

Oregon Acute Care Hospitals: Financial & Utilization Trends Q4 2020 and Year-End Summary

As Oregon continues its large-scale health care transformation efforts, tracking hospital costs and utilization is an important part of monitoring the impact of these efforts. This summary analysis accompanies the fourth quarter 2020 update of the Oregon Hospital Financial and Utilization Dashboard, OHA's interactive dashboard for hospital financial and utilization data.

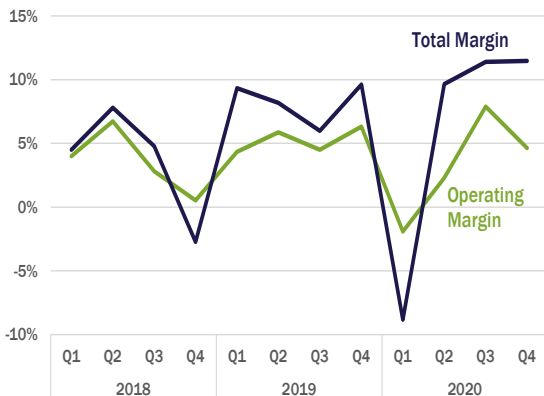
Key Takeaways

- Statewide **operating margin (profit)** was 4.6%, or \$178.1 million, in Q4 2020 and 3.3%, or \$483.8 million, all of 2020.
- Statewide **net patient revenue** was \$3.5 billion in Q4 2020, which was flat compared with Q4 2019. Net patient revenue was \$13.1 billion for 2020, which was 4.1% lower than the same period in 2019.
- Statewide **total operating expense** was \$3.7 billion in Q4, up 4.3% from Q4 2019. It was \$14.0 billion for all of 2020, up 2.4% from 2019.
- An estimated \$620.4 million in CARES Act funding buoyed Oregon hospital finances in 2020.
- Statewide **total margin** was 11.5%, or \$473.9 million, in Q4 2020 and 6.6%, or \$983.5 million, all of 2020.

Both operating margin and total margin fell in the spring, then improved.

Statewide **operating margin (profit)** was 4.6% (\$178.1 million) in the fourth quarter. Operating margins have shown strong recovery since the elective procedure shutdown in the second quarter of 2020, allowing hospitals to end the year positive, with a 3.3% (\$483.8 million) operating margin in 2020.

Both **operating margin** and **total margin** were positive from Q2 through Q4 2020.



Total margin, which includes investment income, rose 1.9 percentage points compared with Q4 2019 to 11.5% (\$473.9 million) in the fourth quarter.

Year-to-date total margin for 2020 was positive for the year at 6.6%, or \$983.5 million.

Key Terms

Net Patient Revenue

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

Other Operating Revenue

Money a hospital receives from services not related to patient care, such as gift shop sales, grants, 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.

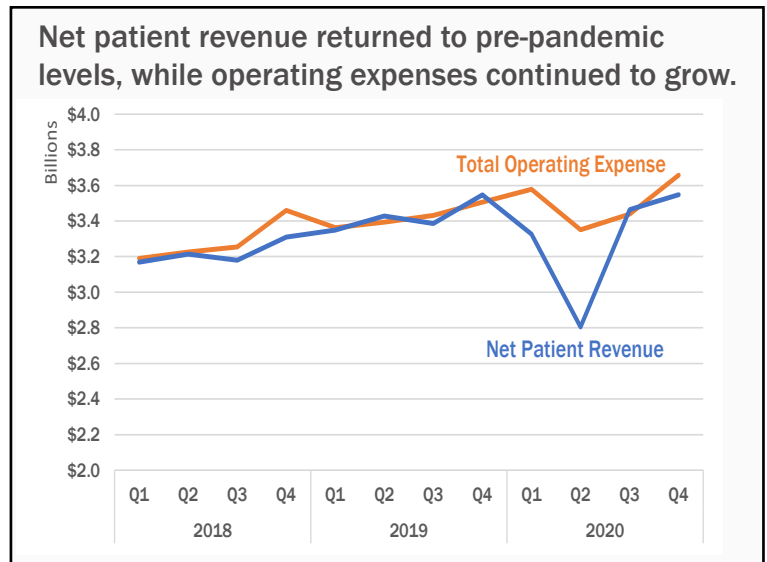
Total Margin

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

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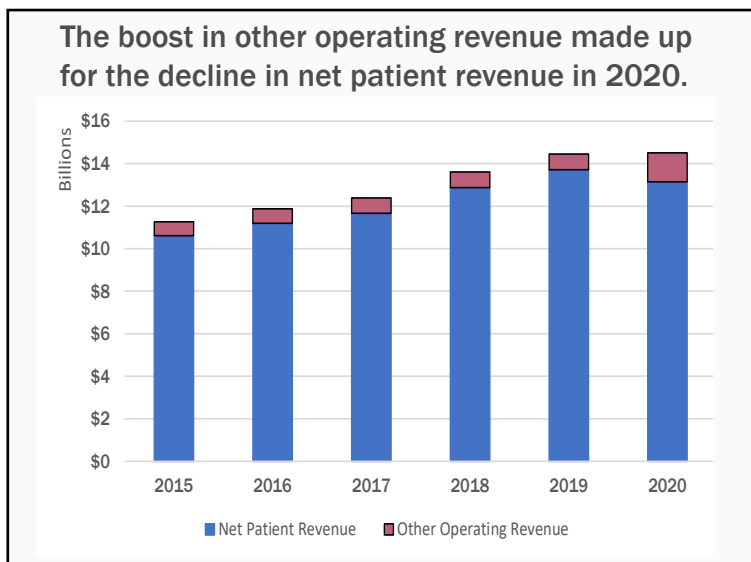
Net patient revenue recovered to pre-pandemic levels in the fourth quarter 2020.

- Statewide **net patient revenue** in Q4 was \$3.5 billion, a slight increase from Q4 2019 and 2018, and a 26.5% increase from Q2 2020, when pandemic-related reductions in hospital use were most pronounced. Hospitals ended 2020 with \$13.1 billion in net patient revenue.
- Statewide **total operating expense** in Q4 was \$3.7 billion. Year-to-date statewide total operating expense was \$14.0 billion, 6.7% higher than net patient revenue.



Total operating revenue grew year-over-year as a result of the CARES Act.

- Despite **net patient revenue** decreasing in 2020, total other operating revenue for 2020 increased to \$1.4 billion, which is a 83.3% increase from 2019.
- Total operating revenue, which is the sum of other operating revenue and net patient revenue, grew to \$3.8 billion in Q4 2020, which is a 2.5% increase from Q4 2019. Total operating revenue for all of 2020 was \$14.5 billion, which is a 0.4% increase from 2019.



The federal CARES Act provided an estimated \$620.4 million in vital support to hospitals. That estimated figure results from comparing other operating revenue (which includes CARES Act funding) in 2019 and 2020.

Without the infusion of CARES Act funding, the statewide hospital system would have lost money in 2020 rather than making a profit.