



**Testimony of Kyle C. Kopko, Ph.D., J.D.  
Executive Director, Center for Rural Pennsylvania  
February 14, 2024**

Good afternoon, Chairman Laughlin and members of the Majority Policy Committee. My name is Dr. Kyle C. Kopko, and I serve as the Executive Director of the Center for Rural Pennsylvania.

As you know, the Center is a bipartisan, bicameral legislative research agency of the General Assembly. The Center’s legislative mandates include two broad charges: 1) conducting and sponsoring applied policy research to benefit our rural communities; and 2) maintaining a comprehensive database of statistical indicators to assist policymakers in understanding the diverse landscape and needs of rural Pennsylvania. I will use information from this database to discuss a variety of health care trends and indicators. It is the Center’s hope that you and other members of the Senate will find this useful as you consider policy to address Pennsylvania’s health care needs.

Along with this written testimony, I have submitted a series of data visualizations that compare and contrast health care facilities and providers in rural and urban Pennsylvania. The data visualizations provide a greater level of detail, and more information, than what I present in this written statement. However, I wish to detail three overarching characteristics of rural health care, in hopes that this informs the Committee’s legislative work:

1. Per-capita, it is generally the case that rural counties have fewer health care facilities and providers than in urban counties, with a few exceptions noted below;
2. Profit margins have significantly decreased in recent years for both rural and urban hospitals. Indeed, more than 20 percent of Pennsylvania’s hospitals are considered financially vulnerable, including 18 hospitals in rural counties;
3. Health care and social assistance services comprise the largest employment sector within rural Pennsylvania. Specifically, health care and social assistance services accounts for 17 percent of the rural workforce.

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625 Forster St., Room 902  
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Before addressing these topics, it is important to provide a brief description of our research methodology. We relied on a variety of data sources from both federal and state agencies, as discussed later. Throughout our analysis, unless otherwise noted, we define rural as an area with a population density below the statewide rate of 291 people per square land mile. All other areas are classified as urban.

### **Health Care Facilities and Providers in Pennsylvania**

According to the federal Health Resources and Services Administration (HRSA), much of Pennsylvania is a designated health shortage area. Specifically, 30 percent of the Commonwealth's land area is classified as "Medically Underserved"; 36 percent is classified as a "Primary Care Health Professional Shortage Area"; 51 percent of Pennsylvania's land area is classified as a "Mental Health, Health Professional Shortage Area"; and 68 percent of the Commonwealth is classified as a "Dental Health Professional Shortage Area".

When examining rural health care facilities and providers, rural counties have fewer of the following resources per 100,000 residents relative to urban areas: retail pharmacies, physician offices, dentist offices, substance abuse facilities, primary care physicians, pediatric physicians, OB-GYN physicians, psychiatrists, dentists, physician assistants, nurse practitioners, and nurse midwives. While this same measure indicates that rural counties have more hospitals, health clinics, and skilled nursing facilities compared to urban counties, this is largely the product of the sparsely populated nature of rural counties across a large geographic area.

### **Hospital Finances**

In recent years, rural hospitals consistently had lower hospital occupancy rates and fewer full-time employees relative to urban hospitals. While there was an increase in occupancy rates as a result of the COVID-19 pandemic, that did not result in larger profit margins for hospitals. In fact, according to the Pennsylvania Health Cost Containment Council, hospital profit margins in both rural and urban counties plummeted between FY 2019 and FY 2022. While, on average, rural hospitals still maintain a positive profit margin according to the most recent data, they are dangerously close to an average budgetary net loss. Due in part to this trend, more than 20 percent of Pennsylvania's hospitals are considered financially vulnerable as determined by the Chartis Center for Rural Health. Within rural Pennsylvania, 18 hospitals are considered financially vulnerable, which includes hospitals that were forced to limit services, such as UPMC Lock Haven. Complicating the financial picture for rural hospitals is the fact that more rural residents are completely or partially dependent on Medicare and/or Medicaid for health insurance. As the Committee is aware, health care providers have often identified low reimbursement rates as a contributing factor of hospital financial instability.

### **Health Care's Economic Role**

Finally, I wish to highlight the extent to which health care serves as an economic cornerstone for many rural counties. Of the 48 rural counties in Pennsylvania, health care is the largest employer in 16 counties (33 percent of all rural counties). Across the Commonwealth, health care is the largest employer in 21 counties (31 percent of all counties). Furthermore, when examining U.S. Census Bureau data regarding the rural workforce, the employment category of health care and social assistance comprises approximately 17 percent of total employment in rural counties. This is the largest

employment sector within the rural workforce. However, the number of individuals employed in this sector has steadily declined since 2019. As rural health care erodes, not only will this result in potentially negative health outcomes for rural residents, but it also poses significant challenges for the rural economy.

### **Implications and Conclusions**

Based upon other data analyzed by the Center for Rural Pennsylvania, Pennsylvania's population of residents 65 years of age or older will continue to grow in the coming years. Population projections derived in cooperation with the Pennsylvania State Data Center suggest that the Commonwealth will have nearly 600,000 more residents 65 years of age or older in 2030 than it did in 2020. Then, between 2030 and 2040, the Commonwealth can expect an additional 100,000 residents 65 years of age or older. This change in demographics will likely result in greater demand for a range of health care services, especially for older patients. But, as health care systems continue to experience financial stress in rural communities, these facilities and providers may have difficulty meeting such increased demand.

Thank you for the opportunity to present this information to the Policy Committee. Please do not hesitate to contact the Center if we can provide any additional data or analysis to aid in your work.