

CENTER *for* RURAL AFFAIRS



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STATEMENT OF THE CENTER FOR RURAL AFFAIRS EXPANDING HEALTH CARE COVERAGE CRUCIAL FOR RURAL NEBRASKANS

Nebraska has an unprecedented opportunity to expand health care coverage to its working citizens most in need of it. The Affordable Care Act provides a new initiative to provide health care coverage for working adults under the age of 65 who do not qualify for Medicaid. This segment of the population has historically been difficult to insure because they fall in the gap between public insurance eligibility and available, affordable private health insurance. As such, the health of these Nebraskans and their families is compromised because they delay or do not seek needed health care. The costs of the health care many of these working Nebraskans do obtain is often among the “hidden health tax” that all insured Nebraskans pay to cover the full cost of uncompensated health care provided by our hospitals, clinics and other health care providers. It is estimated each insured Nebraskan pays an additional \$1,000 in health insurance premiums due to the “hidden health tax.” The Governor speaks of the “unfunded mandate” this new initiative would place on the state. He should, however, be concerned about the “hidden health tax” placed on every insured Nebraskan. Taking advantage of the opportunity afforded by the Affordable Care Act will help mitigate the “hidden health tax.”

Nowhere are these issues more critical than in rural Nebraska. Generally lower incomes, higher uninsured rates, and less access to private, employer-based health insurance all work together to make this opportunity a critical need for rural people. In addition, the rural health care infrastructure is reliant to a great extent on Medicaid and other public health insurance programs. Rural physicians, hospitals and clinics all receive a higher portion of their revenue from public health insurance programs than do urban providers. Physicians in rural areas are more likely to participate in the Medicaid program and accept all or new Medicaid patients, and research shows practicing medicine in a rural area is one of the factors associated with higher physician Medicaid participation. These factors make it more likely that those who receive health insurance coverage under the new Affordable Care Act initiative will receive the health care they need when they need it.

Nebraska’s participation in the new Affordable Care Act initiative will also create jobs and economic activity in rural communities. Numerous studies have found that Medicaid spending generates economic activity including jobs, income and state tax revenues. For example, a study

in Idaho found that Medicaid spending in rural counties results in total county economic activity five times the original investment. Health care services are also among the fastest growth areas in the rural economy. Expanding health insurance coverage will result in more need for those services, thus more job opportunities in our rural communities. Nebraska is in serious need of economic opportunities and well-paying jobs and careers. Taking advantage of an opportunity to expand health insurance coverage is one way to improve the rural economy.

Failing to take advantage of this opportunity does nothing more than create a new health care “doughnut hole” – leaving these working Nebraskans and their families with nothing in terms of health insurance coverage. Nebraskans potentially in this “doughnut hole” deserve better. Their health literally depends on it.