

Is a Wave of Hospital Closures Ahead for Ohio?

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Ohio's largest nonprofit systems have made several acquisitions over the last 18 months – such as the three hospitals acquired in 2014 by Columbus-based OhioHealth Corp. Consolidation will continue at the same pace or faster for the next year or so, especially across northern Ohio, investment banking firm SOLIC Capital Advisors LLC predicts. But after that, a day of reckoning will follow for many solo hospitals not snapped up.

“It becomes more challenging to find the opportunities,” said Matt Caine, managing director in SOLIC’s Atlanta office, who has advised several Midwest hospitals.

A recent review by the Ohio Hospital Association found 22 of 70 small, rural hospitals have operating margins of 1 percent or less.

Eastern and southeast Ohio have some of the biggest challenges with rising unemployment leading to loss of insurance, Caine said. The boost from expanding Medicaid eligibility is “short-lived,” he and others have said. They struggle to attract physicians and can’t access capital needed to upgrade aging facilities.

“The hospitals are still having troubles with keeping their cost structures in line with declining revenue,” he said.

Fiscally solid institutions will thrive, while others may convert to all-outpatient or close.

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