DEFEND FORGOTTEN AMERICA

THE BUREAUCRATIC THREAT TO RURAL HEALTHCARE

How Washington Is Undermining Proven Local Solutions for Rural Hospitals

Across rural and small urban America and conservative counties nationwide, local leaders are fighting to preserve one of the last remaining pillars holding their communities together: their hospitals. Protecting and defending communities' local assessments are essential to maintaining their long-term success.

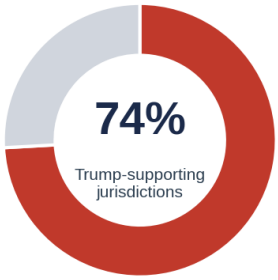
While Washington politicians often speak about protecting rural healthcare, the federal bureaucracy does not put those priorities into policy. Rather than protecting and preserving legally sound financing and care delivery models that have a long history of success in these underserved communities, the Centers for Medicare & Medicaid Services (CMS) continues to question local hospital assessments in conservative, Trump-supporting communities that are essential to stabilizing struggling hospitals in disproportionally conservative counties. As a result, rural and small urban hospitals already operating on razor-thin margins face increasing financial instability. This raises serious questions about whether CMS career bureaucrats left over from the Joe Biden era understand the gravity of the situation or are just deliberately undermining conservative, locally-driven health care solutions.

The findings are clear:

- There are more than 85 local hospital assessments operating nationwide.
- At least 63 operate in jurisdictions that supported President Donald J. Trump in the 2024 election.
- Where local assessments operate, local governments can avoid increasing property taxes and sales taxes to support hospitals, keeping the citizen tax burden low

A CONSERVATIVE SOLUTION, COAST TO COAST

Local hospital assessments operating nationwide, by 2024 presidential vote



85+ local hospital assessments operating nationwide

63 operate in jurisdictions that supported President Trump in 2024

Where they operate, local governments avoid raising property and sales taxes — keeping the tax burden low.

Source: Defend Forgotten America review of local hospital assessment jurisdictions

As discussed herein, Defending Forgotten America is traveling the country, visiting with local leaders to address the worsening health care crisis. Many rural leaders who recognize the importance of local assessments increasingly believe Washington is punishing their communities.

This report outlines the growing political and economic risks facing rural and small urban America, examining the crisis surrounding local provider assessments and the disproportionate impact on conservative communities, particularly for forgotten Americans who depend on local hospitals for emergency care, maternity services, trauma treatment, and economic stability.

Further, the research discussed below highlights that local assessments are the true conservative model for financing Medicaid in small urban and rural communities, supporting struggling hospitals while preventing the need to increase taxes on individuals and small businesses. Immediate action to protect local assessments is crucial to ensure forgotten Americans are not abandoned.

THE RURAL HEALTHCARE & SMALL URBAN HEALTHCARE CRISIS

In hundreds of communities across the country, a local hospital is not simply a healthcare facility. It is often the largest employer in the county, the primary emergency response center, and the only location where residents can access trauma care, labor and delivery services, behavioral healthcare, or life-saving treatment without driving hours away. When a rural hospital closes, entire communities suffer.[1] Emergency response times increase. Pregnant women travel farther for care. Seniors lose nearby treatment options. Local businesses struggle to recruit workers. Economic activity declines. Families relocate.

America's rural healthcare safety net is under unprecedented strain. According to data from the Sheps Center at the University of North Carolina and the Chartis Center for Rural Health, nearly 200 rural hospitals have closed or eliminated inpatient services since 2005, while more than 400 additional facilities remain vulnerable to closure. Even hospitals that have kept their doors open are increasingly being forced to scale back essential services.

Between 2011 and 2023, 293 rural hospitals stopped providing obstetric care, eliminating nearly one-quarter of the nation's rural labor and delivery units, while 424 rural hospitals discontinued chemotherapy services over the past decade. These cuts are creating healthcare deserts across rural America, forcing families

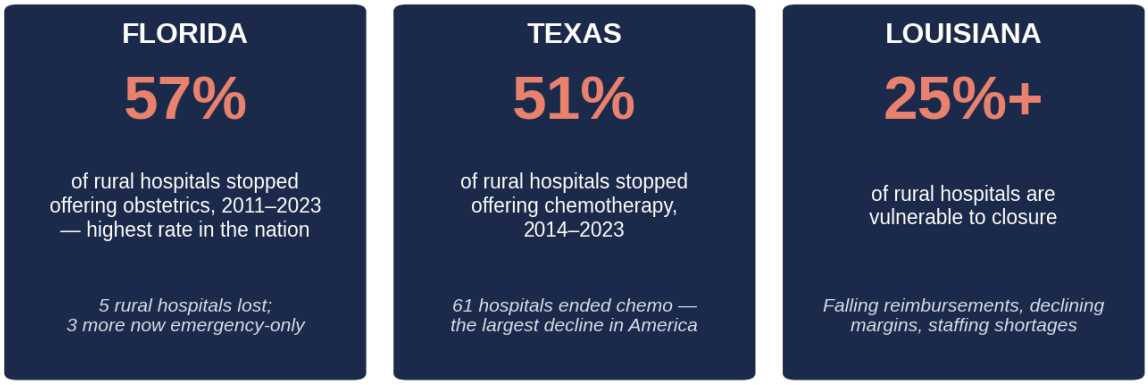
to travel farther for emergency care, maternity services, and life-saving treatments.

For forgotten Americans living in small towns and rural counties, the healthcare crisis is no longer a future threat; it is a present reality affecting access to care, economic stability, and quality of life.

State Specific

- Florida has lost 5 rural hospitals and another 3 have converted to emergency-only care over the last several years.[2] These losses leave residents without nearby access to inpatient, maternity, or specialized care, forcing them to travel long distances for treatment.
- 57% of rural hospitals in Florida have stopped offering obstetrics services between 2011 and 2023, the highest percentage in the nation.[3]
- 51% of rural hospitals in Texas stopped offering chemotherapy between 2014 and 2023. Texas suffered the largest decline with 61 rural hospitals ending chemotherapy services.[4]
- Over 25% of Louisiana's rural hospitals are vulnerable to closure based on indicators such as decreasing reimbursements, declining operating margins, and staffing shortages.[5]

THE CRISIS ON THE GROUND: FLORIDA, TEXAS, LOUISIANA



Sources: Florida Hospital Association; Chartis Center for Rural Health 2025 state-by-state analysis; WBRZ

Nationwide

- 720 rural hospitals across the country are at risk of closing due to severe financial problems, including 294 hospitals at immediate risk, as of May 2026.[6]
- 133 rural hospitals have stopped or soon will stop delivering babies since the end of 2020.[7]

- Mothers in rural communities must travel at least 30 minutes, and often more than 50 minutes, from non-maternity care hospitals to the closest hospital with maternity services.[8]

AMERICA'S RURAL HOSPITAL CRISIS, BY THE NUMBERS

Nearly one-quarter of the nation's rural labor & delivery units have been eliminated — **creating healthcare deserts across forgotten America.**

Sources: Sheps Center (UNC); Chartis Center for Rural Health; Becker's Hospital Review, May 2026

Many rural hospitals already operate under extreme financial strain due to:

- Rising uncompensated care costs
- Workforce shortages
- Inflationary pressures
- Medicaid reimbursement challenges
- Increased emergency care demands
- Aging populations with greater healthcare needs

In response, conservative states and counties have sought solutions to support their hospitals.

Many of the communities served by rural hospitals simply do not have the economic capacity to sustain healthcare systems through local tax revenues alone. Rural counties tend to have smaller populations, lower household incomes, and more limited commercial tax bases than their urban counterparts.

At the same time, rural hospitals serve disproportionately older and lower-income populations, making them heavily reliant on Medicare and Medicaid reimbursement. According to the Rural Health Information Hub, government programs account for roughly 72 percent of rural hospital inpatient discharges nationwide. Unlike large urban health systems, rural hospitals often lack a significant base of privately insured patients whose higher reimbursement rates can offset losses from government programs.

This structural imbalance leaves many facilities financially vulnerable and highly dependent on federal healthcare policy decisions. As the Chartis Center for Rural Health has documented, more than 430 rural hospitals are currently vulnerable to closure, threatening healthcare access for millions of Americans living in small towns and rural communities.

- The median household income in nonmetro areas in Texas, Florida, and Louisiana is at least $15K less than that of metro areas.[9]
- On average, only 19% of discharges from rural hospitals are covered by private insurance, which reimburses at higher rates than Medicare and Medicaid.[10]

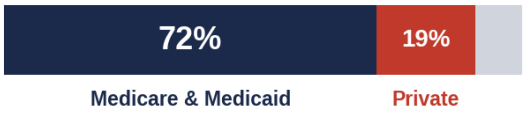
LOCAL HEALTHCARE RELATED TAXES AND ASSESSMENTS ARE A CONSERVATIVE MODEL

Healthcare-related provider taxes represent a pragmatic, market-oriented solution that has been embraced by many conservative states to strengthen local healthcare systems without imposing broad-based tax increases on families or businesses. By assessing hospitals and other healthcare providers and using those revenues to draw down federal Medicaid matching funds, states can generate substantial new resources to support rural hospitals, safety-net providers, and access to care. This approach keeps healthcare dollars flowing back into local communities, helps stabilize providers facing uncompensated care costs, and maximizes the return on federal tax dollars already paid by state residents.

THE STRUCTURAL SQUEEZE ON RURAL HOSPITALS

Rural hospitals depend on lower-paying government programs and serve poorer communities

Rural hospital inpatient discharges, by payer



Private insurance reimburses at higher rates — rural hospitals have far less of it to offset losses.

Median household income, national percentile

A 36-point gap — with rural child poverty 16 percentile points higher than urban areas.

Local assessments fill the gap these communities cannot close through property and sales taxes alone.

Sources: Rural Health Information Hub; KFF; Chartis Center for Rural Health; USDA

Rather than expanding government through new general taxes, provider taxes leverage existing healthcare infrastructure to preserve services, protect jobs, and sustain access to care in a fiscally responsible manner.

Texas and Florida provide key examples. These conservative states illustrate a distinct approach to Medicaid policy that emphasizes targeted assistance for the most vulnerable populations while maintaining relatively low Medicaid spending per enrollee compared with many states that have adopted broader public coverage models. Both states have declined to expand Medicaid eligibility under the Affordable Care Act, instead focusing limited resources on children, pregnant women, seniors, people with disabilities, and other traditionally eligible populations.

To support the hospitals and providers that serve these groups—as well as uninsured patients—Texas and Florida rely heavily on healthcare-related taxes, provider assessments, and local governmental contributions that draw down federal matching funds without requiring broad-based tax increases on residents.

By contrast, many states with expanded Medicaid programs, including New York, Massachusetts, Minnesota and Pennsylvania, devote substantially more citizen tax dollars to Medicaid and generally spend more per capita on the program. These states have chosen to extend eligibility to a much larger segment of the low-income adult population and often rely on broader state revenue sources—including income taxes, sales taxes, and other general revenues—to support their healthcare commitments. This approach places greater long-term demands on taxpayers and increases the size and scope of government healthcare programs.

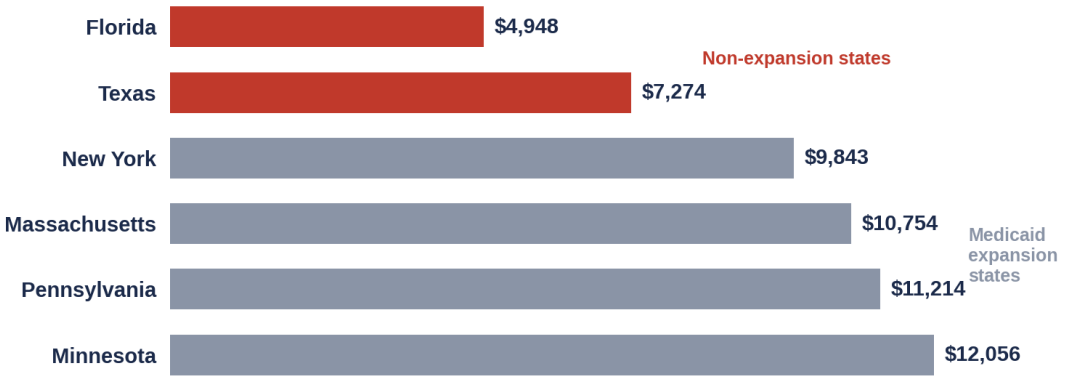
- Expansion states on average spend nearly $1,000 more per enrollee when compared to non-expansion states.
- Florida and Texas are among the most fiscally responsible states, on average spending $4,948 and $7,274 per enrollee, respectively.
- New York ($9,843), Massachusetts ($10,754), Pennsylvania ($11,214), and Minnesota ($12,056) all spend, on average, substantially more per enrollee–nearly 2X-3X that of Florida.

The Texas and Florida models provide a solution for forgotten America. Local healthcare-related taxes provide revenue that many rural communities simply cannot replace through their general budgets.

According to the Chartis Center for Rural Health, the median household income in rural communities ranks at just the 32nd percentile nationally, compared with the 68th percentile in urban communities—a 36-point gap. Rural communities also

THE CONSERVATIVE MODEL COSTS TAXPAYERS LESS

Average Medicaid spending per enrollee — expansion states spend up to 2–3x more than Florida



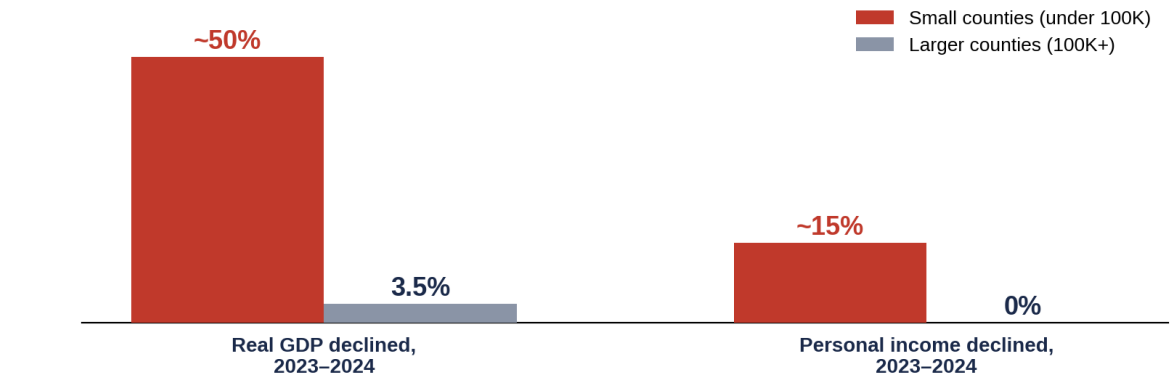
Source: KFF, Medicaid spending per enrollee by group and across states

experience significantly higher rates of economic hardship, including child poverty rates that rank 16 percentile points higher than those in urban areas. At the same time, the U.S. Department of Agriculture reports that median household income in rural America remains approximately 12 percent below the national median.

These economic realities translate into smaller property tax bases, fewer commercial taxpayers, and more limited local government revenues. As a result, healthcare-related taxes often provide one of the few dedicated funding streams available to help sustain local hospitals, emergency departments, and critical

SMALL-COUNTY AMERICA IS FALLING BEHIND

Share of U.S. counties with economic decline — the tax bases rural hospitals would otherwise rely on



Source: U.S. Bureau of Economic Analysis, GDP and personal income by county, 2024 (released Feb. 2026)

healthcare services without forcing counties to divert scarce resources from public safety, education, roads, and other essential government functions.

- The Bureau of Economic Analysis found that nearly 50% of small counties in the U.S. (populations below 100,00) saw real GDP decline from 2023-2024.[14]
- Comparatively, only 3.5% of counties with populations over 100,000 saw real GDP decline.[15]
- Similarly, roughly 15% of small counties saw a decline in personal income from 2023-2024, whereas larger counties saw zero decline.

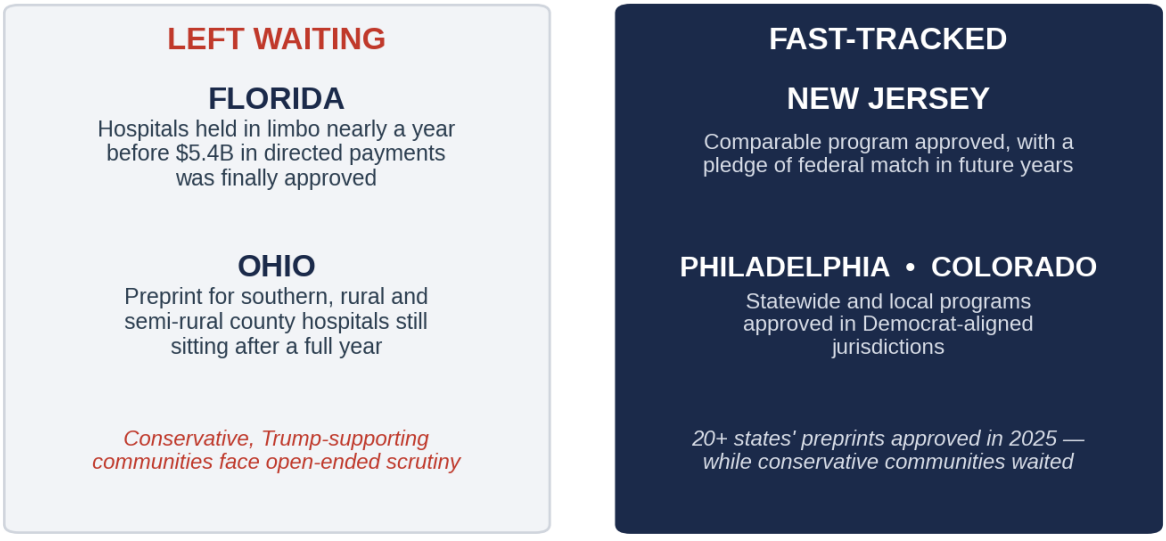
CMS DELAYS ARE HITTING CONSERVATIVE COMMUNITIES HARDEST

Data reviewed for this report demonstrates a troubling trend. CMS has continued approving requests for statewide and local programs in Democrat-aligned jurisdictions, including New Jersey, Philadelphia, and Colorado, while challenging small urban and rural conservative communities.

In 2025, CMS approved state-directed payment preprints for more than 20 states, authorizing large Medicaid hospital financing arrangements nationwide. CMS data show these programs often total billions of dollars per state. For example, Florida's approved hospital-directed payments exceed $5.4 billion for a single rating period. While many states secured federal approval to stabilize hospital funding, Florida remained among the major applications still moving through the review process at various points in the 2025 cycle.

ONE BUREAUCRACY, TWO SPEEDS

How CMS treats hospital financing programs in different jurisdictions



Source: Defend Forgotten America review of CMS state-directed payment preprint approvals, 2025–2026

CMS's approval came only after Florida hospitals had been in limbo for nearly a year. Likewise, a novel preprint for Ohio hospitals in the southern, rural and semi-rural counties remains sitting for a year, while a comparable program in New Jersey received approval and a pledge to ensure the federal government would work with the state to ensure future years receive federal match.

For many conservative leaders, the pattern is impossible to ignore. Why should a conservative county in Texas, Florida or Ohio be treated any differently than Philadelphia or New Jersey local jurisdictions? What makes them so different as to raise CMS concerns and threaten the ongoing success of these programs? CMS has yet to provide local communities a good answer. The concern is not simply administrative or political. It is whether the federal healthcare bureaucracy recognizes what programs and policies actually work for these communities. The bureaucracy should protect and defend these successful models, not threaten states' and local communities' ability to administer these models moving forward.

The Trump-Vance Administration was elected in large part because voters rejected the arrogance of Washington institutions that appeared disconnected from working Americans. Yet many rural healthcare leaders now fear the same unnecessary scrutiny based on flawed and arbitrary policy preferences that still exist inside parts of the federal healthcare apparatus.

CONSERVATIVE COMMUNITIES FIGHTING TO PROTECT RURAL HEALTHCARE

The clearest leadership in this crisis is not coming from Washington bureaucrats. It is coming from conservative state and local leaders who understand firsthand what is at stake when a community loses its hospital. Interviews and testimonials from healthcare administrators, county officials, and local stakeholders reveal the growing strain CMS delays are placing on rural healthcare systems and the communities that depend on them. These stories provide a direct window into how forgotten Americans are being impacted by federal action and inaction.

Defend Forgotten America recently spoke with leaders such as Bell County, Texas Judge David Blackburn who have emerged as examples of conservative leadership focused on preserving healthcare access through locally driven solutions rather than expanded federal control. Their experiences highlight several key realities shaping the rural healthcare debate:

- Conservative communities are not asking Washington for bailouts.
- Local leaders are proactively working to stabilize healthcare access and hospital systems.

- Federal delays are creating uncertainty that undermines long-term planning and financial stability.
- Bureaucratic inaction carries direct consequences for working families, seniors, veterans, and rural patients.

Field reviews conducted in impacted communities, including hospital visits and interviews with healthcare leaders and county officials, demonstrate that the consequences of CMS delays extend far beyond regulatory disputes in Washington. Among the most significant findings identified across affected jurisdictions are:

- Emergency rooms operating under growing financial strain.
- Maternity wards and specialty care services facing potential reductions or closure.
- Persistent workforce shortages impacting patient access and continuity of care.
- Increased ambulance travel times for emergency treatment.
- Heavy economic dependence on local hospitals as major regional employers.
- Greater healthcare vulnerability for seniors, veterans, and low-income families.
- Local taxpayers and county leaders working to preserve healthcare infrastructure through locally controlled financing mechanisms.

These findings underscore how local hospital assessments and provider tax structures have become critical tools for rural and conservative communities attempting to preserve healthcare access without relying on expanded federal healthcare models.

While policymakers in Washington debate local assessments, healthcare related tax waivers, and regulatory authority, the reality for forgotten Americans is far more immediate and personal: Whether their local hospital will still be there when their family needs emergency care, maternity services, or lifesaving treatment.

QUANTIFYING THE IMPACT

Defend Forgotten America will continue documenting the state-by-state and county-by-county impact of CMS delays on rural hospitals and conservative communities. Ongoing analysis and oversight remain critical to understanding how federal inaction is affecting healthcare access, hospital stability, and economic conditions across forgotten America.

This review includes examination of several key areas:

State-Level Analysis

- Political composition of impacted jurisdictions
- Rural and semi-rural populations affected
- Number of hospitals impacted
- Estimated Medicaid patients served
- Economic impact of local hospital systems

Local-Level Analysis

- Counties dependent on single-hospital systems
- Average travel distance to alternative emergency care
- Number of healthcare jobs supported
- Percentage of Medicaid and uninsured patients served
- Financial vulnerability rankings for impacted hospitals

Administrative and Political Review

- Comparison between approved and pending preprints
- Breakdown of Republican versus Democrat jurisdictions
- Timeline analysis of preprint approvals and delays
- Review of CMS administrative decision-making patterns

This ongoing review reinforces broader concerns about unequal treatment within the federal healthcare bureaucracy and helps quantify the real-world consequences of delayed approvals on rural and working-class communities.

The findings also demonstrate that local hospital assessments are not abstract policy disputes. They directly impact healthcare access, emergency response capacity, local economies, and long-term community stability across conservative regions of the country.

RECOMMENDATIONS FOR FEDERAL ACTION AND ACCOUNTABILITY

The findings outlined in this report demonstrate the urgent need for immediate federal action to protect rural and small urban healthcare access and ensure conservative communities receive equal treatment under federal healthcare policy. Local hospital assessments and provider tax structures have become essential tools for stabilizing healthcare systems in many rural and working-class regions,

particularly in communities operating outside expanded federal healthcare models.

To address the growing crisis, the following actions should be prioritized by federal policymakers and CMS leadership:

1 Immediate Review of Pending Preprint and Waiver Applications for Local Healthcare Related Taxes

CMS should conduct an expedited review of all pending preprints and waivers for local hospital assessments, particularly those involving rural and single-hospital communities facing elevated financial risk.

Federal delays create uncertainty that undermines long-term hospital planning, workforce retention, and patient care stability. Rural communities should not be forced to wait indefinitely while politically connected jurisdictions continue receiving approvals.

2 Establish Transparent and Uniform Approval Standards

CMS should publicly disclose:

- Preprint and waiver review timelines
- Approval criteria and methodology
- Comparative approval and denial data
- Administrative benchmarks for pending applications

A transparent process is essential to restoring public trust and ensuring all jurisdictions are treated fairly, regardless of political geography.

3 Protect Local Provider Tax Structures for Rural and Small Urban Communities

Congress and CMS should affirm the legality and long-term stability of local provider tax mechanisms used by rural and conservative communities to sustain healthcare infrastructure.

These locally driven financing structures serve as practical alternatives to expanded federal healthcare models and reflect principles of local control, fiscal flexibility, and community-based governance.

Any federal effort to weaken these mechanisms could disproportionately harm:

- Rural counties
- Single-hospital systems
- Elderly populations

- Veterans
- Low-income working families
- Medically underserved regions

4 **Prioritize Rural and Single-Hospital Communities**

Federal healthcare policy should recognize the unique vulnerability of rural and single-hospital regions where closure of one facility can eliminate healthcare access across entire geographic areas.

CMS should develop a priority review process for waiver applications involving:

- Sole community hospitals
- Rural trauma centers
- Counties with limited emergency care access
- High-Medicaid population regions
- Healthcare workforce shortage areas

5 **Conduct a Federal Impact Assessment on Delayed Preprints and Waivers**

Congressional oversight committees and federal healthcare agencies should evaluate the broader impact of delayed local healthcare-related tax preprints and waiver approvals, including:

- Economic consequences
- Hospital financial vulnerability
- Emergency care access
- Maternal healthcare availability
- Workforce retention challenges
- Increased travel times for patients

This review should include a state-by-state and county-by-county assessment to ensure policymakers fully understand how delays are affecting forgotten Americans.

6 **Ensure Equal Treatment Regardless of Political Geography**

Federal healthcare policy must be administered fairly and consistently across all jurisdictions.

The perception that conservative and Trump-supporting communities are facing disproportionate delays while approvals move forward in politically

aligned jurisdictions risks undermining public confidence in federal institutions.

CMS leadership, including Administrator Dr. Mehmet Oz, should ensure pending applications are evaluated based on policy merit and community need —not political alignment.

7 **Continued Public Oversight and Advocacy**

Organizations, local leaders, healthcare stakeholders, and rural advocates should continue elevating the voices of impacted communities and pressing federal officials for transparency, accountability, and timely action.

The stakes extend far beyond regulatory procedure. For many forgotten Americans, the outcome of these decisions will determine whether their community retains access to emergency care, maternity services, trauma treatment, and long-term healthcare stability.

CONCLUSION

The fight over local hospital assessment waivers is about far more than healthcare policy. It is about whether forgotten Americans still have a voice in their own government.

Across rural and small urban America, especially in conservative communities, local leaders are trying to preserve hospitals, protect emergency care, and stabilize healthcare systems using locally controlled solutions. Yet many believe Washington bureaucrats are standing in the way.

If these delays continue, the consequences will not be measured in paperwork or policy memos. They will be measured in:

- Closed emergency rooms
- Lost maternity care
- Longer ambulance rides
- Economic decline
- Lives disrupted in communities already under pressure

Defend Forgotten America will continue exposing this growing crisis and give voice to the communities being ignored. Forgotten Americans should not lose their hospitals because Washington bureaucrats prefer politically favored jurisdictions. And conservative communities should never be punished for pursuing local solutions that keep their hospitals alive.

The time for accountability is now.

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