RURAL HOSPITALS AT RISK OF CLOSING

Hundreds of Rural Hospitals Were at Immediate Risk of Closure Before the Pandemic

Over 500 rural hospitals – more than one-fourth of the rural hospitals in the country – were at **immediate risk of closure** even before the coronavirus pandemic because of continuing financial losses and lack of financial reserves to sustain operations. These hospitals had:

- **Persistent Financial Losses:** The hospitals had a cumulative negative total margin over the most recent 3-year period for which financial data were available; and
- **Low or Non-Existent Financial Reserves:** The hospitals either (a) had total liabilities exceeding all assets other than buildings and equipment, or (b) had assets greater than liabilities, but only by enough to sustain continued losses for at most 2 years.

Almost every state had at least one rural hospital at immediate risk of closure, and in 22 states, 25% or more of the rural hospitals were at immediate risk.

These estimates likely understate the severity of the problem that exists today. Margins at many hospitals may be worse in 2020 because of the combination of the higher costs hospitals incurred during the pandemic and the reduction in revenues because patients avoided seeking non-emergency services.

Hundreds More Rural Hospitals Are at High Risk of Closing in the Future

Over 300 additional rural hospitals are at **high risk of closure** in the near future. These hospitals fall into two categories:

- **Low Financial Reserves.** These are hospitals that had assets greater than liabilities, but the difference would only have been enough to cover the hospital's average annual losses for at most 5 years.
- **High Dependence on Non-Patient Service Revenues.** The second group of hospitals have had positive total margins, but only because they receive large amounts of funding from local taxes, state subsidies, or other sources of funds sufficient to offset losses on patient services. Moreover, these hospitals either have liabilities in excess of assets, or their net assets would not be large enough to offset the patient service losses for more than two years. Since it is not clear that these hospitals can continue receiving large amounts of revenue from other sources in the future, they also have to be considered at high risk of closure.

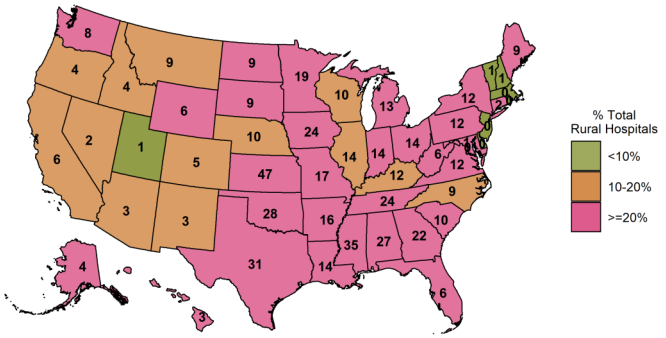
Rural Hospitals In Almost Every State Are at Risk of Closing

In total, over 800 rural hospitals – 40% of all rural hospitals in the country – are either at immediate risk or high risk of closure. More than 20% of rural hospitals are at risk of closing in almost every state in the country, and in 14 states, the majority of the rural hospitals are at risk of closing. Millions of people who live in the areas served by the at-risk hospitals could be directly affected if the hospitals were to close.

Most Rural Hospitals at Risk of Closing Are in Isolated Rural Communities

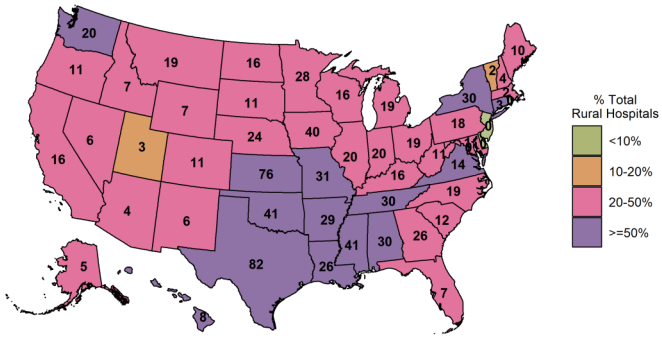
Almost all of the rural hospitals that are at immediate or high-risk of closure are in isolated rural communities. Closure of the hospital would mean the community residents have *no ability at all* to receive emergency or inpatient care without traveling long distances. In many small rural communities, the hospital is the only place where residents can get laboratory tests or imaging studies, and it may be the only or principal source of primary care in the community.

Rural Hospitals at Immediate Risk of Closing



Risk of closure is based on persistent financial losses and low financial reserves.

Rural Hospitals at Immediate or High Risk of Closing



Risk of closure is based on persistent financial losses and low financial reserves, or high dependence on grants, local taxes or other revenues not derived from patient services.

RURAL HOSPITALS AT IMMEDIATE OR HIGH RISK OF CLOSING

State	Total Rural Hospitals	Number at Risk of Closing	Percent at Risk of Closing	Number at Immediate Risk of Closing	Percent at Immediate Risk	Number at High Risk of Closing
Alabama	48	30	63%	27	56%	3
Alaska	13	5	38%	4	31%	1
Arizona	18	4	22%	3	17%	1
Arkansas	48	29	60%	16	33%	13
California	52	16	31%	6	12%	10
Colorado	41	11	27%	5	12%	6
Connecticut	3	3	100%	2	67%	1
Delaware	2	0	0%	0	0%	0
Florida	20	7	35%	6	30%	1
Georgia	61	26	43%	22	36%	4
Hawaii	12	8	67%	3	25%	5
Idaho	28	7	25%	4	14%	3
Illinois	73	20	27%	14	19%	6
Indiana	53	20	38%	14	26%	6
Iowa	90	40	44%	24	27%	16
Kansas	105	76	72%	47	45%	29
Kentucky	69	16	23%	12	17%	4
Louisiana	49	26	53%	14	29%	12
Maine	25	10	40%	9	36%	1
Maryland	4	1	25%	1	25%	0
Massachusetts	5	2	40%	0	0%	2
Michigan	63	19	30%	13	21%	6
Minnesota	91	28	31%	19	21%	9
Mississippi	66	41	62%	35	53%	6
Missouri	57	31	54%	17	30%	14
Montana	51	19	37%	9	18%	10
Nebraska	72	24	33%	10	14%	14
Nevada	13	6	46%	2	15%	4
New Hampshire	17	4	24%	1	6%	3
New Jersey	1	0	0%	0	0%	0
New Mexico	24	6	25%	3	13%	3
New York	51	30	59%	12	24%	18
North Carolina	53	19	36%	9	17%	10
North Dakota	37	16	43%	9	24%	7
Ohio	70	19	27%	14	20%	5
Oklahoma	73	41	56%	28	38%	13
Oregon	32	11	34%	4	13%	7
Pennsylvania	43	18	42%	12	28%	6
Rhode Island	0	0	0%	0	0%	0
South Carolina	25	12	48%	10	40%	2
South Dakota	45	11	24%	9	20%	2
Tennessee	51	30	59%	24	47%	6
Texas	147	82	56%	31	21%	51
Utah	21	3	14%	1	5%	2
Vermont	13	2	15%	1	8%	1
Virginia	28	14	50%	12	43%	2
Washington	40	20	50%	8	20%	12
West Virginia	24	11	46%	6	25%	5
Wisconsin	73	16	22%	10	14%	6
Wyoming	23	7	30%	6	26%	1

Data current as of January 2021