

As the COVID-19 pandemic has persisted and again surged across the country, infecting more than 10 million people and resulting in over a quarter million deaths, America's hospitals and health systems continue to face historic challenges. Since the start of the pandemic, hospitals and health systems have faced unprecedented financial pressures resulting from: the astronomical costs of preparing for a surge of COVID-19 patients, months of essential hospital revenue being erased due to the combination of a forced shutdown and slowdown of regular operations for non-emergent care; and treating a growing number of uninsured patients. With the virus now once again surging, those pressures remain and could be exacerbated. And now, some hospitals are increasingly facing the threat of bankruptcy or closure as a result of these pressures.

## **The financial pressures of COVID-19 are a considerable risk to the operation of some hospitals.**

- More than three dozen hospitals have entered bankruptcy this year, according to data compiled by Bloomberg.
- In a series of reports released in May and June, the AHA projected that hospital and health system losses were expected to be at least \$323.1 billion through 2020.
- Kaufman Hall projected that hospital margins could sink to -7% in the second half of 2020, an unsustainable level for America's hospitals.
- Moreover, Kaufman Hall projected that more than half of all hospitals will have negative margins during the fourth quarter of 2020.

## **The combination of a widespread surge in COVID patients, bankruptcies and hospital closures, and a health system with limited capacity compared to other countries, could have catastrophic implications for patients and their communities.**

- Compared to other countries, there are fewer hospital beds in the U.S. per 1,000 people. The U.S. has 2.8 hospital beds per 1,000 compared to 3.2 in Italy, 6.1 in France, and 12.0 in South Korea.
- Hospitals, health systems, and public health officials create plans for what to do when there is an emergency that overwhelms an individual hospital.
- These plans could be challenging to implement given the geographic spread of COVID-19 infections and the financial pressures that hospitals and health systems are facing due to the pandemic.
- Hospitals and health systems have treated more than 483,000 patients with COVID-19 during the pandemic.
- Doctors and hospitals are learning more about how to provide care for patients with COVID-19, reducing pain and discomfort for infected patients, and reducing the death rate.

## **Hospitals play a vital role in delivering health care to Americans.**

- In 2018, America's hospitals and health systems treated 143 million people in emergency departments, provided 623 million outpatient visits, performed over 28 million surgeries and delivered nearly 4 million babies.
- Many hospitals provide other benefits to their communities as well, including improving community and population health by addressing social determinants of health, underwriting medical research and health professions education, and subsidizing high-cost, essential health services. Hospitals reported total community benefits of over \$100 billion, or 13.8% of total expenses, according to an AHA analysis.

**Hospitals’ and health systems’ role in their communities is larger than just a health care provider – they are often economic anchors that create jobs and purchase goods and services from others in their community as well.**

- More than 6 million individuals worked for hospitals in full- or part-time positions in 2018.
- Hospital workers provide a broad set of skills, from physicians, nurses, and other health workers, to food preparation, housekeeping, accounting, legal, administration, technology and other services.
- Hospitals also purchase goods and services from other businesses each year, creating economic value for the community. With these ripple effects included, hospitals supported over 17 million jobs, or one out of nine jobs, in 2018.
- Every dollar spent by a hospital supports roughly \$2.30 of additional business activity in the economy.

**The enduring challenges that rural hospitals face have been amplified by the COVID-19 pandemic.**

- Rural hospitals also serve as economic anchors in their communities, providing direct employment opportunities, and contributing indirectly by transacting with other local entities and attracting new businesses to the community.
- Rural hospitals face unique circumstances:
  - Low patient volume
  - Challenging payer mix
  - Geographic isolation
  - Limited access to essential services
  - Aging infrastructure and access to capital
  - Workforce shortages
  - More recent and emerging challenges
  - Health care coverage inadequacies
  - Increasing behavioral health concerns
  - A more challenging patient mix relative to other areas
- This pressure is of particular concern for rural hospitals. Over the last decade, 117 hospitals have closed, and this is accelerating. Seventeen rural hospitals have closed in the first three quarters of 2020, on track to exceed last year’s closure count (18) by year’s end.”

**While we appreciate the support and resources from Congress and the Administration, many hospitals are severely struggling as COVID-19 continues to spread.** The funding our hospitals have received to date, while helpful, is just a small fraction of the hundreds of billions of dollars we estimate they will lose this year alone. It is vitally important that America’s hospitals and health systems receive further support and resources to ensure that we can continue to deliver the critical care that our patients and communities are depending on while also ensuring that we are prepared for the continuing challenges we face from this ongoing pandemic.