

## **Address to the Pennsylvania State House Republican Policy Committee**

### **Topic: The Challenges Facing Rural Healthcare and Rural Hospitals**

Chairman, members of the committee, thank you for the opportunity to speak with you today. My goal is simple: to give you a clear picture of what rural hospitals in Pennsylvania are facing, and what actions you—perhaps more than anyone—can take to protect the health, safety, and economic vitality of your communities.

I want to begin with a point I believe every State Representative should consider: If you lose your local hospital, you lose far more than a healthcare facility—you lose a cornerstone of your community. And in rural Pennsylvania, these hospitals are now under real and immediate threat, largely because of unfunded mandates, mounting regulatory burdens, and persistently inadequate reimbursements under Medicaid.

### **Why Rural Hospitals Matter to Every Community You Serve**

Our hospitals remain critical to community health every single day, but their importance becomes even more obvious during seasonal surges and public health crises—flu spikes, COVID resurgences, RSV seasons—when urban centers are full and your constituents need somewhere local to turn. When major hospitals reach capacity, rural hospitals become the safety valve. Without us, patients have nowhere to go.

We are also the front line for epidemics and outbreaks, natural disasters, and emergencies where response time determines life or death.

And beyond health, we are central to economic development. Businesses will not invest—nor will families settle—in communities without reliable healthcare access. Rural Pennsylvania already faces OB deserts, and every lost service line makes recruitment and retention of both employers and workers harder.

When a rural hospital closes, the local economy contracts. Jobs disappear, property values drop, and emergency response worsens. This is not hypothetical. It’s happening across the country, and without intervention, it will happen here.

According to a report from HAP published September 2025, citing the Center for Healthcare Quality and Payment Reform, “Nearly every state in the U.S. has rural hospitals at risk of closure, and about 40 percent of those facilities are at immediate risk, per the report. In Pennsylvania, 17 hospitals are at risk of closing (34%) and nine are at immediate risk of closing in the next two or three years (18%).”

<https://www.haponline.org/News/HAP-News-Articles/Latest-News/report-a-third-of-rural-hospitals-at-risk-of-closing>

### **Hospitals Are in Jeopardy — and the Warning Lights Are Flashing**

Today, rural hospitals across Pennsylvania are facing three converging threats:

## **1. Reimbursement Rates Are Not Keeping Pace With Costs**

Drug prices, labor costs, supply chains, and technology demands continue to rise. Yet, our reimbursements—especially Medicaid—do not reflect those increases. For many rural hospitals, Medicaid pays well below the cost of providing care.

## **2. Financial Stability Is Declining**

Days cash on hand are shrinking across rural facilities. Covenant defaults are becoming more frequent. And federal cuts will only deepen this instability, increasing uncompensated care as more patients lose coverage. We are grateful for the RHTP funds, but it will replace less than 25% of Medicaid funds lost due to H.R.1 and Pennsylvania ranks third lowest in the percentage of funds restored.

## **3. Workforce Shortages Are Exacerbated in Rural Areas**

Nursing, EMS, behavioral health, primary care—every category is strained. Recruitment is harder. Retention is harder. And our ability to keep services open depends entirely on people.

### **Additional Regulatory and Operational Burdens Are Making Matters Worse**

I want to highlight challenges that are not often visible but have serious consequences:

Compliance burdens: DOH regulations, unclear guidelines, and slow approvals—even for minor facility changes—delay improvements and add costs.

Billing and credentialing delays: CMS, MA, and commercial provider credentialing can take months. We hire clinicians but cannot bill for their services.

Restrictions on integrating clinics and practices: Federal rules prevent us from combining operations that could reduce overhead.

Transportation barriers leave many rural patients without reliable access to care, resulting in delayed diagnoses and higher acuity.

These issues may seem administrative, but in a small hospital, every delay has a ripple effect.

## **What You Can Do — Practical, High-Impact Actions**

We are not here simply to describe problems. We are here to propose solutions. And there are clear, actionable steps legislators can take to support rural healthcare sustainability.

### **1. Strengthen Hospital Finances**

Increase Medicaid reimbursement rates for rural hospitals.

Offer supplemental payments or “gap-filling” grants to offset federal cuts and help us cover uncompensated care.

Protect hospitals’ abilities to utilize the 340B program through state legislation preserving access to pharmaceutical drugs and maintaining our investments in our local communities.

## **2. Invest in Workforce Development**

Fund rural-specific workforce pipelines—residencies, loan repayment, training partnerships.

Streamline state licensing and credentialing processes so clinicians can begin practicing and billing promptly.

Support EMS workforce stabilization through reimbursement increases and training support.

## **3. Support Hospital Infrastructure and Technology**

Provide grants as a source of capital for facility upgrades, health IT modernization, and cybersecurity.

## **4. Reduce Regulatory Barriers**

Expedite DOH approvals for routine facility modifications.

Work with federal partners to accelerate provider credentialing.

Revisit constraints on operational integration that could improve cost efficiency.

Prevent additional layering of redundant or conflicting state requirements when federal regulations are already in place.

## **5. Protect Small, Independent Rural Hospitals in Funding Distribution**

Ensure that state rural health transformation plans prioritize rural hospitals most in need of support.

Provide transparent oversight so funding reaches the facilities that need it most.

Support innovation strategies to sustain rural hospitals like clinically integrated networks (CINs) and Rural Health Transformation projects.

## **6. Support Community Health and Local Transportation**

Fund community health projects that reduce ER demand.

Expand transportation support for rural patients who lack reliable access to care, support hospitals to effectively and efficiently transfer patients between locations (care homes, trauma, higher levels of care) to avoid ‘boarding’ patients for days.

## **Closing**

Members of the committee: Your decisions will help determine whether rural hospitals in Pennsylvania remain viable. These facilities are more than providers—they are anchors of stability, safety, and economic vitality in the communities you represent.

We are committed to doing our part. But we cannot survive unfunded mandates, inadequate reimbursements, crippling workforce shortages, and regulatory burdens without strong partners in state government.

Rural hospitals do not want bailouts; we want a sustainable path forward—one that allows us to keep caring for your constituents and keep your communities strong.

Thank you for your time, your leadership, and your willingness to confront this challenge. I am happy to take your questions.