

COVID-19 AND A LOOMING RURAL HEALTH CRISIS

May 2020

Rural hospitals and clinics in Colorado were already facing a financial crisis before COVID-19. In fact, 18 of 42 rural hospitals in the state were operating with negative profit margins in 2019. A survey of CRHC members reveals the financial impact of COVID-19 on rural healthcare facilities and opportunities for policymakers to advocate for their sustainability.

Declining Revenues

Hospitals and clinics are reporting over 50% revenue loss due to significant decreases in patient volume. This is occurring at the same time as expenses are increasing, especially for PPE and other supplies. Some facilities report paying as much as triple the usual cost for PPE and other supplies.



"In March 2020 alone we lost \$1.4 million - gross revenues were down 17.7%."

"Our hospital was previously profitable. We experienced an \$862k loss in March and anticipate a substantially larger loss in April."

"[We are losing] \$130,000 daily."

"(We have experienced) major (>50%) loss of surgical, emergency dept., all ancillary and physician clinic services revenue. \$862K loss in March, estimating \$4M loss in April."

Forgiveable Funding Keeps Doors Open

Rural healthcare facilities need immediate access to forgiveable funding with reasonable terms and conditions. Operational funding is especially in high-demand. Reimbursement for telephone only visits is especially significant for rural as a majority of their senior population do not have access or knowledge of video technology. Relief funding needs to continue as there is not a clear end to the pandemic and even after a recovery period, rural healthcare will suffer financially as a direct result of COVID-19/will not be able to bounce back from this type of financial trauma.

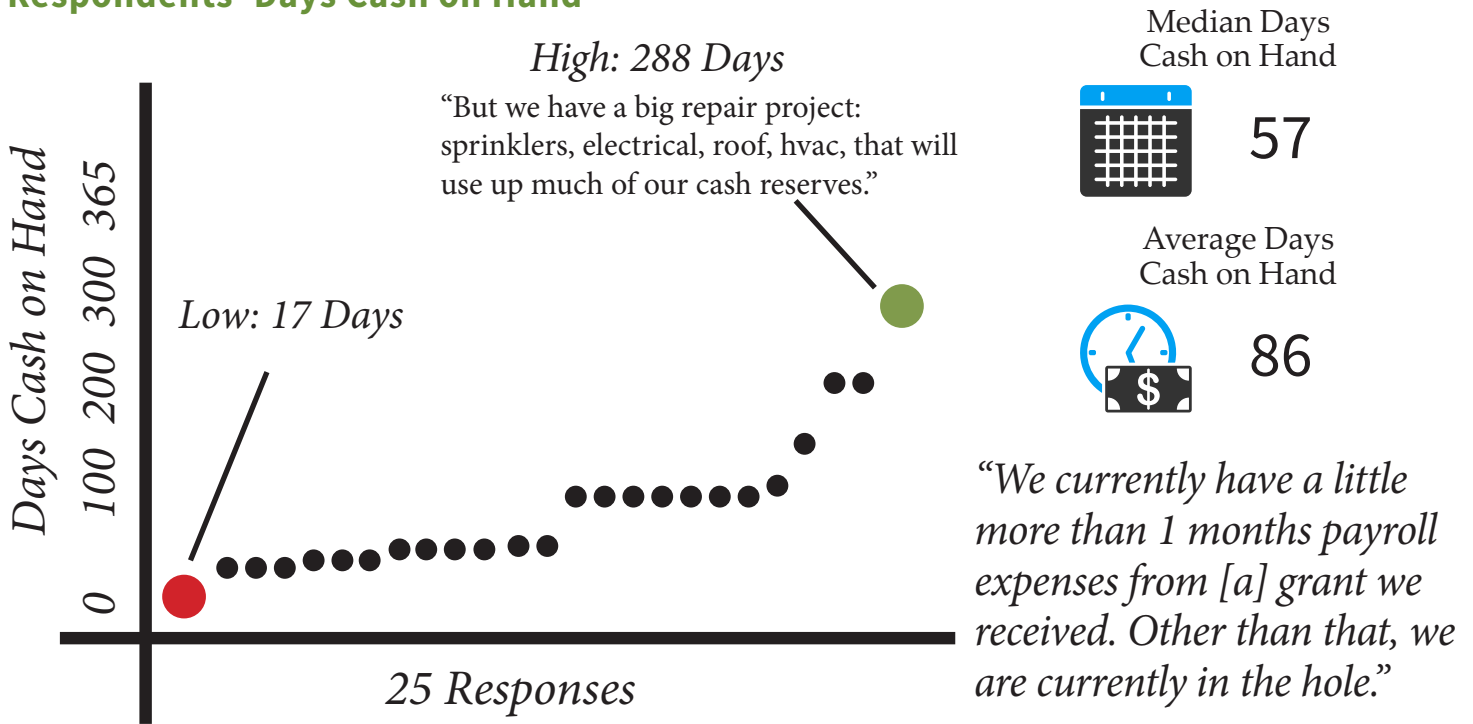
"Forgiveable funding is very necessary to keep our doors open today and in the future. Shoving money at us that we have to pay back in the near future is only kicking the can down the road."

"This is going to get real scary. Right now we are furloughing nonessential staff. However, if it keeps going, I am not sure we will be able to pay our staff that we need here to take care of patients."

Dwindling Days of Cash on Hand

Rural healthcare providers cannot sustain operations under the current conditions and funding constraints. Some facilities are reporting less than a month's cash on hand, while larger hospital facilities are also struggling with anywhere from 100-200 days cash on hand. This is a stark change in pre-COVID financial conditions, with facilities on average reporting 86 days cash on hand.

Respondents' Days Cash on Hand



Outlook

Without immediate and sustained financial support, the outlook for our rural healthcare facilities is bleak this summer and potentially beyond this year. Facilities are preparing to cut staff, services, or even close. Hospitals in Colorado have worked hard to fight the national trend of rural hospital closures, demonstrating innovation and resilience in the face of other critical financial hits, including the 2008 recession. However, there is widespread fear across the state that the financial impacts of COVID may close some facilities.

“We made great strides in the past two and a half years and have improved our young facility's financial status. If we had not, we would be closed. If this continues through the summer, we might be.”

“We live on very narrow margins, or break-even to serve our communities.”

Take Action!

- Earmark 20% of COVID healthcare facility funding for rural & frontier facilities.
- Support H.R.2788 - Rural Health Clinic Modernization Act of 2019
- Support H.R.2957 - Save Rural Hospitals Act
- Retain regulation changes pertaining to telehealth, swing beds, and staffing.*

*See the spreadsheet on regulation changes at coruralhealth.org/covidregulationchanges