CENTER FOR HEALTHCARE QUALITY & PAYMENT REFORM

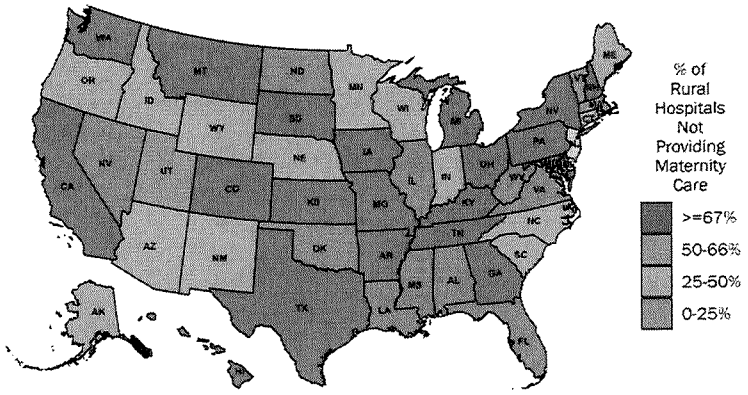
Addressing the Crisis in Rural Maternity Care

Of the many problems facing our nation's healthcare system today, none is more serious or shocking than the poor quality of maternity care. The U.S. has the highest rates of mortality for both infants and mothers among the world's advanced economies. Pregnant women in the U.S. are three times as likely to die in the U.S. as in Australia, Britain, Canada, France, Germany, and other developed countries. The problem is getting worse, not better; maternal mortality rates in the U.S nearly doubled between 2018 and 2021. Clearly, major improvements in maternity care are needed to address this.

Most Rural Hospitals in the U.S. No Longer Deliver Babies

It is hard to *improve* maternity care where there *is no maternity care,* and that is the situation facing a growing number of rural communities. A new CHQPR report, *Addressing the Crisis in Rural Maternity Care*, shows that more than half (55%) of the rural hospitals in the U.S. no longer offer labor and delivery services, and in 10 states, more than two-thirds do not. Over the past decade, more than 200 rural hospitals across the country have stopped delivering babies.

Proportion of Rural Hospitals Without Labor and Delivery Services



(A table with data for each individual state is included in *Addressing the Crisis in Rural Maternity Care*.)

If the closest hospital does not offer labor and delivery services, a pregnant woman may have to travel to a different community to deliver her baby. In most urban areas, the travel time to a hospital with labor and delivery services is under 20 minutes, but in rural areas, the travel time is

likely to be 30 minutes or more. In 40% of the rural communities where the hospital does not offer obstetrics care, a more than 40-minute drive is required to reach a hospital that does.

There is a higher risk of complications and death for both mothers and babies in communities that do not have local maternity care services. Women are less likely to obtain adequate prenatal and postpartum care when it is not available locally.

Many More Communities Are at Risk of Losing Maternity Care

Hundreds more communities are at risk of losing maternity care because of the serious financial and workforce challenges rural hospitals are facing. Safe, high-quality maternity care requires having physicians and nurses available on a 24/7 basis, and rural hospitals are experiencing dramatically higher costs to maintain adequate staffing. Payments from many private insurance and Medicaid plans are not adequate to cover these costs, so hospital losses on these services are increasing.

Many rural hospitals can't subsidize losses on maternity care because they are also losing money on other types of patient services. More than 1/3 of the rural hospitals that still have labor & delivery services have been losing money on patient services overall, so their ability to continue delivering maternity care is at risk. In a dozen states, the majority of rural maternity care hospitals have been losing money.

Actions Needed to Address the Crisis

Rural hospitals can't provide labor and delivery services if they are unable to find an adequate number of qualified staff, but they can't afford to employ adequate staff unless they receive adequate health insurance payments for delivering babies. Maintaining access to high-quality maternity care in rural areas requires addressing both the workforce recruitment and payment challenges facing rural hospitals. This includes:

A National Workforce Strategy for Maternity Care

A national workforce shortage requires a national solution. A rural maternity workforce strategy must include:

- **Training Designed for Rural Maternity Care.** It is not enough to simply train more physicians and nurses and hope that they will be willing to work in rural areas. Medical and nursing students need to be recruited and trained specifically to deliver team-based care in rural areas.
- **Remote Specialty Support for Rural Maternity Care Teams.** Physicians and nurses will be better able and hopefully more willing to deliver obstetric care in rural areas if they have access to remote support from maternal-fetal medicine specialists and more experienced OB nurses.
- **New Staffing Models for On-Call Coverage.** The traditional model of long hours of on-call coverage is becoming less viable, so new models of staffing and compensation must be developed that hospitals can use to successfully recruit and retain physicians.

Adequate Payments from Private Insurance Plans for Maternity Care and Other Rural Hospital 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.

Employers should require their health insurance plans to demonstrate that they are paying amounts that are adequate to cover the cost of maternity care services. Similarly, states should require Medicaid plans to pay adequate amounts for maternity care services. This includes: (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 cost of on-call coverage.

Adequate Payments from Private Insurance Plans for Other Services

It does little good to pay adequately for maternity care if losses on other services force a hospital to close completely. The majority of small rural maternity care hospitals are losing money on other services such as emergency care and primary care. The primary cause of these overall losses is not low Medicaid or Medicare payments or losses on uninsured patients. The biggest problem is private insurance companies (including Medicare Advantage plans as well as commercial health insurance) paying the hospitals less than what it costs to deliver services to patients. (See *Preserving Access to Care in Rural Communities* for more detail on the problems private insurance plans are causing for rural healthcare.)

To address this, **employers and residents of rural communities should only choose health plans that pay adequately for all of the services delivered at the rural hospital.**

Standby Capacity Payments to Support the Fixed Costs of Maternity Care

Financial losses in 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. 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. Moreover, since payments are typically higher for c-sections, a hospital with a low c-section rate will lose even more.

A better approach would be 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. These payments would provide the hospital with 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 births and other services, but the amounts should be based on the