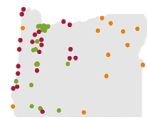


Oregon Acute Care Hospitals: Financial & Utilization Trends Q1 2022

Transparent reporting on the financial health of Oregon hospitals and trends in the use of hospital services helps policymakers and the public understand the role of hospitals in driving health care costs, responding to emergencies like the COVID-19 pandemic, and meeting the needs of their communities. This summary analysis accompanies the first quarter 2022 update of the Oregon Hospital Financial and Utilization Dashboard, OHA's interactive dashboard for hospital financial and utilization data.*

Hospital Financial & Utilization Dashboard



Click here to explore

Key Takeaways Compared with Q1 2021:

- In a continuation from the 4th quarter 2021 trends, rapid growth in **operating expense**, particularly payroll amounts, is significantly impacting **operating margins**.
- **Operating margin (profit)** fell -302.7 percent to -\$103.5 million.
- **Net patient revenue** rose +8.2 percent to \$3.78 billion.
- **Total operating revenue** rose +10.9 percent to \$4.13 billion.
- **Total operating expense** rose +15.2 percent to \$4.23 billion.
- **Total margin** fell -123.4 percent to -\$30.7 million.

Key Terms

Net Patient Revenue

Money a hospital receives from providing health care services to patients.

Total Operating Revenue

The sum of net patient revenue and other operating revenue, which is money a hospital receives from services not related to patient care such as grants, gift shop sales, cafeteria sales, or federal CARES Act funds.

Total Operating Expense

All expenses incurred from operating the hospital, including patient care, supplies, salaries, etc.

Operating Margin

The sum of net patient revenue and other operating revenue (including CARES Act and other grant funds) minus total expenses.

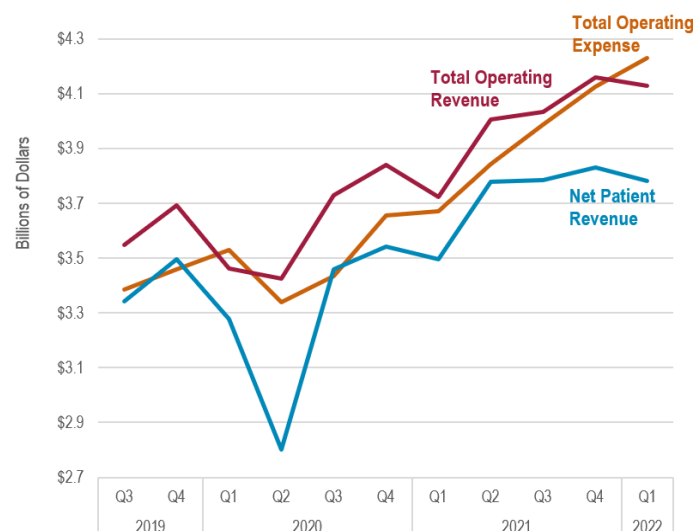
Total Margin

The net sum of all revenue sources (operating and non-operating) minus all expenses. This includes investment income.

Net patient revenue growth is slowing while total operating expense grows, and the gap is widening.

While **net patient revenue** (NPR) amounts have returned towards expected level, the growth is slowing. **NPR** was \$3.78 billion in Q1 2022, up \$285.5 million (+8.2%) from Q1 2021, but down \$50 million (-1.3%) from Q4 2021. Over the past four quarters, **NPR** has been effectively flat. **Total operating revenue** was \$4.1 billion in Q1 2022, up \$404.6 million (+10.9%) from Q1 2021 but down -\$32.8 million (-0.8%) from Q4 2021.

Total operating expense continues to grow faster than **net patient revenue** and **total operating revenue**.

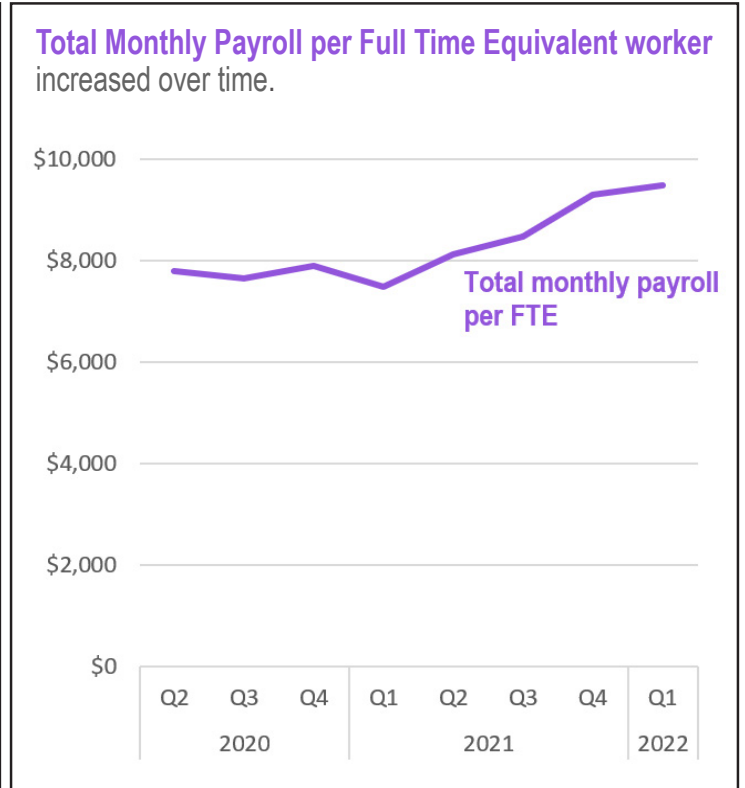
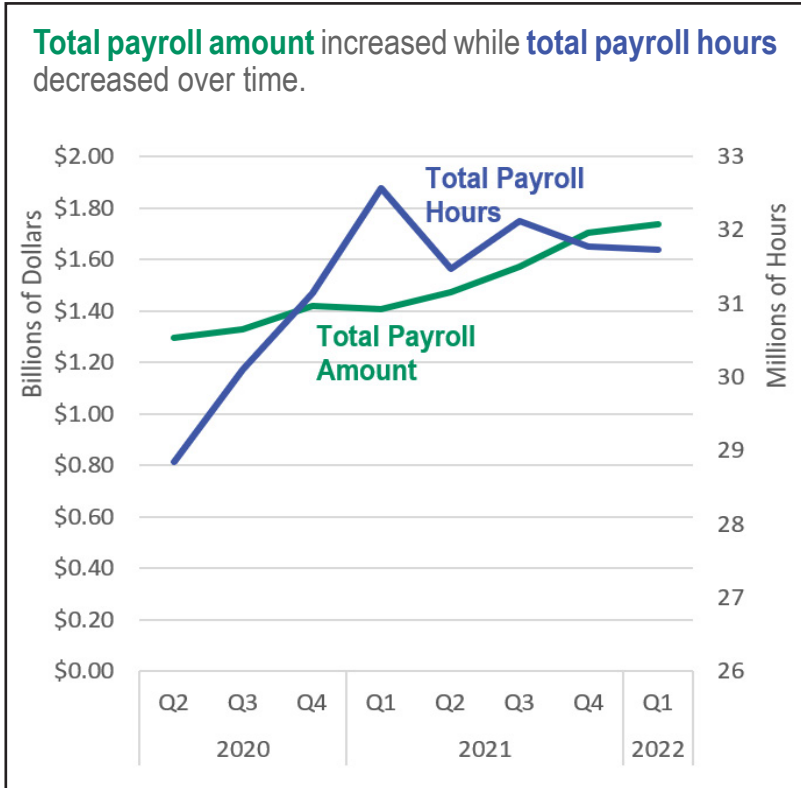


Total operating expense was \$4.23 billion in the 1st quarter, up \$559.1 million (+15.2%) from Q1 2021 and up \$104.6 million (+2.5%) from Q4 2021. **Total operating expense** exceeded **NPR** by over \$450 million in Q1 2022, approximately \$150 million greater than the gap in Q4 2021 (\$300 million). Payroll was \$330 million of the total \$560 million growth (+59%) in **total operating expenses**.

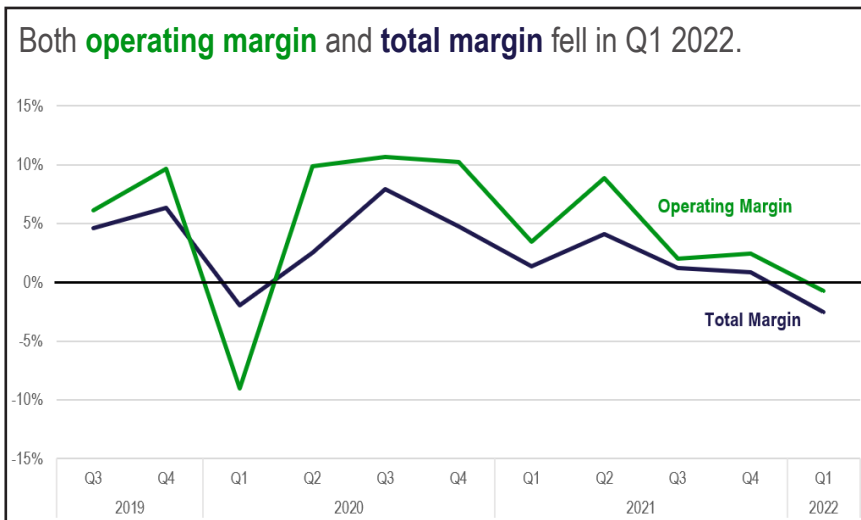
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Payroll drives the expense increase.

Statewide, **payroll expense** was \$1.74 billion in Q1 2022, up \$329.6 million (+23.4%) while **payroll hours** were down -2.5 percent compared with Q1 2021. DRG hospitals drive this expense increase as they account for \$1.44 billion in Statewide **payroll expenses**, an increase of \$292.9 million (+25.5%) from Q1 2021. When converted to a rate, hospitals paid +26.7 percent more per **FTE**, per month, for labor in Q1 2022 than Q1 2021.



Margins remain low due to continued expense growth.



Due to the continued growth of expenses, the first quarter **operating margins (profit)** are down from the previous year. Statewide **operating margin** fell to -\$103.5 million in the 1st quarter and -\$154.6 million (-302.7%) compared with Q1 2021.

Total margin, which includes investment income, fell to -\$30.6 million in the 1st quarter, which is down -\$161.4 million (-123.4%) from Q1 2021 and down -\$132.6 million (-130.1%) from the previous quarter.