

As Prepared for Delivery

**National Rural Health Association
Critical Access Hospital Conference
Portland, Oregon
October 7, 2009**

Introduction

Good morning everyone. Greetings from the Obama administration and the Department of Agriculture. Thanks for the introduction and opportunity to be here with you at the Critical Access Hospital Conference. This is a quite the event.

Recognition

I'd like to take a moment and recognize some of my Community Programs staff in DC that are attending the conference. I hope you'll get to know them over the next few days.

- Chris Alsop, Deputy Administrator;
- Joseph Ben Israel, Director of our Guaranteed Loan Division; and
- Shirley Stevenson and Benjamin Terry, our Community Programs Specialists.

Goals

This is my first time before you and I'd like to begin by giving an overview of the administration's priorities and focus on rural issues. It's a commitment that starts at the top. When I started as Under Secretary, I was a bit worried Rural Development might not have the attention and funding we needed. Over the years I saw a decrease in resources and offices closing across the country. Well it was certainly refreshing when I walked in the doors of USDA and realized that just about every time the Secretary speaks, he's

speaking about Rural Development. Secretary Vilsack calls us “the Every Day, Every Way Department,” because we truly affect all aspects of rural America. And what I’ve done is, laid out seven strategies for my agency to make an impact:

1. Regional Food Systems
2. Alternative Energy
3. Capital Markets
4. Community Building
5. Broadband and Continuous Business Creation
6. Regional Collaboration
7. Strategic Partners

Regarding the last two strategies, Regional Collaboration and Strategic Partnerships, Rural Development and Rural Health Associations have major roles to play. We have a challenge ahead of us. Our challenge is to build rural communities that can create wealth, are self-sustaining, repopulating and thriving economically. And I see the work you do as a large part of meeting that challenge. Smart, sustainable investments are critical to the economic strength of rural America and lay the groundwork for business creation. I want you, the National Rural Health Association, to be a partner with us in that effort.

What's Different about Rural Health Care?

In learning more about rural health issues, the one thing that really stuck out and has such a ripple effect - is infrastructure. The lack of infrastructure for health care needs in rural

America is unfortunate and unacceptable. Here are some of the facts, which I'm sure you're all very familiar with:

- Studies show that rural Americans pay 39% of their total health care costs, out of pocket - the highest percentage for all Americans.
- They are more likely than their urban counterparts to postpone or forego medical care because costs.
- Rural Americans are more likely to report fair to poor health status than urban Americans; They have a higher mortality rate and are more likely to have a chronic conditions like arthritis, diabetes and heart disease.
- They also have greater transportation difficulties, often travelling great distances to reach a doctor or hospital.

Without the necessary funding and strategic planning, the discrepancies between rural America and urban America will only continue. This is where we can come in. Our funds are directly intended for rural America and can be used for investments in health care

Health care Funding

Just last week, Secretary Vilsack announced more than \$1.5 million in grants to support our Rural Health and Safety Education Program, which helps rural families cope with aging, eldercare and caregiving. The Fiscal Year 2009 grants were awarded across the country to the Universities of Guam, Hawaii, Missouri and Vermont. A North Dakota

community college, Clemson and Texas AgriLife Extension Service were also awarded funds.

And our Rural Development office here in Oregon just announced funding at the end of the fiscal year for Lake District Hospital, a Critical Access Hospital, in Portland. We awarded a Community Facilities Direct Loan for \$8 million; a Guaranteed Loan for \$10.5 million with a 90% Guarantee, and a State Special Public Works Fund Loan for \$2.95 million.

We are committed to revitalizing rural America and to building strong, robust communities that can reform our health care system. As the conference goes on and you share best practices and connect with those facing similar issues, think about how Rural Development can help you stay competitive.

We'd like to fund more Critical Access Hospitals. There are over 1,000 eligible for our programs. To date, we have provided over 2,000 loans and grants, over 1,200 facilities, totaling over \$2 billion. These numbers not only include hospitals, but clinics, dental offices, nursing homes, assisted living facilities and pharmacies, etc.

Of this amount, Community Facilities provided 356 loans and grants to finance over 200 hospitals. Seventy-five percent were Critical Access Hospitals, totaling about \$674 million in loans and grants.

In Oregon, two that received funding by Community Facilities were Wallowa Memorial Hospital and the Harney County Health District.

Wallowa Memorial Hospital

Wallowa Memorial Hospital, located in Enterprise, Oregon, received \$16.5 Million (\$8.5 Million Guaranteed / \$8 Million Direct) for a hospital replacement. Wallowa employed 140 people – making it the fourth largest employer in the entire Wallowa County. A key element in the successful financing of this project, was the Critical Access Hospital designation, which qualifies for cost reimbursement of interest and depreciation on the new facility. Another key factor, which cannot be overlooked, is the significant local support that resulted in additional financial contributions.

Harney County Health District

Our Community Facilities assisted Harney County Health District in Burns, Oregon, in financing a \$21.7 million hospital replacement. We guaranteed loan funding through the Bank of Eastern Oregon for \$4 million. We also provided a direct loan for \$9 million. Other funding came from the State of Oregon Economic Development Department, hospital contributions and community donations.

Recovery Act

What I hope these two examples show, and that I hope you leave this conference knowing, is that you have resources in rural America. We have 47 state offices, about

450 field offices. We're there in your communities and we're invested in your economic health and well being. Come to us; get to know your local Rural Development office.

Our Community Facilities program received over a billion in Recovery Act funding. By October 2, we had announced about \$250 million and obligated \$174 million in projects.

We know the economic situation in rural America exceeds our Recovery Act funding, but we still need providers to help identify communities in need. We'll use our funds and our regular appropriations to support you, but we have a lot of work to do, and I'm asking you to reach out to your state and local offices to see what opportunities there are in you communities.

Legislation

Getting healthcare legislation right is a top priority for the Obama administration.

We can't predict exactly what will happen, but one thing we can all agree on are the facts. We spend \$2.4 trillion in health care each year – that's 16 percent of our GDP.

Almost one in four Americans are living in towns with less than 2,500 people and have no health insurance coverage. And in rural America - about 80 percent of people are self-employed or working for a small businesses. Well, small businesses pay up to 18 percent more per worker than large firms for the same health insurance policy. And, over the last 16 years the number of small businesses offering health care has dropped to less than 40 percent

Under the President's plan, we will create a new insurance exchange where individuals and small businesses have greater leverage to bargain for better prices and quality coverage. We're promoting a:

1. Healthcare exchange;
2. Cost control – a way to change the way healthcare is delivered – using comparative analysis;
3. Payment reform – a move toward fee for service; and
4. Reporting Reform – encouraging competition through reporting between doctors.

We must seize the unprecedented opportunity for reform that will improve health care security and stability that Americans value, strengthen our economy and maintain the character of our rural communities.

Partners

Let's be partners together, let's focus on what we can do now to improve the situations of rural residents, and help to improve the infrastructure of rural health care.

You can be leaders in your communities and connect your understanding and experiences with the funding we have available to bring resources for health care to the most needed areas of America – rural America.

Conclusion

I know you're hearing a lot today from "Washington Insiders." They're before and after me on the agenda, and I guess I am one now. But I understand you, the position you're in. I live in Washington, but I'm from South Dakota, and grew up on a dairy farmer. Rural Development is a program run by the Department of Agriculture in Washington, DC, but it's a program that's implemented in the states by our field offices. Unlike other Federal government programs, we have the reach, and we aren't just making decisions based on what we hear in Washington. We make our policy decisions based on feedback from the field, what our people are seeing on the ground. Continue working with us. Our goal is to serve rural America as best we can; and we welcome and encourage participation from our rural partners. Thank you again for the opportunity to be here. I hope you have a great conference.