

# CHA News Release

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## For Immediate Release

**Contact:**

Jan Emerson-Shea  
(916) 804-0663 – Cell  
@jemersonshea – Twitter

## New Report Details COVID-19 Pandemic’s Damaging, Long-Lasting Impact on California Hospitals

*Hospital Leaders Declare ‘State of the State’s Hospitals’ is Dire*

**SACRAMENTO (April 28, 2021)** – Barely more than 100 days since the [number of COVID-19 cases peaked in California](#), hospitals across the state continue to face significant — and long-lasting — financial challenges, according to a new report by Kaufman Hall, a nationally respected consulting firm with extensive health care expertise.

The [report](#) quantifies how the pandemic damaged the financial health of California’s more than 400 hospitals in 2020, and forecasts continued fiscal impacts through 2021 and possibly beyond.

According to the report, prepared by Kaufman Hall at the request of the California Hospital Association, California hospitals lost more than \$14 billion in 2020 due to the pandemic. And, even after factoring in federal financial support provided last year through the CARES Act, California hospitals still lost more than \$8 billion that year. The report also notes that the financial damage caused by the pandemic will continue at least through 2021. California hospitals are expected to lose an additional \$600 million to \$2 billion this year, depending on vaccination rates and the path of the virus. Hospital operating margins are expected to decline between 19% and 65% in 2021.

“These findings suggest broad and serious challenges for California’s hospitals and the communities they serve,” the report states. “Not only could many hospitals struggle to maintain pre-pandemic service levels, a significant number run the risk of defaulting on bond covenants, losing their ability to function as independent entities and/or closing.”

The COVID-19 pandemic has left a majority of hospitals throughout the state financially broken, unstable, and uncertain of how they can continue to provide — at a minimum — the same level of care and access while  
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also preparing for any and all emergencies that may yet come,” said Carmela Coyle, President & CEO of the California Hospital Association. “Even when you factor in the limited federal relief funds that have come to California, these massive losses will strain patient care for years to come.”

“The bottom line,” Coyle added, “is that California hospitals are drowning, and now is the time to help them return to shore, not add more weights around their ankles.”

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