

# Oregon Acute Care Hospitals: Financial & Utilization Trends Q2 2022

This brief summarizes the second 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. Shriners Children's hospital is excluded due to being a charity children's hospital.

## Key Takeaways

Compared with Q2 2021:

- ↓ Operating margin (profit) **fell** 182.5 percent to \$137.3 million.
- ↑ Net patient revenue **rose** 1.9 percent to \$3.85 billion.
- ↑ Total operating revenue **rose** 2.6 percent to \$4.11 billion.
- ↑ Total operating expense **rose** 10.6 percent to \$4.25 billion.

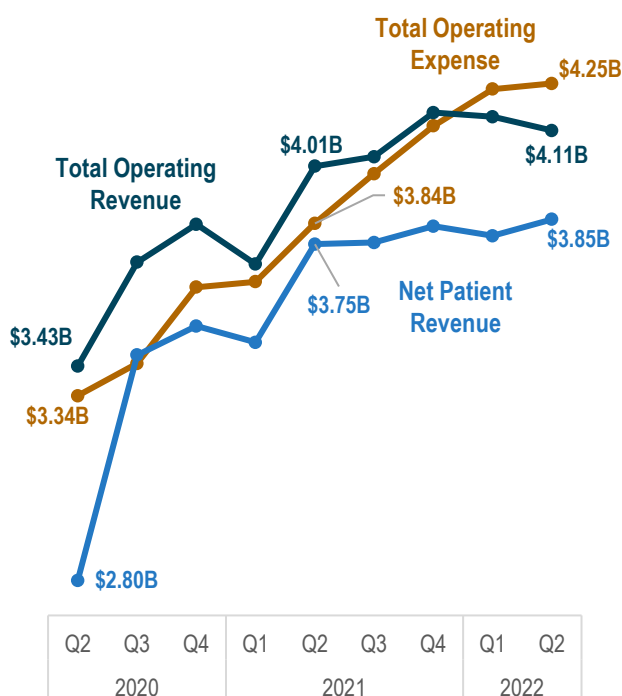
## Operating expenses continue to outpace revenue growth, worsening losses for hospitals.

Operating expense growth continues to outpace revenue growth, resulting in the second consecutive quarter of statewide operating margin losses. In total, hospitals **lost** \$137.3 million on operations. Hospitals also experienced large investment losses, bringing total **losses** in the quarter, including non-operational amounts, to \$341.8 million.

Net patient revenue was \$3.85 billion in the second quarter, **up** 1.3 percent from Q1 and up 1.9 percent from the second quarter of 2021. Total operating revenue was \$4.11 billion, **down** 1.0 percent from the first quarter, but **up** 2.6 percent from the second quarter of 2021.

Total operating expenses **grew** 0.4 percent from the first quarter and 10.6 percent from the second quarter of 2021. Year-to-date, total operating expenses have **increased** by \$968.4 million compared with the first two quarters of 2021, while total operating revenue has **grown** by \$533.4 million.

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



## Hospitals begin to trim payroll to slow growing expenses.

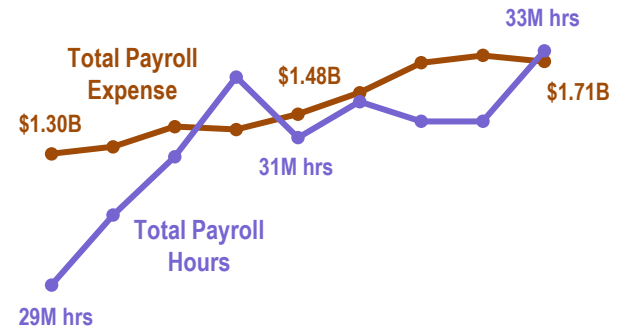
Hospitals are showing signs of cost cutting measures in light of their previous poor financial quarters. As noted, operating expenses **grew** 0.4 percent from the last quarter, which is the lowest quarter over quarter growth in the past eight quarters. In the year prior, quarterly **growth** in operating expenses has averaged 3.6 percent.

The largest expense savings have been in payroll. Total payroll is **down** 1.6 percent (\$27.3 million) from the previous quarter, however it remains **up** 15.9 percent when compared with the second quarter of 2021.

While payroll expense is down, total payroll hours are **up** 4.0 percent from the first quarter and 4.9 percent compared with the second quarter 2021. This likely indicates reductions in payroll expense cannot be attributed to the number of hours worked, but rather to changes in the workforce itself.

It is likely hospital will continue to strictly control payroll growth over the next several quarters.

**Total payroll** expense decreased while **total payroll hours** (in millions of hours) increased over time.



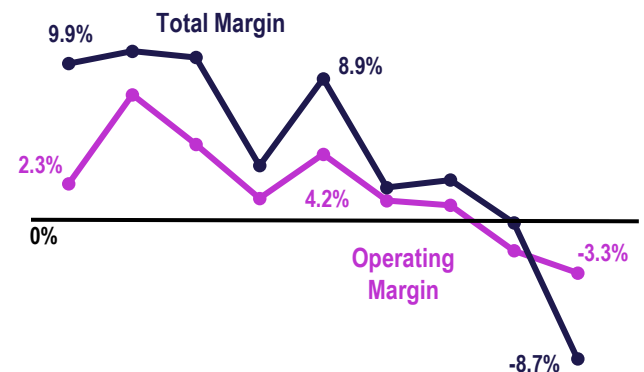
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2020			2021			2022		

## Stock market losses contribute to driving down total margins.

Net patient revenue has been flat, or low growth for 5 consecutive quarters while operating expenses continue to climb. Despite expense growth slowing dramatically in the Q2, growth in revenue has been insufficient to move margins into the positive.

Statewide, hospitals **lost** \$207.8 million 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** \$341.8 million in Q2 in 2022, **down** \$334.4 million from Q1 and **down** \$717.9 million from Q2 2021.

**Total margin as a percent** and **total operating margin as a percent of revenue** continues to fall in Q2 2022.



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