Pennsylvania Health Care Cost Containment Council (PHC4)

News for Immediate Release

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Hospitals in Rural Pennsylvania Experience a Rise in Uncompensated Care

Harrisburg – PHC4's *Financial Analysis 2025 – Rural Hospitals* report, released today, displays information specific to Pennsylvania general acute care (GAC) hospitals located in rural counties. Supplementary to PHC4's *Financial Analysis,* this is the most recent addition to this annual series of financial reporting from PHC4.

Barry D. Buckingham, PHC4's Executive Director said, "Given the importance and focus on rural health, producing this analysis of the financial health of rural hospitals in Pennsylvania supports the eight established regional Rural Care Collaboratives, in addition to the communities and stakeholders across the Commonwealth who rely on fact-based, transparent data." Buckingham went on to emphasize the importance of maintaining publicly available health care data and ensuring its accessibility.

In Fiscal Year 2025 (FY25), 63 GAC hospitals (41% of the statewide total) were located in rural counties. Of these 63 rural hospitals, 17 (27%) reported operating losses during FY25 based on their operating margins. The average net patient revenue for these hospitals operating at a loss was $72 million in FY25.

- **Uncompensated Care:** The statewide foregone dollar value of uncompensated care (including bad debt and charity care) for rural hospitals increased 9.1%, rising from $176 million in FY24 to $192 million in FY25. The ratio of uncompensated care to net patient revenue grew from 1.65% in FY24 to 1.67% in FY25.
- **Net Patient Revenue:** The revenue earned by rural hospitals for patient care increased by 8.0% during FY25 from $10.7 billion in FY24 to $11.5 billion in FY25. The $11.5 billion statewide net patient revenue in FY25 accounted for 95.2% of total operating revenue among rural hospitals.
- **Operating Margin:** Statewide operating income for rural hospitals increased from $851 million in FY24 to $1.05 billion in FY25. As a result, the statewide average operating margin increased by 1.11 percentage points, rising from 7.59% in FY24 to 8.70% in FY25. This was driven by total operating revenue rising to $12.1 billion and operating expenses increasing to $11 billion during FY25. In the same time period, 27% of rural hospitals posted a negative operating margin, 8% had operating margins between 0%-4%, and the remaining 65% achieved operating margins above 4%.
- **Total Margin:** The statewide total margin for rural hospitals improved by 1.82 percentage points, rising from 9.79% in FY24 to 11.61% in FY25. During FY25, 24% of Pennsylvania rural hospitals posted a negative total margin, 10% had total margins between 0%-4%, and the remaining 66% achieved total margins above 4%.

PHC4 is an independent council formed under Pennsylvania statute (Act 89 of 1986, as amended by Act 15 of 2020) in order to address rapidly growing health care costs. PHC4 continues to produce comparative information about the most efficient and effective health care to individual consumers and group purchasers of health services.

For more information, visit phc4.org or access this report here.

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