



Minnesota Rural Health Conference 2013

FEDERAL LEGISLATIVE UPDATE

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Unprecedented political challenges continue



- All rural health Federal funding is vulnerable.
- Hundreds of millions of rural health dollars at risk.
- Importance of rural health networks.



Politics and events of 2012 are shaping Congress in 2013



The importance of the Federal Government

- Legislation
- Regulations
- Funding for Medicare and Medicaid
- Appropriations



The 113th Congress



■ **The House:**

- 79 new Members, 44 Democrats and 35 Republicans;
- In 2010, there were 89 new members elected.
- This year's class is experienced with 49 holding elective office before being elected to Congress.

■ **The Senate:**

- Democratic pick-up of 2;
- 12 new Senators, 8 Democrats, (4 of whom are women), 3 Republicans (1 of whom is a woman), and one independent from Maine.
- All but one has held elective office previously. Six are former House Members; two are former governors; and three are former state officials.

Rural champions exit Congress

- Many other rural champions are also leaving or have left – Sen. Harkin (D-IA), Sen. Rockefeller (D-WV), Sen. Inouye (D-HI), Sen. Conrad (D-ND), Sen. Bingaman (D-NM), Sen. Lugar (R-IN), Sen. Snowe (R-ME).
- Senator Max Baucus (D-MT) – Staunch rural health advocate, will not seek re-election in 2014.
 - CAH program
 - Rural primary care programs
 - Rural demonstration projects
- NOTE: Sen. Ron Wyden (D-OR) next in line for Finance Chair.



The climate on Capitol Hill is unchanged



Your voice. Louder.



Both Democrats and Republicans want cuts in spending.

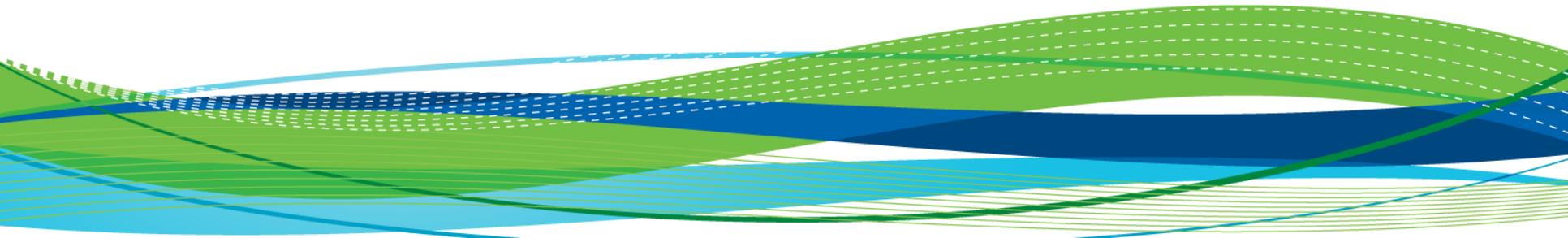
Many rural programs will be targeted for cuts/offsets.

In fact, there have already been numerous cut proposals.

- President's budget
- House and Senate proposals to cut Medicare reimbursements
- House and Senate Appropriations cuts to rural health care safety net programs.

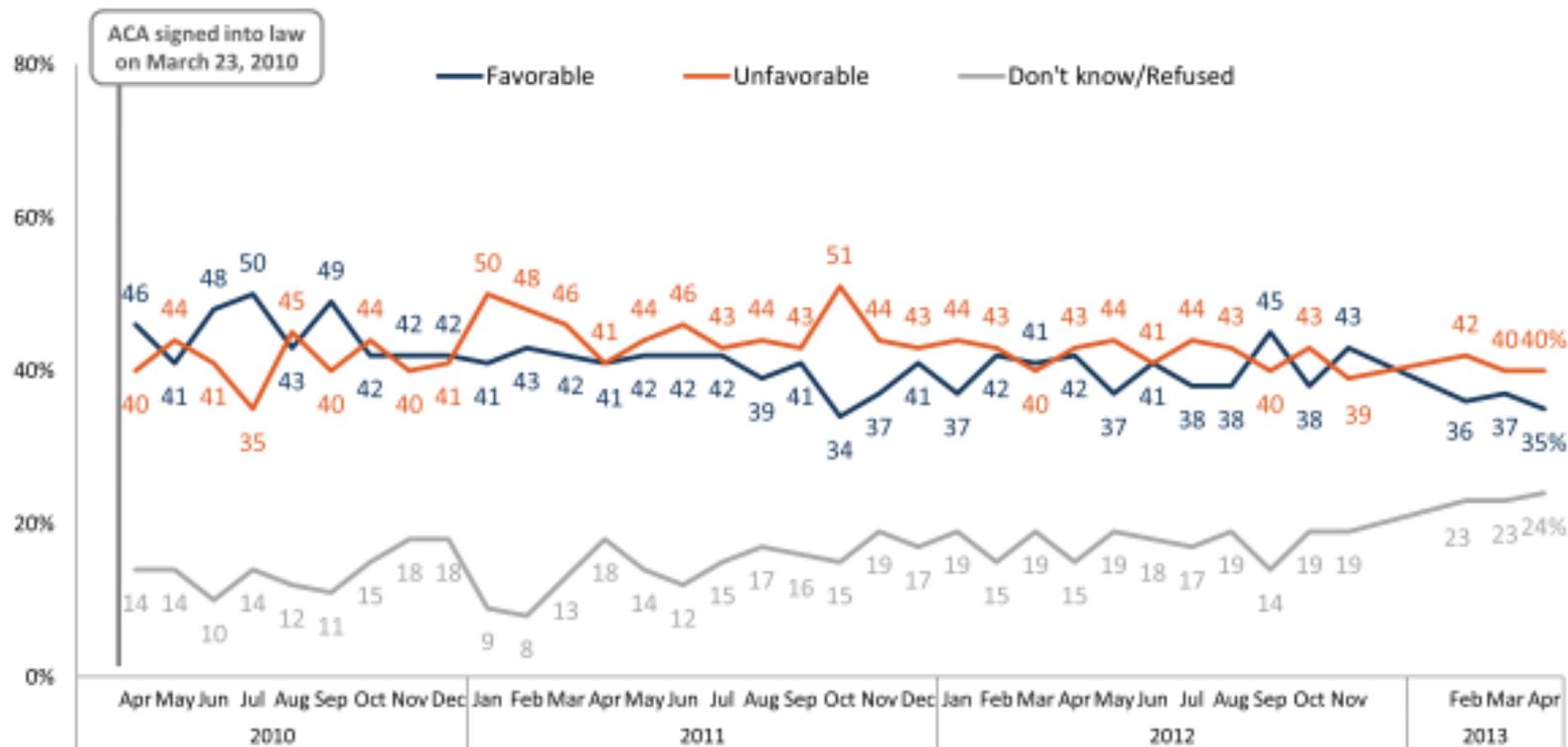
Certain cuts have gone (or soon will go) into effect:

- Sequestration
- Disproportionate Share Reductions
- Certain Rural Hospital Medicare payments.



Public Mixed on ACA, With Negative Views Slightly Outnumbering Positive

As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?



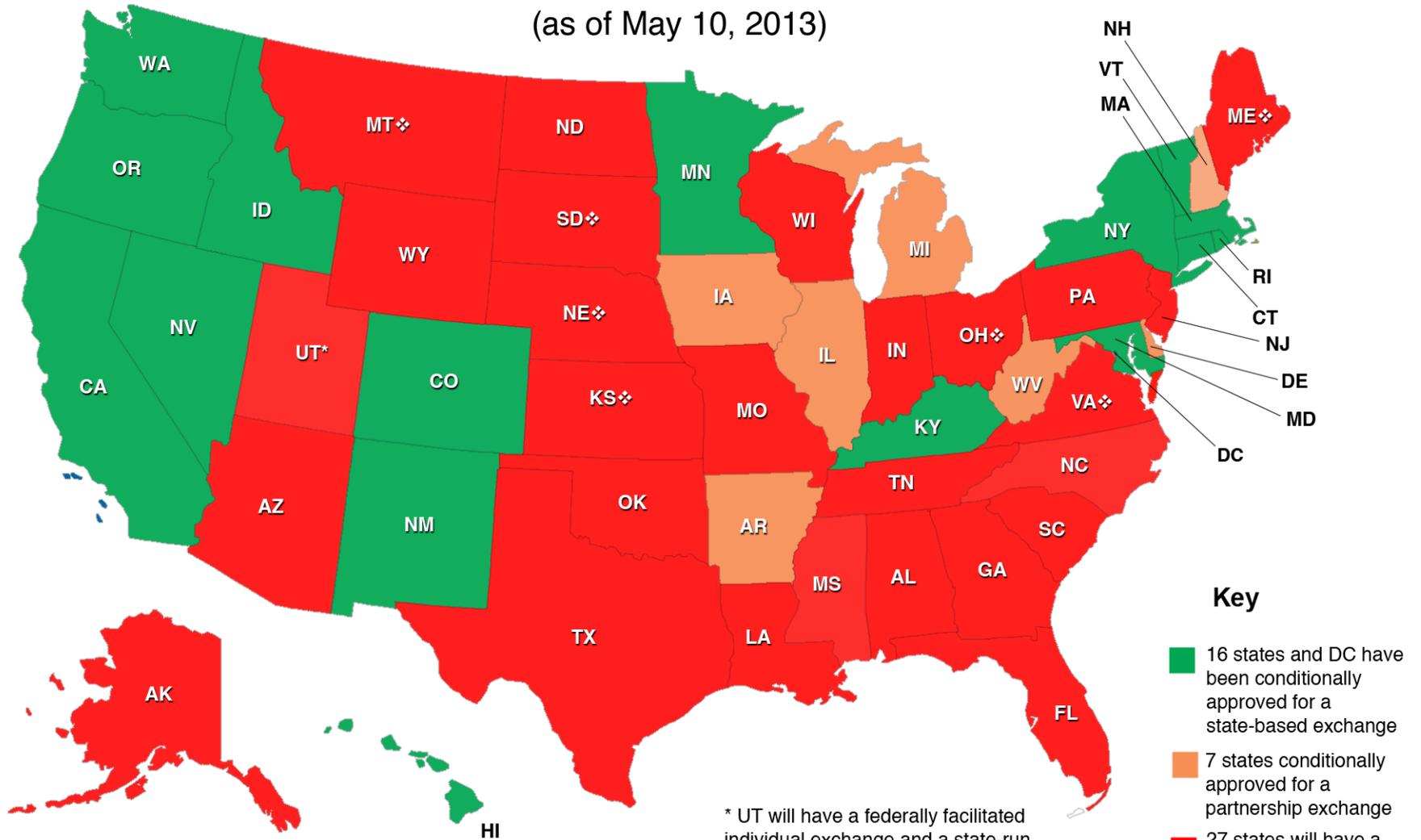
SOURCE: Kaiser Family Foundation Health Tracking Polls



State, Partnership, or Federal Health Insurance Exchange?

Where States Stand So Far

(as of May 10, 2013)



Sources: State Reform Exchange Governance Chart
<http://staterforum.org/exchange-governance-chart>

State Reform Exchange Blueprint Chart
<http://www.staterforum.org/exchange-blueprint-chart>

State Reform Exchange Policy Decisions Chart
<http://staterforum.org/exchange-policy-decisions-chart>

MEDICAID

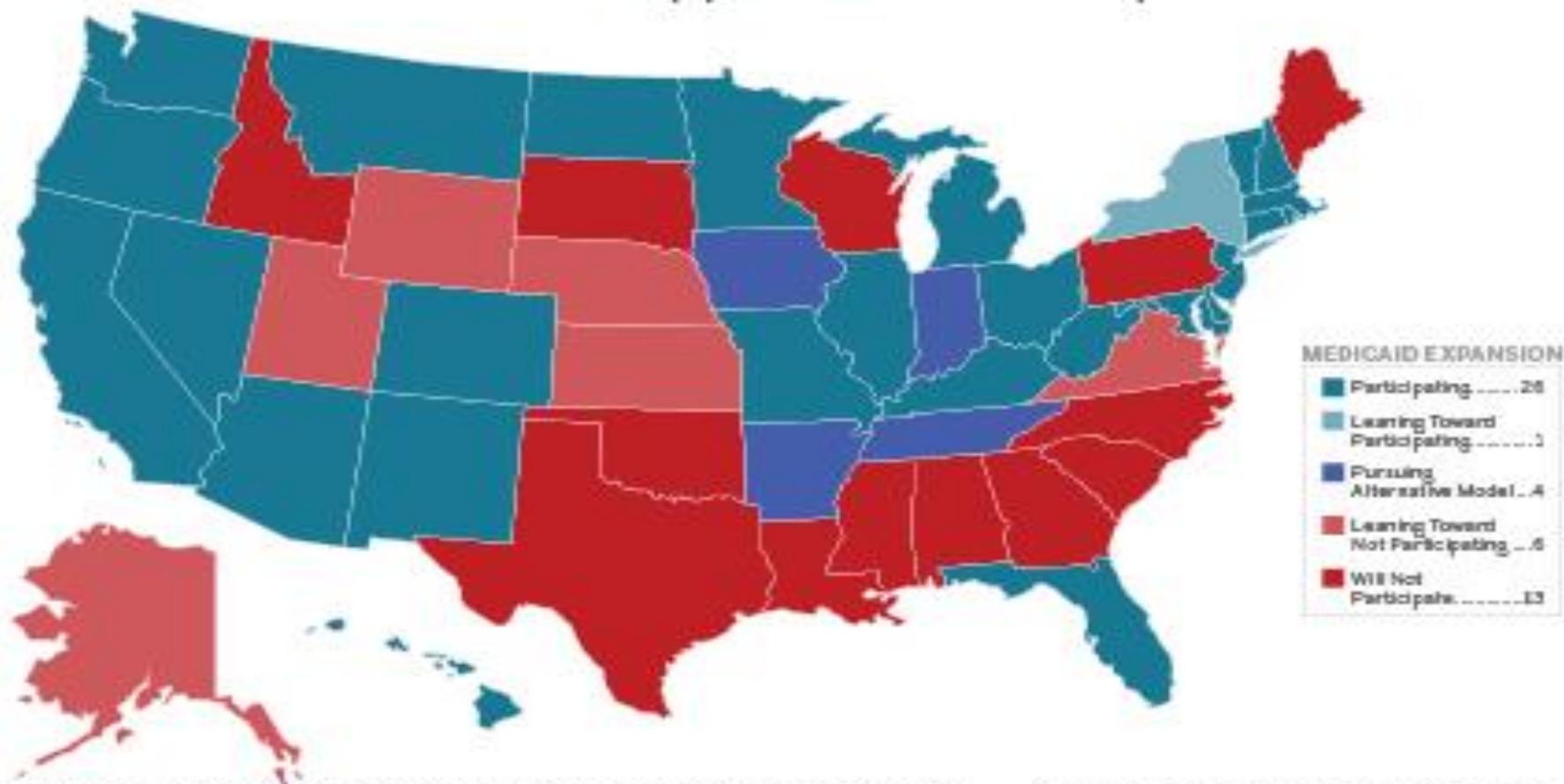


- Disproportionately important to rural America (rural patients and rural economies).
- 17.4 % of a state's budget.
- One-half of all newly insured under ACA will be covered by expanded Medicaid. (Estimates are 5 million in rural will be covered.)
- Supreme Court decision: Allowed states to “opt-out” or seeking waivers
- Many rural states are opting out – possibly leaving rural uninsured



Where the States Stand: May 24, 2013

26 Governors Support Medicaid Expansion



Notes: Based on literature review as of 5/24/13. All policies possible to change without notice. HHS has announced that states can obtain a waiver to use federal funds to shift Medicaid-eligible residents into private health plans. The District of Columbia plans to participate in Medicaid expansion and will operate its own exchange.

Source: American Health Line, <http://ahline.com/2012/07/03/medicaid-where-each-state-stands-on-the-medicare-expansion/>, accessed 5/24/13.

Medicaid Challenges



1. Eligibility changes: Many new trainees/navigators needed in each state. Whole range of new players, many may not have much experience. Providers need to be educated. technology.
2. Great outreach will be needed in rural areas.



Medicaid Pay Increase Still Missing in Action in Most Places

CQ HEALTHBEAT NEWS, May 28, 2013 – 5:16 p.m.

- The authors of the 2010 health care law were so worried about a potential shortage of primary care physicians that they included a sweetener, a pay raise that was supposed to start Jan. 1, designed to persuade providers to treat Medicaid patients. But most doctors are still waiting to see the money.
- The law was designed to boost Medicaid payments in 2013 and 2014. With 2013 nearly half over, only FL, MA, MI and NV have received Medicaid pay increases.

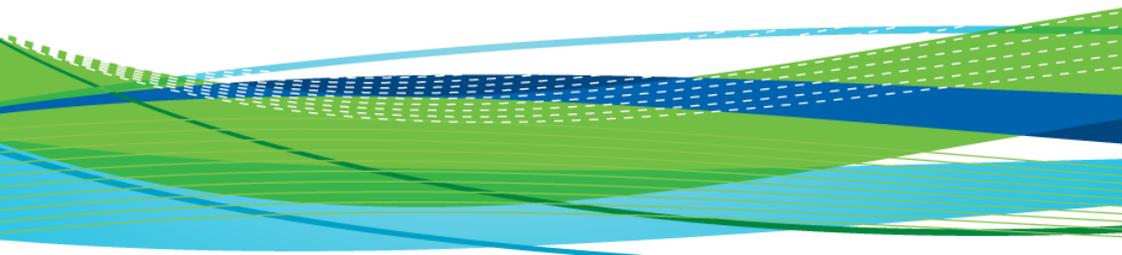
GOOD NEWS! Payment will be retroactive. Stay plan must first be approved before state will receive money.

Why your voice matters.

Political wins are possible even in this tough environment.

- “Rural Hospitals Get Relief In Fiscal Cliff Deal”
 - » Kaiser Health News

- “Fiscal bill extends a Medicare lifeline to small, rural hospitals”
 - » The Washington



Rural dollars that were at stake if Congress did nothing...



Your voice. Louder.

- Extension of the work geographic index floor under the Medicare physician fee schedule - \$500 million
- Extension of all current ambulance payment rates - \$100 million
- Extension of hospital outpatient hold harmless provision - \$200 million
- Extension of exceptions process for Medicare therapy caps - \$1 billion
- Medicare Dependant Hospital - \$100 million
- Low-Volume Hospital - \$450 million

What it means to specifically rural providers...

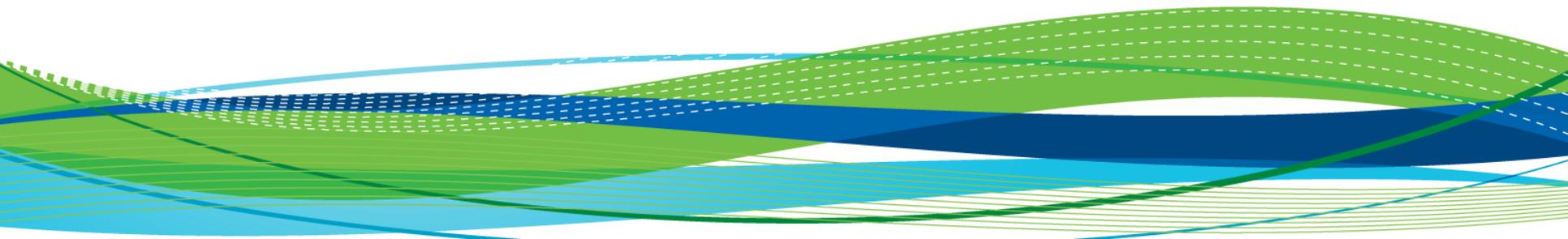
For Rural Doctors: 27-32% cut in Medicare reimbursement rates

- SGR expiration
- GPCI expiration
(1 year fix \$25.1 billion/\$276 billion permanent fix)

For Rural Hospitals:

- MDH – 12% loss of Medicare revenue; need to make up 19% from private insurer.
- LVH -- approx. \$500,000 per hospital and can mean well-over \$1 million.
- SCH (and others)/Hold Harmless – loss of \$200 million.

For Rural Ambulance Providers – 22.6% reductions





Your voice. Louder.

Rural Hospitals in Congress' Bull's-eye

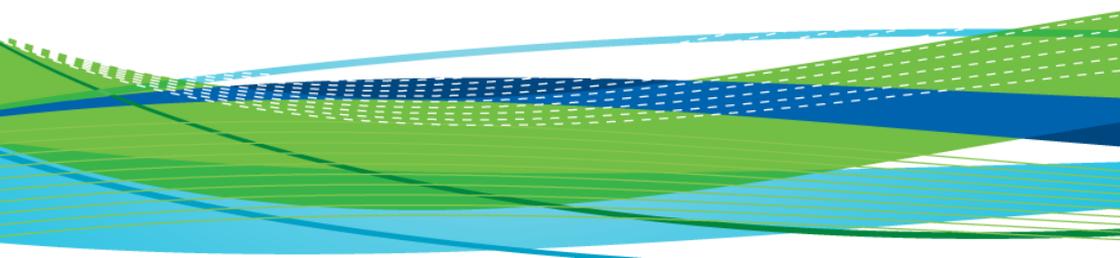
(But no rural funding is safe. Every federal dollar to rural has to be justified.)

Medicare Dependent Hospitals – Medicare funding to expire Oct. 1

Low-Volume Hospitals – Medicare funding to expire Oct. 1

Critical Access Hospitals – President calls for cuts.

Section 508 Hospitals – Medicare payment expired.

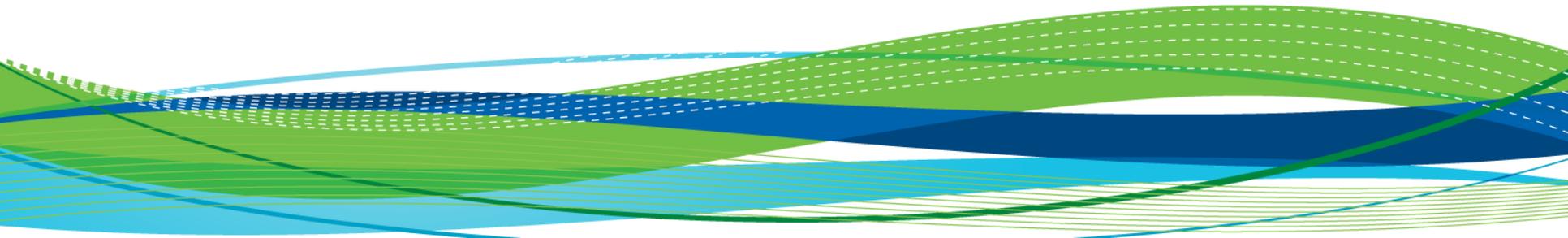




MDH Importance



- Without MDH status, these hospital margins in 2009 would have been a negative 12.6%.
- Since 60% of an MDH's patients are Medicare beneficiaries, MDHs would have had to achieve positive margins of 18% on non-Medicare patients to break even.
- “Rural hospitals in Kentucky will close.”
 - » Elizabeth Cobb , VP Kentucky Hospital Association



President's Budget – CAH concerns continue



- April 10
- Reduction of cost-based reimbursement;
- Elimination of CAH status if within 10 miles of another facility.



113th Congress promises some of the same bad ideas of the last Congress.



- Last Congress, House GOP proposal - \$14 billion in rural hospital cuts
- Congressional Budget Office budget - made recommendations to eliminate rural hospital payments to CAHs, MDH, SCH and LVH



Congressional Quarterly / Scott J. Ferrell, 2003

Sequestration adds to harm for rural providers.

All Medicare providers will receive a 2% across the board cut in reimbursement.

ALL MEDICARE PROVIDER PAYMENTS ARE SUBJECT TO SEQUESTRATION—RHC, CAH, MDH, AMBULANCE, ETC.



Impact of Sequestration/ Title VII and Title VIII

- 6,240 fewer children receiving dental screenings and preventive services
- 1,788 fewer seniors receiving primary care, dental care, and psychiatric care
- 4,500 fewer underserved and uninsured seniors receiving care in acute, ambulatory, or long-term care settings
- 3,579 fewer individuals receiving clinical psychology services
- 22,592 fewer health care providers receiving continuing education on cultural competence, women's health, diabetes, hypertension, obesity, health disparities, and related topics

Congressional Outlook



There does NOT seem to be any significant push on the Hill to eliminate sequestration.



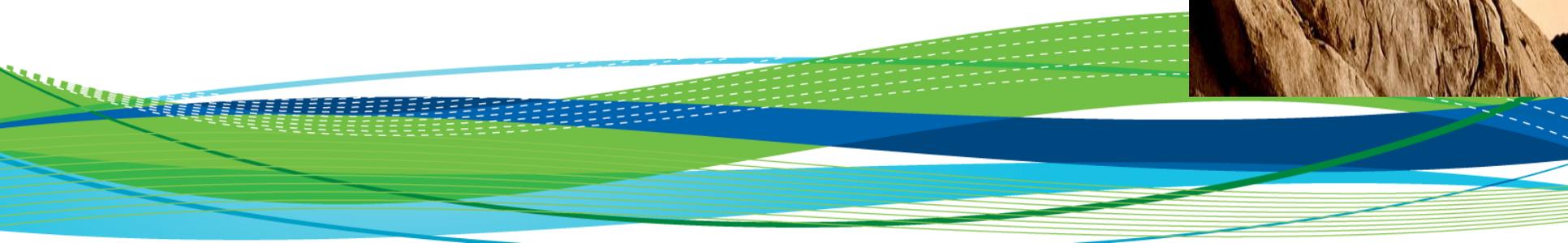
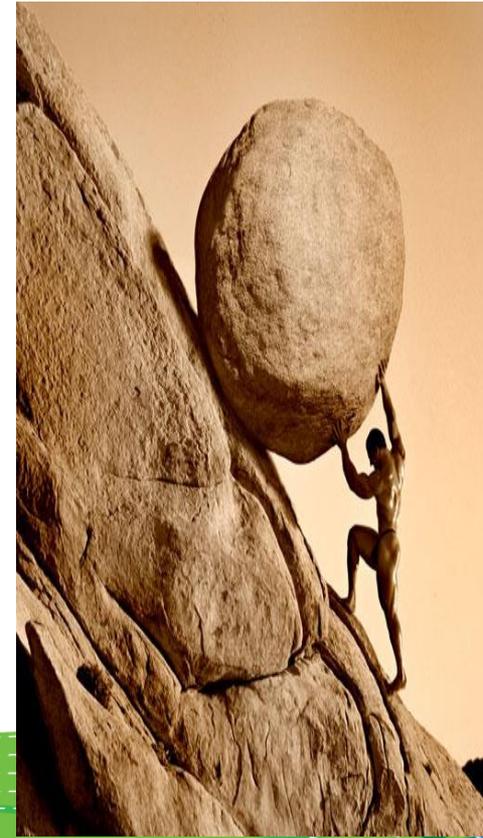
How do we fight back? GET INVOLVED.



Our message is powerful, but our numbers are few. We need you.

Know your Congressional Delegation.
Tell them that an investment in rural health --

- 1. Protects patients;
- 2. Protects the rural economy; and
- 3. Protects taxpayers

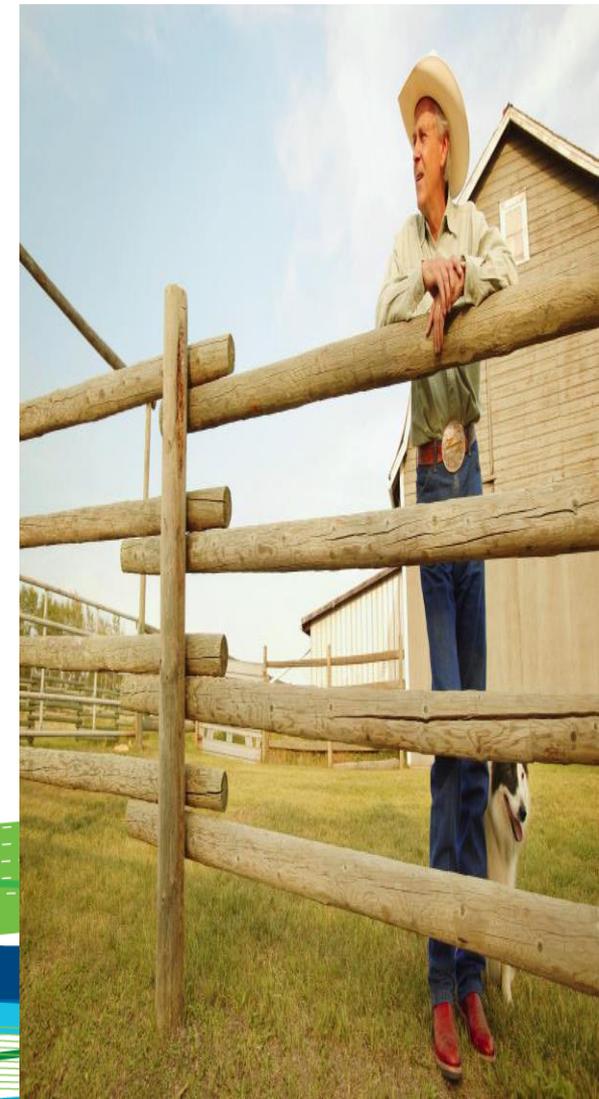




Your voice. Louder.

1. Rural Patients

- 62 million rural Americans rely on rural health providers.
- 20 percent of the population lives in rural America, yet they are scattered over 90% of the landmass.
- Extreme distances, challenging geography and weather complicate health care delivery.
- “Rural Americans are **older, poorer and sicker** than their urban counterparts... Rural areas have higher rates of poverty, chronic disease, and uninsured and underinsured, and millions of rural Americans have limited access to a primary care provider.” (HHS, 2011)
- Disparities are compounded if you are a senior or minority in rural America.

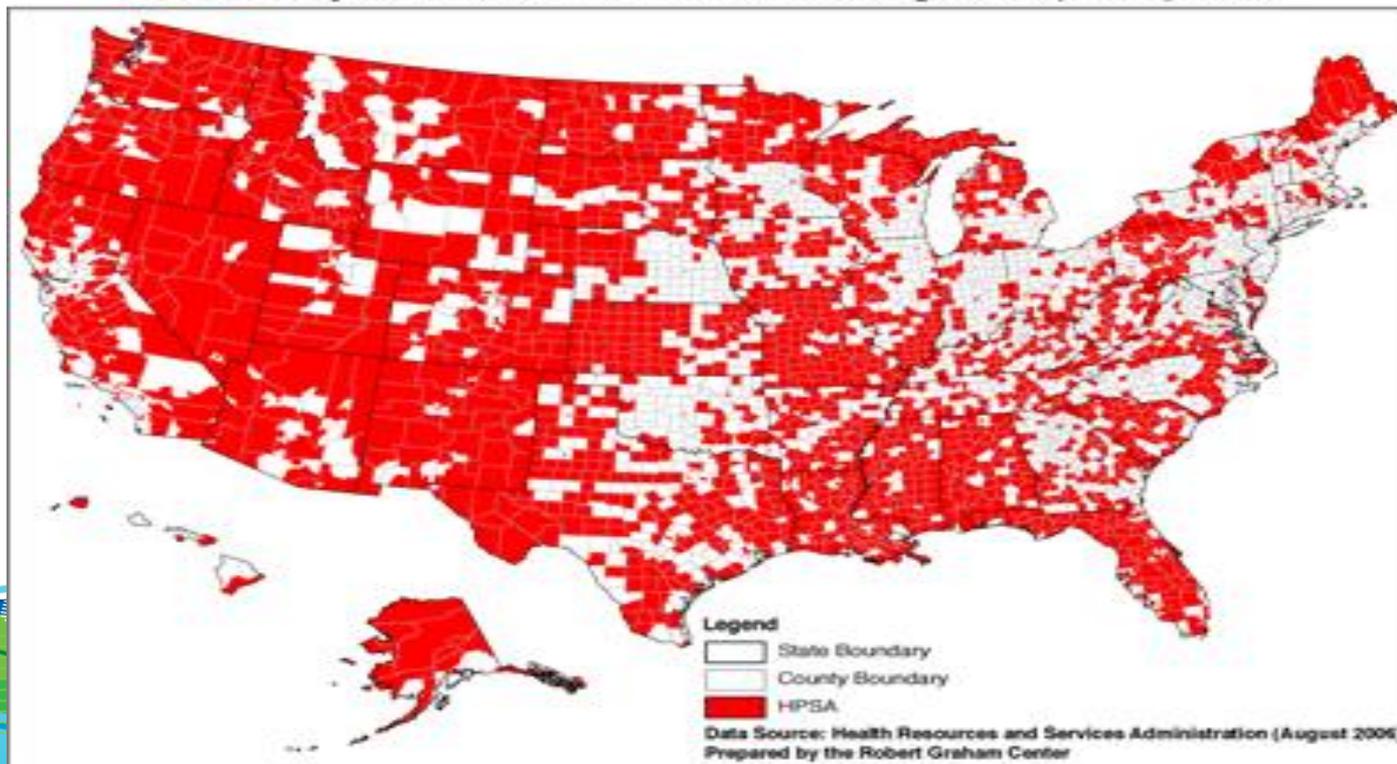


Workforce Shortages



- “Access to Quality Health Care” is the number one health challenge in rural America. Rural Healthy People 2020
- 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.

U.S. Primary Care Health Professional Shortage Area (HPSA): 2006



Get Specific to Minnesota



Rural Minnesota population: 1,428,648

CAHs: 79

RHCs: 83

SCHs: 12

MDHs: 3

- 84 of 133 hospitals are located in rural areas.





Your voice. Louder.

Geography	Minnesota	U.S.
Urban	68.9%	80.0%
Large rural	13.3%	10.0
Small rural	7.4%	5.0%
Isolated rural	10.4%	5.0%
TOTAL	100%	100%



The Health of Rural Minnesota



Disparities:

- Higher chronic disease (stroke, heart disease, diabetes)
- Higher obesity rates
- Higher uninsured
- Higher suicide rates

Workforce:

- Parts of 30 Minnesota counties – mostly in the western and northern parts of the state – are designated as HPSAs.
- Forty-six of the most rural counties have 13 percent of the state's population but only 5 percent of the state's practicing physicians.

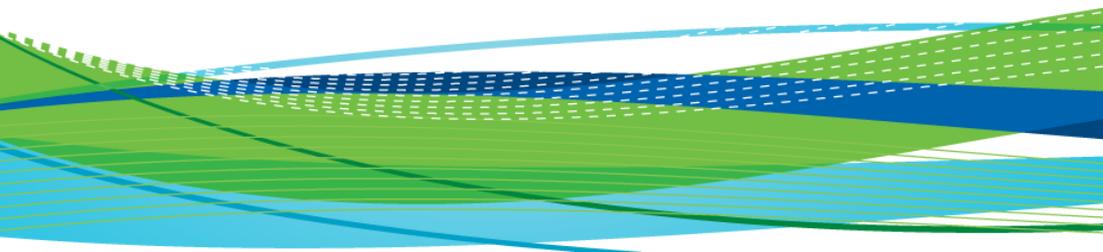
2. Rural Economy



- Health care is the fastest growing segment of the rural economy.
- On average, 14% of total employment in *rural areas is attributed to the health sector.* *Natl. Center for Rural Health Works.* (RHW)
- Each rural physician can more than 20 jobs in the local rural economy. (RHW)
- The average CAH creates 107 jobs and generates \$4.8 million in payroll annually. (RHW)
- In most rural communities hospitals are the largest or second largest employer
- Health care often represent up to 20 percent of a rural community's employment and income. (RHW)

If a rural provider is forced to close their door...

- Local economy experiences a severe decline.
- Physicians, pharmacies and other health providers will also leave the community.
- Quality health care is needed to retain/attract businesses, families, and retirees.



3. The Taxpayer



- Investing in rural care is cost-effective:
 - The Federal investment in rural hospitals benefits both the rural patient and the tax payer. In fact, rural hospitals provide care for 18 percent of all inpatient, outpatient and long-term Medicare patients, yet receive only 15 percent of Medicare expenditures.
 - Further, small, rural hospitals nationally have equal or better quality outcomes, and cost 3.7 percent less per Medicare beneficiary than their urban counterparts.

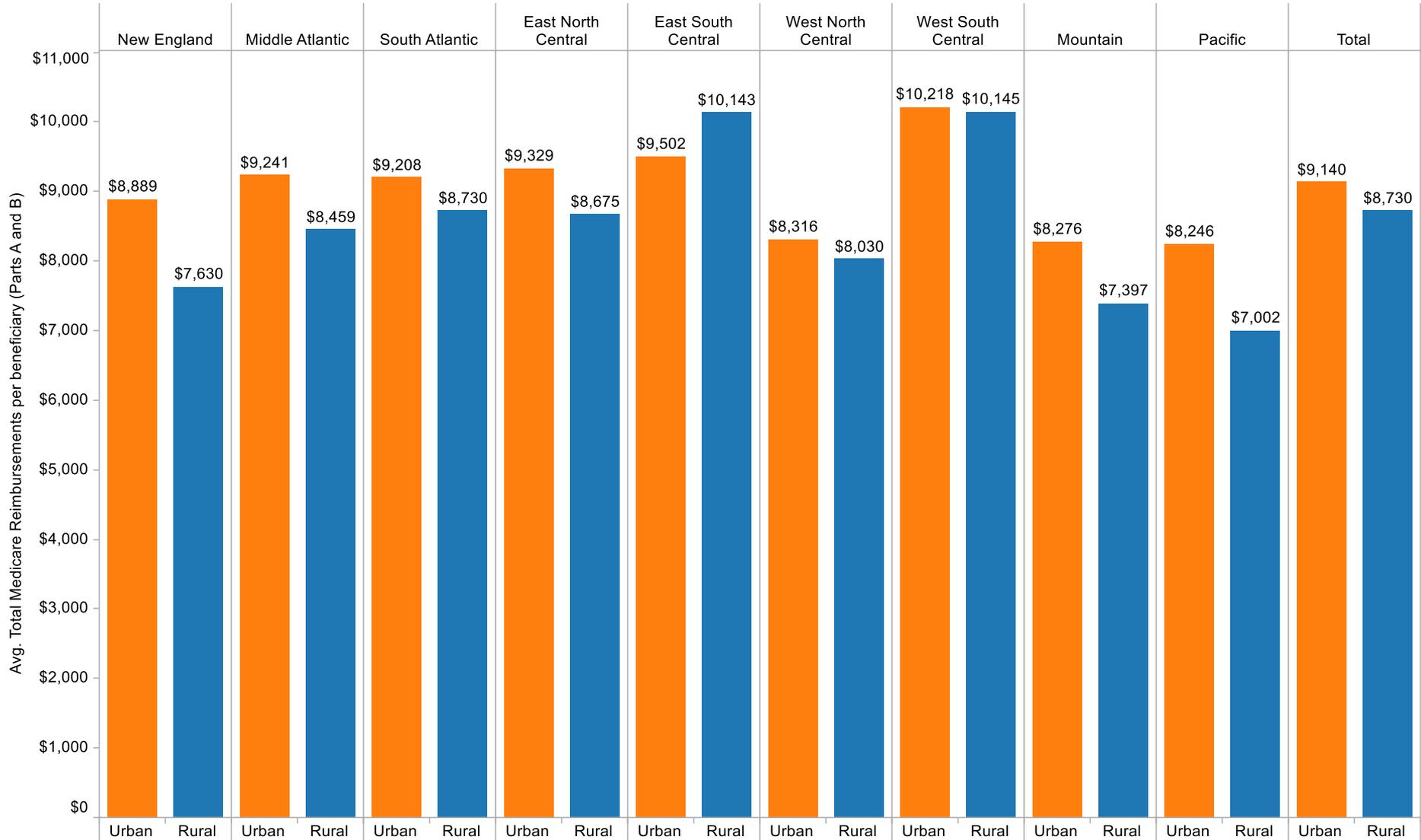
The cost-effectiveness of rural



- Approximately \$2.2 billion in annual cost savings in 2010 because the average cost per rural beneficiary was 3.7% lower than the average cost per urban beneficiary,
- Approximately \$7.2 billion in annual savings to Medicare if the average cost per urban beneficiary were equal to the average cost per rural beneficiary.
- Quality performance measurements were on par if not superior to urban facilities.

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Medicare Reimbursement (Parts A and B) (2008)



Source: The Dartmouth Atlas (Age, Sex, Race and Price-Adjusted Medicare Reimbursements per Beneficiary), weighted averages by HSA

Still Challenges Ahead - - it's all about education



- Over 150 new members of House of Representatives in last two years.
- Many champions are no longer in Congress.
- Fiscal conservatives view rural payments as “special” or “bonus”



Remind your Congressional Delegation about the importance of Rural Health Clinics



- Rural Health Clinic Services Act of 1977 - enacted to address an inadequate supply of physicians serving Medicare patients in rural areas;
- and to increase the utilization of non-physician practitioners such as nurse practitioners (NP) and physician assistants (PA) in rural areas;
- There are approximately 3,800 RHCs nationwide that provide access to primary care services in rural areas.

Georgia: 87 RHC serving 55 counties

Alabama: 77 RHCs



The History of Rural

- With Shift to Prospective Payment System, rural hospitals suffered greatly.
- During the 80's nearly 10% of all U.S. rural hospitals closed [Hart et. al, 1991] (315 hospitals);
- 1992-1999 -- 122 Rural Hospitals Closed
- Nearly 60% of rural hospitals gross revenue come from Medicare and Medicaid

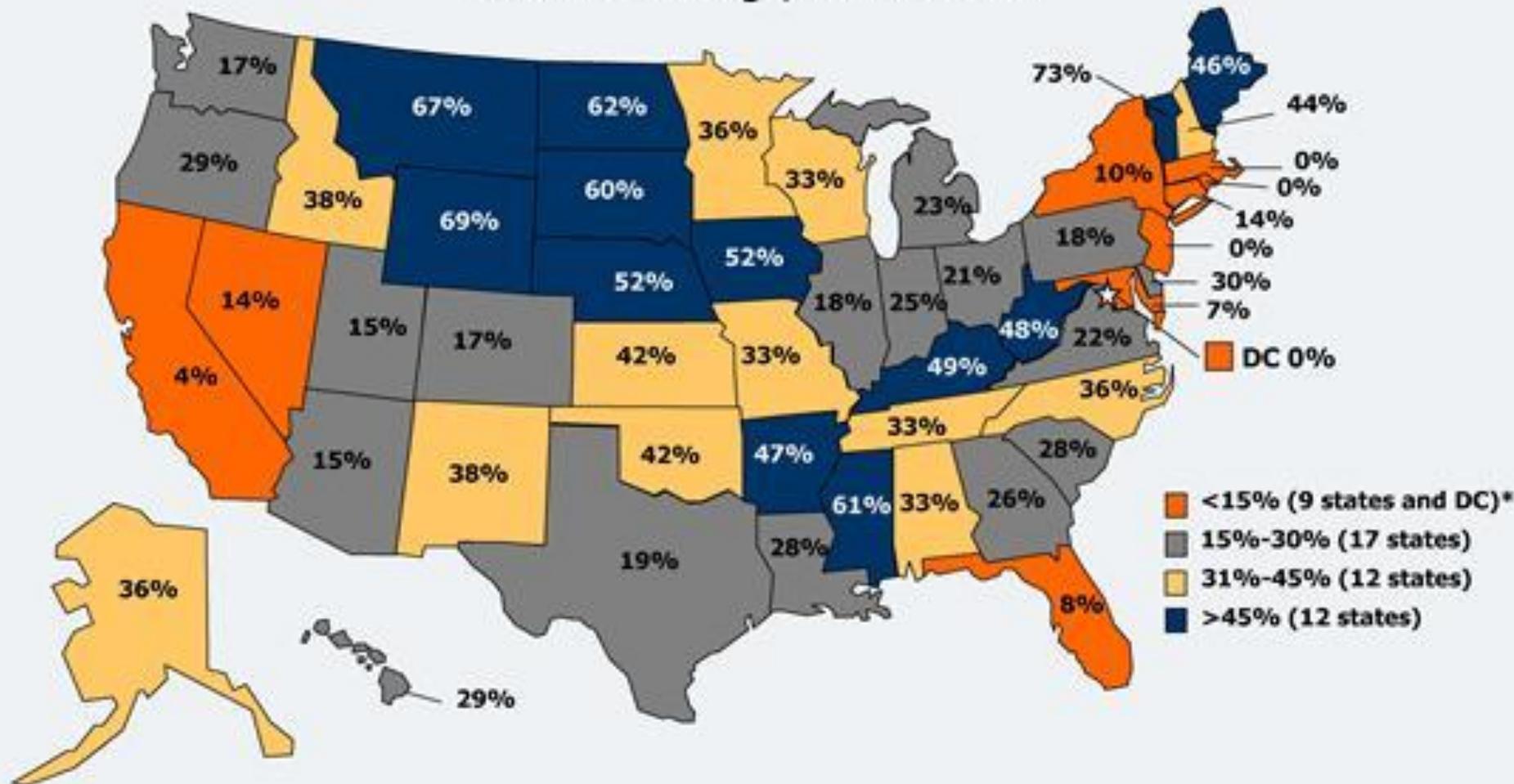
Approximately 439 Rural Hospitals in 20 years!

Rural Health Clinics Were Needed More Than Ever.

Moscovice, I.: Rural hospitals: a literature synthesis and health services research agenda.
Dec. 13-15, 1987 (a) p. 4
OIG Report "Trends in Rural Hospital Closure 1987-1991," July 1993

Percent of Medicare Beneficiaries Residing in Rural Counties, by State, 2010

National Average, 2010 = 21%



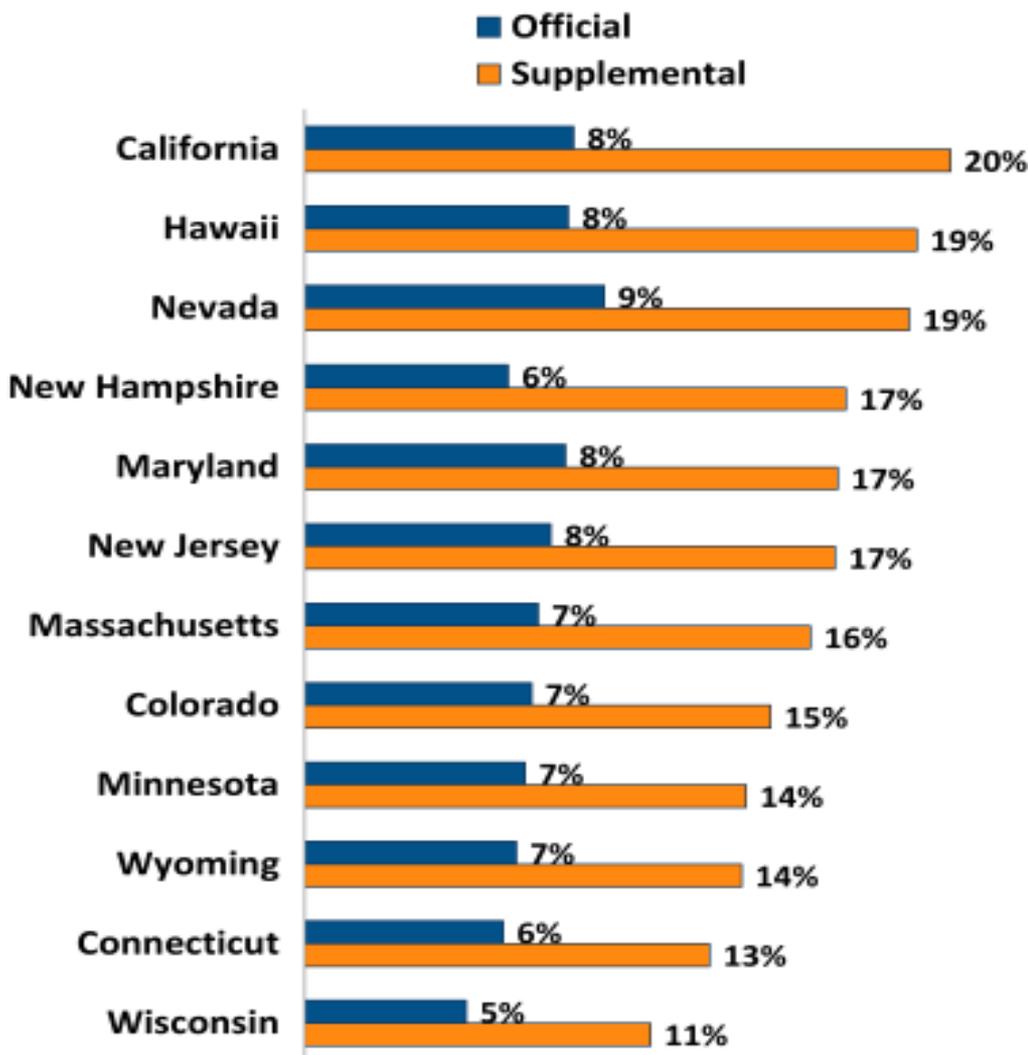
NOTES: Rural refers to counties that are outside of metropolitan areas (as defined by the Office of Management and Budget), according to the August 2004 release of the USDA Economic Research Service County Typology Codes. *There are no counties designated as rural in the District of Columbia, New Jersey, or Rhode Island. SOURCE: Kaiser Family Foundation analysis of Centers for Medicare & Medicaid Services Medicare Advantage State/County Market Penetration File, May 2010.

Supplemental Poverty Measure

- Census data did not take into consideration health care costs.
- Original 9% of seniors nationally were below poverty level.
- Under new measures, 15% nationally are below poverty level.
- Measures: impact of medical care and COLA reductions in Social Security.

Percent of People Ages 65 and Older in Poverty, by State, 2009-2011

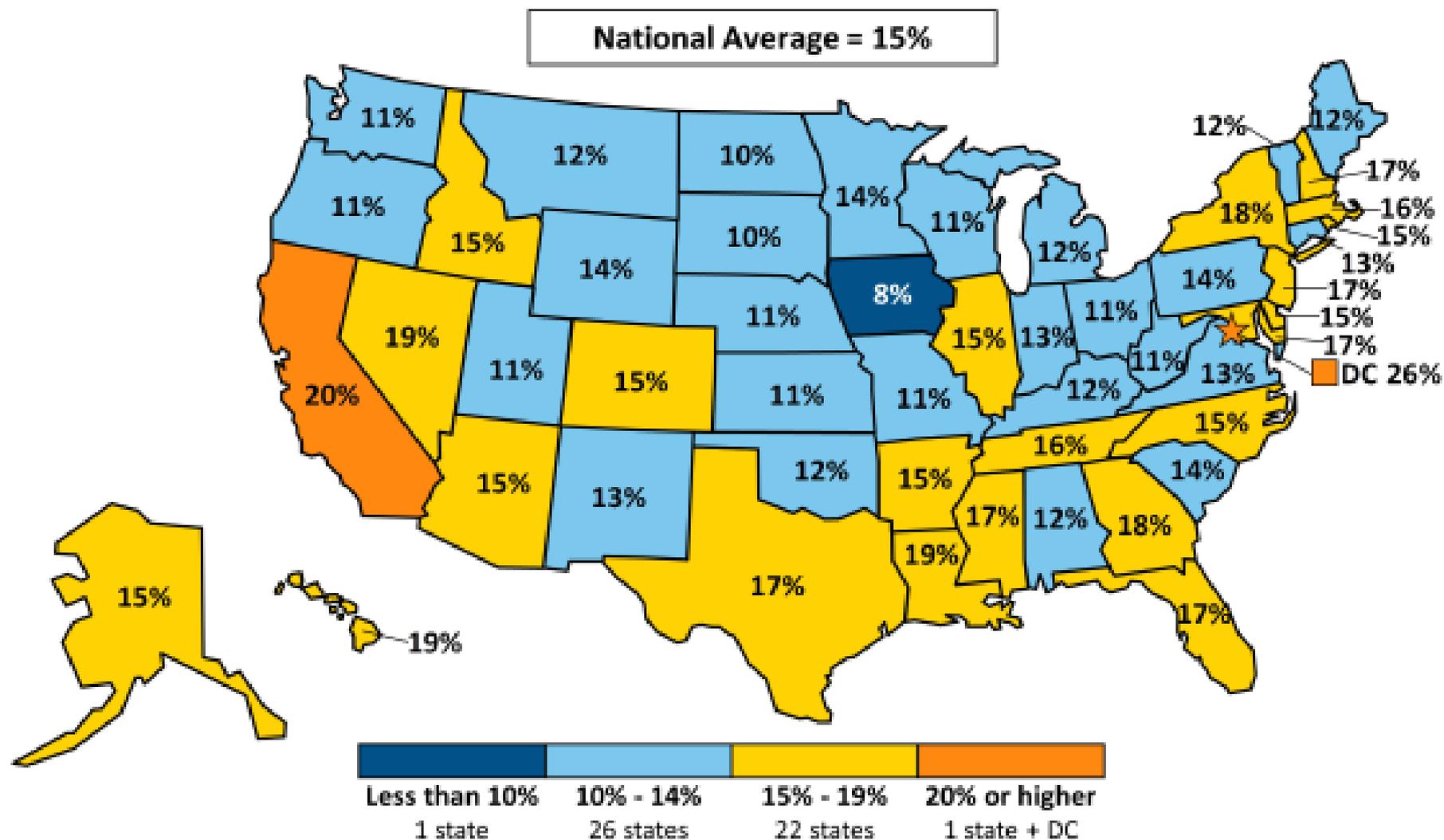
States where the poverty rate is at least twice as high under the supplemental measure



NOTE: Data were pooled over three years.

SOURCE: Current Population Survey, 2009, 2010, and 2011 Annual Social and Economic Supplement.

Percent of Individuals Ages 65 and Older With Incomes Below 100% of the Supplemental Poverty Threshold, by State, 2009-2011



NOTE: Data were pooled over three years.

SOURCE: Current Population Survey, 2009, 2010, and 2011 Annual Social and Economic Supplement.

Finally, Congress intervened



- Created Sole Community Hospital, Medicare Dependent Hospital, Low-volume Hospital Adjustment, Hold Harmless Payment, Critical Access Hospital.
- Awarded incentives to entice rural health workers into rural locations.
 - Medicare bonuses
 - NHSC
 - Loan repayments



Our education campaign is working



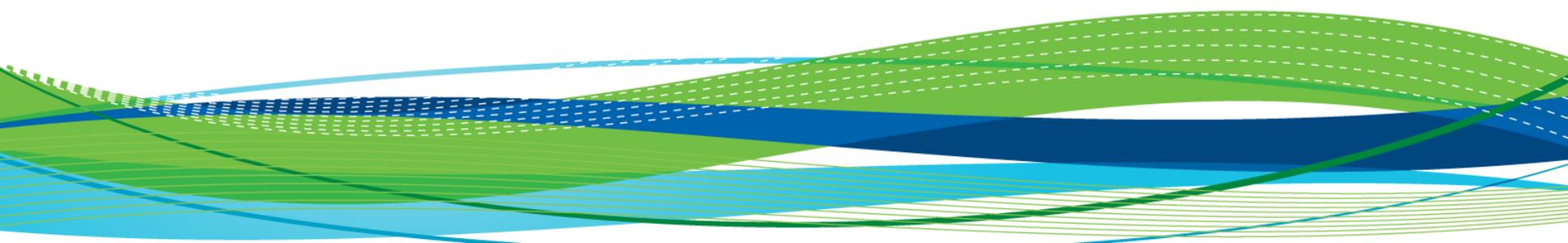
Budget hearings across Capitol Hill:

Senate Finance Committee Hearing: Sen. Thune (R- SD), Sen. Baucus (D-MT), Sen. Roberts (R-KS)

Senate HELP Committee: Sen. Burr (R-NC), Sanders (I-VT), Enzi, Roberts (R-KS)

Senate Appropriations Committee: Sen. Moran (R-KS), Enzi (R-WY), Sanders (I-VT), Pryor (D-AR)

Senator Begich (D-AK) – President’s Budget is “dead on arrival.”



Minnesota Delegation



Sen. Franken – Health, Education, Labor and Pensions

Sen. Klobuchar

Rep. Paulsen - - Ways and Means Committee

Rep. McCollum - - Appropriations



We Need Advocacy Efforts



Your voice. Louder.

S.RES.26, A resolution recognizing that access to hospitals and other health care providers for patients in rural areas of the United States is essential to the survival and success of communities in the United States.

Sponsor: Sen. Moran, Jerry [KS], Cosponsors (19) and Sen. Klobuchar

Sen. Baldwin, Tammy [WI]

Sen. Baucus, Max [MT]

Sen. Boozman, John [AR]

Sen. Boxer, Barbara [CA]

Sen. Cochran, Thad [MS]

Sen. Collins, Susan M. [ME]

Sen. Crapo, Mike [ID]

Sen. Donnelly, Joe [IN]

Sen. Enzi, Michael B. [WY]

Sen. Grassley, Chuck [IA]

Sen. Heitkamp, Heidi [ND]

Sen. Inhofe, James M. [OK]

Sen. Johnson, Tim [SD]

Sen. King, Angus S. Jr. [ME]

Sen. Risch, James E. [ID]

Sen. Tester, Jon [MT]

Sen. Thune, John [SD]

Sen. Wicker, Roger F. [MS]

S.842 / HR 1787, Rural Hospital Access Act of 2013

Sponsor: Sen. Schumer, Charles E. [NY] (introduced 4/25/2013) Cosponsors (14)

Both Franken and Klobuchar on cosponsors.

104 Counties to Lose Telehealth Medicare Benefits



- *Medicare beneficiaries in 104 counties—across 36 states and territories—are slated to lose telehealth benefits because of updated federal delineations of Standard Metropolitan Statistical Areas (SMSAs).*
- *The new federal urban/rural categorization effectively revokes the option for Medicare recipients to receive healthcare services via videoconferencing—one of the most common and cost-effective forms of telehealth. Hundreds of thousands of beneficiaries are negatively impacted by this statistical realignment.*
- *See List of Counties Impacted...*



- Legislation likely needed to address issue.
- Working with American Telemedicine Association.
- Goal: grandfather in current classifications.

Budget and Appropriations



Appropriations:

- House and Senate pass very different budgets - - no agreement is in sight. Looks like no big budget deficit deal.
- Means likely another “CR”
- However, appropriations process still in full swing just in case.



CR and Appropriations: Protect Rural Health Safety Net

- Priorities include protecting AHECs, SHIP and FLEX, and other programs that have been targeted for cuts and establishing a TA grant line for RTTs.
- Educate fiscal conservatives on the importance of these programs



Our Message to Capitol Hill



1. Protect Rural Patients and Providers from Devastating Sequestration
2. Protect Medicare Patients and Providers from Medicare Cuts
3. Support strong funding for the Rural Health Safety Net



Thank You



Your voice. Louder.



Improving the Health of 62 Million Rural Americans