



# Overview of Rural Health Care Trends

- National
- Statewide
- Local

Prepared by: Rural Health Resource Center,  
Minnesota Center for Rural Health,  
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# Issues Affecting Rural Health

- Reimbursement
- Workforce
- EMS/Bioterrorism
- Uninsured/Poverty
- Elderly
- Cost of Healthcare/Access Issues
- Quality and Performance Improvement

# Difference in U.S. Hospitals

<b><u>Size and Distribution</u></b>	<b>Rural</b>	<b>Non-Rural</b>
# of Hospitals in U.S.	2,166	2,729
Median # beds	77	236
Average length of stay	6.5	5.5

Source: American Hospital Association, AHA Hospital Statistics, 2005

# Rural Hospital Facts

- Medicare patients days at 63% in small rural hospitals compared to 54% in 200+bed hospitals
- Outpatient services account for 50% of charges
- Outpatient surgeries increased 72% the past 10 years
- Rural hospitals employ an average of 3.3 physicians and dentists
- 44% of rural hospitals are community owned and 39% government owned

Source: Rural Hospitals: New Millennium and New Challenges, University of Minnesota Rural Health Research Center, 2003



# Critical Access Hospitals

## Medicare Rural Hospital Flexibility Program

- Licensure changes hospital from PPS to a cost-based reimbursement system for out/inpatient services
- Required Services: Inpatient care, ER, Lab, Radiology
- Network agreement with at least one hospital
- No more than 25 acute beds + 10 swing beds
- Average annual acute LOS may not exceed 96 hours

# Minnesota Hospitals



- 146 hospitals
- 110 rural hospitals
- 33 hospitals closed since 1980; 26 rural
- 70 potential CAHs
- 60 certified CAHs
- Median operating margin for Greater MN hospitals was 1.3% in 1998 and 6.2 % in 2001



# MN Rural Hospitals are Aging

- Majority (44%) of MN rural hospitals were built in the 1950s and 1960s
- Capital costs for rural MN hospitals “most pressing needs” projected at \$99 million
- Lack of capital from earnings for improvements
- Cause for deficiencies in inspection surveys
- Potentially unsafe
- Substantial out-migration



# MN Nursing Homes

- 414 facilities
- 38,972 beds
- Occupancy rate: 97%
- Median length of stay: 53 days, mean: 256 days
- 20 have closed in the past last 4 years



# Critical Long-Term Care Issues in MN

- Increasing need for long-term care
- Needs of family caregivers
- Over-reliance on institutional model
- Need for more community-based options
- Current and future worker shortages
- Regulations and reimbursement

# Other Rural Health Care Trends

- Aging and Declining of Health Professions Workforce
  - Continued growth in health care industry – employment projected to increase by 21%
  - Average age of Nurses in MN: 45.3 years and in rural MN: 46.4 years old
  - By 2030, 1 in 5 Americans will be >65 years old
  - High vacancy rates for RNs, LPNs, CNAs and techs

# Strong Demand for Health Care Workers

Major Job Category	Greater MN # Job Vacancies	Greater MN Job Vacancy Rate	NW MN # Job Vacancies	NW MN Vacancy Rate
Healthcare Practitioners/ Technical	2,182	3.6%	327	3.2%
Healthcare Support	2,046	6.0%	316	4.1%

Source: Job Vacancy Survey, Minnesota Department of Employment and Economic Development, 2<sup>nd</sup> Quarter, 2004

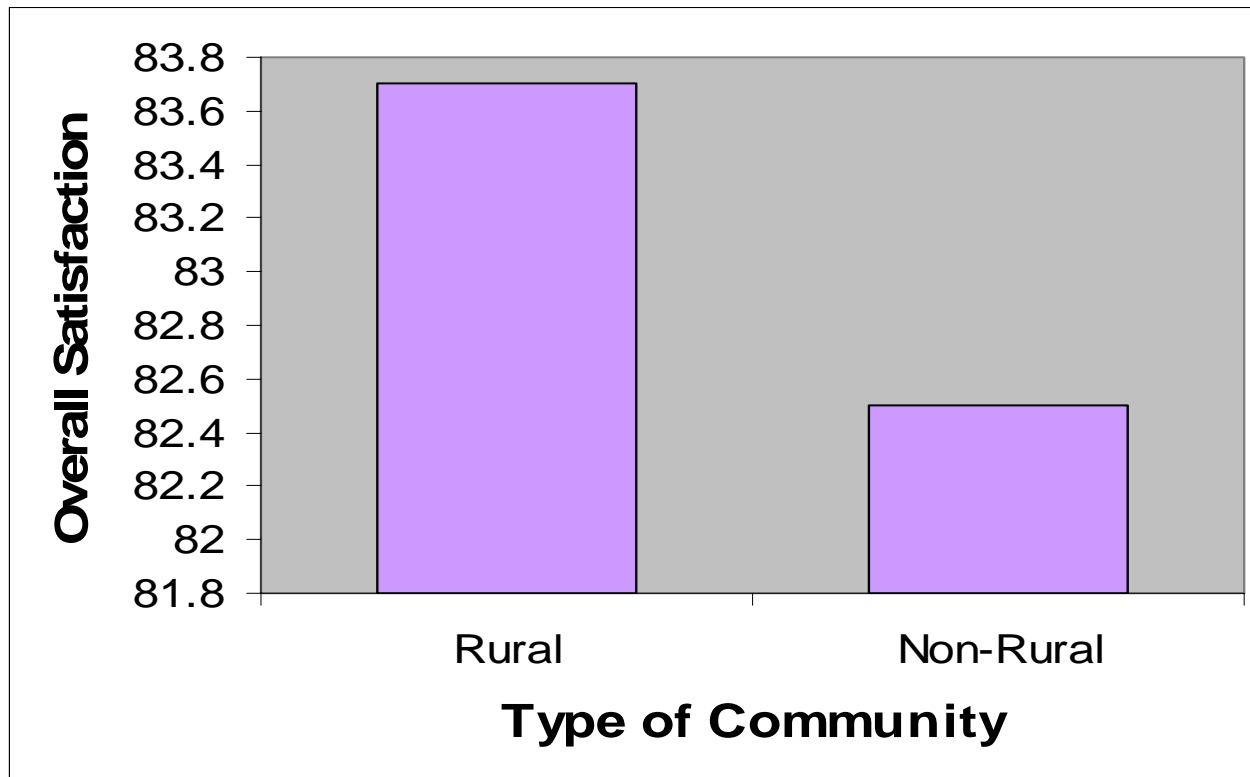


# Increased Use of Technology

- Internet usage for consumers and providers
- Expanded reimbursement for telemedicine
- Development of tele-pharmacy, tele-radiology, and tele-home health
- Wireless technology for dictation, charting, and paging
- ITV usage for continuing education and networking

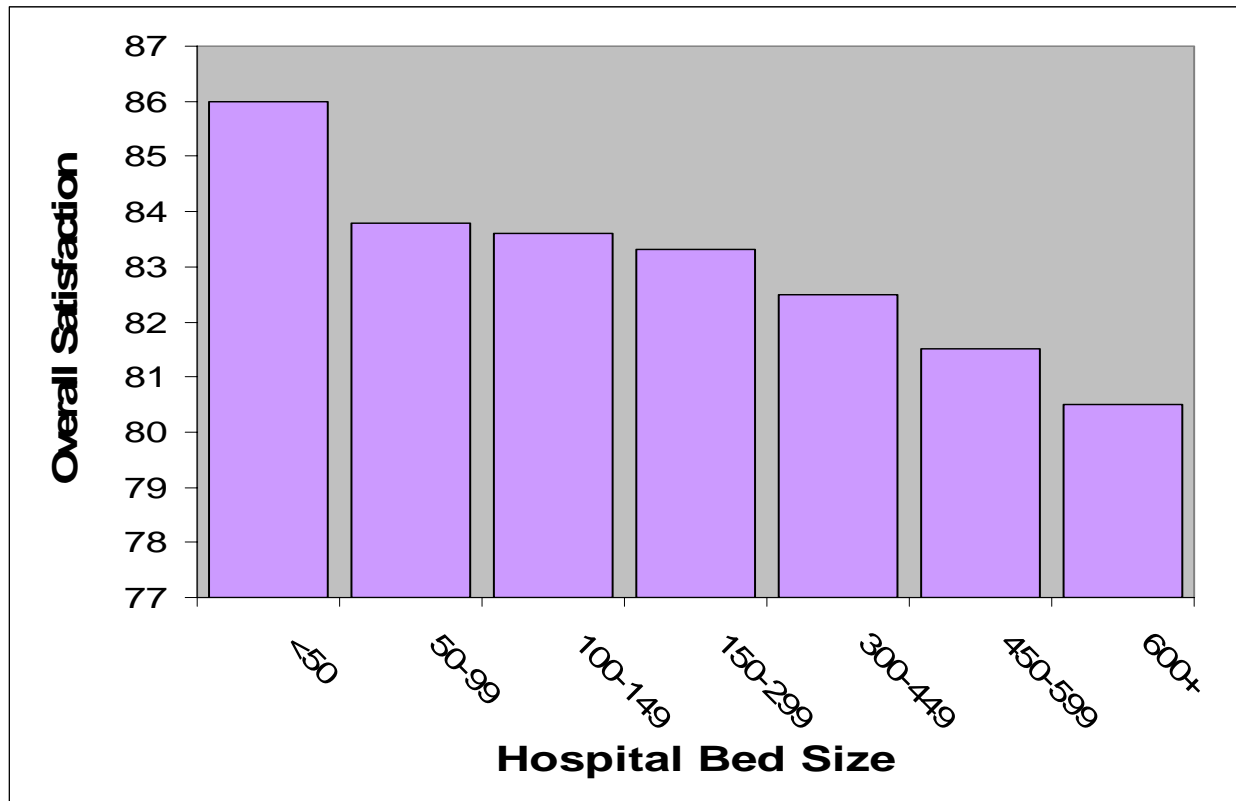
# Patient Satisfaction

**Overall Satisfaction by Type of Community**  
n=680, Mar, Apr, May 2000 (Press Ganey)



# Patient Satisfaction

**Overall Satisfaction by Bed Size**  
n=680, Mar, Apr, May 2000  
(Press Ganey)



# Economic Impact of Health Care in the RiverView Health and Polk County Service Area



August 2004

Prepared by:  
Office of Rural Health and Primary Care

Hospitals

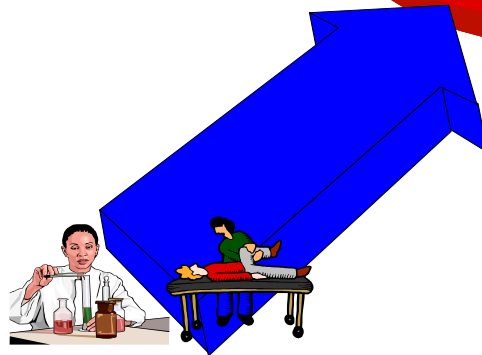


Nursing Home



Doctors &  
Other Professionals

Community

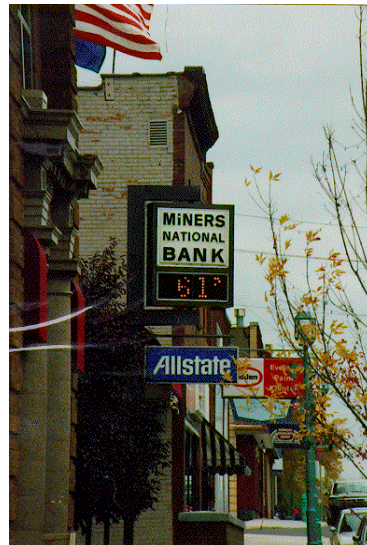


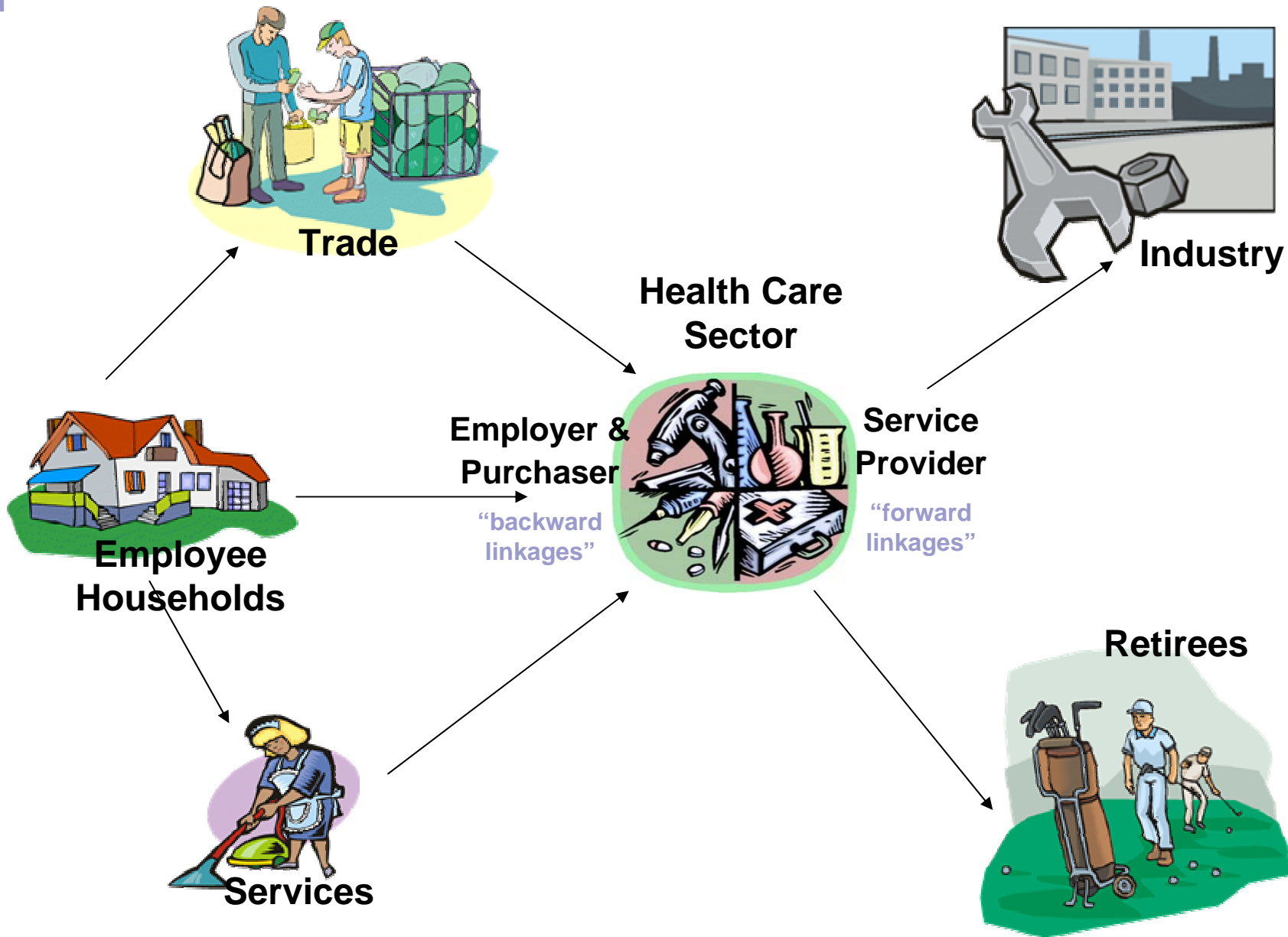
Other Medical Services



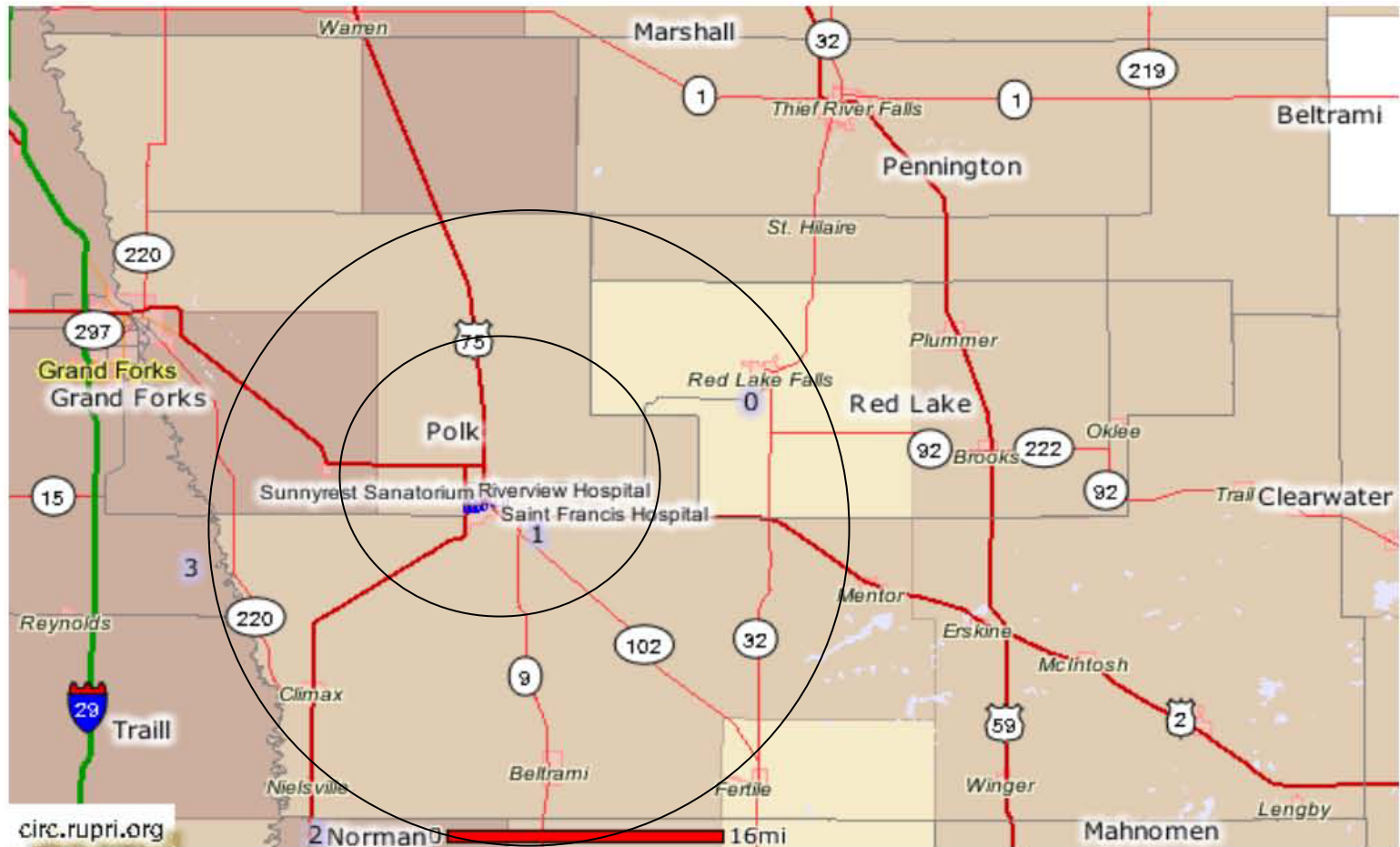
Pharmacies

# Health Services Foster Rural Development





# RiverView Health Service Area



# National Health Expenditures and Employment Data, 1970-2000

<b>Year</b>	<b>Total Expenditures (Billions)</b>	<b>Per Capita Expenditures (\$)</b>	<b>Expenditure % of GDP</b>	<b>Employment in Health Sector (Million Jobs)</b>
1970	\$73	\$348	7.0%	3,053
1980	246	1,067	8.8%	5,278
1990	696	2,736	12.0%	7,814
2000	\$1,300	\$4,637	13.2%	10,103

# Estimated Potential Personal Primary Care Expenditures for RiverView Health Service Area and Related Health Sectors

<b>Health Services Market Area Population*</b>	<b>2001 Minnesota Per Capita</b>	<b>% Primary Care</b>	<b>Primary Care/ Capita</b>	<b>Market Area Potential Expenditures</b>
Hospital Care	\$1,329	61%	\$ 811	\$ 13,787,000
Physician & Prof. Services	1,428	75%	1,071	\$ 18,207,000
Home Health Care	94	100%	94	\$ 1,598,000
Nursing Home Care	439	100%	439	\$ 7,463,000
Dental Services	229	75%	172	\$ 2,924,000
Drugs & Non-Durables	449	75%	337	\$ 5,729,000
Medical Durables	74	-----	-----	-----
Other Personal Health Care	182	-----	-----	-----
<b>Total</b>	<b>\$4,225</b>	<b>69%</b>	<b>\$2,924</b>	<b>\$49,708,000</b>

\*Based on service area population of 17,000



# A View of Polk County

*Current Population (2000):* **31,369**

*Projected Population (2010):* **30,830**

*County Employment:* **17,625**

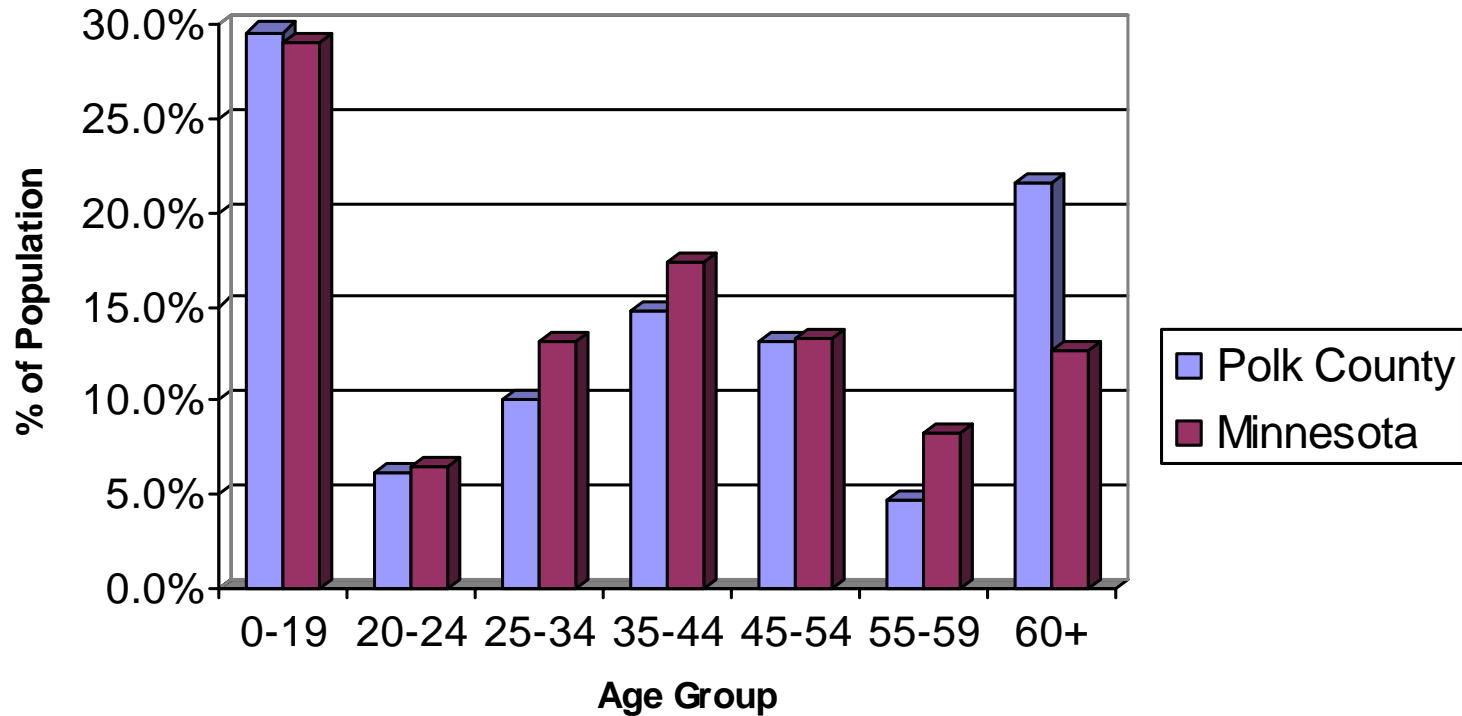
*County Unemployment Rate:* **4.3 percent**

*State Unemployment Rate:* **4.5 percent**

*County Health Care Employment:* **11 percent of total**

*State Health Care Employment:* **8 percent of total**

# Population by Age Group for Polk County and Minnesota



# Snapshot of Healthcare in Polk County

- RiverView Health, Crookston – Critical Access Hospital
- First Care Medical Services, Fosston – Critical Access Hospital
- Six physician offices, 16 dentists
- Seven nursing homes, 12 home care and multiple assisted living facilities
- Northwest Mental Health Center
- Seven pharmacies
- Outreach specialty services

# Polk County Health Sector Employment

<b>Health Sectors</b>	<b>Employment</b>
Hospital (RiverView, Crookston and First Care Medical Services, Fosston)	627
Doctors & Dentists (6 clinics, 16 dentists)	302
Nursing & Protective Care (7 nursing homes)	629
Other Medical & Health Services	260
Pharmacies (7)	192
<b>TOTALS</b>	<b>2,010</b>
<b>Health Related Employment as % of Total</b>	<b>11%</b>

# Polk County Health Care Sector Impact on Employment

Health Sectors	Employment	IMPLAN Multiplier	Impact
Hospital	627	1.34	840
Doctors & Dentists	302	1.47	444
Nursing & Protective Care (Part of Hospital)	629	1.18	743
Other Medical & Health Services	260	1.24	323
Pharmacies	192	1.11	213
<b>TOTALS</b>	<b>2,010</b>		<b>2,563</b>

# Polk County Health Sector Impact on Income

Health Sectors	Estimated Payroll (Millions)	IMPLAN Multiplier	Income Impact (Millions)
Hospitals	\$21,717,194	1.16	\$25,191,945
Doctors & Dentists	\$11,100,000	1.23	\$13,653,000
Nursing & Protective Care	\$12,260,000	1.17	\$14,344,200
Other Medical & Health Services	\$4,383,000	1.25	\$5,478,750
Pharmacies	\$3,206,458	1.24	\$3,976,007
<b>TOTALS</b>	<b>\$52,666,652</b>		<b>\$62,643,902</b>
Non-Pay Expenditures	\$43,083,853		\$68,813,781
<b>Total Expenditures</b>	<b>\$95,750,505</b>		<b>\$131,457,683</b>

# Summary

- 10 new jobs in health sector creates 3 non-health care jobs in Polk County
- \$100 of income earned in the health sector leads to another \$25 earned in other sectors of the region's economy
- One dollar spent on health care leads to another \$.25 spent in other sectors
- The overall economic impact due to health care in Polk County Service Area is estimated at \$131.4 million



# Benefits of Rural Health Works

- Increase awareness of the vital economic role health care plays in rural communities
- Increase local support for services
- Enhance recruitment of health care providers
- Develop health care workforce partnerships
- Utilize Rural Health Works study for grants and access to capital
- Generate economic development for County

# Next Steps

If you, the local decision makers, wish to promote your health sector, here is how we can help you:

## Community Health Planning

- A. Where is the community now?
- B. Where does the community want to go?
- C. How will the community get there?





# Community Health Planning

- Update on health care issues and current trends
- Review of Economic Impact study and county health information
- Determine vision for the local health care system
- Identify and prioritize critical issues, solutions, and opportunities for health care
- Develop action strategies to address critical issues and a timeline