

September 21, 2021

New Report: Costs of Caring for Sicker Patients to Drive Continued Hospital and Health System Financial Losses Throughout 2021

Hospitals are treating sicker patients, spending more for labor, supplies and equipment as people continue to put off care

A new analysis prepared by Kaufman, Hall & Associates, LLC and released today by the AHA shows that higher expenses for labor, drugs and supplies as well as patients putting off care during the ongoing COVID-19 pandemic will continue to negatively impact the financial health of hospitals and health systems throughout 2021.

Hospitals and health systems are seeing sicker patients — including COVID-19 patients and patients who put off care during the pandemic — requiring longer lengths of stay and more services than prior to the pandemic in 2019. According to news reports, many hospitals also are spending a lot more resources on contract or travel nurses due to staffing shortages.

“America’s hospitals and health systems continue to face significant, ongoing instability and strain as the COVID-19 pandemic endures and spreads,” said AHA President and CEO Rick Pollack. “With cases and hospitalizations at elevated levels again due to the rapid spread of the Delta variant, physicians, nurses and other hospital caregivers and personnel are working tirelessly to care for COVID-19 patients and all others who need care. At the same time, hospitals are experiencing profound headwinds that will continue throughout the rest of 2021.”

The report projects hospitals nationwide will lose an estimated \$54 billion in net income over the course of the year, even after taking into account federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from last year. However, the uncertain trajectory of the Delta and Mu variants in the U.S. this fall **could result in even greater financial uncertainty for the hospital field.**

In addition, today’s analysis found that:

- Higher costs of caring for sicker patients and fewer outpatient visits than pre-pandemic levels could lead median hospital margins to be 11% below pre-pandemic levels by year’s end.
- More than a third of hospitals are expected to end 2021 with negative margins.

- If there were no relief funds from the federal government, losses in net income would be as high as \$92 billion, which further emphasizes the magnitude of losses hospitals will likely continue to face through the end of 2021.

See the full [report here](#), as well as a [press release](#) that will be shared with the media today.

FURTHER QUESTIONS

If you have questions, please contact AHA at 800-424-4301.