

## A response to the Rural Hospital Stabilization Committee recommendations

*This response is provided on behalf of Georgians for a Healthy Future, Georgia Budget and Policy Institute, Georgia Watch, Families First, and eleven additional organizations. All of these organizations are committed to ensuring access to quality, affordable health care for all Georgians. As such, we monitored the Rural Hospital Stabilization Committee meetings and supplied input in the form of a report, “Strengthening Georgia’s Rural Hospitals and Increasing Access to Care,” and public testimony to help in the committee’s efforts to find solutions for rural hospitals in Georgia.*

In 2014, Governor Deal appointed the Rural Hospital Stabilization Committee (RHSC), which was created to address the needs of struggling rural hospitals and find solutions that address those needs. After a series of meetings, during which the committee accepted testimony from stakeholders, experts, and advocates, the RHSC released a report on February 23, 2015 with a series of recommended solutions. These recommendations were anchored by a recommendation to implement a four site “hub and spoke” pilot program. The goal of the pilot program is to use existing resources and new technology to ensure patients are able to access care in the most appropriate setting and prevent over-utilization of emergency rooms. Other committee recommendations included the maintenance and protection of Certificate of Need laws; expanded scope of practice for non-physician providers, like physician assistants and nurse practitioners; and expanded support for school-based health centers.

The committee’s work shines a spotlight on the health care access challenges that rural Georgians face and puts forth constructive recommendations. We support these recommendations whole-heartedly. However, the most glaring problem facing these hospitals is the fact that a large proportion of their patients are uninsured—a problem which Georgia could solve by closing its coverage gap.

Rural hospitals will continue to struggle as they experience reductions in federal Disproportionate Share (DSH) payments, which have historically been paid to hospitals that serve a large portion of uninsured and Medicaid patients but do not see a corresponding increase in insured patients. Georgia could remedy this problem by accepting federal funding to expand Medicaid eligibility to Georgia’s poor and low-income adults living at or below 138 percent of the Federal Poverty Level (FPL). By doing so, an estimated 500,000 Georgians, many of whom live in rural areas, could be newly insured, including the almost 300,000 who currently fall into the coverage gap.<sup>i</sup>

In our submitted report and in our testimony to the committee, we highlighted how rural hospitals would benefit if Georgia accepted federal funding to expand Medicaid eligibility. An increase in the number of insured Medicaid patients would alleviate the burden of uncompensated care on rural hospitals’ finances. If these currently uninsured Georgians were covered, hospitals would be able to collect significantly more revenue from insurers, thus strengthening their financial positions. Hospitals in Kentucky saw a 60% reduction in uncompensated care costs during the first year after the state expanded its Medicaid program.<sup>ii</sup> Nationally, hospitals in states that have expanded Medicaid are

projected to see almost three times more savings than hospitals in states that have not expanded Medicaid.<sup>iii</sup> Georgia hospitals could experience these savings in uncompensated care costs if Georgia accepted the billions of dollars in federal funding available to expand its Medicaid program.

Expanding the Medicaid insured population could alleviate a number of bleak economic realities facing Georgia's rural hospitals and consumers. Furthermore, the experiences of other states show that increased access to health coverage through Medicaid expansion benefits citizens, hospitals, providers, and communities. Georgia has the opportunity to reap the same benefits and strengthen its rural hospitals. Closing the coverage gap is the critical first step to stabilizing our rural hospitals and increasing access to care for rural Georgians.

We urge the Governor, the RHSC, and the General Assembly to consider our recommendation to close the coverage gap in Georgia and expand Medicaid eligibility as they continue their work to strengthen Georgia's rural health care system.

To access the full report, please visit <http://healthyfuturega.org/wp-content/uploads/2009/09/RHSC-Formal-Report.pdf>.

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<sup>i</sup> Kaiser Family Foundation, Nov. 2014. The Coverage Gap: Uninsured Poor Adults In States that Do Not Expand Medicaid. Table 1. Available at <http://kff.org/health-reform/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid-an-update/>

<sup>ii</sup> Deloitte, 2014. Commonwealth of Kentucky Medicaid Expansion Report 2014. Available at [http://governor.ky.gov/healthierky/Documents/medicaid/Kentucky\\_Medicaid\\_Expansion\\_One-Year\\_Study\\_FINAL.pdf](http://governor.ky.gov/healthierky/Documents/medicaid/Kentucky_Medicaid_Expansion_One-Year_Study_FINAL.pdf)

<sup>iii</sup> US Dept. of Health and Human Services, Sept. 2014. New report projects a \$5.7 billion drop in hospitals' uncompensated care costs because of the Affordable Care Act. Available at <http://www.hhs.gov/news/press/2014pres/09/20140924a.html>