

# Oregon Acute Care Hospitals:

## Financial & Utilization Trends Quarterly Summary

Third Quarter 2020

This summary analysis accompanies the third quarter 2020 update of the Oregon Hospital Financial and Utilization Dashboard, OHA's interactive dashboard for hospital financial & utilization data

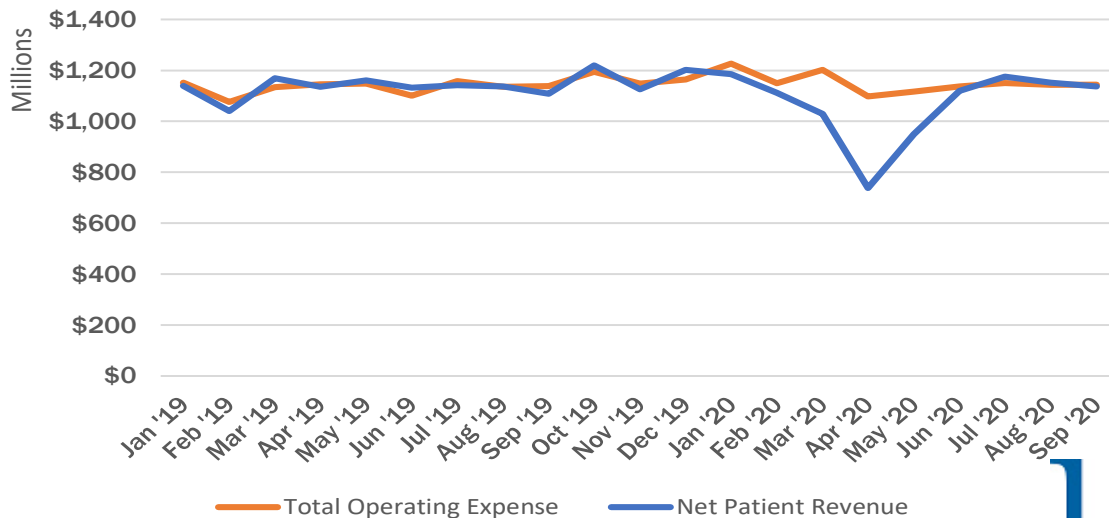
### Operating margin was positive in the third quarter, as net patient revenue grew and expenses remained flat.

- Statewide **operating margin** was positive every month between June and September.
- Statewide **other operating revenue**, which includes residual CARES Act funds, remained elevated in the third quarter.
- Statewide **net patient revenue** was 2.3% higher than Q3 2019, while total operating expense was only 0.2% higher than Q3 2019.
- Patient visits increased in the third quarter, but remained lower than 2019 levels.

### Net patient revenue rose while expenses stayed flat.

- Statewide **net patient revenue** in Q3 was \$3.5 billion, which was 23.5% higher than Q2 2020, when pandemic-related utilization reductions were most pronounced. However, year-to-date net patient revenue was \$9.6 billion, which was 5.6% lower than the same period in 2019.
- Statewide **total operating expense** in Q3 was \$3.4 billion. Year-to-date total operating expense was \$10.4 billion, which was 1.8% higher than the same period in 2019.
- Increased utilization led to increased revenue, making Q3 the first time in 2020 that net patient revenue exceeded total operating expense.

Net patient revenue recovered quickly after elective procedures resumed in May 2020.



**Net Patient Revenue**  
Money a hospital receives from providing health care services to patients.

**Total Operating Expense**  
Expenses a hospital incurs by providing services to patients.

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## Financial & Utilization Trends Quarterly - Q3 2020

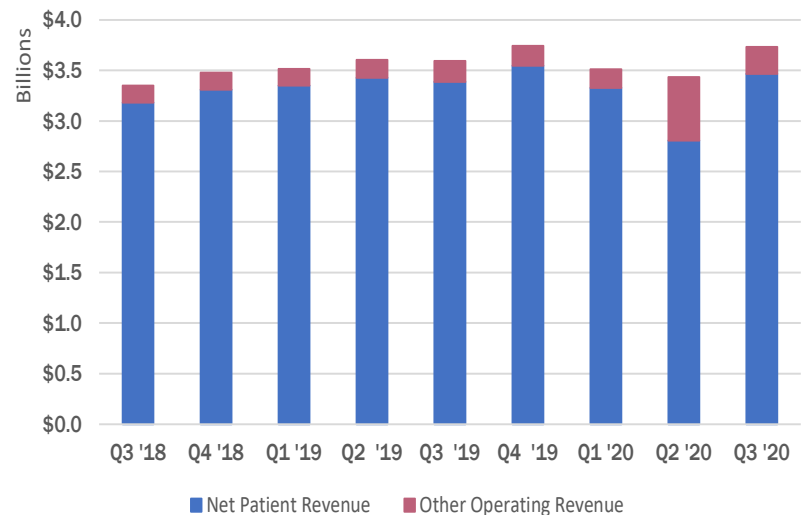
### Utilization helped drive the Q3 revenue rebound, but federal aid was likely still a factor.

Statewide **total operating revenue** was 3.9% higher than Q3 2019 and 8.7% higher than Q2 2020.

In Q2, CARES Act funds appeared as a component of other operating revenue. In most years, **other operating revenue** is generally 5-6% of operating revenue; in Q2 2020, the grant funds increased it to 18.3%

In Q3 2020, other operating revenue made up only 7.2% of total operating revenue, suggesting that hospitals relied less on grants, which appear as other operating revenue, and more on **net patient revenue** than in Q2 2020.

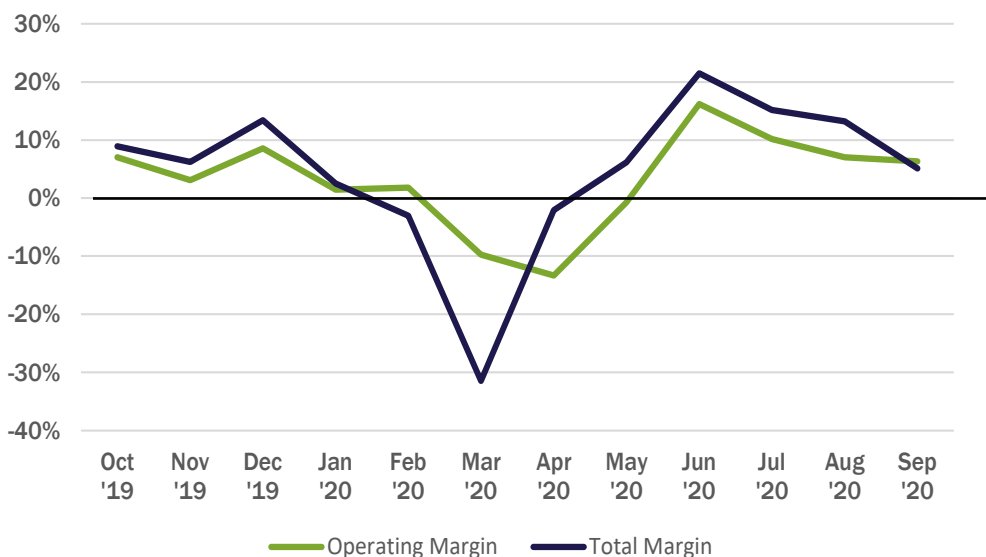
**Other operating revenue** and **net patient revenue** were closer to historic norms than in Q2 2020.



Total Operating Revenue	Other Operating Revenue
The sum of net patient revenue and other operating revenue.	Money a hospital receives from services not related to patient care such as gift shop sales, grants, or cafeteria sales.

### Operating margin and total margin fell in the spring, then improved.

Both **operating margin** and **total margin** were positive between June and September.



Total Margin	Operating Margin
The net sum of all revenue sources (operating and non-operating) minus all expenses. This includes investment income.	The sum of net patient revenue and other operating revenue minus total operating expenses.

Statewide **operating margin** as a percent of operating revenue rebounded significantly to 7.9% in the third quarter, which is the highest percentage since Q2 2016 (8.2%).

Year-to-date statewide operating margin was 2.9%.

**Total margin**, which includes investment income, shared the same trend as operating margin.