



PENNSYLVANIA RURAL COMMUNITIES AND HOSPITALS

State Fact Sheet

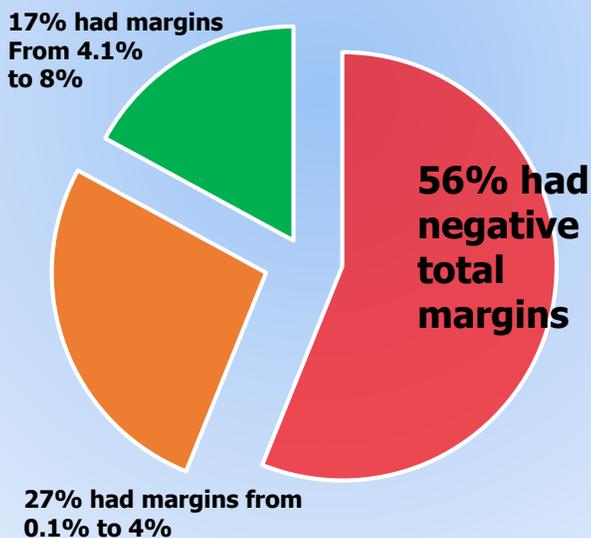
Pennsylvania's 42 rural hospitals* are the primary, and sometimes the only, source of care in rural Pennsylvania. They are economic anchors and often the largest employer in rural communities.

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



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:

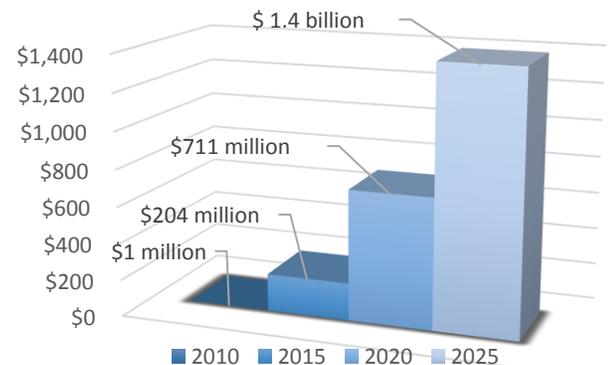
- Shifting care, when appropriate, out of intensive and expensive hospital settings into community and outpatient settings
- Technology (telehealth) and recruitment to address physician and clinical shortages threatening access to care
- New, innovative—and often unfunded—services to address socioeconomic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

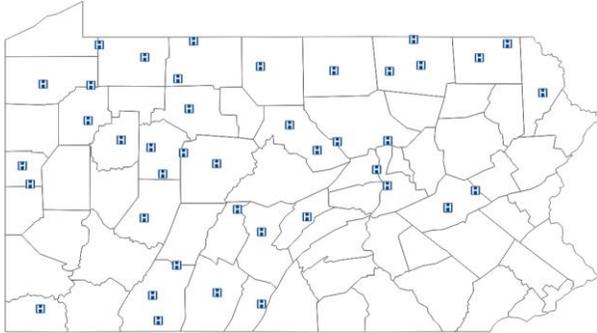
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Pennsylvania's 42 Rural Hospitals



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)

How State Government Can Help

Sustainable Hospital Payments

Adequately fund Medical Assistance hospital payments, including supplemental payments that support:

- Obstetrical and neonatal intensive care
- Trauma centers
- Burn centers

Support for Critical Access Hospitals

Adequately fund supplemental payments that support Pennsylvania's 15 Critical Access Hospitals

Reliable Telehealth Payment

Enact telehealth legislation that defines these services, sets licensing requirements, and requires insurers to pay providers for health care services provided via telehealth if insurers pay for those services when delivered "in person"

Independent Practice for Nurse Practitioners

Pass legislation allowing certified nurse practitioners to practice to the full extent of their education and training

Addressing the Opioid Crisis

Work with hospitals to ensure that policies for fighting the opioid epidemic are practical and effective