

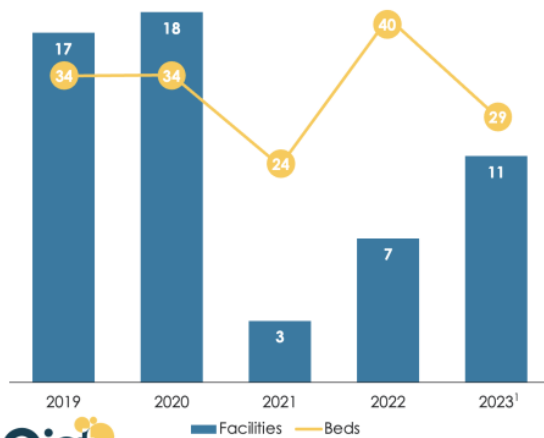
Rural hospital closures rising again with end of COVID aid

After a brief reprieve thanks to COVID relief funds, rural hospital closures are once again on the rise, with 11 facilities already **closing** in the first half of this year. **More rural facilities have already closed in 2023 than the previous two years combined, and this year is on pace to be the second-highest number of rural hospital beds lost since 2005.** And **the majority of rural hospitals that haven't closed are experiencing negative operating margins, with almost one in three at immediate or high risk of closure** due to declining volumes, shifting payer mix, and increased labor and supply costs. Leaders at rural hospitals now face difficult decisions including drastically cutting services, merging with a larger system, or closing their doors altogether. The Centers for Medicare and Medicaid Services (CMS) launched the **Rural Emergency Hospital Program** recently, designed to financially support small rural hospitals that convert to providing emergency services only, but so far program uptake has been **limited**. **While efforts to prop up hospitals will help to sustain access to care in the near term, rural communities ultimately need a new model for care**, with reimagined facilities, supported by enhanced virtual connections to specialists and higher-acuity services.

After COVID Reprieve, Rural Hospital Closures Rising Sharply in 2023

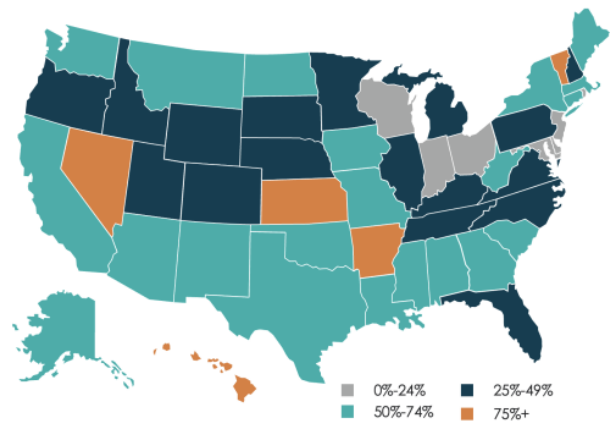
More Than Half of Rural Hospitals Losing Money on Operations

Number of Rural Hospital Closures and Average Bed Count, by Year



1. Through mid-June 2023.
2. Had a negative margin (loss) on patient services in the most recent year available.

Percentage of Rural Hospitals With Negative Operating Margin² by State
May 2023



Source: "Rural Hospitals At Risk of Closing", Center for Healthcare Quality & Payment Reform, May 2023; "Rural Hospital Closures", The Cecil G. Stegert Center for Health Services Research at UNC Chapel Hill, June 2023; Gist Healthcare analysis.