

Rural Hospital Financial Distress: Relative Risk in 2025

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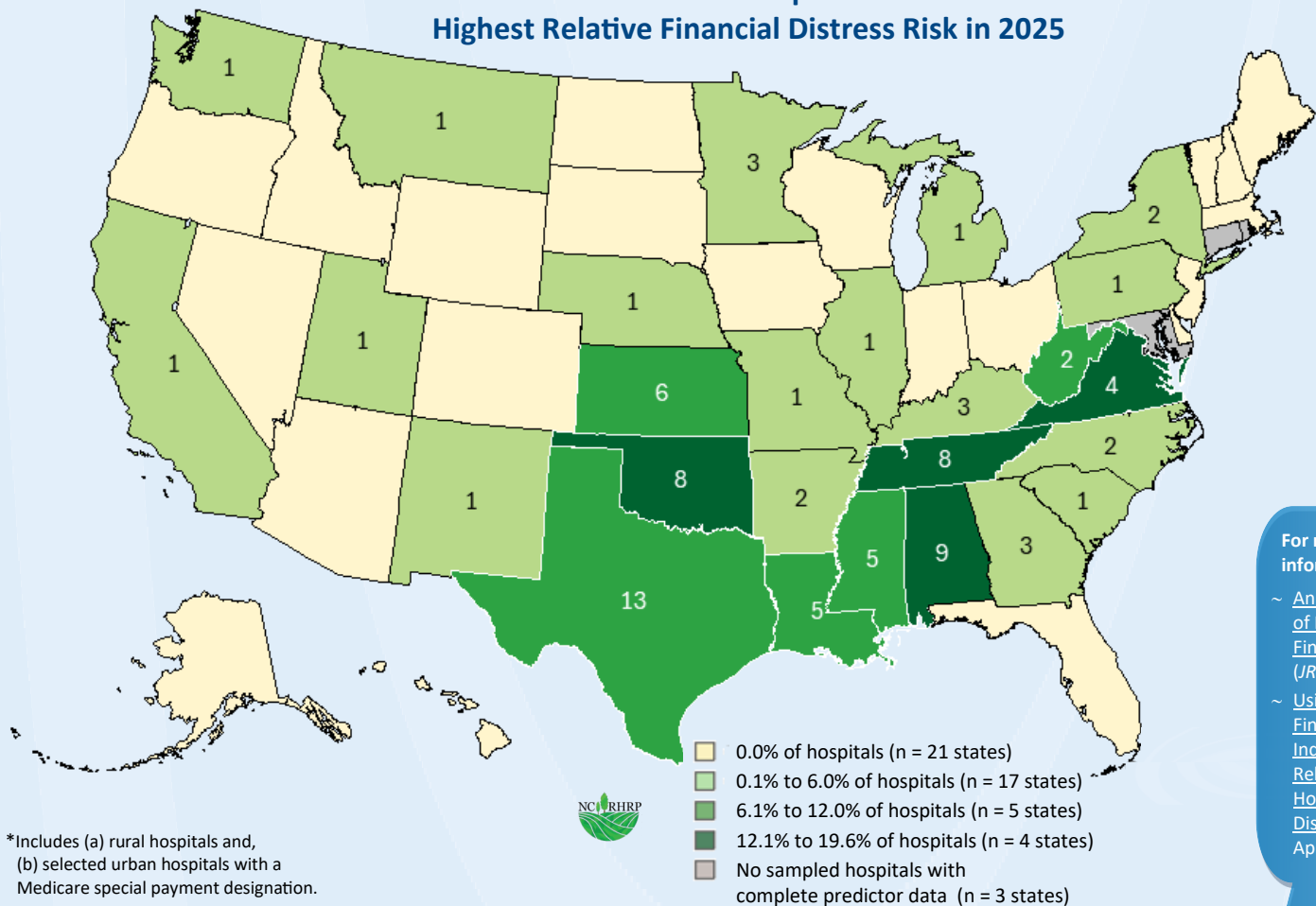


What is the FDI?



The **Financial Distress Index (FDI)** uses historical data about hospital financial performance, government reimbursement, organizational characteristics, and market characteristics to predict the probability of rural hospital financial distress within two years. The model assigns every rural hospital to one of four financial risk categories: highest, mid-highest, mid-lowest, or lowest.

Number and Percent of Rural Hospitals* within Each State at Highest Relative Financial Distress Risk in 2025



For more information on FDI

- ~ [An Updated Model of Rural Hospital Financial Distress \(JRH, Oct 2024\)](#)
- ~ [Using the Updated Financial Distress Index to Describe Relative Risk of Hospital Financial Distress \(NCRHRP, Apr 2024\)](#)

Our Financial Distress Index measures relative risk, not absolute risk.

Different tools use different criteria, so “highest risk” can mean different things depending on the measurement. In our model, even hospitals in the highest risk category are still more likely to remain open than to close in any given year. Historically, just over 3 percent of hospitals in our highest risk group have closed in a given year.

Many states have at least one hospital in the highest level of distress. As has been the case for the last two decades, hospitals in the South are more likely to be in distress. The states with the highest number of hospitals at highest relative risk of financial distress are **Texas** (13 hospitals at highest relative risk), **Alabama** (9), **Oklahoma** (8), and **Tennessee** (8). The states with the highest percentage of rural hospitals at highest relative risk of financial distress are **Alabama** (19.6%), **Tennessee** (16.7%), **Virginia** (12.9%) and **Oklahoma** (12.3%).



NC RHRP	State	Highest	Mid-highest	Mid-lowest	Lowest	Number of Hospitals
States with Multiple Hospitals at Highest Risk	TX	13	21	47	47	128
	AL	9	15	15	7	46
	OK	8	23	23	11	65
	TN	8	11	20	9	48
	KS	6	34	43	16	99
	LA	5	7	16	18	46
	MS	5	22	19	10	56
	VA	4	8	7	12	31
	GA	3	17	17	29	66
	KY	3	12	20	35	70
	MN	3	4	23	60	90
	AR	2	9	25	9	45
	NY	2	8	16	13	39
	NC	2	14	16	19	51
	WV	2	5	8	9	24
States with 1 Hospital at Highest Risk	CA	1	7	19	26	53
	IL	1	3	13	51	68
	MI	1	8	19	26	54
	MO	1	10	21	27	59
	MT	1	9	13	21	44
	NE	1	2	16	48	67
	NM	1	3	6	11	21
	PA	1	4	11	23	39
	SC	1	5	7	8	21
	UT	1	1	3	17	22
	WA	1	8	19	15	43
States with 0 Hospitals at Highest Risk	AK	0	0	1	7	8
	AZ	0	0	6	11	17
	CO	0	3	16	23	42
	CT	0	0	0	0	0
	DE	0	0	0	2	2
	FL	0	3	11	9	23
	HI	0	1	2	3	6
	ID	0	1	11	17	29
	IN	0	7	13	33	53
	IA	0	5	25	62	92
	ME	0	1	9	11	21
	MD	0	0	0	0	0
	MA	0	1	1	0	2
	NV	0	2	5	5	12
	NH	0	0	3	11	14
	NJ	0	0	1	1	2
	ND	0	4	14	17	35
	OH	0	7	14	51	72
	OR	0	5	7	17	29
	RI	0	0	0	0	0
	SD	0	6	10	29	45
	VT	0	0	6	7	13
	WI	0	8	14	50	72
	WY	0	5	6	10	21
Totals for All States	ALL	86	329	637	953	2,005