



SEPTEMBER 2025 METRICS

National Hospital Flash Report

Real Data. Real Insight. Real Time.

Based on Data from More Than 1,300 Hospitals

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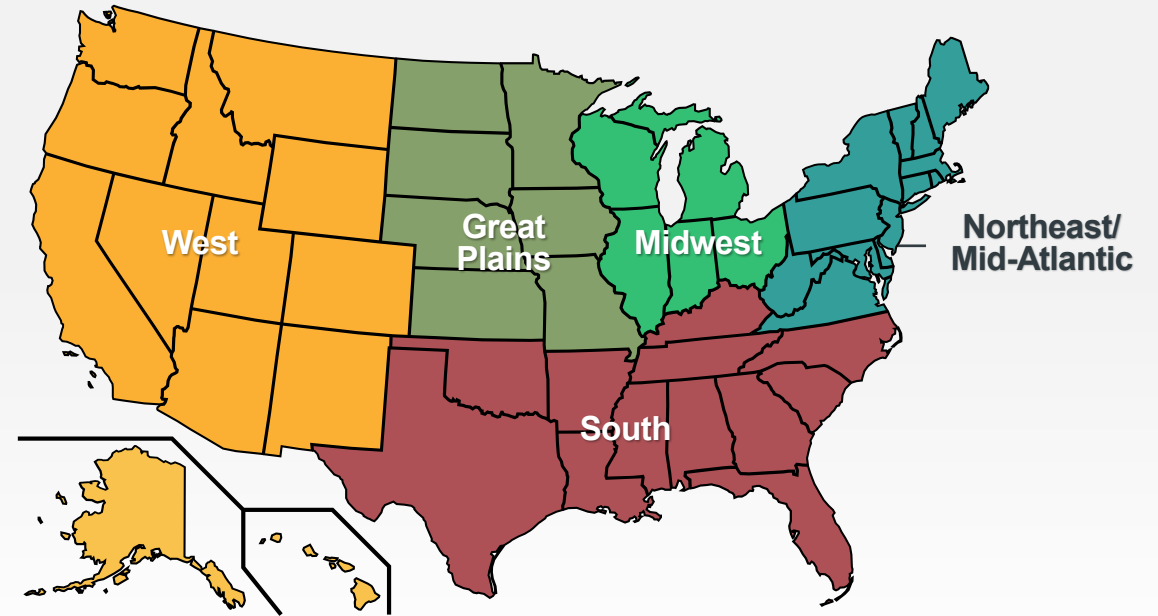
About the Data

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 Strata Decision Technology.

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, Strata 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)*



[Kaufman Hall](#), a Vizient company, 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.

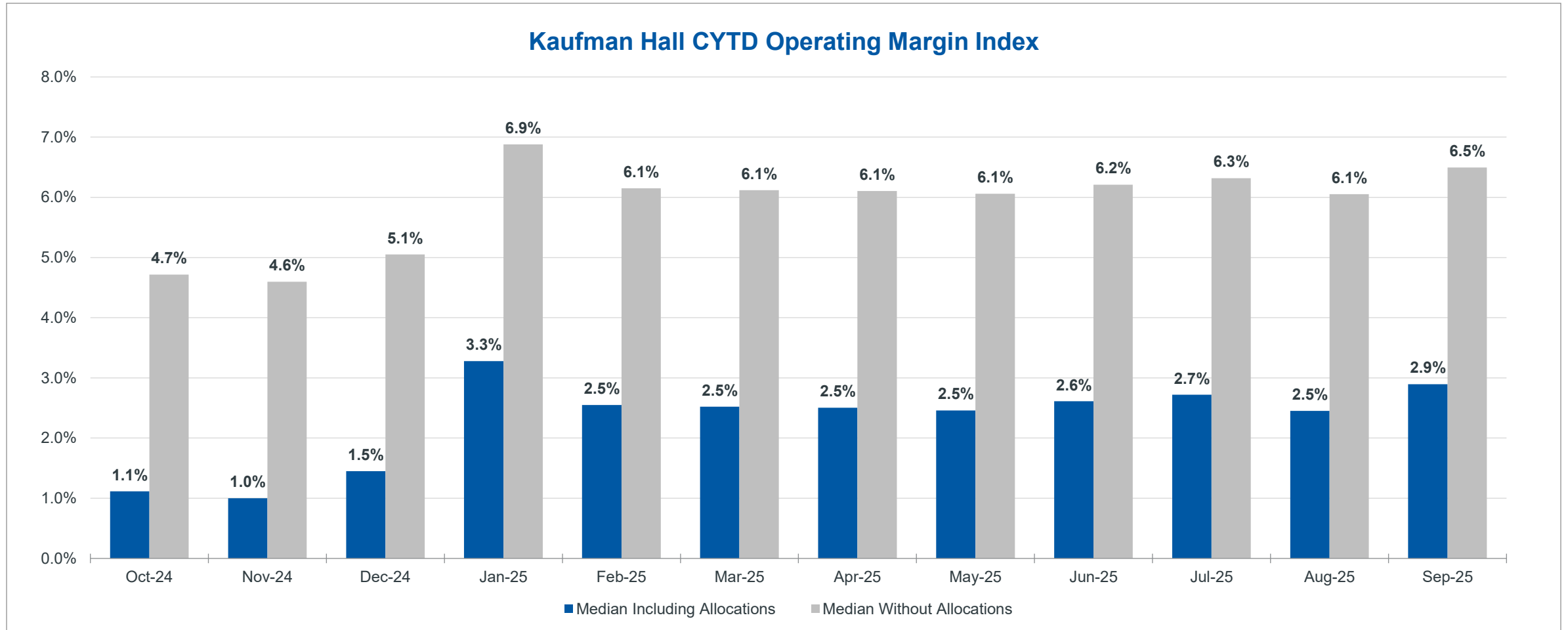


Strata Decision Technology, LLC provides an innovative, cloud-based platform for software, and data and service solutions to help healthcare organizations acquire insights, accelerate decisions, and enhance performance in support of their missions. More than 2,300 organizations rely on Strata's StrataJazz and Axiom solutions for market-leading service and enterprise performance management software, data, and intelligence solutions. To learn more about Strata and why the company has been named the market leader for Business Decision Support for more than 15 consecutive years, please go to www.stratadecision.com.

Key Takeaways

- 1. Operating margins remain stable.** However, a closer look at the data shows that there is a wide spread in hospital performance. Margins range from 14.7% (hospitals in the 75th percentile) to -1.8% (hospitals in the 25th percentile).
- 2. Patient volumes increased this month in both emergency and inpatient care.** The ability of hospitals to manage patient throughput is increasingly important as margins are lower despite increased patient volume.
- 3. Drug expenses continue to rise.** Increases in pricing and increased use of more advanced pharmaceuticals are factors driving drug costs.

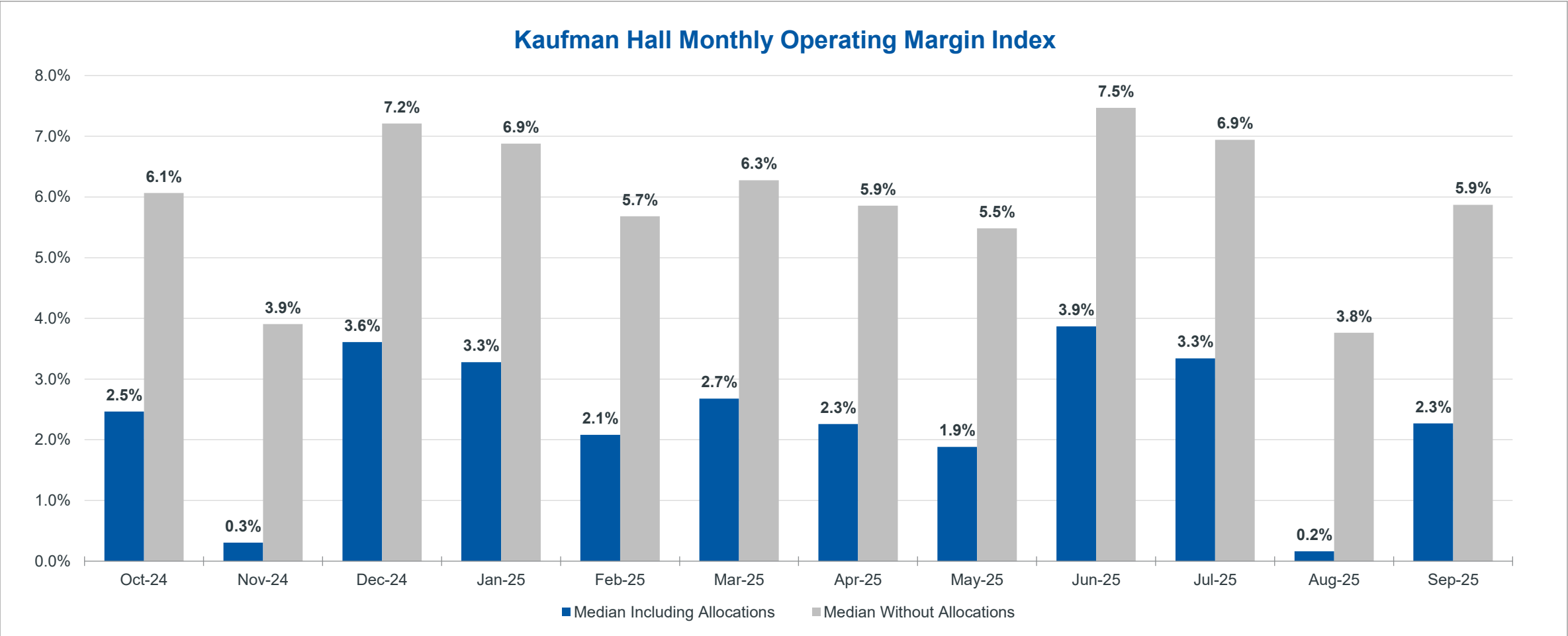
Operating Margin



Kaufman Hall, *National Hospital Flash Report* (September 2025 Metrics)

* Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset, and are displayed with and without adjustments for allocations to hospitals from corporate, physician, and other entities.

Operating Margin *(continued)*



Kaufman Hall, National Hospital Flash Report (September 2025 Metrics)

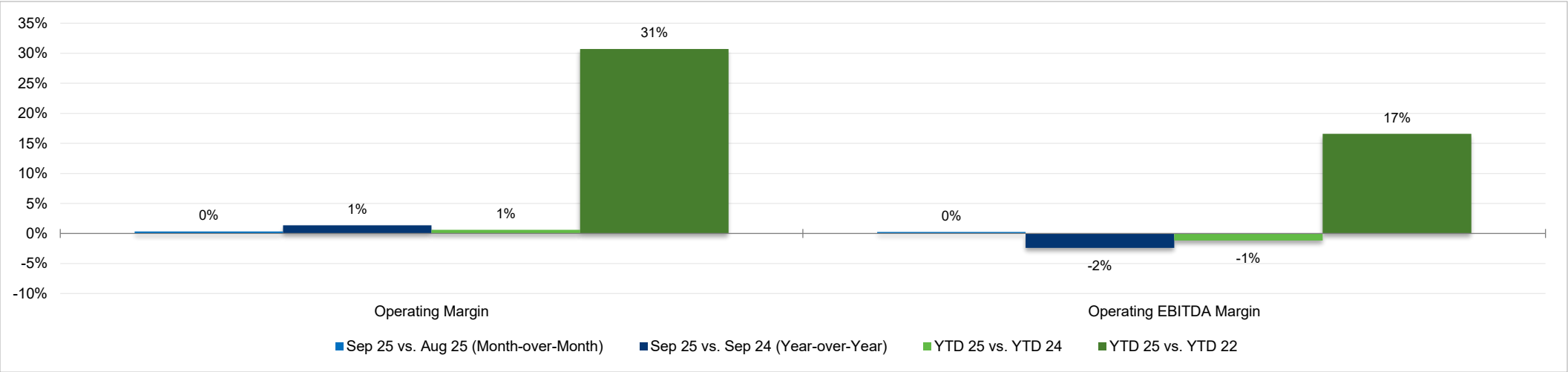
* Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset, and are displayed with and without adjustments for allocations to hospitals from corporate, physician, and other entities.

National and Regional Data

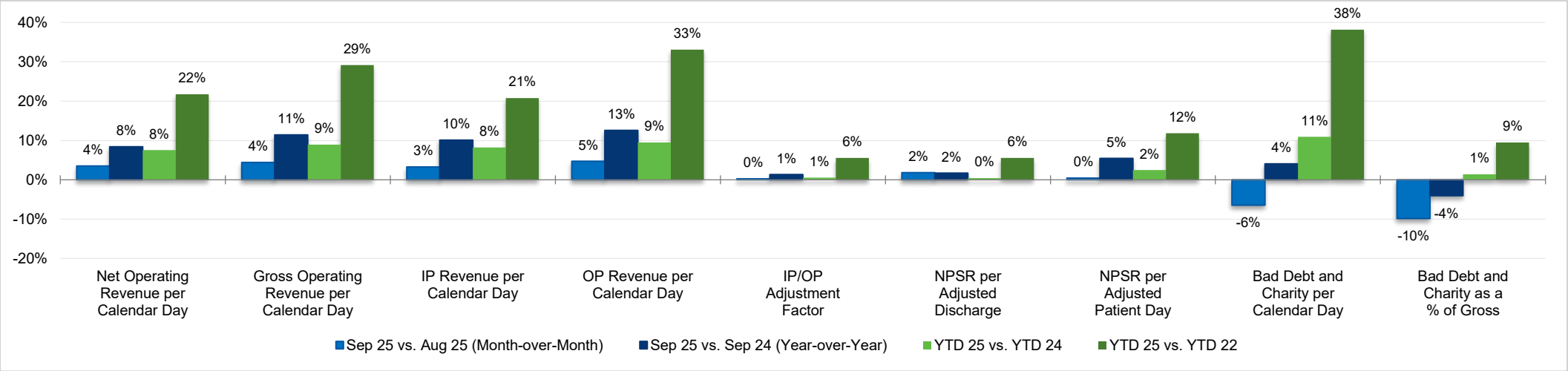
Profitability, Revenue, Expense, and Volume

National Data

Profitability

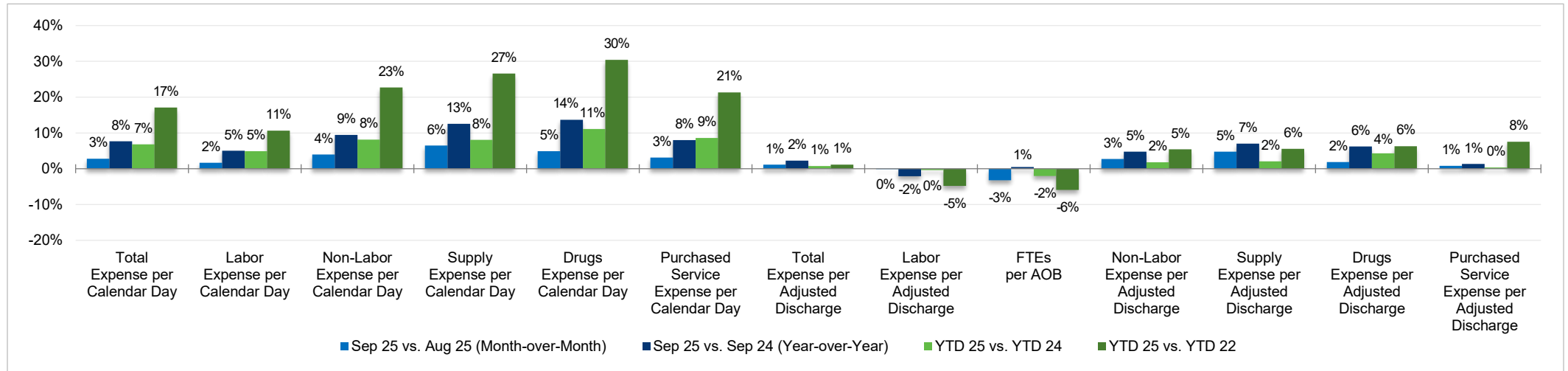


Revenue

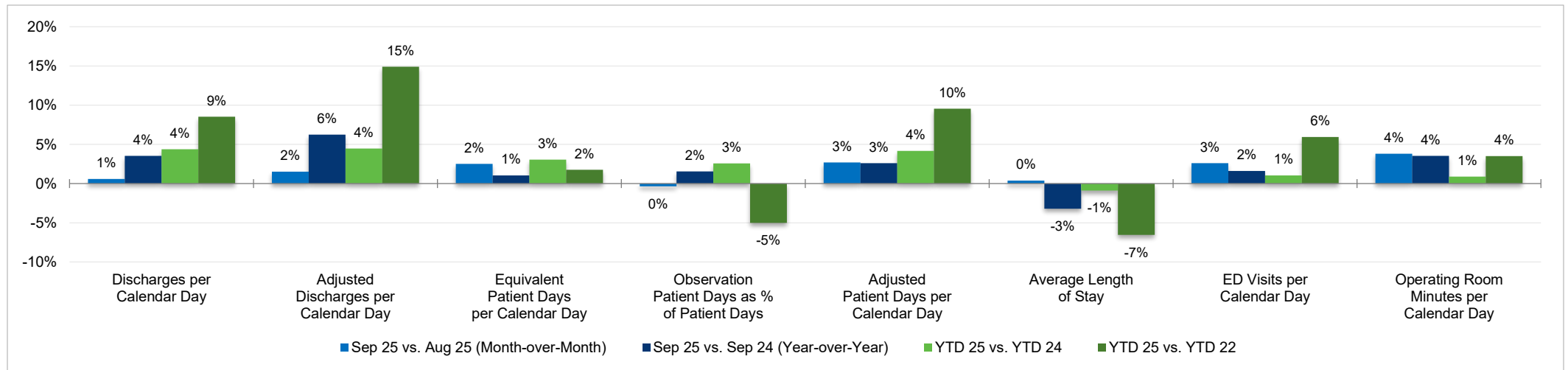


National Data *(continued)*

Expense

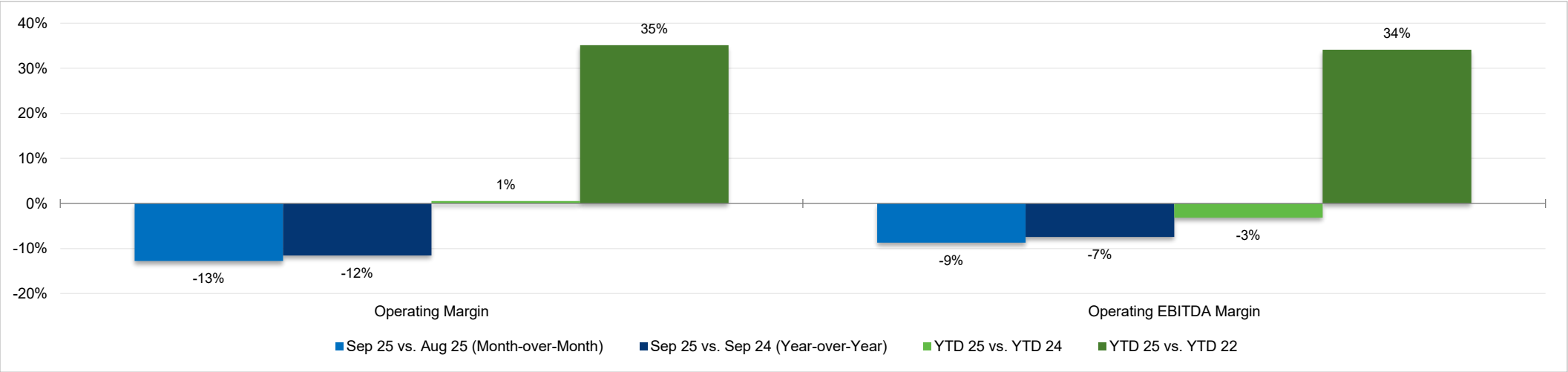


Volume

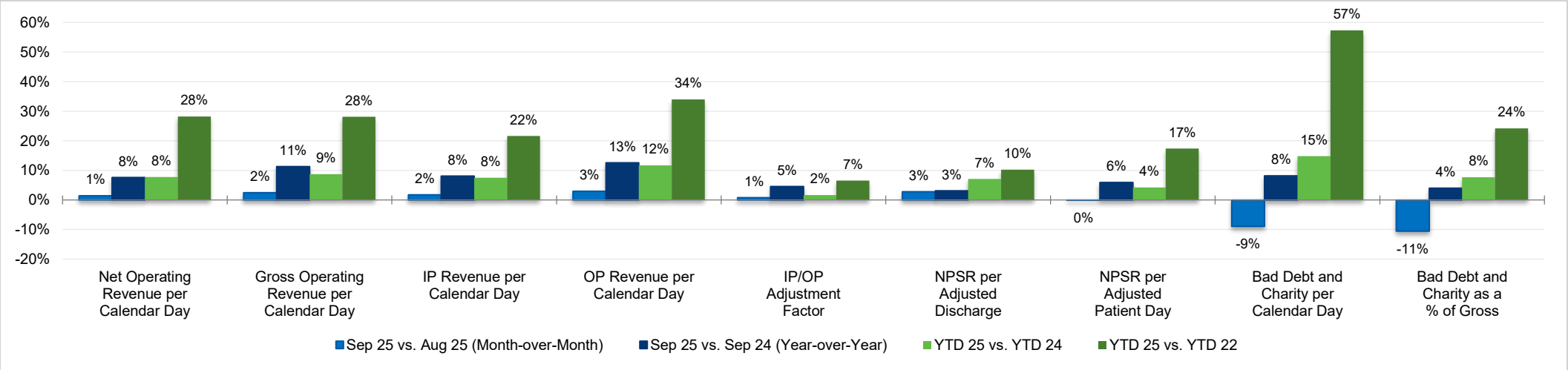


Regional Data: West

Profitability

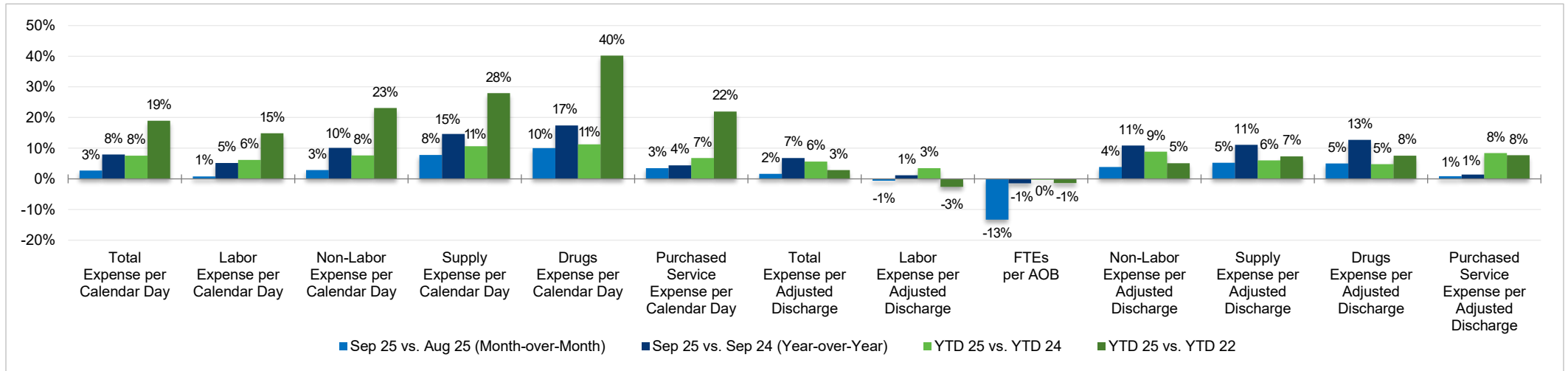


Revenue

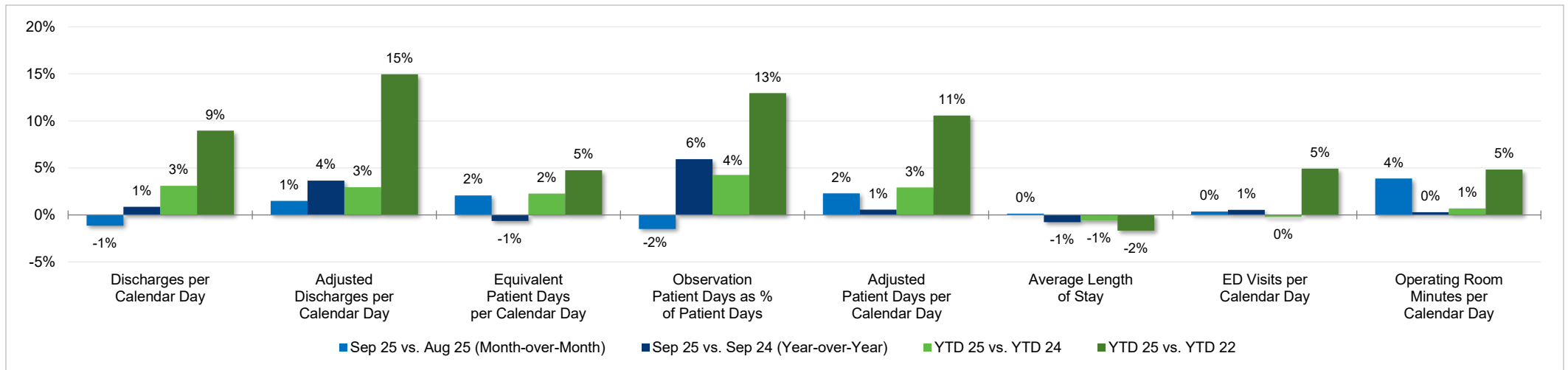


Regional Data: West *(continued)*

Expense

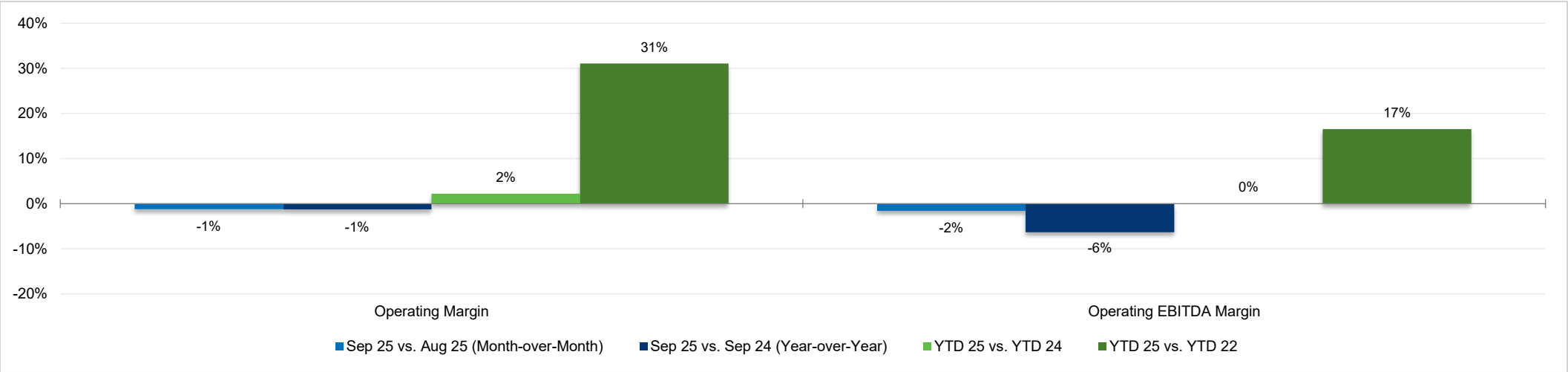


Volume

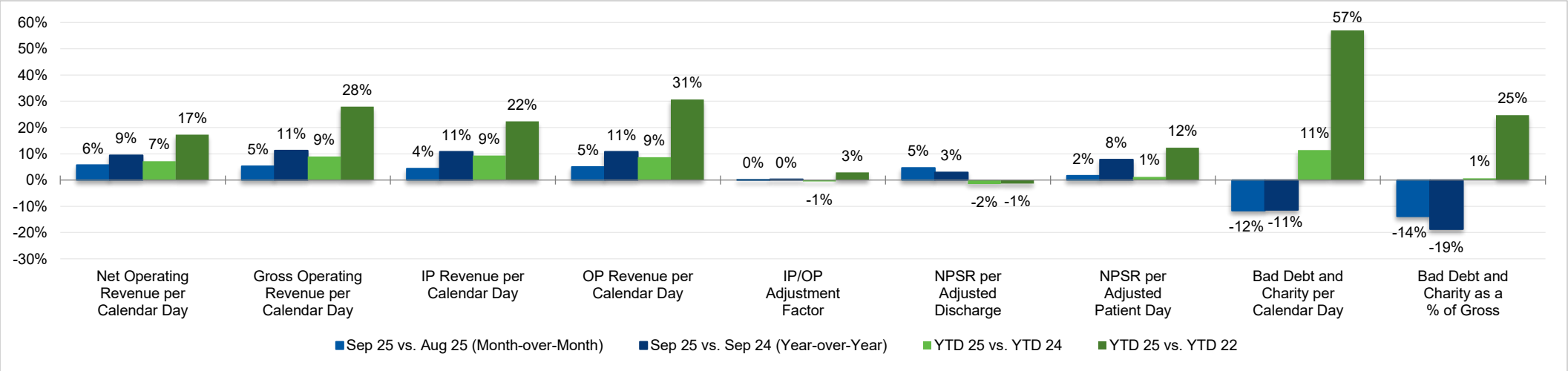


Regional Data: Midwest

Profitability

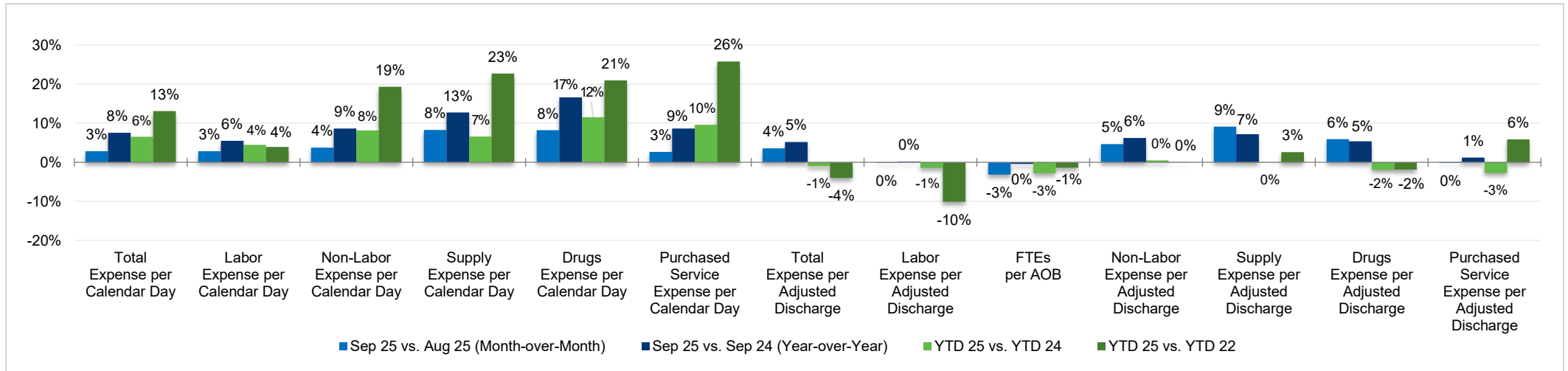


Revenue

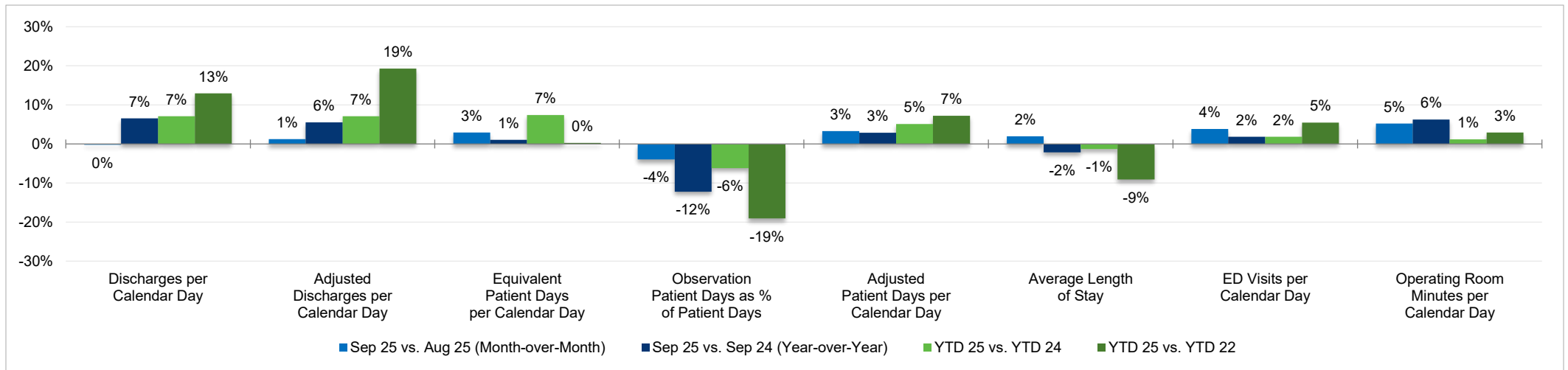


Regional Data: Midwest *(continued)*

Expense

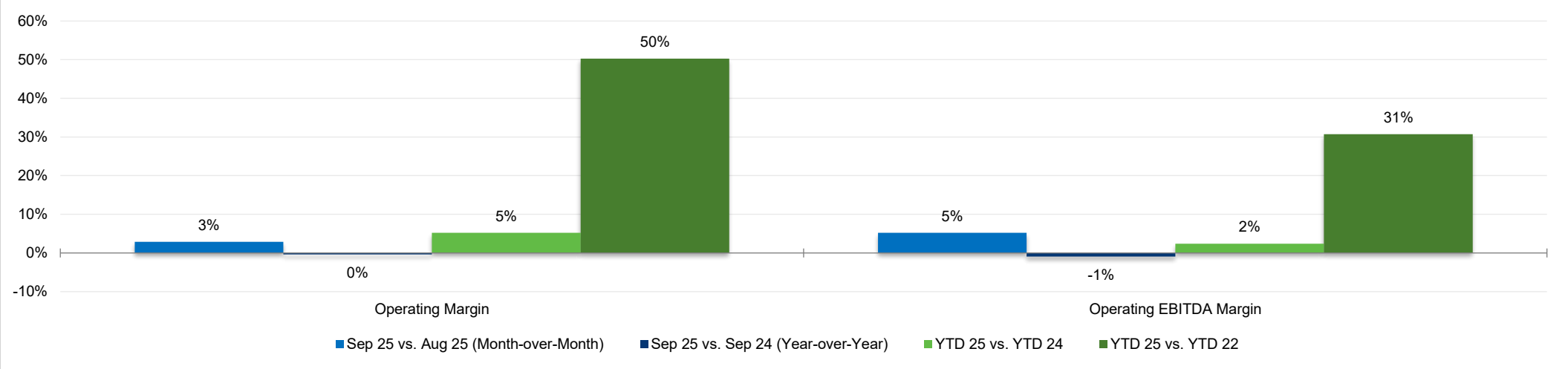


Volume

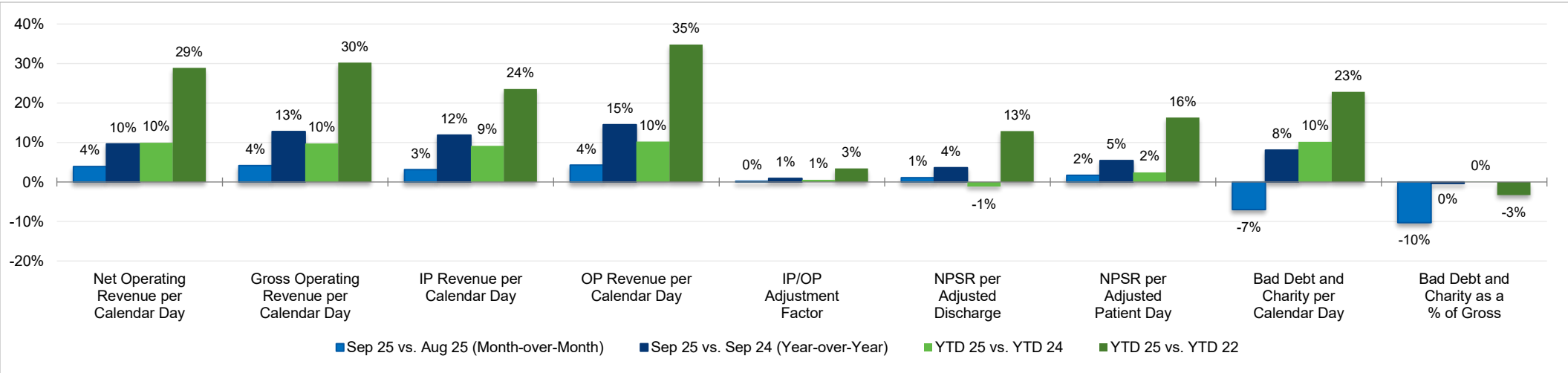


Regional Data: South

Profitability

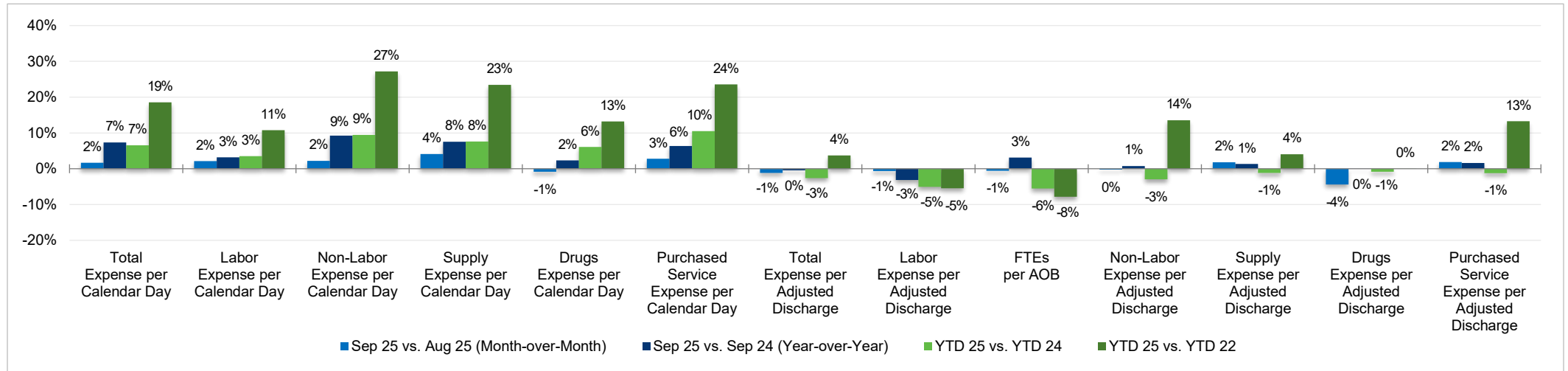


Revenue

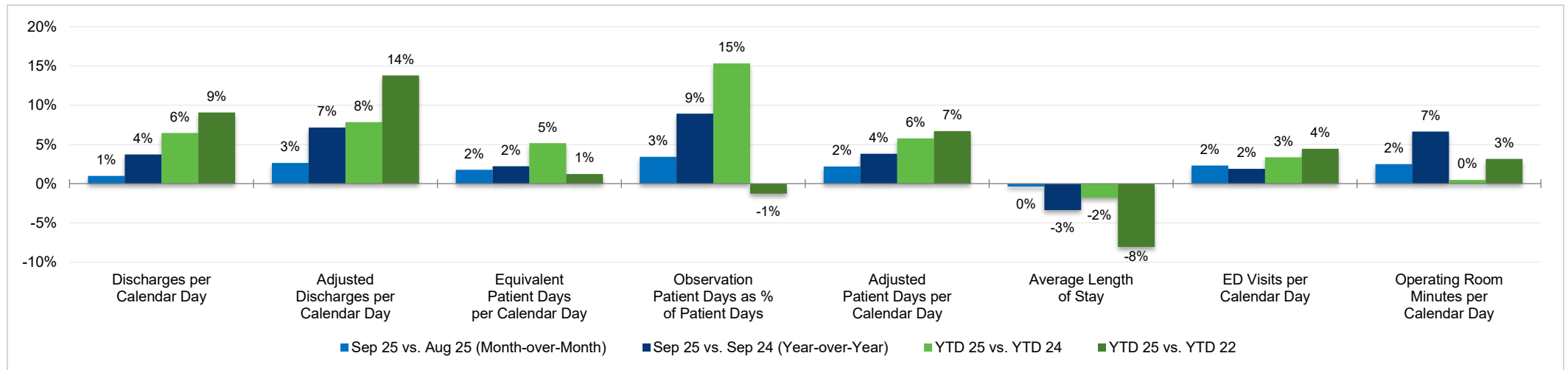


Regional Data: South *(continued)*

Expense

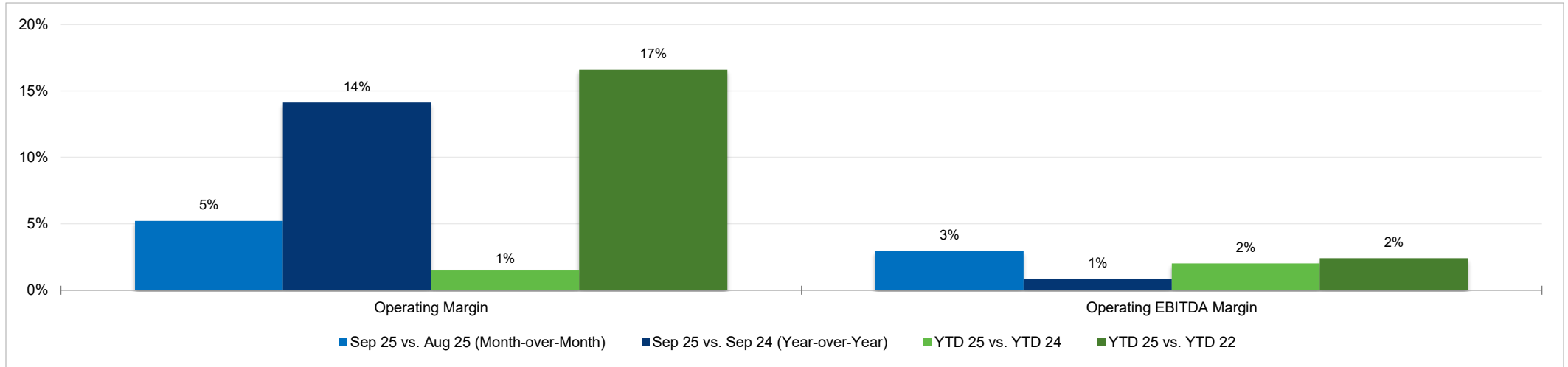


Volume

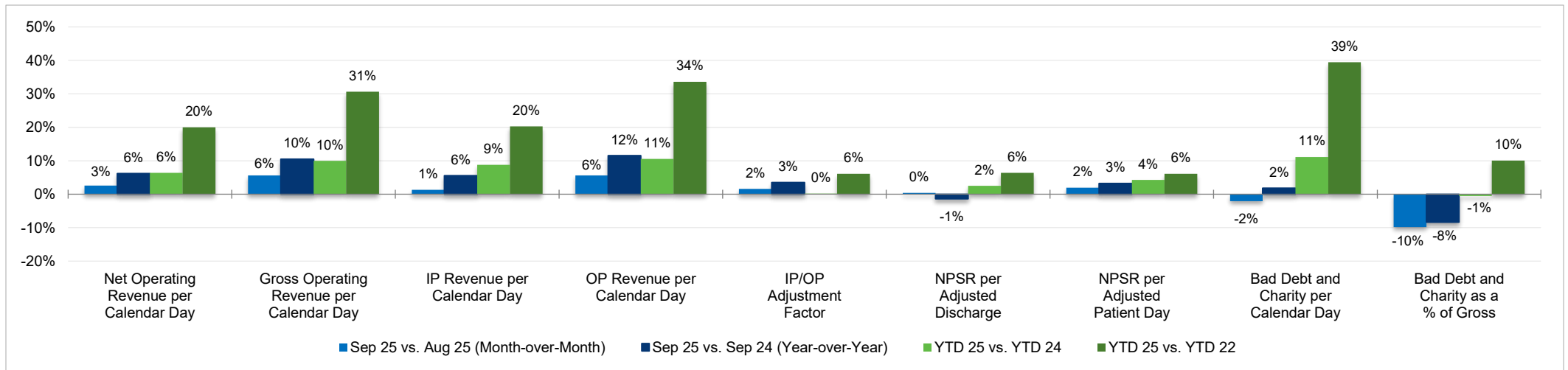


Regional Data: Northeast/Mid-Atlantic

Profitability

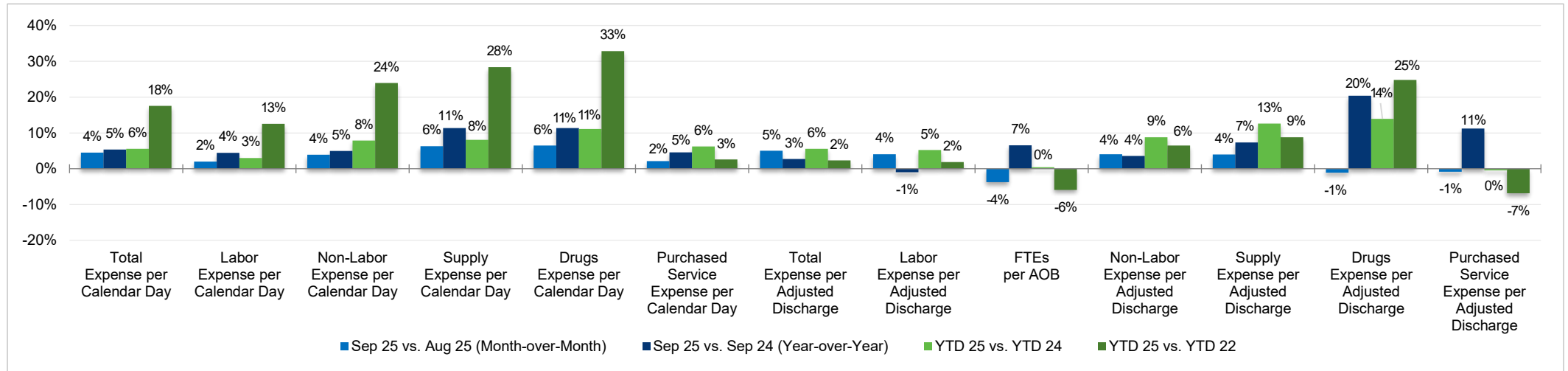


Revenue

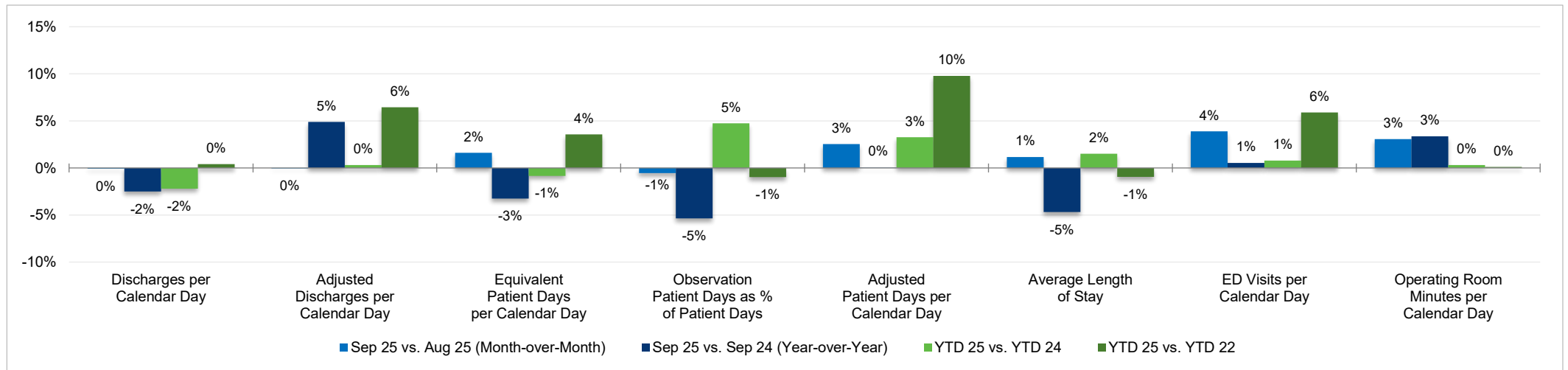


Regional Data: Northeast/Mid-Atlantic *(continued)*

Expense

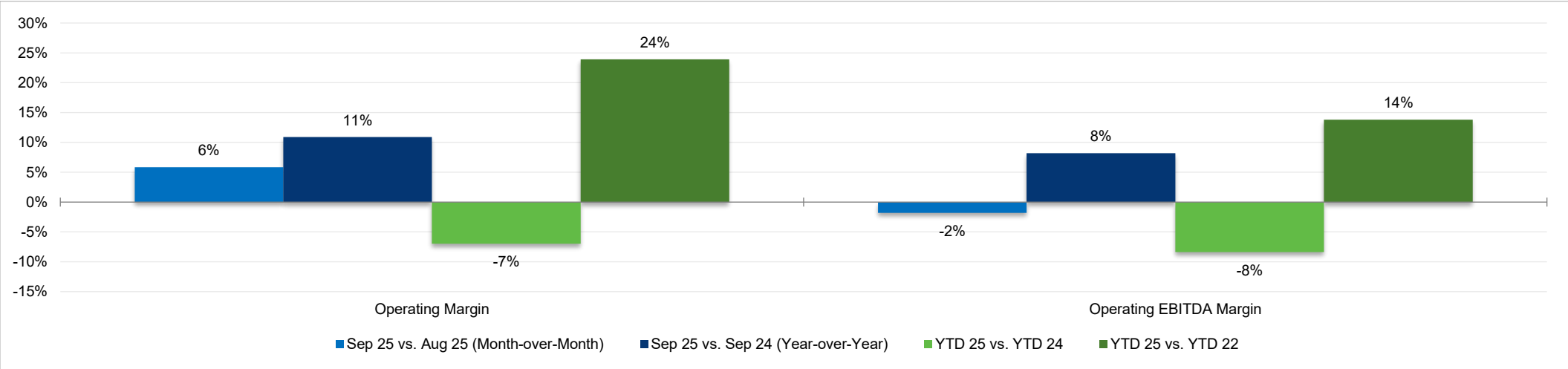


Volume

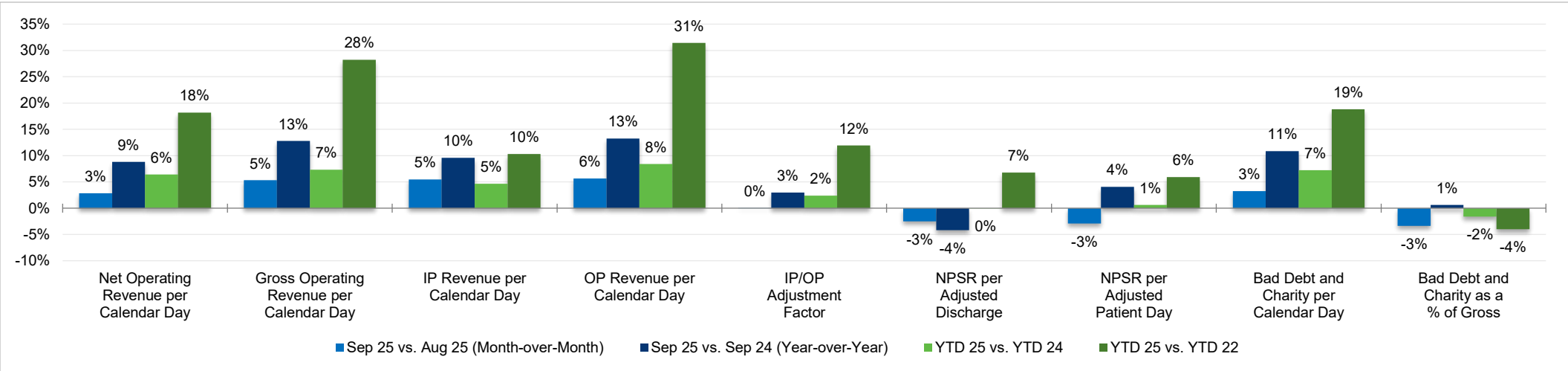


Regional Data: Great Plains

Profitability

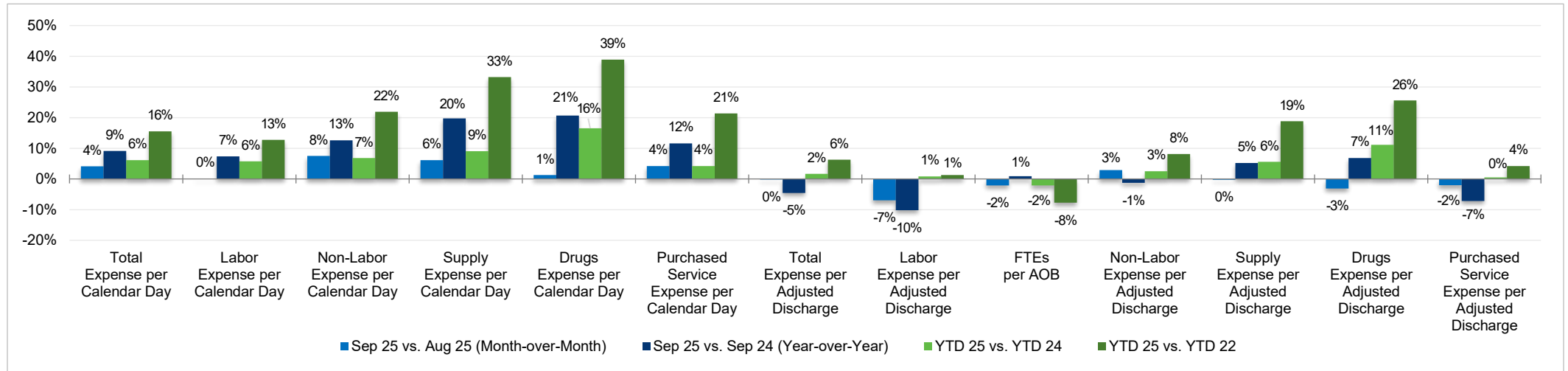


Revenue

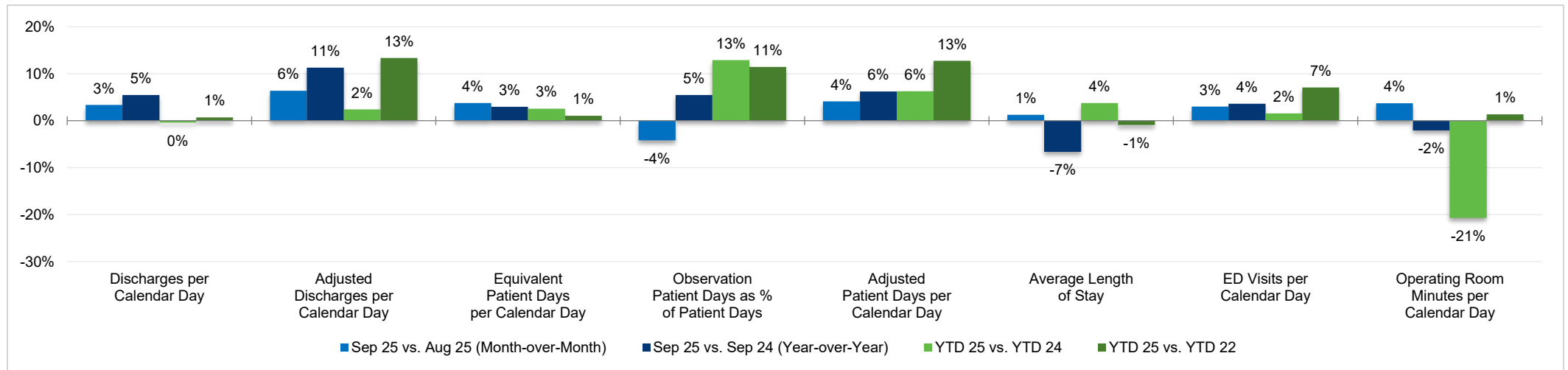


Regional Data: Great Plains *(continued)*

Expense



Volume



Data by Hospital Bed Size

Profitability, Revenue, Expense, and Volume

0-25 Beds

	Sep 25 vs. Aug 25 (Month-over-Month)	Sep 25 vs. Sep 24 (Year-over-Year)	YTD 25 vs. YTD 24	YTD 25 vs. YTD 22	
Margin	Operating Margin	0.4%	-3.8%	1.6%	16.1%
	Operating EBIDA Margin	-1.7%	-3.5%	-4.4%	9.6%
Volume	Discharges per Calendar Day	-0.5%	-5.3%	1.8%	1.3%
	Adjusted Discharges per Calendar Day	3.4%	3.0%	5.5%	22.0%
	Equivalent Patient Days per Calendar Day	2.3%	-5.0%	1.8%	-2.3%
	Observation Patient Days as % of Patient Days	0.1%	-13.1%	0.6%	-4.4%
	Adjusted Patient Days per Calendar Day	1.5%	2.1%	5.2%	14.7%
	Average Length of Stay	-5.1%	-6.2%	0.2%	-4.5%
	ED Visits per Calendar Day	0.2%	-0.4%	1.0%	4.4%
	Operating Room Minutes per Calendar Day	2.8%	-5.4%	-3.5%	0.1%
	Revenue	Net Operating Revenue per Calendar Day	2.7%	5.9%	6.1%
Gross Operating Revenue per Calendar Day		2.9%	9.0%	8.0%	27.7%
IP Revenue per Calendar Day		1.9%	4.2%	4.4%	6.2%
OP Revenue per Calendar Day		2.8%	10.5%	8.6%	30.1%
IP/OP Adjustment Factor		-0.3%	6.2%	1.6%	16.4%
NPSR per Adjusted Discharge		-4.4%	1.1%	-2.1%	2.2%
NPSR per Adjusted Patient Day		-5.1%	1.9%	0.0%	2.0%
Bad Debt and Charity per Calendar Day		-16.7%	-2.2%	11.7%	41.3%
Bad Debt and Charity as a % of Gross		-17.1%	-12.5%	1.4%	12.0%
Expense	Total Expense per Calendar Day	1.6%	6.7%	6.6%	15.9%
	Labor Expense per Calendar Day	1.2%	4.6%	4.8%	10.3%
	Non-Labor Expense per Calendar Day	2.9%	9.5%	7.6%	21.5%
	Supply Expense per Calendar Day	5.7%	13.4%	6.7%	23.3%
	Drugs Expense per Calendar Day	3.0%	16.1%	12.5%	37.8%
	Purchased Service Expense per Calendar Day	2.0%	9.7%	7.3%	17.6%
	Total Expense per Adjusted Discharge	-1.8%	0.3%	-0.2%	-9.0%
	Labor Expense per Adjusted Discharge	-3.3%	-2.4%	-2.1%	-13.1%
	FTEs per AOB	-3.2%	-2.6%	-4.2%	-12.1%
	Non-Labor Expense per Adjusted Discharge	2.7%	-0.5%	1.4%	-4.8%
	Supply Expense per Adjusted Discharge	-2.6%	2.1%	0.5%	-2.9%
	Drugs Expense per Adjusted Discharge	-4.0%	-2.3%	4.7%	6.3%
Purchased Service Expense per Adjusted Discharge	-7.1%	-3.7%	-1.9%	-3.3%	

26-99 Beds

		Sep 25 vs. Aug 25 (Month-over-Month)	Sep 25 vs. Sep 24 (Year-over-Year)	YTD 25 vs. YTD 24	YTD 25 vs. YTD 22
Margin	Operating Margin	3.8%	2.3%	6.4%	32.9%
	Operating EBIDA Margin	4.5%	0.6%	3.4%	17.8%
Volume	Discharges per Calendar Day	1.8%	6.2%	5.1%	8.6%
	Adjusted Discharges per Calendar Day	5.1%	6.9%	4.2%	17.1%
	Equivalent Patient Days per Calendar Day	4.0%	5.6%	6.8%	1.7%
	Observation Patient Days as % of Patient Days	-0.3%	6.3%	8.4%	-1.4%
	Adjusted Patient Days per Calendar Day	3.7%	5.8%	6.3%	9.8%
	Average Length of Stay	0.7%	-3.8%	-0.9%	-11.4%
	ED Visits per Calendar Day	3.1%	2.9%	2.2%	7.3%
	Operating Room Minutes per Calendar Day	2.6%	-1.4%	-1.3%	-5.8%
	Revenue	Net Operating Revenue per Calendar Day	4.2%	8.2%	8.3%
Gross Operating Revenue per Calendar Day		5.0%	11.9%	9.7%	27.6%
IP Revenue per Calendar Day		1.8%	10.7%	7.9%	18.6%
OP Revenue per Calendar Day		5.1%	13.4%	9.7%	31.7%
IP/OP Adjustment Factor		0.2%	3.4%	0.4%	6.1%
NPSR per Adjusted Discharge		0.0%	0.0%	2.5%	0.6%
NPSR per Adjusted Patient Day		-0.4%	3.1%	2.6%	10.4%
Bad Debt and Charity per Calendar Day		-2.1%	15.7%	11.1%	42.2%
Bad Debt and Charity as a % of Gross	-8.5%	9.3%	3.8%	7.4%	
Expense	Total Expense per Calendar Day	2.1%	9.2%	6.6%	14.8%
	Labor Expense per Calendar Day	2.0%	6.2%	5.3%	7.0%
	Non-Labor Expense per Calendar Day	3.2%	9.0%	7.5%	19.3%
	Supply Expense per Calendar Day	6.2%	9.5%	8.7%	22.7%
	Drugs Expense per Calendar Day	6.2%	9.4%	7.6%	14.2%
	Purchased Service Expense per Calendar Day	2.3%	8.2%	8.1%	16.5%
	Total Expense per Adjusted Discharge	-0.5%	2.2%	1.7%	-0.3%
	Labor Expense per Adjusted Discharge	-4.0%	-3.6%	0.7%	-3.5%
	FTEs per AOB	-6.5%	-3.2%	-5.0%	-8.7%
	Non-Labor Expense per Adjusted Discharge	-0.4%	5.4%	2.1%	2.8%
	Supply Expense per Adjusted Discharge	3.3%	9.3%	1.4%	0.9%
	Drugs Expense per Adjusted Discharge	1.0%	8.6%	5.6%	-5.7%
Purchased Service Expense per Adjusted Discharge	-0.9%	-0.3%	0.4%	7.6%	

100-199 Beds

		Sep 25 vs. Aug 25 (Month-over-Month)	Sep 25 vs. Sep 24 (Year-over-Year)	YTD 25 vs. YTD 24	YTD 25 vs. YTD 22
Margin	Operating Margin	-1.4%	4.9%	-0.1%	27.9%
	Operating EBIDA Margin	-1.0%	-0.8%	1.1%	17.5%
Volume	Discharges per Calendar Day	2.0%	5.7%	5.0%	14.0%
	Adjusted Discharges per Calendar Day	2.3%	5.3%	5.7%	15.6%
	Equivalent Patient Days per Calendar Day	1.7%	-0.4%	7.2%	5.7%
	Observation Patient Days as % of Patient Days	-2.9%	-0.1%	2.0%	-10.0%
	Adjusted Patient Days per Calendar Day	2.6%	0.7%	3.4%	8.9%
	Average Length of Stay	1.1%	-3.4%	-2.1%	-6.9%
	ED Visits per Calendar Day	3.7%	1.9%	-0.1%	5.2%
	Operating Room Minutes per Calendar Day	5.2%	6.5%	-1.4%	1.3%
	Revenue	Net Operating Revenue per Calendar Day	3.2%	8.6%	6.5%
Gross Operating Revenue per Calendar Day		4.5%	11.4%	8.7%	27.5%
IP Revenue per Calendar Day		4.1%	10.3%	7.1%	22.0%
OP Revenue per Calendar Day		4.4%	11.2%	8.9%	34.1%
IP/OP Adjustment Factor		-0.1%	-0.2%	0.9%	4.6%
NPSR per Adjusted Discharge		6.8%	0.6%	-2.0%	2.5%
NPSR per Adjusted Patient Day		0.3%	6.9%	0.6%	10.9%
Bad Debt and Charity per Calendar Day		-1.0%	2.4%	7.7%	41.2%
Bad Debt and Charity as a % of Gross		-7.0%	-1.8%	0.6%	16.7%
Expense	Total Expense per Calendar Day	2.0%	7.2%	5.6%	15.3%
	Labor Expense per Calendar Day	1.8%	4.9%	4.3%	10.6%
	Non-Labor Expense per Calendar Day	3.2%	9.2%	6.8%	20.6%
	Supply Expense per Calendar Day	5.9%	11.3%	6.2%	20.6%
	Drugs Expense per Calendar Day	6.4%	7.9%	4.0%	8.7%
	Purchased Service Expense per Calendar Day	4.9%	6.9%	5.9%	26.5%
	Total Expense per Adjusted Discharge	-0.5%	1.4%	-2.4%	-2.1%
	Labor Expense per Adjusted Discharge	0.4%	0.7%	-2.4%	-7.6%
	FTEs per AOB	-2.2%	2.0%	0.0%	-7.1%
	Non-Labor Expense per Adjusted Discharge	0.7%	0.6%	-1.8%	2.8%
	Supply Expense per Adjusted Discharge	5.7%	6.8%	-1.1%	2.7%
	Drugs Expense per Adjusted Discharge	5.4%	6.3%	-7.2%	-3.9%
Purchased Service Expense per Adjusted Discharge	0.9%	-0.3%	-4.0%	16.3%	

200-299 Beds

		Sep 25 vs. Aug 25 (Month-over-Month)	Sep 25 vs. Sep 24 (Year-over-Year)	YTD 25 vs. YTD 24	YTD 25 vs. YTD 22
Margin	Operating Margin	-0.5%	0.2%	-0.1%	25.6%
	Operating EBIDA Margin	-0.2%	-2.5%	0.5%	17.9%
Volume	Discharges per Calendar Day	0.0%	3.1%	3.1%	10.9%
	Adjusted Discharges per Calendar Day	2.0%	6.8%	4.0%	14.8%
	Equivalent Patient Days per Calendar Day	2.1%	2.6%	2.2%	2.7%
	Observation Patient Days as % of Patient Days	0.3%	6.0%	-1.1%	-6.4%
	Adjusted Patient Days per Calendar Day	4.5%	3.2%	2.5%	5.0%
	Average Length of Stay	2.8%	-1.3%	-0.4%	-5.8%
	ED Visits per Calendar Day	3.6%	1.3%	1.1%	8.3%
	Operating Room Minutes per Calendar Day	4.2%	4.4%	2.4%	6.2%
	Revenue	Net Operating Revenue per Calendar Day	3.2%	11.1%	8.1%
Gross Operating Revenue per Calendar Day		4.7%	13.1%	9.9%	31.8%
IP Revenue per Calendar Day		3.3%	11.4%	9.6%	26.3%
OP Revenue per Calendar Day		5.5%	14.7%	11.5%	35.9%
IP/OP Adjustment Factor		0.9%	1.1%	0.7%	3.0%
NPSR per Adjusted Discharge		2.6%	3.1%	2.7%	9.6%
NPSR per Adjusted Patient Day		-0.1%	5.1%	4.0%	15.4%
Bad Debt and Charity per Calendar Day		-4.2%	18.5%	12.8%	45.5%
Bad Debt and Charity as a % of Gross		-10.0%	2.1%	2.0%	11.3%
Expense	Total Expense per Calendar Day	3.5%	6.4%	7.0%	19.8%
	Labor Expense per Calendar Day	2.1%	4.8%	4.1%	12.6%
	Non-Labor Expense per Calendar Day	5.1%	9.2%	9.7%	26.7%
	Supply Expense per Calendar Day	7.7%	12.6%	8.3%	28.1%
	Drugs Expense per Calendar Day	4.6%	15.1%	10.6%	33.3%
	Purchased Service Expense per Calendar Day	3.5%	6.9%	8.8%	15.0%
	Total Expense per Adjusted Discharge	3.6%	3.9%	0.5%	3.6%
	Labor Expense per Adjusted Discharge	0.5%	-2.4%	-1.0%	-7.4%
	FTEs per AOB	-3.9%	-0.5%	-0.4%	-0.7%
	Non-Labor Expense per Adjusted Discharge	4.6%	6.1%	2.4%	9.5%
	Supply Expense per Adjusted Discharge	5.2%	4.6%	3.2%	10.4%
	Drugs Expense per Adjusted Discharge	3.1%	10.3%	4.9%	11.3%
Purchased Service Expense per Adjusted Discharge	1.4%	3.4%	1.6%	3.7%	

300-499 Beds

		Sep 25 vs. Aug 25 (Month-over-Month)	Sep 25 vs. Sep 24 (Year-over-Year)	YTD 25 vs. YTD 24	YTD 25 vs. YTD 22
Margin	Operating Margin	-0.4%	7.0%	10.0%	40.1%
	Operating EBIDA Margin	3.1%	0.0%	1.7%	22.4%
Volume	Discharges per Calendar Day	0.5%	3.5%	2.8%	8.9%
	Adjusted Discharges per Calendar Day	1.1%	5.5%	4.5%	10.7%
	Equivalent Patient Days per Calendar Day	2.3%	0.0%	2.1%	3.4%
	Observation Patient Days as % of Patient Days	-2.7%	2.1%	-2.2%	-8.5%
	Adjusted Patient Days per Calendar Day	2.8%	2.6%	4.0%	9.3%
	Average Length of Stay	1.1%	-2.1%	-0.3%	-2.4%
	ED Visits per Calendar Day	3.0%	0.9%	2.4%	7.5%
	Operating Room Minutes per Calendar Day	3.4%	6.2%	1.2%	2.5%
	Revenue	Net Operating Revenue per Calendar Day	4.0%	9.0%	9.5%
Gross Operating Revenue per Calendar Day		4.3%	11.8%	8.8%	28.9%
IP Revenue per Calendar Day		4.2%	9.7%	8.9%	23.2%
OP Revenue per Calendar Day		5.2%	15.0%	9.9%	32.3%
IP/OP Adjustment Factor		0.7%	1.1%	0.0%	4.4%
NPSR per Adjusted Discharge		2.2%	4.8%	3.5%	10.4%
NPSR per Adjusted Patient Day		2.4%	6.8%	3.1%	16.7%
Bad Debt and Charity per Calendar Day		-12.2%	-0.2%	11.6%	29.2%
Bad Debt and Charity as a % of Gross	-11.8%	-12.6%	0.8%	0.4%	
Expense	Total Expense per Calendar Day	3.8%	8.5%	6.9%	17.9%
	Labor Expense per Calendar Day	1.7%	3.7%	4.6%	11.8%
	Non-Labor Expense per Calendar Day	5.4%	10.0%	7.5%	22.7%
	Supply Expense per Calendar Day	7.5%	15.2%	8.6%	26.4%
	Drugs Expense per Calendar Day	5.4%	15.7%	12.3%	31.4%
	Purchased Service Expense per Calendar Day	3.2%	6.7%	10.5%	24.2%
	Total Expense per Adjusted Discharge	2.6%	5.7%	2.6%	7.1%
	Labor Expense per Adjusted Discharge	1.0%	-1.6%	2.8%	-1.6%
	FTEs per AOB	-0.7%	3.7%	0.2%	-4.3%
	Non-Labor Expense per Adjusted Discharge	3.9%	8.9%	3.0%	13.5%
	Supply Expense per Adjusted Discharge	7.5%	9.2%	4.9%	12.9%
	Drugs Expense per Adjusted Discharge	3.4%	7.0%	7.4%	7.4%
Purchased Service Expense per Adjusted Discharge	4.3%	4.5%	3.5%	20.2%	

500+ Beds

		Sep 25 vs. Aug 25 (Month-over-Month)	Sep 25 vs. Sep 24 (Year-over-Year)	YTD 25 vs. YTD 24	YTD 25 vs. YTD 22
Margin	Operating Margin	-1.0%	-3.3%	-14.4%	93.9%
	Operating EBIDA Margin	-2.6%	-7.3%	-10.0%	34.4%
Volume	Discharges per Calendar Day	0.6%	3.8%	2.9%	10.5%
	Adjusted Discharges per Calendar Day	1.6%	4.9%	3.2%	12.5%
	Equivalent Patient Days per Calendar Day	1.8%	-0.6%	-0.2%	3.5%
	Observation Patient Days as % of Patient Days	5.3%	6.5%	15.1%	10.7%
	Adjusted Patient Days per Calendar Day	2.1%	1.8%	2.2%	8.6%
	Average Length of Stay	-0.1%	-1.6%	-1.3%	-9.1%
	ED Visits per Calendar Day	2.6%	1.2%	0.4%	4.8%
	Operating Room Minutes per Calendar Day	4.1%	6.5%	3.2%	9.2%
	Revenue	Net Operating Revenue per Calendar Day	6.4%	9.5%	9.4%
Gross Operating Revenue per Calendar Day		4.7%	12.3%	11.1%	33.2%
IP Revenue per Calendar Day		3.3%	10.8%	8.8%	27.1%
OP Revenue per Calendar Day		5.7%	14.5%	10.4%	40.2%
IP/OP Adjustment Factor		1.5%	2.4%	1.1%	4.5%
NPSR per Adjusted Discharge		0.2%	5.0%	4.2%	18.4%
NPSR per Adjusted Patient Day		2.0%	10.0%	7.0%	25.7%
Bad Debt and Charity per Calendar Day		1.3%	3.3%	5.8%	38.3%
Bad Debt and Charity as a % of Gross	-3.5%	-6.2%	-4.7%	5.3%	
Expense	Total Expense per Calendar Day	3.6%	9.1%	8.8%	24.3%
	Labor Expense per Calendar Day	1.1%	6.6%	5.8%	16.8%
	Non-Labor Expense per Calendar Day	5.3%	10.1%	10.7%	31.7%
	Supply Expense per Calendar Day	7.5%	12.8%	12.3%	39.0%
	Drugs Expense per Calendar Day	7.4%	20.2%	18.2%	48.3%
	Purchased Service Expense per Calendar Day	5.6%	10.1%	9.6%	28.3%
	Total Expense per Adjusted Discharge	1.1%	4.4%	5.8%	8.4%
	Labor Expense per Adjusted Discharge	-0.6%	0.0%	2.4%	0.4%
	FTEs per AOB	-1.6%	4.1%	0.9%	4.0%
	Non-Labor Expense per Adjusted Discharge	1.4%	7.0%	6.3%	14.1%
	Supply Expense per Adjusted Discharge	6.0%	9.8%	6.9%	21.4%
	Drugs Expense per Adjusted Discharge	5.0%	13.1%	11.2%	32.0%
Purchased Service Expense per Adjusted Discharge	4.2%	7.2%	8.1%	18.6%	

Non-Operating

National Non-Operating Results

Key Observations

This report reflects market data as of September 30, 2025, and additional commentary regarding market events until October 17, 2025. September's economic data has not been released as of October 17, 2025, due to the ongoing federal government shutdown.

The federal government shut down on October 1, 2025, primarily due to disputes over healthcare policies, including Medicaid and Affordable Care Act subsidies. This is the first shutdown since 2018 and the 22nd since 1976.

The release of September's Consumer Price Index, Producer Price Index, retail sales, and housing starts data has been postponed due to the ongoing government shutdown. These figures will be published once the shutdown concludes.

Speaking at the October National Association for Business Economics conference, Federal Reserve Chair Jerome Powell cited signs of stress in the money market as a reason to phase out quantitative tightening and hinted at a possible interest rate cut later in the month.

The Federal Reserve is expected to maintain its easing trajectory, with another potential rate cut anticipated at the late-October meeting. However, Chair Powell and Fed officials face limited data as September's economic reports remain delayed due to the shutdown.

- October 29 update – The Federal Reserve cut interest rates by 0.25% at the October Federal Open Market Committee meeting, lowering the federal funds target range to 3.75%-4.00%
- Private employment declined by 32,000 in September, following a downwardly revised 3,000-job loss in August; and goods-producing jobs dropped by 3,000, while service-providing roles fell by 28,000
- This marks a notably weak ADP National Employment Report, particularly after June's slump and August's revisions

National Non-Operating Results *(continued)*

Key Observations (continued)

- Despite the attention on domestic political gridlock, global focus has shifted to geopolitical developments, as the U.S. administration successfully brokered a ceasefire and hostage exchange agreement between Hamas and Israel in Gaza
- Equity markets remained strong in September, with the S&P 500 rising 3.5% and marking its fifth consecutive monthly gain, including eight new closing highs; and with limited government data available, attention now shifts to earnings season as a key indicator
- Gold prices are nearing all-time highs, driven by anticipated U.S. rate cuts, geopolitical tensions between China and the United States, and safe-haven demand amid the government shutdown

National Non-Operating Results *(continued)*

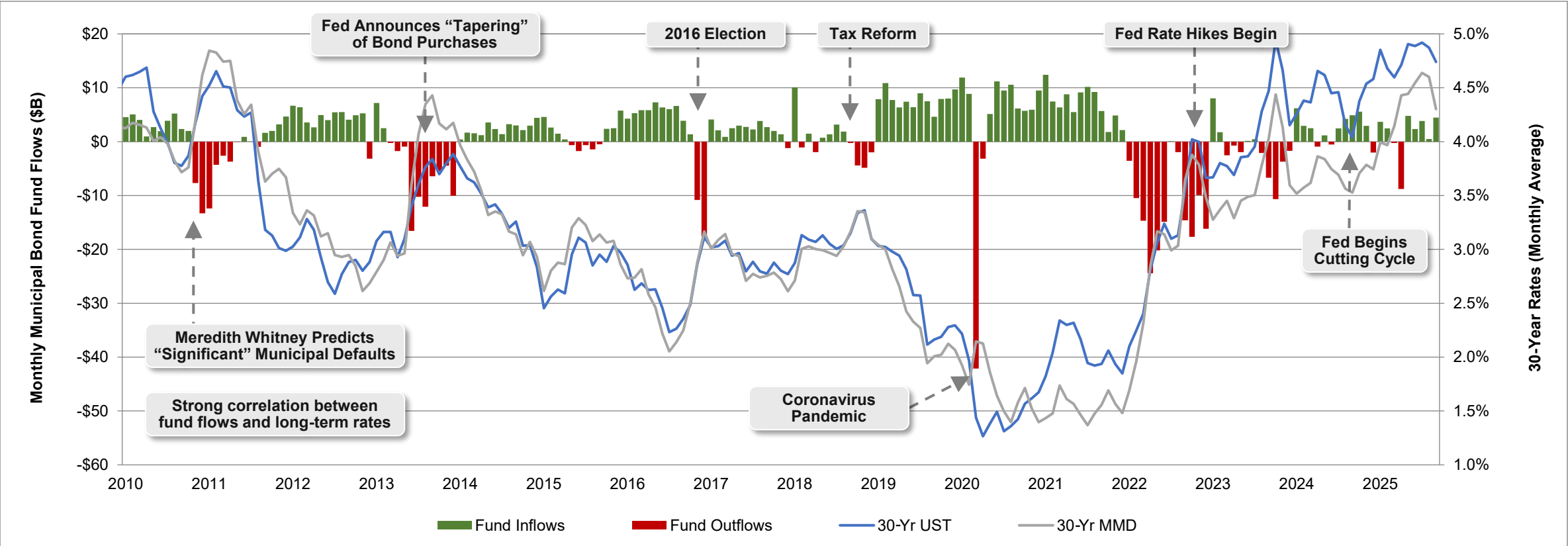
General Non-Operating Observations

	September 2025	M-o-M Change	Y-o-Y Change
General			
GDP Growth			
Unemployment Rate			
Personal Consumption Expenditures (Y-o-Y)			
Due to the government shutdown, September's economic data was not available as of 10/17/25.			
Liabilities			
SOFR	4.24%	-10 bps	-72 bps
SIFMA	2.89%	+16 bps	-26 bps
30-yr MMD	4.24%	-37 bps	+72 bps
30-yr Treasury	4.73%	-20 bps	+61 bps
Assets			
60/40 Asset Allocation†	n/a	+2.8%	+10.6%

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

Non-Operating Liabilities

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



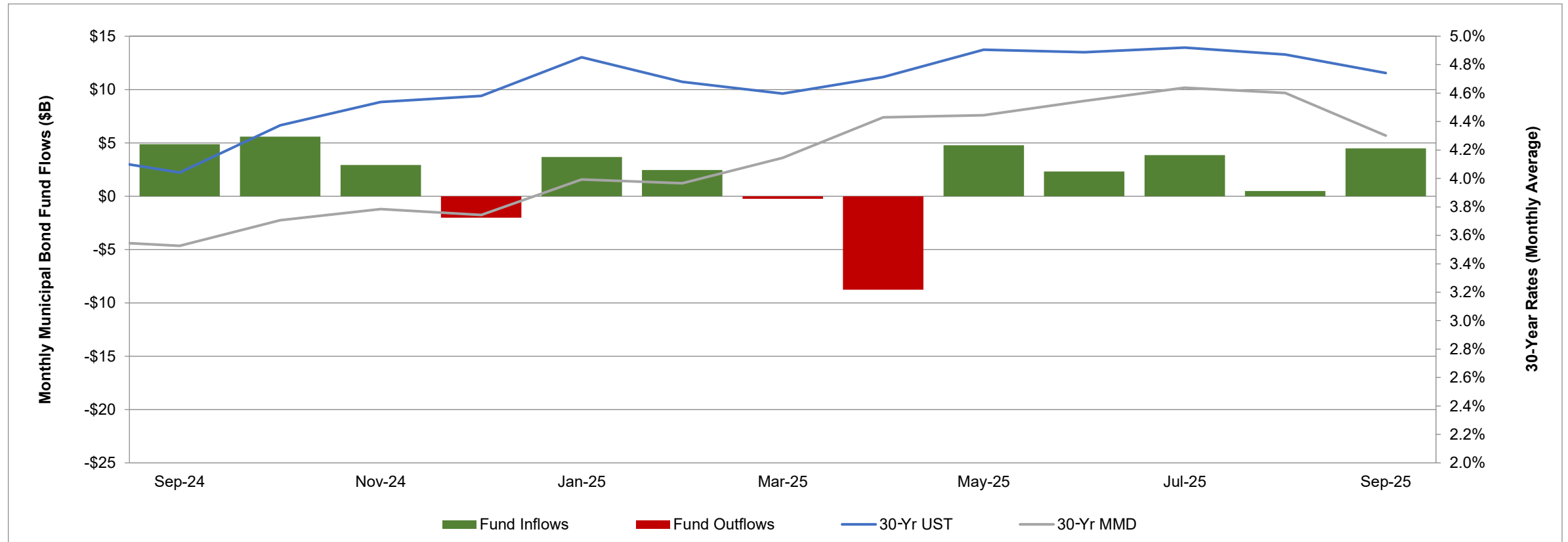
Kaufman Hall, National Hospital Flash Report (September 2025 Metrics)

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

Total Municipal Bond Fund Flows Over The Last Year: \$24.5 Bn



Kaufman Hall, *National Hospital Flash Report* (September 2025 Metrics)

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)*

The tax-exempt market experienced broad-based declines in September, breaking the period of stability seen in August. The 10-year MMD closed at 2.92%, down 30 basis points from August's close, while the 30-year MMD ended at 4.24%, a 37-basis-point drop and now 60 basis points below the 12-month high set in April. October has extended this downward trend, with the 10-year and 30-year MMD falling an additional 10 and eight basis points, respectively, through mid-month, reinforcing the sustained easing momentum that began in late summer.

In contrast to August's mixed performance, the taxable market moved uniformly lower in September. The 10-year Treasury yield fell eight basis points, while the 30-year declined 20 basis points. The 30-year Treasury remained below the 5.00% threshold, peaking at 4.96%, three basis points above August's high. However, September's low of 4.65% was 13 basis points below August's minimum of 4.78%, indicating slightly elevated intramonth volatility. Early October has continued this downward trend. Through mid-month, the 10-year and 30-year Treasury yields fell

an additional 12 and 11 basis points, respectively, mirroring declines in tax-exempt yields.

In September, MMD/UST ratios widened across the curve, contrasting with the mixed movements seen in August. On the short and intermediate ends, the five-year and 10-year ratios declined 1% and 6%, ending at 62% and 70%, respectively. At the long end, the 20-year ratio widened slightly more than the 30-year, finishing at 85%, down 5%, while the 30-year closed at 90%, down 4%, compared to the prior month.

The tax-exempt yield curve has steepened significantly since the start of 2025, influenced by falling short-term rates and modest long-term increases. Compared to levels at the end of January, the five-year and 10-year MMD yields ended September 45 and five basis points lower, respectively. In contrast, the 20-year and 30-year tenors rose 24 and 27 basis points, respectively, further steepening the curve and encouraging borrowers to favor shorter maturities.

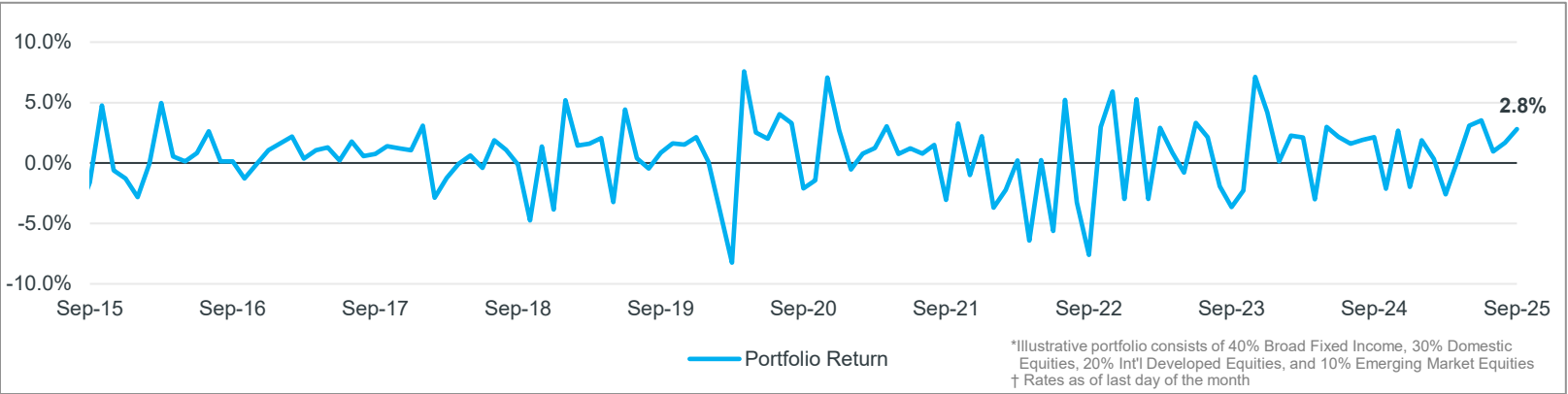
Non-Operating Liabilities *(continued)*

Variable tax-exempt rates traded in a tight 29-basis-point range between 2.60% and 2.89% during September. The month's low of 2.60% stood nearly 100 basis points above August's trough of 1.69%, while the high of 2.89% was almost unchanged from August's 2.88%, reflecting lower volatility overall in September. Throughout the third quarter of 2025, SIFMA averaged 2.43%, with the SIFMA-to-SOFR ratio averaging 57%, notably below the long-term historical average range of 67%–70%. Early October resets have remained stable to slightly lower, ranging between 2.31% and 2.70% over the first two weeks.

Municipal bond fund flows reversed course in September, recording \$4.5 billion in inflows, a sharp improvement from August's revised \$0.5 billion. In the healthcare sector, year-to-date issuance reached \$32.0 billion, up \$0.9 billion from the same period last year. September issuance was lighter, with only four tax-exempt public healthcare deals priced, but momentum picked up in early October, as eight healthcare borrowers entered the public markets, two featuring both taxable and tax-exempt transactions.

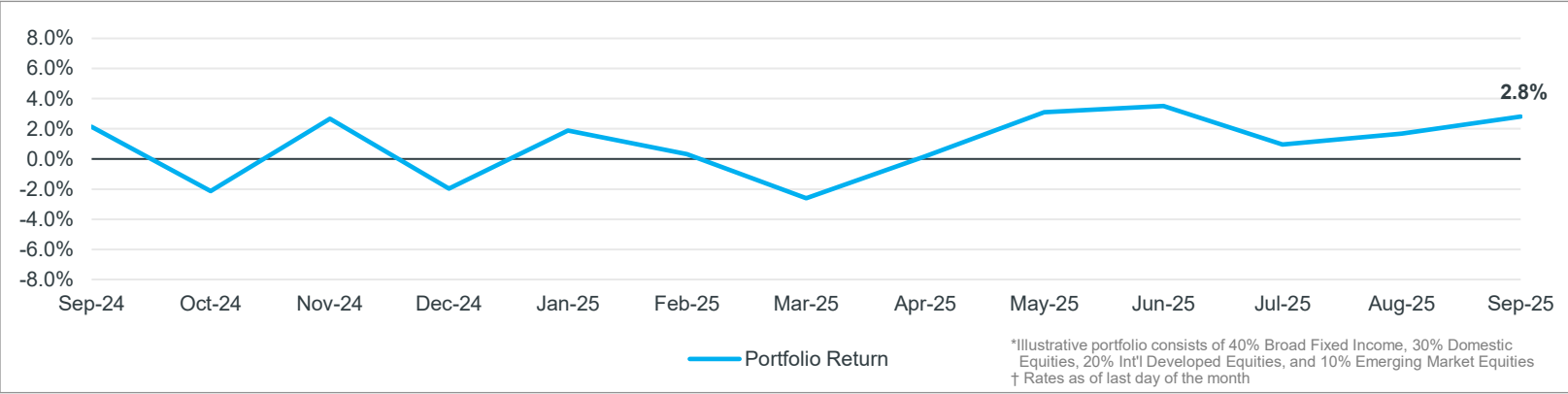
Non-Operating Assets

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



Kaufman Hall, National Hospital Flash Report (September 2025 Metrics)

Last 12 Months – Illustrative Investment Portfolio Returns, Month-over-Month Change



Kaufman Hall, National Hospital Flash Report (September 2025 Metrics)

Equity markets extended their rally in September, marking the fifth straight month of gains. The market climbed 3.5% for the month, up 16.1% on an annual basis, revealing sustained investor optimism and confidence in the economic outlook following April’s tariff announcements. The commonly used 60/40 blended asset allocation portfolio also saw incremental growth, advancing to 2.8% in September, up from a 1.7% monthly gain in August. The MSCI World, MSCI Emerging Markets, and U.S. Barclays Aggregate Bond Index all saw gains in September at 3.1%, 7.0%, and 1.1%, respectively. Similar to August, the fixed income moved in tandem with equities, reversing its typical inverse relationship. This sustained alignment between bond and equity markets in September signals broad-based investor confidence across asset classes.

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Talk to us

Have a comment on the Kaufman Hall *National Hospital Flash Report*? We want to hear from you. Please direct all questions or comments to flashreports@kaufmanhall.com.

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