



# TWENTY-FIVE THINGS TO KNOW ABOUT TEXAS RURAL HOSPITALS

Prepared by the Texas Organization of Rural & Community Hospitals



Connally Memorial Medical Center



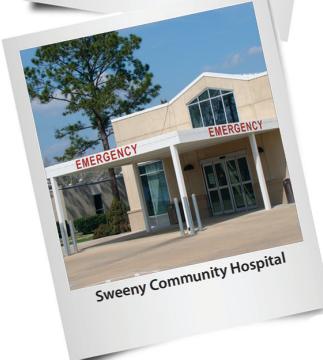
Muenster Memorial Hospital



Pecos County Memorial Hospital



Ballinger Memorial Hospital



Sweeny Community Hospital

1. Twenty-six (26) rural\* hospital closures have occurred in 22 communities in Texas since the beginning of 2010 and more are expected.
2. Of the 26 Texas closures in the 22 communities impacted, one hospital closed three times and two hospitals closed twice. Three communities have seen their hospital reopen, 4 have an emergency room and clinic but no inpatient service, 4 have a clinic but no emergency services, and 11 have no hospital, emergency, or clinic services.
3. Texas had 300 rural hospitals in the 1960s and is down to 158 rural hospitals.
4. Texas leads the country in rural hospital closures.
5. The driving force behind most of the closures is \$50 million a year in Medicare cuts to Texas rural hospitals starting in 2013 as well as a \$100 million+ annual dollars a year underpayment by Texas Medicaid.
6. Other factors in closures can include increasing cost to operate a hospital, declining rural population, and patients bypassing local hospitals and physicians to more urban providers.
7. The 158 rural hospitals provide care to 3.1 million Texans.
8. These rural hospitals serve 12% of the Texas population but cover emergency and local hospital care for 85% of the state's geography.
9. All 158 rural hospitals operate an emergency room providing a network of trauma care across the state.
10. Only 66 of the 158 hospitals (41%) still provide obstetrical and baby delivery services because of financial loss from OB care – the remaining 93 hospitals provide deliveries on an emergency basis only.
11. Seventy-four (74) of Texas' 254 counties do not have a hospital.
12. Forty-four (44) rural hospitals are located in counties of less than 10,000 persons.
13. Some parts of Texas are more than 75 miles away from the nearest hospital.
14. Eighty-five (85) of the 158 hospitals have the Critical Access Hospital (CAH) designation from Medicare which provides them a higher cost-based payment for Medicare patients rather than standardized lower Prospective Payment System (PPS) rates (1,350 CAHs nationwide).
15. Of the 158 rural hospitals, 87 have 25 beds or less, 30 have between 26 and 50 beds, 15 have 51 to 75 beds, and 26 have 76 or more beds.
16. Rural hospitals treat older and poorer patients providing a higher percentage of Medicare and Medicaid than urban hospitals.
17. Rural hospitals are negatively impacted more than urban hospitals from Medicaid and Medicare cuts because of the higher levels of Medicaid and Medicare patients they have.
18. Rural areas in Texas have the highest levels of uninsured – some more than 30% – while the Texas average is 16% (dropping from its peak of 26% prior to the ACA).
19. Rural hospitals have a narrower patient revenue margin than urban hospitals and do not provide more profitable advanced services and medical procedures.
20. The operating cost in a rural hospital can be higher on a per-patient basis because of the challenging dynamics such as low patient volume, dramatic swings in patient numbers from day to day, recruitment difficulties which can drive up payroll costs, and a general lack of an economy of scale in high volume purchasing and procurement.
21. Rural hospitals nationally comprise about 2% of the Medicare expenditures and Texas rural hospitals are 1.5% of the Texas Medicaid budget.
22. Two-thirds of Texas rural hospitals rely on local property tax support to remain open.
23. The average Texas rural hospital employs 170 people with an annual budget of \$22,500,000.
24. Texas' 158 rural hospitals create 26,900 jobs and \$3,555,000,000 a year.
25. Every Texan should be concerned about rural hospitals as rural areas provide the food, fuel, and fiber for the entire state, as well as being traveled through by everyone at one time or another.

\*Rural hospital defined by TORCH as Critical Access Hospital, Sole Community Hospital, Rural Referral Center in a non-MSA, or any other acute care hospital in a county of 60,000 or less.

\*\*A hospital is considered closed when it ceases inpatient services on a permanent or temporary basis, although other limited services may continue.