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Rural California Hospital's Bankruptcy Highlights Industry Strains.

- **California's San Benito Health Care District filed Chapter 9**
- **Nine rural hospitals in state closed since 2005, report says**

In yet another sign of the increasing financial stress facing US hospitals, a public health care operator in California has filed for bankruptcy protection.

San Benito Health Care District in Hollister filed for Chapter 9 bankruptcy on Tuesday, citing labor costs, a years-long shortage of working capital and a \$5.2 million overpayment from Medicare it had to return, the court filing said. The Chapter 9, which is filed by municipalities and public entities, is rare compared to other bankruptcy filings used by corporations and individuals.

The move allows the district to address excessive health-care costs for its workers and find a partner or buyer, a press release prior to the filing said. The district operates the 25-bed, 116-year-old Hazel Hawkins Memorial Hospital and a handful of specialty and rural health clinics and nursing homes.

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Bloomberg

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