national center for frontier communities

Frontier News and Updates

www.frontierus.org

Fall 2012

Mark Your Calendar!

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National Rural Health Day
November 15
Nationwide

2012 Behavioral Health/ Primary Care Integration Conference
Dec 4 - 5
East Lansing, MI

Rural Multiracial and Multicultural Health Conference
December 4-6
Asheville, NC

2012 National Rural Housing Conference
Dec 5 - 7
Washington, DC

Frontier and Remote Methodology Webinar
Date To Be Determined
Check our website or look for email from NCFC

Rural Health Policy Institute
February 4-6
Washington, DC

Annual Rural Health Conference
May 7-10
Louisville, KY

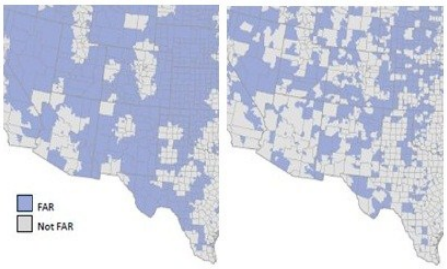
Rural Medical Educators Conference
May 7
Louisville, KY

Frontier Feedback Needed on Newly Released ORHP/USDA "Frontier and Remote" Area Designation

The Office of Rural Health Policy (ORHP) and the U.S. Department of Agriculture (USDA) this month released a new methodology for identifying "frontier and remote" (FAR) areas. The FAR methodology, posted for public comment on November 5th, has been four years in the making. It was developed in a collaborative project between ORHP and USDA.

The general characteristics of frontier communities are widely accepted - they are the most remote and geographically isolated areas in the United States, usually sparsely populated and separated from services by large distances and travel times. However, a there is no standard methodology for identifying frontier areas. Different organizations use different sets of criteria designed for their specific purposes. That could change with the release of the FAR methodology, which may become the national standard for delineating frontier areas.

The FAR methodology uses travel time to population centers to categorize areas as FAR level 1-4. The aim is to provide a geographically detailed, multi-level delineation of frontier areas for use in policy and research.



The Southwest of the United States with FAR ZIP codes in blue. Left: ZIPs identified as FAR Level1. Right: FAR Level 4

Public comments on the FAR methodology are being accepted through January 4th, 2012. Since it could be used to determine eligibility for a large number of federal funding opportunities and programs, it is vital that frontier stakeholders understand how the FAR methodology works and have a chance to give their feedback.

NCFC, NOSORH and NRHA will hold a webinar on the FAR methodology this December. More details will be sent out soon, so keep an eye on your inbox. In the meantime, more information on the FAR methodology is available on the Federal Register and on the USDA website.

On November 15th, Celebrate the Power of Rural!

Join NCFC in celebrating the second annual National Rural Health Day on Thursday, November 15!

National Rural Health Day was created by NCFC's partner, the National Organization of State Offices of Rural Health (NOSORH), as a way to showcase the good works of America's 59.5 million rural citizens.

"At the same time, National Rural Health Day gives us an opportunity to highlight the unique healthcare issues being faced by those rural citizens – a lack of healthcare providers; accessibility issues...; and affordability issues as the result of larger percentages of un-/underinsured citizens and greater out-of-pocket health costs, to name a few," says NOSORH Director Teryl Eisinger.

Events recognizing National Rural Health Day and "Celebrating the Power of Rural" are being planned throughout the nation. Additional information about National Rural Health Day can be found on the Web at celebratepowerofrural.org. To learn more about NOSORH, visit nosorh.org.

Changes to Medicare Geographic Payment Adjustments will have Disproportionate Impact on Frontier and Rural Providers, Study Says

The Institute of Medicine (IOM) recently released a report investigating the impact of proposed changes to geographic adjustments to Medicare payments. The proposed changes could have major implications for rural and frontier physicians and hospitals, the study finds.

Geographic payment adjustments are meant to reflect the varying costs of doing business in different areas of the country. Factors such as the cost of living in a particular area and the cost of malpractice insurance influence the cost of running a medical practice or hospital. To compensate for these differences, Medicare adjusts payments to medical practices and hospitals based on their geographic location.

Earlier this year, IOM assessed the current geographic adjustments and recommended a number of changes to improve their accuracy. A newly released report by IOM assessed the impact of those changes would have. The study found that if the recommendations were implemented, payments to rural physicians and hospitals would decrease, while payments would increase in metropolitan areas. Frontier areas would see the largest reductions in payments, the study concludes.

That's troubling news for frontier communities, many of which already struggle to recruit and retain providers. The study's authors acknowledge that concern, but emphasize that geographic adjustments are only intended to compensate for varying input costs. "Policy objectives, such as equitable access to primary care and specialty services in high- and low-cost areas, should be addressed through separate and distinct measures," the authors write.

That may be true, says David Lee of the National Rural Health Association, "but until we know what the replacement will be, we can't do away with what we have." Charlie Alfero, NCFC executive director, agrees. "I don't think moving from geographic based payments to needs based payments is necessarily bad," says Alfero, "[but] if rural and frontier just get slashed without appropriate incentives to maintain a particular level of care, it is really a bad thing."

So should frontier medical facilities be worried about decreases in Medicare payments? Not just yet, says Lee. The IOM report that suggested changing the geographic adjustments is just one of several thousand reports requested by congress. And now that the report has been completed, implementing the suggested changes doesn't appear to be at the top of any Senators' or Congress members' lists.

However, frontier stakeholders need to know about the report's results and be aware of any related legislation that might be introduced, Lee says.

Here are some of the biggest frontier implications of the recommended changes:

→ Payments to practitioners in shortage areas would be adversely affected, with reductions up to 26%;

→ Most of the redistribution of physician payments would be from rural to urban areas and from small urban to large urban areas;

→ Areas with the highest reductions in payments would be the frontier states (MT, ND, NV, SD, WY), with Alaska experiencing the largest reduction;

→ Hospitals benefitting from the frontier payment floor (which prevents payments from going below a certain level) would see their payments reduced by up to 12%.

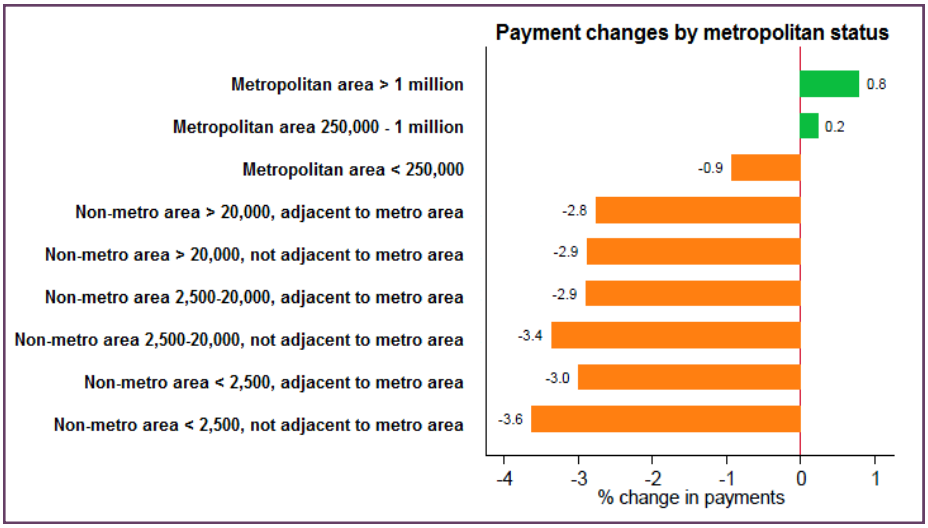
→ In Alaska, payments for physician services would be 32.3% lower.

→ All of the counties with the largest total estimated payment reductions (from 15 to 26 percent) are all in Alaska;

→ The recommended changes would result in a 6 percent reduction in payments to the 32 sole community hospitals in frontier states;

→ Payments to rural referral centers are slightly lower. Payments to other rural hospitals with special payment status are generally higher (by about 1%), except for those located in frontier states.

NCFC is currently planning a webinar to further discuss IOM's findings. In the meantime, we'll keep you posted on any developments!



This graph may look complicated but conclusion is simple — the more rural the area, the greater the decreases in Medicare payments will be if the recommended changes to geographic adjustments are implemented. Source: IOM

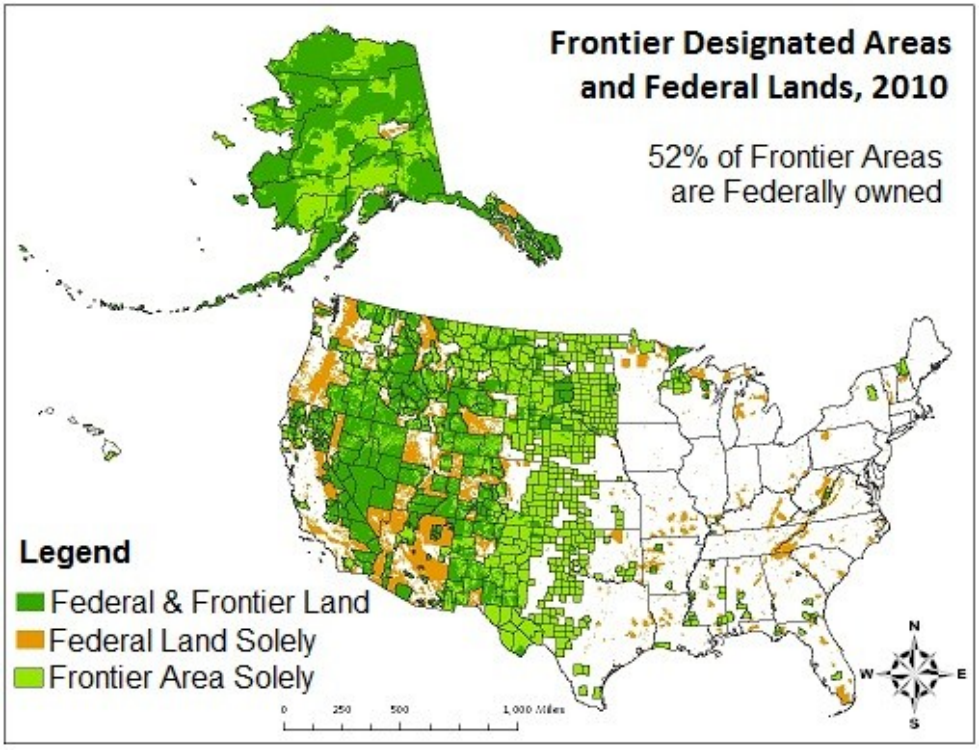
Frontier Counties Face Budget Woes if Payments in Lieu of Taxes Funds Decrease

The percentage of land owned by the federal government remains highest in frontier areas, NCFC has concluded after mapping federally owned frontier areas. The Center found that 52% of all frontier areas were federally owned in 2010.

What does this mean for frontier communities? One important issue faced by communities surrounded by federal lands is how to raise sufficient revenues to pay for infrastructure and services. Local governments in non-frontier areas often rely on property or sales taxes to raise revenues. However, since most federal lands are nontaxable, many frontier counties lack a sufficient tax base to raise adequate revenues.

That's where the Payment in Lieu of Taxes (PILT) program comes in. PILT are federal payments to local governments that have federal lands within their boundaries. These payments aim to offset losses in revenue due to lack of property taxes. PILT can be used for infrastructure and services such as roads, schools, fire departments, emergency medical services, etc.

Unfortunately, historically PILT has often been underfunded. One reason for this is that the program is annually appropriated. That means that each year, Congress decides how much money they will allocate for PILT, which has often been less than the authorized funding level. That changed in 2008, when the Emergency Economic Stabilization Act mandated full funding of the program through 2012. Full funding was later extended through 2013. However, without congressional action this year, the program will revert back to discretionary funding in 2014.



Overlaid maps of areas designated as frontier in 2010 and land owned by the federal government. Counties with large federally owned areas often struggle to raise revenues to support their operations because federal lands cannot be taxed.

Additionally, some local governments have suggested revisiting the formula for calculating how much PILT a county is entitled to. Suggested changes include making PILT rates correspond to local property taxes, including more types of federal land, or increasing payments overall. NCFC is currently reviewing recent reports on this topic.

This year, NCFC plans to build a coalition which will advocate for legislation to permanently mandate the full funding of PILT. Please contact us if you would like to get involved in this effort!

Cancer Care

Did you know that you can attend free informational or support sessions by telephone or computer every month? Cancer Care is a national non-profit organization that offers free professional support services--including counseling, support groups, education, financial assistance and practical help--to anyone affected by cancer. Visit www.cancercare.org to learn more.

National Organization of the State Offices of Rural Health

NOSORH supports the development of state and community rural health leaders; creates and facilitates state, regional and national partnerships that foster information sharing and spur rural health-related programs/activities; and enhances access to quality healthcare services in rural communities.