Long-Term Acute Care Hospital (LTACH) Closures Reduced Access to Care for Rural Medicare Beneficiaries

Key Findings

- LTACHs treat many patients from rural and underserved areas. Between 2018 and 2022, one in five LTACH patients came from nonmetropolitan (rural) communities. These rural Medicare patients received care at LTACHs located in small and large counties, with nearly half (46%) receiving care in an LTACH located in a rural or small metropolitan community.
- For Medicare patients treated in LTACHs and living in rural areas, 91% had to travel across county lines (72%) or state lines (19%) to obtain care. This is more than twice the rate of patients in large metro areas.
- Since 2016, rural LTACH closures as a percentage of rural LTACHs was greater than for LTACHs in large, medium, or small metro areas.
- With Medicare payment reductions, high costs of care, and staffing shortages, many more LTACHs in rural, small, and medium size markets are likely to close without Congressional action.

Background & Purpose

Although most beneficiaries have access to LTACH services within their hospital referral region[1], LTACHs do not operate in all markets because they require a sufficient mass of chronically critically ill and medically complex patients to sustain a hospital. Due to Medicare payment changes, the percentage of Medicare beneficiaries with access to an LTACH is in decline, and this is particularly true for those Medicare beneficiaries in rural and underserved areas. This study was conducted to compare access to LTACH care in rural and metro areas. Specifically, we examine access to care in terms of beneficiary travel distance and hospital availability.

Findings

LTACHs Provide Specialized Care to Rural Patients

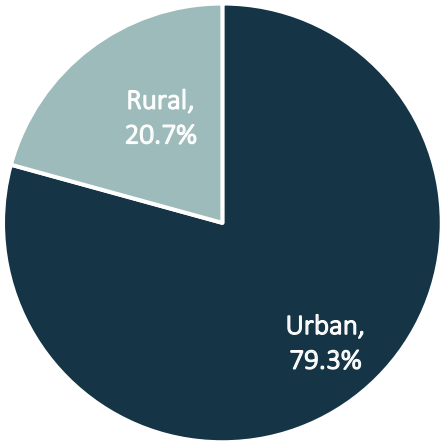
LTACHs are acute care hospitals designed to care for the most severely ill patients who require an extended inpatient hospital stay and would benefit from the types of services available at these specialized hospitals. LTACHs must meet the same requirements as short-term acute care hospitals (STACHs) but have an average length of stay for select beneficiaries of over 25 days. LTACHs have staff and resources that allow them to care for patients that are too medically complex to be treated in many other settings.

LTACHs treat many patients from rural and underserved areas. Between 2018 and 2022, one in five LTACH patients came from nonmetropolitan (rural) communities (Figure 1). These rural Medicare patients received care at LTACHs located in small and large counties, with nearly half (46%) receiving care in an LTACH located in a rural or small metropolitan community (Figure 2).

Rural LTACH Patients Struggle to Access LTACH Care

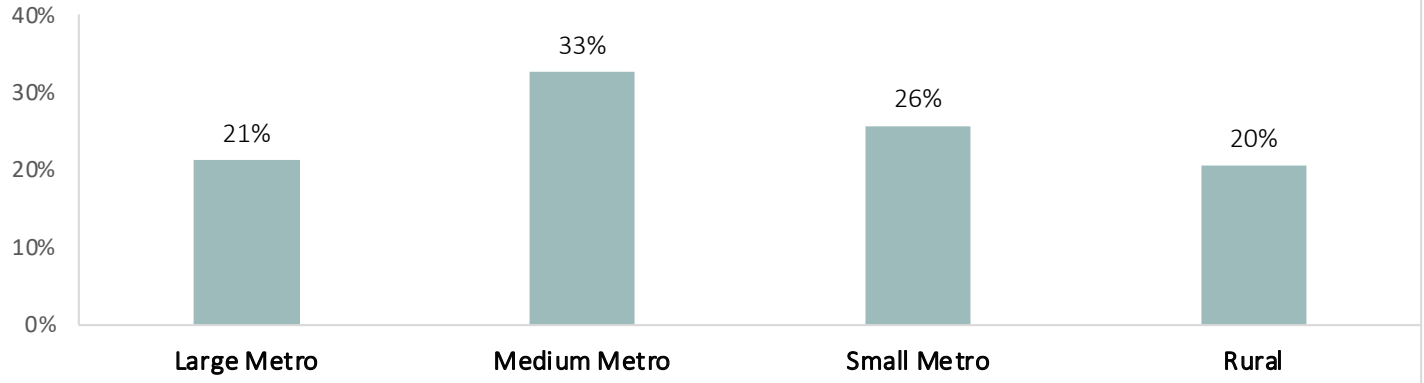
The distance to a care provider is frequently cited by patients as a barrier to care.[2] For Medicare patients treated in LTACHs and living in rural areas, 91% had to travel across county lines (72%) or state lines (19%) to obtain care. This

Figure 1. Share of LTACH Medicare Patients by Beneficiary County Type



Source: KNG Health Analysis of 2018-2022 LTACH Claims
Notes: Rural includes beneficiaries living in micropolitan and non-core counties.

Figure 2. Location Where Rural Medicare Beneficiaries Received LTACH Care



Source: KNG Health Analysis of 2018-2022 LTACH Claims
Large Metro: counties located within a metropolitan statistical area (MSA) with a population of 1 million or more; Medium Metro: counties in MSAs with populations of 250,000 to 999,999; Small Metro: counties in MSAs with populations under 250,000; Rural: counties in micropolitan statistical areas or areas too small to qualify as micropolitan statistical areas.

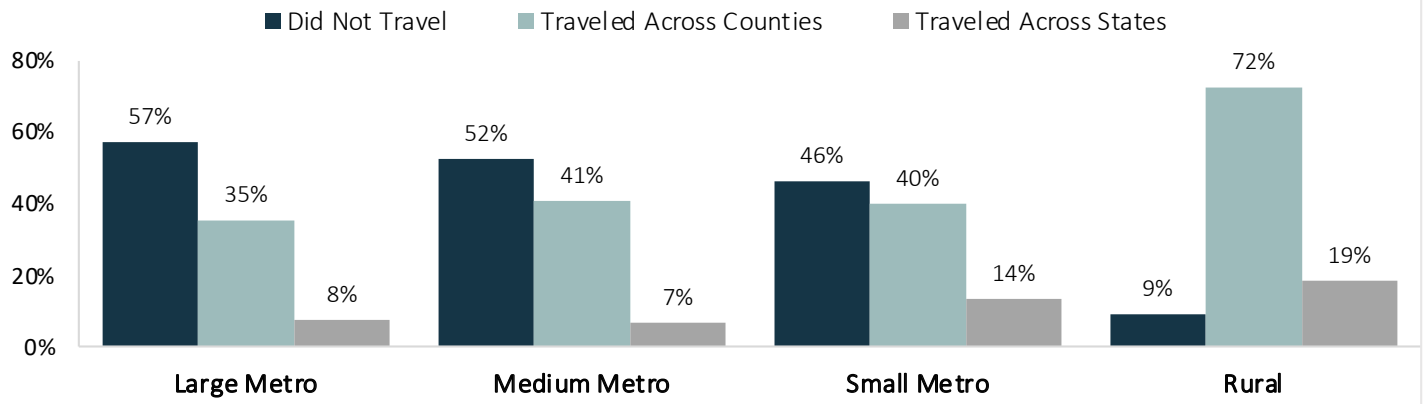
is more than twice the rate of patients in large metro areas (Figure 3). One reason for this higher rate of travel is that patients living in rural areas have fewer LTACHs in their markets.

Medicare payment reductions for cases that did not meet certain criteria--which were phased in beginning in 2016--and rising costs of the last few years have exacerbated the financial pressures faced by LTACHs. As a result, rural patient access to LTACHs has fallen significantly due to closures and bed reductions. Between fiscal years (FYs) 2016 and 2022, the number of LTACHs in operation decreased from 429 to 328. Since 2016, a third of rural LTACHs have closed, exceeding the LTACH closure rate in large, medium, or small metro areas (Figure 4).

Discussion and Policy Considerations

Access to LTACHs has fallen considerably over the last several years. In a prior study, researchers found that the number of LTACH beds decreased by 22% while the U.S. population age 65 or older grew by 29%.[3] Additionally, 75% of LTACH closures occurred between 2016 and 2021. Further contraction of the sector may cause patients in some regions—Medicare beneficiaries in rural communities in particular—to have limited access to the types of specialized care offered in these hospitals, including ventilator weaning. These barriers to accessing LTACH care are troubling, particularly given the important role played by LTACHs in caring for the most critically ill and medical complex patients.

Figure 3. Percent of LTACH Patients who Traveled by Rural-Urban Classification



Source: KNG Health Analysis of 2018-2022 LTACH Claims
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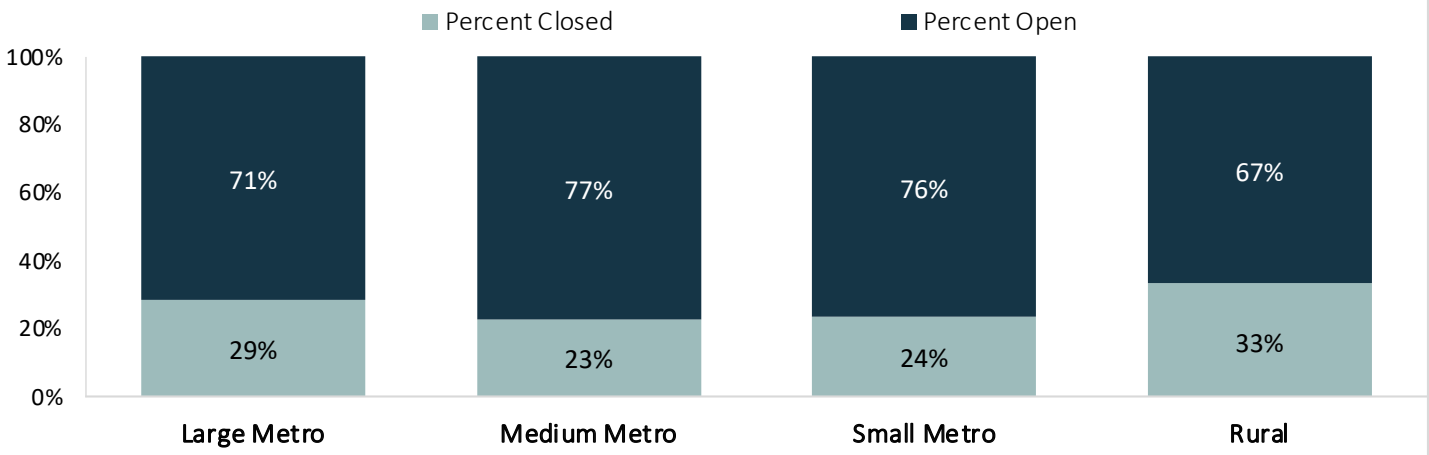
Figure 4. LTACH Closures by County Type Between 2016-2022



Source: KNG Health Analysis of Provider of Service File

To stave off further closures and bed reductions, the LTACH industry has put forth a proposal to sustain provider and facility financing for LTACHs. The "Patient Access to LTACH Care Act" would help do this through a set of sensible reforms, including:

- Making it easier for Critical Access Hospitals (CAHs) to discharge patients directly to an LTACH, by creating parity in the treatment of CAHs and hospitals paid under the Medicare Inpatient Prospective Payment System.
- Ensuring the Medicare payment system pays LTACHs appropriately for treating the most complex and expensive patients.
- Preventing LTACHs from facing financial jeopardy if they care for a patient that is a high-cost outlier.
- Recognizing the expertise of LTACHs in treating certain complex patients that do not meet current payment criteria by paying an appropriate amount for these cases.

With payment criteria, high costs of care, and staffing shortages, many more LTACHs are likely to close without Congressional action. This could be especially harmful to Medicare beneficiaries in rural and underserved areas.

1. Hospital referral regions are geographic areas created by the Dartmouth Atlas of Health Care to define healthcare market regions. They are based on the referral patterns of tertiary medical care.
2. Kelly, C., Hulme, C., Farragher, T. & Clarke, G. (2016). Are differences in travel time or distance to healthcare for adults in global north countries associated with an impact on health outcomes? A systematic review. BMJ Open, 6(11): e013059. Retrieved from http://bmjopen.bmj.com/content/6/11/e013059.long
3. https://cdn.ymaws.com/nalth.site-ym.com/resource/resmgr/members/congressionalcontacts/itch_roundtable/ltch_roundtable,_ltch_closur.pdf

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