



Rural Health Safety Net Faces Deepening Uncertainty Amid Unrelenting Pressure

CHARTIS CENTER FOR RURAL HEALTH

35th Annual Policy Institute Conference – February 13, 2024



“We’ve been battling drivers of instability for nearly 15 years, but this **crisis has accelerated quickly to previously unseen levels.**”

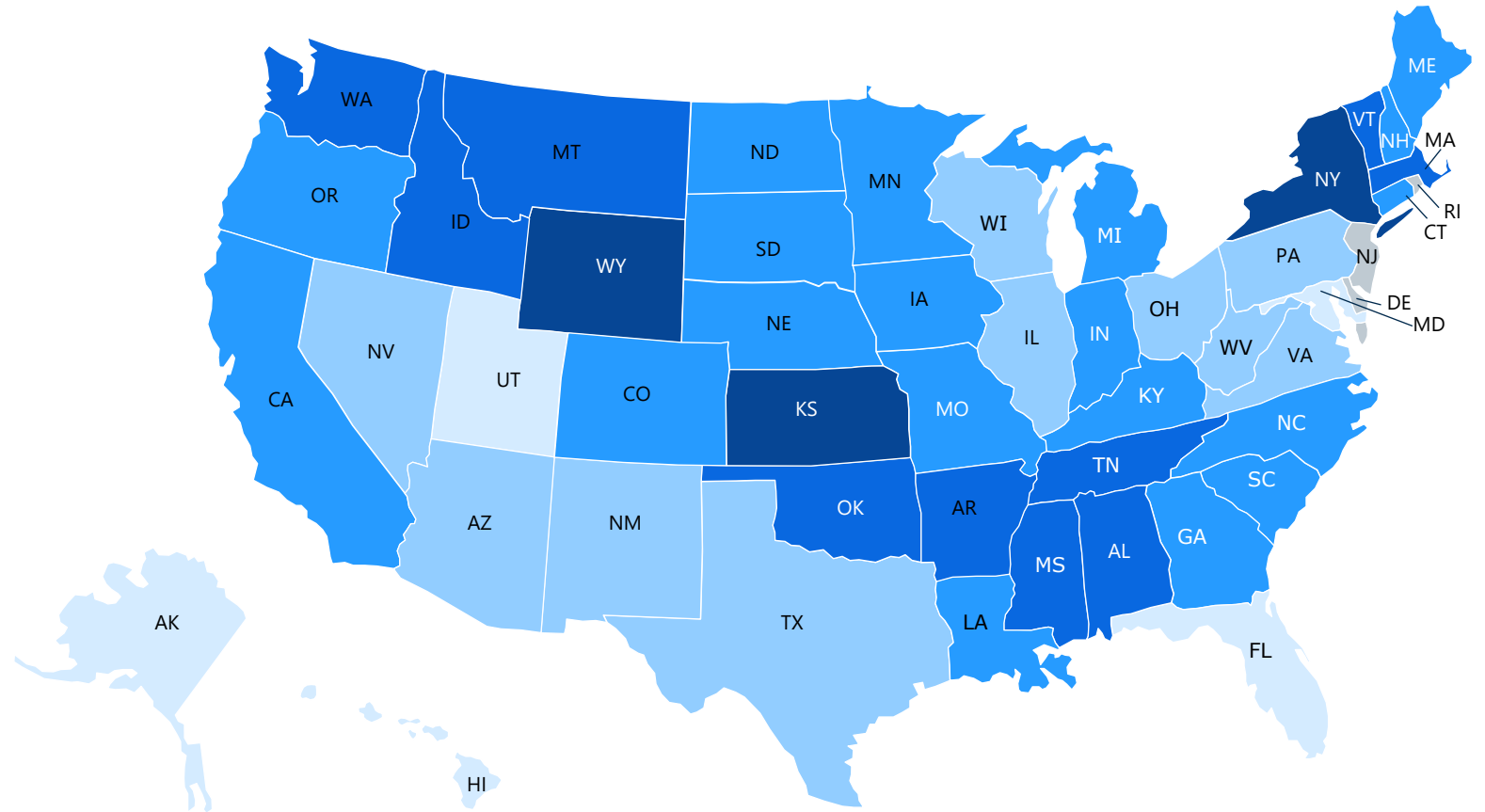


Half of all Rural Hospitals Now in the Red

Overall, **50% of America's rural hospitals** are operating **in the red**.**

Highest percentage ever calculated in our annual analysis.

In **non-expansion states**, **55%** of rural hospitals are **in the red**.



State-level percentage of rural hospitals with negative operating margin.



Source: The Chartis Center for Rural Health,

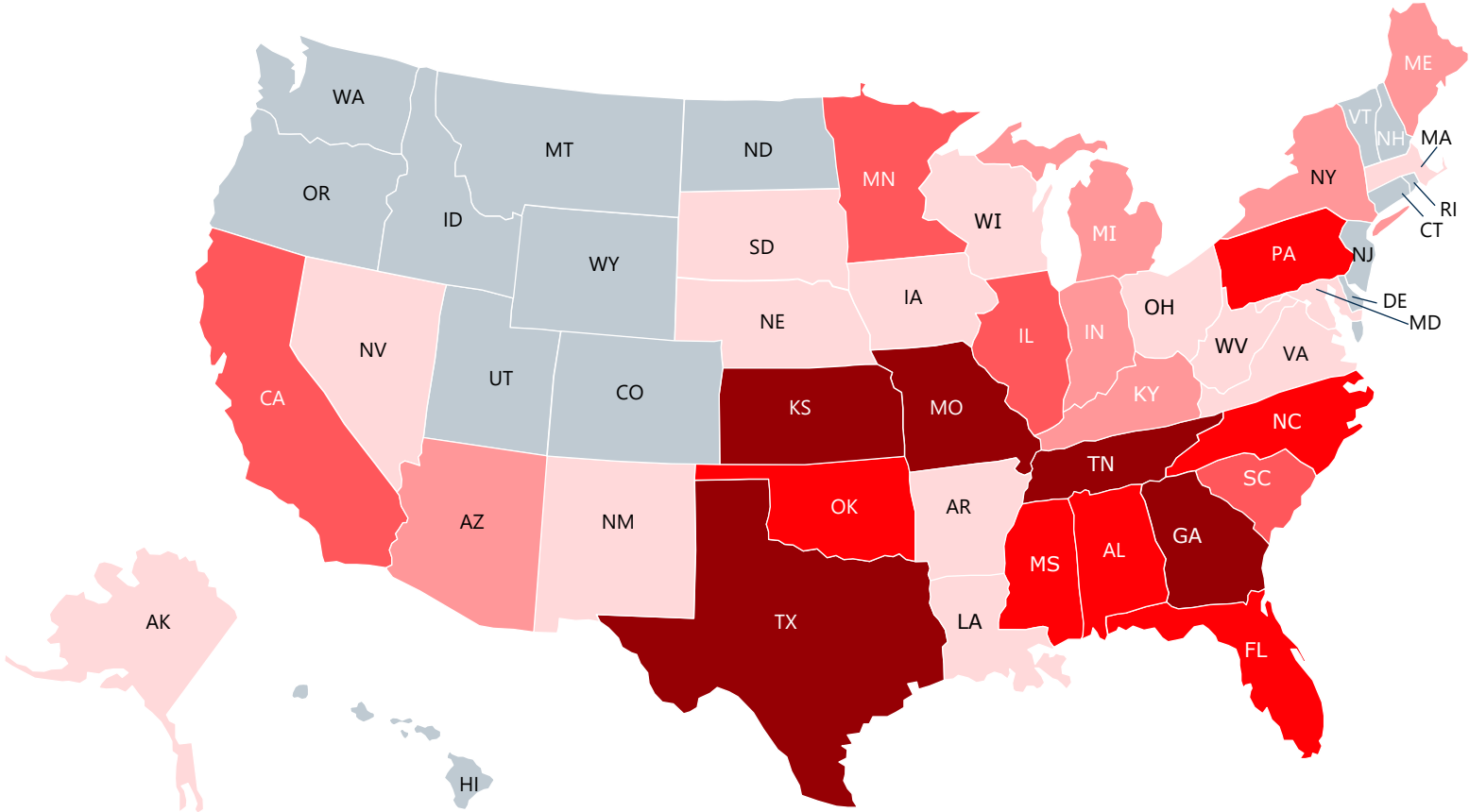
**CMS Healthcare Cost Report Information System (HCRIS) Q3 2023. Operating margin is computed in accordance with Flex Monitoring Team guidance. Outliers are excluded. Hospitals for which data are unavailable are excluded. Reported Covid-19 PHE Funds (Worksheet G-3 line 24,50) excluded from operating margin. Adjustments made to operating margin to reflect full 2% sequester.

Access to Inpatient Care Continues to Vanish

Since 2010, **access to care has deteriorated significantly** in rural communities across America.

167 rural hospitals have either closed or converted to a model that excludes inpatient care (e.g., REH).

Highest loss of inpatient care tends to be in **states resisting** (or slow to adopt) **Medicaid Expansion**.



Number of rural hospitals closed or ceasing inpatient care since 2010.

0	1-2	3	4	5-9	10 or more
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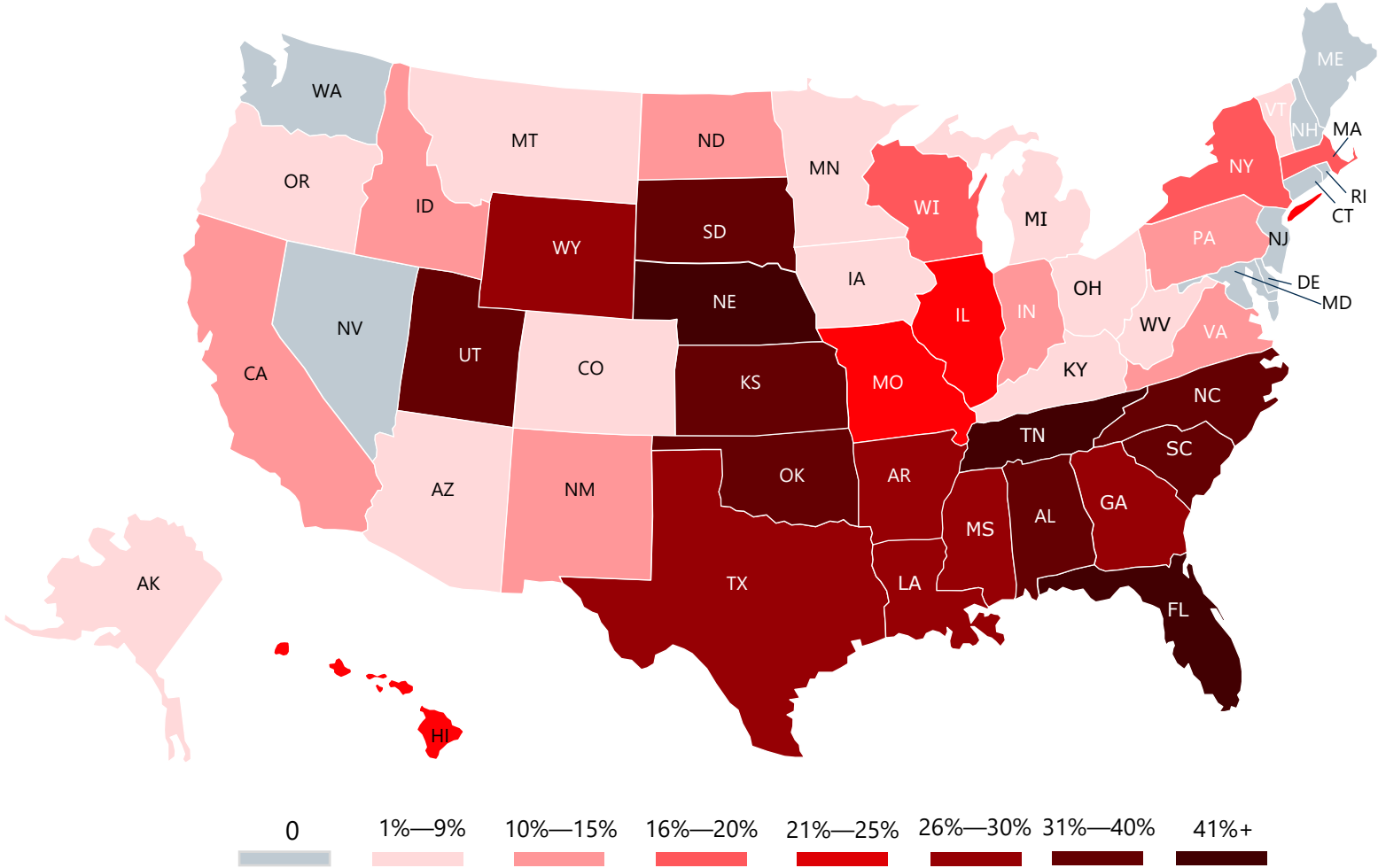
Closure Source: Cecil B. Sheps Center for Health Services Research, 1/31/2024.

Nearly 420 Hospitals Vulnerable to Closure

418 rural hospitals across America are **vulnerable to closure**.

Across **16 states**, the **percentage** of rural hospitals **vulnerable to closure is 26% or higher**.

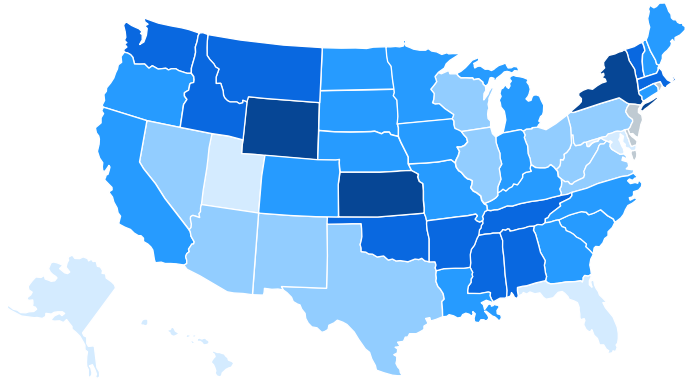
Non-expansion states are home to **nearly 200** vulnerable rural hospitals.



Source: The Chartis Center for Rural Health, January 2024

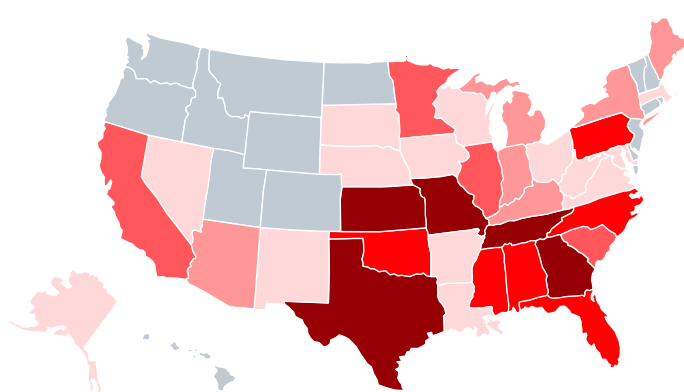
Percentage of State Rural Hospitals Determined to be Vulnerable

The Safety Net at Its Weakest



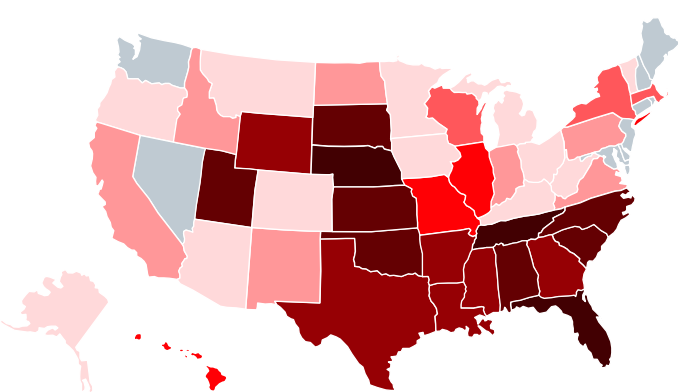
Operating Margin

Kansas – 89%
New York – 83%
Wyoming – 83%



Closures and Conversions

Texas – 25
Tennessee – 15
Kansas – 10
Missouri – 10
Georgia – 10



Vulnerability

Florida – 43%
Nebraska – 41%
Tennessee – 41%
North Carolina – 40%

Source: The Chartis Center for Rural Health, See slides 3, 4, and 6 for map legend pertaining to hospital closures, operating margin and vulnerability.

Embracing ‘Systemness’

More rural hospitals than ever are now affiliated with a health system

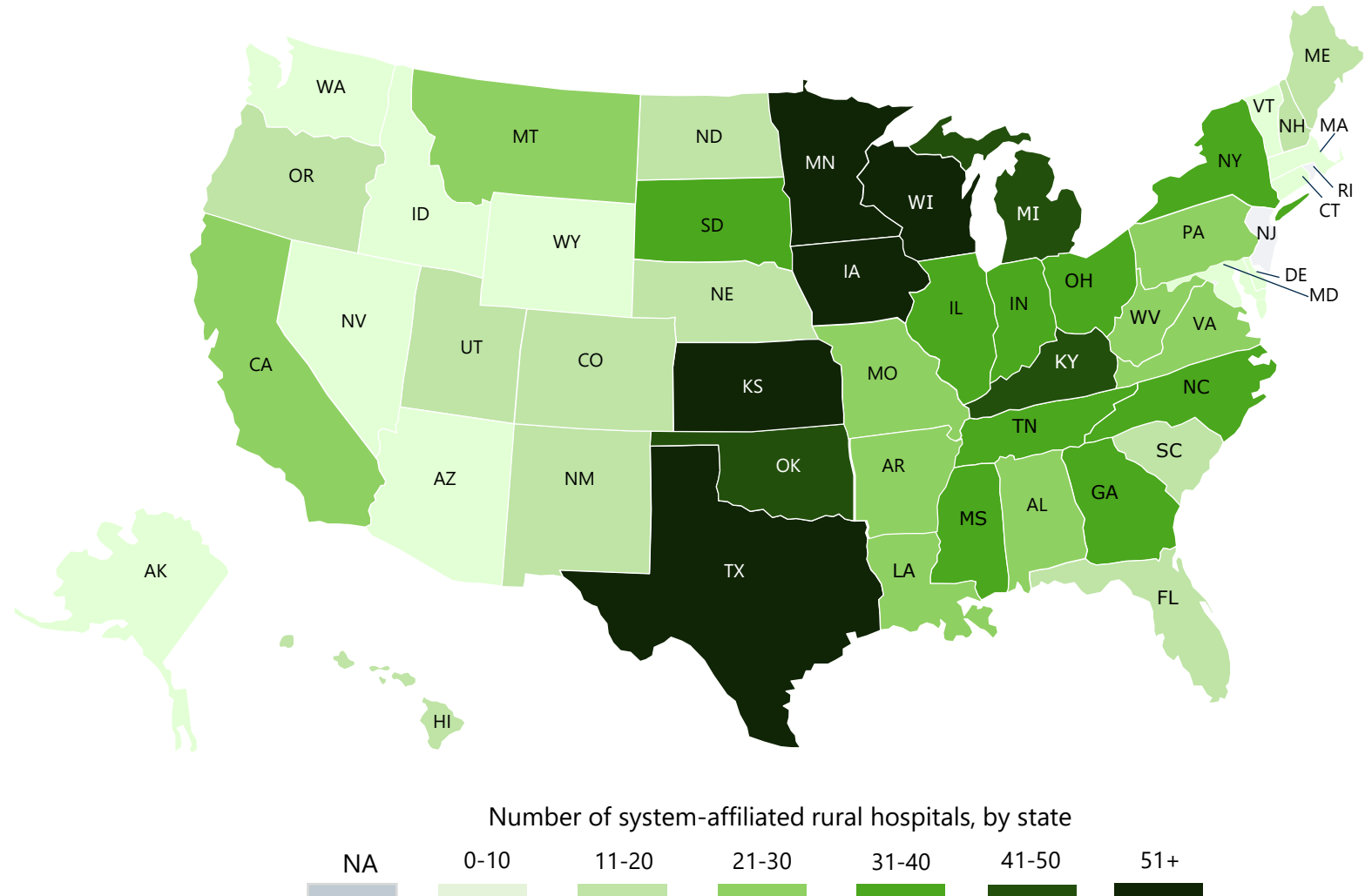


Financially and Operationally Advantageous

Nearly **60%** of rural hospitals are now affiliated with a health system.

Among independent rural hospitals, **55%** are in the red compared to **42%** of system affiliated rural hospitals.

Texas has the **most** system-affiliated rural hospitals with **66**.



What is Driving System Affiliation?



Mission

Bring care to communities with unmet needs and/or limited access to services



Referral Patterns

Right patient > Right procedure > Right place > Right price



Population Health

Coordinate across continuum of care and devise 'upstream' interventions



Technology Integration



ACOs/Alternative Payment Systems

Create value by delivering high quality, coordinated care cost-effectively



Corporate Allocation and Cost-based Reimbursement

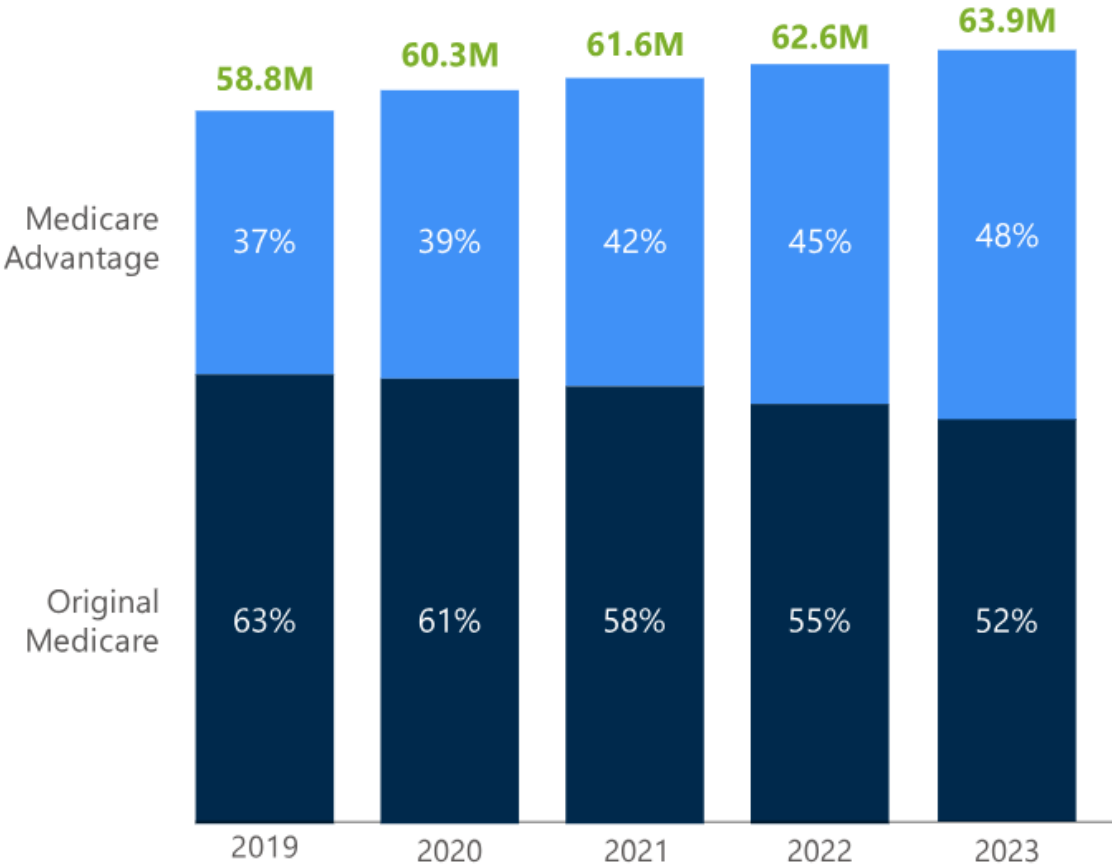
Optimize cost-based reimbursement for shared services across CAHs

Medicare Advantage

Surging enrollment threatens to
further upend rural hospital revenue



Nationally, Medicare Advantage Continues to Grow



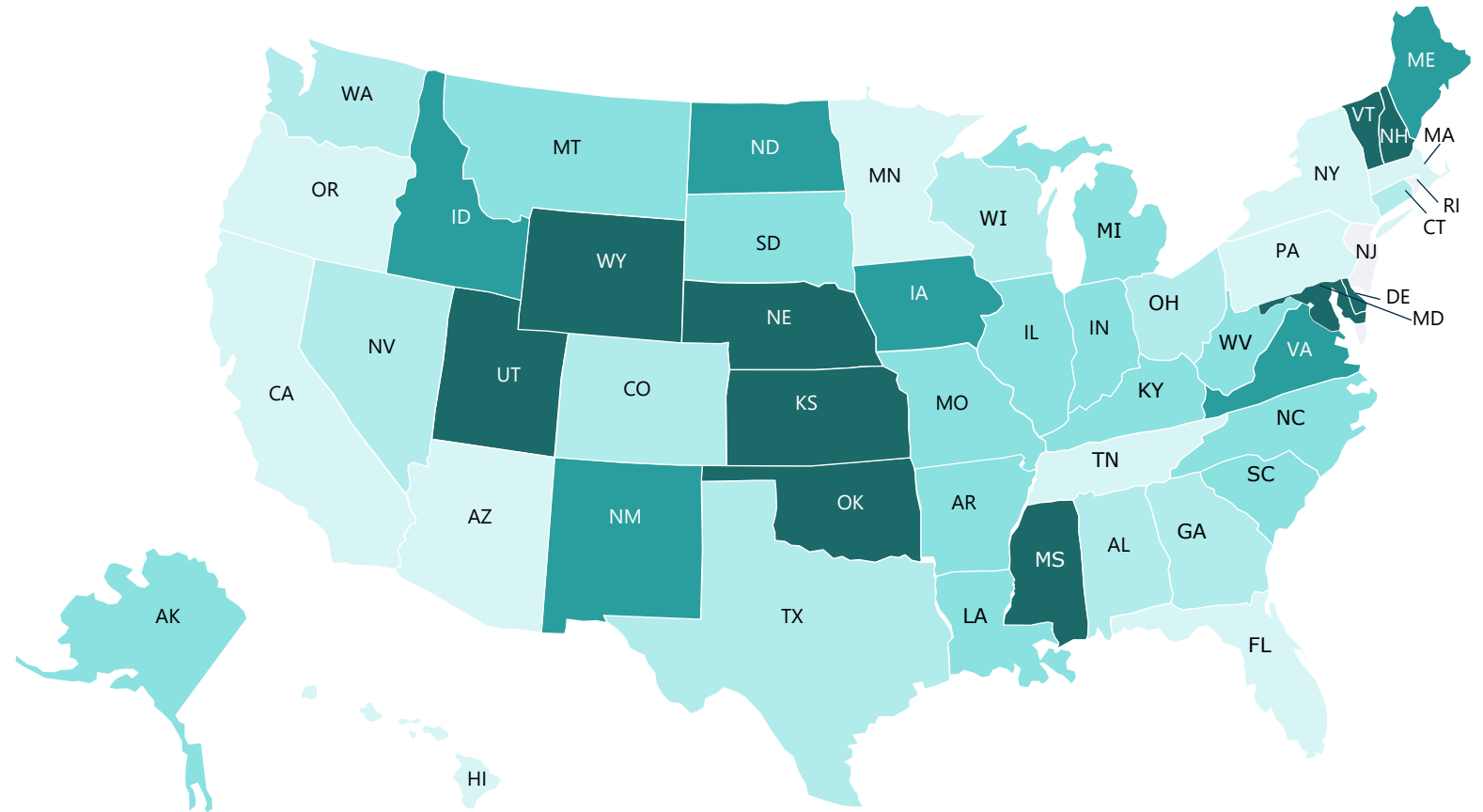
Source: Chartis, "In Shifting Market, Medicare Advantage Shows Continued Growth," 2023.

But within rural communities...

Enrollment in Medicare Advantage Surges 46%

Medicare Advantage enrollment in rural communities **jumped 46% nationally since 2019.**

In **10 states**, Medicare Advantage enrollment **increased by more than 100%** between 2019 and 2023.



Percentage growth of Medicare Advantage enrollees in rural communities between 2019 and 2023.

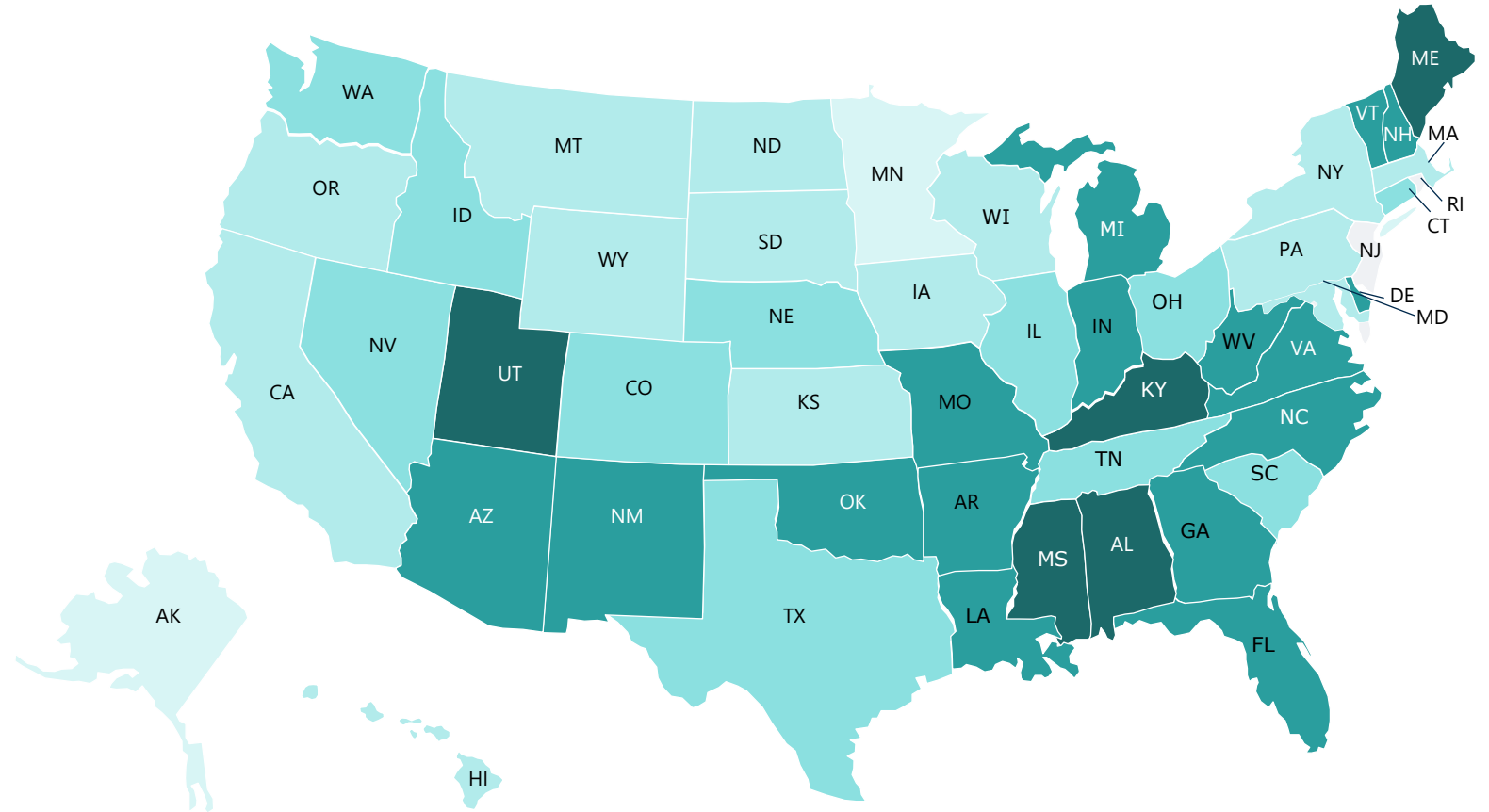


Source: The Chartis Center for Rural Health, December 2023. Rural Communities defined as county in which a rural hospital is located.

Medicare Advantage Penetration Nears 40%

Today, **39%** of all rural Medicare beneficiaries are enrolled in a Medicare Advantage plan.

Medicare Advantage Penetration now **exceeds 50% in 7 states** (AL, CT, GA, HI, KY, ME, MI).



Percentage growth of Medicare Advantage penetration in rural communities between 2019 and 2023.



Source: The Chartis Center for Rural Health, December 2023. Rural Communities defined as county in which a rural hospital is located.

But Headlines Point to Mounting Frustration



December 28, 2023 05:00 AM

'Medicare Advantage plans are crippling rural hospitals,' CEO says

ALEX KACIK



Medicare Advantage increasingly popular with seniors—but not hospitals and doctors

BY JULIE APPLEBY AND KAISER HEALTH NEWS
November 30, 2023 at 1:15 PM EST



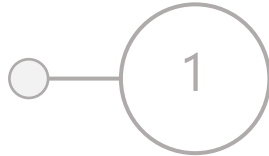
Medicare Advantage keeps growing. Tiny, rural hospitals say that's a huge problem

OCTOBER 17, 2023 · 5:00 AM ET FROM **KFF** HealthNews

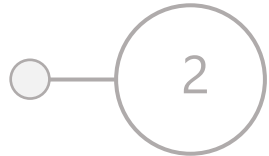


'Deny, deny, deny': By rejecting claims, Medicare Advantage plans threaten rural hospitals and patients, say CEOs

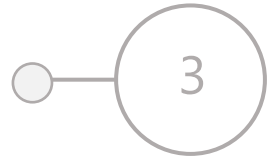
Challenges Posed by Medicare Advantage



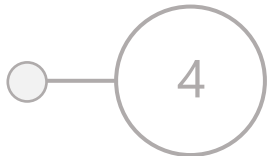
Shift from traditional Medicare to Medicare Advantage is disrupting rural provider payor mixes



Denials of claims typically covered by Medicare creating unexpected revenue shortfalls



Processes and workflows associated with multiple Medicare Advantage plans creates administrative burden



Swings Beds only covered with prior authorization



Insufficient visibility to MA data (e.g., claims) as CMS does not make publicly available as it does hospital data.

Leading Rural Health

EDUCATION SERIES

"We had ~\$300,000 in authorized care through Medicare Advantage denied post exam."

"Uncompensated care related to Medicare Advantage denials tripled in the last calendar year."

"In our state, initial denials for traditional Medicare are 5% to 6%. With the Medicare Advantage players, the denial rate is 12% to 17%."

Rural “Care Deserts”

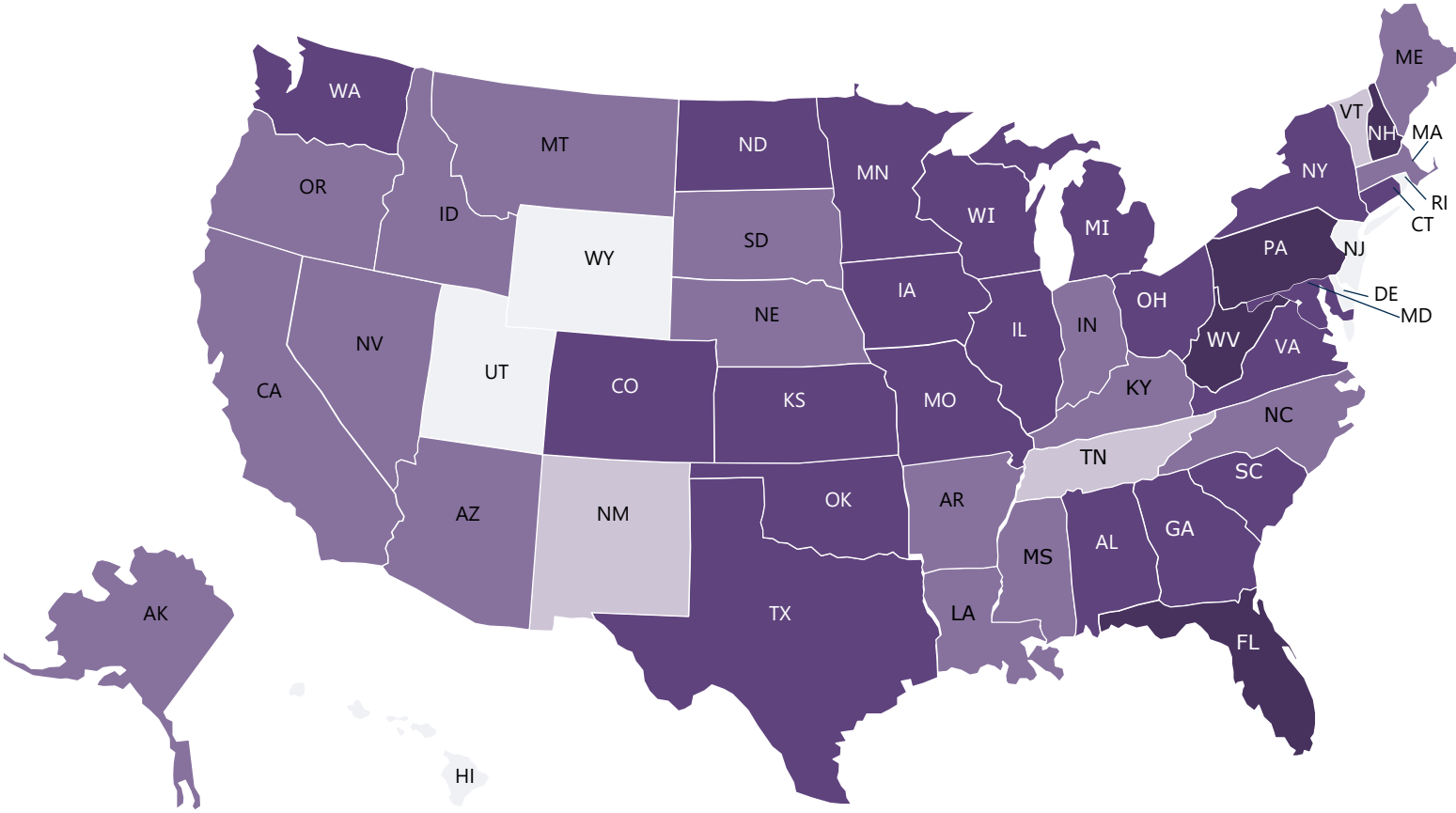
Access to care and vital services
continues to vanish



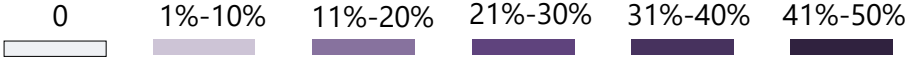
Nearly 25% of Rural OB Units Have Closed

States with highest % of facilities stopping OB are **WV (46%), FL (43%), PA (41%)** and **NH (40%)**.

In WV, PA and NH, the number of rural hospitals in the state left providing OB is less than 10.



Percentage of rural hospitals that stopped offering OB between 2011 and 2021.

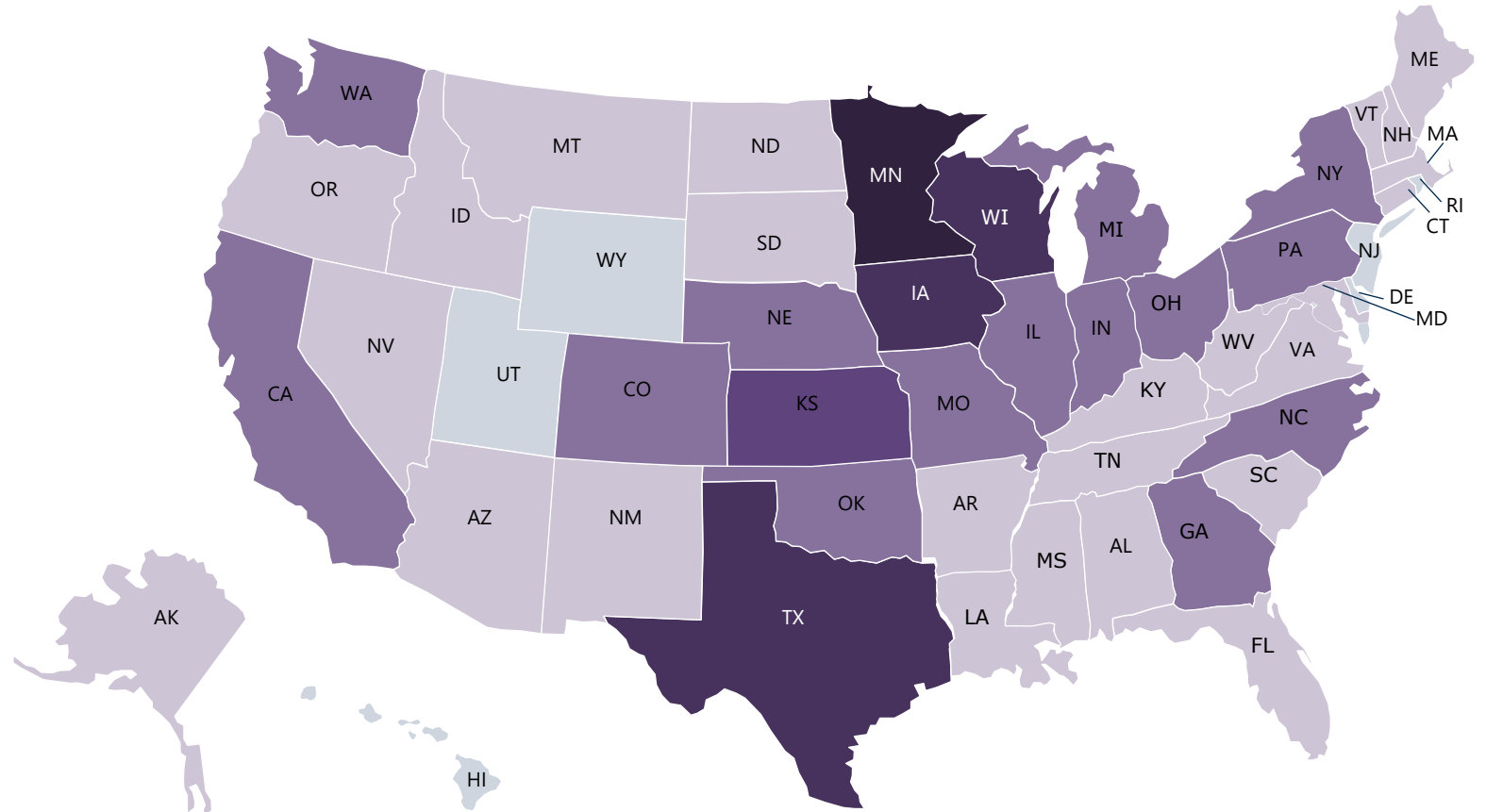


Source: The Chartis Center for Rural Health, October 2023.

Rural America's Widening OB Deserts

States with highest number of rural OB closures are **MN (22)**, **IA (20)**, **TX (17)**, **WI (16)** and **KS (14)**.

UT and **WY**, states with 20 and 16 rural hospitals offering OB respectively **have not seen any losses** during the review period.



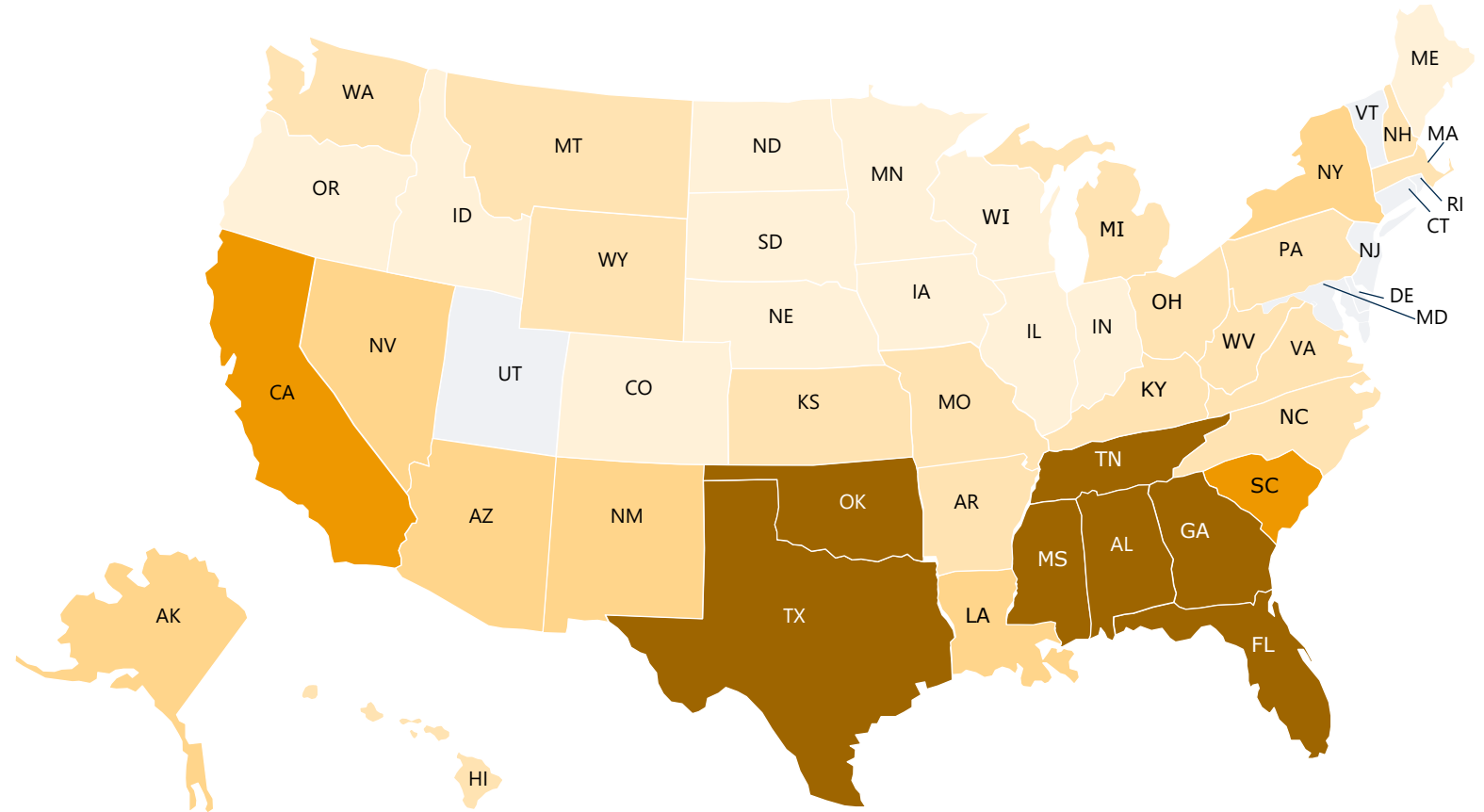
Number of rural hospitals that stopped offering OB between 2011 and 2021.



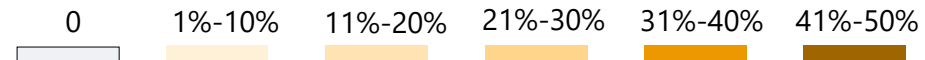
Chemo has Disappeared at 382 Rural Hospitals

In Texas, **57** rural hospitals stopped offering chemo during our review period.

States such as Alabama, Mississippi and Tennessee all saw **more than 40%** of their rural hospitals drop chemo.



Percentage of rural hospitals that stopped offering Chemo between 2014 and 2022.



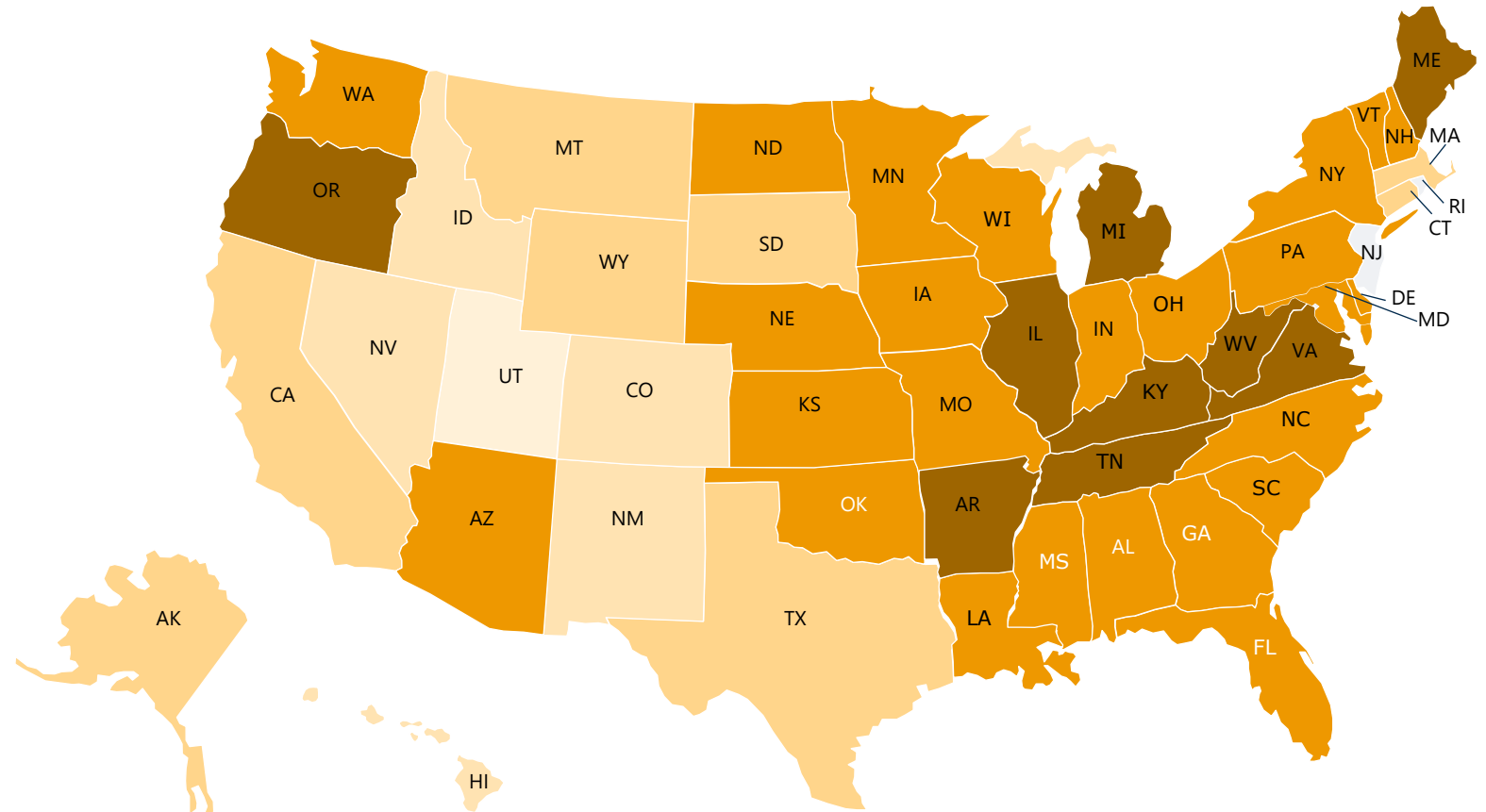
Source: The Chartis Center for Rural Health, February 2024.

Cancer Mortalities in Rural America

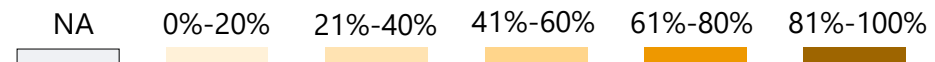
Rural hospital communities in UT had **lower** cancer mortality rates than **94%** of service areas across the country.

Rural hospital communities in KY, ME, VA, and WV had **higher** cancer mortality rates than **85%** of hospital communities across the country.

In states where up to 10% of rural chemo services disappeared, cancer mortality rates were higher than **66%** of their peers. Percentile jumps to **78%** for states that ceased 40-50% of their rural chemo services.



Median percentile cancer mortality rates across rural hospital communities, by state



Source: The Chartis Center for Rural Health, February 2024. Data review period 2014 to 2022.

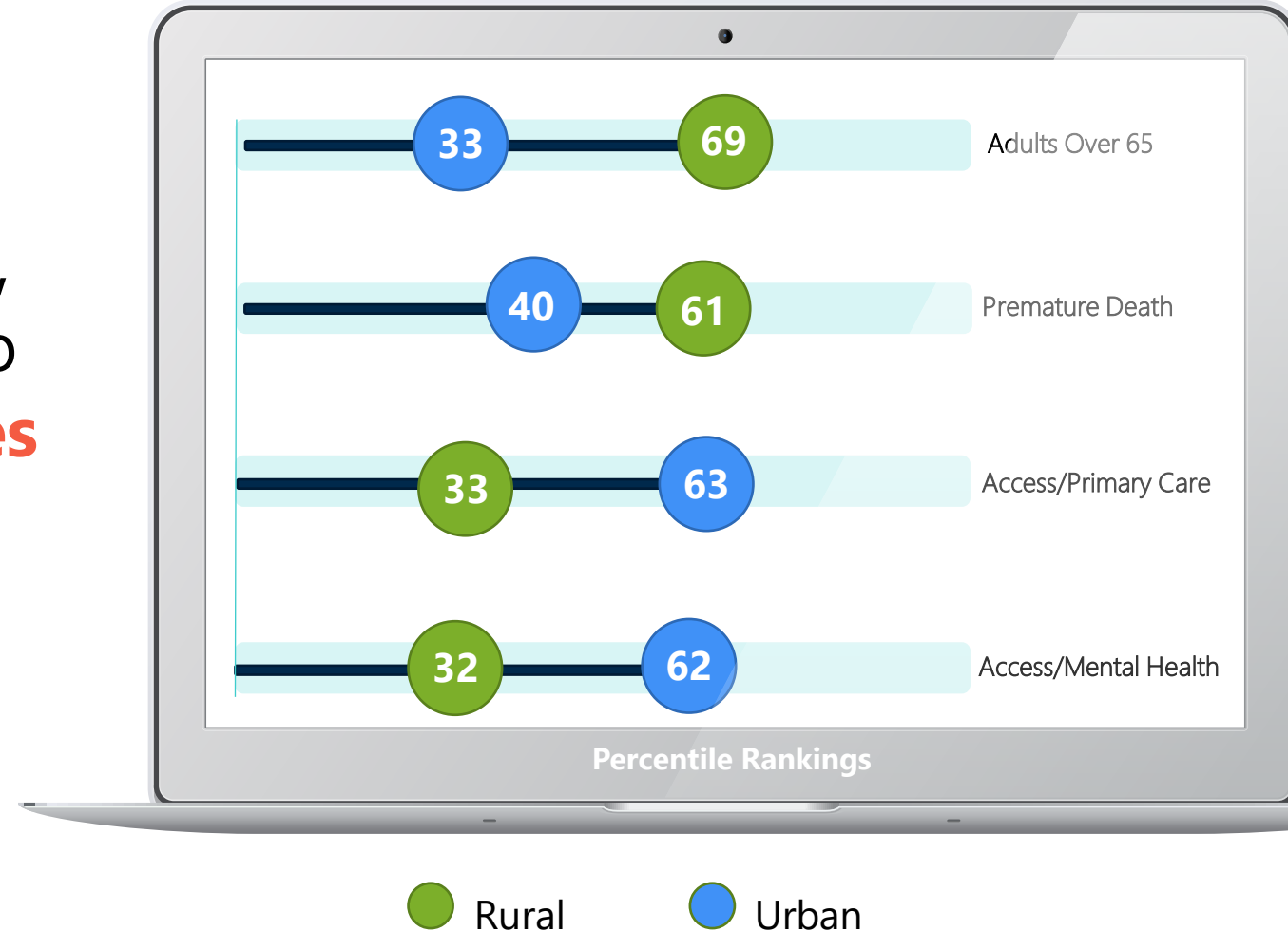
Rural/Urban Divide

Population health disparities and health inequity are widening



Weakening Community Health Status

Our rural communities are increasingly **older, less affluent, less healthy**, have **less access** to care and **suffer worse outcomes** than their more urban peers.



Pandemic Fueled Deaths of Despair

"Rates for the top 10 causes of death in 2019 (including heart disease, cancer and accidents) were all higher in rural areas."

"Geographical setting a key driver of Death of Despair trends, with rural areas exhibiting the worst despair-related mortality outcomes."



Opioid Overdose



Alcohol Deaths



Veterans Suicide



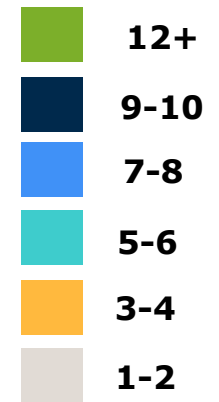
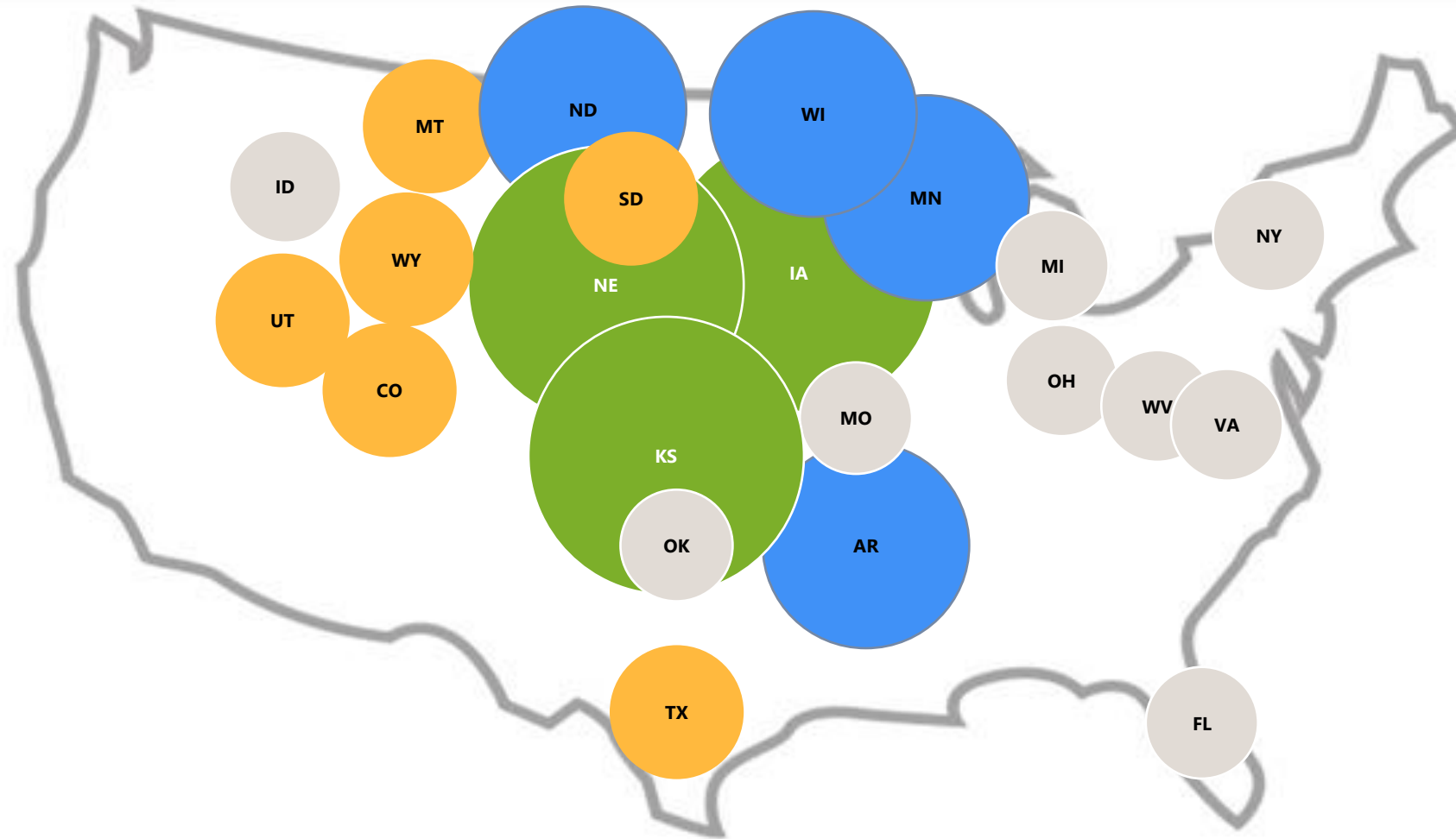
Suicide

Innovation and Inspiration

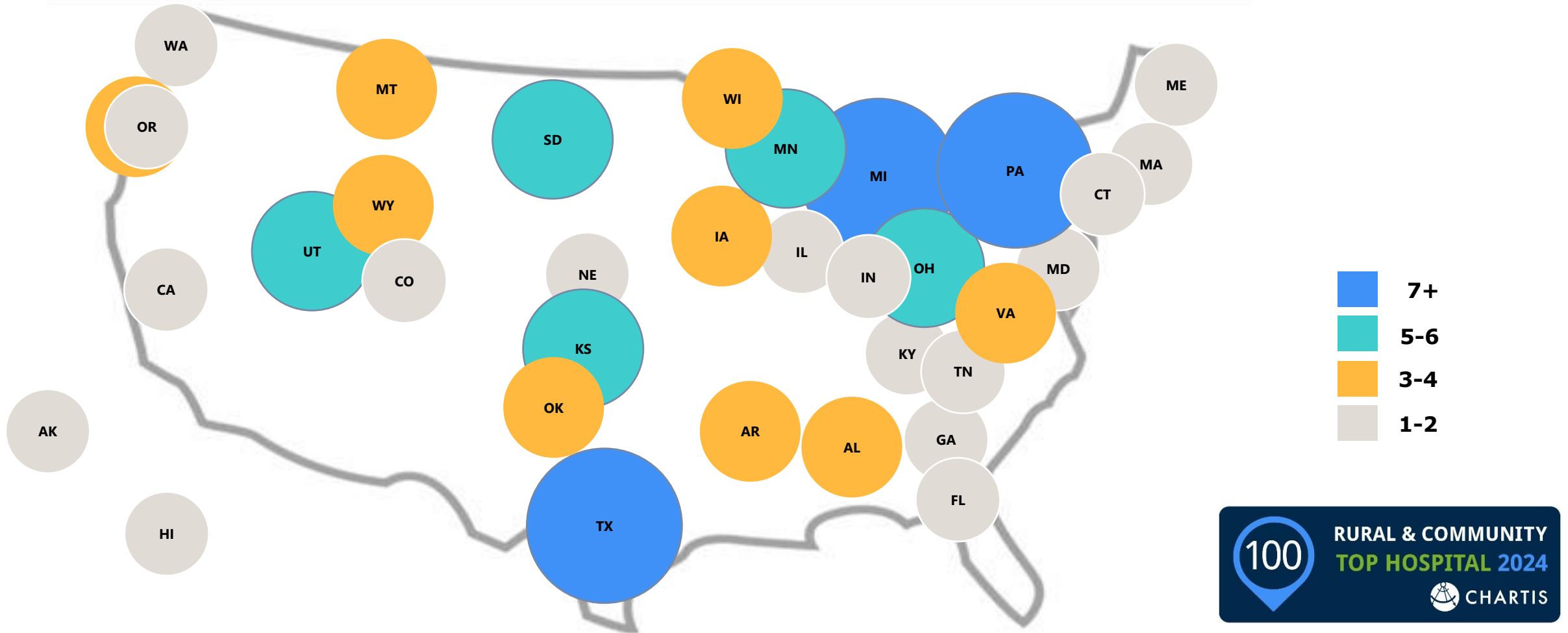
Top 100 Critical Access Hospitals and
Top 100 Rural & Community Hospitals



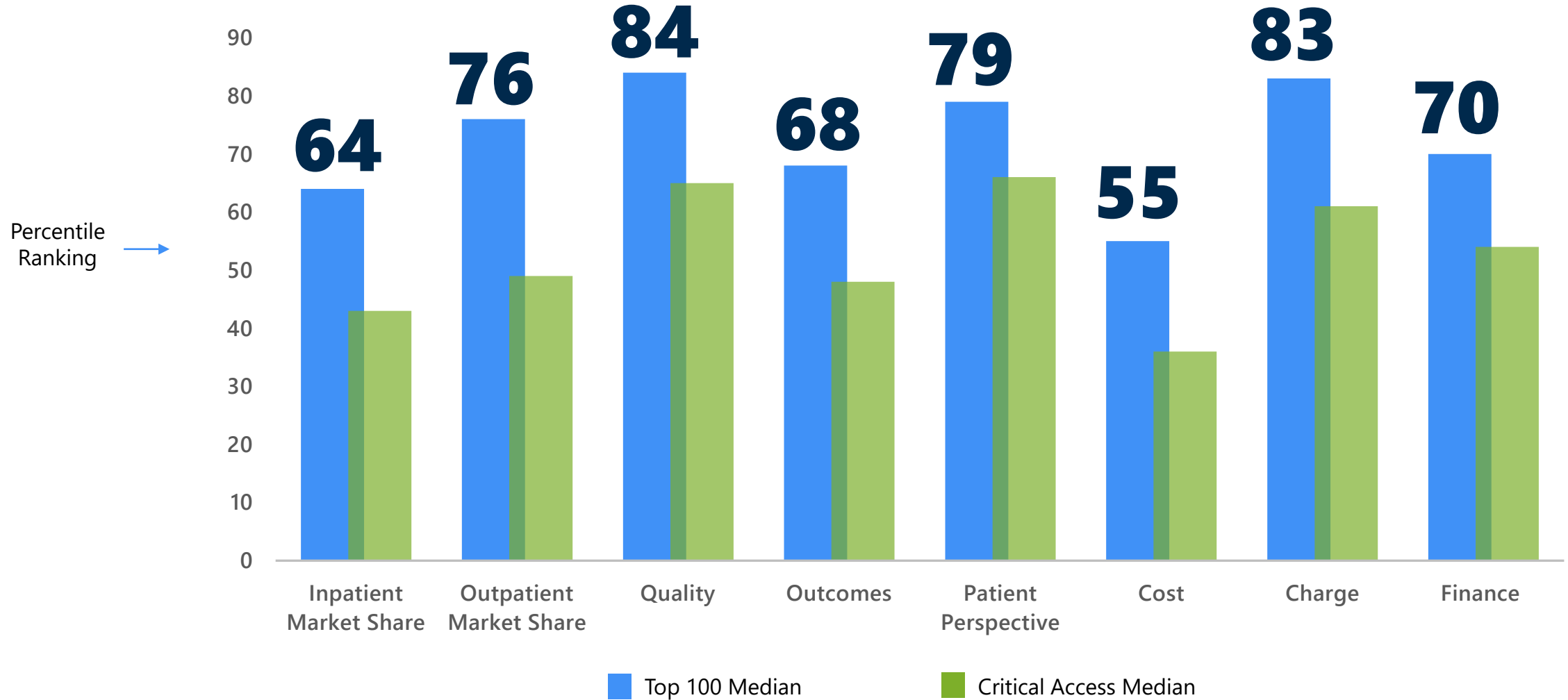
2024 Top 100 Critical Access Hospitals



2024 Top 100 Rural & community Hospitals



What Does Top 100 Performance Look Like?



Top 100 Performance – All Time – by the Numbers



444

Total number of CAHs recognized since 2011.

15

HOSPITALS HONORED 10 OR MORE TIMES.

States with the most Top 100 Critical Access Hospitals

IA

45

KS

39

States with the most Top 100 Rural & Community Hospitals

TX

18

MI

17

265

Total number of RPPS recognized since 2016.

37

HOSPITALS HONORED 7 OR MORE TIMES.

From one year to the next, roughly *20% of the Top 100 are first time award winners*

Rural Health Advocacy

Research and national and state level
data for conference attendees



Policy Institute Advocacy: State Data Impact Tables

The screenshot shows the NRHA Advocacy page. At the top, there is a navigation bar with links for 'Join', 'Donate', 'NRHA Connect', and 'Partners'. Below this is a header with 'NRHA' and a menu: 'ABOUT NRHA', 'EVENTS', 'MEMBERSHIP', 'ADVOCACY', 'PROGRAMS', 'PUBLICATION'. The main content area features a large image of the US Capitol building with the word 'Advocacy' overlaid. Below the image, there is a breadcrumb trail: 'Home / Advocacy / Chartis Rural Hospital Data'. The main heading is '2024 Chartis Rural Hospital Data'. Below this, there is a text prompt: 'View your state's rural hospital data via this interactive map. Please Click on Your State Below:'. A map of the United States is shown with state abbreviations. An orange arrow points from the map to the table on the right. To the right of the map is a sidebar titled 'Advocacy' with a list of links: 'Fighting for Rural', 'Advocacy Campaigns', 'Chartis Rural Hospital Data', 'Legislative Tracker', 'Executive Branch', 'Legislative Branch', 'Rural Health Coalitions', 'Policy Documents', 'Rural Health Congress', 'Government Affairs Committee', and 'Rural Health Policy Institute'.

CHARTIS Impact of Policies on Rural Communities

Arizona

Provider Name/Number	Provider Type	Operating Margin ¹	Sequestration ² 2% Inpatient and Outpatient Medicare Revenue Cut			Bad Debt Reimbursement Cut ³ 35% Medicare Bad Debt Reimbursement Cut		
			Annual Revenue Lost ⁴	Potential Job Loss ⁵	Potential GDP Loss ⁶	Annual Revenue Lost ⁴	Potential Job Loss ⁵	Potential GDP Loss ⁶
Banner Payson Medical Center (031318)	CAH	8.8%	\$208,882	3	\$451,076	\$83,273	1	\$179,826
Benson Hospital (031301)	CAH	25.0%	\$120,865	3	\$358,575	\$70,586	2	\$209,410
Chinle Comprehensive Health Care Facility (030084)	RPPS	82158.4%	\$254,160	5	\$672,154	\$0	0	\$0
Cobre Valley Regional Medical Center (031314)	CAH	12.2%	\$183,398	3	\$458,234	\$5,769	0	\$14,415
Copper Queen Community Hospital (031312)	CAH	19.6%	\$61,979	1	\$171,765	\$62,510	1	\$173,237
Holy Cross Hospital (031313)	CAH	27.3%	(\$38,598)	-1	(\$78,104)	\$128,164	2	\$259,346
Hopi Health Care Center (031305)	CAH	38292.4%	\$164,237	4	\$478,817	\$0	0	\$0
Hu Hu Kam Memorial Hospital (031308)	CAH	59218.3%	\$415,255	12	\$1,662,204	\$0	0	\$0
La Paz Regional Hospital (031317)	CAH	0.3%	\$130,566	3	\$438,516	\$65,755	2	\$220,842
Little Colorado Medical Center (031311)	CAH	7.4%	\$85,211	2	\$218,673	\$24,399	0	\$62,614
Mt. Graham Regional Medical Center (030068)	RPPS	-5.9%	\$256,626	4	\$580,737	\$28,652	0	\$64,839

Operating margin and policy impact data for every rural hospital on a state-by-state basis.

<https://www.ruralhealth.us/advocate/chartis-rural-hospital-data>

Policy Institute Advocacy: Research and National Data

1

chartis.com/rural-health

Committed to Helping Rural Hospitals Improve Care Delivery

The Chartis Center for Rural Health provides unparalleled value to rural hospital leaders and their advocates. By combining advanced analytics and rural-relevant benchmarks with industry-leading research and expertise, we deliver the knowledge you need to sustain your mission, improve performance, and improve care within your communities.

[CONTACT OUR TEAM](#)

Deep Expertise Working with Rural Providers

- Network Collaboration
- Strategic and Operational Advisory
- Quality Improvement
- Advanced Analytics

RELATED

- [Chartis Rural Hospital Performance INDEX™](#)
- [Top Performing Rural Hospitals](#)
- [Rural Research and Analysis](#)



Rural Health Policy Institute Conference

Research & Resources

For more than a decade, The Chartis Center for Rural Health's research has provided an important lens into the stability of the rural health safety net and we are delighted to once again share our latest analysis and research with rural healthcare leaders, advocates and members of the United States Congress during the National Rural Health Association's 35th Annual Rural Health Policy Institute Conference in Washington, D.C. If you have questions about this research, please reach out to us at CCRH@chartis.com.

2024 Study

Rural Hospitals Fall Deeper into the Red as Care Deserts Grow

The latest research conducted by Chartis points to a startling, new phase of the rural health safety net crisis as 50% of rural hospitals now operate in the red and nearly 420 are vulnerable to

National and State Data Tables

Understanding Instability on a State-by-State Basis

Our national and state data tables bring clarity to the challenges rural hospitals face through state-by-state breakdowns of the key metrics including, operating margin, policy impact and vulnerability.

Research Heat Maps

Data Visualizations for Operating Margin and Vulnerability

To supplement our Policy Institute materials, we've developed an 11 x 17 version of our 'heat' maps exploring operating margin, vulnerability and

3

Links to our new study, National Policy Impact Super Table, State Data and more.

2

Click: Policy Institute Materials

Top 100 Rural Hospital Marketing Materials

1 chartis.com/rural-health

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Deep Expertise Working with Rural Providers

Network Collaboration
Strategic and Operational Advisory
Quality Improvement
Advanced Analytics

RELATED

- Chartis Rural Hospital Performance INDEX™
- [Top Performing Rural Hospitals](#)
- Rural Research and Analysis



CHARTIS

INSIGHTS SERVICES CLIENT RESULTS ABOUT CONTACT US

Top Performing Rural Hospitals

Creating a Blueprint for Sustainability and Value

100 CRITICAL ACCESS TOP HOSPITAL 2024

100 RURAL & COMMUNITY TOP HOSPITAL 2024

Recognizing Top Performance

There is no better illustration of the value that rural facilities provide to their communities than the annual identification and recognition of the top-performing rural facilities. Each year, the rural hospitals are analyzed through the lens of the Chartis Rural Hospital Performance INDEX, the industry's most comprehensive and objective assessment of rural hospital performance in the United States.

[VIEW THE 2023 TOP 100 AWARD WINNERS](#)

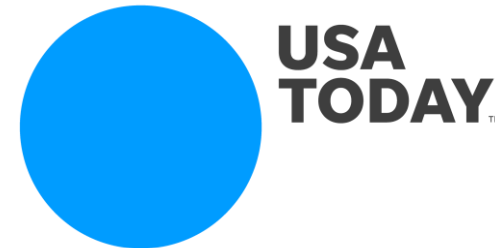
3 **Link to the list of award winners, award logo and press release templates.**

2 **Click: Top Performing Rural Hospitals**

Rural-relevant Analytics, Strategy & Advisory Services

At the Chartis Center for Rural Health, we deliver a rural-relevant framework through which leadership teams and frontline staff can better understand performance and initiate further clinical and financial improvement.

Our expertise and research has been featured in some in some of the nation's leading news outlets.



The Chartis Center for Rural Health Team



Michael Topchik
National Leader

mtopchik@chartis.com



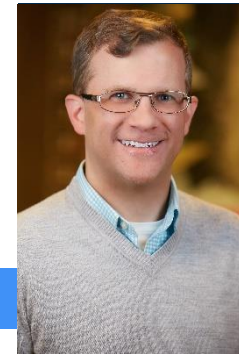
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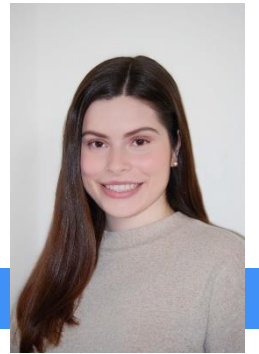
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