February 28-March 2, 2007, Washington, D.C.

Health Resources and Services Administration
Office of Rural Health Policy

Washington, D.C.
February 28-March 2, 2007

Meeting Summary

The 55th meeting of the National Advisory Committee on Rural Health and Human Services was held on February 28-March 2 in Washington, D.C.

Wednesday, February 28, 2007

Governor David Beasley, Chairman, convened the meeting at 9:00 on Wednesday and introduced the new members of the Committee. The new members are Tom Hoyer from Rehoboth Beach, DE; Paul Craig from Anchorage AK; Clint MacKinney from St. Joseph, MN; Dave Hewett from Sioux Falls, SD; Sharon Hansen from Kildeer, ND, and Karen Perdue from Fairbanks AK. For the benefit of new members, Governor Beasley briefly described the role of the Committee and its mode of operations.

The members present were: Susan Birch, RN, MBA; Paul L. Craig, Ph.D., A.B.P.P.; Bessie Freeman-Watson; Joseph Gallegos; Sharon A. Hansen; Julia Hayes; David Hewett; Thomas E. Hoyer, Jr., M.B.A.; Clinton MacKinney, M.D., M.S.; Michael Meit, M.P.H.; Sister Janice Otis; Larry K. Otis; Patti J. Patterson, M.D.; Karen Perdue; Heather Reed; Thomas C. Ricketts, Ph.D., and Tim Size, M.B.A. Members unable to attend were: Lenard Kaye, D.S.W.; Ron L. Nelson, P.A., and Arlene Jaine Jackson Montgomery, Ph.D. Present from the Office of Rural Health Policy were: Marcia Brand, Ph.D.; Tom Morris, M.P.A.; Caroline Cochran, M.P.A.; Thomas Pack; Michele Pray-Gibson; Erica Moliner; Jennifer Chang; and Andrea Halverson.

Rural America: Then , Now and in the Future

John Cromartie, Ph.D., Economic Research Service, U.S. Department of Agriculture
Robert Gibbs, Economic Research Service, U.S. Department of Agriculture

Dr. Cromartie spoke about population trends in rural America, including population loss, increasing ethnic diversity, and the aging of the population. He reviewed the different definitions of rural America that have been developed by federal agencies. He noted that many Americans are living in rural areas of metropolitan counties and are dealing with the same rural issues as less populated areas. He presented data on rural population changes since 1970, out-migration from rural areas, growth of the rural Hispanic population, and growth of the rural population 65 years of age and older.

Mr. Gibbs presented on economic trends in rural areas. While there is an upward trend in job growth, rural areas have lagged behind metropolitan areas on this important indicator. Service industry employment is the fastest growing sector, while manufacturing jobs have declined. Rural unemployment is not the major issue it was 20 years ago, but the unemployment rate is still higher than for urban areas. Real earnings fell in rural areas during the 1990s and most of the impact was on non-college graduates. Wage declines are due in part to the loss of higher paying manufacturing jobs. There remains a gap between rural and urban poverty rates, with rural rates about 2% higher than urban rates. Per capita government transfer payments are growing more rapidly in rural areas than in urban sites. Despite the overall decline of manufacturing in rural areas, it is a critical component of rural economies. Mr. Gibbs concluded by discussing his data on farm dependence in rural areas, recreation and retirement counties, and other economic parameters.

Mr. Hoyer noted that rural and urban areas have many similarities that could have implications for economic policies. Mr. Cromartie agreed that some economic policies might well be formulated for both areas, but that some policies do not work as well for rural areas.

Dr. Ricketts commented on persistent poverty data and asked whether data from the last 20 years shows trends that will project forward. Mr. Gibbs responded that the track record for such prognostications is not good.

Mr. Gallegos commented on the growth of the Hispanic population and the implications for health and human services.

Health Panel

Rebecca Slifkin, Ph.D., University of North Carolina
Gary Hart, Ph.D., University of Washington
Andrew Coburn, Ph.D., University of Southern Maine

Dr. Slifkin's presentation centered on the status of rural health care providers over the past 20 years and current provider issues. She explained that the historical data on providers is difficult

to interpret because federal definitions of rural areas have changed and provider data sources have also changed over time. With these qualifications, she provided data on the growth of federally designated Rural Health Clinics, Federally Qualified Health Centers, Home Health Agencies, Nursing Facilities, Skilled Nursing Care, and short-term general hospitals. She also charted the growth of Rural Critical Access hospitals and changes to hospital financial margins. Looking back, she noted that increasing numbers of rural providers are reimbursed outside traditional payment systems and speculated how payments might change when and if rural providers were paid like everyone else. With regard to current provider issues, she highlighted the struggles of rural community pharmacies, Medicare contracting issues, and increasing burdens of the uninsured. Looking forward, she stated that rural providers need special payment systems that recognize the challenges of small markets, but the system is moving towards privatization without low volume protections

Dr. Ricketts was asked to present for Dr Hart who was unable to attend the meeting. He spoke about the rural health workforce and major workforce issues related to practitioner shortages, ability of rural populations to pay for care, the role of foreign medical graduates in rural areas, and related issues. He noted the shortages of general surgeons, dental hygienists and dentists, specialty physicians, and other providers. He said that homeland security issues could affect the future availability of foreign medical graduates in rural areas, a group that now represents about one-fourth of the physician supply. He provided extensive data on trends in the national supply of physicians and other health care professionals. He presented a list of questions and policy issues that will have to be addressed to assure an adequate supply of health professionals in the future. Future challenges include adequacy of the workforce, the distribution of generalists and specialists, population diversity, technology changes, pay for performance, and state and federal health care funding mechanisms.

Dr. Coburn talked about rural health insurance trends and their policy implications. He provided an overview of current rural insurance trends, noting that 21% of the rural population is uninsured compared with 19% of the urban population. Rural employers are facing unsustainable increases in health insurance premiums, while rural residents are faced with increased cost sharing. The impact on rural providers is significant as they deal with a growing pool of the uninsured and underinsured. Large plans and employers expanding the use of tiered providers networks could be problematic for rural providers and residents. Residents may face higher costs if they choose to use lower tier local providers. The Deficit Reduction Act of 2005 gives states freedom to re-design their Medicaid Programs for cost savings and these changes could reduce access to care in rural areas. More positively, and in the absence of comprehensive federal reform, states have renewed interest in expanding insurance coverage.

Dr. Coburn discussed some rural issues related to state reforms and commented on where we seem to be headed on national reforms of the health care system.

Larry Otis commented that he would like to see expenditures on health workforce training by the states.

Karen Perdue emphasized a need to look at behavioral health provider issues as closely as those for physical health.

Dr. Ricketts said that we need to better understand the cadre of lower paid health care workers in this country and the quality of care they provide. He also said that we also do not know enough about recent changes in the private insurance market, such as the shift to high deductible plans, and their potential impact on the rural infrastructure.

Mr. Meit commented on the workforce implications of turf battles among health provider trade associations.

Second Health Panel

Julie A. Schoenman, Ph.D., University of Chicago
Michelle Casey, M.A., University of Minnesota
Keith Mueller, Ph.D., Rural Policy Research Institute

Dr. Schoenman presented on health status indicators in rural and urban areas based on evidence from the past 20 years. Rural residents show a consistent pattern in ranking themselves lower than urban residents on self-reported health status. Rural residents also experience a higher presence of chronic conditions and greater health related activity limitations. Mortality rates are relatively alike for urban and rural areas. In rural areas mortality increases as population density declines. In terms of overall health status, chronic conditions, mortality, and activity limitations, where a person lives does make a difference. However, there does not appear to have been significant improvement over the past 20 years.

Ms. Casey spoke about the rural issues and challenges of quality measurement, public reporting and pay for performance. Rural PPS hospitals must submit data on quality measures to Medicare or have their Medicare annual payment update reduced. Critical Access Hospitals may voluntarily submit data and about 52% comply. There are important issues on the relevance of quality measures for small rural hospitals. Some hospitals may not have a sufficient volume of patients to reliably measure their performance. For example, small rural hospitals have high transfer rates for heart patients, and some cardiac procedures are rarely performed. The recommended care for hospital inpatients with heart attacks and heart failure

may not be relevant to these hospitals. She stated that important quality measures for rural hospitals are missing in such areas as emergency care, patient transfers, and outpatient care. Her data shows that for many existing measures, less than half of Critical Access Hospitals had data for more than 25 patients in 2005. Small hospitals also have higher fixed costs for reporting quality data. Ms. Casey said that there are dozens of pay-for-performance initiatives throughout the country, but very little research on their impacts on rural hospitals. She talked about uncertainties about the ranking of small rural hospitals based on Medicare reporting and raised significant rural issues related to payment incentives. She concluded with recommendations on how pay-for-performance programs and policies could recognize the unique circumstances of small rural hospitals.

Dr. Mueller presented policy issues related to Medicare, particularly the new emphasis on private delivery systems and their impact in rural areas. He spoke about private insurance and cost pressures, climbing uninsured rates, pressures on rural safety net providers, and new pressures on providers to be more accountable for performance. In the current policy climate, states have become laboratories for health care reforms, with mixed results for rural areas. The federal government has facilitated state activities for both good and ill. The dark cloud of budget deficits hangs over all efforts at reform. However, he believes there is an emerging consensus for change among politicians and business leaders. Dr. Mueller asked whether we might have reached a tipping point for systems change. He discussed the work and recommendations for leading health care commissions and organization that are speaking about the need for change. He closed by mentioning the work of the Hagel Health Care Commission led by Senator Hagel from Nebraska.

Dr. Ricketts asked Dr. Shoenman about rural mortality data and whether it can be misleading when presented in the aggregate. She agreed that the rates can vary dramatically from rural place to place, and will look more deeply into the issues.

Dr. Ricketts also commented that the drive for provider accountability could be a bad thing when we fail to have good measures. Dr. Mueller agreed, saying that results should focus on value to patients, and not process measures.

Mr. Hoyer recounted his personal experience with developing outcome measure and commented that we are not very far along. He also commented on the relationship between performance and payment systems.

Human Services Panel

Mr. Brian Dabson, Associate Director, Rural Policy Research Institute (RUPRI)
Mr. Bruce Weber, Professor of Agriculture and Resource Economics, Oregon State University and Co-Director of the RUPRI Poverty Research Center.

Mr. Dabson discussed rural poverty and its impact on future health and human service delivery. He reported that rural poverty rates have fallen dramatically over past decades but remain persistently above urban rates. Rural female-headed families are disproportionately poor and one-third live in poverty. Poverty rates are more severe as in the more remote rural areas. Persistent poverty counties are often characterized by large minority populations, fewer residents with a high school education and above, high unemployment, and low mean per capita income. He spoke about issues that are addressed by the Rural Poverty Research Center and the organization of the center. He talked about the need for a national framework that will bring poverty programs and agencies together to coordinate activities on a regional basis. Regional diversity has to be embraced and people need integrated solutions if poverty is to be alleviated.

Mr. Weber spoke about the impact of changes in the social safety net on rural people and places. In his overview, he noted the increasing importance of local context in policies to reduce poverty. Policy options include cash assistance, in-kind assistance, earnings supplements, as well as job search and training programs. Over the past 20 years there has been an expansion of the earned income tax credit, welfare reform, increased medical subsidies, and increases of the minimum wage in some states. The most important change has been welfare reform. Mr. Weber emphasized the importance of local context in combating poverty and how it has been enhanced by welfare reform. Success in a work-oriented approach depends on the local economy, state and local decisions, and non-governmental organization. Mr. Weber described barriers to work in rural areas such as the lack of childcare and transportation services. He talked about job growth in rural areas and how jobs and work effort are less effective in moving people out of poverty in rural areas. He reviewed federal and state policies on the social safety net, education and job training, childcare, and transportation. Rural areas face greater challenges in each of these areas. He said that we have learned that improved labor market conditions reduce poverty, but less so in rural areas. The same can be said for education, subsidized childcare, and transportation subsidies.

Sister Otis commented that lack of education about existing human services is a key problem in rural areas. Governor Beasley said the Governor’s Office is a powerful locus for coordinating public education on human services programs.

Ms. Hansen said that the local infrastructure is also critical to promote education.

Mr. Size asked how we deal with individual accountability in addressing poverty. Mr. Dabson said that it ties in with community responsibility and that individuals and their communities are inseparable in this area.

Mr. Dabson said that block grants with local direction on use of funds are a good approach and that rural areas do not have the equivalent of urban block grants.

Mr.. Meit discussed the potential role of community colleges in human services delivery and education.

There was a general discussion on the links between community development, leadership development, and human services programs.

Public Comments

There were no public comments and the meeting was adjourned.

Thursday, March 1, 2007

Governor Beasley convened the meeting and initiated a discussion of Committee reactions to the presentations on Wednesday. There was a discussion of the need for integration of health and human services in rural areas and general agreement that this should be a major emphasis of the Committee in 2007. It could be the unifying theme for the report to the Secretary later this year. Several members expressed concern about the potential loss of special payment benefits for rural health care providers under a more national system of health care. Other issues raised by the members related to the health and human services workforce in rural areas, leadership development, influencing health and human services demonstration projects, revitalization of the Rural Health Task Force in the Department of Health and Human Services, service issues related to immigration, and others. Governor Beasley polled the Committee for its ideas on subcommittees for the coming year.

Rural Policy Moving Forward

Michael J. O'Grady, Ph.D.; Senior Fellow at the National Opinion Research Center, University of Chicago

Dr. O'Grady began his presentation by talking about some of the pressures on health and human services programs. These include the zero-sum budget environment; rapid spending growth in health care due to demographics and new technologies; the passage of Medicare Part D and its effect on taking national health insurance off the table; and growth of the Medicaid

Program. Good news included the proposed expansion of the State Child Health Insurance Program. Rural health and human services programs have some advantages in the U.S. Senate where important Committee Chairmen have strong rural interests. Strong lobbying efforts are needed from people who have expertise and credibility. There is always the danger of backlash from the Hill if people overreach on rural advocacy. Dr. O'Grady spoke about current leadership in the Department of Health and Human Services (DHHS) and how policies are developed. He mentioned the importance of demonstration projects and Advisory Panels to the Department. He concluded by saying that some traditional coalitions with rural interests are breaking down, using the example of broken links between rural pharmacists and their clients.

Karen Perdue asked about the influence of DHHS Regional Administrators in the Department. The speaker replied that their influence is often a function of how they are used by agency directors in the Department. Policy development is more likely to be centered in Washington.

Dr. Ricketts asked for an opinion on the grantee performance assessment reviews conducted by the Department. Dr. O'Grady responded that these are accountability tools and there is a tension between doing them well and using them to justify programs. Dr. Ricketts then said that some programs are difficult to measure and there seem to be problems in approaching the Office of Management and Budget on measurement issues. Dr. O'Grady acknowledged this problem, adding that some agencies do not have staff to work with OMB and make lack sophistication on performance assessment measures.

David Hewitt inquired about the influence of Governors on the Department. The speaker replied that the influence of the National Governors' Association has increased, but Governors' have burnt some bridges in raiding federal dollars for the Medicaid Program.
He also said that some State experiences are not relevant to the national scene.

Larry Otis asked about emerging issues on integrated services delivery. The speaker talked about the silo effect for programs and how policy makers can be caught in the vice of competing agency interests. He advised the Committee to think about how integrated programs can work on the ground.

Commonwealth Fund Activity

Mary Wakefield, Ph.D., Director, Center for Rural Health, University of North Dakota

Dr. Wakefield spoke about the work of the Commonwealth Fund's Commission on a High Performance Health System. She presented objectives for the system that have been

articulated by the Commission. These are: high quality, safe care; access to care for all people; efficient, high value care; and systems capacity to improve. She described the requirements for achieving such a system and the scorecard that has been developed for measuring system performance. She presented a series of slides showing international mortality data, state variations in the quality of care, medical errors, health care costs, and the distribution of uninsured populations. She also showed how the U.S. ranks against other countries on mortality, health care spending, and other factors. In this country the discourse has changed to recognize that we spend more on health care than any other country and need to get more value for what we are spending. She reviewed the goals for a high performance health care system and the specific keys to development of the system. She talked about the most important health care issues for Presidential and Congressional action, including health insurance expansion, the cost of prescription drugs, improved quality of car and malpractice reform. The importance of primary care was discussed and the concern that the U.S. is moving in the wrong direction on this issue. Other issues that Dr. Wakefield covered were the expanded use of information technologies, development of the primary care workforce, encouraging leadership and collaboration among public and private stakeholders, and what states and individuals can do to promote a high performance health care system. She concluded with the remark that what we all must stop doing is protecting our turf.

Dr. MacKinney asked whether the work of the Commission was getting traction with the 2008 presidential campaign.

Dr. Wakefield replied that the concept is getting attention from the Congress where testimony has been given, the health trade press, and other venues.

Mr. Size commented that economic development and its relationship to the health care system seems to be missing from the report. Dr Wakefield said that moving beyond the key objectives for the system as identified by the Commission would be too much to tackle at the present time.

Presentation by HRSA Administrator

Elizabeth Duke, Ph.D., Administrator, Health Resources and Services Administration

Dr. Duke presented recent issues and events of interest to the Committee. She talked about the recent budget hearings for HRSA and gave an overview of the current budget situation. HRSA has completed an expansion of the Community Health Center Program and has targeted expansions to high poverty areas. She explained how the Centers are selected and how the White House became supportive of the expansions. She also reported on her testimony at the

appropriation hearings on the issues of oral health care in rural areas. She told the Committee that it is a difficult battle. She talked about funding for the National Health Service Corp that has been flat for several years. HRSA is trying to recruit more dentists for the Corp. She spoke about HRSA successes in using electronic technologies to improve program administration.

Mr. Size expressed appreciation for HRSA's dental initiatives and said that dental care is a major workforce issue. Dr. Duke replied that HRSA has some programs for dental education and is trying to recruit dentists for he National Health Service Corp. HRSA is encouraging grantees to make arrangements with dental schools for the delivery of dental services in HRSA clinic sites.

Dr. Craig asked for thoughts on mental health services. Dr. Duke spoke about the challenges of providing these services in primary care setting in the face of provider issues and financing challenges. HRSA is working with Medicare on mental health payments and supporting telehealth services.

Subcommittee Meetings

Governor Beasley and Mr. Morris discussed the framework and rationale for subcommittee designations. The three subcommittees established for 2007 are: (1) Health; (2) Human Services; and (3) Integration. Each member expressed a preference and was assigned to work with one of the subcommittees. After a general discussion of the approaches each subcommittee would take, the subcommittees met in separate session until adjournment at the end of the day.

Friday, March 2, 2007

Mr. Morris convened the meeting. He announced that the meeting in Washington, D.C. in 2008 is scheduled for February 20-22 at the Sofitel Hotel. He then asked for reports from the Subcommittee Chairmen.

Subcommittee on Health: Mr. Hoyer reported that the substance of the subcommittee report for 2007 is yet to be decided in detail. In general, the report will talk about access and connectivity, fragmented government programs, provider viability, health education in rural areas, linkages with human services, and other issues. Some specific topics could include Critical Access Hospitals, quality of care issues, and post-acute care services in rural areas.

Subcommittee On Human Services: Andrea Halverson (reporting for the Chairman) said that the subcommittee would focus on public education, early childhood development, coordination of

service resources, and role of community colleges. Electronic human services records, and the impact of changing rural demographics will also be studied..

Subcommittee on Integration: Dr. Ricketts reported that the group was working on defining its tasks and developing a definition of what is meant by integration. The parameters of integration could be identified along a continuum within both health and human services, and between them. The group discussed a problem-oriented approach for its report and ORHP staff was asked to identify existing programs that have requirements for integration and collaboration. Staff will also review the Committee's prior recommendations related to integration of services and report on how they may have influenced program officials.

Letter to the Secretary

Mr. Morris asked for comments and suggestions on the letter to the Secretary that is prepared after each meeting of the Committee.

Mr. Hewett said that there is pressure to move dollars for emergency preparedness from rural to urban areas and wanted to alert the Secretary to this concern. Mr. Morris and staff will work on language for the letter and coordinate with Mr. Hewett.

Jennifer Chang on the ORHP staff spoke about plans for the June meeting that will be held in Fort Collins, Colorado on June 10-12.

Public Comment

There were no public comments and the meeting was adjourned.