



ADVANCING RURAL HEALTH

**ILLINOIS SMALL AND
RURAL HOSPITALS**

86

SMALL
AND RURAL
HOSPITALS

38%

OF ALL
ILLINOIS
HOSPITALS

**\$16
BILLION**

ANNUAL
ECONOMIC
IMPACT

More than **1.6 million** Illinois residents, or **12.8%** of our state's population, live in rural areas. They not only depend on their community hospital for local access to high-quality, affordable and equitable healthcare, but often as the primary source of good-paying jobs in their region. Rural communities depend on their local hospital to drive economic development, support neighborhood revitalization and attract new business.

As strong community and economic anchors, Illinois' **86** small and rural hospitals—which make up **38%** of our state's hospitals—are intricately interwoven into the daily tapestry of their communities and have distinct characteristics from their urban peers.

LEARN MORE 

SPECIAL FOCUS:
**RECRUITING AND RETAINING
A RURAL WORKFORCE**



Illinois Health and Hospital Association

SMALL & RURAL HOSPITALS ENSURE LOCAL ACCESS TO HIGH-QUALITY, AFFORDABLE HEALTHCARE

Illinois has **86** small and rural hospitals that make up **38%** of our state's hospitals

SNAPSHOT



97.6%
FEWER THAN
150 BEDS



72.1%
LOCATED IN
RURAL AREAS



98.8%
GENERAL
ACUTE, SHORT-
TERM CARE



76.7%
NON-PROFIT



29.4%
OPERATE ON
NEGATIVE
OR THIN
MARGINS

Small and rural hospitals account for a significant portion of hospital utilization:



OUTPATIENT VISITS: 22%



BEDS: 12.3%



ADMISSIONS: 10.6%



INPATIENT DAYS: 9.3%

WHY THIS MATTERS

Small and rural hospitals are indispensable to the health and well-being of their communities. They ensure that rural residents have access to essential medical services, reduce the strain of travel for healthcare and support the local economy and social fabric. Their presence is crucial for maintaining public health, particularly in geographically isolated areas.

CRITICAL ACCESS AND TWEENER HOSPITALS ARE VITAL SUBSETS

55 of Illinois' **86** small and rural hospitals are federally designated as **Critical Access Hospitals (CAHs)**

CRITICALLY LOCATED

Located in **48** of the state's **102** counties

CRITICAL PRESENCE

64% of small and rural hospitals are CAHs

CAHs have **25 or fewer acute care inpatient beds**, and an average length of stay of **no more than 96 hours**.

TWEENER HOSPITALS

Tweener hospitals fall in a gray area of hospital designations. Tweeners are hospitals too large to be considered CAHs and too small to thrive under the Medicare hospital prospective payment system.

Illinois has **31** tweener hospitals, representing **13.8%** of all Illinois hospitals.



93.6%
HAVE FEWER THAN 150 BEDS



96.8%
ARE GENERAL ACUTE CARE HOSPITALS



87.1%
ARE NON-PROFIT



64.5%
ARE LOCATED IN RURAL AREAS

TWEENER HOSPITALS ARE DEPENDENT ON STATE AND FEDERAL FUNDING

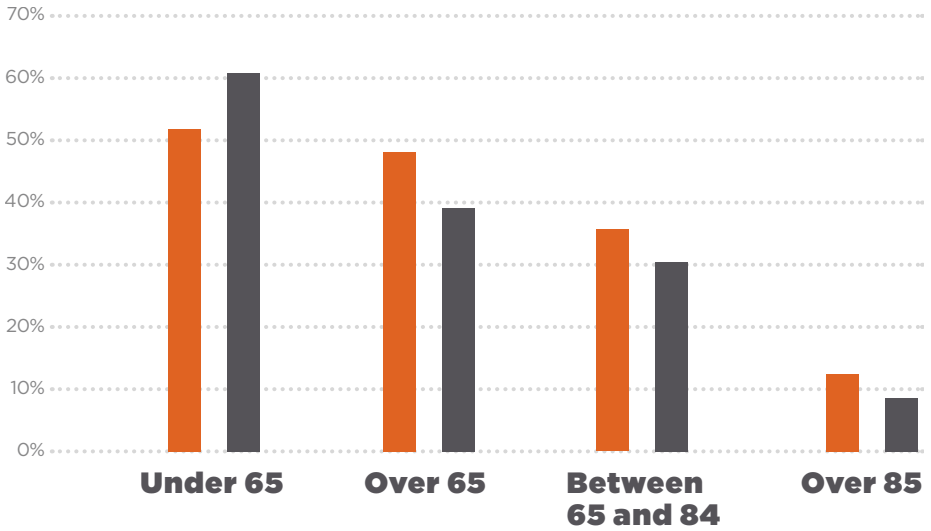
Medicare and Medicaid are the primary payers for **73.1%** of patients admitted to these hospitals and for **61.5%** of Tweener outpatients.

Sources: IDPH Annual Hospital Questionnaire, 2022

SMALL & RURAL HOSPITALS TREAT A LARGER PROPORTION OF OLDER PATIENTS

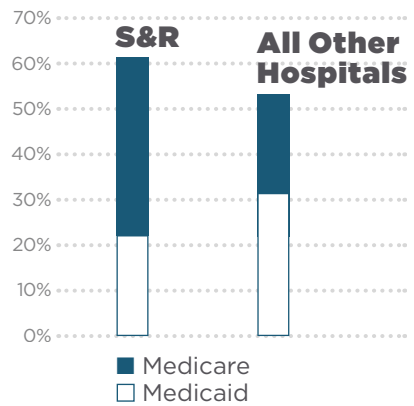
Patients by Age

■ Rural Hospitals ■ All Other Hospitals



Small and rural hospitals are dependent on state and federal funding: Medicare and Medicaid are the primary payers for **73.7%** of patients admitted to these hospitals and for **61.1%** of small and rural outpatients.

Small and Rural Hospitals Rely More on Government Payers*



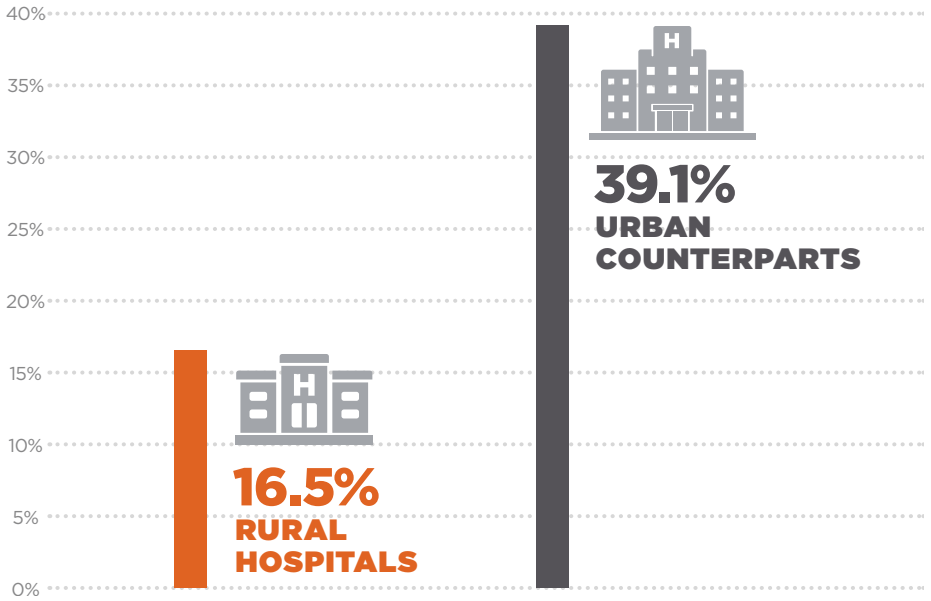
* Includes both inpatients and outpatients.

WHY THIS MATTERS

Small and rural hospitals' reliance on Medicare and Medicaid, coupled with lower reimbursement rates, makes them financially vulnerable. This vulnerability necessitates careful consideration in policymaking to ensure these hospitals can continue to provide essential services to rural populations.

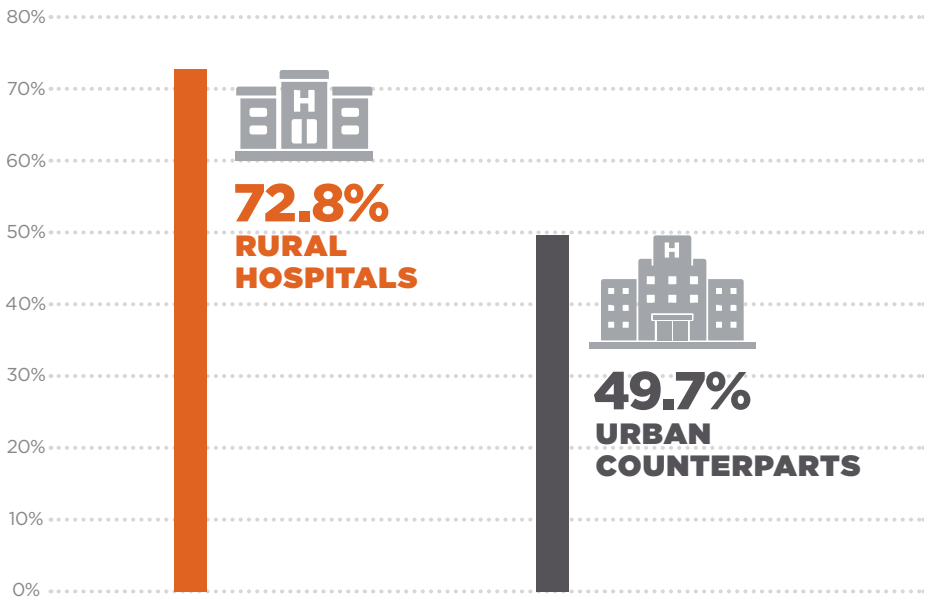
SMALL & RURAL HOSPITALS PROVIDE MORE OUTPATIENT CARE THAN THEIR URBAN PEERS

Inpatient Admissions for Every 1,000 Outpatient Visits (2022)



In 2022, **88.4%** of all surgeries in small and rural hospitals were performed on an outpatient basis.

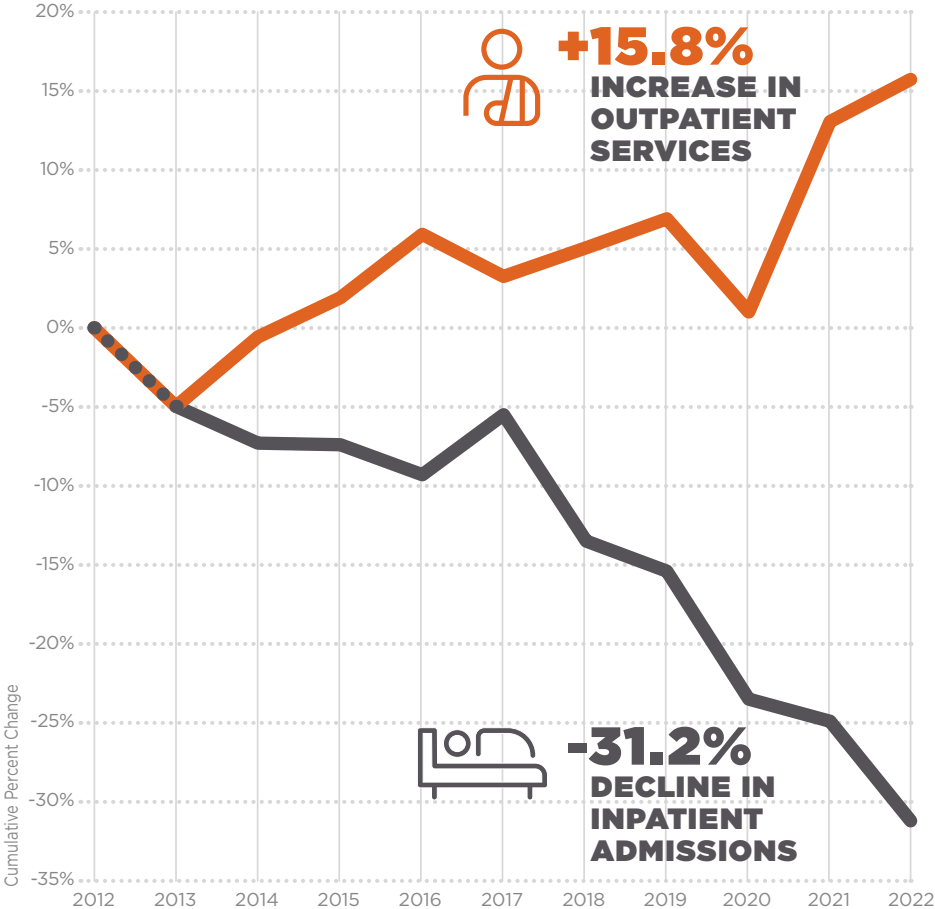
Net Revenue from Outpatient Services



OUTPATIENT CARE CONTINUED

Small and rural hospitals have experienced significantly higher growth in outpatient visits than other hospitals. Outpatient services increased 15.8% since 2012 while inpatient admissions to small and rural hospitals declined by 31.2% since 2012.

Inpatient Decline Compared to Outpatient Growth



WHY THIS MATTERS

Changes in healthcare delivery can significantly impact hospitals with low patient volumes, as they often lack the financial flexibility to quickly adapt to new models of care. Policymakers must consider comprehensive strategies to maintain the viability of outpatient care and other essential services, especially when taking into account the overall shift of many services out of the acute care, inpatient setting.

SMALL & RURAL HOSPITALS ARE POWERFUL ECONOMIC ENGINES FOR WORKING FAMILIES & LOCAL COMMUNITIES



\$16 BILLION
TOTAL ECONOMIC IMPACT

PAYROLL	GOODS & SERVICES	CAPITAL
\$3.1B Direct	\$3.2B Direct	\$480M Direct
\$4.2B Indirect	\$4.3B Indirect	\$652M Indirect
\$7.3B Total	\$7.5B Total	\$1.1B Total



72,661
JOBS IMPACT

DIRECT	INDIRECT
30,963	41,698



16%
OF THE
STATE'S
HOSPITAL
WORKFORCE

Each year Illinois' small and rural hospitals pump \$3.1 billion into the state and local economies in the form of employee salaries and benefits. These salaries are then spent within their communities, generating an additional \$4.2 billion in economic activity and 41,698 jobs in industries that support hospitals and their employees.

Small and rural hospitals also spend \$3.2 billion on goods and services annually. This leads to more spending within the state and local economies, generating an additional \$4.3 billion in economic activity.

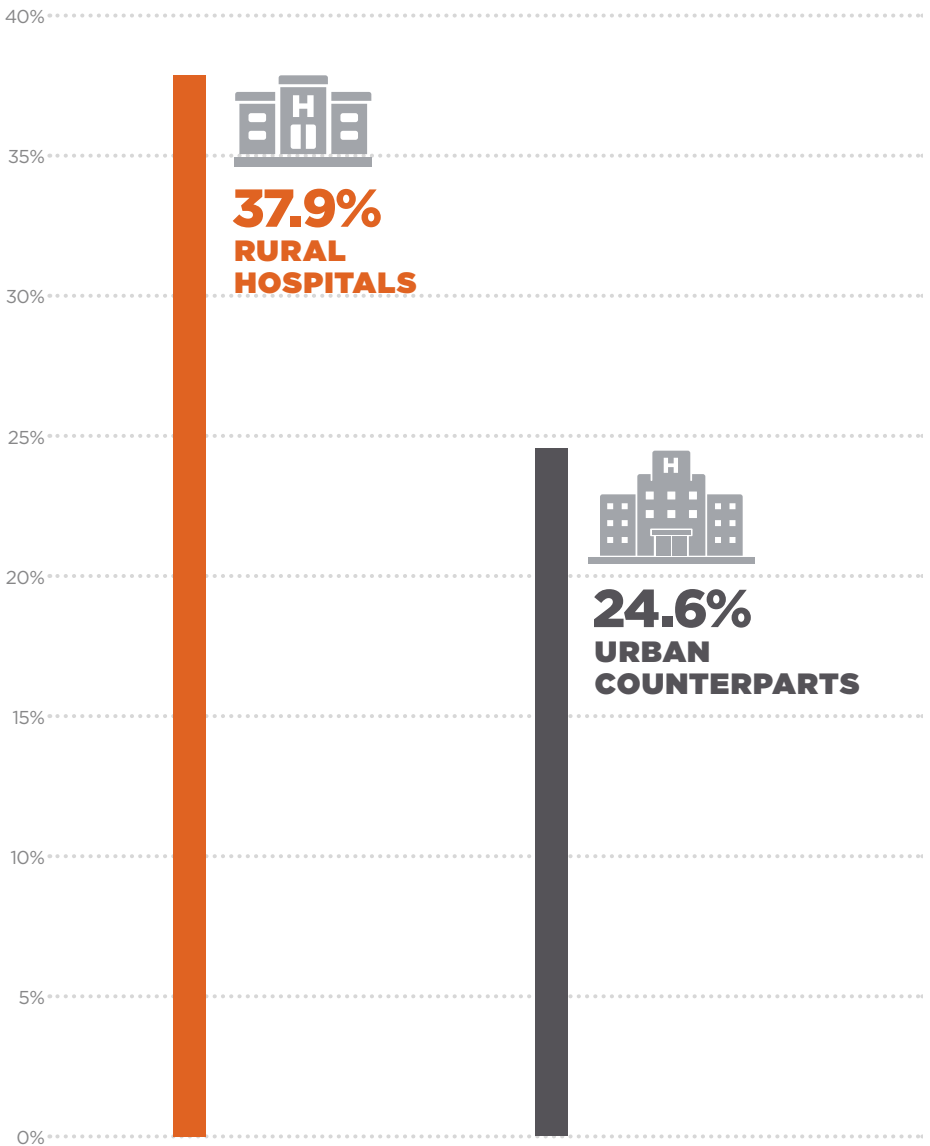
Total economic impact includes direct spending and the ripple effect of that spending with the local economy. Indirect impacts are calculated by using a modeling system developed by the US Bureau of Economic Analysis (BEA). BEA multipliers are applied to Medicare cost report data on jobs and spending to obtain the ripple effect of jobs and spending throughout the economy.

Source: IHA Economic Impact Report, 2024

SMALL & RURAL HOSPITALS PROVIDE MORE LONG-TERM CARE THAN URBAN PEERS

Small and rural hospitals often provide a significant amount of long-term care, substantially more than their urban counterparts. This difference underscores the crucial role these hospitals play in their communities, particularly in providing continuous care for chronic conditions and elderly patients. In small and rural hospitals offering this service, 37.9% of inpatient days take place in the long-term care setting, compared to 24.6% in all other hospitals.

Long-Term Care



Source: AHA/Health Forum Annual Survey of Hospitals, 2022

SMALL & RURAL HOSPITALS FACE CRITICAL WORKFORCE SHORTAGES

Primary Care Physicians

88.2% of small and rural hospitals are in areas designated as **Health Professional Shortage Areas (HPSAs)*** for primary care physicians.

Mental Health Professionals

96.5% are in areas designated as **HPSAs for mental health professionals.**

Medically Underserved Areas

43.5% are in **Medically Underserved Areas (MUAs)**.**

***Health Professional Shortage Areas (HPSAs)** are designated by the Health Resources and Services Administration (HRSA) as having shortages of primary medical care, dental or mental health providers and may be geographic (e.g., a county or service area), population (e.g., low income or Medicaid eligible) or facilities (e.g., federally qualified health center or other state or federal prisons.)

****Medically Underserved Areas (MUAs)/populations** are areas or populations designated by HRSA as having too few primary care providers, high infant mortality, high poverty or a high elderly population.

Rural Counties Face Physician Shortages

Location	# of Counties	Primary Care Physicians per 100,000	Psychiatrists per 100,000
Total	102	79.7	10.9
Rural	65	50.2	1.9

SPECIAL FOCUS: RECRUITING AND RETAINING A RURAL WORKFORCE

Recruiting and Retaining a Rural Workforce at KSB Hospital

At Katherine Shaw Bethea Hospital (KSB) in Dixon, a focus on workforce engagement and retention starts at the top. Leaders participate in rounding regularly, engaging their teams on what's working well and areas for improvement toward solving one of the top issues in healthcare: building a vibrant workforce in the face of talent shortages and hyper-competitive environments. Leaders also discuss how they can best support their teams in meeting workforce goals.

KSB's approach to staffing goes beyond leadership, though. The rural health system has adopted a holistic approach with three key strategies—alignment, pipeline programs, and transparency and personal touch—that has led to a nearly 50% reduction in the vacancy rate between KSB's 2022 and 2023 fiscal years.

Here's a look at each strategy, based on best practices, which has aided KSB in making a meaningful impact in recruiting and retaining talent to provide excellence in care for patients.

Alignment: Strong relationships between recruitment teams and function leaders are critical to maximizing effectiveness. KSB created a NERD Committee—Nursing Engagement, Recruitment, and Development—

with key players in nursing and human resources. The NERD Committee regularly:

- ▶ Reviews plans for recruitment
- ▶ Builds pipeline programs
- ▶ Acts on feedback from the front line
- ▶ Prepares for the future by maximizing talent

As part of this strategy, KSB's talent manager meets regularly with hiring managers to gain a deep understanding of each role and the success profile for internal and external candidates.

Pipeline Programs: Situated in a rural area with a smaller talent pool, KSB places a strong focus on building talent from within the community.

The Nurse Externship program has seen 90% of participants return as full-time team members after graduation.

According to KSB, supporting certified nursing assistant team members in pursuit of their nursing degree has paid big dividends. In addition, KSB provides financial support across disciplines so staff can develop and pursue advanced education. That support is tied to retention commitments, which benefit the team member and organization.

Transparency and Personal

Touch: Top talent has options in a competitive hiring environment, making it essential to move faster and with fewer roadblocks than the competition. For its job postings, KSB provides “pay transparency” by including pay ranges to remove wasted time in the process when there is a misalignment of compensation expectations. Other actions include:

- ▶ A simplified job application process to reduce candidate drop-off
- ▶ An interview process focused on making the best decisions

- ▶ Speed from when the candidate applies to when that candidate receives a job offer
- ▶ Acting quickly when the process identifies a great candidate—often extending an offer at the end of the candidate’s interview day

Adopting these strategies has positioned KSB to continue to recruit and retain a talented workforce that meets patient needs. KSB’s decades-old tagline, “It’s the People,” applies to both team members and the patients they serve.

OSF HealthCare Innovates to Solve Workforce Shortages



How do you solve today’s toughest healthcare challenges? You innovate. That’s the approach OSF HealthCare Saint Luke Medical Center in Kewanee took in 2023. With staffing shortages a persistent concern in healthcare, the hospital asked its Mission Partners to come up with new ideas around rural recruitment.

The effort was part of a Trailblazer Challenge, which generated 25 ideas, mostly from

Mission Partners on healthcare’s front lines. OSF HealthCare leadership and the Jump Trading Simulation & Education Center supported their partners by providing the tools needed to turn innovative ideas into viable solutions.

OSF Saint Luke chose five concepts centered on developing a local talent pipeline to move forward.



PROJECT 1: Camp Med

Focusing on students entering grades 8-10, this five-day camp introduces professions in rural healthcare. The camp provides education and hands-on activities so the students could experience a wide range of careers in healthcare delivery.

“I believe that our youth is our future,” said Volunteer Services Supervisor Brenda Streit. “This camp will give us a chance to demonstrate our culture of compassion to students and illustrate the benefits of working in a rural hospital.”

PROJECT 2: No Degree? No Problem!

This project will develop marketing materials to educate the community on employment opportunities that don’t require a college degree, but will still allow them to build a career path within OSF HealthCare.

“In 2020, 24% of Henry County high school graduates did not enroll in a two- or four-year college program within 12 months of graduation,” said Rehabilitation Services Supervisor Breanne Cinnamon. “That means there’s a large population of individuals entering the workforce who don’t have a college degree and are looking for a stable job with good benefits.”

PROJECT 3: Student Volunteers and Hospital Helpers

To help older students explore healthcare careers, an established volunteer program will expand into an on-site, unpaid internship for local students. The internships will be offered in four categories: clinical, technical, service-oriented or business administration.



PROJECT 4: OSF in the Classroom

Students of all ages will learn about different aspects of healthcare, leveraging digital tools, healthcare-themed toys and other materials in schools. Lessons will cover topics such as what occurs during a primary care appointment and how the emergency department functions.

“My goal with this program is to show kids what it’s like to be a patient,” said Public Relations and Communications Coordinator Sam Rux. “But at the same time, they are learning what it means to be a clinician or a caretaker in each of those departments.”

PROJECT 5: A Day in the Life of a Mission Partner

This project will offer insight into the daily life of various healthcare professionals, with video and podcast content featured on the OSF Careers webpage, shared on social media, and used in area schools and career events.

‘Growing Our Own’ Staff at Memorial Hospital and Hancock County Senior and Childcare Services

After 20 years as a caregiver, raising four children of her own and caring for many others, Stacie McKay decided to turn



Stacie McKay

an idea that had been floating in her mind for years into reality. She would become a nurse.

“I made the decision to enroll but still had reservations about how I was going to be able to be financially secure while being successful as a student,” said McKay, the inpatient unit secretary at Memorial Hospital in Carthage. “I addressed my concerns with colleagues and that is when I learned about the Grow Our Own fund.”

At the Critical Access Hospital, “growing our own” is a way a life.

It’s also a way to address one of the biggest issues before hospital leaders: staffing shortages. McKay is one of several Memorial team members who’ve benefited from the program.

“I am blessed to have a supportive family but without financial help, I would not be able to pursue my dream career,” she said. “When I come to work, I feel like I have my very own cheering squad. I can’t wait to learn from my colleagues this summer as an Intern and work beside them in the future as a nurse!”

To build up the program, in 2022 the Memorial Hospital

Foundation launched a Grow Our Own Scholarship Campaign to provide the financial support that staff need to pursue their dreams.

The program, with over \$300,000 raised for the fund so far, has been warmly received by both recipients and supporters.



Raigan Brown (right) receives CEO Certification

Just like McKay, Chief Nursing Officer Raigan Brown had an itch to grow in her career: “After having a couple of great mentors within the organization, my love turned to leadership. My role soon evolved from staff nursing, to clinic nursing management, to the inpatient and emergency department director, and now to chief nursing officer.”

Because of Grow Our Own, Brown was able to get her Master of Health Administration and CEO Certification from the National Rural Health Association.

“These educational opportunities have provided me with the knowledge to help ensure that patients receive outstanding care within our organization,”

she said. “I want to ensure that my passion for rural health and the education I have

received will continue to help Memorial Hospital thrive as an organization.”

Rochelle Community Hospital: Multiple Strategies to Grow Its Workforce

Teamwork is an essential part of being an employee at Rochelle Community Hospital. Its strategic plan relies on teamwork and utilizing the skills and creativity of managers to promote improved health services for patients, said hospital CEO Karen Tracy in a recent community newsletter.

“Our employees are our greatest assets,” said Tracy, who had been part of Rochelle’s administrative team for 20 years before rising to CEO in 2023. “We have had a philosophy for a long time that we hire for fit. It’s important for us to have all staff working together for a common goal—to promote health and wellness in our community.”

As staffing shortages have affected all hospitals, Rochelle Community Hospital has implemented several strategies to increase its rural healthcare workforce. They include:

- ▶ Internships
- ▶ Job shadowing
- ▶ Promoting internal health careers
- ▶ Leadership development institutes

- ▶ Staff development institutes
- ▶ School tours
- ▶ Ongoing college affiliations
- ▶ Department panel presentations at schools
- ▶ Partnering with local high schools and colleges to promote career pathways
- ▶ Creating an endowment fund from its foundation to advance healthcare careers
- ▶ Providing training and conference opportunities through IHA and the Illinois Critical Access Hospital Network

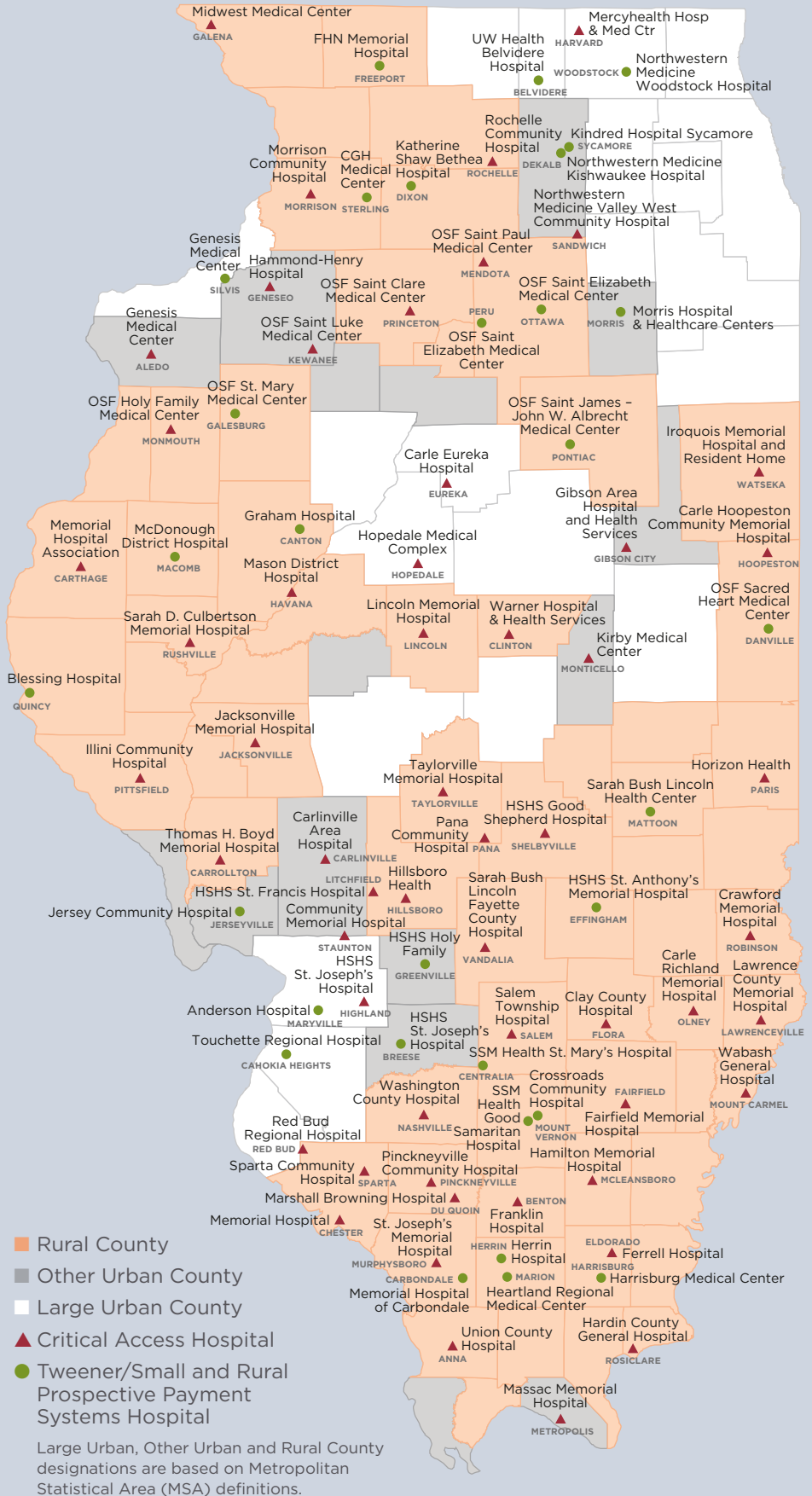
An image from the hospital depicts these strategies as part of a tree with its roots connected to the hospital and core hospital values of commitment and leadership, excellence, ownership and innovation, communication, and professionalism and teamwork.

As CEO, Tracy noted her goals include more face time in the departments and in front of staff, employee forums with senior leaders spending time in different departments and continued recruitment of primary care physicians for its clinic.



To read more stories describing how Illinois small and rural hospitals are developing innovative strategies to recruit and retain a rural workforce, scan the code or visit tinyurl.com/smallruralbackgrounder24

ILLINOIS' 86 SMALL AND RURAL HOSPITALS



Small and rural hospitals continue to work hard to transform healthcare in their communities. By providing essential services and spearheading innovative approaches designed to meet the needs of Illinois' rural residents, they are producing positive results for their patients and the surrounding region. Our state's small and rural hospitals—and the individuals and communities they serve—**need your support.**

Visit **team-IHA.org**

Naperville
Springfield
Chicago

TEAM-IHA.ORG



Illinois Health and Hospital Association

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