

Protect and Revitalize Access to Rural Texans' Health Care

PRIORITY

Texas' rural health care continues to face unprecedented financial and demographic pressures.

BACKGROUND

The health care marketplace is hostile to solo, small, independent, and rural practices through factors like low payment rates that fail to keep up with inflation, increasing administrative burdens, the inability to find and retain staff, and exclusion from health plan networks due to market consolidation and vertical integration.

Rural hospitals cover emergency and local hospital care for 85% of the state's land area. Since 2010, Texas has led the nation in the closure of rural hospitals, with the loss of 26.¹ Further, a study² estimates 76 rural Texas hospitals are at risk of closure and 12 are at immediate risk of closing. Typically, rural communities have only one hospital and when it closes, it leaves a void.

Many rural patients have expensive health care conditions due to high rates of chronic disease, poorer health, and advanced age. Texas leads the nation with the highest uninsured rate in the country, saddling rural hospitals with significant uncompensated care costs and often insurmountable debt. After a rural hospital closes, death rates in surrounding communities increase nearly 6%.³

SOLUTION

It is commonly known⁴ physicians stay and practice medicine in the region where they train. To meet rural physicians' needs, it is important to offer training in rural areas. The Texas Legislature, at TMA's urging, created a program to do just that. The Rural Resident Physician Grant Program received \$3 million in 2024-25 to fund the creation of new residency positions in rural areas. This training model is unique in its ability to meet national accreditation standards for residency training in small, isolated population areas through a hybrid urban/rural training process. This model has proven to be successful in far west and east Texas.

Another successful program for recruiting physicians to rural, underserved areas is the Physician Education Loan Repayment Assistance Program (PELRAP). The PELRAP will repay up to \$180,000 over four years in student loans for physicians who commit to practicing in underserved areas. This gives rural areas a much-needed physician recruitment tool.

TMA RECOMMENDATIONS:

- Provide a 10% add-on payment for Medicaid care provided in rural HPSAs (similar to Medicare HPSA payment).
- Redouble Texas' efforts to make comprehensive, affordable, and physician-led health care coverage available.
- Ensure physicians and hospitals are paid for the cost of care they provide including payment parity (+10% for Medicaid) for telemedicine services.
- Support step-down hospital formation by expanding the bed capacity and service requirements used to qualify a hospital for Medicaid and Medicare payments.
- Encourage physicians to practice in rural areas by maintaining funding for the State Physician Education Loan Repayment Assistance and Rural Resident Physician Grant programs.
- Create pathways for rural students to enter a pre-medical college pathway with guaranteed admission to a Texas medical school if certain criteria is met.
- Provide an additional "living/housing" stipend to physicians-in-training willing to train in a rural area.
- Provide funding for the Family Medicine Residency Program at \$15,000 per resident per year.



Physicians Caring for Texans

texmed.org/Legislature

1. www.torchnet.org/advocacy--rural-hospital-closure.html, Texas Organization of Rural & Community Hospitals (TORCH)
2. www.chqpr.org/downloads/Saving_Rural_Hospitals.pdf, Center for Healthcare Quality and Payment Reform
3. Sarah Jane Tribble, www.kffhealthnews.org/news/rural-hospital-closures-worsen-with-pandemic/, Kaiser Health News, Aug. 26, 2020.
4. www.aamc.org/data-reports/students-residents/data/report-residents/2020/table-c6-physician-retention-state-residency-training-state, Association of American Medical Colleges.