Stabilizing Rural Hospitals

National Perspective on Needs, Efforts, and Results

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National Rural Health Resource Center

The Center's Purpose

The National Rural Health Resource Center is the nation's leading technical assistance and knowledge center focused on rural health – directly supporting rural hospitals, clinics, and community health centers, State Offices of Rural Health and other rural health organizations with information, tools, and resources designed to help sustain access to quality health services in rural communities and improve the health of residents living there.

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Rural Hospital Stabilization Needs

Stabilization requires helping rural hospitals understand their local market, strengthen operations, retain patients, and build services their communities will use.

- **Financial Stability: Over 1,500 rural hospitals have operating loses on services.**
  - Up to 50% operating with a deficit; 7.5% increase in costs (2019-2022); 700+ remain at risk of closure.

- **Financial & Operational Improvement: Expenses grew 17.5% vs 7.5% in Medicare reimbursement (2019-2022)**
  - Up to 20.8% increase in labor costs (258% in contract labor increases)

- **Community-Specific Data & Planning: -15% to +30% variation in net patient revenue**
  - 15% average inpatient market share a decrease from 18% (Delta Region, FY20-22)

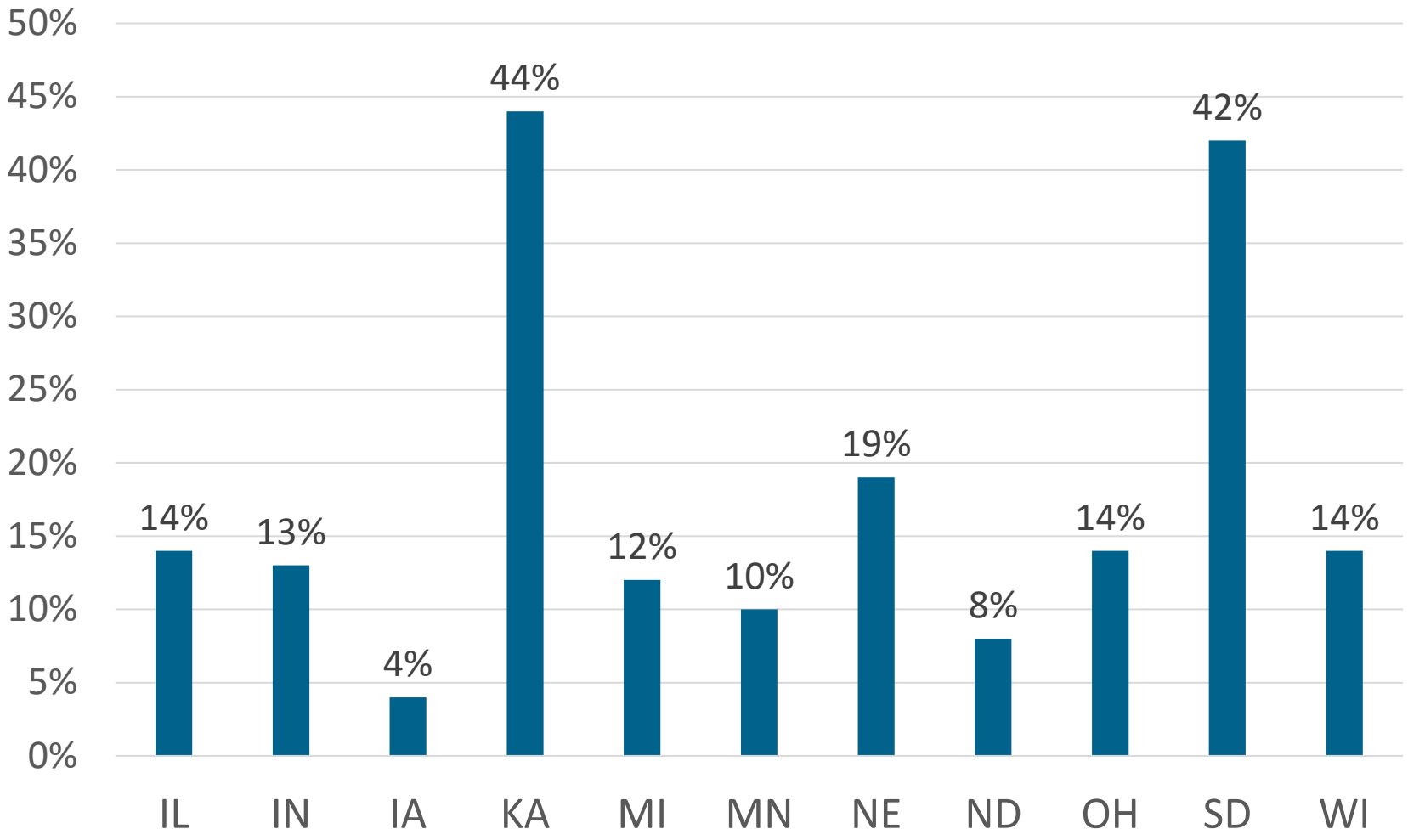
Stabilization Needs Continued

- **Local Patient Volume: 53% of elective surgical inpatient admissions were considered hospital bypass (they did not go to their local provider).**

- **Quality & Patient Confidence: 88% of Medicare beneficiaries near lower-rated facilities bypassed them for higher-rated hospitals.**

- **Workforce & Leadership Capacity: ~50% of hospital budgets are labor costs.**
  - Workforce shortages and limited leadership capacity make it harder to sustain operations and pursue strategic improvements.

Midwest: % of rural hospitals vulnerable to closure



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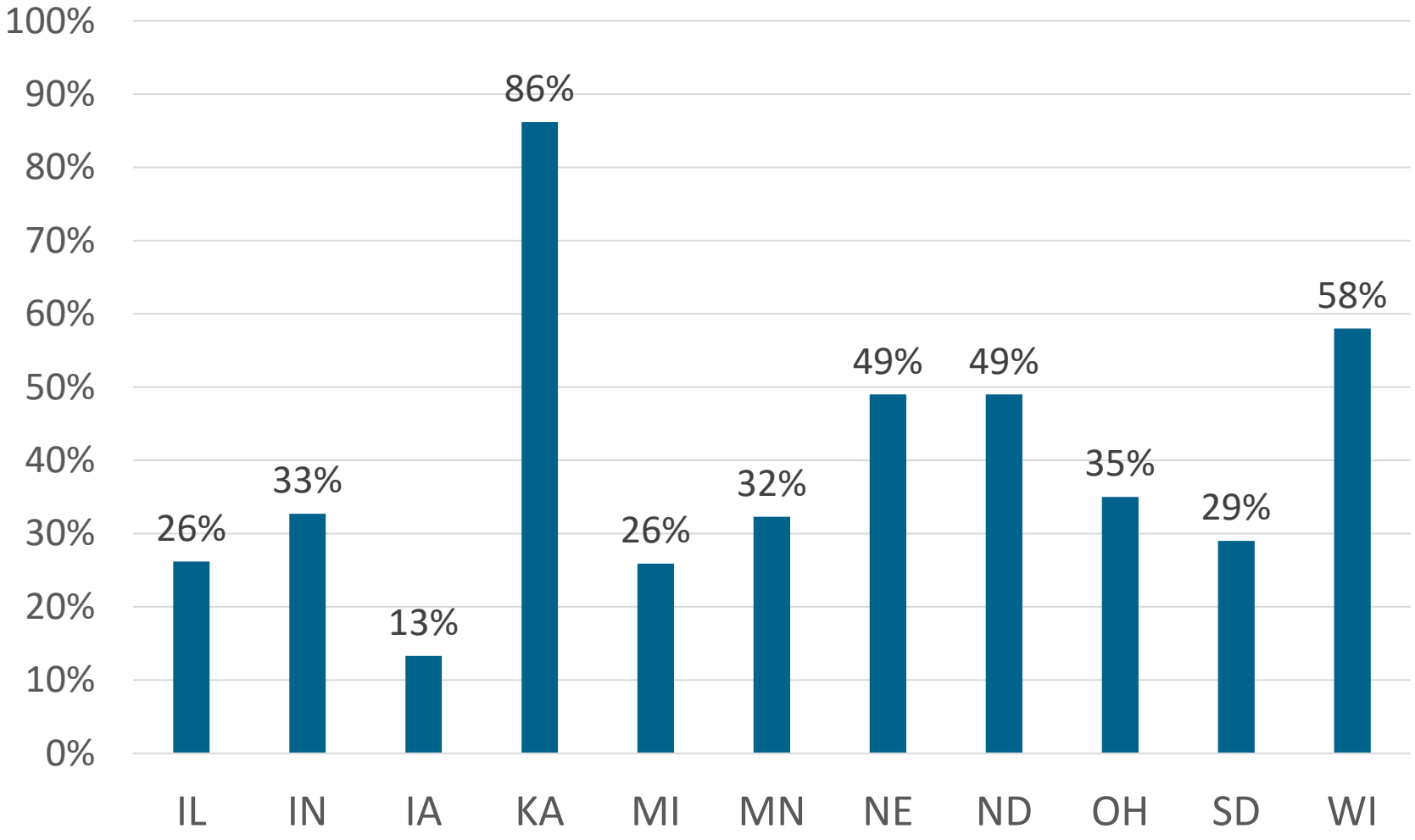
Midwest: % of rural hospitals operating in negative margins



The **national median rural hospital operating margin was just 1.0% (2025)**

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Purpose and Focus of Transformation Funding

- Making Rural America Health Again
  - Population health, prevention, chronic disease, behavioral, prenatal
- Sustainable Access
  - Economic models, care delivery, provider payments
- Workforce Development
  - Strengthening recruitment and retention, provider training, scope of practice
- Innovative Care
  - Value-based payments, clinically integrated networks
- Supporting Technology Innovation
  - Tech-based solution, training and technical assistance, HIT investments

FY26 Awards Across the CSG Midwest Region

State	FY26 Award	Signature or Largest Investment (As Listed on 12.2026)
Illinois	$193.4M	Hospital Transformation - $299.5M to realign service lines and rural hospital viability
Indiana	$206.9M	Make Rural Indiana Healthy Again Regional Grants - $604.2M via eight Regional Coalitions
Iowa	$209.0M	Hometown Connections & Best and Brightest - $535.5M for Centers of Excellence health hubs
Kansas	$221.9M	Enable Value-Based Care - $305M incl. a statewide “shadow” ACO with incentive payments
Michigan	$173.1M	Care Closer to Home Blueprint — $73M for hub-and-spoke delivery and behavioral health
Minnesota	$193.1M	Community-Based Preventive Care & CDM - $239M; plus $228.8M regional care models
Nebraska	$218.5M	Food as Medicine - statewide nutrition infrastructure ($1B total five-year request)
North Dakota	$198.9M	Bring High-Quality Healthcare Closer to Home - $583.8M for right-sizing, EMS, telehealth
Ohio	$202.0M	Rural Health Innovation Hubs - up to $125M for CINs and Regional Centers of Excellence
South Dakota	$189.5M	Connect Technology & Data - $500M for the SD Health Data Atlas, EHR, and interoperability
Wisconsin	$203.7M	Interoperability Infrastructure - $69M Facility Technology Transformation Fund

Programs that Support Hospital Stabilization

Together, these programs provide an established provider-level TA foundation that can help translate Rural Health Transformation investments into operational change, stronger local systems of care, and long-term sustainability.

Program	Supported Areas
Rural Healthcare Provider Transition Project (RHPTP)	**Prepares providers for new models of care.** Builds readiness for value-based payment and care delivery through quality improvement, operational efficiency, patient experience, safety, and financial risk readiness. **RHTP alignment:** Innovative Care • Sustainable Access • Health Outcomes
Delta Region Community Health Systems Development (DRCHSD)	**Strengthens the full rural health system.** Provides hands-on support in finance, operations, quality, population health, care coordination, workforce, telehealth, EMS, and implementation. **RHTP alignment:** Prevention & Chronic Disease • Sustainable Access • Workforce • Innovative Care • Technology
Rural Hospital Stabilization Program (RHSP)	Stabilizes essential rural providers. Helps hospitals improve financial and operational performance while developing or expanding services that meet community needs and keep care local. **RHTP alignment**: Sustainable Access • Prevention & Health • Innovative Care

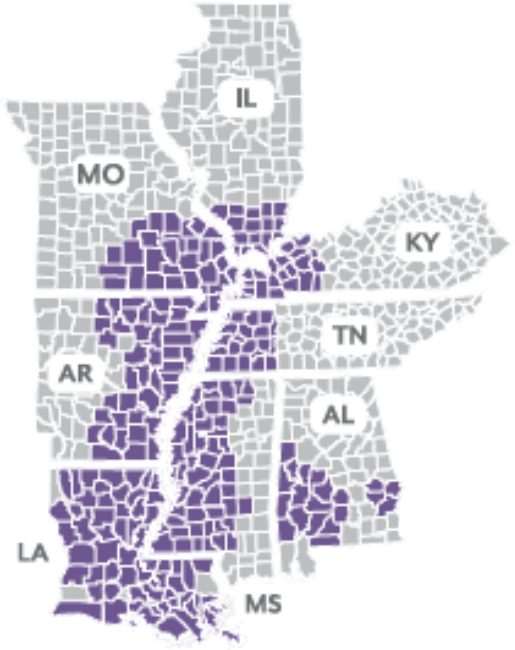
https://www.hrsa.gov/rural-health/grants/rural-hospitals

Cont. Programs that Support Hospital Stabilization

Program	Supported Areas
Rural Emergency Hospital Technical Assistance Center (REH-TAC)	**Supports rural hospitals considering or operating under the Rural Emergency Hospital model.** Provides financial modeling, conversion support, strategic planning, community engagement, regulatory guidance, service-line planning, and post-conversion support to help hospitals determine and sustain the right care model for their communities. **RHTP alignment:** Sustainable Access • Innovative Care • Community Health • Financial Sustainability
Appalachian Region Healthcare Technical Assistance Center (ARH-TAC)	**Strengthens rural health care organizations across Appalachia.** Provides organization-specific assessments and technical assistance in financial performance, service lines, revenue cycle, population health, leadership, planning, and implementation, with potential seed funding for viable new services. **RHTP alignment:** Sustainable Access • Workforce • Innovative Care • Prevention & Health • Service Expansion
Targeted Technical Assistance for Rural Hospitals (TTAP)	**Helps financially vulnerable rural hospitals move from assessment to sustainable improvement.** Uses comprehensive financial and operational assessments, sustainability planning, individualized technical assistance, implementation, and long-term monitoring to strengthen essential rural health services. RHTP alignment: Sustainable Access • Workforce • Innovative Care • Technology • Operational Sustainability

Delta Region Community Health Systems Development

Impact



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Delta region health care organizations have received technical assistance

The DRCHSD service area includes 255 counties and parishes in 8 states.

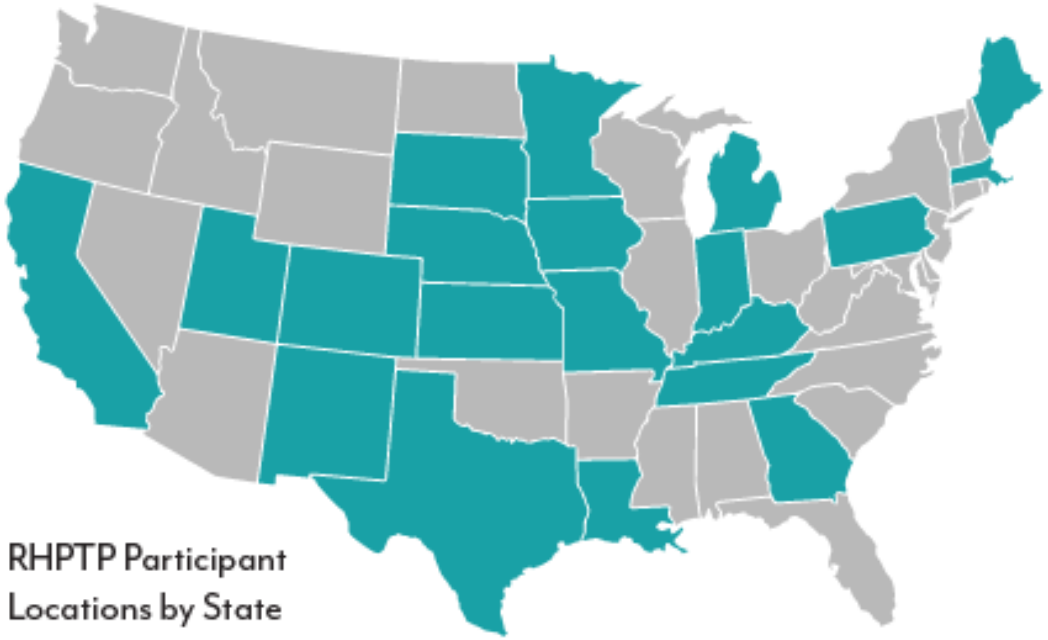
84% Improved financial performance

86% Improved quality of care

86% Addressed workforce and leadership development needs

Rural Healthcare Provider Transition Project

Impact



RHPTP Participant Locations by State

29 Organizations have received technical assistance

100% Increase in quality improvement scores

84% Increase in operating margins

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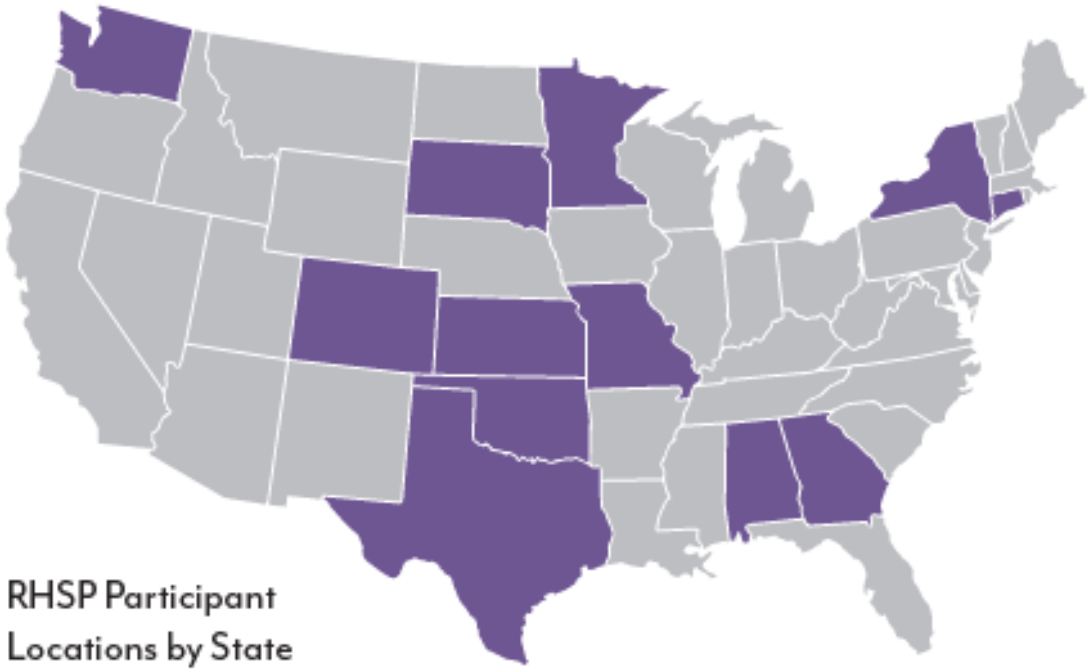
Rural Hospital Stabilization Program

Impact

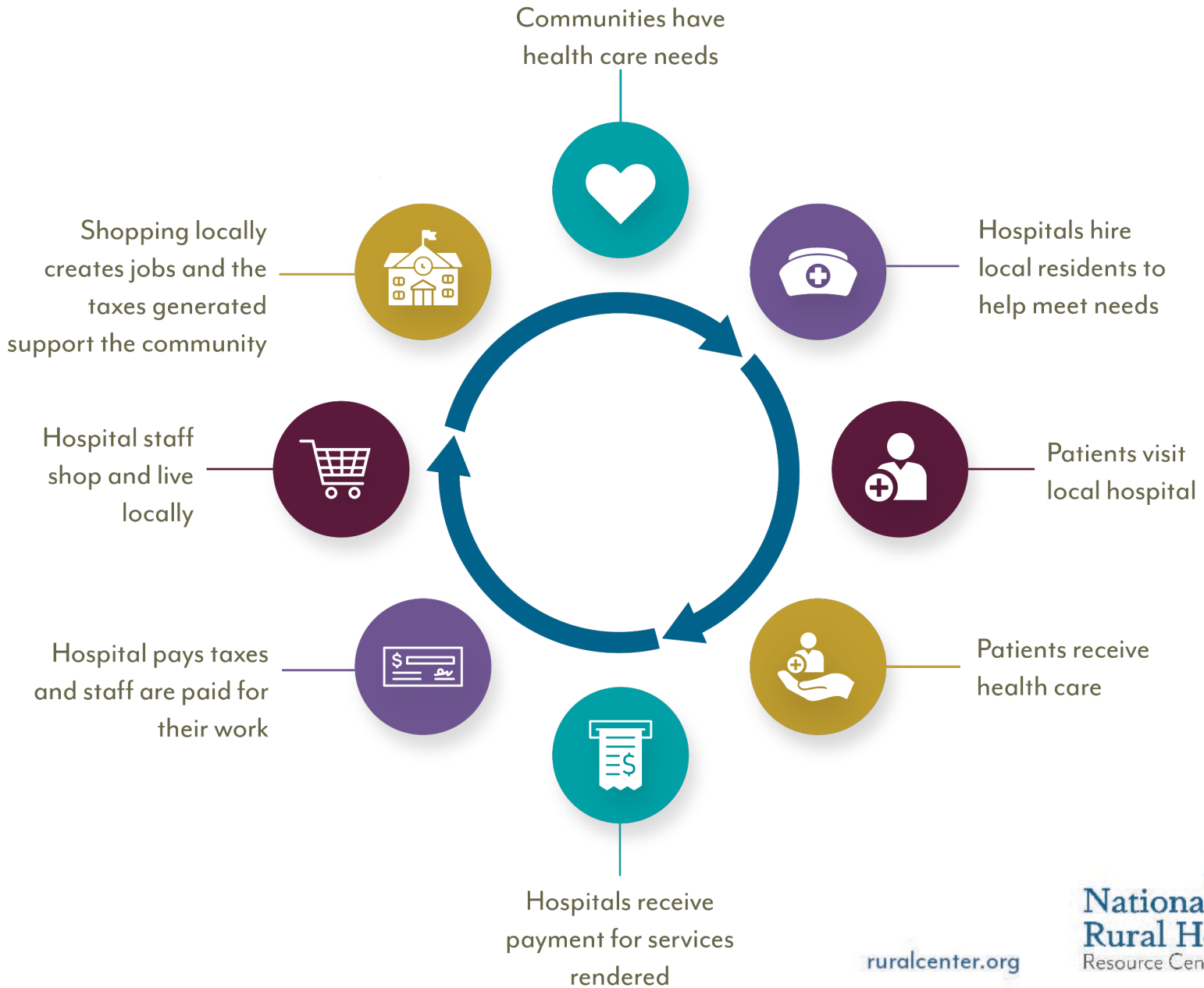


RHSP Participant Locations by State

230 Hospitals that have applied for program participation

16 Hospitals currently participating in the program

Economic cycle of your local hospital



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Kittson Healthcare Impact

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YouTube

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