



How Obamacare Repeal Would Harm Rural America

Claire Snell-Rood, University of California, Berkeley

Cathleen E. Willging, Behavioral Health Research Center of the Southwest

During the gradual roll out of the Patient Protection and Affordable Care Act (informally known as ObamaCare), scholars, activists, and politicians have drawn attention to its shortcomings. Despite very real problems, if major ObamaCare provisions are repealed or undermined by a new political administration, longstanding disparities in health care and insurance coverage will deepen for the approximately one fifth of Americans who live in rural areas. The reform's health insurance marketplace allows many people to buy coverage with the help of federal tax credits that reduce their premiums, and the expansion of Medicaid along with initiatives to increase and strengthen rural healthcare infrastructure have made care more accessible to rural people. Repeal will not only hurt newly-insured patients, it will place heavy burdens on rural medical and behavioral healthcare facilities – subjecting them to new financial stresses and making it hard to maintain their provider workforces. Layoffs of rural health providers would take away jobs that are crucial to local economies as well as patients. Kentucky and New Mexico offer good examples of how such processes would likely play out in poor states where a large share of the population lives outside of major cities.

Increasing Health Insurance Coverage for Rural Americans

Rural Americans are more likely than city dwellers to go without health insurance, because they are more likely to be unemployed or work at low-wage jobs in small businesses that do not offer employer coverage. ObamaCare has helped to reduce the longstanding urban-rural gap in health insurance coverage.

- The proportion of rural people without health insurance has dropped by nearly 40%, as some 1.7 million rural Americans have been able to purchase marketplace plans on their own with support from tax credits.
- ObamaCare's Medicaid expansion has also been instrumental in closing the insurance gap, particularly in states with persistent poverty and sizeable rural populations. In fact, most of the 4.5 million nonelderly adults in rural areas who are still uninsured live in the 19 states whose governors chose not to expand Medicaid.

Clay County, situated in Appalachian Kentucky, offers a clear cut example of the impact of the Medicaid expansion. Struggling to cope with the decline of the coal industry, residents in this rural county face some of the highest rates of poverty and poor health in the nation. Because of ObamaCare, 21,000 people are now covered by Medicaid – a one-third increase. Here and throughout rural America, the newly-insured include people coping with mental illnesses and addiction (or behavioral health) problems who were often reluctant to seek out services previously because they could not pay the cost of care. Indeed, 90% of patients receiving services at the community mental health center in Clay County are now enrolled in Medicaid.

Not only has insurance coverage improved for rural Americans – the available range of care has also expanded, because the Affordable Care Act defines behavioral health services as an essential health benefit with no annual or lifetime dollar limits. Prior to ObamaCare, insurance companies could deny people coverage or force them to pay higher premiums if they had pre-existing illnesses or complex health conditions. Such exclusions were particularly devastating for rural people, who are often sicker than city-dwellers, and more likely to suffer from multiple chronic conditions, obesity, and other risk factors that require complicated care.

How Repeal Would Hurt the Fragile Rural Healthcare Infrastructure

Expanded insurance coverage for local residents helps rural health facilities in several ways. Not only do more people remain healthy because of free access to screening and preventive care, local facilities face less

pressure to provide uncompensated care. The health reform law also invests in rural healthcare infrastructure through grants for school clinics, expanded medical and behavioral healthcare facilities, community wellness programs, education programs for service providers, and incentives for professionals to work in rural areas. Such grants are critical for rural facilities that operate on tighter financial margins and face tougher challenges in attracting and keeping workforces than facilities in urban areas.

Because healthcare facilities and workforces are often at the heart of local rural economies, repeal could set off economic death spirals. If ObamaCare's mandate for people to buy insurance is eliminated along with subsidies that make plans affordable, insurance premiums will soar and coverage will shrink, leading insurance companies to abandon many rural counties altogether. Rural providers will be forced to see sicker patients and patients without coverage. In practice, ObamaCare repeal at the federal level will simply shift massive extra costs to state and local governments and to local care facilities, especially in rural areas.

Economic death spirals will hit hardest in budget-strapped rural states like New Mexico where 800,000 residents, or 38% of the state's population, are on Medicaid, and 50,000 more have coverage through the marketplace. Since the advent of ObamaCare expansions in coverage, New Mexico has experienced major economic growth in the healthcare sector – with more jobs, new infrastructural investments to improve facilities, and better access and care for many rural residents. In a state that leads the nation in death due to addiction and suicide, ObamaCare has expanded treatment to more rural New Mexicans who need it. Repeal would slash federal and state expenditures on all forms of health care in historically underserved rural areas, reversing all of the recent gains and leading to even deeper economic and social disruption. With declining revenues, discontinued incentives, and fragile rural health infrastructures, providers will be less able to earn a living and will leave rural areas. Although the very poorest people will be especially hard hit, higher-income working families will also suffer.

Under ObamaCare, rural communities in Kentucky, New Mexico – and across the nation – have realized important economic and health gains. Now, as the political winds shift in Washington DC, they depend on their representatives in Congress to defend the improvements against repeal. Although many more steps remain to be accomplished, anything that weakens or undercuts recent gains in access to insurance coverage and good care for a full range of health problems would be a profound betrayal for millions of rural Americans.

www.scholars.org

January 2017