2012 National FLEX Conference

Strength in Numbers: Impact of Flex on Rural Communities

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Senior Vice President for Member Services
National Rural Health Association
NRHA Mission

The National Rural Health Association is a national membership organization with more than 21,000 members whose mission is to provide leadership on rural issues through advocacy, communications, education and research.
Improving the health of the 62 million who call rural America home.

NRHA is non-profit and non-partisan.
2012-13 Meetings

- Quality & Clinical Conference
  Seattle, WA, July 18-20, 2012
- RHC/CAH Conference
  Kansas City, MO, September 25-28, 2012
- M&M Conference
  Asheville, NC, December 5-7, 2012
- Rural Health Policy Institute
  Washington, DC, February 3-5, 2013
- Annual Conference
  Louisville, KY, May 7-10, 2013
NRHA’s Principles

To resolve the health care crisis in rural America, the rural health care safety net must be prevented from crumbling. Four reforms are crucial:

- The workforce shortage crisis must be abated;
- Equity in reimbursement must occur;
- Decaying rural health care infrastructure must be repaired and non-existent infrastructure must be created; and
- Health disparities among vulnerable populations must be corrected.
Our Grassroots Effort

- NRHA doesn’t have a PAC
- Website: ruralhealthweb.org
- NRHA Connect: http://connect.nrharural.org
- Depends solely on grassroots advocacy
- Members have access to:
  - Periodic Washington Updates (webinars): join-grassroots@lists.wisc.edu
  - Rural Health Blog
    http://blog.ruralhealthweb.org
- Join NRHA today at ruralhealthweb.org
Medicare 2% Sequestration - CAH Impact

Under the Budget Control Act of 2011, if congress fails to meet the $1.2T budget reduction goal by November 23, 2011 an automatic sequestration process will reduce government spending programs, including up to a 2% reduction to Medicare. Decreasing Medicare payments to Critical Access Hospitals (CAHs) will push many CAHs to the brink of closing their doors.

CAHs are rural hospitals certified to receive Medicare payments equal to 101% of allowable cost. Despite CAHs representing over 26% of all community hospitals, Medicare expenditures to CAHs are less than 2% of the entire Medicare budget. Medicare payments to non-hospital services grow at over twice the rate of CAHs.

By the end of 2011, about 1,340 hospitals will carry the CAH designation. Medicare will contribute an average of $7.5M to each CAH’s net patient revenue (approximately 42% of all revenue). A 2% Medicare sequestration on the $10B annual payments will eliminate $200M of desperately needed revenue to CAHs nationwide.

Due to the weak economy and lack of necessary capital investment, an ever-increasing number of CAHs are operating at a loss. This figure escalated to 41% in 2009 and continues to grow. These facilities operating in the red employ approximately 138,000 jobs. Without additional working capital investment, many of these hospitals may be forced to close their doors. The rural economies supported by CAHs cannot afford to eliminate the only nearby hospital and one of the largest employers in each community.

A 2% reduction in Medicare payments to CAHs will force about 40 hospitals that are currently scratching out a minimal positive margin to operate at a loss. With each hospital averaging 143 employees, the resulting impact will put another 5,764 hospital jobs at risk. If all 40 CAHs closed their doors, the rippling effect in these communities alone could total near 8,000 jobs with an economic loss of over $400 million.

Contact your member of Congress to explain the detrimental impact the 2% will have on CAHs.

Additional CAHs in Jeopardy from 2%

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NRHA Launches Campaign to Protect Rural Hospitals

Washington, D.C. – Today, the National Rural Health Association (NRHA) launched a national campaign to protect rural hospitals and patients. On October 1, both the Medicare Dependent Hospital (MDH) Program and the Low-Volume Hospital Program are set to expire. If Congress does not renew these vital rural payments, rural PPS hospitals across the nation will lose millions in federal dollars which will likely mean reduced services, or worse, hospital closures.”—MAY 1, 2012
March for Rural Hospitals

• S. 2620 Rural Hospital Access Act
• R-Hope
  • Extends Expiring Provisions
  • Protects Rural Health Infrastructure
• Reauthorizing Conrad 30
March for Rural Hospitals

**Dates:** Monday, July 30, 1 – 5 p.m. education
Tuesday, July 31, 9 a.m. – 5 p.m. education, congressional visits

**Cost:** There is no charge to participate in this NRHA event. However, participants must register to ensure availability of food and materials.
Register online at RuralHealthWeb.org, or call NRHA at 816-756-3140.

**Location:** Hall of the States (and Capitol Hill) 444 N. Capitol, Washington, D.C.

**Lodging:** Liaison Capitol Hill Hotel, 415 New Jersey Ave., NW, Washington, D.C.
202-638-1616

NRHA has negotiated a $169 nightly room rate for rooms reserved by July 9.
Political Season

- AMERICA'S SUPER PAC FOR THE PERMANENT ELIMINATION OF AMERICA'S SUPER PACS
- BEARS FOR A BEARABLE TOMORROW
- HAVE-NOTS UNITE! HALF-KNOTS UNTIE!
- JOE SIX PAC
- JUST DRINK THE KOOL AID
- LARRY AND CHARMAINE'S EXCELLENT NON-CONNECTED BEST EVER SUPERPAC
- TALKIN' SMACK PAC
- SLAM DUNKS, FIREWORKS AND EAGLES SUPER PAC
- PATRIOTIC AMERICANS FOR A MORE PATRIOTIC AND AMERICAN AMERICA
Impact of Flex on Rural Communities
Flex Matters

• Healthcare is integral to rural economy
• The rural economy feeds the community and...the world
  – Why the Flex Program Matters to the community
  – Why the Flex Program Matters to Physicians
  – Why the Flex Program Matters to the All of us
“We live in an era of massive institutional failure.”

--Dee Hock, founding CEO of Visa
“When the infrastructure shifts, everything rumbles.”

--Stan Davis, Author and Management Consultant
The Age of Austerity

- Federal Budget Deficits
- State Budget Deficits
- Unemployment
- Low Economic Growth
Healthcare Environment

- Healthcare Reform
- HIT and Meaningful Use
- Reimbursement
- Quality and Safety
- Workforce
- Technology
Historic Context

From 1980 to 1991 at least 360 rural hospitals were closed. -An average of 30 per year.

The Inpatient Prospective Payment System (PPS) led to the decline in the numbers of rural hospitals.
Rural Hospital Closures: 1980-90

Location of Closed Rural Hospital
(N = 315)
Historic Context

• 1986 46% of ALL community hospitals were located in rural, non-MSA, counties

• During the 80’s nearly 10% of all U.S. rural hospitals closed [Hart et. al, 1991]

• In 1985 rural hospitals accounted for:
  – 20% of all IP admissions
  – 20% of all ADC for ALL hospitals
  – 17% of all surgical operations
  – 19% of all births

Moscovice, I.: Rural hospitals: a literature synthesis and health services research agenda. Dec. 13-15, 1987 (a) p. 4
Positive Policy Options 1988

- Changes in Medicare Payments
- Expansion of SCH
- Use of swing beds
- Establishment of SORH
- Short-term federal and state grants

“Rural Community Hospital Closure and Health Policy”
Mullner and Whiteis Health Policy 10(1988) 123-136
Positive Policy Outcome: BBA 1997

• Creation of CAH Program
• Creation of the Medicare State Rural Flexibility Program:
  • Provided resources for Conversion
  • Network development
  • Quality improvement
  • EMS integration activities
“There has to be something at the soul of an organization that does not change but that will enable people to live with change.”

--Stephen Covey
7 Things That Will Destroy Us

- Wealth without work
- Pleasure without conscience
- Knowledge without character
- Commerce without morality
- Science without humanity
- Worship without sacrifice
- Politics without principle
Most Important...

“The servant-leader is servant first. It begins with a natural feeling that one wants to serve, to serve first, as opposed to wanting power, influence, fame or wealth”

-Robert K. Greenleaf
THANK YOU

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