

July 21, 2020

## New Analysis Shows Dramatic Impact of COVID-19 on Hospital and Health System Financial Health

*Without further government support, half of all hospitals may be operating in the red in the second half of 2020, jeopardizing community care*

A new analysis prepared by Kaufman, Hall & Associates, LLC and released by the AHA today highlights the dire impact of the COVID-19 crisis on the financial health of hospitals and health systems. Without further government support, margins could sink to -7% in the second half of 2020, according to the analysis, with half of all hospitals operating in the red.

Other highlights include:

- Without Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, hospital margins would have been -15% in the second quarter of 2020. However, even with these funds, hospital margins are still expected to drop to -3% in the second quarter of 2020. Before COVID-19, the median hospital margin was a modest 3.5%.
- In the most optimistic scenario, which assumes a slow and steady decrease in COVID-19 cases, median margins could be -1% by the fourth quarter of 2020.
- Under another scenario that assumes periodic COVID-19 surges similar to the current case increases, margins could sink to -11%.

“Heading into the COVID-19 crisis, the financial health of many hospitals and health systems were challenged, with many operating in the red,” [said](#) AHA President and CEO Rick Pollack. “As today’s analysis shows, this pandemic is the greatest financial threat in history for hospitals and health systems and is a serious obstacle to keeping the doors open for many. While we appreciate the support from the Administration and Congress, we need further help to stay afloat to continue our mission of caring for patients and communities.”

**To read the full analysis, see the [report](#).**

### Further Questions:

If you have questions, please contact the AHA at 800-424-4301.