Long-term solutions are needed to effectively address the health needs of rural Americans and the sustainability of the rural health care system. This includes ensuring adequate payment for services and adjusting value-based payment methodologies that make it more likely that rural hospitals will receive penalties rather than bonuses, according to an AMA Council on Medical Service report adopted at the June 2021 AMA Special Meeting.

“On average, rural residents are older, sicker and less likely to have health insurance—a particularly dangerous combination at a time when more than 40% of rural hospitals are at risk of closing,” said AMA President Susan R. Bailey, MD. “Most of the hospitals at risk of closing are small rural hospitals, serving isolated communities. Without long-term solutions, the health needs of rural populations will not be met. The AMA has long advocated for telehealth as a critical part of effective, efficient, and equitable health care delivery, and ensuring telehealth and telephone access in rural communities is particularly important.”

The council report notes that “rural hospitals must be paid adequately to support the costs of delivering essential services, and they should have the flexibility to tailor available services to the needs of their local populations.”

To begin the pragmatic steps needed to address the complex challenges facing the rural health system, the AMA House of Delegates adopted policy saying that “public and private payers taking the following actions to ensure payment to rural hospitals is adequate and appropriate.”

In the new policy, delegates said payers should:

- Create a capacity payment to support the minimum fixed costs of essential services, including surge capacity, regardless of volume.
- Provide adequate service-based payments to cover the costs of services delivered in small communities.
- Adequately compensate physicians for standby and on-call time to enable very small rural hospitals to deliver quality services in a timely manner.
- Use only relevant quality measures for rural hospitals and set minimum volume thresholds for measures to ensure statistical reliability.
- Hold rural hospitals harmless from financial penalties for quality metrics that cannot be assessed due to low statistical reliability.
- Create voluntary monthly payments for primary care that would give physicians the flexibility to deliver services in the most effective manner with an expectation that some services will be provided via telehealth or telephone.

Delegates further adopted policy to:

- Encourage transparency among rural hospitals regarding their costs and quality outcomes.
- Support better coordination of care between rural hospitals and networks of providers where services are not able to be appropriately provided at a particular rural hospital.
- Encourage employers and rural residents to choose health plans that adequately and appropriately reimburse rural hospitals and physicians.

Read about the other highlights from the June 2021 AMA Special Meeting.