Second Quarter 2020

This is a summary analysis to accompany the second quarter 2020 update of the Oregon Hospital Financial and Utilization Dashboard, OHA’s interactive dashboard for hospital financial data.

Hospital visits and revenue began to rebound in May and June 2020, buoyed by federal CARES Act funding.

- A drop in hospital visits due to the COVID-19 pandemic reduced net patient revenue in March and April.
- The infusion of federal CARES Act funds during the second quarter helped stabilize hospital operating margins by bringing in an estimated $436 million in additional funds.
- Both revenue and patient visits showed signs of recovery in May and June.

CARES Act funding helped stabilize hospital margins despite drops in patient revenue.

The federal CARES Act Provider Relief Fund allocated $30 billion nationwide to help hospitals offset revenue losses due to COVID-19. These governmental grants are accounted for as a component of other operating revenue. We can compare other operating revenue between Q1 and Q2 2020 to estimate the CARES Act funding Oregon hospitals received. A notable increase from the previous quarter suggests Provider Relief Funds were awarded to facilities.

CARES Act funds contributed to an increase in other operating revenue of $436 million (+237%) from the first quarter.

- Median operating margin rebounded to 2.4% in Q2, up 4.9 percentage points from -2.5% in Q1.
- Median total margin rebounded to 8.3% in Q2, up 12.9 percentage points from -4.6% in Q1.
- Median operating margin for the first two quarters of 2020 is 1.2%, compared with 4.5% in the first two quarters of 2019.
Despite improvement in May and June, overall revenue and utilization are down.

Despite showing recovery in May and June, hospitals saw overall decreases in inpatient care, outpatient surgeries and emergency room visits in the second quarter of 2020 when compared with the second quarter of 2019. The drop in utilization from the suspension of elective procedures in late March drove down net patient revenue (NPR). NPR, which does not include provider relief funds, was $2.81 billion in the second quarter of 2020, down $519 million (-15.6%) from the first quarter. At the same time, hospital operating expenses remained steady.

- In the first two quarters of 2020, there were 23,721 (-13.8%) fewer inpatient discharges compared with the first two quarters of 2019.

- During the same time period, there were 125,859 (-17.5%) fewer emergency room visits and 26,034 (-23.8%) fewer outpatient surgeries.

- NPR improved steadily in May and June after hitting its lowest point in April 2020.

- In April, NPR was down -35%, or -$396 million from April 2019.

- By June, NPR was only down -1.2%, or -$132 million from June 2019.

- Operating expense rose in the first two quarters to $6.9 billion, up 2.6% from the first two quarters of 2019.

To explore these data further and learn more, visit the Oregon Hospital Financial and Utilization Dashboard.