Headquarters
4501 College Blvd. #225
Leawood, KS 66211
816-756-3140
Fax: 816-756-3144

Government Affairs Office
1025 Vermont Ave NW
Suite 1100
Washington, D.C. 20005
202-639-0550
Fax: 202-639-0559

Vote NO to the American Health Care Act

The National Rural Health Association urges a NO vote on the American Health Care Act (AHCA).

Rural Americans are older, poorer and sicker than other populations. In fact, a January 2017 CDC report pronounced that life expectancies for rural Americans have declined and the top five chronic diseases are worse in rural America. The AHCA does nothing to improve the health care crisis in rural America, and will lead to poorer rural health outcomes, more uninsured and an increase in the rural hospital closure crisis.

Though some provisions in the modified AHCA bill improve the base bill, NRHA is concerned that the bill still falls woefully short in making health care affordable and accessible to rural Americans. For example, the modified bill contains a decrease in the Medical Expense Deduction threshold from 10% to 5.8% in an attempt to assist Americans between the ages of 50 and 64 who would see their premiums skyrocket under the current plan. However, this deduction is not a credit and therefore would be of little use to low income seniors that are in very low tax brackets or do not pay income tax at all. Additionally, the new amendments to freeze Medicaid expansion enrollment as of Jan. 1, 2018, and reduce the Medicaid per-capita growth rate will disproportionately harm rural Americans.

The AHCA will hurt vulnerable populations in rural Americans, leaving millions of the sickest, most underserved populations in our nation without coverage, and **further escalating the rural hospital closure crisis.** According to the Wall Street Journal, the "GOP health plan would hit rural areas hard… Poor, older Americans would see the 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." Let's be clear – many provisions in the 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 health care crisis in rural America. However, it's beyond frustrating that an opportunity to fix these problems is squandered, and instead, a greater health care crisis will be created in rural America.

Congress has long recognized the importance of the rural health care safety net and has steadfastly worked to protect it. And now, much of the protections created to maintain access to care for the 62 million who live in rural America are in jeopardy. We implore Congress to continue its **fight to protect rural patients' access to care**. Three improvements are critical for rural patients and providers:

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 are 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 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.

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

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 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 Congress to act now to protect rural health care across the nation.