

# TRUMPCARE: LEAVING RURAL HEALTH BEHIND



**U.S. Congress Joint  
Economic Committee**  
Ranking Member Martin Heinrich  
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## TrumpCare: Leaving Rural Health Behind

America's rural communities have long faced challenges with access to affordable health insurance and services. Doctors and hospitals are farther away, higher poverty rates lead to worse health outcomes and lower coverage rates, and older populations result in more expensive coverage pools. The Affordable Care Act (ACA) made progress in addressing these challenges, and rural residents were more likely than urban residents to gain coverage as a result of the law.<sup>1</sup> Between 2013 and 2015, the uninsured rate for rural Americans fell from 17 to 12 percent.<sup>2</sup>

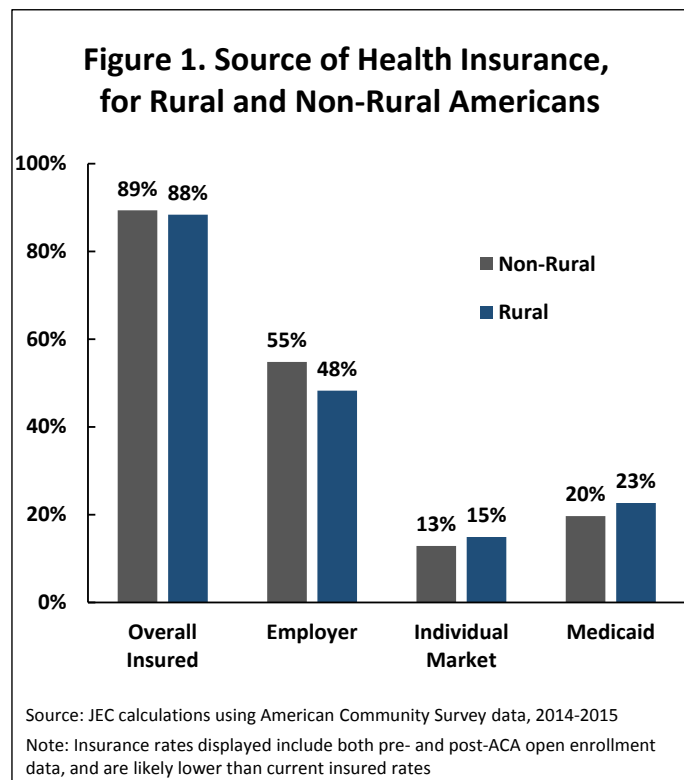
Rather than building on this progress, TrumpCare – the Republican plan to repeal and replace the ACA – would raise costs and have devastating impacts on rural America. Many rural Americans who live in Medicaid expansion states would lose coverage. Eliminating need-based tax credits that reduce the cost of purchasing health insurance would disproportionately impact rural Americans, who are more likely to receive tax credits under current law.<sup>3</sup> Fewer insured individuals could result in many rural hospitals closing, harming whole communities that rely on them. All of this will be compounded by the rest of the Trump agenda, which would worsen health outcomes for rural Americans.

TrumpCare 2.0, which recently passed the House, would be even worse for rural communities, putting coverage at risk for the 20 million rural Americans who have a pre-existing condition.<sup>4</sup>

### TRUMPCARE LOWERS COVERAGE FOR RURAL AMERICA

TrumpCare would make it substantially harder for rural Americans to obtain health insurance. The Congressional Budget Office (CBO) estimated that 24 million Americans would lose health insurance under the original version of the bill—many of whom will come from rural America. Rural Americans are more likely than urban Americans to receive coverage from both *individual* insurance markets and Medicaid (see Figure 1). Altogether, 2.9 million rural Americans could lose coverage by 2020 under the bill—including many of the 1.7 million rural Americans that gained coverage through the Medicaid expansion.<sup>5</sup>

TrumpCare is more likely to hurt older, poorer Americans, who are more likely to live in rural areas.<sup>6</sup> In 2015, the rural poverty rate was



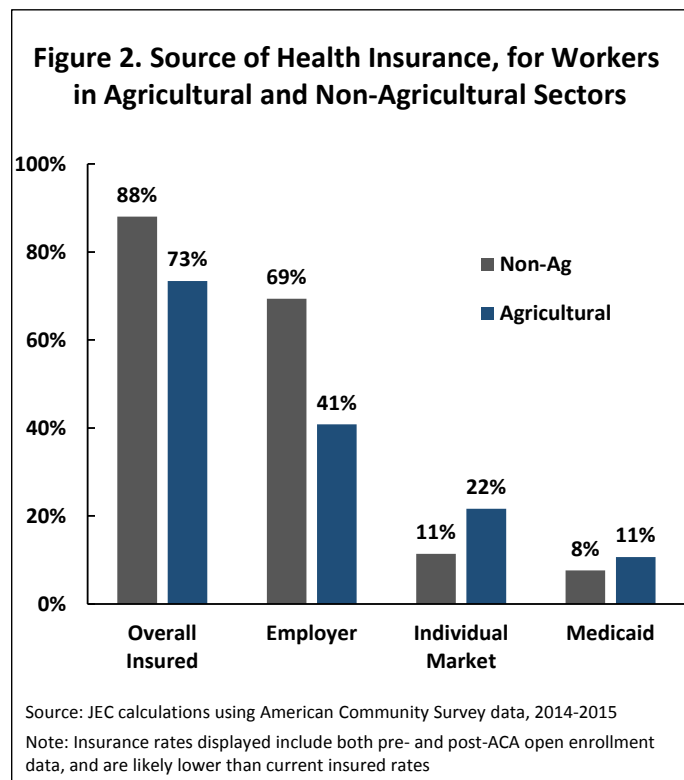
almost 3 percentage points higher than in urban areas.<sup>7</sup> Rural residents are on average 2.4 years older than urban residents and are more likely to be 50 to 64 years old, a group that TrumpCare will disproportionately hurt.<sup>8</sup> CBO estimated that a 64 year-old with an income of \$26,500 would have to pay \$14,600 a year for health insurance. And it's likely to be even higher in rural areas, where people are more spread out and health care costs tend to be higher.<sup>9</sup> Since TrumpCare fails to adjust tax credits for the costs that residents actually experience in their local marketplaces, the bill would be even more devastating for individuals and families living in these areas. For rural Americans and their families, premiums will rise, tax credits will be less generous, and coverage rates will fall.

## FARMERS AND RANCHERS DISPROPORTIONATELY HARMED

Prior to the ACA, many workers in the agriculture sector went without health insurance coverage, most commonly due to excessive cost.<sup>10</sup> ACA tax credits based on income gave farmers and ranchers greater access to insurance. Farmers and ranchers are more than twice as likely to get health insurance in individual markets as workers in other industries (see Figure 2).

Given that farmers and ranchers typically earn less than workers in other sectors, removing need-based tax credits would greatly impact their ability to retain insurance on the individual markets.<sup>11</sup> Since less than half of farmers and ranchers receive insurance from their employers, many would be left uninsured.

Some states would be particularly hard hit: 49 percent of farmers and ranchers in North Dakota, 45 percent in South Dakota, and 44 percent in Iowa rely on individual markets to obtain health insurance.<sup>12</sup>



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## TRUMP CARE HURTS RURAL HOSPITALS

Americans in rural areas already have less access to health care than urban Americans. They typically have to travel farther to receive care, particularly for specialized services, and have limited public transportation to get there.<sup>13</sup> TrumpCare would lead to many rural hospitals shutting their doors.

Rural hospitals depend heavily on Medicaid—11 percent of their payments come from Medicaid—and would be disproportionately hurt by the proposed \$839 billion in Medicaid cuts.<sup>14</sup> The Medicaid expansion has stabilized balance sheets for many rural hospitals; those in expansion states saw a four percentage point increase in operating margins.<sup>15</sup> This effect can be seen in the fact that fewer rural hospitals have closed in Medicaid expansion states than in other states since the enactment of the ACA.<sup>16</sup> Reversing the expansion and cutting Medicaid would be devastating for these hospitals and destroy this progress.

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Lower coverage rates in the individual marketplaces under TrumpCare would also increase uncompensated care charges at rural hospitals. Before the ACA, uncompensated care placed a financial burden of more than \$4 billion annually on rural hospitals.<sup>17</sup> After the ACA, uncompensated care costs as a share of operating budgets fell by about half in expansion states.<sup>18</sup> Next year, new uncompensated care just from private insurance losses could cost over \$7 billion nationally under TrumpCare.<sup>19</sup> The ballooning costs would further squeeze rural hospital finances.

Residents in rural areas depend upon hospitals for more than just health care. Hospitals are a major employer and source of economic growth. When a single hospital closes, nearly 100 jobs are lost on average, taking more than \$5 million in wages, salaries, and benefits out of the local economy.<sup>20</sup> The effects ripple out into the local economy as well—for every ten rural hospital employees that lose their jobs, an additional 3.8 jobs are lost elsewhere in the community.<sup>21</sup> If the 673 at-risk hospitals were to close, 99,000 hospital employees and a further 38,000 other rural residents would lose their jobs.<sup>22</sup>

## THE TRUMP AGENDA EXACERBATES THE PROBLEM FOR RURAL COMMUNITIES

TrumpCare would devastate the health and economies of rural America, and its effects would be compounded by the rest of the Trump agenda. The budget that President Trump has put forward would have a substantial negative impact on the health of rural Americans if passed.

Proposals in the President's budget that would harm rural Americans' health include:

- Eliminating USDA's Water and Waste Disposal Loan and Grant program, impacting rural Americans' access to clean water.<sup>23</sup>
- Lower USDA funding would likely impact the USDA Distance Learning and Telemedicine Grants program, which connects rural residents with health care and substance abuse treatment that they otherwise would not have access to.<sup>24</sup>
- Cutting the Environmental Protection Agency budget by 31 percent, leading to lower air and water quality and worse health outcomes for all Americans.<sup>25</sup>
- Cutting the National Institutes of Health budget by \$5.8 billion, limiting the agency's ability to conduct cutting edge research into addressing many of the health issues that plague rural Americans.<sup>26</sup>
- Eliminating \$403 million in health professional and nurse training program funding, further exasperating hospitals' challenges in finding qualified health workers.<sup>27</sup>

Budget cuts that lead to worse health outcomes for rural Americans, combined with the lower insured rates and fewer rural hospitals that come with TrumpCare, would undermine the health of rural Americans.

### CONCLUSION

TrumpCare would hurt all Americans, but rural Americans would be hit especially hard. They would lose coverage gains made under Medicaid, receive less generous tax credits that would price them out of the individual markets, and many of the hospitals that they rely on for care could be forced to close.

<b>Table 1. Percent of Residents with Medicaid Coverage</b>			
	<b>Overall</b>	<b>Rural Areas</b>	<b>Agricultural Workers</b>
Alabama	19.9	23.3	6.7
Alaska	17.9	29.1	16.2
Arizona	21.5	39.6	22.9
Arkansas	25.2	27.8	15.1
California	25.1	28.9	26.8
Colorado	18.5	15.2	14.5
Connecticut	20.1	17.4	15.7
Delaware	19.5	N/A	N/A
D.C.	27.2	N/A	N/A
Florida	18.6	25.8	9.6
Georgia	17.9	23.9	6.2
Hawaii	17.3	26.3	14.5
Idaho	16.3	15.8	7.4
Illinois	19.9	20.9	9.5
Indiana	16.8	16.7	6.0
Iowa	18.2	19.2	8.1
Kansas	14.2	16.5	4.4
Kentucky	24.9	32.3	17.5
Louisiana	22.2	24.5	8.8
Maine	21.2	24.7	16.6
Maryland	17.7	N/A	12.4
Massachusetts	23.5	N/A	23.7
Michigan	21.9	22.7	15.4
Minnesota	17.5	21.6	11.6
Mississippi	25.1	28.7	9.9
Missouri	15.0	19.7	6.0
Montana	15.5	16.1	6.7
Nebraska	13.4	14.4	6.0
Nevada	17.8	19.4	4.9
New Hampshire	11.9	15.0	13.5
New Jersey	16.8	N/A	9.2
New Mexico	29.8	28.6	21.2
New York	25.3	25.3	20.4
North Carolina	18.7	24.3	7.9
North Dakota	11.3	15.9	4.4
Ohio	20.3	21.1	10.1
Oklahoma	17.6	17.9	5.8
Oregon	23.5	29.7	20.4
Pennsylvania	17.9	19.3	10.0
Rhode Island	22.8	N/A	N/A
South Carolina	19.6	28.4	7.9
South Dakota	14.3	16.2	2.4
Tennessee	20.4	24.6	12.6
Texas	17.5	20.5	6.0
Utah	11.2	13.7	4.5
Vermont	25.7	27.7	29.8
Virginia	11.9	20.7	3.6
Washington	20.1	26.2	15.4
West Virginia	25.8	29.0	13.5
Wisconsin	17.5	17.3	11.1
Wyoming	12.7	11.8	4.7

Source: U.S. Census Bureau, American Community Survey, 2014-2015

Notes: 2-year estimates are used to all for sectoral breakdowns; includes both pre- and post-open enrollment data; current Medicaid coverage rates are likely higher; N/A denotes data not available in all states due to sample size restrictions

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- <sup>2</sup> Throughout the report, rural refers to residents of nonmetropolitan areas (as defined by the U.S. Census Bureau). The uninsured rate is for nonelderly population only. Cross-Call, Jesse, Tara Straw, Arloc Sherman, and Matt Broaddus. "[House-Passed Bill Would Devastate Health Care in Rural America.](#)" Center on Budget and Policy Priorities. May 16, 2017.
- <sup>3</sup> Avery, Kelsey, Kenneth Finegold and Xiao Xiao. "[Impact of the Affordable Care Act Coverage Expansion on Rural and Urban Populations.](#)" U.S. Department of Health and Human Services. June 10, 2016.
- <sup>4</sup> JEC Democratic Staff calculations based on data from the American Community Survey 2015 5 year sample.
- <sup>5</sup> Kendall, David. "[American Health Care Act: Devastating for Rural America.](#)" Third Way. March 21, 2017; see also, Cross-Call, Jesse, Tara Straw, Arloc Sherman, and Matt Broaddus. "[House-Passed Bill Would Devastate Health Care in Rural America.](#)" Center on Budget and Policy Priorities. May 16, 2017.
- <sup>6</sup> U.S. Congressional Budget Office. "[American Health Care Act.](#)" March 13, 2017.
- <sup>7</sup> U.S. Department of Agriculture, Economic Research Service. "[Poverty Overview.](#)" March 1, 2017.
- <sup>8</sup> Joint Economic Committee Calculations from 2015 American Community Survey.
- <sup>9</sup> Cross-Call, Jesse, Tara Straw, Arloc Sherman, and Matt Broaddus. "[House-Passed Bill Would Devastate Health Care in Rural America.](#)" Center on Budget and Policy Priorities. May 16, 2017.
- <sup>10</sup> Farmworker Justice & The National Center for Farmworker Health. "[Farmworkers' Health Fact Sheet.](#)" January 2015.
- <sup>11</sup> [All occupations for sector 11 and cross-industry](#): Bureau of Labor Statistics. Occupational Employment Statistics.
- <sup>12</sup> JEC Democratic Staff calculations based on data from the 2014 and 2015 American Community Survey.
- <sup>13</sup> Mattson, Jeremy. "[Transportation, Distance, and Health Care Utilization for Older Adults in Rural and Small Urban Areas.](#)" Small Urban & Rural Transit Center, Upper Great Plains Transportation Institute, North Dakota State University. December 2010.
- <sup>14</sup> Topchik, Michael. "[The Rural Relevance Study.](#)" NRHA Policy Institute. February 7, 2017; Cross-Call, Jesse, Tara Straw, Arloc Sherman, and Matt Broaddus. "[House-Passed Bill Would Devastate Health Care in Rural America.](#)" Center on Budget and Policy Priorities. May 16, 2017.
- <sup>15</sup> Kaufman, Brystana, Kristin L. Reiter, George H. Pink, and George M. Holmes. "[Medicaid Expansion Affects Rural and Urban Hospitals Differently.](#)" *Health Affairs*, vol. 35. September 2016; see also, Fredric Blavin. "How Has the ACA Changed Finances for Different Types of Hospitals? Updated Insights from 2015 Cost Report Data," Urban Institute. April 2017; see also, Cross-Call, Jesse, Tara Straw, Arloc Sherman, and Matt Broaddus. "[House-Passed Bill Would Devastate Health Care in Rural America.](#)" Center on Budget and Policy Priorities. May 16, 2017.
- <sup>16</sup> Kendall, David. "[American Health Care Act: Devastating for Rural America.](#)" Third Way. March 21, 2017.
- <sup>17</sup> Data for 1999-2000. Bennett, KJ, CG Moore, and JC Probst. "[Estimating Uncompensated Care Charges at Rural Hospital Emergency Departments.](#)" *Journal of Rural Health*. Summer 2007.
- <sup>18</sup> Cross-Call, Jesse, Tara Straw, Arloc Sherman, and Matt Broaddus. "[House-Passed Bill Would Devastate Health Care in Rural America.](#)" Center on Budget and Policy Priorities. May 16, 2017.
- <sup>19</sup> Joint Economic Committee Democratic Staff calculations using CBO projections of the uninsured and Garthwaite, Craig, Tal Gross, and Matthew J. Notowidigdo. "[Who Bears the Cost of the Uninsured? Nonprofit Hospitals.](#)" Kellogg Insight.
- <sup>20</sup> Docksen, Gerald A, Cheryl F. St. Clair, and Fred C. Eilrich. "[Economic Impact of Rural Health Care.](#)" National Center for Rural Health Works. October 2016.
- <sup>21</sup> Docksen, Gerald A, Cheryl F. St. Clair, and Fred C. Eilrich. "[The Economic Impact of a Critical Access Hospital on a Rural Community.](#)" National Center for Rural Health Works. September 2012.
- <sup>22</sup> Ellison, Ayla. "[673 Rural Hospitals Vulnerable to Closure: 5 Things to Know.](#)" *Becker's Hospital Review*. February 3, 2016; see also, Docksen, Gerald A, Cheryl F. St. Clair, and Fred C. Eilrich. "[The Economic Impact of a Critical Access Hospital on a Rural Community.](#)" National Center for Rural Health Works. September 2012.
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- <sup>24</sup> U.S. Department of Agriculture. [USDA Funds 80 Distance Learning and Telemedicine Projects in 32 States.](#) Accessed May 22, 2017.
- <sup>25</sup> The White House. [America First - A Budget Blueprint to Make America Great Again.](#) Accessed May 22, 2017.
- <sup>26</sup> Ibid.
- <sup>27</sup> Ibid.