

Assuring Health Coverage for Rural People through Health Reform

Rural residents of the United States have a higher uninsured rate than their urban counterparts, and therefore have the most to gain from efforts to reform the U.S. health care system.

Currently, the challenges that rural people face in obtaining health insurance are partly due to the structure of the rural economy: 64 percent of adults working in rural areas that are not adjacent to urban centers are employed in jobs where health insurance is provided, compared to 71 percent of their urban counterparts (adults working in urban areas). Self-employed workers in rural areas not adjacent to urban areas are more likely to be uninsured (40% vs. 32%). Rural workers also pay higher costs than do urban workers for similar health insurance plans. Seven in 10 firms in non-urban areas (69.2 percent) are more likely to offer plans that include deductibles, compared to 42.9 percent of firms in urban areas.

Effects of Reform:

Health reform proposals that include (i) a subsidy for individual purchase, (ii) availability of insurance plans to individuals and small groups through exchanges, and (iii) expansion of Medicaid would significantly improve coverage of rural populations.

- The total number of uninsured people in rural (nonmetropolitan) areas would decrease to 1.9 million from the current 8.1 million – leaving only 4.2 percent of rural Americans without insurance, less than the 5.9 percent projected in urban areas.
- Rural residents would be more likely than urban residents to take advantage of subsidies or tax credits (30.6 percent of those obtaining coverage, as compared to 25.4 percent in urban areas) and Medicaid expansions (28 percent as compared to 24.8 percent in urban areas). To a great extent this is because of the lower incomes of rural persons, and the greater likelihood that they are employed by small businesses.

Reforms Needed:

Given the characteristics of rural uninsured persons, certain features of reform legislation are especially important for solving the problem of uninsurance in rural areas, including:

- The creation of Health Insurance Exchanges (HIE) that effectively reach rural residents where they live, work, play, and pray with information about their insurance choices;
- Mandated insurance coverage, which would guarantee that the proposed insurance reforms can be implemented and financed;
- Choice among competing plans, each offering access to local providers in rural areas;
- Individual and small group insurance rating reforms that make insurance affordable to rural residents;
- Geographic rating, monitored for the impact on rural insurance premiums; and
- Medicaid expansion in order to make insurance affordable to rural households.