Rural Economic Development & Health Care Access

Presentation to Committee on Access to Healthcare in Rural North Carolina (LRC)
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Our mission is to develop, promote and implement sound economic strategies to improve the quality of life of rural North Carolinians.

We serve the state’s 80 rural counties, with a special focus on individuals with low to moderate incomes and communities with limited resources.
Rural Counties
80 counties with an average population density of 250 people per square mile or less.

Regional City and Suburban Counties
14 counties with an average population density between 250 and 750 people per square mile.

Urban Counties
6 counties with an average population density that exceeds 750 people per square mile.

Densities calculated by the Rural Center based on 2014 U.S. Census population estimates.
• Rural health is fundamental to economic competitiveness.

70 of the 80 rural counties in North Carolina are currently designated “medical deserts” for their lack of primary care availability.

Source: US Department of Health and Human Services, Health Resources and Services Administration.
Health Industry Impact

The health sector is an economic engine for rural North Carolina.

- **179,069** jobs
- **$2.3 billion** taxable wages
- **36%** Taxable wages increase (2000-2015)

Source: NC Department of Commerce Quarterly Census of Employment and Wages (QCEW), 2015.
Physician Impact

Each physician contributes:

14 jobs
$1.1 million in wages & benefits
$90,449 in local and state tax revenues

Total economic output per physician: $2.2 million

Total economic output by NC physicians: $29.4 billion

Source: “The Economic Impact of Physicians: A Fact Sheet Examining the Economic Contribution Physicians Make to Their Communities and to Their Affiliated Hospitals,” Merritt Hawkins, 2014.
For every 1 physician employed by a hospital:

- **11.2** nurses
- **4.3** aides and assistants
- **1.4** therapists
- **4.2** technologists, technicians, and EMTs
- **5.3** office & admin staff
- **1.3** management staff
- **1.1** building & grounds staff

44 Rural Counties – Health System (hospital, clinic, etc.) in Top 5 Employers

Health Systems generated **$37.8 billion** in state GDP in 2013

Sources: *Quarterly Census of Employment and Wages Largest Employers*, NC Department of Commerce, 2017, Quarter 2.  
Top Issues

• Expand Access to Telemedicine
• Close the Insurance Coverage Gap
• Bolster Professional Recruitment
• Strengthen Existing Delivery Systems
Telemedicine

• Telemedicine is the future of rural health care delivery

• Effective delivery depends on broadband infrastructure

• NC Broadband Infrastructure Office’s State Broadband Plan includes details for expanding access, affordability, and adoption

• NC Department of Health & Human Services submitted a study with recommendations on telemedicine to the Joint Legislative Oversight Committee on Health and Human Services in October.
Broadband Availability

FIXED BROADBAND COVERAGE 25mb/s OR GREATER

Source: NC Broadband Infrastructure Office
Telemedicine

What Other States Are Doing

• Incentivizing private investments in rural broadband infrastructure through state grant programs
  (Ohio, Minnesota, New York)

• Participating in Interstate Medical Licensure Compact (IMLC)
  (Tennessee, Alabama, Mississippi, Pennsylvania)

• Supporting establishment of Psychology Interjurisdictional Compact (PSYPACT)
  (Arizona, Utah, Nevada)
The Coverage Gap

• Affordable Care Act
  • Gave states option to expand Medicaid to individuals making up to 138% of the poverty level
  • Creates exchanges for individuals not covered by employer-provided insurances
  • Gives subsidies on exchanges for individuals making up to 400% of poverty level

• Coverage Gap
  • Individuals who do not qualify for Medicaid + do not earn enough to afford health insurance on the exchange
  • 400,000 North Carolinians
The Statewide Picture

8.3 MM insured
1.4 MM uninsured

Chronic vs. Asset Poverty

Chronic Poverty

- < 50%
  - 725,635

- 50 – 100%
  - 941,830

Asset Poverty

- 100 – 125%
  - 526,557

- 125 - 150%
  - 522,594

138% Benchmark

The Working Poor

<table>
<thead>
<tr>
<th>Category</th>
<th>Below Poverty Level</th>
<th>100-125% Poverty Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizen Population</td>
<td>1,522,608</td>
<td>480,261</td>
</tr>
<tr>
<td>Full-Time Workers</td>
<td>108,079</td>
<td>87,064</td>
</tr>
<tr>
<td>Part-Time Workers</td>
<td>380,023</td>
<td>102,314</td>
</tr>
</tbody>
</table>

Economic Impact

Closing the insurance gap would over a four-year period generate:

• **43,314** new jobs
• **$21.5 billion** in business activity
• **$860 million** in state revenue
• **$3.45 billion** uncompensated care savings

• Rural Center Health Coverage Gap Database
  bit.ly/NCHhealthGap
Potential Solutions

• A sustainable, financially sound health care system is essential to good jobs, good wages, and a competitive rural economy

• The Rural Center could support various policy solutions

• Carolina Cares (HB662), creating a new insurance product for people in the gap is a strong model for consideration

• The imperative is clear: closing the insurance gap and making sure rural people have access to quality, affordable health insurance matters for individuals, communities, and local economies.
Professional Recruitment

- Physicians = small businesses
  - Strong education system
  - Diverse local economy with jobs for family members
  - Modern infrastructure (physical & digital)
  - Workforce housing
What Other States Are Doing

• Loan Repayment Programs  
  (Colorado, Louisiana, Minnesota, Montana, Ohio)

• Rural Primary Care Residencies  
  (Nevada, New York)

• Certification for Community Health Workers  
  (Texas, Oregon, Minnesota, South Carolina)

• Rural Practitioner Tax Credit  
  (Oregon)
Strengthen Existing Assets

Building upon successful programs is key for future success:

• Office of Rural Health

• Area Health Education Centers (AHEC)

• Community Health Centers
### Rural Health Impacts

State investments in the Office of Rural Health are paying off:

<table>
<thead>
<tr>
<th>Program</th>
<th>Created Economic Impact</th>
<th>ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider Placement</td>
<td>$3,858,296</td>
<td>81%</td>
</tr>
<tr>
<td>Rural Health Centers</td>
<td>$1,332,691</td>
<td>57%</td>
</tr>
<tr>
<td>Community Health</td>
<td>$3,664,655</td>
<td>84%</td>
</tr>
<tr>
<td>Farmworker Health</td>
<td>$4,074,741</td>
<td>76%</td>
</tr>
<tr>
<td>Rural Hospital</td>
<td>$834,030</td>
<td>59%</td>
</tr>
<tr>
<td>Medication Assistance</td>
<td>$4,217,520</td>
<td>70%</td>
</tr>
<tr>
<td>Telepsychiatry</td>
<td>$3,787,402</td>
<td>60%</td>
</tr>
<tr>
<td>Integrated Health Systems</td>
<td>$4,643,191</td>
<td>89%</td>
</tr>
</tbody>
</table>
Bottom Line

Healthy people and stable health care systems are vital for thriving rural communities.

Issues are complex and integrated, but that means that strategic policies can have widespread effects:

• Expanding access to telemedicine
• Closing the insurance coverage gap

**Good news:** the work you do here doesn’t just matter for the health of individuals. It is a key to closing the rural/urban divide and setting our rural communities & economies on a path toward prosperity.
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