Western
Governors'
Association

WGA Policy Resolution 01 - 06

Rural Health Improvements

August 14, 2001
Coeur d'Alene, Idaho

SPONSORS: Governors Geringer, Owens and Hoeven

A. BACKGROUND

1. About 54 million Americans currently live in rural areas, comprising approximately 20 percent of the U.S. population. These Americans can face daunting challenges in accessing quality and affordable healthcare equivalent to that usually available in urban areas of the nation. Simple geography and seasonal care needs are some of the factors influencing this situation. Policy issues such as the healthcare workforce, Medicare reimbursement rates, federally designated frontier areas and Emergency Medical Services (EMS) are some of the areas where government can act to make improvements in rural health care.

2. In 1997, less than 11 percent of physicians practiced in nonmetropolitan counties. In recent years, shortages of providers such as dentists, pharmacists and mental health professionals have also become more apparent. Recruitment and retention of all types of health care professionals is an ongoing problem for rural areas that see a lower volume of patients than urban areas, but still have to compete with urban areas to maintain an adequate workforce. In addition, among other factors, the shift toward physician specialization means physicians are more likely to settle in an urban area where more specialty services are utilized

3. The elderly are disproportionately represented in rural areas. Approximately 18.4 percent of all rural residents are elderly. An estimated 8.7 million Medicare beneficiaries or roughly 22 percent of all beneficiaries live in rural areas. Medicare is therefore the dominant source of health care reimbursement for rural hospitals, accounting for approximately 47 percent of patient care in rural areas, compared to 36 percent in urban areas. Although the same standard of care is delivered, Medicare payments to rural hospitals are below that of their urban counterparts thus threatening the viability of rural hospitals. Under current law, there are inequities built into Medicare rates, as rural providers receive smaller reimbursements than urban settings. In 1999, Medicare spent approximately $4,652 per beneficiary in rural areas, in contrast to $5,696 in urban areas.

4. Rural areas in the West differ greatly from rural areas in the rest of the United States because they usually have very low population density and/or great distances to services.

These areas constitute the 'frontier' and need to be well defined, and eligible for special consideration from federal programs. The Congress has asked The Department of Health and Human Services (DHHS) Health Resources Services Administration (HRSA), to adopt the "Consensus Matrix" definition of frontier developed by the Frontier Education Center and adopted by the National Rural Health Association. Furthermore, in states with large frontier areas, federal program rules and regulations frequently make it very difficult to operate efficient programs because they do not consider the lack of infrastructure and other conditions such as isolation, distance and low population density. These areas therefore seek increased flexibility and cost savings from clinic innovations such as the development of Extended-Stay Primary Care Clinics in frontier communities.

5. Because many rural communities have no health clinic, no hospital and no doctors, EMS is often residents' entire safety net. EMS must be available 24 hours a day, every single day of the year. The vital nature of EMS and the state of constant readiness required, pose special challenges for rural communities along with other needs that do not exist in larger systems such as adequate funding, recruitment and retention of personnel, physician leadership and modern equipment. In order to surmount these difficulties, many rural communities have developed innovative and flexible EMS programs. In each case, the state or local regulatory agencies had enough flexibility to allow new programs to develop. In many cases, these local solutions later evolved into new national programs.

6. In rural areas, persons with disabilities and others who need specialized care must overcome the added difficulties of lack of public transportation, long distance to health care providers and limited support services.

7. Telemedicine offers a means to alleviate some of the difficulties faced in providing and receiving health care in rural and urban America. Western Governors have long supported and successfully advocated for reducing barriers to this promising use of technology. Barriers were identified and recommendations for surmounting them were made in a 1998 publication of the Western Governors' Association (WGA) entitled *Telemedicine Action Update.*

B. GOVERNORS' POLICY STATEMENT

1. Western Governors want rural areas to have an adequate and able workforce to deliver needed health care services. The governors call on the federal government to provide necessary funding for programs such as the National Health Service Corps (NHSC) that have a state-based component, and the Health Professions programs that help health professionals serve in rural and frontier areas. The governors call on the Congress to reauthorize this year the NHSC and the Health Professions programs (Title VII and VIII

of the Public Health Service Act), and to provide adequate funding and encourage program flexibility to assure dollars are used to support areas of greatest need.

2. Western Governors believe that rural health care providers should be paid fairly by Medicare in order to ensure access to health care for rural citizens. The governors applaud the federal government for recent actions taken toward this end, and encourage the federal government to take further steps to ensure equity in Medicare reimbursement for urban and rural areas so that the benefits of health care are available to all Americans, regardless of where they live.

3. Western Governors call on HRSA to implement and use the "Consensus Matrix" to define 'frontier' and obtain the consent of the governor in the determination of federally designated frontier areas. DHHS should develop the programmatic and reimbursement flexibility to allow clinic innovations such as Extended-Stay Primary Care Clinics in frontier communities. Alaska, Hawaii, America Samoa, the Northern Mariana Islands and Guam face extraordinary geographic barriers in providing healthcare services and they should be designated for special consideration and adequate funding to overcome their frontier barriers.

4. Western Governors call on EMS lead agencies at all levels of government to have a legislative mandate, expertise, flexibility and resources to provide needed support and technical assistance in rural and frontier communities. Federal programs like the Rural Health Outreach Grants and the Rural Hospital Flexibility program need to continue to provide funds to states and communities to experiment with new programs, integration of services and coalition building to develop new types of providers, facilities, and services.

5. Western Governors believe in strengthening the existing health care system. Support for home health agencies, rural health clinics, public health nursing and critical access hospitals are partial solutions.

6. Western Governors support the elimination of barriers to the use of telemedicine as outlined in the WGA's 1998 report. In particular, we request that the federal efforts to increase reimbursement for telemedicine consultations, to protect the privacy of patient-identifiable medical information and to support rural health provider telecommunication costs with universal service funds continue.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. The WGA will convey this resolution to the Secretary of Health and Human Services, and to the chairman and ranking members of appropriate Congressional Committees.

2. WGA will convey this resolution to other appropriate health services constituencies, including the National Rural Health Association and the American Hospital Association, as well as the western state offices of rural health.

3. WGA will continue to assist the Governors by monitoring and reporting on further developments with regards to rural health.

Approval of a WGA resolution requires an affirmative vote of two-thirds of the Board of the Directors present at the meeting. Dissenting votes, if any, are indicated in the resolution. The Board of Directors is comprised of the governors of Alaska, American Samoa, Arizona, California, Colorado, Guam, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Northern Mariana Islands, Oregon, South Dakota, Texas, Utah, Washington and Wyoming.

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Western Governors' Association
1515 Cleveland Place, Suite 200
Denver, CO 80202-5452
Ph: (303) 623-9378
Fax: (303) 534-7309

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