

NEWSLETTER

HAPPY HOLIDAYS from all of us, Fred, Gerald and Cheryl, at the National Center for Rural Health Works!!! The National Center for Rural Health Works will share the following activities:

- **2013-2014**
 - **Past Year Work Projects**

Copies of projects are available on website: www.ruralhealthworks.org.

 1. Economic Impact of a Rural Nurse Practitioner or Physician Assistant
 2. Economic Impact of a Rural Nursing Home
 3. Economic Impact of a Rural Dentist
 4. Emergency Medical Services (EMS) Guidebook and Budget Generator
 - **Workshops Presented**
- **2014-2015**
 - **Current Year Work Projects**
 1. The Economic Impact of a Hospital Closure on a Rural Community
 2. The Economic Impact of Rural PPS Hospital
 - **Current Year Outreach Activities**
 1. Workshops
 2. Webinars
 3. Summary Document: “Economic Impact of Rural Health Care,” Updated October 2014

2013-2014 PAST YEAR WORK PROJECTS

1. Models to Estimate the Economic Impact of a Rural Nurse Practitioner or Physician Assistant (Copy of study available on web: www.ruralhealthworks.org)

Background: Nurse practitioners (NPs) and physician assistants (PAs), often referred to as mid-level providers or non-physician practitioners, do not replace physicians but are often utilized to augment the management of chronic diseases and prevention. However, in rural non-metro areas that are more likely to have a shortage of health professionals, they can be important providers of rural primary care services.

Objective: The objective of this study is to estimate the economic contributions to employment and labor income from the direct and secondary impacts of a rural primary care NP/PA on the community and surrounding area including the local hospital. The results will be used to create a template that local leaders can apply local data to estimate the economic impact of their NP/PA given their specific conditions and state regulations.

Key Findings:

- In addition to their medical contribution, NP/PAs contribute economically to the community, and surrounding area including the hospital.
- Given four different scenarios, a rural NP/PA can create between 4.4 and 18.5 local jobs and \$280,476 to \$940,892 in wages, salaries and benefits from the clinic and the hospital.

Template Available: A template has been provided to assist physicians and/or local leaders interested in estimating the economic impact of a rural NP/PA. Local data should be utilized to derive the most realistic estimates for the local community.

2. An Overview of Nursing Homes and the Economic Impact of Rural Nursing Homes (Copy of study available on web: www.ruralhealthworks.org)

Background: Nursing homes are typically one of the large employers in rural communities, particularly in rural communities without a local hospital. Nursing homes supply jobs and labor income to their rural economies. With increasing life expectancies and increasing elderly population (from the aging of the Baby Boomers), demand for nursing homes may increase in the future. This increased demand will drive growth in the nursing home industry, which will, in turn, stimulate additional economic activity. Nursing homes must thrive economically to provide high quality care to residents and good jobs to local workers.

Objective: The objective of this study is to provide an overview of nursing homes and to illustrate the economic impact of rural nursing homes on local economies. Three rural nursing home scenarios have been developed with economic impacts measured utilizing a widely recognized input-output analysis model and data from IMPLAN Group, LLC.

Key Findings:

- National health and national nursing home expenditures are projected to increase over 75 percent from 2012 to 2022. Aging of the population and increased life expectancies are reflected in the projections and are contributing to the future demand for nursing homes.
- Given three rural nursing home scenarios, a rural nursing home may have employment impact from 65 to 137 employees, with wages, salaries and benefits (labor income) impact from \$3.0 million to \$6.7 million.

Template Available: A “Rural Nursing Home Economic Impact Study” template is provided for the rural community or rural nursing home to utilize.

3. The Economic Impact of a Rural Dentist (Copy of study available on web: www.ruralhealthworks.org)

Background: Health care facilities and health care providers have a tremendous medical and economic impact on the community in which they are located. This is especially true with dental clinics. In addition to providing important oral health treatment and prevention, these facilities employ a number of people and have a large payroll, which in turn will be returned to the local community as the business and employees spend locally. Employee spending, in addition to the dental clinic purchases from other local businesses stimulates additional economic growth or secondary impacts in many other parts of the local economy. Much of this economic activity generates tax revenues that can be used by the local government to fund important community services.

The Methodology: To measure the economic impact of a rural dentist, a case study approach was utilized and the average impact of a rural dentist was estimated. Data were collected from 13 rural dental clinics including 24 dentists in Oklahoma, West Virginia, Pennsylvania and Nevada. Secondary impacts are estimated using the input-output model; utilizing the average of the multipliers for the 13 dental clinics.

Results: The average direct impact of a rural dentist is five jobs with labor income of \$338,797. The average total impact of a rural dentist is seven jobs, with labor income of \$401,084.

Template Available: A template is available that allows anyone to estimate the impact of a rural dentist in their community.

4. Emergency Medical Services (EMS) Systems Development and Budget

Generator Guidebook (Copy of study available on web: www.ruralhealthworks.org)

The systems development chapters provide basic information on different activities involved in developing an EMS system. This information in conjunction with the budget generator will assist in developing a new system, in providing additional alternatives for a current system, or in projecting expenses and revenues for consolidation of several EMS systems. The budget generator is available in an Excel spreadsheet, through a CD in the back of the Guidebook or downloaded from the website: www.ruralhealthworks.org.

There are two ways to use the example budget template. The first method is to modify the parameters worksheet and the final budget will automatically be updated to build your budget. The second way is to utilize the worksheet, "Build Your Own." This worksheet has been provided for EMS systems to input their actual or estimated expenses and revenues. This spreadsheet is not attached to any budget parameters. Each EMS system can determine their own parameters and assumptions and each EMS system can change any of the categories of expenses or revenues.

The budget spreadsheet is designed to be used for many different scenarios and for many different situations. Utilizing the budget generator, budgets can be developed for a single EMS provider or for multiple EMS providers considering regional budgeting alternatives. The budgets can be easily modified to show different funding options or to project changes in a system over time, or to estimate budgets for multiple systems considering consolidation.

2013-2014 WORKSHOPS PRESENTED

The National Center held two regional training workshops:

- January 29, 2014, hosted by California State Office of Rural Health
- August 6, 2014, hosted by Texas Department of Agriculture, Office of Rural Health

2014-2015 NEW WORK PROJECTS

1. The Economic Impact of a Hospital Closure on a Rural Community

Background: Rural Hospitals are closing at an alarming rate and rural policy makers are extremely concerned. In fact, according to data from the Sheps Center for Health Services Research, 42 rural hospitals have closed since January 2010. Many of these are Critical Access Hospitals (CAHs) and Prospective Payment System (PPS) hospitals in rural areas. It is crucial that leaders in these rural communities know how important the hospital and other health

providers are to their economy. These leaders know the medical benefits but in addition to providing medical access for residents, hospitals make significant economic contributions to rural communities. They are normally second only to education in the number of jobs they provide but also supply high-skill high-wage employment. The loss of health care services leads to a decline in the community's economic base. If the economic loss is quantified, local leaders can adopt local policies such as provide tax support and assist with physician and other health professional recruitment through local scholarships to assist the local hospital to remain open and financially viable.

Objective: The objective of this study is to look at the 42 hospital closures and measure the immediate economic loss that occurs when a facility closes. The 42 closures will be classified by RUCA code and scenarios will be developed based on the data. Possible scenarios are:

1. Hospital closing with complete loss of services in the community;
2. Hospital closing with some services remaining in the community either at that location or a replacement facility such as an urgent care clinic;

The Medicare Cost Reports, local interviews and all other relevant sources will be used to collect data to estimate the average employment and labor income (wages, salaries and benefits) losses that occur as a result of the closure. The input-output model measures the short-run impacts of the closure. A template will be developed to estimate the specific economic losses associated with a hospital closure that can be used by community leaders considering closing their hospital.

2. Model to Estimate the Economic Impact of PPS (Prospective Payment System) Hospitals on a Rural Community

Background: PPS hospitals are part of the prospective payment system in which Medicare reimbursement payments are made based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, diagnosis-related groups for inpatient hospital services). CMS uses separate PPSs for reimbursements to acute inpatient hospitals, home health agencies, hospice, hospital outpatient, inpatient psychiatric facilities, inpatient rehabilitation facilities, long-term care hospitals, and skilled nursing facilities.

Objective: The overall objective of this study is to measure the economic impact of a typical PPS hospital. More specifically, the study will

- Define a typical rural PPS hospital based on a set of characteristics (i.e., bed size, RUCA code, rural vs urban, etc.)
- Estimate the direct and secondary impact of a typical rural PPS hospital
- Develop a template which can be used to measure the impact of a specific rural PPS hospital.

2014-2015 OUTREACH ACTIVITIES

1. Workshops (For more information, see website: www.ruralhealthworks.org)

Two workshops are presented each contract year:

- Workshop presented in Terre Haute, Indiana, October 22, 2014, was hosted by The Rural Health Innovation Collaborative and was well-attended with 16 participants.
- Workshop is to be presented in Pennsylvania in Spring/Summer 2014 and is to be hosted by Pennsylvania State Office of Rural Health.

Anyone interested in hosting a RHW workshop in the future should contact **the National Center**. Workshop hosts are on a first to offer, first to host basis. The host state assists with locating a training facility and inviting state participants; they *incur no financial costs*. The benefit to a host state is having the workshop available for state participation (with a nominal registration fee per participant). Please share this information with anyone interested in hosting or attending a workshop.

The National Center invites any interested parties to register and attend these workshops. The workshops teach professionals how to conduct economic impact studies, how to fulfill CHNA requirements with the CHNA Template, how to assess rural health needs, and how to develop health feasibility (budget) studies. (More details from web: www.ruralhealthworks.org)

2. Webinars (For more information, see website: www.ruralhealthworks.org)

The National Center for Rural Health now offers webinars on their templates. Webinars require a host organization to sponsor the webinar, announce the webinar, and pre-register participants for the webinar (at no cost to the host). Webinars are one hour and are currently available on the following topics:

A. Economic Impact of Rural Health

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|--------------------------------|-------------------------------------|
| a. Critical access hospital | d. State Medicaid program |
| b. FQHC or rural health clinic | e. State or regional medical school |
| c. Rural health network | f. Rural nursing home |

B. Community Health Needs Assessment: Mandated under new legislation for not-for-profit hospitals to complete no less than every three years.

C. Physician and Specialty Physician Needs Assessment: how to estimate the need for rural primary care physicians and specialty care physicians.

3. Summary Document: "Economic Impact of Rural Health Care," Updated Oct. 2014 (For a copy, see website: www.ruralhealthworks.org)

"Economic Impact of Rural Health Care" is a summary document of national and rural health impacts, updated to include the latest economic impact studies completed (rural nurse practitioner/physician assistant, rural dentist, rural nursing home). This document is a great resource to share with local entities and is available to state and national organizations to utilize.

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Website: www.ruralhealthworks.org

**Merry Christmas and
Happy New Year to ALL**