National Center for Rural Health Works

January 2016

NEWSLETTER

Hope everyone had a wonderful holiday season. The National Center for Rural Health Works decided to send the newsletter in January instead of December. Included is information on our current year's work plan and the past year's work plan.

2015-2016 OUTREACH ACTIVTIES

Communicating with rural health organizations about our activities and templates is critical to the continuation of **the National Center**. The staff attends many conferences and meetings to share templates and activities. The newsletter is one of the outreach activities, as well as the workshops and webinars discussed below:

1. **Workshops (For more information, see website: www.ruralhealthworks.org)**
   - A workshop was presented in Southbridge, Massachusetts, on December 3, 2015 with 18 participants; hosted by Kim Mohan - Executive Director, The New England RoundTable.
   - **The National Center** is looking for a host for a training workshop in the Spring or early Summer 2016 and another training workshop in the Fall 2016.

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

   The National Center for Rural Health now offers webinars on their products and 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: 1) Economic Impact of Rural Health, 2) Community Health Needs Assessment, or 3) Physician and Specialty Physician Needs Assessment.

2015-2016 NEW WORK PROJECTS

1. **Economic Impact of Rural Health Clinics**

   Background: Previous studies have illustrated the economic impact of critical access hospitals (CAHs) and primary care physicians on a rural community. In many rural communities, health services are delivered at Rural Health Clinics (RHCs). Centers for Medicare and Medicaid services state RHCs were created to address an inadequate supply of physicians serving

Medicare patients in rural areas and to increase the use of nurse practitioners and physician assistants. Approximately 4,000 RHCs nationwide provide access to primary care services in rural areas. A RHC can operate as a free-standing clinic or be part of a hospital system. Like CAHs and physician clinics, RHCs contribute to a strong health sector.

Objective: The objective of this study is to estimate the average employment and labor income impact of a RHC on a rural community.

Data: The CMS cost report data available through the CMS website provide the average direct employment and labor income for both free-standing and provider-based RHCs. The county location of each RHC will be matched to all previously purchased IMPLAN county data.

Results: The results will be the average total employment and labor income impacts on a rural county created from a RHC. A template will also be provided to assist local leaders interested in estimating the economic impacts for an individual RHC. However, decision makers are encouraged to obtain IMPLAN multipliers specific to their local county when possible.

2. **Updated Economic Impact of a Typical Critical Access Hospital on a Rural Community**

Background. A study was conducted in September 2012 to illustrate the impact of a typical critical access hospital (CAH) on a rural community. This study will be updated to include current employment and wages, salaries, and benefits from hospital operations and to show employment and wages, salaries, and benefits from the average construction investment.

Objective. The objective of this study is to estimate the economic impact of a typical CAH with current available data.

Data. The data for CAHs is available through the hospital database on the CMS website. These data will provide the average employment and labor income for a large number of CAHs. IMPLAN county multipliers will be derived for these CAH counties.

Results. The results will be an updated economic impact analysis of a typical CAH. A template will also be provided for an individual CAH to determine their economic impact. However, CAHs are encouraged to obtain IMPLAN multipliers specific to their local county when possible.

3. **Updated Economic Impact of a Rural Primary Care Physician**

Background. A study was conducted in October 2013 to illustrate the impact of a rural primary care physician. This study will update the impact of a rural primary care physician.

Data. The data will provide the average employment and labor income for the primary care physician, midlevel practitioners, and clinic staff. The CMS database will be utilized to determine average CAH hospital employment and labor income. The county location of each CAH will be matched to all previously purchased county IMPLAN data.

Results. The results will be an updated economic impact analysis of a rural primary care physician from both clinic and hospital activities. A template will also be provided for an individual primary care physician to determine their economic impact from clinic and local hospital activities. However, rural primary care physicians are encouraged to obtain IMPLAN multipliers specific to their local county when possible.

4. **Summary of Economic Impact Data Points**

The work plan will result in a publication which summarizes the economic impact of the following rural health services:

- Economic impact of a CAH in a rural community
- Economic impact of a 35 and 50 bed PPS hospital in a rural community
- Economic impact of a primary care physician in a rural community
- Economic impact of a nurse practitioner in a rural community
- Economic impact of a physician assistant in a rural community
- Economic impact of a rural health clinics (RHCs) in a rural community
- Economic impact of a rural dentist
- Economic impact of a rural nursing home
- Economic impact of a closed rural hospital

2014-2015 WORKSHOPS PRESENTED

The National Center held two regional training workshops in 2014-2015. Workshops are one of our methods of communicating and sharing our templates.

- A workshop was held in Terre Haute, Indiana, October 22, 2014 with 16 participants; hosted by Stephanie Laws, Executive Director, Rural Health Innovation Collaborative.
- A workshop was held in State College, Pennsylvania, July 22, 2015 with 20 participants; hosted by the Lisa Davis, Director, Pennsylvania Office of Rural Health. Ms. Davis provided her comments on the workshop: ***"The workshop we hosted in Pennsylvania was a great opportunity for our office. The information presented was very relevant to the health systems represented and gave them valuable tools to use in conducting their community health needs assessments. It also was a great chance for our office to coordinate an outreach program, serve the needs of our rural health care providers, and increase our visibility."***

2014-2015 PAST YEAR WORK PROJECTS

1. **The Economic Impact of Recent Hospital Closures on Rural Communities (Study available on web: www.ruralhealthworks.org)**

Background. Hospitals in rural communities are facing many challenges to providing quality health care services to the community residents while maintaining sound viable financial conditions. These challenges resulted in the closure of 43 rural hospitals identified by the University of North Carolina, Cecil G. Sheps Center for Health Services from January 2010 to October 2014. The current number of closings has increased to 56 hospitals. It has been estimated that another 283 hospitals are considered to be financially at-risk of closing in the very near future. In addition to providing medical access for residents, hospitals make significant economic contributions to rural communities.

Purpose of the Study. The objective of this study is to estimate the economic impacts of recent hospital closures in rural communities from the direct and secondary impacts in terms of employment (full- and part-time jobs) and labor income (wages, salaries and benefits). These estimates reflect the last year of operation.

Profile of Hospital Closings. Due to data availability and limiting sample to closed hospitals with RUCA 7 and above, 16 hospitals in 13 different states were in the final sample. Nine hospitals were critical access hospitals (CAHs). Four of the hospital closures have had no additional health services established since the hospital closed. The community populations ranged from 406 to 10,292 with an average population of 3,135. The average daily census for the hospitals during their last year of operation was 1.8 ranging from 0.0 to 6.8. The distance to the

next available hospital ranged from 7 to 24 miles with an average of 15 miles for the 16 selected hospital closures.

Direct and Total Impacts of Recent Hospital Closures. The data in the table shows the potential direct and total impacts from hospital closures in terms of employment and labor income. The average potential direct impact on employment of recent hospital closures is the loss of 73 jobs and almost $4.4 million in labor income. The ranges show the significant difference in size of the sample hospitals. The smallest hospital closing had 19 employees compared to the largest hospital closing in the sample with 139. Labor incomes for the sample closings ranged from $745,482 to $7.9 million. The loss of direct employment and direct labor income will further impact the community by the loss of secondary jobs and income. As the local hospital and the hospital staff purchase goods and services, secondary employment and labor income are created in other businesses. The average total impact on employment was 188 jobs with an average total labor income of $5.3 million. The model calculates employment (in terms of full- and part-time jobs) and labor income (in terms of wages, salaries and benefits) multipliers.

Total Potential Impact on Employment and Income of a Rural Hospital Closing

	Direct Employment	Employment Multiplier	Total Impact
Avg.	73	1.35	99
Min.	19	1.35	26
Max.	139	1.35	188
	Direct Labor Income	Labor Multiplier	Total Impact
Avg.	$4,363,978	1.21	$5,280,413
Min.	$745,482	1.21	$902,033
Max.	$7,883,605	1.21	$9,539,162

[1]Labor income includes wages, salaries and benefits
Source: Labor income estimates from Medicare Cost Reports (AHD database) and local data. Multipliers from IMPLAN database, IMPLAN Group LLC. (www.implan,com).

2. The Economic Impact of PPS Hospitals on a Rural Community (Study available on web: www.ruralhealthworks.org)

Background. The economic impact of small rural hospitals is of utmost concern since over 56 rural hospitals have closed since January of 2010. Another report has indicated that another 283 hospitals are vulnerable to closure. The importance of the health care sector to the local economy has been well documented and the hospital is the cornerstone of the health care sector. The economic impact of critical access hospitals and the economic impact of hospital closures have been previously prepared.

Objective. This study illustrates the economic impact of the next larger rural hospitals, the 26-50 bed PPS hospitals and the 51-100 bed PPS hospitals.

Sample Data. Data were available on these hospitals from the AHD database. These data included all the hospitals in the 26-50 bed category and the 51-100 bed category. The data were reviewed and a sample of these hospitals was selected based on the availability of IMPLAN data. The sample data are summarized in the study.

Economic Impact. For the 26-50 bed PPS hospitals, the resulting economic impact is an average employment impact of 259 and average labor income impact of $14.3 million. For the 51-100 bed PPS hospitals, the resulting economic impact is an average total employment impact of 413 and average labor income impact of $24.9 million.

Summary. A template is available for a 26-50 bed or 51-100 bed PPS hospital to estimate their economic impact. Hospitals are encouraged to utilize specific IMPLAN data for their medical service area if possible.

Staff for the National Center

Gerald A. Doeksen, Director
Email: gad@okstate.edu
Phone: 405-744-9823

Cheryl F. St. Clair, Associate Director
Email: cheryl@okstate.edu
Phone: 405-744-9824

Fred C. Eilrich, Project Analyst
Email: eilrich@okstate.edu
Phone: 405-744-9814

National Center for Rural Health Works
Oklahoma State University, Dept of Ag Econ
Oklahoma Cooperative Extension Service
513 Ag Hall
Stillwater, OK 74078
Phone: 405-744-9823, 9824, or 9814
Fax: 405-744--9835

Funding Support

Office of Rural Health Policy
HRSA, USDHHS
Phone: 301-443-3822

Evaluation

Denise Denton
D2, Inc., Colorado
Phone: 303-941-0181
Email: ddenton@d2inc.biz

National Center for Rural Health Works - Advisory Council

Website: www.ruralhealthworks.org