

KaufmanHall

SEPTEMBER 2023

National Hospital Flash Report

Real Data. Real Insight. Real Time.

Based on August Data from More Than 1,300 Hospitals

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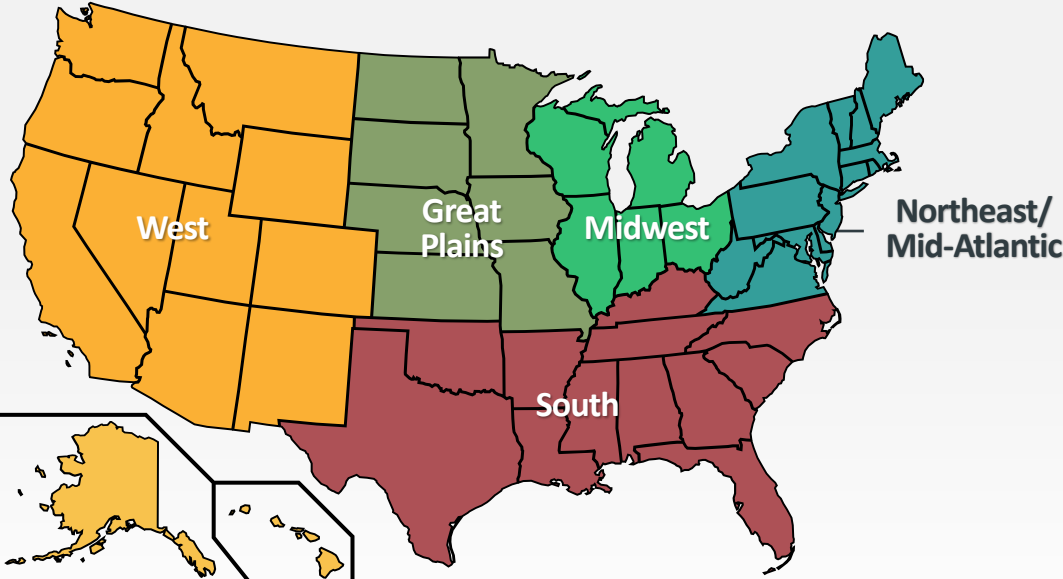
About the Data

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. Hospital performance in August improved compared to July as margins continue to stabilize.

While margins are still below historical levels, there is less variance and an overall trend of positive margins in 2023.

2. Lengths of stay in 2023 continue to decline.

Patients continue to resume more normal patterns of accessing care.

3. Expenses increased but were offset by increased revenue.

Labor expenses also declined alongside less contract labor utilization, reflecting overall financial stability.

Action Steps

- While recovery is non-linear, now is an opportune time for hospitals to reinvigorate strategic financial and capital planning efforts that may have been previously curtailed.
- Decisions surrounding capital investment and capital capacity will vary by organization and should be informed by a rigorous process of examination that considers market opportunities, strategic priorities, risk, overall mission, and values.
- While deferring capital investment may have been prudent in the face of recent financial pressures, waiting too long to re-engage in a strategic financial and capital planning process could threaten the long-term relevance and viability of organizations as they fall behind the needs of their communities and actions of their competitors.

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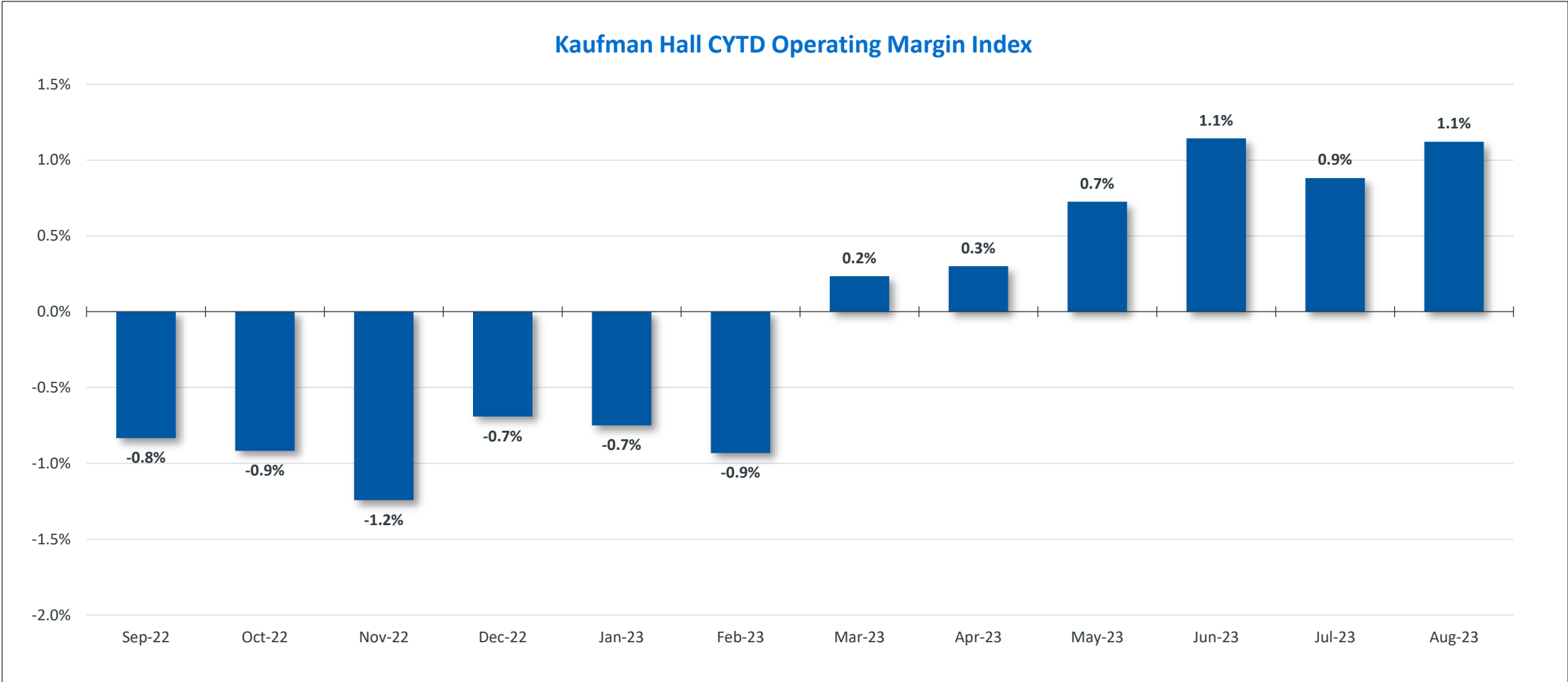


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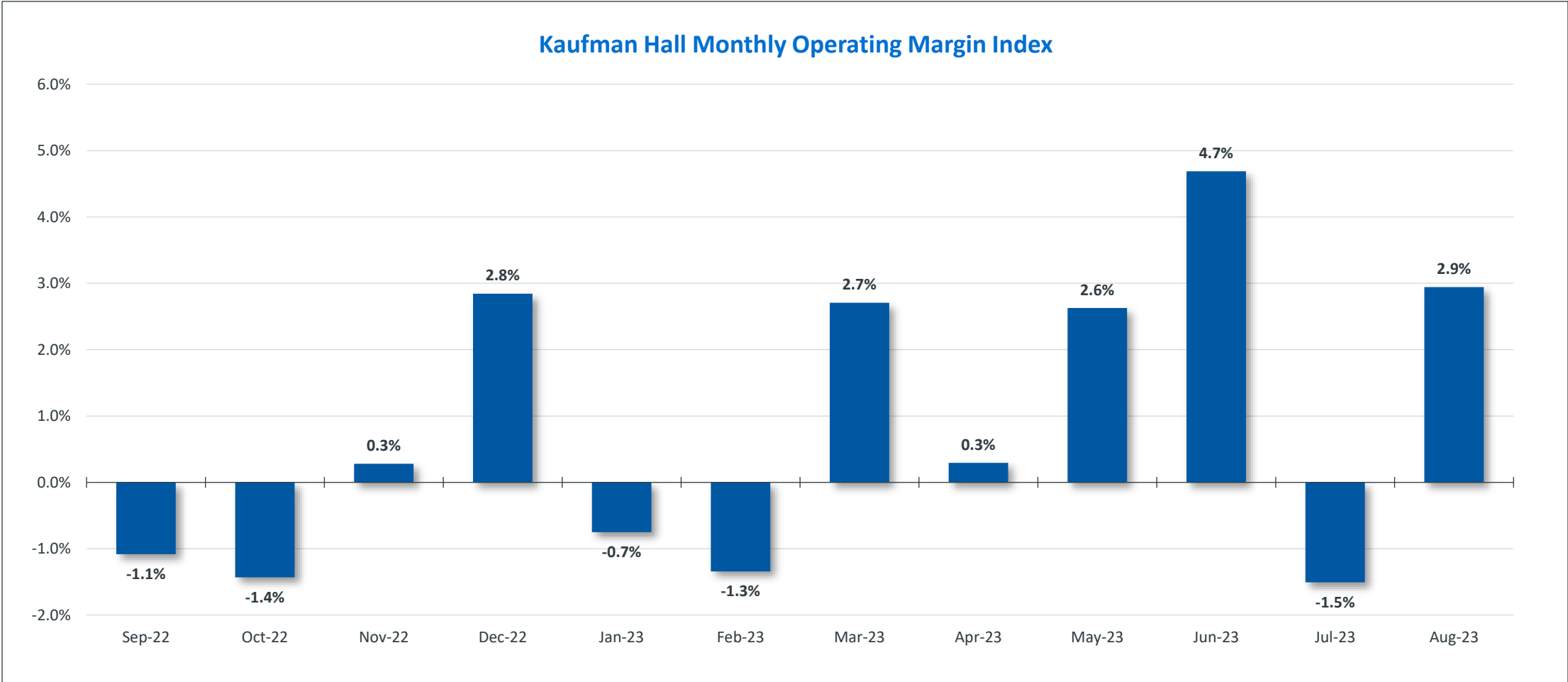
Operating Margin



Kaufman Hall, National Hospital Flash Report (September 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 (September 2023)

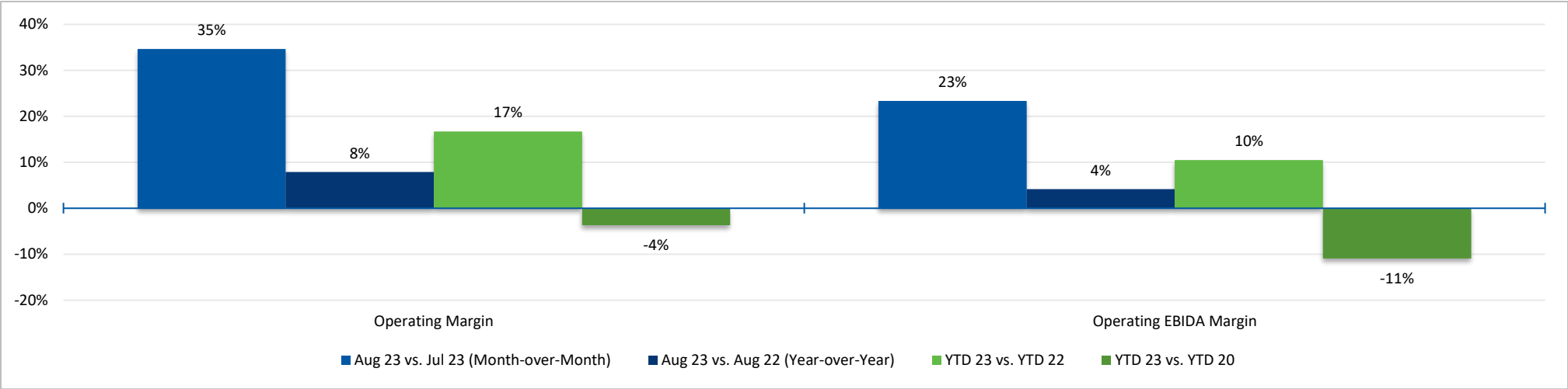
* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

National and Regional Data

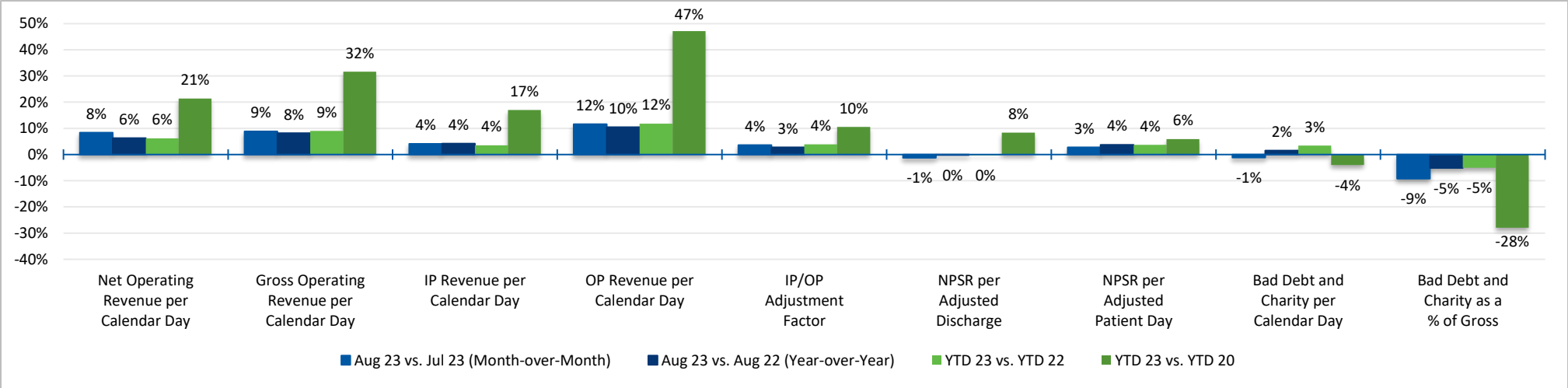
Profitability, Revenue, Expense, and Volume

National Data

Profitability

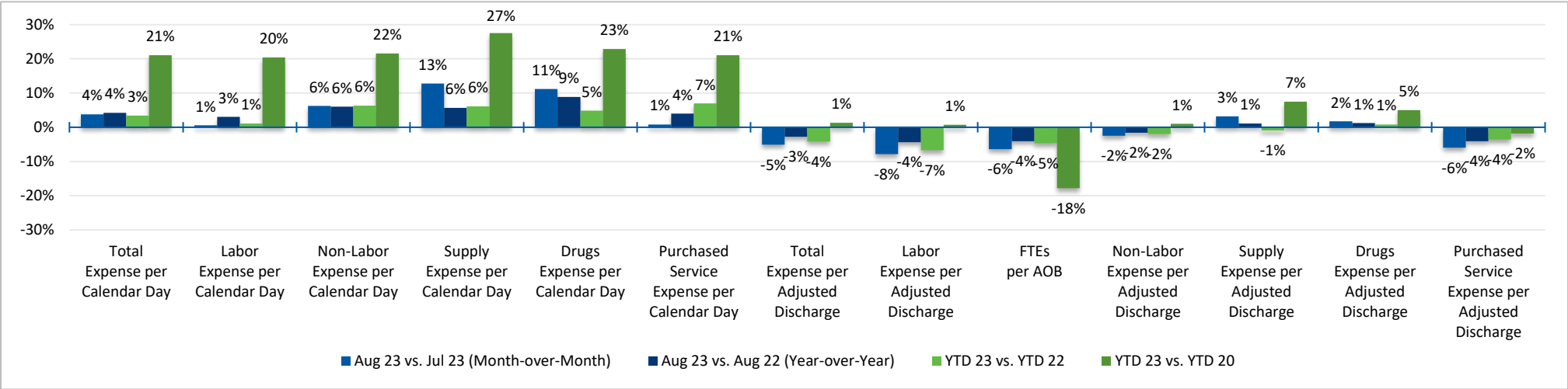


Revenue

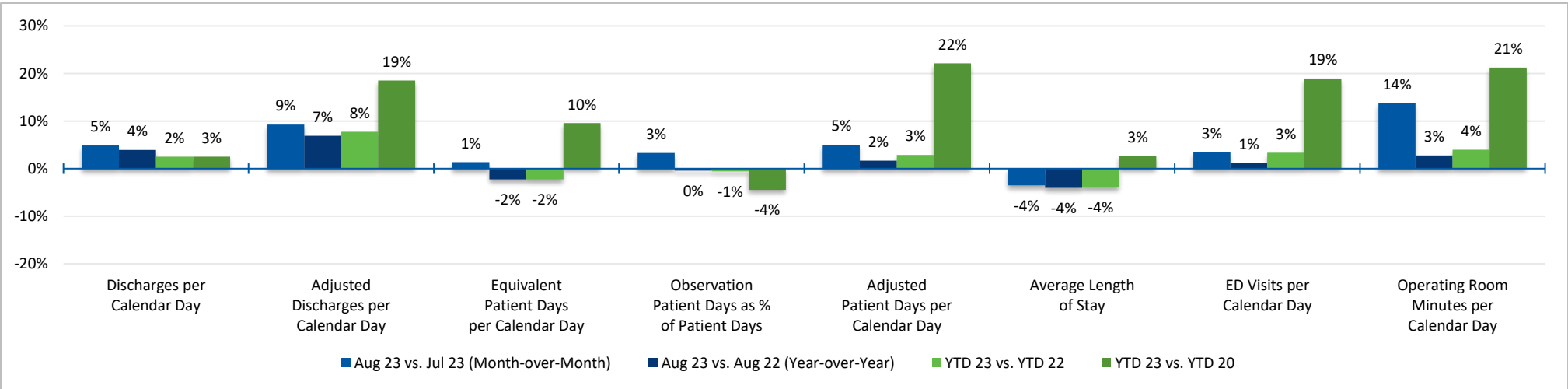


National Data *(continued)*

Expense

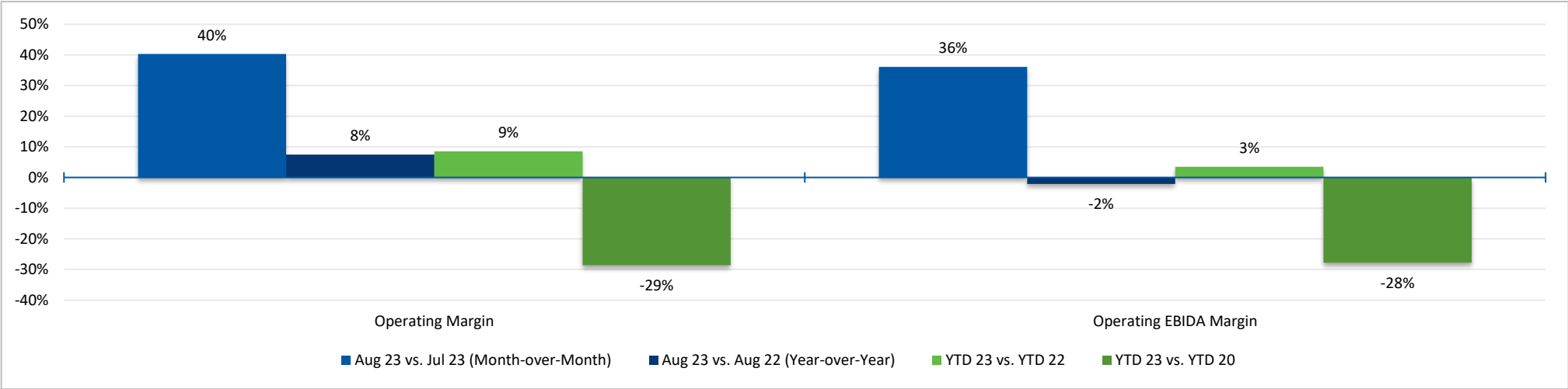


Volume

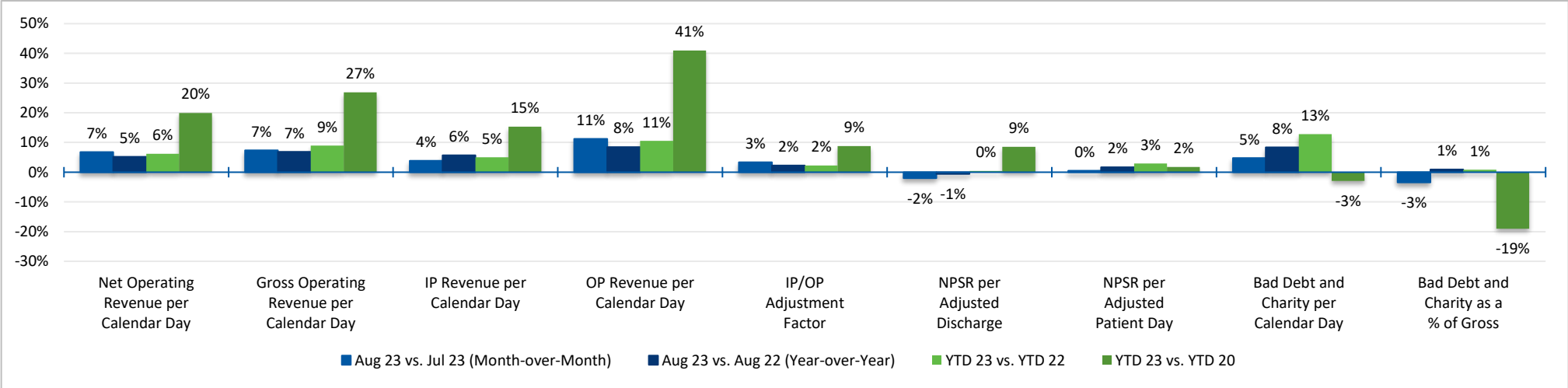


Regional Data: West

Profitability

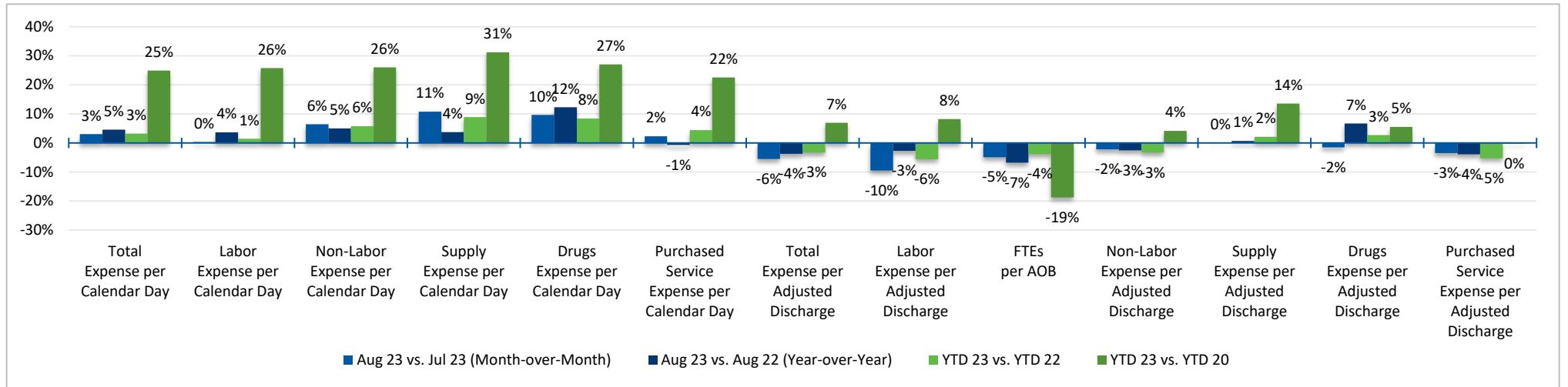


Revenue

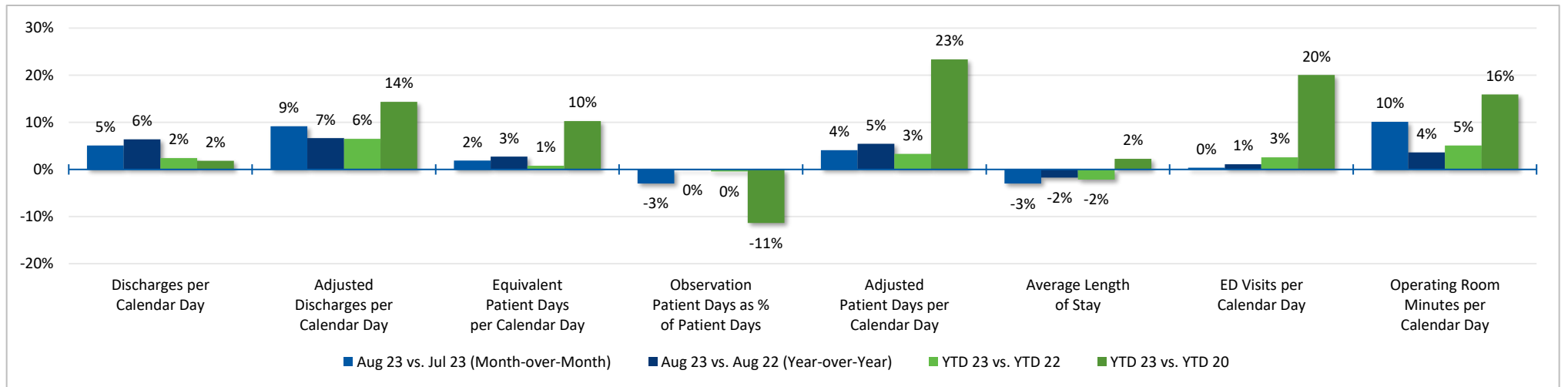


Regional Data: West *(continued)*

Expense

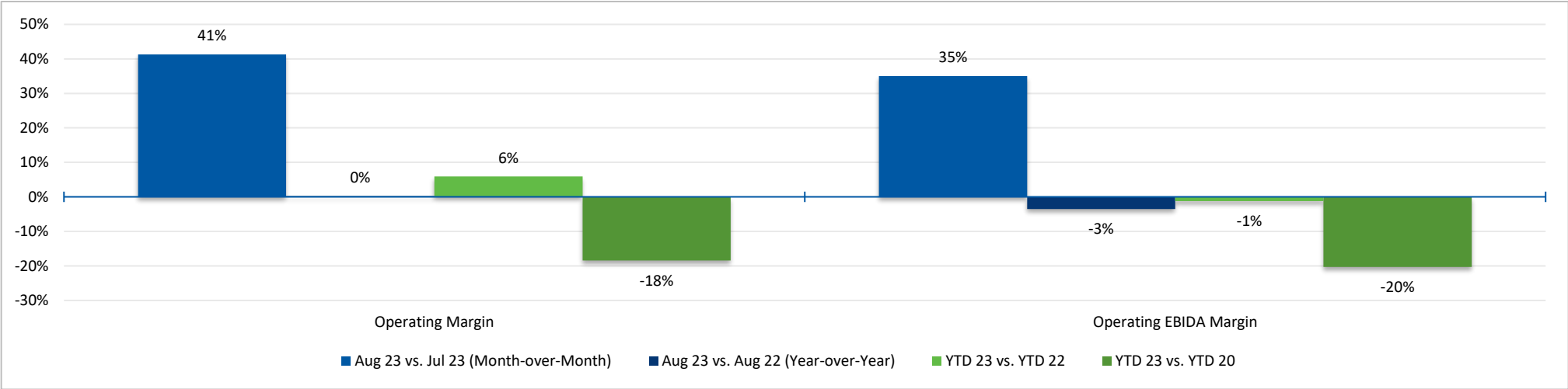


Volume

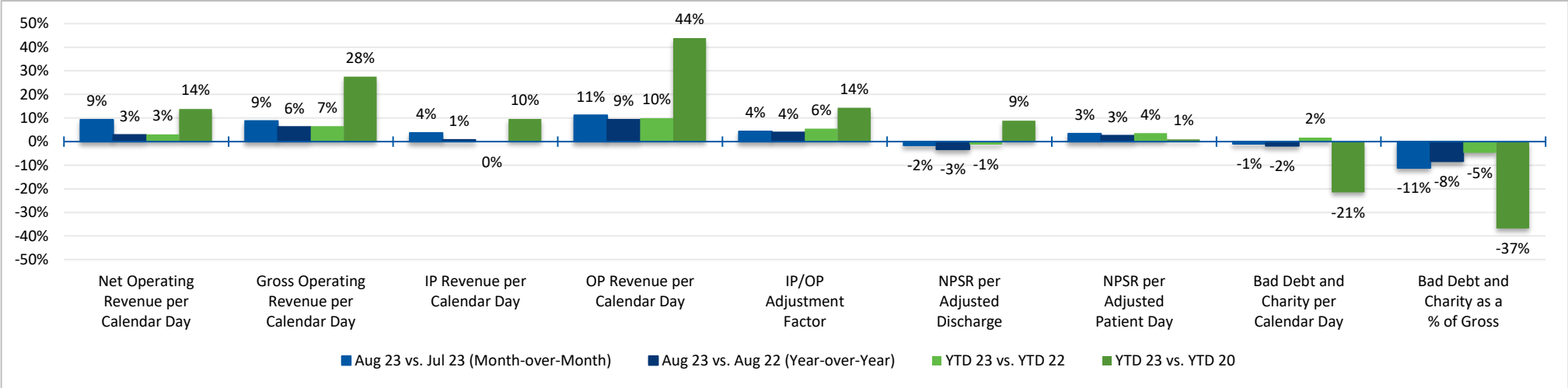


Regional Data: Midwest

Profitability

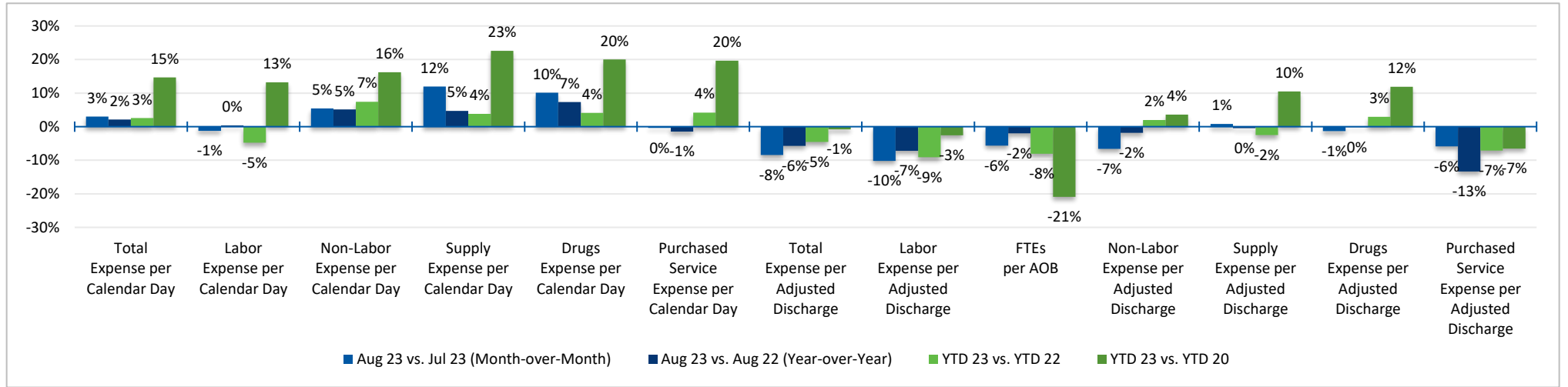


Revenue

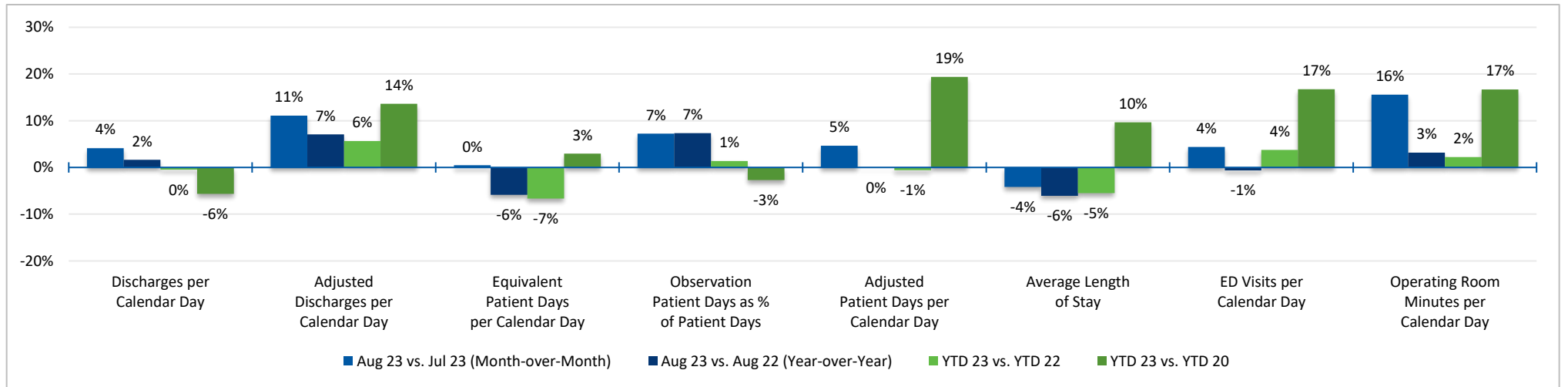


Regional Data: Midwest *(continued)*

Expense

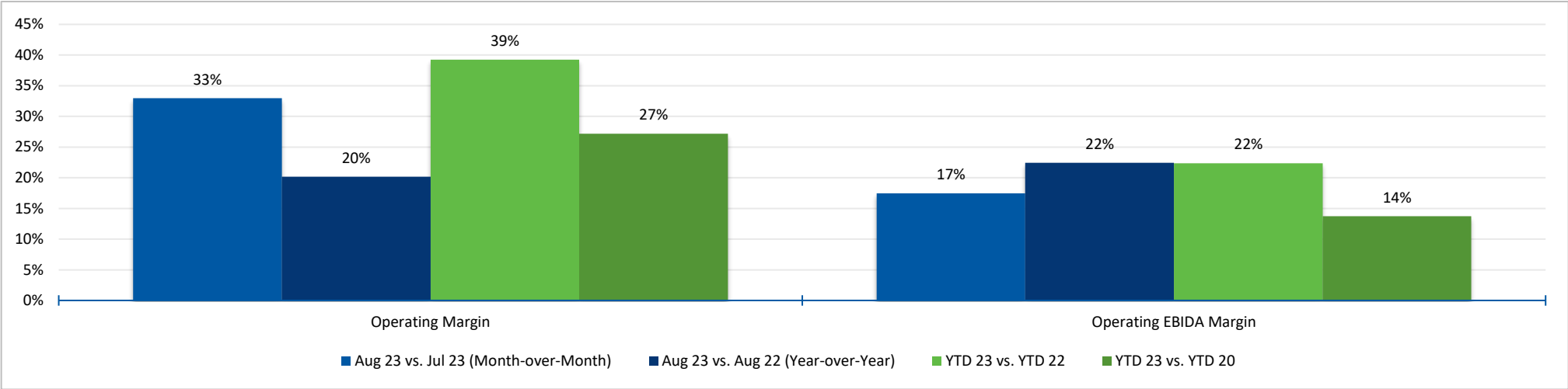


Volume

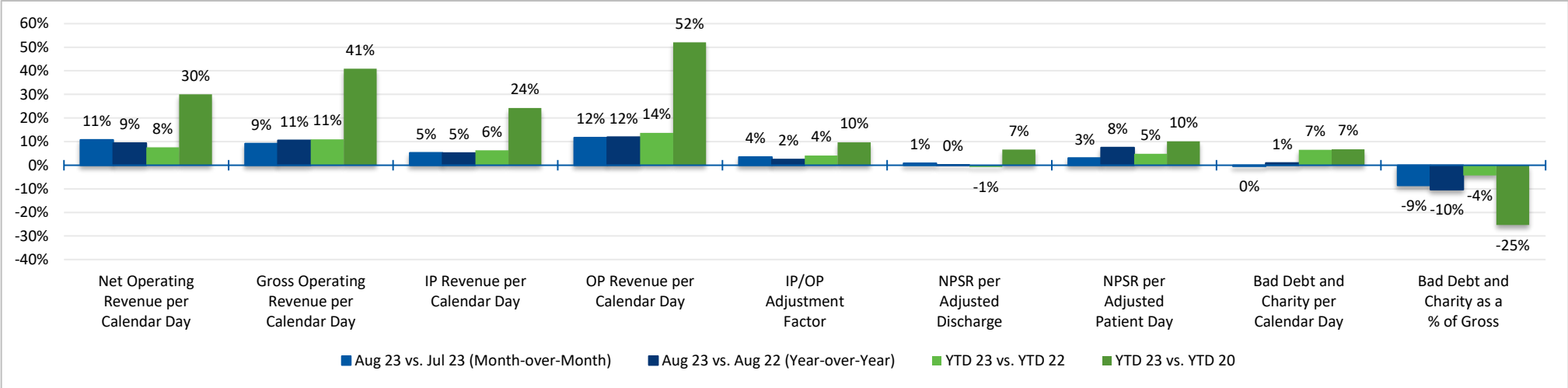


Regional Data: South

Profitability

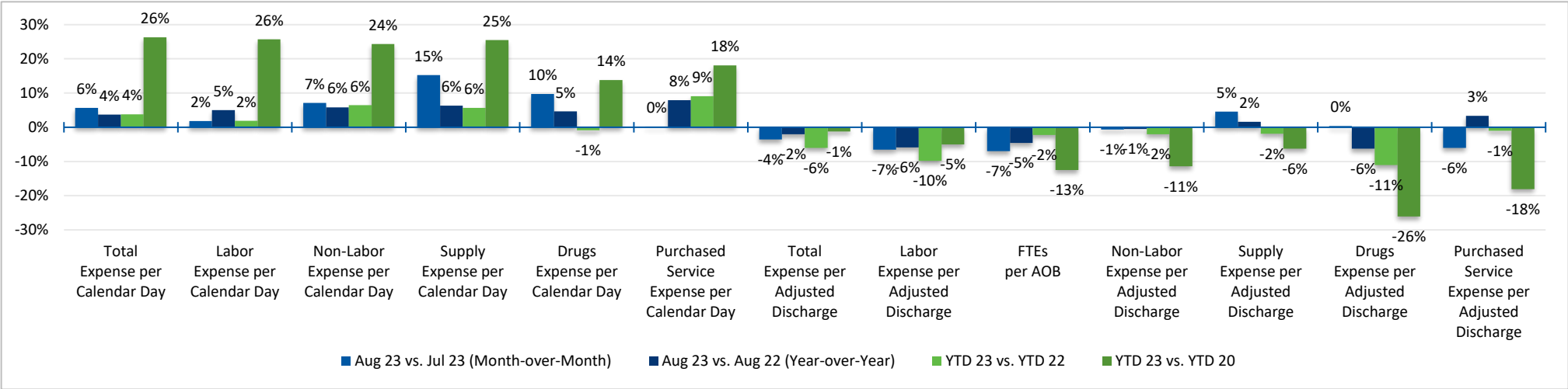


Revenue

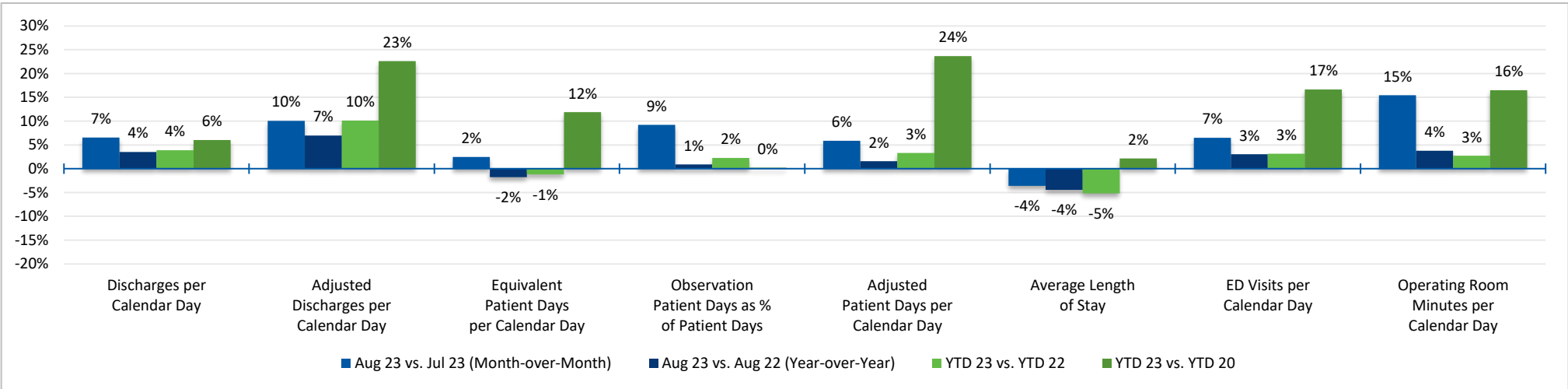


Regional Data: South *(continued)*

Expense

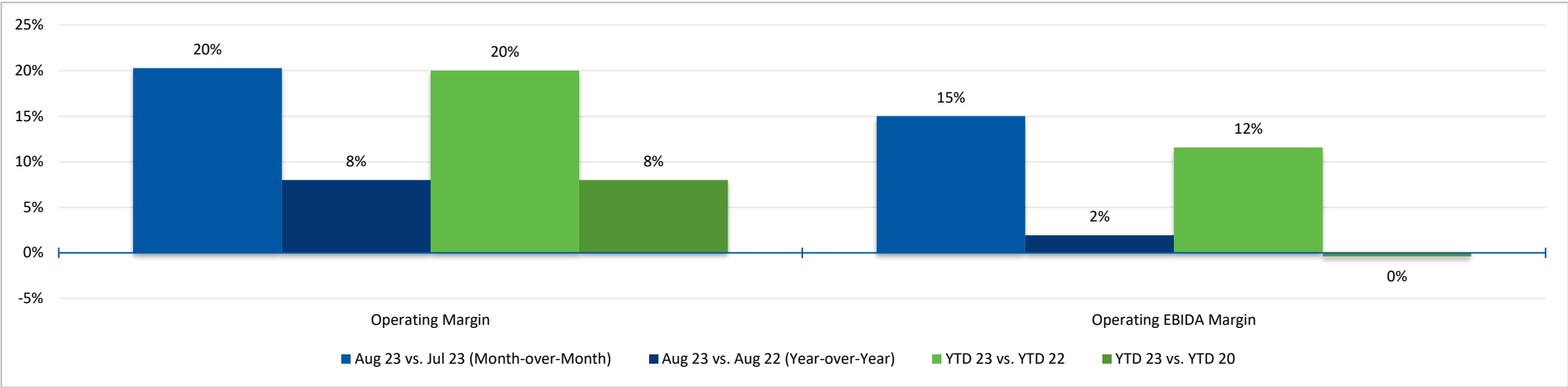


Volume

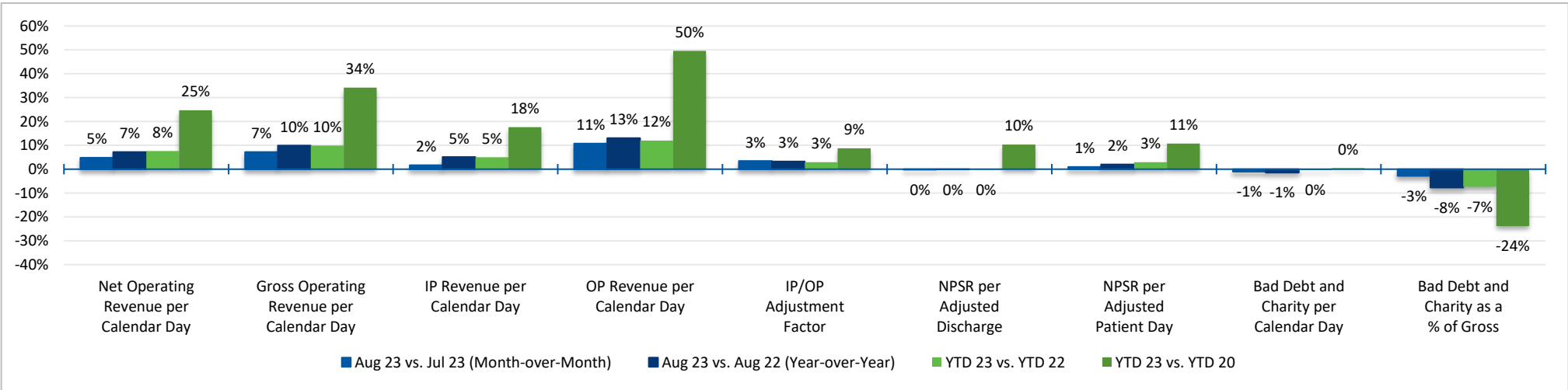


Regional Data: Northeast/Mid-Atlantic

Profitability

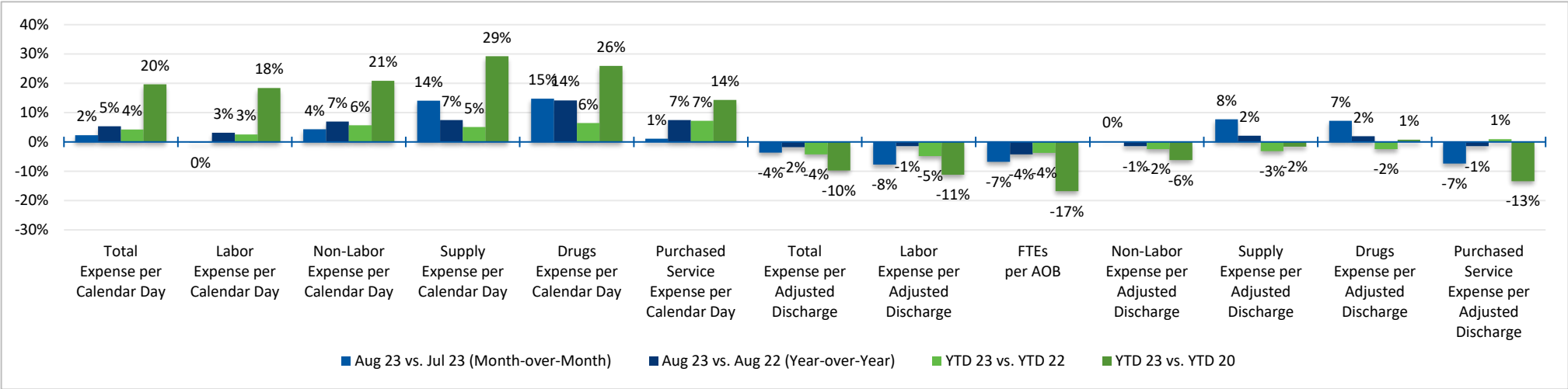


Revenue

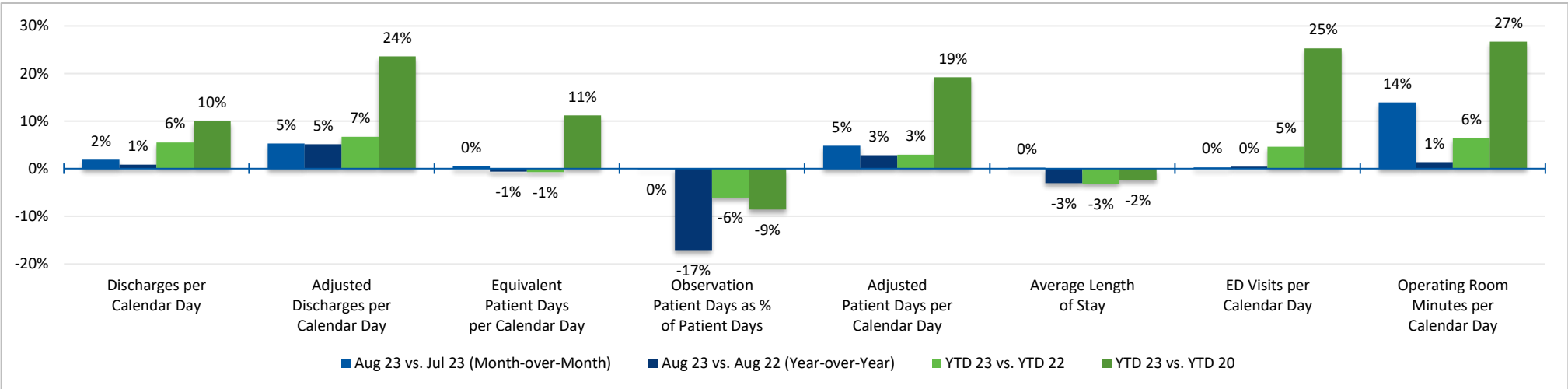


Regional Data: Northeast/Mid-Atlantic *(continued)*

Expense

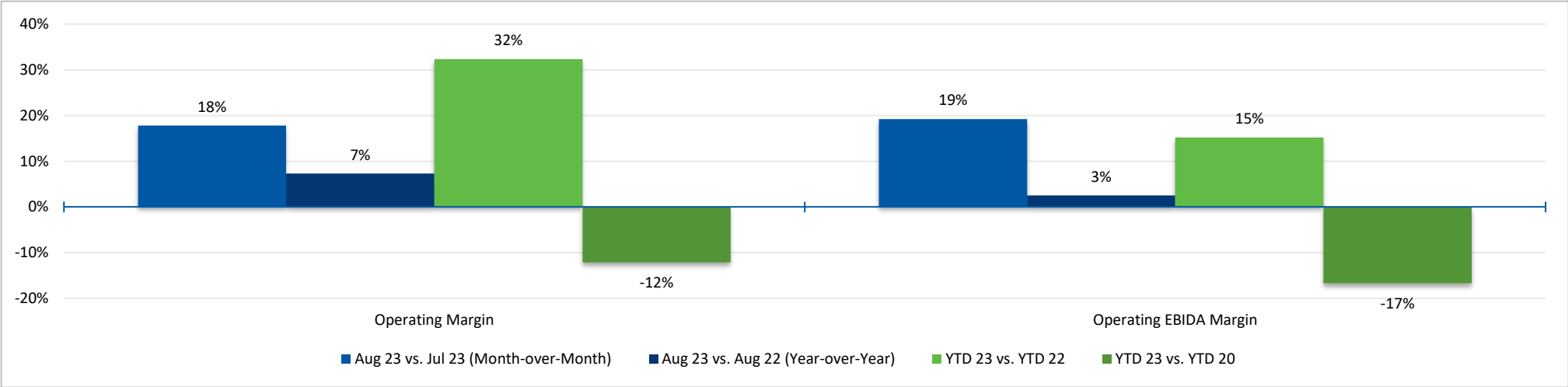


Volume

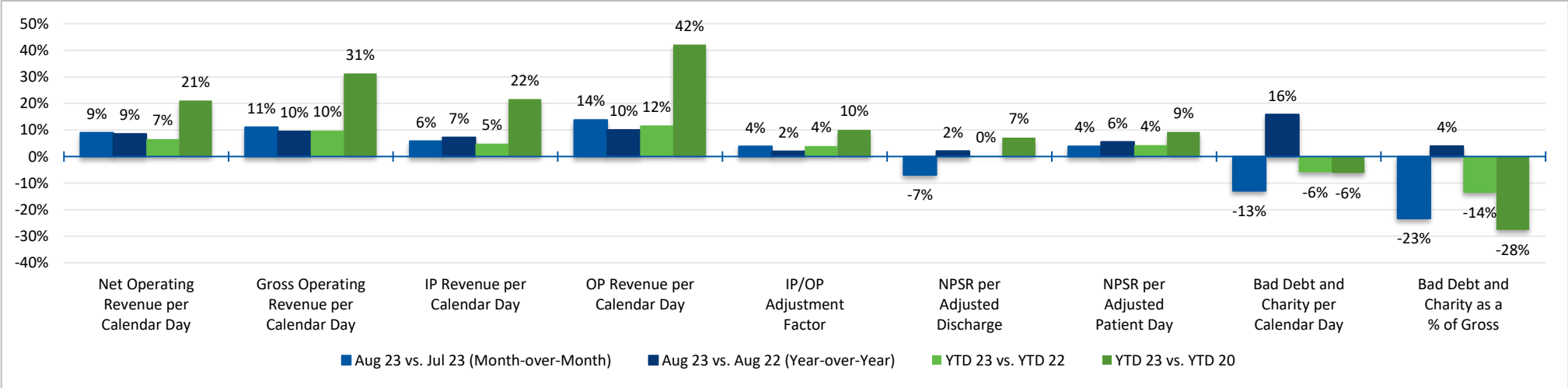


Regional Data: Great Plains

Profitability

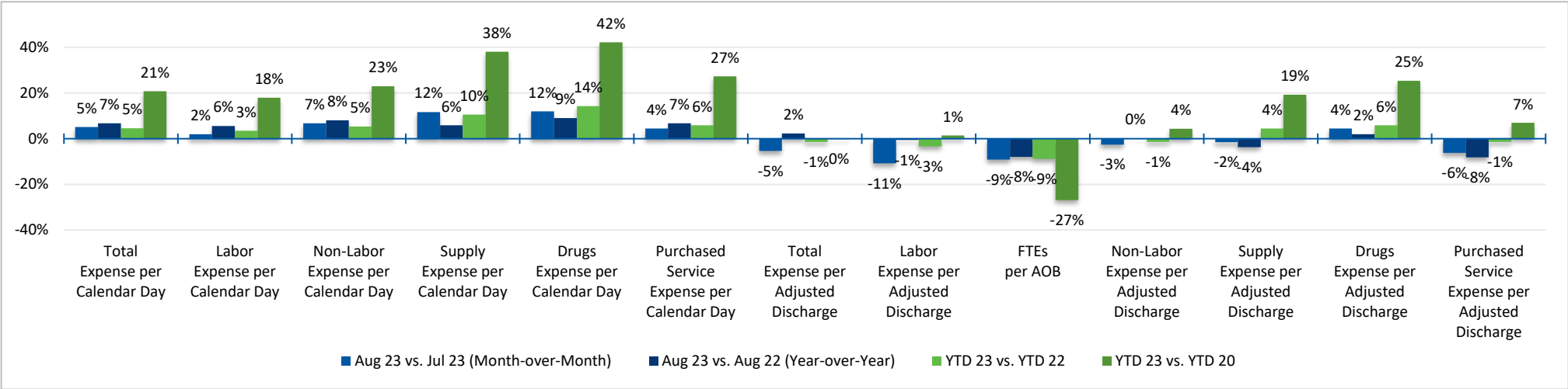


Revenue

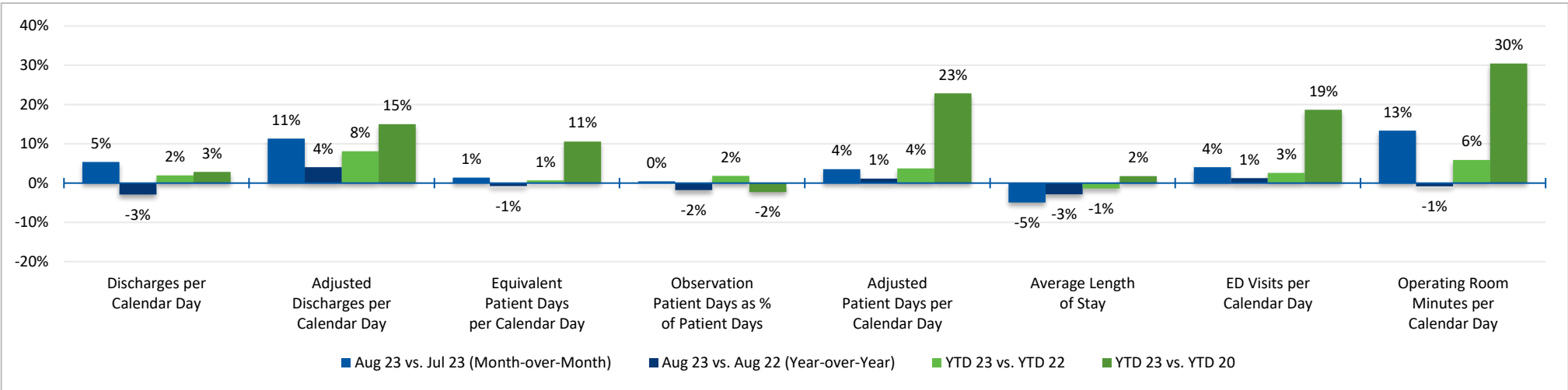


Regional Data: Great Plains *(continued)*

Expense



Volume



Data by Hospital Bed Size

Profitability, Revenue, Expense, and Volume

0-25 Beds

		Aug 23 vs. Jul 23 (Month-over-Month)	Aug 23 vs. Aug 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	39.9%	24.3%	14.1%	-2.4%
	Operating EBIDA Margin	36.3%	18.4%	6.3%	-8.4%
Volume	Discharges per Calendar Day	11.8%	-6.2%	-1.9%	-2.8%
	Adjusted Discharges per Calendar Day	11.7%	8.5%	11.1%	28.1%
	Equivalent Patient Days per Calendar Day	2.0%	-5.0%	-4.7%	6.9%
	Observation Patient Days as % of Patient Days	5.9%	-3.1%	2.2%	-21.5%
	Adjusted Patient Days per Calendar Day	3.5%	1.9%	6.4%	30.8%
	Average Length of Stay	-5.3%	-8.3%	-4.3%	5.4%
	ED Visits per Calendar Day	1.1%	1.1%	3.2%	20.1%
	Operating Room Minutes per Calendar Day	18.3%	13.8%	6.7%	17.1%
	Revenue	Net Operating Revenue per Calendar Day	9.9%	7.6%	4.6%
Gross Operating Revenue per Calendar Day		10.8%	8.7%	8.7%	33.6%
IP Revenue per Calendar Day		5.0%	-0.6%	-2.4%	8.3%
OP Revenue per Calendar Day		10.7%	9.3%	10.6%	47.9%
IP/OP Adjustment Factor		3.1%	6.4%	8.9%	20.5%
NPSR per Adjusted Discharge		-7.7%	-3.7%	-5.0%	0.4%
NPSR per Adjusted Patient Day		3.5%	2.6%	-2.8%	-4.7%
Bad Debt and Charity per Calendar Day		-0.3%	0.5%	2.1%	-1.2%
Bad Debt and Charity as a % of Gross		-9.3%	-8.7%	-5.5%	-30.3%
Expense		Total Expense per Calendar Day	3.1%	2.8%	2.7%
	Labor Expense per Calendar Day	1.1%	2.2%	0.7%	18.9%
	Non-Labor Expense per Calendar Day	5.3%	3.4%	4.9%	20.9%
	Supply Expense per Calendar Day	17.9%	1.9%	6.2%	32.2%
	Drugs Expense per Calendar Day	6.5%	12.5%	9.7%	38.2%
	Purchased Service Expense per Calendar Day	-0.1%	-3.7%	4.3%	22.9%
	Total Expense per Adjusted Discharge	-10.8%	-4.9%	-6.7%	-7.5%
	Labor Expense per Adjusted Discharge	-12.6%	-5.7%	-9.0%	-8.8%
	FTEs per AOB	-7.0%	-8.9%	-11.3%	-28.6%
	Non-Labor Expense per Adjusted Discharge	-9.9%	-4.5%	-5.1%	-7.9%
	Supply Expense per Adjusted Discharge	-5.2%	-0.8%	-3.0%	9.1%
	Drugs Expense per Adjusted Discharge	-11.3%	5.2%	6.0%	15.6%
	Purchased Service Expense per Adjusted Discharge	-5.8%	-9.1%	-9.1%	-5.3%

26-99 Beds

		Aug 23 vs. Jul 23 (Month-over-Month)	Aug 23 vs. Aug 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	30.6%	6.5%	16.6%	1.8%
	Operating EBIDA Margin	19.6%	6.6%	11.4%	-10.8%
Volume	Discharges per Calendar Day	3.7%	1.2%	1.7%	1.4%
	Adjusted Discharges per Calendar Day	8.4%	3.6%	6.2%	19.5%
	Equivalent Patient Days per Calendar Day	2.9%	-4.7%	-4.8%	13.5%
	Observation Patient Days as % of Patient Days	6.0%	-3.7%	9.0%	-2.3%
	Adjusted Patient Days per Calendar Day	4.9%	-1.5%	0.8%	26.2%
	Average Length of Stay	-1.0%	-4.5%	-5.8%	-0.6%
	ED Visits per Calendar Day	3.0%	0.7%	4.1%	22.1%
	Operating Room Minutes per Calendar Day	12.7%	-5.3%	0.0%	18.7%
Revenue	Net Operating Revenue per Calendar Day	8.6%	2.7%	5.7%	22.4%
	Gross Operating Revenue per Calendar Day	9.0%	6.4%	8.7%	37.1%
	IP Revenue per Calendar Day	2.7%	1.7%	1.9%	16.1%
	OP Revenue per Calendar Day	10.5%	8.0%	11.4%	49.0%
	IP/OP Adjustment Factor	4.9%	2.7%	5.2%	12.7%
	NPSR per Adjusted Discharge	-0.5%	-1.1%	-1.3%	6.7%
	NPSR per Adjusted Patient Day	2.4%	2.8%	5.0%	3.6%
	Bad Debt and Charity per Calendar Day	-0.7%	-4.7%	0.4%	0.8%
Bad Debt and Charity as a % of Gross	-7.8%	-10.1%	-5.6%	-25.8%	
Expense	Total Expense per Calendar Day	4.3%	2.8%	2.7%	20.1%
	Labor Expense per Calendar Day	0.8%	3.5%	0.8%	17.0%
	Non-Labor Expense per Calendar Day	6.6%	6.3%	5.9%	20.0%
	Supply Expense per Calendar Day	14.7%	3.4%	4.0%	28.3%
	Drugs Expense per Calendar Day	12.4%	3.3%	2.1%	20.0%
	Purchased Service Expense per Calendar Day	0.0%	3.1%	3.5%	14.9%
	Total Expense per Adjusted Discharge	-4.4%	-0.1%	-4.4%	1.3%
	Labor Expense per Adjusted Discharge	-6.5%	-4.4%	-8.3%	-3.5%
	FTEs per AOB	-9.4%	-5.4%	-3.6%	-23.8%
	Non-Labor Expense per Adjusted Discharge	-1.9%	1.2%	-0.7%	1.2%
	Supply Expense per Adjusted Discharge	6.2%	1.5%	-1.9%	5.2%
	Drugs Expense per Adjusted Discharge	4.5%	-3.7%	-6.3%	-5.4%
Purchased Service Expense per Adjusted Discharge	-10.1%	-4.2%	-3.5%	-6.7%	

100-199 Beds

		Aug 23 vs. Jul 23 (Month-over-Month)	Aug 23 vs. Aug 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	35.3%	-1.8%	14.9%	10.8%
	Operating EBIDA Margin	25.5%	-4.0%	8.0%	0.4%
Volume	Discharges per Calendar Day	5.7%	6.6%	3.6%	4.9%
	Adjusted Discharges per Calendar Day	10.4%	8.2%	9.2%	17.2%
	Equivalent Patient Days per Calendar Day	1.1%	-2.8%	-1.9%	8.2%
	Observation Patient Days as % of Patient Days	7.3%	2.3%	-4.8%	-10.1%
	Adjusted Patient Days per Calendar Day	5.1%	1.7%	3.8%	22.2%
	Average Length of Stay	-4.1%	-4.3%	-4.2%	-1.2%
	ED Visits per Calendar Day	4.4%	0.4%	3.1%	16.8%
	Operating Room Minutes per Calendar Day	16.9%	3.6%	4.5%	20.6%
	Revenue	Net Operating Revenue per Calendar Day	9.3%	6.3%	7.2%
Gross Operating Revenue per Calendar Day		8.9%	7.5%	10.0%	30.1%
IP Revenue per Calendar Day		4.5%	4.2%	3.3%	16.1%
OP Revenue per Calendar Day		11.9%	11.2%	11.9%	45.4%
IP/OP Adjustment Factor		3.1%	2.4%	4.6%	10.6%
NPSR per Adjusted Discharge		-1.0%	0.8%	-1.1%	8.9%
NPSR per Adjusted Patient Day		2.1%	2.8%	1.7%	4.8%
Bad Debt and Charity per Calendar Day		2.3%	14.3%	7.0%	-12.5%
Bad Debt and Charity as a % of Gross		-3.3%	3.1%	-2.3%	-31.7%
Expense		Total Expense per Calendar Day	4.0%	4.7%	3.3%
	Labor Expense per Calendar Day	-0.2%	3.8%	0.6%	20.3%
	Non-Labor Expense per Calendar Day	5.9%	6.0%	6.5%	18.5%
	Supply Expense per Calendar Day	12.3%	4.8%	3.2%	25.4%
	Drugs Expense per Calendar Day	11.9%	2.9%	-0.3%	19.8%
	Purchased Service Expense per Calendar Day	2.4%	2.6%	7.4%	12.5%
	Total Expense per Adjusted Discharge	-5.2%	-3.9%	-5.1%	1.1%
	Labor Expense per Adjusted Discharge	-9.0%	-2.7%	-6.5%	0.7%
	FTEs per AOB	-7.2%	-3.9%	-5.5%	-17.8%
	Non-Labor Expense per Adjusted Discharge	-2.8%	-3.6%	-2.1%	-10.3%
	Supply Expense per Adjusted Discharge	0.5%	-2.8%	-3.6%	-3.3%
	Drugs Expense per Adjusted Discharge	-0.8%	-5.8%	-5.5%	-9.4%
	Purchased Service Expense per Adjusted Discharge	-5.1%	-5.0%	-3.5%	-25.0%

200-299 Beds

		Aug 23 vs. Jul 23 (Month-over-Month)	Aug 23 vs. Aug 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	37.3%	9.3%	5.6%	-28.4%
	Operating EBIDA Margin	22.9%	4.5%	1.5%	-17.8%
Volume	Discharges per Calendar Day	5.7%	2.2%	3.3%	1.4%
	Adjusted Discharges per Calendar Day	8.2%	4.4%	7.2%	14.6%
	Equivalent Patient Days per Calendar Day	0.8%	-1.3%	-0.8%	8.7%
	Observation Patient Days as % of Patient Days	3.9%	1.2%	-3.1%	3.4%
	Adjusted Patient Days per Calendar Day	4.6%	1.8%	1.1%	19.2%
	Average Length of Stay	-3.8%	2.2%	-2.3%	3.6%
	ED Visits per Calendar Day	3.2%	1.7%	3.1%	19.2%
	Operating Room Minutes per Calendar Day	11.7%	3.5%	3.7%	16.7%
Revenue	Net Operating Revenue per Calendar Day	7.7%	7.2%	5.6%	20.5%
	Gross Operating Revenue per Calendar Day	8.0%	9.4%	9.4%	30.9%
	IP Revenue per Calendar Day	4.1%	5.5%	6.1%	19.6%
	OP Revenue per Calendar Day	11.4%	11.6%	11.9%	46.5%
	IP/OP Adjustment Factor	3.7%	3.0%	2.7%	10.2%
	NPSR per Adjusted Discharge	0.0%	1.7%	-0.4%	7.4%
	NPSR per Adjusted Patient Day	3.1%	7.6%	3.9%	6.4%
	Bad Debt and Charity per Calendar Day	0.0%	2.6%	4.9%	-6.1%
	Bad Debt and Charity as a % of Gross	-5.9%	-6.2%	-2.1%	-26.5%
Expense	Total Expense per Calendar Day	3.9%	3.0%	4.6%	25.9%
	Labor Expense per Calendar Day	0.4%	3.1%	0.5%	22.4%
	Non-Labor Expense per Calendar Day	7.5%	6.1%	6.7%	27.2%
	Supply Expense per Calendar Day	13.4%	6.7%	7.2%	26.5%
	Drugs Expense per Calendar Day	13.2%	5.5%	2.7%	16.1%
	Purchased Service Expense per Calendar Day	-0.6%	7.1%	8.6%	25.9%
	Total Expense per Adjusted Discharge	-3.5%	-1.6%	-2.9%	0.8%
	Labor Expense per Adjusted Discharge	-7.8%	-0.4%	-5.1%	4.8%
	FTEs per AOB	-4.7%	-0.3%	-1.7%	-9.5%
	Non-Labor Expense per Adjusted Discharge	-0.7%	-0.5%	0.3%	-0.2%
	Supply Expense per Adjusted Discharge	4.9%	1.5%	0.1%	-5.0%
	Drugs Expense per Adjusted Discharge	6.6%	-6.4%	-0.8%	-4.4%
	Purchased Service Expense per Adjusted Discharge	-8.2%	-0.5%	2.7%	2.4%

300-499 Beds

		Aug 23 vs. Jul 23 (Month-over-Month)	Aug 23 vs. Aug 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	44.4%	19.8%	26.0%	-22.8%
	Operating EBIDA Margin	32.7%	7.5%	10.1%	-23.5%
Volume	Discharges per Calendar Day	4.2%	4.7%	1.9%	2.0%
	Adjusted Discharges per Calendar Day	9.1%	7.0%	5.0%	11.4%
	Equivalent Patient Days per Calendar Day	1.4%	-1.1%	-2.2%	8.9%
	Observation Patient Days as % of Patient Days	3.9%	0.3%	1.0%	7.1%
	Adjusted Patient Days per Calendar Day	5.6%	0.8%	1.3%	16.4%
	Average Length of Stay	-2.3%	-3.7%	-2.7%	2.0%
	ED Visits per Calendar Day	4.0%	1.2%	3.3%	15.4%
	Operating Room Minutes per Calendar Day	11.2%	-1.3%	3.3%	20.7%
Revenue	Net Operating Revenue per Calendar Day	8.4%	6.3%	6.3%	20.0%
	Gross Operating Revenue per Calendar Day	8.3%	7.2%	7.7%	29.3%
	IP Revenue per Calendar Day	4.5%	4.8%	3.9%	21.3%
	OP Revenue per Calendar Day	12.4%	10.9%	12.8%	47.7%
	IP/OP Adjustment Factor	3.5%	2.7%	3.6%	9.1%
	NPSR per Adjusted Discharge	-0.1%	1.6%	2.6%	14.2%
	NPSR per Adjusted Patient Day	3.2%	4.2%	5.2%	10.1%
	Bad Debt and Charity per Calendar Day	-11.9%	-4.9%	0.5%	-10.5%
Bad Debt and Charity as a % of Gross	-19.6%	-13.5%	-8.8%	-27.2%	
Expense	Total Expense per Calendar Day	3.6%	4.8%	3.2%	22.1%
	Labor Expense per Calendar Day	0.2%	2.1%	0.6%	19.9%
	Non-Labor Expense per Calendar Day	6.6%	6.9%	6.8%	22.9%
	Supply Expense per Calendar Day	11.8%	5.5%	6.7%	26.0%
	Drugs Expense per Calendar Day	10.5%	9.0%	4.9%	21.7%
	Purchased Service Expense per Calendar Day	3.1%	12.3%	10.7%	21.6%
	Total Expense per Adjusted Discharge	-5.1%	-3.1%	-1.6%	10.9%
	Labor Expense per Adjusted Discharge	-8.2%	-5.7%	-4.7%	7.5%
	FTEs per AOB	-5.0%	-2.7%	-1.0%	-11.5%
	Non-Labor Expense per Adjusted Discharge	-1.5%	-1.0%	1.6%	10.7%
	Supply Expense per Adjusted Discharge	6.1%	4.6%	4.1%	14.1%
	Drugs Expense per Adjusted Discharge	3.7%	10.4%	1.6%	8.2%
Purchased Service Expense per Adjusted Discharge	-1.0%	0.4%	4.1%	4.2%	

500+ Beds

		Aug 23 vs. Jul 23 (Month-over-Month)	Aug 23 vs. Aug 22 (Year-over-Year)	YTD 23 vs. YTD 22	YTD 23 vs. YTD 20
Margin	Operating Margin	21.2%	7.5%	62.2%	14.8%
	Operating EBIDA Margin	11.0%	2.1%	56.2%	0.8%
Volume	Discharges per Calendar Day	4.6%	5.5%	6.7%	10.0%
	Adjusted Discharges per Calendar Day	9.2%	7.9%	7.8%	19.4%
	Equivalent Patient Days per Calendar Day	1.3%	3.4%	3.6%	12.1%
	Observation Patient Days as % of Patient Days	2.0%	1.9%	-5.0%	-4.8%
	Adjusted Patient Days per Calendar Day	4.8%	4.8%	5.4%	22.2%
	Average Length of Stay	-3.9%	-3.4%	-2.1%	4.9%
	ED Visits per Calendar Day	2.7%	1.8%	4.1%	16.4%
	Operating Room Minutes per Calendar Day	12.6%	3.5%	6.0%	26.1%
Revenue	Net Operating Revenue per Calendar Day	6.2%	10.7%	11.1%	28.2%
	Gross Operating Revenue per Calendar Day	8.2%	11.2%	11.6%	36.8%
	IP Revenue per Calendar Day	4.2%	8.7%	9.6%	27.3%
	OP Revenue per Calendar Day	12.5%	13.9%	12.0%	47.5%
	IP/OP Adjustment Factor	3.2%	2.0%	1.4%	7.0%
	NPSR per Adjusted Discharge	-1.2%	-0.6%	3.9%	16.6%
	NPSR per Adjusted Patient Day	1.4%	4.6%	5.8%	13.1%
	Bad Debt and Charity per Calendar Day	-3.1%	8.2%	10.1%	0.6%
Bad Debt and Charity as a % of Gross	-5.0%	-3.5%	1.7%	-21.7%	
Expense	Total Expense per Calendar Day	3.9%	7.5%	7.4%	26.7%
	Labor Expense per Calendar Day	1.0%	5.0%	5.4%	26.0%
	Non-Labor Expense per Calendar Day	5.6%	8.8%	9.9%	24.8%
	Supply Expense per Calendar Day	12.3%	13.1%	13.0%	33.5%
	Drugs Expense per Calendar Day	9.4%	17.3%	18.0%	42.5%
	Purchased Service Expense per Calendar Day	3.0%	10.4%	6.7%	24.2%
	Total Expense per Adjusted Discharge	-5.1%	-3.0%	-2.1%	7.0%
	Labor Expense per Adjusted Discharge	-7.3%	-5.7%	-2.1%	5.4%
	FTEs per AOB	-5.5%	-5.3%	-3.2%	-12.6%
	Non-Labor Expense per Adjusted Discharge	-1.1%	-2.9%	-1.5%	6.6%
	Supply Expense per Adjusted Discharge	3.8%	5.2%	4.8%	14.7%
	Drugs Expense per Adjusted Discharge	2.2%	7.7%	11.1%	21.9%
Purchased Service Expense per Adjusted Discharge	-4.0%	5.3%	-0.5%	3.8%	

Non-Operating

National Non-Operating Results

Key Observations

- The consumer price index (CPI) rose 0.6% in August, its biggest monthly gain of 2023, up 3.7% from a year earlier
- Energy prices were the largest contributor to this gain, rising 5.6% during August, led by a 10.6% increase in gasoline prices
- Excluding food and energy, the core CPI increased 0.3% and 4.3% respectively, against estimates of 0.2% and 4.3%
- At the annual Jackson Hole meeting, Federal Reserve Chair Jerome Powell reiterated the willingness of the Fed to keep rates higher for longer and affirmed the central bank’s willingness to “raise rates further if appropriate” amidst a continually resilient economy and protracted inflation
- U.S. job growth maintained momentum in August as nonfarm payrolls increased by 187,000 jobs last month after rising by 157,000 in July; the unemployment rate increased to 3.8% and wage gains moderated
- Fitch downgraded the U.S. credit rating from AAA to AA+, citing fiscal headwinds and a “steady deterioration in standards of governance”
- U.S. consumer sentiment fell modestly in August as short-term inflation expectations worsened; per the University of Michigan’s August report, the overall index of consumer sentiment came in at 69.5, compared to 71.6 in July
- In China, factory activity shrunk for the fifth straight month, while non-manufacturing activity hit a new low for the year; Chinese imports and exports slumped 7.4% and 8.8%, respectively, in August
- The S&P 500 fell 1.8% in August, bringing its YTD and YoY returns to 17.4% and 14.0%, respectively

General Non-Operating Observations

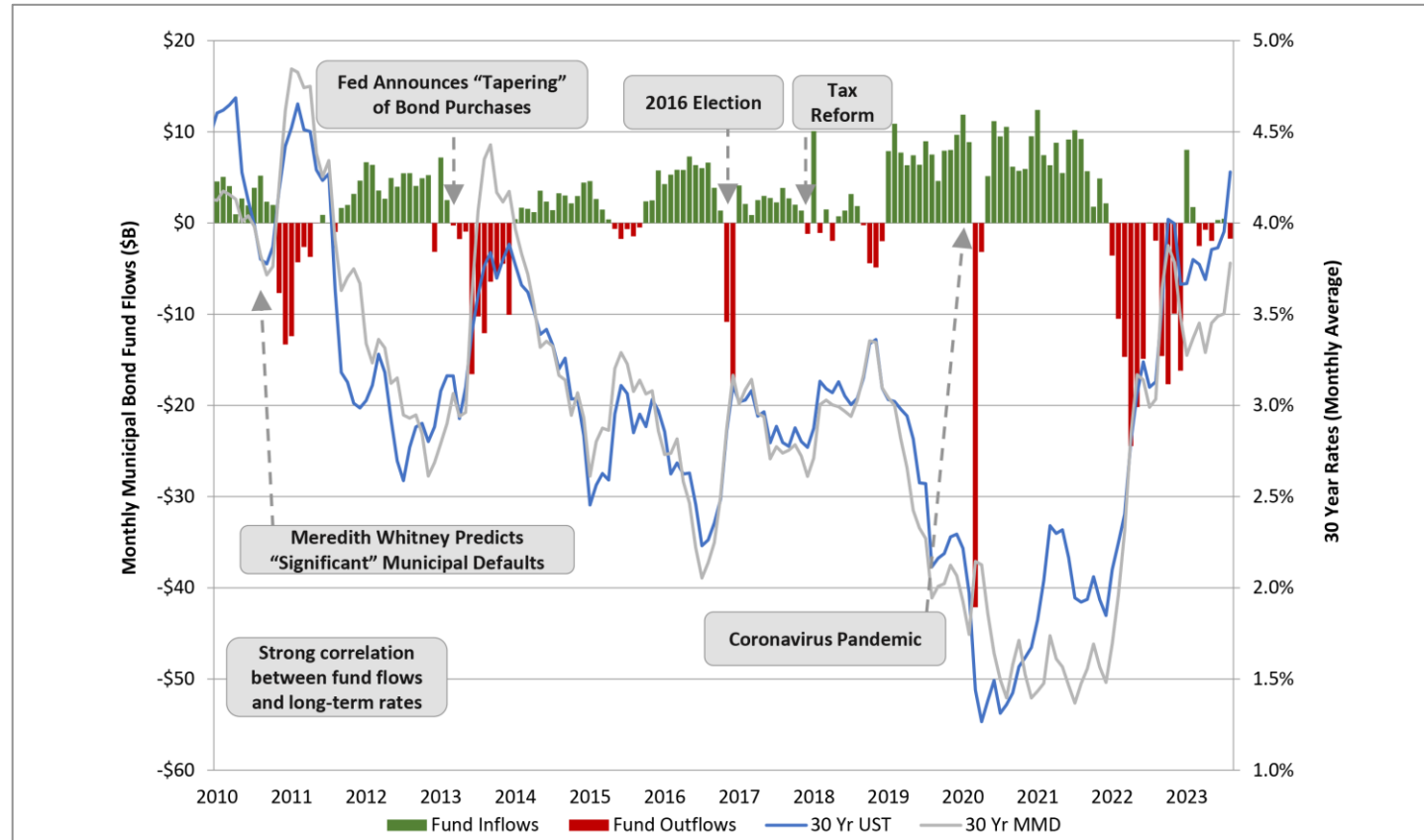
	August 2023	M-o-M Change	Y-o-Y Change
General			
GDP Growth*	2.1%	n/a	n/a
Unemployment Rate	3.8%	0.3%	0.1%
Personal Consumption Expenditures (YoY)	4.2%	n/c	-0.7%
Liabilities			
SOFR	5.31%	n/c	+302 bps
SIFMA	4.06%	+8 bps	+256 bps
30yr MMD	3.88%	+37 bps	+59 bps
30yr Treasury	4.21%	+20 bps	+92 bps
Assets			
60/40 Asset Allocation [†]	n/a	-1.9%	+6.4%

*U.S. Bureau of Economic Analysis, Q2 2023 “Second Estimate”

[†]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 2023)

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.

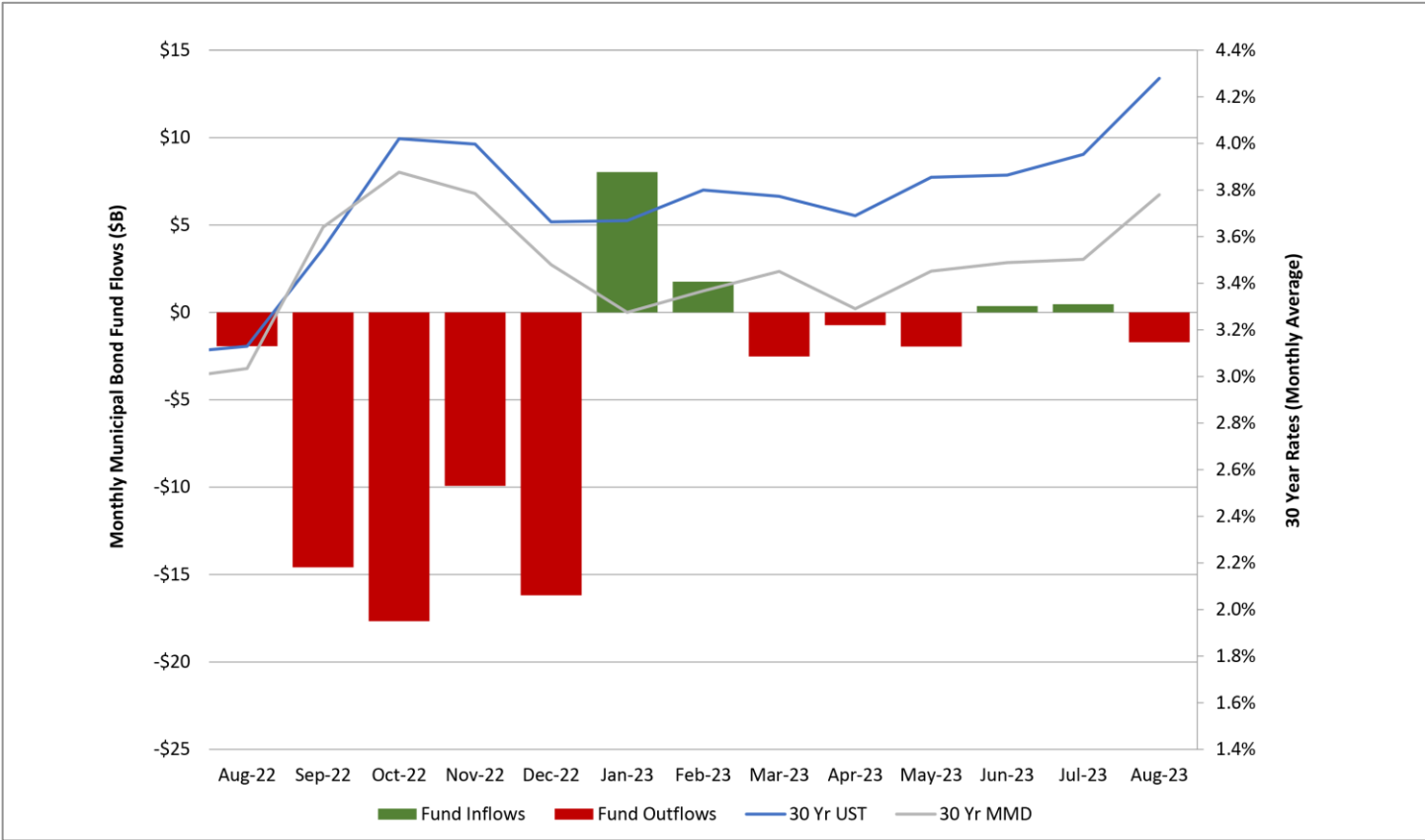
The tax-exempt 30-year MMD rate rose 37 basis points in August, closing the month at 3.88%. Comparatively, 30-year Treasury rates increased 20 basis points over the last month, to 4.21%. Municipal bonds outperformed Treasuries in August following the U.S. debt downgrade and the August jobs report. The month ended with higher MMD/U.S. Treasury ratios throughout the curve. At the end of the month, the two-year muni-Treasury ratio was at 64%, the 10-year at 70% and the 30-year at 91%, according to Refinitiv.

Treasury yields approached their highest levels in 15 years around the middle of the month, causing the yield curve to steepen. This shift occurred as the market adjusted its pricing due to reduced concerns of a recession and a deeper analysis of the long-term effects stemming from consistent deficits and heightened Treasury issuance.

According to The Bond Buyer, the total issuance in August was approximately \$36 billion. This figure represented an increase of nearly 34% compared to the previous month but was 13% lower than August 2022.

Non-Operating Liabilities *(continued)*

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

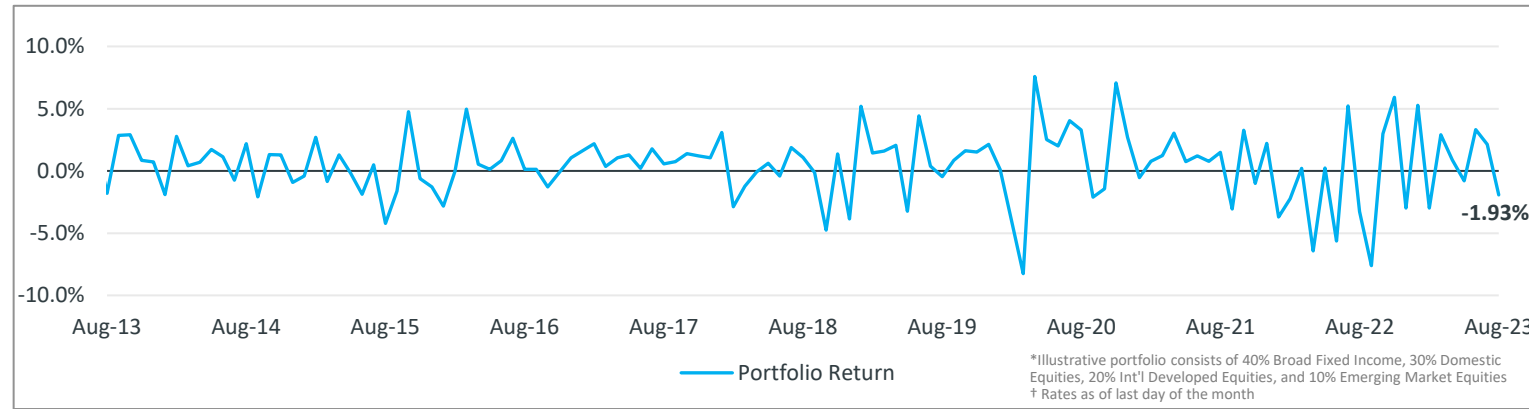


Kaufman Hall, National Hospital Flash Report (September 2023)

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.

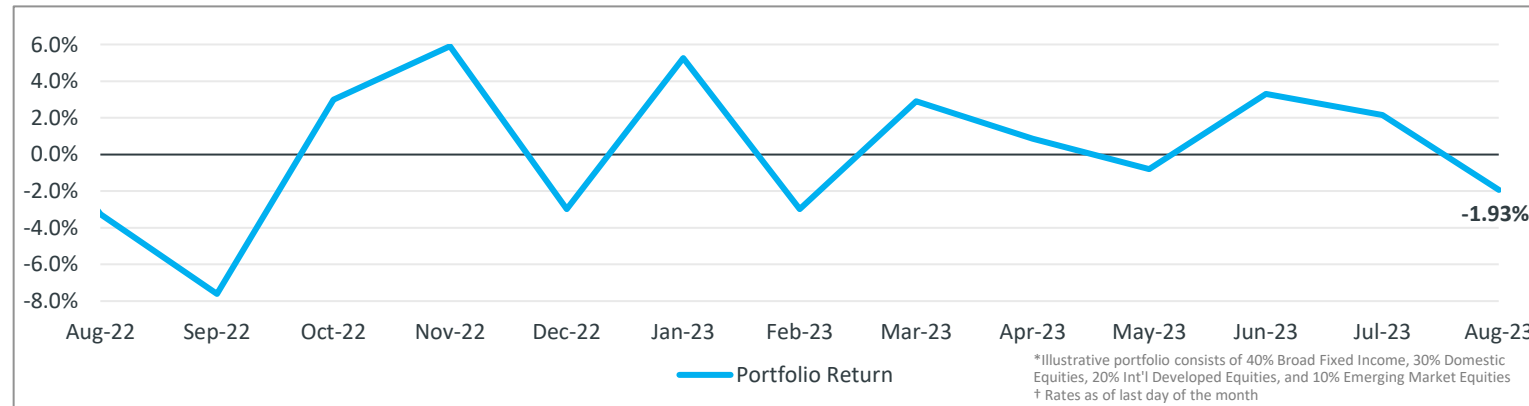
Non-Operating Assets

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



Kaufman Hall, National Hospital Flash Report (September 2023)

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



Kaufman Hall, National Hospital Flash Report (September 2023)

Equities fell in the month of August as the S&P 500 fell 1.8%, snapping a five-month winning streak. The index's YTD and YoY increases were 17.4% and 14.0%, respectively. Of the sectors comprising the S&P Dow Jones indices, the energy sector was the only sector to post a positive gain during the month. Beyond the U.S. debt downgrade, Fed policy, and inflation, bearing tendencies are looking towards tightening lending standards and a United Auto Workers strike, with national implications.

The “noticeable slowdown” as quoted by Fed Chair Powell during the July Federal Open Market Committee meeting may finally be taking effect as a lower-than-expected payroll and jobs report, coupled with rising inflation, may signal an economic downturn—though a recession is still not projected for later in the year.

The blended 60/40 asset allocation finished August 1.9% lower, with the MSCI World Index falling 2.6% and MSCI Emerging Markets down a substantial 6.4%. The Barclays U.S. Aggregate Bond Index finished the month 0.6% lower.

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Talk to us

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