



## The Growing Crisis for Rural Hospitals

Rural hospitals are essential to Florida’s health care system, providing critical services to communities that would otherwise have limited access to care. However, **many rural hospitals are financially unstable, leading to a concerning number of closures or service reductions.** Florida has lost **five rural hospitals** entirely, while **three others have converted to emergency-only care.** These losses leave residents without **nearby access to inpatient, maternity, or specialized care**, forcing them to travel long distances for treatment.

## Rural Hospitals Face Unique Financial Challenges

Medicare and Medicaid enrollees account for 72% of rural hospital admissions, often leaving these facilities financially strained. Medicaid reimburses rural hospitals **61% of service costs**, often leaving these facilities struggling to stay afloat. An FHA proposal aims to increase funds for all statutory rural hospitals, which include Florida's 12 Critical Access Hospitals (CAHs), to cover services like emergency, inpatient, and primary care.

CAHs have 25 or fewer beds, a 35-mile distance requirement to nearby hospitals, and 24/7 emergency services. Medicare reimburses 101% of allowable costs for these providers.

### HIGH FIXED COST



Rural hospitals must maintain staff and services regardless of how many patients they see.

### LOW PATIENT VOLUME



Low volumes in sparsely populated areas limit the ability to spread costs across many patients.

### DEPENDENT ON FUNDING



Rural hospitals serve more Medicaid and Medicare patients and fewer with commercial insurance.

## Closing the Funding Gap

Rural and Critical Access Hospitals face unique pressures daily due to patient volumes, geographic isolation, and a higher dependence on government payors. The Florida Hospital Association recommends an inpatient and outpatient Medicaid add-on payment for the state's rural hospitals, to include Critical Access Hospitals, to cover the cost of care provided to Medicaid patients.

**CAH Only**  
**\$9.7M in General Revenue**  
**(\$22.7M total)**



**All Rural Hospitals (Incl. CAHs)**  
**\$27.7M in General Revenue**  
**(\$64.8M total)**