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Rural Hospitals Struggle to Attract Patients and Remain Viable

About 20 percent of Americans live in rural areas, and rural hospitals play a crucial role in providing health care to this vulnerable, underserved population. However, rural hospitals, which are mostly small and often provide limited services, continue to face threats to their survival in the modern health care market.

To obtain a better picture of patient use of rural hospitals, RAND Corporation researchers examined the situation in California, which has a sizable rural population (2.6 million) and more than 60 rural hospitals. As in other states, California's rural hospitals are facing financial challenges: Nearly three-fourths are losing money, and several have filed for bankruptcy in recent years.

Using California hospital discharge data and data from the American Hospital Association Annual Survey of Hospitals, the researchers examined the characteristics of rural hospitals and those who used them. Then they ran simulations to see whether patient use of rural hospitals would change if those hospitals offered additional facilities, such as trauma units, cardiac catheterization labs, cardiac intensive-care units (ICUs), or additional beds. The researchers found that

- Compared with hospitals in urban areas, rural hospitals, as well as those in small towns, are substantially smaller: On average, rural and small-town hospitals have 37 and 64 beds, respectively, versus 211 beds for urban facilities. Rural hospitals offer fewer services and technologies; for example, they are less likely to have alcohol and drug units, cardiac services, psychiatric services, and neonatal ICU services.
- Patients without private insurance, older patients, and patients with urgent cases are most likely to choose rural hospitals. These groups are vulnerable, may lack transportation to reach alternative hospitals, and are most likely to suffer from reductions in access to care when rural hospitals close.
- Substantial numbers of rural residents bypass rural hospitals to seek care in urban facilities, even though the former are usually much closer. Further, simulations showed that patients' propensity to choose rural hospitals would increase only slightly if these hospitals offered more services and technologies.

The findings suggest that other factors may play a role in hospital choice for rural residents. For example, rural residents may believe that the quality of care in rural hospitals is poor or be uninformed about available services and technologies, which may be adequate for patient needs.

Although this study was limited to California, the findings have important implications for all rural hospitals seeking to attract patients. Even a small increase in patient numbers could enhance these hospitals' viability. In the past decade, many rural hospitals have updated their management techniques, implemented systems of coordination and networking, and adopted information technology. These innovative strategies are likely to continue to be important for their survival. In addition, rural hospitals may need to provide their local communities with better information about their capabilities and outcomes.

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Headquarters Campus
 1776 Main Street
 P.O. Box 2138
 Santa Monica, California
 90407-2138
 TEL 310.393.0411
 FAX 310.393.4818

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