

Matt Ferris in Bloomberg Law: Hospital Bankruptcy Surge Looms as Virus Rages, Stimulus Lapses

November 2, 2020 Matt Ferris

PRACTICES Restructuring

Haynes Boone Partner [Matt Ferris](#) talked with *Bloomberg Law* about how hospitals and other healthcare providers are bracing for a bankruptcy wave as the government stimulus aid that gave a lifeline to the industry dries up.

Here is an excerpt:

Even before the COVID-19 pandemic, providers were pushed to their breaking points, especially those in rural areas. At least 30 hospitals entered bankruptcy in 2019, and at least three dozen have done the same so far this year, according to data compiled by Bloomberg.

Chapter 11 filings had been poised to go higher with the coronavirus inflating costs for protective equipment and impeding revenue-generating elective procedures. The CARES Act and accelerated Medicare advance payments helped to forestall the anticipated increase.

But Congress and the Trump administration have been unable to agree on further coronavirus relief, and healthcare bankruptcies and out-of-court restructurings could accelerate early next year, attorneys say.

Federal coronavirus stimulus packages kept an earlier bankruptcy wave at bay by handing hospitals and healthcare providers \$175 billion to cover expenses or lost revenue this year. The government also distributed \$100 billion in emergency Medicare advancement loans.

“In some respects, more than any other industry, health care has really been propped up by stimulus money,” said Haynes Boone attorney Matt Ferris. “You had those types of providers that really had zero revenue for a few months.”

Struggles Continue

Rural hospitals, in particular, are going to continue to struggle, as will senior living centers, Ferris said.

To read the full article, click [here](#).