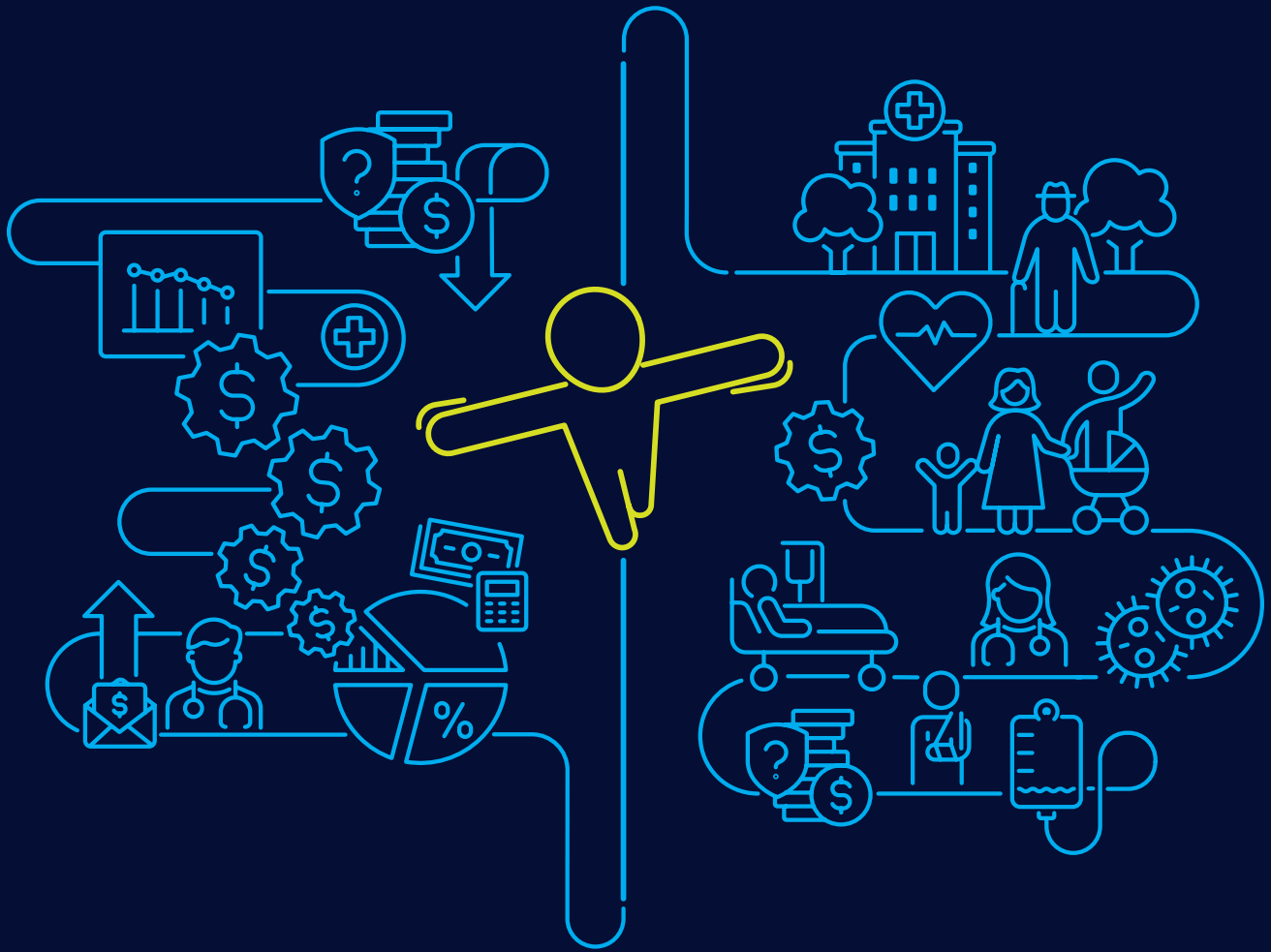


Rural Hospital CFOs

Walking a Thinner Financial Tightrope



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The Balancing Act in Rural Healthcare

Over the past three decades, we've had the privilege of working with hundreds of rural healthcare CFOs across the country. Here and now in 2025, it's become clear that rural hospital CFOs are facing some of the toughest financial conditions we've seen in years. Our conversations with them reinforce what we already knew. Rural hospitals are the backbone of their communities, tirelessly striving to improve healthcare access and transform care delivery — all while walking a financial tightrope, balancing razor-thin margins, unpredictable reimbursements, and rising labor costs.

As we reflect on those discussions, it's clear that survival isn't just about cutting costs — it's about making strategic financial decisions that protect both operations and patient care. We want to share some of the key challenges we heard directly from rural healthcare leaders, along with actionable strategies that CFOs can implement to navigate these uncertain times.



Negative Margins: The Unforgiving Math

The reality is stark: the American Hospital Association reports that since COVID **almost half of rural hospitals are operating in the red**, making them vulnerable to financial distress or forcing them to make tough choices—reducing service lines, cutting staff, or, in the worst cases, closing their doors. In fact, since 2010, more than 180 rural hospitals in the U.S. have closed or cut inpatient services. **These closures don't just limit healthcare access**, they also eliminate jobs and destabilize local economies.

The unpredictability of revenue streams, driven by fluctuating reimbursement policies, only makes the situation more precarious.



HOW TO PREPARE

If you're relying on outdated financial tracking methods, you could be reacting too late to revenue shortfalls. Real-time financial monitoring allows CFOs to identify inefficiencies before they lead to a financial crisis. Modern financial reporting systems can help identify cost-saving opportunities without compromising patient care. Along with this, strategic cost containment measures, such as centralizing procurement and renegotiating vendor contracts, can help maintain financial stability.

Medicaid Cuts and the Looming Revenue Cliff

Policy shifts are placing rural hospitals in an even more precarious position. Federal legislative cuts to Medicaid will disproportionately affect rural hospitals, where Medicaid accounts for a significant portion of revenue. Such cuts could lead to higher uncompensated care rates and an even greater strain on already-limited resources.

The Push for Site-Neutral Payments

Another looming challenge is the push for **site-neutral payments**, which would equalize hospital reimbursement rates with outpatient clinics. While designed to curb healthcare spending, these policies could significantly lower payments for many services that rural hospitals depend on to maintain operations.



HOW TO PREPARE

CFOs must proactively model various reimbursement scenarios to prepare for potential shortfalls. It'll be essential to analyze the financial impact of Medicaid reductions and developing contingency plans. Strategies like diversifying the payer mix, expanding commercial contracts where possible, and optimizing Medicaid billing practices can help reduce claim denials. Strengthening revenue cycle management and ensuring every possible dollar owed is captured will be key to maintaining financial stability.



Managing Labor Costs Without Reducing Workforce Effectiveness

The labor crisis in healthcare is also hitting rural hospitals especially hard. A national shortage of healthcare workers means rural hospitals must compete with urban facilities that can offer significantly higher salaries and signing bonuses. **Many rural hospitals rely on expensive contract labor** to maintain baseline staffing levels, which further eats into already narrow margins.

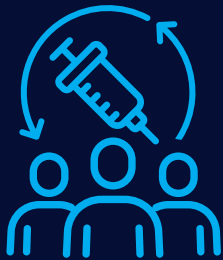


HOW TO PREPARE

Tools like workforce analytics can help optimize staff scheduling, ensuring that resources are allocated efficiently while avoiding excessive overtime costs. Investing in automation for administrative functions can help reduce the need for additional non-clinical staff. A longer-term advantage could come from forming partnerships with nursing schools and residency programs can create a more sustainable talent pipeline, reducing reliance on expensive temporary staff.

Rethinking Supply Chain and Procurement Efficiency

Medical supplies, pharmaceuticals, and equipment **expenses have skyrocketed** in recent years, further straining rural hospital budgets. Yet many hospitals operate with inefficient procurement practices, leading to over-ordering, supply waste, and higher overall costs.



HOW TO PREPARE

CFOs should explore collaboration with group purchasing organizations (GPOs) to negotiate better pricing on essential medical supplies. Standardizing inventory management with digital tracking and materials management systems can reduce waste and prevent unnecessary overstocking. Adopting lean supply chain methodologies ensures hospitals maintain sufficient stock levels while cutting down on excess purchases.

Optimizing Revenue Cycle Management

Another crucial aspect of financial sustainability is improving revenue cycle efficiency. A **high rate of claim denials, slow reimbursements, and uncollected patient payments** all contribute to financial instability.



HOW TO PREPARE

Conduct regular audits of billing and coding processes to ensure accuracy and reduce denials. Streamlining claims submissions and strengthening commercial payer relationships can speed up reimbursements. Improving patient financial engagement through clearer billing statements and flexible payment plans can also enhance collections and reduce bad debt.

Investing in Technology to Reduce Costs

While implementing new technologies may require upfront investment, strategic adoption of healthcare IT solutions can lead to long-term cost savings. The expansion of telemedicine, AI-driven diagnostics, and automated financial systems can improve efficiency and reduce operational expenses.



HOW TO PREPARE

If not in place already, CFOs should explore automation for administrative processes such as payroll, scheduling, and financial operations management to reduce labor-intensive tasks. Telemedicine can also provide a **cost-effective alternative** for non-emergency consultations, cutting down on hospital readmissions and unnecessary in-person visits. And of course, a well-integrated ERP system can streamline financial reporting, giving CFOs better data to make informed cost-saving decisions.



Navigating the Future: A CFO's Strategic Roadmap

The financial future of rural healthcare depends on strong leadership and innovative financial strategies. By leveraging real-time financial data, optimizing reimbursement strategies, and finding innovative ways to contain labor costs, rural hospitals can navigate these challenges more effectively while ensuring patient care remains a top priority.

We're here to help. As an ERP provider that has worked extensively with small and mid-sized rural hospitals, we know that you don't have huge teams of people or multi-million-dollar budgets to implement and maintain large systems. We fundamentally believe you shouldn't have to be a 500-bed health system to afford the right tools.

If you'd like to learn more about how we can tackle these challenges together, [Contact Us](#) or [Book a Personal Demo](#)

About Multiview

Multiview Financial Software provides powerful, scalable ERP solutions that help hundreds of finance teams simplify operations and improve decision-making. With a proven and growing footprint and rated the number one ERP for healthcare organizations with under 300 beds by KLAS Research, Multiview empowers healthcare finance teams with comprehensive tools for financial and materials management, reporting, and analytics.