

# Hundreds of hospitals could close across rural America

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Hundreds of rural hospitals across the United States are teetering on the

edge of closure, with their financial status increasingly in peril, a new report reveals.

More than 200 [rural hospitals](#) are at immediate risk of closure because they aren't making enough money to cover the rising cost of providing care, and their low financial reserves leave them little margin for error, [the Center for Healthcare Quality and Payment Reform report](#) states.

Overall, more than 600 rural hospitals—nearly 30% of rural hospitals nationwide—are at risk of closing in the near future, according to the report.

"Costs have been increasing significantly and payments, particularly from commercial insurance plans, have not increased correspondingly with that," said Harold Miller, president and CEO of the Center for Healthcare Quality and Payment Reform (CHQPR). "And the small hospitals don't have the kinds of financial reserves to be able to cover the losses."

The COVID-19 pandemic actually provided temporary relief to cash-strapped hospitals, thanks to [federal grants](#) that helped keep them open and serving patients.

More than 150 rural hospitals nationwide closed between 2005 and 2019, the CHQPR report noted. Another 19 shut down in 2020, more than any year in the previous decade.

But only six more closed in 2021 and 2022, because of the financial assistance hospitals received while the pandemic raged.

Now that federal assistance has ended, the financial crisis for rural hospitals looms larger than ever, Miller said.

"The hospitals are going to be facing the situation where they have to spend more than they can take in to be able to pay for care, and they don't have the reserves to be able to deal with that," he explained.

The problem owes to the need for hospitals to have a certain number of staffers on duty every hour of every day, while reimbursement is based on the number of patients treated, Miller said.

Urban hospitals serve larger populations and are able to make ends meet due to the constant churn of patients coming in and out. But rural hospitals serving less populated areas are less likely to see enough patients on average to cover costs of care.

"An [emergency department](#) in the hospital, it has to have a physician there 24/7 to be able to deal with emergencies, so there's a certain fixed cost associated with having that physician there around the clock available for patients who need it," Miller said. "Well, if you have fewer visits because the community is smaller, then there are fewer patients to be able to cover that cost."

Rising [health care costs](#) are adding an additional strain for these hospitals, due both to inflation and to workforce shortages.

In addition, many people still avoid going to the hospital for care, much as they did during the pandemic, said Brock Slabach, chief operations officer of the National Rural Health Association.

"Many hospitals I talked to are reporting that volumes have not returned since the pandemic has been over, in general," Slabach said.

Nearly every state has a rural hospital at risk, according to the CHQPR report.

In almost half the states, 25% or more of rural hospitals are at risk of closing. In 10 states, 40% or more are at risk.

States with the highest percentage of at-risk hospitals include Alabama, Arkansas, Connecticut, Hawaii, Kansas, Mississippi, New York, Oklahoma, Tennessee and Texas, according to the report.

People in [urban areas](#) tend to think of a hospital as one of many health care facilities in the community, functioning alongside urgent care centers, testing labs, radiology centers, doctors' offices and the like.

"In many of the smallest rural communities, the only thing there is is the hospital," Miller said. "The hospital is the only source. Not only is it the only emergency department and the only source of inpatient care, it's the only source of laboratory services, the only place to get an X-ray or radiology. It may even be the only place where there is primary care."

A lot of these small rural hospitals run rural health clinics, Miller added.

"There literally wouldn't be any physicians in the community at all if it wasn't for the rural hospital running that rural health clinic," he said. "So if the hospital closes, you're literally eliminating all [health care services](#) in the community."

Private insurance is putting the financial squeeze on hospitals more than public plans like Medicare, Miller said.

"Medicare actually pays small rural hospitals based on their cost, recognizing that it costs more to deliver health care in a small rural community. Private payers don't do that," Miller said. "So in many cases, these hospitals, the reason they're losing money is because they're losing money on their privately insured patients, not on Medicare."

He said the best way to preserve rural hospitals is to shift to a two-part payment schedule, where the facilities are paid to maintain standby capacity and to actively treat patients.

"If you think about a fire department in the community, fire departments don't get paid only when there's a fire. We have fire departments available in case there is a fire and there is a cost associated with doing that," Miller said. "We have police departments. We don't pay them based on how many crimes there are. We pay the police department to have enough salary and staff to be able to protect the community in case there are crimes."

Slabach, meanwhile, said private insurers also need to recognize differences in operating costs between rural and urban [health care facilities](#).

"We need to make sure that they understand that they have a responsibility to support access to care in rural areas through paying higher unit rates, paying for these higher costs," Slabach said.

Businesses and average folks in rural communities can help by choosing health plans that best support their local hospital, Miller said.

For example, seniors can choose traditional Medicare coverage over a Medicare Advantage plan, he said.

"People don't realize that Medicare Advantage plans typically pay rural hospitals less than regular Medicare does, so when people are picking a Medicare Advantage plan or when they're picking a commercial insurance plan, they need to ask the question first, is that health plan paying our local hospital adequately to deliver services in the community?" Miller said. "Because it doesn't do any good to have insurance if there's no place to use it."

If folks pick a health insurance plan that either doesn't pay or doesn't pay a rural hospital adequately, that may put the rural hospital out of business, he said. "Then it doesn't do you any good that you have insurance," Miller added.

Businesses can help by asking hospital administrators which [health plans](#) provide the best and easiest financial support to their local hospital, and then offering those plans to employees, Miller suggested.

Officials also can pitch in by strengthening Medicare and Medicaid, and making sure the programs are adequately reimbursing rural hospitals, Slabach said.

"Americans that live in rural communities producing all of our food, fuel and fiber should expect and have access to the same level of primary and secondary care services that every other American in the United States has available to them," he said.

Slabach called it "incredibly alarming" that these sites are in jeopardy.

"We know that it took several generations to get to where we are now in terms of these services being available," he said. "Replacing them after they've been ended will be much harder to do. Sustaining them is much easier than trying to replace them once they close."

**More information:** The Center for Healthcare Quality and Payment Reform has more about [saving and sustaining rural hospitals](#).

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