



NATIONAL ORGANIZATION OF STATE OFFICES OF RURAL HEALTH

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January 27, 2009

Dear Congressional Delegate:

The National Organization of State Offices of Rural Health (NOSORH) is a voice for state rural health concerns representing all 50 states.

State Offices of Rural Health are in a unique position to work at a grassroots level in each state to administer programs, build capacity within rural communities, and convene and work collaboratively with stakeholders to improve health and health care for rural Americans. We are grateful for the programs and funding initiatives available to support rural communities and respectfully request your support as we continue our work on their behalf. One-fourth of America's population lives in rural areas. Compared with urban America, rural and frontier communities have higher poverty rates, a larger percentage of elderly, tend to have poorer health, have fewer doctors and nurses, therefore fewer services and less advanced in adoption of health information technology.

Programs supported through HRSA's Office of Rural Health Policy are of particular importance to meeting rural health care needs, and to that end, we are recommending specific funding allocations for targeted programs managed by that office. State Offices of Rural Health are the flagship program of HRSA's Office of Rural Health Policy and important focus points for addressing rural health issues across the nation.

In light of the current economic crisis we understand the associated challenges with meeting the needs of competing interests for federal funding. In spite of these challenges, we are committed to speak on behalf of rural Americans and give voice to their need for access to healthcare services which are high quality safe, efficient and effective.

This year it is crucial that the SORH resources remain intact. Funding for SORH is authorized under Title 42 of The Public Health and Welfare Chapter 6a--Public Health Service Act. We are recommending reauthorization of SORH and a change in some of the authorization language. The attached fact sheet provides a thorough outline of the issue and our recommendations for changing of the language.

NOSORH members are extremely proud of the many members of Congress who are active participants in the Congressional Rural Health Care Coalition. If you have not worked with the Coalition, we encourage you to do so. The Coalition has a strong understanding of the challenges involved in creating access to health care for rural America and plays a key role in advancing rural priorities in health care policy. We look forward to working with Coalition members and their staffs to explore viable solutions to many of these challenges. Please do not hesitate to contact us for more specific information.

Thank you in advance for your support,

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State Offices of Rural Health Grant Program

The purpose of the State Offices of Rural Health (SORH) Grant Program is to assist States in strengthening rural health care delivery systems by creating a focal point for rural health within each State. The program provides an institutional framework that links small rural communities with State and Federal resources to help develop long term solutions to rural health problems.

There are three core functions of the SORH: (1) to serve as a rural health clearinghouse of information and innovative approaches to the delivery of services; (2) to coordinate State activities related to rural health in order to avoid duplication of efforts and resources; and (3) to identify Federal, State, and nongovernmental programs regarding rural health and provide technical assistance to public and nonprofit private entities regarding participation in such programs.

At A Glance

Amount Awarded:

2005: \$ 7.4 million

2006: \$ 7.2 million

2007: \$ 7.2 million

Grants Awarded:

2005: 50 continuing awards

2006: 50 continuing awards

2007: 50 continuing awards

Additionally, the program encourages State Offices to promote rural recruitment and retention efforts of health professionals within their State. Hence, the SORHs are the primary dues-paying members to the 3RNet. In 2006 recruited 750 health professionals of which approximately 50 percent were primary care physicians. Approximately 90 percent went to underserved areas.

In FY 2006, 50 non-competing continuation grants were awarded for a total of \$7,264,000. The maximum level of funding awarded was \$146,400, which 47 of the 50 States requested and received. The program requires a State funding match to the Federal funding at a minimum 3:1 ratio; a unique leveraging component for the program.

Changes to the Program:

The program was enhanced by a new five year cooperative agreement with the National Association of State Offices of Rural Health (NOSORH) which was designed to build and sustain rural health infrastructure in each State. Under the agreement, NOSORH coordinates the planning and logistics for five regional grantee meetings, the State Office new directors' orientation, and the annual grantee meeting. Peer-to-peer mentoring has also been strengthened and improved under the cooperative agreement.

Key Program Accomplishments:

State Offices continue to leverage significant partnerships with the goal of improving rural health. In 2006, an example of the impact of these partnerships is seen through the Rural Hospital Performance Improvement project (RHPI). SORHs in Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee continue to work collaboratively with their State Hospital Associations (SHAs) to provide input and expertise for this project. In particular, the SORHs worked with the contractor to ensure that the on-site technical assistance

was well-managed and appropriate to the needs of each hospital. The SORHs and SHAs also continue to follow up with the hospital after technical assistance is rendered.

The SORHs are continuously working with Federal, State, and local partners to improve the collaboration among safety net providers in rural areas of their States. In particular, 14 SORHs applied with their State partners to an ORHP initiative to “Improve Collaboration between Critical Access Hospitals (CAHs) and Federally Qualified Health Centers (FQHCs).” The following States applied for technical assistance under this initiative: Alaska, Georgia, Hawaii, Idaho, Montana, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Vermont, Washington, and Wisconsin. In each of these States the SORH is taking the lead in bringing together the State-level partners (Primary Care Offices, Primary Care Associations, SHA) as well as safety-net providers. The technical assistance is being provided through consultants to the State teams to assist them in better understanding the roles and relationships between CAHs and FQHCs. As a result of the leadership from the SORHs, each of the States will be developing plans and strategies for improved collaboration between the CAHs and FQHCs in their States.

Medicare Rural Hospital Flexibility Grant Program (Flex)

The Rural Hospital Flexibility Program is a Federal initiative that provides funding to State governments to stabilize rural hospital economics, integrate emergency medical services (EMS) into the health care system and improve quality of care. Flex funds support the conversion of small rural hospitals to CAH status, which allows them to receive cost-based reimbursement from Medicare for inpatient and outpatient services. Flex funding to the States also encourages the development of collaborative systems of care in rural areas, including the CAHs, EMS providers, clinics, and other providers of high-quality, necessary health care services.

The FLEX program requires States to develop rural health plans, and funds the States to support and implement community-level outreach and technical assistance. Although focused on very small, rural hospitals, this complex intervention operates on the National, State, community, and facility levels and covers a broad range of health service issues.

At A Glance

Amount Awarded:

2004: \$ 22.4 million

2005: \$ 22.2 million

2006: \$ 22.2 million

Grants Awarded:

2004: 45 continuing awards

2005: 45 continuing awards

2006: 45 continuing awards

States:

ORHP awarded 45 grants to 45 States in FY 2006

Changes to the Program:

The FLEX program is developing performance measures to show the impact the Flex funding has on CAHs and the communities they serve. In FY 2006, the program's ongoing focus on quality improvement showed that 400 CAHs reported to the CMS Hospital Compare Web Site with quality data even though they are not required to do so. Early analysis shows that CAHs actually perform better than many urban hospitals on treating pneumonia patients.

Key Program Accomplishments:

Since the inception of the Flex Program, more than 1,200 hospitals have converted to CAH status. Most of these hospitals have seen an improvement in their financial status. Most hospitals have offered new, needed services to their communities. More than 80 percent of CAHs report engaging in activities to improve the quality of care provided to patients.

In FY 2006 the FLEX grantees assisted over 900 Critical Access Hospitals, Rural Health Networks and EMS providers with over \$11 million in direct technical assistance, services, and grants to rural communities and more than 900 CAH and small rural hospitals.

Small Rural Hospital Improvement Grant Program (SHIP)

The purpose of the SHIP grant program is to help small rural hospitals do any or all of the following: 1) pay for costs related to implementation of prospective payment systems (PPS); 2) comply with provisions of the Health Insurance Portability and Accountability Act (HIPAA) of 1996; and 3) reduce medical errors and support quality improvement (QI) efforts.

State Offices of Rural Health coordinate rural hospitals' participation in the program. In FY 2006, \$14.5 million was awarded to 1,591 eligible hospitals in 46 States and Puerto Rico, each hospital received approximately \$9,000.

Changes to the Program:

Since FY 2002, the first year of the program, the number of participating hospitals has increased by 141 hospitals or approximately 10% percent.

The use of SHIP funds for reduction of medical error and quality improvement activities increased from 53 percent in FY 2004 to 60 percent in FY 2005. The use of SHIP funds for HIPAA activities decreased from 39.5 percent in FY 2004 to 34 percent in FY 2005. The use of grant funds for PPS activities remains relatively constant at 6 percent.

Key Program Accomplishments:

During FY 2006, 60 percent of the funds (\$8.8 million) were expended for projects and initiatives related to quality improvement. HIPAA activities received 34 percent of the funds (\$5 million) and PPS activities received 6 percent (\$ 900,000) of the funds. Of the 1,591 participating SHIP hospitals, 941 or 59 percent used some or all of their grant funds to invest in health information technology (HIT).

Ninety percent (847) of the hospitals used SHIP funds to secure new or upgrade existing hardware and software infrastructure that serve as the foundation for business office, security and quality improvement functions. Ten percent (94) of the hospitals expended funds on hardware or software related to business office functions such as coding, billing or accounting software. Fifty-four percent (508) identified their HIT expenditures as specific to compliance with the HIPAA security rule and 46 percent (432) invested in HIT for quality improvement activities

At A Glance

Amount Awarded:

2004: \$ 14.7 million

2005: \$ 14.8 million

2006: \$ 14.5 million

Grants Awarded:

2004: 49 continuing awards

2005: 47 new awards

2006: 47 continuing awards

Rural Health Care Services Outreach Grant Program

The Rural Health Care Services Outreach Grant Program (Outreach) encourages the development of new and innovative health care delivery systems in rural communities that lack essential health care services. The projects implemented demonstrate creative models of outreach and health services delivery. The emphasis of this grant program is on service delivery through collaboration, requiring the grantee to form a consortium with at least two additional partners.

The Outreach projects are based on demonstrated community needs, calling for involvement of the community in the development and implementation of the project. Outreach projects are community-defined and the ORHP does not limit the type of health services provided, except in-patient care. This has resulted in a broad variety of health services provided, including primary health care, dental care, mental health services, home health care, emergency care, health promotion and education programs, outpatient day care, and many others. Outreach grantees also serve a wide range of population groups, including low-income populations, the elderly, pregnant women, infants, adolescents, minority populations, and rural populations with special health care needs.

In FY 2006, 65 new and 43 continuing grants were awarded in 41 States for a total of \$17,880,245.

Changes to the Program:

For FY 2006, a change in the maximum amount of funding that applicants could request for the three-year budget period was implemented. Outreach applicants can request up to \$150,000 in the first budget period, \$125,000 in the second budget period and \$100,000 in the third budget period, for a total award of \$375,000. The Outreach program has also redesigned the way that grantees are assigned project officers. Twenty-three common focus areas were identified for the community-based teams, with project officers managing each. Grantees are assigned to project officers by the issue their grant seeks to address such as chronic diseases management, oral health, mental health, and others. This structure creates an environment where ORHP can provide specialized technical assistance, more grantee-to-grantee interaction regarding best practices, and support. In FY 2006, the Outreach program strengthened its performance improvement initiative at the programmatic and grantee level. Performance measures are being developed to meet the unique needs of the grantees. The measures will enhance the Outreach program and the quality of the services being provided by the grantees.

At A Glance

Amount Awarded:

2004: \$ 19.9 million

2005: \$ 18.8 million

2006: \$ 17.9 million

Grants Awarded:

2004: 96 continuing awards, 13 new awards

2005: 71 continuing awards, 30 new awards

2006: 43 continuing awards, 65 new awards

Key Program Accomplishments:

The Outreach grant program has had tremendous success in providing needed health services to rural communities. The program has helped to bring rural communities together to work towards a common goal, which is to improve the health and well-being of rural populations. Although the Outreach program is a three-year grant, many of the programs have continued success beyond the project period and Federal funding. The grantees are encouraged to develop creative sustainability and evaluation plans that allow their program to be expanded and enhanced.

Network Development Grant Program

The purpose of the grant is to “expand access to, coordinate and improve the quality of essential health care services, and enhance the delivery of health care in rural areas.” These grants support rural providers who work together in formal networks, alliances, coalitions or partnerships to integrate administrative, clinical, technological, and financial functions across their organizations. The funds provided through this program are not used for the direct delivery of services. The ultimate goal of the RHND Grant Program is to strengthen existing health care networks in order to achieve business (network partner return) and social (community return) competencies that increase access and quality of rural health care and, ultimately, the health status of rural residents.

Twenty three new grants and 15 continuing grants were funded in FY 2006 (38 total grants) totaling \$6,668,686.

Changes to the Program:

The Office of Rural Health Policy (ORHP) hired additional project officers and reorganized the manner in which grants were allocated to project officers. The new allocation assigns grantees to project officers by issue area instead of program. This has resulted in fewer grants per project officer and allows project officers to develop areas of expertise that may be shared across programs. The program also held a two-day grantee meeting in conjunction with the Rural Health Network Planning Grant Program. This provided opportunities for training, networking, and face-to-face interaction with the ORHP project officers.

Key Program Accomplishments:

The 38 Network Development grantees encompass over 400 individual organizations and represent a wide variety of public and private entities that support the health of rural communities. The network member organizations include many diverse partners such as critical access hospitals, universities, health departments, community health centers, and social service providers. All of the Network Development grantees have made progress streamlining processes and systems between network members. A large majority of the grantees this year have focused on improving the quality of health care delivery and staff development activities, including staff training, and recruitment and retention. Implementing or improving health care technology, including streamlining payer information, educating staff, reducing medical errors, enforcing HIPAA regulations, providing resources for clients, and implementing telemedicine, was also the focus of Network grantee activity. All grantees focused on sustainability, and grantee plans for sustaining their program once Federal funding ceases, included obtaining additional grants, partnering with State and local government agencies, procuring private investors, soliciting membership dues/fees from partners and offering cost-based products and services.

At A Glance

Amount Awarded:

2004: \$ 6.6 million

2005: \$ 7 million

2006: \$ 6.7 million

Grants Awarded:

2004: 29 continuing awards, 5 new awards

2005: 27 continuing awards, 10 new awards

2006: 15 continuing awards, 23 new awards

States:

ORHP awarded 38 grants to 25

States in FY 2006

Network Development Planning Grant Program

The purpose of the Rural Health Network Development Planning Grant Program is similar to the Network Development Grant Program in that it seeks to “achieve efficiencies; expand access to, coordinate and improve the quality of essential health care services; and strengthen the rural health care system as a whole.”

These grants support rural communities needing assistance in planning, organizing and developing a health care network. Funds cannot be used for direct delivery of health care services. The grant supports one year of planning to develop a network and help them become operational.

Fifteen new grants were awarded in fiscal year 2006 totaling \$1,222,256.

Changes to the Program:

No changes to the program in 2006.

Key Program Accomplishments:

In FY 2006 the Rural Health Network Development Planning Grant Program awarded \$1,222,356 to 15 grantees for one-year projects.

The focus of the awards varied widely from developing Statewide Electronic Medical Record systems in Wyoming to providing Mental Health Services to the Hispanic/Latino population in Connecticut.

Ohio University, a new awardee, has begun work on a project focused on activities to develop partnerships for strengthening the community's ability to identify, refer, and coordinate comprehensive care to children with developmental and behavioral disabilities in 19 rural Appalachian Counties. This project received national recognition when the project was chosen for a presentation at the National Rural Health Association Meeting in May 2007.

In 2007 several former Planning grantees were contacted by telephone to learn if they were continuing the Planning network activities that were begun with grant funds. Most of those contacted said they not only were still working together but that they had collaborated on other activities and expanded the network partnerships since the Planning grant ended.

Additionally, for FY 2007, two of the five new Rural Health Network Development Grant awardees were FY 2006 Planning grantees.

At A Glance

Amount Awarded:

2004: \$ 1 million

2005: \$ 1.6 million

2006: \$ 1.2 million

Grants Awarded:

2004: 12 new awards

2005: 19 new awards

2006: 15 new awards

States:

ORHP awarded 15 grants to 15

States in FY 2006

Rural Health Research Centers

The Rural Health Research Centers (RHRCs) Program is designed to help policy makers understand the problems that rural communities face in assuring good health and access to health care for their members. The RHRCs study issues facing rural communities in their quest to secure adequate, affordable, quality health services for their residents. This is the only Federal program that is entirely dedicated to producing policy-relevant research on health care and population health in rural areas. The work done by the Centers is also critical to helping the Office play its policy role within the Department. The research done by the RHRCs help provide important data and findings to the office's policy staff which they bring to bear in their annual review of key Departmental regulations.

At A Glance

Amount Awarded:

2004: \$ 4 million

2005: \$ 4.4 million

2006: \$ 4 million

Grants Awarded:

2004: 8 new awards

2005: 8 continuing awards

2006: 8 continuing awards

In FY 2006, 8 noncompetitive awards were made to the research centers, in eight States, totaling \$4,000,000.

Changes to the Program:

The eight RHRCs conducted 25 research projects and wrote 30 policy briefs and technical reports about their results. All RHRCs have Web sites which highlight their rural research results.

Rural Access to Emergency Devices

The purpose of the Rural Access to Emergency Devices (RAED) Grant Program is to provide funding to rural community partnerships to purchase automated external defibrillators (AEDs) that have been approved, or cleared for marketing by the Food and Drug Administration; and provide defibrillator and basic life support training in AED usage through the American Heart Association, the American Red Cross, or other nationally recognized training courses. The legislation that created this program states that awards will be made to community partnerships. A community partnership is composed of local emergency response entities such as community training facilities, local emergency responders, fire and rescue departments, police, community hospitals, and local non-profit entities and for-profit entities.

Four new grants were awarded in FY 2006 totaling \$309,408.

Changes to the Program:

No changes to the program in 2006.

Key Program Accomplishments:

In 2006, approximately 275 AEDs were placed and approximately 650 lay persons and first responders were trained in their utilization. There were no AED uses reported. AEDs have been placed in colleges, universities, community centers, local businesses, law enforcement and ambulance vehicles, fire trucks, 911 dispatch centers, and offices. The grant creates opportunities to educate the public on AEDs via advertisements, news media, schools, churches, shopping malls, restaurants, home owner associations, businesses, local government bodies, security firms, etc. The RAED Program has resulted in an increased public awareness, increased number of AEDs available and an increase in persons, first responders, and lay persons trained in their utilization in the event of sudden cardiac arrest.

At A Glance

Amount Awarded:

2004: \$ 9.2 million

2005: \$ 7.4 million

2006: \$ 309,408

Grants Awarded:

2004: 49 continuing awards

2005: 48 continuing awards

2006: 4 new awards

States:

ORHP awarded 4 grants to 3

States in FY 2006



Reauthorization of State Office of Rural Health Grant Program

Issue:

The authorization for the Federal Government to make grants to State Offices of Rural Health (SORH) has expired and must be reauthorized.

Background:

The general purpose of each SORH is to help their individual rural communities improve health care delivery systems. While funding levels and sources also vary from state-to-state, each state receives a portion of their funding from the U.S. Department of Health and Human Services' Office of Rural Health Policy through the SORH Grant program, begun in 1991. With this grant, a SORH is expected to:

- Collect and disseminate information
- Coordinate rural health resources and activities state-wide
- Provide technical assistance
- Encourage recruitment and retention of healthcare professionals
- Strengthen state, local, and federal partnerships

For more than a decade, federal matching grants have been available to the states for the purpose of supporting the work of state offices of rural health. When the program was initiated, not all states operated and supported the work of a State Office of Rural Health. There are now State Offices of Rural Health in all 50 states.

Funding for the activities of the State Offices of Rural Health represents only a portion of the support for the work that SORHs carry out. As a condition for receiving a federal grant, the State Office of Rural Health must secure \$3.00 in non-federal funding for each \$1.00 the SORH receives. The minimum grant each state is eligible to receive under the current program is \$50,000.

Congress has continued to fund the State Office of Rural Health program despite the expiration of the authorization. For Fiscal Year 2009, the House and Senate Appropriations Committees have recommended an appropriation of approximately \$9 Million for the State Office of Rural Health grant program.

Discussion:

When the State Office of Rural Health grant program was initiated in the early 1990s, only a handful of states had formally established State Offices of Rural Health. Today, there is a rural health office

operated and maintained in all 50 states. The federal grants are an important component that allows these offices to meet the challenges faced in recruiting and retaining healthcare professionals in rural underserved areas, assisting rural residents in accessing these professionals, and serving as an important focal point for technical assistance to rural communities as they strive to meet the health needs of their citizens. The SORHs have extensive experience in developing and implementing local and statewide healthcare and community development initiatives and are ideally suited to assisting elected officials in addressing community needs.

In urging Congress to reauthorize the SORH grant program, we are recommending some changes to the program to allow it to better focus federal resources on key rural health initiatives.

We are recommending that Congress retain the matching component of the SORH grant program; however we are recommending that the minimum grant be raised from \$50,000 to \$150,000. Current appropriations would support this change and are reflective of current funding levels available to the states.

In addition, we are recommending that Congress remove the aggregate cap on funding that was put into place when this program was originally created in 1997. We believe the work and activities undertaken by the State Offices of Rural Health justify this change and will allow states to better conduct long-range planning. Congress would continue to retain the authority to fund this account through the annual appropriations process.

Finally, we are recommending some technical changes to the underlying authorizing language to clarify both the intent of the program.

A copy of the proposed new Section 254r has been attached for your review

Recommendation:

Reauthorize the State Office of Rural Health program and make the NOSORH recommended changes.

For more information about the State Office of Rural Health grant program, please contact your SORH or contact:

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