Need

The Center, as the originator and incumbent recipient of the DRCHSD Program, is uniquely positioned to address the urgent needs of rural health care organizations (HCOs) in the Delta Region. With over seven years of program management, The Center has developed a deep understanding of the region's challenges, supported by internal reporting data. Home to 10 million people, the Delta remains one of the most distressed health areas in the nation, with 91% of its counties and parishes designated as Health Professional Shortage Areas and more than 50 hospital closures since 2005.[1] Economic conditions including persistent poverty, unemployment, and outward migration have exacerbated health care access challenges, leaving rural residents without stable, local health care options. Rural HCOs serve populations that are older, sicker, and poorer than their urban counterparts, yet nearly 40% operate in the negative.[2] Without intervention, further closures are imminent, deepening disparities, and restricting access to care.

Comprehensive technical assistance (TA) is essential to stabilizing and sustaining these HCOs. Beyond financial relief, rural providers need strategic support to identify service gaps, improve financial and operational performance, and enhance care quality. The challenges extend beyond funding. Currently, many HCOs lack the infrastructure, personnel, and expertise to implement best practices and quality improvement initiatives. Workforce and leadership development, care coordination, and service line expansion are critical to strengthening health care delivery. The Center's direct, on-the-ground experience in the Delta Region ensures that the DRCHSD Program continues to drive meaningful change, keeping care available locally and positioning HCOs for long-term success.

Improving Financial and Operational Stability: Rural hospitals, federal community health centers (FQHCs), and rural health clinics face persistent financial and operational challenges that threaten their ability to provide essential health care services.[3] Limited patient volumes, reimbursement constraints, and rising operational costs strain these facilities, making it difficult to sustain services and invest in improvements. Many rural HCOs operate on thin margins, requiring strategic interventions to enhance financial stability and operational efficiency.[4] Strengthening these institutions are critical to ensuring that rural populations have access to necessary care, reducing health differences, and supporting overall community well-being.[5] Without targeted support, these organizations risk closure, exacerbating health care access issues in the region.

According to The Center for Healthcare Quality and Payment Reform (CHQPR), hospitals at the highest risk of closure experience persistent financial losses from patient services

---

[1] Sheps Center. (2022, October 31). *Rural Delta Region Map Tool*. The Cecil G. Sheps Center for Health Services Research. https://www.shepscenter.unc.edu/programs-projects/rural-health/projects/delta-region-map-tool/

[2] *The crisis in Rural Health Care – Saving Rural Hospitals*. – Saving Rural Hospitals. (2025). https://ruralhospitals.chqpr.org/

[3] Pearson, K., Jewell, C., & Gale, J. (2024, February). *Lessons learned from efforts to support critical access hospitals and other rural hospitals*. Flex Monitoring Team. https://tinyurl.com/astn7a2e

[4] Wiggs, Christopher Brian, "Mitigating the Risk of Financial Distress and Closure in Rural Hospitals: A Multiple Case Study" (2020). MUSC Theses and Dissertations. 67.

[5] Mitchell, A., Meller, A., & Nostrant, H. (2023, February). *Center for Medicare and Medicaid Innovation Initiatives to ...* National Rural Health Association. https://tinyurl.com/fmbxmt5r

and have low financial reserves, with insufficient net assets to counter these losses.[6] As of 2021, 50% of rural hospitals were operating with a financial deficit. Hospitals that closed between 2017 and 2020 were unprofitable with poor financial liquidity.[7] Contributing to financial distress are rising expenses, which increased by 17.5% between 2019 and 2022, outpacing the 7.5% increase in Medicare reimbursement rates. Labor costs, which make up about half of hospital budgets, surged by 20.8%, with contract labor expenses increasing by 258%.[8] These rising costs are unsustainable without adequate revenue, which depends on patient volume and the ability to offer profitable service lines.

An example of one type of HCO found in the region, the financial state of Critical Access Hospitals (CAHs) in the Delta highlights the severity of these challenges. Compared to the national median, CAHs in the Delta states have significantly lower cash flow (4.81% vs. 7.26%) and days cash on hand (56.19 vs. 125.8), limiting their financial flexibility and resilience. Their operating margins are also disproportionately lower (7.03% vs. 31.50%), underscoring the financial strain they experience.[9] Additionally, higher uncompensated care rates (4.29% vs. 2.91%) further strain HCO resources, making it difficult to cover costs and reinvest in services.[10] These financial constraints limit the ability of CAHs to expand service lines, invest in workforce development, and implement innovative health care solutions like telehealth, all of which are crucial for improving rural health access.

Through targeted financial and operational assessments, reimbursement evaluations and cash flow management strategies, The Center TA helps rural hospitals and clinics areas to optimize revenue cycles, reduce inefficiencies, and enhance operational stability. Internal Center data on the most recent cohort to finish the program saw total [redacted] and operating margins [redacted] HCOs demonstrated growth in [redacted] and [redacted] services.[11] These improvements highlight the need for financial and operational assessments, action planning, and implementation TA, while also supporting strategic investments in service line enhancements that leverage technology for expanded access and care coordination.

Improving HCO Quality Performance: Quality improvement (QI) is essential for rural HCOs to deliver safe, effective, and patient-centered care despite resource limitations, workforce shortages, and financial constraints. Without a structured QI infrastructure, implementing best practices to improve outcomes, reduce costs, and enhance efficiency remains a challenge. Many hospitals and clinics in the Delta area serve a high percentage of uninsured or underinsured patients who frequently rely on emergency departments for primary care (AR, AL, MS, TN, and MS have higher than national uninsured rates).[12] This overreliance on emergency services leads to increased hospital readmissions and preventable complications. Additionally, rural HCOs

---

[6] Center for Healthcare Quality and Payment Reform. (2024, April). *Rural Hospitals… of closing*. The Crisis in Rural Health Care. https://shorturl.at/6MfE5

[7] Chartis. (2024, February). Unrelenting pressure pushes rural safety net crisis into ... https://shorturl.at/DNPVN

[8] Malone, TL, Pink, G., Thompson, K., & Holmes, G. (2024, April). *Using the Updated Financial Distress Index to Describe…,* NC Rural Health Research Program. https://www.shepscenter.unc.edu/download/27219/

[9] *CAH Financial Indicators Report*. Flex Monitoring. (2024, April). https://tinyurl.com/bdxb6jt4

[10] Ibid.

[11] [redacted]

[12] *Health Data*. County Health Rankings & Roadmaps. (2024). https://shorturl.at/ROJYY

frequently experience care coordination breakdowns, making transitions of care and discharge planning difficult, particularly for patients with chronic conditions.

Rural health care challenges in the Delta Region threaten access to quality care, particularly in areas with severe provider shortages and high rates of chronic disease. Over 66% of all Primary Care Health Provider Shortage Areas (HPSAs) are in rural communities, and by 2025, these areas are projected to face a deficit of more than 20,000 primary care physicians, further straining already limited resources.[13] The prevalence of chronic conditions such as hypertension, obesity, and diabetes remain disproportionately high, leading to increased hospitalizations and long-term health complications.[14] Behavioral health services are also critically lacking, leaving many rural residents without access to licensed providers, contributing to higher suicide rates and untreated mental illness.[15]

Given these disparities, Delta HCOs require robust QI assessments to identify improvement areas and implement best practices that address these outsized needs. HCOs in the [redacted] DRCHSD cohort have demonstrated ongoing challenges in discharge planning, with readmission rates consistent with the national average of [redacted], reinforcing the need for structured follow-up and care transitions. While [redacted] of HCOs improved their overall HCAHPS scores, gains averaged just 1 percentage point, signaling opportunities for further progress in patient-centered care. Nurse-patient communication remains a key area for improvement, with two hospitals increasing their "Nurses Always Communicated Well" scores by [redacted] percentage points, reaching [redacted] respectively.

Emergency department (ED) efficiency and clinical documentation are additional priority need areas for Delta HCOs. While ED Door to Discharge tracking has begun, one hospital reported [redacted], with others seeing slight increases but remaining comparable to peers. Strong program engagement has led [redacted] of participating HCOs to focus on improving quality tracking, particularly in readmission reduction, discharge follow-ups, and documentation accuracy. The Center's [redacted] revealed that [redacted] of executive leaders felt DRCHSD helped improve overall [redacted], while [redacted] it better prepared their organizations to address community health concerns. These findings underscore the need for targeted interventions, performance measurement systems, and the integration of best practices.

The Center's approach to QI assessment provides structured support to address these challenges. Through data analytics and best-practice recommendations, its TA services equip Delta HCOs with the tools needed to enhance patient care, strengthen financial sustainability, and thrive in a value-based health care environment.

Action Planning and Implementation: Many rural health care organizations (HCOs) struggle to move from assessment to action due to limited staff, expertise, and financial resources.[16] While assessments provide valuable insights into operational, financial, and clinical improvement opportunities, HCOs do not have the capacity or know where to begin to translate these findings into tangible improvements. Without structured implementation planning, best practice recommendations remain theoretical rather than actionable. Rural Healthcare

---

[13] *Healthcare access in rural communities Overview - Rural Health Information Hub*. https://shorturl.at/vYcKW

[14] Centers for Disease Control and Prevention. (n.d.). About Rural Health. https://shorturl.at/yBnZt

[15] Callaghan, T., Kassabian, M., et al. (2023). Rural healthy people 2030: New Decade, new challenges. *Preventive Medicine Reports*, *33*, 102176. https://doi.org/10.1016/j.pmedr.2023.102176

[16] Sheps Center. (2022, October 31). *Rural Delta Region Map Tool*. The Cecil G. Sheps Center for Health Services Research. https://shorturl.at/jIvoO

Organization Technical Experts (RHTEs) help bridge this gap by providing industry expertise, strategic guidance, and hands-on support to operationalize change. Their assistance ensures that HCOs can prioritize clinical service expansion, maintain local health care access, and strengthen financial and operational performance, which are all critical to long-term sustainability.

Many Delta Region HCOs do not have the internal project management expertise necessary to oversee multi-faceted improvement efforts, leading to fragmented or incomplete execution of necessary changes. Without professional guidance and follow up, organizations struggle to sustain initiatives, measure progress, and adapt to evolving health care demands. Based on the [redacted] DRCHSD cohort to complete program participation, [redacted] of HCOs that demonstrated high engagement in structured TA produced [redacted], reinforcing the need for expert-led implementation strategies.[17] The Center and RHTEs provide analytical and applied expertise, helping organizations identify key areas for service expansion, enhance patient care, and stabilize financial performance while ensuring alignment with local health care needs.

Expanding Community Engagement: Many rural HCOs in the Delta Region struggle with effective community engagement due to inadequate marketing, communication, and resources. Public perception of health care organizations is often shaped by accessibility, responsiveness, and visibility, all of which require deliberate outreach and collaboration strategies.[18] Without these efforts, rural residents may bypass local care options, worsening financial strain on HCOs and leading to further service reductions. Patients often choose hospitals with higher Hospital Consumer Assessment of Healthcare Providers (HCAHPS) Quality Star Ratings over their local facilities. Eighty-eight percent of Medicare beneficiaries near lower-rated facilities bypassed them for higher-rated hospitals, while only 6% near higher-rated facilities bypassed to lower-rated ones. Rural hospitals with lower patient recommendation scores experience higher bypass rates.[19]

HCOs need structured guidance to build sustainable community partnerships during and beyond program participation. Many HCOs lack internal expertise to establish strong collaborations, leading to disconnected care networks and inefficient resource use. Support is essential for engaging local leaders, agencies, and health care providers, assessing community health needs, and aligning services to improve care transitions. The Center addresses these gaps by embedding financial and training support for a Community Champion to drive local engagement and best-practice implementation. In [redacted], [redacted] of HCOs developed at least [redacted] through this approach.[20] The Center's TA provides step-by-step support in partner engagement, community needs assessment, and sustainability planning, equipping HCOs with the tools to enhance care coordination, improve access, and strengthen rural health care delivery.

Investments in Software and Equipment: Once assessments and action planning are complete, HCOs often do not have funds needed to bring the technology of their priorities to fruition. The Center's TA directly addresses these needs by allocating up to 20% or $2,000,000 of the annual

---

[17] National Rural Health Resource Center. (2024).

[18] Lefmann, T., Snell, S, et al. (2022). Bridging the Divide: Connecting Urban and Rural Care Through the Right! From the Start Initiative. *Journal of Rural Social Sciences*, *37*(3).

[19] Ibid.

[20] National Rural Health Resource Center. (2024).

DRCHSD budget towards support of software, equipment and related supply purchases necessary to implement best practices outlined in action plans. More than [redacted] has been invested in [redacted] to expand access to care in Delta communities. HCOs work closely with their RHTE and The Center's DRCHSD team to ensure that these purchases align with program objectives and drive meaningful and lasting improvements.

HCOs may also face pressing [redacted] that cannot be adequately addressed without investments in updated software and equipment. Ensuring the [redacted] and [redacted] is critical to maintaining operations, yet many organizations operate on outdated systems.[21]

There is also a critical need for assistance in identifying and leveraging additional HCO funding and TA sources, such as Delta Health Systems Improvement Program (DSIP), Flex Program, and the Small Rural Hospital Improvement Program (SHIP) program and the United States Department of Agriculture to supplement action plans. Many HCOs do not have the resources to navigate complex funding opportunities that could support their long-term sustainability. Without structured guidance, they risk missing out on financial support that could help strengthen their service offerings and operational capacity.

Addressing Workforce Shortages and Leadership Training: Rural HCOs in the Delta Region are facing significant workforce and leadership challenges that directly impact their ability to deliver high-quality care and sustain operations.[22] [23] The national health care workforce shortage is felt more acutely in rural areas, where aging populations and shifting community health needs increase demand for services. The Delta Region's primary care provider shortage is among the worst in the U.S., with some Delta counties exceeding a 3,500:1 population-to-provider ratio, far above the national average of 1,631:1, and only 52 primary care physicians per 100,000 residents, compared to the national rate of 94 per 100,000.[24] HCOs often struggle to recruit and retain the workforce necessary to meet these needs, leading to service reductions, provider burnout, and gaps in care. Turnover and burnout, though lower than peak pandemic levels, continue to exacerbate staffing shortages, particularly as workforce constraints contribute to increased clinician stress and poorer patient outcomes. These challenges are compounded by rising operational costs, limited access to financial resources, and increased demand for specialized care, making it even more difficult for rural HCOs to attract and retain staff.

Beyond workforce shortages, HCO leaders must be equipped to support their management teams and staff effectively. Leadership training and strategic workforce development are essential for enhancing recruitment, retention, and employee engagement. Internal Center data indicates that [redacted] organizations from DRCHSD cohorts [redacted] initiated or completed an Employee Engagement Assessment (EEA), [redacted] routinely conduct their own assessments. This gap underscores the need for leadership training to build internal capacity for workforce evaluation and retention strategies, especially as rural HCOs face persistent provider shortages and high staff turnover that threaten long-term sustainability. A recent study reveals that, while 80.9% of health care leaders reported satisfaction in their roles, nearly half (i.e., 49.8%) planned to leave their administrative positions

---

[21] Hospital cyber resiliency initiative landscape analysis. (n.d.). https://shorturl.at/P2aM2

[22] Mirvis, David & Steinberg, Stephanie & Brown, Lovetta. Health Improvement in the Lower Mississippi Region

[23] Beaulieu, B., & Littles, M. (2008). *A Look at the Mid-South Delta Region: A Glimpse of Its Assets, Socioeconomic Complexion, and Emerging Opportunities*.

[24] *Primary Care Health Professional Shortage Areas (hpsas)*. KFF. (2025, February).

within two years, and 40.2% exhibited symptoms of burnout. Without targeted leadership development, HCOs face high turnover rates, operational inefficiencies, and a reduced ability to address workforce shortages, jeopardizing their capacity to meet the evolving health care needs of their communities.[25]

Addressing these workforce and leadership gaps are essential to achieving the objectives of the DRCHSD program, which aims to strengthen health care delivery in rural Delta communities by improving financial and operational performance and enhancing the quality of care. Workforce shortages directly impact an HCO's ability to implement best practice recommendations and service line enhancements, making sustained leadership development essential for long-term success. The Center's TA provides structured training through peer-sharing Summits, coaching calls, bootcamps, and educational webinars, equipping rural HCOs with the tools needed to build a stable workforce and maintain high-quality care. In FY 2023, the return on community investment for DRCHSD educational services was estimated at $3.10 for every $1 invested by FORHP,[26] demonstrating the value of sustained workforce and leadership development in strengthening organizational capacity and ensuring the successful implementation of action plans.

Addressing these challenges requires a sustained, multi-year, strategic approach that equips rural HCOs with the resources, training, and support needed to strengthen financial and operational performance while ensuring quality care remains available locally. The Center's deep-rooted experience in the Delta Region, its robust evaluation techniques and data, and proven track record in delivering tailored TA uniquely position it to continue driving meaningful, long-term improvements that stabilize HCOs and enhance health care access for the communities they serve.

[25] Sullivan, E. E., Stephenson, et al. (2024). Workplace factors related to health care leader well-being in rural settings. *The Journal of Rural Health*, *41*(1). https://doi.org/10.1111/jrh.12863
[26] National Rural Health Resource Center. (2024).