



## **2013 Alabama-Georgia Rural Health Clinic Conference**

**FEDERAL LEGISLATIVE UPDATE**

**Maggie Elehwany**

**NRHA Vice President of Government Affairs**



# NRHA Mission



Your voice. Louder.

The National Rural Health Association is a national membership organization with more than 21,000 members whose mission is to ***provide leadership on rural issues*** through advocacy, communications, education and research.



Improving the Health of 62 Million Rural Americans

# Unprecedented political challenges continue

- All rural health Federal funding is vulnerable.
- Hundreds of millions of rural health dollars at risk.
- Great changes occurring in both Medicare and Medicaid due to ACA.



# Politics and events of 2012 are shaping Congress in 2013



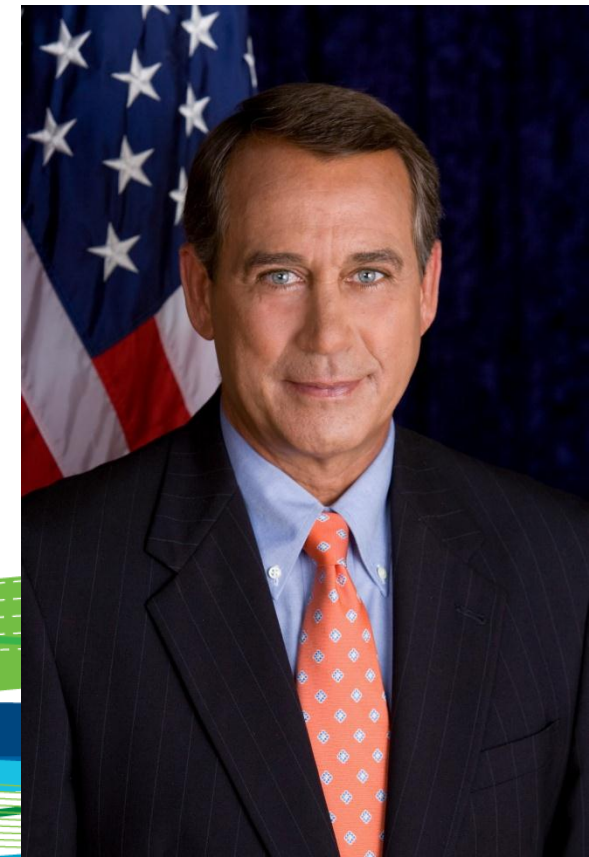
# The importance of the Federal Government

- Legislation
- Regulations
- Funding/Appropriations



# Take a step back

- November election - - status quo?
- Why is it important?



# The 113<sup>th</sup> Congress



## ■ **The House:**

- 79 new Members, 44 Democrats and 35 Republicans;
- In 2010, there were 89 new members elected.
- This year's class is experienced with 49 holding elective office before being elected to Congress.

## ■ **The Senate:**

- Democratic pick-up of 2;
- 12 new Senators, 8 Democrats, (4 of whom are women), 3 Republicans (1 of whom is a woman), and one independent from Maine.
- All but one has held elective office previously. Six are former House Members; two are former governors; and three are former state officials.

# Rural champions exit Congress

- Many other rural champions are also leaving or have left – Sen. Harkin (D-IA), Sen. Rockefeller (D-WV), Sen. Inouye (D-HI), Sen. Conrad (D-ND), Sen. Bingaman (D-NM), Sen. Lugar (R-IN), Sen. Snowe (R-ME).
- Senator Max Baucus (D-MT) – Staunch rural health advocate, will not seek re-election in 2014.
  - CAH program
  - Rural primary care programs
  - Rural demonstration projects
- NOTE: Sen. Ron Wyden (D-OR) next in line for Finance Chair.





# The climate on Capitol Hill is unchanged



Your voice. Louder.



*“Nothing will pass if it costs money.”*

Democratic Response

*“Nothing will pass unless it saves money.”*

Republican Response

# Climate has led to proposal after proposal of rural health cuts

- President's budget
- House and Senate proposals to cut Medicare reimbursements
- House and Senate Appropriations cuts to rural health care safety net programs.

## EVEN MORE BURDENS:

- Government Reporting Bodies: CBO, IOM, HHS of Inspector General
- Sequestration
- ARRA Meaningful Use

# And, there is the confusion of health care reform



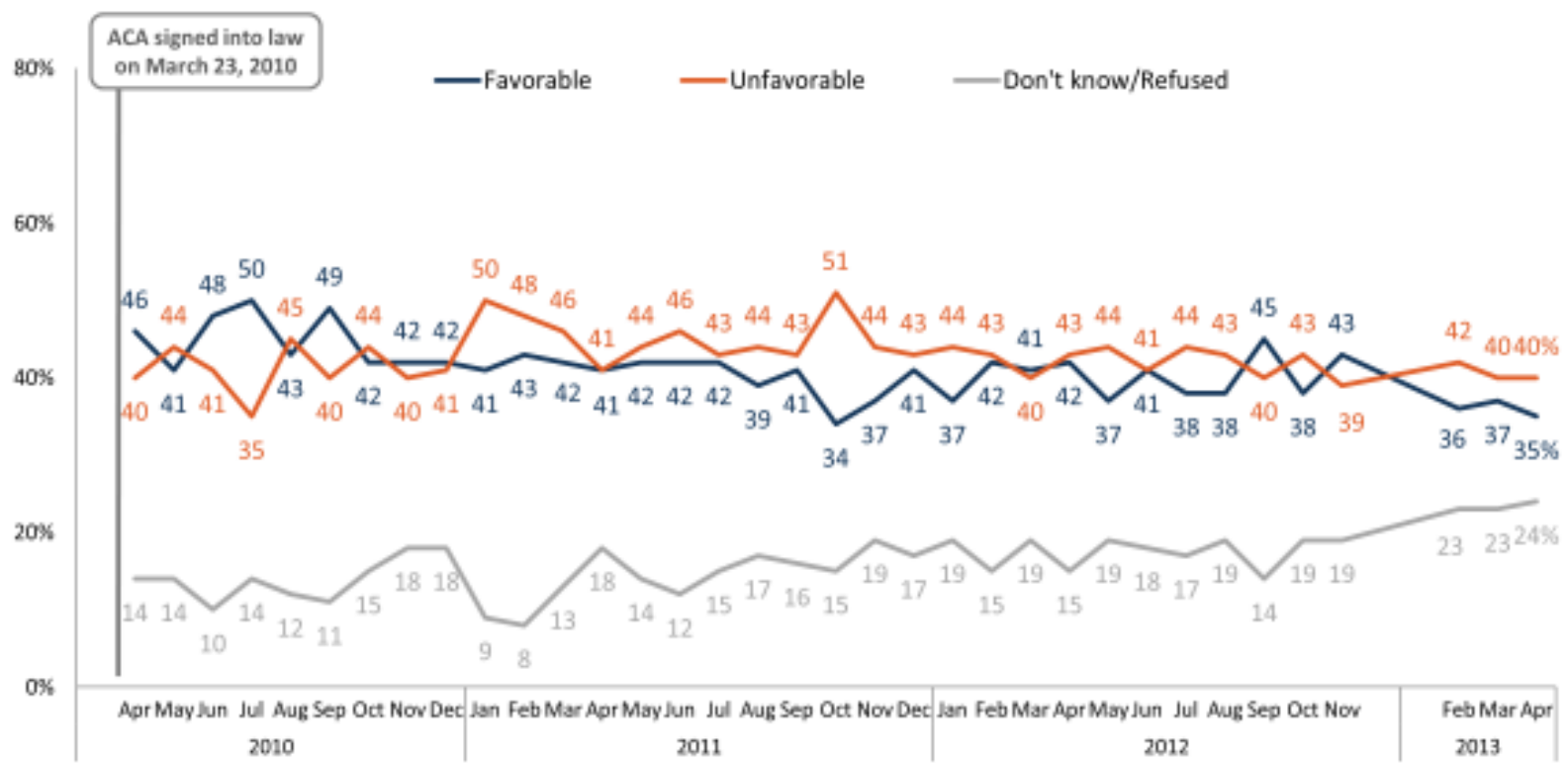
Just five months until health exchanges open:

- Negative headlines
- Private insurers rate hikes
- Even ACA champions are calling implementation a “train wreck.”
- Big “PR” mess for White House. Millions invested in campaigns to education.



# Public Mixed on ACA, With Negative Views Slightly Outnumbering Positive

As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?



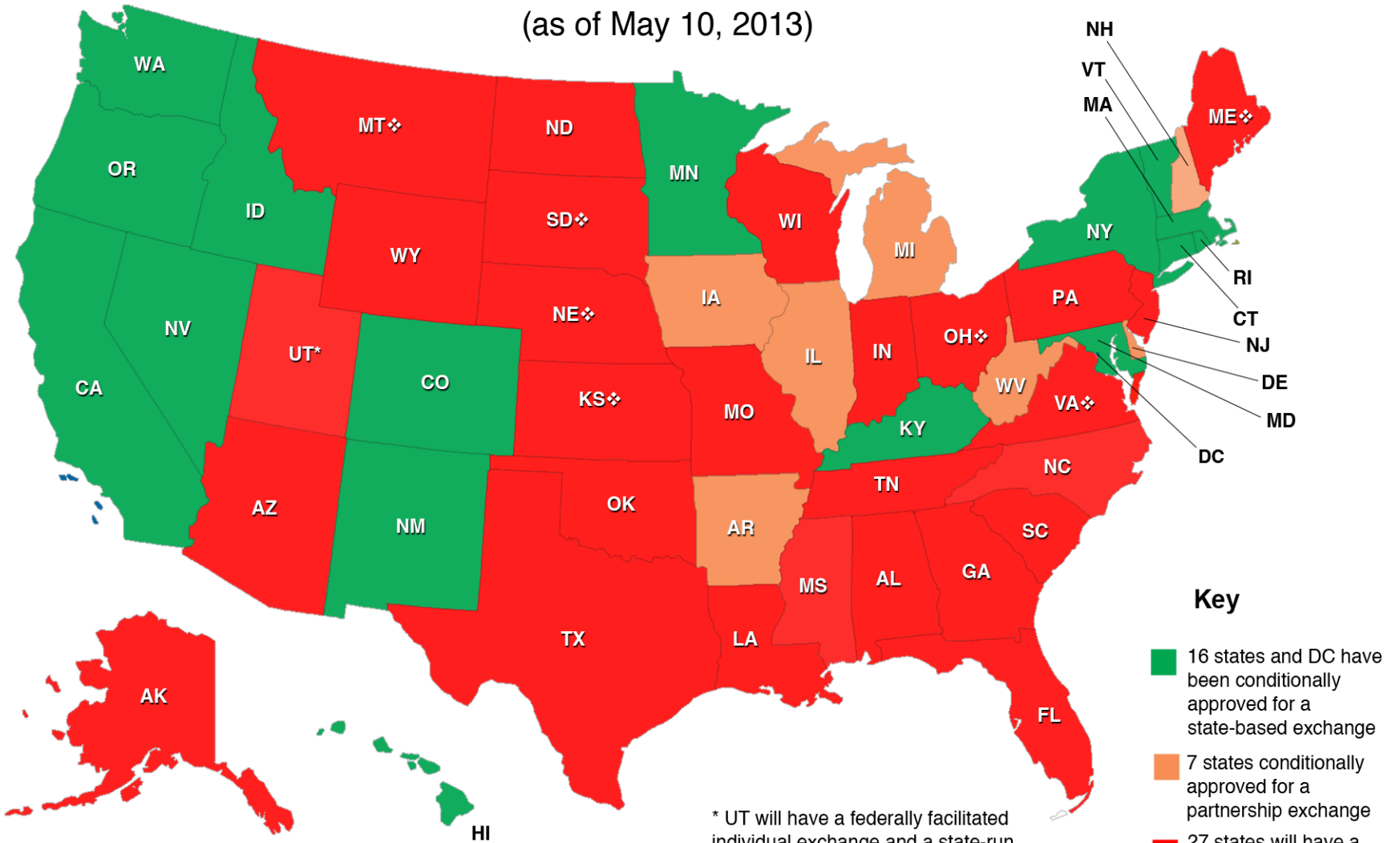
SOURCE: Kaiser Family Foundation Health Tracking Polls



# State, Partnership, or Federal Health Insurance Exchange?

## Where States Stand So Far

(as of May 10, 2013)



Sources: State Reform Exchange Governance Chart  
<http://staterforum.org/exchange-governance-chart>

State Reform Exchange Blueprint Chart  
<http://www.staterforum.org/exchange-blueprint-chart>

State Reform Exchange Policy Decisions Chart  
<http://staterforum.org/exchange-policy-decisions-chart>

# MEDICAID

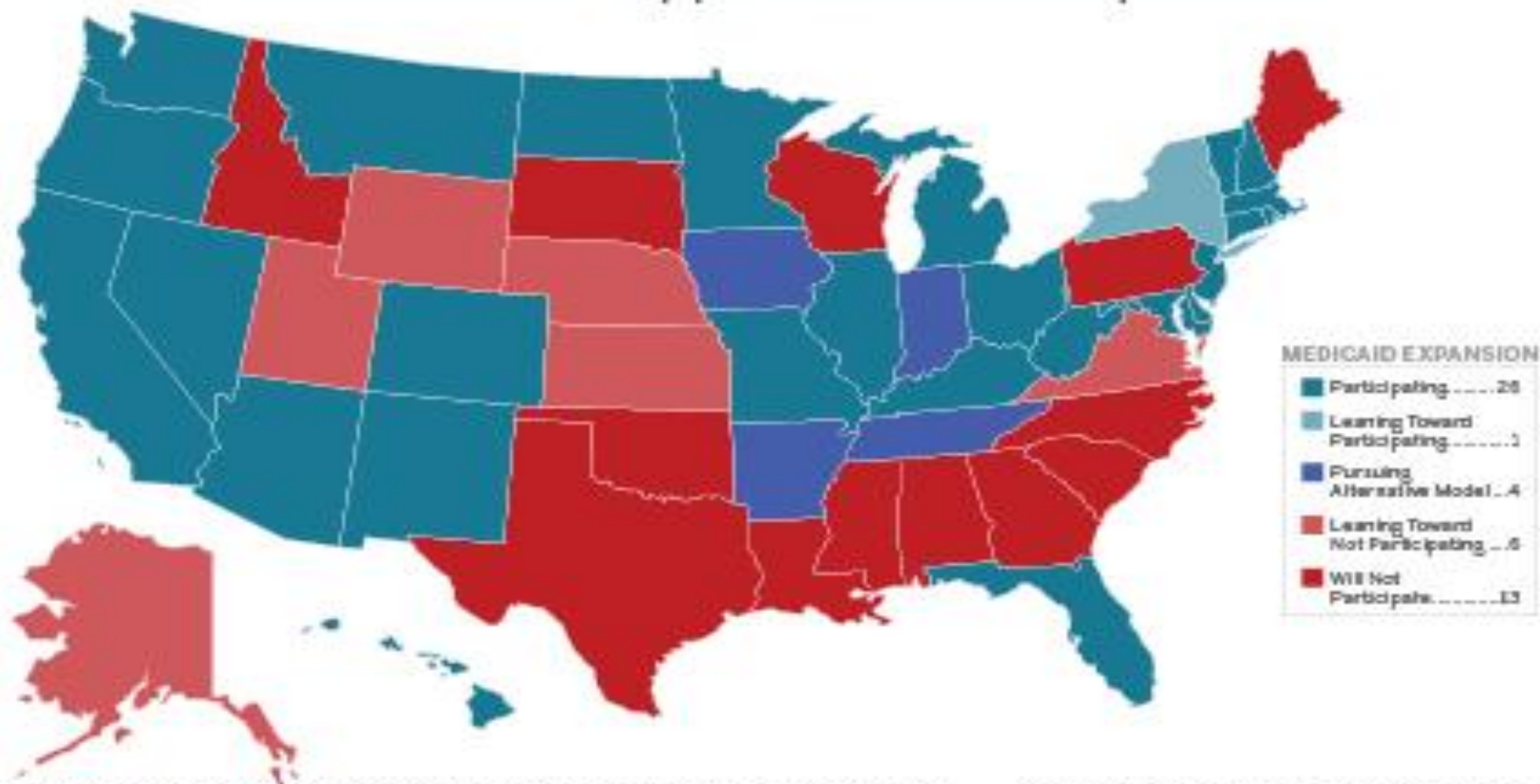


- Disproportionately important to rural America (rural patients and rural economies).
- 17.4 % of a state's budget.
- One-half of all newly insured under ACA will be covered by expanded Medicaid. (Estimates are 5 million in rural will be covered.)
- Supreme Court decision: Allowed states to “opt-out” or seeking waivers
- Many rural states are opting out – possibly leaving rural uninsured
- **Georgia:** 44% of adults (19-64) under 100% FLP do not have health insurance.
- **Alabama:** 52% of adults (19-64) under 100% FPL do not have health insurance.



# Where the States Stand: May 24, 2013

## 26 Governors Support Medicaid Expansion



Notes: Based on literature review as of 5/24/13. All policies possible to change without notice. HHS has announced that states can obtain a waiver to use federal funds to shift Medicaid-eligible residents into private health plans. The District of Columbia plans to participate in Medicaid expansion and will operate its own exchange.

Source: American Health Line, <http://ahline.com/2012/07/03/medicaid-where-each-state-stands-on-the-medicare-expansion/>, accessed 5/24/13.

# Medicaid Pay Increase Still Missing in Action in Most Places

CQ HEALTHBEAT NEWS, May 28, 2013 – 5:16 p.m.

- The authors of the 2010 health care law were so worried about a potential shortage of primary care physicians that they included a sweetener, a pay raise that was supposed to start Jan. 1, designed to persuade providers to treat Medicaid patients. But most doctors are still waiting to see the money.
- The law was designed to boost Medicaid payments in 2013 and 2014. With 2013 nearly half over, physicians' groups blame state and federal delays, as well as confusion among doctors, for the slow start.

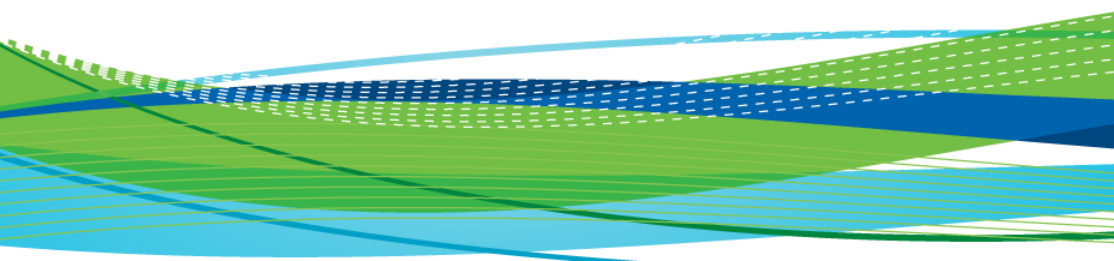
Only FL, MA, MI and NV have received Medicaid pay increases.



# Why your voice matters.

*Political wins are possible even in this tough environment.*

- “Rural Hospitals Get Relief In Fiscal Cliff Deal”
  - » Kaiser Health News
  
- “Fiscal bill extends a Medicare lifeline to small, rural hospitals”
  - » The Washington



# Rural dollars that were at stake if Congress did nothing...



Your voice. Louder.

- Extension of the work geographic index floor under the Medicare physician fee schedule - \$500 million
- Extension of all current ambulance payment rates - \$100 million
- Extension of hospital outpatient hold harmless provision - \$200 million
- Extension of exceptions process for Medicare therapy caps - \$1 billion
- Medicare Dependant Hospital - \$100 million
- Low-Volume Hospital - \$450 million

# What it means to specifically rural providers...

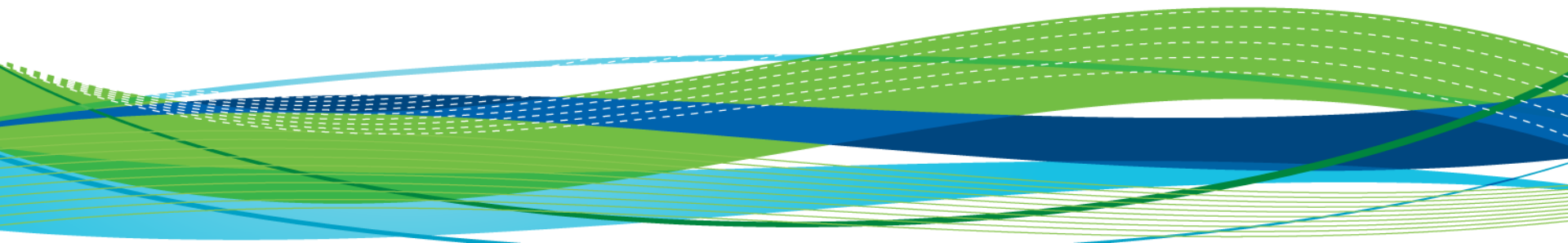
**For Rural Doctors:** 27-32% cut in Medicare reimbursement rates

- SGR expiration
- GPCI expiration  
(1 year fix \$25.1 billion/\$276 billion permanent fix)

**For Rural Hospitals:**

- MDH – 12% loss of Medicare revenue; need to make up 19% from private insurer.
- LVH -- approx. \$500,000 per hospital and can mean well-over \$1 million.
- SCH (and others)/Hold Harmless – loss of \$200 million.

**For Rural Ambulance Providers** – 22.6% reductions





Your voice. Louder.

# Rural Hospitals in Congress' Bull's-eye

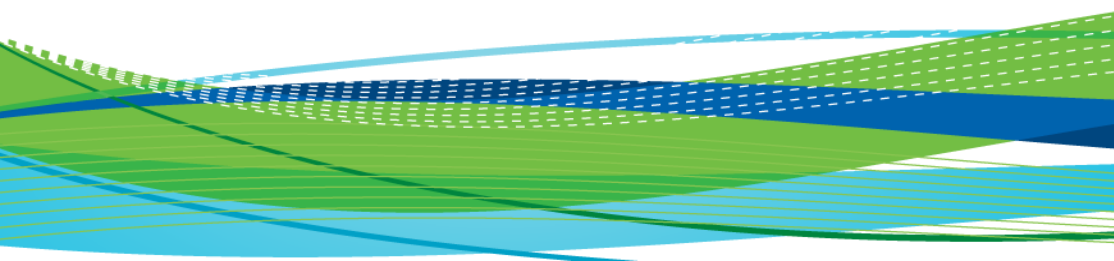
(But no rural funding is safe. Every federal dollar to rural has to be justified.)

Medicare Dependent Hospitals – Medicare funding to expire Oct. 1

Low-Volume Hospitals – Medicare funding to expire Oct. 1

Critical Access Hospitals – President calls for cuts.

Section 508 Hospitals – Medicare payment expired.



# 113<sup>th</sup> Congress promises some of the same bad ideas of the last Congress.



Your voice. Louder.

- Last Congress, House GOP proposal - \$14 billion in rural hospital cuts
- Congressional Budget Office budget - made recommendations to eliminate rural hospital payments to CAHs, MDH, SCH and LVH



Congressional Quarterly / Scott J. Ferrell, 2003

Sequestration – mandate 2% across the board cuts to health care.

Rural Health Clinics will receive cuts.



# Exemptions to Sequestration



Approximately 155 programs out of approximately 1,200 are exempt from sequestration, including

- Medicaid
- Children's Health Insurance Program
- Veteran's health benefit programs
- Social Security
- Medicare incentive payment program for adoption of electronic health information technology

**ALL OTHER MEDICARE PROVIDER PAYMENTS ARE SUBJECT TO SEQUESTRATION—RHC, CAH, MDH, AMBULANCE, ETC.**



# RHC Example



- Amount allowed: \$79.17
- 80% Medicare Payment of All-inclusive Rate:  
\$63.84
- 2% Sequestration on Medicare share: \$1.28
- Net payment from Medicare: \$62.56
  
- Net Payment decrease from Medicare is 1.62% of capitated rate.



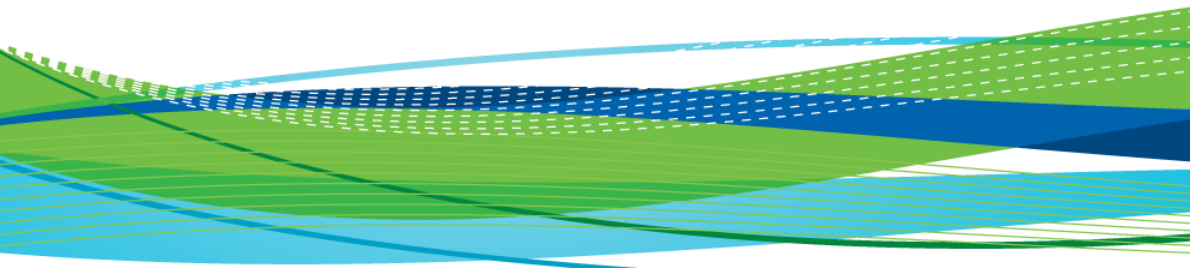
# Impact of Sequestration/Title VII and Title VIII

- 6,240 fewer children receiving dental screenings and preventive services
- 1,788 fewer seniors receiving primary care, dental care, and psychiatric care
- 4,500 fewer underserved and uninsured seniors receiving care in acute, ambulatory, or long-term care settings
- 3,579 fewer individuals receiving clinical psychology services
- 22,592 fewer health care providers receiving continuing education on cultural competence, women's health, diabetes, hypertension, obesity, health disparities, and related topics

# Congressional Outlook



There does NOT seem to be any significant push on the Hill to eliminate sequestration right now NRHA has and will continue to try to exempt rural providers from these devastating cuts.



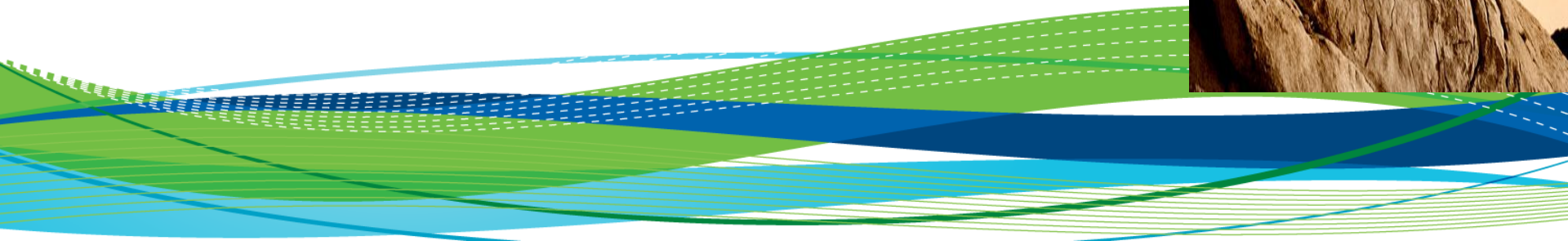
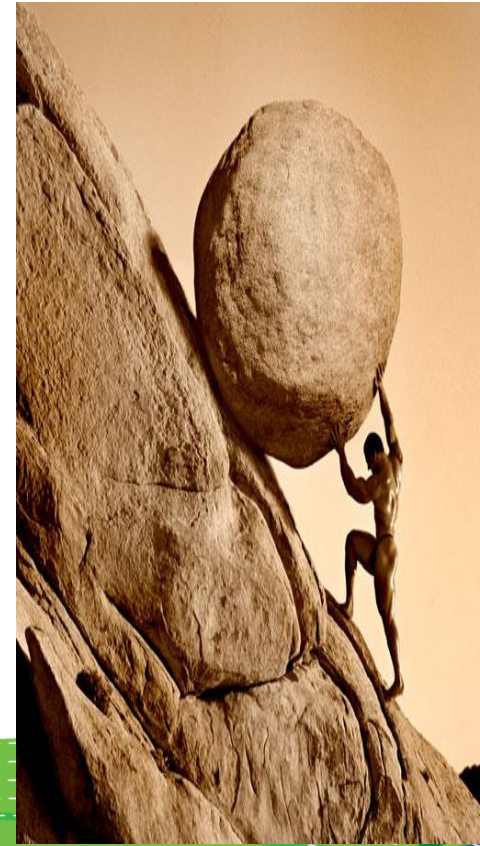
# How do we fight back?



Your voice. Louder.

Our message is powerful. An investment in rural health:

- 1. Protects patients;
- 2. Protects the rural economy; and
- 3. Protects taxpayers



- 62 million rural Americans rely on rural health providers.
- 20 percent of the population lives in rural America, yet they are scattered over 90% of the landmass.
- Extreme distances, challenging geography and weather complicate health care delivery.



# Get Specific

## Alabama's Rural Health At A Glance

- 55 out of 67 of Alabama's counties are considered rural.
- 2,031,229 residents or 43.6 percent of the entire Alabama population live in rural areas.



# Access to Care in Rural Alabama



- Ratio of patient to primary care physician: Urban counties 1,250 to 1; Rural Counties 2,160 to 1.
- 8 rural Alabama counties do not have hospitals.
- 35 of 55 rural Alabama counties do not provide labor and delivery service.
- The average time from call to arrival at the scene of an emergency for rural county emergency medical services is over 27 percent greater than the response in urban counties.
- Hospitals in rural counties had 25.1 general hospital beds per 10,000 residents in 2009 compared to 45.0 general hospital beds per 10,000 residents in urban counties.
- The potential number of patients for each rural Alabama dentist in 2007 was nearly 3,845 compared to 1,774 for those practicing in urban counties.

# Rural Americans...



Your voice. Louder.



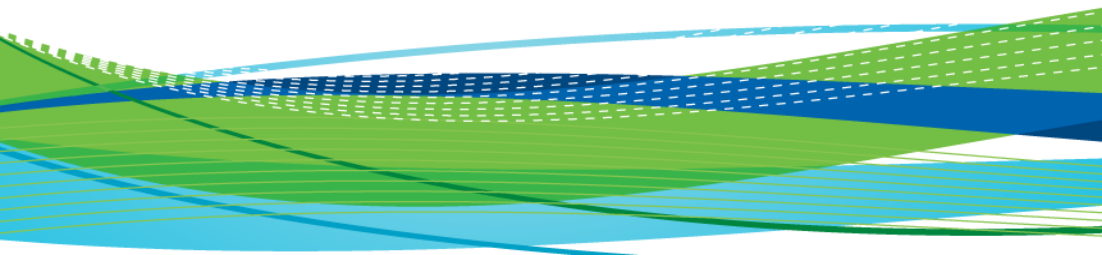
- “Rural Americans are older, poorer and sicker than their urban counterparts... Rural areas have higher rates of poverty, chronic disease, and uninsured and underinsured, and millions of rural Americans have limited access to a primary care provider.” (HHS, 2011)
- Disparities are compounded if you are a senior or minority in rural America.



# Georgia



- 109 of 159 counties in Georgia are rural.
- 20% of Georgia residents lack health insurance.
- Rural Georgia unemployment 11.2 compared to 9.5 in urban areas.





# Workforce Shortages



- Rural Healthy People 2010 and 2020: “Access to Quality Health Care” is the number one health challenge in rural America.
- Only 9% of physicians practice in rural America.
- 77% of the 2,050 rural counties are primary care HPSAs.
- More than 50% of rural patients have to drive 60+ miles to receive specialty care.

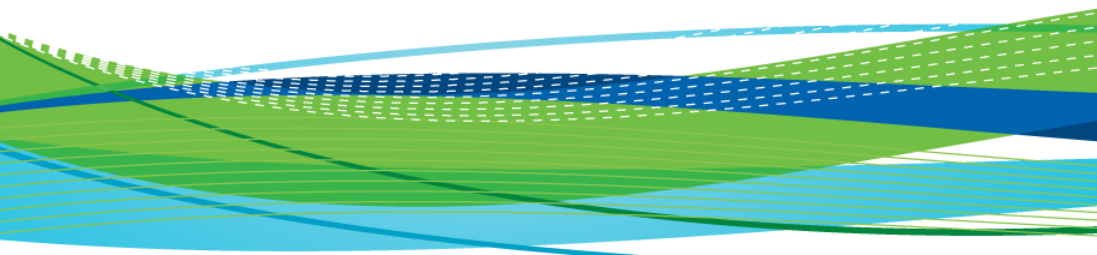
## 2. Rural Economy



- Health care is the fastest growing segment of the rural economy.
- On average, 14% of total employment in *rural areas is attributed to the health sector.* *Natl. Center for Rural Health Works.* (RHW)
- Each rural physician can more than 20 jobs in the local rural economy. (RHW)
- The average CAH creates 107 jobs and generates \$4.8 million in payroll annually. (RHW)
- In most rural communities hospitals are the largest or second largest employer
- Health care often represent up to 20 percent of a rural community's employment and income. (RHW)

## If a rural provider is forced to close their door...

- Local economy experiences a severe decline.
- Physicians, pharmacies and other health providers will also leave the community.
- Quality health care is needed to retain/attract businesses, families, and retirees.



# 3. The Taxpayer



- Investing in rural care is cost-effective:
  - The Federal investment in rural hospitals benefits both the rural patient and the tax payer. In fact, rural hospitals provide care for 18 percent of all inpatient, outpatient and long-term Medicare patients, yet receive only 15 percent of Medicare expenditures.
  - Further, small, rural hospitals nationally have equal or better quality outcomes, and cost 3.7 percent less per Medicare beneficiary than their urban counterparts.

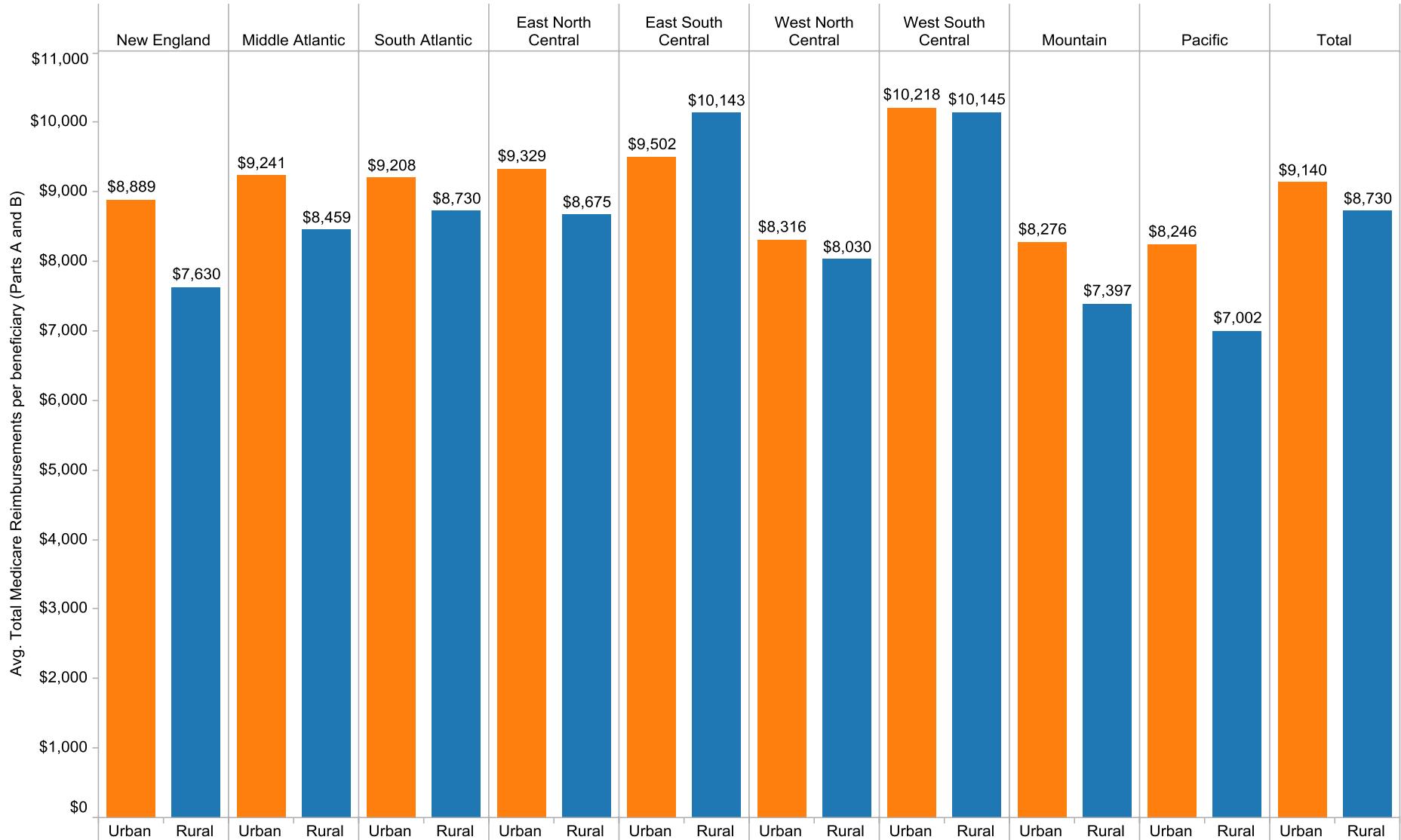
# The cost-effectiveness of rural



- Approximately \$2.2 billion in annual cost savings in 2010 because the average cost per rural beneficiary was 3.7% lower than the average cost per urban beneficiary,
- 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.
- Quality performance measurements were on par if not superior to urban facilities.

© Copyright 2012 iVantage Health Analytics, Inc. [www.iVantageHealth.com](http://www.iVantageHealth.com)

# Medicare Reimbursement (Parts A and B) (2008)

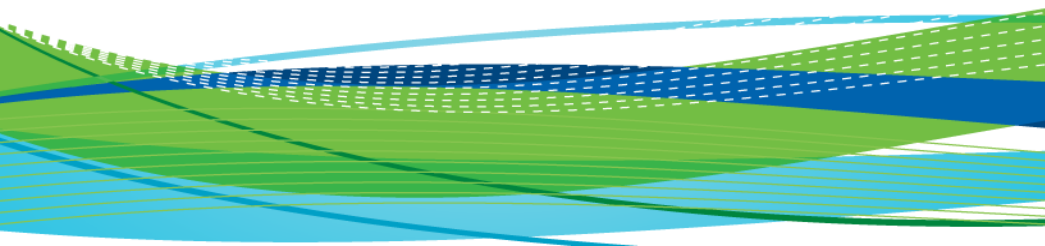


Source: The Dartmouth Atlas (Age, Sex, Race and Price-Adjusted Medicare Reimbursements per Beneficiary), weighted averages by HSA

# Still Challenges Ahead - - it's all about education



- Over 150 new members of House of Representatives in last two years.
- Many champions are no longer in Congress.
- Fiscal conservatives view rural payments as “special” or “bonus”



# Remind your Congressional Delegation about the importance of Rural Health Clinics



- Rural Health Clinic Services Act of 1977 - enacted to address an inadequate supply of physicians serving Medicare patients in rural areas;
- and to increase the utilization of non-physician practitioners such as nurse practitioners (NP) and physician assistants (PA) in rural areas;
- There are approximately 3,800 RHCs nationwide that provide access to primary care services in rural areas.

Georgia: 87 RHC serving 55 counties

Alabama: 77 RHCs





# The History of Rural

- With Shift to Prospective Payment System, rural hospitals suffered greatly.
- During the 80's nearly 10% of all U.S. rural hospitals closed [Hart et. al, 1991] (315 hospitals);
- 1992-1999 -- 122 Rural Hospitals Closed
- Nearly 60% of rural hospitals gross revenue come from Medicare and Medicaid

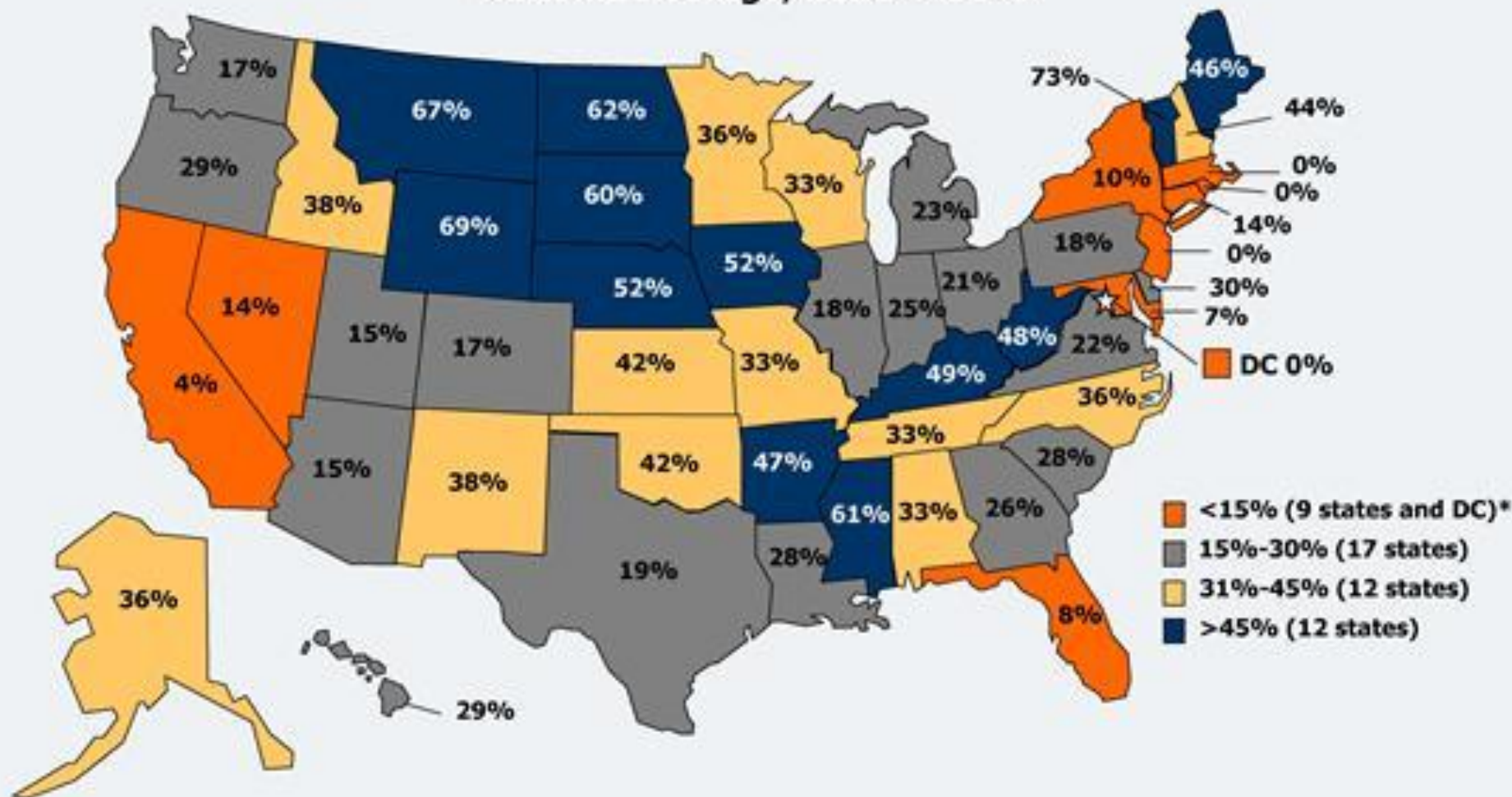
Approximately 439 Rural Hospitals in 20 years!

Rural Health Clinics Were Needed More Than Ever.

Moscovice, I.: Rural hospitals: a literature synthesis and health services research agenda.  
Dec. 13-15, 1987 (a) p. 4  
OIG Report "Trends in Rural Hospital Closure 1987-1991," July 1993

# Percent of Medicare Beneficiaries Residing in Rural Counties, by State, 2010

National Average, 2010 = 21%



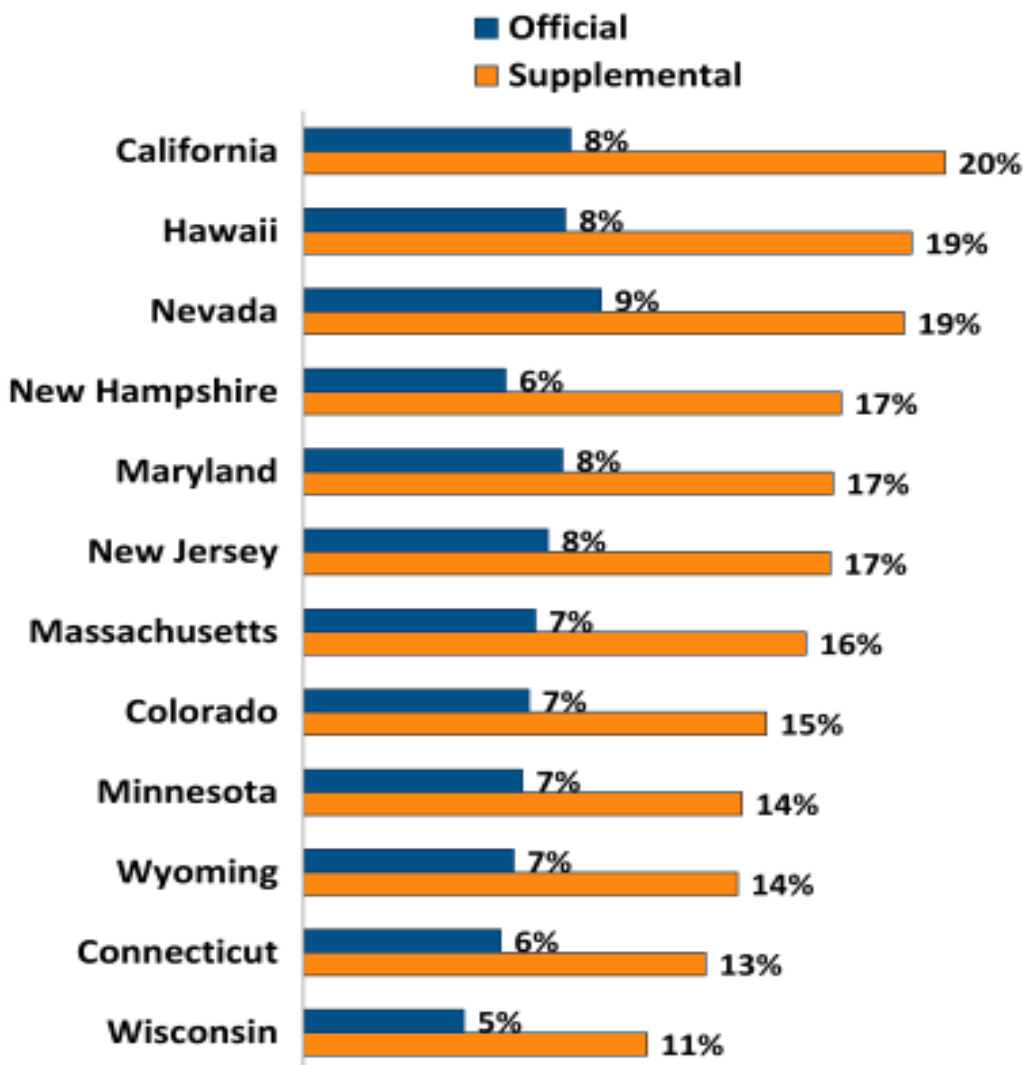
NOTES: Rural refers to counties that are outside of metropolitan areas (as defined by the Office of Management and Budget), according to the August 2004 release of the USDA Economic Research Service County Typology Codes. \*There are no counties designated as rural in the District of Columbia, New Jersey, or Rhode Island. SOURCE: Kaiser Family Foundation analysis of Centers for Medicare & Medicaid Services Medicare Advantage State/County Market Penetration File, May 2010.

## Supplemental Poverty Measure

- Census data did not take into consideration health care costs.
- Original 9% of seniors nationally were below poverty level.
- Under new measures, 15% nationally are below poverty level.
- Measures: impact of medical care and COLA reductions in Social Security.

## Percent of People Ages 65 and Older in Poverty, by State, 2009-2011

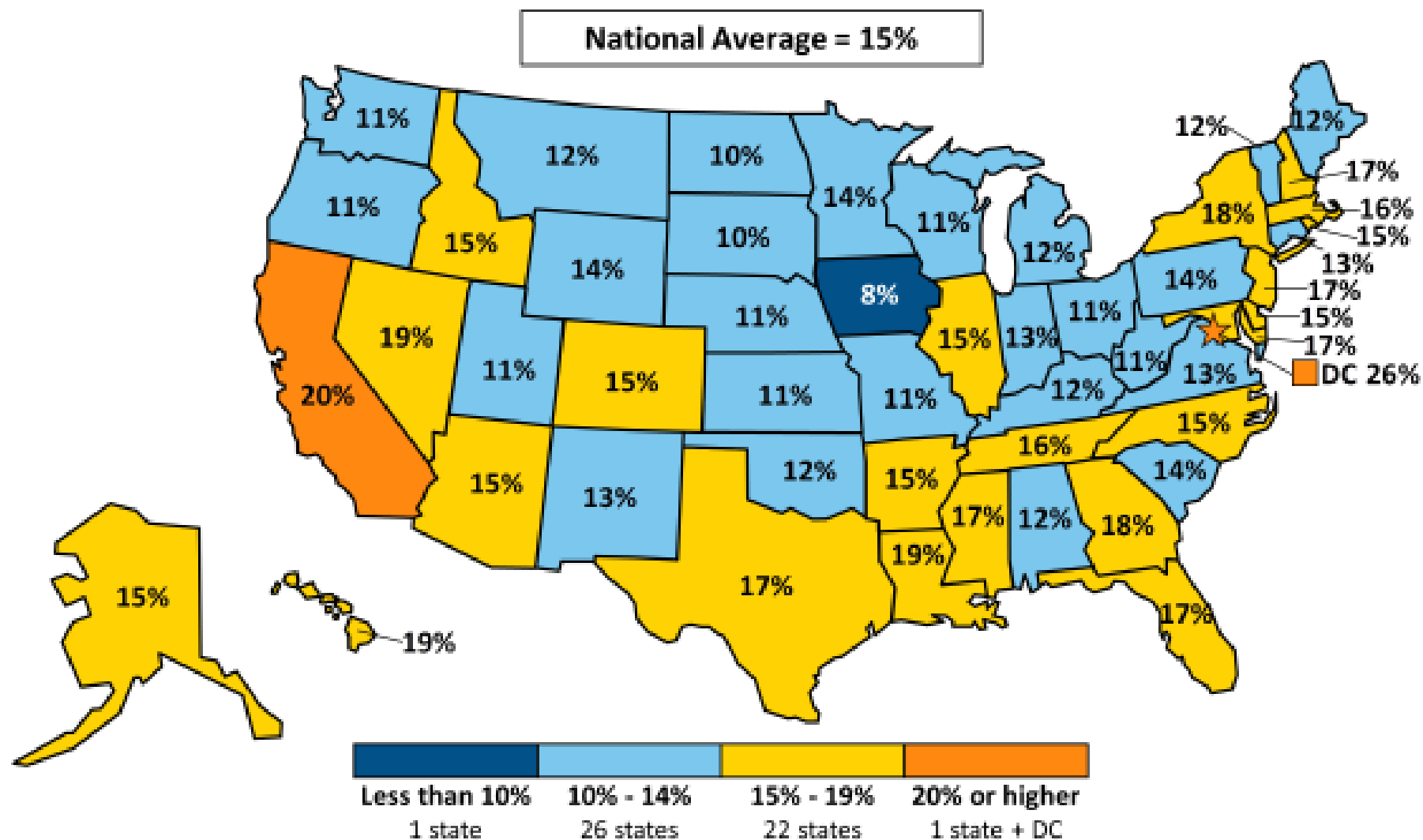
*States where the poverty rate is at least twice as high under the supplemental measure*



NOTE: Data were pooled over three years.

SOURCE: Current Population Survey, 2009, 2010, and 2011 Annual Social and Economic Supplement.

# Percent of Individuals Ages 65 and Older With Incomes Below 100% of the Supplemental Poverty Threshold, by State, 2009-2011



NOTE: Data were pooled over three years.

SOURCE: Current Population Survey, 2009, 2010, and 2011 Annual Social and Economic Supplement.

# Finally, Congress intervened



- Created Sole Community Hospital, Medicare Dependent Hospital, Low-volume Hospital Adjustment, Hold Harmless Payment, Critical Access Hospital.
- Awarded incentives to entice rural health workers into rural locations.
  - Medicare bonuses
  - NHSC
  - Loan repayments

# Our education campaign is working



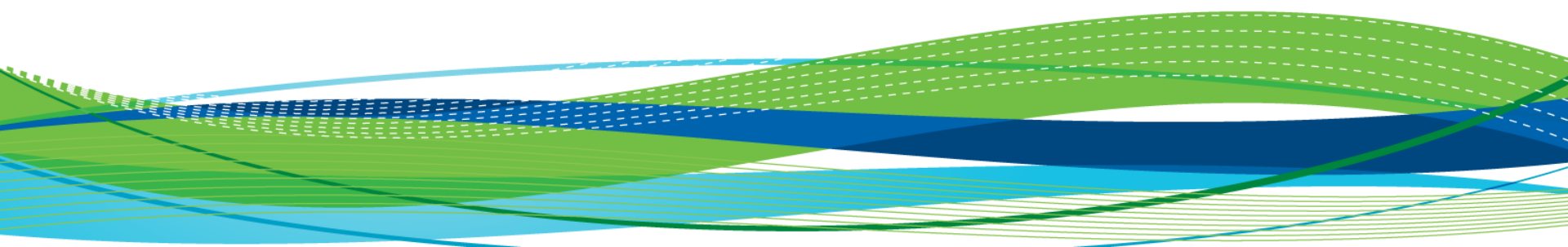
Budget hearings across Capitol Hill:

Senate Finance Committee Hearing: Sen. Thune (R- SD), Sen. Baucus (D-MT), Sen. Roberts (R-KS)

Senate HELP Committee: Sen. Burr (R-NC), Sanders (I-VT), Enzi, Roberts (R-KS)

Senate Appropriations Committee: Sen. Moran (R-KS), Enzi (R-WY), Sanders (I-VT), Pryor (D-AR)

Senator Begich (D-AK) – President’s Budget is “dead on arrival.”



# We Need You – Join our Grassroots Efforts



S. Res. 26

S. 562 Seniors Mental Health Access Improvement Act (Wyden,  
D-OR)

HR 986, Rural Health Clinic Legislation (Shock IL-R)– HR 986  
Workforce Legislation

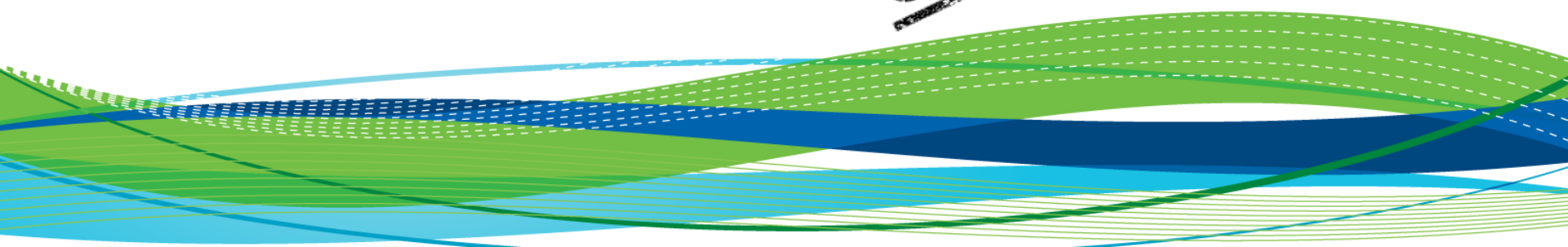
HR 1331, electronic Health Records Improvement Act

# Look for Legislation Soon...



R-Hope – Rural Health Clinic provision  
Rural Mental Health Legislation  
Rural Hospital Capital Access  
Telemedicine

**COMING SOON**





# 104 Counties to Lose Telehealth Medicare Benefits



- *Medicare beneficiaries in 104 counties—across 36 states and territories—are slated to lose telehealth benefits because of updated federal delineations of Standard Metropolitan Statistical Areas (SMSAs).*
- *The new federal urban/rural categorization effectively revokes the option for Medicare recipients to receive healthcare services via videoconferencing—one of the most common and cost-effective forms of telehealth. Hundreds of thousands of beneficiaries are negatively impacted by this statistical realignment.*
- *See List of Counties Impacted...*



- Legislation likely needed to address issue.
- Working with American Telemedicine Association.
- Goal: grandfather in current classifications.

# Budget and Appropriations



# Appropriations:

- House and Senate pass very different budgets - - no agreement is in sight. Looks like no big budget deficit deal.
- Means likely another “CR”
- However, appropriations process still in full swing just in case.



# CR and Appropriations: Protect Rural Health Safety Net

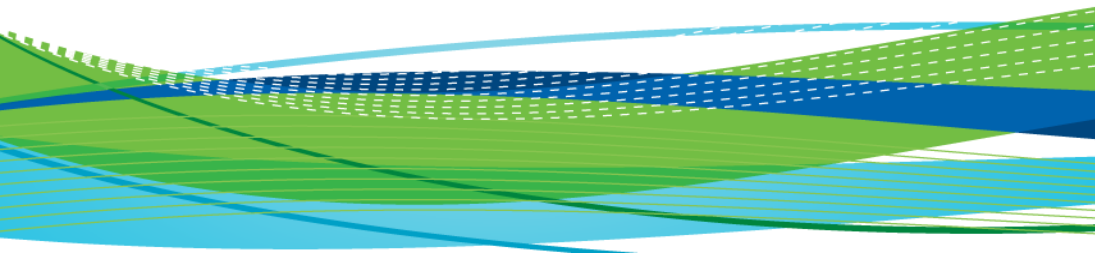
- NRHA currently working on “Dear Colleague” letters for FY 2014
- Priorities include protecting AHECs, SHIP and FLEX, and other programs that have been targeted for cuts and establishing a TA grant line for RTTs.
- Educate fiscal conservatives on the importance of these programs



# Our Message to Capitol Hill



1. Protect Rural Patients and Providers from Devastating Sequestration
2. Protect Medicare Patients and Providers from Medicare Cuts
3. Support strong funding for the Rural Health Safety Net



# Thank You



Your voice. Louder.



Improving the Health of 62 Million Rural Americans