

# RURAL HOSPITALS AT RISK OF CLOSING

## Hundreds of Rural Hospitals Are At Immediate Risk of Closure

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

- **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 has at least one rural hospital at immediate risk of closure, and in 21 states, 25% or more of the rural hospitals are at immediate risk.

## Hundreds More Rural Hospitals Are At High Risk of Closing in the Near 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 have assets greater than liabilities, but the difference is only 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.

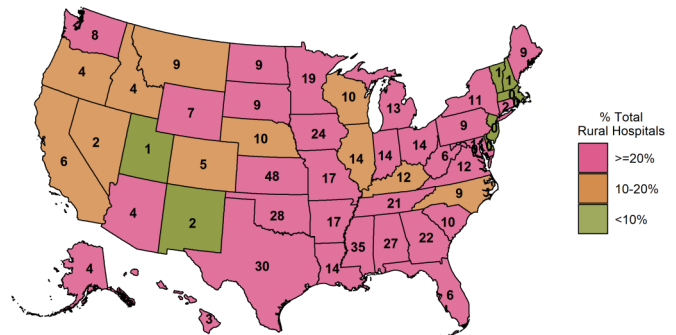
## Rural Hospitals In Almost Every State Are at Risk of Closing

In total, nearly 900 rural hospitals – over 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 15 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

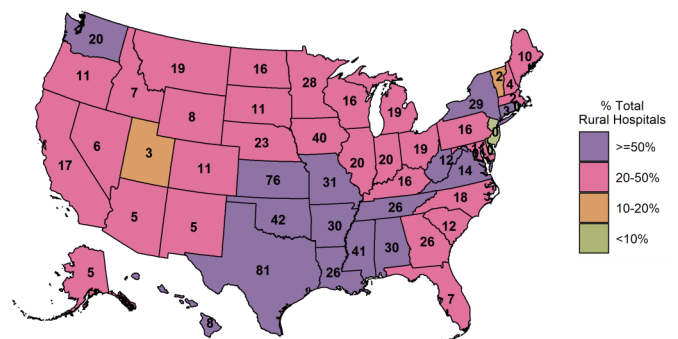
Almost all of the rural hospitals that are at immediate or high-risk of closure are in isolated rural communities. Closure of the hospital would mean the community residents have *no ability at all* to receive emergency or inpatient care without traveling long distances. In many small rural communities, 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	46	30	65%	27	59%	3
Alaska	13	5	38%	4	31%	1
Arizona	18	5	28%	4	22%	1
Arkansas	49	30	61%	17	35%	13
California	52	17	33%	6	12%	11
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	29	7	24%	4	14%	3
Illinois	72	20	28%	14	19%	6
Indiana	53	20	38%	14	26%	6
Iowa	90	40	44%	24	27%	16
Kansas	104	76	73%	48	46%	28
Kentucky	69	16	23%	12	17%	4
Louisiana	48	26	54%	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	61	19	31%	13	21%	6
Minnesota	90	28	31%	19	21%	9
Mississippi	65	41	63%	35	54%	6
Missouri	58	31	53%	17	29%	14
Montana	51	19	37%	9	18%	10
Nebraska	71	23	32%	10	14%	13
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	23	5	22%	2	9%	3
New York	50	29	58%	11	22%	18
North Carolina	52	18	35%	9	17%	9
North Dakota	37	16	43%	9	24%	7
Ohio	70	19	27%	14	20%	5
Oklahoma	73	42	58%	28	38%	14
Oregon	32	11	34%	4	13%	7
Pennsylvania	40	16	40%	9	23%	7
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	47	26	55%	21	45%	5
Texas	146	81	55%	30	21%	51
Utah	21	3	14%	1	5%	2
Vermont	13	2	15%	1	8%	1
Virginia	27	14	52%	12	44%	2
Washington	40	20	50%	8	20%	12
West Virginia	24	12	50%	6	25%	6
Wisconsin	73	16	22%	10	14%	6
Wyoming	24	8	33%	7	29%	1

Data current as of January 2022