary Care Association replaced Peninsula Counseling's existing management, secured affiliation for it with Arcadia Hospital, a psychiatric hospital in Bangor and later made it a department of Blue Hill Memorial Hospital. Despite these actions, Peninsula Primary Care Association could not stem persistent financial losses from Peninsula Counseling. These losses were a problem throughout the implementation period.
- The Community Practices Support Team. The geographic separation of Peninsula's sites from its hospital, where physicians were often called on short notice, was a commuting headache. In 1996 Peninsula created a Community Practices Support Team, comprised of four full-time physician assistants, one of whom was already employed in the Blue Hill emergency room. The team provided:

- principal medical response in the ER
- the function of "house officer," lessening the need, for example, for physicians to drive into the hospital late at night or on weekends to admit or check on patients
- relief coverage for physicians in outlying practices so that they could take time off
- coordination of ambulance use and decision-making in issues involving occupational medicine and domestic violence.

One of the unanticipated advantages of the Community Practices Support Team has been that, by virtue of its impact on physician travel and workload, it has made the recruitment of new physicians much easier.

- "Prompt Care" and lab outreach. In July 1996 Peninsula unveiled a walk-in urgent care service dubbed "Prompt Care." It operated seven days a week, 12 hours per day in summer, eight hours a day off-season, providing a low cost, highly convenient alternative to the Blue Hill Memorial emergency room for minor illnesses and injuries. In October 1995, Peninsula established a lab outreach and courier service, linking Blue Hill Memorial's laboratory with the five clinic sites, improving the timeliness of diagnostic services and reducing the need for patients to drive to Blue Hill Memorial Hospital for lab work.
- M.I.S. In 1996 Peninsula purchased an integrated billing and patient information system, and installed it over the next two years. In 1998, the project consolidated its billing operations into a single location in Blue Hill, hiring a manager of patient financial services. This allowed Peninsula to realize economies of scale, adopt "best practices" in billing procedures and cultivate specialization for billing personnel. As the system's computer technology improved, the information system connected outlying clinics in real time with a central server. This allowed, for example, system physicians to monitor their own billing, yet gave management the benefit of a centralized billing process.

Awards

In 1994 PPCA received honorable mention in the U.S. Department of Health and Human Services' "Models that Work" competition and was a finalist in the Pew Charitable Trust-sponsored Primary Care Achievement Award. The organization was a 1997 blue ribbon winner of the New England Healthcare Assembly, a nonprofit organization providing educational programs to about 500 hospitals, HMOs, physician groups and others involved in delivery of health care in New England.

Communications

In 1994, Peninsula CEO Bruce Cummings discussed the organization before the New England Healthcare Assembly and at two state health care symposia. Peninsula was the

subject of a *Boston Globe Magazine* feature article in October 1995, and a number of local newspapers reported on the project in 1995 and 1996.

In October 1998, project director Daniel Rissi presented the project's story to 225 people at a breakout session of the New England Regional Meeting of the Access Project, a Boston nonprofit organization that works to increase health care access for the uninsured (funded by RWJF under grant ID#s 030634, 031275, 038525 and 042407). Peninsula used a six-page full color enrollment mailer describing the project in a variety of promotion efforts, including a mailing to every resident in its service area. A quarterly newsletter also targeted all area residents. For more details, see the Bibliography.

AFTERWARD

In August 1998, Blue Hill Memorial Hospital received federal designation as a critical access hospital, thus permitting increased reimbursement for its patients, by an estimated \$1 million per year. At the time, Maine ranked 50th in the United States in terms of Medicare payments to hospitals. Because of its consistent financial deficits, Peninsula Counseling was turned over to Acadia Hospital.

In the summer of 1999, Blue Hill Memorial contracted with the Public Health Resource Group, to repeat its community health care needs assessment of the Peninsula Primary Care Association service area first done by that group in 1994. The repeat assessment demonstrated significant improvement in Peninsula's diabetes efforts and in access to mental health services. In 2002 Peninsula began operating a comprehensive M.I.S. system for the clinic sites, the hospital and the system's home health agency, making it possible to track patients financially and clinically across the entire system.

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