

Oregon Acute Care Hospitals: Financial & Utilization Trends Q3 2022

This brief summarizes the third quarter 2022 update of the Oregon Hospital Financial and Utilization Dashboard. [Click here](#) for OHA's interactive dashboard for hospital financial and utilization data.

[Click here](#) for the glossary of key terms. These data are self-reported and subject to change.

Note: Shriners Children's hospital is excluded due to being a charity children's hospital.

Key Takeaways

Compared with Q3 2021:

- ↓ Operating margin (profit) **fell** 269.0 percent to -\$83.4 million.
- ↑ Net patient revenue **rose** 4.9 percent to \$3.97 billion.
- ↑ Total operating revenue **rose** 6.2 percent to \$4.29 billion.
- ↑ Total operating expense **rose** 9.6 percent to \$4.37 billion.

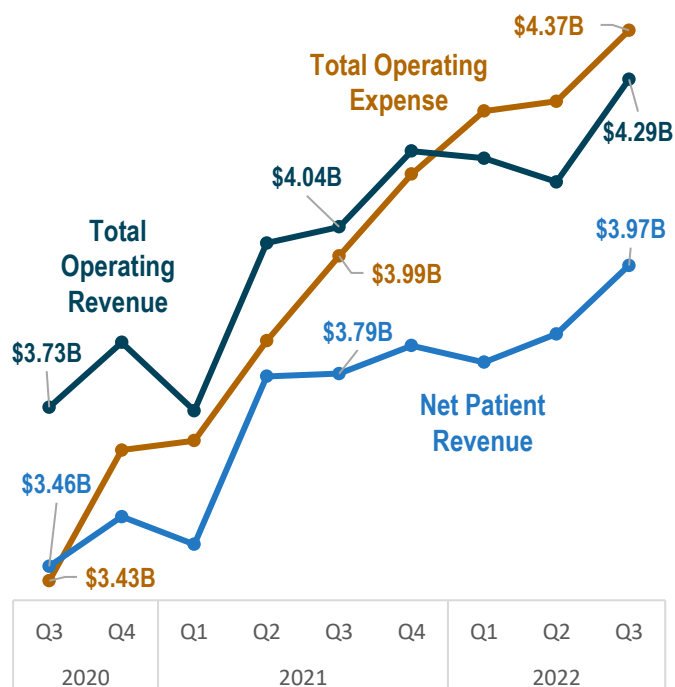
Growth in net patient revenue reduces ongoing operating losses in the 3rd quarter.

Operating expense growth continues to outpace revenue growth, resulting in the third consecutive quarter of statewide operating margin losses. In total, hospitals **lost** \$83.4 million on operations during Q3 of 2022. Hospitals continued to experience large investment losses, bringing total **losses** in the quarter, including non-operational amounts, to \$194.9 million.

Net patient revenue was \$3.97 billion in the third quarter, **up** 3.0 percent from Q2 and up 4.9 percent from the third quarter of 2021. Total operating revenue was \$4.29 billion, **up** 4.2 percent from the second quarter, and **up** 6.2 percent from the third quarter of 2021.

Total operating expenses **grew** 2.8 percent from the second quarter and 9.6 percent from the third quarter of 2021. Year-to-date, total operating expenses have **increased** by \$1.40 billion compared with the first three quarters of 2021, while total operating revenue has only **grown** by \$784.3 million during the same time.

Total operating expense continues to exceed **net patient revenue** and **total operating revenue**.



Hospitals continue to cut payroll to address growing expenses.

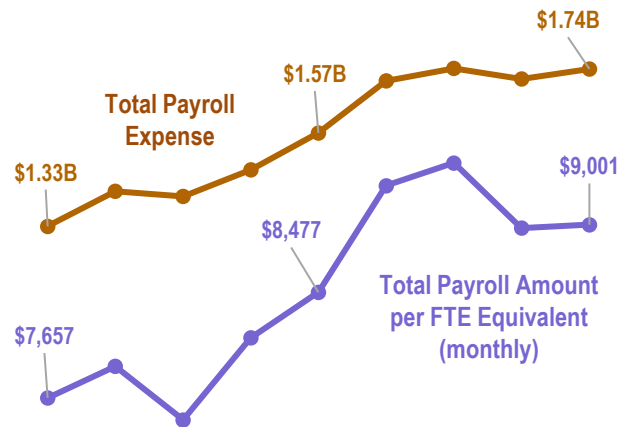
Hospitals continued to apply cost cutting measures in light of their previous poor financial quarters. Operating expenses **grew** 2.8 percent from the last quarter, **up** 9.6 percent from Q3 2021. Over the past year, quarterly **growth** in operating expenses has averaged 2.6 percent.

While payroll remains the leading cause of expense growth over the past year, hospitals have continued to trim payroll to curtail expense growth in 2022.

Total payroll hours are **up** only 1.5 percent (\$25.6 million) from the previous quarter, compared to a 10.5% **increase** from Q3 2021.

Total payroll amount per FTE equivalent per month follows a similar trend, **growing** only 0.3 percent from the previous quarter, compared to 6.2 percent **increase** from Q3 2021.

Total payroll expense growth and **total payroll amount per FTE equivalent per month** remained flat.



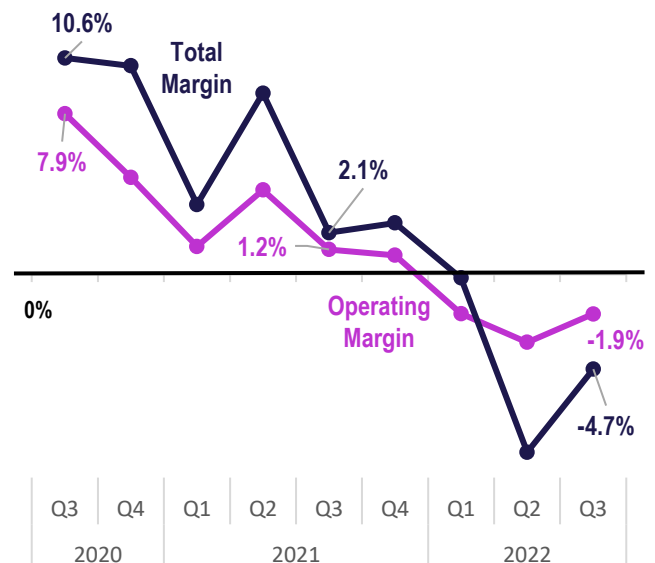
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
2020		2021				2022		

Margins remain negative but show improvement in Q3.

Net patient revenue grew in the third quarter, following a four-quarter trend of minimal growth. Despite improved operating margins in Q3, growth in revenue has been insufficient to move margins into the positive.

Statewide, hospitals **lost** \$116.5 million from non-operational sources, mainly due to investment activities. These include stock and bond values, retirement account values and purchasing of new investments. Total margin, which includes these non-operational investments, was **down** \$194.9 million in Q3 in 2022, **up** \$146.9 million from Q2 and **down** \$278.5 million from Q3 2021.

Losses in **total margin as a percent of revenue** and **total operating margin as a percent of revenue** begin to improve in Q3.



Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
2020		2021				2022		