



June 2016

NEWSLETTER

The National Center for Rural Health Works will be sending two newsletters each year now! Communicating with rural health organizations about our activities and templates is critical to **the National Center**. The staff attends many conferences and meetings to share templates and activities. Our newsletters are part of our outreach activities. Contact and website information are available at the end of the newsletter.

PLAN TO ATTEND THE NEXT RURAL HEALTH WORKS WORKSHOP

A workshop is scheduled for Tuesday, October 18, 2016, from 8 am to 3 pm in Reno, Nevada. Hosts include Nevada Office of Rural Health (University of Nevada School of Medicine), Nevada Primary Care Association, Nevada Rural Hospital Partners, and Center for Economic Development (University of Nevada, Reno). This workshop will focus on economic impact of health care facilities.

Comments from previous workshop participants:

- “Very good training for conducting CHNAs.”
- “Thank you for making an essentially impenetrable concept within reach of my understanding!”
- “Presenters were excellent and the tools provided are awesome – so useful!”

HOST A RURAL HEALTH WORKS WORKSHOP IN 2017

The National Center is looking for hosts for two workshops in 2017! Anyone interested in hosting a RHW workshop in the future should contact **the National Center**. Workshop hosts are on a first to offer, first to host basis. The host state assists with locating a training facility and inviting state participants; they *incur no financial costs*. The benefit to a host state is having the workshop available for state participation (with a nominal registration fee per participant). Please share this information with anyone interested in hosting or attending a workshop. **The National Center** invites any interested parties to register and attend these workshops. The workshops teach professionals how to conduct economic impact studies, how to assess the community’s health needs (CHNA), and how to assess specific rural health service needs.

SPONSOR A RURAL HEALTH WORKS WEBINAR TODAY

Webinars (For more information, see website: www.ruralhealthworks.org)

The National Center now offers webinars on their products and templates. Webinars require a host organization to sponsor the webinar, announce the webinar, and pre-register participants for the webinar. Webinars are one hour and are currently available on the following topics: 1)

Economic Impact of Rural Health, 2) Community Health Needs Assessment, or 3) Physician and Specialty Physician Needs Assessment.

2016 WORK PROJECT - JUST COMPLETED - PRELIMINARY RESULTS

Estimate the Economic Impact of an Independent Rural Health Clinic

Background: In many rural communities, health services are delivered at Rural Health Clinics (RHCs.) Approximately 4,000 RHCs nationwide provide access to primary care services in rural areas.

Objective: The objective of this study is to estimate the average direct and secondary employment and labor income impacts on a rural community from an independent-based RHC. The results have been used to create a template allowing local leaders the capacity to apply local data and estimate the economic impact of an RHC given their specific conditions.

Scope of Research: For this study, estimates for two different scenarios were constructed based on CMS cost reports and U.S. Department of Labor, Bureau of Labor Statistics (BLS.) Data for 1,261 independent-based RHCs were identified in the CMS cost reports. Provider-based RHCs were not included due to cost-sharing issues. Some RHCs do not employ a primary care physician, but instead only use physicians for supervision and oversight. In cases where primary care physicians are required, these RHCs utilize physicians on a contract basis. CMS cost report data were available for 218 independent-based RHCs that did not directly employ physician services.

Approach: The methodology will estimate the economic impact for each scenario. The direct impacts include the employees and labor income at the clinic. The secondary impacts are calculated with an input-output model and data from IMPLAN. The multiplier not only measures the economic activity from the RHC and employees but also includes the economic activity from additional business spending and household spending such as the restaurant workers, equipment vendors and others. The model calculates multipliers for employment and labor income and generates multipliers that are medical service area-specific due to differences in locally-available goods and services across different states, counties, or zip codes

Direct Impacts of an Independent RHC

Scenario 1: Average income for providers (physician, NPs and PAs) was determined from the cost reports. Only total compensation is available for nursing and office staff. The income estimates from the BLS 2014 Wage and Salary Estimates were applied to the average CMS compensations to estimate employment for nursing and office staff. Incomes could be less in some rural areas but BLS data are unavailable for rural areas.

A small number of independent RHCs include health services from clinical psychologists, social workers and visiting nurses to homebound patients. The compensation for these services was minimal and included in additional staff with office employees. The estimated direct impacts for a rural health clinic were 9.66 jobs and \$827,294 labor income.

Scenario 2: The same methodology was applied to this group of smaller RHCs to estimate the total economic impacts. These RHCs are typically located in less populated areas. Labor income

estimates for PAs and NPs were slightly less compared to the full sample. The estimated direct impacts were 4.88 jobs and \$372,845 labor income.

Total Impacts of an Independent RHC: Data presented in the table show the total impacts of the RHC that occur throughout the local area. For this analysis, the employment and income multipliers were averaged from 414 rural counties in 17 states representing the four U.S. Census regions.

Estimated Total Impact on Employment from Independent RHC, 2014

	Aggregate N=1,261 Average Visits=9,654			w/o FTE Physician N=218 Average Visits=4,752		
	Direct Impact	Multiplier	Total Impact	Direct Impact	Multiplier	Total Impact
Employment	9.66	1.30	12.56	4.88	1.30	6.34
Income	\$827,294	1.22	\$1,009,299	\$372,845	1.22	\$454,871

Source: Centers for Medicare & Medicaid Services Cost Reports, 2014; U.S. Department of Labor, Bureau of Labor Statistics, May 2014.

Summary: The two scenarios presented yielded estimates of approximately 6.34 to 12.56 local job impact and \$454,871 to \$1,009,299 in labor income (wages, salaries and benefits) impact from an independent RHC providing primary care to local residents.

Template Availability: A template has been provided to assist local leaders interested in estimating the economic impact of an independent-based rural health clinic. Although average multipliers are available, RHCs are encouraged to obtain IMPLAN multipliers specific to the medical service area when possible.

2016 WORK PROJECTS PENDING - RESULTS AVAILABLE SOON!!

Updated Economic Impact of a Representative Critical Access Hospital on a Rural Community

Background: A study was conducted in 2012 to illustrate the impact of a representative critical access hospital (CAH) on a rural community. This study will be updated to include current employment and wages, salaries, and benefits from hospital operations and to show employment and wages, salaries, and benefits from an average construction investment.

Objective: The objective of this study is to estimate the economic impact of a representative CAH with current available data.

Data: The data for CAHs is available through the hospital database on the CMS website. These data will provide the average employment and labor income for a large number of CAHs. IMPLAN county multipliers will be derived for the CAH counties from the IMPLAN data available through **the National Center**. Utilizing the large CMS database, it is anticipated that the several scenarios may be required to illustrate representative CAHs based on size of community or employment.

Results: The results will be an updated economic impact analysis of a representative CAH or several scenarios of representative CAHs. A template will also be provided for a CAH to

determine their economic impact. However, CAHs are encouraged to obtain IMPLAN multipliers specific to their local county when possible.

Updated Economic Impact of a Rural Primary Care Physician

Background: A study was conducted in 2013 to illustrate the impact of a rural primary care physician. This study will update the impact of a rural primary care physician.

Data: The data will provide the average employment and labor income for the primary care physician, midlevel practitioners, and clinic staff. The CMS database will be utilized to determine average CAH hospital employment and labor income. The county location of each CAH will be matched to all previously purchased county IMPLAN data.

Results: The results will be an updated economic impact analysis of a rural primary care physician from both clinic and hospital activities. A template will also be provided for an individual primary care physician to determine their economic impact from clinic and local hospital activities. However, rural primary care physicians are encouraged to obtain IMPLAN multipliers specific to their local county when possible.

Summary of Economic Impact Data Studies

The work plan will result in a publication which summarizes the economic impact of the following rural health services:

- ✓ Economic impact of a CAH in a rural community
- ✓ Economic impact of a 35 and 50 bed PPS hospital in a rural community
- ✓ Economic impact of a primary care physician in a rural community
- ✓ Economic impact of a nurse practitioner in a rural community
- ✓ Economic impact of a physician assistant in a rural community
- ✓ Economic impact of a rural health clinics (RHCs) in a rural community
- ✓ Economic impact of a rural dentist
- ✓ Economic impact of a rural nursing home
- ✓ Economic impact of a closed rural hospital

ADDITIONAL CENTER RESEARCH (not part of federal grant)

The Economic Impact of the Proposed Oklahoma SoonerCare Expansion, CYs 2017-2016

Background: This study illustrates the economic impacts of the proposed Oklahoma SoonerCare expansion on the state of Oklahoma for the years 2017-2026, with totals for the five-year period from 2017-2021 and totals for the ten-year period from 2017-2026. SoonerCare is the name of the Oklahoma Medicaid program. Impacts are illustrated for total revenues, employment, labor income, state and local taxes, and federal taxes.

Data Provided: Data for the estimated federal and Oklahoma new Medicaid funds are from Manatt Health's report, "Estimated State Budget Impact of an Oklahoma SoonerCare Expansion, April 2016," which was commissioned by the Oklahoma Hospital Association. The report projects the amount of federal and Oklahoma funds resulting from expansion of the Oklahoma SoonerCare program. The report provides data annually for the years 2017-2026. All estimates assume that such an expansion is being considered for implementation in 2017. Only the data for the five year period, 2017-2021, are illustrated here.

Estimated Impacts Five-Year Totals: The impacts are shown in the table below. For the five-year totals for 2017-2021, the state would have a direct investment of \$195 million. With the state’s investment combined with the incoming federal investment, the direct amount of revenues is estimated to be \$7,793 million, resulting in a total revenue impact of \$14,467 million. The direct employment is 14,568 jobs, with a total employment impact of 24,329. The labor income paid to these employees directly is \$4,244 million, resulting in a total labor income impact of \$6,240 million. Labor income is part of total revenues and cannot be aggregated with revenue impact. The resulting state and local tax impacts are estimated to be \$431 million and the federal tax impacts are \$1,189 million. The state and local tax impacts of \$431 million are more than the state investment of \$195 million.

Additional Information: Contact either **the National Center** or the Oklahoma Hospital Association at 405-427-9537.

**Summary Impacts of Proposed Oklahoma SoonerCare Expansion
for Five Years 2017-2021**

Five-Year Totals, 2017-2021		
State Direct Investment		
\$195 million		
Direct Impacts	Secondary Impacts	Total Impact
	REVENUES	
\$7,793 million	\$6,474 million	\$14,467 million
	EMPLOYMENT	
14,568 jobs	9,761 jobs	24,329 jobs
	LABOR INCOME	
\$4,244 million	\$1,996 million	\$6,240 million
		STATE & LOCAL TAXES
		\$431 million
		FEDERAL TAXES
		\$1,189 million

SOURCE: Manatt Health, “Estimated State Budget Impact of an Oklahoma SoonerCare Expansion, April 2016;” IMPLAN Group, LLC.

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