

# IMPulse

Intermountain Media Pulse

A TRUETONE INCORPORATED COMPANY

**news  
CLIP**

11623 Lake Shore  
Nampa, ID 83686  
(208) 880-9814

FOR YOUR INFORMATION  
**Idaho Business Review**  
Boise, Idaho  
**Tuesday Oct. 31, 2017**  
by **Margie Hyslop**  
Page 1 of 3

## Preservation of Obamacare may be only temporary relief for rural hospitals

Stalled efforts to repeal and replace the Affordable Care Act have given rural hospitals a reprieve, health care experts say, but those institutions continue to face financial and operating challenges that have pushed many to close in recent years.

In the seven years since the ACA went into effect and brought health insurance to millions more uninsured U.S. residents, 82 rural hospitals shut down in-patient services, leaving residents to travel much farther to access care.

Most of those closures occurred in states that chose not to expand Medicaid under the law, commonly known as Obamacare.

In states that expanded Medicaid to cover more low-income residents, hospitals have been paid for services they otherwise would have had to provide free, relieving some, but not all, of the pressure on their bottom lines.

For hospitals in states that expanded Medicaid coverage, the good news is that the Medicaid program is stable and “that’s a big deal,” said Jack Hoadley, a health policy analyst, political scientist and researcher at Georgetown University’s Health Policy Institute.

Most of the Republican Party replacement proposals for Obamacare envisioned reduced or capped Medicaid spending at the federal level, which most analysts say would hit rural hospitals hard.

However, “we’re not breathing a sigh of relief – we’re very concerned that there still remains an appetite to do something with the Affordable Care Act,” said Michael Topchik, senior vice president of iVantage Health Analytics and director of the Chartis Center for Rural Health.

### *An ongoing struggle*

Before and after the ACA, many rural hospitals struggled to bring in enough revenue to cover their expenses. And they have ongoing difficulty retaining physicians and staff with a shrinking, often sicker and poorer, patient base.

“A lot of rural funding programs are up for reauthorization and many rural hospitals are only surviving because they have these programs,” which at the beginning of the federal budget year have yet to be renewed, Bathija said.

The ACA helped hospitals in some ways but fell short in others, according to the National Rural Health Association.

By not generating competitive markets or pools big enough to spread risk, the ACA left rural residents with little choice but to pay sharply higher insurance premiums than their urban and suburban counterparts. That left rural hospitals to be stuck with those medical expenses their patients could not pay.

Even though Obamacare has survived – at least for now – the uncertainty of what comes next has rural hospital executives worried.

Will the Trump administration discontinue federal cost-sharing payments? Will the administration's cuts to marketing and outreach programs designed to encourage patients to sign up for coverage on the health insurance exchanges result in fewer insured Americans?

Fewer insured residents leaves hospitals with fewer patients. And some of those that do seek care wouldn't have coverage.

"The biggest problem is the uncertainty," said Priya Bathija, senior associate director of policy development for the American Hospital Association.

That would not be good news for the nation's roughly 2,360 rural hospitals.

## ***The worst cases***

It could be particularly bad for the 44 percent to 45 percent of rural hospitals that University of North Carolina at Chapel Hill professor George Pink said show losses or simply break even each year.

Many continue to lose money year after year, and "that trajectory indicates that they will continue to have financial struggles," said Pink, deputy director of the North Carolina Rural Health Research and Policy Analysis Center.

Add to the balance sheet factors such as aging buildings, outdated technology and infrastructure, sagging local economies, dwindling populations and limited access to capital, and consultants and analysts estimate that more than a quarter of rural hospitals could close in coming years.

Because the local hospital is often the largest employer in a rural community, its closure has a "huge multiplier effect" on the community it served, Pink said.

Businesses often will not open new offices, plants or stores because communities without a hospital are perceived to be in decline. Schools have trouble recruiting teachers, who don't want to live where no hospital is nearby to serve them and their families, Pink said.

# IMPulse

Intermountain Media Pulse

A TRUETONE INCORPORATED COMPANY

**news  
CLIP**

11623 Lake Shore  
Nampa, ID 83686  
(208) 880-9814

FOR YOUR INFORMATION  
**Idaho Business Review**  
Boise, Idaho  
**Tuesday Oct. 31, 2017**  
by **Margie Hyslop**  
Page 3 of 3

Those states that did not expand Medicaid might want to reconsider that decision, because expanded Medicaid coverage “could be the difference in keeping [their] hospital alive for some time to come,” Hoadley said.

Each of the major Republican proposals that were put forth and failed in September “would have decimated rural hospitals,” Topchik said.

But “the flip side is there’s enormous consensus on both sides of the aisle, that rural matters,” particularly in the wake of last year’s election, and “there’s some consensus that we need to fix this once and for all, and not get on a one- and two-year track,” Topchik said.

Meanwhile, more rural hospitals may choose to downsize, give up in-patient services and/or partner or merge with larger hospitals or health care systems to survive.

###

Copyright 2017 Idaho Business Review