

REPORT:
RURAL HEALTH CARE
IN NORTH CAROLINA



**PIEDMONT
RISING**

THE STATE OF RURAL HEALTH IN NORTH CAROLINA

Access to health care services is critical to good health, yet rural residents are increasingly facing a variety of barriers to access, which limit their ability to get the care they need.

The country has lost more than 100 rural hospitals in the last 10 years, including 19 in 2019.

Americans living in rural areas across the country are often older and sicker than their urban counterparts.¹ According to the Centers for Disease Control, “percentages of deaths that were potentially preventable were higher in rural areas than in urban areas.”² This, in part, may be due to the fact that these Americans are more likely to live in poverty, less likely to have access to health care, and have higher uninsured rates.

Piedmont Rising is a North Carolina non-profit dedicated to the values that North Carolinians care about, including the fight for more affordable, accessible health care. Many of these issues that profoundly impact people across the state can be felt even stronger in rural communities.

In this report, Piedmont Rising highlights the ways in which North Carolina’s rural communities face increasing difficulty accessing health care, how it impacts their well-being, and possible solutions.

WHY DO RURAL HOSPITALS CLOSE?

The biggest indicator of whether a state is experiencing rural hospital closures is the scope of its Medicaid program. While there are a variety of reasons for rural hospitals closing at such an alarming rate³, such as low population density, revenue uncertainty, difficulty drawing providers away from urban areas, and declining rural population⁴, a clear correlation exists between the number of uninsured people in any given area and the amount of uncompensated care costs that the hospitals who serve them are left to manage.

Medicaid expansion reduces uncompensated care costs for rural hospitals by covering costs for patients who cannot afford care at the hospital.

.

A 2018 study makes clear the consequence of the divide between states that have expanded Medicaid and those that have not.⁵ **States that have chosen not to expand Medicaid -- including North Carolina -- have suffered a significant increase in hospital closures.** States that did expand Medicaid, on the other hand, experienced a decrease in the rate of rural hospital closures.

According to the U.S. Government Accountability Office, “Lower incomes and higher rates of uninsured people lead to higher levels of uncompensated care at rural hospitals,” the effects of which are mitigated by Medicaid expansion.⁶

Further, for-profit rural hospitals are more likely to close than their non-profit or state-run counterparts.⁷ According to the U.S. Government Accountability Office, “For-profit rural hospitals represented 11 percent of the rural hospitals in 2013, but accounted for 36 percent of the rural hospital closures from 2013 through 2017.”⁶ For-profit hospitals “have been more sensitive to changes in profitability” in the last decade.

Nationwide, the impact of uncompensated care costs on hospitals has fallen dramatically as a result of the Affordable Care Act. From 2013 to 2015, “uncompensated care costs as a share of hospital operating expenses fell by 30 percent.” This number jumps to 47 percent -- 17 percent higher -- in states that expanded Medicaid.⁹

According to the Center for Budget and Policy Priorities, “rural hospitals in expansion states increased their operating margins by 4 percentage points more, and their total margins by 2.3 percentage points more, than rural hospitals in non-expansion states” from 2013 to 2015.⁹

For all of these reasons, Medicaid expansion in North Carolina likely would have reduced the number of rural hospital closures in the state.

RURAL HOSPITALS IN NORTH CAROLINA

Since 2005, 161 rural hospitals across the country have closed. The vast majority (119) of these closures have happened in the last ten years.¹⁰

And the trend isn't slowing down.

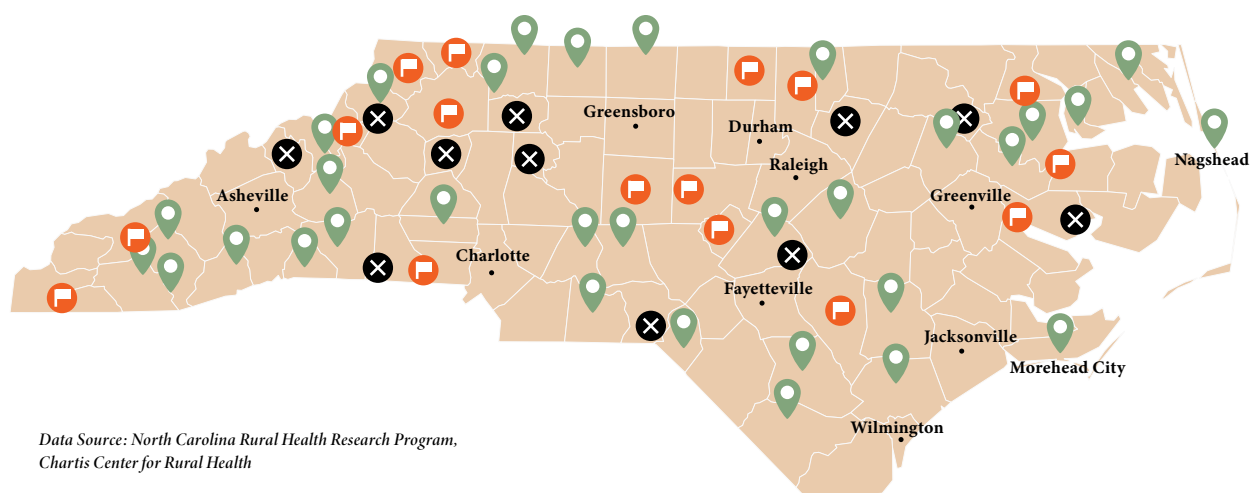
In 2019, 19 hospital closures occurred in the United States -- more than any other year since the North Carolina Rural Health Research Program began tracking closures in 2005.¹⁰

In North Carolina, 70 out of 80 rural counties are currently designated “medical deserts” by the US Department of Health and Human Services for their lack of primary care availability.¹¹

People across all parts of North Carolina are “experiencing stagnant or worsening population mortality rates and substantial health disparities,” but these problems are especially visible in our rural communities.¹²

North Carolina has experienced more rural hospital closures than almost any other state in the country.¹³ Only Texas, Tennessee and Georgia have had more rural hospitals close in the last 10 years. All are states that have refused Medicaid expansion. In fact, the closures and at-risk hospitals in the country are heavily clustered in the 14 states that have not expanded.¹⁴

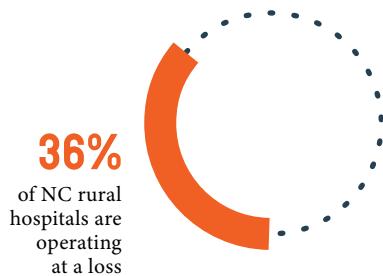
NORTH CAROLINA'S RURAL HOSPITALS



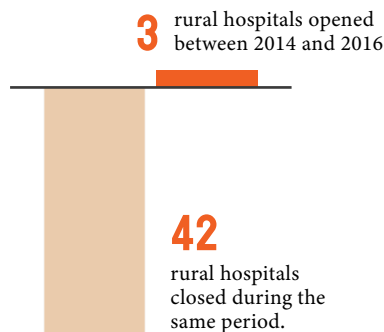
📍 Open 🚩 Open but at risk of closure ✕ Closed between January 2005-November 2019

RURAL HOSPITALS IN NORTH CAROLINA

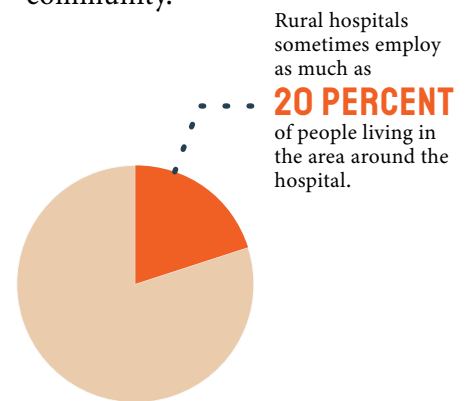
On average, hospitals in rural North Carolina are struggling to break even. 18 out of 50 rural hospitals in the state are currently operating at a loss.¹⁵



Overall, rural hospitals that close are not being replaced by new hospitals being opened. The 42 rural hospitals that closed between 2014 and 2016 exceeded the 3 rural hospitals opened during the same time period.¹⁶



Rural hospital closures affect more than local communities' ability to access health care. Oftentimes, hospitals in rural areas are one of the largest employers in the community.¹⁷ Every hospital closure has major ramifications for a community.



In North Carolina:

- 80 percent of counties are rural.¹⁸
- 4 million people live in a rural area.¹⁹
- Rural communities across the state are far more likely to live in poverty than those living in North Carolina's urban areas.²⁰
- People and families living in rural areas have a lower life expectancy than other parts of the state.²⁰
- Five rural counties in western North Carolina (Wilkes, Graham, Cherokee, Clay and Burke) are among the most at risk of an HIV outbreak due to injection drug use in the country.²¹
- Communities living in rural areas are significantly more likely to have a diabetes diagnosis.²⁰
- Children living in rural parts of North Carolina are less likely to have health insurance.²⁰
- Many rural parts of North Carolina have large veteran communities. Veterans living outside of an urban area are slightly more likely to have major service disability.²⁰

RURAL HOSPITALS IN NORTH CAROLINA

North Carolina Counties with Highest Percentage of Diabetes Diagnoses

COUNTY	URBAN / RURAL	% WITH DIABETES DIAGNOSIS
Jones County	Urban	29.6%
Halifax County	Rural	22.2%
Northampton County	Rural	21.9%
Hertford County	Rural	21.7%
Duplin County	Rural	20.6%
Bertie County	Rural	20.4%
Hyde County	Rural	20.2%
Richmond County	Rural	19.3%
Bladen County	Rural	19.2%
Columbus County	Rural	19.1%

Source: Rural Data Explorer provided by the Rural Health Information Hub.

RURAL PHARMACIES IN NORTH CAROLINA

From 2003 to 2018, 26 rural areas in North Carolina went from having one or more pharmacies to zero.²²

Pharmacies are especially vital for health care access in North Carolina's rural communities. According to Rural Health Information Hub, rural pharmacies provide clinical services such as:

- Medication counseling
- Blood pressure and glucose monitoring
- Immunizations
- Patient consultation
- Treatment of mild illnesses with over-the-counter medications
- Counseling and educational services
- Chronic disease management

EFFECT OF AFFORDABLE CARE ACT ON RURAL HEALTH

Medicaid expansion, a product of the Affordable Care Act, has profoundly reduced the burden of growing uncompensated care costs on rural hospitals.²³

Predictably, rural hospitals in expansion states saw costs accrued by treating uninsured patients replaced with Medicaid revenue in recent years.

While urban hospitals similarly saw an improvement in their operating budgets from treating more insured patients, the impacts on rural hospitals were massive. On average, their operating margins saw “a 4.0 percentage-point improvement, compared to 1.0 percentage point for urban hospitals” according to the Center for Budget and Policy Priorities.²³

• • • • •

Prior to the Affordable Care Act, rural communities across the country paid roughly **50 PERCENT** of their health care costs out-of-pocket.²⁴

Nationwide, **200,000** people rely on Medicaid to fund their treatment of an opioid addiction.²⁵

The Affordable Care Act expanded access to community health centers for over **11 MILLION** Americans living in rural areas.²⁴

PIEDMONTRISING.ORG

Piedmont Rising is a 501 (c)4 issue advocacy organization built by and for North Carolinians to advocate for lower insurance premiums and prescription drug costs, and to ensure that more people have access to safe and affordable health care.

CITATIONS

1. Centers for Disease Control and Prevention, 11/07/19.
2. Centers for Disease Control and Prevention, 1/12/17.
3. Becker's Hospital Review, 8/28/19.
4. U.S. Government Accountability Office, August 2018.
5. Health Affairs, January 2018.
6. Kaiser Family Foundation, accessed on 1/21/20.
7. Becker's Hospital Review, 11/01/18.
8. U.S. Government Accountability Office, August 2018.
9. Center for Budget and Policy Priorities, 5/23/18.
10. The Cecil G. Sheps Center for Health Services Research, accessed on 1/21/20.
11. NC Rural Center, accessed on 1/21/20.
12. Health Affairs, 2/07/19.
13. Becker's Hospital Review, 8/28/19.
14. healthinsurance.org, accessed on 1/21/20.
15. The Chartis Group, 2019.
16. U.S. Government Accountability Office, August 2018.
17. American Academy of Family Physicians, 1/09/19.
18. Health Affairs, 2/07/19.
19. North Carolina Health News, 11/18/19.
20. Rural Health Information Hub, accessed on 1/21/20.
21. Centers for Disease Control and Prevention, 7/19/18.
22. Center for Rural Health Policy Analysis, July 2018.
23. Center on Budget and Policy Priorities, 6/23/17.
24. United States Department of Agriculture, accessed on 1/21/20.
25. The Commonwealth Fund, 6/27/17.