The Hospital + Healthsystem Association of Pennsylvania

Leading for Better Health

Statement of

The Hospital and Healthsystem Association of Pennsylvania

for the

Senate Majority Policy Committee

submitted by

Nicole Stallings, President and CEO

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Thank you, Chairman Laughlin and distinguished members of the committee. It is my honor to be with you and so many other committed leaders today in the beautiful Monongahela Valley to underscore our shared priority for ensuring high-quality health care in the commonwealth's rural communities.

I'm Nicole Stallings, president and CEO of The Hospital and Healthsystem Association of Pennsylvania (HAP). HAP represents more than 230 member hospitals and health systems, including the overwhelming majority of rural hospitals throughout the state.

Rural Pennsylvanians face unique challenges accessing health care and rural providers face unique barriers delivering the care their communities need. It is encouraging, however, that everyone agrees on the urgent need to strengthen rural health care.

I'd like to thank you, Chairman Laughlin, and the Senate Majority Policy Committee for shining a light on this important topic today. And I would be remiss if I did not recognize so many other members of the General Assembly who consistently work to support, not just rural hospitals, but all those who strive to keep Pennsylvanians safe and healthy. I also thank Governor Shapiro for highlighting the importance of rural hospitals during his budget address last week.

Health care is a continuum that includes a wide array of necessary providers and services. A single failing element stresses the remaining components. Multiple failures threaten to collapse the entire system. We are not there yet, but the cracks are showing. We must act now, together, to avoid catastrophe.

The shared goal of everyone in this room is for all rural Pennsylvanians to be able to live vibrant, healthful lives. To do so, they need access to high-quality primary care for both their physical and mental health needs. When concerns arise, community-based supports can help address potential challenges before they turn into severe medical conditions. Specialty care can diagnose, treat, and cure chronic disease. Timely acute care can attend to conditions before they become a crisis. Long-term, nursing, and home-based organizations can provide the right level of care at the right time, and are fundamentally necessary for patients to be able to move seamlessly through all the services they need, when they need them.

Rural hospitals are the anchors of their communities and the safety net at the end of the continuum. When health is not managed, it can become an emergency—and our emergency departments (ED) are currently strained to the breaking point.

In addition to unexpected injury or illness, some patients default to the emergency department for primary care when it's not available elsewhere. Many patients' health conditions remain untreated until they can no longer be endured—and they end up in the emergency department. Other patients must wait in our emergency departments for days because too many acute care beds are occupied by patients who no longer need hospital services, but cannot be discharged because they are waiting for long-term, nursing, or community placements. An alarming number of patients stay in our EDs for weeks because the essential behavioral health care they need is simply not available.

In rural communities, even the patients who experience unexpected injury or illness can arrive at the emergency department in even greater distress because—despite their best and often heroic efforts—emergency medical and transportation services are struggling to be able to respond as quickly as they know is necessary.

Strengthening rural health care requires supporting all providers and services along the continuum.

HAP has worked with rural hospital leaders to identify their pain points and there are specific, actionable steps policymakers can take now to help as deliberations happen on the complex and long-term goal of improving sustainability. In particular, I will highlight challenges and opportunities related to the rural health care workforce, behavioral health services, and access to care. Then I will specifically consider the crisis that is threatening the sustainability of

Pennsylvania's rural hospitals and their important contributions to the vitality of our communities.

Rural Health Care Workforce Challenges

Pennsylvania is in a health care workforce emergency. Our commonwealth's population is aging, which means that our overall need for care is increasing at the very same time that many of the professionals who provide it are retiring. We must bolster our health care workforce development efforts statewide. These are good jobs, doing essential work that is needed by every person who lives in Pennsylvania.

Recruiting highly specialized professionals in certain high-demand specialties is extremely difficult in rural communities. The American Hospital Association recently noted that "while almost 20% of the U.S. population lives in rural areas, less than 10% of U.S. physicians practice in these communities." HAP's recent survey of Pennsylvania hospitals found that, as of late 2023, rural hospitals are trying to fill, on average, 28 percent of their nursing support staff positions and 26 percent of their registered nurses, compared to 19 percent and 14 percent statewide.

Workforce shortages make it exceptionally difficult for rural hospitals to maintain the services that their communities rely on. We know, for example, that pre- and post-natal care is critical to ensuring and improving maternal and infant health. However, a March of Dimes report last year identified five rural Pennsylvania counties as maternity care deserts and another 12 as having only moderate access to obstetric care. Nearly half of women in Pennsylvania's rural counties currently live more than 30 minutes from a birthing hospital.

HAP's survey found that nearly all hospitals are increasing base pay, offering flexible work schedules, and providing tuition reimbursement and professional development in an effort to recruit and retain their workforces. About half have implemented bonuses to recruit and retain staff and 39 percent are even providing childcare, which is significantly higher than the 6 percent of employers doing so nationwide.

Hospitals are also innovating to better support patients and providers, advancing models such as team-based care, virtual nursing, hospital-at-home, and telehealth. For example, the number of licensed practical nurses supporting patient care through team-based models has increased 68 percent statewide since 2020.

As the need for care increases, simply filling current vacancies is not enough. Mercer projects that, by 2026—just two years from now—Pennsylvania will have the worst shortfall of registered nurses in the nation and the third worst shortfalls of nursing support professionals and mental health providers.

These challenges have been years in the making, and they won't be resolved overnight. Growing the health care workforce necessary to meet the commonwealth's increasing need for care will require public policies and sustained investments.

Significant barriers—and significant opportunities for public policy to make a meaningful difference—are shortages of nursing faculty and clinical education space. The lack of educators is due, in part, to retirements and financial disincentives for practicing nurses to teach. On average, advanced practice nurses earn $120,000 annually while master's level educators earn about $84,000 a year. HAP encourages the General Assembly to consider creating a grant program to offset the earnings disparity between nurses who practice and those who educate, explore flexibility in credentialing requirements to teach nursing, and invest in clinical education space.

We also need to ensure we are keeping providers in Pennsylvania. HAP supports expanding and updating student loan repayment programs for front-line nurses and primary care providers, with an emphasis on supporting rural areas. Ohio, New Jersey, and New York, for example, reimburse up to $120,000 while incentivizing work in underserved areas. Data shows that 80 percent of recipients stay in these communities. Pennsylvania should also increase the number of and support for J1 visas to empower hospitals to recruit more international professionals.

Particularly important to rural hospitals, HAP also supports developing a grant program to encourage experienced nurses to supervise and teach as preceptors in a wide array of clinical settings, including Federally Qualified Health Centers (FQHC) and other rural care sites. Senate Bill 817, for example, creates a primary care workforce initiative that provides grants to expand opportunities for medical students to complete clinical rotations at FQHCs.

Bringing to scale proven partnerships between health care, education, and community organizations is critical to growing tomorrow's workforce. Nearly all Pennsylvania hospitals responding to HAP's survey indicate that they are working with four-year colleges/universities,

community colleges, and high schools. More than half are also working with technical programs and community organizations.

One rural hospital, for example, recently welcomed its 20th annual class of high school interns to spark interest in health care careers and provide hands-on experience with patient care. Another health system is partnering with local high schools to offer specialized training for health careers so that interested students can graduate with certifications and job offers in hand. Targeted investment can expand the proven success of these programs statewide.

HAP also encourages policymakers to consider opportunities to remove unnecessary barriers between well-qualified providers and patients, such as the reforms accomplished through Senate Bill 25, which would provide full practice authority for nurse practitioners.

It is also important to note that the medical liability climate in Pennsylvania is compounding the provider shortage in our rural communities. A rule change by the Pennsylvania Supreme Court that took effect last year upended legal reforms that had stabilized liability for the past 20 years. Now, medical liability claims from rural Pennsylvania can be moved to places like Philadelphia and Allegheny counties, which have documented histories of higher payouts.

This practice, known as venue shopping, forces rural providers to travel hours for potentially erroneous proceedings and significantly increases insurance costs for rural practitioners, especially in highly needed specialties, such as obstetrics. We are already hearing reports of at least one emergency physician group ending its contracts with all eight Pennsylvania hospitals it works with, citing the liability climate in the commonwealth. We cannot afford additional—and, for 20 years proven unnecessary—impediments to practicing medicine in the commonwealth's rural communities.

Behavioral Health Care Crisis

Pennsylvania rural health providers are still on the front lines of the opioid epidemic and growing mental health crisis.

While substance use disorder treatment and behavioral health services were stretched thin before the pandemic, they could generally care for most of the people who needed help. That's no longer the case. Current estimates suggest that more than half a million Pennsylvanians who need help are not receiving any mental health care at all. Fifty-three of Pennsylvania's 67

counties are full or partial Mental Health Professional Shortage Areas, including most rural counties.

Delays in behavioral health care can be devastating for patients and their families. When people are unable to access early intervention services, their symptoms can escalate into a crisis that is much more difficult—and costly—to recover from.

When this happens, patients often enter the behavioral health care continuum through the hospital emergency department. EDs across the state are overwhelmed with patients in crisis. While they continue to improve and evolve their ability to support patients, emergency departments are designed and staffed to stabilize immediate physical and behavioral health needs, not to provide complex psychiatric care.

Increasingly, patients are experiencing extensive delays moving from the ED to the appropriate next settings for the treatment they need. This is stressful not only for the person and family in crisis, but also for the health care professionals who pride themselves on providing the best care and the hospital staff who must find and coordinate placement in the clinically appropriate treatment. I am not exaggerating when I say that it is becoming common for patients to wait for *weeks* in the ED or *months* on acute care floors for appropriate mental health treatment. This impedes progress for the patients who are waiting for treatment; reduces hospitals' capacity to care for other patients; increases ED wait times; and adds substantial costs for patient care.

This is a statewide, and even national, challenge but one that is especially concerning in rural communities where behavioral health services are already limited.

Pennsylvania's behavioral health care delivery system—including the county-administered HealthChoices Behavioral health program—was designed to foster collaboration, problem resolution, and access to care. Yet several reports—including the Legislative Budget and Finance Committee Community Mental Services Report (February 2021) and the Joint State Government Commission Behavioral Health Care System Capacity in Pennsylvania and Its Impact of Hospital Emergency Departments and Patient Health Report (July 2020)—have found that people who need complex care have trouble accessing it.

Legislators of both parties and both chambers have introduced measures to help strengthen the mental health delivery system. House Bill 849 includes investments in developing additional

behavioral health professionals and building capacity in behavioral health programs across the state. House Bill 22 and Senate Bill 606 support hospitals as they seek to transfer patients to appropriate care settings in a timely manner. House Bill 24 and Senate Bill 445 designate funding and assistance to help integrate mental health screening and services in primary care settings so that we can identify and treat behavioral health concerns as early as possible.

HAP supports policies to increase investments in county mental health services, intervention programs, and the 988 crisis line; grow the number of peer-support professionals in the direct-care workforce through grants, training, and technical assistance; and make investments that help hospital EDs—especially those in rural communities—to care for patients experiencing behavioral health emergencies.

Access to Care

To maintain an effective continuum of care, patients must be able to connect with and move between the providers and services they need. Rural areas have fewer options—public transportation, taxis, rideshare programs, etc.—which present continuity of care and operational challenges for all providers. Rural hospitals often inherit the additional tasks associated with finding appropriate transportation to transfer patients to other facilities or take patients home.

Patients cancel appointments due to lack of transportation, leading to greater health challenges, or have to stay in the hospital longer than necessary. It is not uncommon for hospital staff in rural communities to step up to provide the transportation themselves. HAP supports investments that bolster EMS and other transport options, with a particular emphasis on meeting the needs of rural communities.

Even when transportation is available, rural hospitals in particular struggle to find timely placements for patients who need skilled nursing, rehabilitation, or other post-acute care. Rural long-term providers face the same challenges in finding the workforce they need to care for aging populations. Discharge delays are frustrating for patients and families, and they limit hospitals' ability to treat other patients who need care, challenging even the most efficient EDs.

Telehealth has proven to be one valuable tool for eliminating barriers to specialty care; treating patients who cannot or have difficulty reaching in-person care (due to geographic distance, mobility restrictions, work obligations, or transportation limitations, for example); expediting scheduling; and increasing the number of patients who can be treated.

Rural providers pride themselves on caring for members of their communities "where they are." Increasingly, patients expect their providers to be online and to offer telehealth for both physical and behavioral health appointments. Pennsylvania must ensure that payment cannot be denied simply because care is provided via telehealth. HAP supports Senate Bill 739, which accomplishes this goal.

For telehealth to be an effective option, broadband must be improved in rural communities. HAP supports the Pennsylvania Broadband Development Authority's work to deploy more than a billion dollars in federal aid and distribute funding for projects in underserved areas, including for community anchor facilities and access to devices for end-users.

A Sustainable Future for Rural Hospitals

Hospitals nationwide are straining under the weight of severe financial challenges as they emerge from the largest, paradigm-shifting health crisis in more than a century. Workforce shortages, record inflation, continued threats to programs like the 340B Drug Pricing Program, and supply chain disruptions have skyrocketed the cost of providing treatment, while payments from Medicare, Medicaid, and commercial insurers have not kept pace. At the same time, more patients are presenting with more advanced disease, which requires more complex care.

During fiscal year 2022, 39 percent of all Pennsylvania's general acute care hospitals operated at a loss, according to the Pennsylvania Health Care Cost Containment Council. Another 13 percent posted operating margins between 0 and 4 percent, which is not sufficient for long-term sustainability.

Challenges are especially intense in rural communities. Even prior to the current stressors, 33 rural Pennsylvania hospitals reduced services or closed completely within the last two decades. Rural hospitals typically serve fewer patients than their urban and suburban counterparts and care for patients who are disproportionately dependent on Medicare and Medicaid, which even before recent inflation reimbursed Pennsylvania hospitals only 84 and 81 cents on the dollar, respectively, for the cost of delivering care. This combination makes it challenging, if not impossible, to achieve economies of scale and cover high fixed operating cost requirements.

Hospitals are actively examining every aspect of and retooling their operations to remain viable. However, Pennsylvania's outdated hospital licensure regulations make it exceptionally difficult for rural hospitals to adapt.

In response to the need to ensure uninterrupted access to emergency care in rural communities, last year, the Centers for Medicare & Medicare Services created the "Rural Emergency Hospital" (REH) designation. This designation is one more option that creates a pathway for financially distressed rural hospitals to continue to provide vital care to their communities, rather than close. REHs can provide emergency department, observation, outpatient, and some skilled nursing services, while transitioning away from unsustainable, acute, inpatient care.

In contrast to Pennsylvania's existing "Outpatient Emergency Department," an REH must be created from an existing hospital and retains its hospital status—which is important in the event that it may be able to scale back up in the future. Once approved, an REH receives enhanced Medicare payments for the services it provides.

Of course, every person in this room hopes that every rural Pennsylvania hospital can and will remain wholly viable. Even so, we should ensure that the commonwealth has every possible tool in its toolbox to address the ever-changing rural health landscape. To make it possible for distressed hospitals to consider this option, the state must statutorily define an REH provider type. HAP and several stakeholders are working in collaboration on this task.

For all the reasons I've discussed today, rural hospitals need innovative solutions to ensure their long-term sustainability.

Five years ago, five hospitals and five payors began working together to pilot a new rural health care payment mechanism and delivery model. Initially funded by the Center for Medicare & Medicaid Innovation, the Pennsylvania rural health model allows hospitals to step off the fee-for-service hamster wheel and focus on what their communities actually need. It provides participating hospitals with stable, predictable funding that empowers them to truly transform the care that they provide.

The model has grown to 18 hospitals—including our host today—and six payors, and has cared for more than one million covered lives. Participant hospitals are estimated to reach 10 percent of the state's population and contribute $2.4 billion in economic activity. They include:

1. Armstrong County Memorial Hospital (Kittanning)
2. Barnes-Kasson County Hospital (Susquehanna)
3. Clarion Hospital (Clarion)
4. Endless Mountains Health Systems (Montrose)
5. Fulton County Medical Center (McConnellsburg)
6. Geisinger Jersey Shore Hospital (Jersey Shore)
7. Highlands Hospital and Health Center (Connellsville)
8. Indiana Regional Medical Center (Indiana)
9. UPMC Kane (Kane)
10. Meadville Medical Center (Meadville)
11. Monongahela Valley Hospital (Monongahela)
12. Olean General Hospital, Bradford Regional Medical Center (McKean)
13. Punxsutawney Area Hospital (Punxsutawney)
14. Washington Health System Greene (Waynesburg)
15. Tyrone Hospital (Tyrone)
16. Washington Hospital (Washington)
17. Wayne Memorial Hospital (Honesdale)
18. Chan Soon-Shiong Medical Center at Windber (Windber)

This pilot demonstrates what state policymakers, hospital leaders, and committed payors can accomplish—through partnership and collaboration—when incentives and priorities are aligned.

The rural health model was a pilot and much has been learned. There are others before you today who will speak more in-depth on this fascinating and complex topic. *The resounding message from the statewide hospital community—including from rural hospitals' urban and suburban counterparts—is that the Pennsylvania policymakers must act now and with great urgency to develop a path forward upon this year's conclusion of the program.* HAP stands ready to provide both the leadership and support necessary to move this work forward.

Rural Hospitals Support Communities

Our primary concern here today is, of course, making sure that every rural Pennsylvanian can get the high-quality health care they need, when and where they need it. I would be remiss, however, if I did not also recognize the importance of rural hospitals to the overall vitality of their communities. I often talk about how health care deserts can quickly become economic

deserts. That's especially true in rural communities, where hospitals are so critical to local economies.

A hospital is a top 10 employer in 83 percent of the rural Pennsylvania counties where at least one is located. During fiscal year 2022, rural hospitals:

- Provided more than $47 million in charity care
- Supported more than 69,500 jobs, directly and through ripple effects, that paid $4.4 billion in salaries
- Contributed almost $24 million in community health and community benefit efforts
- Produced an economic impact of $14 billion, directly and through ripple effects

Thank you for this opportunity to discuss the critical role that rural hospitals play in their communities, the unique challenges they face, and opportunities to strengthen care throughout the continuum. I would be happy to respond to any questions you may have.