The Hospital + Healthsystem Association of Pennsylvania

Leading for Better Health

Pennsylvania Rural Hospital Landscape

A Snapshot of Issues Top of Mind for Pennsylvania's Rural Hospital Leaders

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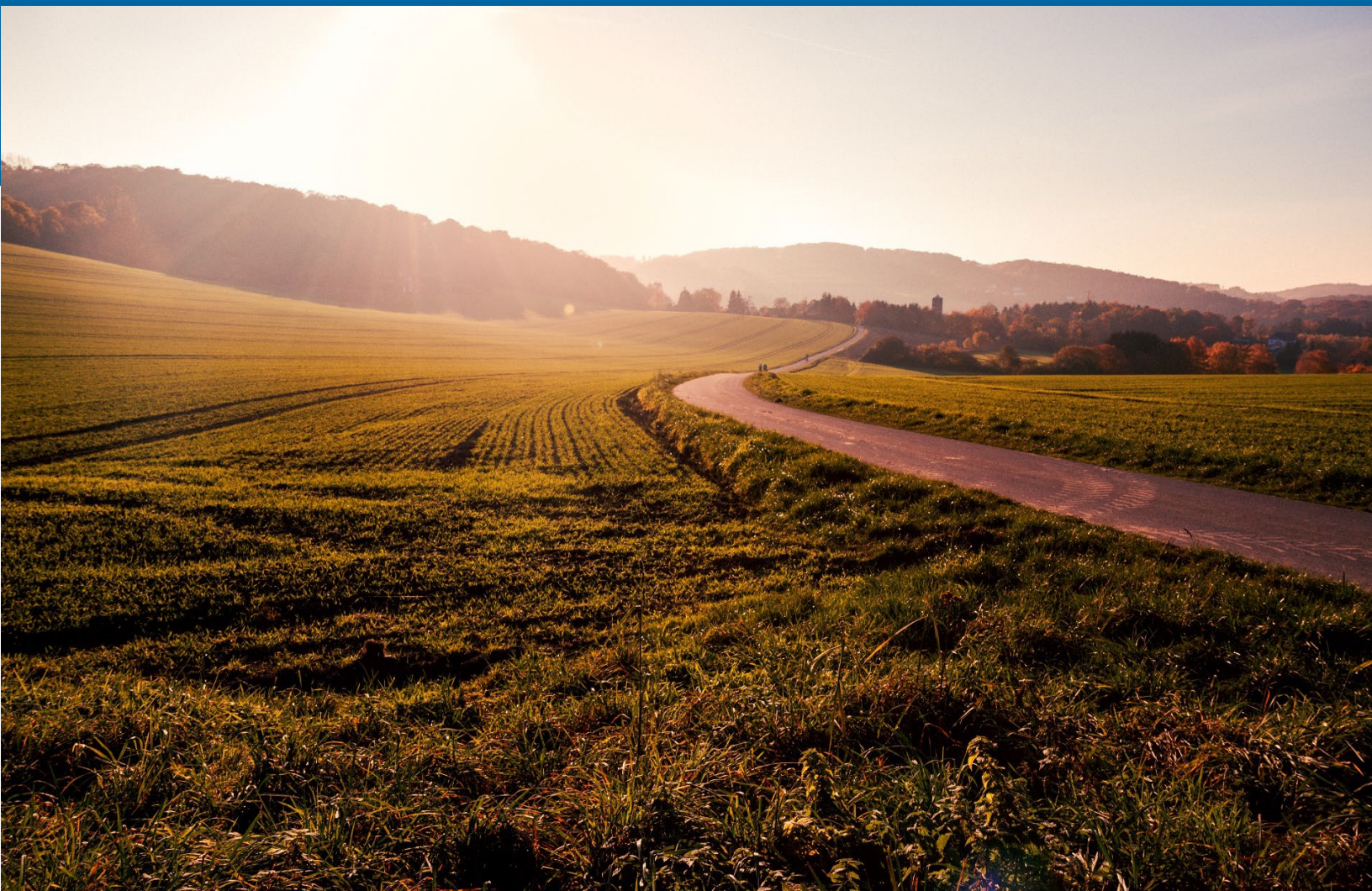
Without specific policy and payment supports, it will become increasingly difficult for rural hospitals to remain viable. Lack of affordable, accessible health care means rural communities and the people who live in them will continue to lose vital services.



EXECUTIVE SUMMARY

Pennsylvania's Rural Hospitals Need a Lifeline

Through fiscal year 2022, more than one-quarter of Pennsylvania's rural hospitals were operating with a negative margin. Another 14 percent were operating with margins under 4 percent, meaning they have little to no room to maintain infrastructure and long-term sustainability.[1] Without specific policy and payment supports, it will become increasingly difficult for rural hospitals to remain viable. Lack of affordable, accessible health care means rural Pennsylvania communities and the people who live in them will continue to lose vital services. Moreover, rural communities will lose a major driver that provides high-paying jobs and stimulates the economy.

In the late fall of 2023, The Hospital and Healthsystem Association of Pennsylvania (HAP) convened rural hospital executives from across the commonwealth to hear directly from them on the biggest pain points they are experiencing and their ideas for solutions.

High-Level Trends

The big picture trends of greatest concern to Pennsylvania rural hospital leaders today include:

- **Workforce** shortages that threaten access to care**.** Rural hospitals cannot sustain current levels of agency staffing, but getting back to "normal" is a slow process, exacerbated by the lack of available qualified staff in many rural areas.
- **Broken or nonexistent access to post-acute services and supports**. Limited availability of quality post-acute services, such as transportation, behavioral health, and social supports, in rural communities can result in serious consequences for patients and their families when they leave the hospital setting.
- **Low reimbursement and lack of adequate, appropriate financing.** Rural hospitals are highly reliant on public payors and feeling squeezed by payors that seem indifferent to the impacts they can have on these providers.
- **Regulatory burdens that strain already stressed hospital teams.** With other critical issues weighing heavily on both margins and morale, regulatory burdens have become almost insupportable.
- **Disjointed and underfunded emergency medical services (EMS) that cannot meet demand.** Disparate EMS systems with varying levels of local funding and operating capacity impact rural hospitals' ability to effectively manage both emergency services and post-acute transportation needs.

[1] HAP's analysis of rural hospital (as defined above) data from the Pennsylvania Health Care Cost Containment Council (PHC4) Fiscal Year 2022 hospital financial data files for general acute care hospitals.

Issues Closest to Home

Pennsylvania's rural hospital leaders further honed in on several specific issues that are challenging them the most in their day-to-day operations:

- **Ability to find and keep enough qualified staff to maintain services.** Recruiting and retaining staff—both clinical and non-clinical—has always been challenging for rural hospitals. The COVID-19 pandemic, retirement of many older staff, lack of local services such as affordable child care, and competition with other employers has only made the situation worse.
- **Viability of keeping maternal health services in rural communities**. Most rural hospitals simply cannot maintain the level of qualified staff necessary to support maternal services, including labor and delivery. This leaves families in rural communities with fewer and fewer local care options, resulting in many who must drive more than an hour to get care.
- **Lack of transportation options for patients and families.** There simply are not enough options for getting patients to and from necessary appointments or transferred to home or other facilities once they are discharged from the hospital. Both rural hospitals and their patients are at the mercy of inefficient transportation providers or must use hospital staff resources to transport patients, which takes them away from providing services and supports.
- **Attacks on the 340B Drug Pricing Program and resulting cuts in funding available to support other services.** Savings generated by this critical program have helped support many essential initiatives and investments for rural hospitals, such as behavioral health and substance use disorder care. As they face the continued threat of reduced 340B benefits, they must make hard choices about what services they can no longer sustain.
- **Navigating ever changing payor requirements.** Rural hospitals must keep up with the constantly changing payor landscape, across multiple payors, including Medicare and Medicaid. Requirements for prior authorizations and a continued push to keep patients in observation status versus admitting them mean they are getting paid less while having to dedicate resources and energy to more administrative red tape.

Recommendations

Workforce Shortages

- Continue to scale up both federal and state loan programs and advocate for rural provider supports for all types of workforce needs, both clinical and non-clinical.
- Create opportunities for local communities and schools to grow their own workforce through programs starting in middle schools and going through college. Make investments that bring to scale and deploy proven local programs and partnerships reflecting the current work between the health care sector, education, and workforce agencies. Help rural hospitals leverage existing apprenticeship programs at the Department of Labor and Industry, the Department of Education, and the Department of Community and Economic Development to support access to non-clinical staff rural hospitals need.
- Resist efforts to impose government-mandated staffing ratios that would hurt access to care in rural communities.
- Develop a grant program to encourage experienced nurses to supervise and teach as preceptors in clinical settings. Preceptors are an essential part of onboarding new nurses to new clinical settings and residencies. Establish flexibility in credentialing requirements to teach nursing and create a grant program to offset the earnings disparity between nurses who practice and nurses who educate.
- Expand Pennsylvania's successful loan repayment programs for front-line nurses and primary care providers, including enhancing awards and increasing length of service commitments.
- Increase administrative staffing for, awareness of, and the number of J1 Visas processed by the Department of Health via the Conrad and ARC waiver programs. Explore opportunities to tap unused slots in other states.
- Increase the number of nurse educators by offsetting the pay gap between practice and teaching.

Access Challenges

Access to critical services and supports that would benefit rural hospitals and communities include:

Post-Acute

- Increase access to safe, timely, and appropriate transportation for patients leaving the hospital.
- Improve access to community-based services and supports for Social Determinants of Health (SDOH), which can help to reduce readmissions (e.g., medically tailored meals, peer supports).
- Continue legislative advocacy for expanded EMS services.

Behavioral Health

- Increase access to community-based services and in-home supports by increasing funding to county mental health. This and other state programs will help to stabilize and sustain evidence-based diversion, outpatient, walk-in, mobile mental health, crisis center, crisis residential, and other essential services. Prioritize staffing, infrastructure, and awareness of 988, especially in rural communities.
- Establish a grant program and provide training and technical assistance for hospitals to develop, maintain, and integrate peer support professionals in their direct care workforces. Increase the number of peer support professionals aiding individuals in ED and inpatient settings, creating scholarships for individuals who pursue entry-level behavioral health careers, and retaining existing behavioral health clinicians.
- Invest in the infrastructure necessary to augment ED triage and treatment capacity and improve outcomes for individuals in crisis (e.g., grants for EmPATH units) and other ED alterations.
- Assist hospitals in finding clinically appropriate placement of patients. Increase county mental health funding to support two full-time staff in each county to help with case management in EDs and inpatient facilities.
- Establish integrated care models to deliver timely psychiatric care in primary and specialty care settings.

Rural Maternal Health Services

With so many rural communities experiencing a shortage of maternal health care services, it is critical to develop strategies to enhance care and support those institutions that provide these services.

- Expand Medicaid coverage to pay for doula support for parenting families, including, but not limited to, prenatal, birthing, behavioral health, post-partum, and well-child interventions. Evidence shows that doula support throughout pregnancy is associated with better outcomes across multiple metrics.
- Require Medicaid to cover community health workers (CHW) providing services to pregnant persons. CHWs are a trusted provider group and can help to grow the diversity of a health team, improve health outcomes, and reduce Medicaid spending over the long term.
- Expand existing, evidence-based home visiting programs and require Medicaid managed care organizations (MCO) to work with them. There is significant evidence of the efficacy and success of home visiting programs on improved birth outcomes, as well as improved long-term benefits for children including decreased pre-term births and low-birthweight babies, reduced child abuse and neglect, and better school readiness for children.

- Support policies and investments in rural communities that boost access to care before and after delivery, including infrastructure that guarantees payment for telehealth options that can be used to supplement necessary in-person care. Telehealth offers convenient and consistent interaction with qualified providers for pregnant persons in rural areas who cannot always travel or who have limited transportation options.
- Advocate for medical liability reform to improve patient access to care by stabilizing the escalation of medical liability premiums. The current liability climate contributes to the loss of obstetric care providers and reluctance of graduates to choose obstetric residency programs.

Reimbursement and Financing

To address these challenges and pain points, rural hospital leaders and HAP propose the following:

- Advocacy and support for the 340B program, persisting in efforts to keep the program viable for rural hospitals and other rural providers to retain/maximize the benefit.
    - Explore efforts to protect access to discounted drugs such as recent law in Arkansas and Louisiana.
    - Stop pharmaceutical companies from continuing to construct barriers that erode rural hospitals' ability to access 340B benefits.
- Create ways for rural hospitals to participate in value-based payment (VBP) models without being penalized for a low volume of patients, which can skew their quality scores and outcomes.
- Recognize the disproportionate effect that payment reductions in government-funded programs has on rural hospitals and design strategies to mitigate those impacts.
- Identify ways to emulate and extend the predictability offered by the Pennsylvania Rural Health Model (PARHM) and support additional rural hospitals. Eighteen Pennsylvania rural hospitals have seen the benefit of this predictable funding source. Pennsylvania should look to and beyond PARHM for other innovative models that promote financial stability and support transformation efforts to preserve crucial access to care in rural communities.
- Support opportunities for rural hospitals to access affordable federal, state, local, and private financing to maintain infrastructure and build more efficient and modern facilities, such as leveraging Broadband dollars.

Pain Points with Payors

Ways to help rural hospitals navigate the effects of increasing payor requirements and improve how they can work with payors include:

- Stop or reverse the trend toward more patients sitting in observation status rather than being admitted to the hospital.
- Accelerate prior authorization reforms that reduce and streamline prior authorization requirements, and address the emergence of artificial intelligence in prior authorization approvals.
- Convene conversations between payors and rural hospitals to discuss these and other issues and how they can partner to manage them more effectively and equitably.

Lack of Transportation Options

- Increase available transportation options and the flexibility of current options for both emergency and non-urgent patient needs. For example, increasing alternatives for getting people to/from post-acute follow up and routine appointments, and reducing non-urgent transportation reliance on EMS systems that are already stretched thin.
- Support efforts to increase EMS availability and the ability to better meet emergency transportation needs across their service areas.
- Increase funding for and maximum grant amounts available through the fire company and EMS grant program. Legislate and fund a dedicated budget line to provide sufficient, recurring state support, including provisions to meet the unique needs of rural communities, which have long travel distances and high need for transfers between facilities.

Regulatory Burdens

With so many challenges facing rural hospitals, Pennsylvania has great opportunity to reduce their regulatory burdens by:

- Updating archaic regulations.
- Streamlining cumbersome and inconsistent processes that can delay action by weeks, months, or even years.
- Building a culture of collaboration between state regulatory agencies and rural hospitals.
- Leveraging new innovative models such as the federal Rural Emergency Hospital (REH) designation through creation of a REH provider type/designation in Pennsylvania.
- Making permanent the telehealth flexibility allowed in Medicare under the public health emergency (PHE) and clarifying payment for telehealth services to allow rural hospitals to continue to maximize this critical resource.

INTRODUCTION

Pennsylvania reflects the stark national statistics regarding rural hospitals.[2] According to the Pennsylvania Health Care Cost Containment Council, in fiscal year (FY) 2022, 39 percent of Pennsylvania's general acute care hospitals operated at a loss, and another 13 percent posted an operating margin between 0 and 4 percent, which is considered insufficient for long-term sustainability. The foregone dollar value for statewide uncompensated care, which includes charity care and unpaid debt, was $752 million. During FY 2022, more than one in four rural Pennsylvania hospitals posted a negative operating margin. Another 14 percent had operating margins of less than 4 percent, limiting their ability to maintain critical infrastructure and long-term sustainability.[3]

As in Pennsylvania, rural hospitals across the country face serious threats to their viability. More than 140 rural community hospitals closed in 2010−2023. According to a national study that Chartis[4] conducted in February 2023:

- 43 percent of all rural hospitals nationally and 51 percent of those in states that did not expand Medicaid, are operating in the red.
- 56 percent of hospitals that participated in the survey have up to five open bedside nursing positions, whereas nearly 20 percent indicated they are experiencing staffing shortages that have caused them to drop some services.
- The number of rural hospitals that have stopped providing obstetric (OB) services jumped to 217 from 198, and the number of facilities no longer providing chemotherapy increased to 353 from 311.

Rural hospitals are typically much smaller than their urban counterparts. They more often have lower occupancy rates, which increases their susceptibility to even small financial variations. As a result, their median margins are generally ***less than half*** the median margins of hospitals located in urban areas.[5] On top of this, they also often treat sicker, older, and lower-income patients than hospitals in bigger towns and cities.

THREATS TO VIABILITY

43% of all rural hospitals nationally are operating in the red.

20% of hospitals participating in the survey have staffing shortages that have caused them to drop services.

[2] HAP defines a rural hospital as a hospital that is located in a county defined as rural by the Center for Rural Pennsylvania, where the county's population density is lower than the overall state population density. See Rural Urban Definitions. Available at: https://www.rural.pa.gov/data/rural-urban-definitions.cfm. Accessed December 7, 2023.

[3] HAP's analysis of rural hospital (as defined above) data from the Pennsylvania Health Care Cost Containment Council (PHC4) FY 2022 hospital financial data files for general acute care hospitals.

[4] https://www.chartis.com/about/news/new-chartis-study-explores-rural-hospital-instability-and-models-potential-impact-rural. Accessed November 27, 2023.

[5] Stark K. The Plight of Rural Hospitals: They've Been Closing at a Faster Rate Than Urban Facilities for Years. Leonard Davis Institute of Health Economics, University of Pennsylvania. November 8, 2022. Available at: https://ldi.upenn.edu/our-work/research-updates/rural-hospitals-are-smaller-and-make-less-money-than-urban-facilities/. Accessed November 27, 2023.

Pain Points and Challenges for Pennsylvania's Rural Hospitals

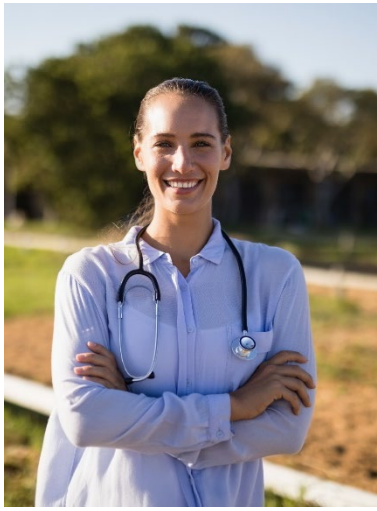
In the fall of 2023, HAP contracted with the national consulting firm Health Management Associates (HMA) to develop an advocacy road map for its rural hospital members. The process entailed conducting two brainstorming sessions with members of HAP's Rural Council. These sessions were designed to elicit ideas and input from rural hospital leaders about big picture trends and specific issues that they see as significant challenges to their facilities and communities.

BIG PICTURE TRENDS IMPACTING RURAL HOSPITALS

Payment issues, workforce shortages, and regulatory hurdles are squeezing Pennsylvania's rural hospitals into tighter and tighter corners.

Session participants were asked to identify the top big picture trends they see affecting hospitals, especially challenges that are exacerbated for rural hospitals. Issues prioritized by Rural Council members include those noted below.

1. Workforce Challenges



Second to low reimbursement issues, rural hospital leaders noted staffing recruitment and retention of physicians and advance practice providers (APPs, such as nurse practitioners and physician assistants) as a major concern for all hospitals, but especially for rural facilities.

Staffing constitutes one of the biggest pain points all hospital leaders must navigate each day. Many are attempting to grow their own workforce through programs like tuition reimbursement through universities and colleges. Some have focused their attention on even younger groups, with programs like summer camps for middle school students to learn about health care professions. There are no easy answers or quick fixes. More specific workforce issues affecting Pennsylvania's rural hospitals are described in the Focus Area section below.

2. Access Challenges

Post-Acute Issues

Finding appropriate places to discharge patients once they are ready to leave the hospital is another issue rural hospital executives grapple with daily. They have difficulty placing patients because of a lack of long-term care beds, skilled nursing facility beds, post-acute beds, and available home health services. Patients frequently end up being in the hospital much longer than necessary, which compounds staffing problems. Behavioral health placements are particularly troublesome, as many areas have few places to provide care to patients with behavioral health needs.

Compounding these challenges are requirements such as the 96-hour average length of stay rule. Nursing homes have limited the number of beds available because of their own staffing problems, which can result in significant patient transfer delays.

"We have a county nursing home. We probably haven't placed a single person in a year…[T]he staffing changes, or ratios…are probably well-intended, but it has just made it total gridlock. In our region it's just a challenge…[I]t's just completely broken."

Behavioral Health Access

Pennsylvania's behavioral health care delivery system is failing to meet the demand for these services. Across the commonwealth, individuals with unmet behavioral health needs are seeking care in hospital EDs, experiencing longer wait times, and staying too long in settings that are inadequately equipped to meet their ongoing treatment needs. This trend was verified in the Legislative Budget and Finance Committee Community Mental Services Report (February 2021) and the Joint State Government Commission Behavioral Health Care System Capacity in Pennsylvania and Its Impact on Hospital Emergency Departments and Patient Health Report (July 2020). Anecdotal evidence and research have demonstrated that the COVID pandemic intensified the need for behavioral health services. Problems persist for individuals across the commonwealth, especially those who need complex care. Simply put, capacity is inadequate. Targeted funding for key services and supports could improve access.

3. Reimbursement and Financing

Low reimbursement topped the list of big picture challenges for rural hospital executives. They are grappling with reimbursement rates that frequently are below their expenditures, in part because of the high costs of staffing and inflation's effects on costs for most goods and supplies.

Heavily Government-Funded Payor Mix

One particularly difficult aspect of low reimbursement for rural hospitals is a payor mix that relies heavily on government-funded programs such as Medicare and Medicaid, which often reimburse at significantly lower rates than commercial insurers. Among Pennsylvania's rural hospitals, up to 70 percent of their patient populations have Medicare and/or Medicaid coverage. These programs also have high numbers of beneficiaries who receive home health and hospice services. These services can be quite costly for rural hospitals, and Medicare and Medicaid reimbursement generally does not fully cover those expenses.

"Sixty to 70 percent of our business is either Medicare or Medicaid, and you know anytime that they are mentioned to get cut, that's us getting cut, both on the physician side and on the hospital side."

Recent PHE unwinding activities by state Medicaid agencies also have resulted in the loss of coverage for people who were enrolled in Medicaid during the pandemic. Disenrollments in Pennsylvania began in May 2023, and enrollment dropped nearly 165,000 between April and August 2023.[6] Some of these individuals will find coverage through other programs, but many will likely go back to being uninsured, further affecting rural hospitals and communities with large Medicaid populations.

340B Program Under Attack

The resources generated as a result of the 340B program have become a vital component of funding that allows many rural hospitals to provide vital health care services in the communities they serve. Importantly, one participant in the Rural Council sessions noted that if rural hospitals received adequate reimbursement generally, they would be less reliant on 340B program benefits.

Value-based Payment Challenges

Everyone, from the Centers for Medicare & Medicaid Services (CMS) to state legislators to large and small health insurers, are talking about VBPs and moving providers away from fee-for-service (getting paid for quantity) to a system that bases reimbursement on quality and patient health outcomes. Rural hospital executives are not averse to VBPs. However, most rural hospitals have low patient populations, so when one patient either is included or excluded from a VBP or quality calculation, it can mean the difference between a high add-on reimbursement, a low add-on reimbursement, or even a no add-on reimbursement. Rural hospitals also struggle to recruit and retain all types of specialists, which means they may be automatically disqualified from many higher ratings and, thus, higher reimbursements.

> “We struggle and fight because one [outlier] patient can mean a big difference in our ratings or in our award.”

[6] Kaiser Family Foundation. Medicaid Enrollment and Unwinding Tracker. December 7, 2023. Available at: https://www.kff.org/report-section/medicaid-enrollment-and-unwinding-tracker-state-enrollment-and-unwinding-data/. Accessed December 7, 2023.

Capital Funding for Rural Health

Rural hospital leaders cited access to capital funding for rural facilities as a significant, though not as high a priority as other financing issues. Many rural hospitals originated in the 1950s through funding provided by the 1947 Hill-Burton Act.[7] It has been difficult at best for many rural hospitals to access the capital they need to address ongoing physical plant needs, as well as maintain pace with changing equipment and technology that allows them to provide high-quality care. As one session participant noted, limited capital funding is available for what many rural hospitals require, and hospital executives do not anticipate much change in that during the next couple of years.

4. Regulatory Burden

Session participants noted that during the COVID-19 pandemic, flexibilities in state licensing oversight and surveys by state agencies provided some relief. Post-pandemic, burdensome process issues have re-emerged, such as adding services or trying new innovations that could resolve other issues. Interacting with regulators takes a disproportionate amount of resources at a time when their resources already are stretched thin.

Collaborative versus Confrontational Working Relationships

Rural hospital leaders would like to work more collaboratively with state agencies; however, it can take weeks, months, or even years to resolve issues. Also apparent is a lack of standardization across the state for meeting certain requirements, with regional differences noted in state agency approaches, and inconsistency in interpretation of federal and state requirements. Lack of transparency has made it difficult for rural hospital leaders to understand some of the decisions that state agencies have made, yet those decisions often have unintended consequences for hospitals and their providers. Current regulations also often do not accommodate the many changes that have happened in health care over many decades since regulations were written and particularly the major transformations that occurred during COVID, which makes it difficult for rural hospitals to comply while also staying current with staffing, technology, and equipment needs.

> “We’ve had issues unresolved for years. Many of the regulations and requirements are quite antiquated. Health care has changed a lot since many of them were written.”

[7] Schumann JH. A Bygone Era: When Bipartisanship Led to Health Care Transformation. National Public Radio. Available at: https://www.npr.org/sections/health-shots/2016/10/02/495775518/a-bygone-era-when-bipartisanship-led-to-health-care-transformation. Accessed November 29, 2023.

Telehealth flexibilities

The pandemic showed everyone how telehealth could support access to preventative and routine care, as well as acute care needs. In particular, it has become a critical tool for rural hospitals and other rural providers to meet many patients' basic health care needs. Additionally, it is an option that more patients now expect from their providers. However, uncertainty about what services can be provided via telehealth and what government and private insurers will pay for means rural hospitals cannot maximize their use of this efficient and effective means of connecting patients in rural communities with care.

5. Emergency Medical Services

Pennsylvania has a fragmented EMS system, with no umbrella oversight, funding, or other support. In many rural communities, volunteers still provide EMS services. Rural hospitals often find that no EMS is available when needed because the only ambulance crew in the area is already on a call or transporting someone and will not be back in service for several hours. Often ambulance companies struggle with the same staffing issue as hospitals and cannot find enough qualified staff. Consequently, they can provide only minimal services. EMS also ties into overall transportation issues in rural communities, which are discussed further below.

BIG PICTURE TRENDS

Workforce shortages, lack of access to care, payment issues, regulatory hurdles, and EMS challenges are squeezing Pennsylvania's rural hospitals into tighter and tighter corners.

RURAL HOSPITALS' BIGGEST PAIN POINTS

Pennsylvania's rural hospitals struggle to maintain the health care services their communities need, constantly fighting against inadequate payment, lower volumes, access barriers, and limited availability of community resources.

1. Workforce Challenges

As described above, staffing constitutes one of the biggest pain points rural hospital leaders face each day. Many are attempting to grow their own workforce through programs like tuition reimbursement through universities and colleges. Some have focused their sights on even younger people, with programs like summer camps for middle school students to learn about health care professions.

Recruiting and Retaining Qualified Staff

Getting qualified staff to live in rural areas can be difficult, and rural hospitals typically cannot compete with higher salaries and access to amenities that many workers desire for themselves and their families. They also cannot compete for providers who want to specialize because of such low volumes of patients with specific needs. Session participants noted that it is not only recruiting clinical staff that is problematic, but they often cannot recruit staff with the technical or professional skills they need in functional areas such as information technology, data analytics, and finance.

"To find nurses, they simply are not coming out of the woodwork, certainly not coming to rural Pennsylvania. It's a huge concern, and not just nurses – med techs, respiratory therapists, lab tecs, etc."

Of further and serious concern to rural hospitals is the prospect of government-mandated staffing ratios, for example, nursing ratios like what has been happening in some other states. Having to meet required staffing levels would likely push many rural hospitals past the point of no return both financially and operationally, leading to even greater challenges accessing hospital care in rural communities.

Keeping Qualified Staff and the Lasting Impacts of Agency Staffing

Among the many impacts of the COVID-19 pandemic was a mass exodus of clinical staff from many hospitals. Rural hospitals were no exception and, in fact, often suffered more from the loss of local staff. Session participants expressed what a devastating effect this has had on their facilities. While most noted that they are slowly emerging from the crush of having to use agencies for so much of their clinical staff, they reiterated what a significant cost they continue to pay because they still must rely on agency staffing to remain open.

"I dare say it's our number one issue. Having those agency costs completely wiped out our bottom line. For the first time in five years, we'll have a negative operating margin, and its 100 percent due to the agency costs."

Not only has agency staffing impacted them financially, but it also has had a lasting effect on many employed staff, who know the salaries agency staff make often are much higher than theirs. Some have ultimately opted to seek agency work themselves, which exacerbates the problem for rural hospitals. Rural hospitals found themselves in a Catch-22 when many of their staff contracted COVID, and they had no one else to pull in.

Child Care for Staff

Another key issue affecting the ability of rural hospitals to recruit and retain staff is access to quality, affordable childcare. Families with young children but without good childcare options must make difficult decisions about whether one partner stays home to care for the children or find ways to juggle that responsibility between two working partners.

2. Maternal Health

A 2023 March of Dimes report found a number of areas across rural Pennsylvania with either limited or no obstetrical services. The report noted that more than 12 percent of women across the commonwealth had no birthing hospital within 30 minutes, while more than 47 percent of women in rural counties live more than 30 minutes from a birthing hospital.[8] Among Pennsylvania's rural hospitals, 60 percent no longer offer labor and delivery services and most of the remaining hospitals that do report financial losses on patient services.[9]

Maternal health in rural communities has become a national crisis. Every year, more rural hospitals close their maternity services, forcing women in these areas to drive more than an hour in some cases to get prenatal care and to deliver their babies in a hospital. The long-term sustainability of rural hospital prenatal care, labor and delivery, and postnatal care is fragile at best in most facilities that continue to offer these services. They do not have enough volume to cover the costs and level of work required to maintain the necessary staff with the level of knowledge and skills required to support such services.

[8] Fontenot, J, Lucas, R, Stoneburner, A, Brigance, C, Hubbard, K, Jones, E, Mishkin, K. *Where You Live Matters: Maternity Care Deserts and the Crisis of Access and Equity in Pennsylvania*. March of Dimes. 2023

[9] https://www.bradfordera.com/news/maternity-wards-disappearing-from-pa-hospitals/article_c70881d2-dd5c-5fa2-8af1-5072848e40b1.html, accessed on January 12, 2024.

It is critical that clinical staff stay updated on best practices, especially related to ensuring equitable care for all patients. Racial disparities in maternal health outcomes persist, with Black birthing parents experiencing significantly higher rates of pregnancy-related mortality and morbidity than White birthing parents. Recruiting and keeping qualified staff to support maternal health is doubly hard in rural areas, as many providers want to be in areas where they see a high volume of patients and have access to a variety of specialists and specialized equipment such as neonatal intensive care units and staff, if needed. Finally, the current requirements related to medical liability for obstetric care has made it difficult at best for many providers to continue to offer these services. It has impacted the rates at which new graduates choose obstetric residency programs, which further exacerbates the shortage of obstetric providers.

"Your patient could be seen at 11am but they don't come to pick them back up until 4pm. So then you end up almost like 'adult sitting.' Say a person's diabetic; then you're worried about getting them their meals and things like that. It's really a challenge."

3. Transportation

Transportation has long been a problem in rural communities, for health care in particular. Though payors such as Medicaid will cover transportation costs for accessing health care appointments, the service can be unreliable or inconvenient for patients and hospitals. Most transportation, taxis, or rideshare programs, especially that can get people to remote farms or locations farther than a mile or two out of town, are limited. Hospital staff often end up having to take patients home. Add to these problems difficult driving conditions such a snow and rain, and transportation becomes even more challenging in rural areas.

Most transportation providers require 24-hour notice to bring patients to the hospital or take them home. Limited flexibility is available to work with patients or hospital staff around open appointment times and urgent needs. Hospitals struggle to find appropriate transportation to get people home or transferred to another facility, such as a nursing home, because options are so inadequate. Rural hospitals need solutions for getting patients to appointments, and home from appointments and when discharged from the hospital. Without transportation, patients often cancel their appointments and then end up sicker. This barrier to care is especially troubling for people who are aging and/or have disabilities, both growing segments of the rural population.

4. 340B Program Restrictions

As noted earlier, a priority issue rural hospital leaders identified in the low reimbursement category is the growing attacks from pharmaceutical companies and some policymakers on the 340B program, which are trying to make it more difficult for hospitals to generate benefits from the program. Rural hospitals qualified to participate in the program may purchase drugs at discounted rates, which can range from 25 percent to 50 percent of the average wholesale price, so the savings can be significant. They then are permitted to bill for the full cost of those drugs and use the resulting surplus funds to pay for other critical health care services their patients and communities need. Without the benefit of the 340B program, many of Pennsylvania's rural hospitals would have to cut back services, further limiting access to health care for populations already experiencing a limited access to necessary care.

"We use these [340B] dollars to support programs like behavioral health. But it just continues to erode month by month, you know, new hurdles, restrictions on drugs, pharmacies. You can watch the math go downhill."

5. Payor Challenges

Rural hospital executives worry about keeping pace with ever-changing payor demands and the impact of payor policies on their revenues. These leaders feel they are at the mercy of big insurers, including Medicare and Medicaid, which continually require more information while setting up additional barriers that restrict patient access and provider payments.

Prior Authorization and Service Denials

Nationally, both patients and providers, including hospitals, have begun to push back on increasingly restrictive prior authorization requirements. Rural hospitals in Pennsylvania must navigate the complexities of different prior authorizations for multiple payors, which requires investing in staff who understand the language and how to work each system's processes to get paid, in some cases far less than the costs of delivering the services. These resources could be better used to support more direct patient care services or other programs that would improve access to care for people in their communities. Reforms at the state and federal levels are not yet fully implemented, and attention is required to align—to the greatest extent possible—state and federal prior authorization policy.

Observation Status

Another obstacle rural hospitals face with payors is the growing number of patients being kept in observation status rather than being admitted. They are seeing a significant switch to observation status largely because of changes in insurance company policies. This shift has impacted hospitals both financially and operationally.

High-deductible Health Plans

One big problem rural hospitals are experiencing more frequently is the increase in the number of patients with high-deductible commercial health insurance plans. Often patients are unable pay for services they need such as MRIs and surgical procedures because they have $10,000 or even $20,000 deductibles. This situation essentially adds to the number of individuals and families who are medically indigent because they cannot afford the deductibles.

RECOMMENDATIONS

Though the picture for Pennsylvania's rural hospitals looks bleak given the increasing number and complexity of challenges they face, loss of these critical community anchors and resources need not be a foregone conclusion. Federal and state legislators, program and policy leaders, payors and providers, and consumers all have a role to play in supporting rural hospitals and the communities they serve.

Workforce Shortages

- Continue to scale up both federal and state loan programs and advocate for rural provider supports for all types of workforce needs, both clinical and non-clinical.
- Create opportunities for local communities and schools to grow their own workforce through programs starting in middle schools and going through college. Make investments that bring to scale and deploy proven local programs and partnerships reflecting the current work between the health care sector, education, and workforce agencies. Help rural hospitals leverage existing apprenticeship programs at the Department of Labor and Industry, the Department of Education, and the Department of Community and Economic Development to support access to non-clinical staff rural hospitals need.
- Resist efforts to impose government-mandated staffing ratios that would hurt access to care in rural communities.
- Develop a grant program to encourage experienced nurses to supervise and teach as preceptors in clinical settings. Preceptors are an essential part of onboarding new nurses to new clinical settings and residencies. Establish flexibility in credentialing requirements to teach nursing and create a grant program to offset the earnings disparity between nurses who practice and nurses who educate.
- Expand Pennsylvania's successful loan repayment programs for front-line nurses and primary care providers, including enhancing awards and increasing length of service commitments.
- Increase administrative staffing for, awareness of, and the number of J1 Visas processed by the Department of Health via the Conrad and ARC waiver programs. Explore opportunities to tap unused slots in other states.
- Increase the number of nurse educators by offsetting the pay gap between practice and teaching.

Access Challenges

Access to critical services and supports that would benefit rural hospitals and communities include:

Post-Acute

- Increase access to safe, timely, and appropriate transportation for patients leaving the hospital.
- Improve access to community-based services and supports for SDOH, which can help to reduce readmissions (e.g., medically tailored meals, peer supports).
- Continue legislative advocacy for expanded EMS services.

Behavioral Health

- Increase access to community-based services and in-home supports by increasing funding to county mental health. This and other state programs will help to stabilize and sustain evidence-based diversion, outpatient, walk-in, mobile mental health, crisis center, crisis residential, and other essential services. Prioritize staffing, infrastructure, and awareness of 988, especially in rural communities.
- Establish a grant program and provide training and technical assistance for hospitals to develop, maintain, and integrate peer support professionals in their direct care workforces. Increase the number of peer support professionals aiding individuals in ED and inpatient settings, creating scholarships for individuals who pursue entry-level behavioral health careers, and retaining existing behavioral health clinicians.
- Invest in the infrastructure necessary to augment ED triage and treatment capacity and improve outcomes for individuals in crisis (e.g., grants for EmPATH units) and other ED alterations.
- Assist hospitals in finding clinically appropriate placement of patients. Increase county mental health funding to support two full-time staff in each county to help with case management in EDs and inpatient facilities.
- Establish integrated care models to deliver timely psychiatric care in primary and specialty care settings.

Rural Maternal Health Services

With so many rural communities experiencing a shortage of maternal health care services, it is critical to develop strategies to enhance care and support those institutions that provide these services.

- Expand Medicaid coverage to pay for doula support for parenting families, including, but not limited to, prenatal, birthing, behavioral health, post-partum, and well-child interventions. Evidence shows that doula support throughout pregnancy is associated with better outcomes across multiple metrics.
- Require Medicaid to cover CHWs providing services to pregnant persons. CHWs are a trusted provider group and can help to grow the diversity of a health team, improve health outcomes, and reduce Medicaid spending over the long term.
- Expand existing, evidence-based home visiting programs and require Medicaid MCOs to work with them. There is significant evidence of the efficacy and success of home visiting programs on improved birth outcomes, as well as improved long-term benefits for children including decreased pre-term births and low-birthweight babies, reduced child abuse and neglect, and better school readiness for children.

- Support policies and investments in rural communities that boost access to care before and after delivery, including infrastructure that guarantees payment for telehealth options that can be used to supplement necessary in-person care. Telehealth offers convenient and consistent interaction with qualified providers for pregnant persons in rural areas who cannot always travel or who have limited transportation options.
- Advocate for medical liability reform to improve patient access to care by stabilizing the escalation of medical liability premiums. The current liability climate contributes to the loss of obstetric care providers and reluctance of graduates to choose obstetric residency programs.

Reimbursement and Financing

To address these challenges and pain points, rural hospital leaders and HAP propose the following:

- Advocacy and support for the 340B program, persisting in efforts to keep the program viable for rural hospitals and other rural providers to retain/maximize the benefit.
    - Explore efforts to protect access to discounted drugs such as recent law in Arkansas and Louisiana.
    - Stop pharmaceutical companies from continuing to construct barriers that erode rural hospitals' ability to access 340B benefits.
- Create ways for rural hospitals to participate in VBP models without being penalized for a low volume of patients, which can skew their quality scores and outcomes.
- Recognize the disproportionate effect that payment reductions in government-funded programs have on rural hospitals and design strategies to mitigate those impacts.
- Identify ways to emulate and extend the predictability offered by the PARHM and support additional rural hospitals. Eighteen Pennsylvania rural hospitals have seen the benefit of this predictable funding source. Pennsylvania should look to and beyond PARHM for other innovative models that promote financial stability and support transformation efforts to preserve crucial access to care in rural communities.
- Support opportunities for rural hospitals to access affordable federal, state, local, and private financing to maintain infrastructure and build more efficient and modern facilities, such as leveraging Broadband dollars.

Pain Points with Payors

Ways to help rural hospitals navigate the effects of increasing payor requirements and improve how they can work with payors include:

- Stop or reverse the trend toward more patients sitting in observation status rather than being admitted to the hospital.
- Accelerate prior authorization reforms that reduce and streamline prior authorization requirements and address the emergence of artificial intelligence in prior authorization approvals.
- Convene conversations between payors and rural hospitals to discuss these and other issues and how they can partner to manage them more effectively and equitably.

Lack of Transportation Options

- Increase available transportation options and flexibility of current options for both emergency and non-urgent patient needs. For example, increasing alternatives for getting people to/from post-acute follow up and routine appointments, and reducing non-urgent transportation reliance on EMS systems that are already stretched thin.
- Support efforts to increase EMS availability and ability to better meet emergency transportation needs across their service areas.
- Increase funding for and maximum grant amounts available through the fire company and EMS grant program. Legislate and fund a dedicated budget line to provide sufficient, recurring state support, including provisions to meet the unique needs of rural communities, which have long travel distances and high need for transfers between facilities.

Regulatory Burdens

With so many challenges facing rural hospitals, Pennsylvania has great opportunity to reduce their regulatory burdens by:

- Updating archaic regulations.
- Streamlining cumbersome and inconsistent processes that can delay action by weeks, months, or even years.
- Building a culture of collaboration between state regulatory agencies and rural hospitals.
- Leveraging new innovative models such as the federal REH designation through creation of a REH provider type/designation in Pennsylvania.
- Making permanent the telehealth flexibility allowed in Medicare under the PHE and clarifying payment for telehealth services to allow rural hospitals to continue to maximize this critical resource.

CONCLUSION

Supporting rural hospitals means supporting rural communities. They go hand in hand.

Working for Rural Health Equity

Fundamentally, vital health care services should be available, affordable, and accessible to Pennsylvanians wherever they live. Rural hospitals differ from their urban counterparts and need different solutions to the unique issues that affect them.

Supporting rural hospitals means supporting rural communities. They go hand in hand. Beyond making health care services accessible, hospitals often are the largest employers in an area, bringing millions of dollars of economic value without which many communities would suffer. In fact, hospitals are among the top 10 employers in 83 percent of the rural Pennsylvania counties where at least one hospital is located.[10] In 2022, HAP found that over the course of a year, rural hospitals:

- Provided more than $47 million in charity care
- Contributed almost $24 million in community health improvement/community benefit
- Produced economic value of $14 billion ($8 billion direct, $6 billion ripple)
- Supported more than 69,500 jobs (39,700 direct, 29,800 ripple) that paid $4.4 billion in salaries ($2.9 billion direct, $1.5 billion ripple)[11]

Pennsylvania's rural hospital leaders need everyone on board to support their survival, including federal and state legislators, state and local program and policy leaders, urban hospitals and health systems, schools and institutions of higher education, local and statewide business leaders, local communities, and health care consumers across the state. Everyone can play a role in advocating for these critical resources. In so doing, they are advocating not only for rural hospitals, but for the rural residents and communities that rely on them.

[10] HAP's analysis of Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis. Pennsylvania Top 50 Employers & Industries. Fourth quarter 2022. Available at: https://www.workstats.dli.pa.gov/Products/Top50/Pages/default.aspx. Accessed June 27, 2023.

[11] HAP's analysis of rural counties (as defined above) based on data from the Hospital and Healthsystem Association of Pennsylvania. Beyond Patient Care: Community Impact of Pennsylvania Hospitals. January 23, 2023. Available at: https://haponlinecontent.azureedge.net/resourcelibrary/community-impact-pa-hospitals-fy2022-report-final.pdf. Accessed September 6, 2022.

THE HOSPITAL AND HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA AND THE RURAL COUNCIL

As a trade association for more than 100 years, The Hospital and Healthsystem Association of Pennsylvania (HAP) is the leading voice for hospitals and health systems in Pennsylvania. HAP's member hospitals and health systems provide health care services across the continuum for nearly 13 million people living and working in the Commonwealth of Pennsylvania. The association represents more than 230 hospitals and health systems, as well as other interested health care stakeholders. HAP members provide a range of services—not just within their walls, but also across the continuum of care and throughout their communities. Reflecting the diversity of Pennsylvania, HAP members are not-for-profit and investor-owned health systems and hospitals, including:

- Community hospitals
- Safety net hospitals
- Teaching hospitals and academic medical centers
- Rural and critical access hospitals
- Children's hospitals
- Rehabilitation, behavioral health, and specialty hospitals

HAP provides administrative support for the Rural Council, a group of committed rural health executives and professionals working every day to ensure that individuals and families can get the critical health care services they need in their own communities. The council focuses on issues specific to Pennsylvania's rural hospitals and health systems. The group is composed of more than 40 leaders who are important advocates for rural Pennsylvanians and the communities in which they live.

HAP created this Pennsylvania Rural Hospital Landscape with input and direction from members of the Rural Council. HAP will continue to use its strong relationships with state and federal officials and a broad spectrum of stakeholders to advocate for practical, timely solutions to the issues described in this document. Together we can help Pennsylvania's rural hospitals and communities thrive wherever they are and ensure that everyone in the commonwealth has access to high-quality affordable care that is close to home.

Appreciation to HAP's Council of Rural Hospitals

HAP would like to acknowledge and thank the many members of the Council of Rural Hospitals who participated in the Advocacy Sessions that resulted in this report. Their time and commitment to these efforts is much appreciated. Further, we thank all of Pennsylvania's rural hospital leaders and their staffs for the dedication they show every day to serving individuals and families where they live, and for their role in supporting rural communities all across the commonwealth.