Rural Health Challenges and Opportunities

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The Pacific Northwest and My Roots

- Silver mining country
- Idaho
- 100 years ago...
Rural America Challenges and Solutions

- Concerns about affordability and access to care
- Concerns about impacts on health, well being
  - Why is this happening?
  - Regional differences: are these challenges the same in the West?
- Potential solutions
Rural Health Challenges
Underlying Trends

- Access and Affordability Challenges
  - Rural Hospital Closures
  - Uninsured and Underinsured
  - Inflation and Rising Costs
- Poor health
  - Rising mortality

- Underlying factors driving these trends
Rural Hospital Closures

By Region:
- South: 61%
- Midwest: 21%
- East: 9%
- West: 9%

Few of the Rural Hospital Closures are in the West

Rural Hospital Closures:
- 193 since 2005
  - 150 since 2010
  - 78 since 2016
- Conversions: 93
- Complete closures: 100

By type of rurality:
- 71 Large Rural
- 78 Small Rural
- 44 Isolated Rural

By Payment Classification:
- 77 PPS
- 65 Critical Access
- 51 Other

Why are rural hospitals closing?

Financial distress is the proximate cause of a closure

- Causes of financial distress and closure are multi-faceted and complex

Long-term unprofitability is a major cause, and many factors behind this:

- Low volumes
- Rising inflation
- Market structure
- Population served (older, sicker, lower incomes)
- Workforce issues
- Technology challenges
- Policy challenges: Medicaid coverage and payment, low payment, Medicare payment changes

The South has the greatest number of rural hospitals at high risk of financial distress
Concerns over rising National Health Spending

### National Health Spending and GDP*

<table>
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<tr>
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<th>Feb 2021</th>
<th>Feb 2022</th>
<th>Jan 2023</th>
<th>Feb 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>22.03</td>
<td>24.73</td>
<td>26.41</td>
<td>26.55</td>
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<tr>
<td>National Health Spending (HS)</td>
<td>4.17</td>
<td>4.34</td>
<td>4.54</td>
<td>4.56</td>
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<tr>
<td>HS Share of GDP</td>
<td>18.9%</td>
<td>17.6%</td>
<td>17.2%</td>
<td>17.2%</td>
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<tr>
<td>HS Share of PGDP</td>
<td>18.2%</td>
<td>17.4%</td>
<td>17.0%</td>
<td>17.0%</td>
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<tr>
<td>Growth from Prior 12 Months</td>
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<tr>
<td>HS</td>
<td>3.2%</td>
<td>4.2%</td>
<td>4.7%</td>
<td>4.9%</td>
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<tr>
<td>GDP</td>
<td>0.4%</td>
<td>12.3%</td>
<td>7.7%</td>
<td>7.3%</td>
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<tr>
<td>HS minus GDP</td>
<td>-2.9%</td>
<td>-8.0%</td>
<td>-3.0%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>HS minus PGDP</td>
<td>-0.9%</td>
<td>-4.6%</td>
<td>-3.1%</td>
<td>-2.4%</td>
</tr>
</tbody>
</table>

*Source: Altarum monthly health spending estimates (see Methods box below). Monthly GDP is from IHS Markit. PGDP, defined as what GDP would be at full employment, is from the quarterly Congressional Budget Office estimates, converted to monthly by Altarum.

* Spending is in trillions of dollars at a seasonally adjusted annual rate (SAAR).

### Exhibit 2. Percent Change in National Health Spending and GDP Since January 2020

Inflation:
Rare good news that health inflation is lower than overall inflation

However... rising prices overall are stressing the health sector, especially hospitals.

Source: https://altarum.org/publications/april-2023-health-sector-economic-indicators-briefs
Uninsured rates, 2010-2019
Uninsured rates by Region, 2019
Digging a little deeper: Why are rural health systems stressed?
Losing Population in Rural America

Nonmetro population growth has remained close to zero in recent years and was just 0.02 percent from July 2018 to July 2019.

During recessions, nonmetro areas experienced a steep decline in population growth rates, especially during the Great Recession and the 1980s.

Nonmetro population growth rates were actually negative during the 2010s.

Modest Improvement in Nonmetro Population Change During the Decade Masks Larger Geographic Shifts.”
Data from the 2020 Census reveal that the rural population declined between 2010 and 2020, the first decade-long rural population loss in history. In contrast, the rural population grew by 1.5 million between 2000 and 2010, and by nearly 3.4 million in the 1990s.

Just 33.1 percent of rural counties gained population between 2010 and 2020, compared to 53.2 percent in the prior decade. Population growth was impacted in metropolitan areas too, but the urban population grew between 2010 and 2020.

SOURCE: https://carsey.unh.edu/publication-rural-america-lost-population-over-past-decade-for-first-time-in-history
Losing Jobs in Rural America

All areas hit hard by Great Recession (2008-10)
But Nonmetro areas recovered more slowly
2010-19 until COVID-19 hit
Net effect: rural has lost jobs since 2008

U.S. employment in metro and nonmetro areas, 2007–21

Note: Employment is based on annual average total employment by county; metro and nonmetro designations are based on the 2013 definition of metropolitan counties, as determined by the U.S. Office of Management and Budget.
Rural America is Older

**Median age:**
Rural 43, Urban 36

**Percent of population age 65+:**
Rural 17.2%, Urban 12.8%

Aged population will double from 2000 to 2030!

Implications for Medicare & Medicaid

In the West: slightly smaller proportion age 65+
Though poverty rates fell significantly until the early 1970s, nonmetro poverty rates have always been higher than metro poverty rates.
Some rural areas in the U.S. have significantly higher poverty rates

• mostly in the rural South and Southwest, Appalachia

• Higher poverty rates less common in the West.

Education in Rural America

- Although educational attainment is rising, a lower proportion (31%<45%) have college education in rural America.
- 48% in rural (36% in urban) have high school or lower
- Implication for opportunities for skilled labor positions.

Note: Data are aggregated based on county metro-nonmetro status by Office of Management and Budget's 2013 metropolitan area definitions. Categories may not sum to 100 percent because of rounding.
Deaths of despair from alcohol, substance abuse, guns, suicide.. Also obesity.

Leading to first declines we have seen in mortality in years, decades.

Much of it in the south, East South Central region, and rural areas in specific.

Cumulative disadvantage: low education, poverty.
Rural Americans are dying of COVID-19 at more than twice the rate of their urban counterparts—a divide likely to widen as access to medical care shrinks for a population that tends to be older, sicker, heavier, poorer and less vaccinated.

“While initial surge of COVID-19 deaths skipped over much of rural America... nonmetropolitan mortality rates quickly started to outpace those of metropolitan areas as the virus spread nationwide before vaccinations became available, according to data from the Rural Policy Research Institute.”


SOURCE: https://rupri.public-health.uiowa.edu/presentations/index.html
A High Performance Health System
The RUPRI Health Panel envisions rural health care that is affordable and accessible for rural residents through a sustainable health system that delivers high quality, high value services. A high performance rural health care system informed by the needs of each unique rural community will lead to greater community health and well-being.

Pillars of the High Performance System

Challenges

◦ Pandemic and ongoing behavioral health crisis demonstrate critical need for high-performing system

◦ These accentuate ongoing challenges in workforce, appropriate use of medical technology, maintaining facilities, integrating services

◦ Layer on new delivery modalities that may be helpful, or not: telehealth, outpatient procedures, in-home care

◦ Last but not least, changes in financing from volume-based for-service to value-based payment and global budgets
Building Blocks for the High Performing Health System

- Appropriate use of telehealth
- Primary care as the foundation
- Integrating clinic inside the walls with community-based services
- Address workforce needs across the continuum
- Use information systems to integrate patient care
Moving to High Performing Health System: Examples

- **Accountable Care Organizations**--defined by the Centers for Medicare and Medicaid Services as “Groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to the Medicare patients they serve.”
  - Over 8,000 participants across the U.S. including in all the states here today.
  - Evidence: prevented avoidable hospitalizations, reduced costs, improved outcomes.

- **Improving Access to Broadband** – infrastructure plan includes millions for improving broadband (USDA, 2022) and numerous states have passed improvements to broadband.

- **Telehealth and Behavioral Health** -- Telehealth can be used to improve the provisions of behavioral health, including mental health assessments, individual therapy, and medication management.

- **Health Home Model/Primary Care Medical Home Model** -- Health Homes (HH) available in about half of the states, with goal of coordinating care for people with Medicaid who have multiple chronic conditions. States have wide flexibility in designing the program to best suit the needs of their state.
Policy opportunities

◦ Improve regulatory environment supporting to changes in delivery, payment models

◦ Shift emphasis from fee for service to accountable care

◦ Finance population-based revenue streams to create incentives to invest in population health

◦ Adapt new models, especially Accountable Care models, and value based payment

◦ Consider Rural Emergency Hospitals and Accountable Care Communities
Conclusions
Conclusions

• Rural America faces continuing challenges; but challenges more significant outside of the west
• Challenges driven by underlying changes in demography, economy and social determinants of health

• Needed: changes in policy environment to improve affordability and create incentives for improved health
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