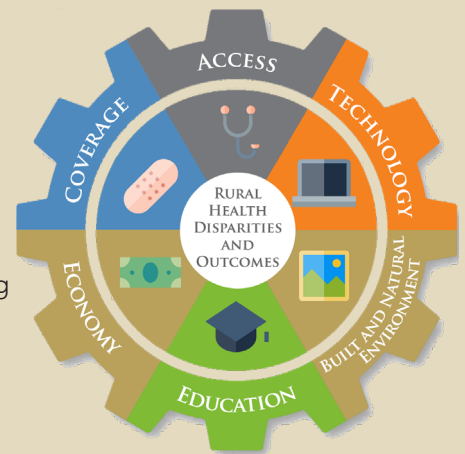


# MAKING CONNECTIONS: RURAL ECONOMIES AND HEALTH

There are a number of troubling population health trends that present challenges to rural health today. Persistent issues like higher rates of risky health behaviors, lower rates of health insurance coverage, and physician shortages are creating pressure on rural health systems to intervene in order to improve care, enhance quality of life, and decrease costs.

These trends weave together to tell a story based on the interplay of multiple factors and the resulting outcomes they produce. To better understand the big picture, it is important to recognize the relationships that exist between well-being and contributing factors both inside and outside of the traditional health care system.

The Georgia Health Policy Center (GHPC) has long-standing expertise in assisting rural communities to improve health and health care delivery in an effective and sustainable manner. GHPC created this series as a supplement to its *Understanding the Rural Landscape* learning module. This series explores the range of elements that influence rural health, with special emphasis on the unique challenges and innovative solutions emerging in rural communities. This installment of the series will specifically examine the relationship between rural health and rural economies.



## ECONOMIC TRENDS IMPACTING RURAL AREAS

Economic stability and growth, whether at the individual, community, or national level, are closely tied to the health of rural residents. As one of the primary social determinants of health, an individual's economic stability can be viewed as a root cause of illness and a driver of access to care, which is why it is important to look at the impact of recent economic events in the United States, as well as how the economy is tied to health outcomes in rural communities.

The Great Recession in 2007 and subsequent recovery period (mid-2009 to present) shocked the entire system, but for a variety of reasons, rural areas were particularly vulnerable to the negative impacts of this economic downturn.



Prior to the Great Recession, economic shifts in many industries already strained rural economies. Over the last few decades, the move of manufacturing to foreign locations and manufacturers' increasing automation had a large and negative impact on rural communities, which tend to rely more on goods production (e.g., manufacturing) than urban areas. This pre-existing strain on rural communities was exacerbated by the Great Recession, driving more rural residents into poverty and unemployment.<sup>1</sup>

The entire country — urban, suburban, and rural — saw increases in unemployment rates and long-term unemployment, a decrease in median household income, and an increase in poverty.<sup>1</sup> However, rural areas generally have been slower in recovery than urban areas and continue to lag behind metropolitan areas in job growth and employment rates.<sup>2,3</sup>

<sup>1</sup> U.S. Department of Agriculture Economic Research Service. (2016, November). *Rural America at a glance, 2016 edition*. Washington, DC: Author. Retrieved from <https://www.ers.usda.gov/publications/pub-details/?pubid=80893>

<sup>2</sup> Bishop, B. (2017, August 21). Rural job growth continues its anemic pace compared to metro. *The Daily Yonder*. Retrieved from <http://www.dailyyonder.com/rural-job-growth-continues-anemic-pace-compared-metro/2017/08/21/20911/>

<sup>3</sup> U.S. Department of Agriculture Economic Research Service. (2017, November). *Rural America at a glance, 2017 edition*. Washington, DC: Author. Retrieved from <https://www.ers.usda.gov/publications/pub-details/?pubid=85739>

To better understand the rural predicament, it is important to look at the building blocks of the local economy, including data on poverty. During periods of relatively stable economic conditions, individuals in rural areas, regardless of racial/ethnic identification, consistently experience higher poverty rates than urban dwellers.<sup>4</sup> Nationally, rural unemployment has recovered to prerecession levels; however, given the persistent poverty rates, it is unclear to what extent rural communities have been able to attract quality jobs with livable wages and benefits.

Trends indicate that rural population growth has stalled, and in some areas, population loss is a serious threat to the economic viability of communities. The aging of the rural populations is exacerbated by a trend in fewer births and an exodus of younger residents to more urban areas. The outmigration of younger generations can strain local economies, as those leaving take with them the potential knowledge and skills necessary for a robust workforce.

On the other hand, immigration and migration of foreign-born workers to rural areas have been a positive factor for population growth and the local economy in some places, according to research from Mississippi State University, which found immigration to rural areas is associated with increases in per capita wages, as well as decreases in poverty and unemployment.<sup>5</sup> Immigrants have helped to offset population loss in some communities, and areas where immigrants are thriving seem to have strong local economies. Yet, questions remain about how to address the challenges of population decline and/or a changing demographic.

## UNIQUE RURAL ECONOMIES

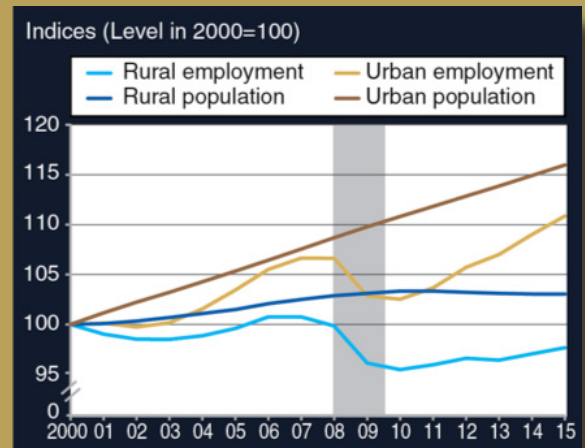
Rural communities are nonuniform in their economic composition and the proportion of industry that drives the local economic engine. Though similarities can be drawn across some communities in their dependence on specific forms of industry, such as mining or agriculture, the regional economic context lends better insights into the ties between economy and health.

Over time, the industries that historically brought prosperity to rural regions have shifted. While rural communities continue to be more dependent on goods production than their urban counterparts, some sectors like manufacturing markedly declined even before the Great Recession took hold. Long-term trends indicate that manufacturing jobs have relocated to other countries, or U.S.-based manufacturing companies have gone out of business due to increasing pressure from globalization. Additionally, many remaining manufacturing companies have downsized because of automation.

The USDA's *Rural America At A Glance* briefs show the economic reality for rural communities as they continue their recovery from the Great Recession.

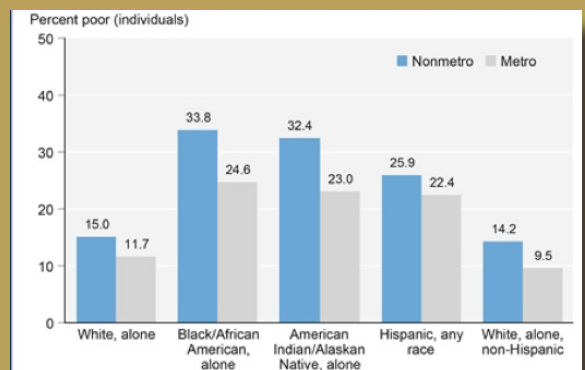
- Manufacturing-dependent areas fared poorly in the economic recovery, as did communities that were more reliant on government or had no specialized industry.
- The services sector remains the largest economic industry in rural areas; however, goods production comprises a much greater share of rural economies than of urban counterparts.<sup>5</sup> This reliance on goods production in rural areas has proven to be a vulnerability in recent decades. Even agricultural jobs in rural areas have disappeared as a result

Rural employment has grown slowly in recent years while rural population has declined slightly.



Source: USDA, Economic Research Service. (2016). *Rural America at a glance*, 2016 edition.

Poverty rates by race, ethnicity and metro, nonmetro residence, 2016

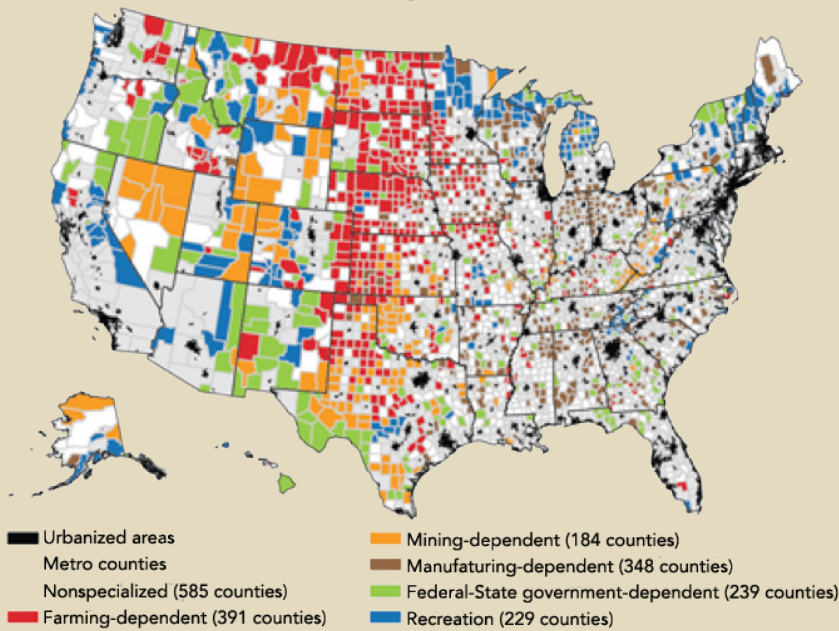


Source: USDA, Economic Research Service. (2016). *Poverty demographics*.

<sup>4</sup> U.S. Department of Agriculture Economic Research Service. (2015, October 25). Poverty Demographics. Washington, DC: Author. Retrieved from <https://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/poverty-demographics/>

<sup>5</sup> Marema, T. (2015). Immigration linked to rural economic gains. *The Daily Yonder*. Retrieved from <http://www.dailyyonder.com/immigration-linked-rural-economic-gains/2015/04/19/7817/>

### Rural counties vary in their economic structure with marked regional differences



Note: The 2015 county typologies use data from 2010 - 2012.

Source: USDA, Economic Research Service. (2015). Rural America at a glance, 2016 edition.

of technological advancements that reduce the need for manual labor.<sup>1</sup>

- Within the health care sector, many rural hospitals have faced financial challenges, resulting in some of them closing permanently.

The National Rural Health Association reports that 56 rural hospitals closed between 2010 and 2015, and an additional 283 were categorized as in financial distress with a high likelihood of closure. Not only does this have implications for health care and access, but there are also potential detrimental effects on the local economies of rural communities when a hospital shuts down. Rural hospitals provide 10% to 15% of local jobs, which often have higher wages than other jobs in the surrounding areas. The National Center for Rural Health Works (NCRHW) estimates that for every \$1 that is lost in hospital wages, an additional 21 cents is lost throughout the community.<sup>6</sup> The

economic consequence of losing these community resources is significant. Additionally, NCRHW reports that for every 100 hospital jobs lost in a rural community, another 35 jobs are lost in other sectors.<sup>6</sup> The importance of rural hospitals to rural economies, as well as the health of residents, cannot be overstated.

## OTHER FACTORS IMPACTING INDIVIDUALS

Research shows that rural residents tend to be less healthy than their urban counterparts. Economics and health are inextricably linked, as access to health insurance is closely tied to employment or lack thereof. The economic uncertainty resulting from the Great Recession impacted individuals' health care decisions, with people tending to forego medical care during the recession and self-reporting a deterioration in health status.<sup>8</sup> A review of health during the recession found the recession had detrimental impacts on health, especially mental health.<sup>9</sup> These findings have implications for the way that health systems design and promote health care in rural communities and can inform strategies to strengthen community resilience in the face of any future economic downturns.



Access to insurance coverage is another factor that has economic implications to the individual and community given the high rates of underinsured and uninsured rural residents. Uninsured individuals may find themselves with huge medical bills they cannot afford to pay if they do access health care. Providers, including rural hospitals, also bear the financial consequences of serving a disproportionately uninsured population through provision of uncompensated care. Each side of this complicated equation strains the economic health of the community.

<sup>6</sup> Eilrich, F., Doeksen, G., & St. Clair, C. (2015, July). *The economic impact of recent hospital closures on rural communities*. Stillwater, OK: National Center for Rural Health Works. Retrieved from <http://ruralhealthworks.org/wp-content/files/Impact-of-HospitalClosure-August-2015.pdf>

<sup>7</sup> Rural Health Disparities. (2017). Retrieved from <https://www.ruralhealthinfo.org/topics/rural-health-disparities>

<sup>8</sup> Towne, S. D., Jr., et al. (2015, March). Difference in the effects of the Great Recession on health outcomes among minority working-age adults. *Journal of Racial and Ethnic Health Disparities* 2(1), 43-52.

<sup>9</sup> Margerison-Zilko, C., Goldman-Mellor, S., Falconi, A., & Downing, J. (2016, March). Health impacts of the Great Recession: A critical review. *Current Epidemiology Reports* 3(1), 81-91. Retrieved from <http://faculty.ucmerced.edu/sgoldman-mellor/wp-content/uploads/2015/06/Margerison-Zilko-et-al.-2016-Current-Epidemiology-Reports.pdf>



## INNOVATION: PROMISING RURAL ECONOMIC INNOVATIONS



In many cases, rural economies are being challenged to revive themselves through a long-term process of innovation. Examples of rural economic innovation abound and are not limited to the industry sectors typically associated with rural communities. Some communities have successfully explored renewable energy, such as solar farms in Georgia and wind farms in the West and Midwest. Farmers' bureaus are innovating educational opportunities by developing skills-building programs to strengthen the local workforce. Others are attracting institutions of higher education to locate in rural communities and supporting immigrants in the development of microenterprises.

Alongside broader economic innovations, rural health care systems are finding new ways to care for their communities that are both financially viable and have the greatest impact on health at the community and individual levels. Given the importance of health care systems to the local economy, it is essential that wide-reaching plans for rural economic development are inclusive of the community's health care needs and any existing health system partners.

Rural health systems are adapting in unique ways at a very rapid pace. Some of this change is driven by larger forces within the health industry, while some change is driven by local demographics and economics. Whatever the impetus for change, there are many examples of creative and successful strategies that rural health systems have developed to solve health economics issues. An ever-growing and expanding resource for rural health is telehealth, which can be used across a broad array of settings, including specialty care and behavioral health care. These tools can reduce the travel burden on patients, mitigate health care provider shortages, and enable access to a broader array of care than would otherwise be available face-to-face. Providing rural communities with the resources to implement telehealth, as well as attract and train the workforce, will undoubtedly continue to be a necessary strategy.<sup>10</sup>

In areas where hospitals have been closed or are at risk for closure, communities are looking closely at the health care needs of their population and figuring out care structures that will work with or without a hospital in the continuum. Some communities are working out innovative partnership and contracting arrangements, like in the case of Norfolk, Neb., which lost its critical-access hospital in 2014. A nearby health system in Tilden, Neb., entered into a leasing agreement with the small town to take over the hospital and clinic. Faith Regional Health Services no longer runs a full-service hospital in Norfolk, but has transformed the former hospital site to offer a comprehensive array of health care for the community.<sup>11</sup>

## IMPLICATIONS

Finding solutions to both short-term and long-term systemic barriers to economic growth and anticipating future economic trends can help communities strategize and innovate in order to strengthen both health outcomes and local economies. Successful strategies that are customized to the unique considerations in rural settings should be disseminated and leveraged for a variety of purposes, including to inform policymakers and decision-makers. Rural communities have a long track record of innovation when faced with challenges, and there continue to be rural thought leaders and champions that are paving the way for a bright and healthy future in rural communities.

<sup>10</sup> Bipartisan Policy Center. (2018, January). *Reinventing rural health care: A case study of seven upper Midwest states*. Washington, DC: Author. Retrieved from <https://bipartisanpolicy.org/library/reinventing-rural-health-care/>

<sup>11</sup> St. Clair, A. (2018, February 28). *Rethinking rural health solutions to save patients and communities*. Washington, DC: National Public Radio. Retrieved from <https://www.npr.org/sections/health-shots/2018/02/28/588826085/rethinking-rural-health-solutions-to-save-patients-and-communities>