NATIONAL RURAL HEALTH ASSOCIATION

THEY JUST DON'T GET IT

Today, the Department of Health and Human Services released a report that if fully implemented, could close hundreds of rural hospitals across the nation - - harming access to health care for millions of rural patients, and actually costing the tax payer more money. The 34-page report of Critical Access Hospitals would eradicate individual state determinations on which small, rural hospitals are critical "necessary providers" in a state, by over-riding state decisions with complete federal authority. This report seeks to kill rural health care by shutting down as many as 70% of a state's rural hospitals.

I. HHS Report Would Create Huge Voids in Access to Health Care in Rural America.

- Under this report, using Missouri as an example, roughly 70% of the rural critical access hospitals in that state alone would lose their designation, and face possible closure. Does that sound rationale to anyone living outside of Washington DC?
- The report shows that approximately 50% of the CAHs that would lose their designation under this scheme would do so because they are "too close" to another CAH that would also lose its status. This will likely result in the closure of both facilities. This is the fastest way to ration care to America's most vulnerable seniors.
- Also under this scheme, a CAH would lose its status EVEN if the other hospital did not treat the same type of patient. In fact, 7percent of the other facilities do not serve typical rural Medicare patients because they are psychiatric facilities, rehabilitative hospitals, Children's Hospitals or Veteran Facilities.

Even the report admits that meaningful access to care is dependent on more than just distance between providers. We agree. It is important to remember:

- 77 percent of the 2,050 rural counties in the United States are designated as primary care Health Professional Shortage Areas (commonly referred to as `HPSAs');
- Rural hospitals and clinics have a significantly harder time recruiting and retaining medical and administrative staff because of inequities in the Hospital Wage Indexes and Geographic Practice Cost Index;
- Rural areas of the United States have fewer than half as many primary care physicians per 100,000 people as urban areas of the United States; and

- More than 50 percent of patients in rural areas of the United States travel at least 20 miles to receive specialty medical care, compared to only 6 percent of patients in urban areas of the United States

II. The HHS report is wrong. Eliminating Critical Access Hospital does not save money. CAHs save tax payer dollars.

- Despite Critical Access Hospitals representing over 22% of all community hospitals, Medicare expenditures to CAHs are less than 5% of the Medicare hospital budget.
- Critical Access Hospitals provide cost-effective primary care. In fact, in comparing identical Medicare services in a rural setting to an urban setting, the cost of care in a rural setting is on-average 3.7 % less expensive. This focus on primary care, as opposed to specialty care, saves the Medicare program approximately $2.2 billion each year.
- Approximately $7.2 billion in annual savings to Medicare if the average cost per urban beneficiary were equal to the average cost per rural beneficiary.

III. Critical Access Hospitals are critical to the rural economy.

- Critical Access Hospitals create approximately 138,000 jobs.
- Critical Access Hospitals are often the largest or second largest employer in a rural community.
- The average CAH creates 107 jobs and generates $4.8 million in payroll annually and can mean as much as 20% of a rural economy.
- If a rural hospital closes, severe economic decline in the rural community is the result. Soon after, physicians, nurses, pharmacists and other health care providers in the community will be forced to leave. Patients will have to travel farther distances for care or will delay receiving care, resulting in poorer health outcomes.
- Businesses, families, and retirees will not relocate to a rural area if quality health care is not available.

What are Critical Access Hospitals (CAHs)? CAHs are important health care access points for rural patients across the country.

- Initially created by Congress in 1997 to curb the tide of rural hospital closures, CAHs are small, rural hospitals specifically designated as important access to care points for rural patients.
- More than 60 million rural residents rely on Critical Access Hospitals, yet much of this population is scattered over 90% of the nation's landmass.
- Rural populations are vulnerable; on average this population is older, sicker and poorer than individuals in urban areas. The Department of Health and Human Services states, "rural areas have higher rates of poverty, chronic disease, and un-

insurance, and millions of rural Americans have limited access to a primary care provider.

- 20% of the population lives in rural America, yet only 9% of physicians practice in rural areas. Seventy-seven percent of the 2,050 rural counties in the U.S. are primary care HPSAs. More than 50% of rural patients have to travel 60 miles or more to receive specialty care.
- Critical Access Hospitals achieve high levels of performance, according to stands for quality, patient satisfaction, and operational efficiency, for the types of care most relevant to rural communities.
- Most Critical Access Hospitals struggle financially. In fact, over 41% of Critical Access Hospitals operate at a financial loss.

CAH certification is not easy. Prospective CAH facilities must meet stringent requirements set forth in the CAH Conditions of Participation in order to be certified as a CAH. These facilities must:

- Be small and located in a "rural" area defined by either their state or the Federal Government. Indeed they may not have more than 25 beds that are used for acute care or "swing-bed" patients.
- Offer 24 hour emergency care.
- Meet stringent state and federal staffing requirements for their emergency and inpatient services.
- Not exceed an average inpatient stay of 96 hours.
- Meet numerous guidelines for process and outcome measures to show safety in their facility.
- Complete a certification process with CMS, or other group appointed by CMS, showing that they remain eligible for the program at least once every three years.