

NEWSLETTER

The National Center for Rural Health Works shares the following activities and encourages all on our email listing to share these activities with other interested parties:

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2014-2015 Current Year Work Projects' UPDATES

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. A list of 43 rural hospital closures from January 2010 to October 2014 was identified by the University of North Carolina, The Cecil G. Sheps Center for Health Services Research. The leaders in these rural communities 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 can lead to a decline in the community's economic base. If the economic loss is quantified, local leaders can adopt local policies to assist the local hospital to remain open and financially viable. Local policies may include providing tax support and assisting with physician and other health professional recruitment through local scholarships.

Objective: The objective of this study is to measure the immediate economic loss from a sample of the hospital closures. Scenarios will be developed based on the data.

Preliminary results: Preliminary results of the impact of a hospital closure on a rural community were reviewed by the RHW Advisory Council. From the list of hospital closings provided by the UNC, SHEPs Center, relevant information was collected from the Medicare Costs Reports. Data collected included bed size, daily census, employment, labor income, etc. Interviews and web searches were then done to identify each hospital and the local community. Some of the hospitals were eliminated due to unique circumstances or incomplete costs reports resulting in a total sample of 19 rural hospitals. This list of hospital closures has been categorized

into two groups. The first group includes hospitals that closed with no further medical services provided in the community. The second group includes hospitals that closed with some medical services still being provided (i.e., 24-hour urgent care, emergency department, outpatient services, etc.).

Future Activities: The Medicare Cost Reports, local interviews and all other relevant sources will be used to collect necessary data to estimate the 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 who may be concerned about losing their local hospital. A case study of a specific hospital closure in South Carolina will also be developed with the SC SORH and presented in the final study.

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 (PPS) in which Medicare reimbursement payments are made based on a predetermined, fixed amount. Rural PPS hospitals are the hospitals just larger than the critical access hospitals (CAHs). The impact of these PPS hospitals has not been measured and will provide these hospitals a tool to determine their economic impact. With many hospitals under financial duress, this tool may assist PPS hospitals to show the economic contribution of the hospital on the local economy. This could assist community leaders to obtain funding support for the hospital (i.e., tax support, lending institutions, etc.) or to obtain funding support for scholarships for physicians and other health professionals.

Objective: The overall objective of this study is to measure the economic impact of a representative PPS hospital.

Preliminary results: Utilizing the AHD hospital database, the hospital data have been divided into two categories: 26-50 beds and 51-100 beds. These two groups of hospitals have been analyzed utilizing available categories from the AHD database. A sample of the two groups has been delineated based on available IMPLAN data. IMPLAN multipliers were derived for each of the available counties. The IMPLAN analysis includes the average impact of employment and labor income for the two groups.

Future Activities: More specifically, the study will result in the following:

- Estimate the direct and secondary impact of a representative rural PPS hospital with 26-50 beds
- Estimate the direct and secondary impact of a representative rural PPS hospital with 51-100 beds
- Develop a template which can be used to measure the impact of a specific rural PPS hospital.

2014-2015 Current Year Outreach Activities

1. EMS Budget Generator presented to NASEMSO

The EMS budget generator was presented at the National Association of EMS Officials (NASEMSO) at their NASEMSO Spring 2015 Meeting, April 20-22, in San Antonio, Texas. The EMS budget generator will assist in developing budgets for a new rural EMS system, in providing alternatives for current rural EMS systems, or in projecting expenses and revenues for consolidation of rural EMS systems.

The budget generator is available in an Excel spreadsheet and can be downloaded from the RHW website. A guidebook, “A Systems Development Guide for Rural Emergency Medical Services: A Systematic Approach to Generate Budgets for Rural Emergency Medical Services,” is available to assist in rural EMS system and budget development. The budget generator is designed to be used for different scenarios for all rural EMS providers.. 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. The EMS budget generator can be modified to fit any system or any state.

2. **Workshops**

The next RHW workshop is being hosted by the Pennsylvania Office of Rural Health on Wednesday, July 22, 2015 in State College, Pennsylvania. To register, contact the RHW staff or go to the website.

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.*

3. **Webinars**

Webinars have been provided to the American Hospital Association membership on the impact of small, rural and critical access hospitals and on the impact of rural health networks. A webinar on the impact of community health centers/rural health clinics was provided to the Virginia Rural Health Association membership. A webinar is being planned on the impact of rural health networks for the membership of the National Cooperative of Health Networks Association in the near future.

The National Center for Rural Health now offers webinars to share the RHW 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**

a. Critical access hospital

b. FQHC or rural health clinic

- c. Rural health network
 - d. State Medicaid program
 - e. State or regional medical school
 - 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. The community health needs assessment process can easily be adapted for utilization by other health organizations; i.e., health networks, health departments, etc.
- C. **Physician and Specialty Physician Needs Assessment:** how to estimate the need for rural primary care physicians and specialty care physicians.

Contact the staff listed below for complete details on webinars.

4. **Summary Document: "Economic Impact of Rural Health Care," Updated Oct. 2014**

"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. It can be downloaded from our website.

Other Activities (Not Funded through RHW Grant Funds)

Impact of Medicaid Demonstration Project

A study was provided for the Oklahoma Hospital Association on the impact of a Medicaid demonstration project. Data for this study were based on a study entitled, "Covering the Low-Income, Uninsured in Oklahoma: Recommendations for a Medicaid Demonstration Proposal, June 2013," which was commissioned by the Oklahoma Health Care Authority (Oklahoma's Medicaid Agency) and completed by Leavitt Partners. The report recommended the expansion of the Insure Oklahoma program as an alternative to expansion of traditional Medicaid.

Our study illustrated the economic impacts of the proposed Insure Oklahoma expansion project annually for the eight-year period 2016-2023, including totals for the four-year period from 2016-2019 and for the entire eight-year period. Impacts were illustrated for total revenues, employment, labor income, and federal and state and local taxes. The impacts were based on input-output analysis, utilizing IMPLAN data and software (www.implan.com).

For the four-year period 2016-2019, results indicated that a state direct investment of \$235.9 million would result in total revenue impact of \$7.7 billion, total employment impact of 17,968, and total labor income impact of \$3.4 billion. The federal tax impacts are estimated to be \$601.4 million and the state and local tax impacts \$265.7 million. The proposed state direct investment is less than the state and local tax impacts for the four-year period.

For the eight-year period 2016-2023, results indicated that a state direct investment of \$836.6 million would result in total revenue impact of \$17.9 billion, total employment impact of 23,986, and total labor income impact of \$7.8 billion. The federal tax impacts are estimated to be \$1.4 billion and the state and local tax impacts \$620.2 million. The proposed state direct investment

of \$216.4 million more than the state and local tax impacts for the eight-year period. The full study can be located on our website.

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