



Rural Healthcare

Issue

Access to healthcare services is an important necessity, especially in times of emergency. Distance from emergency services can mean the difference between life and death. Across the country, there is a trend of rural hospitals closing because of financial pressures. Since 2010, at least ten rural hospitals have closed in Tennessee. Beyond just access to healthcare services, hospital closures hurt the local economy and potential economic growth in the future. The issue has been discussed extensively by lawmakers from Tennessee on the state and federal level, and from both sides of the political aisle. Discussions on proposed solutions to help rural hospitals range from Medicaid (TennCare) expansion, asking for a waiver to pursue a federal block grant program for Medicaid programming, adjusting the Area Wage Index for Medicare and Medicaid Services, and other proposals from the state and federal level.

Background

Rural hospitals serve as a vital part of the communities they serve and are a necessity to those in the community. In Tennessee, there are 66 acute-care small and rural hospitals. Of the 95 counties, 82 percent are rural making the threat of hospital closures a possible reality for rural communities across the state. Twenty counties in Tennessee do not have a hospital within in the county.

Geographical as well as socioeconomic challenges coupled with financial issues are creating a problem for rural hospitals across the country and furthering the gap between rural communities and quality access to care. The challenges faced by rural communities and their hospitals include: health care professional shortages, older and sicker populations, and underinsured residents. These factors as well as improved medical technologies and shortened hospital stays are contributing to the increasing number of rural hospitals threatened with insolvency.

Across the country, there is a trend of rural hospitals closing because of financial pressures. Nearly a fifth of rural hospitals across the country are at risk for collapsing. Since 2012, at least ten rural hospitals have closed in Tennessee and others have terminated all inpatient services, the second highest rate in the country. Beyond just access to healthcare services, hospital closures hurt the local economy and potential economic growth in the future. It is predicted that more rural hospitals will close in the future. According to state records, at least 15 rural hospitals are losing money annually; collectively these hospitals have lost over \$137 million over the past three years.

The Tennessee Hospital Association (THA) proposes for hospitals in rural communities to look at alternative strategies to ensure they can continue providing care. Their goal is to better improve the clinical, financial, and operational performance of rural hospitals across the state. The THA as well as the American Hospital Association Taskforce Report are focusing on seven strategies to aid rural hospitals into developing solutions. These strategies include addressing areas such as global budget payments, the social determinants of health, virtual and urgent care, and emergency medical centers.

The issue has been discussed extensively by lawmakers from Tennessee on the state and federal level, and from both sides of the political aisle. Discussions on proposed solutions to help rural hospitals range from Medicaid (TennCare) expansion, asking for a waiver to pursue a federal block grant program for Medicaid programming that could both expand coverage and be more cost effective, adjusting the Area Wage Index (AWI) for Medicare and Medicaid Services, and other proposals from the state and federal level. In regard to adjusting the AWI, the Tennessee Hospital Association states that the adjustment will allow acute care hospitals to invest in areas such as labor and wages due to the decline of the rural floor for Tennessee over the past decade. The AWI is a regulatory formula set by the federal Centers for Medicare & Medicaid Services (CMS).

A provision in the Affordable Care Act (ACA) allows for expansion of Medicaid eligibility in order to cover more low-income Americans up to individuals with incomes up to 138% of the federal poverty level. TennCare is the state of Tennessee's Medicaid program that provides health care for approximately 1.3 million Tennesseans and operates with an annual budget of approximately \$12 billion. TennCare members are primarily low-income pregnant women, children and individuals who are elderly or have a disability. TennCare covers approximately 20% of the state's population, 50% of the state's births, and 50% of the state's children. TennCare's income limit is between 120% and 135% of the federal poverty level, depending on the family size.

In January 2015, Governor Bill Haslam called a special session of the General Assembly to address a plan his administration had worked with CMS on a version of Medicaid expansion. The legislation was unsuccessful as many were concerned about the long term costs the state could incur in the future. The Trump administration signaled in July of 2019 that states either must fully expand Medicaid or not at all, by rejecting a Utah effort to partially expand Medicaid. Thirty-two states have expanded Medicaid under the ACA.

In 2018, the state legislature passed the Tennessee Hospital Transformation Act charging the Tennessee Department of Economic and Community Development (TNECD) to provide consultation for target rural hospitals to create plans that would assess viability of new delivery models, strategic partnerships, and operational changes to enable the continuation of needed healthcare services in rural communities. The applications from hospitals are currently being reviewed by TNECD. The goal TNECD is to contract individual consultants or professional firms to provide consultation for rural hospitals. Governor Lee's administration expresses a dedication to improving healthcare accessibility to all Tennesseans and has established a healthcare modernization taskforce to generate ideas.

In 2019 the General Assembly passed Public Chapter 481 which charges Governor Bill Lee to negotiate with CMS to seek federal permission to convert the state's current federal Medicaid matching funds into a block grant, indexed for inflation and population growth. The basic idea of block grants is that states would get fixed federal grants that would be based on the state and federal Medicaid spending in that state and the grant would grow slightly each year to account for inflation. Currently, the federal funding for Medicaid (TennCare) is open-ended, but in return states must cover certain services and people — for instance, children, pregnant women who meet income criteria and parents with dependent children. Under a block grant, states would have more freedom to decide who qualifies, and for what services. Public Chapter 481 instructs the Governor to have the plan set by the by the end of the year and to report back to the General Assembly.

Questions

1. Has access to healthcare services declined in your area?
2. What are ways you think that healthcare services can be increased in rural areas?
3. How should Farm Bureau policy reflect the healthcare needs of rural Tennessee?

Farm Bureau Policy

Health and Medical (Partial)

Alternative methods of medical delivery, such as telemedicine, allows cost effective access to medical care for our rural residents. Coupled with Tennessee's investments in roads and highways, rural residents enjoy greater access to healthcare than ever before. None the less, rural communities still need relatively close access to hospitals, especially emergency and critical care units. We support innovative and market-based methods to maintain a hospital presence in rural communities. We support the Tennessee Rural Hospital Transformation Act of 2018.