

Shortages All Around: The Implications of Staff Shortages and Rural Hospital Closures on Access to Care

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The COVID-19 pandemic has led to several unforeseen and critically important downstream effects in the health care system. Two important trends—staff shortages and the closure of rural hospital closures—may lead to decreased access to health care in the future and worsening disparities.

Staffing shortages are not new. For years, the industry has been predicting a shortage of physicians and nurses, particularly in rural areas, and there have been calls to expand scope of practice for nurse practitioners, physician assistants, and pharmacists as a result. Enter COVID-19, and staffing shortages accelerated. Physicians, nurses, and other care providers began exiting the job market because of insufficient resources and burnout. A clamor for additional staff coupled with inflation has begun to stress the budgets of health systems, and rural health systems are the most vulnerable.

As we know, most health care is reimbursed by volume in the fee-for-service model, which can strain rural hospitals who are typically low volume. Since 2005, 194 rural hospitals in the US have closed. During the pandemic, many rural hospitals were kept afloat because of federal support during the Public Health Emergency (PHE), but these will be ending soon. During the PHE, several states did not expand Medicaid, which will further strain their rural health systems, putting them at increased risk for closure. Many hospitals do better with Medicaid expansion because instead of delivering uncompensated care and incurring bad debt for uninsured patients, they are getting reimbursed by Medicaid.

Strains in rural hospital budgets have led to gaps in maternity care and increased private equity investment. We are now seeing a growth in “maternity deserts,” or areas where obstetrical units have closed. Historically, maternity care can be difficult for a hospital to maintain because Medicaid does not fully reimburse the costs and hospitals have difficulty recruiting staff in rural areas. Hospitals that are struggling to pay their bills have had to close maternity care centers, which leaves women in those areas at a considerable distance from care. This lack of access may lead to negative outcomes and worsening rural health disparities, which could not come at a worse time as the US leads other industrialized nations in maternal and infant mortality rates. In recent years, private equity firms have bought rural hospitals to prevent closures. While having a hospital open rather than closed is preferable, private equity firms are driven by profits and sometimes make decisions that pull back on resources.

The recent Consolidated Appropriations Act of 2023 recognizes the issue of rural health closures and has established a pathway for small rural hospitals to become Rural Emergency Hospitals under Medicare. However, this will still divert services to larger, regional hospitals, and exacerbate already under resourced rural areas. Strains on hospital system budgets because of Medicaid may lead to increased utilization management which may create barriers to products. Patients without access to primary care may delay preventative needs, leading to higher costs for health plans. All these factors can lead to increased utilization management, higher premiums, and reduced benefits.

Luckily, the pandemic has accelerated innovative solutions—like telemedicine—that pharmaceutical companies can leverage. Telemedicine and remote patient monitoring can streamline care and distribute services to low-resourced areas like rural areas, where patients have difficulty obtaining care due to hospital closures and staffing shortages. Pharmaceutical companies can assist payers and other stakeholders to protect access to their products in the following ways:

1. Create resources tailored for telemedicine to increase appropriate product utilization.
2. Develop solutions to improve care for rural populations to support payers.
3. Invest in remote patient-monitoring tool development and supporting infrastructure that aligns with the company's portfolio to enhance product availability.

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