



Health care's role in rural economic development: How work support programs improve health and stimulate rural economies

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Introduction

A larger proportion of rural Americans are older, less healthy, and die prematurely compared to their urban counterparts.ⁱ Rural residents' health and well-being are impacted by complex factors known as social determinants of health (SDOH). Rural residents are more likely to experience these social factors that limit their ability to access jobs, education, food, environmental health, and health care.ⁱⁱ There are various strategies and policies aimed at addressing social needs. This paper will explore how work support programs¹ – Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Child Care and Development Funds (CCDF) – and other state and federal programs aimed at increasing access to food, health care, and childcare can address SDOH to improve health and stimulate economic activity in rural America.

Analysis

Addressing food insecurity

In 2021, the United States Department of Agriculture (USDA) reported that 10.8 percent of rural households were food insecure.ⁱⁱⁱ² Food-insecure children were twice as likely to report they were in fair or poor health and at least 1.4 times more likely to have asthma compared to food-secure children. Food-insecure seniors experience greater limitations when performing daily activities compared to food-secure seniors who are 14 years older.^{iv}

SNAP reduces the prevalence of food insecurity and is critical to reducing negative health outcomes.^v Nationally, SNAP participation was highest among households in rural and small-town counties compared to metro counties at 16, 15, and 13 percent, respectively. SNAP participation is associated with lower health care expenditures and reduced hospitalizations. In addition, there are observable improvements in maternal and child health outcomes among participants of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).^{vi}

Beyond the health-related benefits of SNAP, funding from the program also helps stimulate rural economies. In rural communities, \$1.79 in local economic activity is generated for every SNAP dollar spent. Economic stimulation in rural communities creates jobs and expands markets for farmers and other workers who may be struggling financially.^{vii} SNAP can play a critical role in

1 The federal government has many programs that are designed to help people who have relatively low income obtain food, health care, housing, and other goods and services that they might not otherwise be able to afford. To counter the possible incentive for participants to work less, the programs often incorporate work requirements (which make the receipt of benefits contingent on working or preparing to work) and work supports (which make working more feasible and profitable for participants).

2 USDA defines food insecurity as a household-level economic and social condition of limited or uncertain access to adequate food.



addressing societal needs during an economic downturn. A 2019 analysis by USDA highlighted that an additional \$1 billion in SNAP spending induces more spending in the economy, collectively increasing GDP by \$1.54 billion, supporting the creation of 13,560 jobs, and generating \$32 million in farm income.^{viii}

Increasing access to health coverage

Having health insurance is associated with better health outcomes and utilization of health services among adults.^{ix} As a result of the Affordable Care Act (ACA), rates of uninsured Americans declined from 2013 to 2017. However, residents of rural counties remain uninsured at higher rates than those living in urban areas.^x

From 2018 to 2021, the number of adults who were uninsured declined as states expanded Medicaid under the ACA, increased subsidies to reduce costs for ACA marketplace coverage, and eliminated coverage losses resulting from the COVID-19 public health emergency. Currently 12 states have not expanded Medicaid, and efforts are underway at the state level to urge legislators to expand Medicaid coverage. Uninsured rates in the states that failed to expand Medicaid continue to be higher than in states that expanded Medicaid under the ACA. In 2021, the uninsured rate was 6.6 percent in expansion states and 12.7 percent in non-expansion states.^{xi} Additionally, efforts to increase administrative burdens threatens coverage gains due to difficulties in enrollment.^{xii}

Beyond improved health outcomes and more appropriate utilization of health services related to insurance status, expanding coverage eligibility and affordability has significant economic impacts. Expanding Medicaid is associated with increased job creation, health spending, and economic activity. Additional outcomes include new state tax revenue to offset the cost of expansion to state budgets, reductions in uncompensated care, improved credit scores, and reductions in medical debt.^{xiii} Most adults who gained health insurance through Medicaid expansion in Ohio and Michigan also reported that having coverage made it easier for them to stay employed or seek employment.^{xiv} Enhanced marketplace subsidies were included in the American Rescue Plan Act and have been extended through 2025. Enhanced subsidies and marketplace coverage are associated with reduced health care costs for small businesses, reductions in uninsured rates for self-employed individuals, and improved household finances, all of which are critical benefits to the economy.^{xv}

Investing in early learning and development

A child's earliest years have a lifelong impact. Early child development, including physical, social-emotional, and language and cognitive growth, strongly influences basic learning, school success, economic participation, social citizenry, and health.^{xvi}

Quality early learning and development programs foster valuable skills, strengthen our workforce, grow our economy, and reduce social spending.^{xvii} High quality early education also results in improved adult health – reduction of chronic diseases, lower blood pressure, and improved health behaviors.^{xviii} Likewise, participation in evidence-based home-visiting programs results in higher earnings over time.^{xviii} Beyond improving children's school readiness, academic achievement, long-



term health, and economic opportunity, investments in early childhood produce a strong return on investment (ROI). Nobel Prize-winning economist James Heckman estimates a 13 percent ROI for investment in the most disadvantaged children aged 3 to 4 who participate in quality early learning ^{xix}

Additionally, early learning and childcare play significant roles in helping parents return to work, allowing mothers to generate, on average, an additional \$94,000 in lifetime earnings.^{xx} Childcare also helps keep parents employed and in the workforce.^{xxi} Access to quality, stable early childcare increases parents' productivity through increased hours at work and fewer missed days.^{xxii} Finding childcare has always been a challenge for working families in the United States. However, the pandemic has heightened that challenge, making it tougher for parents to return to work.^{xxiii}

Childcare and home visiting are underfunded through a patchwork of federal, state, and local programs. One consequence of the underfunding of the childcare system is the lack of options in rural areas, which negatively impacts the ability of families to work and businesses to recruit workers. Currently, two-thirds of rural families live in childcare deserts. Rural families must travel farther for care, and a greater portion of their budget goes to paying for childcare.^{xxiv}

Despite their importance, home visiting programs struggle financially because of insufficient funding.^{xxv} The Maternal, Infant, and Early Childhood Home Visiting program, which represents the largest source of federal investment in home visiting, reached only 145,500 parents and children in 2015, a small portion of the eligible population. With additional investment, the program could fill a critical gap by expanding services to more eligible families.^{xxvi} Some states are exploring Medicaid funding for home visiting as well as a variety of grant programs. Combining this funding will be critical to sustaining and expanding home visiting programs.^{xxvii}

Similarly, childcare is funded differently in states through a variety of sources including the federal Child Care and Development Fund (CCDF), which is funded through Child Care Development Block Grants (CCDBG) that provide states with funding to support childcare subsidies. States can draw down CCDF funds and match them to state funds to provide childcare subsidies to low-income families. The federal threshold for subsidies is 85 percent of the federal poverty level (FPL). States have flexibility in setting eligibility with the median eligibility being 170 percent of FPL, or \$47,000, for a family of four in 2021.^{xxviii}

Childcare subsidy studies have shown increased employment for mothers and increased use of center-based care. Other outcomes could include increased earnings, stability of care, and educational attainment for single mothers.^{xxix}

While the current childcare subsidy structure provides important benefits to families, it has been underfunded for too long, and not enough families or providers participate in the system. The childcare system would benefit from additional investments to make care more available. In 2021 and 2022, \$100 billion in childcare investments were included in the Build Back Better Plan^{xxx}. Also in recent years, the Child Care for Working Families Act was proposed and included significant investments that build on the current system and are needed to sustain the childcare sector and grow the economy at all levels.^{xxxi} Neither proposal became law. The childcare system has been



temporarily stabilized by \$24 billion through the American Rescue Plan. That funding has increased pay for workers is set to expire, leading to questions about sustainability and what is next for families.^{xxxii} The FY 2023 omnibus spending plan adopted by Congress in December 2022 included a \$1.9 billion increase in CCDBG funding, 30 percent of which will increase childcare subsidy funding for states.^{xxxiii}

Policy recommendations

1. Food insecurity

SNAP reduces food insecurity, improves health, and stimulates the economy. It is critical to increase funding, partnerships, and support to make the program more available to Americans living in rural communities. To achieve that goal, we should:

- Encourage states to partner with rural community-based organizations to share information and enroll eligible residents into SNAP.
- Reduce geographic barriers to enrollment in SNAP by encouraging states to utilize mobile, telephone, and online enrollment options.
- Develop state partnerships with rural organizations to promote enrollment among rural seniors and streamline the enrollment process to benefit rural residents, given that fewer than half of those eligible for SNAP over the age of 60 are participating in the program.
- Advocate for ongoing federal funding for SNAP.
- Reduce state policies that restrict eligibility for SNAP.

2. Health coverage

Health coverage leads to access to care, better health outcomes and increased work participation, as well as stimulates the economy.

- Support partnerships with rural organizations to assist with health coverage outreach and enrollment efforts.
- Partner with providers and patients to highlight how enhanced coverage improves health and providers' bottom lines.
- Promote partnerships between rural organizations, providers, and state and federal governments to educate rural residents about potential loss of coverage with the end of the public health emergency.
- Stimulate innovative outreach and enrollment strategies tailored to rural communities.
- Continue to partner with states to urge them to expand Medicaid and strengthen health coverage.
- Advocate for federal funding subsidies to reduce the cost of health insurance.
- Advocate for reduction in administrative barriers to enrolling in health care to make the system easier for providers and patients to navigate and for people to remain insured.

3. Early learning and development



Access to early childhood services such as evidence-based home visiting and quality care are proven investments in improving the health, education, and economic opportunity of children throughout their lifespan. These investments also save states money and show a significant return on their investment. Funding will bolster rural childcare, benefit families and businesses, and help maintain a rural workforce.^{xxxiv} To make early childhood services such as home visiting and childcare more available in rural communities, we should:

- Increase federal funding for childcare and evidence-based home visiting, especially programs that support a mixed delivery system that serves rural Americans.
- Support state efforts to leverage Medicaid to bolster evidence-based early interventions and explore how rural health providers could offer evidence-based interventions such as home visiting and screenings.
- Build local, state, federal, and philanthropic partnerships to maximize funding to support the early childhood system.
- Reduce administrative burdens that make it more difficult for providers and parents to enroll in subsidy programs that aid families seeking childcare.
- Advance and support cross-sector partnerships to support enrollment in childcare subsidy programs.

Recommended actions

1. Food insecurity

- Use the 2023 Farm Bill reauthorization to support priority food security programs including: 1) full funding of SNAP; 2) innovative new policies such as a technical assistance center to aid in outreach and SNAP enrollment, especially in rural communities; 3) incentives for farmers and rural grocers to participate in SNAP.
- Advocate for state policies that eliminate asset tests that determine SNAP eligibility. Specifically, adopting categorical eligibility options will boost participation and serve more residents.
- Incentivize states to update their disaster SNAP plans to enable quick access to enhanced SNAP resources and waivers for a streamlined enrollment process.

2. Health coverage

- Advocate for state and federal efforts to expand Medicaid eligibility in non-expansion states under the ACA.
- Support reauthorization of ACA marketplace subsidies beyond FY 2025
- Promote efforts to reduce administrative burdens in enrollment and re-enrollment at the state and federal levels, including reducing barriers for rural patients and providers.
- Encourage appropriate funding for culturally competent outreach and enrollment, patient navigators, and community health workers to assist in enrollment uptake efforts for rural populations.

3. Early learning and development



- Advocate for federal legislation that increases funding for early childhood programs such as CCDBG, Child Care for Working Families Act, or other programs that increase assistance or subsidies for families with children.
- Support federal funding proposals that increase state funding for childcare assistance/subsidies for families.
- Promote efforts to co-locate childcare facilities in rural health care systems and reduce childcare licensing burdens on health care facilities.
- Advocate for efforts to leverage state Medicaid dollars to fund evidence-based interventions such as screening, home –visiting, and other programs.
- Promote use of culturally competent workforce to better serve rural communities.
- Extend the time childcare centers can access federal pandemic relief funds.

Conclusion

Work support programs like SNAP, Medicaid, and CCDF and related state and federal programs can improve health by addressing social needs and drivers in rural communities. Beyond the associated health benefits, additional spending from these programs stimulates rural economies and creates jobs. The programs also provide critical support to participants, allowing them to work and fill vital jobs in their communities.

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