

**KaufmanHall**

MARCH 2024

# National Hospital Flash Report

**Real Data. Real Insight. Real Time.**

*Based on Data from More Than 1,300 Hospitals*

# Table of Contents

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<b>About the Data</b>	<b>3</b>
<b>Key Takeaways</b>	<b>5</b>
<b>Action Steps</b>	<b>6</b>
<b>Operating Margin</b>	<b>7</b>
<b>National and Regional Data: Profitability, Revenue, Expense, and Volume</b>	<b>9</b>
<b>Data by Hospital Bed Size: Profitability, Revenue, Expense, and Volume</b>	<b>22</b>
<b>Non-Operating</b>	<b>29</b>
<b>Contacts</b>	<b>34</b>

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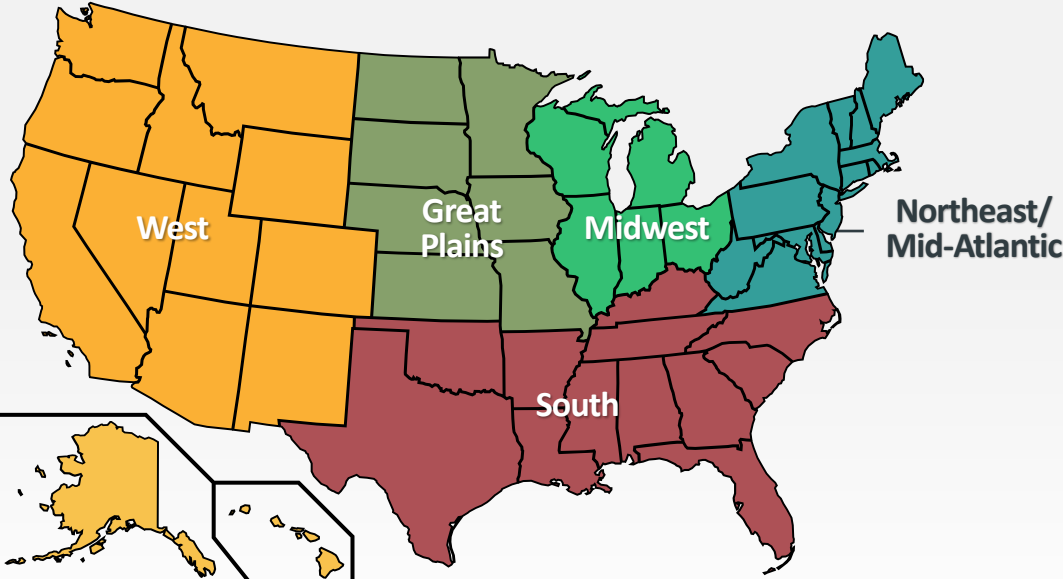
# About the Data

The *National Hospital Flash Report* uses both actual and budget data over the last three years, sampled from more than 1,300 hospitals on a recurring monthly basis from Syntellis Performance Solutions.

The sample of hospitals for this report is representative of all hospitals in the United States both geographically and by bed size. Additionally, hospitals of all types are represented, from large academic to small critical access. Advanced statistical techniques are used to standardize data, identify and handle outliers, and ensure statistical soundness prior to inclusion in the report.

While this report presents data in the aggregate, Syntellis Performance Solutions also has real-time data down to individual department, jobcode, paytype, and account levels, which can be customized into peer groups for unparalleled comparisons to drive operational decisions and performance improvement initiatives.

Map of Regions



# About the Data *(continued)*

## About Kaufman Hall

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### **KaufmanHall**

[Kaufman Hall](#) provides management consulting solutions to help society's foundational institutions realize sustained success amid changing market conditions. Since 1985, Kaufman Hall has been a trusted advisor to boards and executive management teams, helping them incorporate proven methods, rigorous analytics, and industry-leading solutions into their strategic planning and financial management processes, with a focus on achieving their most challenging goals.

Kaufman Hall services use a rigorous, disciplined, and structured approach that is based on the principles of corporate finance. The breadth and integration of Kaufman Hall advisory services are unparalleled, encompassing strategy; financial and capital planning; performance improvement; treasury and capital markets management; mergers, acquisitions, partnerships, and joint ventures; and real estate.

## About Syntellis Performance Solutions

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[Syntellis Performance Solutions](#) provides innovative enterprise performance management software, data and intelligence solutions for healthcare organizations. Its solutions include enterprise planning, cost and decision support, and financial and clinical analytics tools to elevate organizational performance and transform vision into reality. With over 2,800 organizations and 450,000 users relying on its Axiom, Connected Analytics and Stratason software, combined with No. 1 rankings from Black Book Research and an HFMA Peer Review designation for six consecutive years, Syntellis helps healthcare providers acquire insights, accelerate decisions and advance their business plans. For more information, please visit [syntellis.com](https://syntellis.com).

# Key Takeaways

- 1. Margins this month were at 3.96%, continuing a strong start to 2024.** However, data this month do not reflect the full impact of the Change Healthcare outage, which began February 21st.
- 2. Gross revenue continues to rise at a faster rate than net revenue, highlighting payer mix changes.** Bad debt and charity care have also risen over the last few years.
- 3. Revenue growth is primarily being driven from the outpatient setting.** There continues to be a decline in inpatient revenue and increase in outpatient revenue.

# Action Steps

Hospitals across the nation have been affected by the Change Healthcare cyberattack, which began on February 21, 2024. The attack raises broader issues of cybersecurity and cash flow management, which may have credit, balance sheet, and operational implications. Hospitals should:

- Prioritize immediate steps that can be taken to preserve liquidity, including extending accounts payable, slowing capital spending, drawing on lines of credit, or liquidating assets such as Treasuries
- As claim backlogs clear out, monitor denial rates and, if they spike, manage the processing backlogs as well as possible; determine the impact of delayed claims on cash, both for operations and balance sheet metrics
- Anticipate heightened interest in cybersecurity in future rating agency presentations; hospitals should pay special attention to how they are dealing with issues of cyber hygiene and the risk of potential contamination in interactions with third-party vendors and other partners
- Diversify clearinghouses and banking partners to diminish counterparty concentration risk
- Expect rating pressures on lower-liquidity credits, although wholesale rating downgrades are not likely

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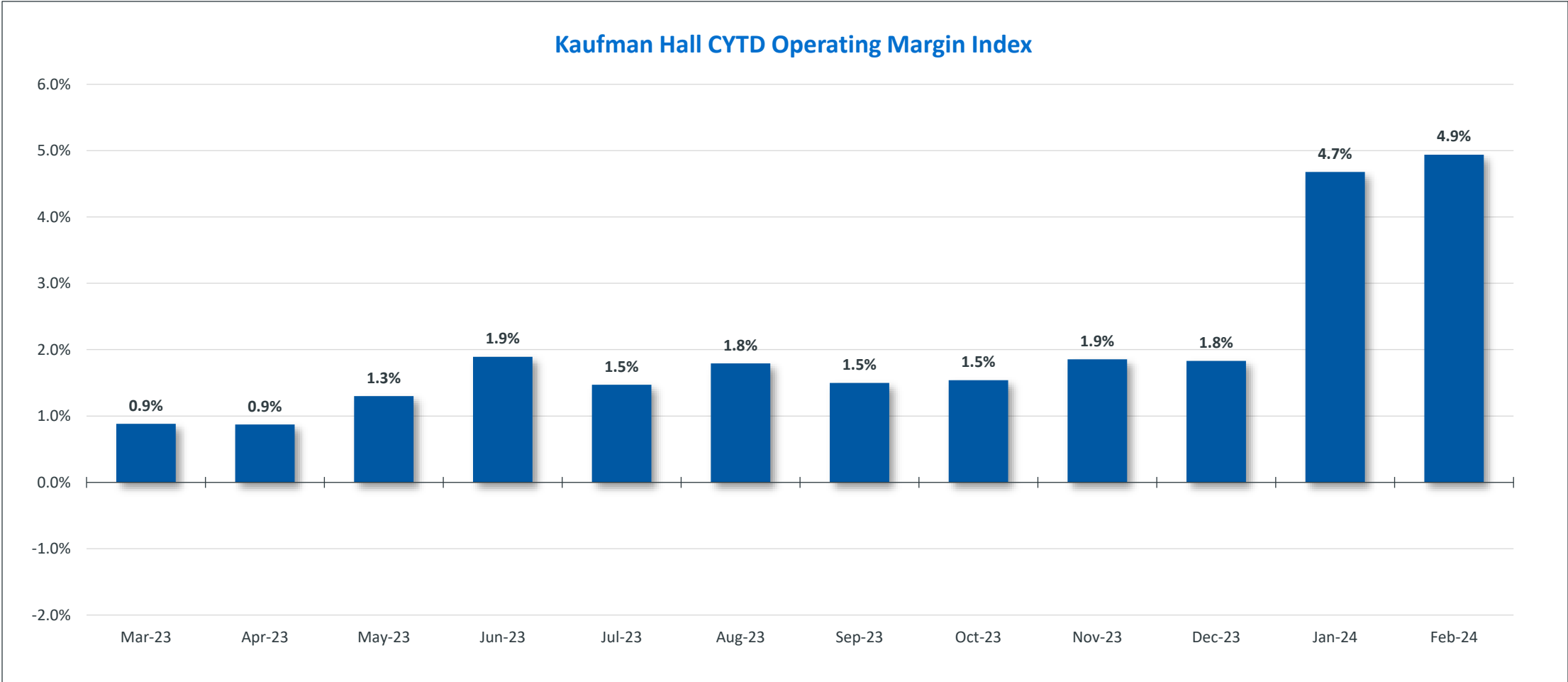


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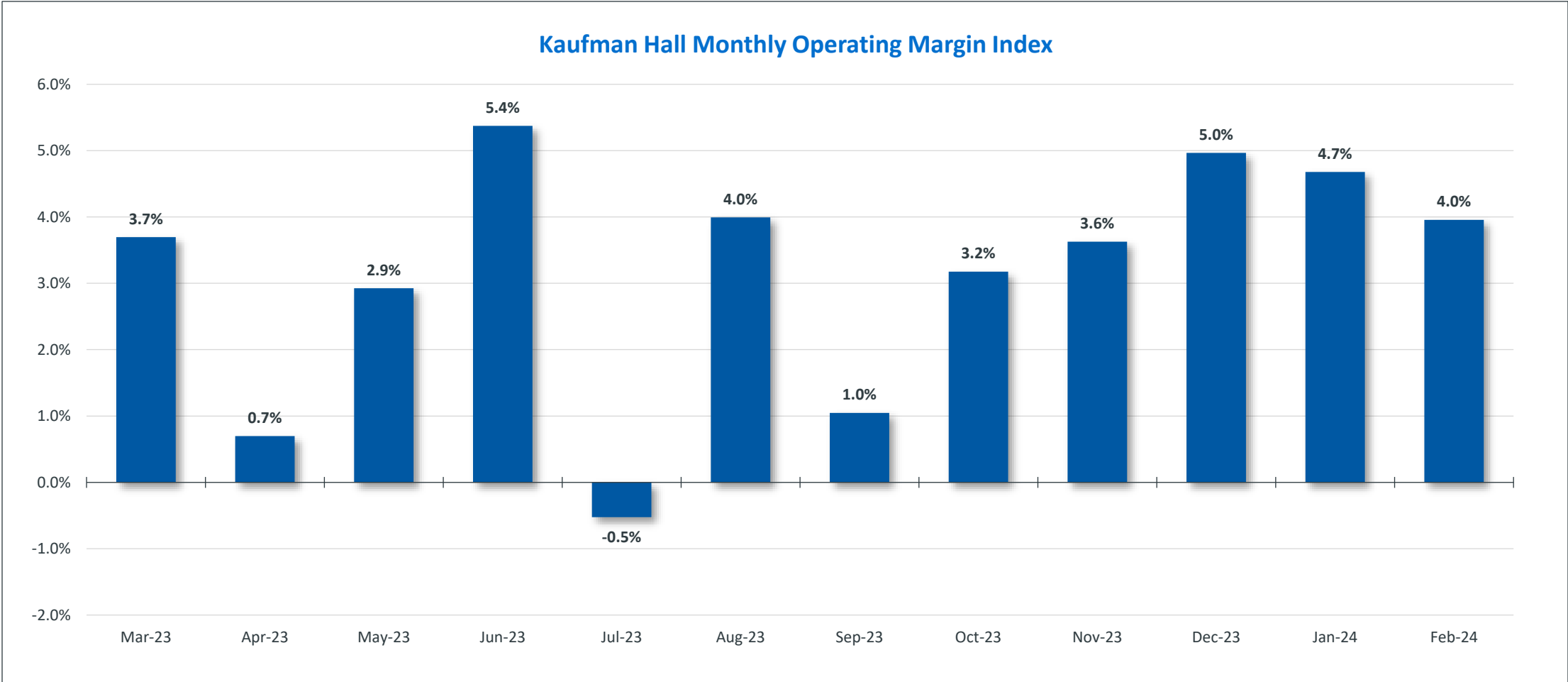
# Operating Margin



Kaufman Hall, National Hospital Flash Report (March 2024)

\* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

# Operating Margin *(continued)*



Kaufman Hall, National Hospital Flash Report (March 2024)

\* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

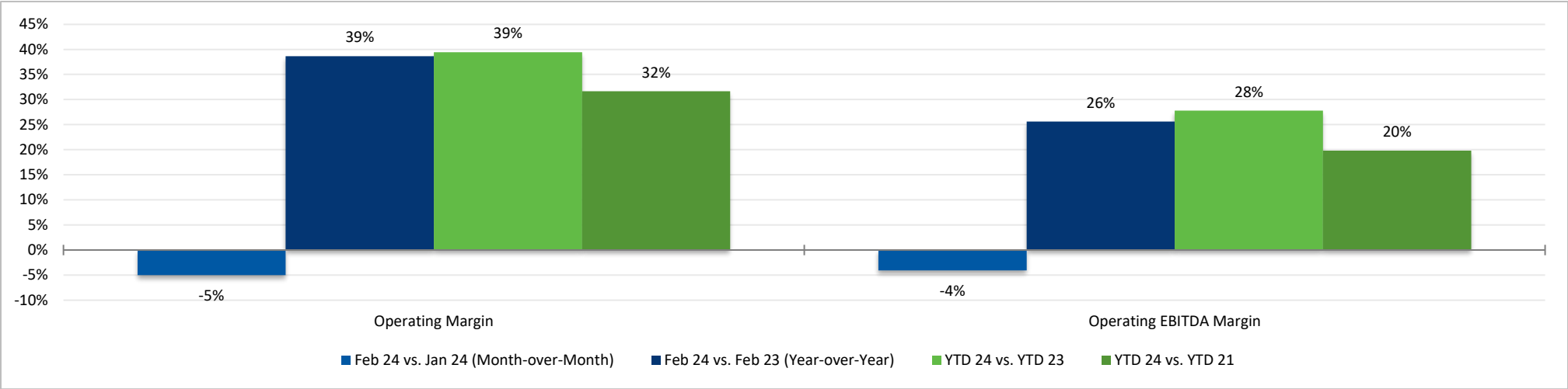


# National and Regional Data

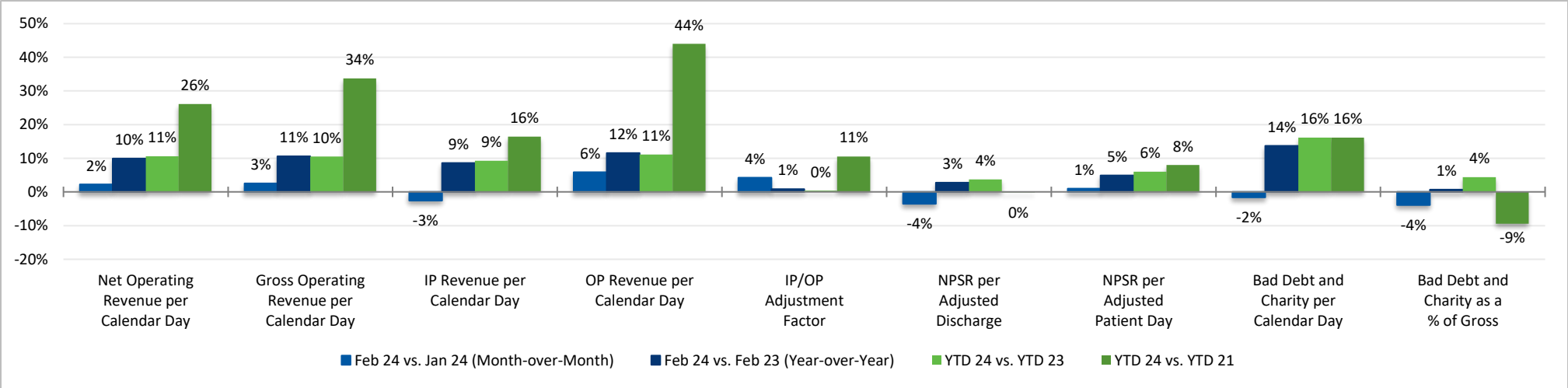
*Profitability, Revenue, Expense, and Volume*

# National Data

## Profitability

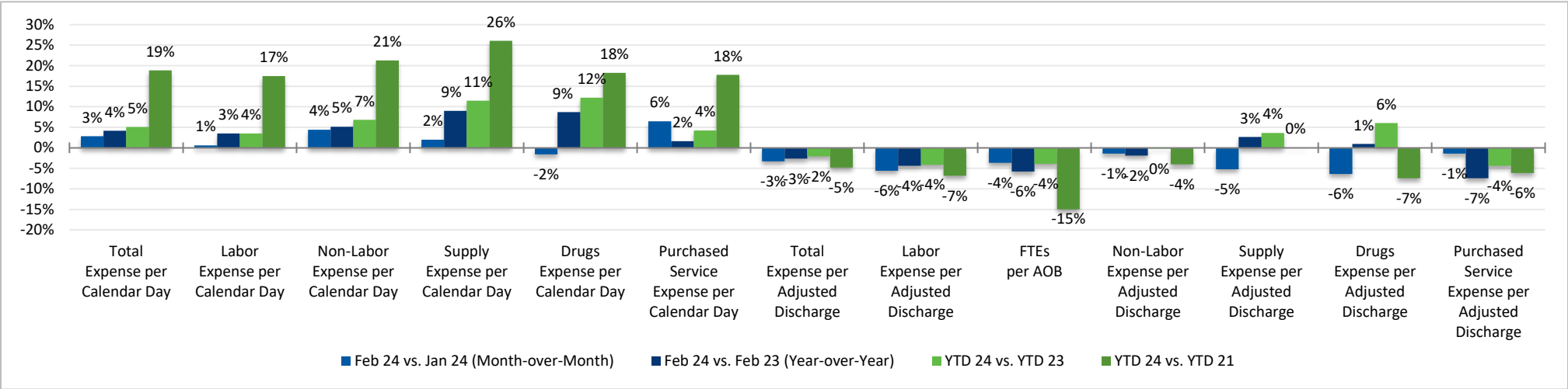


## Revenue

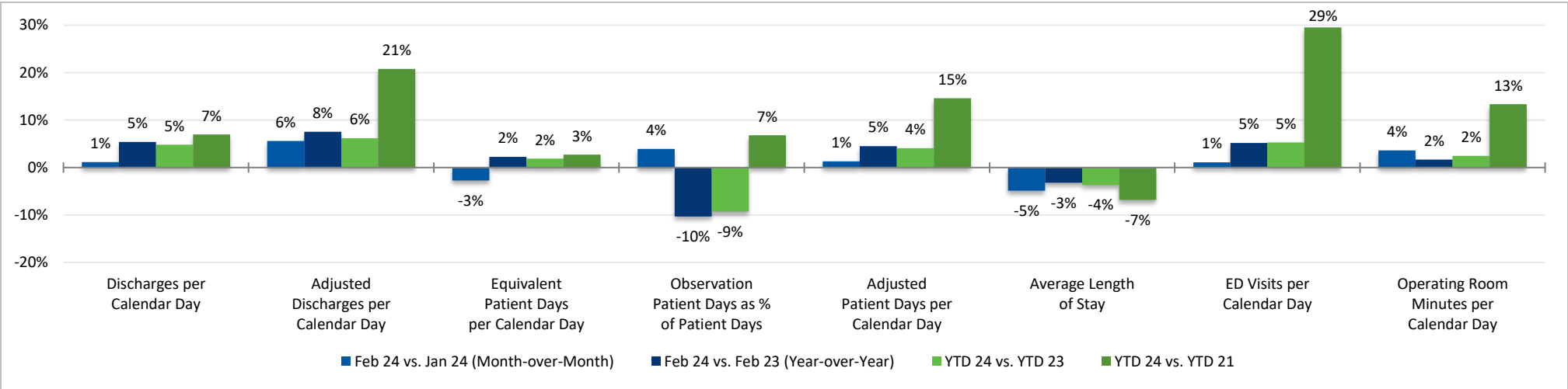


# National Data *(continued)*

## Expense

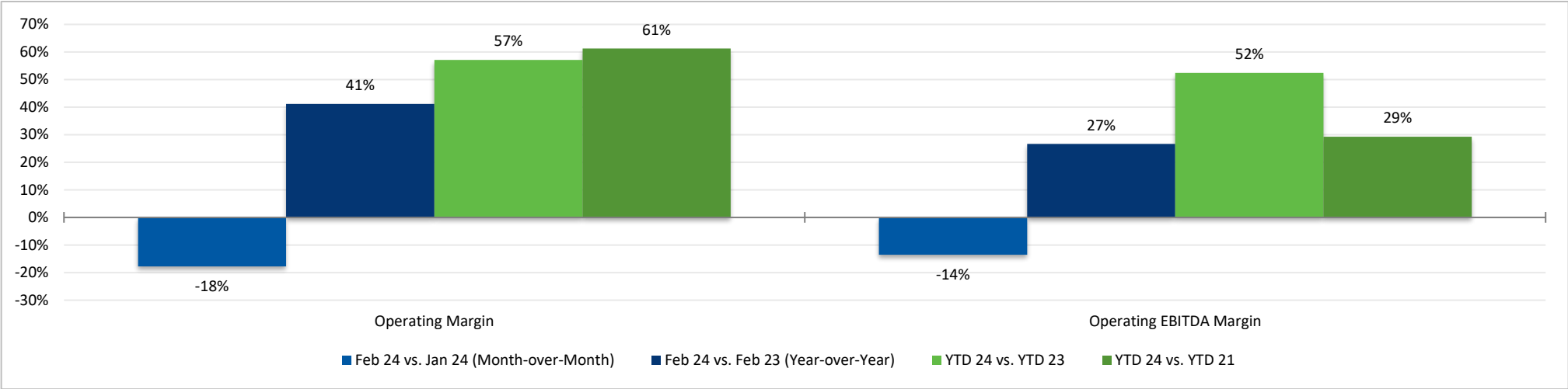


## Volume

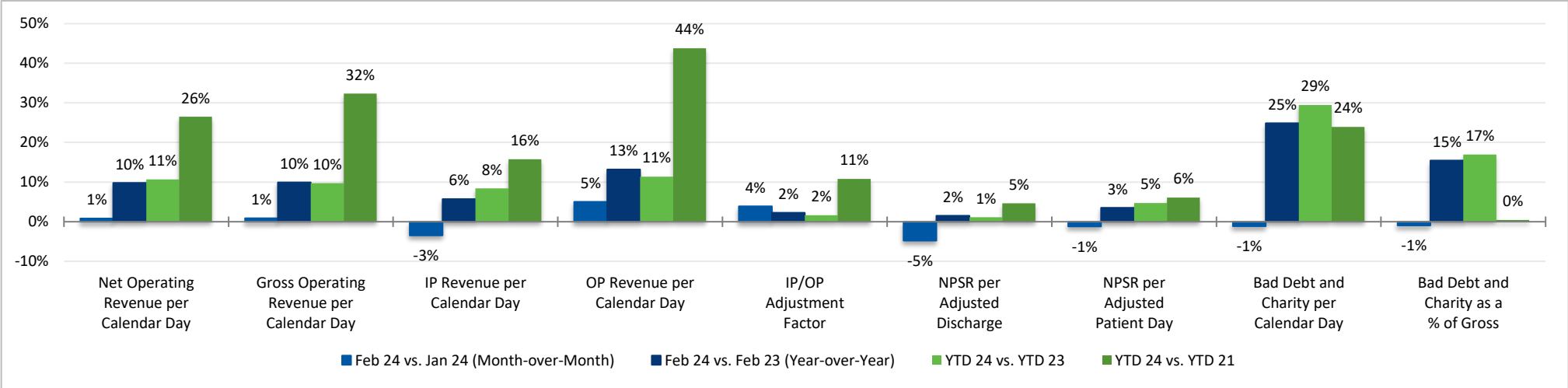


# Regional Data: West

## Profitability

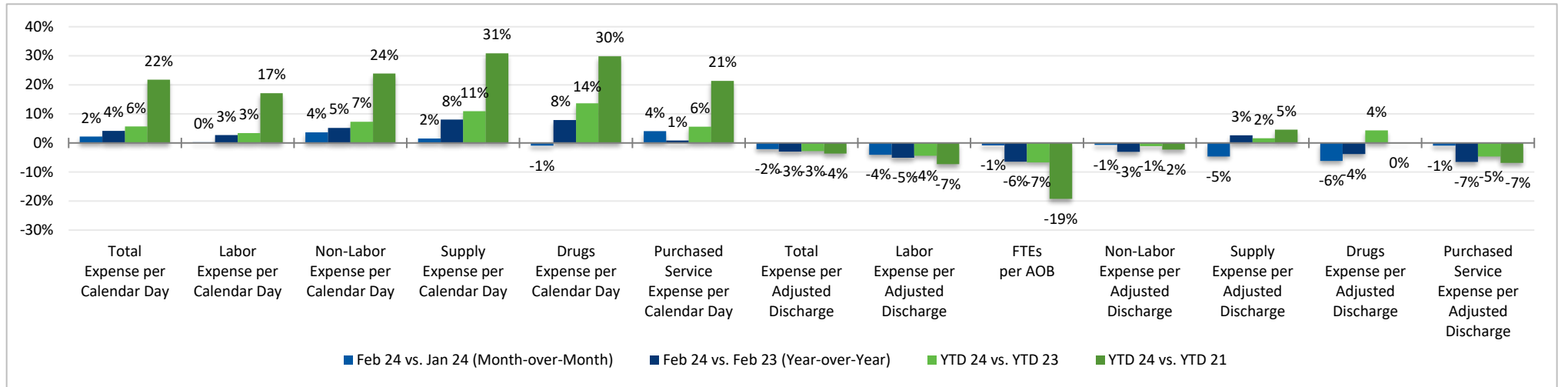


## Revenue

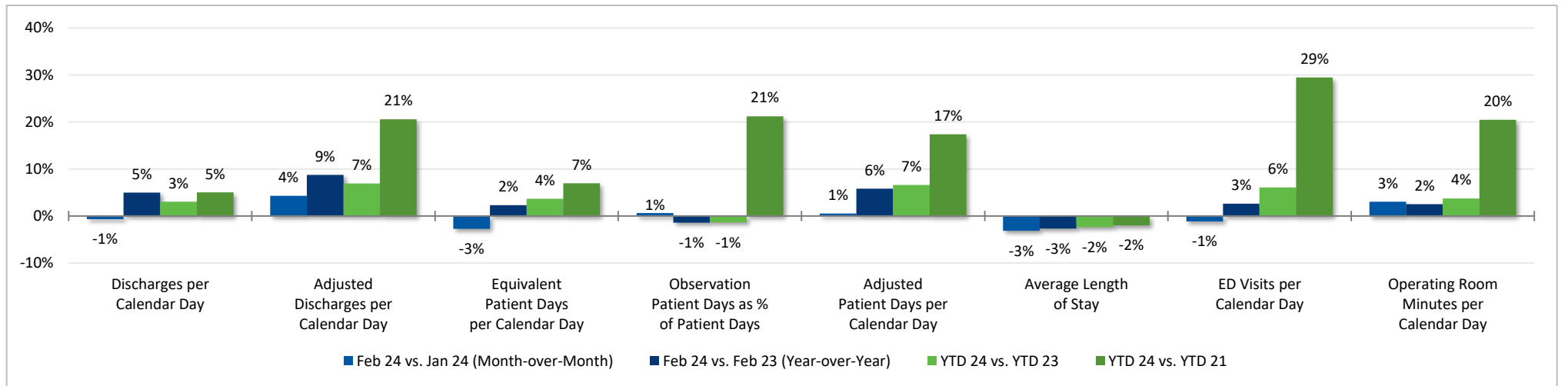


# Regional Data: West *(continued)*

## Expense

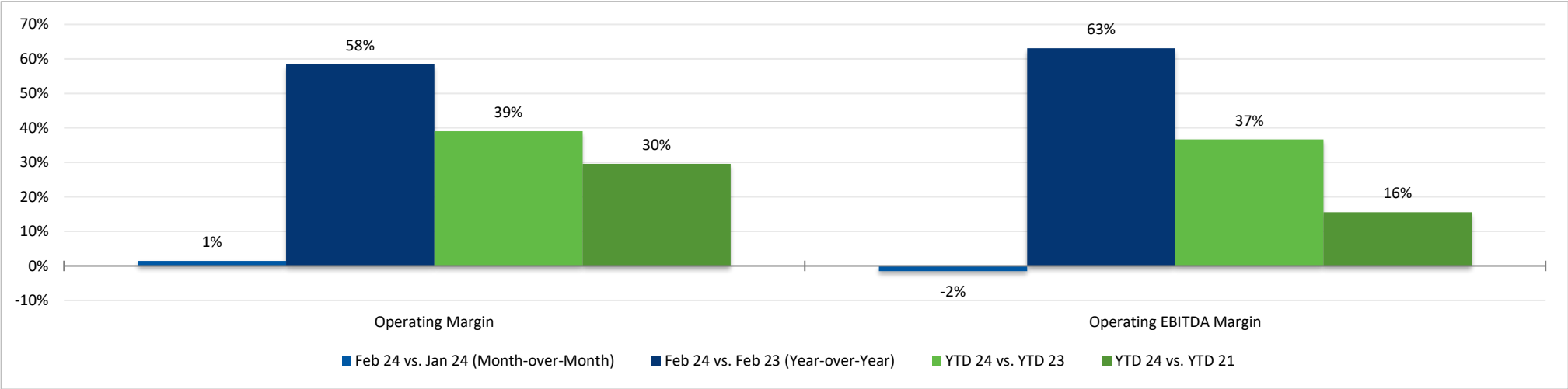


## Volume

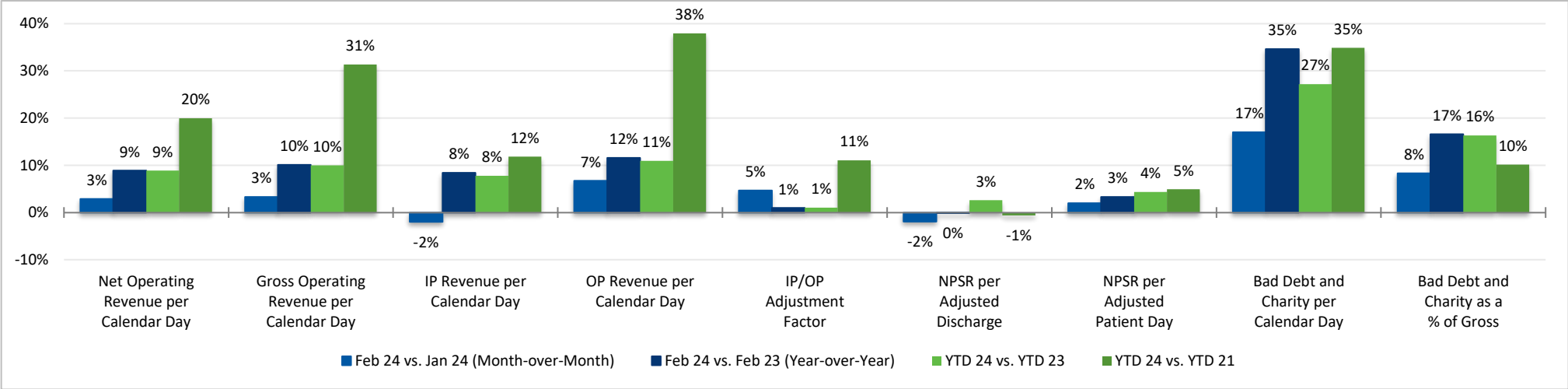


# Regional Data: Midwest

## Profitability

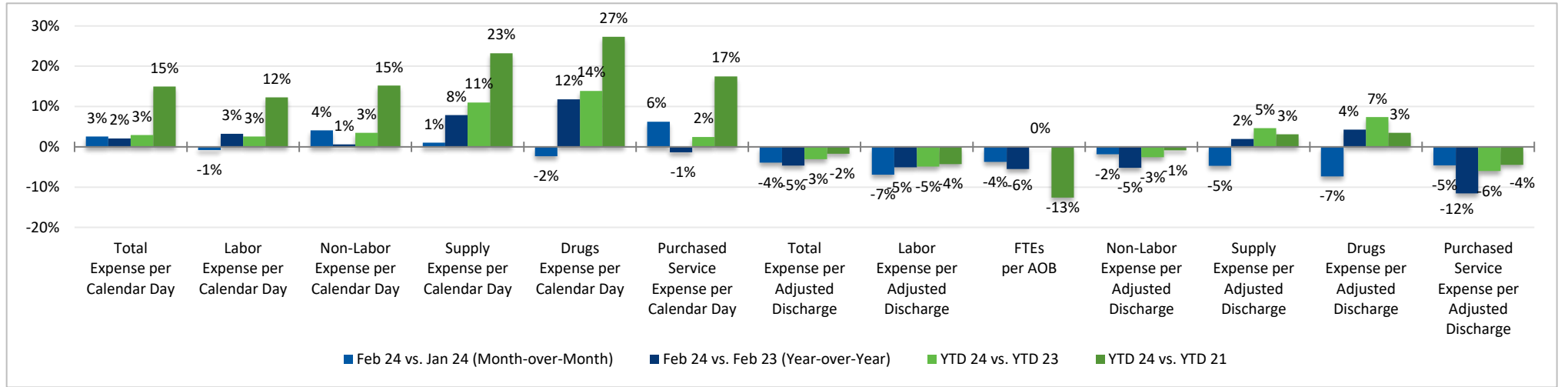


## Revenue

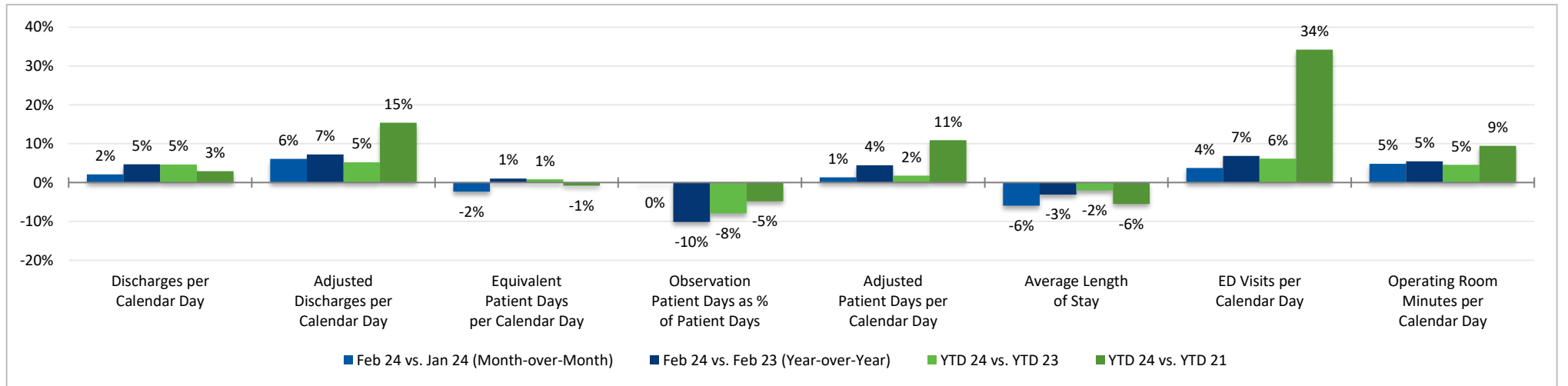


# Regional Data: Midwest *(continued)*

## Expense

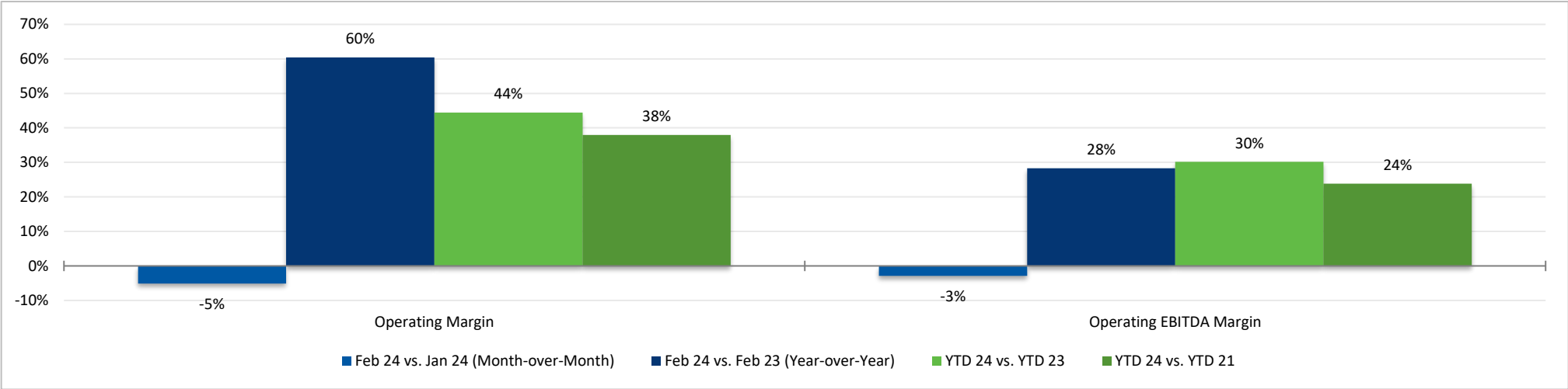


## Volume

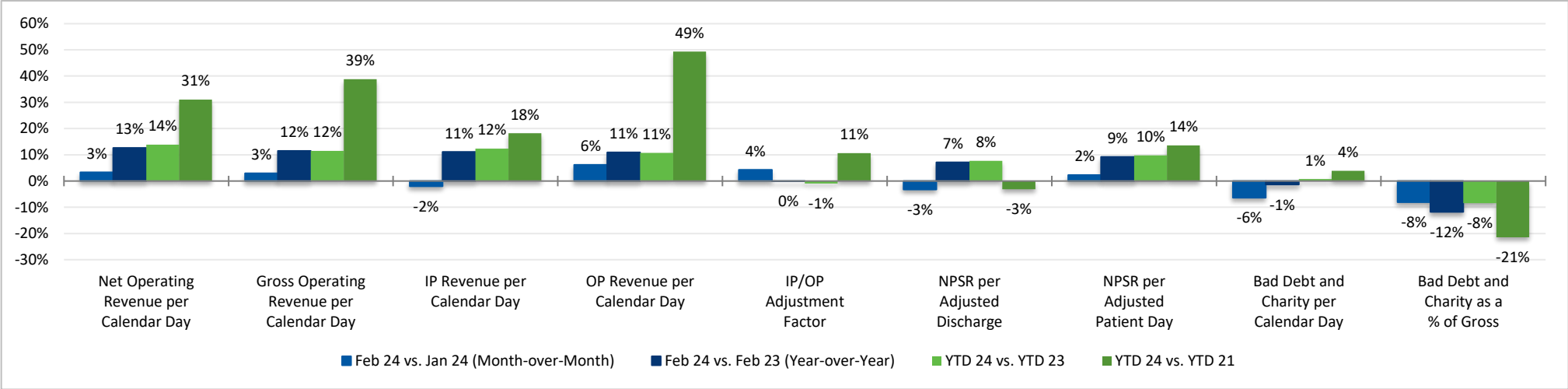


# Regional Data: South

## Profitability



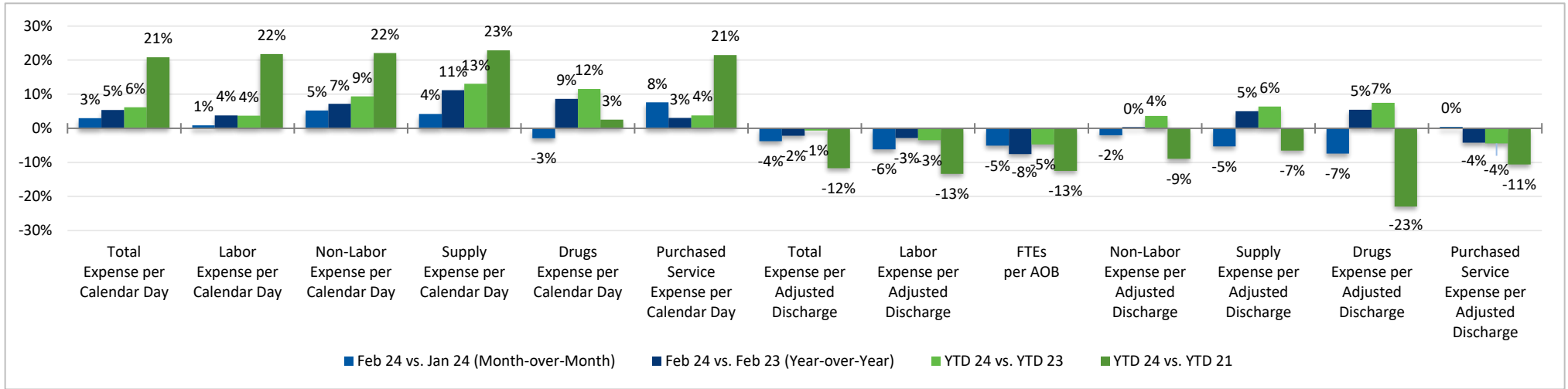
## Revenue



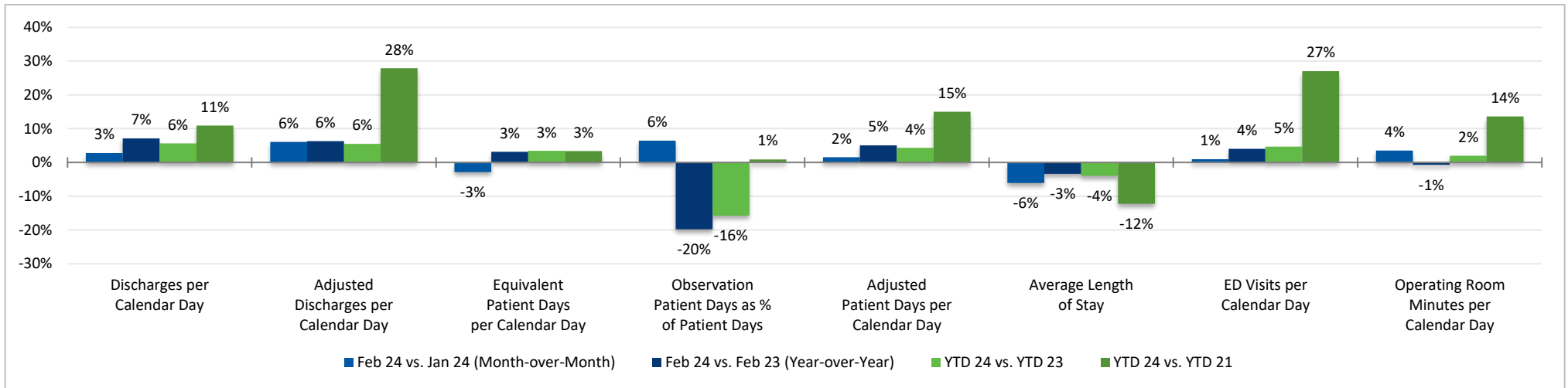


# Regional Data: South *(continued)*

## Expense

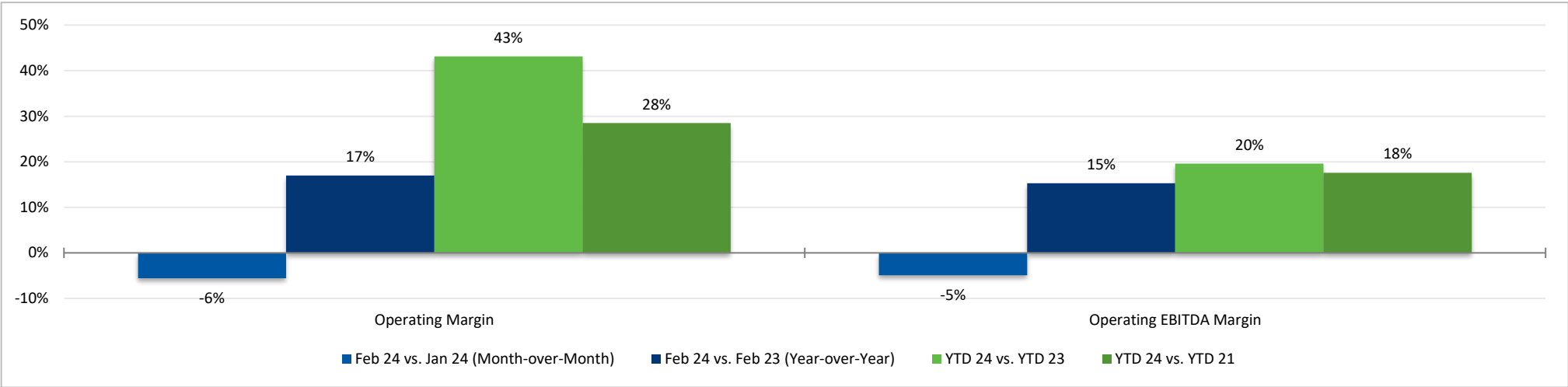


## Volume

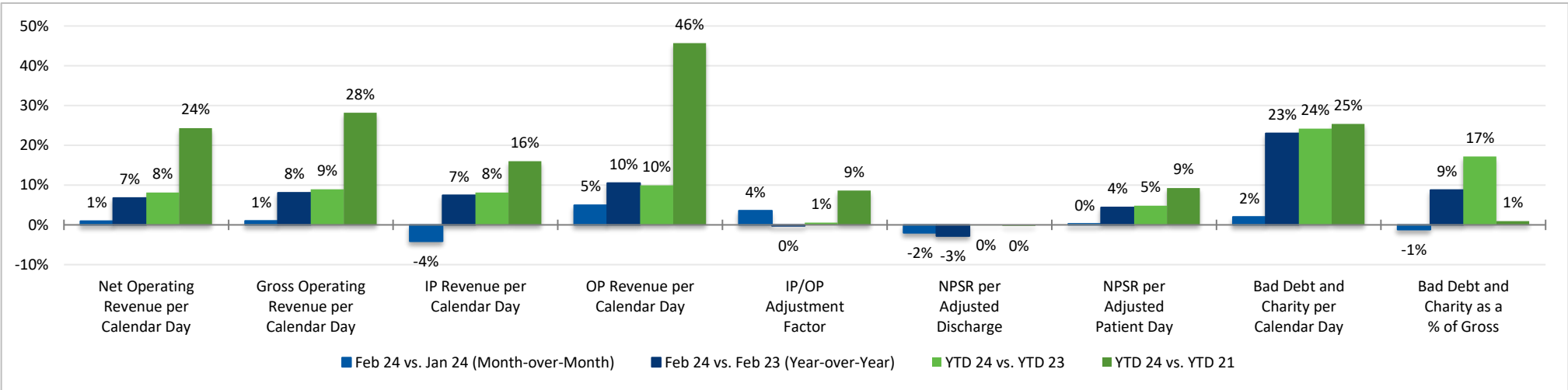


# Regional Data: Northeast/Mid-Atlantic

## Profitability

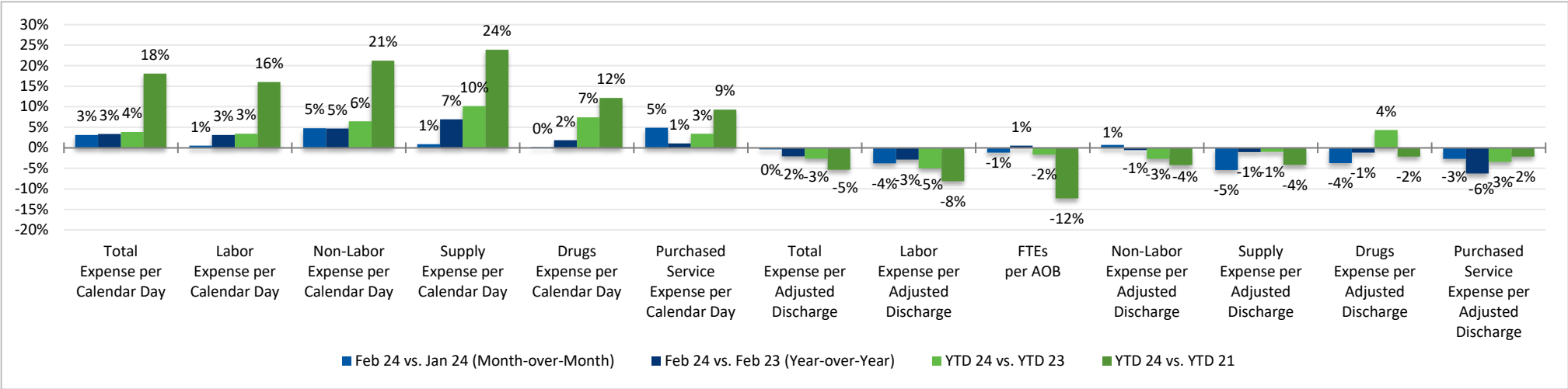


## Revenue

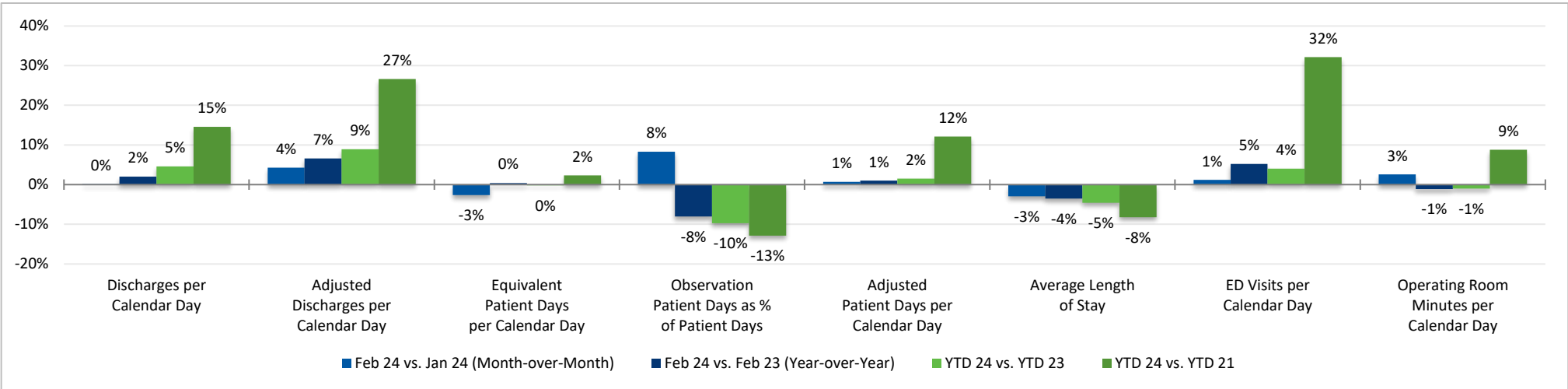


# Regional Data: Northeast/Mid-Atlantic *(continued)*

## Expense

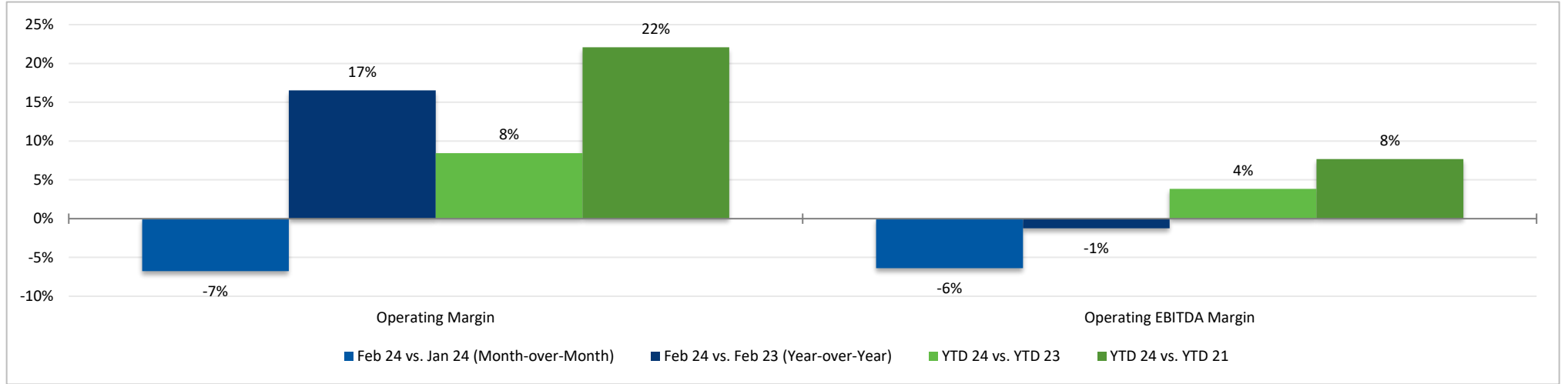


## Volume

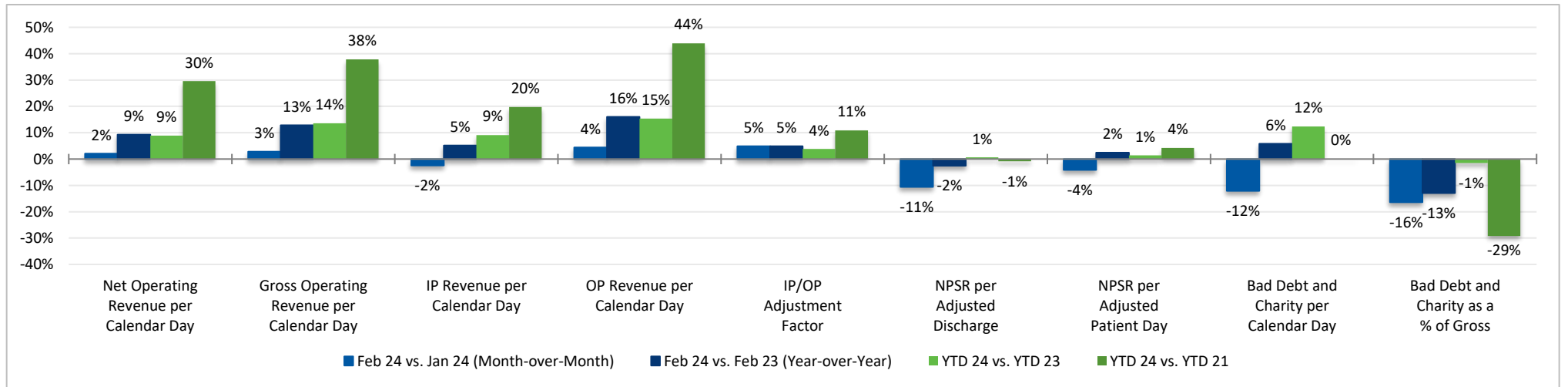


# Regional Data: Great Plains

## Profitability

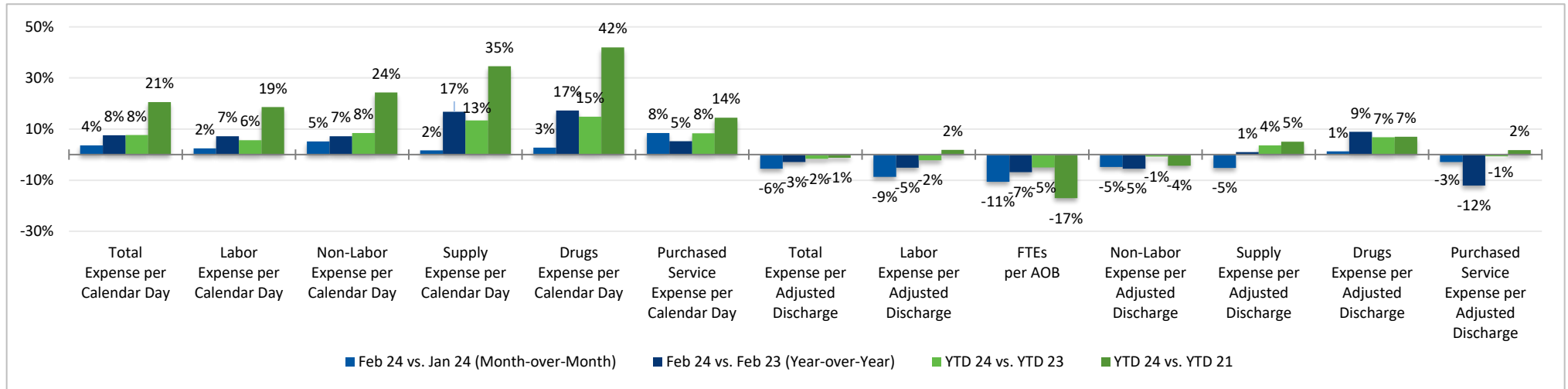


## Revenue

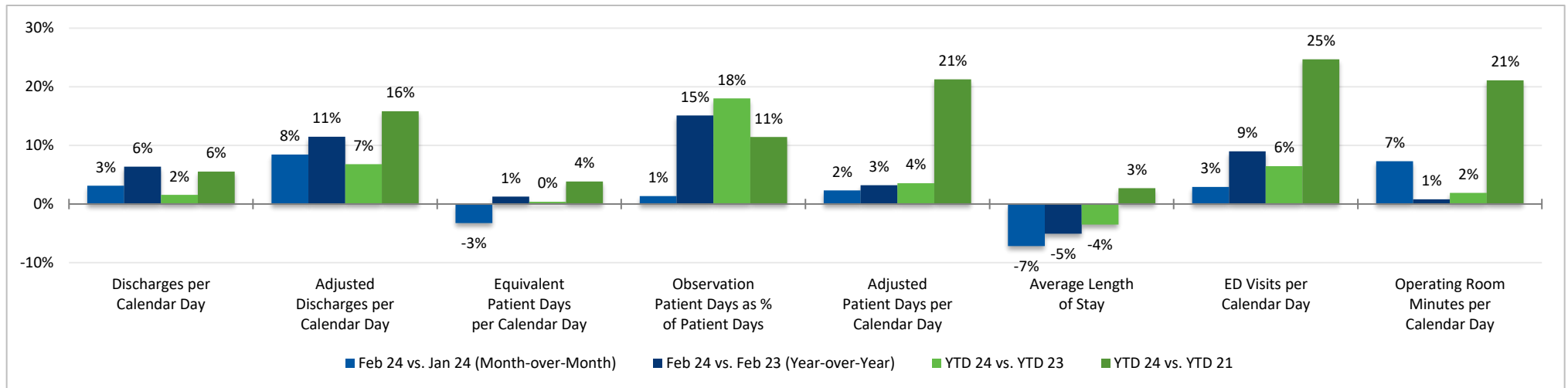


# Regional Data: Great Plains *(continued)*

## Expense



## Volume



# Data by Hospital Bed Size

*Profitability, Revenue, Expense, and Volume*

# 0-25 Beds

		Feb 24 vs. Jan 24 (Month-over-Month)	Feb 24 vs. Feb 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-10.0%	42.1%	37.7%	47.8%
	Operating EBIDA Margin	-8.6%	25.9%	38.8%	42.2%
Volume	Discharges per Calendar Day	1.7%	4.7%	0.8%	-0.2%
	Adjusted Discharges per Calendar Day	4.9%	10.7%	6.0%	23.0%
	Equivalent Patient Days per Calendar Day	-5.5%	1.5%	-0.1%	4.3%
	Observation Patient Days as % of Patient Days	-10.0%	-14.0%	0.8%	13.6%
	Adjusted Patient Days per Calendar Day	2.4%	6.4%	1.7%	27.8%
	Average Length of Stay	-7.1%	-5.0%	-4.1%	-1.7%
	ED Visits per Calendar Day	1.8%	6.2%	5.5%	33.6%
	Operating Room Minutes per Calendar Day	0.6%	0.7%	-0.3%	12.7%
	Revenue	Net Operating Revenue per Calendar Day	-0.3%	12.1%	12.0%
Gross Operating Revenue per Calendar Day		1.1%	13.6%	12.3%	38.6%
IP Revenue per Calendar Day		-4.6%	5.0%	6.1%	9.1%
OP Revenue per Calendar Day		3.6%	12.1%	11.6%	43.0%
IP/OP Adjustment Factor		6.8%	5.4%	5.0%	21.6%
NPSR per Adjusted Discharge		-6.9%	-2.2%	0.1%	-5.1%
NPSR per Adjusted Patient Day		-4.1%	1.0%	4.7%	-5.7%
Bad Debt and Charity per Calendar Day		-3.3%	15.3%	17.7%	16.7%
Bad Debt and Charity as a % of Gross		-6.7%	4.2%	4.8%	-10.4%
Expense	Total Expense per Calendar Day	2.7%	3.6%	4.6%	18.7%
	Labor Expense per Calendar Day	0.9%	4.7%	3.9%	16.4%
	Non-Labor Expense per Calendar Day	3.9%	2.4%	4.8%	20.6%
	Supply Expense per Calendar Day	-2.0%	10.5%	14.3%	33.1%
	Drugs Expense per Calendar Day	-4.6%	15.3%	14.7%	37.6%
	Purchased Service Expense per Calendar Day	6.7%	2.7%	4.2%	14.1%
	Total Expense per Adjusted Discharge	-3.3%	-8.4%	-4.2%	-11.6%
	Labor Expense per Adjusted Discharge	-4.4%	-9.4%	-6.2%	-11.8%
	FTEs per AOB	-6.7%	-8.2%	-4.5%	-25.1%
	Non-Labor Expense per Adjusted Discharge	-0.4%	-8.3%	-1.5%	-11.1%
	Supply Expense per Adjusted Discharge	-5.6%	3.5%	3.0%	-5.3%
	Drugs Expense per Adjusted Discharge	-4.0%	12.2%	10.2%	2.9%
	Purchased Service Expense per Adjusted Discharge	-3.8%	-12.9%	-6.1%	-14.4%

# 26-99 Beds

		Feb 24 vs. Jan 24 (Month-over-Month)	Feb 24 vs. Feb 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-5.1%	62.8%	47.5%	33.8%
	Operating EBIDA Margin	-5.0%	28.7%	31.7%	19.4%
Volume	Discharges per Calendar Day	-0.1%	4.3%	4.3%	5.5%
	Adjusted Discharges per Calendar Day	6.7%	7.9%	5.2%	22.7%
	Equivalent Patient Days per Calendar Day	-3.9%	0.8%	1.4%	-1.2%
	Observation Patient Days as % of Patient Days	8.7%	-14.7%	-15.7%	11.4%
	Adjusted Patient Days per Calendar Day	1.0%	6.5%	5.5%	13.9%
	Average Length of Stay	-3.1%	-5.5%	-4.5%	-11.7%
	ED Visits per Calendar Day	0.5%	4.0%	5.3%	31.8%
	Operating Room Minutes per Calendar Day	6.4%	3.4%	-0.3%	13.4%
	Revenue	Net Operating Revenue per Calendar Day	2.4%	12.0%	12.5%
Gross Operating Revenue per Calendar Day		2.6%	11.1%	10.7%	33.7%
IP Revenue per Calendar Day		-6.9%	7.1%	9.3%	12.7%
OP Revenue per Calendar Day		6.0%	11.6%	11.2%	44.2%
IP/OP Adjustment Factor		7.2%	2.0%	1.1%	14.1%
NPSR per Adjusted Discharge		-0.2%	5.8%	4.1%	-2.0%
NPSR per Adjusted Patient Day		1.3%	7.7%	8.2%	10.1%
Bad Debt and Charity per Calendar Day		-3.3%	1.9%	11.5%	8.3%
Bad Debt and Charity as a % of Gross		-6.1%	-8.9%	-0.6%	-17.3%
Expense		Total Expense per Calendar Day	3.6%	3.3%	4.1%
	Labor Expense per Calendar Day	1.1%	3.3%	3.5%	15.5%
	Non-Labor Expense per Calendar Day	4.9%	5.1%	6.1%	17.9%
	Supply Expense per Calendar Day	5.3%	13.0%	11.7%	19.8%
	Drugs Expense per Calendar Day	0.7%	1.2%	9.3%	5.1%
	Purchased Service Expense per Calendar Day	5.6%	2.5%	4.8%	21.4%
	Total Expense per Adjusted Discharge	-3.5%	-1.6%	-2.4%	-10.7%
	Labor Expense per Adjusted Discharge	-5.4%	-4.2%	-4.0%	-14.9%
	FTEs per AOB	-5.8%	-9.5%	-6.8%	-15.4%
	Non-Labor Expense per Adjusted Discharge	-1.7%	-0.6%	0.3%	-7.8%
	Supply Expense per Adjusted Discharge	-4.6%	8.6%	6.2%	-7.5%
	Drugs Expense per Adjusted Discharge	-6.2%	-5.4%	6.8%	-16.0%
	Purchased Service Expense per Adjusted Discharge	-4.0%	-8.5%	-6.0%	-6.8%



# 100-199 Beds

		Feb 24 vs. Jan 24 (Month-over-Month)	Feb 24 vs. Feb 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-2.2%	27.7%	26.9%	34.5%
	Operating EBIDA Margin	-1.6%	21.3%	16.2%	24.6%
Volume	Discharges per Calendar Day	1.6%	6.0%	5.2%	9.4%
	Adjusted Discharges per Calendar Day	6.1%	5.6%	6.3%	22.3%
	Equivalent Patient Days per Calendar Day	-3.9%	2.7%	2.4%	3.4%
	Observation Patient Days as % of Patient Days	3.0%	-9.0%	-9.3%	-17.7%
	Adjusted Patient Days per Calendar Day	1.0%	4.3%	3.3%	16.6%
	Average Length of Stay	-6.0%	-2.3%	0.4%	-5.4%
	ED Visits per Calendar Day	0.9%	4.3%	4.4%	30.4%
	Operating Room Minutes per Calendar Day	5.3%	1.8%	2.1%	12.2%
	Revenue	Net Operating Revenue per Calendar Day	3.6%	7.8%	8.9%
Gross Operating Revenue per Calendar Day		2.8%	8.8%	8.2%	32.1%
IP Revenue per Calendar Day		-2.6%	8.4%	9.1%	16.0%
OP Revenue per Calendar Day		5.9%	10.0%	9.8%	43.4%
IP/OP Adjustment Factor		4.2%	0.3%	-0.3%	10.4%
NPSR per Adjusted Discharge		-2.5%	5.4%	5.4%	-0.7%
NPSR per Adjusted Patient Day		2.5%	4.8%	4.9%	7.0%
Bad Debt and Charity per Calendar Day		1.3%	9.2%	14.2%	17.2%
Bad Debt and Charity as a % of Gross		-1.5%	-3.2%	2.8%	-9.5%
Expense		Total Expense per Calendar Day	2.6%	4.4%	4.2%
	Labor Expense per Calendar Day	-0.1%	3.1%	3.2%	19.3%
	Non-Labor Expense per Calendar Day	4.8%	4.0%	5.9%	20.0%
	Supply Expense per Calendar Day	2.7%	7.8%	8.6%	23.1%
	Drugs Expense per Calendar Day	-0.9%	9.0%	7.8%	1.0%
	Purchased Service Expense per Calendar Day	7.7%	0.1%	2.8%	14.6%
	Total Expense per Adjusted Discharge	-4.2%	-1.9%	-3.3%	-6.0%
	Labor Expense per Adjusted Discharge	-6.6%	-2.1%	-4.5%	-5.3%
	FTEs per AOB	-2.6%	-5.8%	-3.8%	-12.6%
	Non-Labor Expense per Adjusted Discharge	-2.2%	-2.7%	-2.2%	-4.4%
	Supply Expense per Adjusted Discharge	-3.7%	3.3%	1.0%	3.3%
	Drugs Expense per Adjusted Discharge	-4.1%	2.3%	6.2%	-15.3%
	Purchased Service Expense per Adjusted Discharge	-0.5%	-4.1%	-0.4%	-6.5%

# 200-299 Beds

		Feb 24 vs. Jan 24 (Month-over-Month)	Feb 24 vs. Feb 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-2.4%	68.6%	44.7%	17.2%
	Operating EBIDA Margin	-1.6%	39.5%	21.2%	10.0%
Volume	Discharges per Calendar Day	2.4%	7.2%	5.9%	8.0%
	Adjusted Discharges per Calendar Day	6.4%	9.4%	8.7%	17.1%
	Equivalent Patient Days per Calendar Day	-2.9%	2.6%	2.3%	2.5%
	Observation Patient Days as % of Patient Days	5.5%	-7.0%	-9.6%	5.9%
	Adjusted Patient Days per Calendar Day	0.6%	4.2%	4.0%	12.7%
	Average Length of Stay	-5.3%	-5.4%	-3.9%	-6.3%
	ED Visits per Calendar Day	1.1%	6.1%	5.7%	29.9%
	Operating Room Minutes per Calendar Day	3.4%	-0.9%	1.8%	9.0%
	Revenue	Net Operating Revenue per Calendar Day	3.0%	10.3%	10.6%
Gross Operating Revenue per Calendar Day		2.9%	11.1%	10.5%	34.0%
IP Revenue per Calendar Day		-1.4%	11.0%	12.3%	20.9%
OP Revenue per Calendar Day		6.1%	10.9%	10.4%	45.0%
IP/OP Adjustment Factor		3.5%	0.2%	0.4%	9.5%
NPSR per Adjusted Discharge		-2.1%	3.5%	2.0%	-1.1%
NPSR per Adjusted Patient Day		2.7%	6.3%	6.0%	9.1%
Bad Debt and Charity per Calendar Day		5.6%	15.8%	17.7%	18.2%
Bad Debt and Charity as a % of Gross		0.2%	3.3%	5.9%	-1.7%
Expense		Total Expense per Calendar Day	3.2%	4.8%	5.5%
	Labor Expense per Calendar Day	0.6%	2.7%	2.8%	19.0%
	Non-Labor Expense per Calendar Day	4.5%	5.6%	6.7%	21.9%
	Supply Expense per Calendar Day	1.2%	7.5%	9.2%	24.3%
	Drugs Expense per Calendar Day	-1.5%	5.8%	9.6%	6.7%
	Purchased Service Expense per Calendar Day	7.2%	3.5%	2.3%	18.7%
	Total Expense per Adjusted Discharge	-2.4%	-3.6%	-2.5%	-3.0%
	Labor Expense per Adjusted Discharge	-7.1%	-5.9%	-5.6%	-5.4%
	FTEs per AOB	-3.1%	-5.7%	-2.7%	-10.9%
	Non-Labor Expense per Adjusted Discharge	-1.1%	-0.2%	-0.6%	-3.1%
	Supply Expense per Adjusted Discharge	-6.3%	-1.2%	-0.1%	-2.2%
	Drugs Expense per Adjusted Discharge	-8.5%	-0.8%	3.8%	-9.5%
	Purchased Service Expense per Adjusted Discharge	3.2%	-8.8%	-5.6%	-6.1%

# 300-499 Beds

		Feb 24 vs. Jan 24 (Month-over-Month)	Feb 24 vs. Feb 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-4.4%	27.2%	73.7%	14.6%
	Operating EBIDA Margin	-3.3%	34.2%	48.1%	7.0%
Volume	Discharges per Calendar Day	1.0%	5.4%	5.8%	4.6%
	Adjusted Discharges per Calendar Day	5.3%	6.3%	5.0%	15.1%
	Equivalent Patient Days per Calendar Day	-2.6%	2.3%	1.6%	0.4%
	Observation Patient Days as % of Patient Days	7.3%	-10.0%	-7.9%	13.2%
	Adjusted Patient Days per Calendar Day	1.2%	5.0%	3.6%	8.1%
	Average Length of Stay	-3.4%	-2.7%	-2.5%	-5.1%
	ED Visits per Calendar Day	0.9%	4.1%	5.0%	25.8%
	Operating Room Minutes per Calendar Day	2.6%	1.7%	2.5%	16.3%
	Revenue	Net Operating Revenue per Calendar Day	2.3%	8.2%	10.5%
Gross Operating Revenue per Calendar Day		1.5%	10.2%	10.5%	28.7%
IP Revenue per Calendar Day		-2.7%	8.7%	8.9%	16.3%
OP Revenue per Calendar Day		5.7%	13.2%	11.6%	42.2%
IP/OP Adjustment Factor		4.0%	1.0%	0.3%	8.8%
NPSR per Adjusted Discharge		-4.1%	3.1%	3.5%	6.3%
NPSR per Adjusted Patient Day		2.2%	3.9%	5.2%	11.8%
Bad Debt and Charity per Calendar Day		-3.5%	14.4%	24.1%	18.4%
Bad Debt and Charity as a % of Gross		-9.6%	4.2%	11.0%	-9.7%
Expense		Total Expense per Calendar Day	2.6%	4.9%	6.0%
	Labor Expense per Calendar Day	0.0%	3.2%	3.2%	16.0%
	Non-Labor Expense per Calendar Day	4.1%	5.6%	7.7%	22.7%
	Supply Expense per Calendar Day	1.4%	9.0%	11.1%	25.7%
	Drugs Expense per Calendar Day	-4.7%	11.4%	11.2%	11.6%
	Purchased Service Expense per Calendar Day	5.5%	-2.3%	0.5%	16.7%
	Total Expense per Adjusted Discharge	-3.9%	-1.3%	-1.0%	0.0%
	Labor Expense per Adjusted Discharge	-5.8%	-2.8%	-3.6%	-2.0%
	FTEs per AOB	-1.6%	-2.4%	-2.9%	-11.1%
	Non-Labor Expense per Adjusted Discharge	-1.5%	-1.8%	2.4%	5.7%
	Supply Expense per Adjusted Discharge	-5.2%	3.5%	6.7%	5.1%
	Drugs Expense per Adjusted Discharge	-10.2%	2.1%	5.1%	-7.3%
	Purchased Service Expense per Adjusted Discharge	-1.4%	-6.4%	-4.1%	2.4%

# 500+ Beds

		Feb 24 vs. Jan 24 (Month-over-Month)	Feb 24 vs. Feb 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-5.2%	15.1%	30.8%	46.1%
	Operating EBIDA Margin	-9.0%	13.5%	19.8%	21.1%
Volume	Discharges per Calendar Day	2.3%	6.0%	6.0%	11.0%
	Adjusted Discharges per Calendar Day	4.8%	8.0%	6.7%	20.8%
	Equivalent Patient Days per Calendar Day	-0.6%	3.3%	3.0%	8.3%
	Observation Patient Days as % of Patient Days	6.7%	-1.1%	-9.0%	-0.4%
	Adjusted Patient Days per Calendar Day	1.1%	4.4%	5.1%	17.9%
	Average Length of Stay	-3.2%	-2.4%	-2.4%	-1.9%
	ED Visits per Calendar Day	1.9%	6.1%	5.0%	28.6%
	Operating Room Minutes per Calendar Day	5.2%	2.2%	2.9%	14.3%
	Revenue	Net Operating Revenue per Calendar Day	1.3%	8.9%	11.6%
Gross Operating Revenue per Calendar Day		2.7%	11.8%	11.5%	36.7%
IP Revenue per Calendar Day		0.7%	9.9%	9.8%	25.4%
OP Revenue per Calendar Day		5.8%	12.3%	12.2%	47.3%
IP/OP Adjustment Factor		3.1%	0.1%	0.8%	7.5%
NPSR per Adjusted Discharge		-5.2%	0.5%	6.1%	7.5%
NPSR per Adjusted Patient Day		-0.5%	6.0%	8.1%	14.4%
Bad Debt and Charity per Calendar Day		-2.9%	18.4%	17.2%	17.5%
Bad Debt and Charity as a % of Gross		-4.1%	9.5%	7.1%	-0.9%
Expense		Total Expense per Calendar Day	2.7%	6.8%	8.3%
	Labor Expense per Calendar Day	1.5%	4.0%	4.7%	21.7%
	Non-Labor Expense per Calendar Day	4.4%	8.0%	8.9%	30.2%
	Supply Expense per Calendar Day	3.6%	11.0%	13.7%	34.7%
	Drugs Expense per Calendar Day	0.9%	14.5%	20.0%	41.9%
	Purchased Service Expense per Calendar Day	6.6%	6.4%	9.2%	26.0%
	Total Expense per Adjusted Discharge	-2.8%	0.2%	2.5%	0.0%
	Labor Expense per Adjusted Discharge	-4.3%	-1.5%	-2.6%	-6.0%
	FTEs per AOB	-2.7%	-3.9%	-3.0%	-12.1%
	Non-Labor Expense per Adjusted Discharge	-1.3%	0.6%	3.1%	5.1%
	Supply Expense per Adjusted Discharge	-3.6%	5.1%	8.0%	11.0%
	Drugs Expense per Adjusted Discharge	-3.2%	8.8%	13.8%	9.8%
	Purchased Service Expense per Adjusted Discharge	-0.9%	-2.6%	-2.3%	0.2%

# Non-Operating

# National Non-Operating Results

## Key Observations

- February 2024 saw a notable uptick in the Consumer Price Index (CPI), as the headline index rose 0.4% this month and 3.2% from a year ago, after rising 0.3% on a monthly basis in January
- Gasoline and shelter, which includes rent, contributed more than 60% to the monthly increase in the CPI; rent prices continued to be one of the largest drivers of inflation in February, rising 0.4% for the month and 5.8% Y-o-Y
- The Producer Price Index (PPI) increased by 0.6% in February, which is the inflation measure preferred by the Federal Reserve, indicating ongoing inflationary pressures
- Chair Powell recently addressed Congress, reaffirming the belief that the Federal Reserve requires assurance regarding the deceleration of inflation in order to decrease interest rates; however, he also indicated that the process of reducing rates is expected to commence later this year
- The Expectations Index – based on consumers’ short-term outlook for income, business, and labor market conditions – fell to 79.8, descending below the mark of 80 which often signals recession
- The second estimate of the fourth quarter US GDP came in at 3.2% on an annualized basis, significantly higher than market expectations of 2.0% driven by upside in inventories, trade, business investment, and consumption
- February job growth totaled 275,000 jobs. This February was a step higher in growth, beating expectations and exceeding a downwardly revised 229,000 jobs in January
- Despite better-than-anticipated job growth, the unemployment rate rose to 3.9%; wages, which are anticipated to slow in 2024, grew just 0.1% on the month and are up 4.3% from a year ago
- Yields on the 10 and 30-year Treasuries rose to 4.25% and 4.38% month-over-month, rising 29 and 17 bps, respectively; on the short end of the curve, 2-year yields rose 43 bps to 4.64%
- In a recent sector report, Moody’s highlighted the resurgence of labor shortages due to population aging risks; the organization anticipates that this will result in increased wage pressures across various sectors, with a particular focus on the healthcare services sector
- The S&P 500 rose by 5.2% in February, which saw the index reach all-time highs; Y-o-Y gains grew to 28.4%

## General Non-Operating Observations

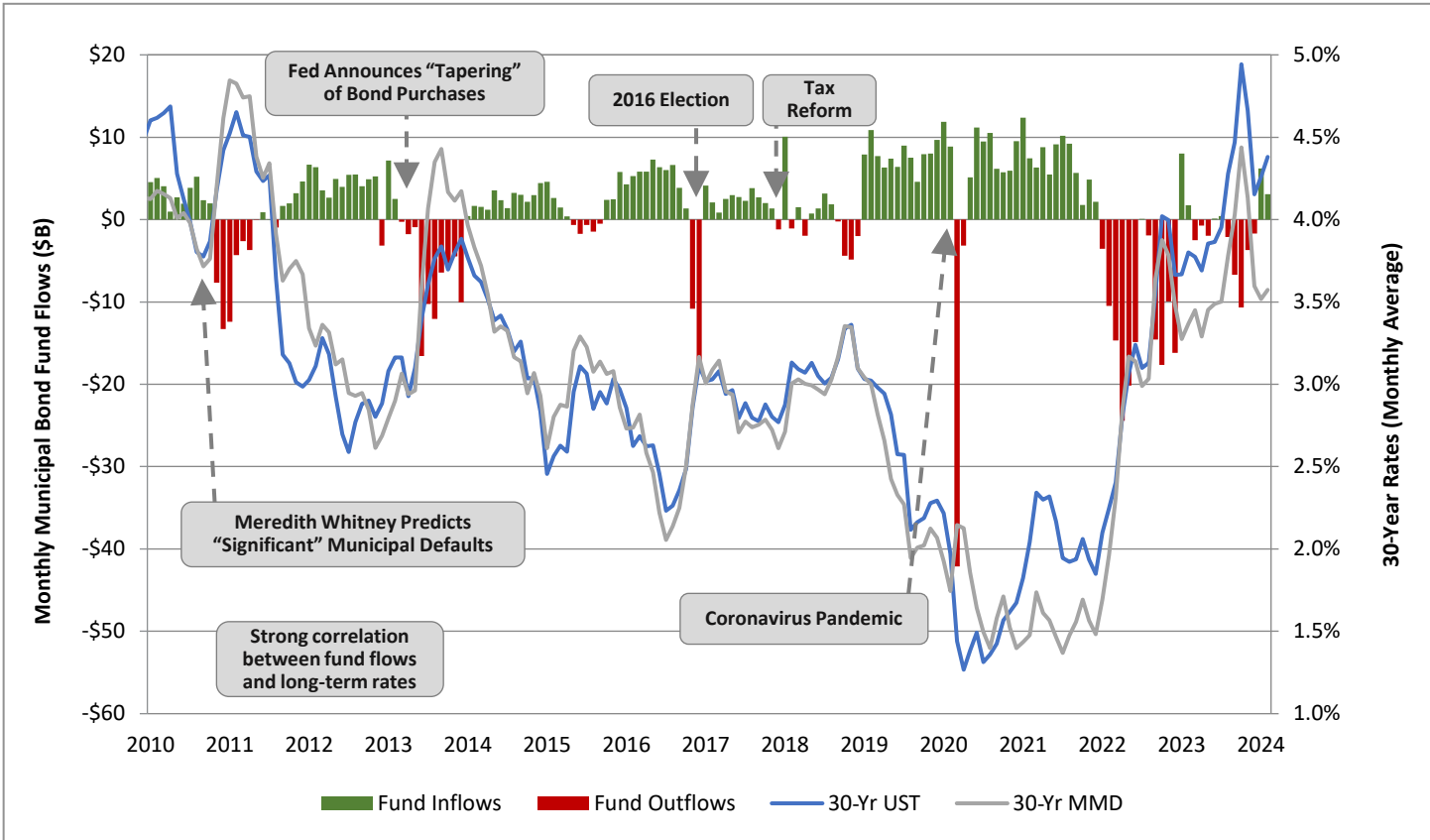
	February 2024	M-o-M Change	Y-o-Y Change
<b>General</b>			
GDP Growth*	3.2%	n/a	n/a
Unemployment Rate	3.9%	+0.2%	+0.3%
Personal Consumption Expenditures (Y-o-Y)	2.8 %	n/c	-2.0%
<b>Liabilities</b>			
SOFR	5.32%	n/c	+77 bps
SIFMA	3.30%	-44 bps	-12 bps
30-yr MMD	3.59%	+7 bps	+3 bps
30-yr Treasury	4.38%	+21 bps	+46 bps
<b>Assets</b>			
60/40 Asset Allocation <sup>†</sup>	n/a	+2.3%	+14.7%

\*U.S. Bureau of Economic Analysis, Q4 2023 “Second Estimate”

<sup>†</sup>60/40 Asset Allocation assumes 30% S&P 500 Index, 20% MSCI World Index, 10% MSCI Emerging Markets Index, 40% Barclays US Aggregate Bond Index

# Non-Operating Liabilities

## Long Term – Monthly Municipal Bond Fund Flows with 30-Year U.S. Treasury and 30-Year MMD



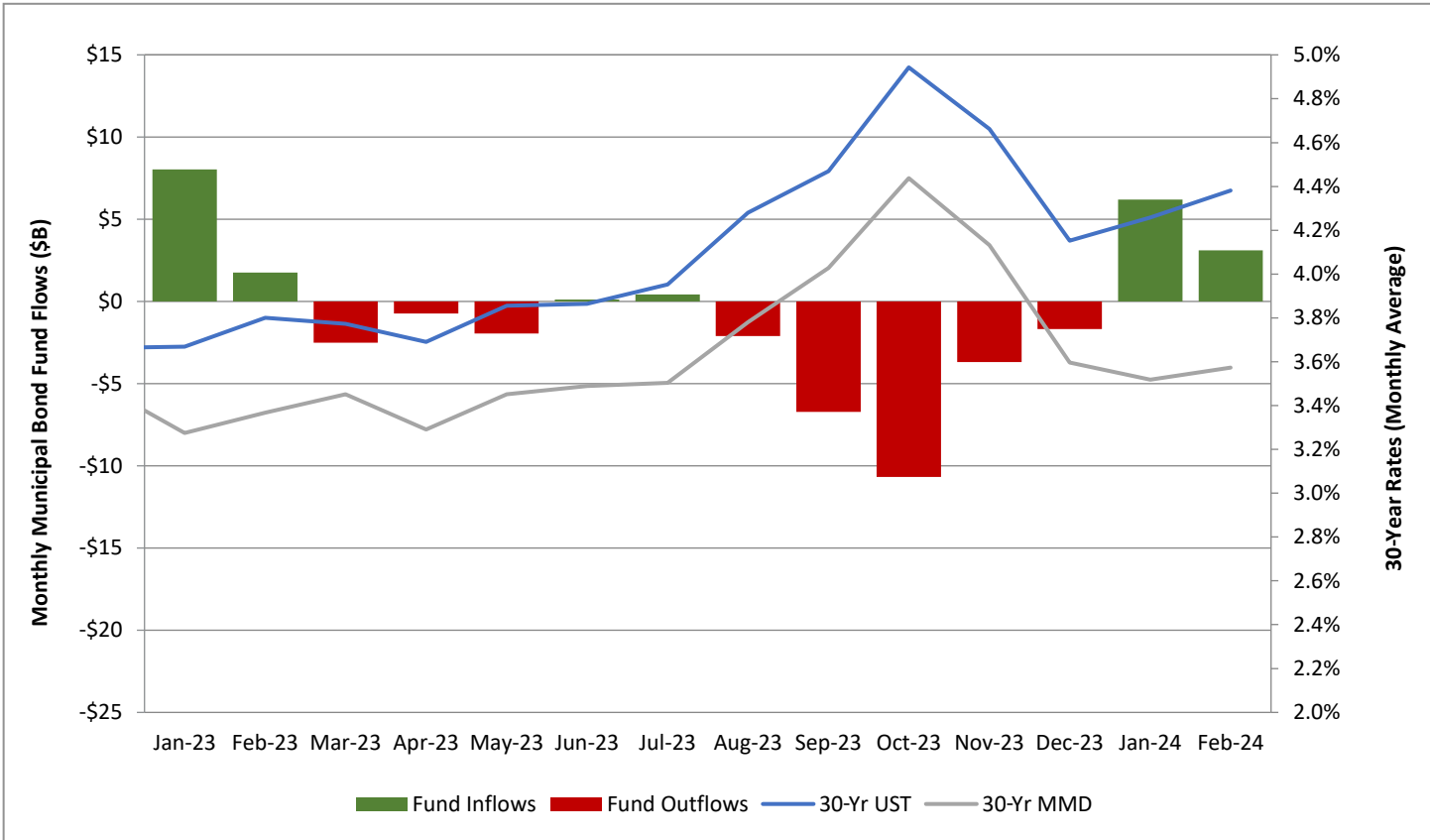
Benchmark borrowing rates rose this month as both the 30-year MMD and 30-year treasury rates increased. The 30-year MMD increased 7 bps to close the month at 3.59%, while the 30-year Treasury rose 21 bps to end the month at 4.38%. Municipal funds experienced inflows for the second straight month with \$3.1 billion entering the market, following 5 consecutive months of outflows that saw nearly \$25.0 billion exit the market. MMD/Treasury ratios widened throughout the entirety of the curve, with a two-year ratio of 60%, 10-year ratio of 58%, and 30-year ratio of 82% compared to measures of 63%, 60%, and 84%, respectively, at the end of December.

Kaufman Hall, National Hospital Flash Report (March 2024)

*Taxable and tax-exempt debt capital markets, as approximated here by the '30-yr U.S. Treasury' and '30-yr MMD Index', are dependent upon macroeconomic conditions, including inflation expectations, GDP growth and investment opportunities elsewhere in the market. A key measure to track is bond fund flows, particularly in the more supply and demand sensitive tax-exempt market. Fund flows are monies moving into bond funds from new investment and principal and interest payments on existing and maturing holdings. Strong fund flows generally signal that investors have more cash to put to work, a boon to the demand. Fund inflows generally are moderate and consistent over time while fund outflows are typically large and sudden, as external events affect investor sentiment, resulting in quick position liquidation which can drive yields up considerably in a short amount of time.*

# Non-Operating Liabilities *(continued)*

## Last Twelve Months – Monthly Municipal Bond Fund Flows with 30-Year U.S. Treasury and 30-Year MMD



Issuance in February increased year-on-year due to strong market conditions from the end of last year, increasing capital requirements and tighter credit spreads. Pent-up demand for new debt alongside more favorable market conditions has been buoyed by a more constructive tone from the Fed. YTD 2024 continues to outpace YTD 2023 as total municipal issuance and total healthcare supply are 28.0% and 233.1% higher, respectively, to end February.

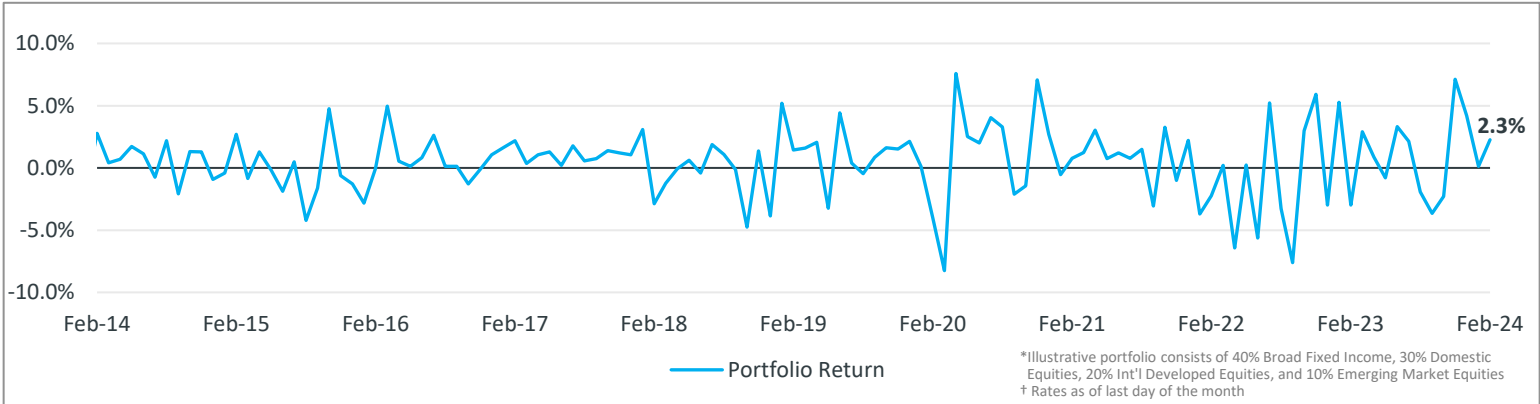
Kaufman Hall, National Hospital Flash Report (March 2024)

*Taxable and tax-exempt debt capital markets, as approximated here by the '30-yr U.S. Treasury' and '30-yr MMD Index', are dependent upon macroeconomic conditions, including inflation expectations, GDP growth and investment opportunities elsewhere in the market. A key measure to track is bond fund flows, particularly in the more supply and demand sensitive tax-exempt market. Fund flows are monies moving into bond funds from new investment and principal and interest payments on existing and maturing holdings. Strong fund flows generally signal that investors have more cash to put to work, a boon to the demand. Fund inflows generally are moderate and consistent over time while fund outflows are typically large and sudden, as external events affect investor sentiment, resulting in quick position liquidation which can drive yields up considerably in a short amount of time.*



# Non-Operating Assets

## Long Term – Illustrative Investment Portfolio Returns, Month-over-Month Change

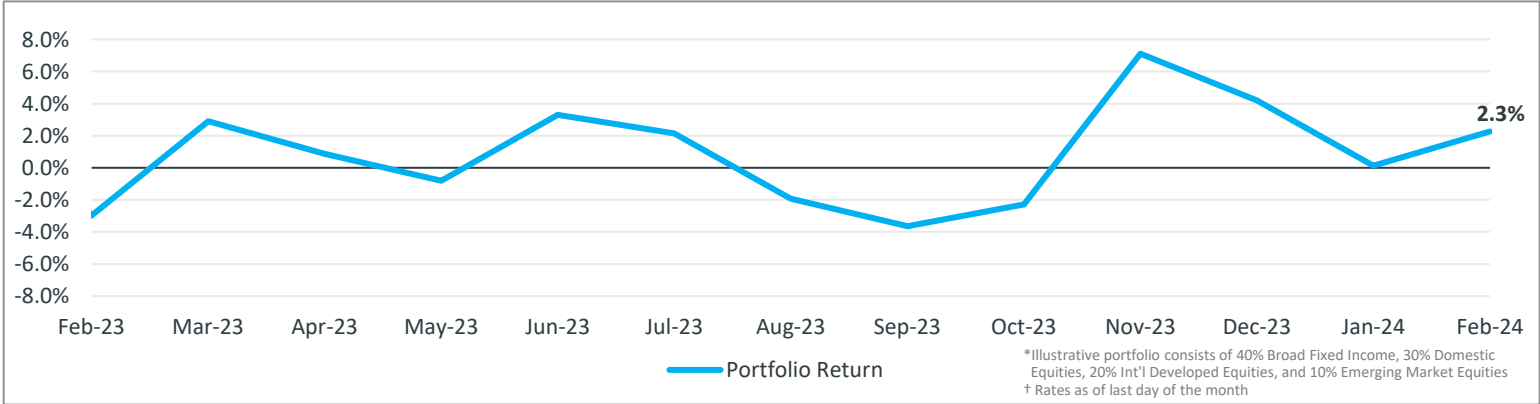


Kaufman Hall, National Hospital Flash Report (March 2024)

Equities remained positive for a fourth consecutive month, with both the Dow Jones and S&P 500 experiencing record highs. The S&P 500 gained 5.2% in February, bringing its Y-o-Y and YTD gains to 28.4% and 6.8%, respectively. Similarly, the Dow rose 2.2% over the month.

The blended 60/40 asset allocation finished February 2.3% higher month-over-month with the S&P 500 and MSCI Emerging Markets Index posting gains of 5.2% and 4.6%, respectively, month-over-month. The MSCI World Index gained 4.1% and the Barclays Aggregate Bond Index fell -1.4%.

## Last Twelve Months – Illustrative Investment Portfolio Returns, Month-over-Month Change



Kaufman Hall, National Hospital Flash Report (March 2024)

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## Talk to us

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