

# Audited Hospital Financial Data

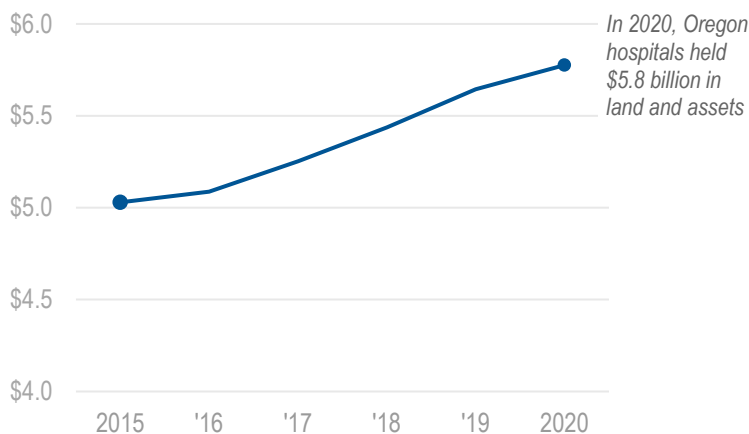
## HPA Data Profile

Hospitals are a critical part of the health care system, and hospital care accounts for more than thirty percent of all health care spending in the United States each year. Every year, hospitals and health systems submit detailed audited financial records to the Oregon Health Authority for Oregon’s 60 acute-care inpatient hospitals. Transparent reporting of these data is important to help researchers, policymakers, and the public understand hospitals’ financial health, and their role in driving health care costs and meeting the needs of their communities.

A few examples of the things audited hospital financial data can tell us include:

### The net value of land and assets that hospitals hold increased rapidly between 2015-2020.

Units are in billions. Note axis does not



## Regular reporting

Once per year (typically in early summer), OHA publishes a raw data file and a summary table of audited hospital financial data. The summary table includes definitions, the most recent year’s data, and comparisons on key metrics to the previous year. The raw data file shows more granular detail and includes data back to 2007.

Both files (Excel) can be downloaded from the [Hospital Reporting Program webpage](#).

### Hospital types

“Acute care inpatient hospitals” means hospitals that provide medical care and other related services for surgery, acute medical conditions or injuries (usually for a short-term illness or condition).

Acute care hospitals are further categorized by size and location:

**DRG** hospitals are large and typically urban. DRG stands for “diagnostic related group” and it refers to the way the hospital gets paid by Medicare. Almost half (27 of 60) hospitals in Oregon are DRGs.

**Types A and B** hospitals are both smaller (fewer than 50 beds). The difference is that Type A are located more than 30 miles from another hospital, while Type B have another hospital within 30 miles. Oregon has 12 Type A hospitals and 21 Type B hospitals.

# About the data

## How the data are collected

Hospitals and health systems submit 1) a financial statement with attached certification of audit and 2) a completed “FR-3” form, which itemizes certain financial measures and can be found on the Hospital Reporting Program webpage.

## Timing and frequency

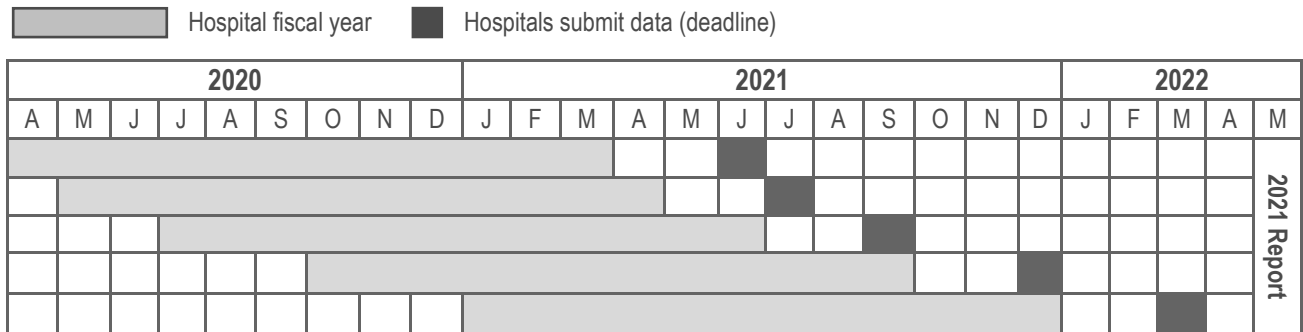
Hospitals and health systems must submit their audited financial statement and FR-3 within 120 days of their fiscal year ending. Hospitals and systems in Oregon do not all follow the same fiscal year. Some end as early as March (beginning in April of the prior year) or as late as December (beginning in January).

OHA publishes annual summary data for all hospitals in summer of each year. The data in each annual report are based on when the hospitals’ fiscal years ended. For example, the 2021 data file and summary report (published in 2022) cover all fiscal year data that ended in 2021. Since hospitals use different fiscal years, the time periods covered by the data will differ and include months from the prior calendar year. See Figure 1 below.

### Did you know?

Hospitals also submit monthly financial data. Read the [Hospital Financial and Utilization data profile](#) to learn more.

Figure 1. Oregon’s 60 acute care hospitals follow different fiscal years, as shown in the gray bars below. Data for all hospitals are published annually, in late spring of the calendar year following the close of all fiscal years. The example below shows the range of fiscal year data included in the “2021” data report.



## Overview of data elements

Audited hospital financial data provide a detailed picture of hospitals’ financial health. Key metrics include things like:

- **Revenues:** The amount of money a hospital received from different sources, such as for providing patient care (net patient revenue)
- **Expenses:** The amount of money it cost the hospital to operate
- **Operating margin:** A comparison of revenues to expenses, which tells you whether the hospital is operating at a profit or loss

- **Charity care:**<sup>1</sup> The stated value of care that the hospital provided for free to low-income patients
- **Property plan and equipment:** The total value of all buildings, land, furniture, and other physical capital that a hospital owns.

The annual summary table also includes basic information about the reporting hospitals, such as hospital type (DRG, Type A, Type B).

## REALD and SOGI

REALD and SOGI<sup>2</sup> are types of standardized demographic information. REALD stands for: Race, Ethnicity and Language, Disability. SOGI stands for: Sexual Orientation and Gender Identity.

Since audited hospital data do not include information about people, REALD and SOGI do not apply.

## Things to remember when interpreting audited hospital financial data

**Audited financial data differ from the financial data that hospitals submit monthly as part of their required hospital financial and utilization reporting**

Audited hospital financial data appear similar in many ways to financial data that hospitals submit monthly through the *Hospital Financial and Utilization* reporting program, but are different in important ways:

- The types of information (data fields) are the same in both the annual audited and monthly data submissions, with the exception that **audited financial data include the value of a hospital’s property, buildings, and equipment**. These types of assets are considered “non-liquid,” meaning they can’t quickly be turned into cash. They are important to understand a hospital’s overall financial health.
- **Audited financial data are submitted annually, and there is long time lag.** Monthly financial and utilization data submissions, by contrast, are submitted each month just a few weeks after the close of the month.
- **Audited financial data are more definitive than monthly data submissions.** Since the monthly financial information is submitted by hospitals with a very quick turnaround (by the 23<sup>rd</sup> day of the following month) the initial data that’s submitted is often incomplete and is adjusted in later months. While the monthly data are useful for quickly understanding developing trends in Oregon’s hospital systems, audited financial data give a more detailed and conclusive picture of a hospital’s total balance sheet.

## Hospitals use different fiscal years

As described on page 2, hospitals use different fiscal years. That means direct comparisons can’t be made across hospitals. If you want to compare across hospitals, it’s better to use the monthly *Hospital Financial and Utilization* data.

<sup>1</sup> Note: “Charity care” is also an important field in Oregon’s *hospital community benefit reporting* data. However, audited hospital financial data reports amounts **charged**, while community benefit data reports the **cost** hospitals incur for providing charity care.

<sup>2</sup> As of this publication, only draft SOGI data collection standards have been released

### Systems submit a single audited report for all their affiliated hospitals

Forty-one of Oregon's 60 acute care hospitals are part of a larger system (for example, Legacy or Providence). Although an FR-3 form is submitted for each individual hospital, the audited financial statement is combined at the *system* level. That means the data on the FR-3 form cannot be verified with an audited financial statement for the 41 hospitals that are part of a larger system.

### Hospitals vary greatly by size (and budget)

Revenues and other financial measures vary dramatically in dollar amounts across the 60 acute care inpatient hospitals that are reflected in hospital financial and utilization data. Some large DRG hospitals regularly have operating margins in the hundreds of millions of dollars, while smaller Type A and B hospitals have margins in the tens of millions. So, when comparing across hospitals or hospital types, it's better to look at percentage rates rather than raw dollar amounts.

**Margins** (also known as profits) means the difference between revenues and expenses.

For example, users can calculate operating margins *as a percent of operating revenue*. That tells you what percentage of the money that the hospital earned through hospital services (operating revenue) it got to keep as profit (operating margin) and is a better measure of overall financial health than the dollar amount of operating margins alone.

## Requesting data

All audited hospital financial data are available for download on the [Hospital Reporting Program webpage](#). For assistance with analysis, email [HDD.Admin@odhsoha.oregon.gov](mailto:HDD.Admin@odhsoha.oregon.gov).

In addition to the summarized data, PDF copies of hospitals' individual audited financial reports, as well as their completed FR-3 forms, are published back to 2013 on the [Hospital Document Library webpage](#).

## Audited hospital financial data in action

### Using audited financial data to make meaningful comparisons across hospitals' community benefit spending

Another important type of information hospitals report to OHA is their **community benefit spending**. Fifty-eight of Oregon's 60 acute care hospitals are non-profit institutions, and thus are expected to provide measurable benefits to the communities they serve.

[Read the Community Benefit data profile.](#)

Since hospitals vary greatly by size and budgets, the dollar amounts different hospitals spend on community benefits vary greatly (from a few thousand dollars, to a few hundred thousand). By comparing hospitals' community benefit spending amounts to their audited financial data, the numbers can be normalized to show spending as a percentage of patient revenue or other financial metrics. Audited financials are an ideal pairing to community benefit data because both data sources are based on hospital fiscal years (as described on page 2).

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- Would like this document in other languages, large print, braille, or a format you prefer.

# Quick Facts

<b>Name</b>	Audited Hospital Financial Data
<b>Acronym</b>	n/a
<b>Summary</b>	Oregon's 60 acute care inpatient hospitals submit an audited financial statement for each fiscal year which includes information on things like revenues, expenses, margins, and the value of property and investments
<b>Data type</b>	Administrative (accounting/financial)
<b>Populations</b>	Level of analysis is acute care inpatient hospitals in Oregon
<b>Frequency</b>	Annual
<b>Available since</b>	All fields available back to 2007; partial data available since 2001
<b>Required?</b>	Yes: House Bill <a href="#">2146 (1999)</a> , Oregon Revised Statute <a href="#">442.400 to 442.463</a> ; and Oregon Administrative Rule division <a href="#">409-015</a>
<b>Regular reporting</b>	Dataset is updated once per year, usually around early summer
<b>Website</b>	<a href="https://www.oregon.gov/oha/hpa/analytics/pages/hospital-reporting.aspx">https://www.oregon.gov/oha/hpa/analytics/pages/hospital-reporting.aspx</a>
<b>To request data</b>	n/a (available online)
<b>General contact</b>	<a href="mailto:HDD.Admin@odhsoha.oregon.gov">HDD.Admin@odhsoha.oregon.gov</a>
<b>Primary staff</b>	Steven Ranzoni
<b>Security level<sup>3</sup></b>	Level 1 "Published" (low-sensitive information)
<b>Data dictionary?</b>	No
<b>REALD</b>	n/a
<b>SOGI</b>	n/a
<b>Suggested citation</b>	Oregon Health Authority, Audited Hospital Financial Reporting [Year]

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<sup>3</sup> Learn more: <https://www.oregon.gov/das/policies/107-004-050.pdf>