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 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.

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.