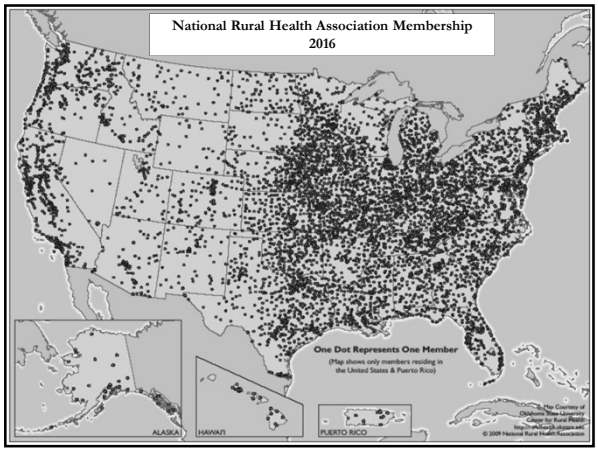
Your voice. Louder.

August 17, 2016

Alan Morgan
Chief Executive Officer
National Rural Health Association

Rural Update

Improving the health of millions who call rural America home.



Rural Health Disparities

- More likely to report fair to poor health
  - Rural counties 19.5%
  - Urban counties 15.6%
- More obesity
  - Rural counties 27.4% VS urban counties 23.9%
  - Less likely to engage in moderate to vigorous exercise: rural 44% VS urban 45.4%
- More chronic disease (heart, diabetes, cancer)
  - Diabetes in rural adults 9.6% VS urban adults 8.4%

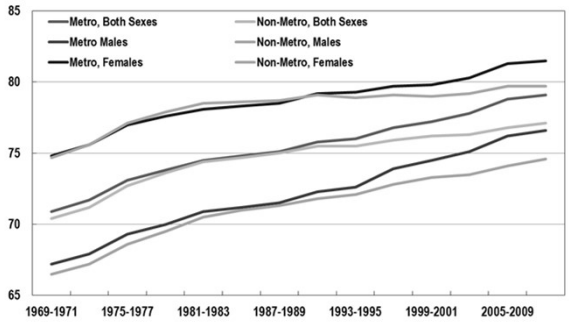
Workforce Shortages

- Only 9% of physicians practice in rural America.
- 77% of the 2,050 rural counties are primary care HPSAs.
- More than 50% of rural patients have to drive 60+ miles to receive specialty care.

19 closed in 2015, Already 13 closed in 2016

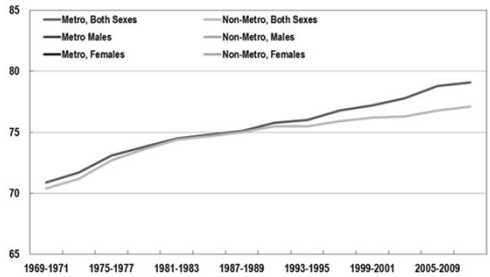
Declining Rural Life Expectancy

Urban/Rural Life Expectancy



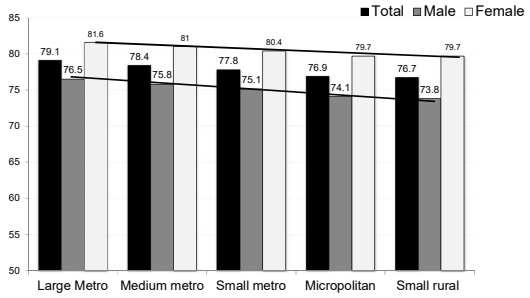
Singh GK, Siahpush M. *Widening Rural–Urban Disparities in Life Expectancy, U.S., 1969–2009.* American Journal of Preventive Medicine. 2014;46(2):e19–e29. (updated data)

Metro/Non Metro Life Expectancy



Life expectancy declines with rurality

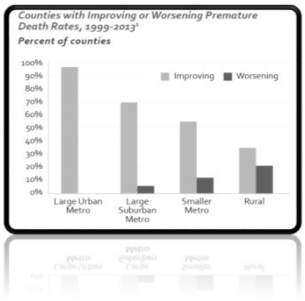
Life expectancy at birth, in years, 2005-2009



Source: Singh, Siapush 2014

Findings from 2016 RWJ County Health Rankings

Years lost increased in 1 of every 5 rural counties



Health Equates to Wealth:

People who live in wealthy areas like San Francisco, Colorado, or the suburbs of Washington, D.C. are likely to be as healthy as their counterparts in Switzerland or Japan, but those who live in Appalachia or the rural South are likely to be as unhealthy as people in Algeria or Bangladesh.

--University of Washington, July, 2013

Rural counties have the highest rates of premature death, lagging far behind other counties, RWJF Report, March, 2016

Rural counties have had the highest rates of premature death for many years, lagging far behind other counties. While urban counties continue to show improvement, premature death rates are worsening in rural counties.

A Rural Divide in American Death

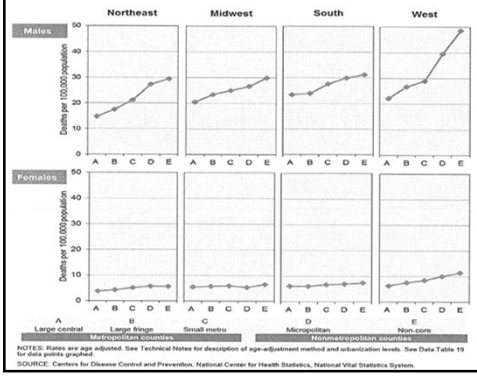
- Mortality is tied to income and geography.
- Minorities, especially Native Americans die consistently prematurely nation-wide, but more pronounced in rural.
- New study shows startling increase in mortality of white, rural women.
  - For every 100,000 women in their late 40s, 228 died at the turn of this century. Today, 296 are dying.
- Since 1990 death rates for rural white women have risen by nearly 50%
- Causes:
  - Risky lifestyle (smoking, alcohol abuse, opioid abuse, obesity)
  - Environmental cancer clusters
  - suicides
- Since 1999, 650,000 rural individuals have dies prematurely – that's equivalent to the death toll of the Civil War.
- In major cities life expectancies continue to expand.

Rural Communities Disproportionately Impacted

- Drug-related deaths 45% higher in rural
- Rural communities have a history of substance abuse
- Rural residents are most likely to be prescribed opioid painkillers

- Rural has greater prevalence of risk factors and fewer options for treatment.

Behavioral Health – Suicide Rates



NOTES: Rates are age adjusted. See Technical Notes for description of age-adjustment method and urbanization levels. See Data Table 19 for data points graphed.

SOURCE: Centers for Disease Control and Prevention, National Center for Health Statistics, National Vital Statistics System.

Behavioral Health

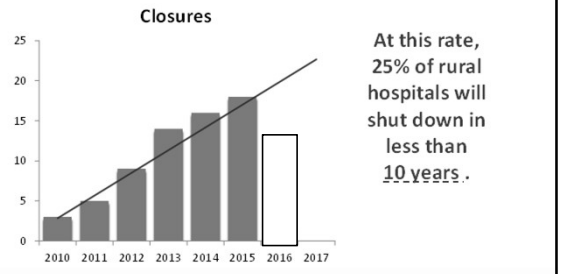
65% of non-metro counties have no psychiatrists (80% of remote counties)

65% of non-metro counties have no psychologists (61% of remote counties)

Non-metro counties with these providers have about 50% fewer per 10,000 population than metro counties

Rural Hospital Closures on the Rise

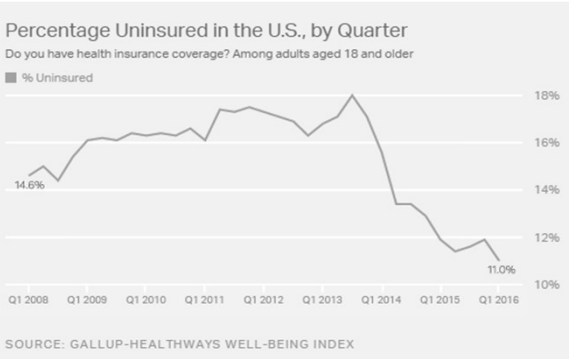
The rate of closure is six times higher in 2015 than in 2010



At this rate, 25% of rural hospitals will shut down in less than 10 years .

Is ACA Working?

April Gallop Poll: U.S. Uninsured Rate at 11.0%, Lowest in Eight-Year Trend



But let's dive in closer…

"More than 1 million ObamaCare exchange customers have likely dropped out since open enrollment, Feb. 1"

State Case in Study: Colorado

- Colorado: Number of paying individuals has dropped 23% this year from last (150,769 to 115,890). Why?
- Co-Op failure - - covered 69,000 lives
- Premium increases Rate Hikes - Customers who don't qualify for subsidies are paying 34% more for catastrophic and 21% for bronze
- Rather pay the penalty.

CONNECT for HEALTH COLORADO

"Insurance Options Dwindle in Some Rural Regions"

Some health insurers quit unprofitable markets; ACA exchanges in some areas will have one insurer. - Wall Street Journal May 16, 2016

- **ALASKA, ALABAMA MAY HAVE JUST ONE INSURER IN ACA EXCHANGE -** And so will a number of regions of other states, including Kentucky, Arizona and Oklahoma.
- Ongoing count from the Kaiser Family Foundation, which is keeping a county-by-county track of insurers as they pull out of the marketplaces. **What those counties have in common: 70 percent have populations that are mostly rural**, KFF's Cynthia Cox told the Wall Street Journal.


OPINION | A13

nd for Old Adversaries

Health Insurers Quit Rural Exchanges

- **Rural residents tend to be poorer.** On the average, per capita income is $7,417 lower than in urban areas, and rural Americans are more likely to live below the poverty level. The disparity in incomes is even greater for minorities living in rural areas. Nearly 24% of rural children live in poverty.

Research indicates…

- **Most closures in South**
- Annual number of closures increasing
- Most are CAHs and PPS hospitals (vs MDH and SCH)
- Most are in states that have not expanded Medicaid
- Patients in affected communities are probably traveling between 5 and 25 more miles to access inpatient care
- Most hospitals closed because of financial problems

BREAKING NEWS

NRHA
NATIONAL RURAL HEALTH ASSOCIATION

For immediate release Feb. 2016

New report indicates 1 in 3 rural hospitals at risk

New research indicates that sustained Medicare cuts threaten the financial viability of more than one-third of rural hospitals in America. As rural hospital closures continue to escalate, the…

RURAL Hospital Closures Escalating

68 Hospitals have closed since 2010.

The VULNERABILITY INDEX™ identifies 673 Rural Hospitals Now Vulnerable or At Risk of Closure

673

210 hospitals are most vulnerable to closure, while an additional 463 are less vulnerable

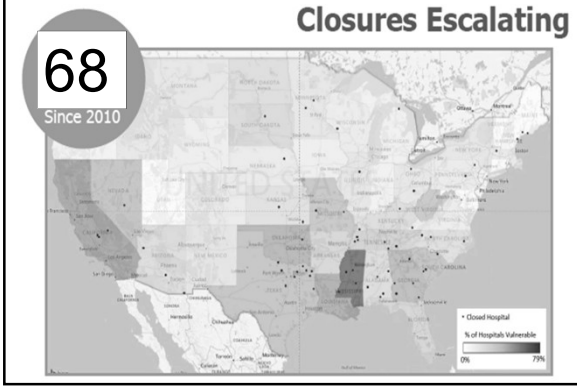
68

since 2010

Powered by iVantage HEALTH ANALYTICS

Rural hospitals closing where health disparities are the greatest.

Rural Hospital Closures and Risk of Closures



"When rural hospitals close, towns struggle to stay open."

Marketplace, April 2014

It's about access to care…

- 5,700 hospitals in the country; only 35 percent are located in rural areas.
- 640 counties across the country without quick access to an acute-care hospital. - *UNC Sheps Center*
- "Access to care remains the number one concern in rural health care." -- *Rural Healthy People*
- [The closings] "are a growing problem of 'medical deserts'…it is much like the movement of a glacier: nearly invisible day-to-day, but over time, you can see big changes."
  - Alan Sager, Boston Univ. professor of health policy


THE WEEK

The unconscionable abandonment of rural America

Joe Sprouse

mericans who can barely keep their heads above water

However…

New estimates from the U.S. Census show that after a modest four-year decline, the population in nonmetropolitan counties remained stable from 2014 to 2015 at about 46 million.

Although some rural areas are indeed declining in population, this figure obscures the larger overall trend: The number of students in rural school districts is steadily growing, according to data compiled by the National Center for Education Statistics (NCES).

Minorities Grow In Many Areas

By Janet Adamy and Paul Overberg

White Americans no longer count for the majority in hundreds of counties across the U.S., a trend transforming America's social and political landscape as Latinos, Asians and blacks outpace white population growth, according to figures out Thursday. The 370 counties across 36 states and the District of Columbia, where non-Hispanic whites account for less than half the population as of July 2015, include 31 additional counties since 2010, such as those encompassing Fort Worth and Austin in Texas; Charlotte, N.C.; Savannah, Ga.; suburbs of suburban Atlanta and Sacramento, Calif.

The nation's 3,142 counties, the so-called minority counties—12% of the total—represent an outsize share of the U.S. population but they are home to almost one-third of Americans, the new figures point to ... slightly more than half of minors are white, according to William Frey, a Brookings Institution demographer.

These shifts will shape who wins this year's elections, with Democrats benefiting from the growth of minorities since Latinos, blacks and Asians are more likely to vote Democratic. In several battleground states, including Florida, Nevada and New Mexico, the racial generation gap is even wider than in the rest of the country.

Republicans are helped by the fact that whites and older Americans have higher voter turnout rates. A big question in the presidential race is how Midwestern ... working-class whites, who appear energized by presumptive Republican nominee Donald J. Trump, will stack up against Latinos who have been angered by his derogatory comments about Mexicans and harsh stance on immigration.

"We may be seeing Trump put more effort into the Rust Belt knowing that he's going to ...

Demographic Destiny

In 2015, seven counties joined 363 others—for a total of 12% of all U.S. counties—where racial minorities make up a majority of the population. Nearly a third of Americans live in these counties.

Became majority-minority
- Before 2010
- 2010-14
- 2015

Source: U.S. Census

Wayne Co., Mich.
Curry Co., N.M.
Otero Co., N.M.
Brazoria Co., Texas
Scott Co., Miss.

...tive due to interest payments ... it earns on trust-fund assets.

...last year, down from ... 2008, and it's set to ... 2.2 over the next two ...

...ropolitan area last year became ... among the places where whites ... are now the minority thanks to ... a surge of Puerto Ricans, who ... have fled the financially troubled island. Non-Hispanic whites were 49.2% of the population in 2015, down from 53.6% in 2010. That could prove particularly helpful to presumptive ...

...main group driving the shift, primarily because they are younger and have more children than whites, said Texas State Demographer Lloyd Potter. Whites are also moving out of the urban cores of Fort Worth and Austin.

A notable uptick in Asian ...

...More Hispanics are being born in the U.S. than are dying, according to Kenneth Johnson, a University of New Hampshire demographer. The opposite is true of non-Hispanic whites, which had never been the case until four years ...

Delivering Value
Study Area C – Hospital Performance

Who has the edge?

	Rural	Urban
• Quality		✓
• Patient Safety		✓
• Patient Outcomes		✓
• Patient Satisfaction		✓
• Price	✓+	
• Time in the ED	✓+	

Rural hospitals match Urban hospitals on performance at a lower price

Data sources include CMS Process of Care, AHRQ PSI Indicators, CMS Outcomes, HCAHPS Inpatient/Patient Experience, MedPAR, HCRIS

Source: Rural Relevance Under Healthcare Reform 2014, Study Area C.

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The Path Forward

How to Fix the Rural Workforce Problem

Talley, 1990, "Graduate medical education and rural health care"
- Rural docs come from rural places
- Rural residency training leads to rural practice
- Family medicine is key to rural health
- Residents practice close to where they live
-

Goodfellow et al. 2016, "Predictors of primary care physician practice location…Systematic review"
- Rural docs come from rural places
- Rural residency training leads to rural practice
- Family medicine is key to rural health
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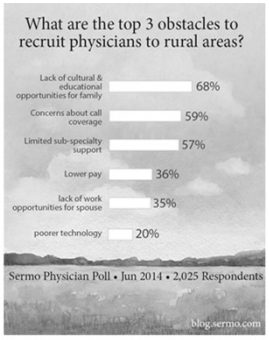


Current Workforce Solutions

- AHECs
- NHSC
- Loan repayment programs
- Reimbursement incentives
- Rural Residency Programs
- Scope of practice flexibility

Emerging issues in Rural Workforce

- New professions:
  - Community Paramedicine
  - Community Health Workers
  - Patient Navigators
  - Dental Therapists (DHATs)

Rural Telehealth Challenges: The Big Four -

-Reimbursement
-Licensure
-Clinical Adoption
-Community Acceptance

A slow transition forward

- Radiology and Psychiatry

- Tele-ICU services, and remote support from critical care specialists.

- Direct patient engagement

Tele-Pharmacy?

Your voice. Louder.

Four hundred ninety rural communities that had one or more retail pharmacy (including independent, chain, or franchise pharmacy) in March 2003 had no retail pharmacy in December
2013.

* A loss of **924** independently owned rural pharmacies in the United States.

Primary (core) Elements for Rural Design

- Primary Care
- Ambulatory Services
- Emergent Care (EMS/non-emergent transportation/ER)
- Rehabilitative Services
- Behavioral Health
- Transitional Care (observation/swing bed, etc.)
- Pharmacy (community?)
- Oral Health
- Prevention/Wellness

Delivery System Reform (DSR)

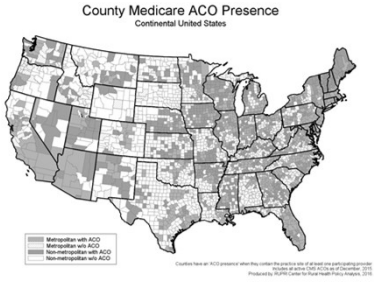
January 2015 Announcement

- HHS Secretary Sylvia M. Burwell announced **measurable goals and a timeline** to move the Medicare program towards **paying providers based on the quality, rather than the quantity of care**.

Goals

1. ***Alternative Payment Models:***
   1. **30%** of Medicare payments are tied to quality or value through **alternative payment models** by the end of 2016
   2. **50%** by the end of 2018
2. ***Linking FFS Payments to Quality/Value:***
   1. **85%** of all Medicare fee-for-service payments are **tied to quality or value** by 2016
   2. **90%** by the end of 2018

Redesign



Delivery System Reform (DSR)

	Payment Taxonomy Framework			
	Category 1: Fee for Service—No Link to Quality	**Category 2:** Fee for Service—Link to Quality	**Category 3:** Alternative Payment Models Built on Fee-for-Service Architecture	**Category 4:** Population-Based Payment
Description	Payments are based on volume of services and not linked to quality or efficiency	At least a portion of payments vary based on the quality or efficiency of health care delivery	Some payment is linked to the effective management of a population or an episode of care. Payments still triggered by delivery of services, but opportunities for shared savings or 2-sided risk	Payment is not directly triggered by service delivery so volume is not linked to payment. Clinicians and organizations are paid and responsible for the care of a beneficiary for a long period (e.g. >1 yr)
Medicare FFS	• Limited in Medicare fee-for-service • Majority of Medicare payments now are linked to quality	• Hospital value-based purchasing • Physician Value-Based Modifier • Readmissions/Hospital Acquired Condition Reduction Program	• Accountable care organizations • Medical homes • Bundled payments • Comprehensive primary care initiative • Comprehensive ESRD • Medicare-Medicaid Financial Alignment Initiative Fee-For-Service Model	• Eligible Pioneer accountable care organizations in years 3-5

Transformation to Population Health Management

CMS RFI on Global Budgeting

Request for Information (RFI) from the Centers for Medicare and Medicaid Services Innovation (CMMI) Center:

- Population Health
- Next Generation Rural Payments: What's after ACOs?
- Focused on **Global Budgeting**
- NRHAs APM/DSR SIG Leadership Team submitted response

New Provider Type?

- **Primary Health Center (PHC)**:
  - Traditional ambulatory/clinic services
  - **Emergency Care (tele-emergency allowed/required)**
  - Care Coordination and Disease Management
  - Transitional care (e.g. , observation, extended stay) capacity
  - EMS/Non-emergent Medical Transportation may be provided through PHC

Save Rural Hospitals Act

Rural hospital stabilization (Stop the bleeding)

- Elimination of Medicare Sequestration for rural hospitals;
- Reversal of all "bad debt" reimbursement cuts (*Middle Class Tax Relief and Job Creation Act of 2012*);
- Permanent extension of current Low-Volume and Medicare Dependent Hospital payment levels;
- Reinstatement of Sole Community Hospital "Hold Harmless" payments;
- Extension of Medicaid primary care payments;
- Elimination of Medicare and Medicaid DSH payment reductions; and
- Establishment of Meaningful Use support payments for rural facilities struggling.
- Permanent extension of the rural ambulance and super-rural ambulance payment.

Rural Medicare beneficiary equity. Eliminate higher out-of pocket charges for rural patients (total charges vs. allowed Medicare charges.)

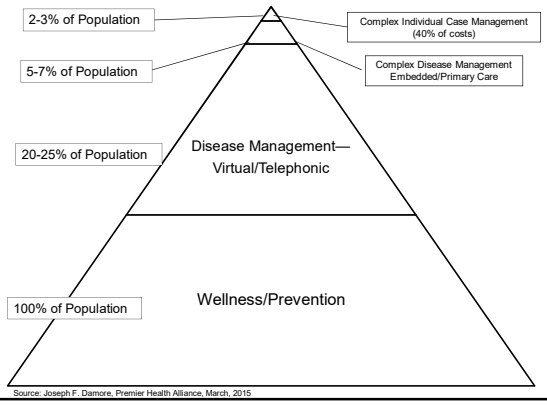
Regulatory Relief

- Elimination of the CAH 96-Hour Condition of Payment (See *Critical Access Hospital Relief Act of 2014*);
- Rebase of supervision requirements for outpatient therapy services at CAHs and rural PPS See *PARTS Act*);
- Modification to 2-Midnight Rule and RAC audit and appeals process.

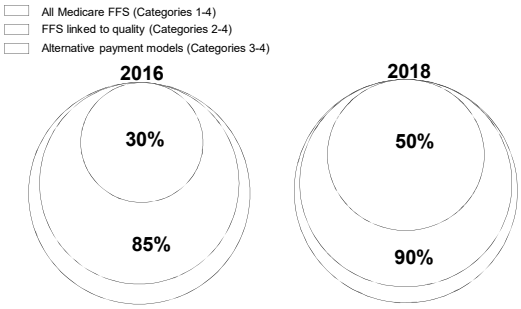
Future of rural health care (Bridge to the Future)

- Innovation model for rural hospitals who continue to struggle.

Care Management: Target Populations



Source: Joseph F. Damore, Premier Health Alliance, March, 2015



Rural Oral Health Initiative

Purpose: ***provide leadership on rural oral health care with the intent to establish oral health care as part of primary care, thereby increasing health care access for all rural Americans.***

Year-long initiative in collaboration with the DentaQuest Foundation with a focus on:

- **Policy:** Development of a Special Rural Oral Health Interest Group to provide policy recommendations/analysis that target legislative and regulatory barriers.
- **Communications:** Disseminate rural oral health information and a compendium of best practices via NRHA avenues.
- **Education:** integrate rural oral health related tracks within NRHA conferences, Rural Community Health Worker Training, and within strategies utilized by State Rural Health Associations.
- **Research:** Advance rural oral health related research and policy.

Rural Veterans Initiative

Purpose: *provide leadership to address access to health care needs of rural veterans.*

- 5 year initiative that began in 2014 with support from the Federal Office of Rural Health Policy
- Annual meetings to assess current issues impacting rural veterans' care.
- Collaboration on placement of transitioning military personnel into health care positions.
- Dissemination of best practices
- Additional collaboration with the VA Office of Rural Health to highlight rural veterans' research and communication of models of care

Rural Philanthropy

Purpose: provide forum to foster public-private partnerships to enhance continued investment and opportunities in rural health innovation.

- Collaboration with the Federal Office of Rural Health Policy and Grantmakers In Health
- Host annual meetings of foundations investing in rural health to focus on current issues and collaborations
- NRHA led foundations meeting during the Annual Conference
- Foundation representation in the Rural Health Fellows Program

Rural Community Health Worker Network

Brief History:

- Clinton Global Initiative – Commitment to action to train 60 CHWs along the US./Mexico Border
- 8 trainings since 2012
- Trained over 350 CHWs
- Curriculum – Leadership, Cancer survivorship, Diabetes & Eye care, Obesity, Nutrition, HPV, and ACA enrollment
- Verizon Global Corporate Citizenship Partnership
  - To demonstrate how the use of handheld technology and access to education and CHWs can improve Type 2 Diabetes disease management and outcomes in patients living in rural Murray County, Georgia.

NRHA

Your voice. Louder.

Go Rural!

Alan Morgan
Chief Executive Officer
National Rural Health Association