

# Hospital and Nursing Home Losses Impact South Dakota Communities

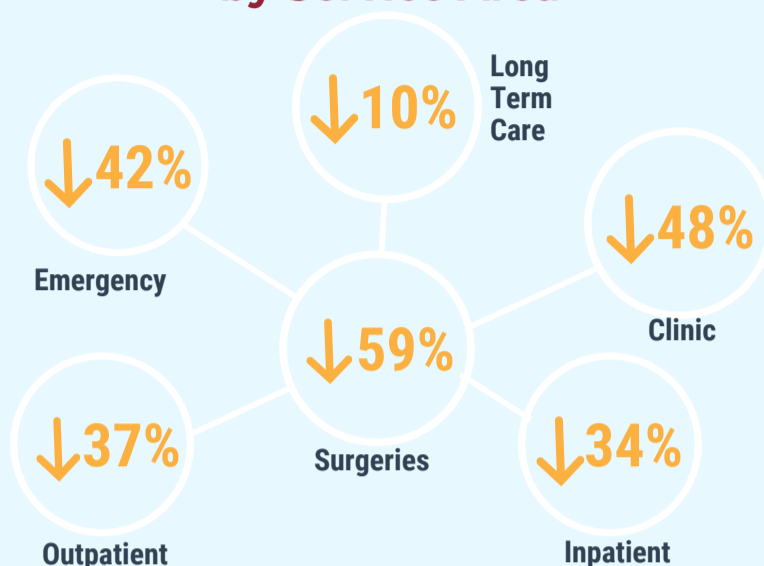
The COVID-19 pandemic is threatening the sustainability of South Dakota hospitals, nursing homes and the communities they serve.

## Financial Challenges Facing Hospitals and Nursing Homes

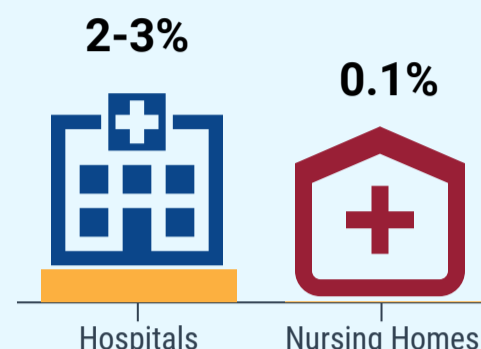
**\$550 million**

in projected losses between March and June 2020

### Projected Volume Decline by Service Area<sup>1</sup>



### Pre-Covid Operating Margins<sup>1</sup>



## Causes of Current and Projected Losses



### Cancelled Scheduled Services

**March-End of April:**  
Decreased volume and cancelled services.

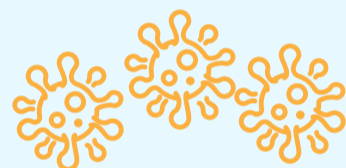
**May - Forward:**  
Slow resumption of services, public reluctance to go to the hospital or doctor's office.

### Increased staffing costs due to Covid response

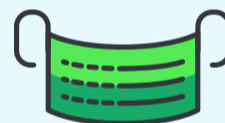


Salaries and benefits (\$3B) comprise over half of hospital and nursing home expenses

### Hospitals and nursing homes are underpaid for expensive COVID-19 care



PPE and certain medical supply costs have increased tenfold



### Increased unemployment = increased uninsured

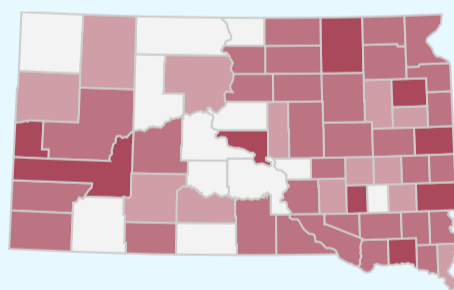
Uncompensated care increased by 17% from \$160M to \$187M<sup>2</sup>

Most Care to the Uninsured will be uncompensated

Medicaid payment rates (70% of cost)<sup>3</sup> are significantly lower than private insurance payment rates

## Economic Drivers in SD Communities

Hospitals and nursing homes are among the largest employers in each South Dakota county, as well as the state overall



**\$9 Billion**

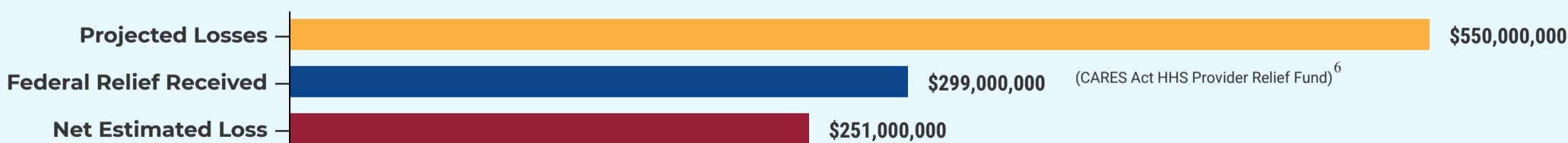
contributed to state economy by SD Hospitals and nursing homes annually



**67,000 people**

Employed by hospitals and nursing homes in SD

## Relief Needed vs. Relief Offered



### COVID Relief Fund

**\$1.25B**

For the State of South Dakota

### Loans

Hospitals and nursing homes have applied for the Small Business Administration Paycheck Protection Program and Medicare Accelerated and Advanced Payments but these programs may require repayment.

**South Dakota**  
Association of Healthcare Organizations

1. SDAHO/ Eide Bailly COVID Impact Study 2. Hospital Cost Report Information System 3. American Hospital Association 4. SD Labor Market Information Center 5. U.S. Treasury 6. HHS Provide Relief