Washington Update

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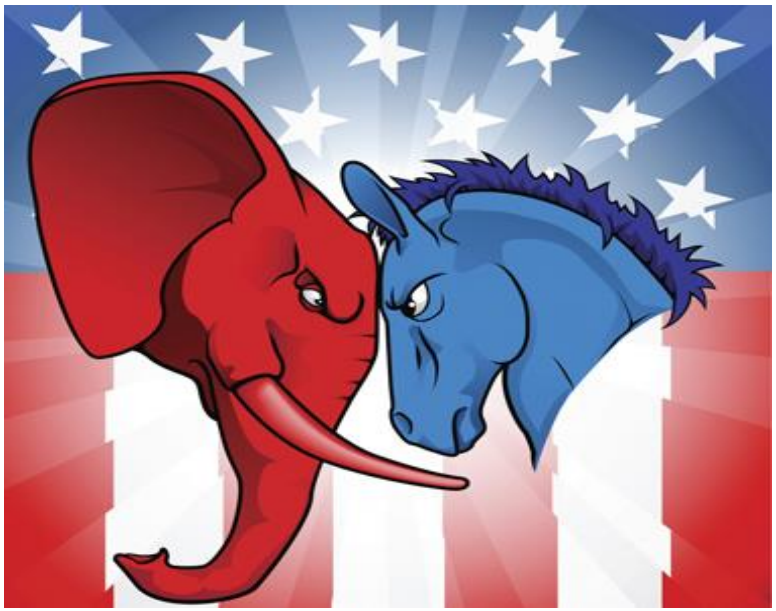
Today's Political Environment

- Republican Control
  - Narrow margin (51) in the Senate
  - House larger margin (235 vs. 193 with 7 vacancies)
- Each party is sensitive to the midterms
- Each party wants to help rural – aware of how loudly rural spoke in 2016
- Fiscal Constraints
- At times, polarizing Administration



The Midterm Elections

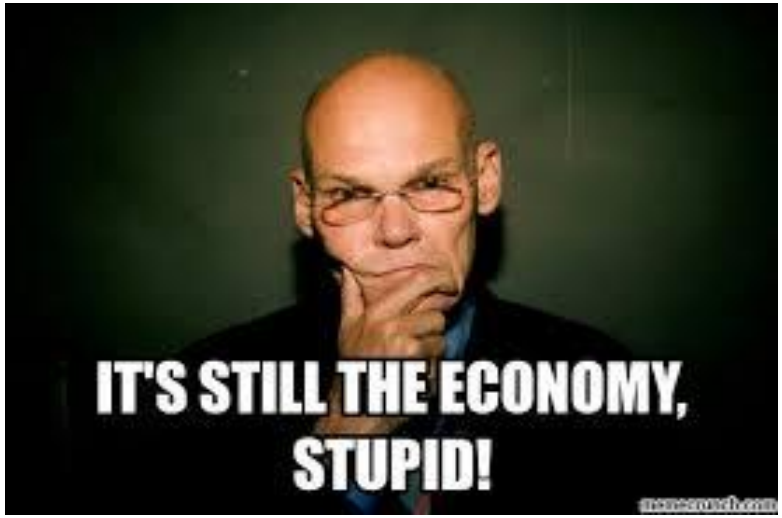
- House: 17 open seats vacated by Ds vs. 37 open seats vacated by Rs (to gain the majority D's need to pick up 24 seats)
- Favorable Map for Senate Republicans – 33 elections (23 Ds, 2 Is that caucus with D, 8 Rs)
  - 3 R retirements (TN, UT, AZ)
  - 2 Special Elections MN (D – Franken resignation) and MS (R – Cochran resignation)
- Impact on ability to move legislation

WASHINGTON'S AWARENESS OF RURAL'S CHALLENGES

Chronic Poverty | Vulnerable Populations | Workforce Shortages | Remote Locations

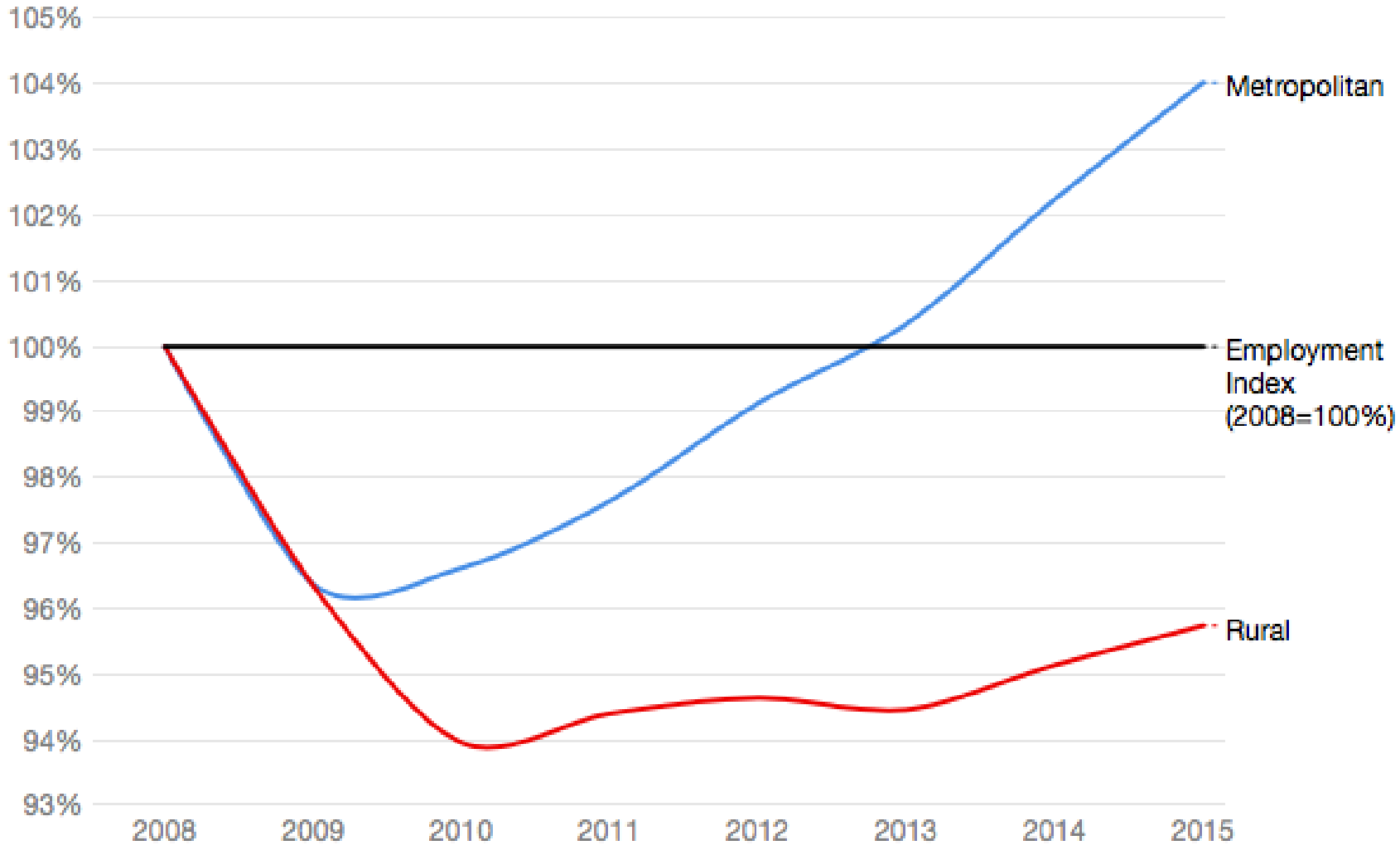
The Rural Economy

- In 1980, 70% of rural Americans living in poverty were working…Today, it's less than half.
- At the turn of the century, about 1 in 5 rural counties had a poverty rate higher than 20 percent…Today, it's about 1 in 3 rural counties.
- From 2010 to 2014, rural areas saw more businesses close than open…only 3% of jobs created in the recovery were in rural.



Job growth in America

Since 2008, job growth in metropolitan areas has outpaced that in rural areas.



The Conversation, CC-BY-ND

Rural Mortality Rates:

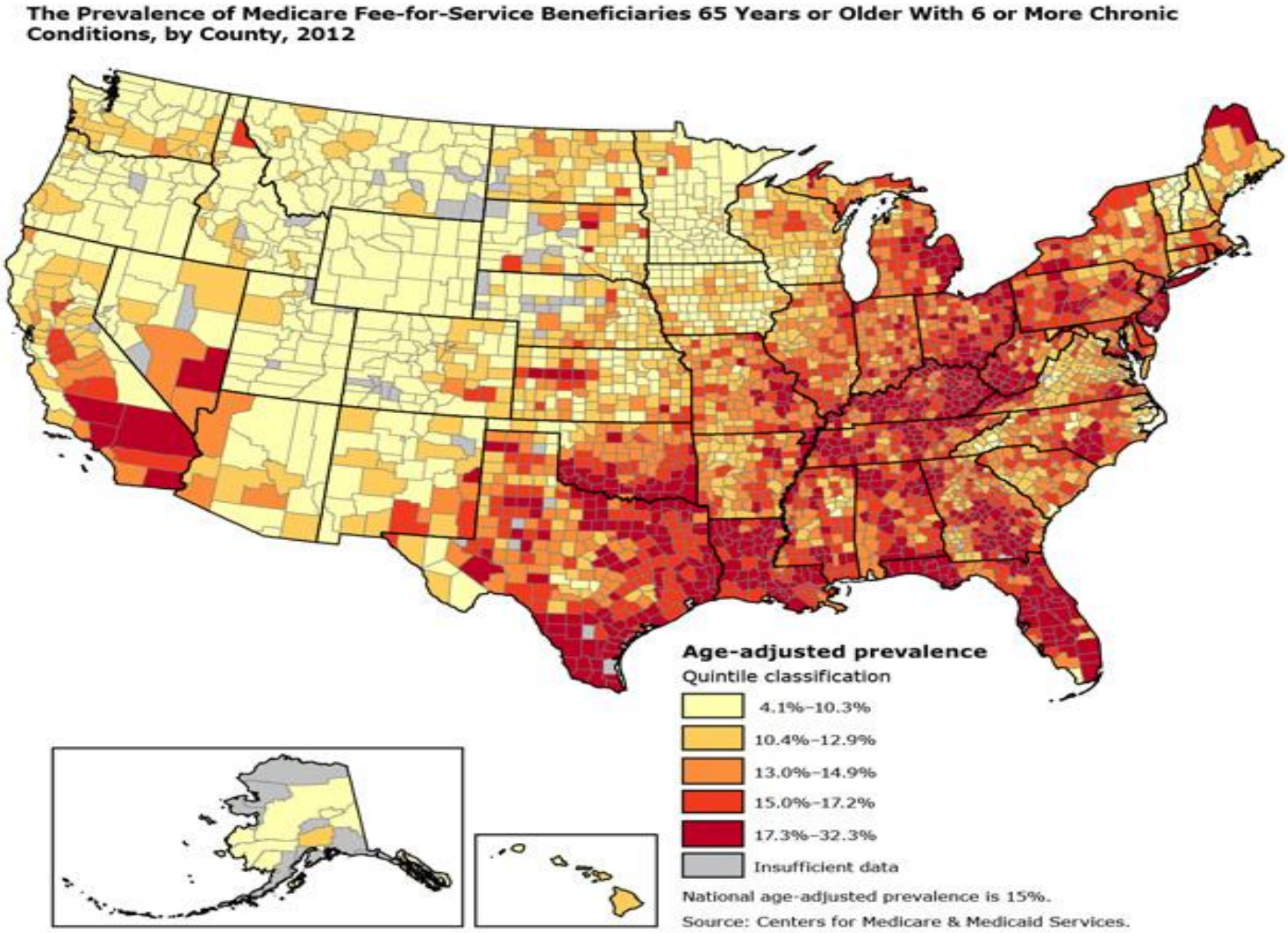
"A Rural Divide in American Death"

Center for Disease Control January, 2017 Study:

"The death rate gap between urban and rural America is getting wider"

- Rates of the five leading causes of death — heart disease, cancer, unintentional injuries, chronic respiratory disease, and stroke — are higher among rural Americans.
- Infant mortality rates are 20% higher than in large urban counties.
- Mortality is tied to income and geography.
- Minorities, especially Native Americans die consistently prematurely nation-wide, but more pronounced in rural.
- Startling increase in mortality of white, rural women. Causes:
  - Risky lifestyle (smoking, alcohol abuse, opioid abuse, obesity)
  - Environmental cancer clusters
  - Suicides

Prevalence of Medicare Patients with 6 or more Chronic Conditions



THE RURAL OPIOID CRISIS

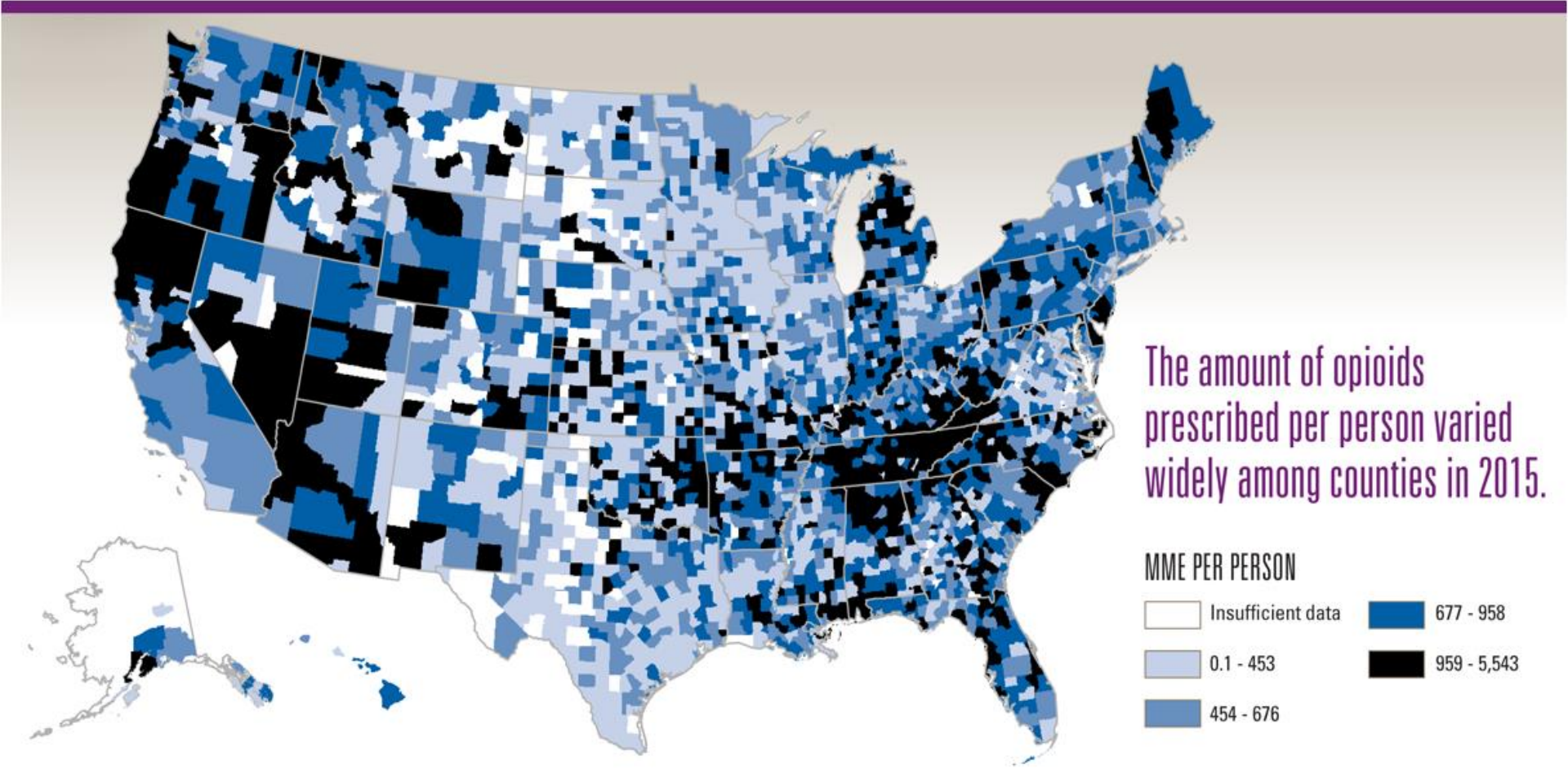
Opioids Ravage Rural America

- 175 deaths each day.
- ***Death rate is 45% higher in rural counties.***
- Up 30% in 2017 from 2016.
- In rural America opioid death rates quadrupled among those 18-25 years old and tripled for females.
- ***"Forgotten people" of opioid epidemic –*** Native Americans and Alaskan Natives – 30% under-reported.

Congress Blames Pharma

I want you to feel shamed in your roles, respectively, in all of this," David McKinley (R-WV)

- Drug manufactures blame physicians for over-prescribing
- Manufacturers blamed for pill dumping…
  - Kermit, West Virginia town of 3200 flooded with 21 million prescription painkillers, a state where more people have overdosed than any other.
  - Mount Gay-Shamrock, population 1,779 received an average of 3,561 pills every day for years



There is plenty of blame to share…

From the Centers for Disease Control

Neonatal Abstinence Syndrome (NAS): The Most Vulnerable at Risk

Every 15 minutes a baby is born with opioid withdrawal syndrome.

Five fold increase in babies exposed in utero to opioids in the last four years.

7.5 per 1,000 births in rural are NAS babies (vs. 4.8 in urban)

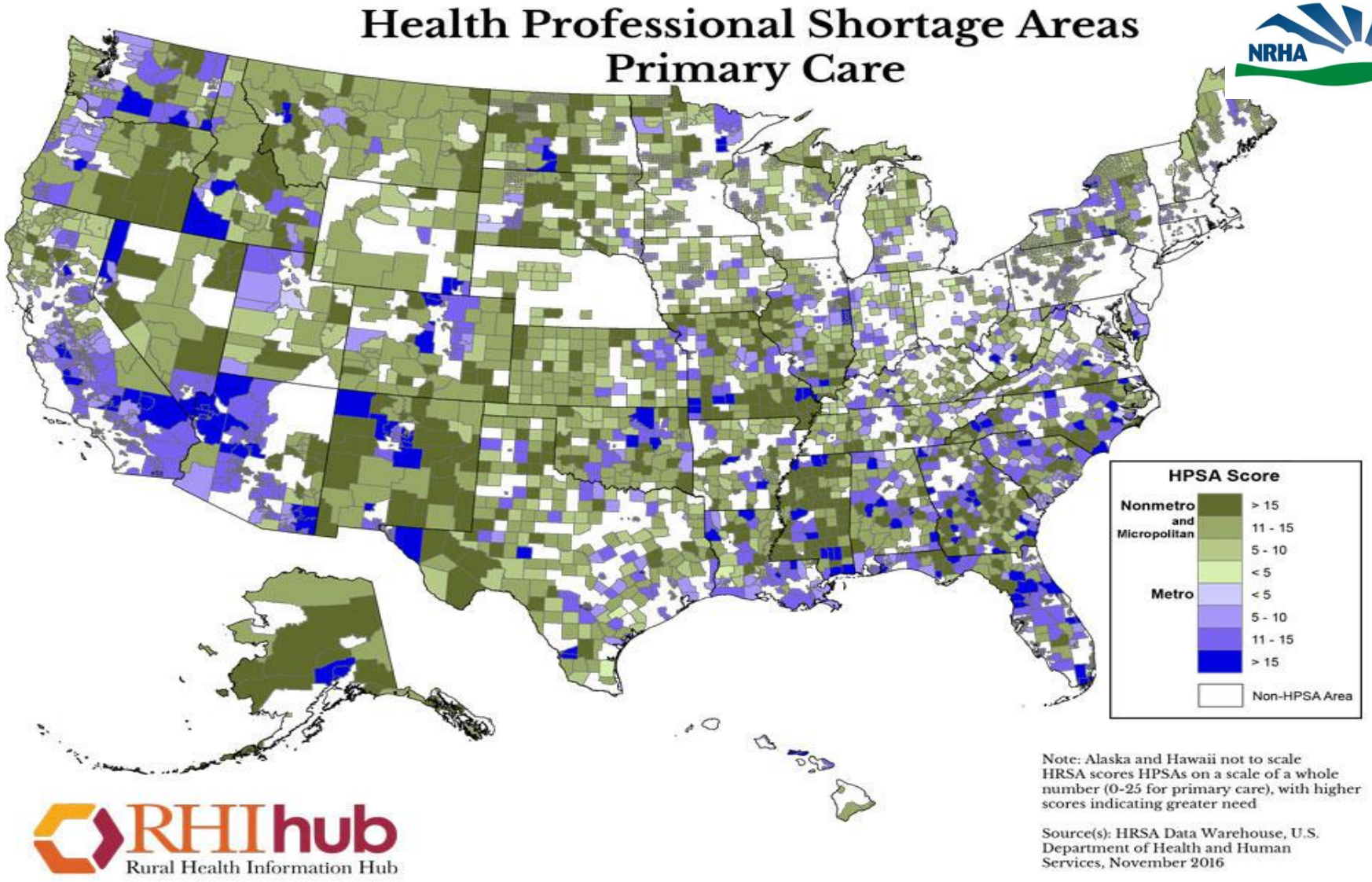
NRHA's Solutions to the Opioid Crisis

- Protect Medicaid as a funding source to provide treatment.
- Expand access to substance abuse treatment services including medication assisted treatment and traditional substance abuse treatment.
- Develop evidence-based prevention programs tailored to the needs of rural communities.
- Increase the implementation of harm reduction strategies.
- Promote use of evidence-based prescribing guidelines and strengthen prescription drug-monitoring programs.
- Expand use of substance abuse treatment as an alternative to incarceration.

Congressional Action, or Inaction?

- Lots of hearings, bills, and markups
- Do the bills show a coordinated plan?
- Is there a rural focus?
- Will any of this legislation stop the crisis in rural America?
- Are the agencies ready to implement the legislation? Are organizations ready to apply for and use existing grant opportunities? Can the agencies get the grants where they are needed?

WORKFORCE CHALLENGES IN RURAL AMERICA AND MATERNITY CARE



- 6,000 areas in the U.S. are primary care health shortage areas;
- 4,300 areas are dental health shortage areas; and
- 3,500 areas are short of mental health shortage areas.

Maternity Care is Disappearing

- In 1985, 24% of rural counties lacked OB services. Today, 54% of rural counties are without hospital based obstetrics.
- More than 200 rural maternity wards closed between 2004 and 2014.

Rural Obstetric Factors

- Rural areas have higher rates of chronic conditions that make pregnancy more challenging, higher rates of childbirth-related hemorrhages and higher rates of maternal and infant deaths.
- Half of rural women in rural communities live more than the recommended 30 minutes from a hospital offering maternity services.
- Workforce shortages and medical liability costs.

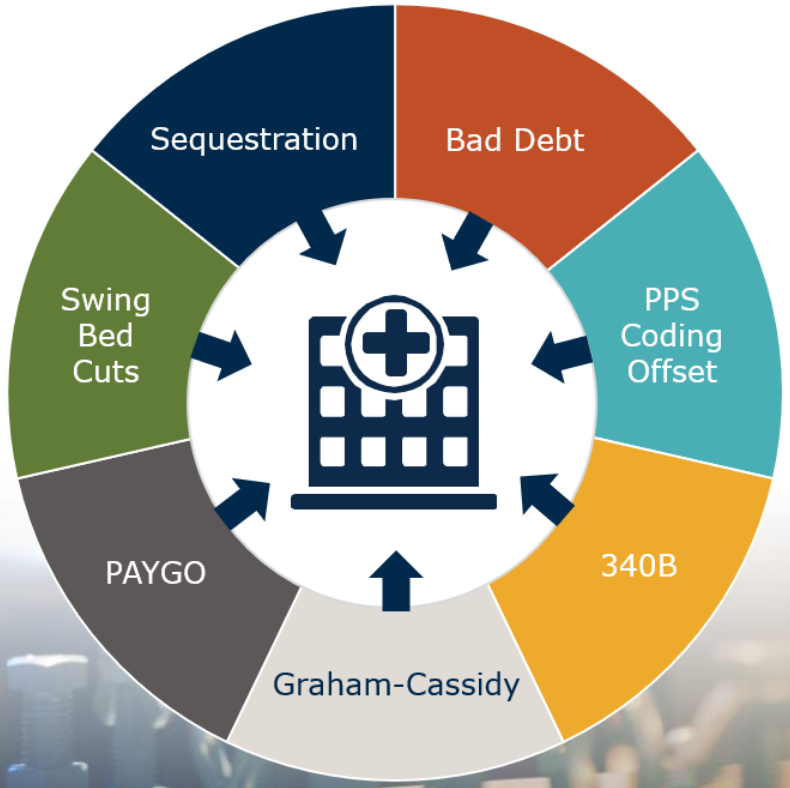
Rural Minority Mothers and Babies

Rural counties with higher percentages of African American women were more than 10 times as likely as rural counties with higher percentages of white women to have never had hospital-based obstetric services and more than 4 times as likely to have lost obstetric services between 2004-2014. *University of MN Rural Health Research Center*

THE RURAL HOSPITAL CLOSURE CRISIS

Rural Health Safety Net is Under Fire

Current and Pending Health Policies Negatively Impact Rural Providers



Total Rural Hospitals Operating in the Red Jumped Four Percentage Points Since Last Year

40% >>> 44%

2017 2018

THE CHARTIS GROUP
CHARTIS CENTER FOR RURAL HEALTH

Why are hospitals losing money?

Cuts – implicit and explicit

Impact of Bad Debt – Medicare – Medicaid - Private

- Bad debt cuts cause $3.8 billion over 10 years to be lost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MEDICAL CENTER
EMERGENCY ROOM
OPEN 24 HOURS
ETMC Clarksville is
CLOSED.
For an emergency.
Call 9-1-1
PARKWAY REGIONAL
HOSPITAL
Clinic
Family Medicine,
EMERGENCY
Main Entrance
MARLBORO PARK
HOSPITAL
Hunt Regional
Community Hospital

"If you want to watch a rural community die, kill its hospital" Sept. 22, 2017, HuffPost

GLENWOOD, Ga. — After the Lower Oconee Community Hospital shut down in June 2014, other mainstays of the community followed. The bank and the pharmacy in the small town of Glenwood shuttered. Then the only grocery store in all of Wheeler County closed in the middle of August this year.

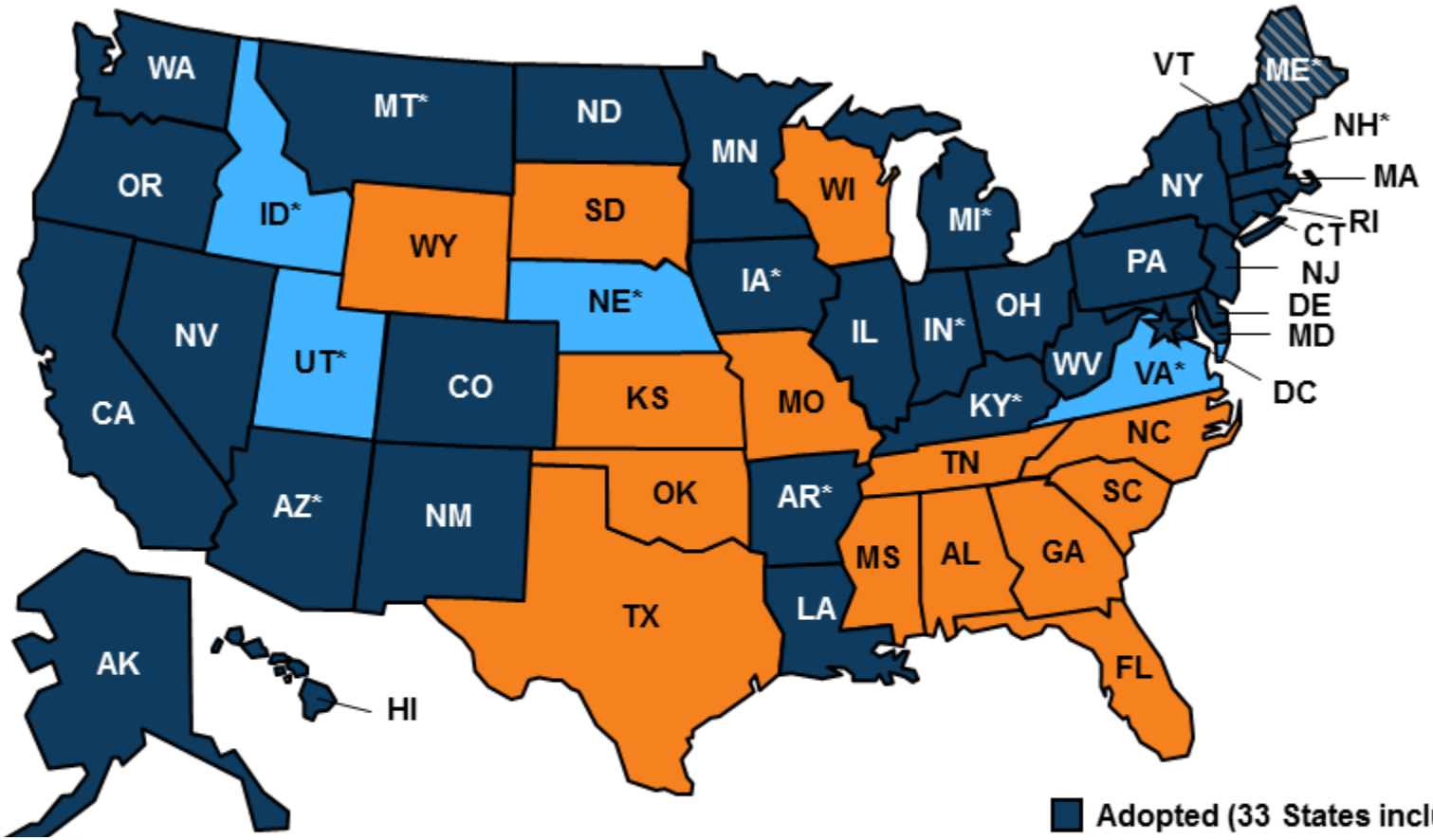
On Glenwood's main street, building after building is now for sale, closing, falling apart or infested with weeds growing through the foundation's cracks…

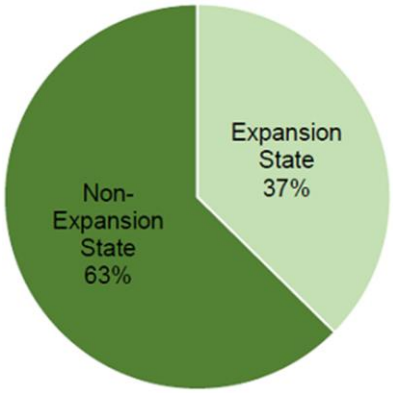
The hospital's closure eliminated the county's biggest health care provider and dispatched yet another major employer. Glenwood's mayor of 34 years, G.M. Joiner, doubts that the town will ever recover.

"It's been devastating," the 72-year-old mayor said, leaning on one of the counters in Glenwood's one-room city hall. "I tell folks that move here, 'This is a beautiful place to live, but you better have brought money, because you can't make any here.'"

Rural hospitals are in danger across the country, their closures both a symptom of economic trouble in small-town America and a catalyst for further decline.

Status of State Medicaid Expansion Decisions





"[T]he ACA's Medicaid expansion was associated with improved hospital financial performance and substantially lower likelihoods of closure, especially in rural markets"

THE FARM BILL AND NEW HEALTH CARE OPPORTUNITIES

Farm Bill

- Timing: Current Farm Bill expired end of FY18
- Changes impacting rural health
  - Telehealth opioid set aside
  - Rural Health Liaison bill
  - Amendment to allow refinancing through USDA loans
- New USDA Office of Innovation – best practices, new health models, opioid treatment
- Next steps?
  - Midterm elections – tight budget – trade – Farm/SNAP

Farm Bill Conference Committee

- The House Bill initially failed to pass because of intra-party fighting and partisan bickering
- The Senate will pass their bill
- House and Senate Bills will then go to conference to produce a final bill

Senate Finance Committee: Rural Health Hearing

- Three NRHA member witnesses
- Want to do a rural package – cannot be expensive or controversial
- Potential crossover with Farm Bill
- Opportunity to work on a new model
- Timing?

Future Model: Community Outpatient Model

- 24/7 emergency Services
- Flexibility to Meet the Needs of Your Community through Outpatient Care:
  - Primary Care: RHC – FQHC (or look-a-like)
  - Swing beds
  - No preclusions to home health, skilled nursing, infusions services observation care.
- Use of telehealth
- Multiple Bills have similar models – big picture agreement small differences yet to be worked out
  - MedPAC – Rural Emergency Acute Care Hospital (REACH) Act - Rural Emergency Medical Center (REMC) Act

APPROPRIATIONS AND THE BUDGET

Budget and Appropriations

- FY2018 – A Brief History
  - CR through Dec. 8 (passed Sept. 8)
    - House passed Omnibus (Sept 14) no Senate action
  - CR through Dec 22 (passed Dec 7)
  - CR through January 19 (passed Dec 21)
  - Government shutdown Jan 19-21 – mostly weekend
  - CR through February 8 (passed January 21)
  - CR through March 23 (passed February 9)
    - Included a two year budget deal – topline numbers but details remained

Omnibus (remainder of FY18)

- $49,609,000 will be available for the Medicare Rural Hospital Flexibility Grants Program, as requested by NRHA
  - $15,942,000 of the above 49,609,000 are provided for the Small Rural Hospital Improvement Grant Program for quality improvement and adoption of health information technology
  - $1,000,000 of the above funds will be focused on telehealth services, including pilots and demonstrations on the use of electronic health records to coordinate rural veterans care between rural providers and the Department of Veterans Affairs.
- $10 million for the State Offices of Rural Health (SORH), an NRHA goal in our appropriations requests.
- An additional $15 million is provided for Rural Residency Development Program through September 30, 2020.
- $100 million is provided through September 30, 2022, for the Rural Communities Opioids Response Program.

Appropriations…

- Working on FY19 which begins October 1, 2018
- Budget already complete as part of two year budget deal reached as part of CR in January
- Appropriations process
  - House bill – strong support for rural programs
  - Senate Markup also showed strong rural support

REGULATORY AND ADMINISTRATIVE ISSUES

340B Under Attack

The Hill

- Energy and Commerce
  - Report
  - Legislation expected
- Senate
  - Hatch letter: move 340B from HRSA to CMS

Administration

- CY2018 Outpatient Prospective Payment System
- President's Drug Pricing proposal (RFI)
- Future Actions? Mega Guidance, more red tape

Drug Pricing Proposal

- Four Pillars: Lowering List Price – Improving Competition - Better Negotiation- Lower out of Pocket Costs
- Reforms to the 340B program included under further opportunities to lower list prices
  - One more attack on the program
    - Calls out growth from ACA
  - Charity Care – Contract Pharmacies

Regulations

- IPPS - submitted
  - MDH-LVH
  - Interoperability
  - Multicampus hospital policy
  - National Rural Floor for wage index
- Currently Open for Comments: PFS
- Expected soon: OPPS – Part B Drugs and SCH

Rural report – announced at NRHA PI by CMS Administrator

1. Rural health lens to all of CMS program and policies;
2. Improve access to care through provider engagement and support -- allied health professionals to deliver high quality care, and TA to providers (they may need more support to implement policies);
3. Advance telehealth and telemedicine as promising solution to insufficient numbers of providers;
4. Empower patients to make decisions about their healthcare.

Department of Health and Human Services

- New HHS Secretary Alex Azar – Former HHS Official under President George W. Bush – Eli Lilly Executive
  - Wants to speed move to value
  - Drug pricing reform
- Upcoming regulations
  - Need to ensure properly focused rural lens

President's Plan to Reorganize Government Agencies

- HHS would be Department of Health and Public Welfare – would include some rural programs from USDA
- Consolidate research Arms of HHS and move to NIH
- Eliminate Community Development Block Grants
- Cut the U.S. Public Health Service Commissioned Corps to a maximum of 4,000 officers, a reduction of 2,500 from the current 6,500 officer positions.
- Needs Congressional Action

Stay Involved

NRHA
Your voice. Louder.

- NRHA doesn't have a PAC
- Website: ruralhealthweb.org
- Depends solely on grassroots advocacy
- Members have access to:
  - ✓ Monthly Washington Updates (webinars):
  - ✓ Rural Health Blog
    http://blog.ruralhealthweb.org
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