



**John Henderson, CEO**

**Texas Organization of Rural & Community Hospitals  
(TORCH)**



Austin Hyatt

May 20, 2024

# Not Rural



(very) **Rural**

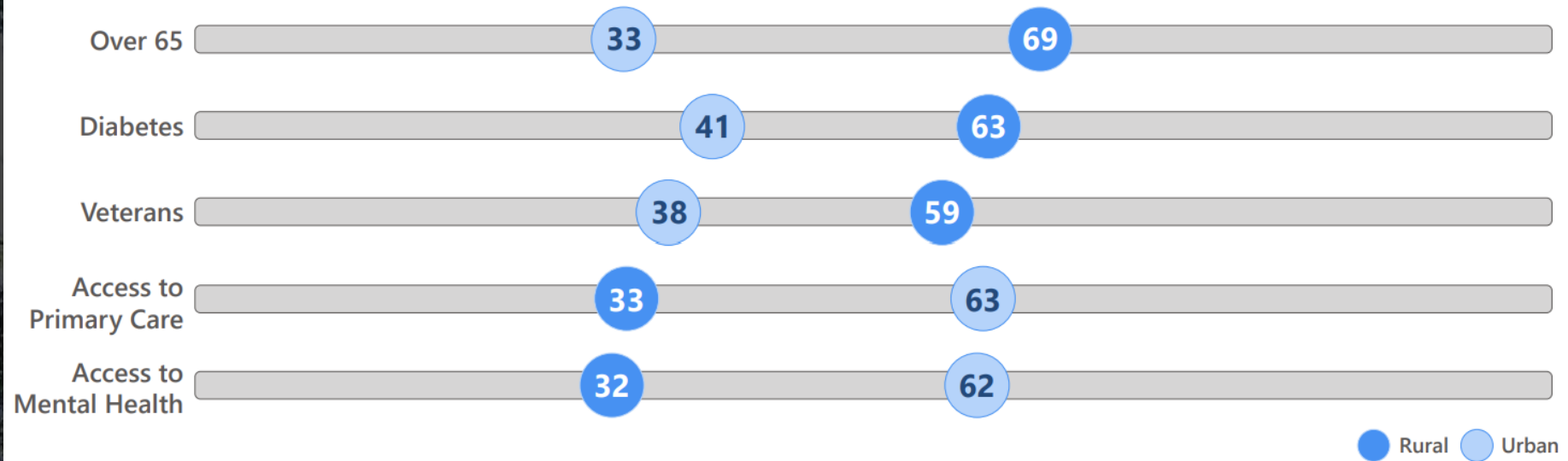
# A TEXAN'S UNITED MAP OF THE STATES





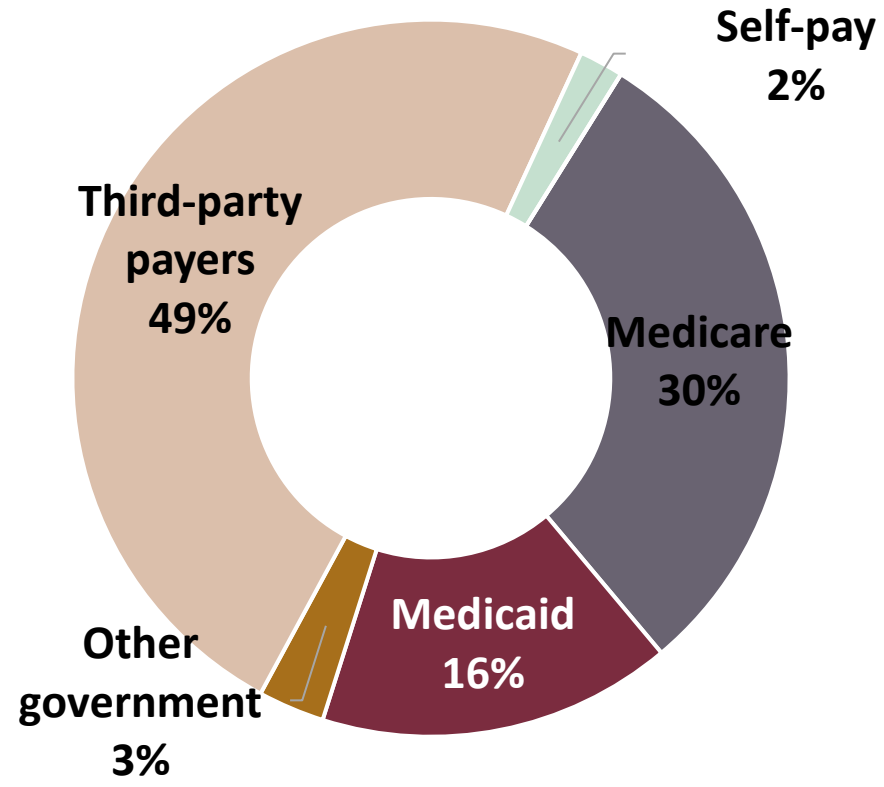
# CONTEXT - WHAT MAKES RURAL DIFFERENT:

Figure 7: Disparity between rural and urban communities.

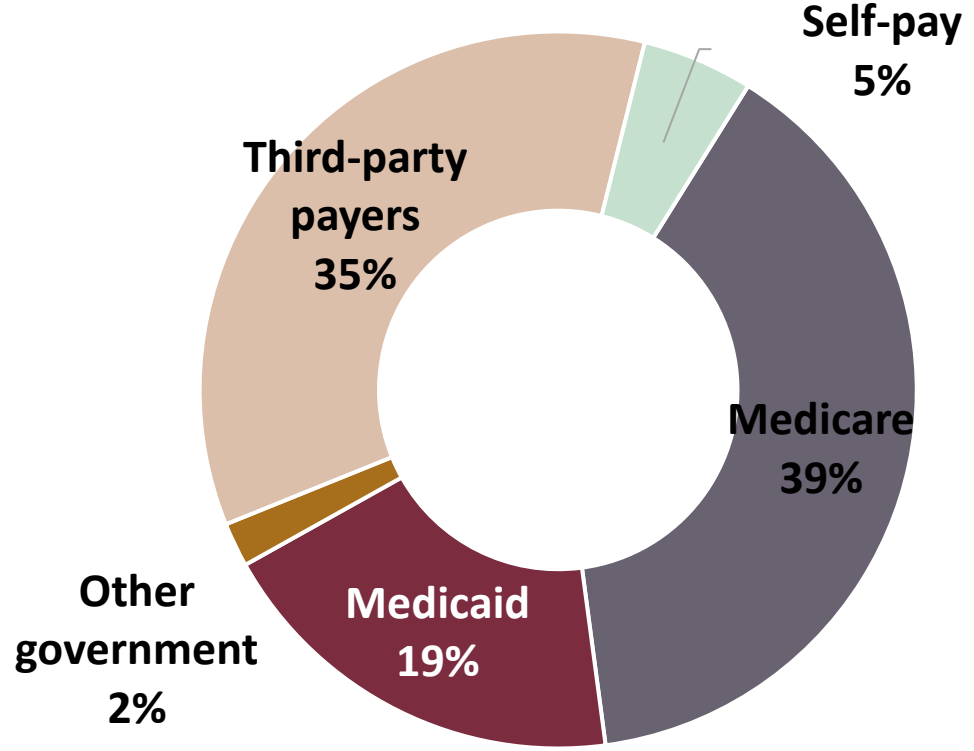


# Payer Mix in Nonrural vs. Rural Texas Counties

## Nonrural

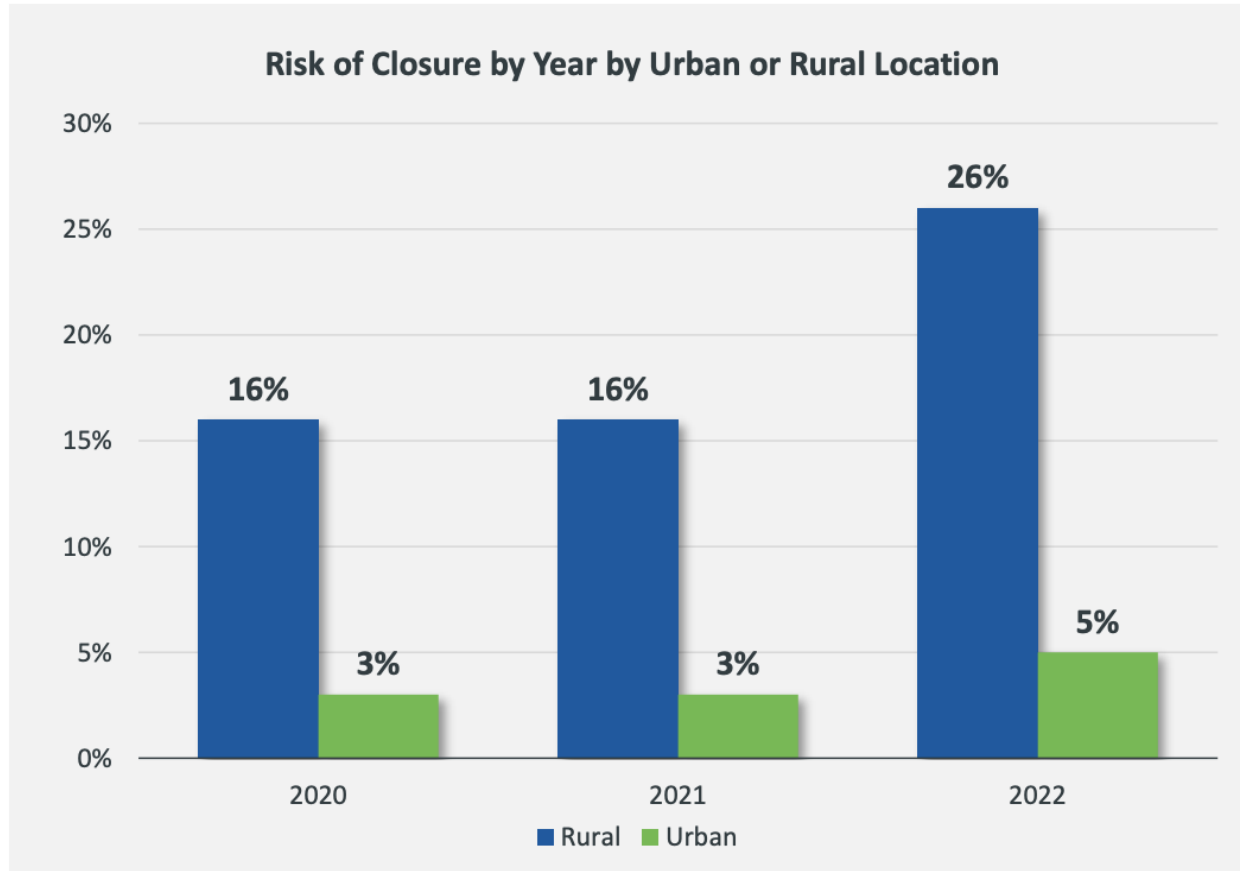


## Rural



Source: 2021 DSHS/AHA/THA Annual Survey of Hospitals

# Rural Hospitals Remain at a Higher Risk of Closure than Urban Counterparts, but Risk Has Grown for All



## KEY TAKEAWAYS

- The risk of closure for rural hospitals in Texas remains highly elevated over the risk of closure for urban hospitals.
- These challenges represent a clear problem for rural providers within Texas.
- Urban hospitals have also demonstrated an increase in risk over time.

**2015**

North Texas Regional, Bridgeport (Wise County)

Hunt Regional, Commerce (Hunt County)

**2016**

Gulf Coast Regional Medical Center, Wharton

Nix Community, Dilley (Frio County)

**2017**

Timberlands Hospital, 49 beds, Crockett (Houston County)

Weimar Hospital, Weimar (Colorado County)

**2018**

Stamford Memorial, Stamford (Jones County)

Little River, 25 beds, Rockdale (Milam County)

Little River, 10 beds, Cameron (Milan County)

**2019**

Chillicothe Hospital, Chillicothe (Hardeman County)

Hamlin Memorial Hospital, Hamlin (Jones County)

Texas General Hospital, Grand Saline (Van Zandt County)

**2020**

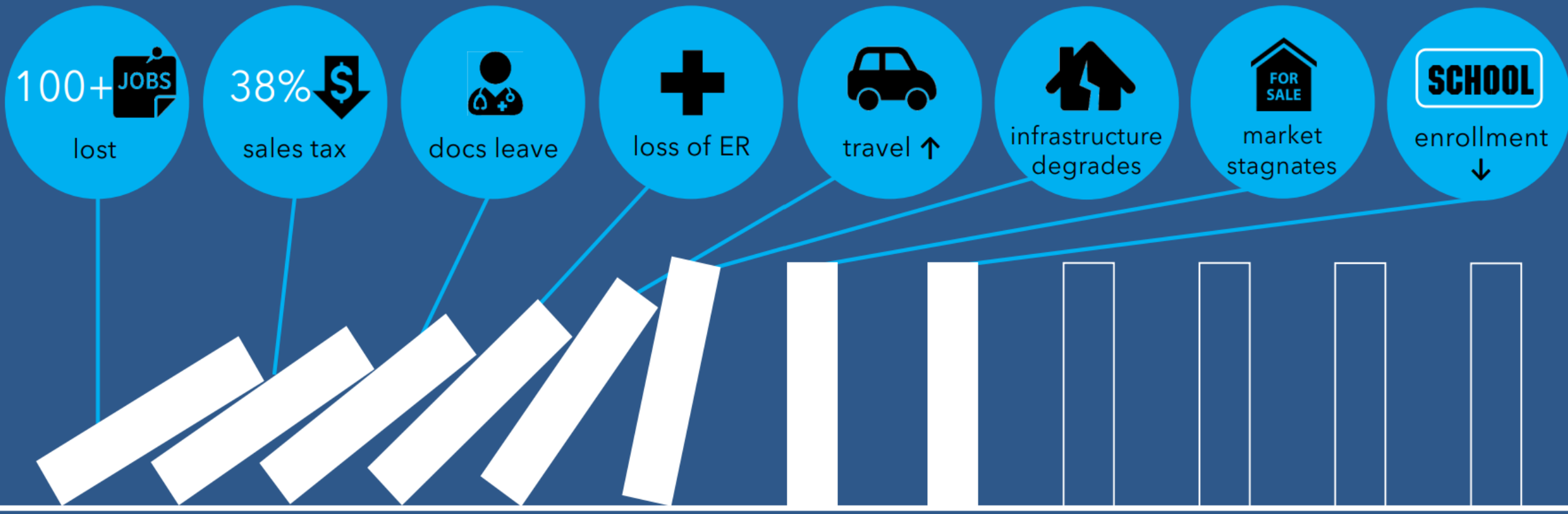
Central Texas Hospital of Bowie (Montague County)

**2023**

St. Mark's Medical Center of La Grange (Fayette County)



# Impact of Closure



	Rural Community Employment Impact						Rural Community Economic Impact		
	Total Statewide			Median Per Facility			Total Statewide		
State	Hospital Jobs(1)	Estimated Non-Hospital Jobs(2)	Total Community Jobs	Median Hospital Jobs	Median Non-Hospital Jobs	Median Community Jobs	Total Hospital Net Patient Revenue(3)	Total Hospital Salary Expense(4)	Total Hospital GDP Contribution(5)
Texas (All Rural)	33,591	11,387	44,978	156	53	209	\$ 6,029,395,653	\$ 2,235,018,414	\$ 6,100,910,054
				Median Hospital Jobs	Median Non-Hospital Jobs	Median Community Jobs	Median Hospital Net Patient Revenue	Median Hospital Salary Expense	Median Hospital GDP Contribution
Texas (CAHs)				108	37	145	\$ 12,602,101	\$ 6,315,856	\$ 19,691,598

# Negotiated rates in urban vs. rural areas

Reported negotiated rates by state for Pneumonia (DRG 195)

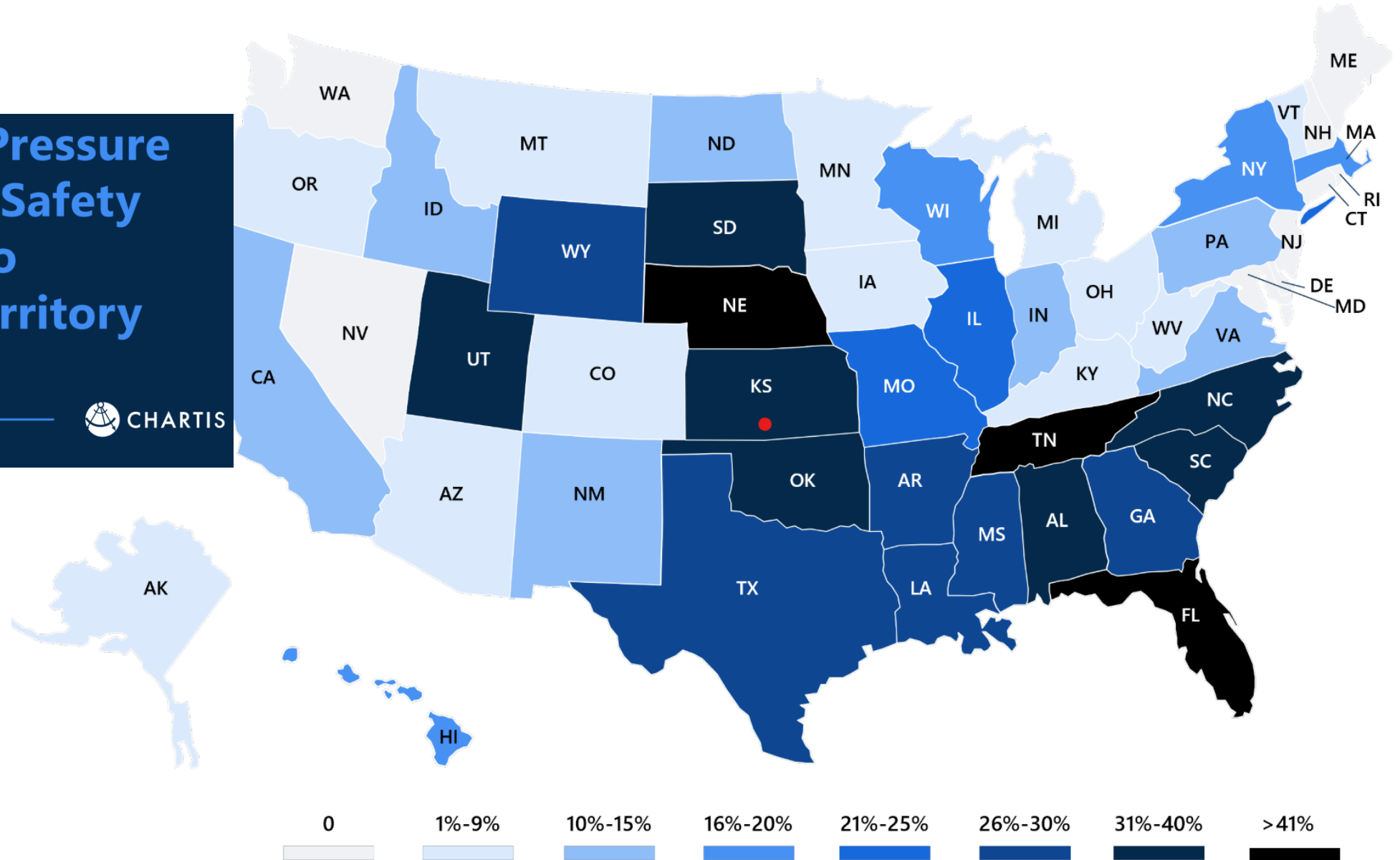
State	Average		Rural/Urban
	Urban	Rural	
NV	\$8,830	\$13,855	157%
IL	\$7,474	\$9,031	121%
MI	\$7,800	\$9,217	118%
CA	\$10,129	\$11,820	117%
AR	\$6,687	\$7,740	116%
MN	\$8,886	\$9,671	109%
IN	\$10,471	\$10,962	105%
OK	\$8,693	\$8,559	98%
OH	\$8,046	\$7,731	96%
SC	\$11,235	\$10,392	93%
WA	\$14,955	\$13,816	92%
TN	\$9,281	\$8,087	87%
VA	\$10,682	\$8,979	84%
NJ	\$9,099	\$7,514	83%
TX	\$9,611	\$7,360	77%
NY	\$10,713	\$8,154	76%
HI	\$12,993	\$8,805	68%
LA	\$8,569	\$5,365	63%

State	Median		Rural/Urban
	Urban	Rural	
NV	\$8,349	\$16,338	196%
AR	\$5,646	\$6,996	124%
IL	\$6,987	\$8,384	120%
MI	\$7,592	\$8,585	113%
CA	\$9,164	\$10,313	113%
MN	\$8,733	\$9,240	106%
OK	\$7,377	\$7,527	102%
IN	\$11,122	\$11,071	100%
NJ	\$7,861	\$7,684	98%
OH	\$8,518	\$8,037	94%
SC	\$11,652	\$10,340	89%
VA	\$10,734	\$8,460	79%
TN	\$8,695	\$6,841	79%
WA	\$17,105	\$13,217	77%
NY	\$11,467	\$8,748	76%
TX	\$8,146	\$6,015	74%
HI	\$13,088	\$9,177	70%
LA	\$8,592	\$4,575	53%

\*As of June 2022

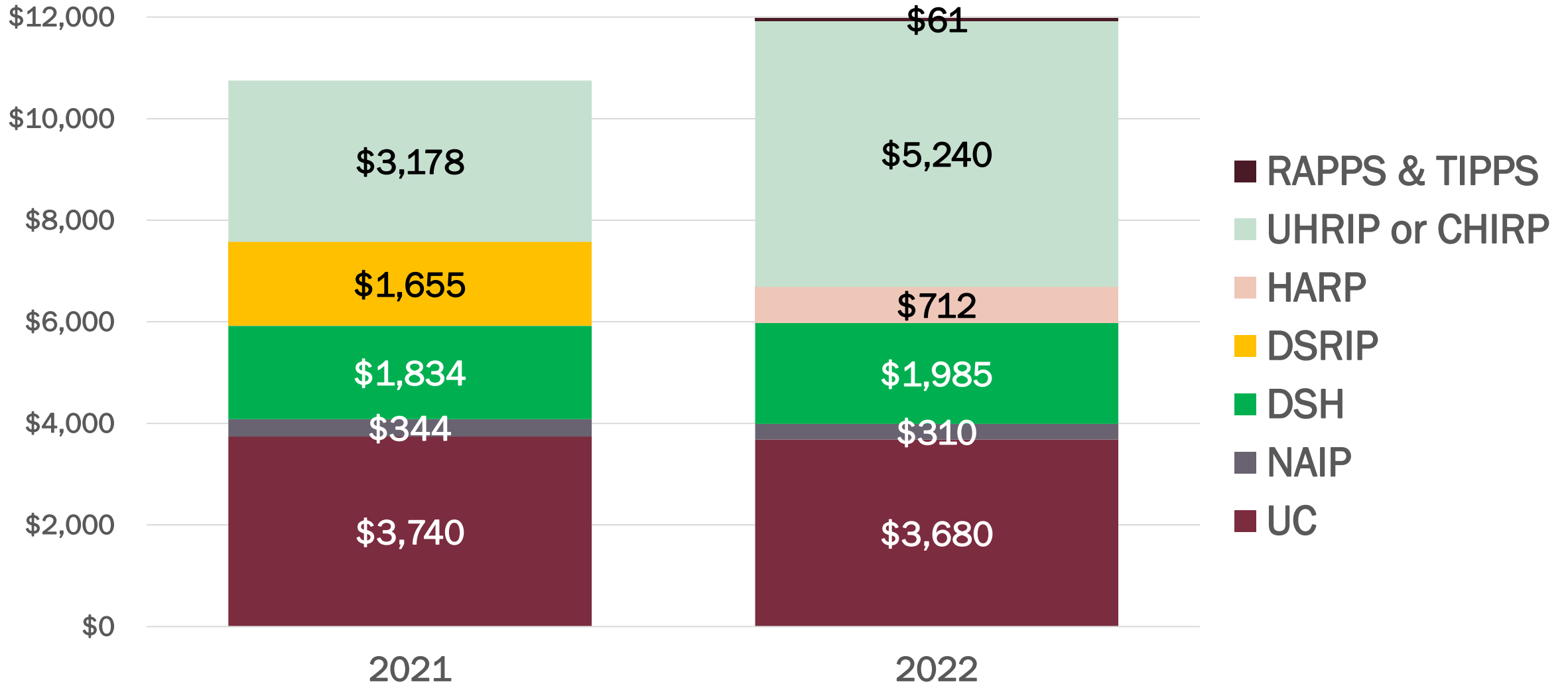
Figure 5: Percentage of state rural hospitals determined to be vulnerable

# Unrelenting Pressure Pushes Rural Safety Net Crisis into Uncharted Territory



# 1115 Waiver & DSRIP Transition

## Estimated Hospital Payments by Program (in millions)

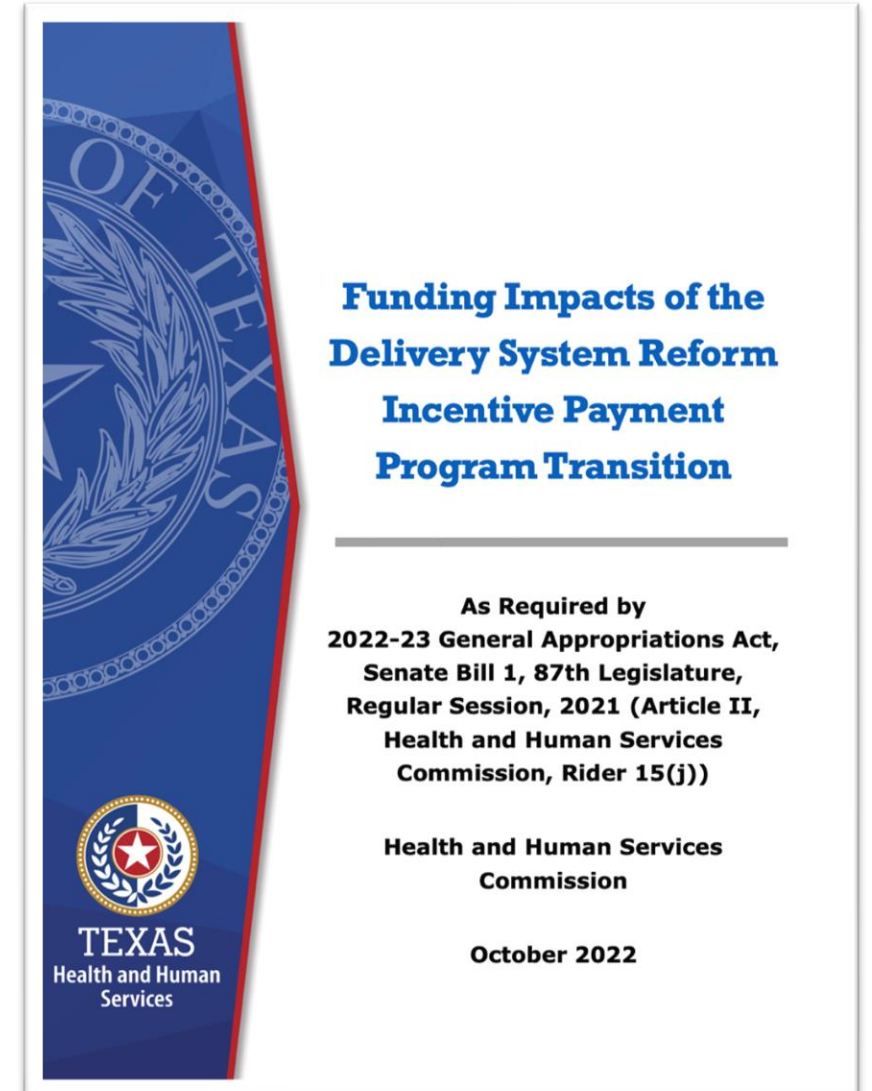


Source: Texas Health & Human Services Commission

# 1115 Waiver & DSRIP Transition

Texas HHSC:

- “...the transition has resulted in disparate impacts in rural and urban markets.”
- “...payment projections [for rural hospitals] for fiscal year 2022 and after are not equivalent to payment levels under DSRIP. This difference is largely a result of all successor programs being based in some manner on Medicaid beneficiary utilization, rather than an allocation basis”





## FY 2025 Hospital Medicaid Managed Care Financial Model

CHIRP and AT LIS Summary	HHSC Projection Base Data in September 2023	HHSC Projection Base Data in April 2024	Percent Change	Dollar Change
AT LIS	\$1,455,257,562	\$690,055,858	-53%	-\$765,201,704
CHIRP before Fees	\$5,086,470,968	\$6,237,235,733	23%	\$1,150,764,765
UHRIP	\$3,321,360,884	\$4,468,463,116	35%	\$1,147,102,232
ACIA	\$526,437,340	\$388,661,358	-26%	-\$137,775,983
APHRIQA	\$1,238,672,743	\$1,380,111,259	11%	\$141,438,515
Total CHIRP and AT LIS	\$6,541,728,530	\$6,927,291,591	6%	\$385,563,061

- \$1 billion more in funding for uniform rate increases, or a 26% increase compared to prior projections
- Total CHIRP program is increased by \$1.15 billion compared to prior projections (sustaining the FY24 levels)
- Every acute services provider has the opportunity to receive as much in FY25 as they did in FY24



## DY 17 UC Resizing Model Projection

CHIRP Included in UC	\$3,803,851,738	\$4,808,202,001
UHRIP Included in UC Sizing	\$3,279,596,739	\$4,419,562,587
ACIA Included in UC Sizing	\$524,254,999	\$388,639,414
Medicaid Overpayments	(\$2,784,036,619)	(\$3,867,909,773)
Charity Care Costs	\$7,296,618,282	\$6,726,931,816
Est. Charity Costs after Medicaid Overpayments Removed	\$4,512,581,664	\$3,118,814,406

- Introduction of APHRIQA protections almost \$900 million in UC pool room for 3 years (or \$2.7 billion cumulatively)
- Reported charity care costs declined from prior model
- \$1.4 billion annually in UC pool lost permanently (or \$4.2 billion cumulatively)



Class	FY24 CHIRP Estimate	FY25 CHIRP/ATLIS Estimate	FY24 to FY25 Change	% Change
Children's	\$1,671,568,921	\$1,935,279,181	\$263,710,260	16%
Non-State-Owned IMD	\$20,415,240	\$23,643,297	\$3,228,057	16%
Rural	\$138,738,135	\$198,054,682	\$59,316,547	43%
State-Owned Non-IMD	\$106,566,072	\$159,194,664	\$52,628,592	49%
Urban	\$4,165,837,993	\$4,610,744,051	\$444,906,058	11%
Total	\$6,103,126,361	\$6,926,915,876	\$823,789,515	13%

**Starting in federal fiscal year 2025, HHSC will deem all rural hospitals eligible for the Disproportionate Share Hospital (DSH) program and will change the calculation of the low-income utilization ratio, as suggested by the Texas Organization of Rural and Community Hospitals.**

Rural hospitals are critical to Texans in rural communities receiving health care, including emergency hospital services. While traditional methods of determining what hospitals qualify as a “DSH” hospital do include many rural hospitals, not all rural hospitals are currently eligible for DSH. Enabling all rural hospitals to participate in DSH provides increased protection for rural hospitals by enabling them access to the last possible source of payment for any uncompensated Medicaid costs or for costs associated with uninsured non-charity care patients.

Provider Name
Stonewall Memorial Hospital District
Concho County Hospital
Parkview Regional Hospital
Fisher County Hospital District
KNOX COUNTY HOSPITAL DISTRICT
Hardeman County Hospital District
Sutton County Hospital District
Jackson County Hospital District
Palestine Regional Medical Center
Pecos County Memorial Hospital
Wilson County Memorial Hospital District
Baylor County Hospital District
Memorial Medical Center of East Texas
Paris Regional Medical Center
Dawson County Hospital District
Rice Medical Center
Medina County Hospital District
Preferred Hospital Leasing Coleman Inc
Scott & White Hospital -Marble Falls
Methodist Hospital Atascosa
UT Health East Texas Henderson Hospital
UT Health East Texas Carthage Hospital
Bosque County Hospital District

**Thank You!**



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