Pennsylvania's Experiment to Protect Rural Hospitals and Invest in Healthy Communities

Population Health Sciences

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Geographic disparities in life expectancy among U.S. counties are large and increasing, but felt especially hard in rural areas. According to Robert Wood Johnson Foundation's 2016 County Health Rankings, rural counties have had the highest rates of premature death for many years, rates that have only continued to worsen. Youth living in rural areas have the highest rates of death due to suicide or unintentional injuries. These disparaging numbers are in part due to poor access to emergency care, few mental health services, disappearing maternal care, and increasing drug-, alcohol- and suicide-related deaths.

National trends in rural health access are certainly felt here in Pennsylvania where one out of every five residents lives in a rural area. At PolicyLab, we have experienced the diversity of the state's health care landscape through our evaluation of maternal and child home visiting programs in the Commonwealth. Specifically, we have seen how rural communities are faced with increasing need for health care services *and* unique access and resource challenges. In some rural Pennsylvania counties, there is as few as one primary care physician to every 3,670 residents, 7,320 residents per dentist and 8,270 residents per mental health provider. Access to health care for these individuals could be even further prohibited if the threat of closure of many of the state's rural hospitals becomes reality.

The closure of a rural hospital is concerning not just from a health care access perspective, but also from a community and economic development perspective. As an urban and regional planner who recently found a home working in a children's hospital, I'm particularly interested in how we can create equitable and vibrant communities where people can live full and healthy lives. Pennsylvania's innovative project to prevent the shuttering of rural hospitals, which I'll walk you through, could be good news for small towns struggling to counteract economic losses, environmental damages, and demographic changes, while experiencing ever poorer health outcomes.

The Evolving Presence of Rural Hospitals

The life and death of rural hospitals is tied to the complex interplay of local trends and federal interventions. In 1946, the federal Hill-Burton Act provided financing for the construction of public and nonprofit hospitals. As a result, hospitals were financed and built across rural America, increasing health care access and providing emergency services for residents in these communities. Today though, the tide has turned. Changes in rural demographics and economies over the past several decades have forced hospitals to shut their doors, leaving many rural communities without access to vital care.

Currently, rural hospitals face an especially tricky financial landscape that has contributed to closures. The fee-for-service reimbursement system relies on inpatient admission volume for revenue – a problematic model when the rural population is aging and declining. This reimbursement system forces rural hospitals into a

downward spiral – low revenue prevents them from making key infrastructure updates, then aging facilities contribute to negative perceptions, which drive away the few community residents with private insurance. Low revenue also leads to discontinuation of services, such as labor and delivery, forcing people to other locations for specialty care. In Pennsylvania, 45 percent of our rural hospitals – serving 1.8 million people – are unable to cover the costs of keeping the hospital doors open. Moreover, slightly over one-third of our rural hospitals are just barely covering hospital operations.

A Hospital's Integrated Role in the Community

Aside from their primary function of providing access to vital health services, hospitals play a critical role in the economy of rural communities. Health care and hospitals account for 10-15 percent of jobs in rural areas, and hospitals are often second only to educational institutions as an area's largest employer. A typical critical-access hospital generates a total annual impact of 248 jobs and $10.3 million in wages, salaries and benefits. Pennsylvania's 42 rural hospitals employ 27,000 people; to compare, our rural hospitals employ four times more people than our coal mines (in 2015, coal producing mines employed 6,633 in the state of Pennsylvania). Furthermore, the presence of a hospital is critical to a community's recruitment and retention of businesses, industries and populations young and old.

Pennsylvania's Experiment

Pennsylvania is embarking on a new strategy for counteracting poor rural health outcomes by shifting its focus from health care delivery to community health. The state's new model - coined the Rural Health Redesign - ties together access to clinical care with support for changing health behaviors, while supporting the social and economic factors that contribute to healthy communities and healthy people. Mirrored after the Maryland All-Payer Model of rewarding value over volume, Pennsylvania's Rural Health Redesign is a governor-led initiative supported by the Health Innovation Office within the Department of Health, and funded through the Centers for Medicare and Medicaid Services. The initiative includes the creation of a new public-private partnership, the Rural Health Redesign Center, to help hospitals work with community organizations on health transformation plans.

In 2018, Performance Year 1 of the project, six rural hospitals will serve as Rural Health Redesign testing sites, implementing an all-payer global budget. Over the next six years, up to 30 hospitals are expected to join. Rather than fee-for-service reimbursement, participating hospitals will receive a fixed amount for inpatient and outpatient hospital-based services, paid monthly. Because participating hospitals will have a guaranteed revenue stream, they will be able to redesign their delivery of care to focus on meeting the health needs of their local community. The definition of care will broaden to include preventative care services, care coordination, community health workers and treatment centers for substance abuse. Notably, current hospital staff will be retained and re-trained as their place of employment begins to address population health. This model keeps stable jobs in rural economies and preserves the institutional presence.

What Does This Mean for Pennsylvania's Families?

Pennsylvania's new model for rural health care recognizes that multiple factors influence families' health. By keeping emergency services in rural communities while bolstering community health measures, rural communities can be leaders in reversing poor health outcomes. In our home visiting evaluation, we've seen the value of health care systems in strengthening outcomes for community-based programs. We believe the Rural Health Redesign is an opportunity in which the value of the initiative will extend well beyond the doors of the hospital to true community transformation.

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