Operating margin was positive in the third quarter, as net patient revenue grew and expenses remained flat.

- Statewide operating margin was positive every month between June and September.
- Statewide other operating revenue, which includes residual CARES Act funds, remained elevated in the third quarter.
- Statewide net patient revenue was 2.3% higher than Q3 2019, while total operating expense was only 0.2% higher than Q3 2019.
- Patient visits increased in the third quarter, but remained lower than 2019 levels.

Net patient revenue rose while expenses stayed flat.

- Statewide net patient revenue in Q3 was $3.5 billion, which was 23.5% higher than Q2 2020, when pandemic-related utilization reductions were most pronounced. However, year-to-date net patient revenue was $9.6 billion, which was 5.6% lower than the same period in 2019.
- Statewide total operating expense in Q3 was $3.4 billion. Year-to-date total operating expense was $10.4 billion, which was 1.8% higher than the same period in 2019.
- Increased utilization led to increased revenue, making Q3 the first time in 2020 that net patient revenue exceeded total operating expense.

Net patient revenue recovered quickly after elective procedures resumed in May 2020.
Utilization helped drive the Q3 revenue rebound, but federal aid was likely still a factor. 

Statewide total operating revenue was 3.9% higher than Q3 2019 and 8.7% higher than Q2 2020.

In Q2, CARES Act funds appeared as a component of other operating revenue. In most years, other operating revenue is generally 5-6% of operating revenue; in Q2 2020, the grant funds increased it to 18.3%

In Q3 2020, other operating revenue made up only 7.2% of total operating revenue, suggesting that hospitals relied less on grants, which appear as other operating revenue, and more on net patient revenue than in Q2 2020.

Operating margin and total margin fell in the spring, then improved.

Both operating margin and total margin were positive between June and September.

Statewide operating margin as a percent of operating revenue rebounded significantly to 7.9% in the third quarter, which is the highest percentage since Q2 2016 (8.2%).

Year-to-date statewide operating margin was 2.9%.

Total margin, which includes investment income, shared the same trend as operating margin.