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May 4, 2017

The Honorable Paul Ryan
Speaker of the House
Washington, DC 20515

The Honorable Kevin McCarthy
Majority Leader
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
Washington, DC 20515

CC: Majority Whip Steve Scalise; Republican Conference Chairman Cathy McMorris Rodgers; Republican Policy Committee Chairman Luke Messer

Democratic Whip Steny Hoyer; Assistant Democratic Leader James Clyburn; and Democratic Caucus Chairman Joseph Crowley

Dear Leaders Ryan, McCarthy and Pelosi,

Many provisions in the Affordable Care Act (ACA) failed rural America. The lack of plan competition in rural markets, exorbitant premiums, deductibles and co-pays, the co-op collapses, lack of Medicaid expansion, and devastating Medicare cuts to rural providers -- all collided to create a healthcare crisis in rural America. The American Health Care Act (AHCA) does nothing to address these problems, and will in fact, create a greater health care crisis in rural America. The National Rural Health Association does not support this legislation.

Rural populations are, per capita, older, poorer and sicker than other populations. A January 2017 CDC study indicates that "the death rate gap between urban and rural America is getting wider" and rates of the five leading causes of death are higher among rural Americans. Because of unfair provisions in the ACA, insurance companies are dropping out of rural markets and cherry-picking those who get coverage. In fact, 70% of the counties where big insurance companies have dropped out and left only one "option" have been rural counties - - leaving rural Americans with little or no choice of plans. Bad debt has risen among rural hospitals by 50%, leaving one in three financially vulnerable. Seventy-eight rural hospitals have closed since the ACA went into effect. At the current rate of closure, 25% of all rural hospitals will close in less than a decade unless Congress acts. Closures of this magnitude will create a massive national crisis in access to emergency services as well as detrimentally harm rural economies.

Instead of addressing these problems, the AHCA will cause more harm to rural Americans, leaving millions of the sickness, neediest populations in our nation without coverage, and likely escalating further the hospital closure crisis. According to the *Wall Street Journal*, the "GOP health plan would hit rural areas hard… Poor, older Americans would see largest increase in insurance-coverage costs." The *LA Times* reports "Americans who swept President Trump to

victory — lower-income, older voters in conservative, rural parts of the country — stand to lose the most in federal healthcare aid under a Republican plan to repeal and replace the Affordable Care Act."

Congress has long recognized the importance of the rural health care safety net and has steadfastly worked to protect it. We implore the House to continue its fight to protect rural patients' access to care by adding three modest, yet critical provisions to the AHCA.

1. **Medicaid -** Though most rural residents are in non-expansion states, a higher proportion of rural residents are covered by Medicaid (21% vs. 16%).

   Congress and the states have long recognized that rural is different and thus requires different programs to succeed. Rural payment programs for hospitals and providers are not 'bonus' payments, but rather alternative, cost-effective and targeted payment formulas that maintain access to care for millions of rural patients and financial stability for thousands of rural providers across the country. Any federal health care reform must protect a state's ability to protect its rural safety net providers. The federal government must not abdicate its moral, legal, and financial responsibilities to rural, Medicaid eligible populations by ensuring access to care.

   *Any federal health care reform proposal must protect access to care in Rural America, and must provide an option to a state to receive an enhanced reimbursement included in a matching rate or a per capita cap, specifically targeted to create stability among rural providers to maintain access to care for rural communities. Enhancements must be equivalent to the cost of providing care for rural safety net providers, a safeguard that ensures the enhanced reimbursement is provided to the safety net provider to allow for continued access to care. Rural safety net providers include, but not limited to, Critical Access Hospitals, Rural Prospective Payment Hospitals, Rural Health Clinics, Indian Health Service providers, and individual rural providers.*

2. **Market Reform –** Forty-one percent of rural marketplace enrollees have only a single option of insurer, representing 70 percent of counties that have only one option. This lack of competition in the marketplace means higher premiums. Rural residents average per month cost exceeds urban ($569.34 for small town rural vs. $415.85 for metropolitan).[1]

   Rural Americans are more likely to have obesity, diabetes, cancer, and traumatic injury; they more likely to participate in high risk health behaviors including smoking, poor diet, physical inactivity, and substance abuse. Rural Americans are more likely to be uninsured or underinsured and less likely to receive employer sponsored health insurance. Rural communities have fewer health care providers for insurers to contract with to provide an adequate network to serve the community.

   *Any federal health care reform proposal must address the fact that insurance providers are withdrawing from rural markets. Despite record profit levels, insurance companies are permitted to cherry pick profitable markets for participation and are currently not obliged to provide service to markets with less advantageous risk pools. Demographic realities of the rural population make the market less profitable, and thus less desirable for an insurance company with no incentive to take on such exposure. In the same way that financial service*

[1] For 2015 ACA 'Silver' exchange plans.

*institutions are required to provide services to underserved neighborhoods, profitable insurance companies should be required to provide services in underserved communities.*

3. **Stop Bad Debt Cuts to Rural Hospitals –** Rural hospitals serve more Medicare patients (46% rural vs. 40.9% urban), thus across the board Medicare cuts do not have across the board impacts. A goal of the ACA was to have hospital bad debt decrease significantly. However, because of unaffordable health plans in rural areas, rural patients still cannot afford health care. Bad debt among rural hospitals has actually increased 50% since the ACA was passed. According to MedPAC "Average Medicare margins are negative, and under current law they are expected to decline in 2016" has led to 7% gains in median profit margins for urban providers while rural providers have experienced a median loss of 6%.

If the Congress does not act, all the decades of efforts to protect rural patients' access to care, could rapidly be undone. The National Rural Health Association implores the House to act now to protect rural health care across the nation.

Sincerely,

Alan Morgan
Chief Executive Officer,
National Rural Health Association

*NRHA is a national nonprofit membership organization with a diverse collection of 21,000 individuals and organizations who share a common interest in rural health. The Association's mission is to improve the health of rural Americans and to provide leadership on rural health issues through advocacy, communications, education and research.*