

What's Economic Development Got to Do With It?

The Economic Impact of Healthy Rural Communities

Patrick Woodie

Healthy people are vital to a community's ability to be economically competitive. Sustainable rural economic growth requires a healthy workforce supported by accessible and affordable local health systems. The issues facing rural health access are complex but there are tangible steps that can be taken to address them.

From the moment we opened our doors in 1987, the North Carolina Rural Center has worked in our state's rural communities to promote entrepreneurship, create living-wage jobs, and develop thriving and sustainable local economies. Our work has put us front and center in our state's least populated and most economically disadvantaged places, working closely with low- to moderate-income individuals and communities with limited resources. For more than 30 years, we have focused on economic development, ensuring that the residents of rural North Carolina have access to well-paying jobs and a high quality of life.

We have learned a lot in those 30 years, and while our mission has never wavered, our scope of work has broadened and our definition of economic development has evolved. Jobs are not created in a vacuum; for communities to be economically stable, they need well-resourced education systems, modern physical and digital infrastructure, dedicated civic leadership, and, perhaps most importantly, access to affordable health care.

Health Care as a Rural Economic Engine

Healthy people are essential to a community's ability to be economically competitive. A community without a robust health care system is a non-starter for business recruitment, and existing industries and job-creating entrepreneurs need reliable health care for themselves, their employees, and their families. Health care is foundational to economic development, but far too many of our rural communities are built on crumbling foundations. There are 57 medically underserved areas in North Carolina. There are an additional 20 "partially rural" areas, making a total of 77. There are 34 medically underserved urban areas [1].

In places where the health care industry is strong in rural North Carolina, it is a vital economic engine. The health sec-

tor is a leading source of professional, living-wage jobs—jobs that are badly needed in our most distressed rural communities. The health sector alone employs 179,000 people in our rural counties, generating \$2.4 billion per year in taxable wages [2]. From 2000 to 2017, a period encompassing the economic turmoil of the Great Recession, taxable wages for health careers in rural North Carolina increased by 37%, while wages for all other industries in rural counties decreased by 2% [2].

Health care is not just a necessary life-giving and life-sustaining service for rural people—it is also a vital segment of the rural business ecosystem. On a statewide scale, the importance of our health care providers and systems becomes even clearer. North Carolina's physicians have a nearly \$30 billion annual impact on our state's economy [3]. In 2017, health care and social systems in North Carolina accounted for 7% of our state's gross domestic product, totaling \$35.8 billion [4]. Simply put: health access is a lifeline for our rural communities—not just for the people who call those places home but also for their local economies.

The Rural Health Challenges

In April 2017, the Rural Center launched our "Rural Road Trip," a yearlong, 80-county effort to visit our state's local rural leaders and converse with them about the challenges facing each of their communities, as well as the successes they have had in overcoming those challenges. Throughout our conversations, again and again, access to quality and affordable health care was highlighted as one of the most pressing concerns of local rural leaders.

Health Insurance Coverage Gap

One of the biggest challenges facing rural North Carolina is the health insurance coverage gap. The Patient Protection and Affordable Care Act (ACA) tried to improve the affordability and availability of health insurance by offering sub-

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sidies for people earning between 100% and 400% of the poverty level. However, subsidies are unavailable in North Carolina for individuals making less than 100% of the poverty level. Nearly 400,000 North Carolinians live day-to-day in the health insurance coverage gap, meaning they do not qualify for Medicaid yet cannot afford the high costs of unsubsidized insurance premiums.

Research from The George Washington University found that closing the gap would save almost \$3.5 billion in uncompensated care—the costs that health systems and hospitals absorb in order to treat those who cannot afford to pay for their own care [5]. Closing the gap does not just matter for those without health insurance. It also matters for those with insurance. Uncompensated care costs get passed on to

those who can afford to pay out of pocket or already have health insurance, raising health care costs for everyone.

North Carolina has the 5th-highest rate of uncompensated care in the nation, and our rural hospitals experience higher rates than their urban counterparts [6]. This means too many rural hospitals and health systems operate with razor-thin profit margins. The result is more rural hospitals operating in chronic financial uncertainty and some even closing their doors entirely.

Finding a solution would provide much-needed financial relief to our rural health systems. It would also be a major economic boon to North Carolina. In a 4-year period, closing the coverage gap would result in more than 43,000 new jobs being created in our state, and would generate more than

\$21 billion in business activity. That translates into \$860 million in additional tax revenue for North Carolina [5].

Closing the health insurance coverage gap is possibly the most significant single action that could be taken to bolster rural health care in our state, and in the process, it would help catalyze our rural economies. Hard-working families could live without the specter of potential bankruptcy due to an unforeseen health crisis. Newly insured budding entrepreneurs could take the risk of starting their own businesses. And rural hospitals and health systems could get on track toward financial stability, which would benefit the economies of their entire communities.

Telemedicine and Access to Broadband Internet

Telemedicine is the future of rural health care delivery. In our most sparsely populated places, where a large health care system may never be sustainable, meeting health care needs demands the expansion of telemedicine services. However, without access to reliable and affordable high-speed Internet, these services are not available to the areas of our state that need them the most. In too many cases, the exact communities facing the most extreme physician and medical specialist shortages are also those with the least access to broadband [7].

At the Rural Center, we believe that affordable and reli-

able broadband is the prevailing rural economic development issue of our time, and that broadband access in our rural communities can have a profound influence not only on health care but also education and economic development. Telemedicine is not a cure for all of our state's rural health ills, but its ability to meet more rural patients where they live and work could translate into healthier communities and a more reliable workforce.

Competition among Internet service providers (ISPs) is vital to connecting the last mile of broadband to the rural home and doctor's office. Competition will mean more affordable options and more access to health care services for rural consumers. Not every ISP or large telecommunications company will want to operate in our most rural areas. Because of this, we must support the emerging innovators and entrepreneurs across the state who are helping their communities take their broadband future into their own hands and build out last-mile connectivity.

The North Carolina General Assembly recently passed legislation launching a new \$10 million broadband grant program. The Growing Rural Economies with Access to Technology (GREAT) program will provide a state match to a variety of types of ISPs willing to serve rural areas of the state without sufficient access to broadband. This model is working in other states and has been a top priority of the Rural Center's advocacy program. We applaud the efforts of our state's elected leaders in addressing this critical issue for our rural communities and hope for this program to be reauthorized and expanded in coming years.

Still, more should be done to increase access to telemedicine services. Competition should be encouraged across state lines for the delivery of high-quality and affordable telemedicine services, as 41 of our 80 rural counties are adjacent to another state. Allowing doctors and psychiatrists to practice outside the state through telemedicine delivery services, and allowing for doctors located in other states to deliver the same services in North Carolina, would give rural North Carolinians greater access to health care specialists that may not be available in many of our sparsely populated rural counties.

Telemedicine and broadband infrastructure are complicated issues that require long-term commitment and broad public-private partnerships to achieve an affordable and sustainable solution, but addressing these challenges is critical to the expansion of access to quality health care for our state's rural communities.

Conclusion

What's economic development got to do with it? For all of North Carolina to thrive, our state needs competitive rural economies, and those economies rely upon a healthy workforce supported by accessible, affordable, and high-quality local health systems. Closing the health insurance coverage gap and expanding access to telemedicine through last-mile broadband connectivity are efforts that can have a significant positive impact on both our local health systems and our rural economies.

Working together, with shared language and common goals, the economic development and health care communities can both envision and achieve a future where our rural people and communities flourish in life, in work, and in health. NCMJ

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