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PRMC Announces Urgent Care Clinic Closure and Critical Financial Situation

February 18, 2025 – Pratt Regional Medical Center Chief Executive Officer, Tammy Smith, met with PRMC employees this morning for a quarterly update and employee forum. During the meeting, employees learned PRMC’s Urgent Care Clinic will be closing at the end of business on February 28, 2025.

“This decision did not come lightly, and we hope the Urgent Care employees will consider applying for open positions in other areas of the organization as this decision does not reflect upon the care they provide, but rather the increased expenses, decreased reimbursement, and low utilization,” Smith explained.

PRMC’s critical financial situation did not come about overnight. Smith explained to staff, “We have been operating at a loss for about the past 10 years.” PRMC is not alone. According to the Kansas Hospital Association, studies in 2023 showed 60 Kansas hospitals at risk of closing; 2024 data is expected to show even more hospitals in Kansas are at risk for closing. PRMC’s need to cut expenses and increase revenue is critical.

Smith explained that reimbursement rates for hospitals are not increasing, but expenses are steadily increasing. Hospitals are paid differently than other business. They can’t just raise their rates to keep up with inflation. Instead, PRMC is dependent on payments from Medicare, Medicaid and other payors whose payments often do not cover the cost to provide the service. Further, PRMC must treat patients that can’t afford the care. Combine low reimbursements with uncompensated care caused by high deductible insurance plans or un and underinsured patients, PRMC is often left with unpaid balances because patients cannot afford to pay for their bill. In just the past two years, PRMC’s accounts receivables, which are balances due to PRMC, and are more than 90 days past due, total over \$11 million. All of this is a recipe for acute financial distress.

“Although we are not-for-profit, we do need to make a profit in order to pay for things such as equipment and wages,” Smith said. PRMC is making strides to change the trajectory. In addition to closing Urgent Care, PRMC is evaluating service agreements, software and contracts, eliminating as many as possible. Staffing with agency nurses has also been decreased. A hiring freeze of nonessential positions, a wage freeze, and stop to all nonessential travel and education has been implemented.

“There will be further asks for expense reduction in some departments,” Smith said. “Specific amounts will be finalized in the coming days.” Smith reassured staff, “We are confident that by working together to reduce costs in the immediate future, we will weather the storm and come out stronger.”

PRMC is working diligently to bring in new services to generate new revenue without spending a lot to get the service going. For example, a mobile PET Scan may soon be available in Pratt. This generates revenue for the hospital because of the additional testing and it benefits the patients who need the service. Replacing the dermatology and ENT service lines is also on the radar. Even though those services were provided by outside physicians, they are seeing patients in Pratt, performing procedures, ordering tests and generating revenue for the hospital.

“I plan to continue to communicate changes as decisions are made,” Smith explained, recognizing some of these decisions negatively affect staff and those are tough decisions to make. “These are some tough times, but I truly believe we will recover and thrive.”

About PRMC:

PRMC is governed by two boards of area residents ensure accountability to the community. The five-member Pratt County Board of Trustees is appointed by the Pratt County Commissioners. Because Pratt County owns the buildings, the County Hospital Board is responsible for:

- Repair/replacement of major fixed mechanical systems
- Maintenance of the exterior of the buildings on the PRMC campus
- Lease of the buildings to the PRMC, Inc., Board of Directors.

An annual levy of approximately 1.128 mills for Pratt County residents pays for items mentioned above and is not used to assist with operations.

To date, PRMC has not received any tax dollars for support of operations. Pratt Regional Medical Center Corporation, manages the medical center with an eleven-member Board of Directors, executive staff, and administrative staff. It is responsible for:

- All operating expenses such as payroll, supplies, and medical equipment
- Routine maintenance, operational wear and tear, and the insurance coverage on the building and grounds

This year, PRMC will celebrate 75 years. Pratt County Hospital was built as a result of the decision and commitment of individuals, the Pratt County Commissioners, the Board of Hospital Trustees and physicians. The first patient was admitted on September 11, 1950.

PRMC is proud of the care provided to patients. From primary care to specialty clinics, PRMC offers top-notch providers and safe patient care. PRMC physicians, advanced practice providers, nurses, therapists, technologists, staff and volunteers work hard every day to provide patients and the community with the best care possible. As a community-owned, not-for-profit organization, PRMC remains committed to providing healthcare for many years to come.

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