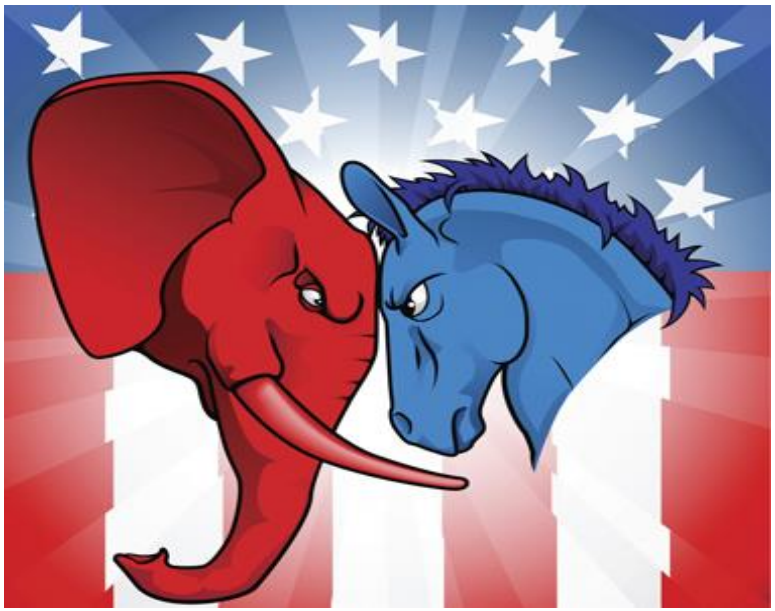
Grassroots Call – June 2018

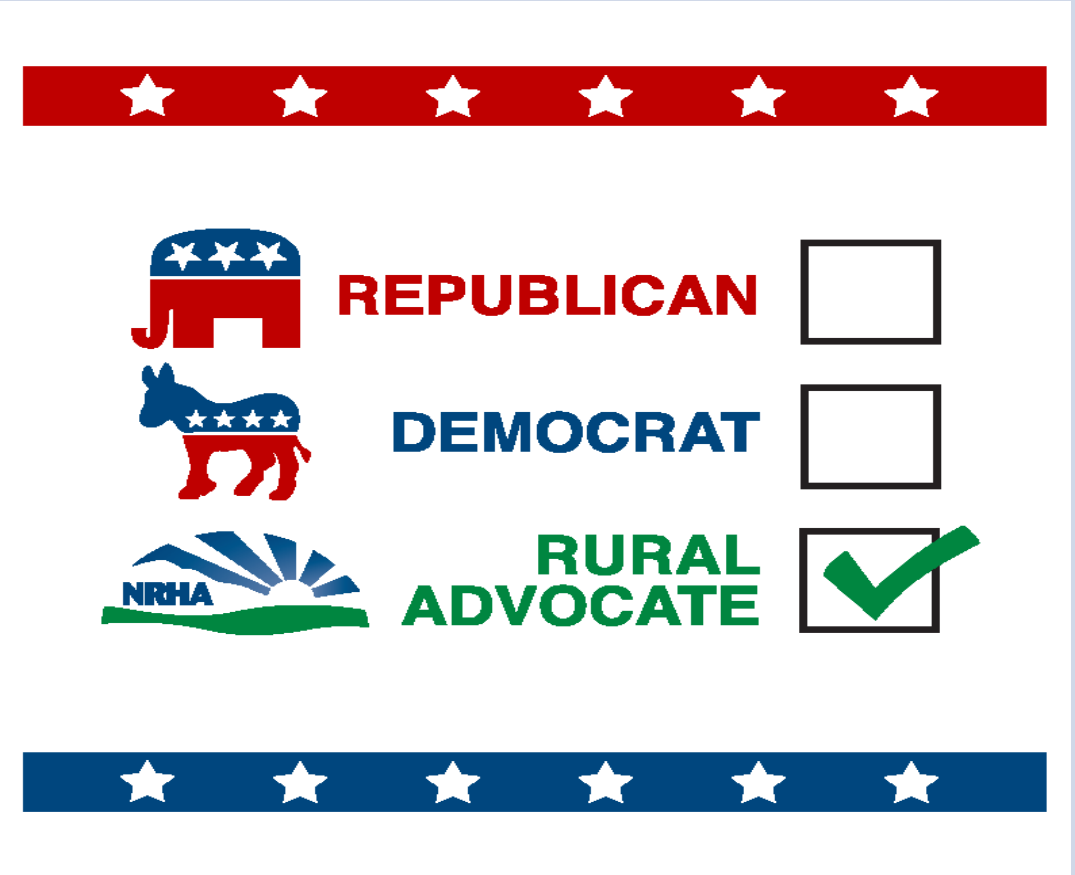
Today's Political Environment

- Republican Control
  - Narrow margin (51) in the Senate
  - House larger margin (235 vs. 193 with 7 vacancies)
- Each party is sensitive to the midterms
- Each party wants to help rural – aware of how loudly rural spoke in 2016
- Fiscal Constraints
- At times, polarizing Administration



The Midterm Elections

- House: 17 open seats vacated by Ds vs. 37 open seats vacated by Rs (to gain the majority D's need to pick up 24 seats)
- Favorable Map for Senate Republicans – 33 elections (23 Ds, 2 Is that caucus with D, 8 Rs)
  - 3 R retirements (TN, UT, AZ)
  - 2 Special Elections MN (D – Franken resignation) and MS (R – Cochran resignation)
- Impact on ability to move legislation



Rural issues are not partisan problems.

And more importantly…there are solutions.

THE RURAL OPIOID CRISIS

NRHA's Solutions to the Opioid Crisis

- Protect Medicaid as a funding source to provide treatment.
- Expand access to substance abuse treatment services including medication assisted treatment and traditional substance abuse treatment.
- Develop evidence-based prevention programs tailored to the needs of rural communities.
- Increase the implementation of harm reduction strategies.
- Promote use of evidence-based prescribing guidelines and strengthen prescription drug-monitoring programs.
- Expand use of substance abuse treatment as an alternative to incarceration.

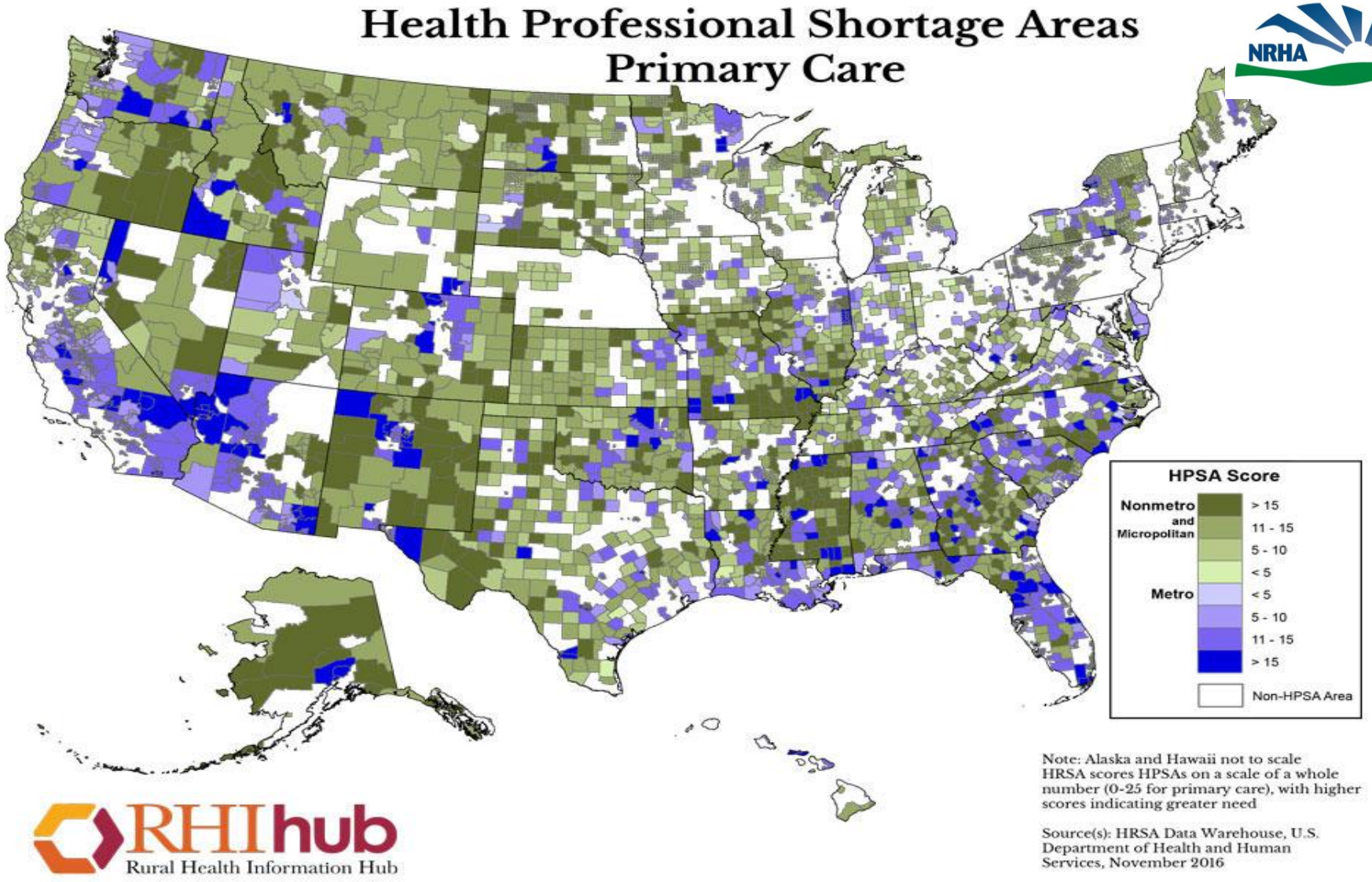
Congressional Action, or Inaction?

- Lots of hearings, bills, and markups
- Do the bills show a coordinated plan?
- Is there a rural focus?
- Will any of this legislation stop the crisis in rural America?
- Are the agencies ready to implement the legislation? Are organizations ready to apply for and use existing grant opportunities? Can the agencies get the grants where they are needed?

House Passes Legislation

- The House passed a large package of bills, and we fought to ensure rural was included
- The package contained NRHA supported legislation!
  - Preventing Overdoses While in Emergency Rooms (POWER) Act
  - Substance Abuse Disorder Workforce Loan Repayment Act

WORKFORCE CHALLENGES IN RURAL AMERICA AND MATERNITY CARE



- 6,000 areas in the U.S. are primary care health shortage areas;
- 4,300 areas are dental health shortage areas; and
- 3,500 areas are short of mental health shortage areas.

Maternity Care is Disappearing

- In 1985, 24% of rural counties lacked OB services. Today, 54% of rural counties are without hospital based obstetrics.
- More than 200 rural maternity wards closed between 2004 and 2014.

Rural Obstetric Factors

- Rural areas have higher rates of chronic conditions that make pregnancy more challenging, higher rates of childbirth-related hemorrhages and higher rates of maternal and infant deaths.
- Half of rural women in rural communities live more than the recommended 30 minutes from a hospital offering maternity services.
- Workforce shortages and medical liability costs.

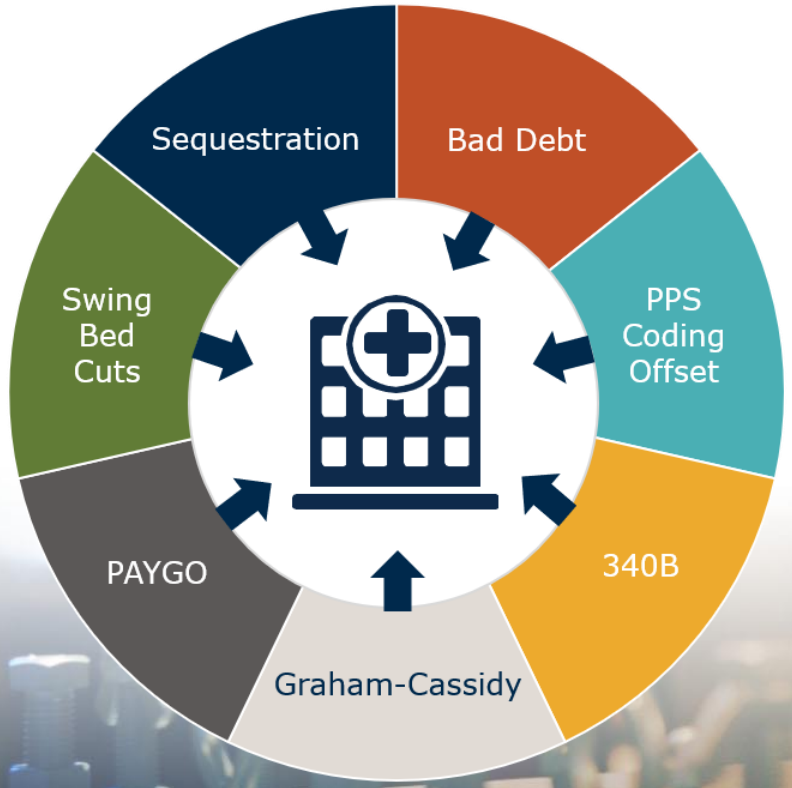
Rural Minority Mothers and Babies

Rural counties with higher percentages of African American women were more than 10 times as likely as rural counties with higher percentages of white women to have never had hospital-based obstetric services and more than 4 times as likely to have lost obstetric services between 2004-2014. *University of MN Rural Health Research Center*

THE RURAL HOSPITAL CLOSURE CRISIS

Rural Health Safety Net is Under Fire

Current and Pending Health Policies Negatively Impact Rural Providers



Total Rural Hospitals Operating in the Red Jumped Four Percentage Points Since Last Year

40% 2017 >>> 44% 2018

THE CHARTIS GROUP
CHARTIS CENTER FOR RURAL HEALTH

Why are hospitals losing money?

RURAL PROVIDERS ARE SUBSIDIZING CARE.

Impact of Bad Debt

- Medicare and Medicaid bad debt has increased by nearly 50% since the ACA was signed into law.
- Private bad debt??
- Bad debt cuts cause $3.8 billion over 10 years to be lost.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MEDICAL CENTER
EMERGENCY ROOM
OPEN 24 HOURS
ETMC Clarksville is
CLOSED.
For an emergency.
Call 9-1-1
PARKWAY REGIONAL
HOSPITAL
Clinic
Family Medicine,
EMERGENCY
Main Entrance
MARLBORO PARK
HOSPITAL
Hunt Regional
Community Hospital

"If you want to watch a rural community die, kill its hospital" Sept. 22, 2017, HuffPost

GLENWOOD, Ga. — After the Lower Oconee Community Hospital shut down in June 2014, other mainstays of the community followed. The bank and the pharmacy in the small town of Glenwood shuttered. Then the only grocery store in all of Wheeler County closed in the middle of August this year.

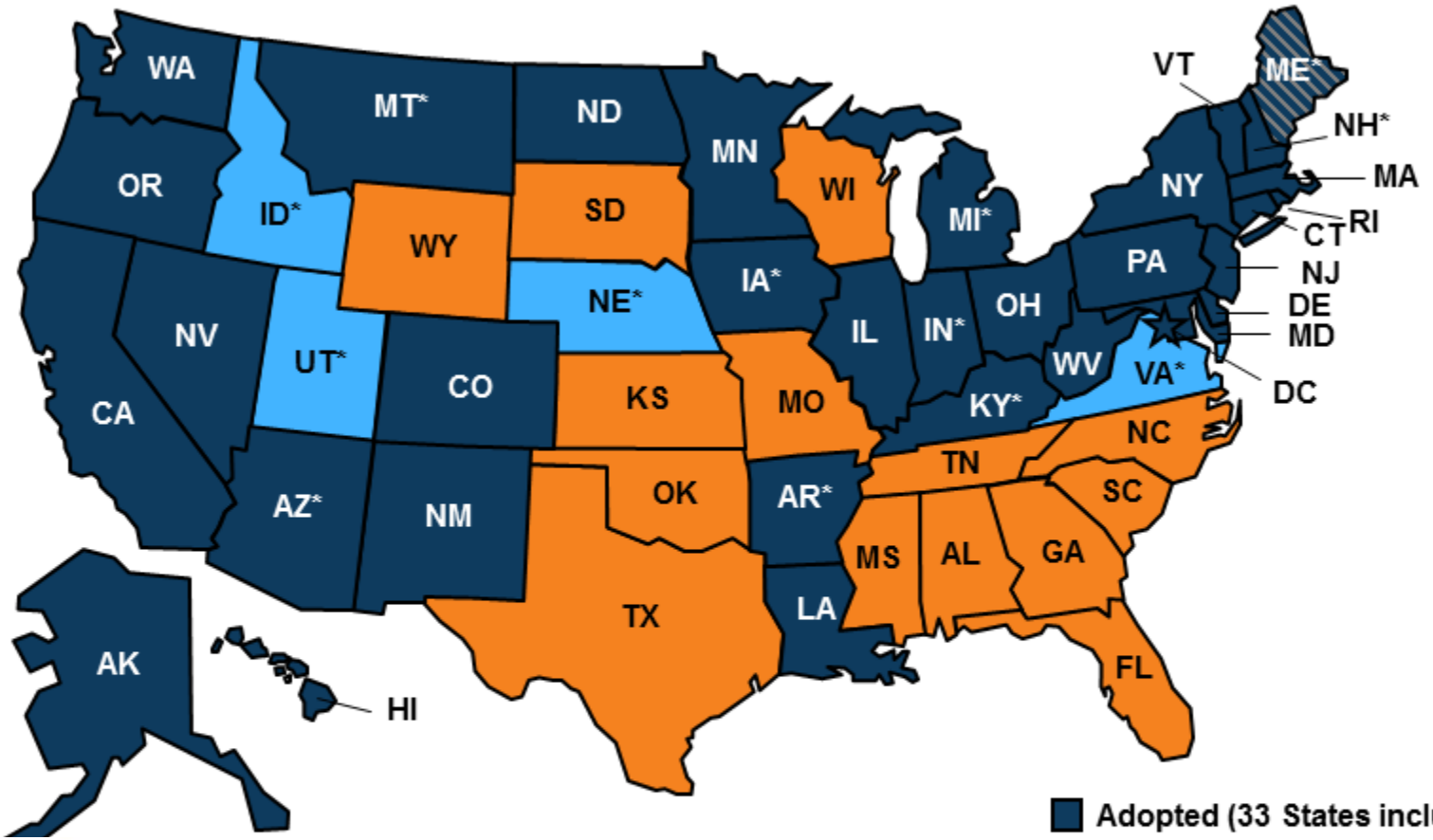
On Glenwood's main street, building after building is now for sale, closing, falling apart or infested with weeds growing through the foundation's cracks…

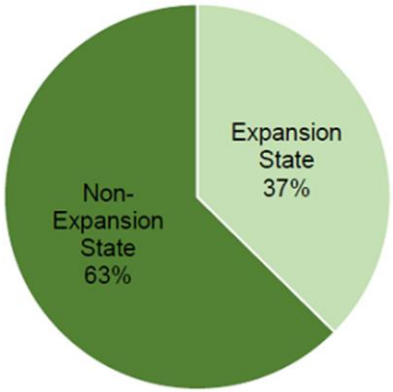
The hospital's closure eliminated the county's biggest health care provider and dispatched yet another major employer. Glenwood's mayor of 34 years, G.M. Joiner, doubts that the town will ever recover.

"It's been devastating," the 72-year-old mayor said, leaning on one of the counters in Glenwood's one-room city hall. "I tell folks that move here, 'This is a beautiful place to live, but you better have brought money, because you can't make any here.'"

Rural hospitals are in danger across the country, their closures both a symptom of economic trouble in small-town America and a catalyst for further decline.

Status of State Medicaid Expansion Decisions





"[T]he ACA's Medicaid expansion was associated with improved hospital financial performance and substantially lower likelihoods of closure, especially in rural markets"

The Politically Powerful are Listening

"If we've learned nothing from the last election, it's that we can't listen to rural America enough."

Senate Minority Leader Chuck Schumer

THE FARM BILL AND NEW HEALTH CARE OPPORTUNITIES

Farm Bill

- Current Farm Bill expired end of FY18
- Included USDA loans and grants (Community Development) – USDA telehealth grants
- Changes impacting rural health
  - Expect Opioid programs
  - Rural Health Liaison bill
  - Amendment to allow refinancing through USDA loans
- New USDA Office of Innovation – best practices, new health models, opioid treatment
- Next steps?
  - Midterm elections – tight budget – trade – Farm/SNAP

Senate Finance Committee: Rural Health Hearing

- Three NRHA member witnesses
- Want to do a rural package – cannot be expensive or controversial
- Potential crossover with Farm Bill
- Opportunity to work on a new model

Future Model: Community Outpatient Model

- 24/7 emergency Services
- Flexibility to Meet the Needs of Your Community through Outpatient Care:
  - Primary Care: RHC – FQHC (or look-a-like)
  - Swing beds
  - No preclusions to home health, skilled nursing, infusions services observation care.
- Use of telehealth
- Multiple Bills have similar models – big picture agreement small differences yet to be worked out

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.

APPROPRIATIONS AND THE BUDGET

Budget and Appropriations

- FY2018 – A Brief History
  - CR through Dec. 8 (passed Sept. 8)
    - House passed Omnibus (Sept 14) no Senate action
  - CR through Dec 22 (passed Dec 7)
  - CR through January 19 (passed Dec 21)
  - Government shutdown Jan 19-21 – mostly weekend
  - CR through February 8 (passed January 21)
  - CR through March 23 (passed February 9)
    - Included a two year budget deal – topline numbers but details remained

President's Budget

dollars in millions	2017 /1	2018 /2	2019	2019 +/- 2018
Rural Health				
Rural Outreach Grants	65	65	51	-14
Rural Hospital Flexibility Grants	44	43	-	-43
Telehealth	18	18	10	-8
Rural Health Policy Development	9	9	5	-4
State Offices of Rural Health	10	10	-	-10
Radiation Exposure Screening and Education	2	2	2	--
Black Lung Clinics	7	7	7	--
Subtotal, Rural Health	**156**	**155**	**75**	**-80**

- DOA
- Bad news for rural (Bright side: Obama proposed CAH cuts not included)
  - Dramatic cuts plus policy changes for bad debt and 340B

Omnibus (remainder of FY18)

- $49,609,000 will be available for the Medicare Rural Hospital Flexibility Grants Program, as requested by NRHA
  - $15,942,000 of the above 49,609,000 are provided for the Small Rural Hospital Improvement Grant Program for quality improvement and adoption of health information technology
  - $1,000,000 of the above funds will be focused on telehealth services, including pilots and demonstrations on the use of electronic health records to coordinate rural veterans care between rural providers and the Department of Veterans Affairs.
- $10 million for the State Offices of Rural Health (SORH), an NRHA goal in our appropriations requests.
- An additional $15 million is provided for Rural Residency Development Program through September 30, 2020.
- $100 million is provided through September 30, 2022, for the Rural Communities Opioids Response Program.

Now what…

- Working on FY19 which begins October 1, 2018
- Budget already complete as part of two year budget deal reached as part of CR in January
- Appropriations process

THE 340B PROGRAM AND RURAL HOSPITALS

340B Under Attack

The Hill

- Energy and Commerce
  - Report
  - Legislation expected
- Senate
  - Hatch letter: move 340B from HRSA to CMS

Administration

- CY2018 Outpatient Prospective Payment System
- President's Drug Pricing proposal (RFI)
- Future Actions? Mega Guidance, more red tape

340B and Rural hospitals

- 2018 CMS Proposed HOPPS rule proposed a reimbursement change for Part B drugs purchased by 340B hospitals from Average Sales Price (ASP) +6% to ASP - 22.5%
  - NRHA succeeded in getting HHS to exempt Sole Community Hospitals for 2018– CMS spent over two pages quoting NRHA's comment letter
  - SCHs shared their stories and it made HHS listen! Multiple hospitals stories are summarized in the Final regulation…Final rule exempted SCHs for 2018
  - CMS extensively cited and quoted NRHA's comment letter
- President's drug pricing proposal attacks the program – claiming source of high drug costs and overuse/misuse
- We are not waiting until the next threat to the program…We need to share the good the 340B program does for rural hospitals with Congress and the Administration
  - SCH needs to defend their exclusion

Tell Your Rural Hospital 340B Story

The purpose of the 340B program is to enable covered entities "to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."

This sounds very theoretical but you know it's personal to your staff, your patients, and your community!

Your story makes a difference – Sole Community Hospitals shared their story and avoided payment cuts for 340B drugs in 2018!

Help us tell that story!

Provide a picture that tells your hospital's 340B story so we can show Congress and the Administration how this program allows you to serve your community! Does 340B help you staff your ED, serve low income diabetics, or simply keep your doors open?

Tell Your Rural Hospital 340B Story

Saying goodbye to a patient being discharged from the Childress Regional Medical Center…this patient didn't need to travel over 100 miles for chemotherapy because of the 340B program at his local rural hospital

Rural report – announced at NRHA PI by CMS Administrator

1. Rural health lens to all of CMS program and policies;
2. Improve access to care through provider engagement and support -- allied health professionals to deliver high quality care, and TA to providers (they may need more support to implement policies);
3. Advance telehealth and telemedicine as promising solution to insufficient numbers of providers;
4. Empower patients to make decisions about their healthcare.

Department of Health and Human Services

- New HHS Secretary Alex Azar – Former HHS Official under President George W. Bush – Eli Lilly Executive
  - Wants to speed move to value
  - Drug pricing reform
- Upcoming regulations
  - Need to ensure properly focused rural lens

Stay Involved

NRHA
Your voice. Louder.

- NRHA doesn't have a PAC
- Website: ruralhealthweb.org
- Depends solely on grassroots advocacy
- Members have access to:
  - ✓ Monthly Washington Updates (webinars):
  - ✓ Rural Health Blog
    http://blog.ruralhealthweb.org
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