

AMERICA'S ESSENTIAL HOSPITALS

ESSENTIAL DATA

Building Healthy Communities

Annual Analysis of America's Essential Hospitals 2024 Hospital Characteristics

Published November 2026

AMERICA'S ESSENTIAL HOSPITALS

America's Essential Hospitals is the leading association and champion for hospitals dedicated to high-quality care for all, including those who face social and financial barriers to care. Since 1981, America's Essential Hospitals has advanced policies and programs that promote health and access to health care. We support our more than 400 members with advocacy, policy development, research, education, and leadership development. Communities depend on essential hospitals for care across the continuum, health care workforce training, research, public health, and other services. Supported by Essential Hospitals Institute, the association's research and education arm, essential hospitals innovate and adapt to lead all of health care toward better outcomes and value.

ESSENTIAL HOSPITALS INSTITUTE

Essential Hospitals Institute leads research, education, dissemination, and leadership development for America's Essential Hospitals. To advance the quality, safety, and affordability of care at essential hospitals, the Institute identifies promising practices in the field, provides professional development training, promotes practice improvements, and disseminates innovative approaches to care. It does this with an eye toward improving individual and population health through community-integrated health care.

AUTHORS: Rena Miu, MPH; Kate Kelly, MPH; Rob Nelb, MPH

TABLE OF CONTENTS

Foreword 5

Methodology 7

Essential Hospitals 8

Essential Hospitals at a Glance 10
Committed to Underserved Communities 12
Current Financial Challenges 14
Future Financial Challenges 16

Essential Services 18

Essential Services to Meet Community Needs 20
Meeting Patients Where They Are 24
Training the Next Generation of Essential Providers 26

Essential Communities 28

Community-Integrated Health Care 30
Building Healthy Communities 32
Community Economic Impact 34

Conclusion 36

Glossary 36

Endnotes 38

Figure Sources and Notes 39



An eight-year-old patient at the University of Virginia Children's Hospital, in Charlottesville, Va., celebrates the end of his cancer treatment. Photo courtesy of UVA Health.

FOREWORD

Essential hospitals play an indispensable role in building healthy communities across the country. They are committed to providing access to essential services that every community needs, such as obstetrics, trauma, and behavioral health services, even though the funding for these services does not offset the cost. In addition, they pioneer new ways to meet patients where they are to help reduce the need for hospital services and address social drivers of health. This work is driven by a safety net mission to provide access to care for all, including patients facing social and economic barriers to care.

This report shines a light on the vital work essential hospitals perform every day and how they are planning for an uncertain future of significant reductions in payments for essential care. Historically, essential hospitals have relied on a patchwork of supplemental payment programs and 340B Drug Pricing Program discounts to stretch scarce federal resources. However, even after accounting for this funding, essential hospitals reported a -5.8% margin in 2024. In future years, it will be even more challenging for essential hospitals to make ends meet, as the number of uninsured individuals increases and the funding on which essential hospitals rely is further reduced. The health care ecosystem has historically relied on essential hospitals to close care gaps, and the current reality will make this safety net function harder to deploy.

Despite this challenging fiscal environment, essential hospitals continue to innovate and improve access to affordable care. Through mobile health units, telehealth, and other new technologies, they are embracing a more patient-centered approach to care delivery. As teaching hospitals, essential hospitals strengthen the health care workforce and mitigate challenges that drive up the cost of care. Beyond their clinical role, essential hospitals serve as vital community anchors, demonstrating resilience while generating jobs and economic activity.

We must continue to protect and support these hospitals and the patients and communities they serve. Essential hospitals are essential partners in health!

JENNIFER DECUBELLIS
President and CEO
America's Essential Hospitals



More than 100 members of the Denver Health Anesthesia and Perioperative Care teams gathered to commemorate the record number of surgeries performed at the hospital in July 2026. Denver Health is Denver's first and only Level I trauma center, treating approximately 20,000 patients annually. Photo courtesy of Denver Health.

METHODOLOGY

This report offers a retrospective snapshot of care provided by America's Essential Hospitals members in 2024. The report primarily features analyses of national databases to show comparisons between essential hospitals and other acute-care hospitals. Various analyses were conducted using data from:

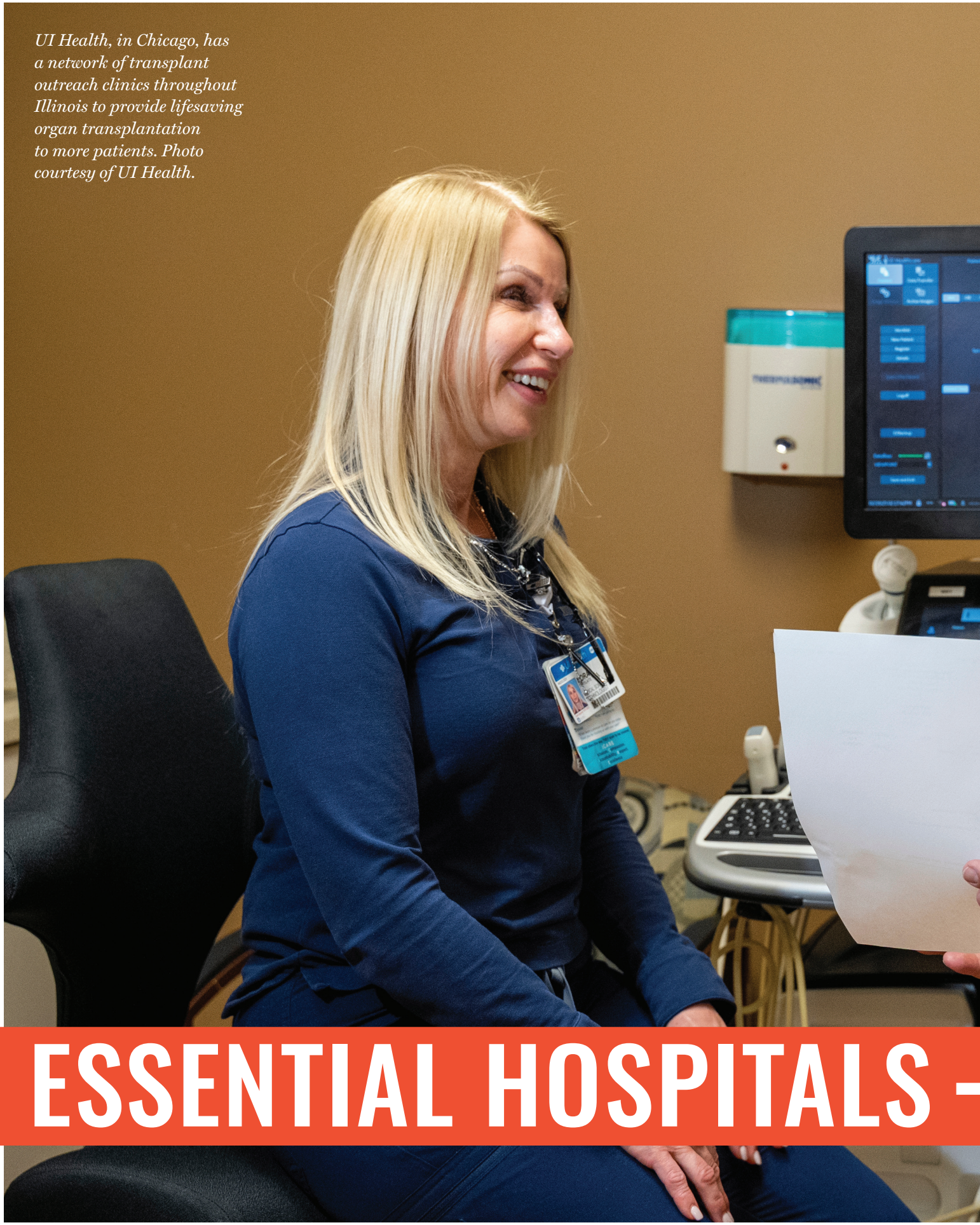
- American Hospital Association's 2024 Annual Survey of Hospitals
  - Calendar year 2024: essential hospitals (n=312) compared with other acute-care hospitals (n=4,164)
- Centers for Medicare & Medicaid Services Cost Reports
  - Federal fiscal year 2024: essential hospitals (n=318) compared with other acute-care hospitals (n=4,218)

Additionally, data collected through the association's 2024 Member Characteristics Survey are used to supplement the report. Of 114 health systems representing 413 member hospitals, we received responses from 61 systems representing 159 member hospitals. The survey, administered from April to July 2026, collected data from acute-care facilities that were association members as of April 2026 and reflects data for hospital fiscal year 2024.

To provide community health statistics and information about the economic impact of essential hospitals, we also used data from the U.S. Census Bureau, American Community Survey, and the U.S. Bureau of Economic Analysis.

Acknowledgement

America's Essential Hospitals expresses appreciation to the leaders and staff of member hospitals who completed the survey.



UI Health, in Chicago, has a network of transplant outreach clinics throughout Illinois to provide lifesaving organ transplantation to more patients. Photo courtesy of UI Health.

ESSENTIAL HOSPITALS –


LOGIQ E10
LOGIQ

ESSENTIAL HOSPITALS AT A GLANCE

In 2024, the 417 member hospitals of America's Essential Hospitals were part of 114 systems of care that work to meet a broad range of community needs. These include specialized tertiary care, expansive ambulatory care networks, robust physician training, and investments to target the social determinants of health. Their commitment to comprehensive, culturally competent care makes them providers of choice for a diverse range of communities.

Policymakers long have recognized the need to identify essential hospitals because of their role in making health care affordable for patients. However, existing federal hospital designations fail to identify the hospitals most committed to providing essential care in their communities. For example, about two-thirds of essential hospitals provide care in rural communities, but only about one-third of essential hospitals qualify for existing rural hospital designations that provide special consideration in Medicare payment policy.[1]

Establishing a federal essential health system designation would help policymakers better target payments to support essential hospitals and the patients they serve, recognizing their indispensable role in communities across the country.

Although essential hospitals represent only 7% of acute-care hospitals nationwide, they provide a disproportionate share of care to low-income and uninsured individuals. Guided by a shared mission to care for all people, including those facing social and economic barriers to care, they are a critical part of the safety net.

FIGURE 1: Essential Hospital Membership

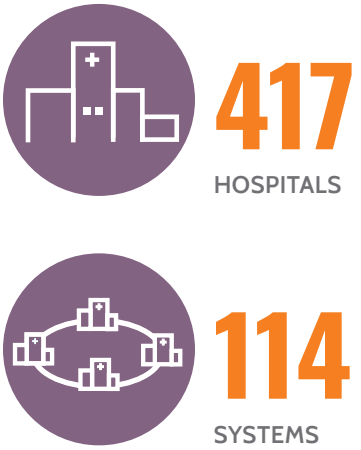
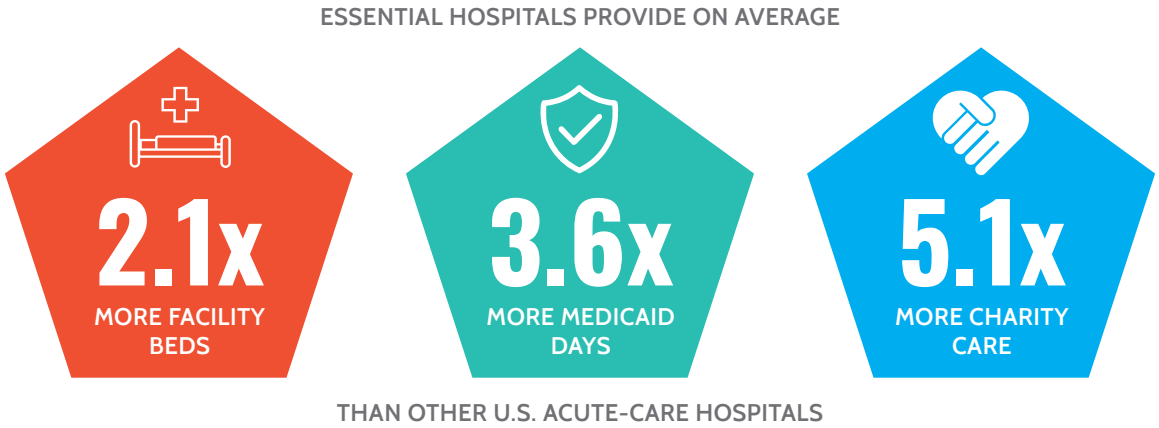


FIGURE 2: Essential Hospitals Provide a Disproportionate Share of Care

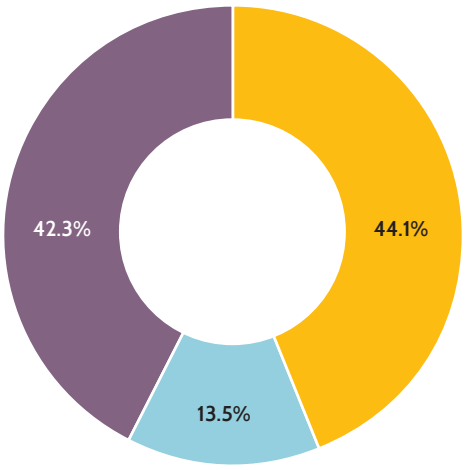


Essential hospitals provide 13.7% of total U.S. acute-care facility beds, 21.4% of total Medicaid days, and 29.2% of total charity care.



A certified physician assistant in family medicine visits with a patient at a University of Washington Medicine Primary Care clinic. Photo courtesy of UW Medicine.

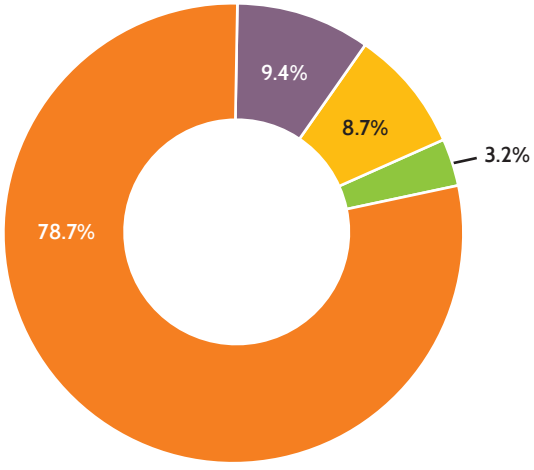
FIGURE 3: Essential Hospital Ownership



- LOCAL GOVERNMENT–OWNED (E.G., CITY OR COUNTY)
- NONPROFIT
- STATE-OWNED OR -AFFILIATED (E.G., STATE TEACHING HOSPITAL)

Data note: Percentages do not add up to 100% due to rounding.

FIGURE 4: Essential Hospital Medicare Designations



- ACUTE-CARE HOSPITALS WITHOUT SPECIAL MEDICARE DESIGNATION
- CRITICAL ACCESS HOSPITALS
- SOLE COMMUNITY HOSPITALS
- MEDICARE-DEPENDENT HOSPITALS

COMMITTED TO UNDERSERVED COMMUNITIES

Essential hospitals share a mission of making care accessible and affordable to all, including those facing severe financial challenges. As a result, essential hospitals serve a disproportionate share of low-income patients and provide vital services that few other hospitals provide.

Much of this care is uncompensated or under-reimbursed. **In 2024, essential hospitals provided $9.7 billion in charity care—29% of all charity care nationwide.**[2] This includes $8.4 billion in charity care for uninsured individuals and $1.2 billion in charity care for insured individuals who could not afford their medical bills.

Essential hospitals also face substantial shortfalls because Medicaid and Medicare often pay less than the cost of care. **In 2024, essential hospitals reported a total of $9.3 billion in Medicaid shortfall and $1.3 billion in Medicare shortfall**, even after disproportionate share hospital (DSH) payments, state directed payments (SDPs), and other adjustments intended to support hospitals serving high-need populations.



A multidisciplinary team at Tampa General Hospital, in Tampa, Fla., performs an endovascular procedure. Photo courtesy of Tampa General Hospital.

FIGURE 5: Inpatient Days by Payer Mix

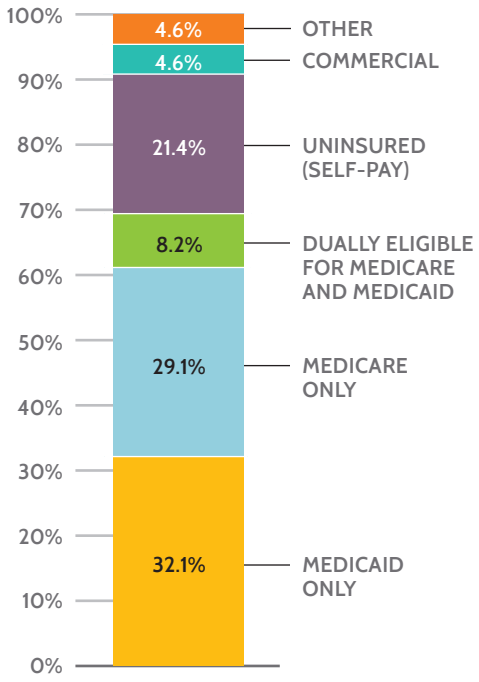


FIGURE 6: Outpatient Visits by Payer Mix

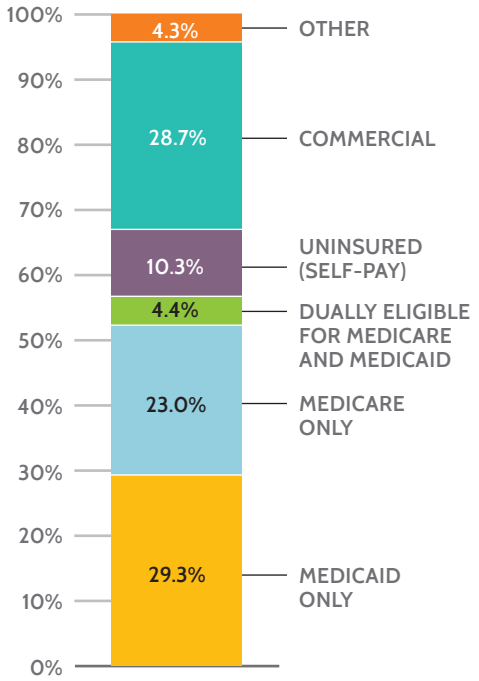


FIGURE 7: Components of Uncompensated Care at Essential Hospitals

$12.2 BILLION
Uncompensated Care

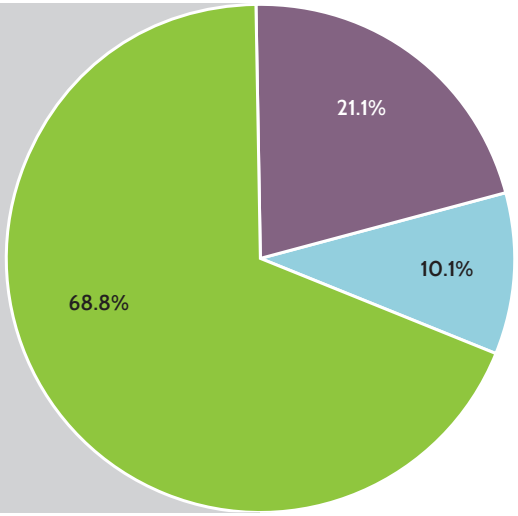


FIGURE 8: Components of Under-Reimbursed Care at Essential Hospitals

$11.1 BILLION
Under-Reimbursed Care

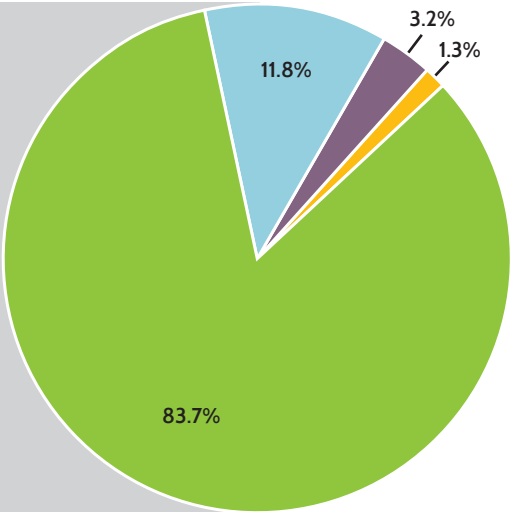


FIGURE 9: Total Unpaid Costs of Care at Essential Hospitals

$12.2B UNCOMPENSATED CARE + **$11.1B** UNDER-REIMBURSED CARE = **$23.3B** UNPAID COSTS OF CARE

CURRENT FINANCIAL CHALLENGES

Essential hospitals face more financial challenges than other hospitals because of the services they provide and payer mix of the patients they serve. In addition to providing a disproportionate share of uncompensated care to uninsured patients and under-reimbursed care to Medicare and Medicaid beneficiaries, essential hospitals are more likely to provide services that are under-reimbursed by all payers, such as obstetric, trauma, and behavioral health care. Many hospitals have reduced these services in response to financial pressures, but essential hospitals are committed to maintaining access to essential services that their communities need.

To sustain this mission, essential hospitals rely on a patchwork of support from federal, state, and local governments. Key funding sources include:

- Medicaid DSH payments, which help offset uncompensated care for Medicaid and uninsured patients
- Medicaid supplemental payments and SDPs, which help close payment rate gaps between Medicaid and other payers
- Medicare DSH and uncompensated care payments, which help offset hospital uncompensated care costs
- Medicare graduate medical education (GME) and indirect medical education payments, which offset the added costs of care for teaching hospitals
- The 340B Drug Pricing Program, which enables hospitals to purchase outpatient drugs at a reduced cost to stretch scarce federal resources at no cost to taxpayers

FIGURE 10: Major Sources of State and Federal Support for Essential Hospitals

$14.1B

MEDICAID DSH AND OTHER MEDICAID SUPPLEMENTAL PAYMENTS

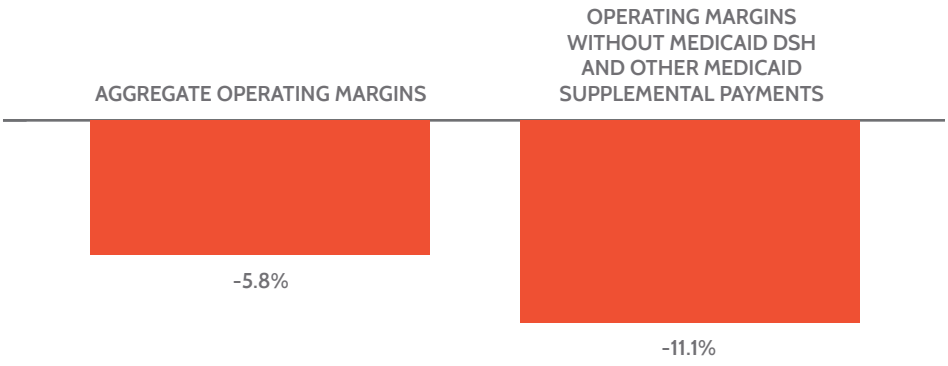
$2.3B

MEDICARE DSH AND UNCOMPENSATED CARE PAYMENTS

$5.3B

GRADUATE MEDICAL EDUCATION AND INDIRECT MEDICAL EDUCATION PAYMENTS

FIGURE 11: Essential Hospital Operating Margins With and Without Medicaid Supplemental Payments



Even after accounting for this funding, members of America's Essential Hospitals had an **aggregate operating margin of -5.8% in 2024**. Without Medicaid DSH and other Medicaid supplemental payments, **essential hospital operating margins would have fallen to -11.1%**.

Absent adequate federal support, many essential hospitals rely on local government funding to stabilize their finances. After accounting for these government appropriations, essential hospitals had aggregate margins of -1.2% in 2024.[3]



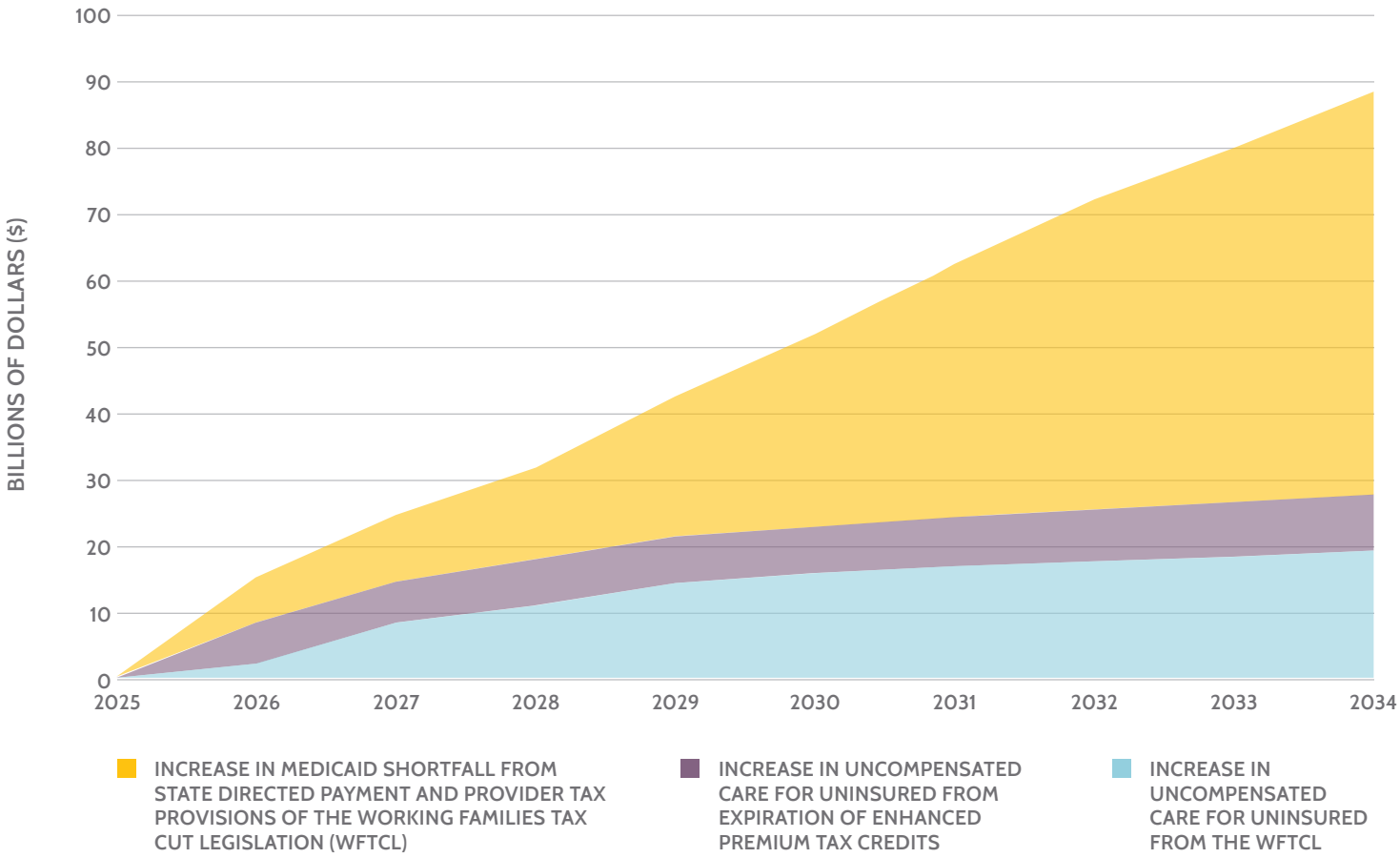
Above: Chesapeake Regional Healthcare's annual Bra-ha-ha campaign raises money to provide eligible uninsured and underinsured community members with breast health services, including no-cost mammograms. Photo courtesy of Chesapeake Regional Healthcare.

FUTURE FINANCIAL CHALLENGES

In the coming years, essential hospitals will face a triple threat: an increase in uninsured individuals, lower payment rates for patients who remain insured, and increased administrative barriers to accessing 340B discounts and other vital safety net funding.

Based on Congressional Budget Office (CBO) data, we estimate that Medicaid spending reductions included in recently enacted legislation, combined with the expiration of enhanced premium tax credits, will increase hospital uncompensated care costs by **$466 billion** between 2025 and 2034.[4] **Essential hospitals will bear an estimated 25% of the added uncompensated care costs from recent legislation.**[5]

FIGURE 12: Projected Increase in Uncompensated Care Costs for Hospitals from Recent Legislation, 2025–2034



Essential hospitals also face major cuts to the 340B program. In the 2027 Outpatient Prospective Payment System final rule, Centers for Medicare & Medicaid Services (CMS) plans to cut nearly $5.5 billion in Medicare payments for drugs at hospitals participating in the 340B program.[6] This disproportionately harms essential hospitals and other safety net providers that participate in the 340B program.

In addition, the Health Resources and Services Administration plans to implement a new 340B rebate model in 2027 that is projected to increase hospital administrative costs by $1.5 billion.[7] If manufacturers use the model's new administrative requirements to deny discounts, hospitals could face an additional $3.0 billion in indirect costs.[8] **Essential hospitals would bear approximately 15% of the added costs of rebate models and 20% of the cuts in Medicare payments for outpatient drugs**.[9]



As part of the integrated health system, the pharmacy team at WVU Medicine works directly with care providers through shared medical records to ensure seamless care coordination. Photo courtesy of WVU Medicine.

> "Many hospitals, especially rural ones, are already strained to provide basic services such as primary care, obstetrics, and general surgery. Our health systems will continue serving their communities but all of these cuts will result in patients being harmed due to less access to both preventive screenings and life-saving care.
>
> KATRINA KEEFER, MPA
> President and CEO, DCH Health System
> Chair, America's Essential Hospitals Board of Directors



ESSENTIAL SERVICES –



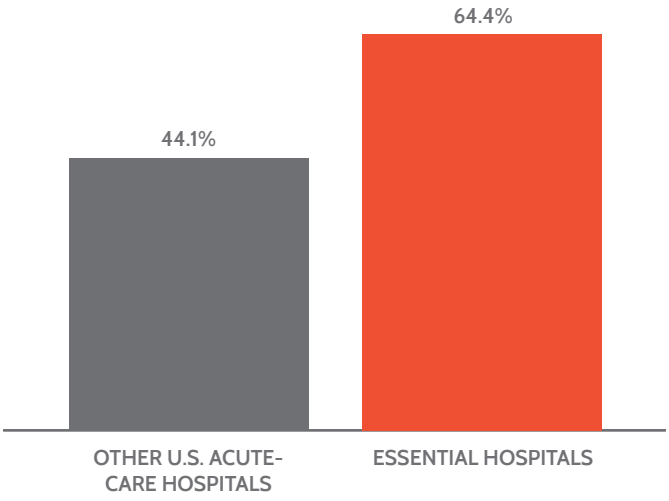
Broward Health leadership breaks ground on the new medical office building at Broward Health North, in Deerfield Beach, Fla., which will expand access to high-quality specialty care and outpatient services in the region. Photo courtesy of Broward Health.

ESSENTIAL SERVICES TO MEET COMMUNITY NEEDS

When emergencies arise, communities rely on the specialized services essential hospitals provide, including burn, psychiatric, pediatric, and neonatal intensive care. Essential hospitals provide a disproportionate share of intensive inpatient care that communities need. Essential hospitals operate nearly a quarter of the nation's level I trauma centers, which are designed to care for every aspect of severe injury and lead trauma research and education.[10] They also provide nearly half of the nation's burn care beds.[11] While these intensive services are costly to provide, essential hospitals remain committed to offering them because no community should be without essential care.

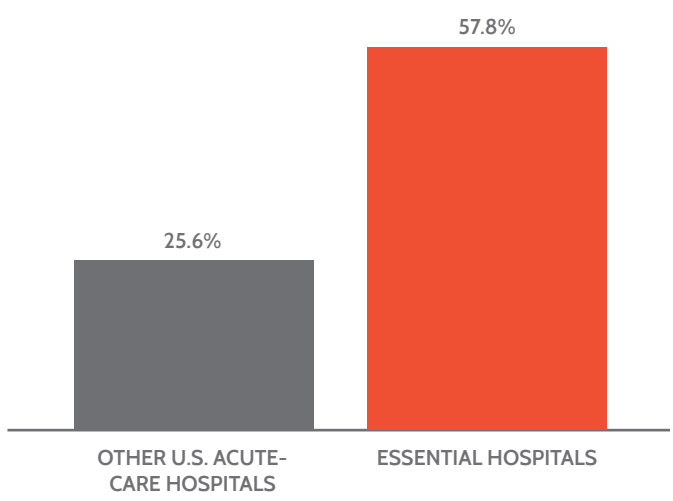
While many other hospitals have scaled back inpatient mental health and obstetric care, essential hospitals have stepped in to ensure access to these essential services. Access to emergency psychiatric services is provided by 64.4% of essential hospitals, compared with 44.1% of other U.S. acute-care hospitals that provide such care. Among essential hospitals with obstetric care units, 57.8% provide the highest level of care for the most complex maternal care cases, compared with 25.6% of other U.S. acute-care hospitals that provide such care.[12]

FIGURE 13: Share of Hospitals Providing Emergency Psychiatric Services



Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

FIGURE 14: Share of Obstetric Units Equipped to Respond to the Most Complex Maternal Cases (Levels 3 and 4)



Data Note: Only hospitals that responded to this question with an obstetric unit level in the American Hospital Association survey were included in analysis.

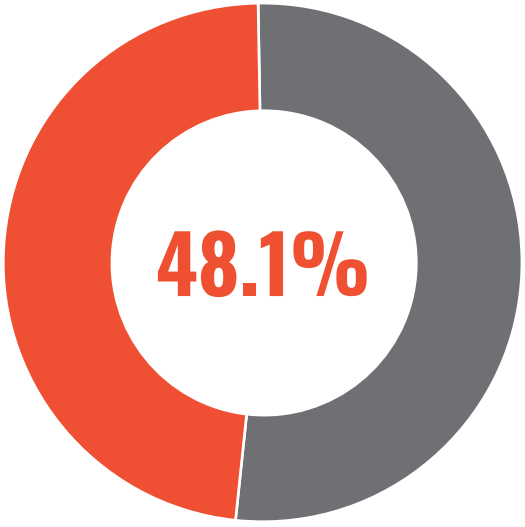
"We built this as a team with our providers, our staff, and our community in order to effect change that ultimately benefits the patient."

ZELIA BAUGH, LCSW
Senior Vice President of Behavioral Health
JPS Health Network



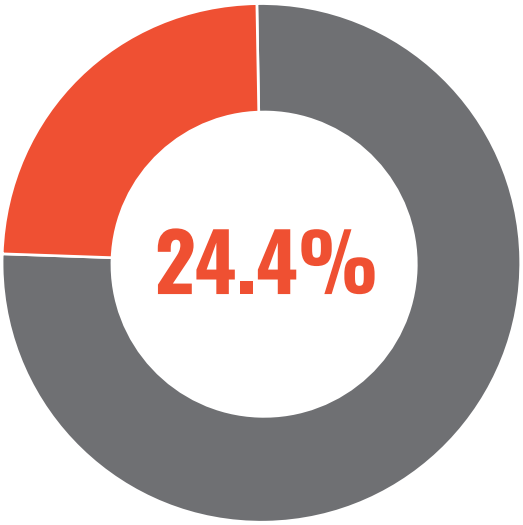
JPS Health Network, in Fort Worth, Texas, opened its new Psychiatric Emergency Center in September 2025, offering faster and easier access to psychiatric care and community resources. Photo courtesy of JPS Health Network.

FIGURE 15: Essential Hospitals Provide a Disproportionate Share of Burn Care Beds in the U.S.



SHARE OF BURN CARE BEDS

FIGURE 16: Essential Hospitals Account for a Disproportionate Share of Level I Trauma Centers



SHARE OF LEVEL I TRAUMA CENTERS



The Health Care District of Palm Beach County has two lifesaving Trauma Hawk aeromedical helicopters, which help ensure timely access to care. Photo courtesy of Health Care District of Palm Beach County.



University Health's neonatal intensive care unit opened three years ago to offer babies in the NICU and their families private rooms and more space. Photo courtesy of University Health.



A nurse at Alameda Health System's Creedon Wound Center helps a patient into the hyperbaric therapy chamber. Photo courtesy of Terrance Warner, Alameda Health System.

"We're proud to be equipped to care for families welcoming multiple babies and to give these newborns the specialized care they need from the very beginning. It's all part of our commitment to giving every baby the best possible start in life."

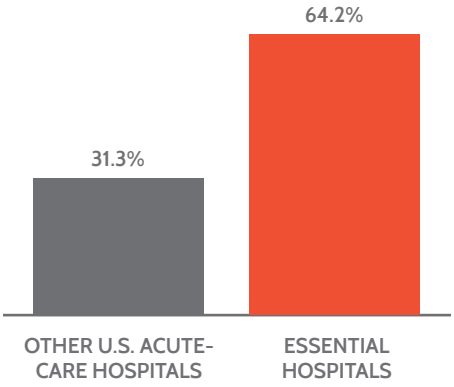
CHARLIE SHIELDS
President and CEO
University Health

MEETING PATIENTS WHERE THEY ARE

Essential hospitals work hard to bring patients to care—and care to patients. In 2024, members of America's Essential Hospitals provided nonemergency outpatient care to 110.2 million patients. Although essential hospitals provide a disproportionate share of the nation's emergency care, many have invested in building networks of outpatient ambulatory care centers that expand access to high-quality care in more accessible and cost-effective settings.

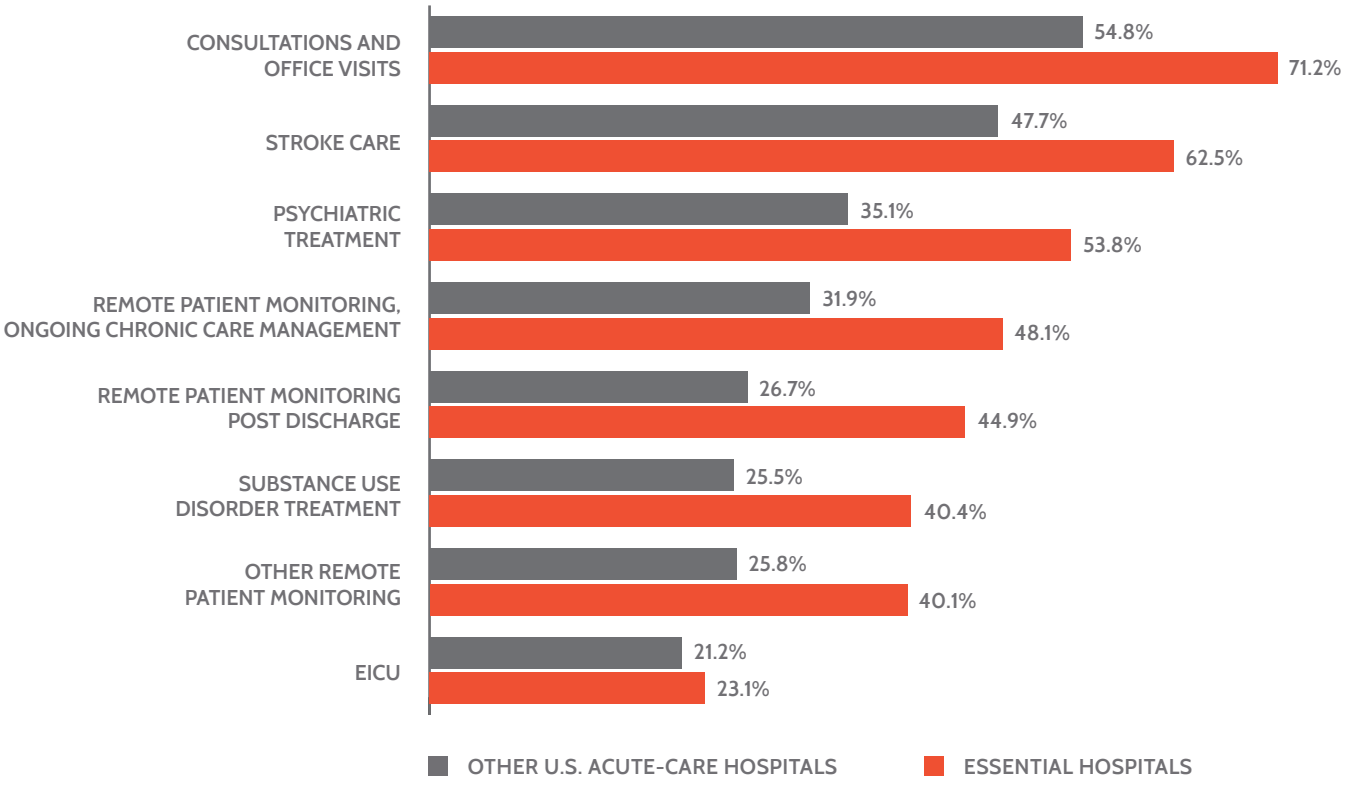
Hospital-based outpatient departments play a critical role in serving patients with complex health and social needs. Compared with other ambulatory care settings, they are more likely to serve low-income patients and those with multiple medical conditions. These patients often benefit from the coordinated care that hospital-based outpatient departments can provide through their integration with the larger hospital system.

FIGURE 17: Share of U.S. Hospitals Providing Mobile Health Services



Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

FIGURE 18: Share of Hospitals with Selected Telehealth Services



Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey. Includes services provided by the hospital, health system, or as a joint venture

Essential hospitals continue to expand access by leveraging telehealth services for routine and specialized care, remote patient monitoring after discharge, and remote chronic care management. Overall, essential hospitals reported a total of 8.8 million telehealth visits, including 2.6 million audio-only telehealth visits. For patients with limited access to broadband internet or video-enabled devices, audio-only telehealth is an important tool for accessing care.

Essential hospitals also bring care directly into communities through mobile health care. About 64.2% of member hospitals provide mobile health services, compared with 31.3% of other U.S. acute-care hospitals.

Despite ongoing financial pressures, many essential hospitals are investing in artificial intelligence (AI) to improve access and care delivery. In 2024, over half of member hospitals are implementing AI-assisted diagnostics and using AI to inform clinical decision-making, patient communication, and education. Essential hospitals also are leveraging AI to improve population health management, patient communication, and resource allocation during emergencies.

FIGURE 19: Contract and Specialty Pharmacies at Essential hospitals

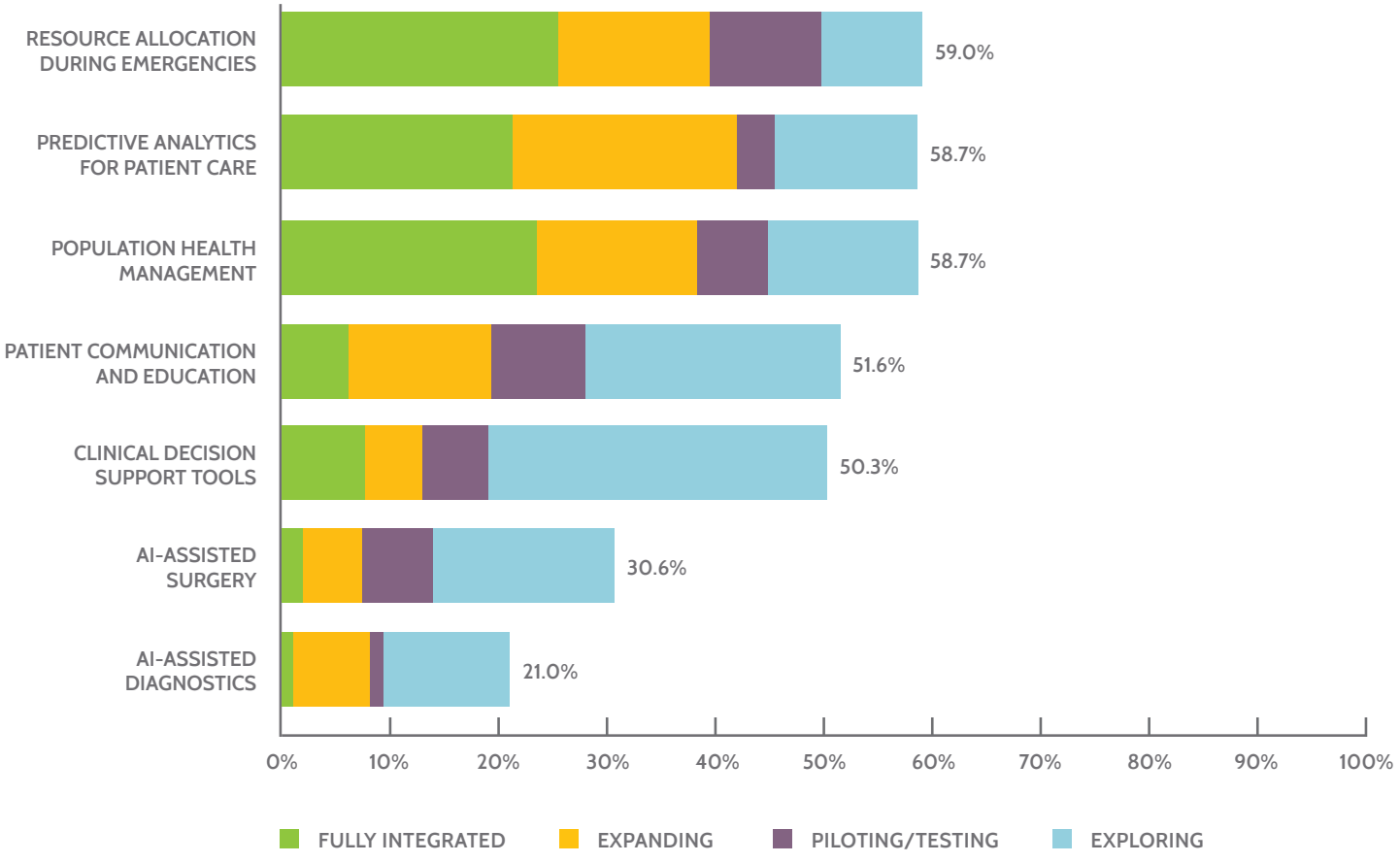
81%

OF MEMBER HEALTH SYSTEMS HAVE 340B CONTRACT PHARMACIES THAT MAKE IT EASIER FOR PATIENTS TO ACCESS MEDICATIONS IN THEIR COMMUNITY

66.7%

OF MEMBER HEALTH SYSTEMS HAVE SPECIALTY PHARMACIES THAT HELP EXPAND ACCESS TO MEDICATIONS FOR COMPLEX MEDICAL ILLNESSES

FIGURE 20: Clinical AI Implementation by Essential Hospitals



TRAINING THE NEXT GENERATION OF ESSENTIAL PROVIDERS

Essential hospitals are dedicated to training the next generation of health care professionals. Every single essential hospital system trains physicians. Federal funding for GME training has been capped since 1996, but workforce challenges have continued to grow. Medicare GME funding is the primary financial resource for training programs, but to mitigate workforce shortages in their communities, essential hospitals have invested their own resources to train 31% more residents than Medicare paid for in 2024. Additionally, essential hospitals trained on average more than two times as many physicians as other U.S. teaching hospitals. Essential hospitals go above and beyond their means to ensure training for future providers in their communities.

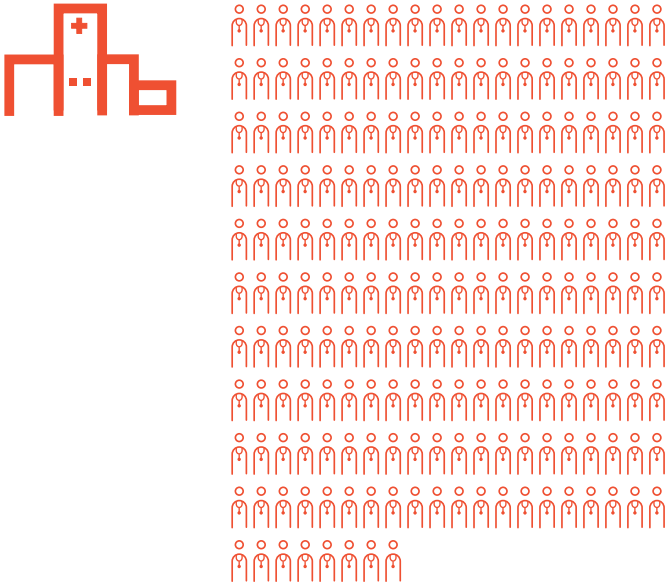


A preventative medicine resident trains at Prisma Health. Photo courtesy of Prisma Health.

Essential hospitals play a particularly important role in training residents to meet the needs of underserved populations. For example, many essential hospitals have rural training track programs. In these programs, residents begin their training in urban academic medical centers that teach state-of-the-art care and finish their training in rural communities that face workforce challenges.

FIGURE 21: Number of Physicians Trained

MEMBER TEACHING HOSPITALS TRAINED AN AVERAGE OF 208 PHYSICIANS IN 2024.



OTHER U.S. TEACHING HOSPITALS TRAINED AN AVERAGE OF 84 PHYSICIANS IN 2024.





Broadlawns Medical Center, in Des Moines, Iowa, offers the Training and Education for a Career in Healthcare (TECH) program for high school students pursuing a career in health care. Photo courtesy of Broadlawns Medical Center.



Methodist Hospitals Cancer Center staff provided cancer prevention and screening information at the health system's 2026 Spring Community Health Fair. Photo courtesy of Methodist Hospitals.

ESSENTIAL COMMUNITI


NORTHWEST
VKS
WHEN YOU TALK, PATIENTS LISTEN.
QUIT now
TOLULOPE
Understanding Lung Cancer Screening
Cancer Prevention
YOU NEED INSURANCE.
METHODIST CARE FIRST
Outpatient Rehabilitation Services
Gamma Knife
Non-invasive
Outpatient
Single-treatment
METHODIST HOSPITALS

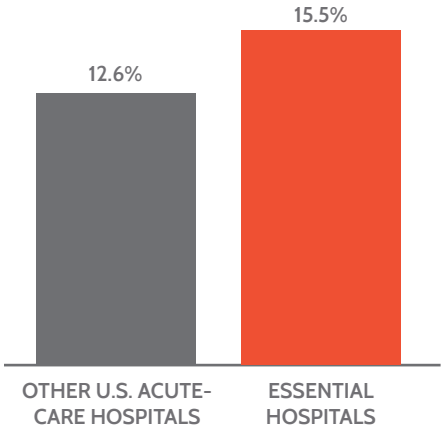
ES

COMMUNITY-INTEGRATED HEALTH CARE

In 2024, more than half of Americans lived in a community served by an essential hospital.[13] Compared with other regions of the country, the communities essential hospitals serve have higher unemployment rates and a higher share of uninsured individuals.[14] Essential hospitals recognize their important safety net role in these communities and are committed to providing access to care for patients who face social and financial barriers.

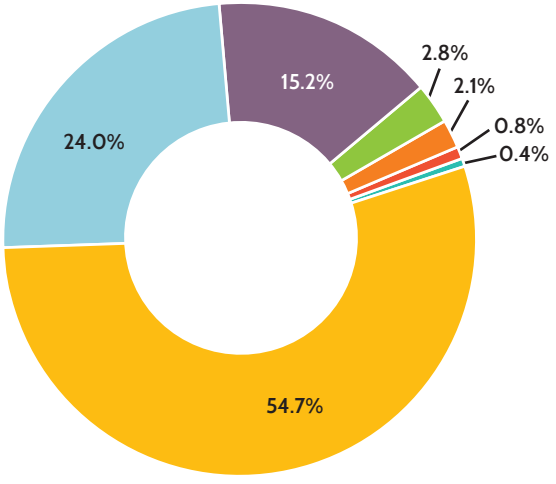
Essential hospitals serve a high share of racial and ethnic minority groups that have historically faced challenges accessing care. To meet the needs of these patients, essential hospitals are more likely to offer linguistic services for patients who speak a language other than English.

FIGURE 22: Community Individuals Below Poverty Line



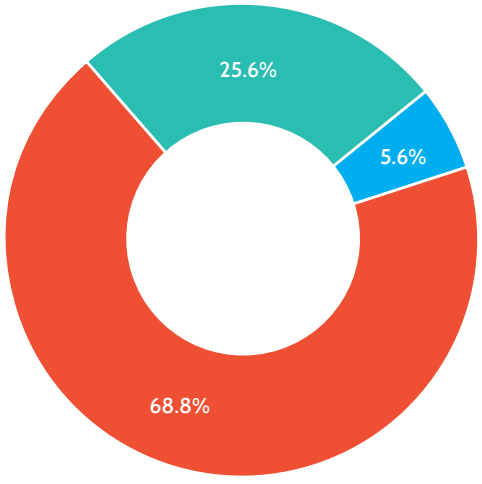
Data note: A community is defined as a ZIP Code Tabulation Area (ZCTA) corresponding to the ZIP code of the hospital's physical location. All ZCTAs match valid ZIP codes, but not all ZIP codes correspond to a ZCTA. 8 ZIP codes of essential hospitals do not have a matching ZCTA.

FIGURE 23: Essential Hospital Discharges by Race



- WHITE
- BLACK OR AFRICAN AMERICAN
- SOME OTHER RACE/OTHER
- ASIAN
- TWO OR MORE RACES
- AMERICAN INDIAN OR ALASKAN NATIVE
- NATIVE HAWAIIAN OR PACIFIC ISLANDER

FIGURE 24: Essential Hospital Discharges by Ethnicity



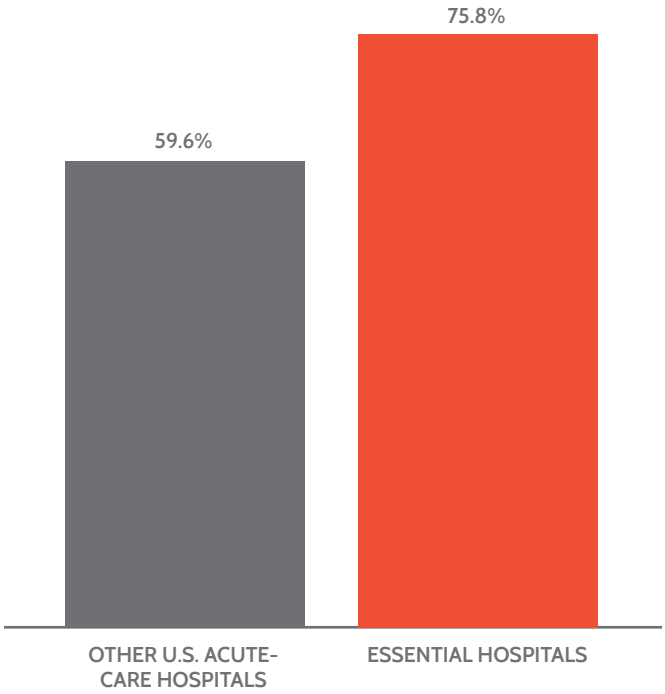
- NON-HISPANIC OR NON-LATINO
- UNKNOWN
- HISPANIC OR LATINO



SBH Health System's Center for Culinary Medicine and Teaching Kitchen teaches community members how to make nutritious, easy-to-prepare meals. Photo courtesy of SBH Health System.

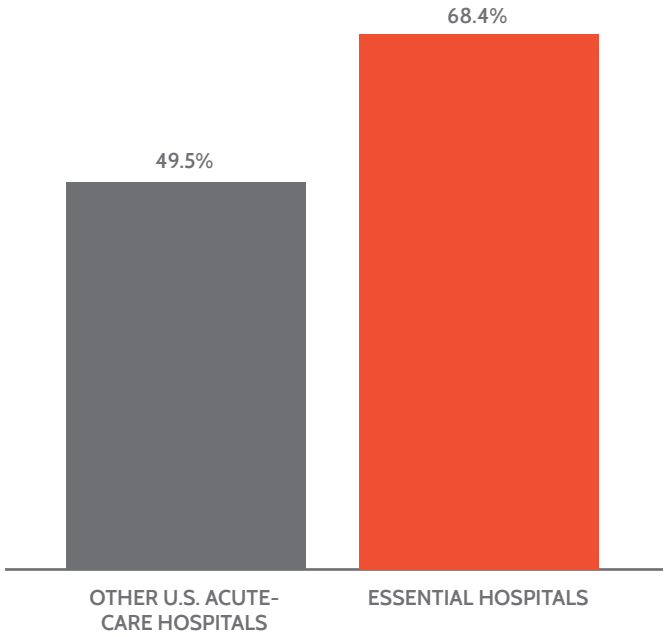
> "We started by listening to the community and we evolved our programming as the community's needs changed. One example is our teaching kitchen. We started with a Mediterranean-based diet but shifted to Latino-based recipes because they better reflect the culture of our community."
>
> **ALVIN LIN, MBA**
> Vice President, Ambulatory Care, Strategy and Innovation
> SBH Health System

FIGURE 25: Share of U.S. Hospitals Offering Linguistic/ Translation Services



Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

FIGURE 26: Share of U.S. Hospitals with Women's Health Centers and Services



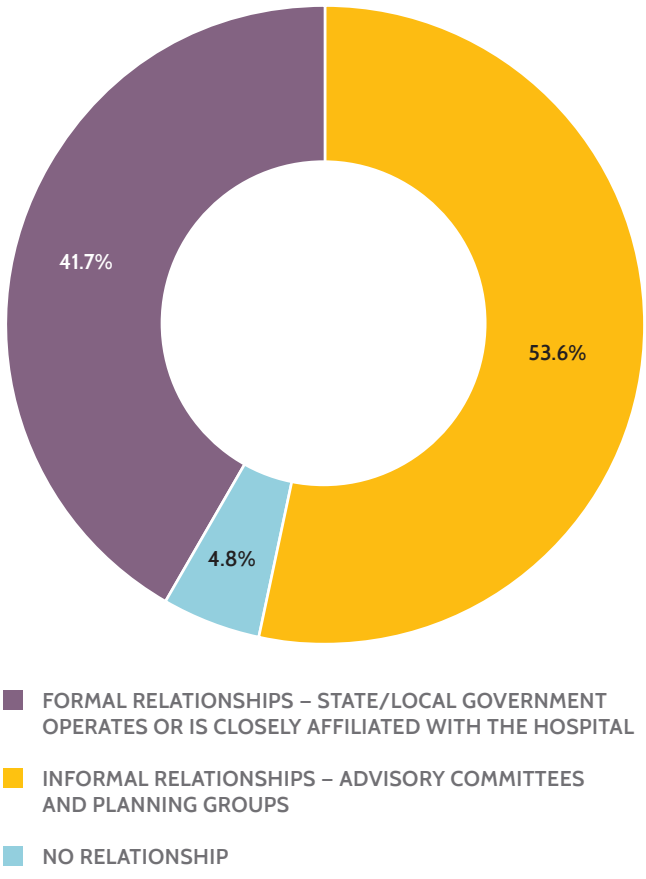
Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

BUILDING HEALTHY COMMUNITIES

In addition to medical care, our members provide a range of services to help target the social determinants of health (SDOH) that are the root cause of many health challenges our patients face. For example, to help patients experiencing homelessness, many of our members offer medical respite or permanent housing assistance programs. To combat food insecurity, essential hospitals often partner with local organizations to open food pantries, create community gardens, and develop meal delivery services.

Overall, 91.7% of essential hospitals reported participating in at least one initiative to address SDOH. On average, member hospitals are tackling about eight SDOH at the same time. Learn more about how essential hospitals tackle social determinants of health at EssentialCommunities.org, which features more than 100 hospital initiatives.

FIGURE 27: Essential Hospital Relationships with Local Health Departments



Data note: Percentages do not add up to 100% due to rounding.

"By embracing emerging technologies, investing in patient support programs, such as community health workers, and partnering with community-based organizations, essential hospitals address the social drivers of health and reduce barriers to care. Through these innovative, community-centered systems of care, essential hospitals are creating healthier communities and improving health for all."

SHANNON SALE, MHA
Executive Vice President, Chief Strategy Officer, Grady Health System
Chair, Essential Hospitals Institute Board of Directors

FIGURE 28: Most Commonly Targeted Social Determinants of Health at Essential Hospitals

- 82% FOOD INSECURITY
- 82% TRANSPORTATION
- 77% HEALTH BEHAVIORS
- 77% SOCIAL NEEDS SCREENING
- 74% HEALTH LITERACY
- 73% FAMILY AND SOCIAL SUPPORTS
- 71% HOUSING INSTABILITY
- 68% INTERPERSONAL VIOLENCE
- 64% EDUCATION
- 62% UTILITY NEEDS
- 55% EMPLOYMENT AND INCOME
- 50% LEGAL NEEDS
- 48% COMMUNITY INFRASTRUCTURE



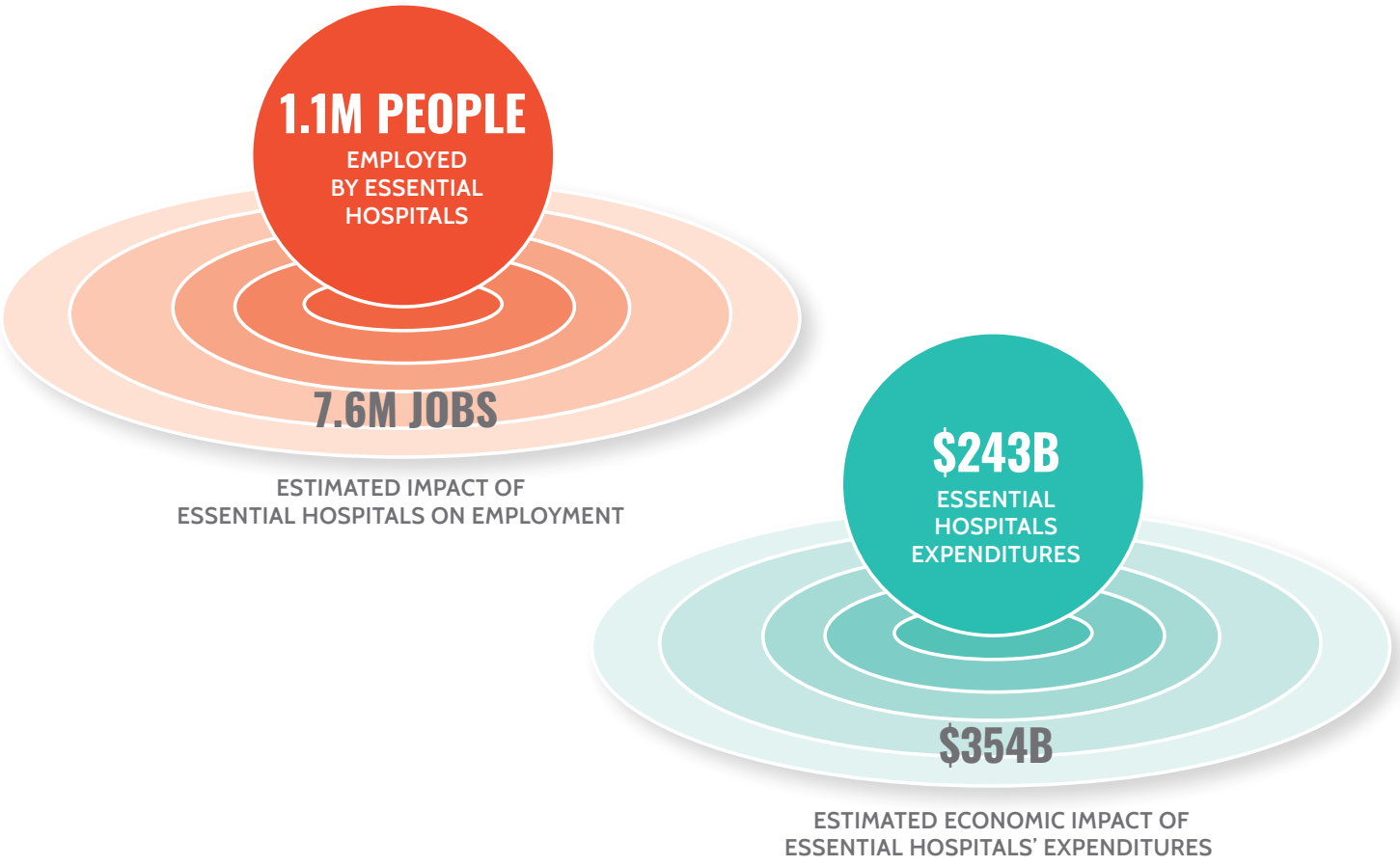
Every summer, Parkland Health, in Dallas, hosts a no-cost event offering sports physicals for student athletes. Photo courtesy of Parkland Health.

COMMUNITY ECONOMIC IMPACT

Investments in essential hospitals support their local economies. Together, our members directly employed over 1 million people and invested $243 billion in their local communities.

According to economic modeling by the Bureau of Labor Statistics (BLS), investments in essential hospitals are likely to have ripple effects that support the larger economy. Overall, according to BLS estimates, essential hospital spending indirectly supported an estimated $354 billion in economic activity and 7.6 million jobs in 2024.

FIGURE 29: Employment and Economic Impact of Essential Hospitals





Jackson Memorial Hospital, in Miami, opened its new, 178,000-square-foot emergency department in April 2026. The new space features an on-site pharmacy, a full radiology suite onsite, 60 general exam rooms, and more. Photo courtesy of Jackson Health System.

CONCLUSION

Essential hospitals are the foundation of communities and health care systems across the United States. They go to great lengths to provide lifesaving care and community support despite numerous financial challenges. It is crucial that essential hospitals are included in conversations surrounding policy change because of their vital role in the nation's health care landscape. Together, we must continue to advance access and quality for all.

GLOSSARY

Bad Debt: The financial toll of services for which hospitals anticipated but did not receive payment.

Charity Care: Health services that a hospital provides for free or at a reduced cost.

Critical Access Hospital (CAH): A medical center designated by the Centers for Medicare & Medicaid Services that provides health care services to rural, often underserved communities. The population density is lower in these areas, correlating with a higher number of underinsured or uninsured individuals and older adults. To be eligible for CAH designation, a hospital must have 25 or fewer acute-care inpatient beds, be located more than 35 miles from another hospital, maintain an annual average length of stay of 96 hours or less for acute-care patients, and provide 24/7 emergency care services.

Disproportionate Share Hospital (DSH) Payments: Payments made by Medicare or a state's Medicaid program to hospitals that serve a disproportionate share of low-income patients. These payments are in addition to the regular payments such hospitals receive for providing care to Medicare and Medicaid beneficiaries. Medicare DSH payments are based on a federal statutory qualifying formula and payment methodology. Medicaid DSH payments are based on certain minimum federal criteria, but qualifying formulas and payment methodologies are largely determined by states.

Dually Eligible for Medicare and Medicaid: Some low-income seniors and people with disabilities are dually eligible for both Medicare and Medicaid. Some beneficiaries receive full Medicaid coverage of benefits that Medicare does not cover, such as long-term care. Other individuals are only eligible for partial Medicaid benefits through state-administered Medicare Savings Programs that assist with payment of Medicare premiums and cost sharing.

Hospital Operating Margin: A measure of the financial condition of a hospital calculated as the difference between the total patient care revenue and total expenses divided by total operating revenue.

Inpatient Care: Medical treatment administered to a patient whose condition requires admission to a hospital. It typically involves an overnight stay and includes more serious surgeries, procedures, and care.

Level I Trauma Center: A comprehensive regional resource trauma center, equipped for and capable of providing total care for every aspect of injury. Also involved in trauma research and education.

Medicaid: A joint state and federal program to provide coverage to low-income individuals and people with disabilities. Many states also extend coverage to groups that meet higher income limits or to certain medically needy populations. Through waivers, some states have expanded coverage even further. In 2010, the Affordable Care Act gave states the additional option to expand their Medicaid program to residents at or below 138% of the federal poverty level.

Medicare: A federal program that provides health coverage for individuals 65 and older, for people with disabilities younger than 65, and for people with end-stage renal disease. Medicare has four main components:

- Medicare Part A provides payments for inpatient hospital care, skilled nursing care, some home-health services, and hospice care.
- Medicare Part B provides payments for physician services, outpatient hospital care, and other medical services not covered by Part A. Medicare Part A and Part B together are known as "original Medicare."
- Medicare Part C, also known as Medicare Advantage, is offered by private health care organizations. Medicare Advantage plans cover all services under Parts A and B and usually offer additional benefits.
- Medicare Part D provides payments for prescription drugs and is offered by private health care organizations. Medicare Part C plans often include coverage for Medicare Part D.

Medicare-Dependent Hospital (MDH): A small, rural hospital where at least 60% of admissions or patient days are from Medicare patients. Congress established the MDH program in 1987 to help support small rural hospitals for which Medicare patients make up a significant percentage of inpatient days or discharges.

Outpatient Care: Outpatient care is typically administered without an overnight stay. Types of outpatient care include emergency department visits, clinic visits, outpatient surgery, and ancillary visits, such as labs and radiology.

Sole Community Hospital (SCH): The only source for hospital services in a geographic area. CMS created the SCH program to maintain access to needed health services for Medicare beneficiaries in isolated communities. To be eligible for the program, SCHs must show that, because of distance or geographic boundaries between hospitals, they are the sole source of inpatient hospital services reasonably available in a certain geographic area. They receive increased payments based on their cost per discharge in a base year.

State Directed Payment (SDP): Under Medicaid managed care, authorized by federal managed care regulations, the state may seek CMS approval to direct Medicaid managed care plans to:

- Make payments to implement value-based purchasing models;
- Participate in Medicaid or multi-payer delivery system reform or performance improvement initiatives; or
- Adopt a minimum or maximum fee schedule or uniform rate increase for a class of contracted providers.

340B Drug Pricing Program: A U.S. federal drug pricing program, established in 1992, that enables eligible hospitals, health centers, and clinics to purchase discounted outpatient pharmaceutical drugs.

ENDNOTES

1 America's Essential Hospitals. Policy Brief: Essential Hospitals Ensure Access to Care in Rural Areas. March 2025. https://essentialhospitals.org/wp-content/uploads/2025/03/2025-Access-to-Care-in-Rural-Areas-Brief.pdf. Accessed June 5, 2026.

2 Centers for Medicare & Medicaid Services. Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024. 2026.

3 Centers for Medicare & Medicaid Services. Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024. 2026.

4 America's Essential Hospitals. Policy Brief: Projected Increases in Hospital Uncompensated Care from Recent Legislation. June 2026. https://essentialhospitals.org/projected-increases-in-hospital-uncompensated-care-after-recent-legislation/. Accessed Sept. 11, 2026.

5 Ibid.

6 KNG Health Consulting, LLC. 2026. Modeling of 2027 Medicare Proposed Outpatient Payment System.

7 America's Essential Hospitals. 340B Rebate Models Cost Billions Without Benefiting Patients. November 2026. https://essentialhospitals.org/wp-content/uploads/2026/11/2026-Our-View-340B-Rebates.pdf. Accessed Nov. 9, 2026.

8 Ibid.

9 DeCubellis J. Letter to Mehmet Oz on Aug. 31, 2026. https://essentialhospitals.org/wp-content/uploads/2026/09/CY-2027-OPPS.pdf. Accessed Sept. 17, 2026.

10 American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

11 Ibid.

12 *Data note:* Only hospitals that responded to this question with an obstetric unit level in the American Hospital Association survey were included in analysis.

13 Centers for Medicare & Medicaid Services. *Hospital Service Area Data File*. 2025.

Data note: Communities served by an essential hospital were calculated using the Center for Medicare & Medicaid Services Hospital Service Areas (HSAs), 2025. Any zip codes with less than 10 patient visits were excluded.

14 U.S. Census Bureau. 2024 American Community Survey (ACS) 5-Year Table S2701: Selected Characteristics of Health Insurance Coverage in the United States. https://data.census.gov/table/ACSST5Y2024.S2701. Accessed Sept. 16, 2026.

FIGURE SOURCES AND NOTES

Figure 1: Essential Hospital Membership

America's Essential Hospitals. Our Members. https://essentialhospitals.org/association/our-members/. Accessed Sept. 18, 2026.

Figure 2: Essential Hospitals Provide a Disproportionate Share of Care

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

Figure 3: Essential Hospital Ownership (by Health System)

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Figure 4: Essential Hospital Medicare Designations

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Centers for Medicare & Medicaid Services. Fiscal Year 2027 Inpatient Prospective Payment System Final Rule Impact File. https://www.cms.gov/files/zip/fy2026-ipps-fr-impact-file.zip. Accessed Sept. 16, 2026.

Figure 5: Inpatient Days by Payer Mix

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

Figure 6: Outpatient Visits by Payer Mix

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

Figure 7: Components of Uncompensated Care at Essential Hospitals

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

Figure 8: Components of Under-Reimbursed Care at Essential Hospitals

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

Figure 9: Total Unpaid Costs of Care at Essential Hospitals

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

Figure 10: Major Sources of State and Federal Support for Essential Hospitals

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

Figure 11: Essential Hospital Operating Margins With and Without Medicaid Supplemental Payments

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

Figure 12: Projected Increase in Uncompensated Care Costs for Hospitals from Recent Legislation, 2025-2034

America's Essential Hospitals. Policy Brief: Projected Increases in Hospital Uncompensated Care from Recent Legislation. June 2026. https://essentialhospitals.org/projected-increases-in-hospital-uncompensated-care-after-recent-legislation/. Accessed Sept. 11, 2026.

Figure 13: Share of Hospitals Providing Emergency Psychiatric Services

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

Figure 14: Share of Obstetric Units Equipped to Respond to the Most Complex Maternal Cases (Levels 3 and 4)

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Data note: Only hospitals that responded to this question with an obstetric unit level in the American Hospital Association survey were included in analysis.

Figure 15: Percentage of Hospitals with Burn Care Beds

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Figure 16: Essential Hospitals' Share of Level I Trauma Centers

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Figure 17: Share of Hospitals Providing Mobile Health Services

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

Figure 18: Share of Hospitals with Selected Telehealth Services

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

Figure 19: Contract and Specialty Pharmacies at Essential Hospitals

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Figure 20: Clinical AI Implementation by Essential Hospitals

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Figure 21: Number of Physicians Trained

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

Figure 22: Community Individuals below the Poverty Line

U.S. Census Bureau. 2024 American Community Survey (ACS) 5-Year Table S1701: Poverty Status in the Past 12 Months. https://data.census.gov/table/ACSST5Y2024.S1701. Accessed Sept. 16, 2026.

Data note: A community is defined as a ZIP Code Tabulation Area (ZCTA) corresponding to the ZIP code of the hospital's physical location. All ZCTAs match valid ZIP codes, but not all ZIP codes correspond to a ZCTA. 8 ZIP codes of essential hospitals do not have a matching ZCTA.

Figure 23: Essential Hospital Discharges by Race

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

Figure 24: Essential Hospital Discharges by Ethnicity

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

Figure 25: Share of Hospitals Offering Linguistic/Translation Services

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

Figure 26: Share of Hospitals with Women's Health Centers and Services

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

Data note: Value was calculated including hospital, health system, and joint-venture variables from the American Hospital Association annual survey.

Figure 27: Essential Hospitals Relationships with Local Health Departments

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

Figure 28: Most Commonly Targeted Social Determinants of Health at Essential Hospitals

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.

Figure 29: Employment and Economic Impact of Essential Hospitals

American Hospital Association Annual Survey 2024. Health Forum LLC. 2026.

Bureau of Economic Analysis. 2024 RIMS II Multipliers. 2026.

Centers for Medicare & Medicaid Services. *Healthcare Cost Report Information System, Hospital 2552-10 Cost Report Data Files FY2024*. 2026.

America's Essential Hospitals. Fiscal Year 2024 Hospital Characteristics Survey. 2026.