

The Economic Case for a Strong Rural Health Sector

The Rural Center's mission is to implement sound economic strategies to improve the quality of life in rural North Carolina. In order to see the job growth that will sustain our rural communities, we must lay the groundwork to prepare our communities to attract those jobs. The healthcare system is a vital part of that groundwork. **A strong health sector is itself a rural economic catalyst, and it will help retain small businesses and attract the new industries and jobs that are so desperately needed.**

Rural health is fundamental to economic competitiveness.

Without healthy workers, rural businesses pay additional costs. Without financially stable healthcare institutions, rural communities cannot keep the businesses they have, and will be unable to attract new ones. Healthy communities are essential for vibrant, competitive rural economies and continued private sector business investment. However, **70 of the 80 rural counties in North Carolina are currently designated “medical deserts” for their lack of primary care availability**¹.

The health sector is an economic engine.

A variety of health care providers – including physician assistants, nurse practitioners, nutrition specialists, and home health aides – contribute greatly to the quality of life of rural communities. Health care was the one sector that had growth across rural North Carolina even during the Great Recession. Many health care occupations pay above average wages levels relative to other rural jobs.

The healthcare business model is rapidly changing.

The healthcare business model is moving from a fee-for-services to a prevention-based accountable care model that has more effective health outcomes and is economically more efficient. This business model transformation is already taking place, but for rural communities, good federal policy – both in ACA reform and other rural health programs such as disease education and prevention – will help facilitate a smooth transition.

The economic impact is real.

There are 673 rural hospitals in the United States at risk of closing². Seven of these financially vulnerable hospitals are in North Carolina³. Based on national economic impact estimates from NRHA, the Rural Center calculates that **losing our seven vulnerable hospitals would cost rural NC an estimated 2,360 healthcare jobs and \$2.7 billion in GDP**.

Other estimates suggest that Medicaid expansion or its equivalent would have over a four-year period **a \$5.6 billion stimulus** to the rural counties in North Carolina⁴. This would support more rural practitioners and help the financial position of at-risk rural hospitals. Closing the insurance gap would also bring 43,000 jobs to the state of North Carolina.

The bottom line.

To retain existing jobs and to recruit new ones, rural North Carolina has to have a high quality of life. A sustainable, financially sound health care system is essential to good jobs, good wages, and a competitive rural economy. Various policy strategies could be leveraged in support of that goal, but the imperative is clear: a strong health care delivery system matters for individuals, communities and local economies.

¹ US Department of Health and Human Services, Health Resources and Services Administration. “Quick Maps – Primary Health Professional Shortage Areas.” <https://datawarehouse.hrsa.gov/Tools/MapToolQuick.aspx?mapName=HPSAPC>

² National Rural Health Association. “2017 Rural Health Policy Institute Requests.”

³ UNC Sheps Center for Health Services Research. “Trends in Risk of Financial Distress among Rural Hospitals.” October 2016.

⁴ Center for Health Policy Research, George Washington University. “The Economic and Employment Costs of Not Expanding Medicaid in North Carolina: A County-Level Analysis.” December 2014.