

## Improving Health Care Delivery to Promote Economic Growth in Rural Louisiana

### Situation:

While Louisiana is facing a health care delivery crisis in the New Orleans metropolitan area since Hurricane Katrina, rural areas in Louisiana have faced a long-term challenge of attracting health care professionals. Rural parishes face a disproportionate share of health care professional shortage areas in primary care, dental care, and mental health. Further, rural parishes have the highest death rates from heart disease and stroke as well as the highest infant mortality rates in the state.

The remoteness of these rural parishes makes it difficult for their residents to access the primary and preventative care necessary for the average person to maintain quality health. The health status of residents can have a major impact on economic growth similar to educational attainment.

A healthy workforce misses fewer work days and labor is more productive during work hours. This potential impact is even greater in rural economies of Louisiana that are more dependent on occupations that require greater physical activity such as those parishes dependent on the food and fiber system.

Research to date on attracting physicians to rural areas has shown that physicians who are most likely to practice medicine in rural areas are those physicians who were originally raised in rural areas or who participated in a rural residency program. Yet, programs that have attempted to attract rural students into medicine or place medical students in rural settings have failed to reduce the health care professional shortage given an increasing demand for these individuals.

More research is needed to identify additional characteristics that may increase the health care professional supply in rural Louisiana, and through increased health status of citizens, increased economic growth for the state. The Louisiana Center for Rural Initiatives (LCRI) was created to understand more about the socioeconomic conditions and trends about rural economies in Louisiana, including its health care sector.

The LCRI is an interdisciplinary team of social scientists and policy professionals engaged in research and

extension programs that contribute to sustainable community and rural development in Louisiana. The LCRI, as created by Act 796 of the 2004 Louisiana Legislature, is a consortium initiative between the Louisiana State University Agricultural Center (LSU AgCenter) and the Southern University Research and Extension Center (SU Agricultural Center). The LCRI is housed in the Department of Agricultural Economics and Agribusiness at LSU and operates a satellite center, the Delta Rural Development Center, in Oak Grove, LA.

### Action:

Using data from the American Hospital Association, we reviewed the alternative types of contractual arrangements used when recruiting physicians to rural areas in the U.S. We developed econometric models to understand the economic incentive tradeoffs to understand why a rural hospital used one arrangement over others. Our findings were published in two journals, *The Journal of Rural Health* and the *Southern Business and Economic Journal*. In both articles, we identified several contracting practices rural hospitals have used to recruit physicians, especially those in Louisiana, Mississippi and Arkansas.

### Impact:

The first impact of our work was the acquisition of a \$100,000 grant from Louisiana Economic Development. The grant funds will be used to recruit a Ph.D. student to further investigate the economics of physician recruitment and other aspects of health and economic development issues in rural Louisiana. Secondly, the research conducted will lead to the development of extension based products that can be used by rural provider organizations to identify whether their contract incentives with health care professionals are optimally aligned. This research will also improve future recruitment of health care professionals to rural areas by identifying an existing accepted taxonomy of contractual terms between providers and health care professionals. Identification of these terms will lead to development of best contracting practices. Thirdly, this research will be able to evaluate provider organizations that adopt "best

contract practices” based upon the research and evaluate how they impact both health care costs and quality of health care outcomes of patients in rural areas. More directly, this research over the long term would evaluate how increases in health status at the overall parish level increase major economic development variables such as per capita income growth, employment growth, and population growth.

### **Contact:**

Dr. James Barnes  
Director, Delta Rural Development Center, Oak Grove,  
La., and Assistant Professor, Department of Agricultural  
Economics & Agribusiness, LSU AgCenter,  
Baton Rouge, La.  
(318) 428-4029  
jbarnes@agcenter.lsu.edu

### **Other Author:**

Dr. Matthew Fannin, Assistant Professor, Department of  
Agricultural Economics & Agribusiness, LSU AgCenter,  
Baton Rouge, La.  
(225) 578-0346  
mfannin@agcenter.lsu.edu