

## **How Rural Hospitals in the US Can Survive in COVID-19 Pandemic**

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### **Short Commentary**

Many rural hospitals throughout the US are barely managing to survive given that many avenues of their revenue have been shut down during the COVID-19 pandemic. Most of them have cancelled elective procedures and routine care which represent over half of all hospital revenue in order to ensure that there are enough beds and critical care resources for potential surge of COVID-19 patients. How did this occur?

In late March 2020, The World Health Organization in conjunction with the Department of Health and Human Services and the Centers for Disease Control and Management developed a "Hospital Preparedness Checklist" for US Hospitals that included the following to plan for the projected surge in COVID-19 patients:

- Elimination of all non-essential visits and procedures (including elective surgeries) and
- Elimination of routine care for those with chronic and/or stable medical conditions

The intention was in good faith, based upon the experience in Italy where death rate was significantly higher from COVID-19 due to lack of availability of essential critical care services and health care staff. Many predictions were right and wrong. Many high-density population centers like New York City, San Francisco, Los Angeles, New Orleans, experienced the 'surge' and desperately acquired additional personnel and equipment. Most of the areas very high density urban cities. However, many parts of the country (particularly rural states like New Hampshire, Nebraska, Iowa, North Dakota, South Dakota, Kentucky, Kansas) did not. As a result, many rural healthcare organizations saw significant drop in volumes and revenue as hospital productivity plummeted. In addition, the cost of treating COVID-19 patients was not adequately covered either by public or private payers which further depleted revenues. This has had serious consequences for healthcare systems, especially in rural hospitals with:

- Significant fall in revenue (40%-60%)
- Deteriorating margins to invest in needed equipment and personnel
- Furloughs for long standing employees
- Higher cost of capital with impaired bond ratings
- Depletion of days cash on hand with several rural hospitals

predicted to be cash depleted by early summer 2020.

Thus, rural hospitals need to quickly pivot and change course in order to avoid a threat to the very viability of the essential healthcare services upon which their communities rely.

### **What are the Solutions?**

**1. Rapidly Expand Telehealth and Virtual Capabilities:** Healthcare, like every other industry is digitalizing so that patients and consumers can receive routine and necessary services via mobile phones at low cost. Some organizations like Stanford University Health Center in Palo Alto, California are far down this path and provide over 1/3rd of their total routine primary care services virtually. However, rural healthcare organizations are still barely using this technology wide scale. It's important to note that the cost for these services is up-to 80% less than the traditional face-to-face model. The advantage of creating a virtual healthcare delivery platform is that it can be done locally, regionally, or outsourced all together with little capital investment. Individuals with chronic conditions (e.g. diabetes, hypertension, heart disease etc.) should not have their care curtailed as this will only make their ongoing conditions worse.

**2. Resume Elective Procedures Safely:** Elective procedures constitute the revenue 'life-blood' of a healthcare organization and enable other critical care and necessary services to occur. These can be done during a pandemic utilizing either a 'hospital within a hospital' or 'parallel organization' model where there is complete segregation of COVID-19 positive (or possibly positive) staff/patients from those who are definitively negative without symptoms or who have established COVID antibodies. Every healthcare organization is obligated to screen and stabilize potential COVID-19 patients; however, there is no obligation to provide definitive treatment at each and every facility and the care of COVID patients should be regionalized and systematized so that once a COVID-19 patient is identified, screened and found to be high risk (requiring either hospitalization or ICU care), they are transferred to a regional COVID center where there is dedicated personnel and critical care equipment to address their needs 24/7 with intensivists. This will be a vital task to accomplish for rural hospitals since they do not have easier access to resources or other financial streams as compared to their urban counterparts. The earlier they do this, the better it is for sustainability.

### **3. Expand or Reduce COVID and non-COVID services based upon rapidly changing demand Over time:**

According to the Centers for Disease Control and Prevention (CDC), COVID-19 is likely to have several peaks and quiescent periods over a one to two-year period. This means that rural hospitals and health systems cannot be held hostage by the pandemic indefinitely but must be able to rapidly adapt to changing demand based upon local spread or containment of the virus.

In order to achieve these goals, the rural states through their own Governor's Task Force will need to establish a COVID-19 Supply Chain model to ensure supplies, testing and personal protective equipment (PPE) which will require direct contracting with corporate entities willing to sell directly

to such State due to depletion and inflated cost of federal supplies and tests. This pandemic has revealed a fundamental tension: public safety versus failing economy. Rural hospitals in America will have to balance ensuring that the public is safe from unnecessary exposure to COVID-19 with its primary mission to maintain essential and in many cases the only healthcare services to rural frontier communities they serve, especially when patient volumes may be unpredictable and revenues will continue to hit hard. It is not an either/or and we must develop a more adaptive model for rural hospitals to screen and care for COVID patients while maintaining innovative ways to preserve their core business so that along with the communities they serve, they will survive the pandemic as well.