

RURAL MATERNITY CARE AT RISK							
State	Total Number of Rural Hospitals	Rural Hospitals Without Obstetric (Labor & Delivery) Services			Rural Hospitals Still Providing Obstetric Services		
		% Rural Hospitals without OB Services	Number without OB Services	Median Minutes Driving Time to Hospital with OB Services	Number of Hospitals with OB Services	% with Losses on Patient Services [†]	Median Minutes to Alternative OB Hospital
Connecticut	3	33%	1	31	2	100%	33
Vermont	13	23%	3	34	10	80%	44
New York	51	55%	28	38	23	78%	44
Nevada	13	69%	9	58	4	75%	>90
Kansas	102	58%	59	32	43	70%	37
Hawaii	12	50%	6	47	6	67%	68
Maine	25	36%	9	48	16	62%	37
Texas	159	57%	89	37	69	59%	40
Iowa	93	61%	57	31	36	58%	30
Arkansas	49	61%	30	39	19	58%	42
North Dakota	39	79%	31	58	8	57%	77
Louisiana	53	75%	40	37	13	54%	35
Massachusetts	5	20%	1	24	4	50%	76
Washington	40	50%	20	40	20	50%	47
Oklahoma	77	68%	52	39	25	48%	41
California	56	52%	29	49	27	44%	45
Idaho	30	47%	14	37	16	44%	38
Alabama	52	67%	35	39	17	41%	40
Kentucky	72	56%	40	32	32	41%	35
Mississippi	73	68%	50	35	23	39%	35
New Hampshire	17	53%	9	34	8	38%	47
Oregon	32	25%	8	39	24	38%	43
Wyoming	23	30%	7	58	16	38%	53
Missouri	57	53%	30	35	27	37%	43
Pennsylvania	41	59%	24	39	17	35%	41
Florida	21	86%	18	50	3	33%	50
Montana	55	60%	33	52	22	33%	57
New Mexico	27	33%	9	53	18	33%	55
Minnesota	95	46%	44	31	51	31%	29
South Carolina	23	43%	10	38	13	31%	42
Utah	21	5%	1	35	20	30%	37
Nebraska	71	45%	32	32	39	26%	29
Alaska	17	35%	6	>90	11	25%	>90
Tennessee	55	56%	31	35	24	25%	37
West Virginia	28	71%	20	44	8	25%	37
South Dakota	48	60%	29	43	19	24%	54
Indiana	52	42%	22	31	30	23%	32
Ohio	70	50%	35	28	35	23%	29
Michigan	63	49%	30	37	32	22%	42
Georgia	68	63%	43	36	25	20%	40
Wisconsin	75	44%	33	29	42	19%	29
North Carolina	52	35%	18	32	34	18%	38
Virginia	29	69%	20	40	9	11%	47
Illinois	71	73%	52	33	19	11%	39
Arizona	27	48%	13	46	14	10%	68
Colorado	42	52%	22	46	20	10%	47
Delaware	2	0%	0		2	0%	26
Maryland	4	50%	2	48	2	0%	59
New Jersey	0						
Rhode Island	0						

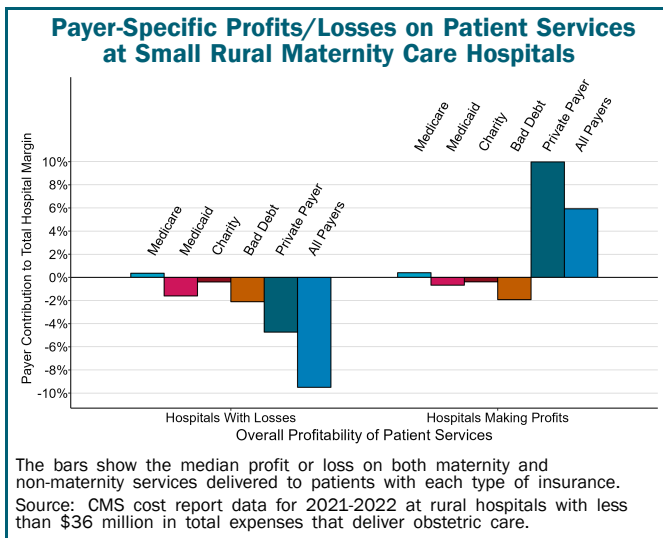
[†] Percentage of hospitals with OB services that had a negative margin (loss) on (all) patient services in the most recent year available.

Data current as of October 2023

Losses Are Due to Inadequate Payments from Private Payers

As shown below, the primary reason small rural maternity care hospitals are losing money is that private insurance plans pay them less than what it costs to deliver many types of services to patients, not just maternity care. Although the hospitals are also losing money on uninsured patients and Medicaid patients, the losses from private payers have the biggest impact on their overall profit margins.

Conversely, small rural maternity hospitals that avoid losses are able to do so because their payments from private health plans not only cover the costs of services (of all types) to the patients with private insurance but also offset the hospitals' losses on services to uninsured and Medicaid patients.



Actions Needed to Preserve and Strengthen Rural Maternity Care

Significant changes in payments from both private and public payers are needed to resolve the financial problems facing rural hospitals before even more maternity care services are lost.

Require That Health Insurance Payments Cover the Actual Cost of Rural Maternity Care

A hospital cannot provide maternity care for its community if private health plans and state Medicaid programs do not pay enough to cover the cost of the services. It is often assumed that low Medicaid payments and uninsured patients are the reasons hospitals lose money on maternity services, but over 40% of births in rural communities are paid for by private health plans, so inadequate payments from private payers also threaten the viability of rural maternity care.

Health plans should be required to pay amounts that cover the cost of: (1) perinatal care services from physicians and midwives; (2) assistance during labor and delivery from appropriately-trained nurses; (3) anesthesia services (such as when C-Sections are needed); and (4) telemedicine assistance from specialists for complex cases. Payment amounts must be higher in communities that have difficulty attracting staff, and payments must also be higher in communities with smaller numbers of births to ensure that revenues cover the fixed costs of services.

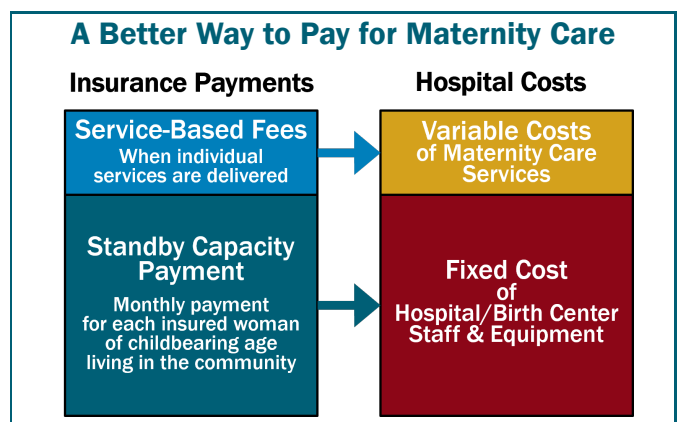
In small rural communities, obstetric services will often be delivered by family physicians rather than obstetricians. Since maternity care will only be a portion of the services these physicians provide, health plans must pay adequately for all of the primary care services they deliver, not just for maternity care.

Rural Health Clinics (RHC) can serve as an important way of supporting maternity care as well as primary care services in rural areas. However, Medicare staffing and productivity standards need to be revised so that RHCs are not penalized for hiring family physicians who spend time delivering maternity care. Private insurers should also be required to pay amounts for primary care visits based on the clinic's costs, just as Medicare does for its patients.

Create Standby Capacity Payments to Support the Fixed Costs of Maternity Care

The financial challenges of delivering maternity care are caused not only by the inadequate *amounts* paid by insurance plans, but by the problematic *method* used to pay for services. Currently, a rural hospital is only paid when it actually provides a service. However, a small hospital must be staffed and ready to deliver a baby at all times, even though there will be no deliveries at all on many days. As a result, when there are fewer pregnancies than expected, the hospital will lose money, even if payments would have been adequate for a larger number of births.

A better approach is for private insurers and Medicaid to pay an annual **Standby Capacity Payment** to the hospital for each insured woman of childbearing age living in the community. This would provide more predictable revenue to cover the fixed costs of maternity care than a purely fee-based system can. The hospital should still receive Service-Based Fees for individual services, but the amounts should be based on the variable costs of the services. More details on this approach are available in *A Better Way to Pay Rural Hospitals*.



Require Adequate Payments for All Services to Prevent Hospital Closures

Even if payments are adequate to cover the cost of *maternity care* services, a rural hospital must also receive adequate payments for other essential services, such as its emergency department, or the hospital may not be able to stay open at all. Many small rural hospitals are at risk of closing completely because of the overall financial losses they have been experiencing. *Rural Hospitals at Risk of Closing* provides more information on this problem and how to address it.