



## WGA Policy Resolution 04-03

### *Rural Health Improvements*

June 22, 2004  
Santa Fe, New Mexico

SPONSORS: Governors Owens, Napolitano, Richardson, and Johanns

#### 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. Geography, isolation, lack of public transportation, poverty and unemployment, lack of health insurance, and demographic and lifestyle factors can create access challenges unique from those experienced in most urban areas. Limited and/or weak economies contribute to the challenges of providing health care in many rural areas. Policy issues such as the healthcare workforce, Medicare and Medicaid coverage and reimbursement rates, federally designated underserved and frontier areas, infrastructure funding, and Emergency Medical Services (EMS) are some of the areas where government can act to make improvements in rural health care.
2. Despite the fact that 20 percent of Americans live in rural areas, in 1999, less than nine percent of physicians practiced there. Many rural areas experience chronic and critical physician shortages. In recent years, shortages of providers such as nurses, dentists, pharmacists, ancillary health 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, and with a global market, 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 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 providers and for rural hospitals. Medicare accounts for approximately 47 percent of patient care in rural areas, compared to 36 percent in urban areas. Although the same standard of care is expected and delivered, Medicare payments to rural hospitals are below that of their urban counterparts thus threatening the viability of rural hospitals. Inequities built into Medicare rates that result in rural providers receiving smaller reimbursements than urban hospitals has been alleviated among hospitals designated as critical access hospitals (CAHs) as these hospitals are now receiving cost-reimbursement for their Medicare patient base. However, the larger rural hospitals using the Prospective Payment System (PPS)

reimbursement system continue to suffer from the inequity that exists in the payment structure that reflects a rural-urban differential.

4. Rural areas in the West differ greatly from rural areas in the rest of the U.S. because they usually have very low population density and/or great distances to services. Many of these areas constitute America's 'frontier'. These vast, sparsely populated areas present additional challenges in providing and supporting a healthcare infrastructure. For example, 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 Frontier Extended-Stay Clinics. Frontier areas also 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 a definition of "frontier" based on the elements of the "Consensus Definition" developed by the Frontier Education Center and adopted by the National Rural Health Association.
5. Because many smaller rural communities have no health clinic, no hospital, and no physician, Emergency Medical Services (EMS) is often the 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 such as adequate funding, recruitment, retention and training of personnel - often volunteer, physician leadership, and modern communications and medical services equipment. In order to surmount these difficulties, many rural communities must develop innovative and flexible EMS programs that respond to the unique needs and circumstances of the area to be served. As to training of EMS personnel to maintain their skills, there is often a lack of adequate access to continuing education opportunities in remote areas. This situation is unlike, physicians that are often able to obtain continuing education through distance education.
6. Lack of access to mental health and substance abuse services have resulted in individuals in need of those services being treated in either the physical health care system or entering the system in crisis through law enforcement. Federal reimbursement policies which encourage the integration of mental health and primary care, adequate coverage in the public and private sector for these services, co-location of mental and physical health programs, and the training of more mental health professionals for rural areas will lead to both reduced costs and improved outcomes.
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 continue to reauthorize 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, that they foster interdisciplinary training, and support the development of health professions training in and in collaboration with rural communities. In addition, the Congress should provide sufficient resources to assure that the numbers of health care educators, trainers, and programs exist to meet the needs. Additionally, because numerous programs rely on the federal Health Professional Shortage Area and Medically Underserved Area designations to allocate funding and services, care must be taken that any proposed changes in these designations does not have an adverse impact on rural and frontiers areas. To any extent possible, we also urge that the time used for processing designation applications be shortened.
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 Congress and the Bush Administration 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. The complexity and abundance of the paperwork required to participate in the Medicare program presents an even more significant challenge to smaller, lower volume, fragile rural health care systems. To every extent feasible, the paperwork and reporting requirements should be simplified.
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 Frontier Extended-Stay 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. In addition, western governors request that state EMS directors examine and seek change in national rules to allow for appropriate distance learning opportunities for EMS personnel.

5. Western Governors believe in strengthening the existing health care system. Support for home health agencies, hospice, rural health clinics, emergency medical services, public health nursing, mental health and substance abuse treatment programs, and oral health services, critical access hospitals are partial solutions. These programs should be continued, enhanced, and supported. They should also allow, where feasible, state and local flexibility so that the unique needs of rural and frontier areas can be addressed.
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. In particular, Western Governors support modifications to the Telecommunications Act or other legislative vehicles that would allow the Universal Services Discount program to be used to reimburse the cost of telemedicine equipment that makes access to health care possible to rural areas from distant sites.
7. Western Governors recognize the importance of HRSA grant support to states under the State Offices of Rural Health Program, Medicare Rural Hospital Flexibility Program, and Small Rural Hospital Improvement Program. These programs permit states to assess, plan and develop the critical rural health services infrastructure. Federal support for these efforts is particularly important to Western States.

Western Governors call upon HRSA to make funding decisions that provide equitable funding of all states under these programs, and assure an adequate minimum funding level for all states. Adequate funding will assure that all states can undertake basic development activities. Western Governors also call upon HRSA to permit states the greatest flexibility in the implementation of their grant programs within the broad mission of entitling legislation. This flexibility is needed to assure that the programs can be tailored to meet the specific needs of each state.

### **C. GOVERNORS' MANAGEMENT DIRECTIVE**

1. WGA will post this resolution on its web site to be used and referred to as necessary.
2. WGA will continue to assist the Governors by monitoring and reporting on further developments with regards to rural health.

*This policy resolution was originally adopted by the Western Governors in 2001 as 01-06.*