



March 24, 2017

The National Organization of State Offices of Rural Health (NOSORH) is the membership organization of the fifty State Offices of Rural Health around the nation. State Offices of Rural Health are dedicated to coordinating, disseminating information and providing technical assistance to rural communities and providers.

NOSORH is concerned about the impact on rural communities of the American Health Care Act (AHCA) and its associated Manager's Amendment. NOSORH cannot support their enactment in the current form. NOSORH has concluded that the proposals would damage the progress made in the expansion of affordable, adequate health coverage to rural communities and that the proposals would threaten the stability of the rural health system.

Analysis conducted by NOSORH has identified the extent of the expanded health coverage provided to rural communities under the Affordable Care Act (ACA). In 2014, the first year of ACA implementation, the number of uninsured people in rural counties nationwide was reduced 18.2% from the previous year, according to Census Bureau estimates. Moreover, in states which had adopted Medicaid expansion provisions of the ACA, the number of uninsured in rural counties fell by 28.2%. This is a remarkable improvement over a one year period. Other studies, including those by Gallup and the Kaiser Family Foundation, have shown continuing improvements in 2015 and 2016.

Recent estimates, including those produced by the Congressional Budget Office, show a major reduction in the number of people with health coverage resulting from passage of the AHCA. Little change in the initial estimates is expected after assessment of the Manager's Amendment. These reductions will disproportionately affect rural communities. Because a larger share of people in rural areas work for small employers, are farmers or otherwise self-employed, and/or hold part time jobs and multiple jobs, rural areas include a disproportionate share of those in the individual insurance market. Rural areas are also lower income areas and include many people between ages 50 – 64. Both groups would be hurt by the AHCA.

Rural health service providers and rural hospitals have benefited from the improvements in health coverage linked to the ACA. They have seen reductions in their levels of uncompensated care, and have improved their overall financial position. Reversing the health coverage gains of the ACA will create an unanticipated threat to the stability of many essential rural health care providers.

The AHCA proposed changes to Medicaid in the AHCA are particularly concerning. The transition of the Medicaid program to a block grant or per capita limited expenditure program will create problems for states. Several analyses, including those published in Health Affairs, have shown that a federal transition of this type will have difficulty keeping up with the actual costs of the program. As a result the financial burden of Medicaid will shift to states, which are


generally unable to manage such a large additional cost. The result will be cutbacks in coverage for all communities.

The AHCA proposed changes to the Medicaid expansion authorized by the ACA will also have a negative impact on rural communities. Medicaid expansion has substantially increased health coverage in the 31 states which have enacted it. Capping the expansion, as proposed in the AHCA, will prevent future expansions into other states, including several states with significant rural populations. In addition, the AHCA proposal to limit the enhanced Federal Medical Assistance Percentage (FMAP) for populations covered under the expansion will place additional financial burdens on states wishing to maintain coverage - burdens which are unsupportable in most states.

NOSORH believes that the AHCA proposals related to the direct purchase private insurance market would also harm rural communities. Elimination of income-based premium subsidies in favor of age-based refundable tax credits will reduce the affordability of health insurance for many people in rural communities - particularly older people. The Manager's Amendments will not significantly change that situation, particularly for those individuals over 50. The change in the age specific premium-ratios for insurance premiums proposed in the AHCA will increase the cost of insurance for older Americans, compounding this affordability problem.

It is also committed to changes that will improve the stability and performance of the rural health service system. There are many evidence-based approaches that demonstrate how this can be achieved - particularly through improvements in health service coordination and quality. NOSORH stands ready to work with all decision-makers in exploring policy modifications which lead to these outcomes.

Sincerely,

  
Teryl Eisinger  
Executive Director