

Key Takeaways

- Hospital closures are affecting rural communities at a high rate. Nationwide, more than 150 hospitals have closed since 2010 and more than 600 more hospitals are at risk of closing. In Pennsylvania, 28 percent of rural hospitals are at risk of closing.
- Limited availability of hospitals and health care services, staff shortages and retention, service reimbursements and finances, and hospital bed capacity are persistent issues for rural hospitals and their sustainability.
- In addition to the loss of health care services that come with rural hospital closures, the consistent gaps in maternal health, dental care, and behavioral health services are alarming.

Background

On August 3, 2023, the Center for Rural Pennsylvania Board of Directors hosted a public hearing on rural hospital and healthcare sustainability at the University of Pittsburgh at Bradford in Bradford, McKean County. Representatives from health care organizations and associations, community health centers, and hospitals discussed the challenges rural hospitals face and the importance of finding solutions to maintaining access to health care in rural Pennsylvania. These professionals also highlighted the issues that threaten rural hospital and healthcare sustainability in Pennsylvania and what strategies may be taken to ensure their continued existence and effectiveness.

An Overview of Rural Healthcare in Pennsylvania

Kate Slatt, vice president of Innovative Payment and Care Delivery at The Hospital and Healthsystem Association of Pennsylvania, discussed the financial crisis in the hospital community, workforce shortages, and the importance of telehealth. She noted that hospitals are struggling financially because of increased costs for medicine, supplies, and services. Medicaid and Medicare reimbursement rates are not adequate and have lagged behind business expenses.

While some hospitals are participating in the Pennsylvania Rural Health Model, which is an innovative payment model that provides fixed, upfront payments regardless of patient volume, licensure requirements can limit other rural hospitals' attempts to find inventive solutions. Ms. Slatt said that legislation made telehealth readily available to support rural residents where they live, which means that broadband expansion for all Pennsylvanians is essential to expand remote health care.

Lisa Davis, executive director of the Pennsylvania Office of Rural Health, provided information about federal and state models that might improve access to high quality health care in rural areas. One of the latest federal models of care is the Rural Emergency Hospital Model (REH); currently, Pennsylvania does not have a policy allowing the REH model in the state. In Pennsylvania specifically, the Pennsylvania Department of Health has implemented hospital models to improve the health care system efficacy, including: the Pennsylvania Rural Health Model, the Micro-Hospital Model, the Tele-emergency Department, and the Outpatient Emergency Department (OED).

Ms. Davis also discussed Rural Health Clinic services and the concerns about the lack of maternity care in rural areas. Approximately 60 percent of rural hospitals do not provide obstetric care, and many of those that do report financial losses for those departments. Ms. Davis also discussed the impacts of the recent Region 3 Centers for Medicare and Medicaid Services' (CMS) "Rural Road Trip," which included site visits to 11 health care facilities along Pennsylvania's northern tier. Takeaways from the trip were: severe workforce shortages, significant reimbursement challenges, denials of care due to competing insurance plans, the provision of essential but non-billable services, lack of emergency service transport, and pharmacy closures. Ms. Davis then highlighted three key interventions that are needed to impact rural health disparities: engaged patients, prepared practitioners, and community resources.

Perspectives from Rural Hospitals

Dr. Jill Owens, president of the Upper Allegheny Health System, discussed the many challenges of providing health care services and running a rural hospital. She noted that, over the past few decades, more physicians have joined hospital systems, given the financial challenges of sustaining a private practice. Therefore, if a hospital closes, a rural area is at risk of not only losing the facility, but its doctors as well. She noted that nursing staffing agency rates have put a particular strain on rural hospitals. Upper Allegheny recently underwent a \$6 million market rate adjustment for employee salaries to better retain nurses and physicians, but it is not enough, and staffing shortages remain a challenge for the system.

Dr. Owens commented on some of the innovative payment models and structural changes to hospitals. She stated that the innovations are good conceptually, but there are practical concerns that need to be addressed. As an example, she explained that the Rural Emergency Hospital model would require the hospitals she manages to remove inpatient and psychiatric beds, which are important services provided by Upper Allegheny. In addition, a regional system may help ensure access to health care, but may also require consolidation of certain services, such as surgery, at one location. She emphasized there is no "one-size-fits-all" solution that will support the needs of all rural hospitals. Dr. Owens concluded by advocating for a payment system that aligns with increases in costs and reward systems that keep patients healthy.

Tom Kurtz, president and CEO of Chan Soon-Shiong Medical Center at Windber spoke about rural hospital closures and the impacts they have on communities. Mr. Kurtz emphasized some of the reasons behind rural hospital closures, such as the costs of providing care, lack of adequate reimbursements, and staffing shortages. He highlighted several programs that Chan Soon-Shiong Medical Center at Windber has implemented to address the health care needs of the community. Mr. Kurtz stressed the importance of using smaller hospitals as redesign frameworks and the importance of physician/hospital partnerships for improving care.

Wendy Lazo, president of St. Luke's Hospital – Miners Campus, provided a background on this award-winning system's reach, services, and success in providing care. She then discussed some of the workforce recruitment and retention strategies that St. Luke's Miners Campus has implemented. For example, St. Luke's has its own nursing school and a partnership with Temple University School of Medicine. It has also invested in training programs for technicians, like medical assistant trainees and EMT apprenticeships, and in certified positions, such as phlebotomy technicians.

Ms. Lazo concluded by outlining five policy and legislative priorities for decision makers to consider. Three of the priorities - the Nurse Staffing Ratio Bill, the Graduate Medical Education calculation, and the CNA Certification Requirements in Skilled Nursing Facilities - would hinder rather than help workforce issues at many rural hospitals. Ms. Lazo expressed concern about the Medical Assistance Emergency Department use and suggested a nominal out-of-pocket fee for beneficiaries to use the emergency department. Finally, the Behavioral Health Walk-In Center's reimbursement is not enough to cover costs, a recurring theme echoed throughout the panel.

Perspectives from Community Health Centers and Center for Population Health

Eric Kiehl, director of Policy and Partnership from the Pennsylvania Association of Community Health Centers, and Jeannine McMillan, executive director of the Center for Population Health, wrapped up the final panel.

Mr. Kiehl provided background on Community Health Centers, a network of primary health care providers in Pennsylvania that include Federally Qualified Health Centers (FQHCs), FQHC-Look-Alikes, and Rural Health Clinics. These centers provide affordable, quality, medical, dental, behavioral, and pediatric care in rural, and urban, communities. Despite their success, they still face many challenges including workforce shortages,

uncertainty of state and federal funding, licensing and certification concerns, and legal challenges to the 340B prescription drug discount program.

Mr. Kiehl made special note of the lack of dentists and dental hygienists in rural areas, especially for recipients of Medicaid, which is not accepted by most private dental practices. Mr. Kiehl stressed the value of the 330 Grant, a primary form of federal funding for Community Health Centers, which accounts for 15 to 20 percent of their reimbursement. Community Health Centers also receive a flat-fee reimbursement for each patient, regardless of the services provided.

Ms. McMillan discussed the different programs and initiatives she and her team have been implementing or are planning to implement at the Center for Population Health, a nonprofit developed to support health and well-being in Cambria and Somerset counties. Ms. McMillan noted the shortage of physicians and mental health professionals as a significant challenge. The center has worked to support health care in its counties through Community Health Workers in their Community Care Hub. These workers have focused on COVID-19 and maternal care. The center also recently hired a Food Systems Coordinator. Ms. McMillan hopes this position will bring best practice programming for food access and education to the community. Outcome measures include increases in SNAP admissions and community gardens. Community work and partnerships are important aspects of these initiatives. Ms. McMillan stressed that additional financial support for rural wellness is necessary to ensure healthy outcomes for residents.

Thank you to the hearing participants: Richard Esch, President, University of Pittsburgh at Bradford; Kate Slatt, Vice President, Innovative Payment and Care Delivery, The Hospital and Healthsystem Association of Pennsylvania; Lisa Davis, Director, Pennsylvania Office of Rural Health and Outreach Associate Professor of Health Policy and Administration, Penn State University; Dr. Jill Owens, President, Upper Allegheny Health System; Tom Kurtz, President and CEO, Chan Soon-Shiong Medical Center at Windber; Wendy Lazo, President, St. Luke's Hospital - Miners Campus; Eric Kiehl, Director of Policy and Partnership, Pennsylvania Association of Community Health Centers; and Jeannine McMillan, Executive Director, Center for Population Health.



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