

REPORT: STATE INVESTMENT NECESSARY TO SAFEGUARD PENNSYLVANIA HOSPITALS

Pennsylvania's ability to strengthen its economy, and be the best place to live, work, and grow depends on strong hospitals. But a report by national firm Oliver Wyman finds that the commonwealth lags behind peers in adequately funding and stabilizing its hospitals. Without sustainable payments, Pennsylvania will experience more hospital closures, and economic decline.

Pennsylvania hospitals face greater challenges.

Even before recent federal cuts take effect, Pennsylvania's environment puts hospitals—and our commonwealth's competitiveness—at risk.

Structural shortfall:

Medicaid reimbursement is 11 percentage points lower than the national median—paying hospitals well below the cost of delivering care

Additional factors:



Highest per-resident cost of medical liability payouts among all states: \$43



Projected **shortage of 22K nurses** by 2028



Outdated hospital regulations that **increase administrative costs**

Hospitals are already at risk.

The commonwealth's hospitals already struggle with chronic underfunding.

- Fewer than half are operating with sustainable margins
- Lower bond ratings compared to the national median and peer states

"Without timely, targeted state support, many Pennsylvania hospitals will struggle to maintain existing services or make the necessary investments in workforce, technology, and infrastructure that Pennsylvania needs."
- Time to Act, Oliver Wyman

Inaction is not an option.

Through 2030, without intervention, Pennsylvania could see up to:



12–14 hospital closures



+22 minutes average drive to nearest hospital



\$900 million in lost wages due to job losses

Pennsylvania policymakers must prioritize policies that ensure sustainable hospital payments.

Source: Oliver Wyman; *Time to Act: What the Future Holds for Pennsylvania's Hospitals, Patients, and Communities*; January 2026