

# New Hampshire Hospitals

## Impact of COVID-19



as of June 22, 2020

# Hospitals are Economic Engines

## Hospitals are a leading industry in New Hampshire

3<sup>rd</sup>

Largest Industry by **Labor Income**

- *Behind Wholesale Trade and Government/Education*

4<sup>th</sup>

Largest Industry by **Total Output\***

- *Behind Owner-Occupied Dwellings, Wholesale Trade, and Real Estate*

4<sup>th</sup>

Largest Industry by **Number of Employees**

- *Behind Government/Education, Real Estate, and Wholesale Trade*

Source: **IMPLAN**

\* Output represents the total value of healthcare industry production as a portion of the state's gross domestic product. For the service industries, IMPLAN defines Output as Revenues



# Strengthening the State's Economy

New Hampshire's hospitals and health systems are a vital component of the state economy and play an integral role in local business and community development.

**40,451**

Total # of people employed  
by NH hospitals



**30,930**

Total # of secondary jobs  
generated in local economy



**71,381**

TOTAL JOBS IMPACT  
OF NH HOSPITALS



**\$3.7 Billion**

Total annual salaries &  
benefits at NH hospitals



**\$1.7 Billion**

Additional salaries & benefits  
from secondary jobs



**\$5.4 Billion**

TOTAL SALARIES &  
BENEFITS IMPACT OF  
NH HOSPITALS

# Investing in Healthier Communities

**New Hampshire hospitals provide acute-care services in a traditional hospital setting, but they are also responsible for helping improve the overall health of neighborhoods and communities.**



Preventive Services

Community Partnerships

Education & Preparation of Future  
Healthcare Professionals

Research & Clinical Trials

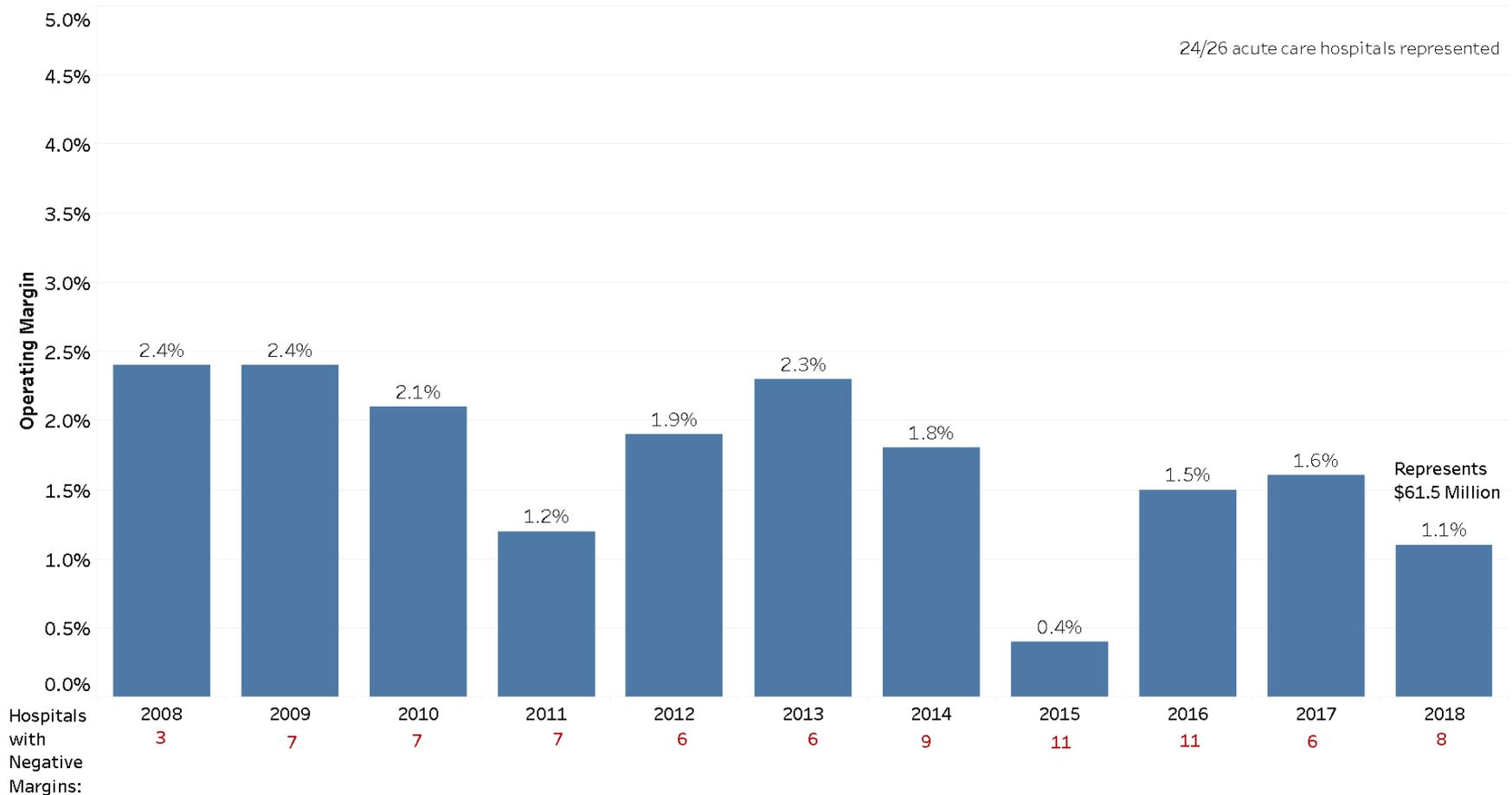
Educational Programs

Meeting the health needs of the  
uninsured, low-income and other  
vulnerable populations.

# Historically Low Operating Margins

Even without the financial impact of COVID-19, New Hampshire hospitals have historically operated on small margins. In 2018, the aggregate margin of 1.1% equates to only \$61.5M.

Acute Care Hospitals State-wide Operating Margins: 2008 - 2018

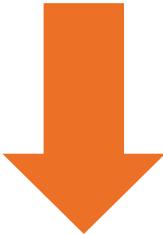


# Impact of COVID-19 on Hospitals

**Working with partners at the state, DHHS and DPHS, hospitals have taken the following critical steps to ensure an effective, targeted response to COVID-19:**

-  Suspended elective & non-urgent procedures to stand up capacity for a potential surge of COVID-19 while ensuring a safe environment for staff, patients and communities
  -  Stood up Alternative Care Sites (ACS) around the state to increase bed capacity at hospitals for those patients who need more acute care
  -  Engaged in employee furloughs, redeployment and layoffs as a result of suspending elective & non-urgent procedures
  -  Invested in Personal Protective Equipment (PPE) and other supplies required to safely treat all patients
  -  Set up additional sampling sites and expanded testing capacity across the state
- 

**These actions, while absolutely the right things to do for patient and staff safety, have created significant financial challenges:**



By April 11<sup>th</sup> hospitals experienced a **51% reduction** in utilization (*charges*)

Since March 20<sup>th</sup>, hospitals have seen an **average of 55% occupancy** of inpatient beds (*including surge capacity in-house*)

By May 31<sup>st</sup>, hospitals statewide will realize an estimated **\$445 million** in lost revenue

**These reductions cannot be absorbed by an industry with such small margins, and these losses are simply unsustainable.**

# Impact of COVID-19 on Hospital Employment

**17.8%**

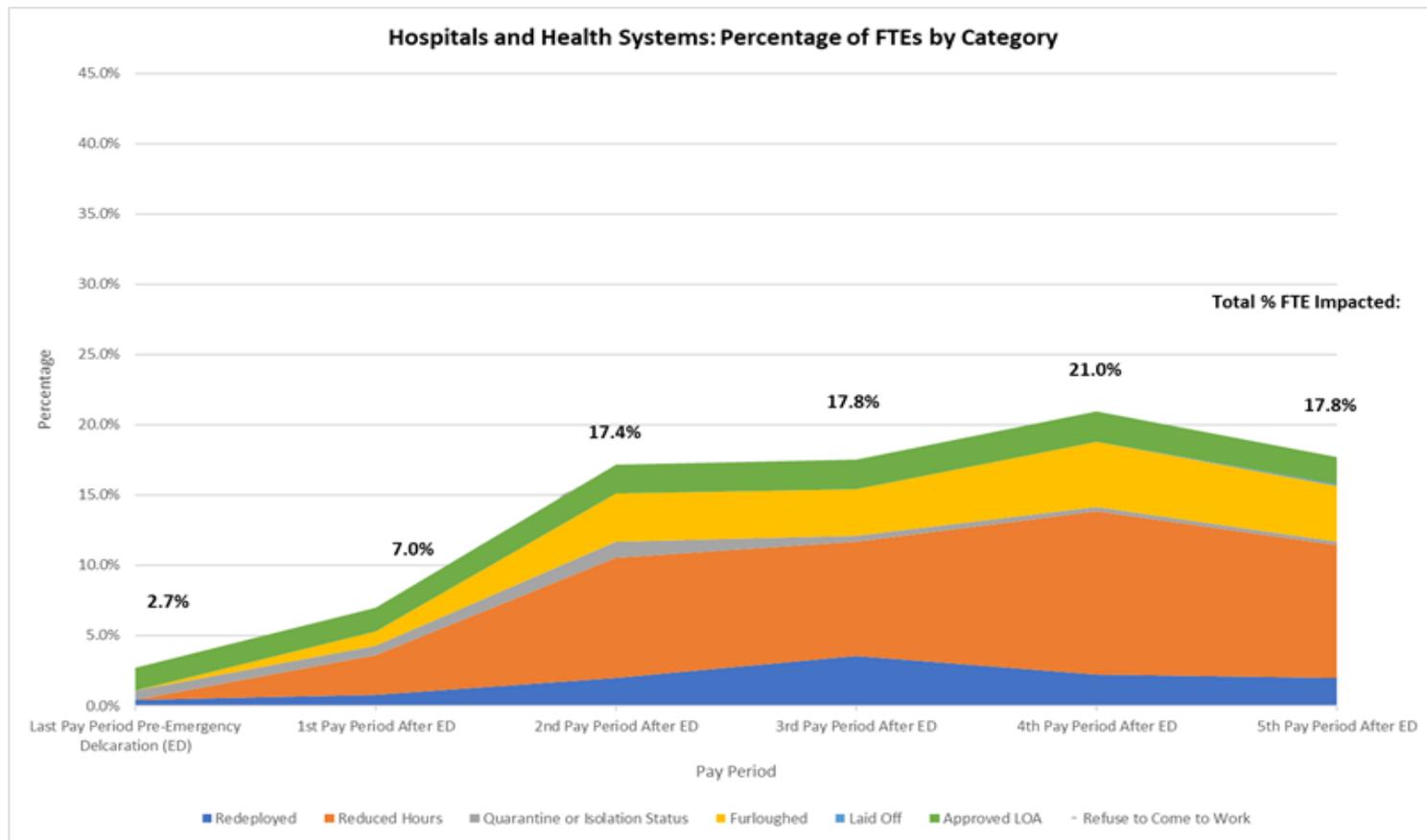
**Full-Time Equivalent (FTEs) employment status impacted**

**9.4%**

**FTEs experienced reduced hours**

**4.0%**

**FTEs furloughed**



Source: New Hampshire Hospital Association, special survey results March – May 2020; 15 hospitals reporting

# COVID-19 Grants Provided to NH Hospitals

COVID-19 Relief Funding	Amount Distributed to Hospitals in NH	Number of Hospitals Impacted (Out of 24 Reporting)	Notes
<b>General Distribution</b>			
<b>\$30B Round 1 - Part 1</b>	\$100.1 Million	24	Based on 2% of 2018 Net Patient Revenue
<b>\$20B Round 1 - Part 2</b>	\$9.5 Million	13	
<b>Targeted Allocations</b>			
<b>\$10B for COVID-19 Hotspots</b>	\$0	0	New Hampshire hospitals did not qualify
<b>\$10B for Rural Hospitals and Clinics</b>	\$112.6 Million	17	Distributed to roughly 4,000 rural healthcare providers nationwide
<b>Paycheck Protection Program</b>			
<b>\$225M for Rural Health Clinics COVID-19 Testing</b>	\$641 Thousand	8	Funds to support COVID-19 testing efforts and expand access to testing in rural communities
<b>Health Resources and Services Administration</b>			
<b>\$50M - ASPR</b> (Assistant Secretary for Preparedness and Response)	\$408 Thousand	24	Funds to be spent on PPE
<b>NH Emergency Funding - Coronavirus Relief Fund</b>			
<b>\$100M - Healthcare System Relief Fund</b>	\$10.6 Million	6	Several other hospitals applied and waiting for allocation; \$30M designated for Long Term Care Facilities
<b>Total \$ Received</b>	<b>\$233.8 Million</b>	<b>24</b>	

*Out of 24 hospitals reporting*

# COVID-19 Grants in Context of Hospital Losses

## Hospital Losses and Grants Received: March – May 2020

Total Expenses	Net Operating Revenue	Gross Variance from Operations	Total Grants	Net Variance (Gross Variance from Operations Plus Grants)
\$1,538,806,043	\$1,094,033,057	(\$444,772,986)	\$233,808,596	(\$210,964,390)

Note: 24 hospitals represented (23/26 acute care and 1 specialty)

- Total Expenses and Net Operating Revenue are actual for March and projected for April and May
- Grant dollars are actual to date

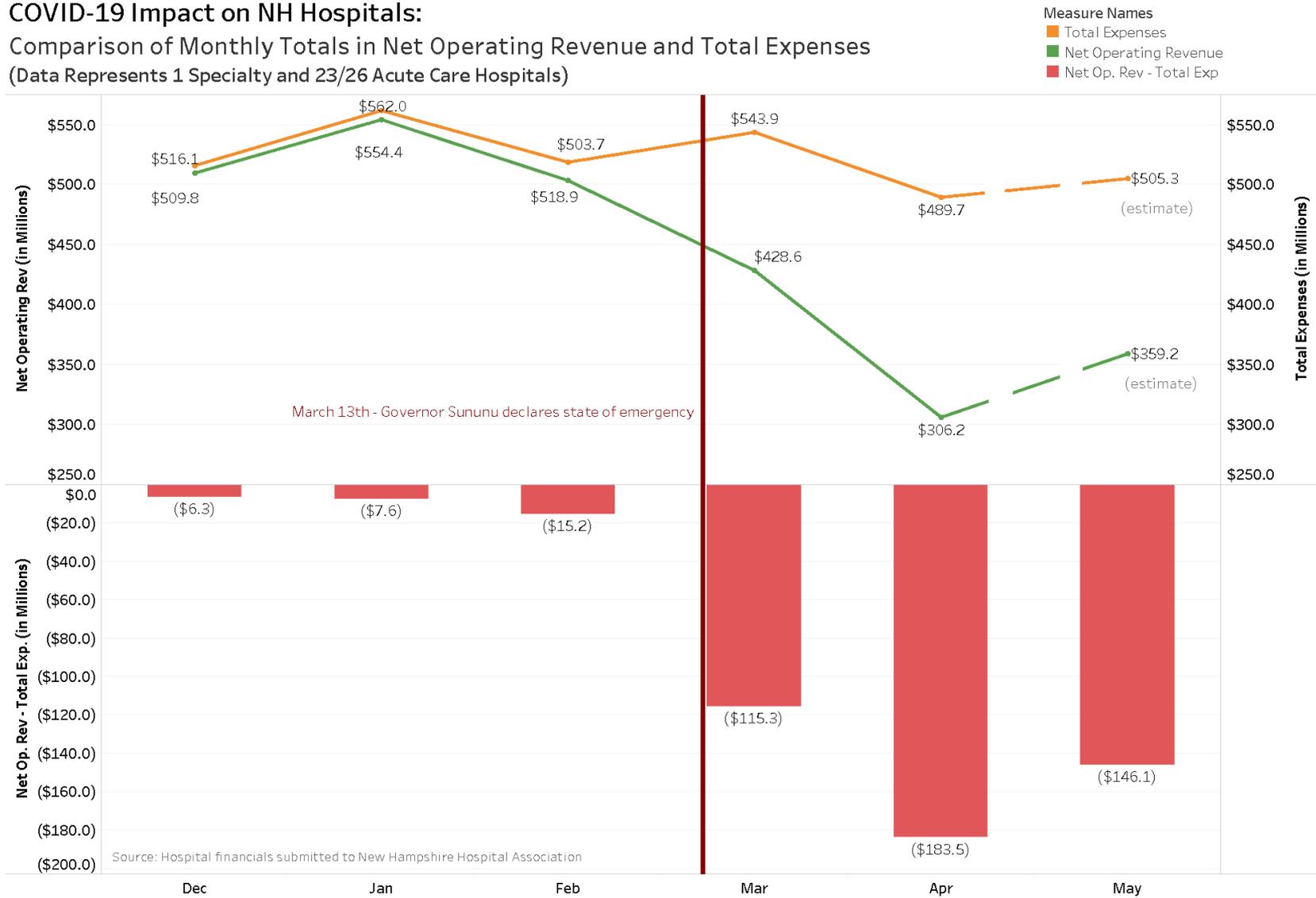
Hospitals statewide have experienced \$444.8M in lost revenue from March to May, and these losses will only continue into the future as we respond and recover from the COVID-19 pandemic.



# COVID-19 Impact on Hospital Losses to Date

## COVID-19 Impact on NH Hospitals:

Comparison of Monthly Totals in Net Operating Revenue and Total Expenses  
(Data Represents 1 Specialty and 23/26 Acute Care Hospitals)



# Hospital Losses with COVID Relief Grants to Date

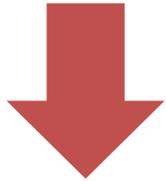
## COVID-19 Impact on NH Hospitals:

Comparison of Monthly Totals in Net Operating Revenue + Grants and Total Expenses  
(Data Represents 1 Specialty and 23/26 Acute Care Hospitals)

- Measure Names
- Total Expenses
  - Net Op. Rev + Grants
  - Net Op. Rev - Tot. Exp.



# Projected Hospital Losses through December 2020

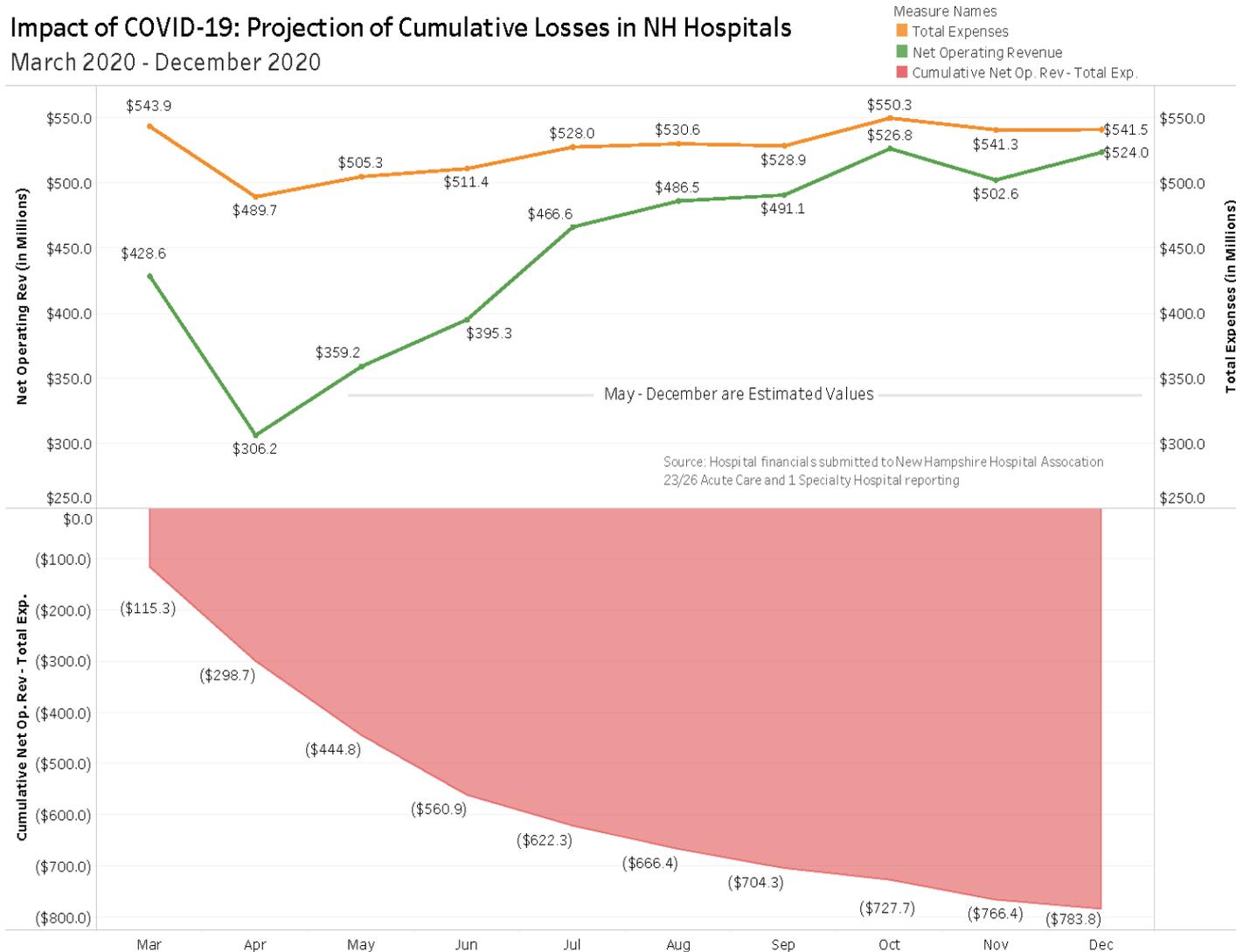


**\$783.8  
Million**

To prepare and respond to COVID-19, hospitals statewide suspended elective & non-urgent procedures, limiting patient services and creating a **51% decrease in utilization.**

Resuming these services has begun, however it will be months before hospitals experience pre-COVID operation levels.

Impact of COVID-19: Projection of Cumulative Losses in NH Hospitals  
March 2020 - December 2020



# COVID-19: Partnership to Recovery

- ➔ Without an infusion of financial resources, hospitals—both large and small—face the risk of running out of operating cash in the next several months.
- ➔ The financial consequences for hospitals, our patients, communities and New Hampshire's health care system are potentially devastating.
- ➔ We will need significant financial relief to get through this crisis so that we can be there for our patients and communities.
- ➔ Relief from the Federal CARES Act has been helpful, but certainly has not been distributed evenly across the State and will not be enough to address the hundreds of millions of dollars in lost revenue that hospitals in New Hampshire will experience through the end of the calendar year and beyond.
- ➔ Hospitals have long partnered with the state, from Medicaid expansion and the Doorways, to community benefits and funding for the Governor's Commission, just as we did to prepare for and respond to the COVID-19 pandemic.
- ➔ We will continue to do so to be there for our patients, communities and citizens of New Hampshire.
- ➔ We can get through this together, but we will need help to ensure our community hospitals are able to emerge from this crisis and be there when our patients and communities need us.

***Partnership to Recovery: We are in this together.***