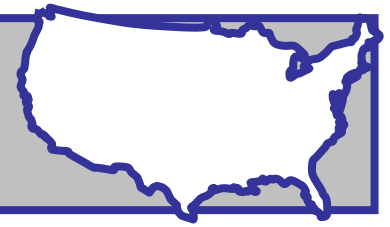


National Center for Rural Health Works



December 2005

NEWSLETTER

National Center for Rural Health Works

HOLIDAY WISHES

The staff of the National Center for Rural Health Works (RHW) wishes everyone a very joyous Christmas and New Year season. The past year has been great and we look forward to working with each of you in the New Year. We also wish to thank those of you who responded to our quick survey of outcomes from RHW.

As you know, RHW, as well as other rural health programs and projects, were not included in the budget and the House defeated the bill and the process began again. All efforts were made to restore funding to all rural health programs and projects. The latest version of the bill has restored funding to most of the rural health programs.

In this newsletter we want to update you on RHW activities. You may wish to add some of the new RHW products to your State RHW program tool chest. We welcome and encourage your ideas and suggestions as to new tools or other activities which may enhance RHW in your state.

NEW PRODUCTS

Last year two new applications of the economic impact model were included the RHW work plan. These included: (1) measuring the impact of a new hospital on a community's economy and (2) measuring the impact of a federally qualified health center (FQHC) on a community's economy.

Impact of a New Hospital

RHW developed a template and study of the impact of the construction and operation of a new hospital on a community economy. The impact of a new hospital creates jobs and income during the construction phase as well as the operational phase. The pilot study was for a new hospital costing approximately \$5 million. During the construction year, 81 jobs with a payroll of \$2.6 million were created from the construction of the new hospital; these jobs include both the direct construction jobs and the secondary jobs in other industry sectors in the community.

Once the hospital became operational, the hospital generated 57 total jobs with a payroll of \$2.1 million. These jobs include both the direct jobs in the hospital and the secondary jobs in the other industry sectors in the community. The new hospital was constructed and is now operating in a community of 3,000 residents.

The final publication, “The Economic Impact of the New Hospital on the Economy of Drumright, Creek County, Oklahoma,” was written in January 2005 and is available on the RHW website.

Impact of a Federally Qualified Health Center (FQHC)

RHW developed a template and study of the impact of a federally qualified health center (FQHC) on a community’s economy. The impact is created from the services of physicians, dentists, and other medical professionals, pharmacy, home health, and other medical and health services.

The pilot study was for a FQHC in a community of 1,500 residents. The FQHC employs 136 direct jobs and created an additional 37 secondary jobs, for a total employment impact of 173 jobs. The FQHC has a payroll of \$7.8 million and generated another \$1.1 million in payroll in other businesses, for a total income impact of \$8.9 million. The FQHC generated \$2.6 million in retail sales in the community due to both the direct and secondary FQHC activities.

The final publication, “The Economic Impact of the Central Oklahoma Family Medical Center on the Economy of Konawa, Oklahoma” was written in August 2005 and is available on the RHW website.

OUTCOMES

OF NATIONAL CENTER FOR RURAL HEALTH WORKS

RHW was asked to provide a short report of the Center’s 2004-2005 outcomes. The November 2005 report illustrates both process outcomes and quantifiable outcomes. Here is the report:

QUANTIFIABLE OUTCOMES of the National Center for Rural Health Works

The primary purpose of the National Center for Rural Health Works is to provide technical assistance and training in measuring the economic impact of the health sector on local, regional and state economies. The Center also provides and develops health service feasibility studies and community health engagement processes. In addition, the Center develops new applications and health service specific business planning tools.

The Center’s primary mode of delivery is to provide the tools and activities to RHW-trained teams to implement programs within specific states. The single most important outcome is for the state teams to apply the RHW tools to improve and enhance health services in rural communities, while building rural economies. Each state commits its own resources to initiate and develop a Rural Health Works program. They receive no funding from RHW. Currently, there are 33 states with active programs.

The outcomes for the National Center can be classified as process outcomes resulting from technical assistance and training and quantifiable outcomes from improvement and enhancement of health delivery systems in rural communities and states.

Process Outcomes (2004-2005)

Objective 1. Provide Technical Assistance and Training for New Professionals.

Activity 1. Two regional workshops trained 16 participants representing 15 RHW states; 8 participants subsequently initiated new programs and 8 expanding existing RHW activities.

Activity 2. RHW staff responded to over 300 requests for technical assistance.

Objective 2. Develop New Applications of the Impact Model to Policy Relevant Issues.

Activity 1. Developed a model for assessing the impact of a new hospital and its related construction on a community's economy. This model illustrates jobs and income during construction & operation.¹

Activity 2. Developed a model for assessing the impact of an FQHC on a community's economy.²

Activity 3. Assisted in the development of a model to assess the economic return on investment associated with State Office of Rural Health Programs

Objective 3. Enhance National Awareness of RHW.

Activity 1. Initiated a project with NACo, demonstrating community health engagement processes in 3 counties in three states. NACo officials were extremely pleased and wish to continue and expand the project

Activity 2. Promoted RHW through presentations at over sixteen regional and national meetings.

Objective 4. Communicate Rural Health Works Activities.

Activity 1. Kept website current with up-to-date materials.

Activity 2. Communicated with and sought input from both managing committee and national advisory council.

Quantifiable Outcomes (2004-2005)

Ultimately, the success of the National Center for Rural Health Works must be measured through the outcomes at the rural community level. Each state RHW team applies the tools consistent with local needs. The overall measure of success of the program is based on whether these state teams accomplished the development of healthier rural communities and economies. This is difficult to measure since there are thirty-three states with active programs and each state program is unique and at different points of development; a recent email survey of the professionals in the thirty-three states indicated the RHW tools and processes have substantially contributed to the following:

- Development of a kidney dialysis unit.
- The decision of a hospital to convert to a critical access designation.
- Local support for physician recruitment.
- Successful community engagement and associated increased use of local health services.
- Development of a rural nursing program.
- Expansion of hospital services.
- Local support for voluntary taxation to aid health services.
- Support for the development of state legislation (Medicaid funding).

¹ In a community of 3,000 residents, total construction costs was \$5 million; 81 temporary jobs were created from the construction with a payroll of \$2.6 million; when operational, the hospital created 57 total jobs with a payroll of \$2.1 million.

² In a community of 1,500 residents, the FQHC employed 136 with a payroll of \$7.8 million; total impact in the community was 173 jobs with a payroll of \$8.9 million; this payroll generated \$2.6 million in retail sales.

Of the nine states responding to the survey, they reported twenty-eight specific community or state outcomes. For illustrative purpose, only four outcomes are quantified below:

	(1) Kidney Dialysis Unit ¹	(2) Convert Hospital to CAH ²	(3) Recruit Primary Care Physician ³	(4) Community Health Engagement
COMMUNITY OUTCOMES				
Revenue Generated	\$814,000	\$500,000	\$342,744	\$1,236,000
Jobs Created	5	-	3	9
Wages & Salaries Paid	\$217,000	-	\$220,000	\$205,147
% Attributable to RHW	100%	50%	33%	100%
PORTION ATTRIBUTABLE TO RHW				
Revenue	\$814,000	\$250,000	\$113,105	\$1,236,000
Jobs Created	5	-	1	9
Wages & Salaries Paid	\$217,000	-	\$72,600	\$205,147
Output Multiplier	1.4	1.5	1.5	1.5
Employment Multiplier	1.5	-	1.4	1.55
Income Multiplier	1.4	-	1.3	1.47
IMPACT OF RHW PROJECT				
Revenue	\$1,139,600	\$375,000	\$108,900	\$1,854,000
Jobs	7.5	-	1.4	14
Income	\$303,800	-	\$94,380	\$307,720

¹ From Oklahoma; ² From Illinois; ³ From Virginia; ⁴ From Oklahoma
(All based on Jonathan Sprague's SORH methodology)

The National Center for Rural Health Works, in only six years, has built thirty-three state programs and each state has numerous outcomes. Although the exact value of these outcomes has been difficult to determine, the table above begins to illustrate these outcomes. Based on the responses to our email survey, sixty outcomes from all RHW states is a conservative estimate for 2004-2005. Using the average outcome from our four examples, the total revenue generated would be \$52.1 million, jobs created would be 330, and wages and salaries would be projected at \$10.6 million. This clearly documents a very high benefit-cost ratio of RHW from its \$100,000 grant from the Federal Office of Rural Health Policy. The simple fact that thirty-three state programs exist without any direct Rural Health Works funding is significant. One state program leader recently shared the following statement:

“Our State Rural Health Works needs the support, assistance, guidance, and training that the National Center for Rural Health Works can provide. Our State Rural Health Works is in support of continued funding for the National Center for Rural Health Works from the federal Office of Rural Health Policy.”

2004-2005 TRAINING SESSIONS

Two RHW workshops were presented during 2005 in Atlanta, GA, and in Oklahoma City, OK. Eight professionals attended the workshop in Atlanta. Professionals from Arizona, Arkansas, Alabama, Pennsylvania, Mississippi, Tennessee, Georgia, and Wyoming attended. Five of the participants were assigned responsibilities for initiating the Rural Health Works program in their state. Eight professionals attended the workshop in Oklahoma City. Participants were from South Carolina, Washington, Nebraska, Nevada, Florida, Iowa, and Idaho. Three professionals attending were assigned responsibilities for initiating the Rural Health Works program in their state. The five other professionals attending were planning to expand their state RHW programs. Workshop evaluation forms were completed at both workshops by the attendees and the results were extremely positive.

NATIONAL ASSOCIATION OF COUNTIES (NACo) PROJECT

The National Center for Rural Health Works worked closely with NACo officials to facilitate a community health engagement process in Mason County, Washington, Grand County, Colorado, and Pondera County, Montana. Four products were generated for each county:

- Economic impact analysis;
- Health resources directory;
- Community health survey; and
- Health data and information report.

The reports for Pondera County, Montana, are included on the RHW website. NACo and local county officials were extremely pleased with the process and recommend it for other counties.

WEBSITE

The website has been refined and improved. Be sure to check it out and give your feedback. A section has been added which includes reports completed by RHW programs in other States across the nation:

“Estimating Spending for Local Health Care.” Garen K. Evans, Ph.D., Department of Agricultural Economics, Mississippi State University. Presented at the 2005 Annual Meeting of the Southern Regional Science Association.

“Healthcare Spending in Mississippi.” Garen K. Evans, Ph.D., Department of Agricultural Economics, Mississippi State University.

“The Contribution of the Hospitals to the Nevada Economy.” Thomas R. Harris, Director, University Center for Economic Development, University of Nevada, Reno, Technical Report, UCED 2005/06. Published by the University of Nevada Economic Development Center.

‘The Economic Impact of the Health Sector on Rural Ohio, 2002.’ Prepared for Ohio Department of Health, Rural Health Section. Prepared by Susan Isaac, The Institute for Local Government Administration and Rural Development, Ohio University’s Volnovich Center for Leadership and Public Affairs. June 2005.

“Impact of Hospitals on Communities Across Tennessee.” Bill Jolly, Tennessee Hospital Association. 2005.

2005-2006 WORK PLAN

This year our work plan includes:

- Developing two new impact applications;
- Conducting two regional training workshops;
- Adding publications and success stories from RHW professionals to our website;
- Marketing RHW; and
- Providing technical assistance as needed.

Please give us your ideas relative to these work plan items. For example:

1. Let us know if there are any specific new rural health impact applications that would benefit you.
2. Tell us if you or anyone else you know would like to attend a RHW training session.
3. Share with us your success stories and publications to include in future newsletters and on the website.

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