



## PENNSYLVANIA RURAL COMMUNITIES AND HOSPITALS

### Federal Fact Sheet

Pennsylvania's 42 rural hospitals\* are the primary, and sometimes the only, source of care in rural Pennsylvania. They are economic anchors and often the largest employer in rural communities.

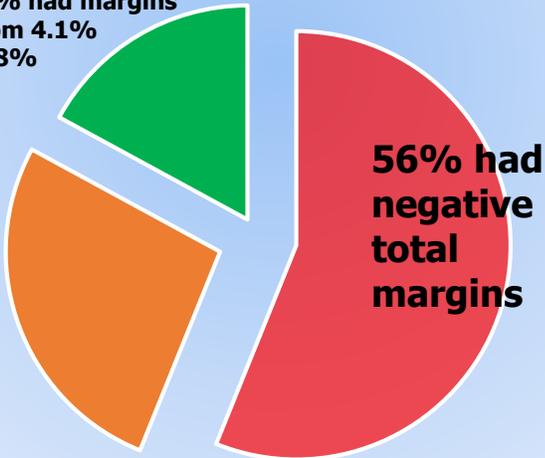
### Stability and Sustainability ARE IN JEOPARDY

During fiscal year 2016:

- More than half of Pennsylvania's rural hospitals had negative total margins
- More than 80 percent had total margins below the 4-to-6 percent needed for long-term sustainability, including investments in technology, workforce, and services

#### PA Rural Hospitals by Total Margin—2016

17% had margins  
From 4.1%  
to 8%



27% had margins from  
0.1% to 4%

### Risk Factors: Federal Payment Cuts during a Time of Health Care Transformation

Pennsylvania's rural hospitals are investing to transform health care while also coping with reduced federal resources and increased uncertainty about policies and payments.

#### Investments include:

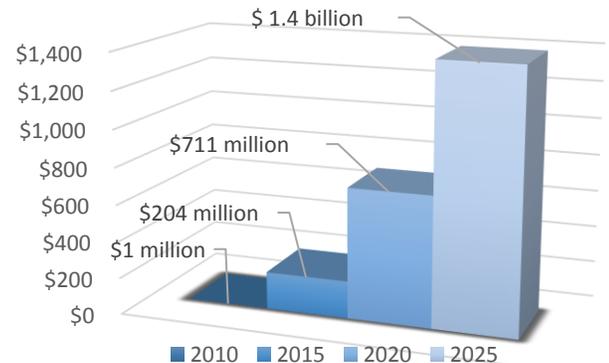
- Shifting care, when appropriate, out of intensive and expensive hospital settings into community and outpatient settings
- Technology (telehealth) and recruitment to address physician and clinical shortages threatening access to care
- New, innovative—and often unfunded—services to address socioeconomic factors that can compromise health and health care

#### Resource challenges and constraints include:

- Affordable Care Act cuts intended to help fund the expansion of coverage, which is now in jeopardy
- Shortsighted payment cuts to achieve federal budget savings
- Cuts undermining targeted programs that support hospitals serving small and older patient populations

### \$1.4B in Mounting Federal Cuts

- \$204 million already sustained (2010–2015)
- Another \$1.2 billion scheduled (2015–2025)
- Another \$24 million/year at risk (reauthorization of Medicare-Dependent and Low-Volume Hospital payments)



Cumulative market basket, sequestration, DSH, bad debt, coding, quality, and other Medicare cuts



\* Rural hospitals as defined by the Centers for Medicare & Medicaid Services



Leading for Better Health

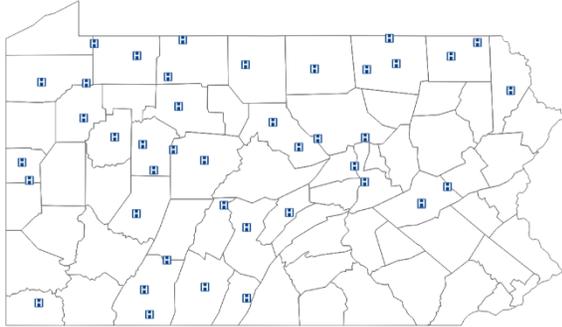
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### Pennsylvania's 42 Rural Hospitals



### How the Federal Government Can Help

To maintain access to care for rural Pennsylvanians, and help their hospitals improve health while lowering per capita health care spending, HAP asks Congress and the Administration to:

- Provide regulatory relief to allow greater clinical collaboration and coordination of care, and lift barriers that impede the delivery of essential services
- Support the expansion of telehealth to provide convenient access to high-quality care and maximize the reach and productivity of the health care workforce
- Maintain federal payments designed to support the special financial challenges of rural hospitals



### At Risk: Crucial Services

Pennsylvania's rural hospitals:

- **Care for 3.4 million Pennsylvanians—about one in four people**
- Act as hubs for both health- and community-related services
- Allow patients to manage their care close to home rather than traveling long distances

### At Risk: Community-Sustaining Jobs and Economic Stimulus

Pennsylvania's rural hospitals:

- **Contribute \$6.1 billion dollars each year** to Pennsylvania's economy (\$2.7 billion in direct spending and \$3.4 billion in indirect spending)
- **Support more than 43,760 jobs** (about 20,000 in direct employment and more than 23,700 in indirect employment generated by economic stimulus)

### PA Rural Hospital Agenda

#### Regulatory Flexibility

Modernize outdated Anti-kickback and Stark Laws that inhibit new delivery models

Give rural hospitals the flexibility to:

- Manage their clinical workforce through appropriate physician supervision
- Hospitalize patients for as long as their health warrants—instead of according to arbitrary length of stay rules

#### Telehealth Payment Expansion

Modernize telehealth payment policies to cover more services and support the delivery of health care in community as well as hospital campus settings

#### Reauthorized Payments

Extend Medicare-Dependent Small Rural Program and Low-Volume Hospital Adjustment payments