



2017

# RURAL IMPACT

## REPORT







# TENNESSEE'S SMALL AND RURAL HOSPITALS: THE CORNERSTONES OF THEIR COMMUNITIES

## SMALL AND RURAL HOSPITALS BY THE NUMBERS



Rural Hospitals **61**



Critical Access Hospitals **15**



Jobs **15,654**



Charity Care **\$94.6 million**



Babies Delivered **12,224**



Emergency Room Visits **980,808**

Tennessee's rural hospitals are the cornerstones of their communities.

They provide access to healthcare to residents and visitors, jobs for individuals who live nearby and serve as major economic engines in their communities.

Rural hospitals are an integral part of our state's healthcare system. They comprise nearly 50 percent of Tennessee's total number of acute care hospitals, with an annual impact of more than \$994 million on the state's economy.

More often than not, these hospitals are the largest employer in their counties. In 2015, Tennessee's rural hospitals provided a total of 15,654 jobs and a payroll of more than \$791 million. These employee salaries often are spent within their local communities, which supports other businesses and services in their hometowns. Healthcare in rural areas can represent up to 20 percent of the community's employment and income.

Rural hospitals also face challenges, such as the recruitment of physicians and other healthcare professionals, limited financial resources and capital, and finite opportunities to see an increase in the number of paying patients.

Tennessee's 61 rural hospitals provided more than \$292 million in uncompensated care in 2015. This includes approximately \$124 million in unreimbursed TennCare costs for care delivered to TennCare patients that same year.

## PATIENT SAFETY AND QUALITY CARE

To provide the highest quality of care to patients, 57 (93 percent) of Tennessee's rural hospitals participate in the Tennessee Hospital Association's Tennessee Center for Patient Safety.

These hospitals are involved in various patient safety programs, including the Hospital Improvement Innovation Network; obstetric programs, such as early elective delivery prevention, breastfeeding and safe sleep, culture of safety, surgical quality, flu immunization, and Tennessee's Patient Safety Organization (PSO).





## CRITICAL ACCESS HOSPITALS

Tennessee's critical access hospitals (CAHs) also serve as key players in the healthcare system. By federal regulation, a CAH must have fewer than 25 acute care beds and an annual average length of stay of no more than 96 hours. Hospitals must receive approval from the Tennessee Department of Health and Centers for Medicare & Medicaid Services (CMS) to be designated as a CAH.

In Tennessee, 15 hospitals are designated as CAHs.

The average annual impact of a CAH in Tennessee includes 90 jobs and \$4.9 million in salaries. Nationally, CAHs represent nearly 30 percent of acute care hospitals but receive less than 5 percent of total Medicare payments, according to the National Rural Health Association.

CAHs are lifelines for their communities, serving a critical role in the delivery of healthcare to rural areas.

## RURAL HOSPITAL CLOSURES INCREASE ACROSS TENNESSEE

Since 2014, six rural hospitals have closed in Tennessee, which led to layoffs, reduced wages, economic loss and reduced healthcare services. Three communities in Tennessee have lost their only local hospital, leaving these communities without access to a local source for care, especially in an emergency.

Reductions in hospital payments also have had a significant impact, forcing closures and leaving many rural communities without timely access to care. Since 2010, 80 rural hospitals have closed across the U.S. according to the University of North Carolina's Cecil G. Sheps Center for Health Services Research.

If a hospital closes in a rural community, health providers, including physicians, also may decide to relocate. This presents an even greater loss for communities and jeopardizes access to care.

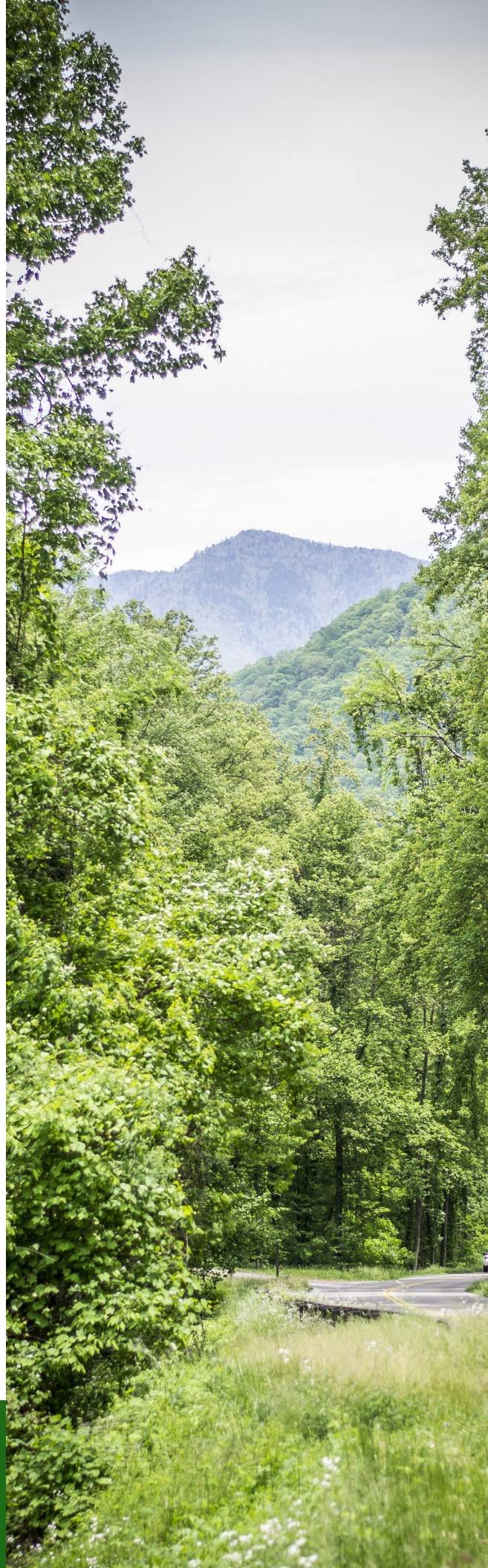
Currently, 53 rural counties in Tennessee have a local hospital to provide health care to its residents.

To address these issues, THA has formed the Future of Rural Health Taskforce to develop recommendations and strategies to assist Tennessee's rural hospitals in strategically and operationally addressing and meeting the changing environment. This work includes the development of recommendations to assist rural hospitals in addressing these challenges.



*Data in this report is from the 2015 Joint Annual Report of Hospitals.*

*This definition of rural area in this report was based on the Office of Management and Budget (OMB)'s designation of counties as metropolitan, micropolitan or neither. All counties that are not part of a Metropolitan Statistical Area (MSA) are considered rural. One additional hospital was included due to a recent change in the definition of rural hospital by the Tennessee Department of Health.*

WHEN A SMALL OR RURAL FACILITY CLOSES,  
**PATIENTS LOSE DIRECT ACCESS TO CARE WHILE  
THE LOCAL ECONOMY SUFFERS.**



# ECONOMIC IMPACT OF RURAL HOSPITALS

| COUNTY  | EMERGENCY ROOM VISITS   | BIRTHS  | COST OF BAD DEBT AND CHARITY CARE   | EMPLOYEES   | SALARIES  | TOTAL ECONOMIC IMPACT   |
|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |
| STATEWIDE   | 980,808   | 12,224  | \$94,628,754  | 15,654  | \$791,518,116   | \$994,787,250   |
| Bedford County  | 18,953  | 1   | \$1,691,291   | 233   | \$10,223,730  | \$12,721,662  |
| Benton County   | 7,089   | -   | \$682,317   | 60  | \$2,754,338   | \$3,206,155   |
| Bledsoe County  | 14,606  | -   | \$1,486,792   | 90  | \$4,842,174   | \$5,267,468   |
| Bradley County  | 50,533  | 1,036   | \$3,324,408   | 784   | \$42,578,861  | \$57,823,885  |
| Campbell County   | 24,869  | 211   | \$1,768,257   | 513   | \$22,691,380  | \$27,381,638  |
| Cannon County   | 6,406   | -   | \$988,945   | 91  | \$5,283,936   | \$6,073,100   |
| Carroll County  | 13,700  | 394   | \$1,886,746   | 238   | \$12,809,740  | \$15,576,183  |
| Cheatham County   | 11,328  | -   | \$1,711,436   | 41  | \$3,525,571   | \$4,159,444   |
| Claiborne County  | 14,592  | -   | \$1,101,756   | 318   | \$11,136,290  | \$13,280,869  |
| Clay County   | 4,809   | -   | \$298,230   | 108   | \$5,262,746   | \$6,046,218   |
| Cocke County  | 36,267  | 176   | \$1,235,234   | 223   | \$11,040,730  | \$12,902,415  |
| Coffee County   | 34,266  | 717   | \$2,396,411   | 587   | \$34,181,961  | \$41,425,455  |
| Cumberland County   | 32,041  | 678   | \$5,646,137   | 723   | \$29,665,770  | \$37,564,847  |
| Decatur County  | 6,279   | -   | \$225,279   | 98  | \$3,812,436   | \$4,437,117   |
| DeKalb County   | 9,414   | -   | \$801,612   | 111   | \$6,243,341   | \$7,883,823   |
| Dyer County   | 28,847  | 519   | \$1,673,000   | 412   | \$18,464,291  | \$24,045,112  |
| Fentress County   | 6,363   | -   | \$436,648   | 111   | \$6,513,874   | \$8,000,353   |
| Franklin County   | 26,202  | 521   | \$1,424,459   | 547   | \$21,648,729  | \$26,537,746  |
| Gibson County   | 8,496   | 1   | \$603,264   | 74  | \$3,679,810   | \$4,613,361   |
| Giles County  | 14,211  | 155   | \$2,307,297   | 192   | \$10,283,840  | \$12,566,008  |
| Greene County   | 46,563  | 500   | \$5,248,091   | 1,060   | \$53,559,231  | \$66,707,015  |
| Hamblen County  | 49,012  | 1,019   | \$4,535,858   | 667   | \$38,473,381  | \$48,937,289  |
| Hancock County  | 4,497   | -   | \$333,884   | 34  | \$1,718,801   | \$1,841,106   |
| Hardeman County   | 10,393  | -   | \$569,783   | 56  | \$2,662,160   | \$2,996,439   |
| Hardin County   | 14,876  | 323   | \$1,370,662   | 287   | \$11,818,700  | \$14,595,236  |
| Henderson County  | 11,078  | -   | \$551,829   | 111   | \$5,593,998   | \$6,830,184   |
| Henry County  | 19,227  | 276   | \$2,416,050   | 546   | \$25,144,779  | \$31,582,203  |
| Hickman County  | 4,985   | -   | \$2,914,042   | 47  | \$6,195,931   | \$7,051,751   |
| Houston   | 3,649   | -   | \$322,273   | 70  | \$2,572,597   | \$2,886,410   |
| Humphreys County  | 6,629   | -   | \$483,238   | 93  | \$3,895,843   | \$4,534,779   |
| Jefferson County  | 26,411  | -   | \$1,063,184   | 225   | \$10,648,360  | \$12,773,287  |
| Johnson County  | 10,172  | -   | \$599,590   | 73  | \$3,897,740   | \$4,427,928   |
| Lauderdale County   | 9,830   | 2   | \$1,099,460   | 94  | \$6,288,039   | \$7,261,796   |
| Lawrence County   | 16,942  | 373   | \$1,099,821   | 227   | \$11,676,600  | \$14,316,984  |
| Lincoln County  | 16,365  | 254   | \$1,636,736   | 264   | \$11,135,750  | \$13,400,707  |
| Macon County  | 8,927   | 1   | \$818,396   | 118   | \$5,185,951   | \$6,240,852   |
| Marshall County   | 13,475  | -   | \$1,639,492   | 123   | \$6,554,548   | \$7,864,139   |
| Maury County  | 49,200  | 1,492   | \$10,657,786  | 1,589   | \$89,221,443  | \$120,035,260   |
| McMinn County   | 50,731  | 423   | \$3,144,360   | 376   | \$18,714,729  | \$24,041,552  |
| Monroe County   | 23,433  | 196   | \$1,911,064   | 470   | \$17,217,501  | \$20,859,114  |
| Obion County  | 19,625  | 279   | \$928,062   | 275   | \$14,966,240  | \$19,491,866  |
| Overton County  | 12,382  | 334   | \$726,591   | 190   | \$12,034,850  | \$14,148,146  |
| Perry County  | 4,050   | 1   | \$403,725   | 115   | \$3,065,754   | \$3,410,614   |
| Polk County   | 7,243   | -   | \$1,062,192   | 131   | \$4,020,248   | \$4,433,308   |
| Putnam County   | 52,050  | 1,563   | \$8,286,034   | 1,525   | \$84,971,870  | \$114,180,171   |
| Rhea County   | 20,293  | -   | \$2,120,518   | 172   | \$7,821,935   | \$9,077,660   |
| Roane County  | 24,109  | -   | \$2,273,149   | 200   | \$12,377,850  | \$14,386,225  |
| Smith County  | 10,872  | 72  | \$886,062   | 139   | \$9,255,283   | \$10,810,912  |
| Trousdale County  | 5,439   | -   | \$598,688   | 56  | \$3,726,447   | \$4,664,014   |
| Warren County   | 29,584  | 387   | \$1,528,013   | 312   | \$15,876,220  | \$19,790,079  |
| Wayne County  | 5,458   | -   | \$579,124   | 115   | \$5,295,152   | \$6,077,136   |
| Weakley County  | 10,947  | 319   | \$512,174   | 187   | \$10,700,340  | \$13,340,297  |
| White County  | 13,090  | 1   | \$619,306   | 153   | \$8,586,296   | \$10,279,930  |