



Written by [Michael Tennant](#) on November 29, 2017

## Hospitals Going Bankrupt Thanks to ObamaCare

A large number of hospital bankruptcies is on the horizon — many of them thanks to ObamaCare.



According to [Bloomberg](#):

A wave of hospitals and other medical companies are likely to restructure their debt or file for bankruptcy in the coming year, following the recent spate of failing retailers and energy drillers, according to restructuring professionals. Regulatory changes, technological advances and the rise of urgent-care centers have created a “perfect storm” for health-care companies, said David Neier, a partner in the New York office of law firm Winston & Strawn LLC.



Among those “regulatory changes” are the outgrowths of ObamaCare. By mandating that Americans have health insurance, the law was supposed to solve the problem of hospitals being saddled with bad debt from treating uninsured patients, whom they are required to treat under the Emergency Medical Treatment and Active Labor Act of 1986. Of course, as with so many other ObamaCare promises, this one hasn’t quite panned out as advertised.

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For one thing, not nearly as many Americans as expected actually ended up insured. A recent [Gallup poll](#) found that the uninsured rate among adults today is the highest it’s been since the end of 2014, just one year into ObamaCare’s individual mandate.

One reason that many Americans have decided to forgo insurance is that ObamaCare makes it extremely expensive, particularly for those who are unlikely to need it. Those who decide to buy anyway often opt for policies with high deductibles because their premiums are lower. Unfortunately, noted Bloomberg, “that has translated into more bad debt from customers for hospitals and other providers.”

“Patients are unlikely to pay medical bills that are greater than 5 percent of household income, according to the Advisory Board, a consulting firm to hospitals,” Bloomberg [reported](#) last year. “Median household income in the U.S. is at about \$53,000, suggesting that when out-of-pocket charges exceed \$2,600 hospitals can forget about collecting, said Spencer Perlman, an analyst with Height Securities in Washington.”

“It feels like a sucker punch,” John Henderson, CEO of Texas’ Childress Regional Medical Center, told the news service. “When someone has a really high deductible, effectively they’re still uninsured, and most people in Childress don’t have \$5,000 lying around to pay their bills.”

Indeed, small, rural hospitals such as Henderson’s are imploding under “the crushing weight of regulation through” ObamaCare, according to [U.S. News & World Report](#). “The sum total of mandated



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automation, reporting requirements, shrinking reimbursements and increasing penalties for noncompliance with other mandates has left rural hospitals out in the cold.”

Reimbursements are about to plummet even further. ObamaCare “reduced payments to hospitals that serve a large number of poor and uninsured patients, known as ‘disproportionate share hospitals,’ on the theory that more patients would be insured under the law,” wrote Bloomberg. “Congress delayed those cuts several times, but didn’t do so for the current fiscal year, which may ‘single-handedly throw hospitals into immediate financial distress — many operate on less than one day’s cash,’ [Winston & Strawn’s Neier] said in an interview.”

In short, the increase in the number of insured individuals (who can also afford their deductibles) that was supposed to offset the decrease in reimbursements hasn’t happened, so hospitals will be saddled with nearly as many patients who can’t pay as in pre-ObamaCare days while getting fewer subsidies to offset the cost of their treatment. The results aren’t difficult to predict.

While the rate of bankruptcy filings in general has fallen significantly since 2010, the rate for healthcare companies has increased dramatically, more than tripling this year. The Polsinelli Health Care Services Distress Research index cited ObamaCare “as one of the systemic changes rocking the sector,” reported Bloomberg.

In truth, ObamaCare is just the straw that is bending, if not breaking, the back of the U.S. healthcare system. The rest of the bale consists of subsidies, taxes, mandates, and regulations that have distorted both supply and demand to such an extent that actual market prices in healthcare — with some [notable exceptions](#) — are nearly impossible to discern, leading to both shortages and exorbitant costs. ObamaCare certainly needs to go, but many more policy changes also must occur before Americans can once again obtain affordable, quality care.

Image: Screenshots of [Childress Medical Center website](#)



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