

OPINION

By Mark Craig
and Ed Fraumenheim

The heartland is under attack these days, preyed on by a health insurance industry that is bleeding rural hospitals to death in Georgia and throughout the country.

Using loopholes in the federal Medicare Advantage program in particular, private insurance corporations are squeezing community hospitals to pad their already hefty profits.



Mark Craig



Ed Fraumenheim

The Write-Off Warrior, a research and advocacy firm focused on serving rural health systems, surveyed more than 35 rural

hospitals in Georgia and across the United States. We found insurance companies requiring cumbersome approvals for standard treatments such as inpatient hospital stays and skilled nursing services, while denying payments or delaying them for weeks on end.

In addition, insurers use their outsize bargaining power to shrink the reimbursement fees they pay to smaller hospitals. Those reimbursements are literally the lifeblood of hospitals, making up the majority of their revenue.

At the same time, insurance corporations are pushing more and more costs onto patients in the form of high deductibles and copays. Although 90% of Americans have some form of health insurance, 20 million people now owe medical debt. Hospitals are forced to collect copays and deductibles, pitting struggling patients against strapped rural health care providers.

In sum, insurance payer practices are eroding patient care, forcing patients to delay care, bankrupting many patients who do receive care and threatening the viability of rural hospitals – the heartbeat of America's small towns.

Jeff Davis Hospital in Hazlehurst, Georgia, is among the rural health systems stressed financially today. Last year, the hospital dipped into the red for the first time in seven years. Barry Bloom, the hospital's chief executive, says the hospital might run at a loss again this year, thanks in large part to the impact of Medicare Advantage plans and other insurance industry practices.

Bloom and his board of directors are facing a decision no rural

Insurance companies are bleeding our rural hospitals and communities dry

Their payer practices erode patient care, force delays in care, bankrupt many patients who get care and threaten vulnerable medical centers.



Insurers use their outsize bargaining power to shrink the reimbursement fees they pay to smaller hospitals. Those reimbursements are literally the lifeblood of hospitals, today's contributors write. KHN 2021

leader wants to confront. As giant insurance players siphon more and more dollars from small rural hospitals, how can local hospitals remain viable? How can they cut costs without harming patient care? And if they merge with a larger system, will that mean a serious drop in quality care for the community?

"We have to ask whether at some point rural facilities are not going to be able to survive as independent hospitals," Bloom says. "Are we going to go to that scenario of being,

basically, Band-Aid stations?"

Growing evidence of a problem

Traditional Medicare is a health insurance program for senior citizens funded by U.S. taxpayer dollars and taxpayer contributions over a lifetime of work. Through the Medicare Advantage program, federal funds flow to private insurance corporations, which then reimburse hospitals for patient treatments.

Federal law enables Medi-

care Advantage providers to require prior authorization for a range of services. But rural hospital leaders say insurance companies are violating the spirit of the law by requiring approvals for routine procedures and frequently denying medically necessary services, including MRIs and inpatient rehabilitation stays.

Our interviews with rural hospital leaders show they are hurting badly under current payer practices. Insurance companies, meanwhile, have

been posting record profits. In 2023, the top five insurers had profits of more than \$40 billion. Much of that business growth comes through Medicare Advantage.

In our survey, 73% of rural hospital leaders singled out Medicare Advantage plans as their most challenging insurance payer. Problems with payments from Medicare Advantage plans and hardball rate negotiation tactics have direct impacts on patient care, rural hospital leaders told us. These include cutting services such as maternity care and mental health services, putting off facility upgrades and limiting staff pay increases – which means difficulty attracting and retaining great talent.

"The odds are stacked against rural hospital survivability," says Jimmy Lewis, chief executive of HomeTown Health, a Georgia-based organization that advocates for rural hospitals. "The increasingly difficult negotiation and communication with insurance companies and the expansion of red tape and processes related to authorizations and appeals over denials causes a heavy burden with direct impacts on the bottom line."

In fact, a dozen rural hospitals have closed in Georgia since 2000, and another 18 are at risk at closing.

Expose the vampire?

Rural hospital leaders and advocates are calling for a number of reforms, including faster approval decisions and forcing Medicare Advantage providers to reimburse hospitals at the same level as traditional Medicare.

Rural hospitals are fighting for their lives. It's the tale of Count Dracula, who lived in his well-appointed castle while gradually devouring the nearby community. A health insurance industry dripping with profits and armed with lobbyists is quietly sucking the lifeblood out of rural hospitals and their communities.

It's time to sound the alarm and prevent more hospitals from closing. We must bring sunlight to dark practices that are doing grave harm to rural Georgia and the entire American Heartland.

Mark Craig is chief executive of The Write-Off Warrior, a Georgia-based research and advocacy firm focused on serving rural health systems.

Ed Fraumenheim is an author focused on business and culture matters. He has co-authored books including "Good Company: Business Success in the Worthiness Era."