

## **Key Facts: Medicaid's Role in Rural Areas of the U.S.**

**Rural areas have higher rates of uninsured residents than urban areas because private coverage is less available.** Nearly one in four residents of rural areas are uninsured, compared to less than one in five of those living in urban areas.<sup>1</sup> Because workers in rural areas are more likely to work part-time, more likely to work in a low-wage job, and more likely to work for a small business, they are significantly less likely to have insurance through their employers.

**Medicaid plays a critical role insuring people in rural areas, filling in the gaps in the private insurance system.** Nearly 16 percent of people who live in rural areas have Medicaid coverage – compared with about 10 percent of people in urban areas. Higher rates of Medicaid enrollment in rural areas help to offset lower rates of employer coverage, reducing the number of rural uninsured.<sup>2</sup>

**Medicaid covers more than one in four children in rural areas.** 27 percent of children in rural areas are enrolled in Medicaid, compared with less than 19 percent of children in urban areas.

**People in rural areas have greater health care needs, which Medicaid helps them cover.** Residents of rural areas are more likely to be in fair or poor health. Rural residents are also more likely to have certain chronic conditions such as diabetes and heart disease, and infant mortality rates in rural areas are higher than in urban areas. For people in rural areas who qualify for Medicaid, Medicaid covers preventive care, especially for children, as well as services like hospital care, home and community based services, and other forms of long-term care.<sup>3</sup>

**Providers in rural areas, especially hospitals, depend on public programs like Medicaid.** Providers in rural areas rely heavily on support from public programs. The clearest example is hospital care: Medicaid and Medicare together account for nearly 60 percent of hospital revenues in rural areas.<sup>4</sup>

**Medicaid helps ensure access to providers for all rural residents.** Medicaid's support is critical in rural areas, where access to needed care can be difficult. Although 20 percent of the United States population live in rural areas, only 10 percent of physicians practice in rural areas. With fewer providers and more uninsured residents, nearly every provider is part of the health care safety net. Medicaid and Medicare programs help to finance the care of the significant numbers of rural residents without access to another source of health insurance coverage. These funds allow providers to continue practicing in rural areas and pay for fixed costs necessary to maintain hospitals that support all rural residents, whether they are covered by public programs, private coverage, or are uninsured.<sup>5</sup>

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<sup>1</sup> This document relies on 1998 data, the most recent year for which data are available, and which defines rural areas as rural areas that are not adjacent to urban areas. Rural areas that are adjacent to urban areas have health insurance statistics that are more similar to those in urban areas.

<sup>2</sup> Kaiser Commission on Medicaid and the Uninsured, *Health Insurance Coverage in Rural America*, Sept. 2003.

<sup>3</sup> Kaiser Commission on Medicaid and the Uninsured, *The Uninsured in Rural America*, April 2003.

<sup>4</sup> Mohr, et.al., *Vulnerability of Rural Hospitals to Medicare Outpatient Payment Reform*, Fall 1999.

<sup>5</sup> Barbara Ormond, et.al., *Supporting the Rural Health Care Safety Net*, March 2000.