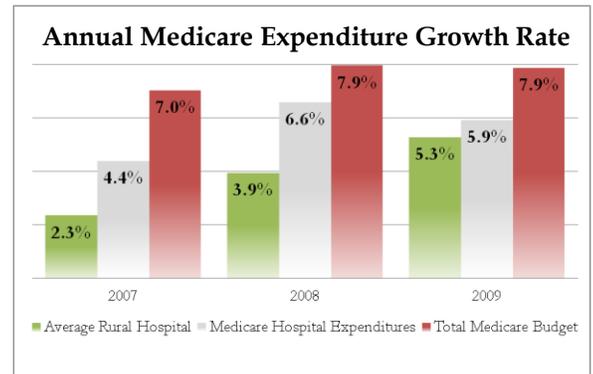


# RURAL HOSPITALS HURT IN SEQUESTRATION

Under the Budget Control Act of 2011, an automatic sequestration process will reduce government spending programs, including a 2% reduction to Medicare. Decreasing Medicare payments to rural hospitals will push many of these health care facilities to the brink of closing their doors.

CAHs are rural hospitals certified to receive Medicare payments equal to 101% of allowable cost. Despite CAHs representing over **26% of all community hospitals**, Medicare expenditures to CAHs are **less than 5% of the Medicare hospital budget**.

Over 1,300 hospitals carry the CAH designation. Medicare will contribute an average of \$5M to each CAH's net patient revenue (approximately 30% of all revenue). A 2% Medicare sequestration will eliminate \$1.3 billion of desperately needed revenue to CAHs nationwide over the next 10 years.



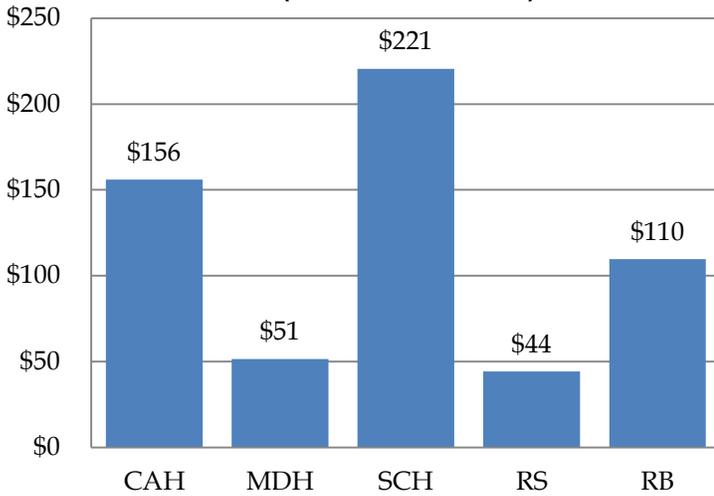
Due to the weak economy and lack of necessary capital investment, an ever-increasing number of rural hospitals operate at a loss. This figure escalated to over 33% in 2009 and continues to grow. These facilities operating in the red employ approximately 139,000 jobs. Without additional working capital investment, many of these hospitals may be forced to close their doors. The rural economies supported by these hospitals cannot afford to eliminate the only nearby hospital and one of the largest employers in each community.

A 2% reduction in Medicare payments to rural hospitals will cause about 57 hospitals that are currently scratching out a minimal positive margin to immediately begin operating at a loss. This number will continue to increase each year as margins continually get smaller. With each hospital averaging 280 employees, the resulting impact will put another 15,979 hospital jobs at risk. Furthermore, the access to care crisis will be further exacerbated.

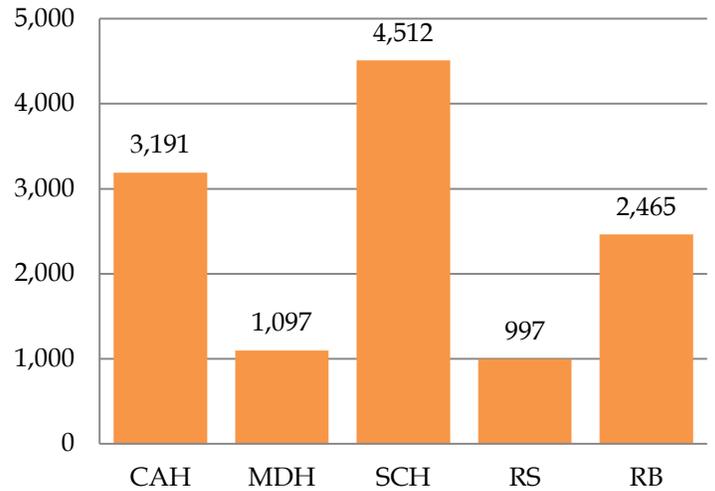
<b><u>Sequestration forces more hospitals into financial jeopardy</u></b>	
Hospitals	57
Hospital Jobs	15,979
Hospital Salaries	\$907M
Local Jobs Impact	22,051
Local Economic Impact	\$1.12B

# Medicare Cuts Hurt Rural Economies

## Local Economic Loss (\$ in millions)

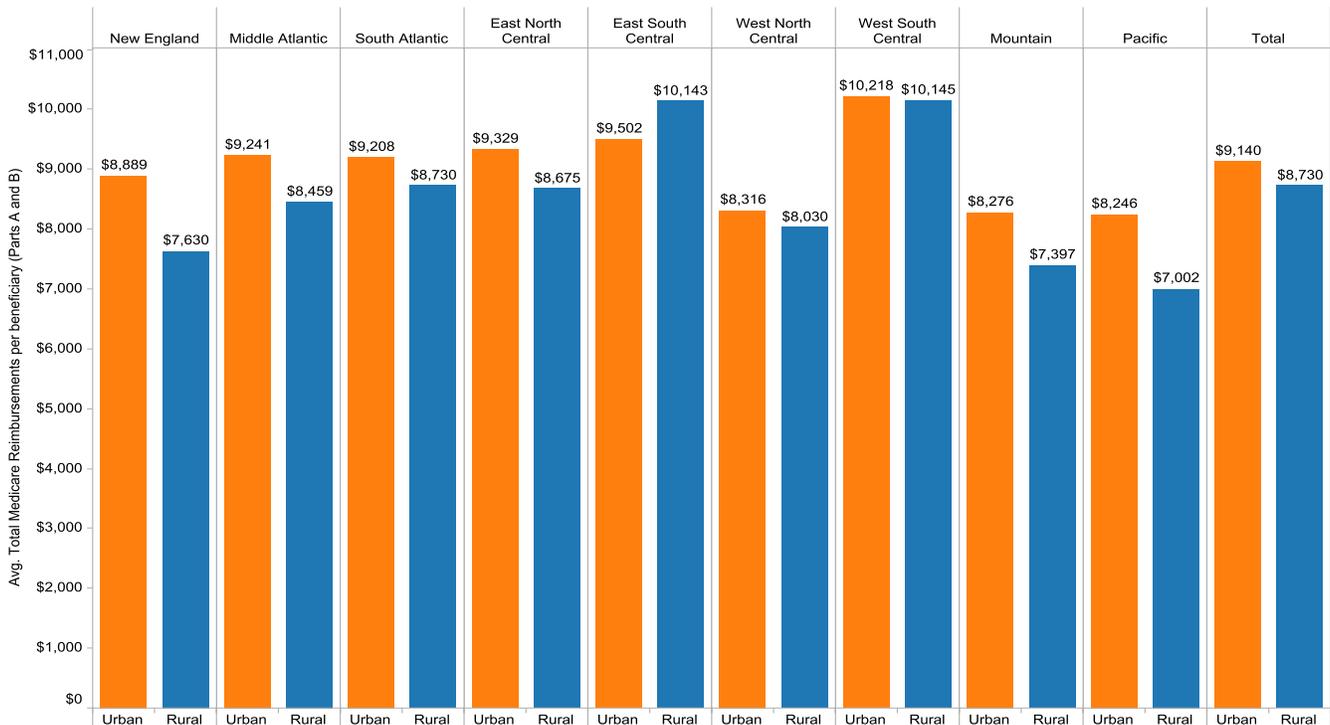


## Local Job Loss



Medicare rural hospital cuts impact much more than just the hospital. As much as 20% of the local rural economy is dependent on the local hospital. Hospital layoffs, salary reductions or closures are devastating to the local economy. Medicare Cuts to Rural Hospitals could result in over 12,000 jobs lost in small towns across America. Go to [www.RuralHospitalSequestration.com](http://www.RuralHospitalSequestration.com) for more details.

# Health Care in Rural America More Affordable



Cutting rural hospitals doesn't save federal dollars. A study by [Stroudwater Associates](http://Stroudwater Associates) shows that rural Medicare beneficiaries already costs 4.5% less to treat than urban beneficiaries.