

KaufmanHall

JANUARY 2024

National Hospital Flash Report

Real Data. Real Insight. Real Time.

Based on December Data from More Than 1,300 Hospitals

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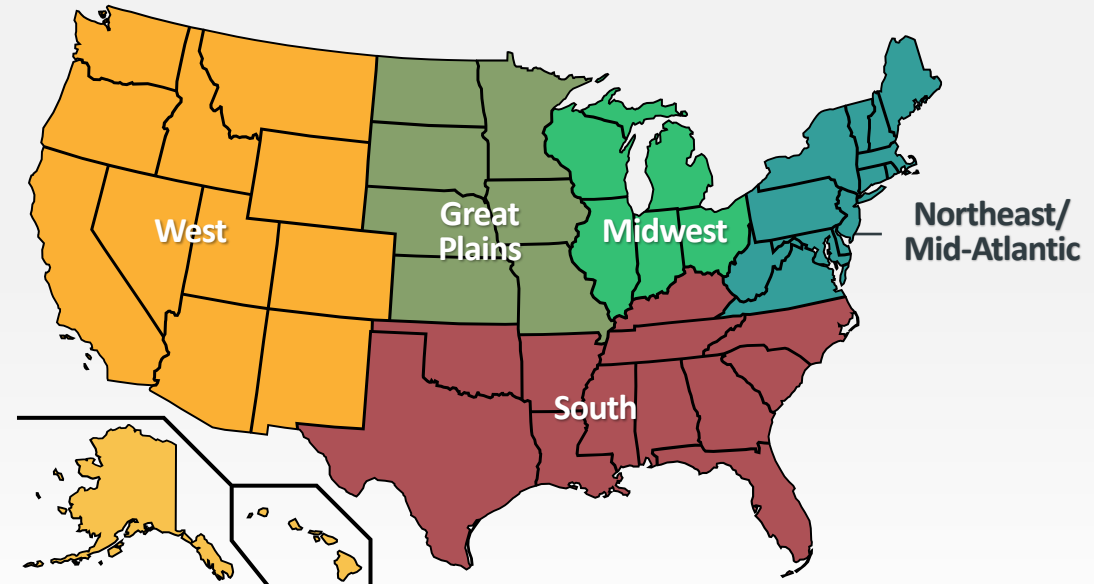
About the Data

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

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



[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 Stratasan 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.

Key Takeaways

- 1. Margins improved in December and are up by more than 15% compared to 2022, which marked the worst year since the beginning of the pandemic.** Hospitals are experiencing general improvement across operational and financial measures.
- 2. Average length of stay has declined on a year-over-year basis.** This continued stabilization reflects the ongoing effort by hospitals and health systems to have clear pathways for discharge. Despite current signs of improvement, acuity and average length of stay will likely rise in the long term as more lower-acuity care is shifted outside the hospital.
- 3. Outpatient revenue has grown significantly—increasing by more than 40% compared to 2020.** This growth is being driven by the shift towards outpatient care settings due to reimbursement changes, patient preference, increased ability for care to be delivered in these settings, and further digitization.

Action Steps

Hospitals and health systems seeking to reduce the average length of stay can take steps to ensure there are clear, optimized pathways for discharging patients.

- Hospitals and health systems should first examine and define where and how their discharge processes are not meeting organizational needs.
- For many organizations, forging strategic partnerships with skilled nursing facilities can benefit both parties and improve the quality and experience of patient care.
- Organizations should carefully evaluate the different models that strategic partnerships can take—acquisitions, joint ventures, leased bed solutions, preferred provider models or maintaining the status quo—and how these options align with their strategic and financial goals before making a decision.

CONTACT THE EXPERT



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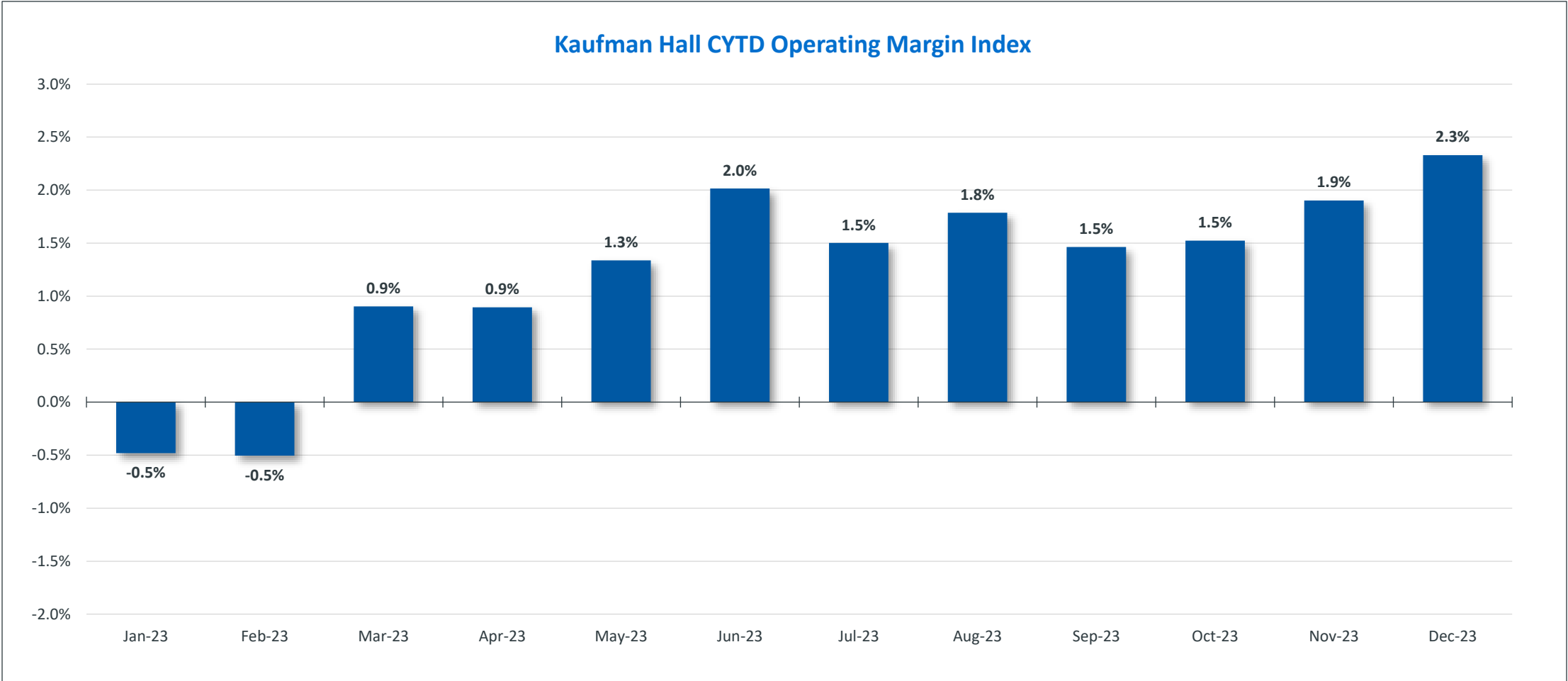


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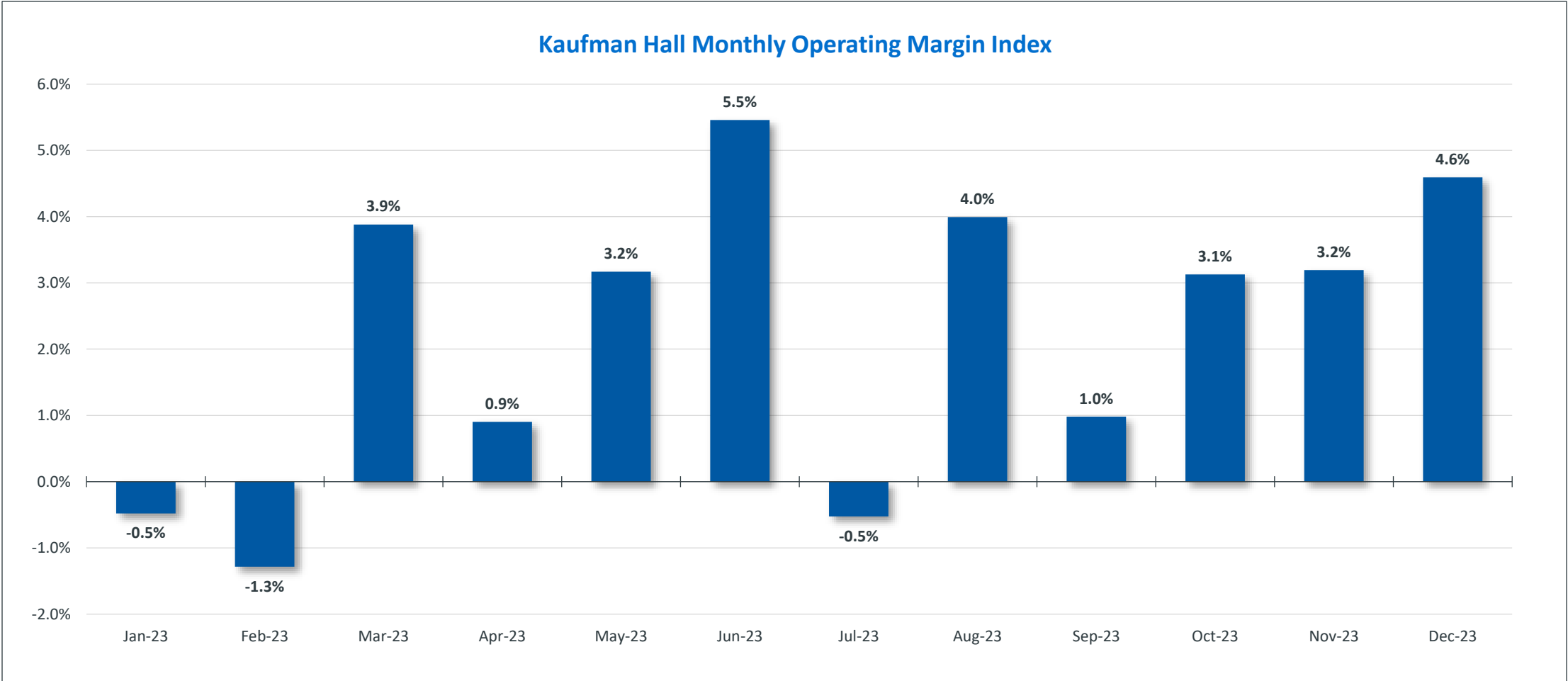
Operating Margin



Kaufman Hall, National Hospital Flash Report (December 2023)

* 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 (December 2023)

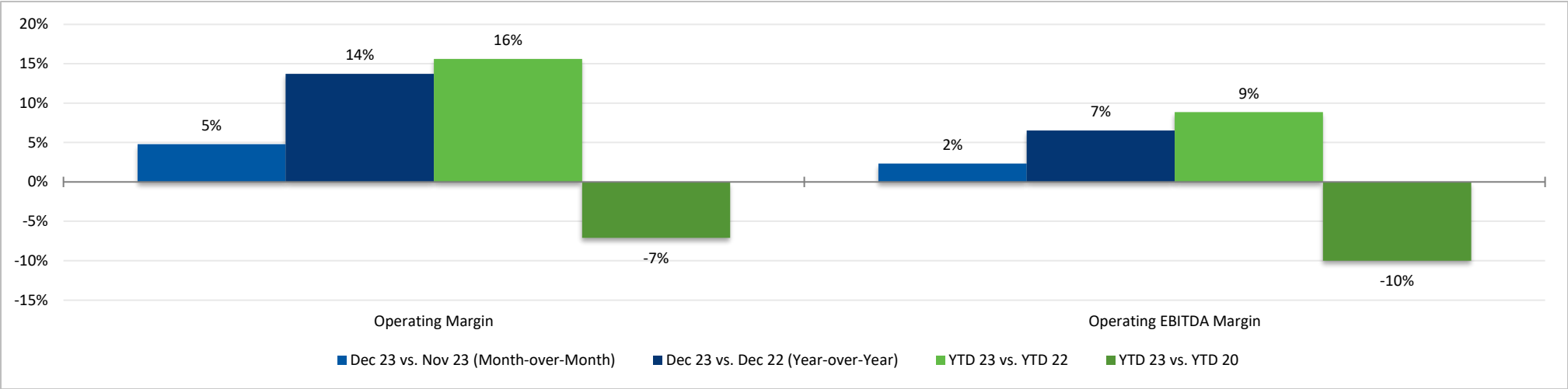
** Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.*

National and Regional Data

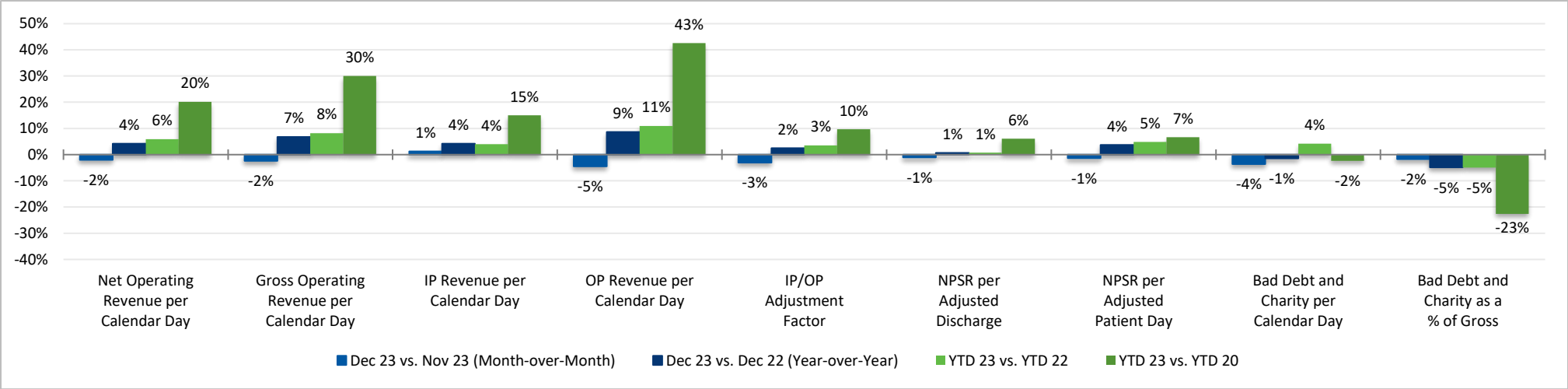
Profitability, Revenue, Expense, and Volume

National Data

Profitability

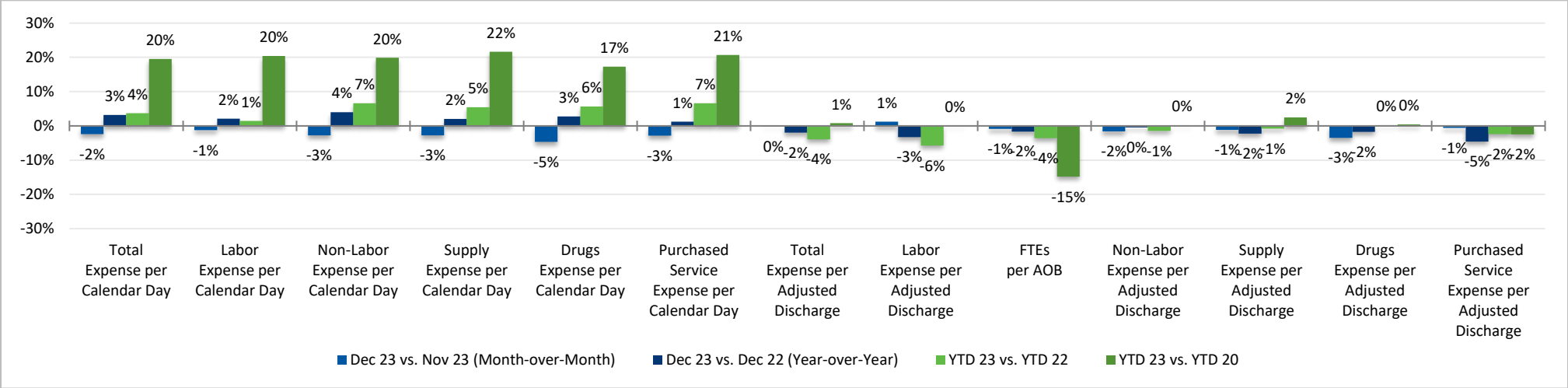


Revenue

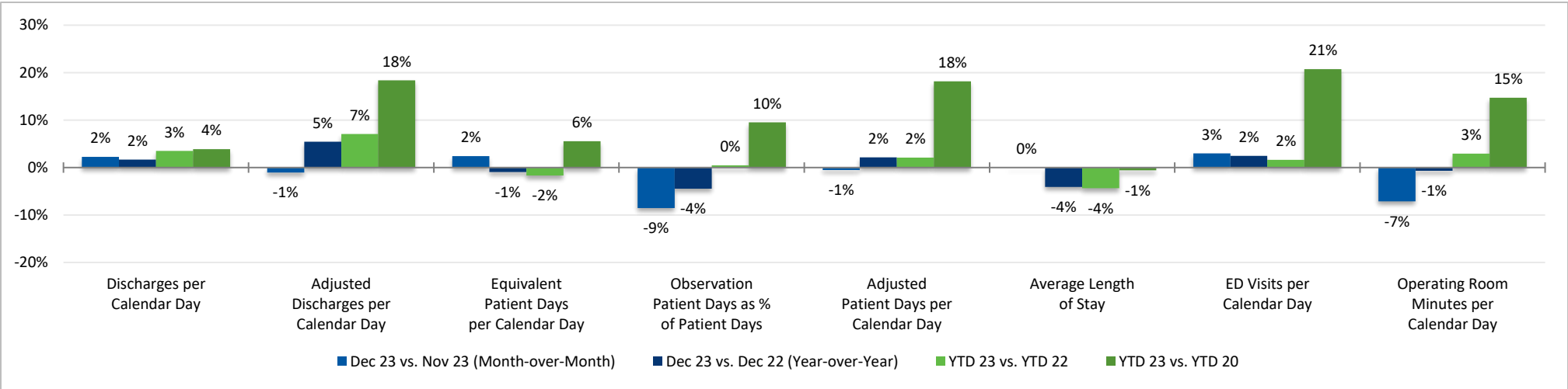


National Data *(continued)*

Expense

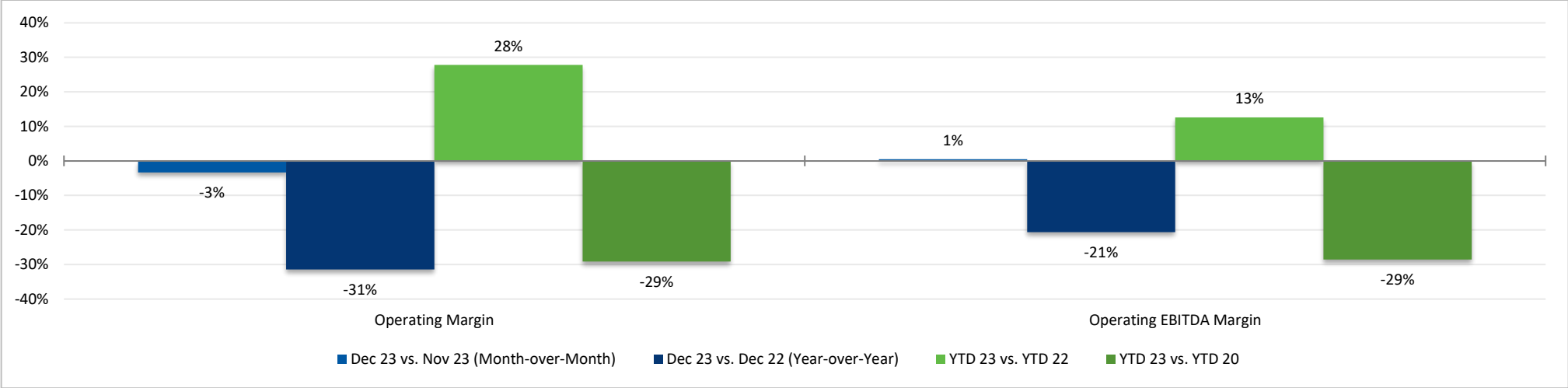


Volume

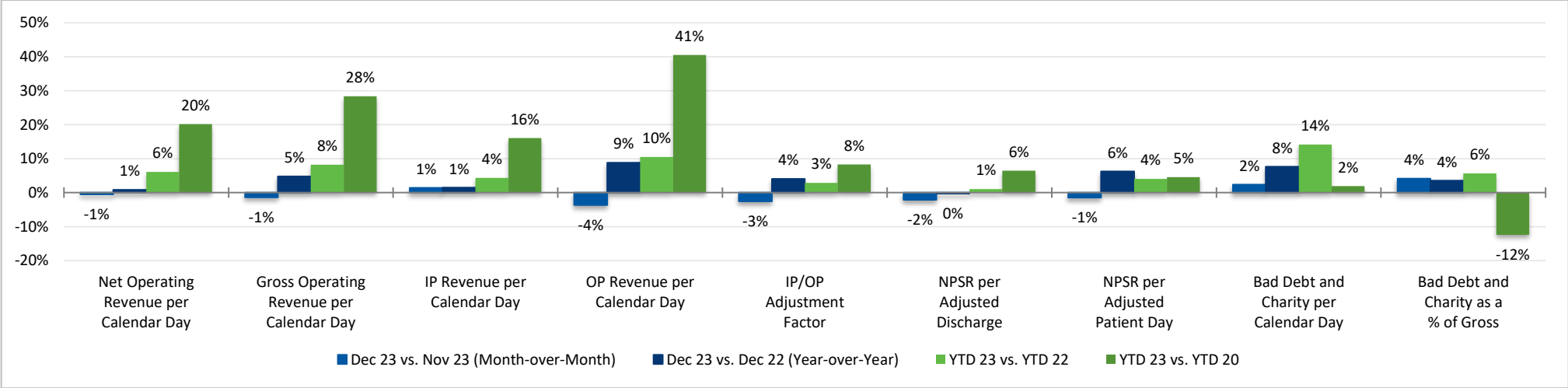


Regional Data: West

Profitability

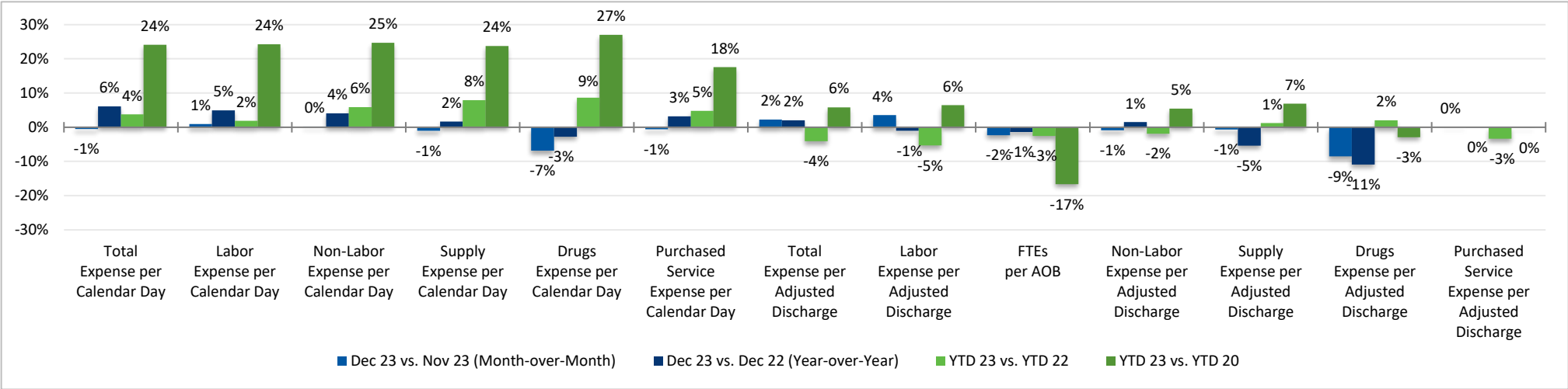


Revenue

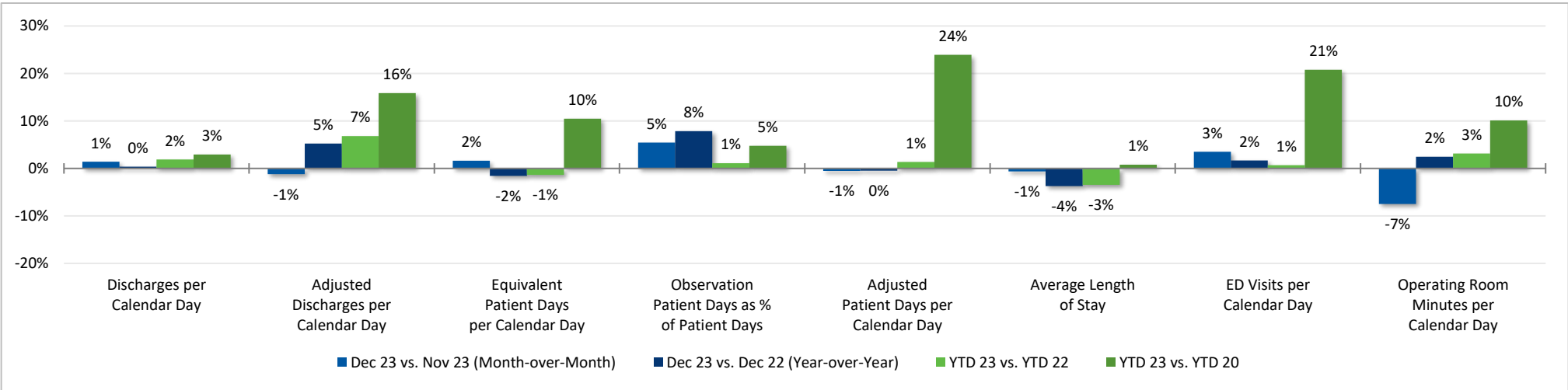


Regional Data: West (continued)

Expense

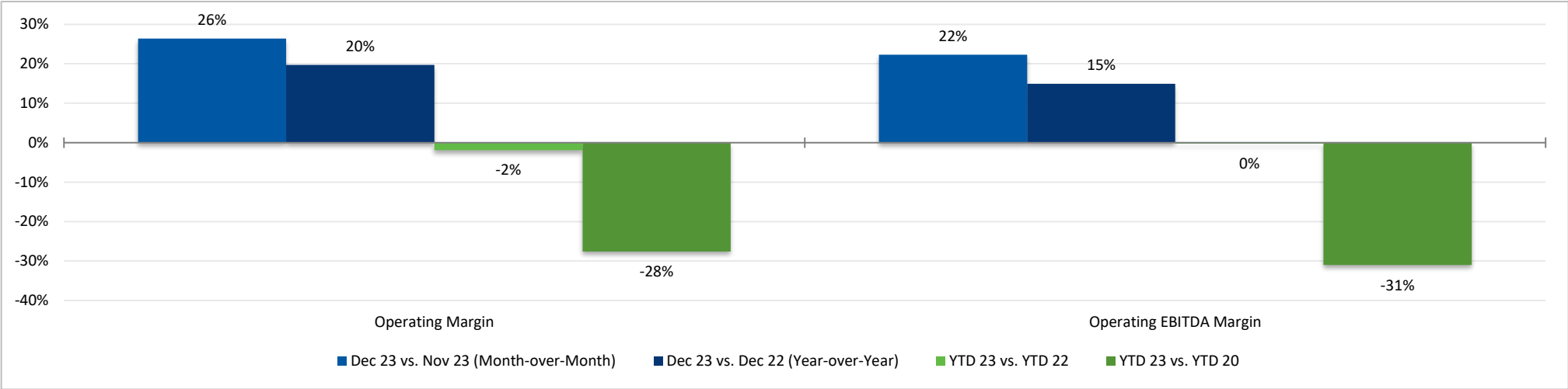


Volume

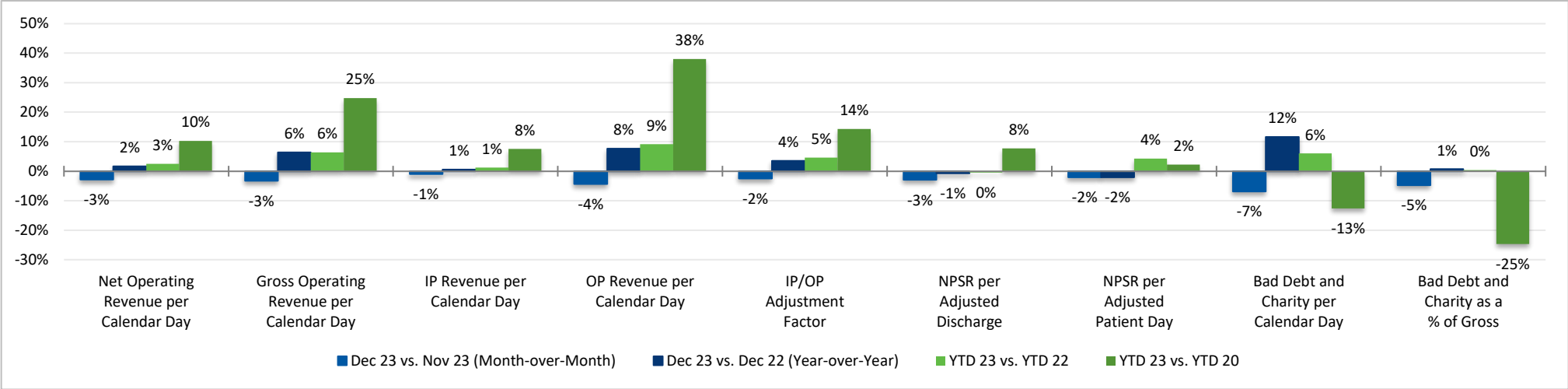


Regional Data: Midwest

Profitability

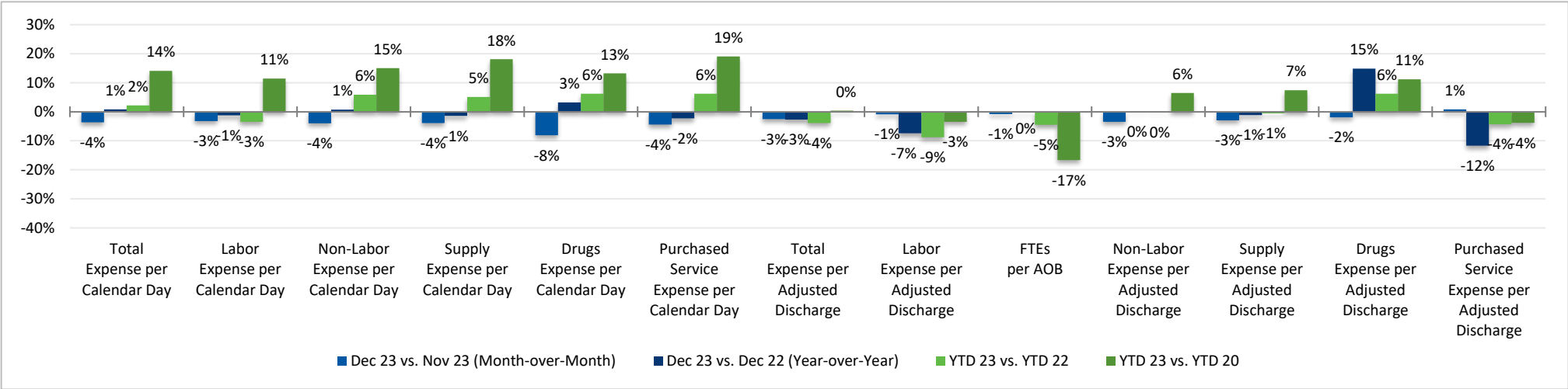


Revenue

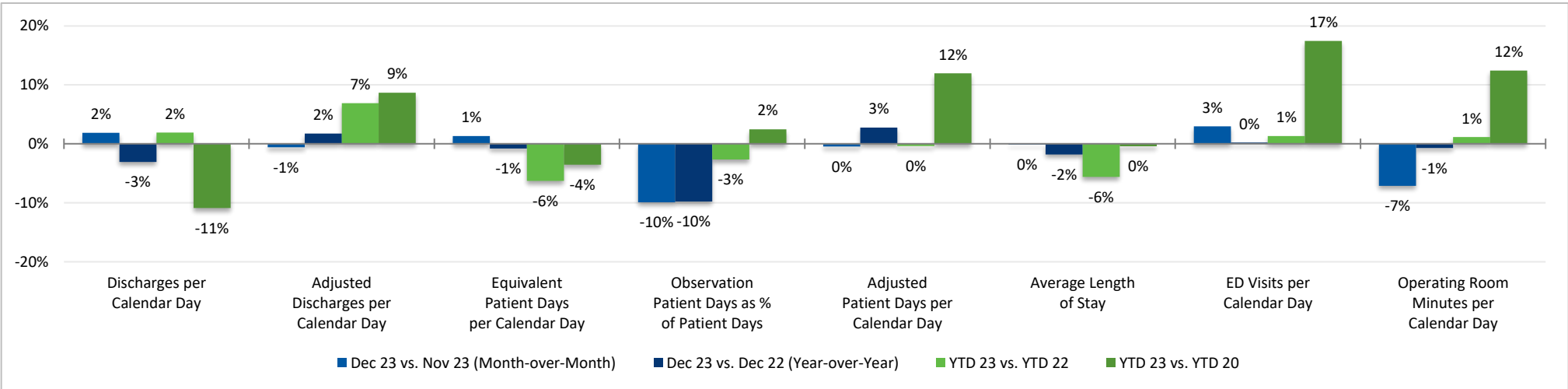


Regional Data: Midwest *(continued)*

Expense

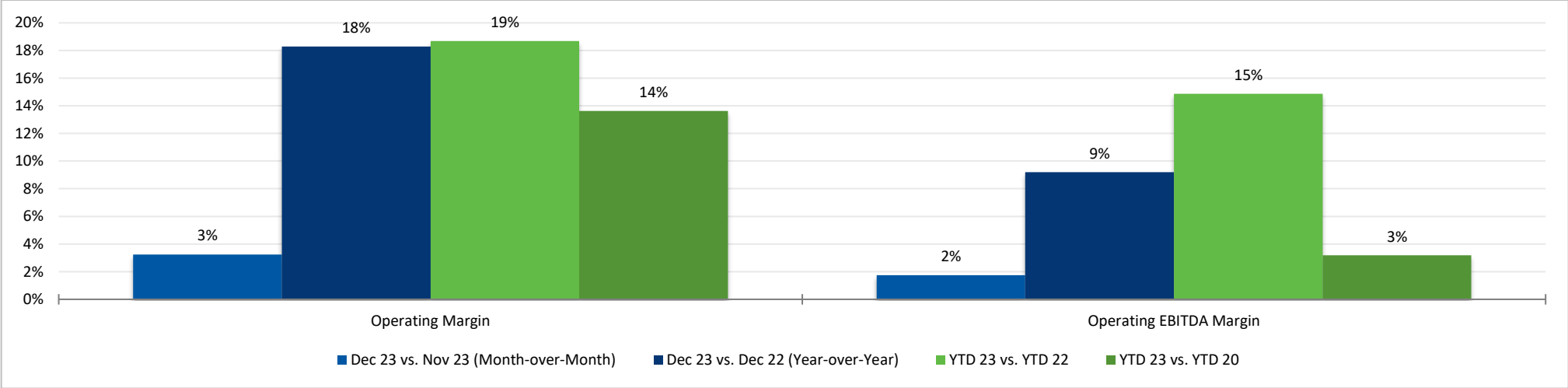


Volume

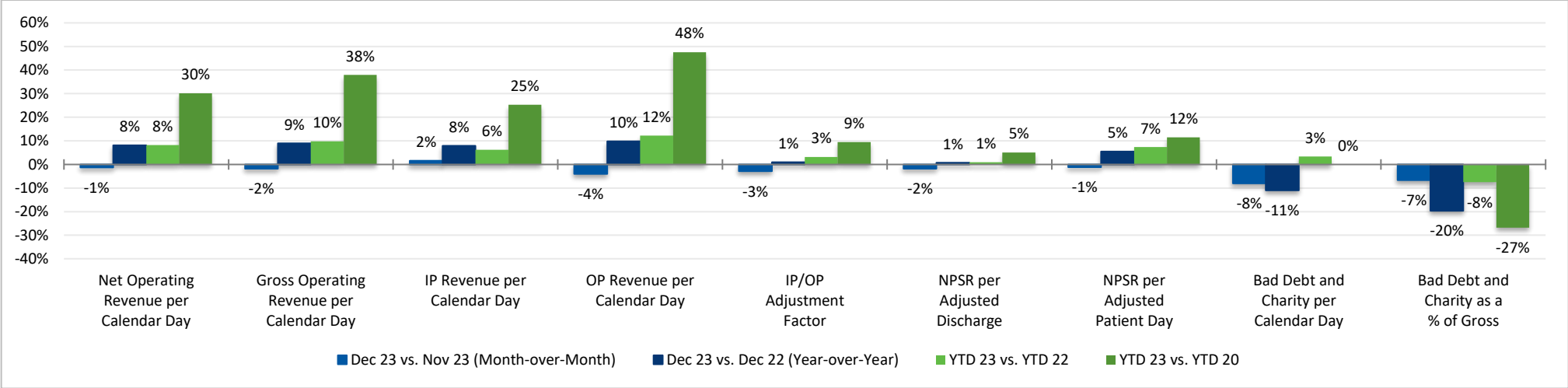


Regional Data: South

Profitability

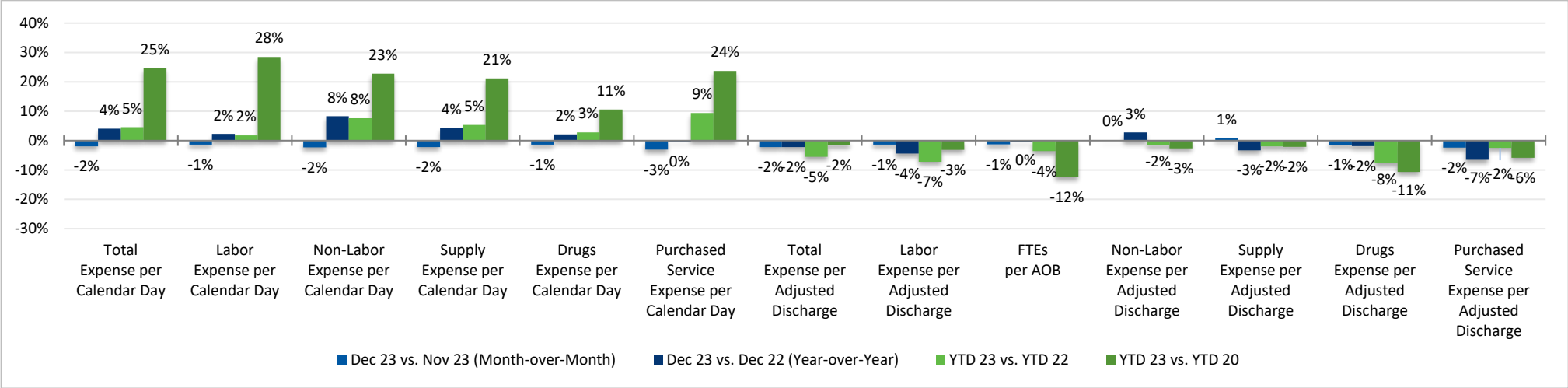


Revenue

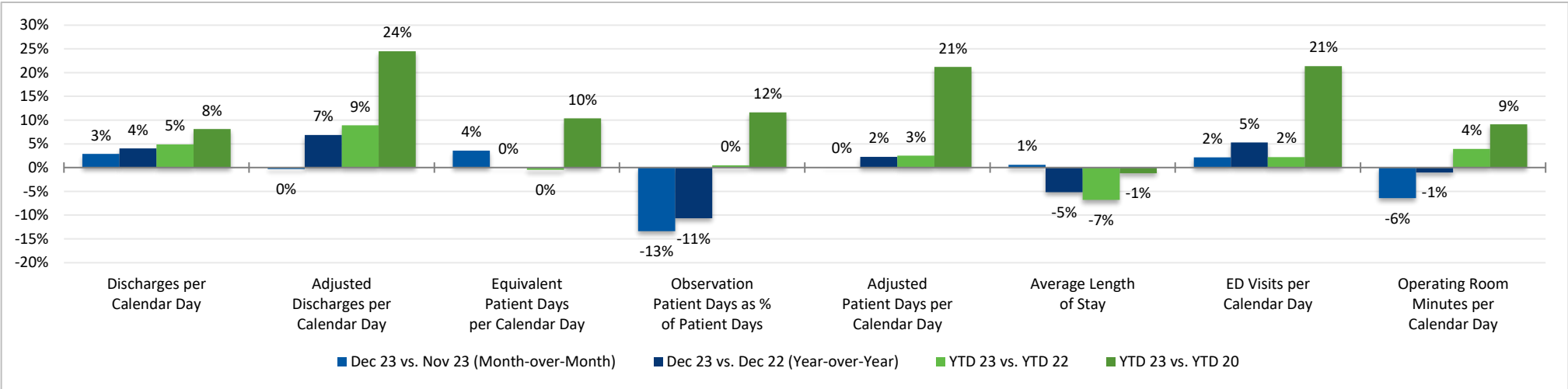


Regional Data: South (continued)

Expense

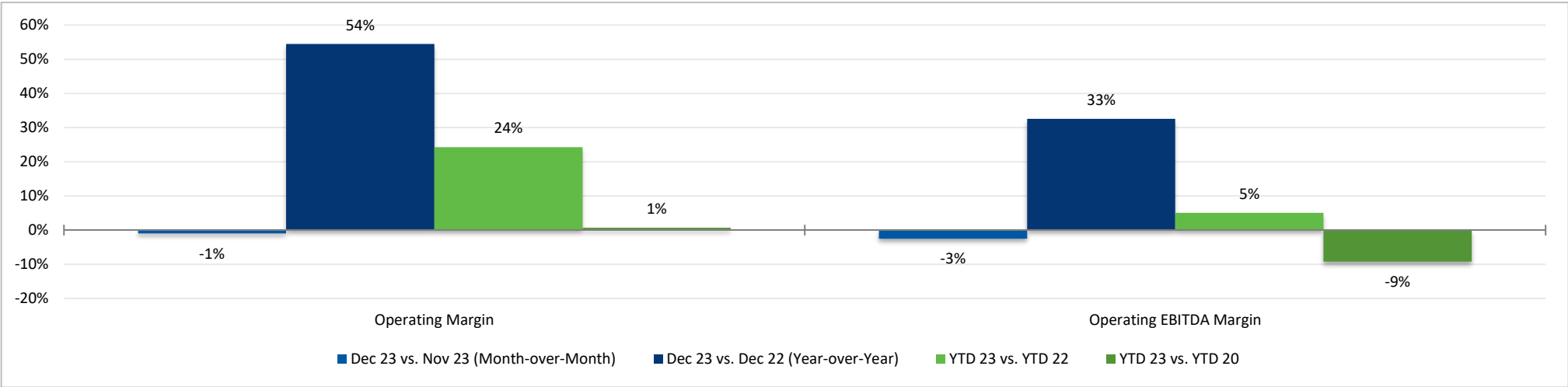


Volume

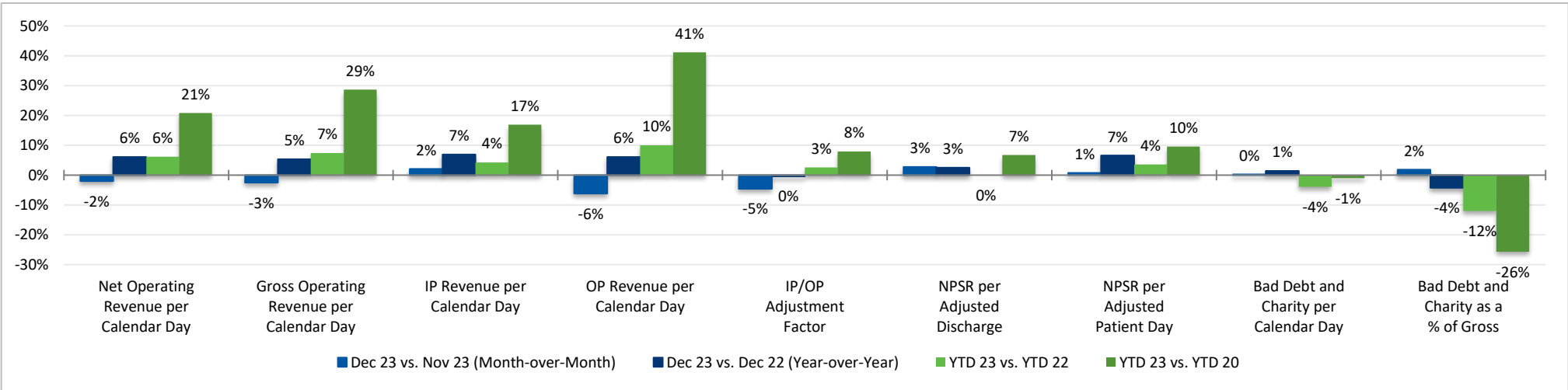


Regional Data: Northeast/Mid-Atlantic

Profitability

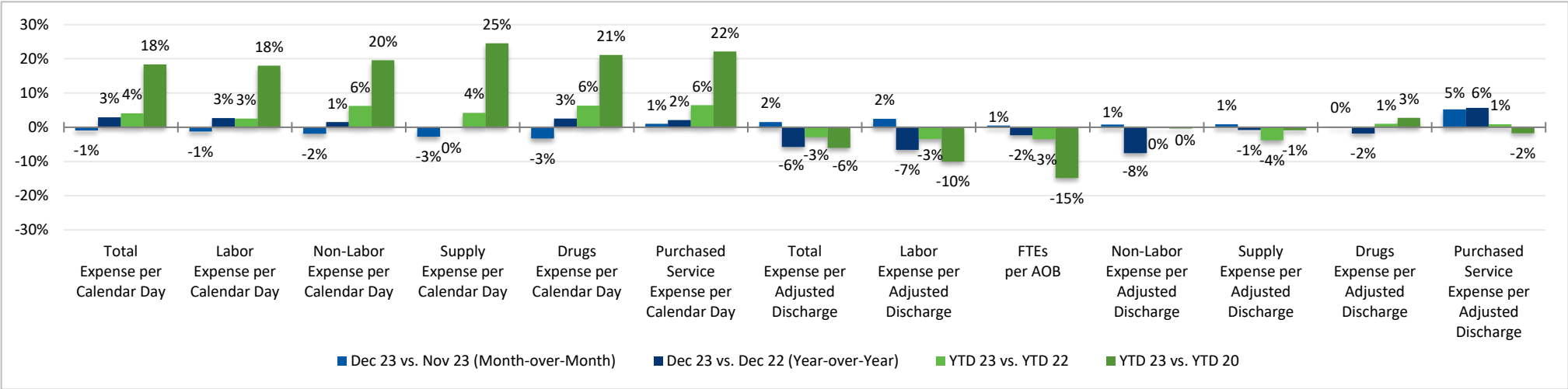


Revenue

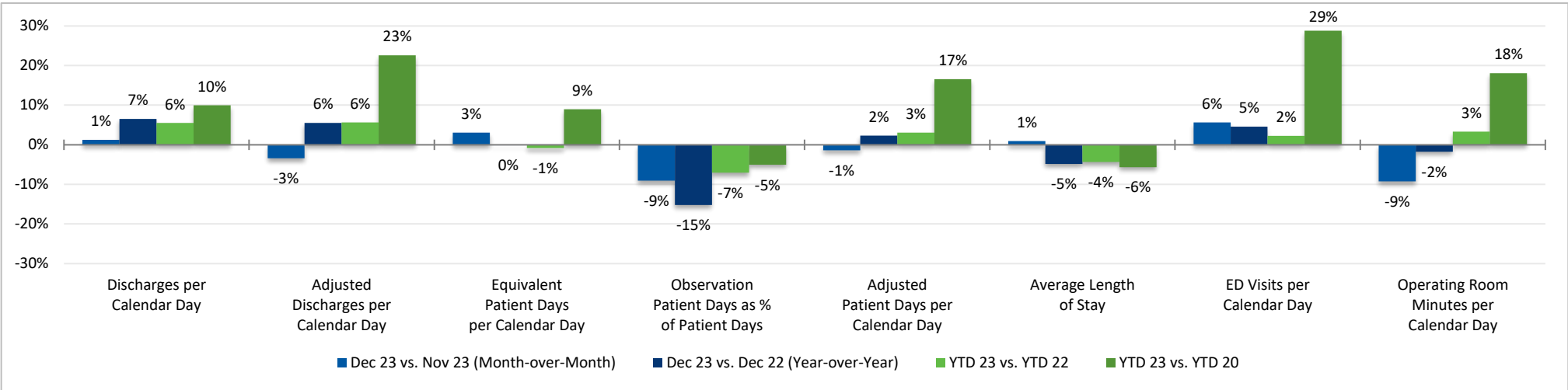


Regional Data: Northeast/Mid-Atlantic *(continued)*

Expense

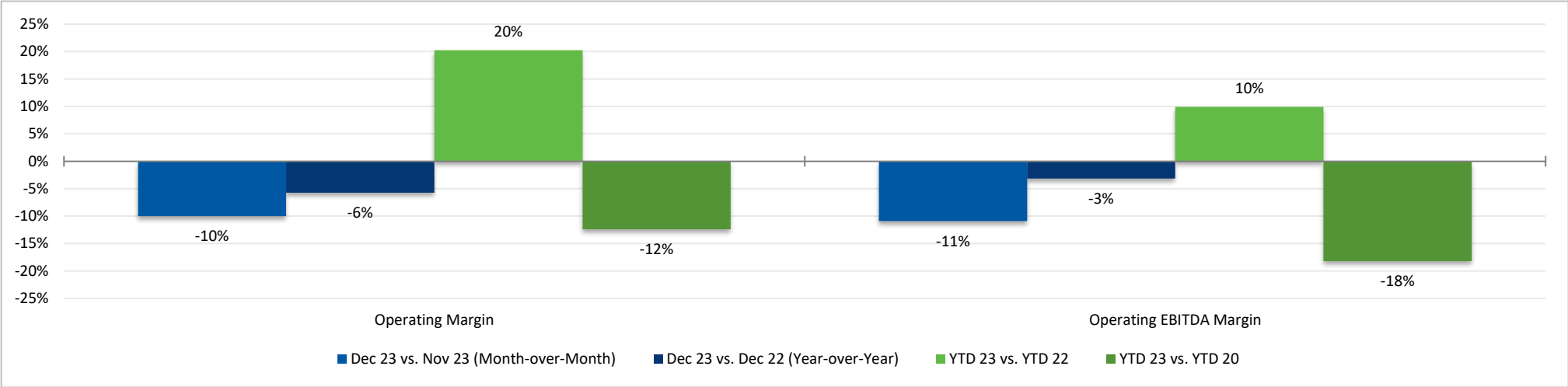


Volume

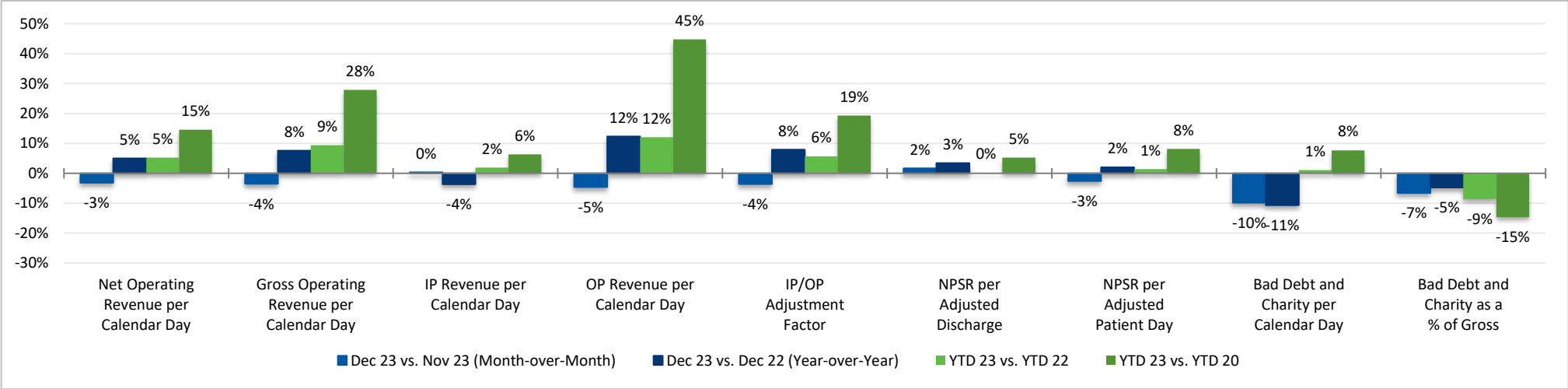


Regional Data: Great Plains

Profitability

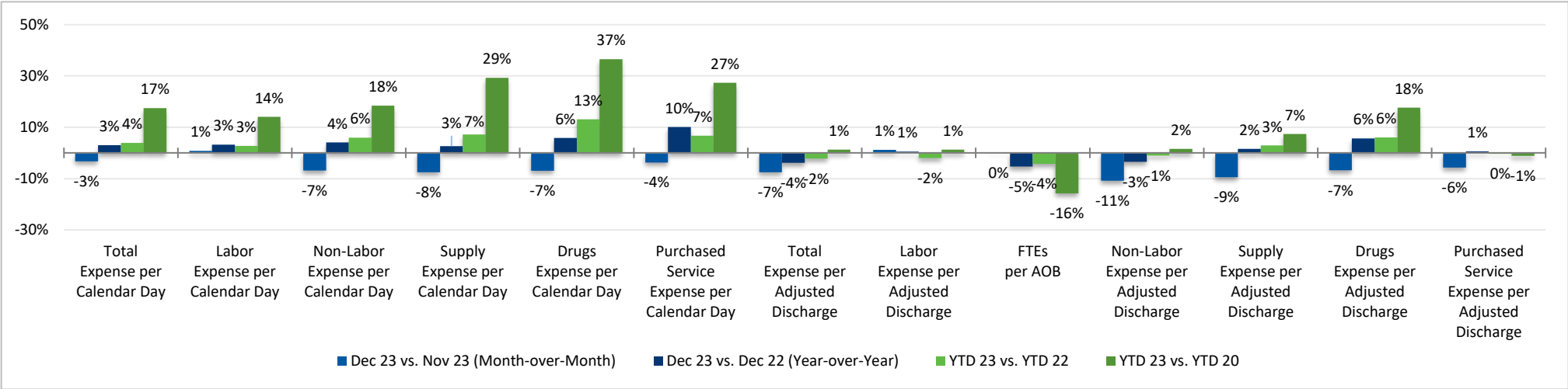


Revenue

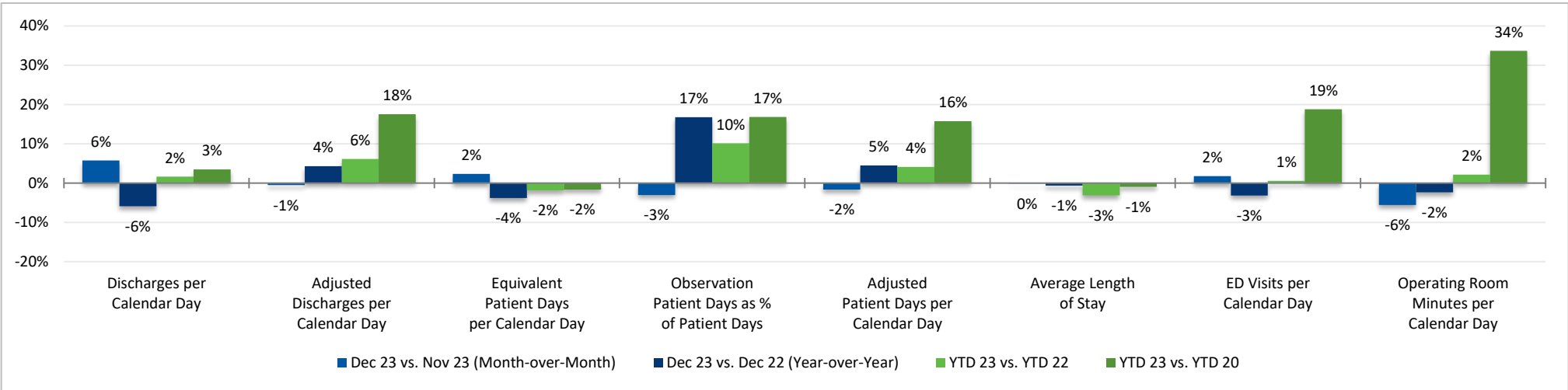


Regional Data: Great Plains *(continued)*

Expense



Volume



Data by Hospital Bed Size

Profitability, Revenue, Expense, and Volume

0-25 Beds

		Dec 23 vs. Nov 23 (Month-over-Month)	Dec 23 vs. Dec 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	6.2%	19.8%	17.3%	4.7%
	Operating EBIDA Margin	1.8%	12.6%	8.9%	-3.1%
Volume	Discharges per Calendar Day	7.2%	-15.9%	-2.9%	-5.2%
	Adjusted Discharges per Calendar Day	-5.2%	3.5%	9.2%	27.8%
	Equivalent Patient Days per Calendar Day	2.9%	-8.1%	-3.7%	-0.1%
	Observation Patient Days as % of Patient Days	-1.3%	-12.8%	2.4%	11.7%
	Adjusted Patient Days per Calendar Day	-1.2%	4.9%	4.9%	22.2%
	Average Length of Stay	-2.7%	1.5%	-6.3%	4.3%
	ED Visits per Calendar Day	5.7%	-1.5%	0.7%	23.7%
	Operating Room Minutes per Calendar Day	-5.7%	-2.9%	3.9%	20.8%
Revenue	Net Operating Revenue per Calendar Day	-2.2%	4.8%	5.5%	17.3%
	Gross Operating Revenue per Calendar Day	-2.4%	6.5%	7.8%	29.5%
	IP Revenue per Calendar Day	4.1%	-8.3%	-1.8%	5.1%
	OP Revenue per Calendar Day	-3.9%	9.0%	9.8%	44.4%
	IP/OP Adjustment Factor	-9.8%	13.2%	9.3%	22.8%
	NPSR per Adjusted Discharge	-3.2%	-0.2%	-3.7%	-3.3%
	NPSR per Adjusted Patient Day	-4.8%	-1.2%	1.4%	-0.8%
	Bad Debt and Charity per Calendar Day	-5.8%	3.8%	3.5%	-1.5%
	Bad Debt and Charity as a % of Gross	-7.2%	1.5%	-4.8%	-19.8%
Expense	Total Expense per Calendar Day	-2.9%	2.2%	3.5%	16.8%
	Labor Expense per Calendar Day	-1.0%	3.1%	1.5%	17.7%
	Non-Labor Expense per Calendar Day	-4.2%	0.3%	5.3%	18.7%
	Supply Expense per Calendar Day	-3.0%	-3.3%	6.2%	26.1%
	Drugs Expense per Calendar Day	-9.3%	6.7%	12.7%	31.9%
	Purchased Service Expense per Calendar Day	-4.7%	1.5%	4.9%	19.5%
	Total Expense per Adjusted Discharge	-0.7%	3.8%	-6.9%	-10.3%
	Labor Expense per Adjusted Discharge	2.4%	-2.4%	-7.3%	-12.0%
	FTEs per AOB	-5.7%	-5.8%	-7.4%	-22.8%
	Non-Labor Expense per Adjusted Discharge	-4.2%	0.4%	-5.5%	-7.8%
	Supply Expense per Adjusted Discharge	-1.2%	-1.8%	-3.1%	-2.4%
	Drugs Expense per Adjusted Discharge	-1.3%	3.5%	5.6%	9.0%
	Purchased Service Expense per Adjusted Discharge	-0.9%	-9.7%	-4.9%	-6.0%

26-99 Beds

		Dec 23 vs. Nov 23 (Month-over-Month)	Dec 23 vs. Dec 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	0.5%	9.9%	11.2%	-0.6%
	Operating EBIDA Margin	0.2%	2.9%	9.2%	-8.7%
Volume	Discharges per Calendar Day	4.5%	-0.1%	2.8%	0.9%
	Adjusted Discharges per Calendar Day	1.7%	6.4%	6.4%	20.0%
	Equivalent Patient Days per Calendar Day	5.3%	-1.4%	-2.9%	8.2%
	Observation Patient Days as % of Patient Days	-7.7%	-0.4%	10.8%	18.5%
	Adjusted Patient Days per Calendar Day	-0.3%	1.4%	0.6%	20.5%
	Average Length of Stay	-0.1%	-4.5%	-7.7%	-6.2%
	ED Visits per Calendar Day	4.3%	2.7%	1.1%	22.5%
	Operating Room Minutes per Calendar Day	-5.8%	-6.4%	0.5%	5.9%
Revenue	Net Operating Revenue per Calendar Day	-2.2%	2.9%	4.3%	20.7%
	Gross Operating Revenue per Calendar Day	-2.2%	6.7%	7.5%	32.9%
	IP Revenue per Calendar Day	4.2%	3.3%	2.3%	12.8%
	OP Revenue per Calendar Day	-4.0%	8.6%	10.7%	43.7%
	IP/OP Adjustment Factor	-5.3%	3.9%	5.4%	15.5%
	NPSR per Adjusted Discharge	-0.6%	-1.2%	-0.6%	4.8%
	NPSR per Adjusted Patient Day	-0.5%	4.3%	5.3%	7.5%
	Bad Debt and Charity per Calendar Day	-0.2%	-0.1%	2.5%	0.6%
	Bad Debt and Charity as a % of Gross	-0.7%	-2.0%	-6.5%	-22.8%
Expense	Total Expense per Calendar Day	-2.1%	3.0%	2.9%	19.4%
	Labor Expense per Calendar Day	-0.8%	0.1%	0.8%	19.2%
	Non-Labor Expense per Calendar Day	-3.2%	5.1%	5.7%	19.9%
	Supply Expense per Calendar Day	-3.1%	0.8%	2.5%	21.3%
	Drugs Expense per Calendar Day	-4.7%	-2.9%	-0.4%	11.2%
	Purchased Service Expense per Calendar Day	-2.5%	-0.7%	4.8%	20.1%
	Total Expense per Adjusted Discharge	-2.4%	-4.4%	-4.0%	0.5%
	Labor Expense per Adjusted Discharge	-1.1%	-7.0%	-7.0%	-5.2%
	FTEs per AOB	-2.6%	-3.8%	-3.5%	-16.6%
	Non-Labor Expense per Adjusted Discharge	0.3%	-2.1%	-2.4%	-2.0%
	Supply Expense per Adjusted Discharge	-1.8%	-4.4%	-5.0%	-0.6%
	Drugs Expense per Adjusted Discharge	-6.9%	-7.8%	-8.6%	-5.0%
	Purchased Service Expense per Adjusted Discharge	-2.5%	-6.7%	-4.7%	-10.1%

100-199 Beds

		Dec 23 vs. Nov 23 (Month-over-Month)	Dec 23 vs. Dec 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	13.6%	23.9%	17.5%	2.3%
	Operating EBIDA Margin	14.3%	3.5%	11.8%	-10.0%
Volume	Discharges per Calendar Day	3.3%	4.1%	5.4%	5.2%
	Adjusted Discharges per Calendar Day	-1.3%	7.9%	9.4%	16.6%
	Equivalent Patient Days per Calendar Day	2.6%	-0.8%	-1.9%	4.3%
	Observation Patient Days as % of Patient Days	-8.3%	-5.5%	-3.7%	0.5%
	Adjusted Patient Days per Calendar Day	-0.8%	3.9%	2.6%	19.2%
	Average Length of Stay	0.1%	-3.6%	-5.3%	-1.1%
	ED Visits per Calendar Day	2.0%	4.7%	2.1%	18.4%
	Operating Room Minutes per Calendar Day	-6.3%	-0.2%	2.9%	12.6%
Revenue	Net Operating Revenue per Calendar Day	-2.6%	2.9%	6.4%	20.2%
	Gross Operating Revenue per Calendar Day	-2.2%	6.4%	7.9%	31.1%
	IP Revenue per Calendar Day	1.5%	2.6%	4.0%	14.6%
	OP Revenue per Calendar Day	-4.8%	8.2%	11.6%	43.4%
	IP/OP Adjustment Factor	-3.1%	2.2%	3.9%	10.2%
	NPSR per Adjusted Discharge	0.9%	0.0%	0.5%	6.7%
	NPSR per Adjusted Patient Day	-1.4%	5.6%	4.0%	4.3%
	Bad Debt and Charity per Calendar Day	-3.9%	-6.8%	4.8%	-8.5%
	Bad Debt and Charity as a % of Gross	-3.2%	-13.8%	-3.8%	-25.7%
Expense	Total Expense per Calendar Day	-3.5%	1.6%	4.0%	19.9%
	Labor Expense per Calendar Day	-1.5%	3.0%	1.8%	21.5%
	Non-Labor Expense per Calendar Day	-3.1%	0.6%	7.1%	18.1%
	Supply Expense per Calendar Day	-4.3%	-1.5%	4.7%	20.4%
	Drugs Expense per Calendar Day	-6.2%	-1.3%	2.8%	11.1%
	Purchased Service Expense per Calendar Day	-2.6%	-0.2%	7.9%	18.1%
	Total Expense per Adjusted Discharge	0.9%	-6.6%	-4.9%	3.7%
	Labor Expense per Adjusted Discharge	1.6%	-4.1%	-6.4%	4.2%
	FTEs per AOB	0.2%	-1.3%	-4.3%	-14.3%
	Non-Labor Expense per Adjusted Discharge	-1.5%	-3.9%	-1.8%	-3.1%
	Supply Expense per Adjusted Discharge	-2.4%	-6.7%	-2.8%	3.8%
	Drugs Expense per Adjusted Discharge	-3.3%	-8.0%	-4.1%	-12.9%
	Purchased Service Expense per Adjusted Discharge	1.4%	-6.8%	-2.1%	-10.4%

200-299 Beds

		Dec 23 vs. Nov 23 (Month-over-Month)	Dec 23 vs. Dec 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	5.2%	19.6%	3.9%	-30.4%
	Operating EBIDA Margin	7.3%	8.9%	2.1%	-18.2%
Volume	Discharges per Calendar Day	0.4%	5.0%	5.6%	7.1%
	Adjusted Discharges per Calendar Day	-2.3%	3.8%	6.1%	13.6%
	Equivalent Patient Days per Calendar Day	3.3%	-0.5%	-0.2%	8.4%
	Observation Patient Days as % of Patient Days	-14.2%	-3.1%	-1.5%	4.1%
	Adjusted Patient Days per Calendar Day	0.1%	0.6%	2.1%	16.8%
	Average Length of Stay	3.0%	-5.0%	-5.5%	-1.1%
	ED Visits per Calendar Day	1.8%	1.3%	1.3%	17.7%
	Operating Room Minutes per Calendar Day	-7.8%	-1.6%	3.3%	11.8%
Revenue	Net Operating Revenue per Calendar Day	-0.9%	5.7%	5.5%	19.0%
	Gross Operating Revenue per Calendar Day	-2.7%	6.8%	9.4%	29.2%
	IP Revenue per Calendar Day	0.6%	8.1%	7.1%	18.2%
	OP Revenue per Calendar Day	-5.3%	6.8%	10.9%	41.1%
	IP/OP Adjustment Factor	-3.2%	0.1%	2.0%	8.6%
	NPSR per Adjusted Discharge	2.5%	0.2%	-0.7%	4.5%
	NPSR per Adjusted Patient Day	-1.2%	4.5%	6.1%	6.5%
	Bad Debt and Charity per Calendar Day	-7.6%	-0.6%	6.4%	-1.2%
	Bad Debt and Charity as a % of Gross	-9.0%	-5.0%	-3.7%	-22.2%
Expense	Total Expense per Calendar Day	-2.0%	3.4%	5.0%	22.2%
	Labor Expense per Calendar Day	-1.8%	0.3%	1.8%	21.8%
	Non-Labor Expense per Calendar Day	-1.8%	4.8%	7.1%	21.5%
	Supply Expense per Calendar Day	-3.0%	2.9%	5.4%	21.9%
	Drugs Expense per Calendar Day	-3.3%	0.0%	5.1%	8.9%
	Purchased Service Expense per Calendar Day	-2.3%	2.8%	8.3%	23.0%
	Total Expense per Adjusted Discharge	1.4%	-3.5%	-2.7%	2.2%
	Labor Expense per Adjusted Discharge	2.2%	-3.7%	-4.0%	1.5%
	FTEs per AOB	-1.0%	-1.5%	-2.8%	-11.7%
	Non-Labor Expense per Adjusted Discharge	-1.4%	-3.6%	0.1%	0.5%
	Supply Expense per Adjusted Discharge	0.9%	-1.2%	-1.0%	1.5%
	Drugs Expense per Adjusted Discharge	-1.6%	-1.7%	-1.0%	-5.0%
	Purchased Service Expense per Adjusted Discharge	3.0%	3.4%	0.3%	-2.4%

300-499 Beds

		Dec 23 vs. Nov 23 (Month-over-Month)	Dec 23 vs. Dec 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	0.0%	-13.7%	26.6%	-38.6%
	Operating EBIDA Margin	0.0%	-7.5%	3.8%	-31.0%
Volume	Discharges per Calendar Day	0.8%	1.8%	2.8%	3.1%
	Adjusted Discharges per Calendar Day	-0.7%	6.0%	5.1%	14.6%
	Equivalent Patient Days per Calendar Day	0.6%	-1.2%	-1.2%	4.6%
	Observation Patient Days as % of Patient Days	-7.2%	-5.5%	0.3%	11.4%
	Adjusted Patient Days per Calendar Day	-0.4%	2.2%	0.8%	11.3%
	Average Length of Stay	0.3%	-3.2%	-3.3%	1.1%
	ED Visits per Calendar Day	2.9%	4.9%	2.4%	17.7%
	Operating Room Minutes per Calendar Day	-7.6%	0.1%	1.8%	14.0%
Revenue	Net Operating Revenue per Calendar Day	-0.4%	3.4%	5.6%	17.3%
	Gross Operating Revenue per Calendar Day	-2.3%	6.4%	7.6%	26.6%
	IP Revenue per Calendar Day	-0.7%	5.1%	5.1%	16.8%
	OP Revenue per Calendar Day	-4.6%	9.9%	11.8%	41.4%
	IP/OP Adjustment Factor	-2.0%	2.3%	2.8%	8.8%
	NPSR per Adjusted Discharge	-0.6%	1.4%	2.0%	8.9%
	NPSR per Adjusted Patient Day	-1.1%	3.3%	5.3%	9.2%
	Bad Debt and Charity per Calendar Day	-4.4%	-4.5%	5.2%	-1.8%
	Bad Debt and Charity as a % of Gross	-1.2%	-10.3%	-6.2%	-24.9%
Expense	Total Expense per Calendar Day	-1.9%	4.4%	3.4%	19.3%
	Labor Expense per Calendar Day	-1.9%	2.2%	0.6%	18.7%
	Non-Labor Expense per Calendar Day	-1.9%	5.1%	5.5%	19.6%
	Supply Expense per Calendar Day	-1.3%	4.2%	6.5%	18.1%
	Drugs Expense per Calendar Day	-2.8%	4.5%	3.4%	14.1%
	Purchased Service Expense per Calendar Day	-3.3%	-1.9%	6.5%	20.1%
	Total Expense per Adjusted Discharge	-0.6%	-1.1%	-1.8%	7.8%
	Labor Expense per Adjusted Discharge	1.0%	-3.1%	-4.6%	4.7%
	FTEs per AOB	-0.5%	1.1%	-1.6%	-11.2%
	Non-Labor Expense per Adjusted Discharge	-0.2%	2.0%	1.1%	6.7%
	Supply Expense per Adjusted Discharge	-0.3%	-0.1%	1.6%	7.5%
	Drugs Expense per Adjusted Discharge	-3.1%	1.1%	1.0%	5.6%
	Purchased Service Expense per Adjusted Discharge	-4.5%	-5.5%	0.6%	0.4%

500+ Beds

		Dec 23 vs. Nov 23 (Month-over-Month)	Dec 23 vs. Dec 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	-10.4%	10.2%	80.5%	1.7%
	Operating EBIDA Margin	-9.6%	5.8%	49.6%	-8.6%
Volume	Discharges per Calendar Day	2.5%	2.8%	4.8%	7.3%
	Adjusted Discharges per Calendar Day	-0.3%	4.7%	7.8%	18.0%
	Equivalent Patient Days per Calendar Day	1.5%	1.1%	2.5%	10.8%
	Observation Patient Days as % of Patient Days	-7.9%	-1.3%	-3.3%	7.4%
	Adjusted Patient Days per Calendar Day	-0.4%	2.2%	4.9%	18.3%
	Average Length of Stay	-0.8%	-2.5%	-2.1%	2.7%
	ED Visits per Calendar Day	1.9%	2.4%	1.8%	18.2%
	Operating Room Minutes per Calendar Day	-7.9%	0.1%	5.1%	20.3%
Revenue	Net Operating Revenue per Calendar Day	-1.5%	8.3%	10.3%	27.9%
	Gross Operating Revenue per Calendar Day	-2.2%	8.0%	9.7%	34.9%
	IP Revenue per Calendar Day	0.1%	7.3%	7.3%	23.7%
	OP Revenue per Calendar Day	-5.5%	9.1%	11.7%	41.7%
	IP/OP Adjustment Factor	-2.8%	0.1%	1.6%	6.8%
	NPSR per Adjusted Discharge	-2.3%	4.5%	3.5%	14.6%
	NPSR per Adjusted Patient Day	-3.1%	5.6%	5.5%	11.6%
	Bad Debt and Charity per Calendar Day	-0.7%	12.1%	1.4%	2.4%
	Bad Debt and Charity as a % of Gross	0.2%	-1.7%	-7.0%	-19.7%
Expense	Total Expense per Calendar Day	-1.0%	6.1%	7.2%	26.6%
	Labor Expense per Calendar Day	-1.4%	3.0%	3.1%	27.0%
	Non-Labor Expense per Calendar Day	-2.2%	6.3%	8.7%	26.6%
	Supply Expense per Calendar Day	-4.1%	7.9%	11.2%	29.1%
	Drugs Expense per Calendar Day	-3.1%	11.0%	16.6%	36.7%
	Purchased Service Expense per Calendar Day	0.5%	5.4%	9.3%	27.7%
	Total Expense per Adjusted Discharge	-0.8%	2.0%	-2.6%	8.7%
	Labor Expense per Adjusted Discharge	1.7%	1.0%	-4.5%	7.0%
	FTEs per AOB	-0.5%	1.5%	-2.1%	-11.2%
	Non-Labor Expense per Adjusted Discharge	-2.8%	1.5%	0.4%	8.9%
	Supply Expense per Adjusted Discharge	-3.3%	1.8%	4.1%	11.3%
	Drugs Expense per Adjusted Discharge	-5.8%	2.5%	7.1%	18.5%
	Purchased Service Expense per Adjusted Discharge	3.9%	2.3%	1.8%	5.6%

Non-Operating

National Non-Operating Results

Key Observations

- The Consumer Price Index (CPI) increased 0.3% in December and 3.4% from a year ago, higher than estimates of 0.2% and 3.2%
- Core CPI, which excludes volatile food and energy prices, also increased by 0.3% over the course of the month and 3.9% from a year ago, compared with respective estimates of 0.3% and 3.8%
- At the Federal Reserve Board’s December meeting, the Fed kept interest rates unchanged, keeping the Fed Funds target rate at 5.25-5.50%
- The median forecast in the Federal Open Market Committee’s latest Summary of Economic projections has the Fed Funds rate ending 2024 at 4.6%, higher than expected by investors
- Job gains were higher than expected for December with the total coming in at 216,000, beating estimates of ~160,000
- Total job gains were 2.7 million in 2023 with an average monthly gain of 225,0000, compared to 2022 which saw an increase of 4.8 million and an average monthly gain of 399,000.
- The unemployment remained unchanged from November, staying flat at 3.7%. Wages grew by 4.1% in 2023, however, this is expected to slow in 2024 supporting further reductions in inflation
- Yields on the 10 and 30-year Treasuries fell to 3.86% and 3.99% month-over-month, falling 48 and 52 bps, respectively; on the short end of the curve, 2-year yields fell 44 bps to 4.26%
- The S&P 500 rose by 4.4% in December, marking a slowdown from the historical gain of 8.9% in November, finishing the year with 24.2% gains year-over-year

General Non-Operating Observations

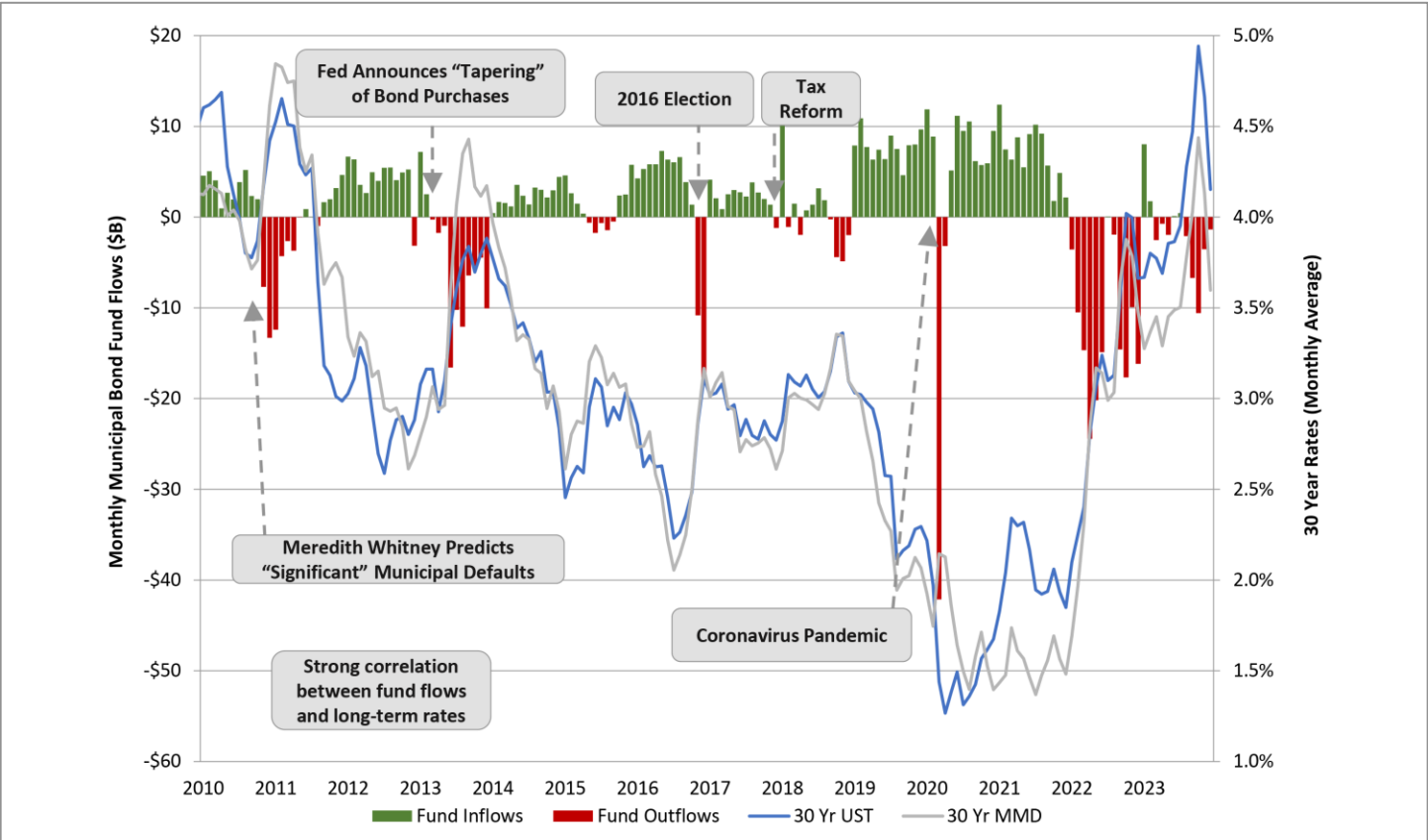
	December 2023	M-o-M Change	Y-o-Y Change
<i>General</i>			
GDP Growth*	4.9%	n/a	n/a
Unemployment Rate	3.7%	n/a	+0.2%
Personal Consumption Expenditures (YoY)	3.2%	n/c	-1.7%
<i>Liabilities</i>			
SOFR	5.38%	+5 bps	+108 bps
SIFMA	3.87%	+57 bps	+21 bps
30yr MMD	3.42%	-35 bps	-16 bps
30yr Treasury	4.03%	-47 bps	+7 bps
<i>Assets</i>			
60/40 Asset Allocation [†]	n/a	+4.2%	+14.4%

*U.S. Bureau of Economic Analysis, Q3 2023 “Third Estimate”

†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



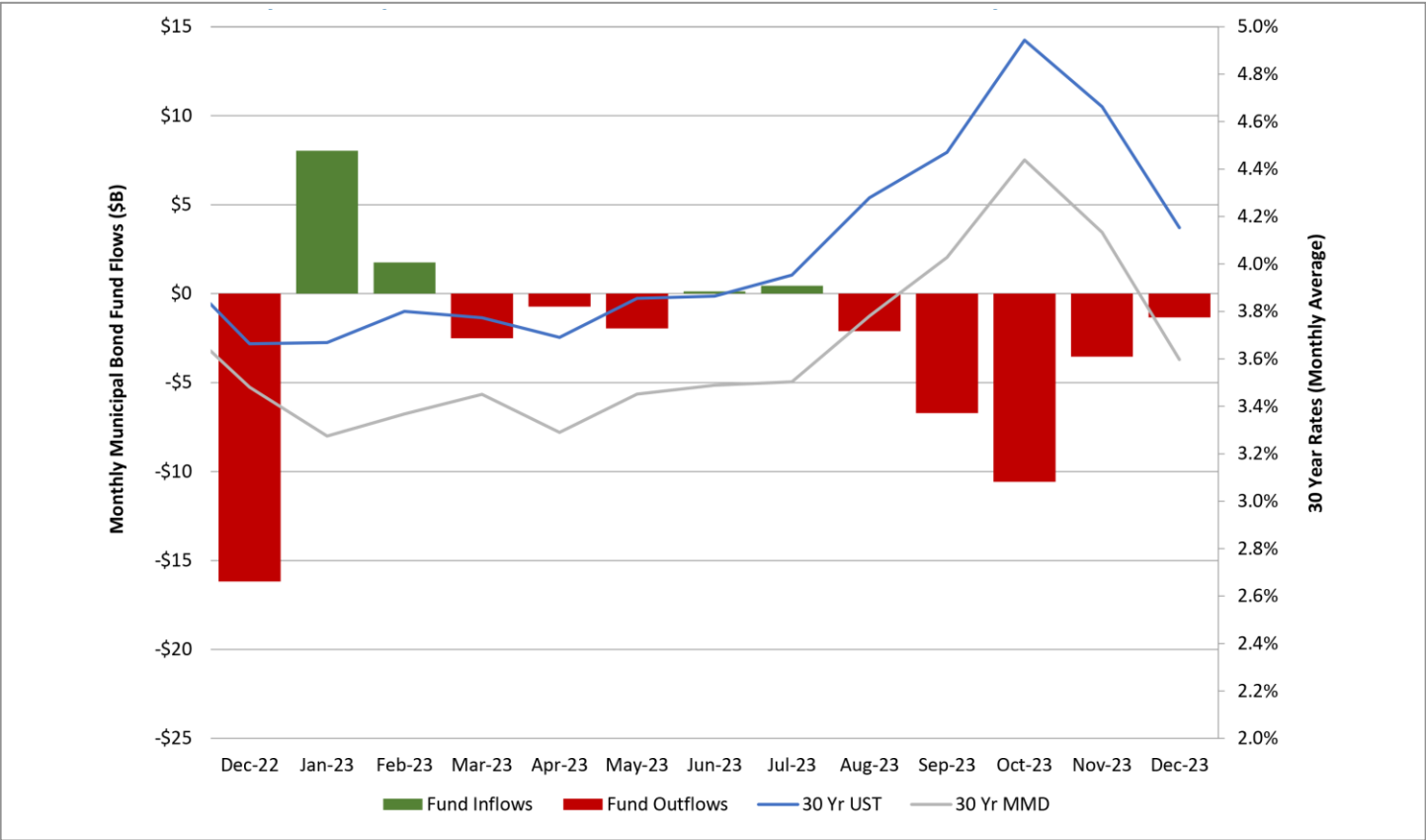
Kaufman Hall, National Hospital Flash Report (January 2024)

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.

For the third month in a row, both the tax-exempt 30-year MMD and 30-year Treasury rates decreased compared to prior months end. The 30-year MMD fell 35 bps to close the month at 3.42%, while the 30-year Treasury fell 47 bps to end the month at 4.42%. Throughout most of the year, both tax-exempt and taxable interest rates increased, reaching their highest point in November. However, during the last two months of the year, these rates decreased significantly. By the end of the year, the 30-year MMD had risen by as much as 52 basis points compared to the beginning of the year, with the most significant increases occurring between 10 and 20 years. The short-term rates remained inverted, while the mid to long-term rates remained flat. In contrast, Treasury rates ended the year with a decrease of 9 basis points for the 2-year, a decrease of 10 basis points for the 5-year, an increase of 7 basis points for the 10-year, and an increase of 11 basis points for the 30-year.

Non-Operating Liabilities *(continued)*

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



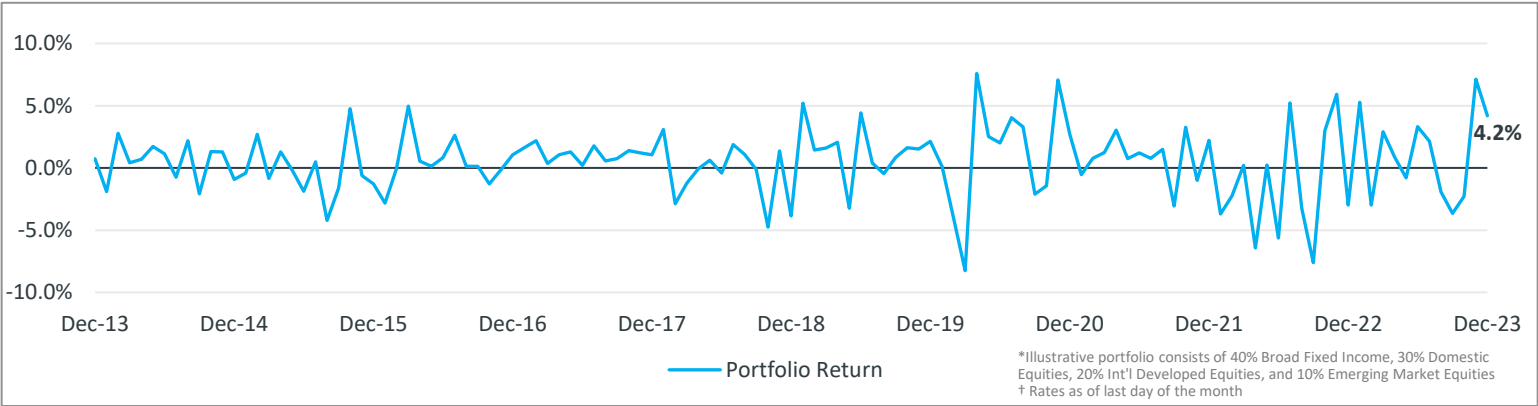
Kaufman Hall, National Hospital Flash Report (January 2024)

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.

Municipal funds experienced the fifth consecutive month of outflows, with an estimated \$1.3 billion exiting the market. Despite continued outflows, this marks the smallest decrease of the last 5 months. Flows have been trending more positively the last 3 months. In Q4, issuance experienced a significant surge after a sluggish beginning to the year, surpassing the levels of 2023 by 31.7%. As a result, the annual issuance came close to the levels of 2023 with a slight decline of 2.8%. Notably, taxable issuance witnessed a substantial decrease of 31.0% compared to the previous year, primarily due to the rise in interest rates. A notable decrease in healthcare issuance occurred as well, falling 39.9% compared to 2022. Conversely, tax-exempt issuance witnessed a modest increase of 3.4%.

Non-Operating Assets

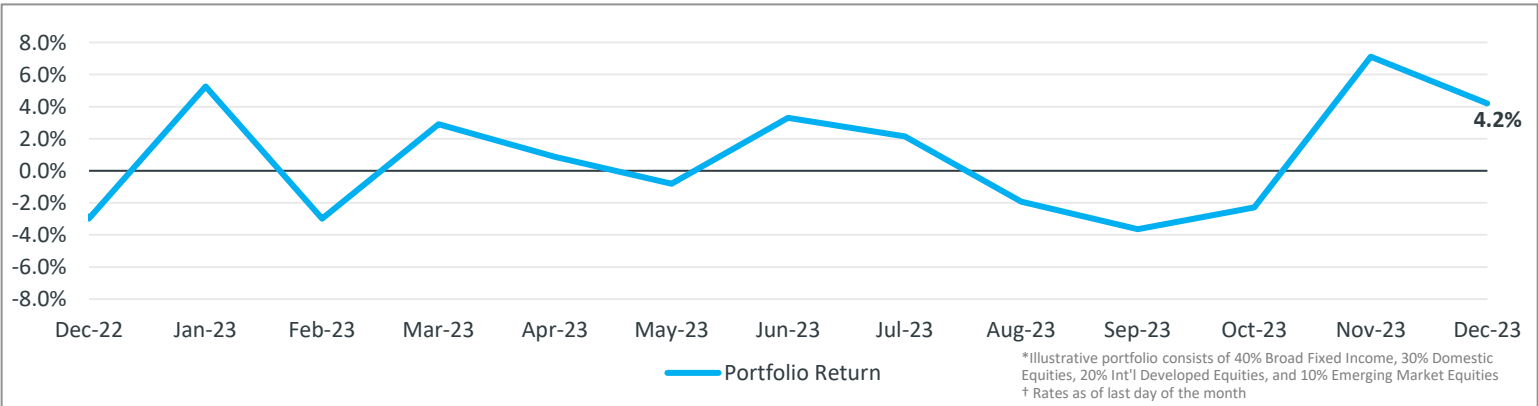
Long Term – Illustrative Investment Portfolio Returns, Month-over-Month Change



Kaufman Hall, National Hospital Flash Report (January 2024)

Equities remained positive following a November that saw the largest gains of the calendar year. The S&P 500, led by gains in the Real Estate and Industrials sectors, rose 4.4% on the month, bringing its YoY and YTD gains both to 24.2%. Similarly, the Dow rose 4.8% over the month and finished the year up 13.7%. These gains represent a two-month winning streak headed into the new year on the back of what was a historic three-month losing streak earlier in the year.

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



The blended 60/40 asset allocation finished September 4.2% higher month-over-month with the MSCI World and MSCI Emerging Market Indices posting gains of 4.8% and 3.7%, respectively. The Barclays Aggregate Bond Index finished the month 3.8% higher.

Kaufman Hall, National Hospital Flash Report (January 2024)

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