The U.S. economy is beginning to show signs of recovery, but the recession’s lingering impact continues to adversely affect hospitals and the patients they serve. According to data from the March 2010 AHA Telling the Hospital Story Survey, patients continue to delay or forego care as family budgets remain tight. Seventy percent of hospitals reported lower overall patient volumes and 72 percent of hospitals reported depressed volumes of elective procedures.

Further, patients’ financial challenges have resulted in significant enrollment increases in Medicaid, Children’s Health Insurance Program (CHIP) and/or other programs for low-income populations. These programs traditionally underpay hospitals and burgeoning enrollment puts additional financial strain on hospitals. Equally alarming, nearly nine in 10 hospitals reported an increase in care for which the hospital received no payment at all.

As the data indicate, the lingering effects of the recession continue to impact hospitals’ bottom lines. Nearly three-quarters of hospitals reported reduced operating margins. At the same time hospitals, like all Americans, have less income from investments. Gains on investments traditionally have helped hospitals subsidize losses from patient care, particularly from Medicare and Medicaid which covers more than half of patients served but pays substantially less than the cost of caring for patients. The recession’s sharp decline in the value of stocks and other investments turned these gains to losses, and hospitals have seen their reserves—or savings that hospitals build up over time—depleted. The latest data show that half of hospitals are reporting decreased non-operating income.
Most hospitals made significant changes to weather the economic storm including cutting administrative costs, reducing staff and curtailing services. Although economists point to signs of an economic recovery, few hospitals reported that they are in a position to return to pre-recession staff and service levels. In fact, 89 percent of hospitals indicated that they have not added back staff or increased staff hours and 98 percent have not restored services or programs previously cut to weather the economic storm. Additionally, hospitals continue to have problems accessing capital and 67 percent of hospitals have not started or continued capital projects put on hold since the economic recession.

Hospitals are struggling to update their facilities and equipment to meet the needs of their communities and keep pace with advances in medicine as access to capital has remained stagnant and worsened for some hospitals. The new data reveal that difficulties accessing capital persist for hospitals, with 44 percent reporting reduced access to capital continues and nearly a quarter reporting that their ability to access capital is getting worse. These difficulties in borrowing are particularly worrisome as hospitals scramble to invest in information technology to qualify as “meaningful users” to obtain the Medicare and Medicaid incentive payments for information technology authorized under the American Recovery and Reinvestment Act and avoid future penalties.