Overview of Rural Health Care Trends

- National
- Statewide
- Local

Prepared by: Rural Health Resource Center, Minnesota Center for Rural Health, March 2005
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

<table>
<thead>
<tr>
<th>Size and Distribution</th>
<th>Rural</th>
<th>Non-Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Hospitals in U.S.</td>
<td>2,166</td>
<td>2,729</td>
</tr>
<tr>
<td>Median # beds</td>
<td>77</td>
<td>236</td>
</tr>
<tr>
<td>Average length of stay</td>
<td>6.5</td>
<td>5.5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Major Job Category</th>
<th>Greater MN # Job Vacancies</th>
<th>Greater MN Job Vacancy Rate</th>
<th>NW MN # Job Vacancies</th>
<th>NW MN Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Practitioners/Technical</td>
<td>2,182</td>
<td>3.6%</td>
<td>327</td>
<td>3.2%</td>
</tr>
<tr>
<td>Healthcare Support</td>
<td>2,046</td>
<td>6.0%</td>
<td>316</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Source: Job Vacancy Survey, Minnesota Department of Employment and Economic Development, 2nd 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)
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
Health Services Foster Rural Development
Health Care Sector

Trade

Industry

Employee Households

Services

Employer & Purchaser

Service Provider

Retirees

“backward linkages”

“forward linkages”
RiverView Health Service Area

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Expenditures (Billions)</th>
<th>Per Capita Expenditures ($)</th>
<th>Expenditure % of GDP</th>
<th>Employment in Health Sector (Million Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>$73</td>
<td>$348</td>
<td>7.0%</td>
<td>3,053</td>
</tr>
<tr>
<td>1980</td>
<td>246</td>
<td>1,067</td>
<td>8.8%</td>
<td>5,278</td>
</tr>
<tr>
<td>1990</td>
<td>696</td>
<td>2,736</td>
<td>12.0%</td>
<td>7,814</td>
</tr>
<tr>
<td>2000</td>
<td>$1,300</td>
<td>$4,637</td>
<td>13.2%</td>
<td>10,103</td>
</tr>
</tbody>
</table>
# Estimated Potential Personal Primary Care Expenditures for RiverView Health Service Area and Related Health Sectors

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

*Based on service area population of 17,000
A View of Polk County

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

<table>
<thead>
<tr>
<th>Health Sectors</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital (RiverView, Crookston and First Care Medical Services, Fosston)</td>
<td>627</td>
</tr>
<tr>
<td>Doctors &amp; Dentists (6 clinics, 16 dentists)</td>
<td>302</td>
</tr>
<tr>
<td>Nursing &amp; Protective Care (7 nursing homes)</td>
<td>629</td>
</tr>
<tr>
<td>Other Medical &amp; Health Services</td>
<td>260</td>
</tr>
<tr>
<td>Pharmacies (7)</td>
<td>192</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>2,010</strong></td>
</tr>
<tr>
<td>Health Related Employment as % of Total</td>
<td><strong>11%</strong></td>
</tr>
</tbody>
</table>
### Polk County Health Care Sector Impact on Employment

<table>
<thead>
<tr>
<th>Health Sectors</th>
<th>Employment</th>
<th>IMPLAN Multiplier</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>627</td>
<td>1.34</td>
<td>840</td>
</tr>
<tr>
<td>Doctors &amp; Dentists</td>
<td>302</td>
<td>1.47</td>
<td>444</td>
</tr>
<tr>
<td>Nursing &amp; Protective Care (Part of Hospital)</td>
<td>629</td>
<td>1.18</td>
<td>743</td>
</tr>
<tr>
<td>Other Medical &amp; Health Services</td>
<td>260</td>
<td>1.24</td>
<td>323</td>
</tr>
<tr>
<td>Pharmacies</td>
<td>192</td>
<td>1.11</td>
<td>213</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>2,010</strong></td>
<td></td>
<td><strong>2,563</strong></td>
</tr>
</tbody>
</table>
## Polk County Health Sector Impact on Income

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