Creating a Healthier New Hampshire

Advancing health in our communities through collaboration.

Challenges Facing Today’s Rural Healthcare Delivery System

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New England Public Policy Center
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“The Center promotes better public policy in New England by conducting and disseminating objective, high-quality research and analysis of strategically identified regional economic and policy issues.”
5 economists; 2 policy analysts; 3.5 research assistants
NEPPC has hosted interns and Visiting Scholars (Phil Trostel in 2007; Dick Woodbury in 2010)

A unit within the Research Department, one of 3 divisions:
- NEPPC (Micro)
- Macro International
- Macro Finance
Advisory Board

Community College System of New Hampshire
Office of the Legislative Budget Advisor
Carsey School of Public Policy (UNH)

Economic consulting firm
Vermont Legislative Joint Fiscal Office
NeighborWorks of Western Vermont

Connecticut Economic Resource Center
Department of Economic and Community Development
CT Voices for Children

National/Regional:
Pew Charitable Trusts
Lincoln Institute of Land Policy

State Economist
Maine Center for Business and Economic Research

Massachusetts Workforce Association
MassInc.
UMass Dartmouth
Greater Boston Chamber of Commerce

Department of Revenue
Brown Policy Lab
NE’s Rural Economy

  • Sessions included:
    • Recent Employment Growth in Cities, Suburbs, and Rural Communities
    • Geographic Variation in Education and Health
    • Alternative Approaches to Measuring the Quality of Life
    • Has the Time for Place-Based Policies Finally Arrived?

NEPPC – 2019/2020: Descriptive and empirical research planned to explore challenges and opportunities in NNE

Supportive of Boston Fed community economic development initiative extending into the northern tier – “Working Communities Challenge”
Summary of Findings

- Rising operating costs and population loss threaten the stability of hospitals
- Many hospitals are operating at losses
  - Public health and economic consequences
- Addressing the financial health of medical facilities in rural areas poses a complicated challenge for policymakers working to sustain or revitalize the economies of these communities

Key Facts

- In 2017, at least one-quarter of the rural hospitals in Vermont and Maine operated at a loss.
- Nearly 190,000 residents of northern New England live farther than 15 miles from a hospital.
- Approximately 60,000 women of child-bearing age in northern New England live farther than 15 miles from a maternity ward.
Since 2010, about 90 rural hospitals have closed, most of them in the Southeast.

The National Rural Health Association identifies more than 600 additional hospitals with characteristics similar to those of hospitals that have closed.

The North Carolina Rural Health Research Program (NCRHRP) notes that the finances of rural hospitals in Maine have deteriorated since 2011, with seven of the state’s 16 Critical Access Hospitals (CAHs) showing negative financial margins in 2015.

A 2018 report by the NCRHRP using 2016 data points to non-CAH hospitals in the Northeast as one of the least profitable groups of hospitals, along with CAHs in the South.

Hospitals in urban and suburban areas also have closed—including three in Maine.
### Table 1: Hospital Operating Profit Margins

**Northern New England States, 2017**

<table>
<thead>
<tr>
<th>State</th>
<th>Type</th>
<th>#</th>
<th>25th Percentile</th>
<th>Median</th>
<th>75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine</td>
<td>Critical Access Hospitals</td>
<td>16</td>
<td>-0.67%</td>
<td>0.98%</td>
<td>5.11%</td>
</tr>
<tr>
<td>Maine</td>
<td>Other Rural Hospitals</td>
<td>9</td>
<td>-1.18%</td>
<td>0.90%</td>
<td>2.26%</td>
</tr>
<tr>
<td>Maine</td>
<td>Urban Hospitals</td>
<td>8</td>
<td>-1.21%</td>
<td>1.36%</td>
<td>2.82%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Critical Access Hospitals</td>
<td>12*</td>
<td>1.03%</td>
<td>3.36%</td>
<td>6.76%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Other Rural Hospitals</td>
<td>4</td>
<td>0.80%</td>
<td>3.64%</td>
<td>10.83%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Urban Hospitals</td>
<td>8</td>
<td>2.96%</td>
<td>12.04%</td>
<td>24.85%</td>
</tr>
<tr>
<td>Vermont</td>
<td>Critical Access Hospitals</td>
<td>8</td>
<td>-4.88%</td>
<td>-1.49%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Vermont</td>
<td>Other Rural Hospitals</td>
<td>5</td>
<td>-0.17%</td>
<td>1.42%</td>
<td>4.45%</td>
</tr>
<tr>
<td>Vermont</td>
<td>Urban Hospital</td>
<td>1</td>
<td>Suppressed (only one hospital)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Consequences of Closures

- Across the country, 5.9 million people are employed directly by hospitals.
- In northern New England, employees who fall into the broader category of health-care workers make up about 10 percent of each state’s workforce.
- Rural hospitals are often one of the largest providers of higher-skill and higher-wage employment in their communities.
- One study on the impact of rural-hospital closures indicates that the shuttering of the sole hospital in a rural community reduces per-capita income by 4 percent and increases the unemployment rate by 1.6 percentage points.
Impacts of Distance from a Hospital

- Greater distances from a hospital are linked with negative public health outcomes:
  - higher rates of fatal accidents
  - fatal heart attacks
  - infant mortality
  - access preventative care/maintenance programs for chronic diseases.

- The next slide shows the number of residents of northern New England by distance from hospitals and Federally Qualified Health Centers (FQHC) in 2019. While FQHCs are not substitutes for hospital care, they do provide primary-care services in underserved areas. Nationally, these centers serve about 1 in 5 rural residents.

- There are just over 200 FQHCs licensed by the U.S. Health Resources and Services Administration in northern New England.
Table 2: Population from Nearest Hospitals and Health Centers
Maine, New Hampshire, and Vermont by Census Block Group, 2013–2017

<table>
<thead>
<tr>
<th>Distance from Census Block Group (CBG)</th>
<th>Federally Qualified Health Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within CBG</td>
</tr>
<tr>
<td>Hospitals</td>
<td></td>
</tr>
<tr>
<td>Within CBG</td>
<td>36,058</td>
</tr>
<tr>
<td>Less than 5 Miles</td>
<td>79,027</td>
</tr>
<tr>
<td>5 to 15 Miles</td>
<td>84,908</td>
</tr>
<tr>
<td>&gt;15 to 25 Miles</td>
<td>17,336</td>
</tr>
<tr>
<td>More than 25 Miles</td>
<td>5,229</td>
</tr>
</tbody>
</table>
Maternity Wards

Figure 1: Distance from Hospitals with Maternity Wards
Northern New England by Census Block Group, 2019

- More than 25 Miles
- >15 to 25 Miles
- 5 to 15 Miles
- Less than 5 Miles
- Maternity Ward Present

- Millinocket
- C. A. Dean
- Alice Peck Day
- Penobscot Valley
- Calais Regional
- Blue Hill
- Lakes Region
Demographics

Figure 1: Percent Change in Population
Northern New England States, 1990 to 2017

Concluding Thoughts

- Connection between public-health and economic consequences, along with the demographic changes
- Facilities designated as CAHs—with their higher reimbursement rates—are less likely to close, as are hospitals in states that expanded Medicaid following implementation of the Affordable Care Act.
- Here in NH in 2015, four (now three) Critical Access Hospitals in New Hampshire formed an affiliation with the aim to save administrative costs by consolidating their purchasing, human-resources, marketing, finance, and contracting operations – North Country Healthcare
- In Maine, Penobscot Valley and four of the state’s other rural hospitals recently received a newly established grant from the Federal Office of Rural Health Policy to cover the cost of enlisting expert help with stabilizing their business models.
Related Works

- Aging and Declining Populations in Northern New England: Is There a Role for Immigration? – Sullivan, July 2019
- Northern New England’s Diverging Rural Economies – Chiumenti, Forthcoming 2020
- Opioid related research – existing and future work
- General economic conditions – New England Economic Indicators and public talks on our website
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