

Financial Impacts of Natural Disasters for Hospitals

The intensity and frequency of major natural disasters is increasing, from **100 per year in the 1970s to more than 500 per year today**, according to the Harvard School of Public Health. Experience with disasters involving or affecting hospitals has shown that regular planning and training results in an increased capacity to maintain essential services, respond to the community and recover from the disasters. This helps avoid lawsuits, closures, sentinel events, and lost revenue experienced by unprepared organizations.

BACKGROUND

2015 marks the 10-year anniversary of Hurricane Katrina and the subsequent flooding of New Orleans. It remains an important case study given the magnitude of the impact to healthcare in the region. Two years following Hurricane Katrina, the reduction of available beds in the region and the fiscal impact to hospitals was staggering. Thousands of animals perished along with the loss of vital tissue samples, wiping out years of painstaking research for cures for cancer and other life threatening human diseases. These losses are not isolated to this disaster, an unprecedented number of healthcare facilities have closed temporarily or permanently following disasters.

LEARNING FROM EXPERIENCE

Within days of Hurricane Katrina's landfall the Ochsner Clinic was back in business. An email dated September 14 2005 to all Ochsner employees announced that Ochsner Clinic, "has rapidly resumed all capabilities, including elective surgeries". **Ochsner Clinic remained the city's only continuously operational hospital during Hurricane Katrina and the ensuing floods.** Within five years they had increased market share, acquired and reopened hospitals that had been closed, and remain a committed leader to advancing care in the region.



Go to WWW.CDPHREADY.ORG to learn more about how Ochsner Clinic and others have benefited from successful preparedness and long-term recovery efforts.



Louisiana State University

Disruption of approximately 300 federally funded research projects, valued at 150 million dollars.

2005 - Hurricane Katrina

NYU Langone Medical Center

Losses of over one billion dollars, evacuation of the hospital and closure of critical services including the emergency department. Today, extensive investments are being made in emergency management and continuity.

2013 - Hurricane Sandy

Lourdes Hospital, Binghamton, NY

Suffered 20 Million Dollars in losses when operations shut down following floods. Investments made in the facility and program allowed for continued operations during subsequent floods during Tropical Storm Lee in 2011.

2006 - Floods

University of Texas Medical Branch

The closure of the hospital's facilities and the resulting downtime of business operations, resulted in \$276 million dollars in lost revenue, layoffs and lawsuits.

2008 - Hurricane Ike, Gavelston

BENEFITS OF



PREPAREDNESS

1. Ensures our ability to continue to our core mission. By establishing the priority of and sequencing of services that must be continued to maintain essential operations (supply chain, payroll, research) and healthcare delivery (patient care)
2. Provides strategies to develop effective plans and operational recovery strategies
3. Identifies risks and measures the impact to operations during interruption events and disasters
4. Builds financial resilience, mitigates economic impact of interruptions and controls recovery costs and increases market share
5. Improves patient safety, improves efficiency, availability of critical supplies
6. Exceeds compliance with the increasing cross-section of healthcare emergency management and business continuity standards
7. Protects technology investments and organizational assets