



# Prescription for Pennsylvania

## *The Rural Perspective: Issues and Options*

From the

Pennsylvania Rural Health Association

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## About the Pennsylvania Rural Health Association

The Pennsylvania Rural Health Association is dedicated to enhancing the health and well-being of Pennsylvania's rural citizens and communities. Through the combined efforts of individuals, organizations, professionals, and community leaders, the Association is a collective voice for rural health issues and a conduit for information and resources.

The goals of the Pennsylvania Rural Health Association are to:

- Serve as an advocate for rural health development at the local, state, and federal levels
- Maintain a coordinated rural health emphasis in federal, state, and local health policy development and implementation
- Promote improved rural health services
- Provide continuing education opportunities for rural health professionals
- Improve awareness and public education of rural health issues.
- Foster cooperative partnerships to improve rural health
- Provide opportunities for leadership development through active membership involvement
- Promote regulatory flexibility and effectiveness for rural health care providers
- Promote the maintenance and enhancement of Pennsylvania's rural health infrastructure

The Association's diverse constituency is composed of individual and organizational members interested in providing leadership on rural health issues, including:

- Health Care Providers and Administrators from both Private and Public Settings
- State and Local Government Leaders
- Researchers
- Educators
- Consumer Groups
- Consultants
- Insurance and Employer Representatives
- Individuals concerned with Rural Health

For more information, contact the Association at (717) 561-5248 or visit [www.paruralhealth.org](http://www.paruralhealth.org).

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The economic, cultural, social, geographic, and demographic characteristics of rural communities are sufficiently different from those of urban and suburban communities to require special consideration in both state planning and legislation. Rural areas, by definition, must contend with sparse populations and geographic barriers and, by circumstance, must also contend with significant health professional shortages to address populations who are generally older, sicker, and poorer. Because of these factors, rural providers and rural health care delivery systems have less ability to reduce fixed and variable costs and absorb or spread losses. They also have a greater reliance on—and thus, vulnerability to—government programs such as Medicare and Medicaid.

There are more people living in rural areas in Pennsylvania than in many other states in the nation. Twenty-three percent of the state’s population live in areas that are designated as rural and, except for Philadelphia, every county in Pennsylvania has areas classified as rural, and four counties are 100 percent rural. Forty-eight of Pennsylvania’s 67 counties are considered rural based on population density. These distinctions bring with them some significant challenges we must first recognize and acknowledge before they can be addressed.<sup>1</sup>

**“Rural” should not mean “less” in terms of access to quality health care services across the continuum.**

This document outlines the issues associated with delivering healthcare services in rural areas of the Commonwealth of Pennsylvania and is targeted to four specific areas: rural healthcare providers, the healthcare workforce, medical malpractice, and Medicare and Medicaid policies. The rural issues for each of these targeted areas are outlined below with general recommendations offered to address these issues as they relate to delivering healthcare services in rural Pennsylvania.

## **Rural Healthcare Providers**

Rural residents require the same spectrum of providers across the healthcare continuum—including primary care, prehospital emergency medical services, acute care, home health, rehabilitation, long-term care and hospice—as their urban and suburban counterparts and the same professional practitioner expertise to achieve the quality of care and quality of life they deserve. While rural residents most often have their tertiary healthcare needs met outside of their communities, local access to primary and secondary health care is essential to ensure that healthcare needs are addressed, when possible, before they become emergent, serious and expensive to treat, and to support preventive care and effective management of chronic conditions. An adequate supply of providers and practitioners is essential to quality health care for rural residents of the Commonwealth.

### ***Primary Care Providers***

There is a shortage as well as maldistribution of primary care providers in Pennsylvania. According to the most recent data, only 12 percent of the primary care physicians in Pennsylvania practice in rural areas. This translates into one primary care physician per 1,316 rural residents, in comparison to one per 654 for urban residents.

The physician assistant (PA) and nurse practitioner (NP) professions have been in existence for more than four decades. The profession of nurse midwifery (CNM) has an even longer history in the provision of health care to women. Research indicates that PAs, NPs, and CNMs are efficient, cost effective, and competent practitioners and are highly accepted by patients. Research has also demonstrated that non-physician providers can manage 60-80 percent of patients' healthcare needs. However, despite these proven attributes, recognition by policymakers and inclusion in legislation, regulation, and policy in Pennsylvania has not always demonstrated the important contribution they make, particularly in underserved areas of the commonwealth, nor has it permitted optimal use of these professionals.

### **Primary Care Providers:**

PRHA has concerns about:

- The maldistribution of primary care providers.
- The increased demand for primary care physicians to supervise Nurse Practitioners and Physician Assistants in the proposed primary care settings.
- Current primary care practitioner loan repayment and forgiveness policies that are not competitive with surrounding states.
- A model (i.e, fast track units in hospital emergency departments) that would encourage individuals to go to the hospital for primary care.
- Medical education systems that do not attempt to address the maldistribution of primary care practitioners.

PRHA supports:

- Optimizing the use of medical and dental non-physician providers to their full scope of training to improve access to care and support improvements in health status.
- Access to primary care to delay or avoid more costly hospital treatment.
- Increased funding of the Department of Health's Primary Care Loan Repayment Program and other primary care recruitment and retention activities of the Department of Health's Bureau of Health Planning to ensure that the loan forgiveness and repayment amounts are competitive with surrounding states.

In addition, great disparities in oral healthcare delivery, services, and health status exist among Pennsylvanians. The Pennsylvania Department of Health's *Special Report and Plan to Improve Rural Health Status* identified lack of access to oral health services as a critical health issue for rural areas of the state. According to 2005 data released by the Pennsylvania Department of Health, 1,101 dentists were engaged in direct patient care in rural counties in the state, 32.0 per 100,000 residents. In urban counties, there were 4,056 practicing dentists, or 45.1 per 100,000 residents. Dentists who practiced in rural counties accounted for 27 percent of Pennsylvania's 5,157 dentists who are engaged in direct patient care.

### ***Healthcare Workforce Issues and the Effect on Rural Health Services***

Workforce shortages are among the most pressing issues facing hospitals, health systems, and their communities today. For rural communities, the challenge is even greater since most of the educational programs and clinical training for healthcare professionals is based in urban areas, with limited opportunity for rural residents to advance their education without relocating. Correspondingly, once trained, these professionals are inclined to remain in urbanized areas.

At the same time, the healthcare needs of rural residents are as great or greater than other individuals because of the demographic, geographic, economic, and quality of life issues unique to rural areas that can have a significant impact on the health status of rural Pennsylvanians. Some of these factors include:

- Travel time to all types of health care providers is generally longer;
- Access to public transportation is nonexistent, or sporadic at best;
- The economic base may not support the array of resources available elsewhere;
- Average income is lower and unemployment is higher;
- There are proportionally more elderly; and
- Death rate due to heart disease, cerebrovascular disease, motor vehicle crashes, suicide, and work-related injuries is higher.

### **Healthcare Workforce and the Effect on Rural Health Services**

PRHA has concerns about:

- The financial ability of rural health systems to attract a competent workforce.
- A payment policy that does not consider a "rural adjustment" to account for lower volume, increased travel time, and greater rural vulnerability to changes in government payment policies.
- The number of healthcare providers who are trained in Pennsylvania but choose to practice in other states.
- Limited opportunities for experience in rural practice for physicians in training in Pennsylvania, unlike some other states that require rural rotations.
- Access to quality continuing and advanced education for the rural healthcare workforce.
- An environment in the state that does not support the recruitment and retention of healthcare providers due to medical malpractice, loan forgiveness and payment policies.
- The ability of rural communities to attract and retain primary care and specialty care providers, including mental health and dental health providers.

PRHA Supports:

- Investment in workforce development initiatives that provide proportional support for rural areas of the Commonwealth with specific goals and targets.
- Financial incentives to attract and retain healthcare workers in underserved areas of the state.
- Exposure during training and education to rural practice.

Rural hospitals and other healthcare providers require a full spectrum of healthcare practitioners to meet the healthcare needs of the communities they serve. These include physicians, nurses, and many types of technicians. In addition, an adequate non-clinical workforce is also essential, including individuals trained in social services, coding, billing, housekeeping, maintenance, and food service.

### **Rural Healthcare Delivery Systems**

Rural hospitals and primary care clinics such as Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) provide quality healthcare services to rural residents. The issues impacting these facilities are outlined below.

#### ***Rural Hospitals***

Hospitals are key providers of health care in rural areas and often serve as the anchor for the entire continuum of healthcare services. The closure of a hospital can significantly impact the local economy. Rural communities across the nation that have lost their local hospital have often experienced a domino effect, with a subsequent departure of primary care physicians, deterioration of home health services, and decreased medical oversight and access to health care in general. In 2003, Pennsylvania's rural health care industry employed more than 150,000 workers, or nearly 13 percent of the rural workforce. In the same year, rural hospitals received nearly \$2.4 billion in net patient revenues, or nearly \$11.5 million per day, and the average rural county generated more than \$87 million from health care. Even with a local hospital, more than 50 percent of these healthcare dollars leave rural areas to be spent in metropolitan markets. Closure of the local hospital results in many more of these dollars migrating from the community. In Pennsylvania, three small rural hospitals have closed, among them Brownsville Hospital in Fayette County, Philipsburg Hospital in Centre County, and Union City in Erie County.

Rural communities that have lost their hospital lose a major employer, lose the direct and "roll-over" dollars from having that major employer in their

#### **Rural Hospitals:**

PRHA has concerns about:

- The Governor's proposal is based on an assumption that there is an adequate supply of providers.
- The proposal utilizes a "one size fits all" approach—for example, requiring emergency department "fast tracks" for non-emergent care when the patient volumes in a small hospital might not justify this approach and its additional cost.
- The proposal creates multiple unfunded mandates. For example, additional data collection and reporting, adoption of uniform billing and collection practices, availability of real-time translation services, implementation of interoperable electronic medical records, and a uniform chronic care management and payment system.
- The proposal compromises the ability of small rural hospitals to attract and retain competent staff because money directed to the unfunded mandates will be money that is not available for competitive wages. In addition, the unfunded mandates have the potential to divert dollars from direct care to "back office" support positions.

PRHA supports:

- Utilizing non-physician providers to the full extent of their scope of training to improve access to primary care and avoid more costly hospital care.
- Collaboration between the regulatory boards to allow non-physician providers to practice to the full extent of their training.
- Giving more Pennsylvanians access to health insurance, but not through an up-front decrease in funding to hospitals based on non-validated assumptions that an increase in the number of insured will decrease hospital uncompensated care.
- Consistency in goals, with flexibility in approach.
- Movement to electronic health records as resources permit and circumstances justify.

community, often lose other health care services across the continuum, and have diminished ability to attract new employers. Because of these domino impacts, caution must be exercised when imposing new policy to ensure that it does not disproportionately affect these rural providers, weakening an already fragile health system and economy.

Small rural hospitals must meet the same statutory, regulatory, and licensure standards as their larger counterparts and must do so with fewer resources. Working as a professional in a rural hospital requires both specific and broad expertise and the wearing of multiple hats. New and unfunded mandates must generally be absorbed by current staff, as small hospitals rarely have the luxury of creating new positions to address new requirements.

Small rural hospitals also have less ability to gain economies of scale and tend to have a greater reliance on Medicare and Medicaid, making them more vulnerable to changes in government payment policy. Rural hospitals and their communities can become victims of “one size fits all” policies. For example, the number of infections in a small hospital may be inadequate to justify purchase of expensive electronic infection surveillance systems. Concomitantly, low patient volumes can result in statistically insignificant results and exaggerated impacts.

### ***Federally Qualified Health Centers and Rural Health Clinics***

Pennsylvania's Federally Qualified Health Centers currently number around 42 with approximately 180 clinic sites serving nearly 500,000 rural and urban individuals. Almost half of these centers provide care in rural parts of the state. Coupled with other components of the local healthcare delivery system, Federally Qualified Health Centers (FQHCs) and Rural Health Clinics, as well as, rural hospitals and solo practitioners, Nurse Practitioners, and Physician Assistants provide much of the primary care medical and dental services to those Pennsylvanians in need. A great focal point of concern for these providers is not only the need for insurance coverage but a definite marriage with access to a clinical provider, that is, a "medical home." Thus, in order for the Prescription for Pennsylvania to be successful, the plan must ensure that the clinical service capacity exists to meet these individuals' needs. Will a sufficient number of "medical homes" be available to provide the preventive, acute, and chronic care required?

Without comprehensive state action, we are concerned that the basic health care resources—doctors, dentists, nurses, and clinical office space—will not exist to guarantee that everyone with an insurance card can find a provider. This would be coverage without access. Thus, the

### **Federally Qualified Health Centers and Rural Health Clinics**

PRHA has concerns about:

- Expansion of the number and utilization of FQHCs and CHCs without adequate payment and reimbursement systems to support the healthcare services provided.
- Significant areas of medical underservice in the Commonwealth that have high rates of vulnerable populations such as the un- and uninsured and migrant workers who require uncompensated care.
- The need for health information technology in FQHCs and CHCs to track health care services delivered to consumers.

PRHA supports:

- A primary care medical home for all Pennsylvanians.
- Health insurance coverage for all Pennsylvanians.
- Incentives to address areas of medical underservice.
- Improved management of chronic illnesses to improve the quality of life and reduce hospitalization.

"Prescription for Pennsylvania" cannot be filled completely without including FQHCs and other Community Health Centers (CHCs) in the equation of affordability, accessibility, and quality. FQHCs and CHCs are not immune from rising health care costs. To continue fulfilling their mission of affordable, primary care and preventive services to the Commonwealth's most vulnerable populations regardless of their ability to pay, plus meet the demand of providing health care to all Pennsylvanians, FQHCs and CHCs call on Governor Rendell and state legislators to ensure increased financial support to provide both coverage and access to care. These primary care providers will need to hire more doctors and nurses, expand clinic space or open new sites, and pay for new equipment to meet this increased demand for services.

## **Medical Malpractice and Other Issues and the Effects on Rural Health Services**

Soaring medical malpractice liability insurance rates are driving physicians out of Pennsylvania.

The medical malpractice issue, coupled with low reimbursement rates for some healthcare services, restricted practice guidelines, and other concerns, create challenges for physicians and other providers to remain in practice in the Commonwealth. According to a September 2002 survey by The Hospital & Healthsystem Association of Pennsylvania, 63 percent of physicians are retiring early, closing practices, limiting the types of patients they see, or moving out of the state. According to the Pennsylvania Department of Health State Health Improvement Plan *Special Report on the Characteristics of the Physician Population in Pennsylvania*, only 13.5 percent of physicians engaged in direct patient care in Pennsylvania are practicing in a rural county. In regions where there may be only a handful of practitioners, the malpractice issue is creating a legitimate health care catastrophe. Rising malpractice insurance premiums threaten access to quality care by:

- Increasing the practice of “defensive medicine” to ward off potential lawsuits and exposing patients to additional risks and increasing costs;
- Reducing the reporting of adverse events and potential errors to quality improvement groups out of fear of litigation. This lessens identification and correction of such events before anyone is hurt; and
- Avoiding practicing high-risk specialties due to cost, such as trauma care, obstetrics, and orthopedics.

### **Medical Malpractice and Other Issues and the Effects on Rural Health Services:**

PRHA has concerns that:

- Mandatory pay-for-performance payment systems might unintentionally exacerbate Pennsylvania's medical liability crisis and challenge attracting and retaining physicians.
- The unfunded mandates proposed would further compromise rural hospitals' ability to offer competitive salaries to recruit and retain physicians.

PRHA supports:

- Extension of MCare abatement incentives to physicians practicing in underserved areas of the Commonwealth.
- Retirement of the MCare Fund.
- Passage of new joint and several liability reforms to reduce hospital liability exposure and help control liability costs.

The rising costs of malpractice insurance for doctors and hospitals is raising the cost of health care that all residents pay through, taxes, insurance premiums, and out-of-pocket expenses, as well as through diminished access to medical care and thus, an increasing reliance on hospital emergency departments for access. The medical malpractice insurance crisis did not originate overnight and does not have a simple solution. The issue is multifaceted and has been building for years. Huge jury awards, the economic downturns, flaws in the insurance industry, current legal policies, and rapidly increasing medical malpractice premiums contribute to the current threat to Pennsylvania's health care system.<sup>1</sup>

A survey conducted by the Harvard School of Public Health as part of the Project on Medical Liability in Pennsylvania funded by the Pew Charitable Trusts, found that the high cost of medical malpractice insurance as a leading reason cited by new doctors for leaving Pennsylvania when their training is finished. In 2004, only 7.8 percent of Pennsylvania doctors-in-training staying in Pennsylvania after completing residency, down from 50.5 percent in 1994<sup>3</sup>. In addition, a Pennsylvania Department of Health survey found that within 10 years over 40 percent of the total number of physicians currently providing direct patient care will stop practicing in Pennsylvania.

### **The Impact of Medicare and Medicaid Policies on Rural Healthcare Services**

The Medicaid program supports the cost of healthcare services for more people than any other program in the United States. Medicaid is a safety net for certain low-income individuals who otherwise would be uninsured, and serves to close coverage gaps for low-income Medicare beneficiaries. Rural residents, both those under 65 years of age and the elderly, are more likely to be enrolled in Medicaid. Medicaid is a critical source of insurance coverage in rural America, filling gaps in both Medicare coverage and the availability and accessibility of private insurance that are more pronounced in rural than in urban areas.

Healthcare providers, especially those who serve disproportionately large percentages of those who health care costs are supported by Medicaid, rely on Medicaid payments to cover at least the marginal costs of treating those patients. Federal and state Medicaid dollars also contribute to rural community development by generating healthcare jobs (and other economic activity) and providing health coverage for many low-wage workers.

Since Medicaid is the source of health insurance coverage for many rural residents, it is therefore an important source of revenue for many rural providers. Physicians in rural areas are more likely to serve Medicaid beneficiaries than are their urban counterparts. Almost 20 percent of rural physician patient revenue is accounted for by Medicaid, compared to only 15 percent for physicians located in urban areas.

#### **The Impact of Medicare and Medicaid Policies on Rural Healthcare Services**

PRHA has concerns about:

- Limited availability of home and community based options in some rural communities coupled with policy that assumes the presence of options.

PRHA supports:

- Home and community based options when they are available.
- Use of "swing beds" in small rural hospitals to support transition from hospital to home and optimize use of small hospital beds.

Medicaid is a particularly important source of payment for providers of long-term care. In 2003, Medicaid financed 40 percent of the \$151 billion spent nationally on long-term care.

Medicaid is also the primary source of funding for publicly provided mental health services, accounting for 44 percent of spending. State Medicaid programs cover mental health services that are often not available under other sources of health insurance. Without the Medicaid program as a major source of financing, the problems of mental health service availability and accessibility in rural America would be even more acute.<sup>2</sup>

### **The Impact on Rural Small Businesses**

Most rural development and health care experts agree with the hypothesis that a rural area needs a quality health care sector if it is to expand and prosper. Businesses need a dependable, productive labor force, a labor force that is healthy and has access to readily available health care services. A quality health care sector also can be very important in helping communities attract and retain job-creating businesses. Employees and management may offer strong resistance to relocate if they are asked to move into a community with substandard services. Data show the importance of the health care industry to rural areas. The hospital is one of the largest employers in a rural community. Each health care dollar generally “rolls over” about 1.5 times in a rural community. Every five jobs in health care generates four jobs in the local economy. In general, because rural health care is usually provided at a lower cost, health care dollars spent in rural communities will go further.

Health care is big business. In 2003, Pennsylvania’s rural health care industry employed more than 150,000 workers, or nearly 13 percent of the rural workforce. Hospitals and medical centers are among the top three employers in more than 60 percent of the state’s 48 rural counties. In 2003, rural hospitals received nearly \$4.2 billion in net patient revenues, or nearly \$11.5 million per day. That year, the average rural county generated more than \$87 million from health care.

Employer sponsored insurance is less common in rural areas, in part, because of the greater prevalence of small business, lower wages, and self-employment. As a result, government-sponsored programs and public policies have primarily been responsible for providing health insurance for rural Pennsylvanians and particularly for the expansion of managed health care to those residents.

#### **The Impact on Rural Small Businesses**

PRHA has concerns about:

- The impact that the additional proposed three percent tax on small businesses not offering employer-sponsored health insurance will have on the operating expenses of those businesses already struggling to remain viable.

PRHA supports:

- Options for affordable and comprehensive small employer-sponsored health insurance.
- The establishment of quasi-governmental firms that could advise small employers on the health insurance options available to them.
- Sliding tax schedules that address the size and geographic location of a business.

## **Conclusions**

PRHA supports changes in our healthcare system that support affordability and equity of access to quality healthcare services. Too often, changes in healthcare policy are made without consideration of the unique characteristics of rural areas and the disproportionate impact those policies might have on rural providers and rural residents. Too often, it is only after rural residents and rural providers are devastatingly impacted by a policy that attempts are made to modify it to ameliorate its impact on these vulnerable regions of our Commonwealth and nation. PRHA stands ready to work with legislators and other policymakers on thoughtful analysis of rural impact before policies are finalized and on development of alternatives to make policies more realistic for rural implementation without compromising quality.

**“Rural” should not mean “less” in terms of access to quality health care services across the continuum.**

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1. Status Check IV: Pennsylvania Rural Health Care, Pennsylvania Rural Health Association, August 2005.
  2. Medicaid and Its Importance to Rural Health, Issue Brief, Rural Policy Research Institute, May 5, 2006.
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