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Contact: Dave Northfield (503) 329-1989 dnorthfield@oahhs.org

HOSPITAL FINANCIAL PERFORMANCE CONTINUES TO DECLINE FROM DELTA SURGE

Third quarter numbers show impact of explosive growth in COVID patients, limited capacity and an ongoing staffing crisis

Lake Oswego, Ore. – January 6, 2022 – Hospital finances were hit hard by the Delta surge in the third quarter ending in September of 2021, as the capacity crisis coupled with soaring costs associated with the staffing shortage continued to stress hospital operations, according to a newly released financial performance report from Apprise Health Insights.

“This fall, the data show a health care system that was pushed to the edge,” said Andy Van Pelt, CEO of Apprise Health Insights. “Hospitals have been under pressure from COVID for nearly 2 years. Oregon barely avoided a collapsed system in the fall, but we are still facing major challenges just as the Omicron variant has led to some sobering projections for the new year.”

The third quarter saw Oregon’s highest levels of hospitalization during the entire pandemic, with nearly 1,200 admitted patients on September 1. That’s more than double the previous peak of November 2020. Meanwhile, hundreds of patients awaited discharge every day, and sicker patients stayed in the hospital longer.

The result in Q3 was a widening gap between net patient revenue (NPR) and total operating expenses (TOE). The high cost of labor continues to be a major contributor to big increases in TOE. Travel nurse expenses, which have some hospitals paying up to 700% of the hourly rate for staff nurses, are just one of the factors. Other labor costs such as purchased services for housekeeping and facility management add to TOE, which has risen 19% over the past three years while revenues have stayed flat. Longer hospital stays also have a negative impact on NPR, which for the fifth quarter in a row fell short of TOE.

Median operating margin figures declined from the second quarter of this year, with 45 percent of hospitals showing a negative operating margin in the third quarter. DRG hospitals (larger urban facilities) reported a -2.3% median operating margin.

The data comes at a time when modeling from OHSU forecaster Peter Graven shows a surge of hospitalizations due to the Omicron variant, to about 1,650 by early February. If those projections come to pass, Apprise analysts say we can expect a repeat of Delta surge conditions, with staffing and bed shortages, continued high numbers of boarding and discharge delays, and the cancellation and deferral of thousands of elective (non-urgent but needed) procedures.

For more details on the Q3 financial analysis, click [here](#).

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About Apprise: *Apprise Health Insights is the most reliable and complete source of hospital data in Oregon. As the data subsidiary of the Oregon Association of Hospitals and Health Systems (OAHHS), Apprise staff have gathered and analyzed data about Oregon hospitals and health systems since 1985. We strive to provide data, tools, and expertise to help hospitals understand the healthcare landscape in the Pacific Northwest.*