STATE OF
RURAL
HEALTHCARE

Research and outlook for 2025

WIPFLI

The COVID-19 pandemic is behind us, but a new alarm bell is sounding for rural healthcare organizations: cyberattacks. The rate of network breaches detected by rural hospitals and clinics has doubled since 2023, according to participants in our most recent survey of rural healthcare executives. Wipfli's third annual "State of rural healthcare" report found increased concerns over cybersecurity, a higher level of investment in network data protections and a growing interest in digital and AI tools — atop ongoing concerns about service reimbursements and staffing.

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Executive summary

Reimbursement and staffing concerns are ongoing. Digital tools and AI are increasingly seen on the horizon.

Wipfli's national survey gathered information and insights from 75 leaders at rural healthcare organizations, the vast majority of which (84%) were critical access hospitals. The organizations in our sample were located throughout the Midwest, West and South, which closely resembles the geographical distribution of rural healthcare organizations throughout the United States.

Our survey revealed the same concerns about reimbursement and billing we've seen since we started researching this sector three years ago. This year, those concerns showed particularly high intensity. However, the rural healthcare organization executives we surveyed remained cautiously optimistic about their organization's financial stability and ability to remain independent — and their overall level of optimism was even up slightly from prior years.

Insights from

75

leaders at rural healthcare organizations

Key findings
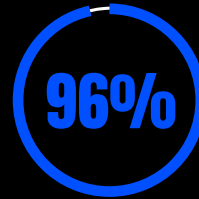
96%
of rural healthcare organizations are optimistic about their organization's financial viability.
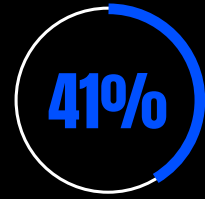
41%
said financial concerns/ reimbursements are a significant challenge.
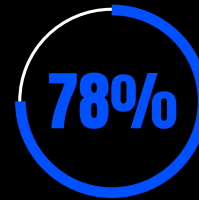
78%
said they are "not likely at all" to consolidate or merge with another organization.
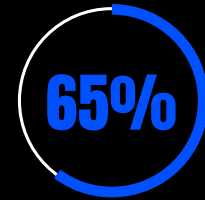
65%
said cybersecurity is a top concern — up from ~50% in prior years.

81%
have increased their investment in cybersecurity technologies in the past 12 months.

32%
are using AI tools.

What stood out in this year's research, compared to data from 2023 and 2024, was respondents' increasing attention to cybersecurity and the use of emerging digital and AI tools.

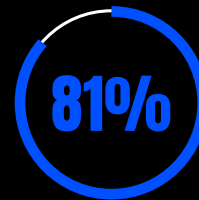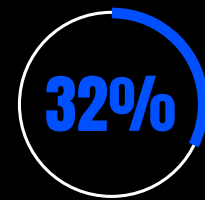Sixty-five percent of the leaders we surveyed indicated a high level of concern over cyberthreats, compared to only 50% in 2024 and 48% in 2023. This year's respondents were also more likely to invest in strengthening network security. Eighty-one percent of respondents increased their cybersecurity technology investment over the past 12 months versus 70% in last year's survey.

Survey results also showed a growing investment in new digital applications. Respondents said their organizations were using digital tools for patient-facing functions like online bill pay (85%) and text appointment reminders (79%) to improve the customer experience. To a lesser extent, respondents also said their companies were beginning to phase in some AI tools. About a third of respondents (32%) reported using AI tools, but mostly for administrative functions. Nevertheless, AI engagement — while still in its early stages — was a new theme for 2025.
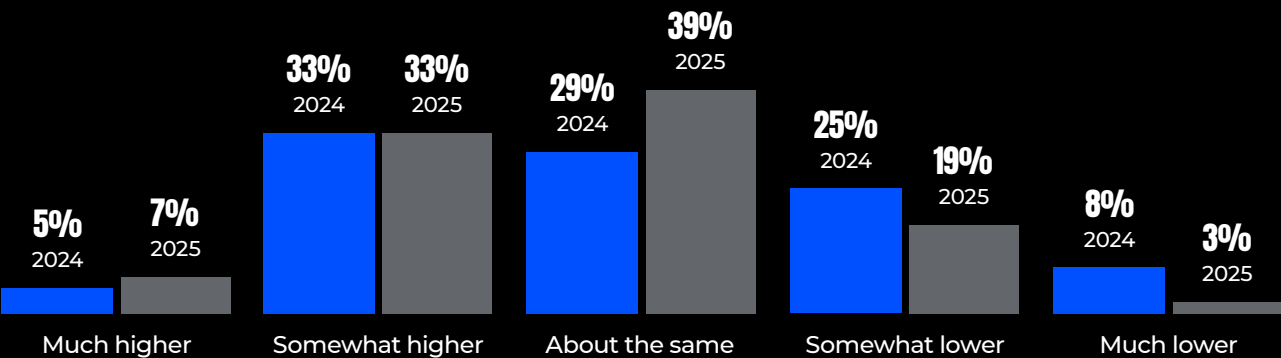
Optimism amid ongoing concerns

Rural healthcare leaders remain optimistic about their organization's viability and independence.

The rural healthcare leaders we surveyed said they were optimistic about the future, though cautiously so. Only one quarter were completely optimistic about their organization's financial viability, while seven in 10 were cautiously optimistic.

However, in total, virtually all respondents (96%) expressed optimism about their organization's financial outlook. This was up slightly from 84% in 2023 and 91% in 2024. And when asked if they believed their organization was more financially stable now than it was a year ago, 40% of respondents said yes. An even higher percentage — 58% — said their organization was more stable now than it was five years ago, before the COVID pandemic.

Rural healthcare organizations' financial stability is improving

Financial stability vs. 1 year ago

	Much higher	Somewhat higher	About the same	Somewhat lower	Much lower
2024	5%	33%	29%	25%	8%
2025	7%	33%	39%	19%	3%

Financial stability vs. 3 years ago

	Much higher	Somewhat higher	About the same	Somewhat lower	Much lower
2023	23%	20%	23%	19%	13%
2024	28%	32%	8%	16%	12%
2025	31%	27%	17%	13%	12%
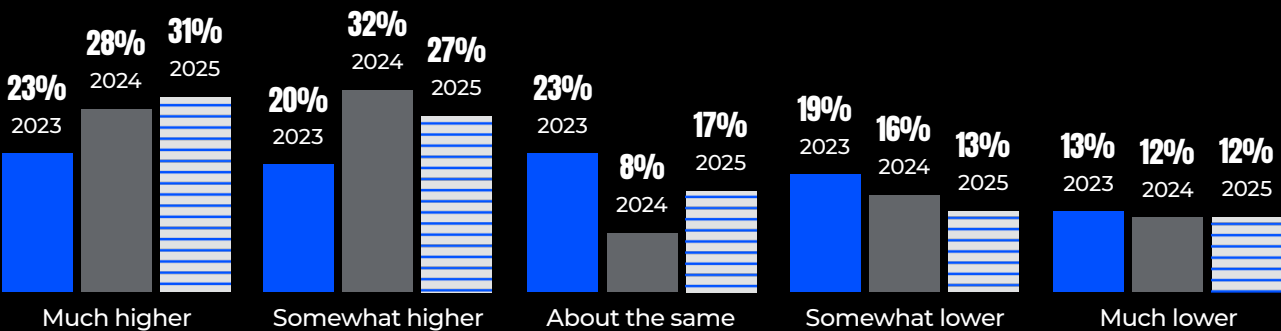
The executives we surveyed were also confident in their organization's continued independence, with 78% of respondents believing their company was not likely at all to merge or consolidate within the next two to three years.

Workforce shortage worries lessen, while reimbursement concerns intensify.

Staffing shortages have been an industrywide concern for the last several years. In this year's survey, respondents indicated that their labor shortages were still troubling, but the inten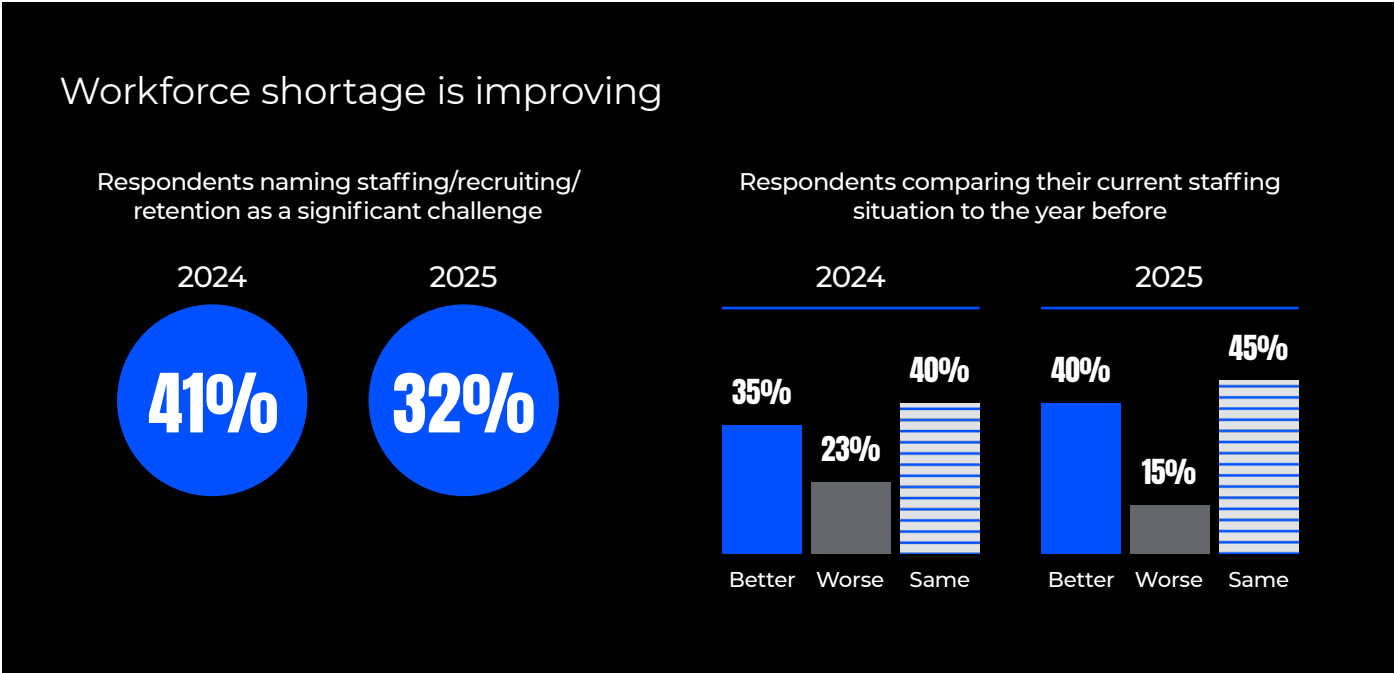sity of that concern faded compared to 2024. Forty-one percent of respondents said the workforce shortage was a significant challenge in 2024, while only 32% cited it in 2025's survey.

This may suggest that leaders believe healthcare staffing levels are headed in the right direction. In 2024, 35% of respondents said they thought the workforce shortage had improved over the year before. In 2025, that number rose slightly to 40%. On the flip side, in 2024, 23% of respondents said their staffing shortage was worse than the year before, while only 15% of respondents said so in 2025's survey.

Respondents' top three strategies to address staffing issues matched the top three approaches reported in 2024: increasing wages, improving the organizational culture and being proactive about recruitment.

Workforce shortage is improving

Respondents naming staffing/recruiting/retention as a significant challenge

2024: 41%
2025: 32%

Respondents comparing their current staffing situation to the year before

2024
- Better: 35%
- Worse: 23%
- Same: 40%

2025
- Better: 40%
- Worse: 15%
- Same: 45%

"Rural healthcare organizations have emerged from COVID and managed to level off the staffing problem. While the problem isn't totally solved, they're no longer in crisis mode every day," said Kelly Arduino, a partner in Wipfli's healthcare consulting practice. "They've done a lot of things to retain their existing workforce and to recruit more staff and providers, from enhancing benefits to increasing salaries. We've even seen bidding wars among employers for high-demand positions like nurses and certified nurse anesthetists. Many rural healthcare organizations have become very creative about finding new ways to entice people — including providing housing and partnering with overseas educators to build pipelines."

Respondents also had significant concerns about service reimbursements. Financial concerns and reimbursements were mentioned by 41% of respondents as one of the most significant challenges facing rural healthcare organizations, and managed care denials and prior authorizations were mentioned by 31% of respondents. Mentions of both concerns were up roughly 20 percentage points from 2024.

Not surprisingly, respondents also said their organizations were tightening up billing and coding operations and looking into more training for those functions. When asked to rate various training needs, 65% of respondents said that increased training on optimizing reimbursement and revenue cycles was very pressing.

Reimbursement concerns intensify

Respondents naming as significant concerns:

Financial concerns/reimbursements

2024 — 22%

2025 — 41%

Managed care/prior authorizations/denials
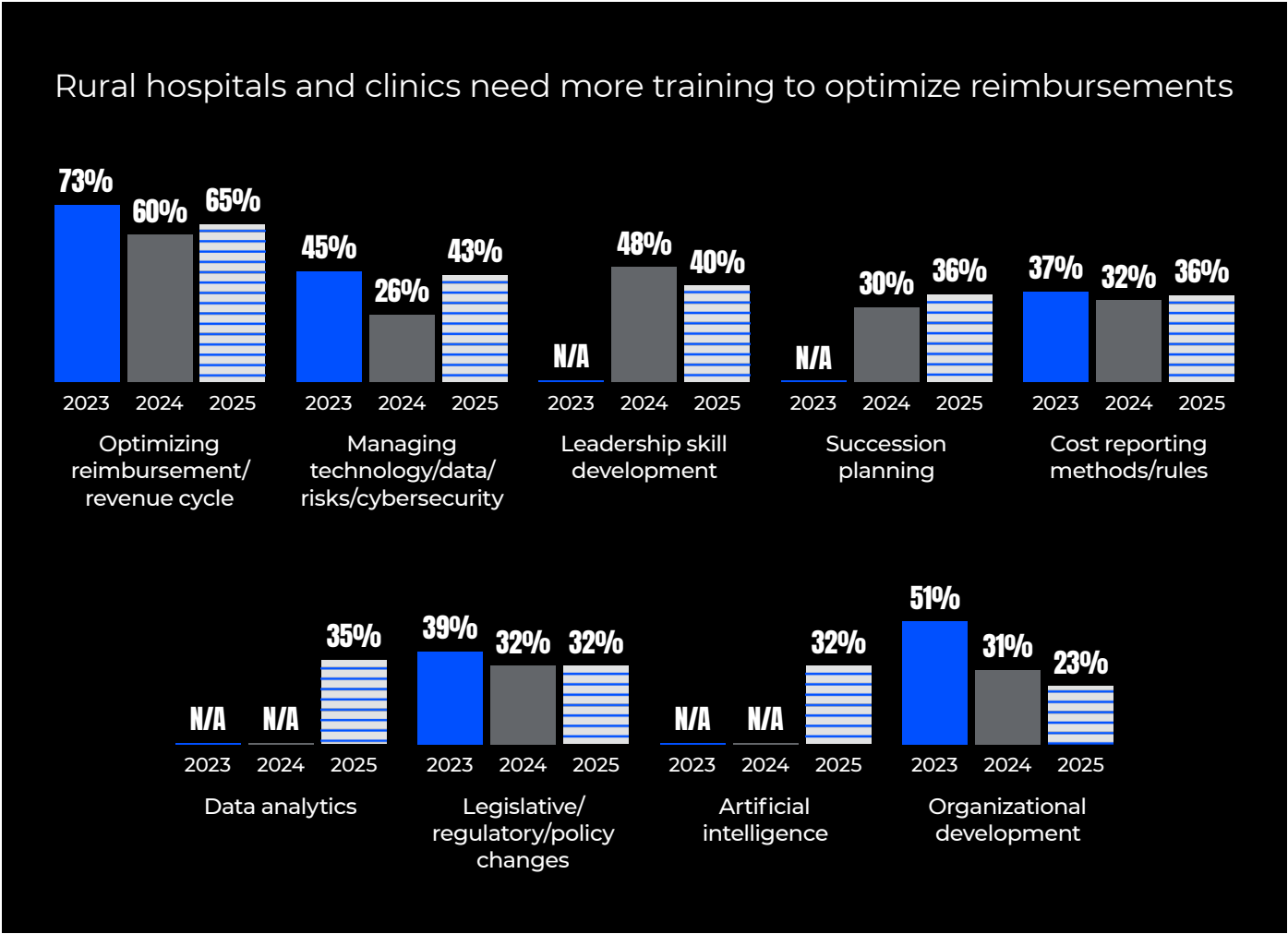
2024 — 11%

2025 — 31%
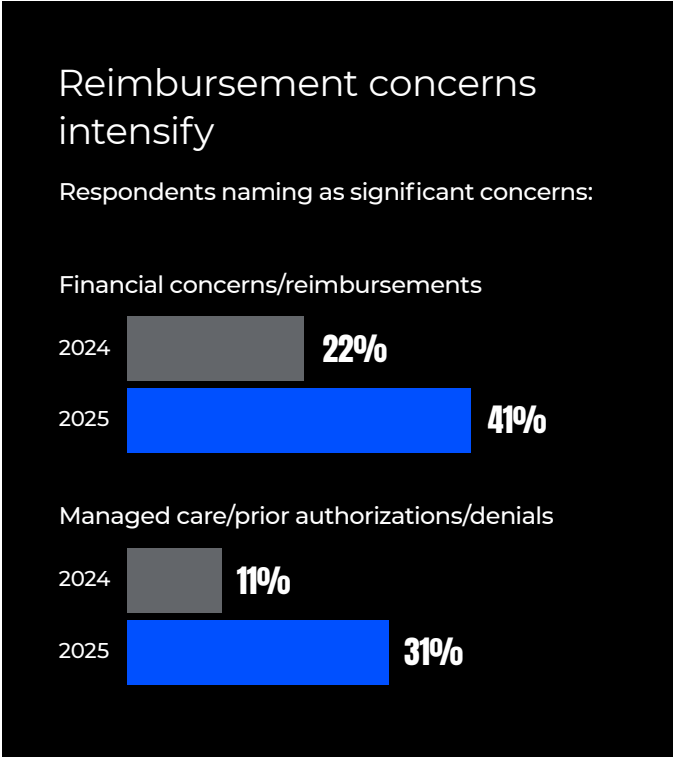
Our research has consistently shown a high level of interest in improving this business function, with 73% of respondents in 2023 and 60% of respondents in 2024 rating this training need as either very or extremely pressing. In 2025, however, interest around this area is especially strong. This year, 44% of respondents said this training need was either very or extremely pressing — which was more than double the percentage for any of the other potential training needs that ranged from leadership development to succession planning to regulatory changes.

"They know now what their new expense structure is, including the fact that they're paying a lot more for labor, so they're putting their focus on revenue-generating activities," said Arduino. "They're also optimizing contracts and looking at pricing. There's now a lot of emphasis on the revenue cycle because that's a way to optimize profitability."

When asked how their organization might adjust service offerings over the next two to three years, respondents were most likely to report adding specialists, primary care and behavioral health services.

"The ebbs and flows of service offerings follow the reimbursement rates," said Arduino. "Unfortunately, many of the core services rural hospitals offer, like labor and delivery and eldercare, are loss leaders. So rural healthcare organizations are asking, 'What can we sustain?'"

While the intensity has waxed and waned over time, concerns about staffing and reimbursements have consistently been top of mind among survey respondents over the last several years of our research. What's new in this year's data was a strong emphasis on cybersecurity, digital tools and AI.

Rural hospitals and clinics need more training to optimize reimbursements

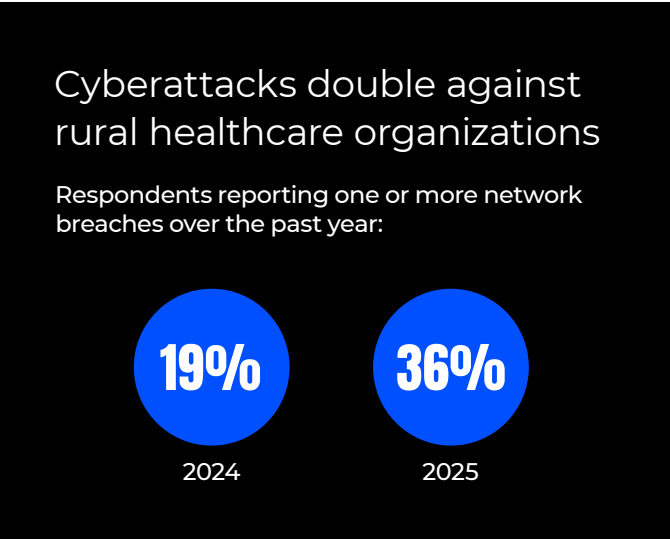|	2023	2024	2025
Optimizing reimbursement/ revenue cycle	73%	60%	65%
Managing technology/data/ risks/cybersecurity	45%	26%	43%
Leadership skill development	N/A	48%	40%
Succession planning	N/A	30%	36%
Cost reporting methods/rules	37%	32%	36%
Data analytics	N/A	N/A	35%
Legislative/ regulatory/policy changes	39%	32%	32%
Artificial intelligence	N/A	N/A	32%
Organizational development	51%	31%	23%

Focus on cybersecurity

Rural healthcare leaders are noticing the threat — and responding.

The growing prevalence of corporate cyberattacks in general, and against healthcare organizations in particular, has been covered in the national media. According to the HIPAA Journal, large data breaches of 500 or more patient records have been on the rise since 2017. By 2023, the rate of these large attacks had doubled from 2017 levels, occurring at an average rate of two breaches every day.

It's also something our survey respondents are now more likely to have experienced. In this year's survey, 36% of respondents said they detected at least one incident of unauthorized access to their corporate networks in the past year. That's double the percentage of respondents that reported the same in 2024 (19%).

Cyberattacks double against rural healthcare organizations

Respondents reporting one or more network breaches over the past year:

19%
2024

36%
2025

"The increase in attacks has hit home for a lot of people. When you add in the fact that the cost of cyber insurance has skyrocketed, shoring up network security is a mandate."

- Nathan Sundheimer,
a digital strategist for Wipfli

Has a growing awareness — and experience — of cyber vulnerability led healthcare organizations to take notice and take action?
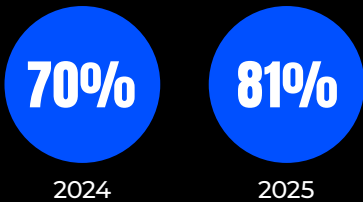
In our survey, respondents said their organization has increased its investments in cybersecurity, implemented network and data safeguards, and conducted or revised a cyber risk assessment over the past 12 months. These were the same top three actions respondents reported in 2024. However, in 2025, the percentages increased.

This year, 81% of respondents said their company increased its investment in cybersecurity, versus 70% in 2024. And 68% of respondents in 2025 said their organization had developed or revised a cyber risk management policy, up from 52% in 2024.

"We've been talking about cyber for several years. But sometimes it takes a while, especially when you have so many competing priorities," said Nathan Sundheimer, a digital strategist for Wipfli. "The increase in attacks has hit home for a lot of people. When you add in the fact that the cost of cyber insurance has skyrocketed, shoring up network security is a mandate."

Actions to secure network and data in the past 12 months

Increased investment in cybersecurity technologies (e.g., upgraded networks and devices with security features)

70% 2024

81% 2025

Improved systems and processes to more rapidly identify a cybersecurity event

60% 2024

68% 2025

Conducted a cyber risk assessment

74% 2024

77% 2025

Developed or revised a cyber risk management policy

52% 2024

68% 2025
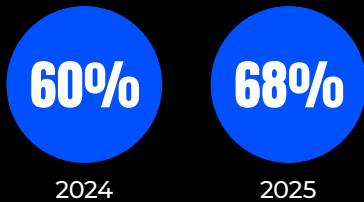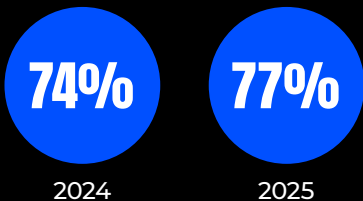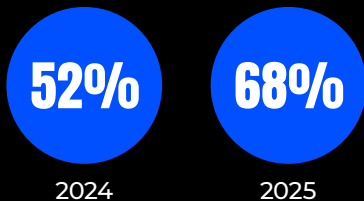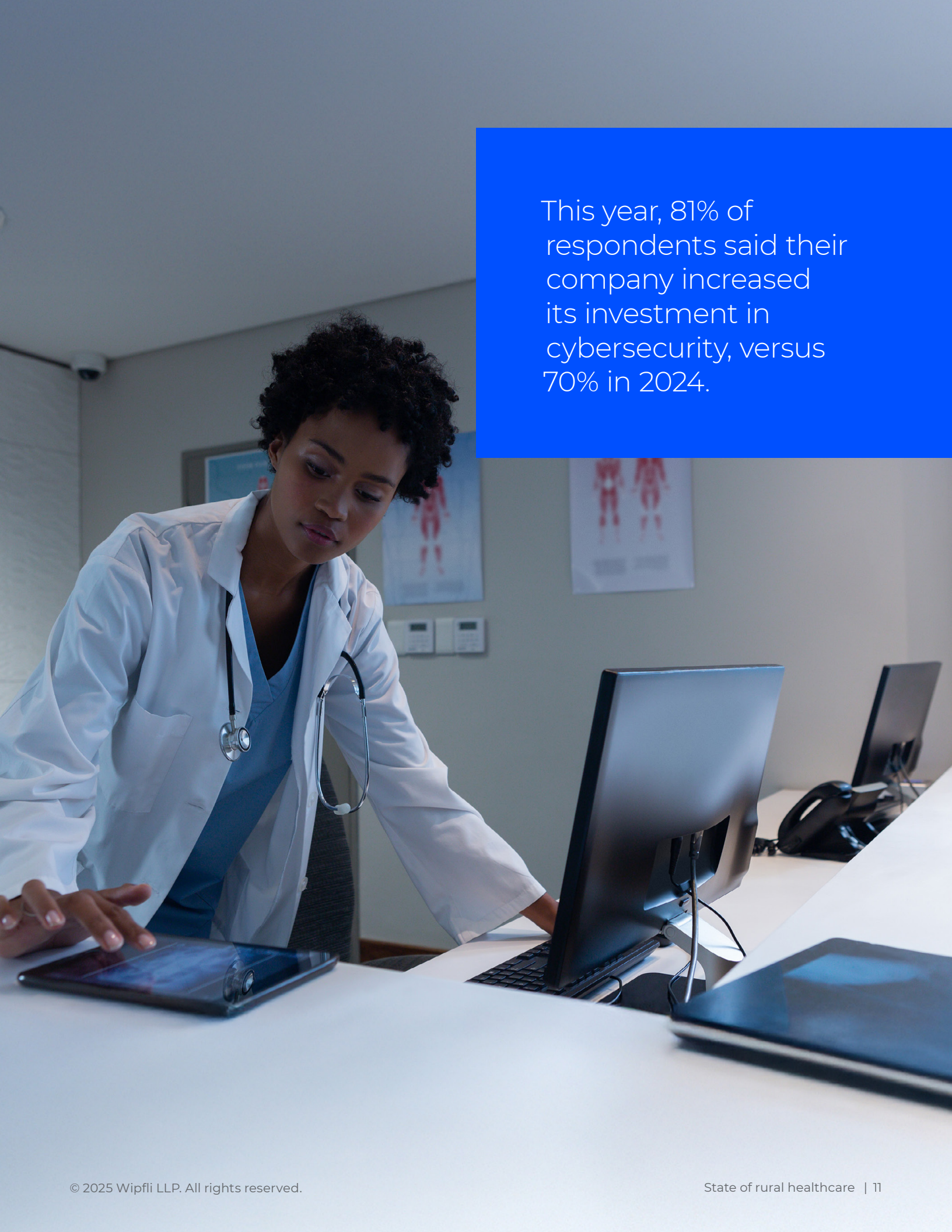
This year, 81% of respondents said their company increased its investment in cybersecurity, versus 70% in 2024.

Digital and AI emerge

Digital tools help rural clinics improve patient service. AI tools show promise in the back office.

Our 2025 survey responses also suggest a shift in organizations' planned tech investments over the coming year, with a new emphasis on digital and AI technologies.

The percentage of respondents who said their company was planning to upgrade IT infrastructure or migrate to cloud computing declined from about half in 2024 to roughly one third in 2025. In terms of planned tech purchases, this year's top intentions were AI, EMR or EHR systems and business intelligence (BI) tools. Most respondents also said their organizations planned to invest in AI technologies.

Rural healthcare organizations look to digital applications to improve customer experience

Online bill pay
- 2023: 70%
- 2024: 88%
- 2025: 85%

Hospital price transparency/ price estimator tools
- 2023: 66%
- 2024: 76%
- 2025: 83%

Tex appointment reminders/ confirmation apps
- 2023: 64%
- 2024: 74%
- 2025: 79%

Telehealth/virtual visits
- 2023: 78%
- 2024: 84%
- 2025: 73%

Mobile apps/patient portal
- 2023: 68%
- 2024: 80%
- 2025: 72%

Patient scheduler tools
- 2023: 30%
- 2024: 32%
- 2025: 51%

Sundheimer characterizes the shift this way: "Many rural healthcare organizations have made investments in critical infrastructure upgrades over the last few years. Now that those are in place, they're poised to take advantage of the capacity they've built in their networks to explore digital applications and AI tools that will drive efficiency and productivity."

Our research shows that rural healthcare organizations are looking to digital applications to improve the patient experience. Respondents reported in 2025's survey that online bill pay, price estimator tools and text appointment reminders were the top three customer-experience improvements their companies implemented. This is a shift from 2023 and 2024, when virtual telehealth was the top tool. It fell to fourth place in 2025.

Investments in patient scheduler tools have also seen growth. In 2025, 51% of respondents reported their organization had implemented one of these applications over the past year, up from 30% in 2023 and 32% in 2024.

Respondents also indicated that their organizations are beginning to invest in AI tools — starting in the back office. This year, 32% of respondents said their organization was using AI tools. Of those, about half have been using AI for less than six months, and the vast majority were using AI tools for administrative tasks.

Additional AI use cases — such as including patient scheduling reminders, remote patient monitoring through wearable devices, note scribing and imaging analysis — ranked lower than the general category of "administrative tasks" for survey participants.

"These additional use cases, while they are just beginning to emerge, suggest future avenues for AI integration into service delivery in rural healthcare," said Sundheimer. "For now, it makes sense for rural hospitals and clinics to start with administrative applications. They need to replenish manual jobs from a shrinking workforce, and they can't fill all those jobs no matter what they do. So it makes sense for them to start on the AI journey."

Rural healthcare organizations begin to use AI tools

Organizations currently using AI tools

32%	37%	31%
Yes	No	Considering

Looking forward

While it's easy to understand why rural healthcare organizations are now prioritizing cybersecurity and AI integration, the how is more complex. "These transformations come with a lot of questions," says Sundheimer. "Where do I start? How do I prioritize it? What should my approach be? And how do I choose among the vast number of providers and partners out there?"

Arduino equates this potential digital overwhelm to what happens when a hospital looks to build an addition or renovate its emergency room. Digitization, she says, is essentially an infrastructure upgrade whose materials are virtual rather than physical. The construction industry has offered a solution — owners' reps, or consultants who help coordinate all the moving parts and partners of a major construction project — and a growing crop of digital strategists are now out there offering similar guidance for digital, cyber and AI migrations.

One of the lessons that came out of COVID-19 is that prevention is the best medicine. If cyberterrorism is our new pandemic, strengthening network security is critical for rural healthcare leaders. And one of the most promising ways for organizations to inoculate themselves against the increasing cost and decreasing supply of labor is to invest in AI and digital technologies.

Our research suggests that rural hospital and clinic leaders agree — and that's great cause for optimism.

Appendix: The raw data

Wipfli received survey responses from 75 healthcare leaders.

The survey was emailed and answers were collected between October 1 and November 8, 2024. All responses were confidential and anonymous.

Percentages may not equal 100% due to rounding.

Which of the following best describes your organization?

Critical access hospital	**84%**
Rural health clinic-provider based	**11%**
Rural health clinic-independent	**3%**
Rural PPS hospital	**3%**
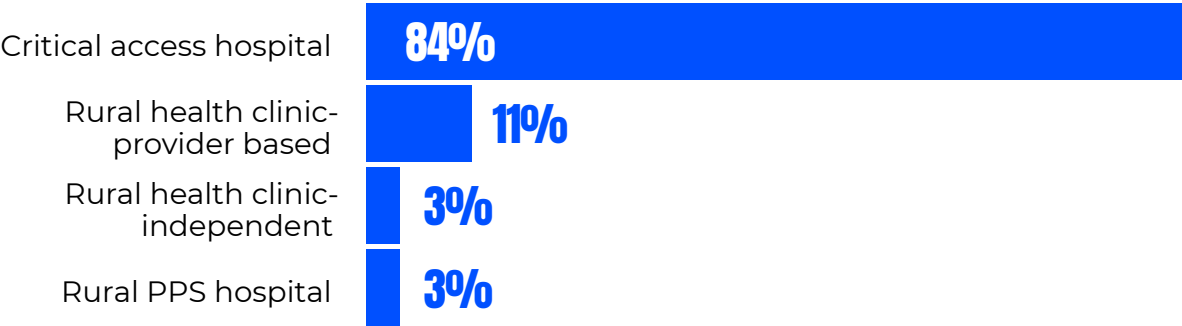
How optimistic are you regarding the current financial viability of your organization?
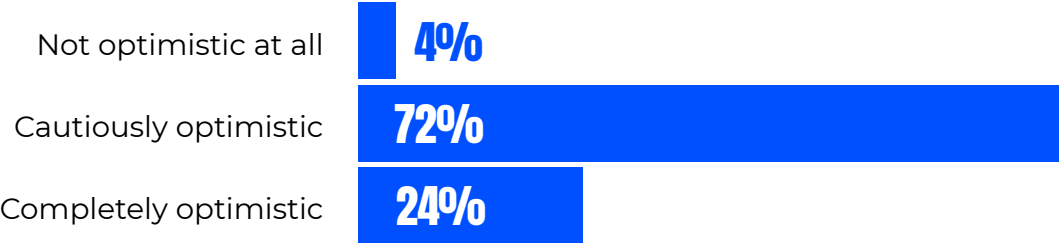
Not optimistic at all	**4%**
Cautiously optimistic	**72%**
Completely optimistic	**24%**

Which statement best describes your organization's level of financial stability as compared to a year ago?
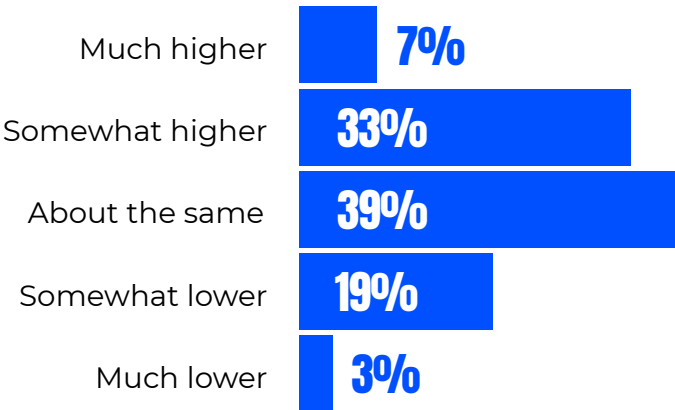
Much higher	7%
Somewhat higher	33%
About the same	39%
Somewhat lower	19%
Much lower	3%

Which statement best describes your organization's level of financial stability as compared to 5 years ago?

Much higher	31%
Somewhat higher	27%
About the same	17%
Somewhat lower	13%
Much lower	12%
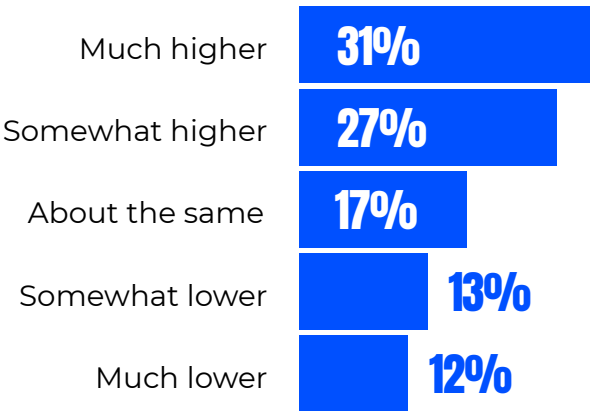
In the next 2-3 years, how likely is your organization to consider merging or consolidating with another healthcare organization?

- Very likely — 5%
- Likely — 7%
- Not likely at all — 78%
- Unsure — 10%
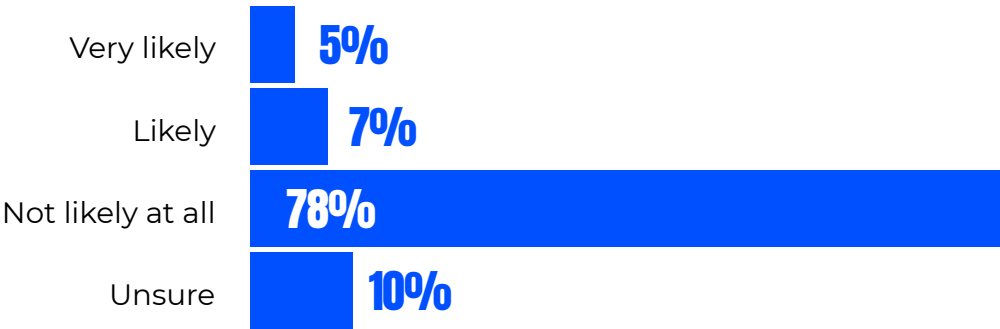
What do you consider to be the most significant challenge facing rural healthcare providers today?

- Financial concerns/reimbursements — 41%
- Staffing/Recruiting/Retention — 32%
- Managed care/Prior authorizations/Denials — 31%
- Increasing costs — 7%
- Administrative/Regulatory burdens — 4%
- Access to healthcare — 4%
- Service expansion — 4%
- Other — 8%
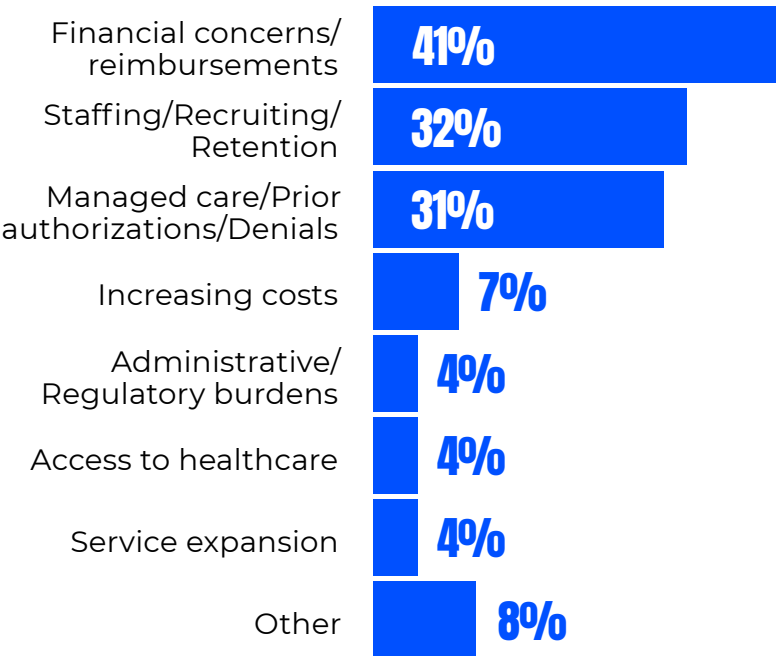
Compared to last year, which best describes your current workforce shortage?

- Better — 40%
- Same — 45%
- Worse — 15%
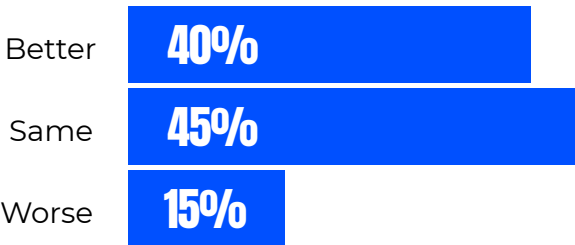
Which of the following methods have you used successfully in the last year to help address staffing issues?

Method	Percentage
Increased wages	89%
Focused on organizational culture	69%
More proactively recruited candidates	59%
Leadership training	53%
Increased benefits, reduced hours, paid education, perks	52%
Utilized traveling/temporary clinical staff	42%
Hosted training programs for certified nursing assistants or other clinical personnel	36%
Recruited international workforce	27%
Used technology to improve clinical workflows	22%
Utilized traveling/temporary non-clinical staff (i.e., finance, billing, dietary)	13%
Developed our own medical education and residency programs	9%
Outsourced non-clinical services	8%
Telehealth	5%
Other	2%

Please rate each of the following educational/training needs in terms of how pressing they are for your employees.

Need	Percentage
Optimizing reimbursement/revenue cycle	65%
Managing technology/data/risks/cybersecurity	43%
Leadership skill development	40%
Succession planning	36%
Cost reporting methods/rules	36%
Data analytics	35%
Legislative/regulatory/policy changes	32%
Artificial intelligence (AI)	32%
Organizational development	23%
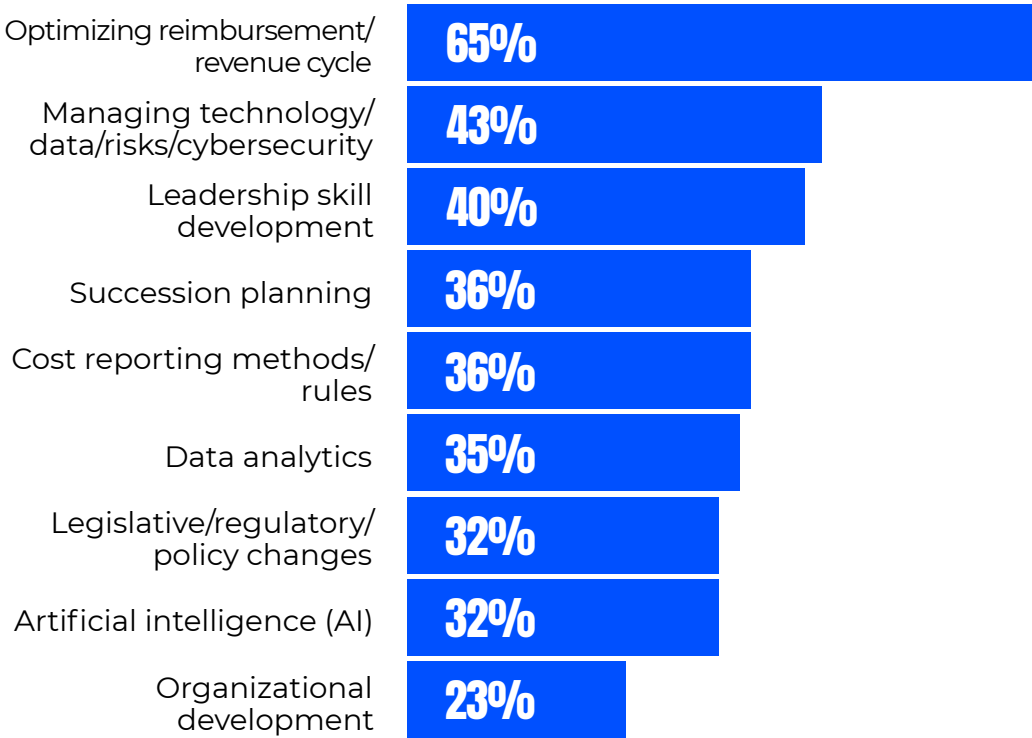
How many times in the past year has your organization identified unauthorized access to corporate networks and data?

Times	Percentage
0	64%
1-2	28%
3-5	7%
6-10	0%
More than 10	1%
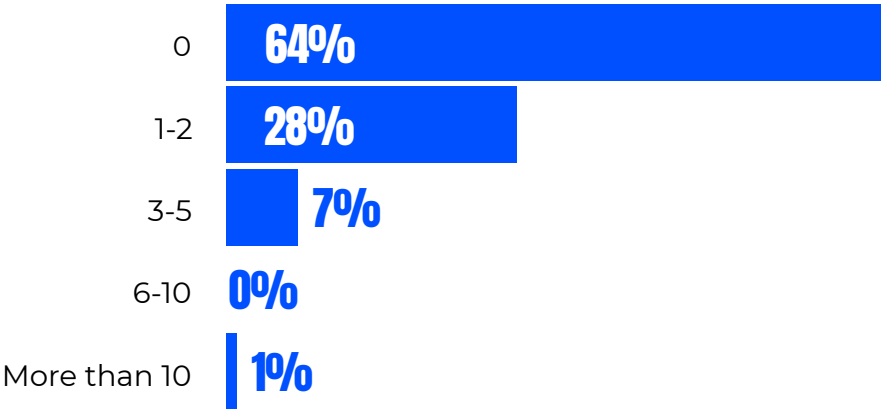
In the next 2 to 3 years, what is your organization's plan for each of the services below? Please indicate by selecting the appropriate response for each service.

Legend: ■ Eliminate/reduce ■ Increase/add

Service	Eliminate/reduce	Increase/add
Specialists	1%	85%
Primary care	1%	75%
Behavioral health	4%	69%
Radiology	1%	69%
Physical therapy	1%	68%
PT/OT/ST	1%	64%
Infusion therapy	3%	61%
Telehealth	1%	57%
In-patient care	8%	47%
Labor and delivery	24%	24%
Nursing home/assisted living	12%	11%
Hospital at-home care	12%	8%
Home health/hospice	19%	3%
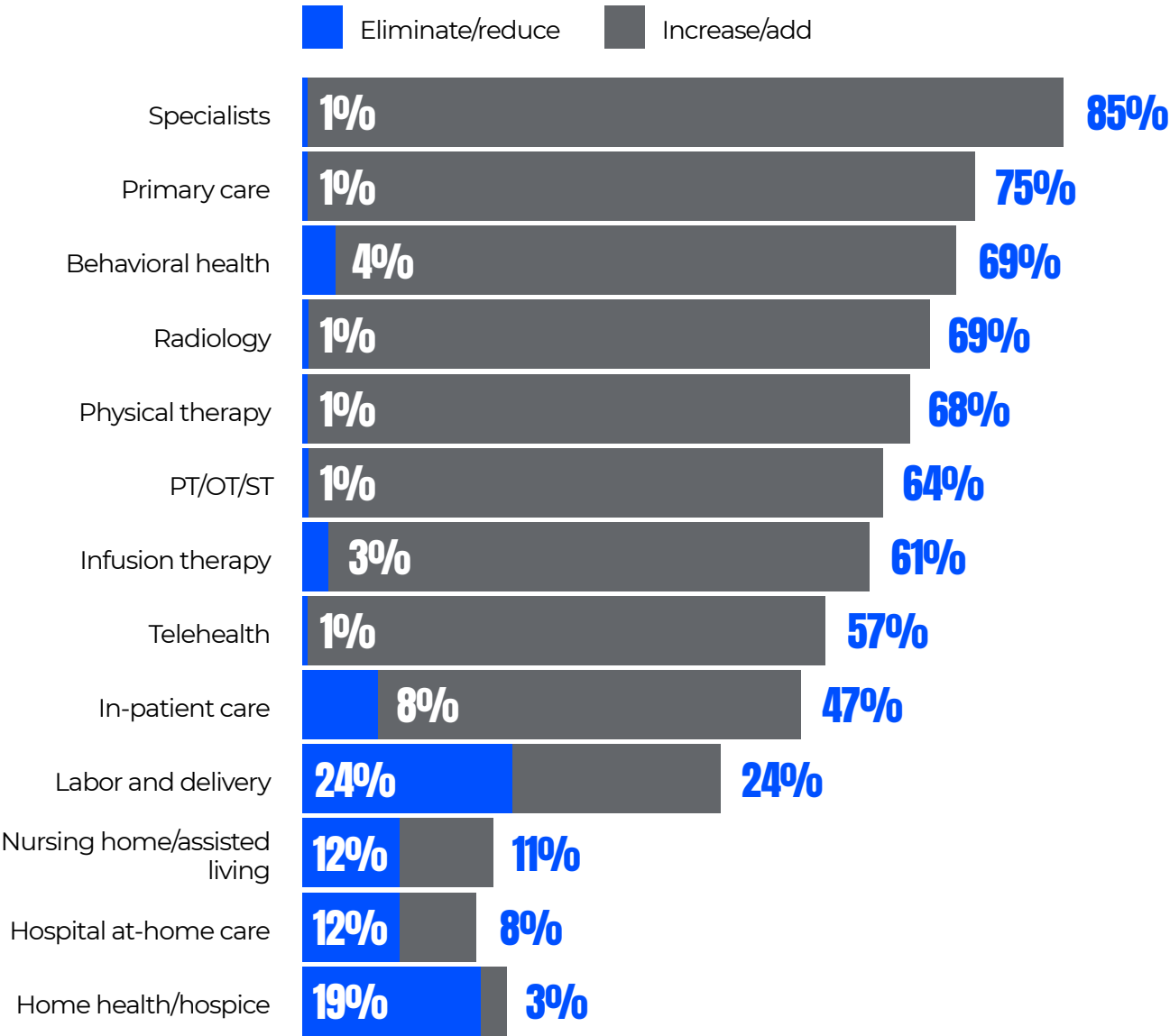
What actions has your organization taken in the past 12 months to ensure the security of its network and data?

Action	Percentage
Increased investment in cybersecurity technologies (e.g., upgraded networks and devices with security features)	81%
Implemented safeguards to better protect networks and data (e.g., enhanced access controls, maintenance procedures, 24/7 security monitoring)	79%
Conducted a cyber risk assessment	77%
Improved systems and processes to more rapidly identify a cybersecurity event	68%
Developed or revised a cyber risk management policy that communicates cyber prevention, detection, response and recovery actions	68%
Conducted penetration testing	64%
Adopted an all-encompassing cybersecurity framework	35%
Hired cybersecurity expertise or added a virtual CISO	27%
Other	3%

Which of the following tools have you developed/implemented to improve the consumer/patient experience? (Check all that apply.)

Tool	Percentage
Online bill pay	85%
Hospital price transparency/Price estimator tools	83%
Text appointment reminders/Confirmations apps	79%
Telehealth/Virtual visits	73%
Mobile apps/Patient portal	72%
Patient scheduler tools	51%
Other	1%
None of the above	1%
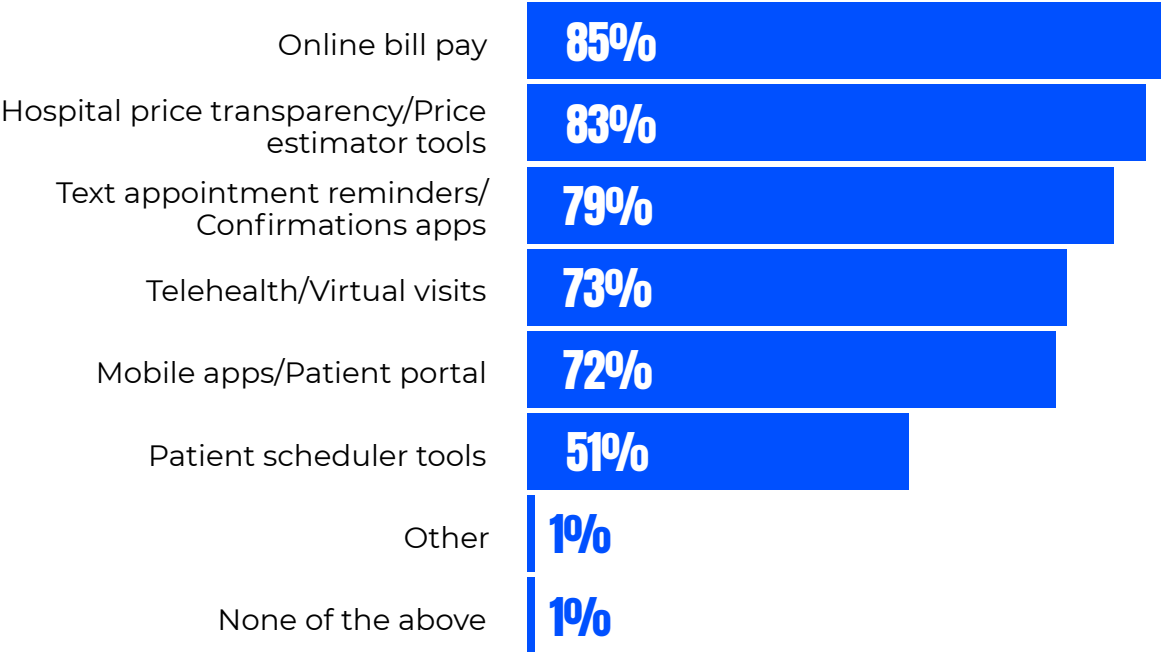
Is your organization currently using any artificial intelligence (AI) tools?

Response	Percentage
Yes	32%
No	37%
Considering but not yet implemented	31%
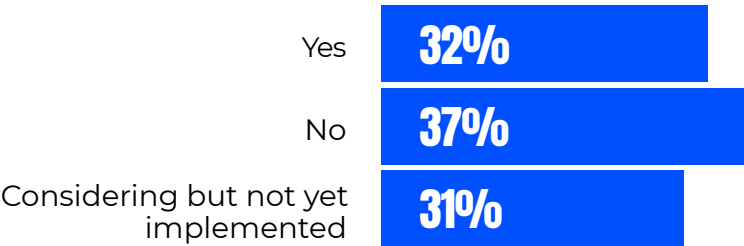
YOUR NEXT STEP

Whether your rural healthcare organization's greatest challenge is reimbursement, cybersecurity and risk, or talent management, Wipfli can help you implement solutions that reduce costs, improve productivity and better protect sensitive patient data.

Discover how our integrated approach can help you identify and take advantage of the latest opportunities in rural healthcare.

Visit **wipfli.com/rural-healthcare** to learn more.

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