

# Oregon Acute Care Hospitals

## Financial Trends Q4 2024

This brief summarizes the 4<sup>th</sup> quarter (Q4) 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 (Q4 2023 to Q4 2024)

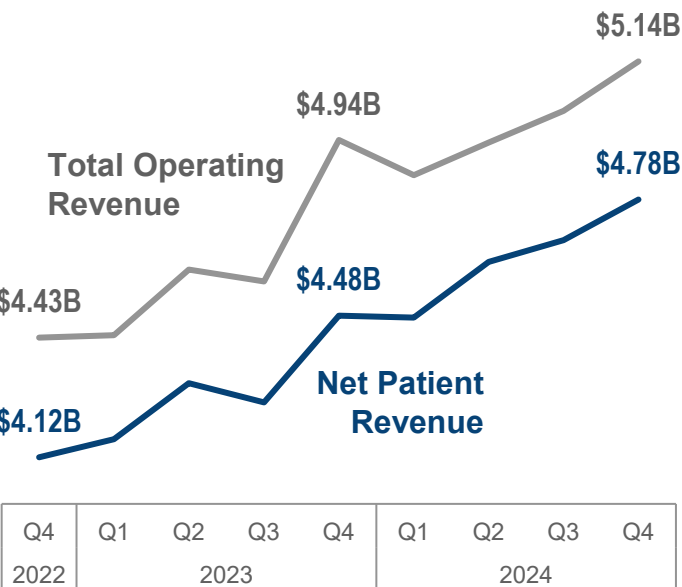
- Total operating revenue **increased** 4.1 percent, from \$4.94 billion to \$5.14 billion.
- Net patient revenue **increased** 6.7 percent, from \$4.48 billion to \$4.78 billion.
- Total operating expense **increased** 7.1 percent, from \$4.80 billion to \$5.14 billion.
- Operating margin **decreased** from \$138.0 million to -\$1.8 million.

### Throughout 2024, total operating revenue and net patient revenue both increased in Oregon hospitals

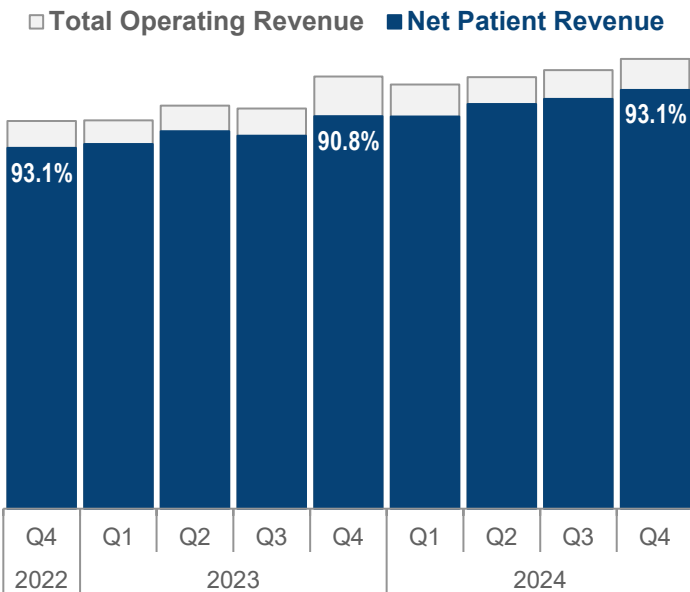
In Q4 2024, statewide **total operating revenue**, the amount hospitals received for providing patient care and other hospital services, was \$5.14 billion. It increased \$127.1 million (2.5 percent) from the previous quarter, Q3 2024, and increased \$201.6 million (4.1 percent) from Q4 2023, one year prior.

In Q4 2024, 93.1 percent of **total operating revenue** came from **net patient revenue**, the amount hospitals received for providing care to patients. Statewide **net patient revenue** was \$4.78 billion. It increased \$104.4 million (2.2 percent) from the previous quarter, Q3 2024, and increased \$298.6 million (6.7 percent) from Q4 2023, one year prior.

Total operating revenue and net patient revenue increased each quarter in 2024

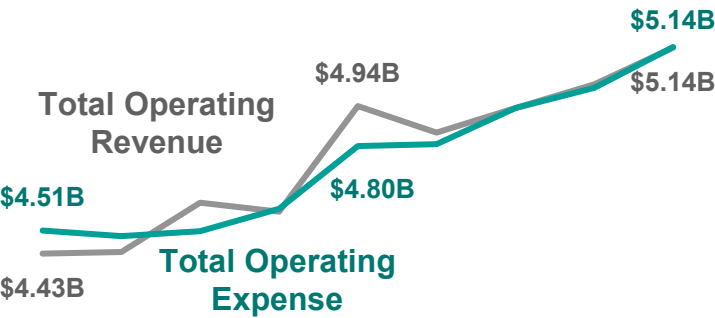


Net patient revenue continued to make up over 90 percent of total operating revenue



# Total operating expense exceeded total operating revenue in Q4 2024. Expenses and revenue grew at similar pace through 2024

Total operating expense exceeded total operating revenue by \$1.8 million in Q4 2024



In Q4 2024, statewide total operating expense, the amount spent to operate hospitals, was \$5.14 billion. It increased \$140.7 million (2.8 percent) from the previous quarter, Q3 2024, and increased \$341.3 million (7.1 percent) from Q4 2023, one year prior.

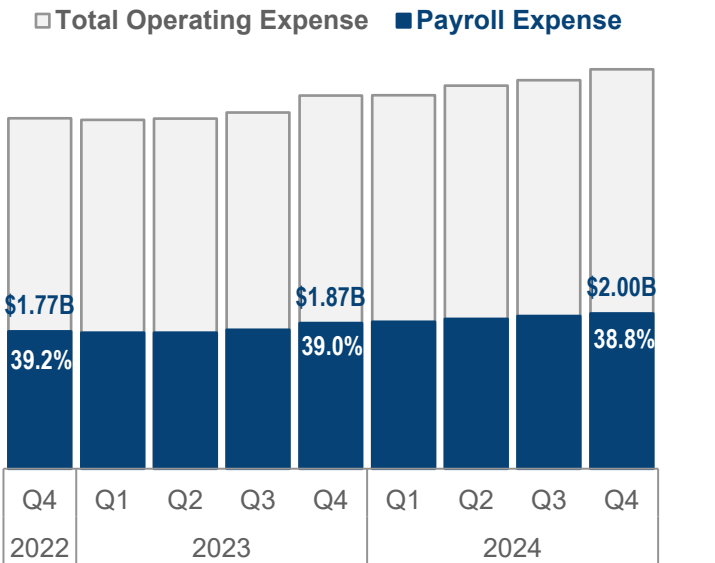
In Q4 2024, statewide total operating expense (\$5.139 billion) was greater than statewide total operating revenue (\$5.137 billion) for the first time since Q3 2023. Statewide total operating expense and total operating revenue grew at similar rates throughout 2024, but total operating expense was nearly \$1.8 million more than total operating revenue in Q4 2024, indicating Oregon hospitals spent more than they earned. Hospital utilization typically decreases in Oregon hospitals in Q4, leading to reduced revenue. Following this decrease, utilization and revenue typically increase in Q1 of the following year.

## Statewide total payroll and statewide average monthly employee pay growth remained flat between Q3 and Q4 2024

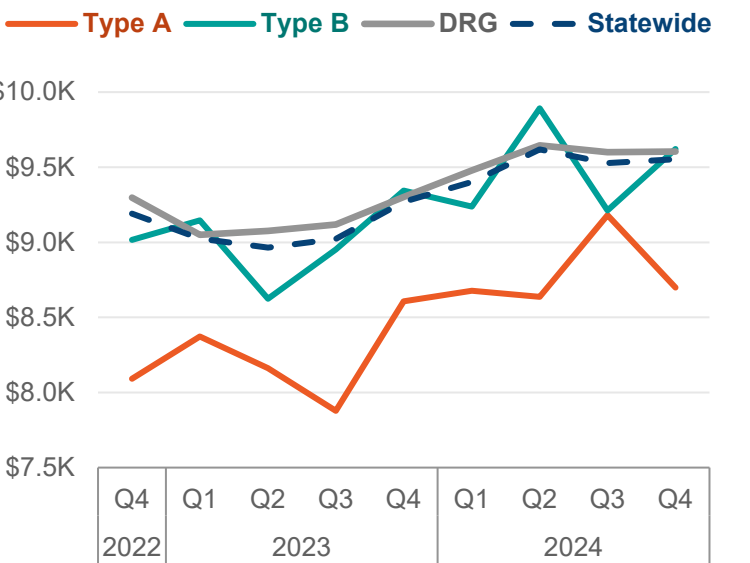
In Q4 2024, payroll expense, the amount hospitals spent to compensate employees, was \$2.00 billion (38.8 percent of statewide total operating expense). It increased \$33.4 million (1.7 percent) from the previous quarter, Q3 2024, and increased \$123.8 million (6.6 percent) from Q4 2023, one year prior.

Statewide monthly payroll per full-time employee, the average amount a full-time hospital employee earned per month, was \$9,554. It increased \$25 (0.3 percent) from the previous quarter, Q3 2024, and increased \$285 (3.1 percent) from Q4 2023, one year prior. Monthly payroll was \$8,698 at Type A hospitals (5.6 percent decrease from Q3 2024), \$9,622 at Type B hospitals (0.2 percent decrease from Q3 2024), and \$9,605 at DRG hospitals (4.6 percent increase from Q3 2024).

Payroll expense made up nearly 40 percent of total operating expense between Q4 2022 and Q4 2024



Type B hospitals saw the greatest quarter-over-quarter increase in average monthly pay in Q4 2024



# Statewide margins decreased between Q3 and Q4 2024, but Type A and B hospitals had positive total margins in Q4 2024

In Q4 2024, **operating margin**, the remaining profit after subtracting total operating expense from total operating revenue, was **-\$1.8 million**. It decreased **\$13.6 million** (114.8 percent) from the previous quarter, Q3 2024, and decreased **\$139.2 million** (101.3 percent) from Q4 2023, one year prior. **Operating margin** is an indicator of financial health; a positive value indicates that hospitals earned enough operating revenue to cover operating expenses.

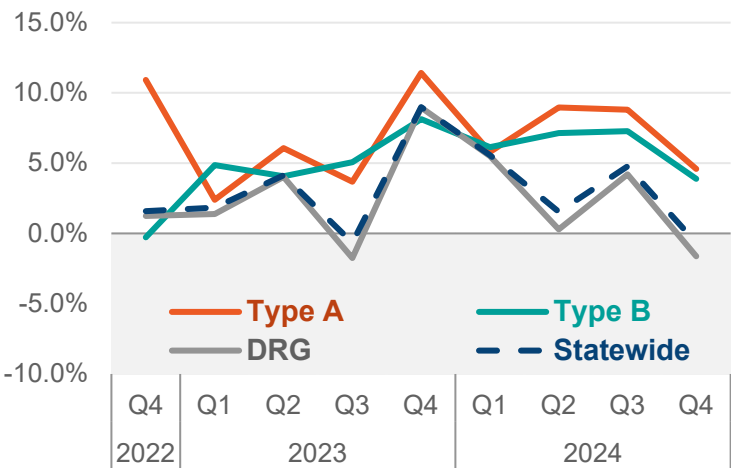
In Q4 2024, **total margin**, the remaining profit after subtracting total expense from total revenue, was **-\$33.6 million**. It decreased **\$284.3 million** (113.4 percent) from the previous quarter, Q3 2024, and decreased **\$507.3 million** (107.1 percent) from Q4 2023, one year prior. **Total margin** is an indicator of overall financial standing; a positive value indicates that hospitals earned enough total revenue to cover total expenses.

Historically, Oregon hospitals have seen margins decrease between Q3 and Q4, as the result of reduced hospital utilization and revenue at the end of the year. These decreases are typically followed by improved margins in the following quarter, Q1 of the next year, as utilization increases. The notable decrease in both total margin and operating margin from Q4 2023 and Q4 2024 is result of the sale of onsite laboratory operations at Providence Portland Medical Center in Q1 and Q2 2023. It reported \$145.1 million in other operating revenue, about 32 percent of statewide other operating revenue for the quarter, Q4 2023. Statewide total operating revenue was inflated in Q4 2023, which inflated both total margin and operating margin, and was not representative of statewide or individual hospital financial standing for the quarter.

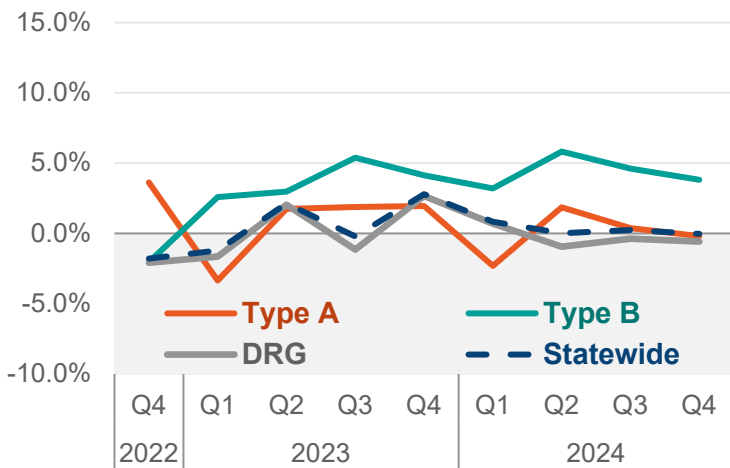
In Q4 2024, total margin as a percent of total revenue was **-0.7 percent** statewide, **4.6 percent** at Type A hospitals, **3.9 percent** at Type B hospitals, and **-1.6 percent** at DRG hospitals. Operating margin as a percent of operating revenue was **0.0 percent** statewide, **-0.2 percent** at Type A hospitals, **3.8 percent** at Type B hospitals, and **-0.6 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



# Oregon Acute Care Hospitals

## 2024 Annual Summary

This section presents 2024 year-end totals for key financial metrics and ten-year trends. The metrics are presented in nominal amounts (amounts as reported in the year they were reported) and amounts adjusted for inflation to the purchasing power of the 2024 dollar. Inflation was adjusted using the Consumer Price Index (CPI) inflation index. Average annual growth rates for the ten-year period were calculated using the Compound Annual Growth Rate (CAGR) method.

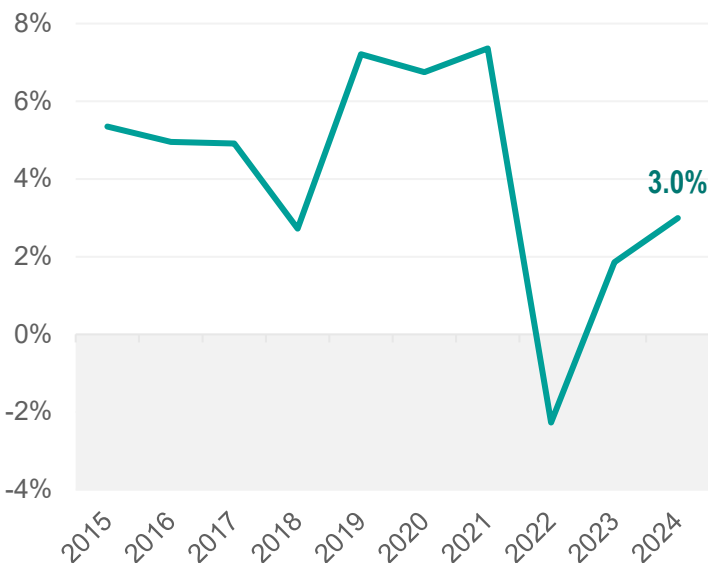
### Year-end totals (2023 and 2024)

- Net patient revenue **increased** 7.8 percent from \$17.22 billion to \$18.56 billion.
- Total operating revenue **increased** 7.4 percent from \$18.54 billion to \$19.92 billion.
- Total operating expense **increased** 8.2 percent from \$18.37 billion to \$19.87 billion.

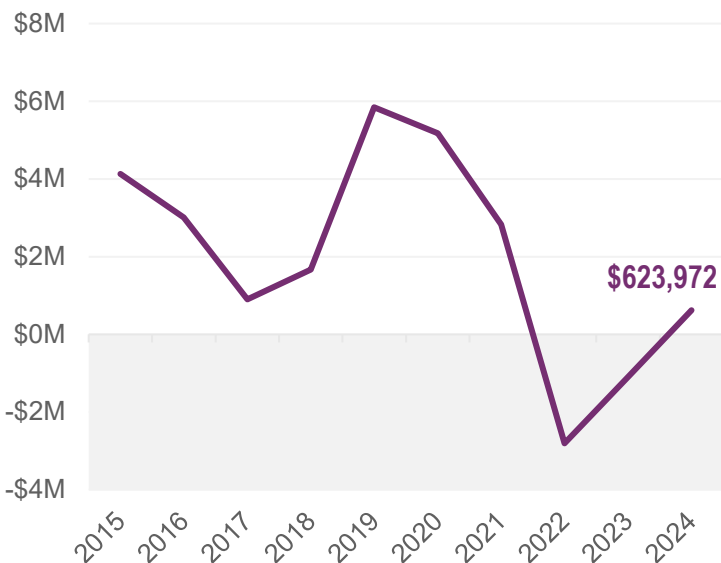
Oregon hospitals continued to improve their overall financial standing in 2024, despite reporting negative total and operating margins in Q4 2024. Compared with 2023 year-end totals, net patient revenue increased 7.8 percent to \$18.56 billion and total operating revenue increased 7.4 percent to \$19.92 billion at the end of 2024. However, total operating expense increased 8.2 percent to \$19.87 billion. This resulted in a \$121.4 million decrease in statewide operating margin between 2023 and 2024, from \$172.0 million to \$50.6 million, though statewide operating margin remained positive.

Statewide median total margin as a percent of revenue increased from 1.9% in 2023 to 3.0% in 2024. Statewide median operating margin increased from -\$1.1 million in 2023 to \$623,972 in 2024. Following steep declines in 2022, median total margin and median operating margin rebounded in 2023 and continued to grow in 2024. This indicates that hospitals earned enough revenue to cover expenses in 2024. Median operating margin and median total margin as percent of revenue represent the middle number in the range of data per metric for all hospitals in the state. Positive values indicate that at least half of all hospitals earned enough revenue to cover expenses for the whole year. Statewide margins remained positive between 2015 and 2021 but by 2022, increased operating expenses, decreases in patient revenue and stock market losses resulted in financial losses and negative margins. Although many hospitals did not earn enough to cover their expenses between 2022 and 2023, they were able to remain profitable and improve their financial position between 2023 and 2024.

Median total margin as a percent of revenue, 2015 to 2024



Median operating margin in dollars, 2015 to 2024



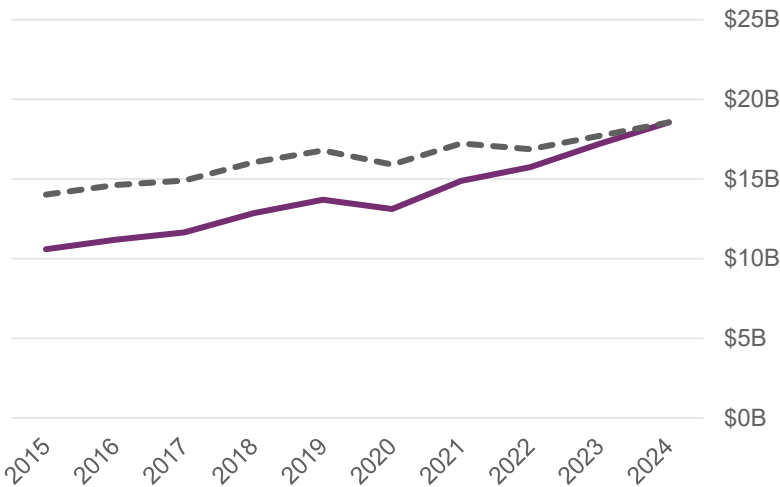
# Operating revenue and operating expense grew steadily over the past decade despite impacts from the COVID-19 pandemic

Inflation was adjusted using the Consumer Price Index (CPI) inflation index. Average annual growth rates for the ten-year period were calculated using the Compound Annual Growth Rate (CAGR) method.

## Net Patient Revenue and Inflation-Adjusted Net Patient Revenue, 2015 to 2024

In 2024, Oregon hospitals earned \$18.56 billion in net patient revenue, a \$1.34 billion (7.8 percent) **increase** from 2023.

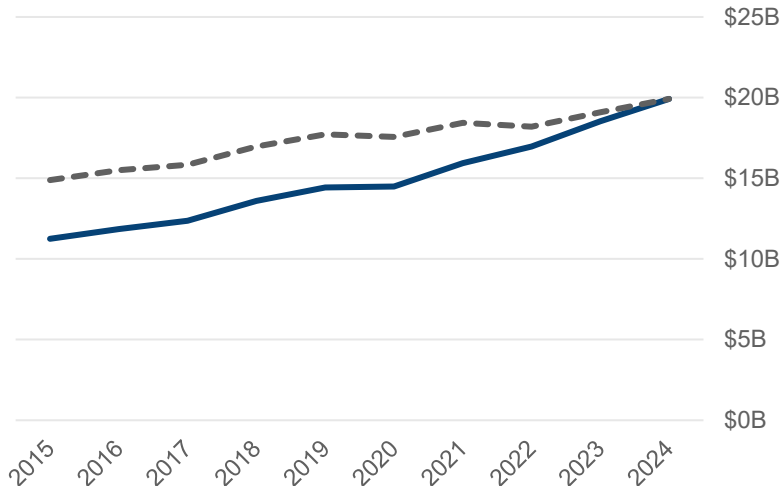
Between 2015 and 2024, statewide net patient revenue CAGR was 6.4 percent per year. In 2020, net patient revenue decreased due to reduced hospital utilization across the state but continued to grow each subsequent year. After adjusting for inflation, net patient revenue CAGR was 3.2 percent per year. This indicates that even with decreased revenue in 2020, hospitals still experienced an annual net patient revenue **increase** of 3.2 percent, after accounting for inflation.



## Total Operating Revenue and Inflation-Adjusted Total Operating Revenue, 2015 to 2024

In 2024, Oregon hospitals earned \$19.92 billion in total operating revenue, a \$1.38 billion (7.4 percent) **increase** from 2023.

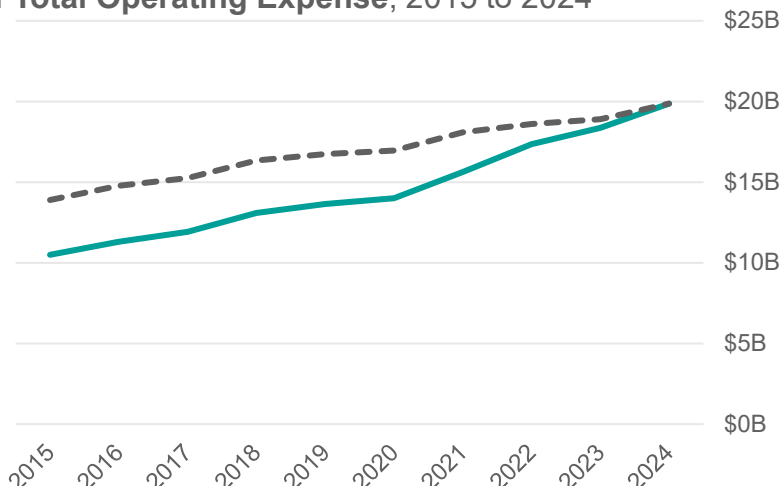
Between 2015 and 2024, statewide total operating revenue CAGR was 6.6 percent per year. In 2020, total operating revenue growth decreased at the beginning of the COVID-19 pandemic. After adjusting for inflation, total operating revenue CAGR was 3.3 percent per year. This indicates that despite reduced operating revenue in 2020, hospitals experienced an annual total operating revenue **increase** of 3.3 percent, after accounting for inflation.



## Total Operating Expense and Inflation-Adjusted Total Operating Expense, 2015 to 2024

In 2024, Oregon hospitals spent \$19.87 billion on total operating expense, a \$1.50 billion (8.2 percent) **increase** from 2023.

Between 2015 and 2024, statewide total operating expense CAGR was 7.3 percent per year. Operating expense growth slowed in 2020, a result of the COVID-19 pandemic, but continued to steadily increase each subsequent year. After adjusting for inflation, total operating expense CAGR was 4.1 percent per year. This indicates that Oregon hospitals experienced an annual total operating expense **increase** of 4.1 percent between 2015 and 2024, after accounting for inflation.



# Statewide charity care spending increased in 2024 after financial assistance prescreening law went into effect on July 1

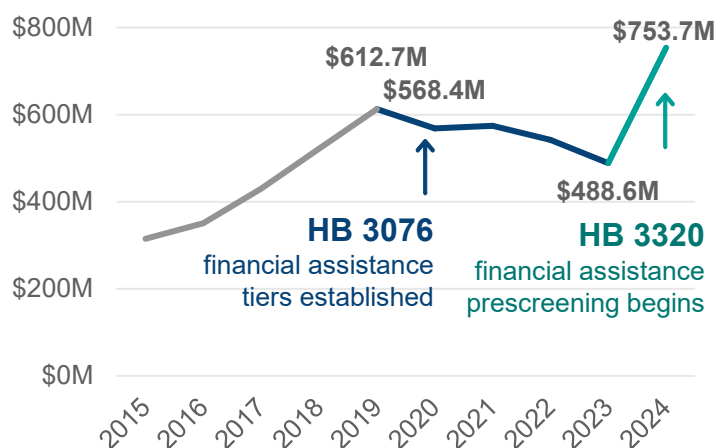
New financial assistance legislation in Oregon has expanded hospital charity care requirements over the past decade. Most recently, Oregon House Bill 3320 (2023), which went into effect on July 1, 2024, requires hospitals to prescreen patients to determine eligibility for financial assistance, or charity care, if they owe the hospital more than \$500 after receiving care. Charity care is the cost incurred by a hospital after providing free or discounted services to people who qualify based on the hospital's published policies.

Prior to this, HB 3076 (2019) established minimum financial assistance tiers for patients based on household income, assigned minimum spending floors to hospitals and went into effect on January 1, 2020. After HB 3076 went into effect, statewide charity care spending continued to decline, from \$612.7 million (1.8 percent of gross charges) to \$488.6 million (1.1 percent of gross charges) between 2019 and 2023. Prior to this, charity care spending had increased nearly \$300 million between 2015 and 2019.

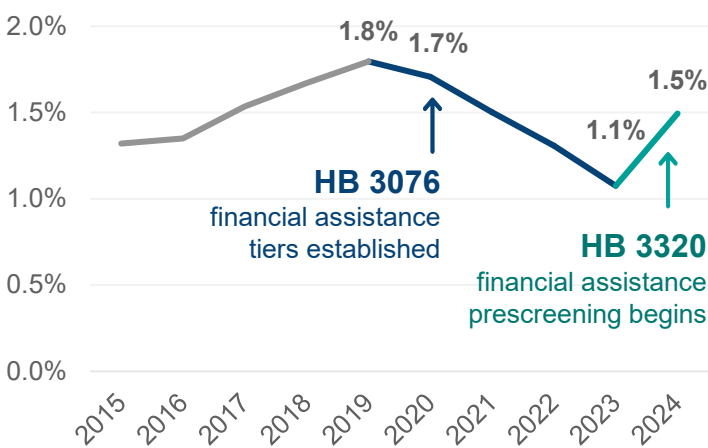
After HB 3320 went into effect, statewide charity care spending increased to \$753.7 million (1.5 percent of gross charges) in 2024. Although charity care spending in dollars was greater in 2024 than in any other year in the past decade, charity care spending as a percent of gross charges was 1.5 percent, about the same amount seen in both 2021 and 2017.

Statewide charity care spending as a percent of gross charges and in dollars **declined between 2019 and 2023** but **increased in 2024** after legislation requiring financial aid prescreening went into effect

Charity care spending in dollars, 2015-2024



Charity care as percent of gross charges, 2015-2024



Over the past decade, statewide charity care spending as a percent of gross charges has been greater at Type A and Type B hospitals than at DRG hospitals. This indicates that smaller hospitals, often in rural or less populated locations, with fewer available hospital beds are attributing more of their overall charges to charity care compared with larger DRG hospitals in urban centers with a greater number of hospital beds.

Between Q3 2024 and Q4 2024, charity as a percent of gross charges increased from 1.1 percent to 1.5 percent statewide, from 1.4 percent to 1.5 percent at Type A hospitals, from 1.5 percent to 1.9 percent at Type B hospitals, and from 1.0 percent to 1.4 percent at DRG hospitals.

Charity care as percent of gross charges by hospital type, 2015-2024

