



MEDITECH

eBOOK

**What Rural
Healthcare
Leaders Need
Now to Combat
Financial Strain**

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The Rural Healthcare Landscape

Rural healthcare organizations are currently navigating a perfect storm of challenges. They serve populations that are disproportionately older and more chronically ill, while managing a higher volume of underinsured or uninsured patients. These stressors are compounded by the same workforce shortages facing their urban counterparts.

The introduction of H.R.1, the **One Big Beautiful Bill Act (OBBBA)**, has introduced a new layer of consternation. At MEDITECH, we have assembled a dedicated task force to analyze how these legislative shifts — including changes to reimbursement, Medicare and Medicaid enrollment requirements, and provider tax restrictions — impact our rural and community partners.



Financial Reality

According to the Advisory Board, the median margin for rural healthcare organizations is less than 1%-.09% compared to 7.5% for urban systems. Moreover, a Chartis study revealed that 50% of rural hospitals in the U.S. are now operating at a financial loss.

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The Crossroads — Independence vs. Consolidation

Today, healthcare is at a crossroads. We can either support strong, independent, community-owned organizations or allow them to be forced into mergers with larger urban systems. While market leaders often claim consolidation increases efficiency and lowers costs, data suggests the opposite for patients.

- **Higher Costs:** A 2025 Health Affairs study found hospital mergers lead to price increases of 20% to 30% for patients.
- **Service Line Closures:** Nearly 60% of merged rural hospitals see a reduction in services within five years. Maternal, neonatal, and surgical care are the primary targets, creating "maternity and surgical deserts".
- **Lower Quality:** Research shows no improvement in 30-day readmission or mortality rates post-acquisition, and patient experience often declines as communication with staff worsens.

Take a Deeper Dive



Higher Costs

A 2025 study from the *Health Affairs* journal found that hospital mergers typically lead to a price increase of 20 to 30 percent for patients — reducing affordability and accessibility to necessary care. According to a 2024 study published in the *Journal of the American College of Surgeons* (JACS), mergers and acquisitions of U.S. hospitals and health systems rarely improve the quality of care delivered or result in lower healthcare costs and prices. Another 2024 study conducted by researchers at Harvard University, Yale University, and the University of Wisconsin-Madison found that **mergers in rural regions and areas with lower incomes and higher rates of poverty generated larger average price increases.**



Service Line Closures

In addition to higher costs, hospital mergers between urban and rural healthcare organizations frequently result in a reduction in services and the closure of critical service lines in rural communities. Data from the Ohio University College of Health Sciences indicates that **nearly 60% of rural hospitals that merged experienced a reduction in their services within five years post-merger.** Maternal, neonatal, and surgical care services were the biggest targets for elimination after rural hospitals were acquired, according to a *Health Affairs* analysis. Healthcare leaders refer to small communities with reduced services as maternity and surgical deserts. This means patients in rural communities must travel long distances to receive care outside of their communities, a particularly problematic situation when labor & delivery (L&D) units close.

Take a Deeper Dive



Lower Quality

A 2020 study in the **New England Journal of Medicine** found that, in the three years after a hospital was acquired, there was no improvement in patient outcomes, including 30-day readmission and mortality rates. The authors also found that patient experience of care worsened after a merger, with patients reporting they were less likely to recommend the hospital, and physician and nurse communication was worse. A more recent study in the **Journal of the American College of Surgeons** showed decreased quality or no change following a hospital merger or acquisition, suggesting that merged hospitals may prioritize financial performance and administrative efficiency over patient care, leading to a decline in qualitative metrics such as patient satisfaction and care coordination.

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The Incalculable Value of Local Care

The loss experienced when rural hospitals surrender their autonomy goes beyond quantifiable metrics. These organizations are a pillar of their communities' identity.

- **Trust and Engagement:** In an era of eroded trust in medicine, patients are more likely to engage with local providers they know and value.
- **National Interest:** A robust rural healthcare system keeps the entire national healthcare infrastructure strong.
- **Vendor Choice:** Just as we are wary of provider consolidation, we must avoid technology vendor consolidation. Competition among EHR vendors and AI developers is essential to drive innovation and lower costs.

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What rural healthcare leaders need is choice.

Choices in technology vendors. Choices that make sense for their communities. Choices that allow them to maintain their independence and control their own destiny.

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The Pillars of Sustainability

To thrive in a post-OBBBA environment, rural healthcare needs three key ingredients:

- 1. Fair Distribution of Resources:** RHTP funds must be distributed through a transparent process based on merit and community need, not political or cultural considerations.
- 2. Genuine Interoperability:** A commitment to the seamless data sharing ecosystem established by TEFCA. This requires an end to information blocking and strict enforcement of the Common Agreement.
- 3. Tailored Technology:** Rural providers deserve full-fledged EHR solutions— not "lite" versions — that are easy to implement and use with limited resources.





Resources for Success

How MEDITECH Helps

MEDITECH has continued to push to make interoperable healthcare data more accessible, meaningful, and usable.

One of the guiding principles in the development of our Traverse Exchange data sharing network was to ensure that smaller independent community and rural healthcare providers had a level playing field, with access to the same data and resources as their peers at larger organizations. After all, the data belongs to the patient and should travel with them, without friction, wherever they receive care.

Our commitment to rural and small community healthcare remains strong. We still produce solutions for the smallest rural and community hospitals and health systems. Solutions that are not scaled back versions of our EHR, but the same EHR that's used in large, urban health systems — offered via pricing models that allow them to maintain their long-term sustainability without cannibalizing their margins and impacting care.

What rural healthcare leaders need is choice. Choices in technology vendors. Choices that make sense for their communities. Choices that allow them to maintain their independence and control their own destiny. What they don't need is more pressure to merge.

Strengthening these organizations keeps care local, communities strong, and patients healthier. Pushing them to merge with larger, urban health systems — either through action or inaction — will result in diminished services, higher costs, less personalized care, and poorer health outcomes.

In the end, no matter how RHTP funds are allocated, rural healthcare organizations will face long-term challenges from changes made under the OBBBA. Regardless, MEDITECH has always stood by these vital members of the healthcare community — **and we'll be with them for the long term.**

Voices of Rural Healthcare



“MEDITECH offered state-of-the-art software with an affordable price tag, which is essential for us to remain independent. MaaS has given us the flexibility to customize our software to meet the unique needs of our rural environment across all care settings.”

Jessica Camacho, MBA

Business Office Director
Roosevelt General Hospital and Clinics



“In our region, transportation could require a plane, boat or even intervention from the U.S. Coast Guard to provide medical support for patients. The innovative use of our new EHR is helping us overcome these challenges.”

Dr. Cate Buley

Senior VP and Chief Medical Officer
SouthEast Alaska Regional Health Consortium (SEARHC)



“Rural Hospitals are the heartbeat of their communities. At Newman Regional Health, we are proud to take on that responsibility every day. By listening to our patients and responding to their needs, we are building a healthier, stronger future for the people we serve.”

Cathy Pimple

Chief Executive Officer
Newman Regional Health

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My conversations with rural healthcare leaders have left me even more convinced that we need to preserve a system of strong, independent, community-based care — not just because it's the right thing to do for these communities, but because a robust rural healthcare system is in our national interest. It keeps our entire healthcare system strong.

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Rachel Wilkes

Associate Vice President

MEDITECH

Learn more about MEDITECH's rural healthcare solution

Webinar: [How to Prepare for Healthcare's Post-OBBBA Era](#)

Recent Signings: [Rural hospitals select MEDITECH Expand to stay independent](#)

Customer Successes:

Podcast: [Schneck's Rice: Clinician Scoring, Independence Drove Meditech Expand Pick Over Epic](#)

Video: [Fighting Provider Burnout with AI + Expand](#)

Blog: [Roane General Hospital has a prescription for your health improvement](#)

Video: [Staying Independent on MaaS at Bingham Healthcare](#)

Blog: [SouthEast Alaska Regional Health Consortium \(SEARHC\) harnesses technology to enhance the patient and provider experience](#)



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