

Oregon Acute Care Hospitals

Financial & Utilization Trends Q4 2023

This brief summarizes the 4th quarter (Q4) 2023 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.

Key Takeaways

Compared with Q4 2022:

- Total operating revenue **increased** 11.6 percent to \$4.94 billion.
- Net patient revenue **increased** 8.9 percent to \$4.49 billion.
- Total operating expense **increased** 6.5 percent to \$4.81 billion.
- Operating margin (profit) **increased** from -\$85.2 million to \$135.6 million.

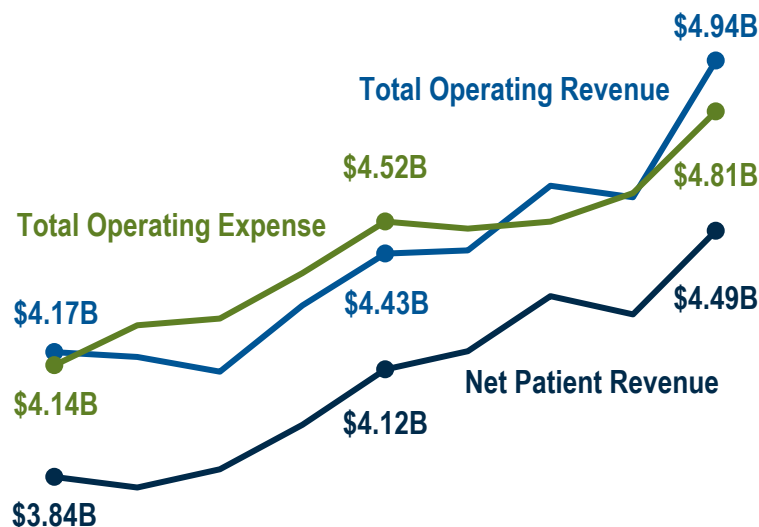
Strong operating revenue growth in Q4 2023 linked with the sale of clinical assets in Q3 2023*

In Q4 2023, statewide **total operating revenue**, the amount hospitals received for providing patient care and other hospital services, was \$4.94 billion. Total operating revenue **increased** \$362.8 million (7.9 percent) from the previous quarter, Q3 2023. Forty percent of that increase (\$145 million) came from Providence Portland Medical Center's sale of onsite laboratory operations in Q3 2023, which were later reported in Q4 2023.

In Q4 2023, 91 percent of **total operating revenue** came from **net patient revenue**, the amount hospitals received for providing care to patients. Statewide **net patient revenue** was \$4.49 billion. It **increased** \$221.4 million (5.2 percent) from the previous quarter, Q3 2023, and **increased** \$367.8 million (8.9 percent) from Q4 2022, one year prior.

In Q4 2023, statewide **total operating expense**, the amount hospitals paid to provide hospital services, was \$4.81 billion. It **increased** \$216.5 million (4.7 percent) from the previous quarter, Q3 2023, and **increased** \$291.7 million (6.5 percent) from Q4 2022, one year prior.

Total operating revenue and **net patient revenue** grew faster than **total operating expense** in Q4 2023.



Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2021								
			2022					
							2023	

Data source: Databank (hospital self-report)

*In Q4 2023, Providence Portland Medical Center reported \$145 million in other operating revenue, about 32 percent of statewide other operating revenue for the quarter. This increase was caused by realized gains reported in Q4 2023 from the sale of onsite laboratory operations in Q3 2023. As a result, the amount of statewide total operating revenue was inflated in Q4 2023 and was not representative of statewide or individual hospital financial standing for the quarter.

Total payroll expense made up the same proportion of total operating expense between Q4 2021 and Q4 2023

In Q4 2023, 39 percent of statewide **total operating expense** came from **total payroll expense**, the amount of money hospitals spent to compensate their employees, excluding the cost of employee benefits like health insurance, life insurance, and retirement benefits. Between Q4 2021 and Q4 2024, **total payroll expense** grew steadily, and consistently made up about 40 percent of **total operating expense** across the state.

In Q4 2023, statewide **total payroll expense** was \$1.88 billion. It **increased** \$87 million (4.9 percent) from the previous quarter, Q3 2023, and **increased** \$104.8 million (5.9 percent) from Q4 2022, one year prior.

Total payroll expense growth was steady over the past two years as **total operating expense** increased.



Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2021								
			2022					
							2023	

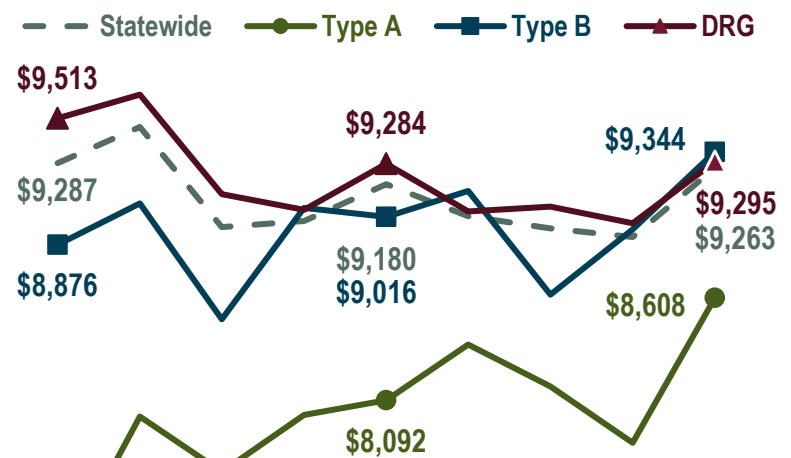
Data source: Databank (hospital self-report)

Type A hospitals saw the greatest increase in monthly payroll per full-time employee over the past nine quarters

In Q4 2023, statewide **monthly payroll amount per full-time employee**, the average amount of money a full-time hospital employee earned per month (excluding the value of employee benefits like health insurance, life insurance, and retirement benefits), was \$9,263. It **increased** \$349 (3.9 percent) from the previous quarter, Q3 2023, and **increased** \$83 (0.9 percent) from Q4 2022, one year prior.

Monthly payroll per full-time employee varied among hospital types, highlighting differences in location, workforce composition, and hospital size across the state. In Q4 2023, monthly payroll per full-time employee was \$8,608 at **Type A hospitals**, \$9,344 at **Type B hospitals**, and \$9,295 at **DRG hospitals**. Between Q4 2021 and Q4 2023, statewide **monthly payroll amount per full-time employee** growth was stable and reflected trends observed in **Type B hospitals** and **DRG hospitals**. Since Q4 2021, **Type A hospitals** have experienced the greatest average increase in monthly payroll amount per full-time employee across all hospital types.

Monthly payroll amount per full-time employee increased across all hospital types in Q4 2023.



Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2021								
			2022					
							2023	

Data source: Databank (hospital self-report)

For more information on hospital types, see the [OHA Hospital Type Document](#).

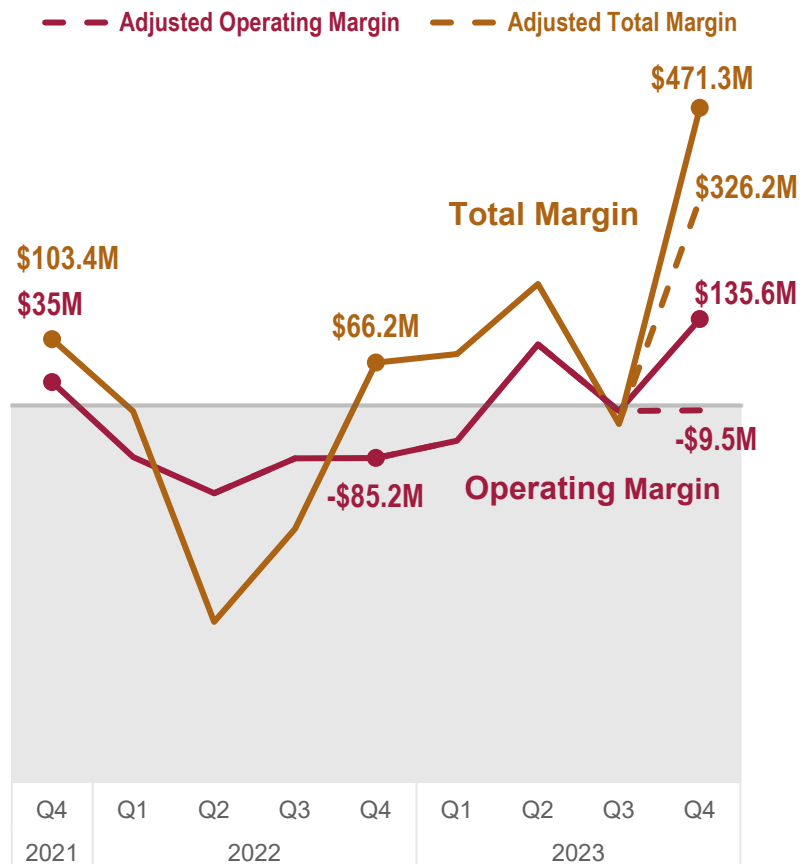
Statewide margins rebounded in Q4 2023 as the result of a single, large clinical asset sale

In Q4 2023, Providence Portland Medical Center reported \$145 million in other operating revenue, about 32 percent of statewide other operating revenue, after reporting realized gains from the sale of onsite laboratory operations that took place in Q3 2023. This resulted in inflated statewide total margin and operating margin amounts in Q4 2023 that were not representative of statewide or individual hospital financial standing for the quarter.

In Q4 2023, **operating margin**, the remaining profit after subtracting total operating expense from total operating revenue, was \$135.6 million. It **increased** \$146.3 million from Q3 2023 and **increased** \$220.8 million from Q4 2022. When adjusted to exclude Providence Portland Medical Center's Q4 2023 other operating revenue (dashed line), operating margin was -\$9.5 million. **Operating margin** is an indicator of financial health; a positive value indicates hospitals earned enough operating revenue to cover operating expenses.

In Q4 2023, statewide **total margin**, the remaining profit after subtracting total expense from total revenue, was \$471.3 million. It **increased** \$502.4 million from Q3 2023 and **increased** \$405.1 million from Q4 2022. When adjusted to exclude Providence Portland Medical Center's Q4 2023 other operating revenue (dashed line), total margin was \$326.2 million. **Total margin** is an indicator of overall financial standing; a positive value indicates hospitals earned enough total revenue to cover total expenses.

Operating margin and **total margin** were inflated in Q4 2023, after a large clinical asset sale was reported.



Data source: Databank (hospital self-report)

Oregon Acute Care Hospitals

2023 Annual Summary

This section presents 2023 year-end totals for key financial metrics and ten-year trend lines. 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 2023 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.

Key Takeaways

Compared to 2022 year-end totals:

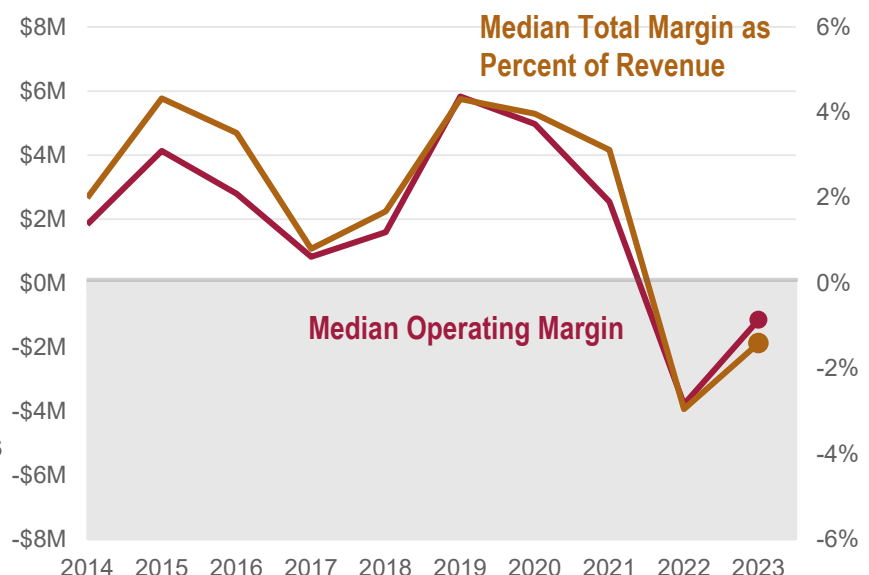
- Total operating expense **increased** 5.8 percent to \$18.42 billion.
- Net patient revenue **increased** 9.4 percent to \$17.25 billion.
- Total operating revenue **increased** 9.3 percent to \$18.58 billion.

Statewide, Oregon hospitals improved their financial standing in 2023. Compared to 2022, net patient revenue increased 9.4 percent to \$17.25 billion and total operating revenue increased 9.3 percent to \$18.58 billion, while total operating expense increased 5.8 percent to \$18.42 billion. Statewide median operating margin increased from -\$3.8 million in 2022 to -\$1.1 million in 2023. This indicates that while many hospitals were not profitable despite positive statewide revenue trends, median operating margin increased across the state and hospitals were more profitable in 2023 than in 2022.

Median Operating Margin compared with Median Total Margin as Percent of Revenue, 2014 to 2023

In 2023, median operating margin was -\$1.1 million, and median total margin as percent of revenue was -1.4% percent. Median operating margin and median total margin as percent of revenue represent the middle number in the range of data for each metric, or where half the hospitals had values above and half had values below the number.

Statewide margins remained positive between 2014 and 2021. By 2022, continued increases in spending, decreases in patient revenue and stock market losses led to negative margins. This indicates that many Oregon hospitals did not earn enough to cover their expenses between 2022 and 2023.

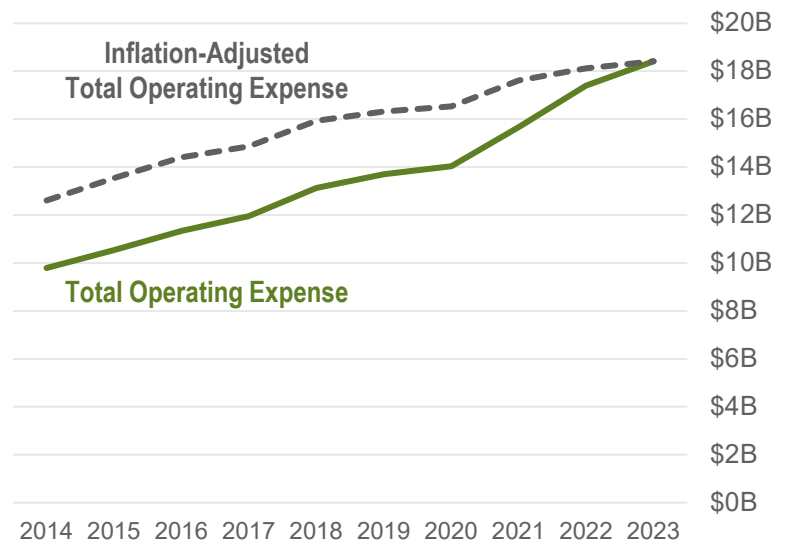


Total Operating Expense compared with Inflation-Adjusted Total Operating Expense, 2014 to 2023

In 2023, Oregon hospitals spent \$18.42 billion on total operating expense, a \$1.02 billion (5.8 percent) **increase** from 2022.

Between 2014 and 2023, statewide total operating expense CAGR was 7.3 percent per year. The rate of this growth slowed in 2020, at the beginning of the COVID-19 pandemic, but increased again in 2021.

After adjusting for inflation, total operating expense CAGR was 4.3 percent per year. This indicates that despite a reduction in expenses at the beginning of the pandemic, hospitals still experienced an annual total operating expense **increase** of 4.3 percent, after accounting for inflation.

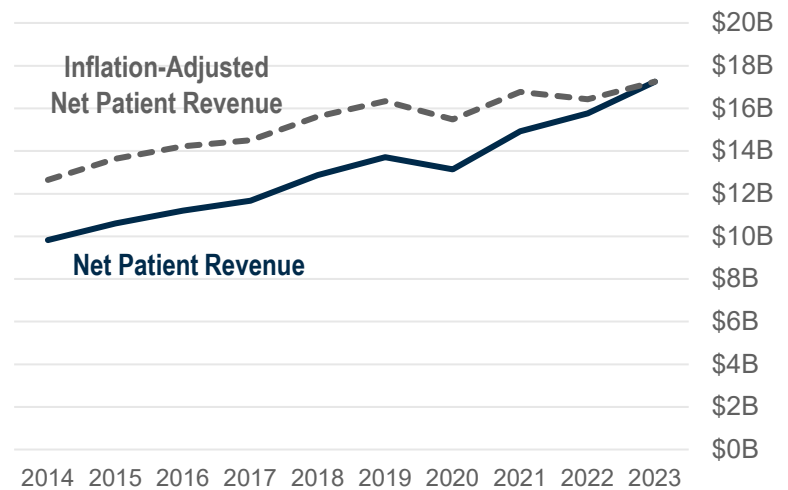


Net Patient Revenue compared with Inflation-Adjusted Net Patient Revenue, 2014 to 2023

In 2023, Oregon hospitals earned \$17.25 billion in net patient revenue, a \$1.48 billion (9.4 percent) **increase** from 2022.

Between 2014 to 2023, statewide net patient revenue CAGR was 6.5 percent per year. In 2020, at the beginning of the COVID-19 pandemic, net patient revenue declined due to reduced hospital utilization across the state but rebounded in 2021.

After adjusting for inflation, net patient revenue CAGR was 3.5 percent per year. This indicates that despite reduced revenue in 2020, hospitals experienced an annual net patient revenue **increase** of 3.5 percent, after accounting for inflation.



Total Operating Revenue compared with Inflation-Adjusted Total Operating Revenue, 2014 to 2023

In 2023, Oregon hospitals earned \$18.58 billion in total operating revenue, a \$1.58 billion (9.3 percent) **increase** from 2022.

Between 2014 to 2023, statewide total operating revenue CAGR was 6.8 percent per year. In 2020, at the beginning of the COVID-19 pandemic, total operating revenue growth grew very little, but increased again in 2021.

After adjusting for inflation, total operating revenue CAGR was 4.1 percent per year. This indicates that despite reduced operating revenue in 2020, hospitals experienced an annual total operating revenue **increase** of 4.1 percent, after accounting for inflation.

