



**Texas Organization of Rural and
Community Hospitals
Annual Conference 2019**

The National Rural Health Association

NRHA is a national nonprofit membership organization with more than 21,000 members, made up of a diverse collection of individuals and organizations, all of whom share the common bond of ensuring all rural communities have access to quality, affordable health care. Our mission is to provide leadership on rural health issues.





REPUBLICAN

☐

DEMOCRAT

☐

**RURAL
ADVOCATE**

☒

Texas Rural Hospitals:

Celebrate the greatness of rural health care!

- Rural hospitals do more with less;
- Rural work ethic;
- Rural ingenuity;
- Fortitude even through the most challenging of times.

- ✓ Higher quality
- ✓ Higher patient satisfaction
- ✓ Cost-effective
- ✓ Fewer Resources



Texas Organization of
Rural & Community Hospitals

However, there are challenging times in Texas...

- **Workforce Shortages**
- **Older, poorer, sicker**
- **Chronic Poverty**
- **Geography**
- **Uninsured**
- **Border Health Challenges**



A Rural Divide in American Death Rates

CDC 2017 Study:

“The death rate gap between urban and rural America is getting wider”

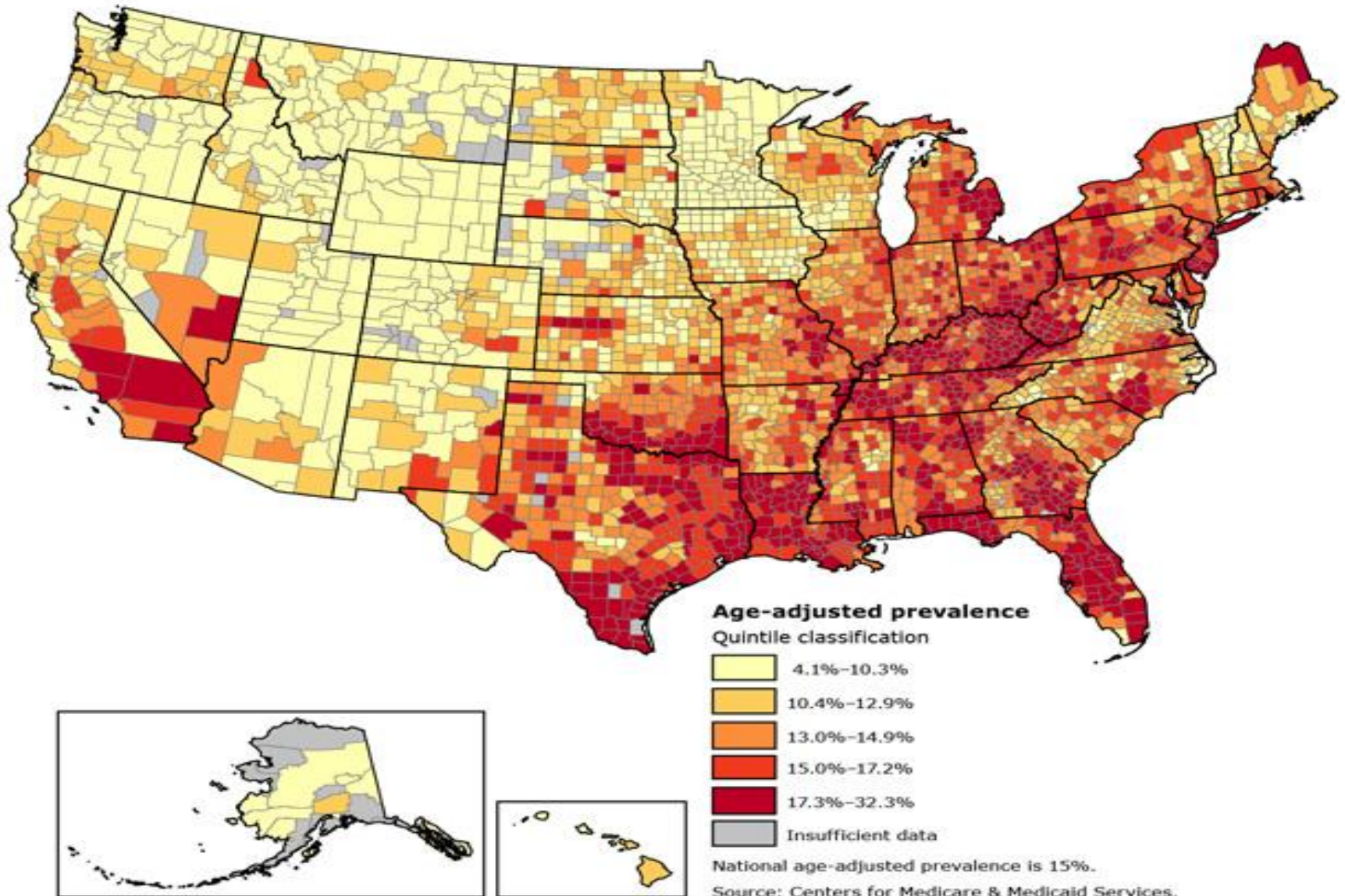
- Rates of the five leading causes of death — heart disease, cancer, unintentional injuries, chronic respiratory disease, and stroke — are higher among rural Americans.
- Mortality is tied to income and geography.
- Minorities, especially Native Americans die consistently prematurely nation-wide, but more pronounced in rural.

“The rise in natural cause mortality is largely a rural problem and represents a growing threat to quality of life and rural prosperity. If these trends are left unaddressed, the rural population will not only continue to decline but the dependency ratio will increase.”



Prevalence of Medicare Patients with 6 or more Chronic Conditions

The Prevalence of Medicare Fee-for-Service Beneficiaries 65 Years or Older With 6 or More Chronic Conditions, by County, 2012



The Rural Opioid Crisis

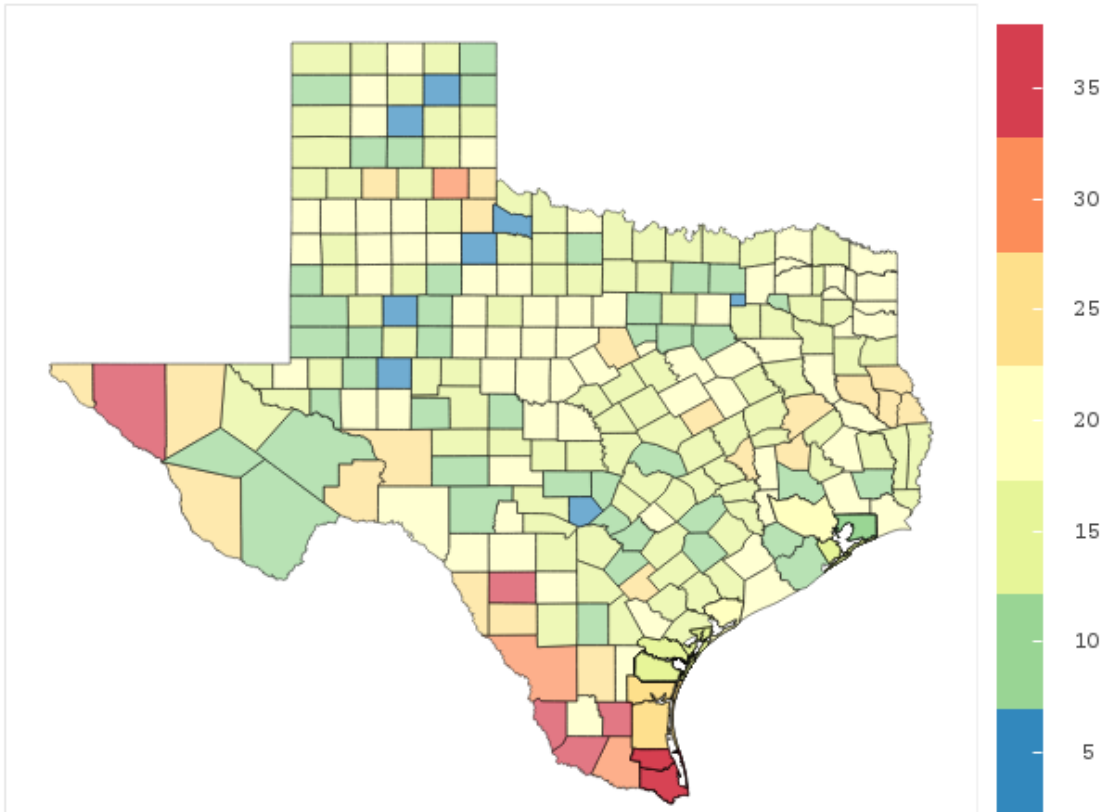


Opioids Ravage Rural America

- 197 deaths each day across the nation.
- Up 30% in 2017 from 2016.
- In rural America opioid death rates quadrupled among those 18-25 years old and tripled for females.
- ***Death rate is 45% higher in rural counties.***



Texas Percent of Population Below Poverty Rate By County



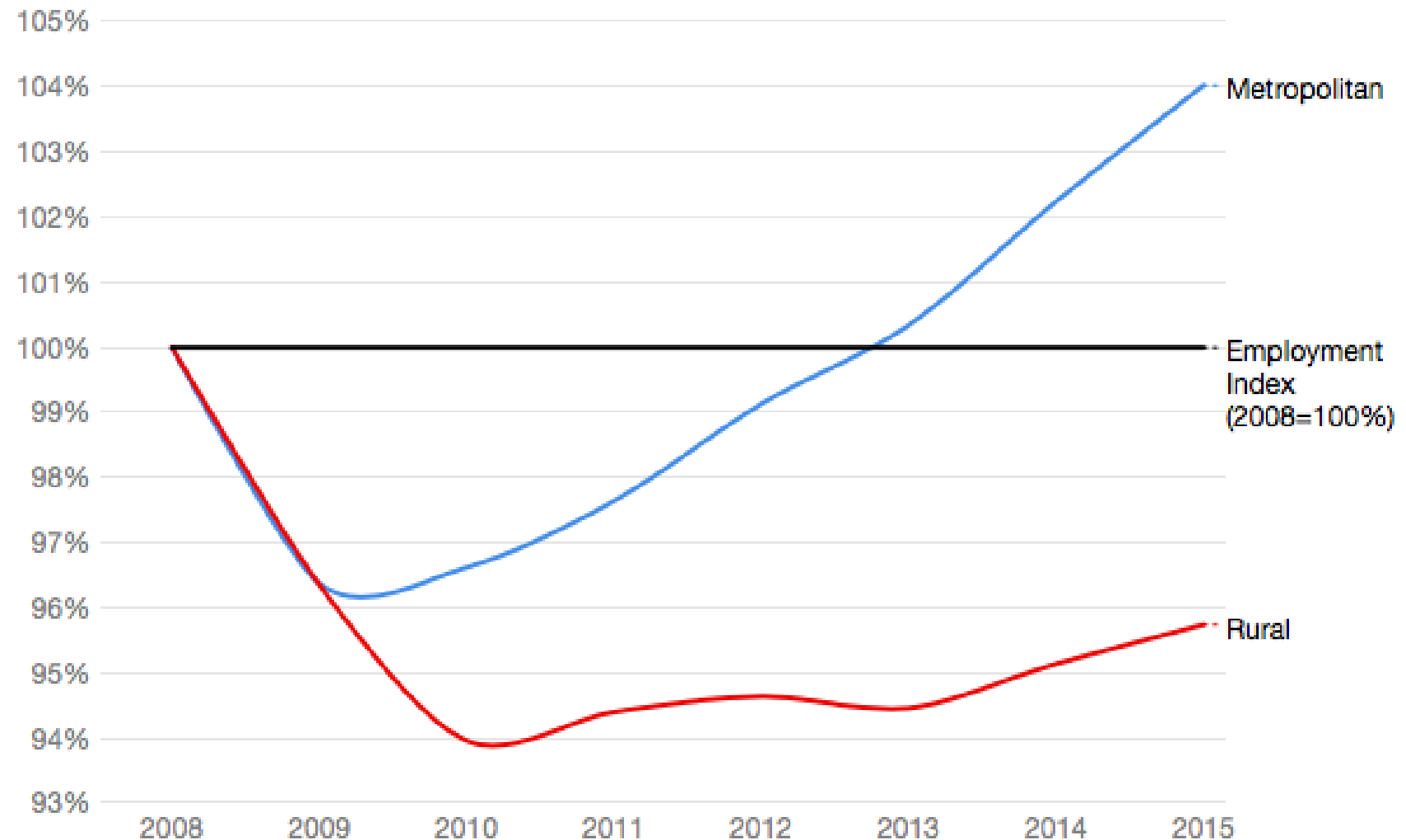
Poverty in Texas drops to lowest levels in more than a decade

PERSISTENT POVERTY

- After peaking at 18.5% in 2011, poverty dipped below pre-recession levels for the first time in 2016 and continued to drop steadily in 2017.
- A Hispanic or black child in Texas is three times as likely to live in poverty than a white child.
- Hispanic and black households face a gap of tens of thousands of dollar.
- Families living in the Rio Grande Valley have rates double the state figure.

Job growth in America

Since 2008, job growth in metropolitan areas has outpaced that in rural areas.



Rural Hospital Closures: 2005 – 2016

Press play or drag the timeline handle to see the locations of rural hospital closures over the last decade. The size of the bubble represents the number of hospital beds.

Total for JAN 2005 -

MAY 2006





102

rural hospital
closures
since 2010

95



NATIONAL RURAL HEALTH ASSOCIATION

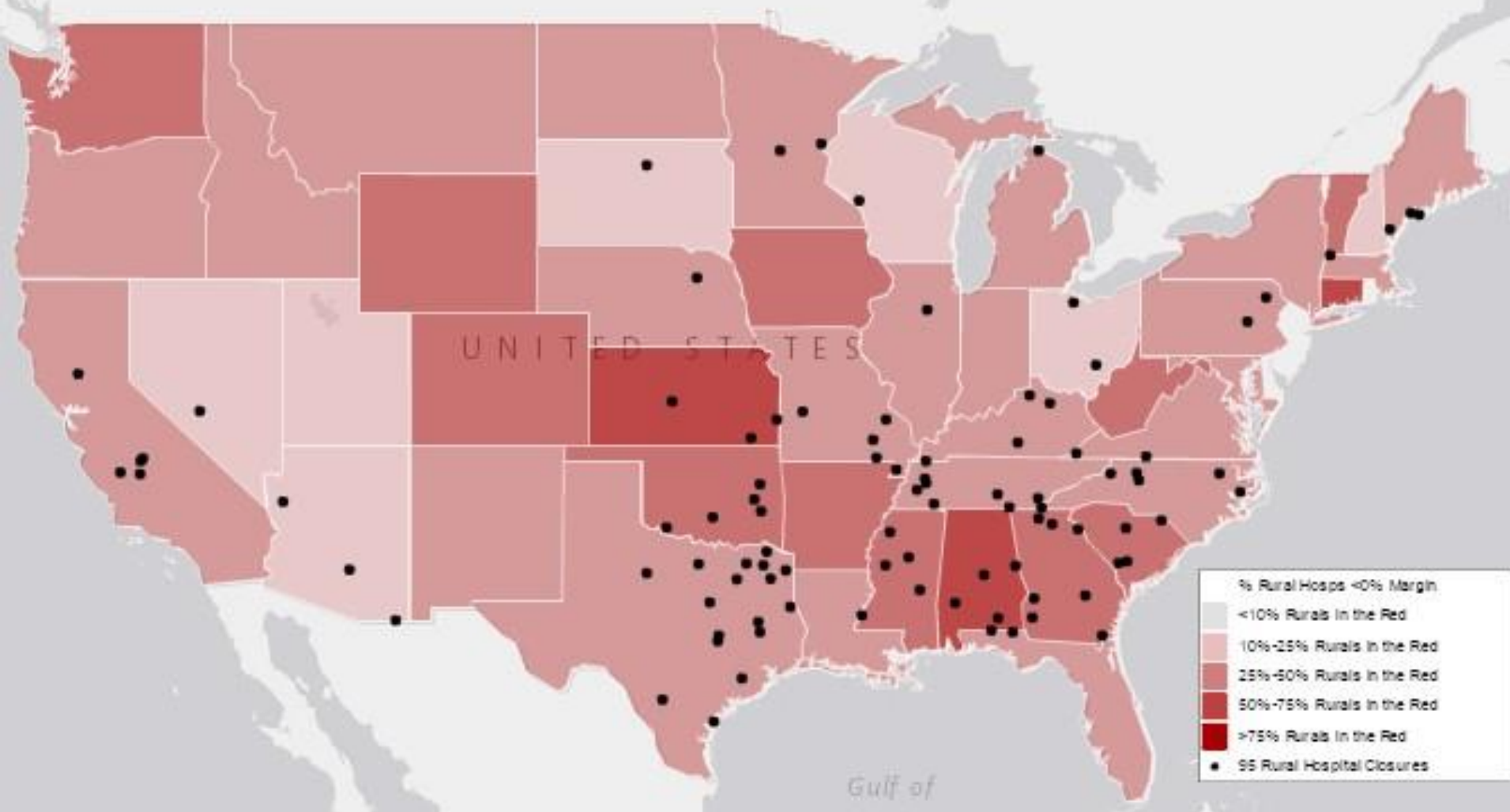


TEXAS



- Over 20 Closures in Texas
- Predominantly Rural PPS Hospitals

Why are Rural Hospital Closures Escalating?



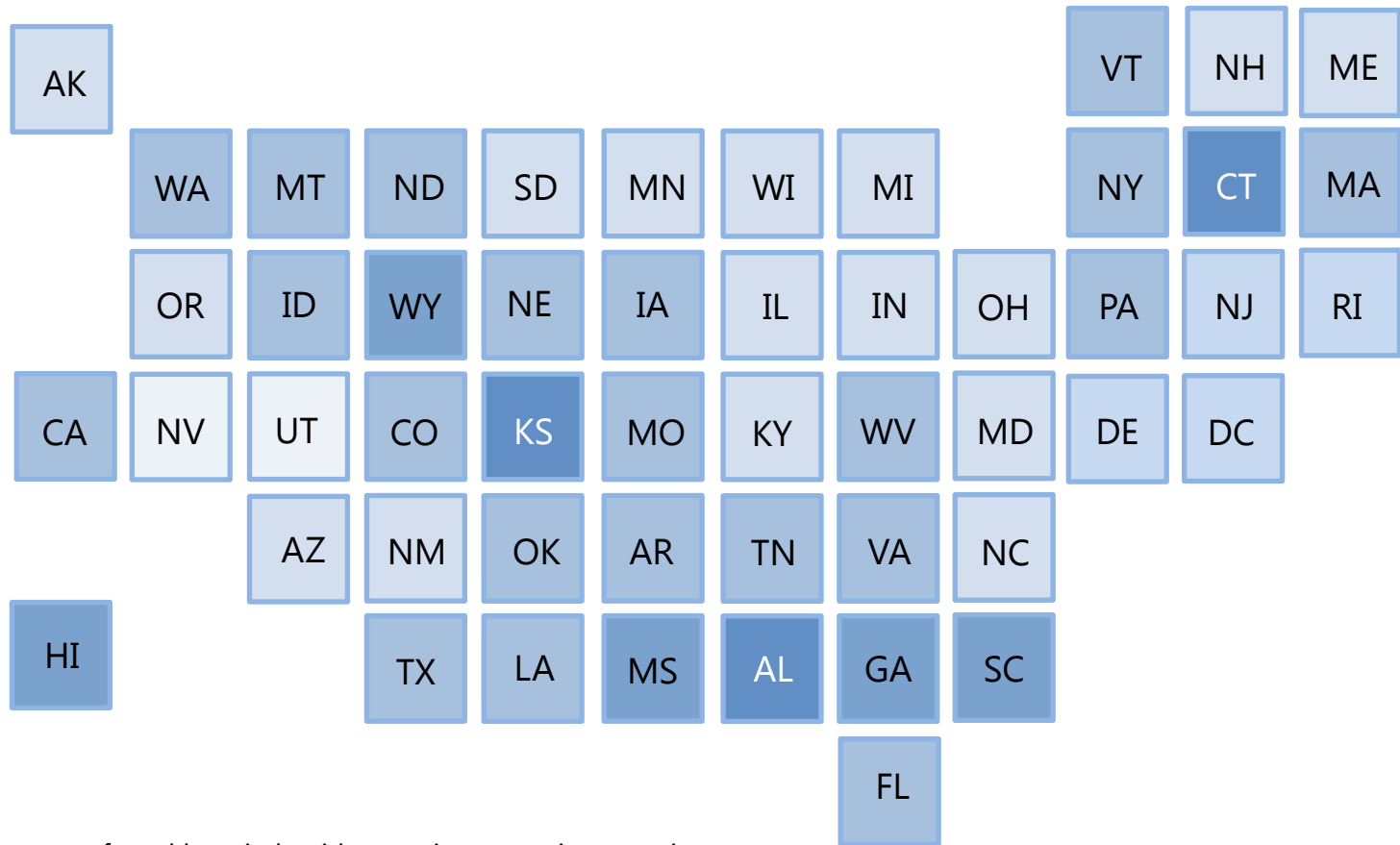
Rural Hospitals Operating at a Loss

2017: 40%

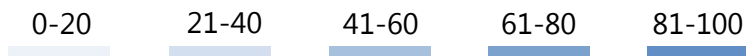


2019: 46%

46% of all Rural Providers have a Negative Operating Margin



State-level percentage of rural hospitals with negative operating margin.



Source: The Chartis Center for Rural Health, 2019.

Texas

- 46% operate at a loss (right at national average).
- 36% operate at a -3% or greater loss.
- Does not tell the full story - - several operate at a -20% loss.



RURAL PROVIDERS ARE SUBSIDIZING CARE.

Impact of Bad Debt

- Medicare and Medicaid bad debt has increased by nearly 50% since the ACA was signed into law.
- Bad debt cuts cause \$3.8 billion over 10 years to be lost.

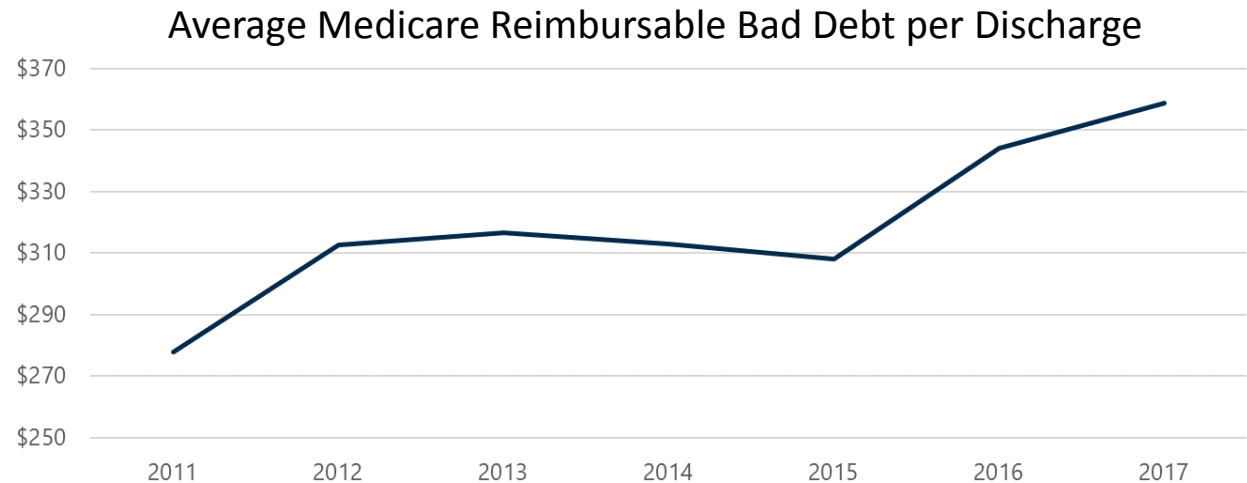
Impact of Sequestration

- Sequestration cuts are also forcing doors to close. Texas rural hospitals lose \$16.7 million in sequestration cuts.



Medicare Bad Debt is Rising

Medicare Reimbursable Bad Debt per Discharge increased 29% since 2011 across all rural hospitals, on average.



Average Annual Reimbursable Medicare Bad Debt per Rural Hospital

\$198K

2011



\$220K

2017

**TEXAS rural
hospitals lose
\$9.4 million**

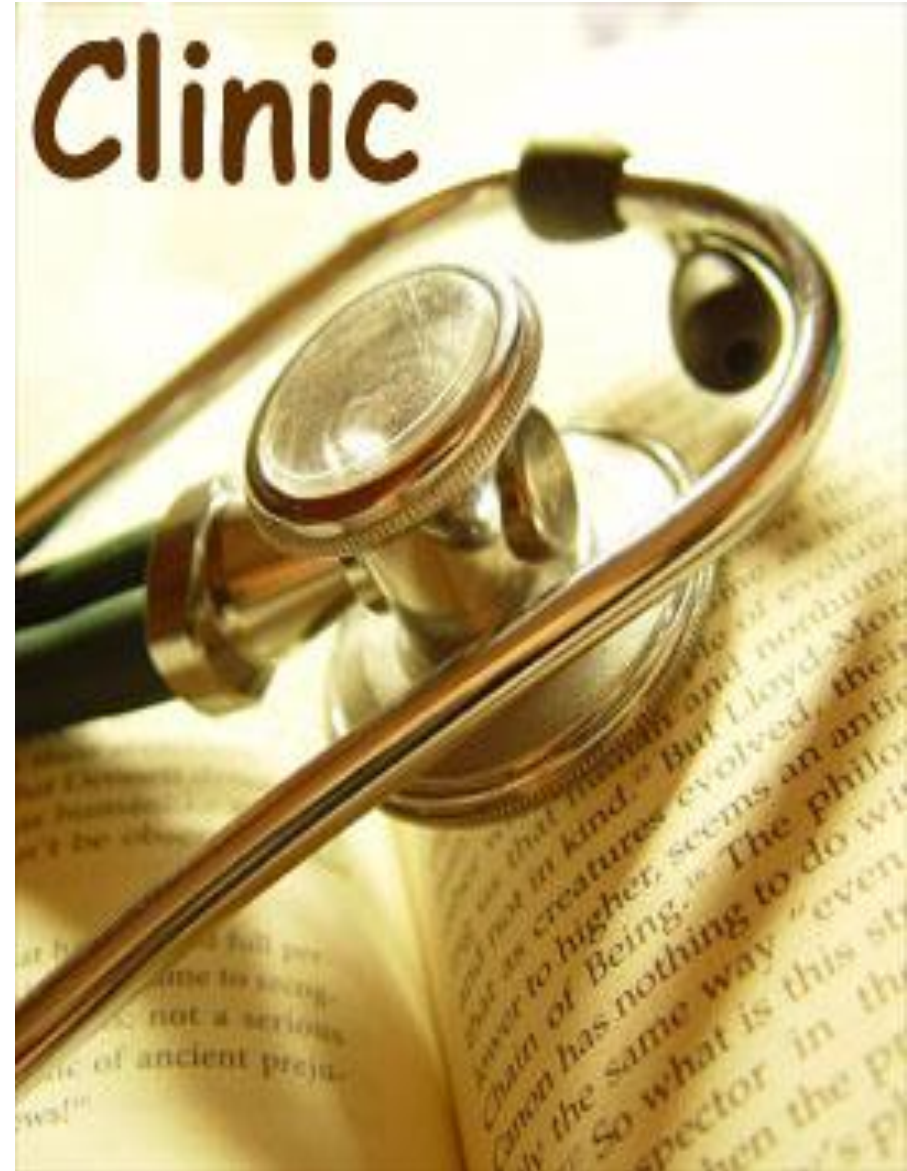
Closures...

- 104 rural hospitals closures mean that patients are left without access to emergency rooms and rural communities are left in economic decline.
- 23 closures since last spring.
- When closures occur:
 - Patients suffer;
 - Economies buckle; and
 - Medical deserts form



Rural Health Clinic Closures

- 4,100 RHCs nationwide furnish primary care and preventive health services in rural and underserved areas.
- Rural health clinic closures are also escalating.
- Since 2012, there have been 388 rural health clinic closures.
- Rural Health Clinics across rural America face long-standing challenges:
 - inadequate reimbursement rates;
 - workforce shortages; and
 - technology challenges.



Maternity Care is Disappearing in Rural America

- More than 200 rural maternity wards closed between 2004 and 2014.
- In 1985, 24% of rural counties lacked OB services. Today, 54% of rural counties are without hospital based obstetrics.





Rural Minority Mothers and Babies

Rural counties with higher percentages of African American women were:

- *more than **10 times** as likely to have never had hospital-based obstetric services; AND*
- *4 times as likely to have lost obstetric services between 2004-2014.*

Texas Moms Are Dying

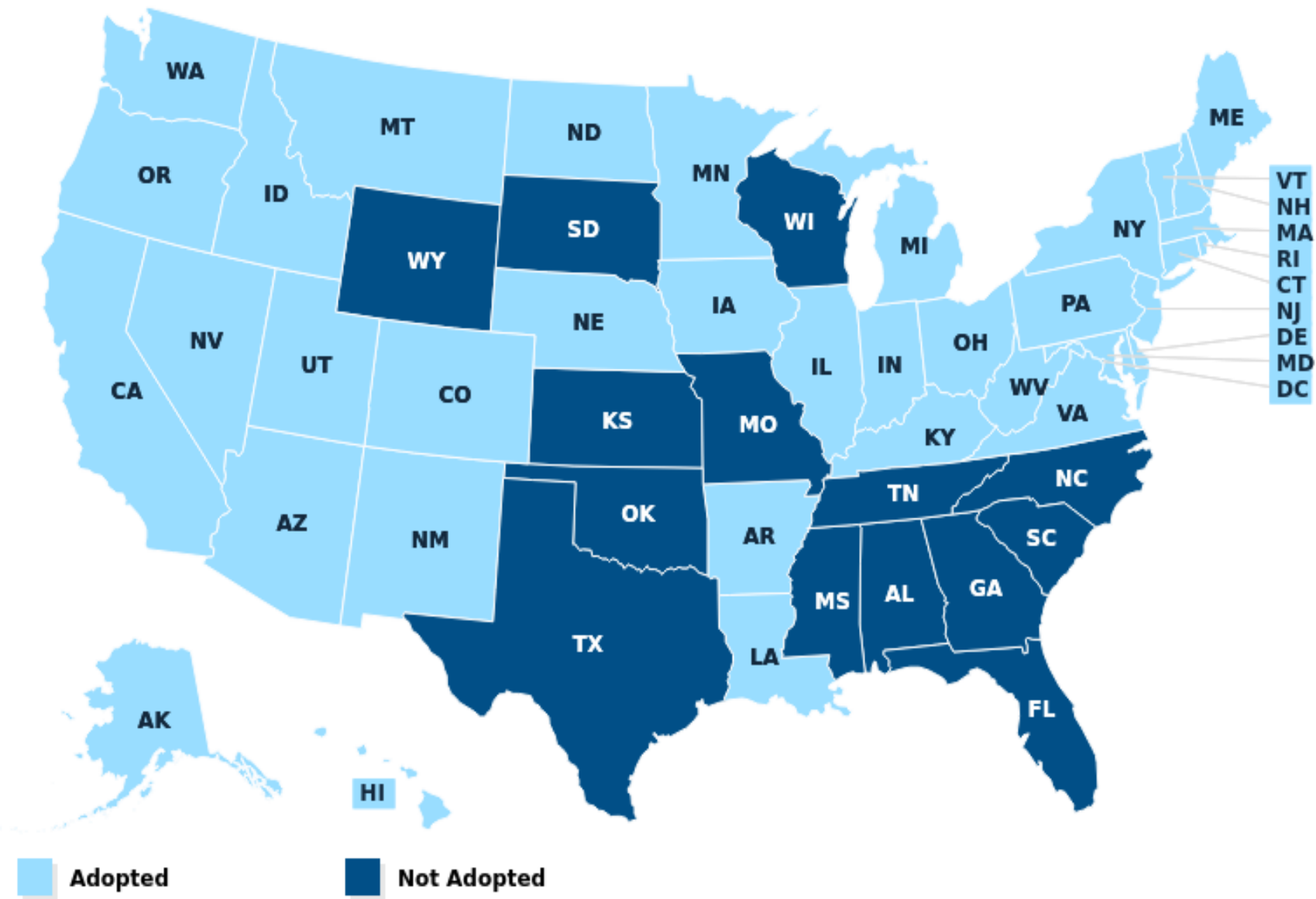
After 2010, the reported maternal mortality rate for Texas doubled within a two-year period to levels not seen in other U.S. states.



2016 Study in Medical Journal of Obstetrics and Gynecology

- If Texas were a country, it would have the highest maternal mortality rate in the developed world and would be on a par with Mexico or Turkey.
- Maternal mortality rates have risen 26% nationwide, likely due to higher chronic disease.
- But Texas is in a category all by itself. From 2011 to 2014 the number doubled. During those more recent years, more than 600 Texas women died from complications around childbirth.
- Those figures, the study concluded, “didn’t make sense in the absence of war, natural disaster or severe economic upheaval.”

Status of State Action on the Medicaid Expansion Decision: Current Status of Medicaid Expansion Decision, as of January 23,



SOURCE: Kaiser Family Foundation's State Health Facts.

What is Washington, DC Doing? Rural is Getting Attention...



“If we’ve learned nothing from the last election, it’s that we can’t listen to rural America enough.”

Senate Minority Leader Chuck Schumer



Just one year ago...

- Rural providers faced hundreds of millions in payment cuts
 - Rural Medicare Expenders
 - Medicare Dependent Hospitals
 - Low Volume Hospital Adjustment
 - Rural Ambulance Payments
 - Appropriations – rural health safety net
- What happened?



Rural Victories: Appropriations

- First time in more than a decade, a L-HHS Bill has been approved by Congress.
- Unprecedented Funding for:
 - Rural Health Safety Net;
 - Opioid prevention funding;
 - National Institute of Health.
- Remember also operating off of 2-7ear budget bill that passed in February, which included significant rural funding.

Opioid Funding Bill.

Huge amounts of spending.

- **Changes funding formula** for states to receive funds - - will help rural states with most significant problem.
- **Expands Medicaid Inpatient Coverage.**
- **Technical Assistance and Grants for Tribes**
- **First Responder Training** –allows first responders to administer a drug or device, like naloxone, to treat an opioid overdose.
- **Health Providers Shortages Areas** – Allows National Health Services Corps (NHSC) to provide services in schools and with mental health professional shortages.
- **Loan Repayment for Substance Abuse Treatment Providers** – modifies NHSC for behavioral health providers practicing in substance use disorder treatment facilities in mental health professional shortage areas through NHSC.
- **Grants for Communities Building Programs.**
- **Expanding Medication Assisted-Treatment (MAT) for Recovery from Addiction**
- **Eliminates Certain Site Requirements for Telemedicine** under Medicare.
- **Improving Access to Telemedicine** – allows use of MAT through the use of telemedicine.
- **Neonatal Abstinence Syndrome (NAS)** - Provides support for NAS care in residential pediatric recovery centers and for services to mothers and caretakers under Medicaid. (Like Lily's Place in WV).
- **Huge SMHSA and Centers for Disease Control Research increases.**





2018 Farm Bill

Farm Bill:

- Provisions
 - New Rural Health Title in bill
 - Rural Health Liaison
 - Farmer Suicide Prevention
 - Loan Assistance Program
- USDA conducting Series of roundtables on how to improve economic development and health in rural farm communities.

VA Mission Act



- \$51 billion over 5 years.
- Overwhelmingly passes House and Senate.
- Signed on Memorial Day 2018.
- Consolidates seven different programs offering community care including VA Choice into a single entity.
- Funding is also provided for education and training, VA medical staff recruitment, and a review of VA medical facilities.
- Goal is to improve access to care for veterans if distances and wait lists are problems.
- HURDLES LIKELY REMAIN (credentialing, reimbursement, prescriptions)

A renewed awareness of rural issues on Capitol Hill

- Key hearings on Rural Health in Senate Finance and House Ways and Means Committee
- Joint Economic Committee Report on Rebuilding Rural America
- Senate Democrats Rural Summit
- Senate Finance Rural Mental Health bill



The President's Budget

- Slashes funding for HHS by 12% in 2020 to \$87.1 billion. Aggressively cuts rural safety net programs, such as funding for Rural Outreach Grants, Rural Hospital Flexibility Grants, Telehealth, the Rural Residency Program, the Rural Communities Opioids Response Program, and Rural Health Policy Development.
- Included in the changes to the HHS budget are sweeping drug pricing reforms, including 340B.
- **The bottom line: This is bad for rural**



Appropriations for FY20

	FY 2016 Omnibus	FY 2017 House	FY 2017 Senate	FY 2018 Omnibus	FY 2019 L-HHS/ Defense Minibus	FY 2020 NRHA Request
<i>HHS Programs for Rural Health</i>						
Rural Outreach & Network Grants¹	63.5	65.5	65.5	65.5	77.5	85
Rural Health Research/Policy	9.4	9.4	9.4	9.4	9.4	10.4
State Offices of Rural Health	9.5	10.5	9.5	10	10	12.5
Rural Communities Opioid Response				100	120	132
Rural Hospital Flexibility Grants	41.6	45.6	41.6	49.6	53.6	59
Telehealth²	17	19	18	18.5	24.5	27
National Health Service Corps	0	0	0	0	15	16.5
<i>Title VII and VIII Programs of Particular Interest to Fund</i>						
Rural Residency Development Program				15	10	15
Area Health Education Centers	30.3	30.3	30.3	30.3	39.3	43
Geriatric Programs	38.7	38.7	38.7	38.7	40.7	45
<i>USDA Programs for Rural Health</i>						
Rural Hospital Technical Assistance					0 ³	0.5

Legislative Priorities/Areas of Congressional Interest

- Workforce Shortages
 - Physician training programs
 - OB rural shortages
 - Rural mental health shortages
 - NHSC funding
- Rural Health Clinics
- Major Hospital Bill
 - DSH
 - Hospital Closure Crisis – New Models
 - Regulatory Relief

The Debate Among New Payment Models

OLDER MODELS

- **Frontier Extended Stay Clinic (FESC)**
- **Frontier Community Health Integration Project (F-CHIP)**
- **Rural Community Hospital Demonstration Program**

NEWER MODELS

- **REACH ACT S 1130 – Rural Emergency Acute Care Act**
- **MedPac Report to Congress – June 2016**
- **Rural Emergency Medical Center Act of 2018 (Jenkins bill)**

NRHA SOLUTION

- **Save Rural Hospitals Act – Must first stabilize rural hospital payments, and then advance a new model.**



GOALS

- **Must Keep Doors Open**
- **Must Stabilize Payments**
- **Must Make New Models Sustainable**
- **Must Act with Urgency**

There are no better advocates than TORCH!

- Texas Delegation - - Critical Yet Challenging
- Senate Finance Committee (Senator Cornyn) will be key in all negotiations
- THANK YOU TORCH FOR ALL YOU DO!!

