

Oregon Acute Care Hospitals: Financial & Utilization Trends Q1 2021

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 2021 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 2.0%, or \$73.3 million, in Q1 2021
- Statewide **net patient revenue** was \$3.5 billion in Q1 2021, which was 5.0% higher than Q1 2020.
- Statewide **total operating expense** was \$3.7 billion in Q1, up 2.5% from Q1 2020.
- Statewide **total operating revenue** was \$3.7 billion, a 6.5% increase compared with Q1 2020.
- Statewide **total margin** was 4.6%, or \$175.0 million, in Q1 2021. Total margin grew 13.4 percentage points compared with Q1 2020.

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.

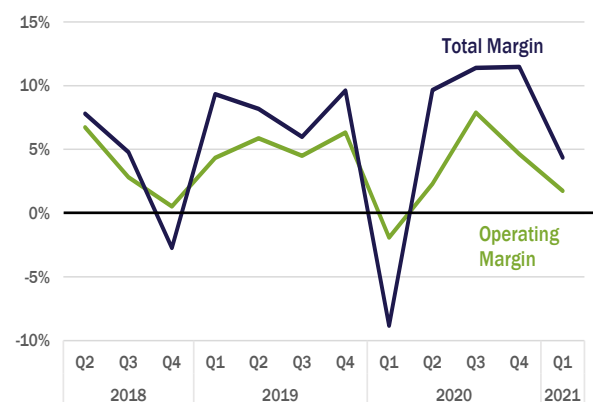
Total Margin

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

Both operating margin and total margin were positive, although lower than before the pandemic.

Statewide **operating margin (profit)** was 2.0% (\$73.3 million) in the first quarter of 2021, which is 3.9 percentage points higher than Q1 2020. Despite the growth compared with the heavily COVID-19-affected Q1 2020, operating margin was below the statewide five-year average operating margin of 4.0%.

Operating margin and total margin were positive, but slightly lower than average.



Total margin, which includes investment income, rose 13.4 percentage points compared with Q1 2020 to 4.6% (\$175.0 million) in the first quarter.

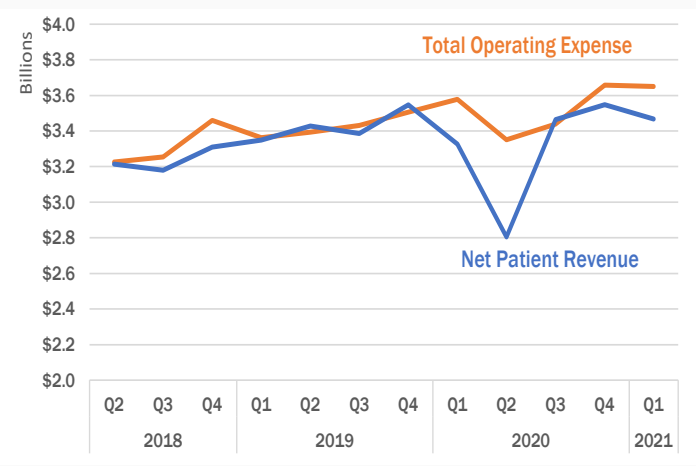
Like operating margin, total margin was below the statewide five-year average total margin of 6.0%.

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

Net patient revenue continues to lag total operating expenses statewide.

- Statewide **net patient revenue** in Q1 was \$3.5 billion, a 5.0% increase from Q1 2020
- Statewide **total operating expense** in Q1 was \$3.7 billion, a 2.5% increase from Q1 2021
- After falling sharply in the spring of 2020, net patient revenue climbed back to its pre-pandemic levels.
- Total operating expense only fell slightly during the spring of 2020 and then exceeded pre-pandemic levels

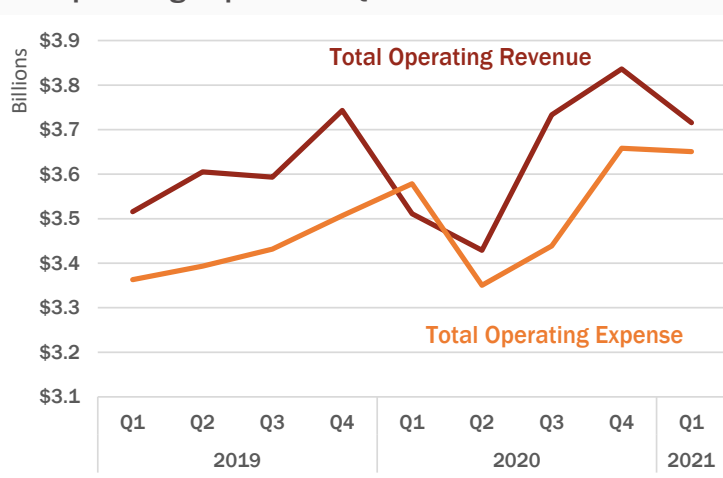
Expenses exceeded net patient revenue by \$183.7 million in Q1 2021.



Total operating revenue grew 6.5% compared with Q1 2020

- Statewide total operating revenue, which is the sum of other operating revenue and net patient revenue, grew to \$3.7 billion in Q1 2021, an increase of 6.5% compared with the first quarter of 2020.
- Other operating revenue, the category that includes grants such as the federal CARES Act funding, made up 6.6% of total operating revenue and continues to trend back to its historical norms. While CARES Act funding was disbursed prior to Q1 2021, it will continue to appear as other operating revenue on hospitals' balance sheets as they use the funds.

Total operating revenue exceeded total operating expense in Q1 2021.



In the first quarter of 2021, total operating revenue exceeded total operating expense by \$73.3 million, or 2.0%.

Strong other operating revenue, supported by CARES Act funds, contributed to the statewide hospital system having a positive total margin (i.e. total profit) every quarter since Q1 2020 despite the COVID-19 pandemic.