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RANKING MEMBER *Special Committee on Aging*, RANKING MEMBER *Joint Economic Committee*

Republican Health Care Bill Threatens Rural Hospitals and the Older Americans and Economies They Support in California

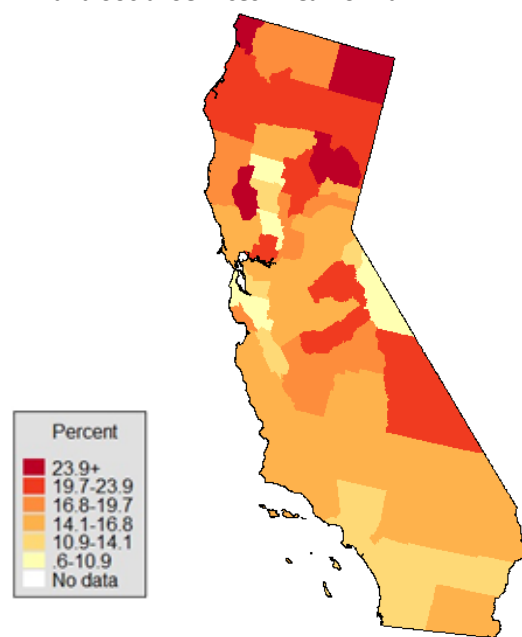
Rural hospitals play a critical role in ensuring that Americans and their families have access to needed health care services. Given that rural communities tend to be older, rural hospitals are particularly important for older Americans in these communities. Rural hospitals are also often a critical driver of economic activity in the areas in which they are located, serving as an important employer and providing good-paying jobs that inject money into local communities.

Overall, the health care and social services sector employs 17% of all workers in rural counties. At the center of rural health care delivery systems are often rural hospitals. More than 40% of rural counties rely on hospitals alone for more than 10% of their total employment.¹ The average pay of rural hospital employees is 43% higher than the average pay of other workers in the same counties.

The Republican health care bill – which will cut \$834 billion over 10 years from Medicaid and undermine the private health insurance market in rural areas by cutting premium assistance – will hurt rural hospitals. Medicaid is a critical source of revenue for rural hospitals, which on average have operating margins of less than 1%.² Medicaid revenues and related funding are responsible for, on average, more than 10% of rural hospitals' net revenues.³

The Republican health care bill's deep cuts to Medicaid funding will jeopardize health care coverage and services for millions living in rural areas – including many vulnerable seniors – and will put at risk the jobs and economic growth rural hospitals support across the nation.

Percentage of Employment in Health Care and Social Services in California



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

California By the Numbers

- The health care and social services sector employs 18.5% of all workers in rural areas in California.
- In California, hospitals employ 7.1% of all employees in rural counties that report having any hospital employment.
- Medicaid revenues and related funding make up 23.5% of rural hospitals' net revenues in California.

¹ Unless otherwise noted, all figures presented are the product of Senate Joint Economic Committee and Senate Aging Committee calculations. See [“TrumpCare Threatens Rural Hospitals,”](#) June, 2017, for details of analysis and data sources.

² Brystana Kaufman et al., ““Medicaid Expansion Affects Rural and Urban Hospitals Differently,” *Health Affairs*, September 2016.

³ Ibid. See also [“TrumpCare Threatens Rural Hospitals.”](#) The term ‘related funding’ refers to Disproportionate Share Hospital (DSH) Payments.