

Oregon Acute Care Hospitals: Financial & Utilization Trends Q1 2023

This brief summarizes the quarter one (Q1) 2023 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 because it is a charity children's hospital and does not directly bill patients.

Key Takeaways

Compared with Q1 2022:

- ↑ Operating margin (profit) **grew** 44.1 percent from -\$80.4 million to -\$45.0 million.
- ↑ Net patient revenue **grew** 9.7 percent from \$3.81 billion to \$4.18 billion.
- ↑ Total operating revenue **grew** 7.0 percent from \$4.15 billion to \$4.44 billion.
- ↑ Total operating expense **grew** 6.0 percent from \$4.23 billion to \$4.49 billion.

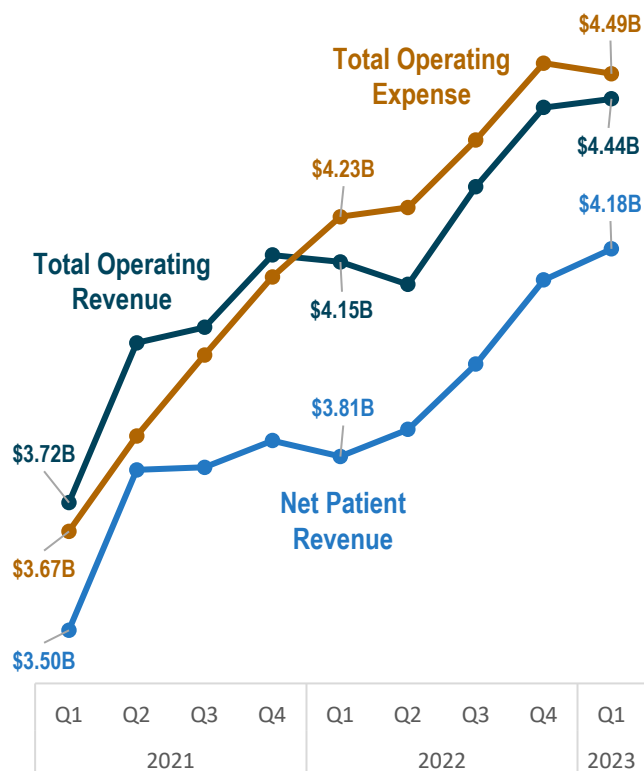
Operating expense falls in Q1 as revenue increases

Although Oregon hospitals entered their fifth consecutive quarter of operating margin losses, their overall financial outlook is improving. Operating expenses **decreased** between Q4 of 2022 and Q1 of 2023 for the first time in the previous eight quarters. Compared with Q1 of 2022, expenses **grew** by six percent and revenue **grew** by seven percent. Statewide, hospitals **lost** \$45 million on operations but continued to see increases in total margin (all sources of income) in Q1.

Net patient revenue was \$4.18 billion in the first quarter, **up** 1.3 percent (\$55.2 million) from Q4 of 2022 and **up** 9.7 percent (\$369.9 million) from Q1 of 2022. **Total operating revenue** was \$4.44 billion, **up** 0.3 percent (\$15.3 million) from Q4 of 2022, and **up** 7.0 percent (\$290.6 million) from Q1 of 2022.

Total operating expenses fell 0.4 percent from Q4 of 2022 and **grew** 6.0 percent from Q1 of 2022. Year-to-date, total operating expenses **increased** by \$255.2 million compared with the previous four quarters, while total operating revenue **increased** by \$290.6 million during the same period.

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



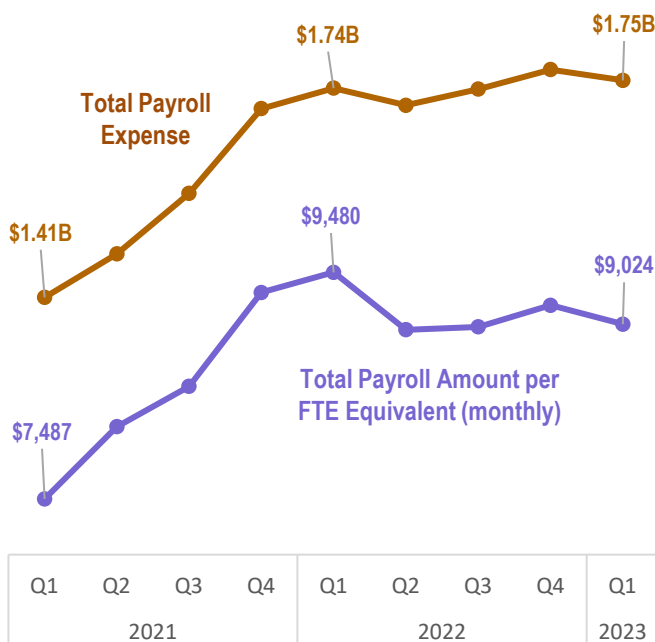
Total payroll expense decreases slightly in Q1 of 2023

While payroll expense remains the major contributor to overall expense spending, it has remained relatively stable. A small decrease in payroll expense in Q1 of 2023 corresponds with a decrease in operating expenses observed this quarter.

Total payroll expense showed little change, with a 1.0 percent **decrease** (\$17.1 million) between Q4 of 2022 and Q1 of 2023, and a 0.7 percent **increase** from Q1 of 2022 (\$12.2 million).

Total payroll amount per FTE (full-time equivalent) per month also decreased slightly, 1.8 percent (\$167), from Q4 of 2022 and 4.8 percent (\$456) from Q1 of 2022.

Total payroll expense and **total payroll amount per FTE per month** decreased slightly from Q4 2022 but the trend remains mostly stable.



Operating margins continue to show improvement

Operating margin was -\$45.0 million, an **increase** of 43.3 percent (\$34.2 million) compared with Q4 of 2022, and a 44.1 percent **increase** (\$35.4 million) from Q1 of 2022. Although **operating margin** remained negative in the first quarter of 2023, its steady improvement indicates that hospitals are losing less money than in previous quarters.

Overall, hospitals **gained** \$135.0 million from non-operational sources in Q1 of 2023, including investment activities. These sources include stock and bond values, retirement account values and purchasing of new investments.

Total margin, which includes these non-operational investments, was \$93.5 million in Q1 of 2023, **up** 29.6 percent (\$21.4 million) from Q4 of 2022 and **up** 1356.5 percent (\$101.0 million) from Q1 of 2022.

Growth in **total margin** continues, while **operating margin** remains negative in Q1.

