

New Hampshire Hospitals

Impact of COVID-19



as of July 29, 2020

Hospitals are Economic Engines

Hospitals are a leading industry in New Hampshire

3rd

Largest Industry by **Labor Income**

- *Behind Wholesale Trade and Government/Education*

4th

Largest Industry by **Total Output***

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

4th

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

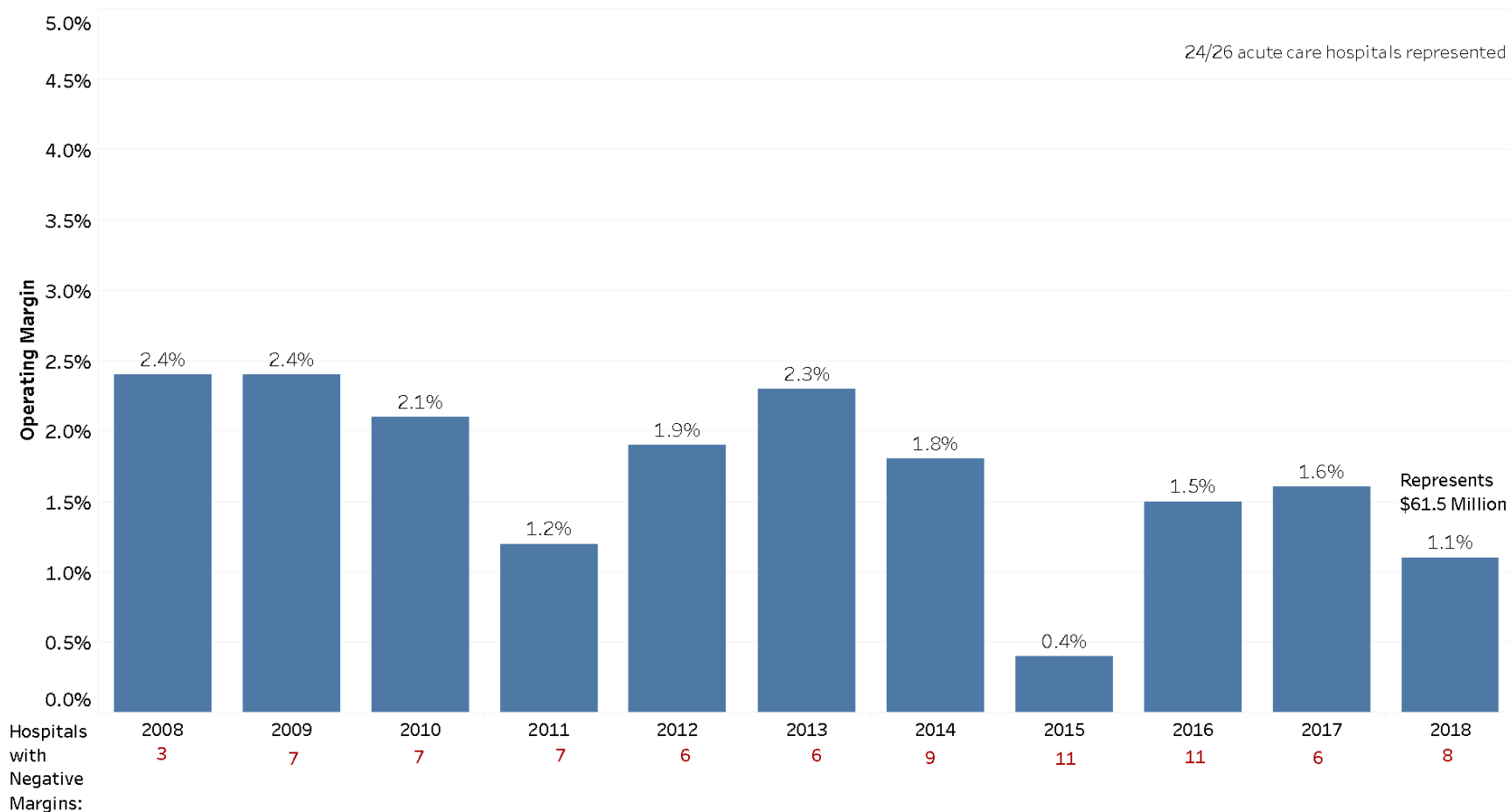
Educational Programs

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



Source: New Hampshire Hospital Association: Hospital & Health Systems' 2018 audited financial statements

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



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

Since March 20th, hospitals have seen an **average of 62% occupancy** of inpatient beds (*including surge capacity in-house*)

By July 31st, hospitals statewide will realize an estimated **\$576.5 million** in lost revenue

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

COVID-19 Grants Provided to NH Hospitals

CARES Act Funding	Amount Distributed to Hospitals in NH	Number of Hospitals Impacted (Out of 24 Reporting)	Notes
General Distribution			
30B Round 1 - Part 1	\$97.5 Million	24	Based on 2% of 2018 Net Patient Revenue
\$20B Round 1 - Part 2	\$9.5 Million	13	
"True-up" Payments	\$2.7 Million	10	
Targeted Allocations			
\$10B for Rural Hospitals and Clinics	\$112.6 Million	17	Distributed to roughly 4,000 rural healthcare providers nationwide
Rural Distribution "True-up" Payments	\$426 Thousand	3	
\$10B for COVID-19 Hotspots (Round 2)	\$21.8M	3	
\$3B for Safety Net Payments (Round 2)	\$19.7M	1	
Paycheck Protection Program			
\$225M for Rural Health Clinics COVID-19 Testing	\$641 Thousand	9	Funds to support COVID-19 testing efforts and expand access to testing in rural communities
Health Resources and Services Administration			
\$50M - ASPR (Assistant Secretary for Preparedness and Response)	\$408 Thousand	24	Funds to be spend on PPE
NH Emergency Funding - Coronavirus Relief Fund			
\$100M - Healthcare System Relief Fund	\$35.5 Million	15	Several hospitals applied and waiting for allocation
CARES Act Total Received	\$300.8 Million	24	

Out of 24 hospitals reporting

COVID-19 Grants in Context of Hospital Losses

Hospital Losses and Grants Received: March – July 2020

Total Expenses	Net Operating Revenue	Gross Variance from Operations	Total Grants	Net Variance (Gross Variance from Operations Plus Grants)
\$2,570,381,063	\$1,993,877,371	(\$576,503,692)	\$300,763,247	(\$275,740,445)

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

- Total Expenses and Net Operating Revenue are actual for March/April, mix of actual and projected for May/June, and projected for July
- Grant dollars are actual to date

Hospitals statewide have experienced \$576.5M in lost revenue from March to July, and these losses will only continue into the future as we respond and recover from the COVID-19 pandemic.



Projected Hospital Losses through December 2020

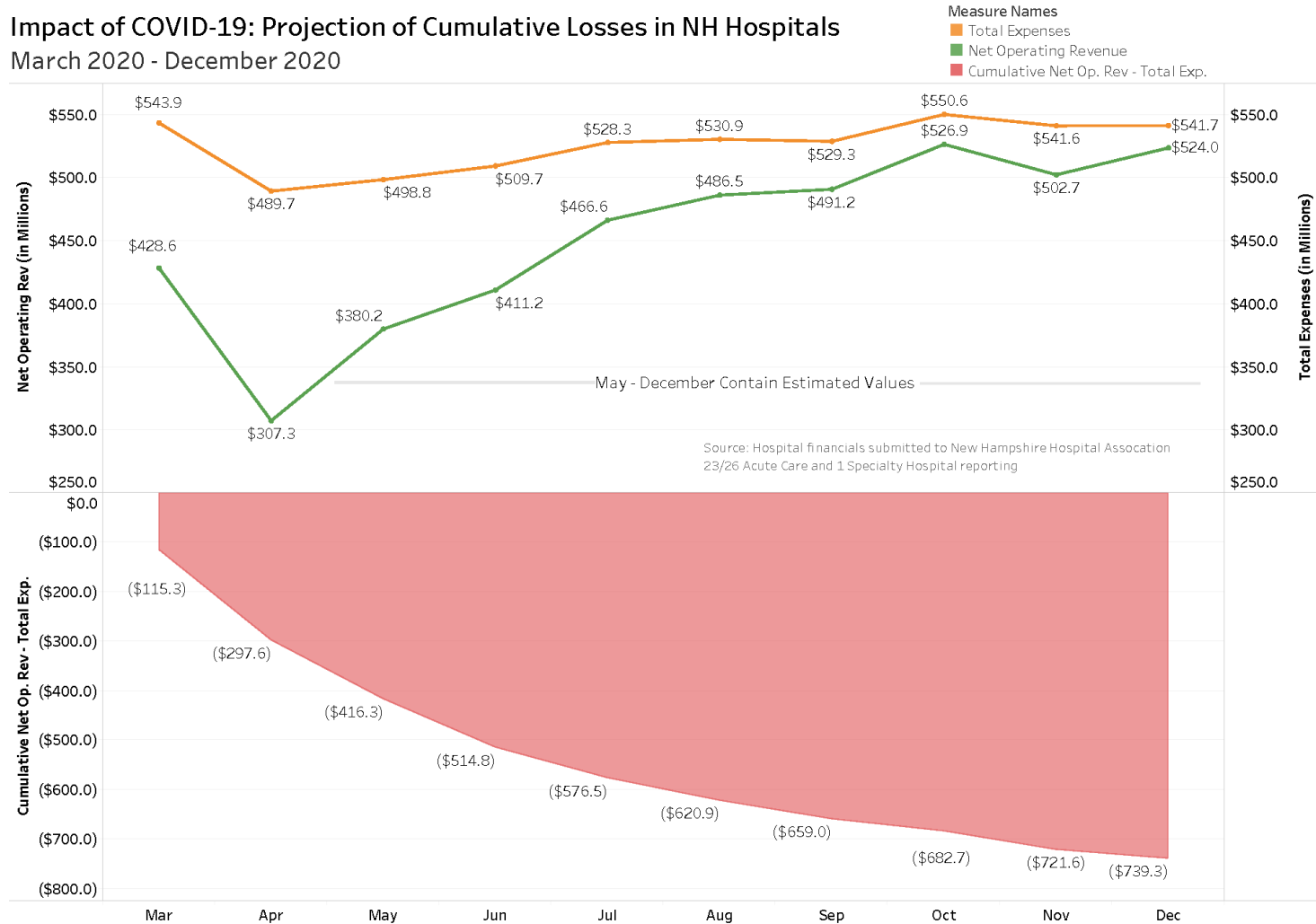


**\$739.3
Million**

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.