CHARTIS

State of the State 2026

Tracking rural health safety net stability for over a decade

February 2026

STATE OF THE STATE

Time is of the Essence

Rural healthcare is at a crossroads

Metrics reveal deepening challenges

Hospitals in the red, vulnerability, service line loss etc.

RHT = Enthusiasm and innovation

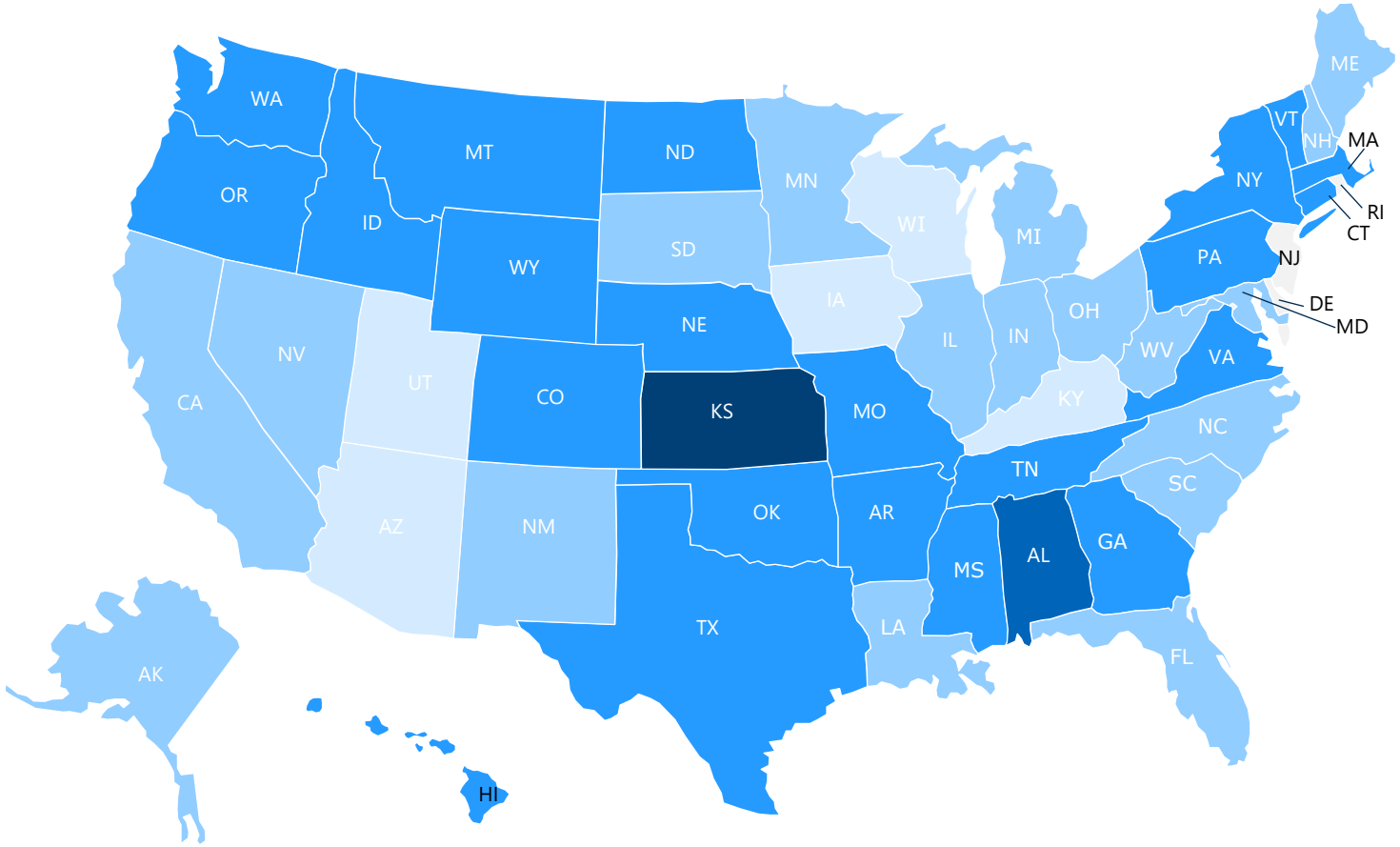
Unprecedented injection of govt funds into rural healthcare

Looming Medicaid cuts

RHT won't offset expected financial impact of H.R. 1 cuts

Chartis Center for Rural Health

Rural hospitals remain stuck in the red



40%

of rural hospitals are in the red.

52%

of rural hospitals in **non-expansion** states are in the red.

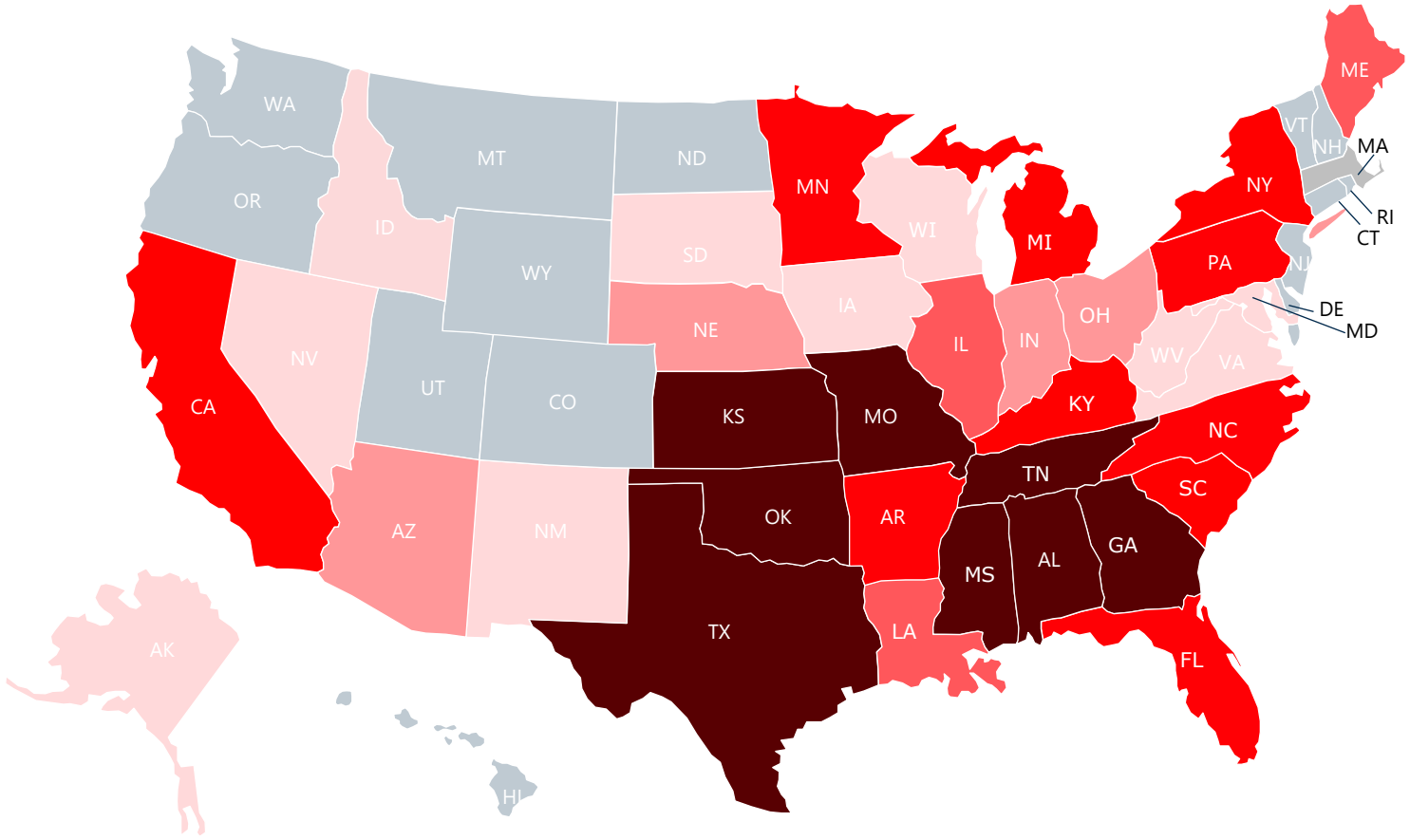
State-level percentage of rural hospitals with negative operating margin.

NA | 0-20 | 21-40 | 41-60 | 61-80 | 81-100

Source: The Chartis Center for Rural Health, December 2025.

**CMS Healthcare Cost Report Information System (HCRIS) Q4 2025. Operating margin is computed in accordance with Flex Monitoring Team guidance. Outliers are excluded. Hospitals for which data are unavailable are excluded. Reported Covid-19 PHE Funds (Worksheet G-3 line 24,50) excluded from operating margin. Adjustments made to operating margin to reflect full 2% sequester.

Access to inpatient care is vanishing within rural communities



206

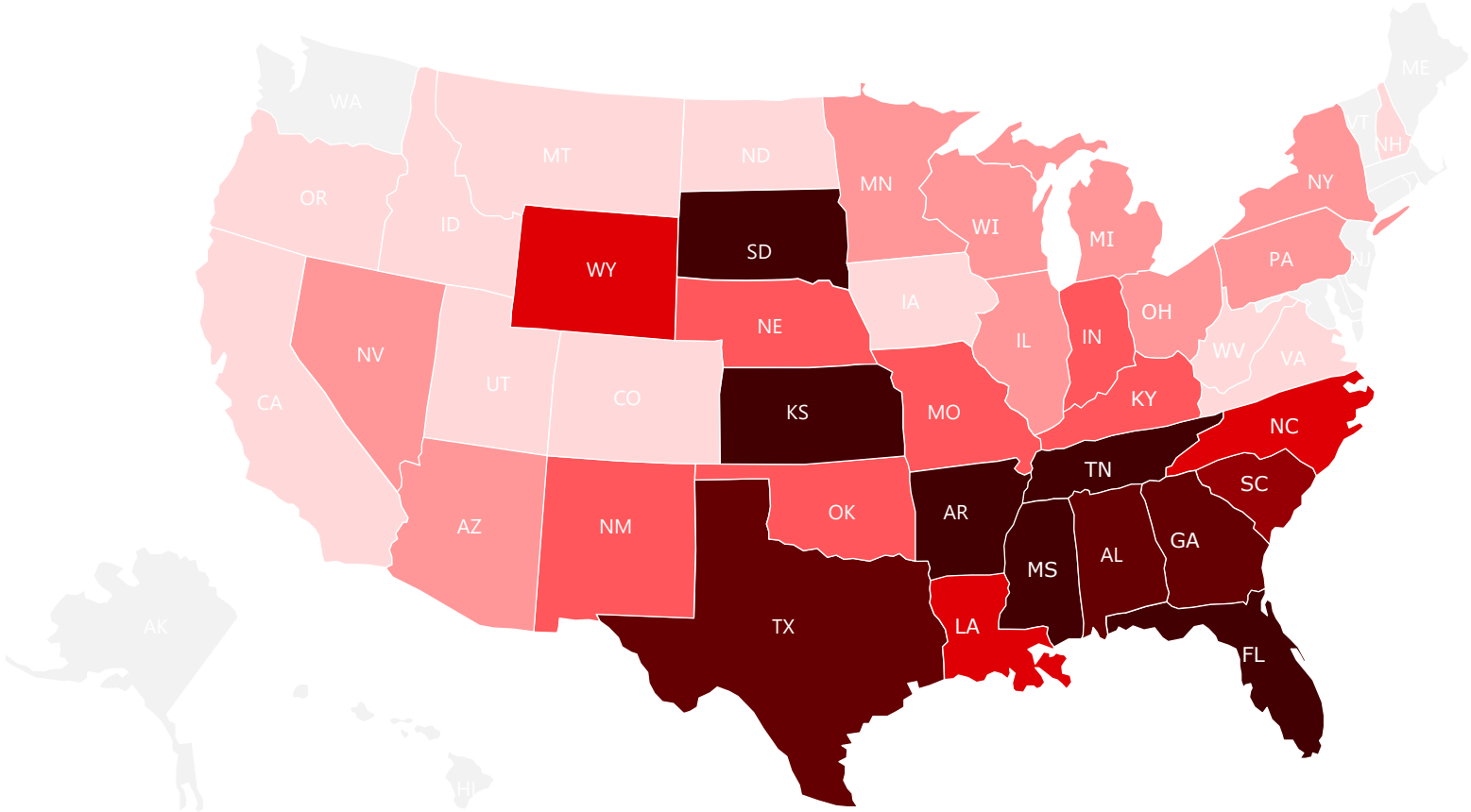
rural hospitals have closed or converted to a model that excludes inpatient care (e.g., REH) since 2010.

Number of rural hospitals closed or ceasing inpatient care since 2010.

0	1-2	3	4	5-9	10 or more

Source: The Chartis Center for Rural Health, Cecil G. Sheps Cetner for Health Services Research, December 2025.

More than 400 facilities remain vulnerable to closure



417

rural hospitals are vulnerable to closure.

TN (61%), AR (55%), FL (52%)

States with highest percentage of vulnerable rural hospitals.

Percentage of state rural hospitals determined to be vulnerable.

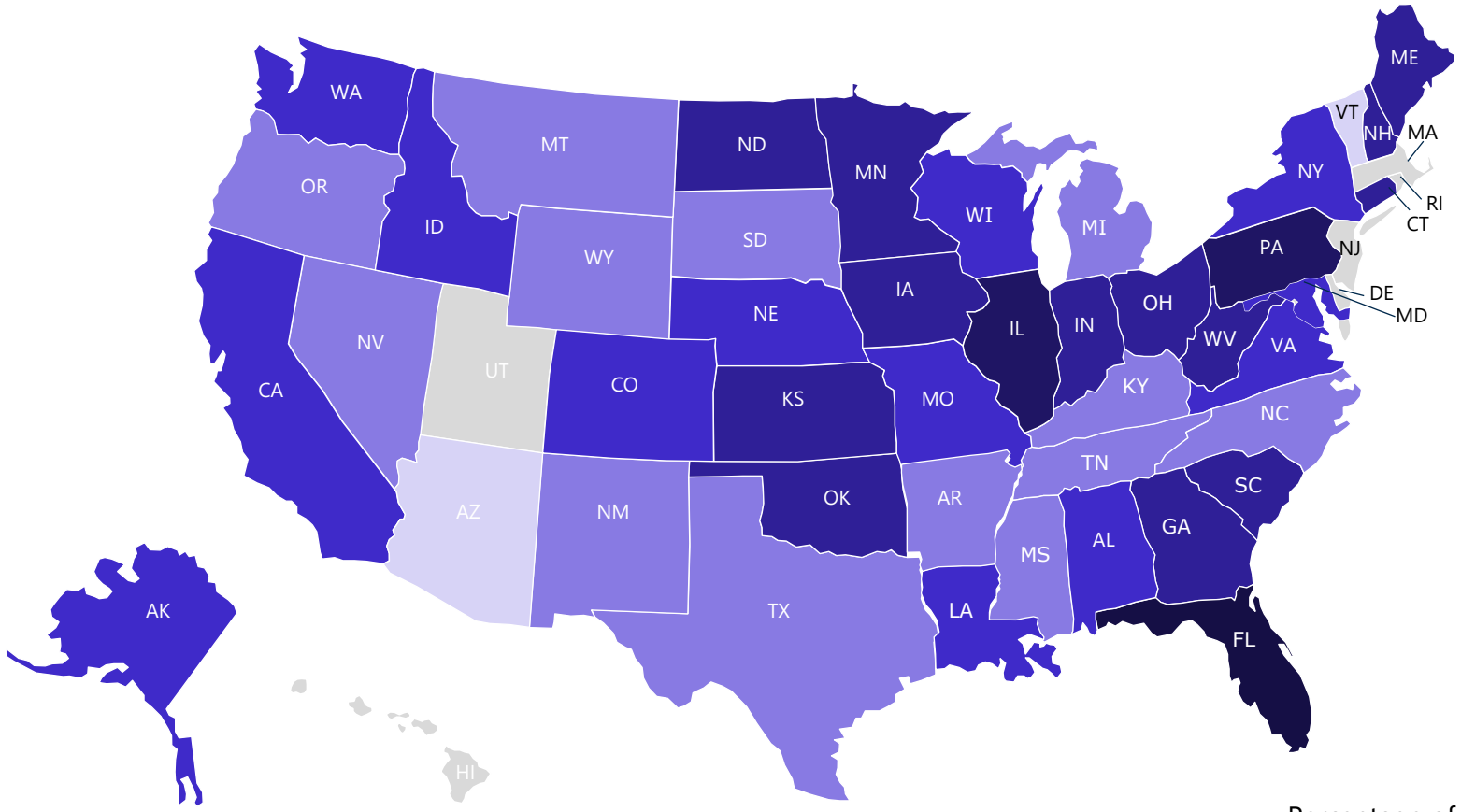
0	1%—9%	10%—15%	16%—20%	21%—25%	26%—30%	31%—40%	41%+

Source: The Chartis Center for Rural Health, December 2025.

Declining Access to Care

Care deserts – where services are nowhere to be found – grow wider

Care deserts are expanding rapidly: Obstetrics



331

rural hospitals have stopped offering OB between 2011 and 2024.

27%

of all rural hospitals offering OB in 2011 no longer provide this service line.

Percentage of rural hospitals that stopped offering OB between 2011 and 2024.

0 | 1%-10% | 11%-20% | 21%-30% | 31%-40% | 41%-50% | 51% or more

Source: The Chartis Center for Rural Health, December 2025.

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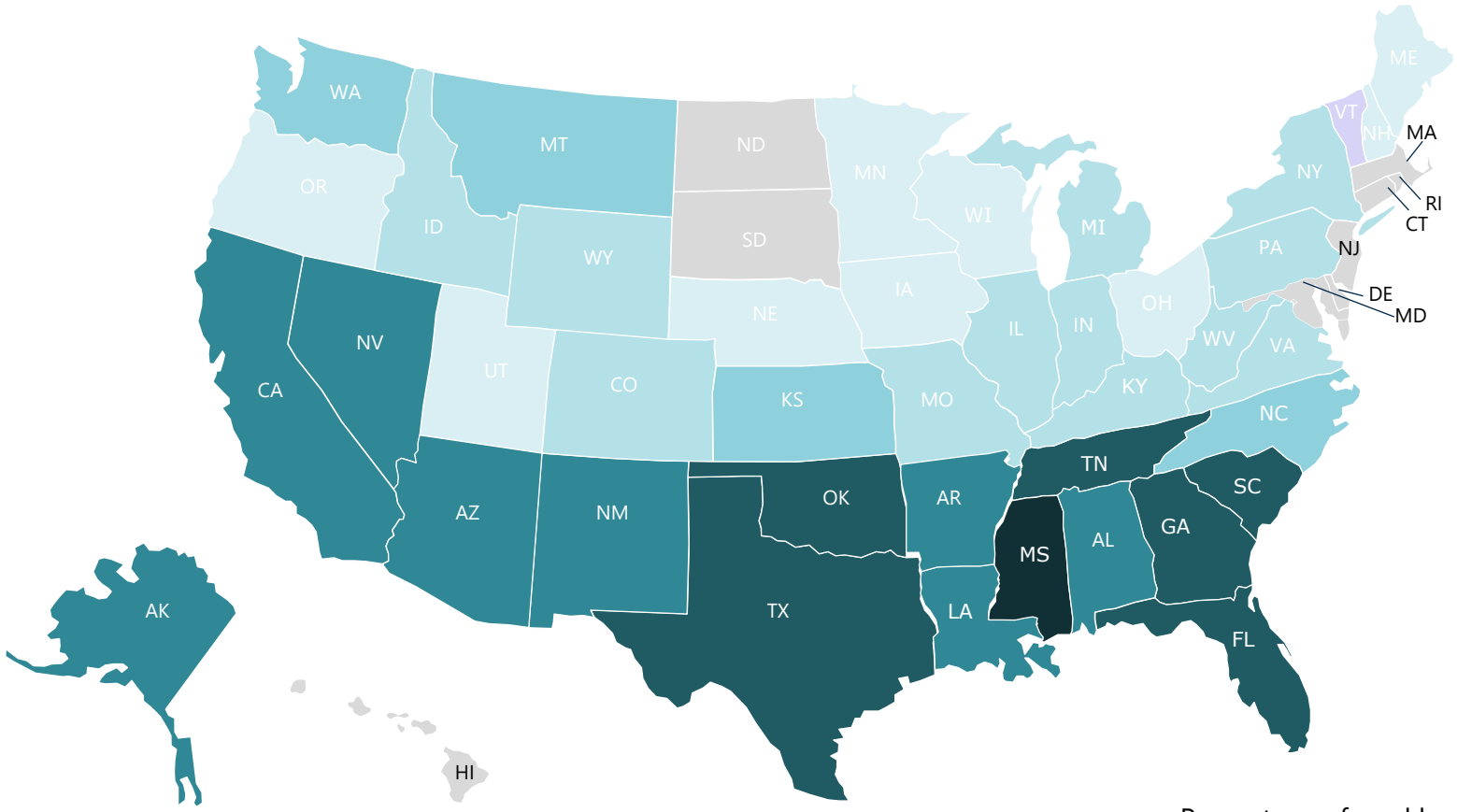
Care deserts are expanding rapidly: Chemotherapy



448

rural hospitals have stopped offering chemo between 2014 and 2024.

22%

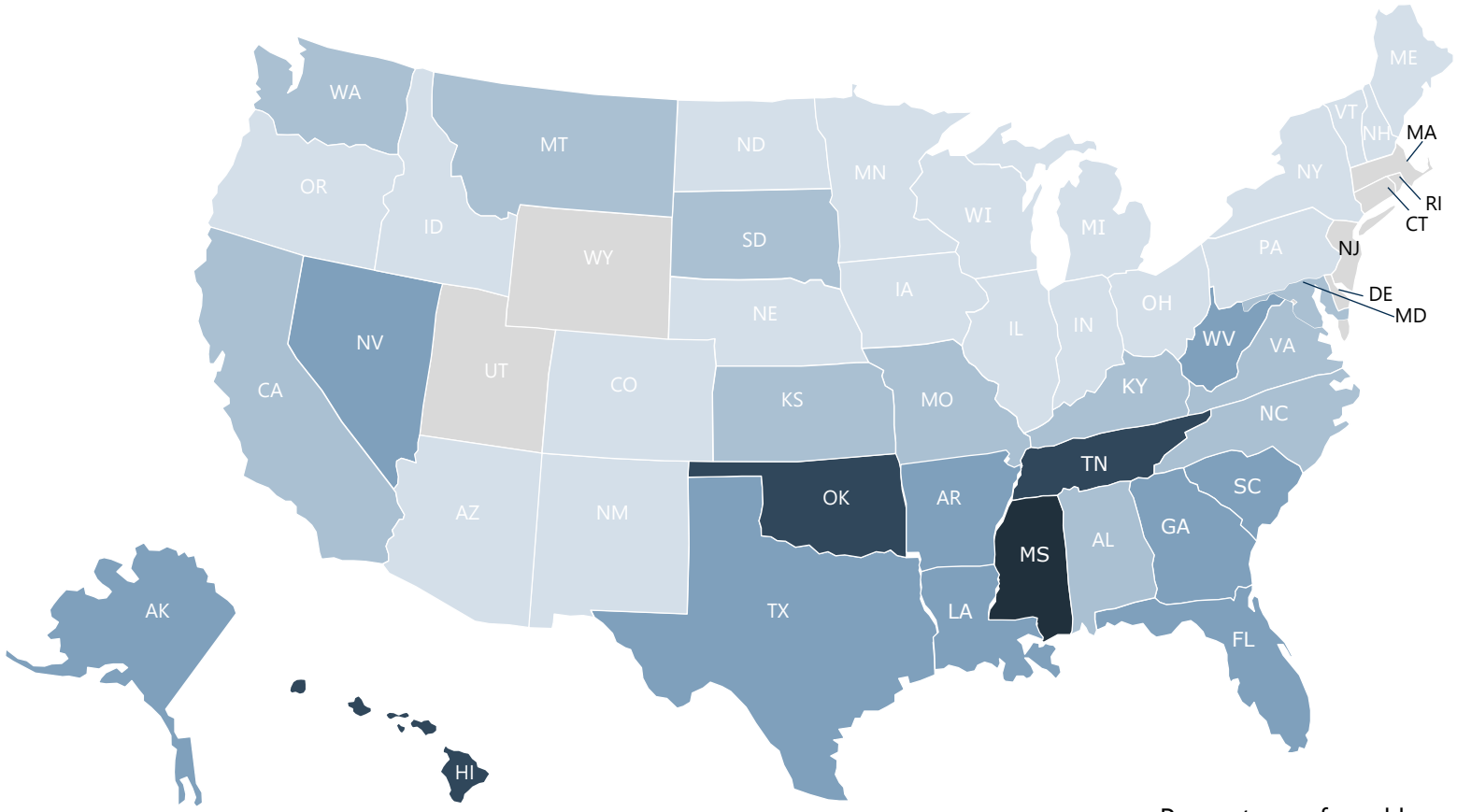
of rural hospitals offering chemo in 2014 no longer provide this service.

Percentage of rural hospitals that stopped offering chemotherapy between 2014 and 2024.

0 | 1%-10% | 11%-20% | 21%-30% | 31%-40% | 41%-50% | 51% or more

Source: The Chartis Center for Rural Health, December 2025.

Care deserts are expanding rapidly: General Surgery



314

rural hospitals have stopped offering general surgery between 2014 and 2024.

15%

of rural hospitals offering general surgery in 2014 no longer provide the service.

Percentage of rural hospitals that stopped offering general surgery between 2014 and 2024.

0 | 1%-10% | 11%-20% | 21%-30% | 31%-40% | 41%-50% | 51% or more

Source: The Chartis Center for Rural Health, December 2025.

Rural Health Transformation

How will this unique program impact and influence rural healthcare?

What we expect in the wake of H.R. 1

- Decrease in Medicaid enrollment (~$4M NPR at the median)
- Higher levels of uninsured = more uncompensated care
- Provider Tax adjustments will negatively impact rural hospital finances
- Revenue loses may push hospitals to close or reduce service lines (e.g., OB, chemo)
- Worsening outcomes among an already vulnerable population

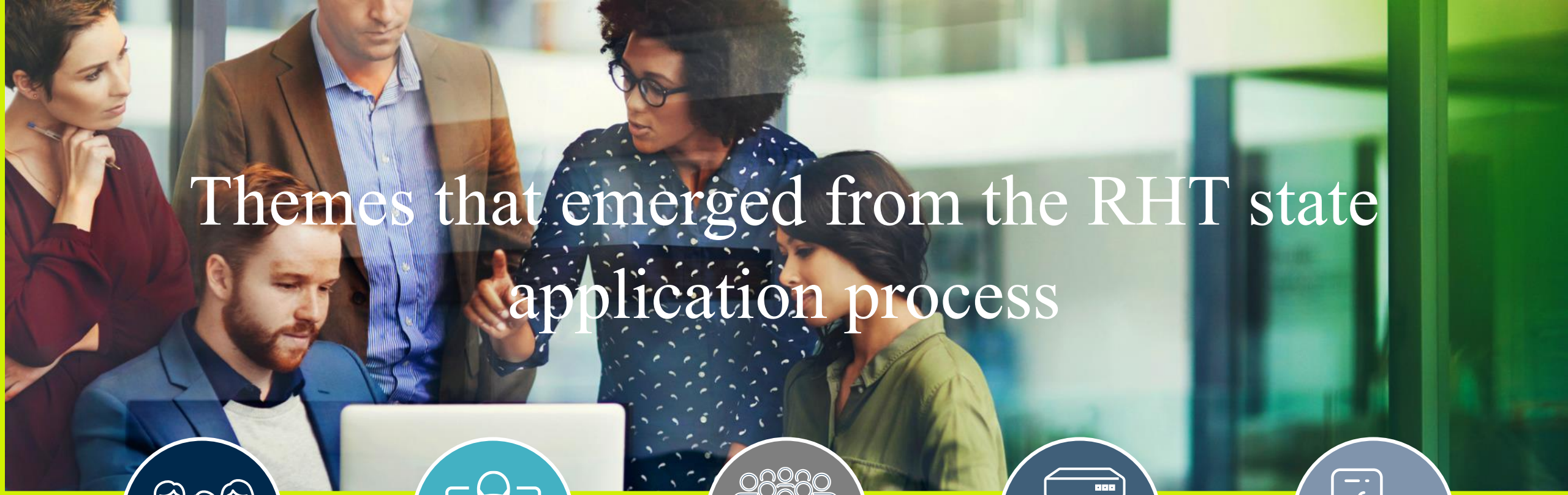
RHT

$50

billion

Significant investment in rural healthcare and we will see innovation and success stories

But RHTP is unlikely to offset the impact of Medicaid cuts via OBBBA and stabilize rural health safety net.



Themes that emerged from the RHT state application process

- Workforce Development
- Utilization of Telehealth
- Greater Collaboration
- Interoperability & Tech Infrastructure
- Healthier Outcomes

RHT

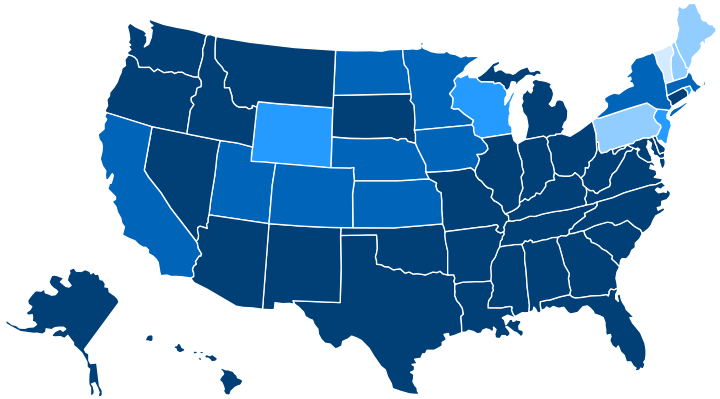
Application Themes

Why are state programs and initiatives gravitating to these areas?

1. Many tie directly to entrenched issues that have hindered rural healthcare for decades
2. Workforce directly impacts access to care > Access to care directly impacts outcomes
3. Solutions like telehealth can break barriers such has geographical remoteness and help providers overcome staffing gaps
4. Partnerships and CINs can open doors to new resources, shared services and improved care delivery
5. Interoperability and tech-forward initiatives (e.g., EHR, ERP, HEI) can strengthen viability and support caregivers and communities
6. Rural communities continue to face greater health inequity and carry a greater share of chronic disease burden (MAHA)

Rural healthcare's workforce Crisis

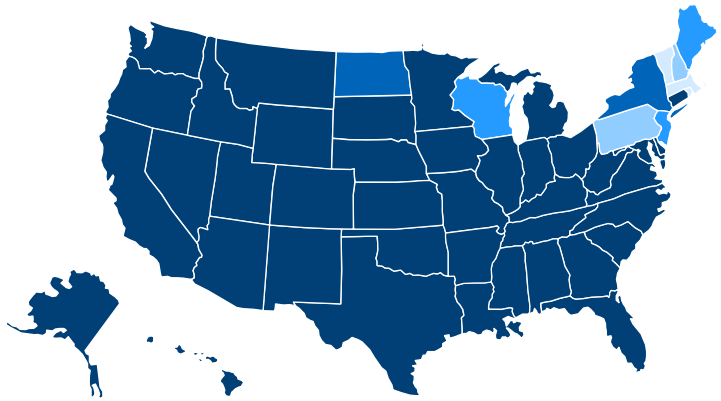
Primary Care Professionals



80%

of rural census tracts are HPSAs for primary care

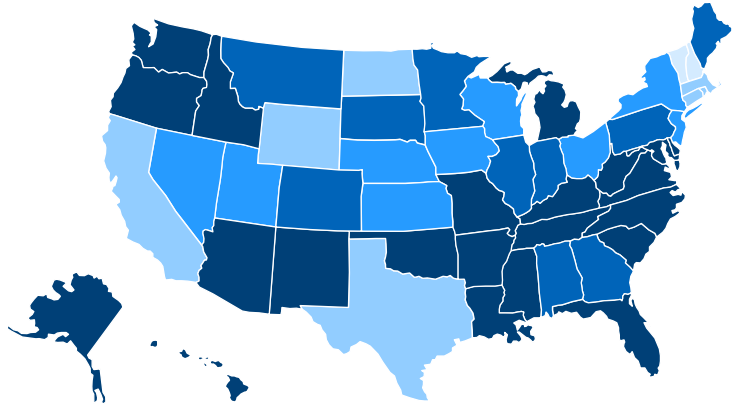
Behavioral Health Professionals



89%

of rural census tracts are HPSAs for behavioral health

Dental Professionals



71%

of rural census tracts are HPSAs for dentists

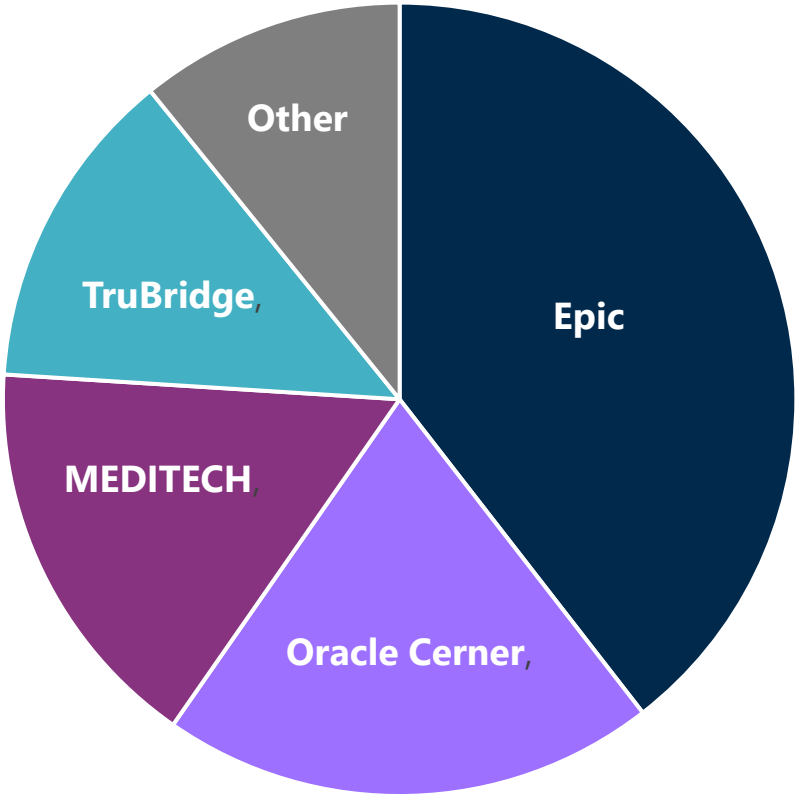
Percentage of rural census tracts categorized as HPSA.

0-20 | 21-40 | 41-60 | 61-80 | 81-100

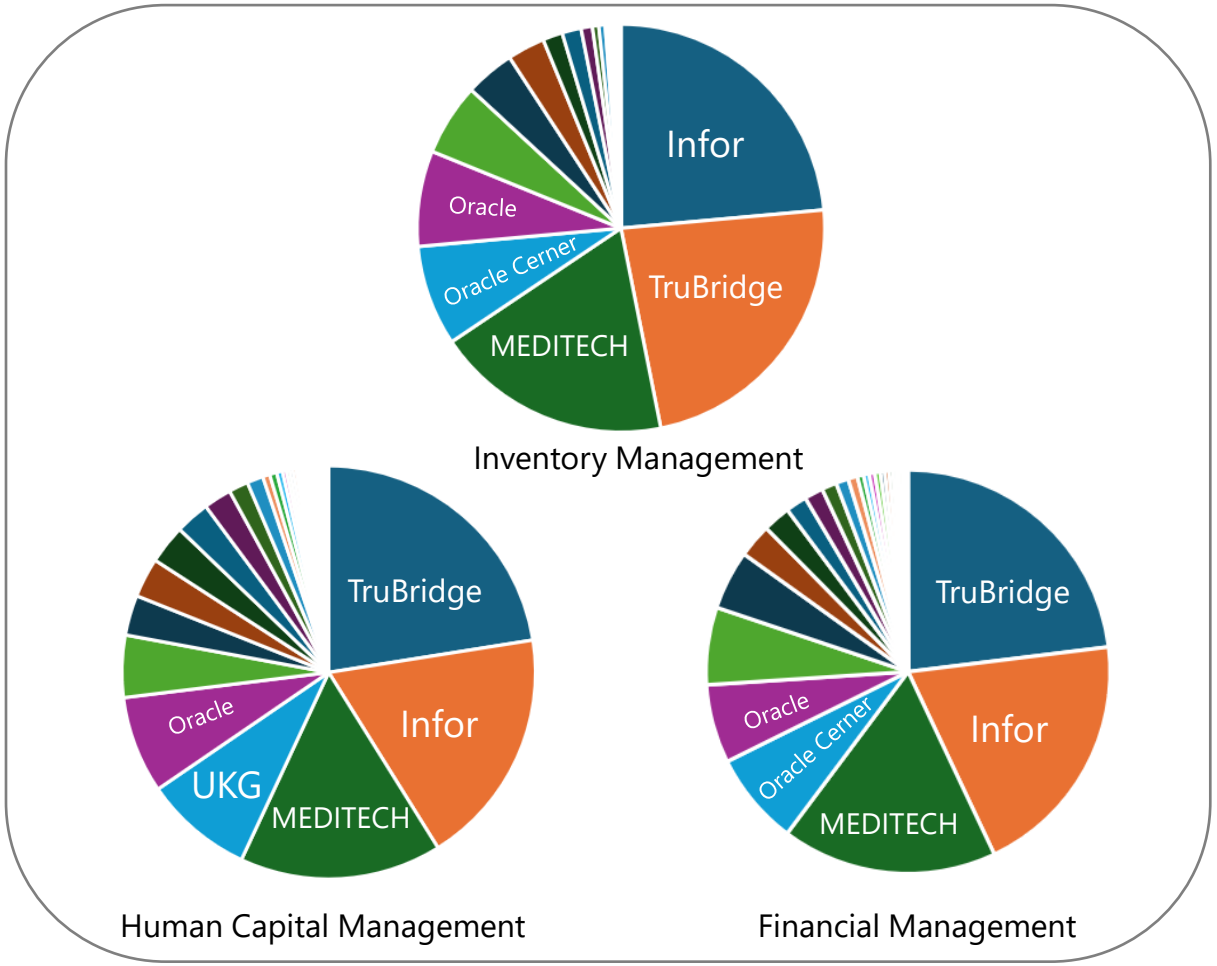
Source: The Chartis Center for Rural Health, January 2026.

Technology Innovation, Modernization and Interoperability

Technology Innovation, Modernization and Interoperability

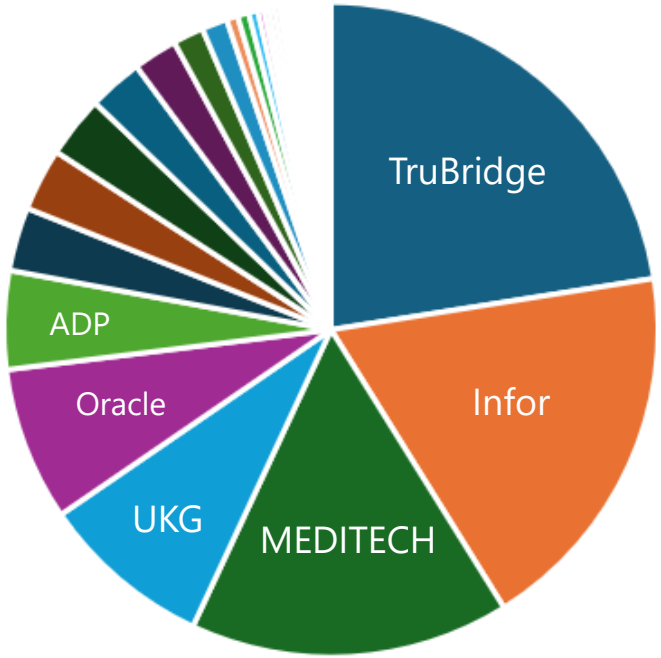


Ambulatory EHR



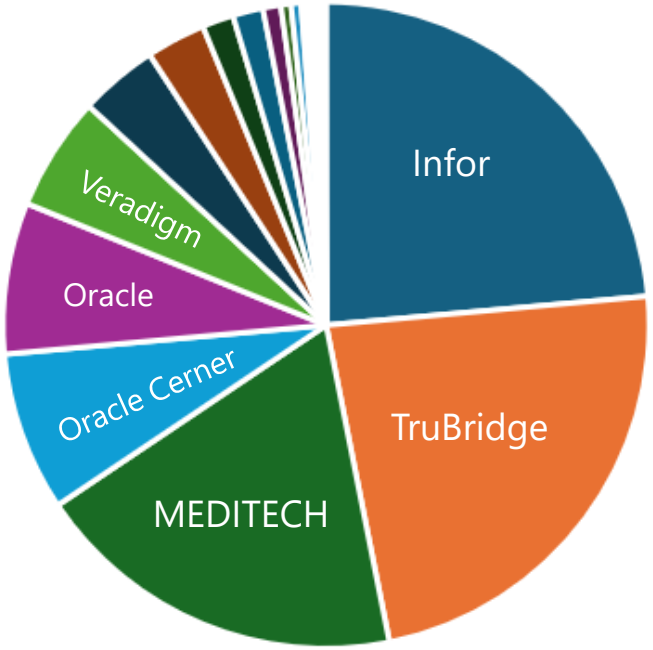
ERP

Technology Innovation, Modernization and Interoperability: ERP



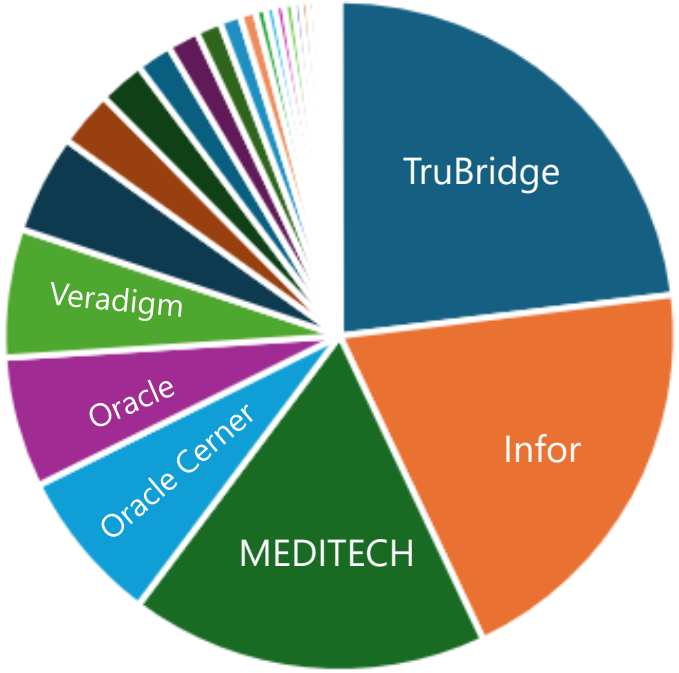
Human Capital Management

56% of healthcare costs



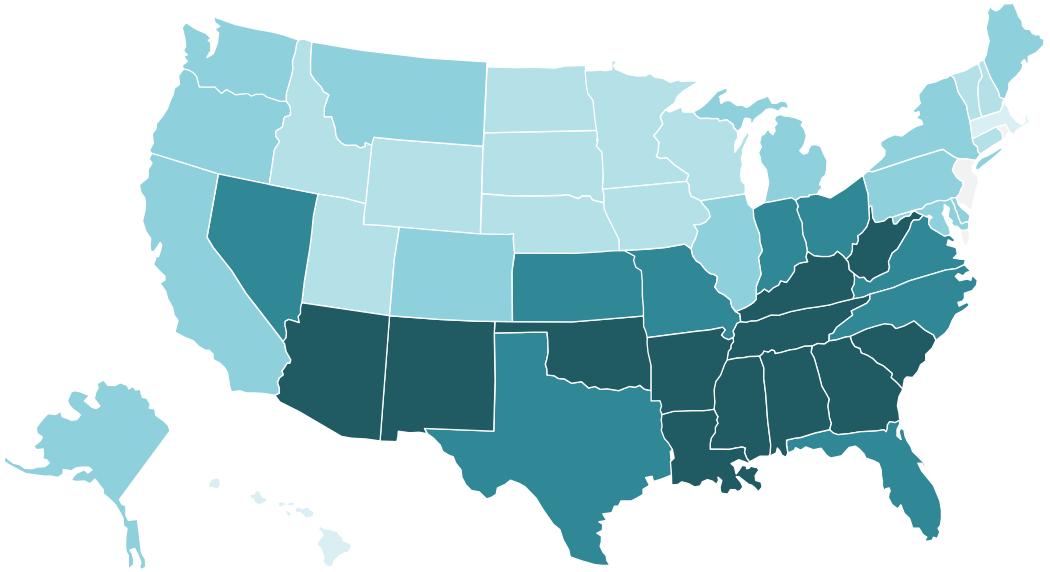
Inventory Management

22% of healthcare costs



Financial Management

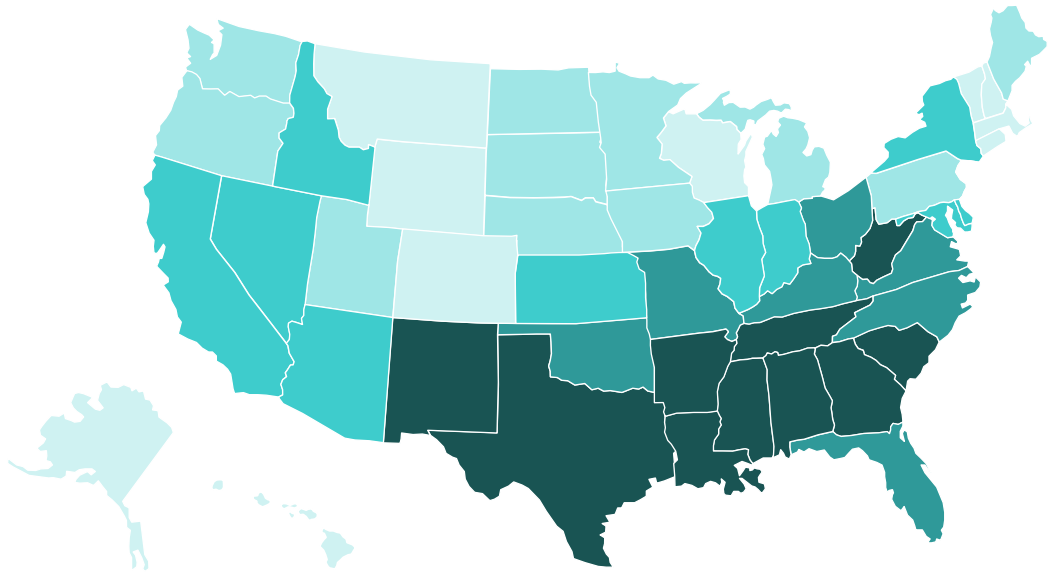
Rural healthcare's weakening community health status



Premature Death

Rural percentile ranking for Premature Death.

0 | 1%-19% | 20%-39% | 40%-59% | 60%-79% | 80%-100%



Diabetes Prevalence

Rural percentile ranking for Diabetes Prevalence.

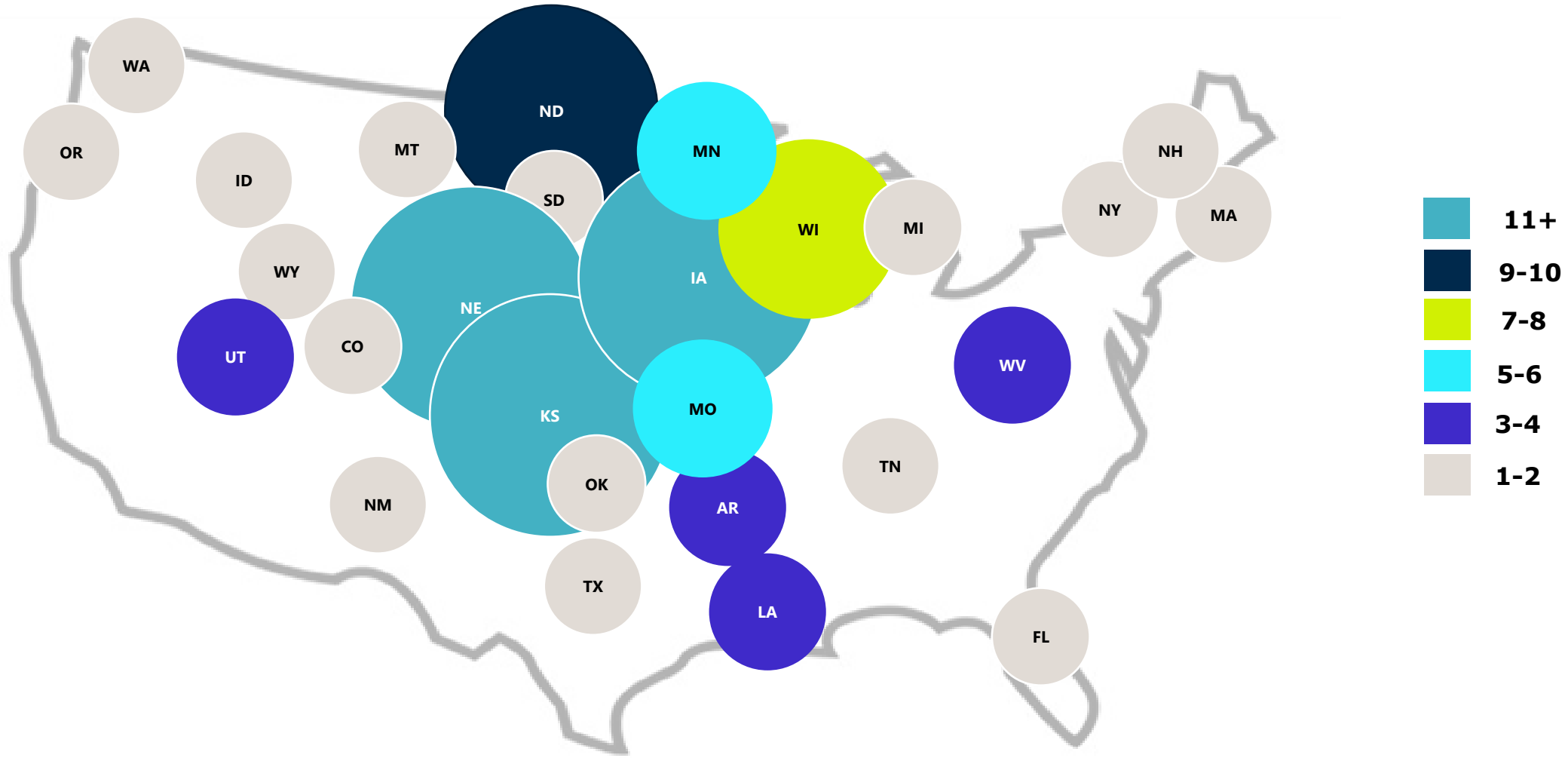
0 | 1%-19% | 20%-39% | 40%-59% | 60%-79% | 80%-100%

Source: The Chartis Center for Rural Health

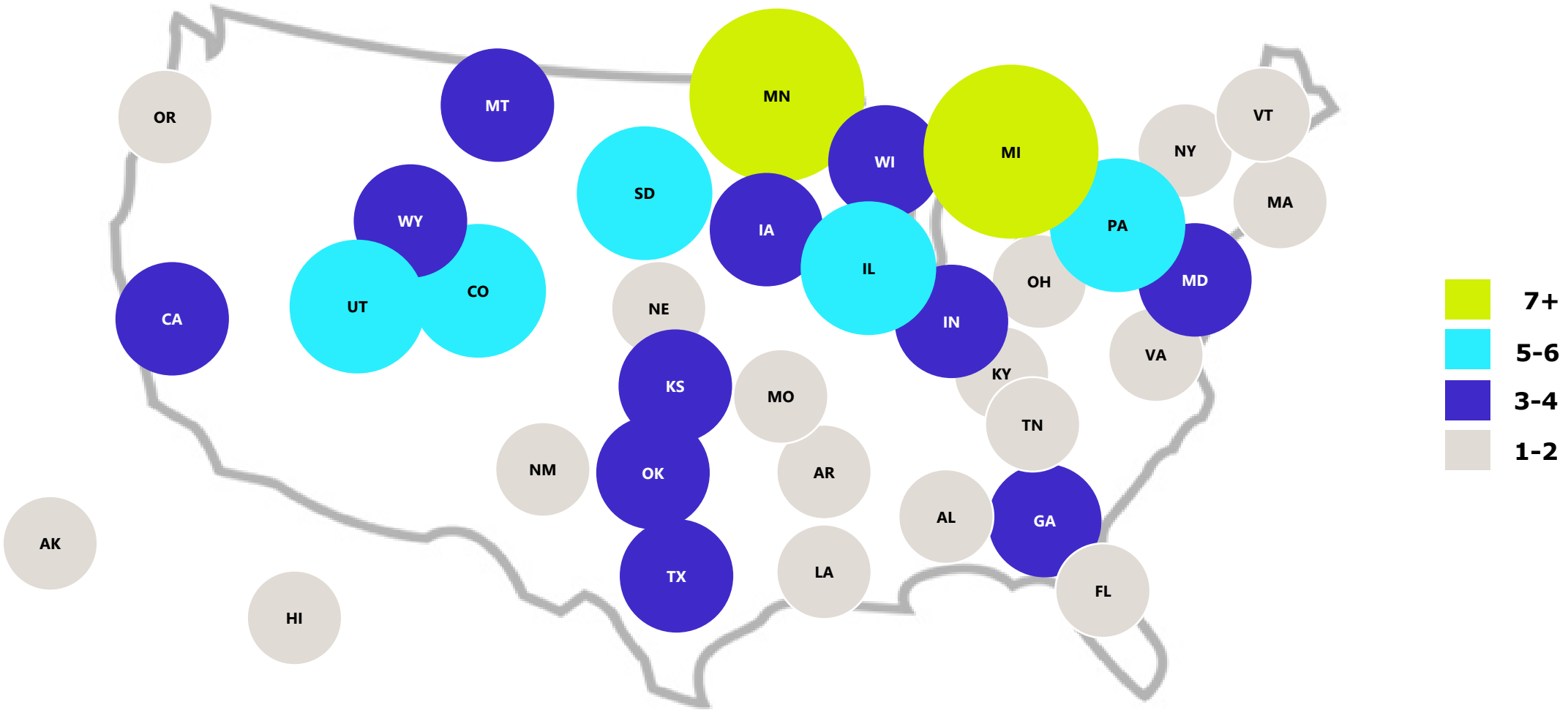
Top 100 Performance

Celebrating top performing Critical Access and Rural & Community Hospitals

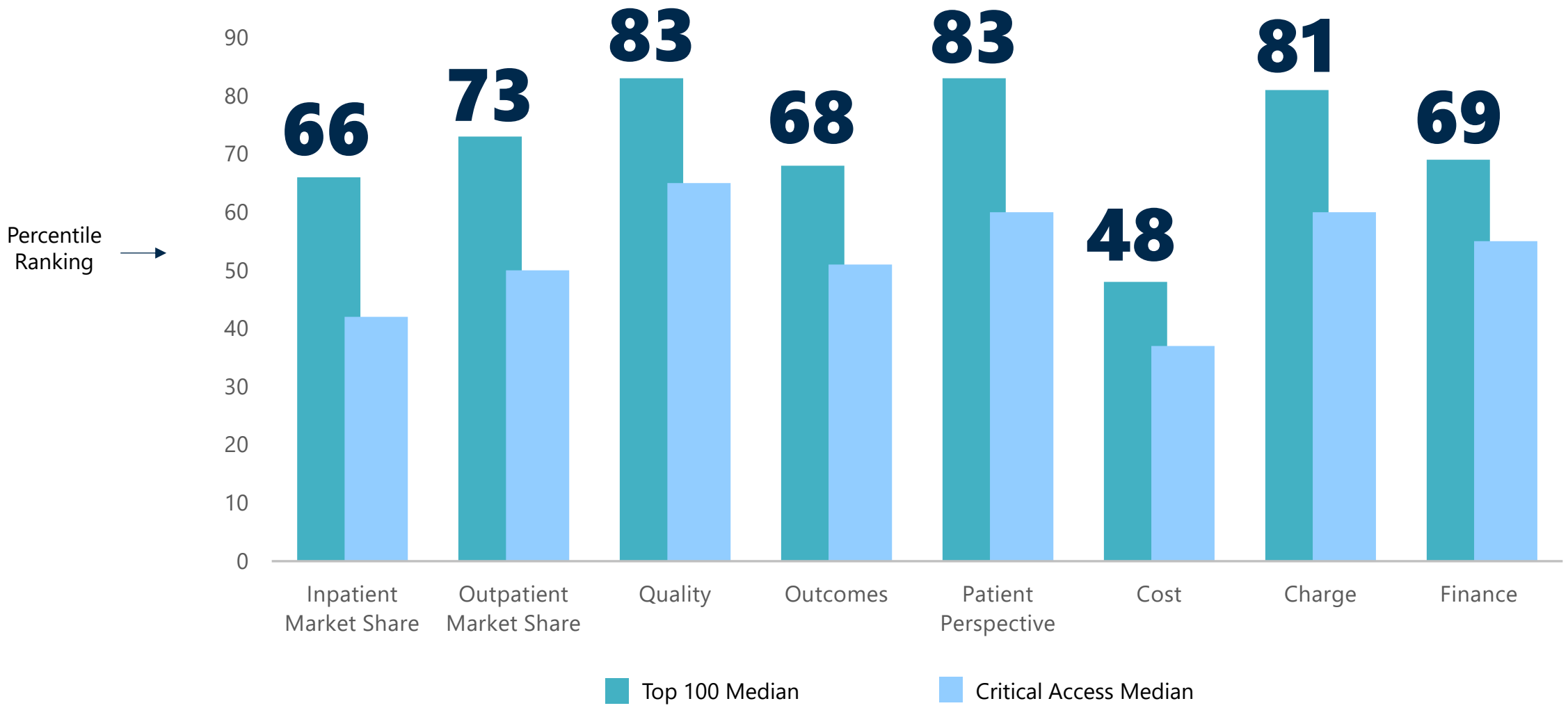
Top 100 Critical Access Hospitals for 2026



Top 100 Rural & Community Hospitals for 2026



What does Top 100 performance look like?

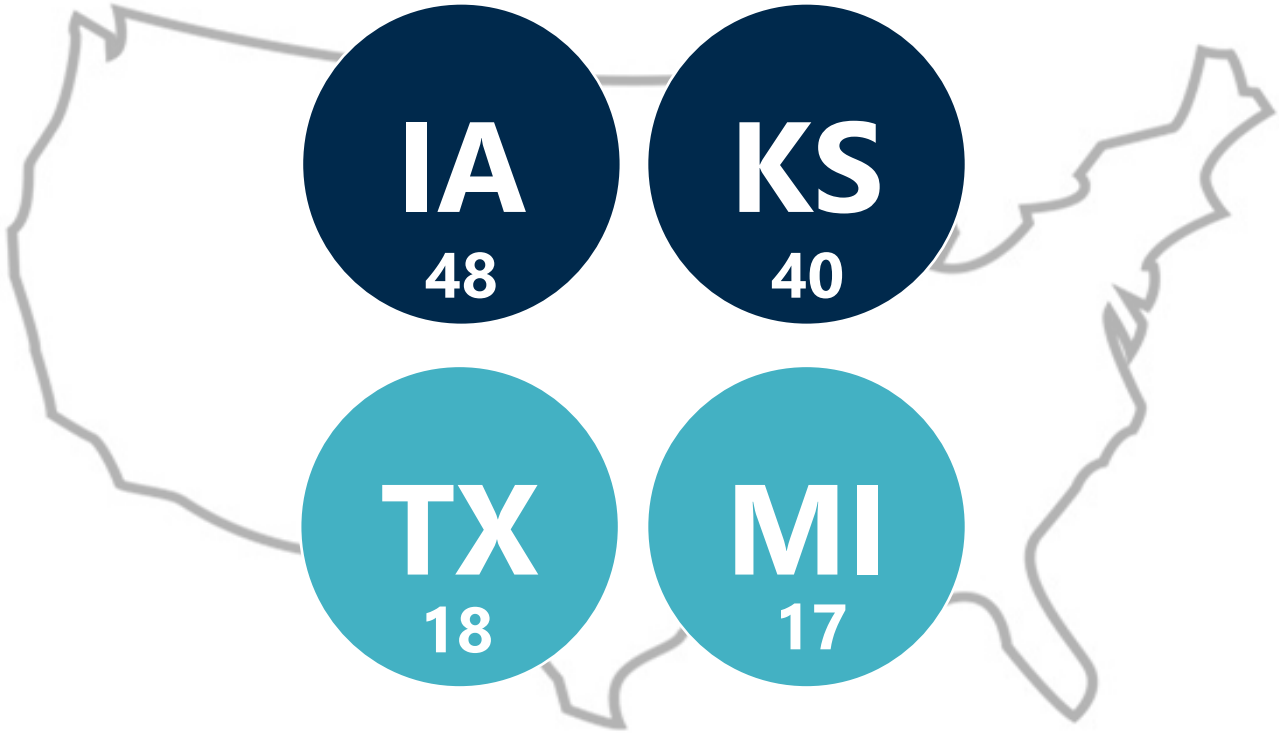


The Top 100 by the numbers (all-time)

470
CAHs recognized since 2011.

28
HOSPITALS HONORED **10** OR MORE TIMES.

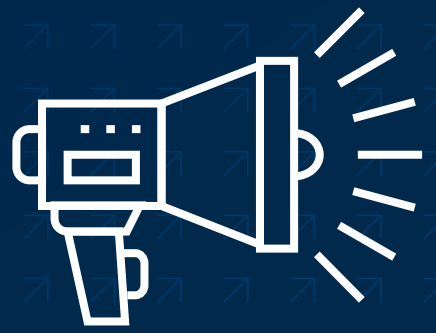
States with the most Top 100 Critical Access Hospitals



States with the most Top 100 Rural & Community Hospitals

290
RPPS recognized since 2016.

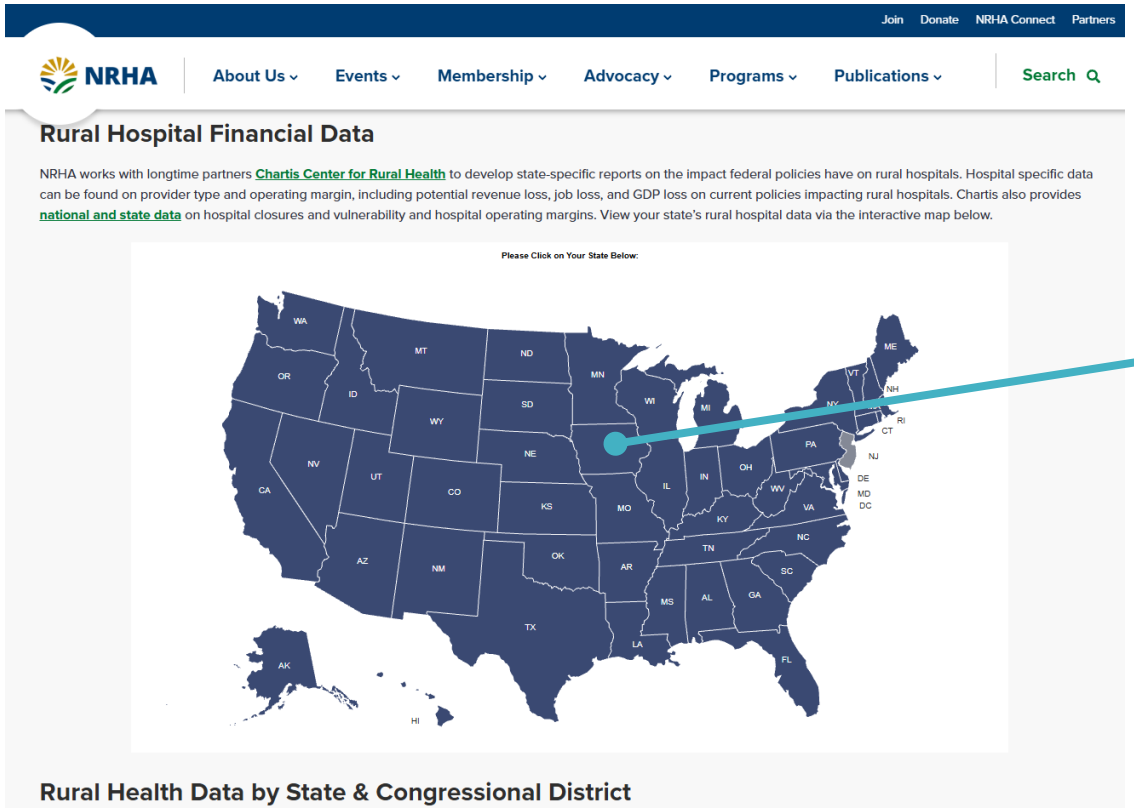
22
HOSPITALS HONORED **10** TIMES.



Rural Healthcare Advocacy

Research and rural relevant data to help you tell your state's story

Policy Institute advocacy materials: State data



CHARTIS

Impact of Policies on Rural Communities

Arizona

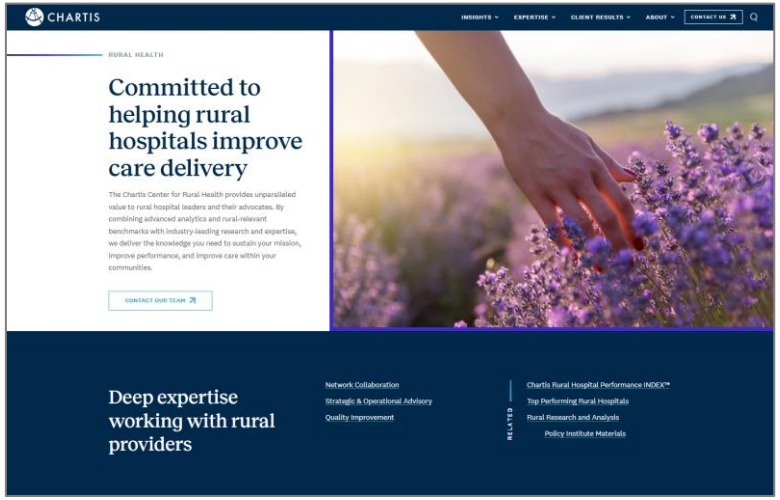
Provider Name/Number	Provider Type	Operating Margin [1]	Sequestration [2] 2% Inpatient and Outpatient Medicare Revenue Cut: Annual Revenue Lost [3]	Sequestration: Potential Job Loss [4]	Sequestration: Potential GDP Loss [5]	Bad Debt Reimbursement Cut [1] 35% Medicare Bad Debt Reimbursement Cut: Annual Revenue Lost [3]	Bad Debt Reimbursement Cut: Potential Job Loss [4]	Bad Debt Reimbursement Cut: Potential GDP Loss [5]
Banner Payson Medical Center (031318)	CAH	8.8%	$208,882	3	$451,076	$83,273	1	$179,826
Benson Hospital (031301)	CAH	25.0%	$120,865	3	$358,575	$70,586	2	$209,410
Chinle Comprehensive Health Care Facility (030084)	RPPS	82158.4%	$254,160	5	$672,154	$0	0	$0
Cobre Valley Regional Medical Center (031314)	CAH	12.2%	$183,398	3	$458,234	$5,769	0	$14,415
Copper Queen Community Hospital (031312)	CAH	19.6%	$61,979	1	$171,765	$62,510	1	$173,237
Holy Cross Hospital (031313)	CAH	27.3%	($38,598)	-1	($78,104)	$128,164	2	$259,346
Hopi Health Care Center (031305)	CAH	38292.4%	$164,237	4	$478,817	$0	0	$0
Hu Hu Kam Memorial Hospital (031308)	CAH	59218.3%	$415,255	12	$1,662,204	$0	0	$0
La Paz Regional Hospital (031317)	CAH	0.3%	$130,566	3	$438,516	$65,755	2	$220,842
Little Colorado Medical Center (031311)	CAH	7.4%	$85,211	2	$218,673	$24,399	0	$62,614
Mt. Graham Regional Medical Center (030068)	RPPS	-5.9%	$256,626	4	$580,737	$28,652	0	$64,839

Operating margin and policy impact data for every rural hospital on a state-by-state basis.

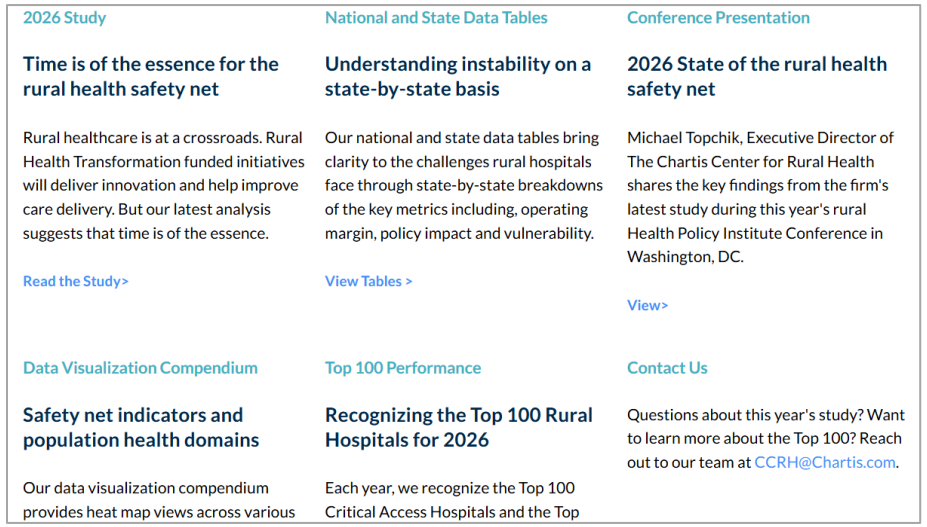
https://www.ruralhealth.us/advocacy/state-rural-health-advocacy/rural-health-data

Policy Institute advocacy materials: Research and national data

1 https://www.chartis.com/expertise/rural-health



2 **Click:** *2026 Policy Institute Materials*



2026 Study

Time is of the essence for the rural health safety net

Rural healthcare is at a crossroads. Rural Health Transformation funded initiatives will deliver innovation and help improve care delivery. But our latest analysis suggests that time is of the essence.

Read the Study>

National and State Data Tables

Understanding instability on a state-by-state basis

Our national and state data tables bring clarity to the challenges rural hospitals face through state-by-state breakdowns of the key metrics including, operating margin, policy impact and vulnerability.

View Tables >

Conference Presentation

2026 State of the rural health safety net

Michael Topchik, Executive Director of The Chartis Center for Rural Health shares the key findings from the firm's latest study during this year's rural Health Policy Institute Conference in Washington, DC.

View>

Data Visualization Compendium

Safety net indicators and population health domains

Our data visualization compendium provides heat map views across various

Top 100 Performance

Recognizing the Top 100 Rural Hospitals for 2026

Each year, we recognize the Top 100 Critical Access Hospitals and the Top

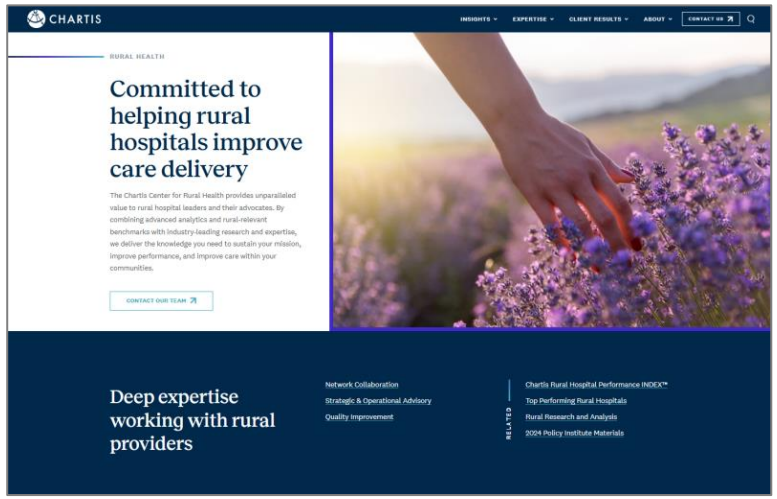
Contact Us

Questions about this year's study? Want to learn more about the Top 100? Reach out to our team at CCRH@Chartis.com.

3 Links to our new study, National Policy Impact Super Table, State Data and more.

Marketing assets for Top 100 hospitals

1 https://www.chartis.com/expertise/rural-health



2 **Click:** *Top Performing Rural Hospitals*

3 Link to the list of award winners, award logo and press release templates.

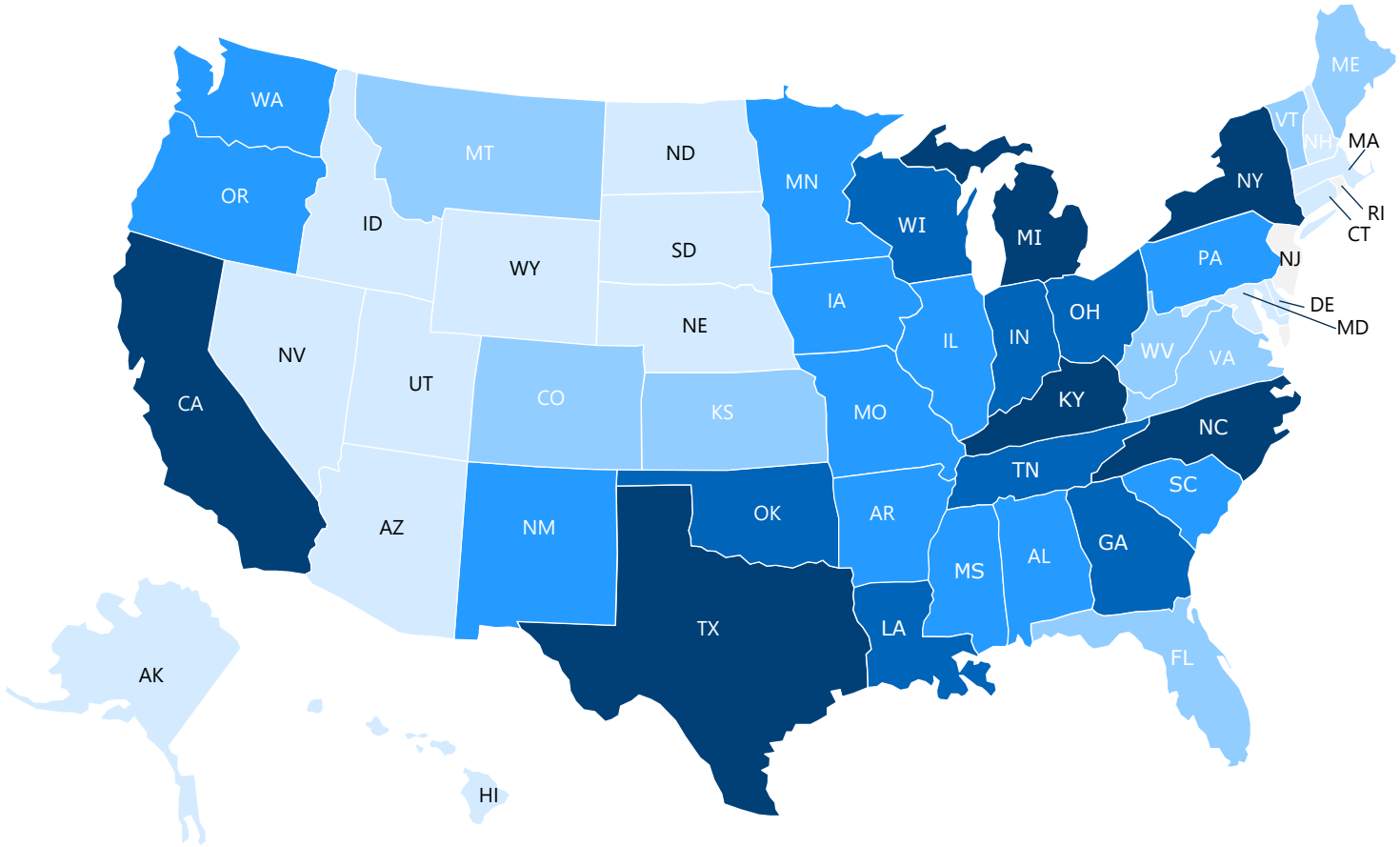
Navigating the Future

Key considerations for rural hospitals as Medicaid cuts loom on the horizon

Key considerations for what comes next

- Actively engage in RHT program development
- Model financial and operational impact of fewer Medicaid patients
- Quantify staffing shortfalls and and engage in workforce development initiatives
- Engage in tech-forward strategies with a focus on interoperability - EHR, ERP, HIE etc.
- Telehealth strategy will be imperative
- Community engagement, especially around Medicare Advantage
- Evaluate collaborative models (e.g., CINs) that will yield the most value
- Consider how CON reform might impact local care and revenue streams
- Quantify urgent unmet needs, care gaps and pop health disparity
- Ensure governance is grounded in rural relevant research and data

Importance of Medicaid in rural communities



An estimated **10.2 million** people living in rural hospital communities are enrolled in Medicaid.*

In 33 states, the estimated number of rural hospital community Medicaid enrollees **exceeds 100,000**.

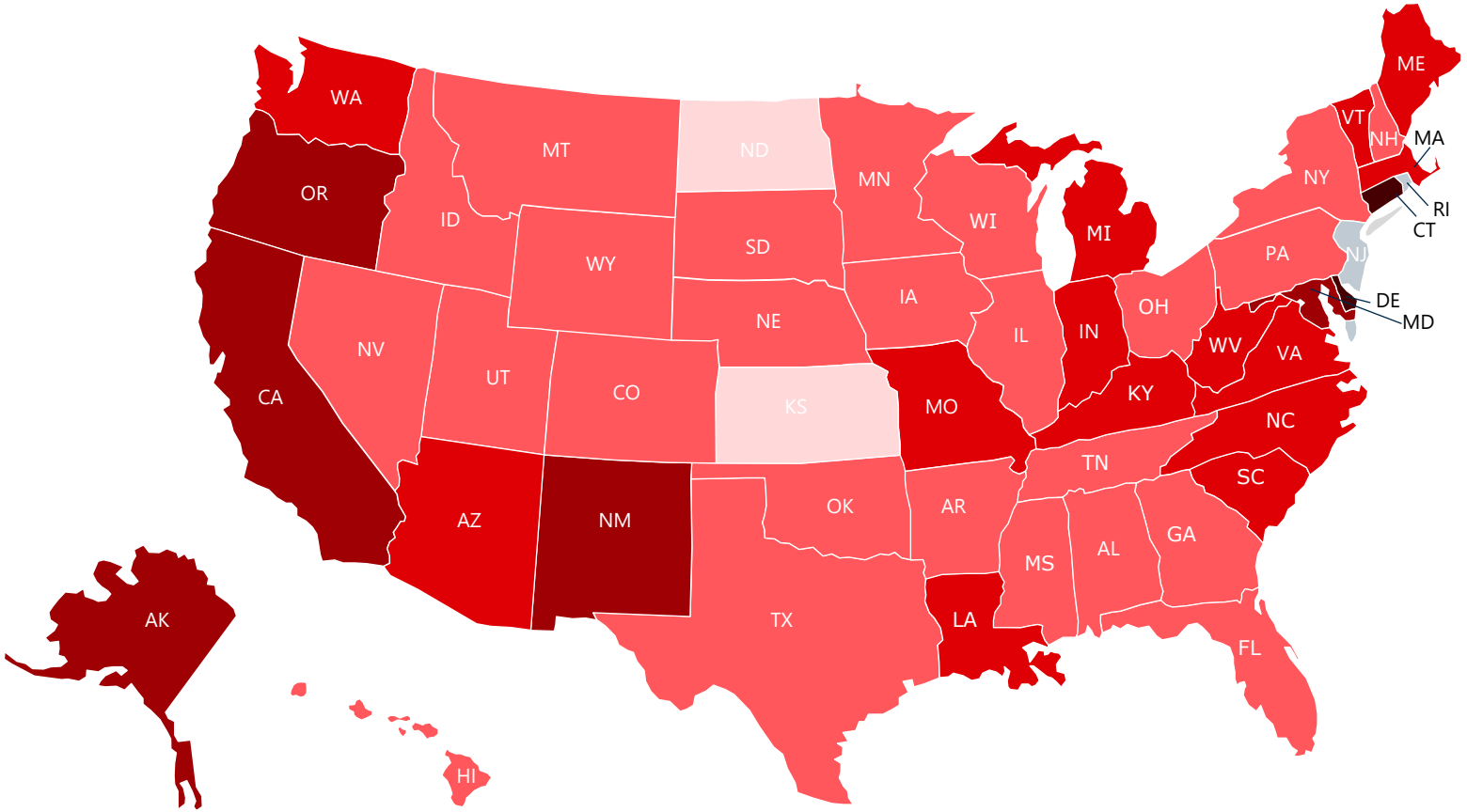
Estimated total Medicaid enrollees withing rural hospital communities.

<100,000 | 100,001-200,000 | 200,001-300,000 | 300,001-400,000 | 400,001-500,000

Source: The Chartis Center for Rural Health, May 2025

*Rural hospital community defined as a county in which 1 or more rural hospitals is located.

At median, Medicaid adds $3.9M to the bottom line



Nationally, rural hospitals generate nearly $4 million in net Medicaid revenue at the median.

In 12 states, the median net Medicaid revenue for rural hospitals exceeds $8 million.

State Rural Hospital Median Medicaid Net Revenue

<$1M | $1M-$5M | $5M-$10M | $10M-$15M | >$15M

Source: The Chartis Center for Rural Health, May 2025

Questions

for rural hospital leadership to consider…

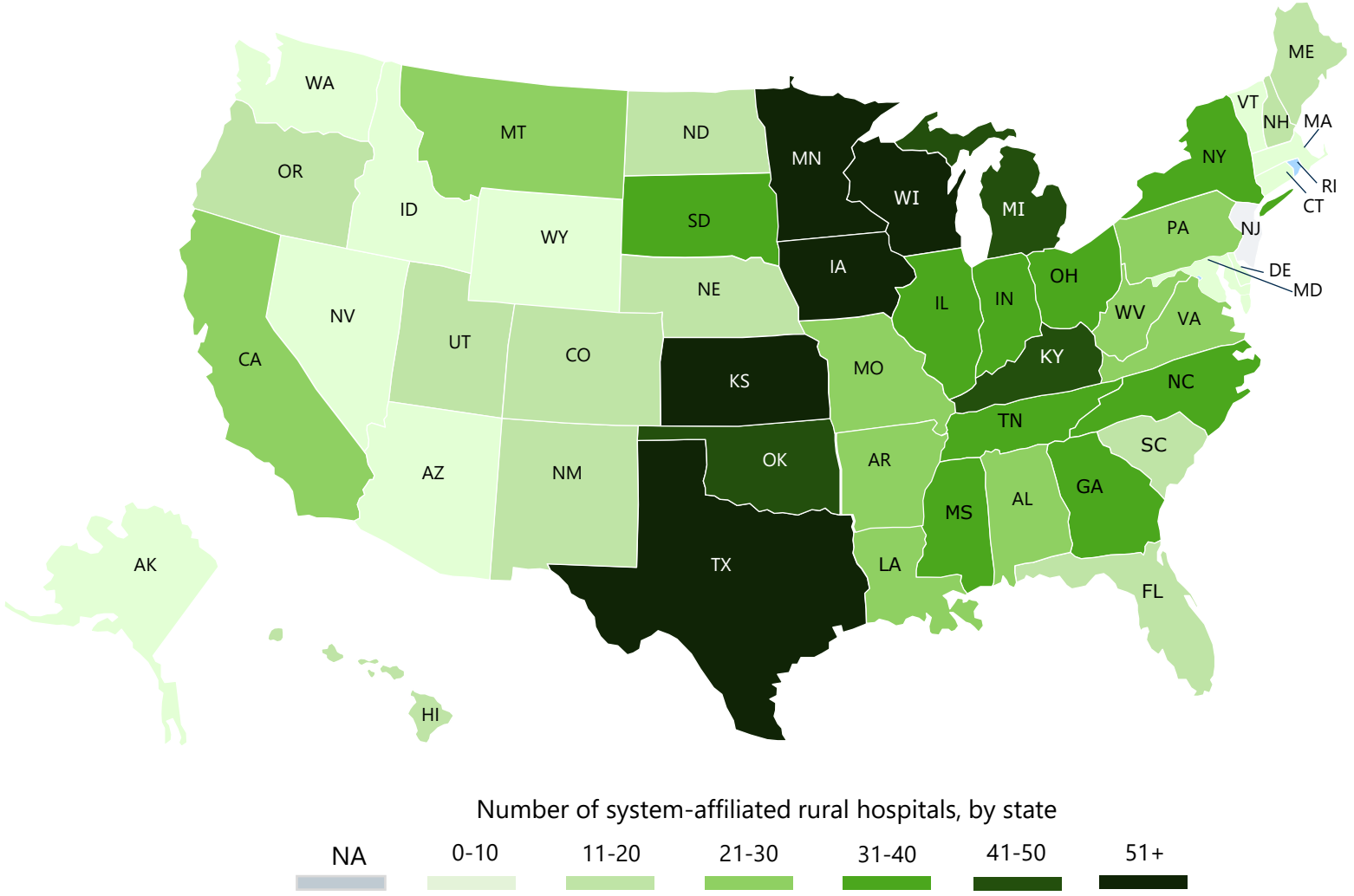
- How do we attract more commercial patients to improve margins near-term? How do we optimize revenue?
- How can we better understand and control our costs?
- Where do we get access to capital?
- How can we grow our physician group?
- What services will be needed in the future?
- What IT systems should we invest in or modernize?
- How do we break into digital health? Where do we begin?
- Do we need a partner? Can we continue to be independent?

System affiliation across the rural healthcare landscape

Nearly **60%** of rural hospitals are now affiliated with a health system.

Among independent rural hospitals, **55%** are in the red compared to **42%** of system affiliated rural hospitals.

Texas has the **most** system-affiliated rural hospitals with **66**.



What are the factors driving system affiliation?

Mission
Bring care to communities with unmet needs and/or limited access to services

Referral Patterns
Right patient > Right procedure > Right place > Right price

Population Health
Coordinate across continuum of care and devise 'upstream' interventions

Technology Integration

ACOs/Alternative Payment Systems
Create value by delivering high quality, coordinated care cost-effectively

Corporate Allocation and Cost-based Reimbursement
Optimize cost-based reimbursement for shared services across CAHs

What fuels that independent spirit?

1. **Ability to maintain decision-making at the local level**
2. **Belief in the Mission – *"Nobody knows our community like we do"***
3. **Potential for greater agility in times of need and/or change**
4. **Willingness to retain high cost, low volume services like OB**
5. **Input and feedback from internal and external audiences**

Clinically Integrated Networks are on the rise

npr

SHOTS - HEALTH NEWS

How rural hospitals are banding together to survive

SEPTEMBER 2, 2025 · 1:11 PM ET

FROM KFF Health News

HOSPITAL AND HEALTH SYSTEM OPERATIONS

healthcare innovation
PEOPLE. PROCESS. TECHNOLOGY TRANSFORMATION.

Ohio Rural Hospitals Band Together, Form Clinically Integrated Network

The Ohio High Value Network is led by Cibolo Health, which has led similar efforts in North Dakota and Minnesota

David Raths ▪ April 17, 2025 ▪ 3 min read

FIERCE Healthcare

PROVIDERS

26 rural hospitals launch partner network to tackle operating, quality improvements at scale

By Dave Muoio
Apr 17, 2025 2:00pm

WISCONSIN PUBLIC RADIO

BUSINESS, HEALTH, NEWS

These 10 rural hospitals are joining financial forces in Wisconsin

Move comes as rural hospitals continue to face financial headwinds

BY SARAH LEHR • SEPTEMBER 19, 2025

What's driving the growth of networks?

1. In a tough environment, independence can be a lonely road
2. Strained financial, operational and personnel resources
3. Rising cost of care
4. Declining community health status
5. Technology & data complexity

How are rural hospitals benefiting from network participation?

1. **More efficient, affordable – and coordinated – patient care**
2. **Stronger negotiation position and more purchasing power**
3. **Improved clinical quality and patient experience**
4. **Shared services and resources**
5. **Ability to collectively address community health status**

Transition to managing populations is accelerating

Focus on Treating Individuals

Key capabilities required:

- Providers with clinical capabilities
- A mix of services that the population demands, generally of your choosing
- Facilities, equipment, supplies
- Some IT platforms
- Billing and coding department
- Administrative infrastructure

Focus on Managing a Population

Key capabilities required:

- *Everything to the left, **plus**:*

- Full range of services, owned or via partnership
- Population risk stratification
- Actuarial capabilities to examine costs
- Advanced data informatics capabilities
- Disease management programs and interventions
- Care coordination
- Clinical integration
- Extensive quality improvement programs
- Patient attraction and retention strategies

Our Team

Michael Topchik
Executive Director

Troy Brown
Network Consultant

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Thank *you*

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