

## RURAL HOSPITALS GETTING ADDITIONAL \$450M IN RELIEF FUNDS

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The Health Resources and Services Administration (HRSA) has released an additional \$450 million in American Rescue Plan Act funds to rural healthcare providers who have been struggling with rising expenses, workforce challenges, and lost revenues resulting from the ongoing pandemic.

The American Rescue Plan payments are being released to providers and suppliers who have served rural Medicaid, Children's Health Insurance Program (CHIP), and Medicare beneficiaries from January 1, 2019, through September 30, 2020.

"All of the American Rescue Plan funding has been absolutely critical for the healthcare infrastructure over the last couple of years because it took a while for folks to grasp the idea that [the pandemic] was going to come through the country and reach remote areas," says Jim Porter, managing director of [ToneyKorf Partners](#), an advisory firm for healthcare organizations in underserved areas. "Hospitals, especially distressed hospitals, run incredibly tight to negative margins anyway. A lot of these places need supplemental support, which they're likely to get through grant programs or other state or federal assistance."

There are currently 1,796 rural community hospitals in the United States, according to the [American Hospital Association](#) (AHA), and these organizations have been fighting an uphill battle since before the onset of the pandemic. Over 130 rural hospitals have closed over the last decade, according to research from the [Center for Healthcare Quality and Payment Reform](#) (CHQPR). The risk of closure comes from the loss of

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money sustained when delivering services to patients. In the past, these losses have been offset by grants, local tax revenues, and subsidies from other businesses the hospitals have received, according to CHQPR data. Two hundred rural hospitals are in danger of [closing within the next two to three years](#).

If CFOs and other rural hospital executives want to keep their doors open, Porter says the key to doing that is to evaluate their structure and do a deep dive to better understand who they are serving and how to increase utilization within the community in which the hospital operates.

"If I'm a CFO, it's critical to have access to good planning and forecasting tools that lets you see where the business is going," he says. "No one from a hospital's financial operations standpoint cares for volatility in patient volume. That sort of volatility is disturbing for them and so better planning, now that things are settling down a bit more, is important. What that does is it helps inform you on where your organization is performing and where there are potential opportunities."

*Amanda Schiavo is the Finance Editor for HealthLeaders.*