

# U.S. SENATOR BOB CASEY

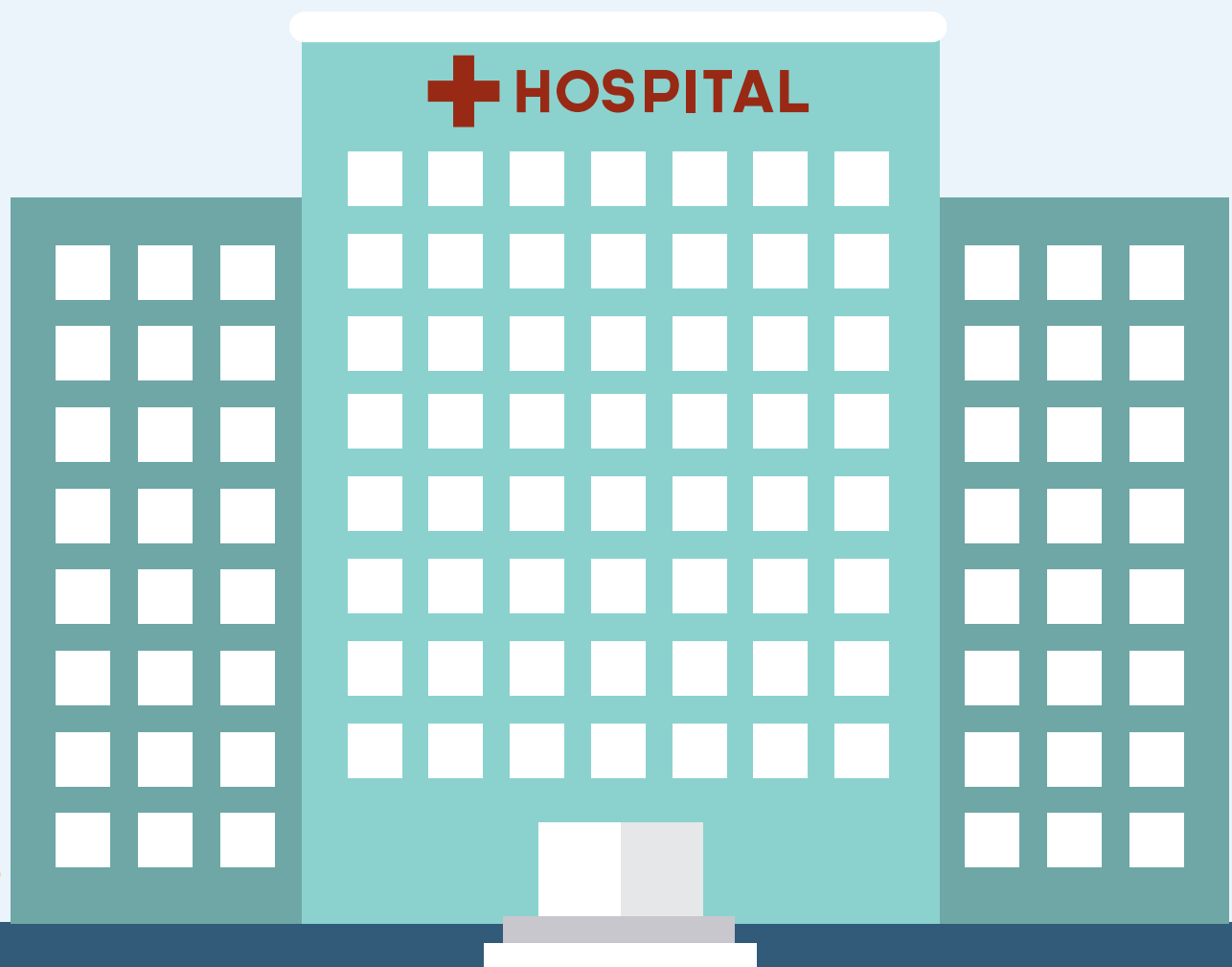


FIGHTING *for a* FAIR SHOT *for* FAMILIES, KIDS *and* SENIORS

## THE FUTURE OF HEALTH CARE, JOBS & ECONOMIC ACTIVITY IN RURAL PENNSYLVANIA

THE BETTER CARE RECONCILIATION ACT: NOT THE ANSWER

*Armstrong County*



U.S. SENATOR *for* PENNSYLVANIA

# The Future of Health Care, Jobs, and Economic Activity in Rural Pennsylvania

## The Better Care Reconciliation Act: Not the Answer

### Introduction

Investing in the health of Pennsylvania's rural residents produces healthier communities and drives economic opportunity and social well-being throughout the Commonwealth. Indeed, affordable health coverage helps individuals thrive and families flourish in each of Pennsylvania's 48 rural counties. Affordable health coverage is the ticket to life-sustaining and life-saving health care services for children, families and seniors, as well as a driving force behind good-paying jobs and economic activity in rural areas across the state.

Unfortunately, the recently unveiled Better Care Reconciliation Act (BCRA) would strip affordable health care from rural residents in Pennsylvania. The legislation would cause health care costs to skyrocket and coverage to shrink across rural Pennsylvania, putting essential health care services out of reach for thousands and threatening employment and related economic activity.

### Health Care Coverage in Pennsylvania

The independent, non-partisan Congressional Budget Office (CBO) reported that under BCRA, 22 million additional Americans will be uninsured by 2026, including 15 million Americans losing Medicaid.<sup>i</sup> CBO also estimated that some states that expanded Medicaid would no longer offer that coverage. Governor Wolf has raised alarm over the proposal and its impact on the Pennsylvania state budget, stating, "Pennsylvania is facing a \$3 billion structural deficit in the coming years. If the federal government shifts significant costs to states at any point, it will throw Pennsylvania into a fiscal crisis the likes of which we've never seen before."<sup>ii</sup>

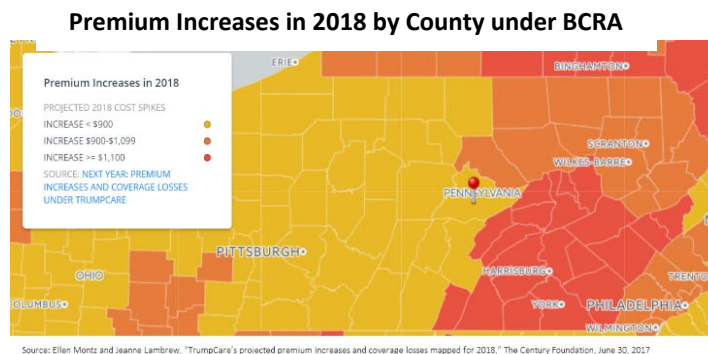
Over 1.1 million Pennsylvanians have gained insurance coverage since passage of the Affordable Care Act.<sup>iii</sup> Yet researchers estimate that under BCRA, many of these gains would be lost. One estimate found that BCRA would result in 731,000 additional Pennsylvanians being uninsured by 2026.<sup>iv</sup> Largely due to higher costs, 322,000 individuals in Pennsylvania would no longer have marketplace health insurance.<sup>iv</sup> Similarly, BCRA decimates Medicaid by slashing funding for the program by \$772 billion over 10 years and rolls back Medicaid expansion.<sup>i</sup> An estimated 409,000 Pennsylvanians would lose access to Medicaid under BCRA.<sup>iv</sup> And for the 2.8 million residents currently enrolled in Pennsylvania's Medical Assistance Program, cuts of this magnitude threaten access to affordable, comprehensive health coverage.<sup>v</sup> Cuts to Medicaid funding could lead states to pay providers less for services, restrict current benefits, and apply stricter eligibility criteria.

- *Over 151,000 Pennsylvanians living in rural communities— including children, working families, older adults, and individuals with disabilities — could lose health coverage by 2018 under BCRA.<sup>vi</sup>*

## Health Care Costs in Pennsylvania

BCRA would cause premiums for some consumers to increase next year by 15 to 20 percent, according to the CBO.<sup>i</sup> Rising premiums could put access to health care services, like cancer treatment and diabetes medication, out of reach for area residents.

- *In 2018, Armstrong County residents could pay \$703 more for marketplace health insurance.<sup>vi</sup>*



## Jobs & Economic Activity in Pennsylvania

The health care and social services sector is woven into the economic fabric of rural Pennsylvania, employing 19.8 percent of all workers in rural counties in Pennsylvania.<sup>vii</sup> Experts found that efforts in Congress to roll back affordable health coverage will result in 84,900 fewer jobs in Pennsylvania, over 52,500 in the health care sector.<sup>viii</sup> This would severely impact economic activity throughout rural parts of the Commonwealth.

- *Over 10,800 health care workers in rural Pennsylvania are at risk of losing their jobs by 2026 under Medicaid cuts and repeal of the Affordable Care Act.<sup>ix</sup>*

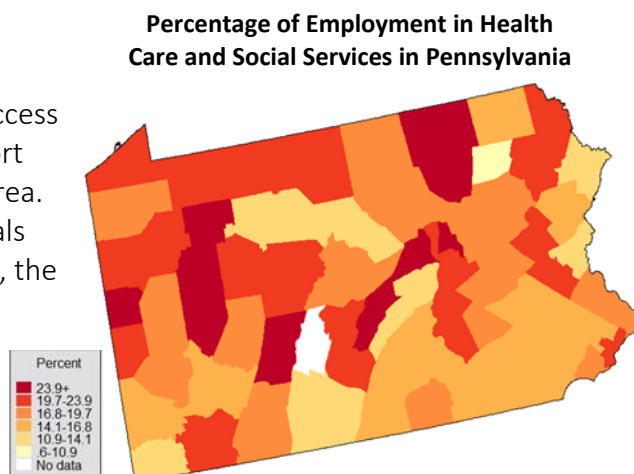
## Armstrong County: Worse Off Under the Better Care Reconciliation Act

In Armstrong County, 15,928 residents receive affordable health care through Pennsylvania's Medicaid program, known as Medical Assistance, and another 1,840 residents purchase insurance through the marketplace. If BCRA passed, Armstrong County residents could lose their coverage next year, whether obtained through Medicaid, the marketplace, or employer-sponsored insurance.<sup>vi</sup> These coverage losses would result in decreased reimbursements for care received in the county and threaten the availability of good-paying jobs and economic activity.

- *An estimated 3,030 residents of Armstrong County could lose health insurance in 2018 under BCRA.<sup>vi</sup>*

## Rural Hospitals

Rural hospitals help ensure that families have access to needed health care services, as well as support good paying jobs and economic activity in the area. Across all rural counties in Pennsylvania, hospitals employ 5.7 percent of all workers.<sup>vii</sup> Nationwide, the average pay of rural hospital employees is 43 percent higher than the average pay of other workers in the same counties.<sup>x</sup>



Data Source: Joint Economic Committee & Senate Aging Committee  
Democratic Staff Calculations based on the 2015 County Business Patterns.

- *In Armstrong County, hospitals employ approximately 5.2% of all employees.<sup>vii</sup>*
- *The health care and social services sector employs 24.1% percent of all workers in Armstrong County.<sup>vii</sup>*

Medicaid is a critical source of revenue for rural hospitals, which on average have operating margins of less than one percent.<sup>xi</sup> In Pennsylvania, Medicaid revenues and related funding make up 10 percent of all rural hospital net revenues statewide.

- *In Armstrong County, Medicaid revenues and related funding comprise 11.2% percent of rural hospitals' net revenue.<sup>vii</sup>*
- *With more uninsured residents and higher rates of uncompensated care under the Republican health care plan, an estimated 179 health care sector jobs in Armstrong County could be eliminated by 2026.<sup>ix</sup>*

The \$772 billion in cuts to Medicaid funding under BCRA over 10 years and elimination of resources that help individuals and families afford insurance will jeopardize health care coverage and services for millions living in rural areas – including many vulnerable seniors – and will put the jobs and economic growth in Armstrong County at risk.

### **Nursing Home & Senior Care in Homes & Communities**

Long-term services and supports (LTSS) provided in nursing homes and in home and community-based settings help individuals age with dignity. Medicaid is the largest single payer of LTSS costs, and covers approximately half of LTSS costs nationwide.<sup>xii</sup> A cut of \$772 billion over 10 years to Medicaid, as proposed by BCRA, could jeopardize the care seniors receive, as well as reimbursements to providers of long-term services and supports in Armstrong County.

- *In Armstrong County, 425 residents over age 55 were able to receive care at a nursing home because of Medicaid coverage last year.<sup>xiii</sup>*
- *Providers in Armstrong County received \$12,547,232 in Medicaid spending for nursing home care during between July 2015 and June 2016.<sup>xiii</sup>*
- *Approximately 178 residents over age 55 in Armstrong County received Medicaid home and community-based services last year.<sup>xiii</sup>*
- *In total, providers in the county received \$3,941,651 in Medicaid reimbursements for home and community-based services.<sup>xiv</sup>*

Nursing and residential care facilities and home health and direct service providers supported over 250,000 Pennsylvanians during 2015.<sup>xv</sup> These services generated \$11.8 billion in economic activity in the Commonwealth.<sup>xvi</sup> Cuts to Medicaid spending, the majority payer for these services, is likely to hinder hiring and impact staffing for these providers and facilities, as well as risk related economic activity.

### **School-Based Services for Kids**

School districts and Intermediate Units in almost every rural county in Pennsylvania receive Medicaid dollars to cover services associated with a child's special education plan, including

occupational and physical therapy, and certain health-related services for eligible children, such as hearing and vision screenings. Funds may flow directly to school districts and/or may flow to Intermediate units that often cover multiple counties.

- *School districts across Armstrong County received \$824,205 through Pennsylvania's Medicaid program during the 2014 fiscal year.<sup>xvii</sup>*
- *Federal Medicaid funds paid \$197,689 to the Intermediate Unit serving Armstrong and Indiana counties during the 2014 fiscal year.<sup>xvii</sup>*

Proposals to cap Medicaid expenditures and roll-back Medicaid expansion would place funding for schools at-risk, putting pressure on already tight local budgets.<sup>xvii</sup>

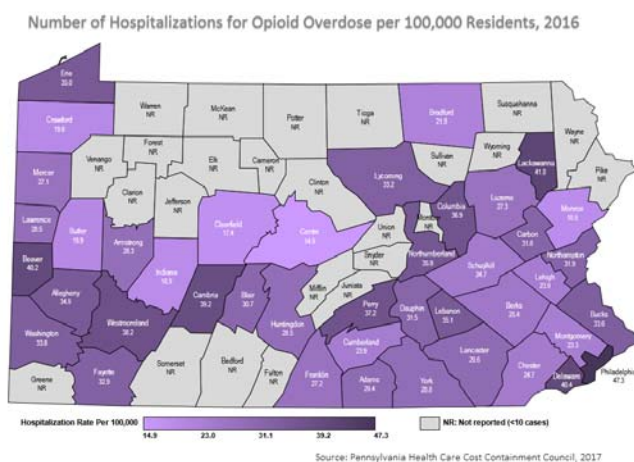
## Services for Adults with Autism and Intellectual Disabilities

Many adults with autism and intellectual disabilities can live at home with assistance with daily living tasks, therapy services, and respite services for family caregivers. In large part, Medicaid helps to support the provision of these services. Over 32,000 Pennsylvanians with autism or intellectual disabilities and their families receive services through Medicaid.<sup>xviii</sup>

- *In Armstrong County, 251 residents with autism and intellectual disabilities received services paid for with Medicaid funds.<sup>xviii</sup>*
- *A total of \$36,269,896 (data for Armstrong and Indiana Counties combined) in Medicaid reimbursements to service providers ensured individuals with intellectual disabilities received the care they need to remain in their homes and communities.<sup>xviii</sup>*

## Substance Use Disorder Services

The United States is in the grip of an opioid addiction crisis, and Pennsylvania families are on the front line. In 2015, over 700 rural Pennsylvanians died after an opioid overdose and in 2016, over 577 rural Pennsylvanians were hospitalized for an overdose (figure below).



- *In 2015, 28 residents of Armstrong County died of an opioid overdose.<sup>xx</sup> Early estimates suggest opioid deaths rose 37% across Pennsylvania in 2016.<sup>xx</sup>*
- *In 2016, 16 Armstrong County residents were hospitalized for an opioid overdose.<sup>xxi</sup>*

In Pennsylvania, Medicaid pays for 29 percent of essential treatment for opioid addiction.<sup>xxii</sup> In addition, over 175,000 Pennsylvanians gained access to essential

behavioral health and substance use treatment coverage through the Affordable Care Act, in large part a result of Medicaid expansion.<sup>xxiii</sup> Slashing funding for Medicaid by capping federal

payments and rolling back Medicaid expansion, as proposed by BCRA, at the height of a drug epidemic is tragically shortsighted and threatens the treatment services that are helping individuals struggling with this devastating addiction, their families, and our communities.<sup>xxiv</sup>

## Conclusions

Pennsylvania's rich rural fabric is strong and resilient, as are the families who have lived there for generations – weathering storms, nature-made and man-made. However, the damage to health care, jobs and economic activity caused by the Better Care Reconciliation Act would devastate Armstrong County and the 47 other rural counties across the Commonwealth. Instead of passing partisan legislation developed behind closed doors, Republicans should abandon BCRA and work with Democrats on bipartisan legislation to protect Medicaid, expand affordable health care for Pennsylvanians and all Americans, as well as promote good-paying jobs and economic prosperity.

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<sup>i</sup> Congressional Budget Office, "H.R. 1628, Better Care Reconciliation Act of 2017," June 26, 2017, available at <https://www.cbo.gov/publication/52849>, (last accessed July 2, 2017).

<sup>ii</sup> Pennsylvania Governor Tom Wolf, "In letter to Sen. Toomey, Governor Wolf gives voice to real Pennsylvanians in health care debate," May 30, 2017, available at <https://www.governor.pa.gov/letter-to-sen-toomey-governor-wolf-gives-voice-real-pennsylvanians-health-care-debate/>, (last accessed July 5, 2017).

<sup>iii</sup> W. Ventreicher & B. Schmitt, "Pennsylvania has 1M in path of Obamacare Repeal," *Pittsburgh Tribune*, November 9, 2016, available at <http://triblive.com/news/editorspicks/11447429-74/health-insurance-plans>, (last accessed July 5, 2017).

<sup>iv</sup> Emily Gee, "Coverage losses by state for the Senate health care repeal bill," Center for American Progress, June 27, 2017, available at <https://www.americanprogress.org/issues/healthcare/news/2017/06/27/435112/coverage-losses-state-senate-health-care-repeal-bill/>, (last accessed July 2, 2017).

<sup>v</sup> Pennsylvania Department of Human Services, "Monthly data report: May 2017," Available at [http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c\\_213880.pdf](http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_213880.pdf), (last accessed July 2, 2017).

<sup>vi</sup> Senator Casey staff analysis of Montz and Lambrew, "TrumpCare's projected premium increases and coverage losses mapped for 2018." Definition of rural county in Pennsylvania provided by The Center for Rural Pennsylvania, "Rural urban definitions," Available at [http://www.rural.palegislature.us/demographics\\_rural\\_urban.html](http://www.rural.palegislature.us/demographics_rural_urban.html), (last accessed July 2, 2017).

<sup>vii</sup> Senate Joint Economic Committee and Senate Special Committee on Aging, "TrumpCare Threatens Rural Hospitals," June, 2017, for details of analysis and data sources. Available at [https://www.jec.senate.gov/public/\\_cache/files/c875b293-aa4e-410e-84e6-485963ca5cbc/medicaid-rural-hospitals-and-seniors.pdf](https://www.jec.senate.gov/public/_cache/files/c875b293-aa4e-410e-84e6-485963ca5cbc/medicaid-rural-hospitals-and-seniors.pdf), (last accessed July 2, 2017).

<sup>viii</sup> Leighton Ku, et al., "The American Health Care Act: Economic and employment consequences for states," The Commonwealth Fund, June 2017, available at <http://www.commonwealthfund.org/publications/issue-briefs/2017/jun/ahca-economic-and-employment-consequences> (last accessed July 2, 2017).

<sup>ix</sup> Senator Casey staff analysis of Ku, et al., "The American Health Care Act: Economic and employment consequences for states."

<sup>x</sup> Joint Economic Committee and Aging Committee Democratic staff analysis of the 2015 5-year American Community Survey.

<sup>xi</sup> Brystana Kaufman et al., "Medicaid expansion affects rural and urban hospitals differently," *Health Affairs*, September 2016. Available at <http://content.healthaffairs.org/content/35/9/1665.abstract>, (last accessed July 2, 2017). See also Healthcare Management Partners, Scott Phillips and Clare Moylan, "Data shows rural hospitals at risk without special attention from lawmakers," 2017. Available at <https://hcmplc.com/wp-content/uploads/2017/03/Data-Rural-Hospital-Danger-1.pdf>, (last accessed July 5, 2017).

<sup>xii</sup> The Kaiser Family Foundation estimated that in Fiscal Year 2013, Medicaid covered 51% of all LTSS costs. Note that this calculation excluded Medicare spending on post-acute care from its calculation of total LTSS spending. Erica Reaves and MaryBeth Musumeci, "Medicaid and Long-Term Services and Supports: A Primer," Henry J. Kaiser Family Foundation (2015), available at <http://www.kff.org/medicaid/report/medicaid-and-long-term-services-and-supports-a-primer/>, (last accessed July 2, 2017).

<sup>xiii</sup> Data provided by the Pennsylvania Department of Human Services (May 2017).

<sup>xiv</sup> Data provided by the Pennsylvania Department of Human Services (May 2017) are for Nursing Homes only, not Intermediate Care Facilities.

<sup>xv</sup> Bureau of Labor Statistics, Quarterly Census of Employment and Wages, available at <https://www.bls.gov/cew/home.htm> (last accessed March 2017).

<sup>xvi</sup> Pennsylvania Health Care Association, "Long-Term Care Trends and Statistics," Available at <https://www.phca.org/for-consumers/research-data/long-term-and-post-acute-care-trends-and-statistics>, (last accessed July 2, 2017).

<sup>xvii</sup> Data provided by Pennsylvania Department of Human Services, School-based Access Program, May, 2017.

<sup>xviii</sup> Data provided by the Pennsylvania Home and Community Services Information System, July, 2017.

<sup>xix</sup> Pennsylvania State Coroner's Association, "Report on overdose death statistics: 2015," Available at [http://pacoroners.org/Uploads/Pennsylvania\\_State\\_Coroners\\_Association\\_Drug\\_Report\\_2015.pdf](http://pacoroners.org/Uploads/Pennsylvania_State_Coroners_Association_Drug_Report_2015.pdf), (last accessed July 2, 2017).

<sup>xx</sup> Sam Wood & Dan Sapatkin, "DEA: Fatal ODs rose 37% across Pa. in 2016," *Philadelphia Inquirer*, June 8, 2017, available at <http://www.philly.com/philly/health/addiction/dea-fatal-ods-rose-37-across-pa-in-2016-20170608.html>, (last accessed July 2, 2017).

<sup>xxi</sup> Pennsylvania Health Care Cost Containment Council, "Hospitalizations for opioid overdoses – 2016," Available at [http://www.phc4.org/reports/researchbriefs/overdoses/16/docs/researchbrief\\_overdose2016.pdf](http://www.phc4.org/reports/researchbriefs/overdoses/16/docs/researchbrief_overdose2016.pdf), (last accessed July 2, 2017).

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<sup>xxii</sup> Henry J. Kaiser Family Foundation, “Medicaid’s role in addressing the opioid epidemic,” June 30, 2017, available at <http://www.kff.org/infographic/medicaids-role-in-addressing-opioid-epidemic/>, (last accessed July 2, 2017).

<sup>xxiii</sup> Richard G. Frank & Sherry A. Glied, “Keep Obamacare to keep progress on treating opioid disorders and mental illnesses,” *The Hill*, January 11, 2017, available at <http://thehill.com/blogs/pundits-blog/healthcare/313672-keep-obamacare-to-keep-progress-on-treating-opioid-disorders>, (last accessed July 2, 2017). Background data available at <https://www.hcp.med.harvard.edu/sites/default/files/Key%20state%20SMI-OD%20v3corrected.pdf>, (last accessed July 2, 2017).

<sup>xxiv</sup> For additional information, please see the report prepared by U.S. Senator Bob Casey entitled “The Republican Plan: Retreating from the fight Against the Opioid Epidemic.” Released June 2017.