

Reno Gazette-Journal / RGJ.COM

Sunday, October 5, 2014

## Keeping rural health care local

Nevada's 15 rural hospitals provide a wide range of inpatient, outpatient, and 24/7 emergency medical services to 300 thousand rural and frontier residents – a population scattered across a 95 thousand square mile region of the state. It is no exaggeration to say that each one of these hospitals plays a vital role in our state's rural health care safety net.

In some respects, rural hospitals have weathered a good deal of the uncertainty unleashed by national health reform. Over the past four years, these hospitals have seen their share of uninsured patients drop as rural residents have gained insurance coverage via our state's participation in reform's Medicaid expansion and private plans offered on the exchange.

Rural hospitals have also received enhanced reimbursement for primary care services delivered to newly enrolled Medicaid patients, as well as financial incentives to implement electronic health records.

Nonetheless, Nevada's rural hospitals face ongoing challenges to their economic viability. While it is certainly the case that rural hospitals are seeing more paying patients, much of that additional revenue is coming from public payers, such as Medicare and Medicaid, that have historically reimbursed hospitals below cost. Improving and protecting appropriate government payments thus remains a paramount concern of rural hospitals.

The majority of Nevada's rural hospitals are Critical Access Hospitals or "CAHs" – a designation created by Congress in 1997 to prevent the closure of the nation's smallest and most isolated rural hospitals. Unable to achieve the economies of scales typical of urban hospitals, CAH designation currently allows these hospitals to receive payment from the federal government for care delivered to Medicare patients on the basis of reasonable costs, rather than prospective payments modeled on urban utilization and staffing patterns.

Over the past decade, enhanced reimbursement from CAH designation has not only kept rural hospitals in Nevada from closing their doors, an improved bottom line has allowed rural hospitals to improve and expand services for aging rural populations in Nevada, including new services as diverse as orthopedic surgery, dementia care, and cardiac rehabilitation.

Cost-based reimbursement has also allowed rural hospitals to offer competitive wages and thus retain physicians and other health professionals in a highly competitive labor market, and to make sorely needed capital improvements to aging facilities that, in some cases, were built over half a century ago.

Finally, rural hospitals are economic dynamos in their own right and have a substantial positive impact on local economies Nevada – contributions typically overlooked in public policy discussions of health care cost containment, access to care, and community benefits.

When the day-to-day economic activity of Nevada's rural hospitals and spending of hospital employees in the local community are taken into account, rural hospitals are responsible for over 3,100 jobs in their facilities and respective communities and an estimated total impact of \$153 million in payroll in their facilities and in other rural businesses.

As we enter another rancorous election season, it is critical that state policymakers and elected officials at all levels recognize, preserve, and strengthen the contributions of our state's rural hospitals and to keep rural health care local.

John Packham, PhD is Director of Health Policy Research at the University of Nevada School of Medicine