Hospitals are cornerstones of their communities, serving as principal access points to care for the nearly 20 percent of Americans who live in rural areas. They maintain timely access to services through local, on-site care and connect patients to more distant providers via telehealth or care networks. In addition, hospitals are the leading employers in rural areas, furnishing critical financial support to the communities they serve. Beyond delivering health care services, they provide employment opportunities and contributions to the local economy, both of which promote community growth and development.

**Persistent, Recent and Emergent Challenges Facing Rural Communities**

Despite their importance, rural hospitals continuously confront a multitude of challenges that threaten their ability to ensure local access to care. Some of these challenges – such as low patient volume and a heavy reliance on public payer programs – have persisted for many years, while others – such as increased regulatory burden and shifts from inpatient to outpatient care – are more recent. As these challenges intensify, accumulate and compound each other, many rural hospitals, especially those with very limited resources, face difficult decisions including service reduction or even closure. Moreover, the issues of today may hinder rural providers’ preparedness for the challenges of tomorrow. Emergent problems such as the opioid crisis require organizational dexterity and capacity to shift focus and resources efficiently.

Without resource support and targeted policies for rural communities, many hospitals in these areas will not be able to effectively tackle new or existing challenges. To be sure, some rural providers have been able to build capacity, leverage opportunities to innovate, and/or affiliate themselves with strategic partners as the health care environment evolves. For others, however, the cumulative burden of persistent, recent and emergent challenges threaten their ability to provide care for their communities. As of December 2018, the North Carolina Rural Health Research Program reported 95 rural hospitals have closed since 2010, and several of these closures have resulted in a complete loss of local access to care.

**What Are The Challenges?**

- Emergent
  - Opioid epidemic
  - Violence in communities
  - Care delivery shifts
  - Behavioral health
  - Economic and demographic shifts
  - High cost of drugs
- Recent
  - Low patient volume
  - Payer mix
  - Patient mix
  - Geographic isolation
- Persistent
  - Medical surge capacity
  - Cyber threats
  - Regulatory burden
  - Coverage
  - Medicaid Expansion
  - Health Plan Design
  - Workforce shortage
  - Aging infrastructure
  - Limited Access

Source: American Hospital Association, 2018
Recommendations for Action

In light of the ongoing challenges confronting rural providers and new challenges ahead, the AHA believes that federal policies must be updated and new investments made in order for rural communities to thrive in the health care system of the 21st century. To this end, the AHA is working to advance policy priorities across several key areas for rural health, including:

- Fair and adequate reimbursement that updates Medicare and Medicaid payment rates to cover the cost of care.
- New models of care that improve financial predictability and include rural providers in the movement toward value-based care.
- Regulatory relief from antiquated requirements that do not improve patient care.
- Expanded access to telehealth services and ensuring health information technology costs and compliance requirements are addressed to ease the burden on rural hospitals.
- Workforce programs targeting rural areas that continue to be hard hit by provider shortages.
- Prescription drug price concerns, including unsustainably high drug costs and attacks on the 340B program, which supports vulnerable communities.

Conclusion

Although rural hospitals have long faced unique circumstances that can complicate health improvement efforts, more recent and emergent challenges are exacerbating their financial instability – and by extension, the economic health of their community. Individually, these are complex, multi-faceted challenges. Taken together, they are immense, requiring policymakers, stakeholders and communities to work together, innovate and embrace value-based approaches to improving health in rural communities. The federal government must play a principal role by updating policies and investing new resources in rural communities.

To see the full Rural Report, visit www.aha.org/ruralhealth.