

Hospitals Grapple with Historic Financial Losses

With luck, the worst of the pandemic may be behind us. But like symptoms of long-haul COVID-19, the damage it's inflicted on California's hospitals – and their people, both patients and staff – will be felt for years. A recent study by national financial consulting firm Kaufman Hall revealed alarming data such as:



For the first time in recent history, more than half of California's hospitals (**51%**) are operating in the red.



In 2020 and 2021, California hospitals collectively **lost more than \$20 billion**. Even after **\$8 billion in federal relief**, hospital losses totaled **\$12.1 billion**.



Increased expenses, including from supply chain shortages and higher labor costs due to staffing shortages, were key in these losses.

This financial crisis has even more frightening real-life consequences for millions of people whose health and lives are at stake—especially those who rely on safety-net hospitals for care. “We have people with multiple complex health needs and we provide a significant amount of charity care every year [\$15.5 million in 2021],” says Roger Sharma, President and CEO of Emanate Health in Southern California. “If the current economic burden continues, we are worried about running out of funds to keep the hospital operational... We are the last available resource for our community when it comes to health care needs.”



More than **80** SoCal hospitals contribute to the safety net system.



SoCal hospitals experience more than **12 million** Medi-Cal and Medicare visits annually.



SoCal hospitals employ more than **219,000** full-time employees.

Federal and state lawmakers must act immediately to provide financial and regulatory relief for California hospitals and their staff. One important step is to update Medi-Cal reimbursement rates—which haven't changed in 10 years—to ease the financial burden, especially for hospitals serving large low-income populations.

Clearly, COVID-19's overwhelming impact on California's health care system — and hospitals in particular — demands a response that meets the moment and ensures that our most at-risk neighbors continue to have access to high-quality health care.

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