

AHA: 2022 Will Be the Most Financially Difficult for Hospitals and Health Systems Since the Start of Pandemic

New report released today

The American Hospital Association (AHA) released a [new report](#) today (Sept. 15) that shows hospitals and health systems continue to face intense pressure on staff and resources on top of a host of other related challenges, such as workforce shortages, supply disruptions and rising expenses. According to the report, prepared by Kaufman, Hall & Associates, LLC, the financial strains are expected to continue through 2022, and hospitals are expected to face losses in the billions of dollars, resulting in “the most financially difficult year for the field since the beginning of the COVID-19 pandemic.”

The report indicates, in optimistic models, margins will be down 37% relative to pre-pandemic levels with margins as low as 133% in pessimistic models. Furthermore, more than half of U.S. hospitals are projected to have negative margins for 2022. Contributing to the massive losses, the report cites “significantly elevated” expenses with an increase of nearly \$135 billion over 2021 with labor expenses accounting for \$86 billion or 63% of all increased expenses.

AHA cautions, “left unaddressed, these financial challenges have the potential to jeopardize access to essential health care services for patients.” With future federal support uncertain, AHA is advocating Congress take action to support hospitals and health systems and preserve access to care for patients, including by:

- Stopping further Medicare cuts from going into effect in 2023
- Extending or making permanent programs that support rural hospitals
- Making critical waivers permanent, such as telehealth, Acute Hospital Care at Home Program, and Nursing Home 3-day stay waiver
- Holding commercial health plans accountable for policies that increase costs and delay access to medically necessary care.

This report comes on the heels of Kaufman Hall’s National Hospital Flash Report [released last week](#) showing hospital operating margins in the red for the seventh straight month, underscoring that hospitals are on pace for an extremely financially difficult year.

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