

Key Messages

Financial Support Is Critical to Maintaining Health Care for Rural Communities

Rural hospitals in California face severe financial strain, endangering access to essential health care services for more than 2 million people.

- More than half of California's 60-plus rural community hospitals are losing money every day to care for patients. The percentage of rural hospitals in the red has grown from 40% to 59% since 2019.
- Many rural areas are "health care deserts" with limited access to hospitals, clinics, and providers. Residents are often forced to travel long distances for basic services — a significant challenge for those without reliable transportation.
- California's 38 critical access hospitals (CAHs), serving communities at least 35 miles from other facilities, saw operating margins drop by 8 percentage points from 2019 to 2023. Nearly three-quarters of CAHs now operate at a loss, with dwindling reserves to cover daily financial shortfalls.

Rural hospitals are on the brink and the most vulnerable patients are suffering.

- Seventeen percent of California's rural hospitals ended obstetric (OB) services between 2014 and 2024, and 40% stopped offering chemotherapy between 2014 and 2022.
- Nationally, since 2005, nearly 200 rural hospitals closed, and nearly 700 additional rural hospitals — more than 30% of all rural hospitals in the country — are at risk of closing.
- Two rural hospitals in California have closed — Corcoran District Hospital in 2013 and Madera Community Hospital in 2023. Madera is set to reopen, but during its two-year closure, patients lost access to the 106-bed hospital and its three clinics — with some patients needing to travel 20 miles farther for emergency services. When Madera reopens, it will no longer offer OB services.
- Pregnant people who have to travel farther for OB services are placed at risk. Longer travel distances delay critical care, increasing the chance of poor outcomes for patient and baby.

Action is needed to support rural hospitals and the people they serve.

- Serving low population areas with limited resources makes it difficult for hospitals to remain financially viable.
- Immediate financial support is needed to keep these hospitals open. A new financing system that will cover the costs of providing care at rural and CAHs will help ensure all Californians have access to the care they need and deserve.
- Hospitals stand ready to work with the Department of Health Care Services and others to evaluate and make recommendations to support the financial stability of rural health care.