The Rural Landscape

27th Annual Michigan Rural Health Conference

Brock Slabach, MPH, FACHE
Chief Operations Officer

bslabach@ruralhealth.us
Twitter: @bslabach
#ruralhealth
April 25, 2024
Destination NRHA

Plan now to attend these 2024-25 events.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Conference</td>
<td>May 7-10, 2024</td>
<td>New Orleans, LA</td>
</tr>
<tr>
<td>Rural Hospital Innovation Summit</td>
<td>May 7-10, 2024</td>
<td>New Orleans, LA</td>
</tr>
<tr>
<td>Rural Health Clinic Conference</td>
<td>Sept. 24-25, 2024</td>
<td>Kansas City, MO</td>
</tr>
<tr>
<td>Critical Access Hospital Conference</td>
<td>Sept. 25-27, 2024</td>
<td>Kansas City, MO</td>
</tr>
<tr>
<td>Policy Institute</td>
<td>Feb. 11-13, 2025</td>
<td>Washington, DC</td>
</tr>
</tbody>
</table>

Visit ruralhealth.us for details and discounts.
Why rural?

- Rural areas make up 80% of the land mass in USA
- Rural areas have roughly 17% of the US Population
- Rural areas provide the food, fuel and fiber to power our nation
- Access to high-quality health care is a requirement to keep these important resources available
- An exchange between urban and rural that must not be overlooked
- Historically, public policy has disadvantaged health care in rural communities
Election Year

Let the fun begin
The Road to 270

Democrats: 226
- 191
- 30
- 5
- 77
- 17
- 97
- 121

Republicans: 235

Source: https://www.270towin.com/

Map Updated: Apr. 6, 2024 at 16:08 UTC (12:08 PM EDT)
“What Liberals Get Wrong About ‘White Rural Rage’ — Almost Everything”


- What rural communities desire:
  - Empowering strategies that allow them to shape their own future
  - Support that bolsters local leadership
  - Encourages community-driven initiatives
  - Provides the tools and resources necessary for them to address their specific challenges in a manner consistent with their values

- To understanding rural resentment:
  - Acknowledge the profound geographic inequities that exist in the U.S.
  - These inequities are a powerful motivator of political behavior
  - They are not the same as rage, racism, xenophobia and nationalism
  - It is distinctive

- This isn’t rage, nor is it a threat to democracy.

Source: [https://www.politico.com/news/magazine/2024/04/05/white-rural-rage-myth-00150395](https://www.politico.com/news/magazine/2024/04/05/white-rural-rage-myth-00150395)
REH Conversion Map
23 Conversions Since Program Started

https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-emergency-hospitals/
Rural Hospital Operating Margin

Overall, **50% of America’s rural hospitals** are operating **in the red**.**

**Highest** percentage of rural hospitals losing money **ever calculated** in our annual analysis.

In the **12 non-expansion states**, **56% of rural hospitals are operating in the red.**

Source: The Chartis Center for Rural Health,
**CMS Healthcare Cost Report Information System (HCRIS) Q4 2022.** Operating margin is computed in accordance with Flex Monitoring Team guidance. Outliers are excluded. Hospitals for which data are unavailable are excluded. Reported Covid-19 PHE Funds (Worksheet G-3 line 24,50) excluded from operating margin. Adjustments made to operating margin to reflect full 2% sequester.

© 2023 The Chartis Group, LLC. All Rights Reserved.
Since 2010, access to care has deteriorated significantly in rural communities across America.

166 rural hospitals have either closed or converted to a model that excludes inpatient care (e.g., REH).

Highest loss of inpatient care tends to be in states resisting (or slow to adopt) Medicaid Expansion.

Closure Source: Cecil B. Sheps Center for Health Services Research, 1/8/2024.
418 rural hospitals across America are vulnerable to closure.

Across 16 states, the percentage of rural hospitals vulnerable to closure is 26% or higher.

Non-expansion states are home to nearly 200 vulnerable rural hospitals.

Source: The Chartis Center for Rural Health, January 2024
Rural America’s Widening OB Deserts

Percentage of Rural Hospitals Dropping OB Between 2011-2021

States with highest % of facilities stopping OB are WV (46%), FL (43%), PA (41%) and NH (40%).

In WV, PA and NH, the number of rural hospitals in the state left providing OB is less than 10.

Rural America’s Widening OB Deserts

Number of Rural Hospitals Dropping OB Between 2011-2021

States with highest number of rural OB closures are MN (22), IA (20), TX (17), WI (16) and KS (14).

UT and WY, states with 20 and 16 rural hospitals offering OB respectively have not seen any losses during the review period.

Enrollment in Medicare Advantage Surges

Percentage Growth in Rural Communities 2019-2023*

Medicare Advantage enrollment in rural communities **jumped 46% nationally since 2019.**

In **10 states**, Medicare Advantage enrollment **increased by more than 100%** between 2019 and 2023.

Source: The Chartis Center for Rural Health, December 2023. Rural Communities defined as county in which a rural hospital is located.
Medicare Advantage Penetration in Rural Communities
Percentage Growth 2019-2023

Today, 39% of all rural Medicare beneficiaries are enrolled in a Medicare Advantage plan.

Medicare Advantage Penetration now exceeds 50% in 7 states (AL, CT, GA, HI, KY, ME, MI).

Source: The Chartis Center for Rural Health, December 2023. Rural Communities defined as county in which a rural hospital is located.
“Rural hospitals and the rural economy rise and fall together”

“Three years after a rural hospital community closes, it costs about $1000 in per capita income.”

- Mark Holmes, professor, University of North Carolina

- On average, 14% of total employment in rural areas is attributed to the health sector. Natl. Center for Rural Health Works. (RHW)

- The average CAH creates 107 jobs and generates $4.8 million in payroll annually. (RHW)

- Health care often represent up to 20 percent of a rural community’s employment and income. (RHW)

- Medical deserts form in rural communities where hospitals close.
USDA/NRHA Rural Hospital TA Program

- **Rural Hospitals** are eligible for full-range of services consisting of:
  - Strategic, Financial and Operational Assessment (SFOA)
  - Target services, for example:
    - Revenue Cycle
    - 340B assessment
    - Cost Report Review
    - Debt capacity/Market Analysis
    - Maternity Care Assessment
    - Long-term evaluation
    - Quality Measurement Assessment

- TA is free-of-charge to hospital
- Include input from USDA State Rural Development Agent
- Contact **Brock Slabach** or **Tommy Barnhart** at NRHA
Updates from the Administration
Recent Activities

**MedPAC March Report to Congress**

- Annual mandatory report to Congress on Medicare payment policy and adequacy.
- Also included Medicare Advantage status report and Rural Emergency Hospital chapters.
- Recommendations include:
  - Increase base hospital payment rates by the amount specified in law plus 1.5%
  - Transition to redistribute disproportionate share hospital and uncompensated care payments through the Medicare Safety-Net Index (MSNI) (from last year’s Report)
  - Update physician payment by the amount specified in current law plus 50% of the Medicare Economic Index
  - Reduce SNF base payments by 3%
Current Activities

• CMS Request for Information on Medicare Advantage Data
  • Soliciting comments on all aspects of data related to MA. Feedback will enhance data capabilities, find areas for increased transparency, and inform future rulemaking.
  • Comments due May 29, 2024. NRHA listening session scheduled for April 25, 2024, 1:00 to 2:00 pm ET. [Register here](#)
  • CMS is asking for responses specifically on:
    • Data-related recommendations for beneficiary access (including provider directories and networks)
    • Prior authorization, including denials and beneficiary experiences with appeals
    • Cost and utilization of supplemental benefits
    • Care and quality outcomes
    • Common challenges and experiences in MA program for which limited data are currently available
Recent Activities

• HRSA **updated list** of designated Health Professional Shortage Areas (HPSAs).
  • Updated list reflects information submitted by state primary care offices since July 2022 notice; designations as of December 2, 2023.
  • HRSA will publish 2 notices in 2024 –
    • **May notice**: List all designated HPSAs and those proposed for withdrawal.
    • **November notice**: Will withdraw all HPSAs proposed in May that do not meet designation requirements.
CMS Finalizes Payment Updates for 2025 Medicare Advantage (MA) Plans

- CMS estimates that MA plan payments will increase 3.7% in 2025
- Insurers are not happy with the increase, considering it a cut, not covering rising costs
- Insurance companies shares fell more than 4% on this news
- Intense competition for member enrollment for CY 2025 led to many plans offering “zero premium” plans
- Link to “Regs and Eggs” blog for more in the MA Rate announcement
- Providers should expect even more emphasis on “cost controls” within MA plans, i.e., contracts, prior-authorization and denials
CMS cracks down on MA Marketing

• CMS released a final rule April 4, 2024 that caps agent and broker compensation, nixing a loophole it says incentivizes aggressive tactics.

• CMS finalized a $100 hike to the fixed cap for initial enrollments, which is higher than the $31 it proposed in November, 2023.

• The changes will take effect for the fall open enrollment season.
In the News

• **April** – Release of FY 2025 Inpatient Prospective Payment System
  - Nursing Home Minimum Staffing Rule released, April 23, 2024

• **Spring** – CY 2025 Medicare Advantage Policy and Technical Changes final rule

• **Congressional Review Act:** Administration will likely try to finalize several major rules before end of May to avoid potential Republican administration & Congress using CRA to overturn rules next year.

• **Hospital Resilient Supply Program (HRSP)**-HHS proposal to reduce drug shortages
Biden has signed the final appropriations package of 2024.

- On March 22, Congress passed a $1.2 trillion funding package.
- Department of Health and Human Services $117 billion, a $955 million dollar increase compared to last year.
- Health Resources and Services Administration $8.888 billion, a decrease of $577 million compared to FY23.
NRHA FY24 Appropriations Package

The Federal Office of Rural Health Policy (FORHP) is funded at $364 million for FY24, an increase of $12 million above FY23, including key programs:

- $64 million for Medicare Rural Hospital Flexibility program including $21 million for the Small Rural Hospital Improvement grants, $5 million for Rural Emergency Hospital (REH) technical assistance, and $1 million for veteran's telehealth.
- $12.5 million for State Offices of Rural Health.
- $12.7 million for the Rural Residency Development Program.
- $4 million for the Rural Hospital Stabilization Pilot Program, a new initiative in the FY24 President's budget.
- $145 million for the Rural Communities Opioids Response Program.
- $12 million for the Rural Maternity and Obstetrics Management Strategies (RMOMS) Program.
- $5 million to fund the Centers for Disease Control and Prevention Office of Rural Health.
- $1.9 billion in discretionary funding for Community Health Centers, equal to FY23.
- $128 million in discretionary funding for the National Health Service Corps, including $8 million in funding for service in Maternity Care Target Areas.
President’s Fiscal Year 2025 Budget

• Viewed as starting point for heading into appropriations negotiations on the Hill.
• Highlights Administration’s priorities.
  • Access to Prescription Drugs
  • Coverage Initiatives
  • Advancing Behavioral Healthcare
• Overall, President's budget decreased from FY24 request due to agreed upon caps in the Fiscal Responsibility Act.
  • FORHP’s total discretionary budget equal to FY23 enacted level.
President’s Budget Legislative Proposals

- Provide cybersecurity support for hospitals (CMS)
- Broaden HPSA incentives (CMS)
- Medicare coverage of Community Health Worker (CMS)
- Consolidated Medicare Hospital Quality payment program (CMS)
- Modernizing Medicare Mental Health benefits (CMS)
- Expanding Medicare coverage of nutrition services (CMS)
- Expanding NHSC to lawful US permanent residents (HRSA)
- 340B program integrity (HRSA)
- CHC, THCGME, NHSC reauthorization (HRSA)
Updates from Congress
• Officially relaunched last Fall!
• Co-chaired by Reps. Tokuda (D-HI) and Harshbarger (R-TN).
• 52 bipartisan members and growing.
• Working on briefing and event schedule for upcoming year.
• Listing of current members
• From Michigan:
  • Jack Bergman (R-MI-01)
  • John Moolenaar (R-MI-02)
  • Hillary Scholten (D-MI-03)
NRHA submitted its RFI response.
Responses were due April 1st, 2024
For more information on bill details, see listening session slides here.
340B Reform Policy Principles

• NRHA 340B Reform Policy Principles document
  • Unlimited and unrestricted use of contract pharmacies.
  • No PBM, payer, manufacturer discrimination.
  • End of orphan drug exclusion for CAHs, SCHs, and RRCs.
  • Maintaining child site access.
  • No more reporting burdens.
  • Codifying HRSA’s 1996 patient definition + telehealth.

• Legislative efforts:
  • Protect contract pharmacy arrangements.
  • DSH waiver extension – letter to Senate and House leadership
Rural Obstetric Readiness Act

• Introduced April 3, 2024 by Sens. Hassan, Collins, Britt and Smith
• Creates training programs to help non-specialists respond to emergencies like labor and delivery
• Providing federal grants for rural facilities to buy better equipment to train for and handle these emergencies
• Develop a pilot program for teleconsultation services, so that a doctor at a rural facility helping an expecting or postpartum mother facing an emergency can quickly consult with maternal health care experts
• Press release from Sen. Hassan’s office
Focus on Rural Health Clinics

• RHC Modernization Policies
  • S. 198/H.R. 3730: Rural Health Clinic Burden Reduction Act. Removes laboratory requirements, modernizing physician, PA and NP utilization requirements, and a fix for the "urbanized area" Census Bureau term.

• RHC Telehealth
  • S. 2016/H.R. 4189: CONNECT for Health Act includes RHCs as permanent distant site providers and payment parity.

• Provider-Based RHCs
  • NRHA is working to find a long-term fix to address challenges that came about through passage of Section 130 of the Consolidated Appropriations Act, 2021.
Focus on Rural Hospital

• **H.R. 833 Save America’s Rural Hospital Act**: Holistic rural hospital “fix” bill - eliminates sequestration, reverses cuts to bad debt, increase ambulance payments, reauthorizes Flex program.

• **S803/ H.R. 3635 Save Rural Hospitals Act of 2023**: Establishes a national minimum area wage rate under Medicare Area Wage Index for hospital payments to adjust for geographic differences in labor costs.

• **S1110 Rural Hospital Support Act of 2023**: This bill makes permanent low-volume hospital and Medicare-dependent hospital (MDH) designations, and allows sole community hospitals and MDH base year adjustments.
Focus on Critical Access Hospitals

• **Necessary Provider Status:**
  • S. 1571: *Rural Hospital Closure Relief Act*, which reinstates Necessary Provider status with guardrails.

• **Flexibilities and Waivers**
  • CMS guidance on 96-hour ALOS after PHE: Calculation will resume with CAH’s first full cost reporting period after May 11, 2023.
  • Removing physician certification: H.R. 1565 and H.R. 833.

• **Medicare Advantage**
  • Interest on the Hill on addressing reimbursement challenges and claims denials, steering, especially for rural cost-based providers.
Focus on Critical Access Hospitals

• 96-hour average length of stay
  • Longer waits for tertiary transfer
  • PAC placement more difficult due to staffing shortages
  • Increased Obs. Status by commercial insurance/Medicaid MCOs
• Solutions:
  • Remove requirement altogether
  • Raise the average to 120 hours, for example
  • Other ideas?

• 72-hour qualifying length of stay for Swing Bed placement
  • Solution: Remove requirement altogether or lower the threshold to 36 hours, for example. Other?
Farm Bill Reauthorization

Sent updated Farm Bill requests [letter] to House and Senate Ag leadership.

NRHA Priority Areas

• Support rural development programs and include hospital capital
• Build rural broadband capacity
• Elevate rural health care
• End rural food insecurity

- H.R. 5246: National Agricultural Crisis Hotline Act
- H.R. 5989: Rural Health Care Facilities Revitalization Act
- H.R. 4713: Rural Hospital Technical Assistance Act
- S. 1077: Home-Based Telemental Health Care Act
- H.R. 4603: Rural Wellness Act
- S. 1736: Farmers First Act
- S. 1867/H.R. 3922: Expanding Childcare in Rural America Act
REH 2.0

- Items in consideration with Members of Congress:
  - Inclusion of 340B eligibility
  - Allowance of swing beds to retain access to post-acute care
  - Authorizing psychiatric and rehabilitation distinct part units
  - Allowance of 5% add on to apply to non-OPPS services paid under the Clinical Laboratory Fee Schedule and Physician Fee Schedule services.
  - Hospitals that closed prior to December 27, 2020, should be eligible to convert to an REH.
  - Small, rural hospitals that reduced their bed count to less than 50 beds after December 27, 2020.
  - Hospitals that are designated as rural by their state but did not have an active reclassification under 42 C.F.R. § 412.103 by December 27, 2020.
  - Ability to revert back to NP CAH status.
Innovation
National CAH Quality Inventory & Assessment National Report

- Quality Payment Model Participation
  - Medicare ACO: 47%
  - Medicaid ACO: 26%
  - Commercial Insurance ACO: 28%
  - Patient-Centered Medical Home: 14%

- CAH Volume Measures
  - Median Average Daily Census (2022): 4,000
  - Median Emergency Department Volume (2022): 5,200

- CAH System Affiliation
  - 54% (656 CAHs) Independent
  - 30% (367 CAHs) Owned by System
  - 16% (198 CAHs) Contract Managed (not owned)

- CAH Inpatient Services
  - Labor & Delivery: 31%
  - Inpatient Hospice: 43%
  - Inpatient Surgery: 59%
  - Swing Beds: 96%

Flex Monitoring Team (FMT) National Report on CAH Quality Inventory, Released April 8, 2024
Transforming Maternal Health (TMaH)

- **TMaH** is a new CMMI model designed to focus on improving maternal health care for people enrolled in Medicaid/CHIP
- Model will focus on three main pillars:
  - Access to care, infrastructure, and workforce capacity
  - Quality improvement and safety
  - Whole-person care delivery
- State Medicaid Agency (SMA) lead applicant
- NRHA with CMMI TMaH leadership hosting a listening session on April 18, 2024, 12:30-1:30 pm ET. [Register here](#)
CMS Updates Quality and VBC Specialty Care Strategies

• Launch week of April 1 of a new quality pathway to evaluate patient-centered quality goals in design and evaluation of APMs.

• CMMIs Specialty Care Strategy:
  • Data transparency
  • Continued episodic payment models
  • Financial incentives for primary care and specialist coordination and engagement
  • Provision of “shadow bundles” data
  • Extension of BPCI Advanced Model
  • Specialist engagement incentives in MCP Model

• CMMI signaling exploring options for embedding subpopulation targets within ACO models for high-volume or high-cost conditions.
The ACO Primary Care Flex

- Released March 19, 2024, [CMS Infographic](#)
- Layers primary care capitation on top of the existing Medicare Shared Savings Program (MSSP)
- RHC and FQHCs are eligible
- May not participate in both AIP and PC Flex
- Application deadline: August, 2024  Start Date: Jan. 1, 2025
- Financial
  - One-Time Advanced Shared Savings Payment: All selected ACOs will receive an upfront Advanced Shared Savings Payment of $250,000 to support startup and infrastructure costs.
  - Monthly Prospective Primary Care Payments (PPCPs): This replaces the traditional fee-for-service payment system; ACOs will receive predictable monthly payments based on county-average primary care spending and specific patient population characteristics
Advocate With Us!
The Congressional Bipartisan Rural Health Caucus Advocacy Campaign

• This is an opportunity to provide a space for Members of Congress to highlight challenges and advocate for policy solutions related to the delivery of health care and mental health services in rural and remote communities.

• There are currently 45 Members within the Caucus and counting! We encourage you to contact your district Member of Congress to consider joining the caucus to help increase access to quality, affordable health care and mental health services for all rural Americans.

• The Caucus will host member meetings, briefings, and events designed to inform and educate Members of Congress of some of the most pressing rural health care issues and highlight potential policy solutions to enhance the quality and efficiency of health care services in rural areas.

Encourage your Member of Congress to join the Rural Health Caucus!
New advocacy materials!

- Hospital bills 1-pager
  - Summaries of our main hospital bills to share with elected officials.
New advocacy materials!

• 340B Priorities 1-Pager
  • Protect contract pharmacy arrangements
  • Pass PROTECT 340B Act
  • DSH waiver extension

PROTECT 340B Act
Reps. Spanberger (D-VA) and Johnson (R-SD)
Recently health insurers and PBMs have undermined the integrity of 340B for rural providers. This legislation would protect the linemanship program by prohibiting insurers and PBMs from discriminating against 340B covered entities or their contract pharmacies. Payers and PBMs would be held accountable for treating covered entities differently with regards to reimbursement of fees, patient’s choice of pharmacies, and participating in standard or preferred networks.

H.R. 2534

Preserve contract pharmacy access.
Congress must curb manufacturers’ restrictions on the number of contract pharmacies that a covered entity may use, which disproportionately constrains access for rural patients. Many rural covered entities are too small to support an in-house pharmacy and must rely upon outside pharmacies. The reality of rural geography is that rural providers have a patient base spread among a large geographic area. This makes maintaining access to unlimited contract pharmacies critical to ensuring rural patients can receive their 340B drugs at a convenient, local location.

Contract Pharmacy

Extend DSH waiver for 2 years.
Safety net hospitals were protected from losing 340B status due to changes in their disproportionate share (DSH) thresholds through cost reporting periods in 2022. Now that this protection has ended, more than 400 mostly small, rural hospitals are at-risk of losing eligibility in 2024 because of pandemic-era effects continuing to lower their DSH percentages. Congress must pass legislation to enact a 2-year extension for 340B eligibility protections.

DSH Extension

NRHA 340B PRIORITIES
The 340B Drug Pricing Program is a lifeline that allows rural safety net providers to stretch scarce federal resources and keep their doors open to provide vital services to their communities. Significant 340B program restrictions by manufacturers and pharmaceutical benefit managers (PBMs) are hurting already struggling hospitals and clinics.
New advocacy materials!

Farm Bill Priorities 1-Pager

- Supporting Rural Development, broadband programs
- Rural Hospital TA Program Act
- Hospital capital
- List of marker bills
NRHA's Legislative Tracker

NRHA is tracking rural health legislation in Congress to advance quality of life across rural America.

NRHA's legislative tracker enables you to view the rural health bills in Congress the association is monitoring, including those we endorse and oppose. Bills are searchable and categorized by topic area. By clicking on a bill, you can find its summary, review cosponsors, and stay up to date on congressional actions.

Through activities such as NRHA's annual Rural Health Policy Institute and ongoing grassroots campaigns, NRHA members actively participate in advocacy efforts to advance needed rural health legislation.

For further information or to recommend bills for the legislative tracker, contact NRHA's government affairs team.

Find Legislation

Find Legislation

Federal ▼ Enter Keywords Search

https://www.ruralhealth.us/advocate/nrha-legislative-tracker

Key Legislation

Federal ▼ All Categories ▼

Hospitals & Health Systems

H.R. 833: Save America's Rural Hospitals Act | 2023-2024 Regular Session (118th)

H.R. 1712: Rural Health Innovation Act of 2023 | 2023-2024 Regular Session (118th)

H.R. 2423: To affirm that the Farm Credit Administration is the sole and independent regulator of the Farm Credit System | 2023-2024 Regular Session (118th)

H.R. 3635: Save Rural Hospitals Act of 2023 | 2023-2024 Regular Session (118th)

HR 1128: Rural Health Care Access Act of 2023 | 2023-2024 Regular Session (118th)

HR 1565: Critical Access Hospital Relief Act of 2023 | 2023-2024 Regular Session (118th)
Questions?

bslabach@nrharural.org
@bslabach
#ruralhealth