



# Twenty-Five Things to Know About Texas Rural Hospitals

Prepared by the Texas Organization of Rural & Community Hospitals



Connally Memorial Medical Center



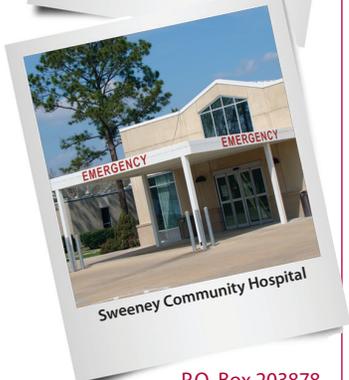
Muenster Memorial Hospital



Pecos County Memorial Hospital



Ballinger Memorial Hospital



Sweeney Community Hospital

1. Sixteen (16) Texas rural\* hospitals – more than 8% – have closed permanently or for a period of time\*\* in the last four years and more closures are expected.
1. The driving force behind the closures is cuts and underpayments to rural hospitals by Medicare and Medicaid totaling an estimated \$120 million a year.
2. There are currently 163\*\*\* rural hospitals in Texas out of approximately 550 acute care general hospitals.
3. Texas rural hospitals provide access to emergency and other care for 15% of the state's population but cover 85% of the state's geography.
4. Only 70 of the 163 rural hospitals provide obstetrical care and deliver babies.
5. 89 of Texas rural hospitals have 25 or less beds.
6. 122 Texas rural hospitals have 50 or less beds.
7. 45 rural hospitals are located in counties of less than 10,000 persons.
8. 77 of the 254 Texas counties do not have a hospital.
9. Some parts of Texas are more than 75 miles away from the nearest hospital.
10. Texas has 82 Critical Access Hospitals (CAH) – a special Medicare designation for certain small rural hospitals with 25 or less beds, and at least 35 miles from another hospital (some exceptions on mileage separation). CAHs receive reimbursement consideration from Medicare so they can remain financially viable even with lower patient volume.
11. Texas has 43 Sole Community Hospitals (SCH) – a special Medicare designation for some slightly larger rural hospitals not designated CAH and at least 35 miles from another hospital. SCHs receive reimbursement consideration from Medicare.
12. Half of Texas rural hospitals rely on local tax support to remain open.
13. Small, rural hospitals nationally have equal or better patient quality outcomes, and cost less per Medicare beneficiary than their urban counterparts.
14. Rural hospitals have a narrower patient revenue margin than urban hospitals and do not provide more profitable advanced services and medical procedures.
15. 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.
16. Rural hospitals treat older and poorer patients providing a higher percentage of Medicare and Medicaid services than urban hospitals – both which often pay less than private insurance.
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 17%.
19. Medicare spending is 3.7% less per rural Medicare beneficiary than care delivered in urban systems.
20. Texas rural hospitals comprise only 1% of the Texas Medicaid budget.
21. More than 200 hospitals closed in Texas during the 1980s and 1990s, most of them were rural.
22. Closures from decades ago were slowed by financially stabilizing programs such as CAH, SCH, Texas Medicaid cost-based payments, and other special payment provisions to rural hospitals.
23. Rural hospitals are critical to their local economy – often the second or third largest employer in a community, with the highest paying jobs, and a key to economic development. **No hospital – no new businesses.**
24. Rural hospitals should be a concern for all Texans 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 Medicare as Critical Access Hospital, Sole Community Hospital, Rural Referral Center, hospital in a non-MSA, or other designation as rural/defined by Texas Medicaid as CAH, SCH, RRC, or in county of 60,000 population or less.

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

\*\*\* Of the 16 closures, 3 are now back open for the time being and 3 are now an ER or urgent care center only.

P.O. Box 203878  
Austin, TX 78720-3878  
PHONE: 512.873.0045  
FAX: 512.873.0046  
www.torchnet.org

Revised February 2017