

Oregon Acute Care Hospitals

Financial Trends Q3 2024

This brief summarizes the 3rd quarter (Q3) 2024 update of the [Oregon Hospital Financial and Utilization Dashboard](#), OHA's interactive display of statewide hospital financial and utilization data. For definitions of the measures in this report, see the [glossary of key terms](#) or visit the [Hospital Reporting Program website](#). Data are self-reported and subject to change. Shriners Children's Portland is excluded because it is a charity hospital and does not directly bill patients.

Year-over-year trends (Q3 2023 to Q3 2024)

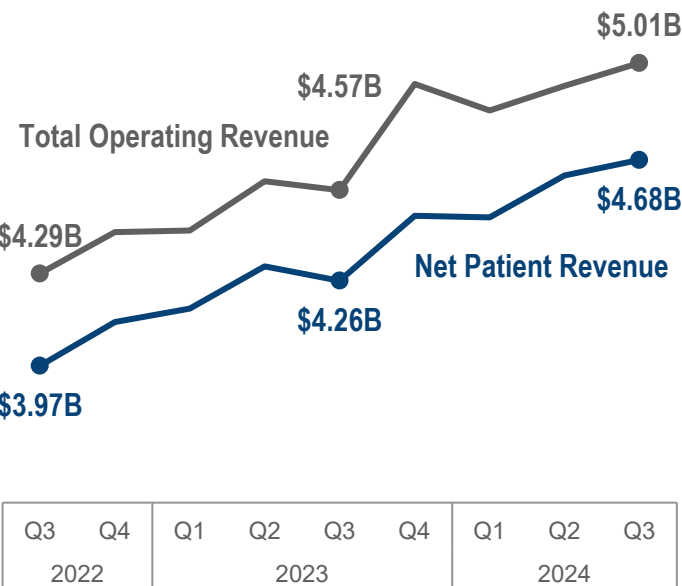
- Total operating revenue **increased** 9.5 percent, from \$4.57 billion to \$5.01 billion.
- Net patient revenue **increased** 9.7 percent, from \$4.26 billion to \$4.68 billion.
- Total operating expense **increased** 9.1 percent, from \$4.58 billion to \$5.00 billion.
- Operating margin **increased** 215.1 percent, from -\$9.7 million to \$11.2 million.

Statewide total operating revenue and net patient revenue increased in the first three quarters of 2024

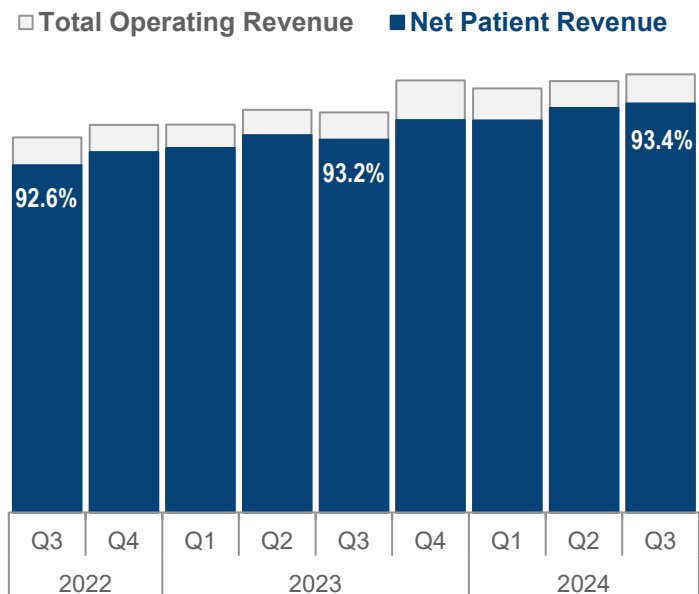
In Q3 2024, statewide **total operating revenue**, the amount hospitals received for providing patient care and other hospital services, was \$5.01 billion. It increased \$79.1 million (1.6 percent) from the previous quarter, Q2 2024, and increased \$436.1 million (9.5 percent) from Q3 2023, one year prior.

In Q3 2024, 93.4 percent of **total operating revenue** came from **net patient revenue**, the amount hospitals received for providing care to patients. Statewide **net patient revenue** was \$4.68 billion. It increased \$53.4 million (1.2 percent) from the previous quarter, Q2 2024, and increased \$414.4 million (9.7 percent) from Q3 2023, one year prior.

Total operating revenue and **net patient revenue** steadily increased between Q1 2024 and Q3 2024



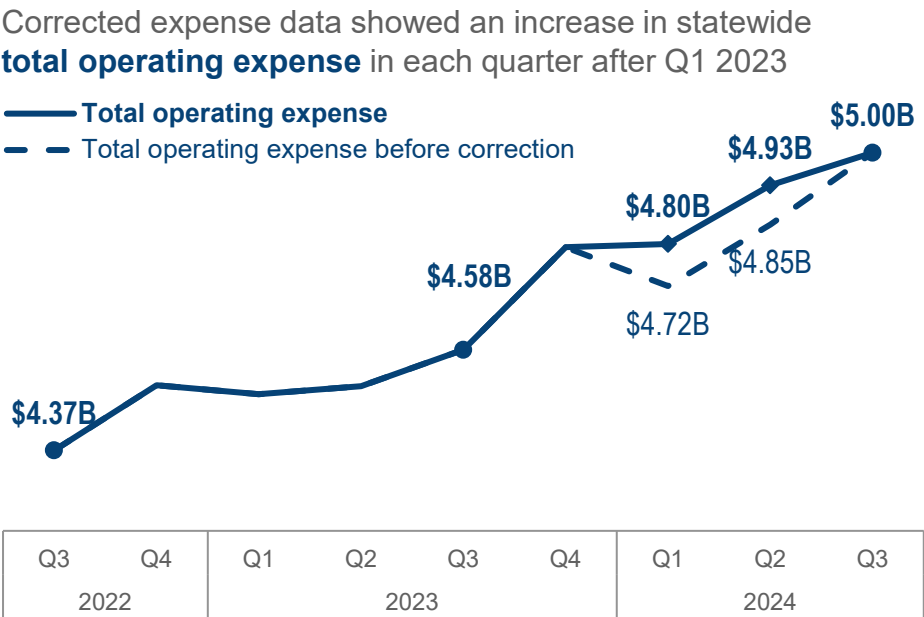
Net patient revenue made up over 90 percent of **total operating revenue** over the previous two years



Statewide total operating expense increased in Q1 & Q2 2024 after Providence submitted expense data corrections

At the end of 2024, Providence Health & Services submitted corrections to **total operating expense** data it previously reported in Q1 2024 and Q2 2024. Total operating expense, the amount hospitals paid to provide hospital services, was under-reported by \$88.8 million in Q1 2024 and \$82.5 million in Q2 2024. Providence Health & Services operates eight hospitals in Oregon and accounted for 17.8 percent of statewide total operating expense in Q1 2024 and 18.0 percent in Q2 2024.

After the corrections, statewide **total operating expense** increased from \$4.72 billion to \$4.80 billion in Q1 2024 and from \$4.85 billion to \$4.93 billion in Q2 2024. A decrease in statewide **total operating expense** was previously reported between Q4 2023 and Q1 2024. However, the corrected data shows a slight increase in statewide **total operating expense** occurred instead. In Q3 2024, statewide **total operating expense** was \$5.00 billion. It increased \$68.6 million (1.4 percent) from the previous quarter, Q2 2024, and increased \$415.3 million (9.1 percent) from Q3 2023, one year prior.

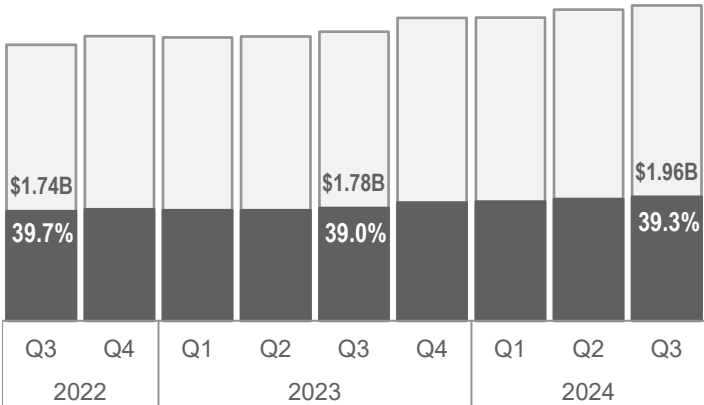


Statewide total payroll and statewide average monthly employee pay growth remained flat between Q2 and Q3 2024

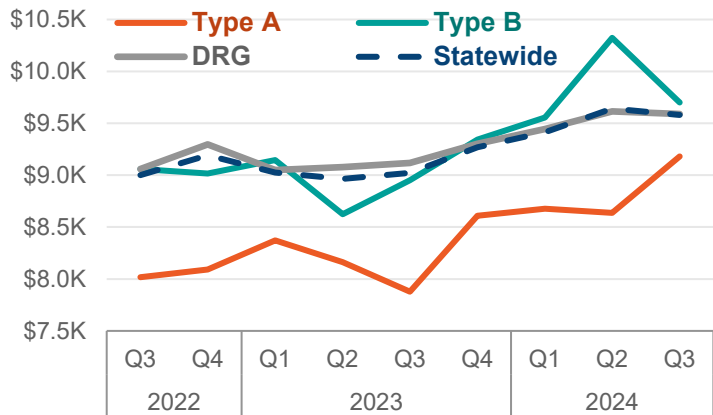
In Q3 2024, **payroll expense**, the amount hospitals spent to compensate employees, was \$1.96 billion, or 39.3 percent of statewide total operating expense. It increased \$34.5 million (1.8 percent) from the previous quarter, Q2 2024, and increased \$177.5 million (9.9 percent) from Q3 2023, one year prior.

Statewide monthly payroll per full-time employee, the average amount a full-time hospital employee earned per month, was \$9,580. It decreased \$61 (0.6 percent) from the previous quarter, Q2 2024, and increased \$557 (7.6 percent) from Q3 2023, one year prior. Monthly payroll was \$9,181 at **Type A hospitals** (6 percent increase from Q2 2024), \$9,702 at **Type B hospitals** (6 percent decrease from Q2 2024), and \$9,589 at **DRG hospitals** (0.3 percent decrease from Q2 2024).

Over the past two years, **payroll expense** was nearly 40 percent of **total operating expense** each quarter



Average monthly pay increased the most at **Type A hospitals** between Q3 2022 and Q3 2024



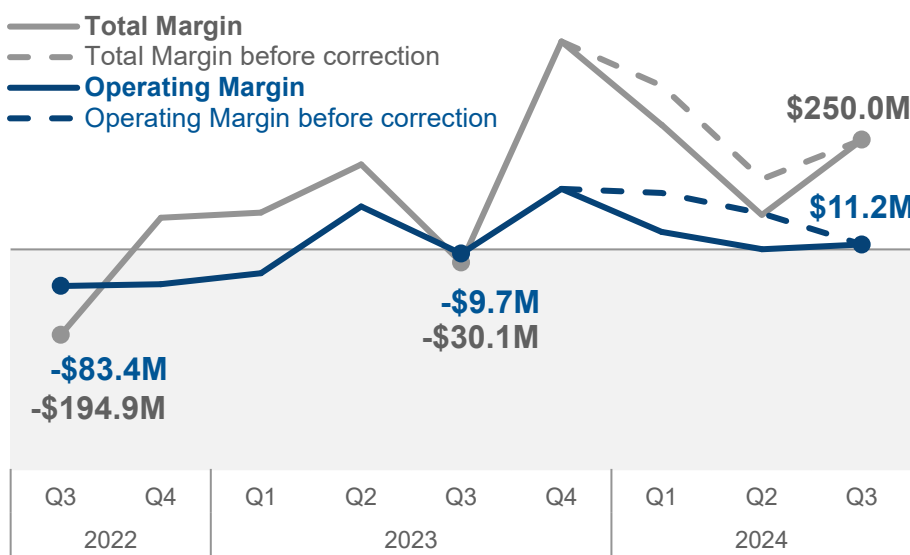
Corrections to Q1 & Q2 2024 data showed greater expenses, resulted in lower statewide margins than previously reported

In Q3 2024, Providence Health & Services submitted corrections to previously reported data in Q1 2024 and Q2 2024. Total operating expense was under-reported by \$88.8 million in Q1 2024 and \$82.5 million in Q2 2024. As a result, statewide operating margin and statewide total margin were both inflated before the correction. Operating margin and total margin represent the profit that remains after expenses are subtracted from revenue, and an increase in expenses without an increase in revenue results in smaller total margin and operating margin values.

After correction, **total margin**, the remaining profit after subtracting total expense from total revenue, decreased from \$372.6 million to \$283.7 million in Q1 2024 and from \$159.7 million to \$78.3 million in Q2 2024. **Operating margin**, the remaining profit after subtracting total operating expense from total operating revenue, decreased from \$128.8 million to \$39.9 million in Q1 and from \$82.0 million to \$677,440 in Q2 2024. A gradual decrease in statewide operating margin was reported in both Q1 2024 and Q2 2024 but after correction the data shows a greater decrease in both quarters, with a statewide operating margin under \$1 million in Q2 2024.

In Q3 2024, **total margin** was \$250.0 million. It increased \$10.5 million from the previous quarter, Q2 2024, and increased \$20.8 million from Q3 2023, one year prior. In Q3 2024, **operating margin** was \$11.2 million. It increased \$171.6 million from the previous quarter, Q2 2024, and increased \$280.1 million from Q3 2023.

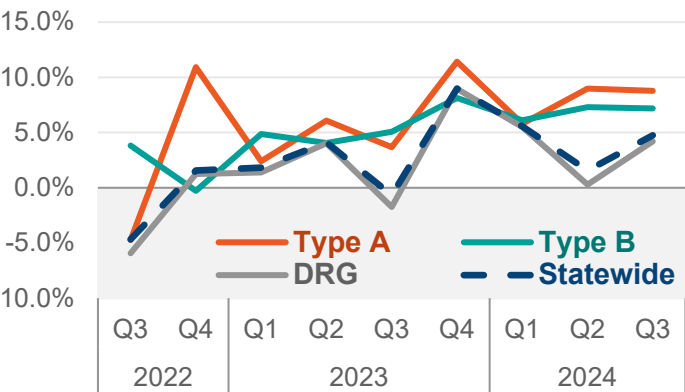
Corrected expense data from Q1-Q2 2024 lead to reductions in both **total margin** and **operating margin** in the first half of 2024



Over the last year, total margin as a percent of total revenue growth was greatest at Type A hospitals

In Q3 2024, total margin as a percent of total revenue was 4.8 percent statewide, 8.8 percent at Type A hospitals, 7.2 percent at Type B hospitals, and 4.2 percent at DRG hospitals. Operating margin as a percent of operating revenue was 0.2 percent statewide, 0.4 percent at Type A hospitals, 4.5 percent at Type B hospitals, and -0.4 percent at DRG hospitals.

Total margin as a percent of total revenue by hospital type, 2022-2024



Operating margin as a percent of total operating revenue by hospital type, 2022-2024

