

HOSPITALS FACE FINANCIAL CHALLENGES DUE TO COVID-19

Washington Regional Medical Center | Fayetteville, Ark.

While many hospitals and health systems are focused on a possible resurgence of COVID-19 cases in the fall, Washington Regional Medical Center in Fayetteville, Ark., is only now seeing its first surge of these patients.

“We saw a low point in our COVID-19 patient volume on May 12. We had only one COVID-19 patient at that time. Today, we have over 40 COVID-19 patients,” says Larry Shackelford, president and CEO of Washington Regional Medical Center.

Shackelford says that recent significant workplace clusters of COVID-19 cases in northwest Arkansas have fueled the surge. The area is home to three Fortune 500 companies, including Walmart, J.B. Hunt, Tyson Foods, along with a couple of other large poultry processing and transportation companies.

After seeing a 12% rise over a two-week period, Fayetteville’s surge recently landed it atop [a list](#) of metropolitan areas with the highest average daily growth rate of COVID-19 cases.

On June 24, Washington Regional Medical Center began the day with 96% of its 40 intensive care unit (ICU) beds occupied. A 20-bed COVID-19 ICU was completely full and 298 of the facility’s 315 adult beds were occupied.

The COVID-19 situation is exacerbating the financial pinch the organization began experiencing in March. As it prepared for the pandemic’s impact, Washington Regional Medical Center went through an eight-week period of postponing non-emergent surgeries and discontinuing many wellness services, such as breast screenings, colonoscopies and non-urgent cardiac tests.

“We saw our net patient revenue decline by \$14 million in April,” Shackelford says, adding that this led to cost-cutting efforts, including furloughing 350 of its 3,300 employees and reducing the hours of 360 full-time workers.

The medical center received about \$10.5 million in government payments related to the pandemic, including \$5.7 million in federal CARES Act funding, but it has not been enough to cover incurred costs. Shackelford laments that his organization has not yet received any hot-spot funding payments because his facilities did not qualify for the initial round of funding when they were seeing a much lower number of COVID-19 patients. He is hoping any additional funds will be distributed with consideration for current hot spots, like Fayetteville.

The organization faces another conundrum: Many rural hospitals that were funded early in the pandemic are now sending their COVID-19 patients to Washington Regional Medical Center because they do not have sufficient ICU and intensivist resources to treat them.

The medical center also is the only comprehensive stroke center in a 23-county area. And while they are eager to treat stroke patients as well as trauma cases, Shackelford says the large influx of COVID-19 patients has made it difficult to balance care delivery for other conditions simultaneously.

“The state has taken the approach that either your critical access is either at ‘capacity’ or open for transfer. What causes me some heartburn is that we are using a disproportionate share of resources on managing a minority number of patients and some of the core services that we would like to [provide] we can’t,” Shackelford says.

All of these pressures – financial, state requirements as a regional referral center for stroke/trauma care, rapid increase in COVID-19 cases, significant reductions in patients seeking routine care – leave the hospital in a vulnerable position to continue meeting the community’s health care needs. The economic impact on his staff also weighs heavily on him. Shackelford is relying on federal relief to be allocated through state resources to ease the pressures; and it needs to come sooner rather than later.