

## Rural Health Care at Risk: Protecting an Essential Community Resource

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Washington's State's budget outlook is grim. With a \$2 billion budget hole and a several all-cuts budgets already enacted, there are few, if any, palatable places left to make reductions. But the answer to the state's budget woes cannot be to cut away the remaining health care safety net.

Elimination of essential health insurance programs in current state budget proposals would endanger the health of our most vulnerable

residents. Enrollees in Basic Health and Disability Lifeline have nowhere else to turn for the care they receive. Their access to care will deteriorate, and their health will suffer as a result.

There is another significant – but little-understood – cut being proposed that will destabilize Washington State's health care system by gutting our rural hospitals and health care providers.

Washington State has a network of 38 Critical Access Hospitals. The goal of the Critical Access Hospital program is to ensure the stability of hospital safety net services in small, rural areas. It was created in recognition of the cost of providing health care in rural areas, the central role hospitals play in the rural health care system, and the importance of assuring their long-term viability. "Critical Access" designation is a lifeline that provides cost-based reimbursement for Medicare and Medicaid patients. Medicaid and Medicare make up a significant portion of rural residents' health coverage. These programs typically pay hospitals well below the cost of care.

The Governor's budget roadmap includes the elimination of cost-based reimbursement to Critical Access Hospitals for their care of Medicaid patients. The move would save the state roughly \$22 million, or about one and a half percent of its total spending on Medicaid. It's a small number for the state, but has a huge impact on these hospitals. On average, their Medicaid payments will be cut in half.

Moreover, the numbers provided by the state reflect only state dollars and do not include the impact of lost federal matching funds. The true impact on Critical Access Hospital payment would be close to \$70 million. Many rural hospitals will lay off staff, cut services, and possibly even close altogether.

Even with cost-based reimbursement, these hospitals survive on a very small margin. Twelve hospitals are already operating in the red and less than a handful achieved margins in the last year above the five percent mark. Should these cuts become reality, a full 33 of the state's 38 Critical Access Hospitals would operate in the red. Absorbing these cuts simply is not sustainable for

Washington's smallest hospitals.

These small hospitals are hubs for health care in their communities, often providing care from birth to the nursing home. They also are important bridges within Washington State's health care network, stabilizing patients for transport to larger facilities.

Our state benefits from a strong network of hospitals working together to ensure appropriate care for every patient. The loss of these hospitals would leave enormous gaps in our health care system. Rural residents would have to travel further for care and arrive sicker at the next hospital.

Beyond the implications for health care, the economic impact on our rural communities will be enormous. Rural hospitals, and the clinics and nursing homes they run, are often the largest employer in their communities. Making these cuts will lead to people losing family-wage jobs and pain in rural economies.

To ensure access to care across our state and to maintain a strong health

care system, Critical Access Hospitals must remain financially viable. This cut seems shortsighted with relatively little gain for the state's budget. The Washington State Hospital Association is working to inform legislators about this important resource that is critically at risk. We hope you will also lend your voice to this cause and urge your own senators and representatives to protect funding for Critical Access Hospitals.

More detailed information, including hospital specific impacts are available on the WSHA website, at <http://www.wsha.org/rural.cfm>

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*Mr. Bond received his Masters in Health Administration from the University of Washington, after completing his Bachelors degree in Economics at Central Washington State University. Scott and his wife, Renae, live in Olympia. They are the proud parents of four boys and the grandparents of one granddaughter.*

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