

Rural Areas Hit Hard by Senate Health Plan

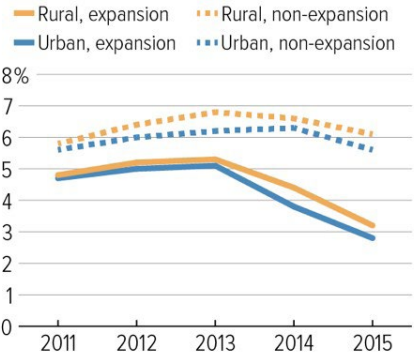
The U.S. Senate’s [health care bill](#)¹ would be devastating to rural Arkansas – not just to the health of its citizens but to its economy, as well. [Research](#)² on the House-passed Affordable Care Act (ACA) replacement showed that it could result in 42 percent of Arkansas Medicaid enrollees younger than 65 being dropped from coverage. The Senate bill goes further, calling for [even steeper cuts to Medicaid](#).³ It would effectively end Arkansas Works, the state’s Medicaid expansion program for adults with low incomes. These cuts would hit rural Arkansas the hardest because of the large number of children, older adults, and families who rely on the program to provide a consistent, affordable source of coverage. Medicaid makes up [64% of federal funds to Arkansas](#)⁴, much of which flows into rural areas. The bill threatens to undermine the many positive impacts that the Affordable Care Act has had in rural communities, including:

- **In Arkansas, 61 percent of children in rural areas⁵ have Medicaid-funded health coverage.** The program provides them critical access to life-saving treatment and the preventive care they need to thrive and become healthy, productive adults. Cuts to Medicaid would reduce the financial stability of rural families and decrease their ability to get much-needed care for their children.
- **Arkansas Works expanded coverage to more than 300,000 Arkansans, almost half living in rural areas.⁶** The Senate bill would effectively end Arkansas Works by phasing out the federal funding available for the expansion population. Nationally, Medicaid expansion has caused a [greater increase in coverage in rural areas](#)⁷ than in urban areas. In fact, Arkansas ranks 8th in the nation for the decline in the uninsured rate among adults in [small towns and rural areas](#)⁸. Research shows that increased coverage can help reduce [out-of-pocket spending and improve financial security](#)⁹ for families and kids. This increased access to affordable care [reduces the number of people who forego medical treatment due to cost](#)¹⁰.



Medicaid Expansion Reduces Hospitals’ Uncompensated Care Burden

Uncompensated care as share of total hospital expenses, by state Medicaid expansion status



Note: Under the Affordable Care Act, 31 states and Washington, D.C. have expanded their Medicaid programs.
Source: Unpublished Urban Institute data

• **Arkansas Works has saved our rural hospitals.** Families with health care coverage have fewer emergency room visits, and hospitals have reductions in uncompensated care. Rural hospitals’ uncompensated care costs in Medicaid expansion states plummeted by [43 percent](#)¹¹ compared to 16 percent in states that did not expand Medicaid, because Medicaid covered more of their patients. Since rural hospitals are likely to serve older people with lower incomes, any rollback of Medicaid funding would expose these hospitals to [large increases in uncompensated care](#)¹². This financial burden could force some rural hospitals to shut down, which has happened in many of our neighboring states that [did not expand Medicaid](#)¹³.

• **The ACA put in place important consumer protections that help rural communities.** Under the ACA, health plans on the individual marketplace are required to cover key services, known as Essential Health Benefits, such as mental health treatment, prescription drug coverage and maternity care. These services were [often excluded](#)¹⁴ before the passage of the ACA, and the Senate bill would allow states to waive these protections. Rural populations tend to be older and sicker than urban populations, so they could be [disproportionately harmed](#)¹⁵ by any changes to this essential coverage.

- **The ACA has helped keep coverage affordable and accessible for rural families**, especially because [residents in rural areas tend to be older and to have lower incomes](#)¹⁶. The Senate bill would allow insurance companies to offer skimpier plans with much higher out-of-pocket costs. Insurers would be allowed to charge the elderly five times as much as someone who is younger. On top of this, the bill reduces the premium tax credits and repeals subsidies that help make health care affordable for low-income people. This could [raise premiums](#)¹⁷, in addition to increasing out-of-pocket spending.

Notes:

¹ H.R. 1628, Better Care Reconciliation Act of 2017, 115th Cong. (2017). Retrieved from <https://www.cotton.senate.gov/files/documents/170622SENATEHEALTHCARE.pdf>

² Holohan, J., Blumberg, L.J., Buettgens, M. and Pan, C. (2017). The Impact of the AHCA on Federal and State Medicaid Spending and Medicaid Coverage: An Update. The Urban Institute. Retrieved from http://www.urban.org/sites/default/files/publication/90991/2001313-the_impact_of_the_ahca_on_federal_and_state_medicaid_spending_and_coverage_update.pdf

³ Buettgens, M. (2017) Senate health bill would lower the Medicaid per capita cap rate, causing greater state budget shortfalls. The Urban Institute; The Urban Wire. Retrieved from <http://www.urban.org/urban-wire/senate-health-bill-would-lower-medicaid-capita-cap-rate-causing-greater-state-budget-shortfalls>

⁴ Manatt State Health Reform Assistance Network State Toolkit. <http://statenetwork.org/resource/data-points-to-consider-when-assessing-proposals-to-cap-federal-medicaid-funding-atoolkit-for-states/>

⁵ Georgetown University Center for Children and Families “Medicaid in Small Towns and Rural America: A Lifeline for Children, Families, and Communities. <https://ccf.georgetown.edu/2017/06/06/rural-health-report/>

⁶ Cross-Call, J., Straw, T., Sherman, A., and Broaddus, M. (2017). House-Passed Bill Would Devastate Health Care in Rural America. Center on Budget and Policy Priorities. Retrieved from <http://www.cbpp.org/research/health/house-passed-bill-would-devastate-health-care-in-rural-america>

⁷ Soni, A., Hendryx, M., & Simon, K. (2017). Medicaid Expansion Under the Affordable Care Act and Insurance Coverage in Rural and Urban Areas. The Journal of Rural Health, 33(2), 217-226. doi:10.1111/jrh.12234

⁸ Medicaid in Small Towns and Rural America. <https://ccf.georgetown.edu/2017/06/06/rural-health-report/>

⁹ Antonisse, L., Garfield, R., Rudoqitz, R., and Artiga, S. (2017). The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review. Kaiser Family Foundation. Retrieved from <http://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>

¹⁰ Glied, S, Ma, S., and Borja, A. (2017). Effect of the Affordable Care Act on Health Care Access. Commonwealth Fund. Retrieved from <http://www.commonwealthfund.org/publications/issue-briefs/2017/may/effect-aca-health-care-access>

¹¹ Broaddus, M. (2017). Affordable Care Act’s Medicaid Expansion Benefits Hospitals, Particularly in Rural America. Center on Budget and Policy Priorities. Retrieved from <http://www.cbpp.org/research/health/affordable-care-acts-medicaid-expansion-benefits-hospitals-particularly-in-rural>

¹² Ibid.

¹³ How Closing the Coverage Gap Benefits Hospitals. (2015). Community Catalyst. Retrieved from https://www.communitycatalyst.org/initiatives-and-issues/issues/medicaid/Impact-of-the-coverage-gap-on-hospital-finances-03.30.15_formatted.pdf

¹⁴ Claxton, G., Pollitz, K, Semanskee, A., and Levitt, L. (2017). Would States Eliminate Key Benefits if AHCA Waivers are Enacted? Kaiser Family Foundation. Retrieved from <http://www.kff.org/health-reform/issue-brief/would-states-eliminate-key-benefits-if-ahca-waivers-are-enacted/>

¹⁵ Broaddus, Affordable Care Act’s Medicaid Expansion Benefits Hospitals, Particularly in Rural America.

¹⁶ Cross-Call, J., Straw, T., Sherman, A., and Broaddus, M. House-Passed Bill Would Devastate Health Care in Rural America.

¹⁷ Collins, S. (2017). Essential Facts About Health Reform Alternatives: Eliminating Cost-Sharing Reductions. Commonwealth Fund. Retrieved from <http://www.commonwealthfund.org/publications/explainers/2017/apr/cost-sharing-reductions>

