

Hospitals that take the sickest patients are closing

- [Maya Goldman](#) – Axios

Hospitals that treat patients who require extended stays have been closing at a rapid clip, driving up demand for the [remaining beds](#) and prompting health systems to appeal to the Trump administration and Congress for relief.

Why it matters: The industry says it's unable to discharge certain patients who need long-term intensive care, which is adding to [hospital overcrowding](#) in a system that's already experiencing a shortage of beds.

- It's also stoking a debate over the cost of caring for patients with serious wounds or organ failure, or who are on ventilators once they're stabilized.

The big picture: More than 25% of long-term care hospitals have closed over the past 10 years, according to the American Hospital Association.

- Hospital groups blame [Medicare policies](#) dating to the Obama era that they say shortchange long-term care hospitals.
- The issue is that they only give full payments for patients who've spent at least three days in an ICU or been on a ventilator for at least 96 hours.
- "What's at stake is really that opportunity for a meaningful recovery for so many patients, as well as that that additional capacity for acute care hospitals," said Jonathan Gold, the American Hospital Association's senior associate director of post-acute payment policy.

Hospital trade groups last month released a list of [policy changes](#) they say would help stabilize the long-term care hospitals, including expanding the criteria for patients who qualify for Medicare-covered stays and improving the accuracy of payments.

- They also want stricter requirements for Medicare Advantage plans to include long-term care hospitals in their provider networks and to limit pre-treatment reviews.
- This year, Medicare [increased](#) long-term care hospital payments for discharges by 3%, or \$72 million, and proposed another 2.4% pay bump for next year. Hospitals [said](#) that's still not enough.
- The Trump administration hasn't publicly responded to the industry pleas. Some of industry's proposed changes would require congressional action.

Between the lines: Some of the policies in dispute are an example of so-called [site-neutral payments](#) that pay the same Medicare rate for services regardless of where they're delivered.

- The restrictions prevent long-term hospitals from accepting patients who could benefit from their care, said Chris Fox, senior vice president of Priority Hospital Group, a Louisiana-based operator of the facilities.

- "Every single day we get calls from doctors and case managers — Mrs. Jones has been in a hospital bed for 15 days, she's not going to get out of the hospital anytime soon, can you guys take her?" he said.
- "Our answer is no, because there's no ICU stay."

The other side: Long-term care hospitals have long been blamed for driving up the cost of post-acute care and accounted for \$5.5 billion in annual spending, according to one [2019 study](#).

- In 2023, Stanford and MIT health economists [estimated](#) that Medicare could save about \$4.6 billion annually without harming patients by sending them to skilled nursing facilities or home, instead of long-term care hospitals.
- For-profit operators have generated margins as high as 29% in the recent past, the economists said.
- The hospitals are unique to the U.S. and concentrated in certain parts of the country. A map of facility closures as of 2025 shows they were largely happening in Texas, Louisiana and parts of the Midwest. A higher percentage of rural facilities have [closed](#) than in metro areas.

Zoom in: "What we have is probably too many in certain markets and too few in others," said Anil Makam, an assistant professor in residence at University of California San Francisco who studies the industry.

- The question isn't so much whether facilities are closing, but whether entire markets are losing access to them, he said.

The bottom line: The latest lobbying push could bump up against broader efforts to contain Medicare spending, meaning the industry's pleas may fall on deaf ears.

- Some hospital experts say that could mean continued overcrowding in certain regions.