

Effects of Rural Hospital Closures

Funded by the Federal Office of Rural Health Policy (FORHP), under the Health Resources and Services Administration, the Rural Health Research Gateway strives to disseminate the work of the FORHP-funded Rural Health Research Centers (RHRCs) to diverse audiences. The RHRCs are committed to providing timely, quality national research on the most pressing rural health issues. This resource is two of two providing a summary of their most recent research on hospital closures, all of which may be found on Gateway's website at ruralhealthresearch.org.

Rural Hospital Closures and Conversions

From January 2005 to November 8, 2017, 124 rural hospitals closed in the U.S.¹ Closure of a rural hospital has a direct effect on the individuals within that hospital's service area, decreasing the health and economic well-being of that community.¹ The most current number of rural hospital closures can be found at: www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures.

A rural hospital closure includes both hospital conversions and abandoned hospitals. Abandoned hospitals are those that no longer provide any form of health service, while converted hospitals remain a healthcare facility but do not provide any inpatient care. From 2010 through 2014, roughly 800,000 people were living in rural markets with abandoned hospitals.² An additional 700,000 people experienced loss of inpatient care as a result of rural hospital conversions.²

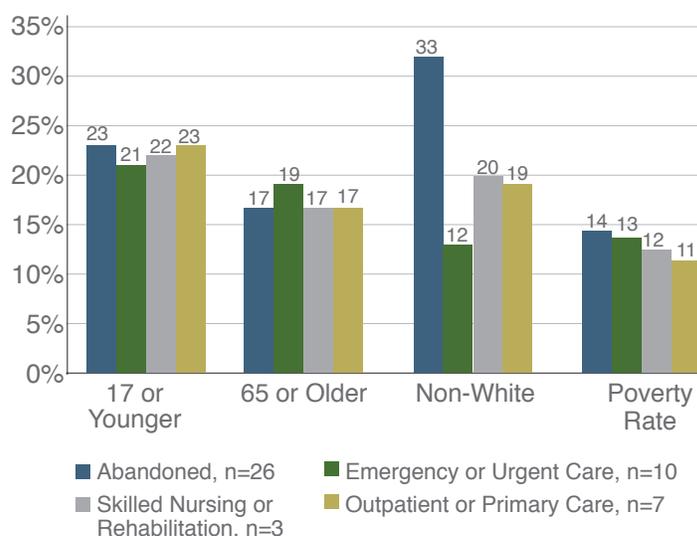
The three most common care models among the 21 converted rural hospitals in 2014 were:

- Urgent care or emergency facility (10/21);
- Outpatient or primary care facility (7/21); and
- Skilled nursing or rehabilitation (4/21).²

Abandoned rural hospitals had a higher proportion of their patient base that was non-White (33%) than converted hospitals (17%).² See Figure 1. Abandoned hospitals were also more likely than those that had converted to:

- Serve markets with higher poverty rates and lower per capita income;
- Be farther from the nearest hospital; and,
- Report lower profitability and liquidity prior to closure.²

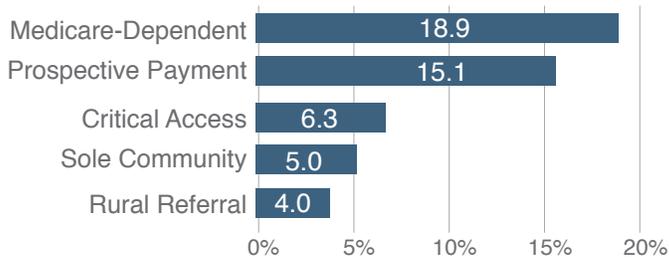
Figure 1. Demographics of the Population Served by Abandoned/Converted Rural Hospitals²



Rural Hospital Payment Models

Low financial performance in small rural hospitals led federal lawmakers to pass legislation authorizing the Medicare program to provide higher payments to hospitals that served rural communities.³ These rural hospitals included Critical Access Hospitals (CAHs), Sole Community Hospitals (SCHs), Medicare Dependent Hospitals (MDHs), and Standard Prospective Payment Systems (PPS) Hospitals.³ Not all rural hospital systems were under the same financial pressure in 2016. A larger proportion of MDHs and rural PPS were at high risk of financial distress compared to other hospital payment models.³ See Figure 2.

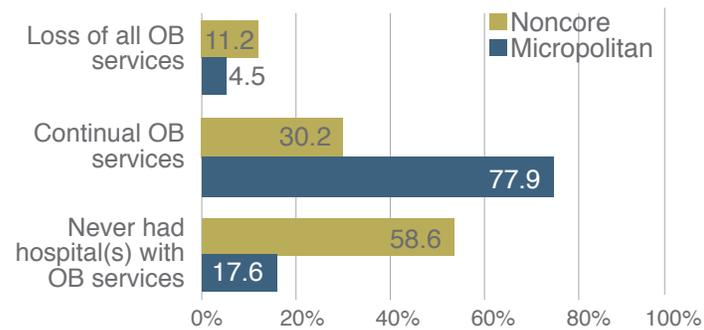
Figure 2. Percentage of Hospitals at High Risk: 2016³



Rural Hospital Obstetric Services

The proportion of all rural U.S. counties lacking hospital obstetric (OB) services rose from 45% to 54% from 2004 through 2014.⁴ Roughly 45.3% of all rural counties (898) never had OB services. Only 17.6% of micropolitan (urban) counties never had a hospital(s) with OB services compared to 58.6% of rural noncore.⁴ See Figure 3.

Figure 3. Distribution of Hospital Obstetric Unit Closures in Rural Counties, 2004-2014⁴



The loss of services is primarily the result of OB unit closures as opposed to full hospital closures. From 2004 through 2014, 9% of all rural counties (179 counties) lost access to hospital OB services.⁴

- While 77.9% of micropolitan counties provided constant hospital OB services in 2014, the same was true for only 30.2% of rural noncore counties.⁴
- About two-thirds or more of the rural counties in Florida (78%), Nevada (69%), and South Dakota (66%) had no in-county hospital OB services.⁵
- A large decline was reported in hospital OB services in rural counties in South Carolina, Washington, and North Dakota.⁵

Effects of Rural Hospital Closures

Rural hospital closures and reduction of services reduce access to locally available healthcare.^{2,4,6} Communities have reported that rural hospital closures resulted in:

- A rise in emergency medical services costs.²
- Increased time and cost of transportation to healthcare services for patients.²
- Heightened transportation issues and barriers to care for vulnerable groups.^{2,4}
- Loss of jobs for hospital staff, creating concerns about unemployment and outward migration of community members.²

As it relates to OB services, the sharp decline in access to care raises concern around the quality of, and distance to, maternity care.⁴

Hospital conversions and closures disproportionately impact non-Whites (particularly Blacks), poor people, and women. There is opportunity to identify new healthcare delivery models in communities at risk of hospital closure. read *After hospital closure: Pursuing high performance rural health systems without inpatient care*⁶ to learn about models employed in rural communities following a hospital closure.

The research on hospital closures and healthcare service reduction (such as OB care) in rural communities generally draws similar conclusions; rural communities, hospital administrators, and policymakers must work to identify community-centered methods for providing quality healthcare access and must continue to assess the impact of closures and conversions. FORHP-funded RHRCs continue to explore rural hospital finance and hospital closures, with new research released on the Rural Health Research Gateway.

Resources

1. North Carolina Rural Health Research and Policy Analysis Center (2016). Trends in risk of financial distress among rural hospitals, available on Gateway at ruralhealthresearch.org/alerts/145.
2. North Carolina Rural Health Research and Policy Analysis Center (2015). A Comparison of closed rural hospitals and perceived impact, available on Gateway at ruralhealthresearch.org/publications/966.
3. North Carolina Rural Health Research and Policy Analysis Center (2016). Do current Medicare rural hospital payment systems align with cost determinants?, available on Gateway at ruralhealthresearch.org/publications/958.
4. University of Minnesota Rural Health Research Center (2017). Closure of hospital obstetric services disproportionately affects less-populated counties, available on Gateway at ruralhealthresearch.org/publications/1106.
5. University of Minnesota Rural Health Research Center (2017). State variability in access to hospital-based obstetric services in rural us counties, available on Gateway at ruralhealthresearch.org/publications/1107.
6. RUPRI Health Panel: Rural Policy Analysis and Applications (2017). After hospital closure: Pursuing high performance rural health systems without inpatient care, available on Gateway at ruralhealthresearch.org/publications/1117.

For more information, visit the Rural Health Research Gateway website, ruralhealthresearch.org.

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