

# NACRHHS

National Advisory Committee on Rural Health and Human Services

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Comments on Recommendations From the Metropolitan and Micropolitan Statistical Area Standards Review Committee to the Office of Management and Budget Concerning Changes to the 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas

Thank you for the opportunity for the National Advisory Committee on Rural Health and Human Services (NACRHHS) to comment on the proposed Changes to the 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas. Some of the proposed changes would have a significant impact on how much of the territory and population of the United States is classified. While the Office of Management and Budget (OMB) clearly states that these are “Statistical Areas” not intended for programmatic use in distribution of funding, there is no doubt that the delineations are frequently used for programmatic purposes across government such as the Community Development Block Grant from the Dept. of Housing and Urban Development or the geographic wage factors used to determine Medicare reimbursement. The shift of over 100 Metropolitan Statistical Areas (MSAs) to Micropolitan Statistical Areas (MiSAs) would have an impact in ways that are not being considered and planned for. Almost two years before the 2000 Census had occurred, OMB sought public comments on proposed changes to defining MSAs and Nonmetro areas. A 60 day comment period is not enough time to completely evaluate the impact of the proposed changes. The Committee urges OMB to increase the amount of time for analysis of these important proposed changes.

The Committee also recognized the influence that OMB has on the Federal budgeting process and urges that OMB use this influence to ensure equitable Federal resources to the rural population.

We are including comments only on some of the proposed changes.

OMB Proposal (1) *The minimum urban area population to qualify a metropolitan statistical area should be increased from 50,000 to 100,000.* This increase would have a profound effect on the number of MSAs. A geographic/demographic category that currently ranges from a population of 50,500 up to a population of 18 million without any further distinctions, is of limited utility. According to the Appendix, there are 144 out of a total of 392 MSAs which would have been reclassified to MiSAs had this standard been in effect in 2018. This would have included almost 250 counties with a population of around 18 million, increasing the Nonmetro population by over one third.

The Committee believes the proposed changes will have a significant impact and it is not clear that the revisions will better reflect reality on the ground. Are MSAs with urban core populations from 50,000-99,999 more like MiSAs areas than they are like MSAs with much larger populations?

On this point, we believe that the MSAs with urban core populations that just barely pass the 50,000 hurdle more closely resemble MiSAs than they do the larger MSAs. However, we also question whether 100,000 is the correct upper limit for the core population of MiSAs. MSAs such as Charlottesville, VA (with a core population of 92,000) and Lawrence, KS (with a core population of 88,000) are the sites of major universities. Charlottesville also has a medical school with an academic medical center, a feature that is more common in major urban centers than it is in smaller towns.

One possible effect of the change in the minimum population for designation of MSAs could be an increase in financial stress on and possible closures of hospitals. The Medicare program relies on the OMB county classifications in making a budget-neutral wage-related adjustment. The proposed OMB changes will likely result in rural-urban redistributions of Medicare reimbursement from one labor market to another. Given the high rate of hospital closures in recent years, taking time to examine this issue is warranted.

The Committee strongly recommends that OMB conduct more analysis to assess whether a minimum core population of 75,000-90,000 would be a better standard for MSAs.

OMB Proposal, (3) *Research should be undertaken on an additional, territorially exhaustive classification that covers all of the United States and Puerto Rico.* The Committee strongly supports OMB's third proposal. MSAs currently have a population range that stretches from 55,000 up to around 19 million. At the same time, the current delineations based on urban cores, results in about 40% of counties in the United States not being classified as either part of MSAs or MiSAs. They are simply left over after other counties have been designated. The Committee believes all areas should have some sort of designation. As currently constructed and as proposed, OMB's classification essentially leaves smaller areas undefined. Instead of being labelled "Neither" or "Non-Core," the counties that aren't part of core based statistical areas (CBSAs) should be included in a nationwide system, one that has more than two or three categories. Both the Department of Agriculture's Economic Research Service (ERS) and the National Center for Health Statistics have developed ways of subcategorizing both Nonmetro and Metro counties that are much more informative, both statistically and programmatically, than a system that only has 3 categories. We urge OMB to look at ways of designing an overall classification system that doesn't offer only 3 options (Metro, Micro and Noncore) but would allow categorization with greater specificity and permit better targeting of resources.

OMB Proposals (4) and (5). The Committee also supports proposals 4 and 5. *The first annual delineation update of the coming decade should be combined with the decennial-based delineations and (5) OMB should make publicly available a schedule for updates to the core based statistical areas.* These would make it easier to for users of the designations to be aware of when changes are made.

OMB Proposal (6) *OMB should continue use of American Community Survey commuting data in measurement of intercounty connectivity, though changing societal and economic trends may warrant considering changes in the 2030 standards.* Although the intended outcome of the potential changes are not clear, the Committee supports this proposal. The benefits of the economic recovery after the “Great Recession” that lasted from 2007-2009 have not been evenly felt across the geography of the United States. According to ERS, employment gains were concentrated in MSAs, perhaps even the largest MSAs. This has caused rural residents to commute longer distances to reach jobs. The increasing concentration of job growth in MSAs and changes in how OMB designates outlying counties as part of MSAs have led to growth in the number of MSA counties that do not have the resources or urban character of central MSA counties. Neither are these outlying MSA counties receiving the economic benefits that the central counties enjoy from the economic activity that is concentrated there.

The impact of the Covid-19 pandemic may result in permanent changes to employment and commuting patterns. Studying the impact of the pandemic on the 2020 Census and commuting data is extremely important and may suggest future changes in designating counties.

As OMB considers these changes, the Committee believes it should exercise caution in how commuting data is used. A problem that is related to the use of commuting data is that of counties bouncing into then out of MSAs depending on temporary changes in the economy. In other words, counties are part of an MSA when the economy is good but then are dropped from the MSA based on a downturn that results in a reduction in employment, only to be reclassified again in the MSA when employment goes up. We believe this yo-yo effect may affect the outlying MSA and MiSA counties more because they are less economically connected to the urban core and commuting is the only link to that core. Whether or not commuting distance is the correct and sole criterion for the designation of counties as being economically integrated with the urban core is a question that deserves deeper consideration.

Finally, while OMB does urge that others avoid use of MSA and MiSA designations for program purposes, OMB itself does have great influence over the Federal budget and distribution of resources. Given the large changes proposed in this Federal Register Notice, OMB could work with the Administration and Congress to account for these changes. For example, there are a number of Federal grant programs that focus solely on nonmetro/rural communities. If OMB’s proposed changes are finalized, the competition for these scarce resources will increase dramatically. OMB could account for that within the development of its annual budget proposal. If those programs remain funded at the current level, the overall distribution of resources will be diluted. In its budget proposal, OMB could account for this by proposing preferences or priorities in key rural-specific programs so that smaller rural communities are not disadvantaged given that they will now be competing against larger and more well-resourced communities. We urge OMB to take steps to ensure equitable Federal resources to the rural population.

Thank you for your consideration of the issues we have raised.

Sincerely,

The Honorable Jeff Colyer  
Chair