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JULY 2026 METRICS

National Hospital Flash Report

Real Data. Real Insight. Real Time.

Based on Data from More Than 1,300 Hospitals

Table of Contents

About the Data

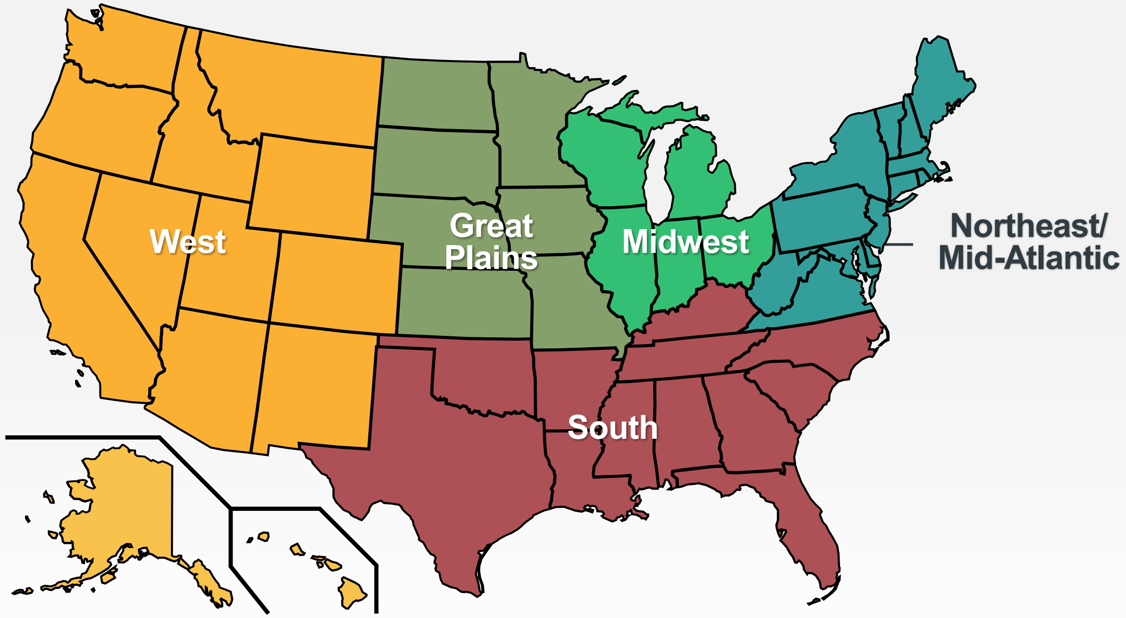
The *National Hospital Flash Report* uses both actual and budget data over the last three years, sampled from more than 1,300 hospitals on a recurring monthly basis from Strata Decision Technology.

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.

Kaufman Hall has updated the adjustment for corporate allocations and intercompany transfers in 2026 to represent the broader sample population more accurately. Periodic adjustments are expected to maintain representativeness as the sample population changes over time.

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



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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.

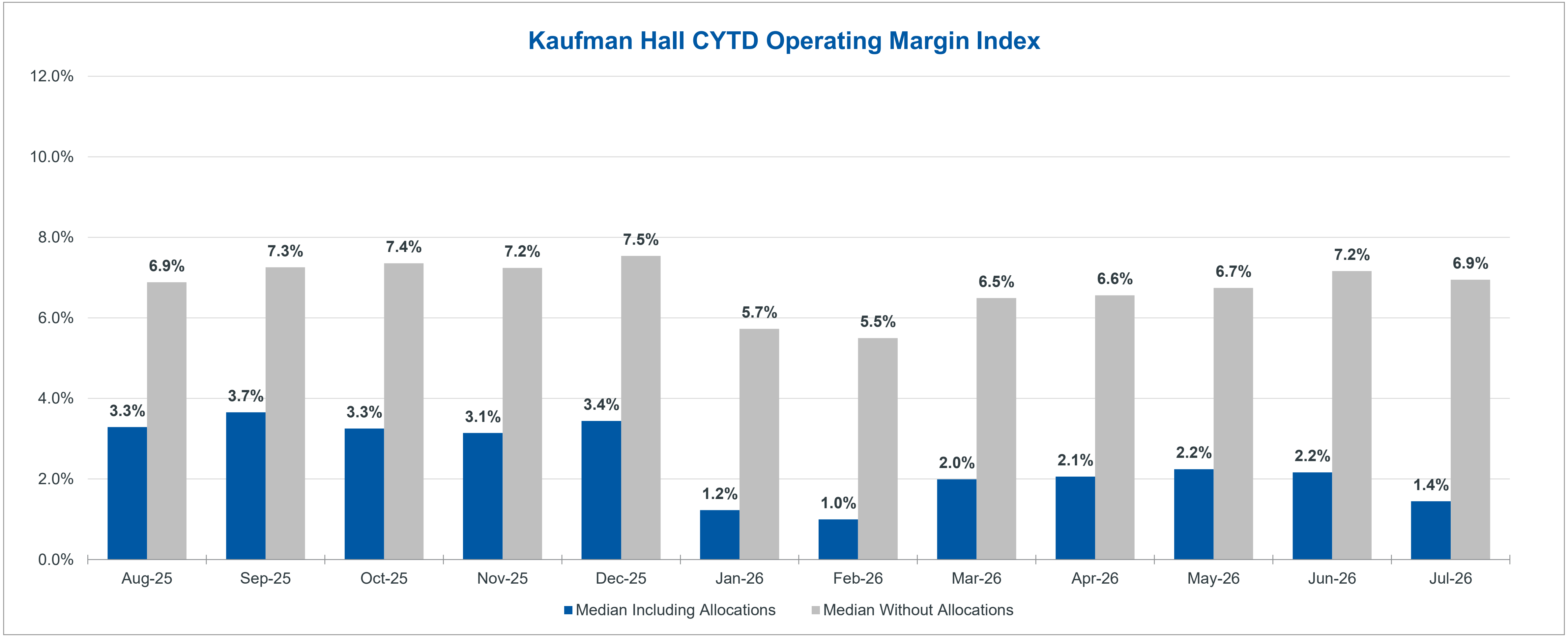
Key Takeaways

1. **Hospital performance dipped in July as outpatient activity softened.** Operating margin and operating room minutes fell month-over-month, likely due to seasonality of elective surgeries. As more care shifts to outpatient settings, hospitals may see greater impact of outpatient volume fluctuations on overall performance.

2. **Payer mix pressures persisted.** Bad debt and charity care rose significantly in July year-over-year, reflecting continued payer mix erosion. As pressure from these trends mounts, hospitals may need to redesign their financial and operational strategies for future sustainability.

3. **Observation days fell, potentially signaling shifting operating dynamics.** Observation days dropped month-over-month, while discharges increased, and average length of stay declined. This may potentially be an early signal of greater focus on clinical documentation and utilization management, sharpening how hospitals classify and code patients. Accurate management of patient classification and utilization is becoming increasingly important as hospitals' operating environment continues to rapidly evolve.

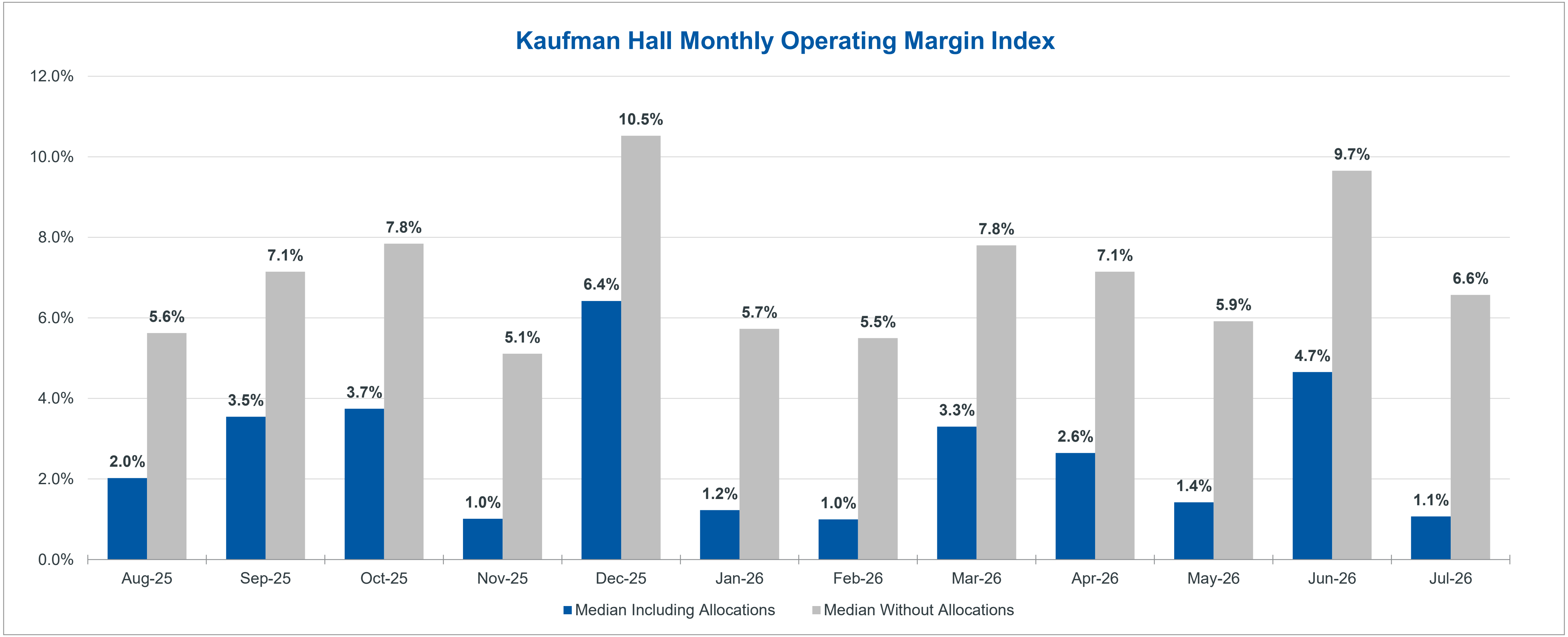
Operating Margin



Kaufman Hall, *National Hospital Flash Report* (July 2026 Metrics)

Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBIDA 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* (July 2026 Metrics)

Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBIDA 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.

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National and Regional Data

Profitability, Revenue, Expense, and Volume

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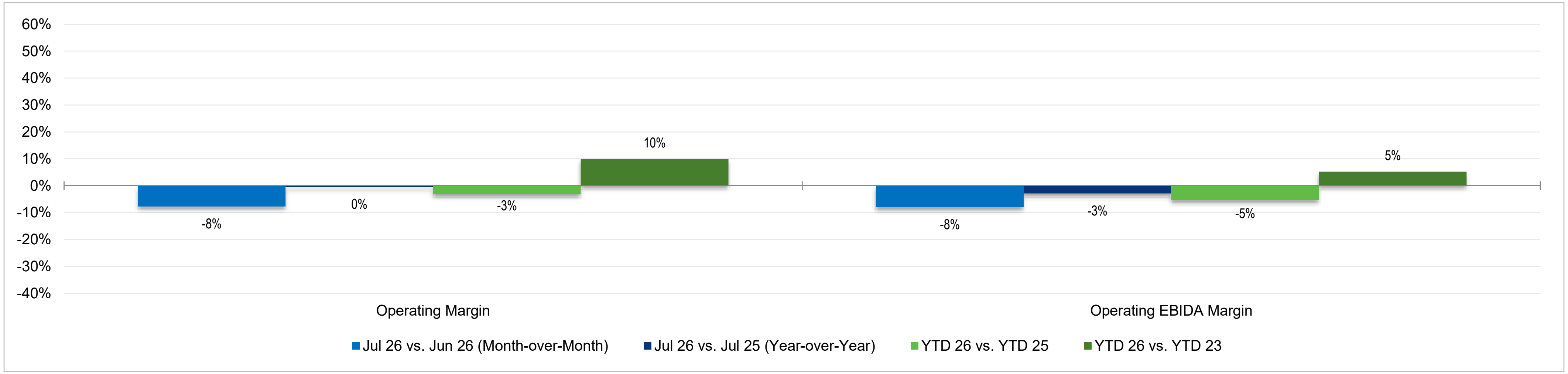
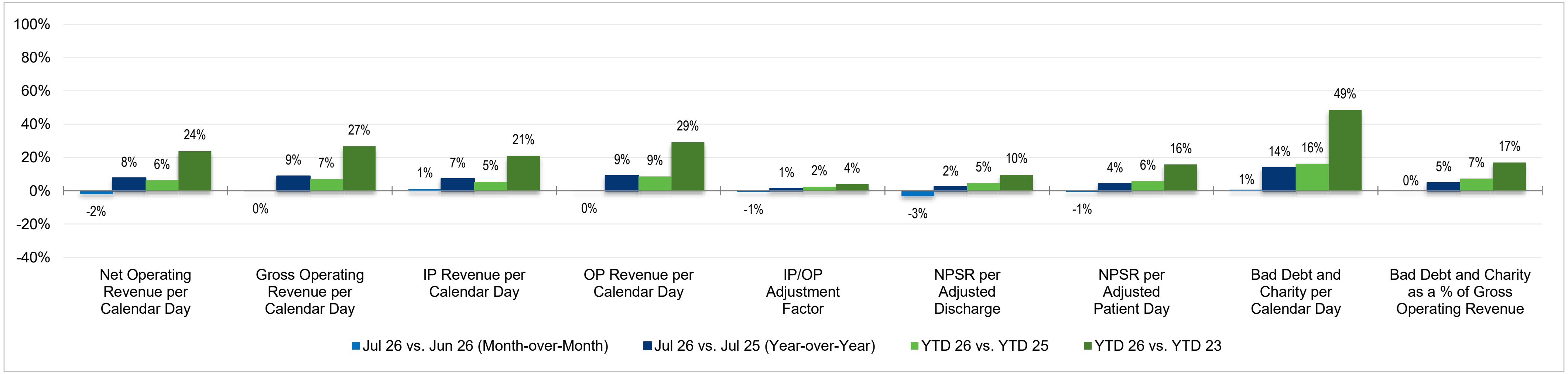
National Data

Profitability



Revenue



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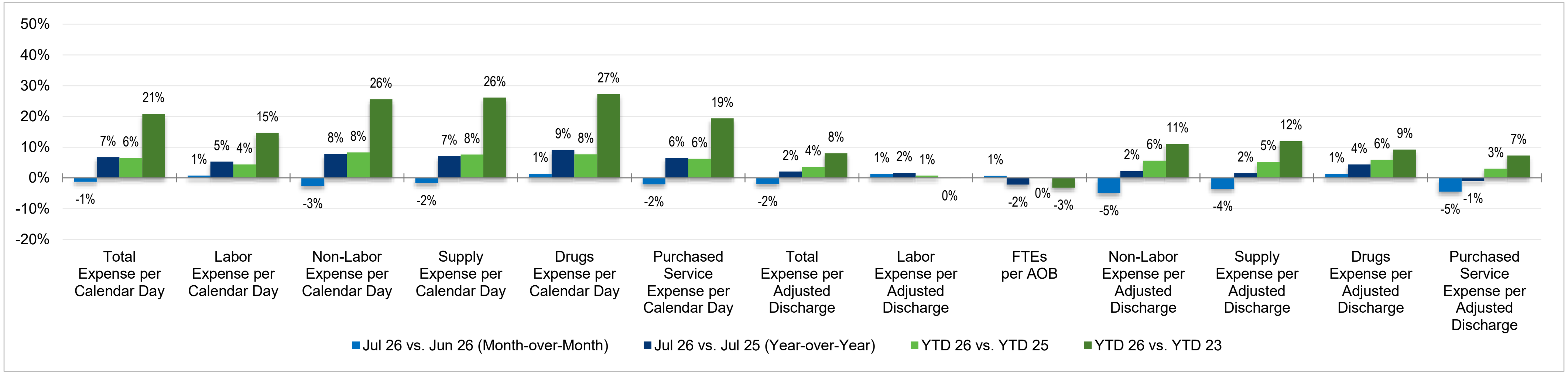
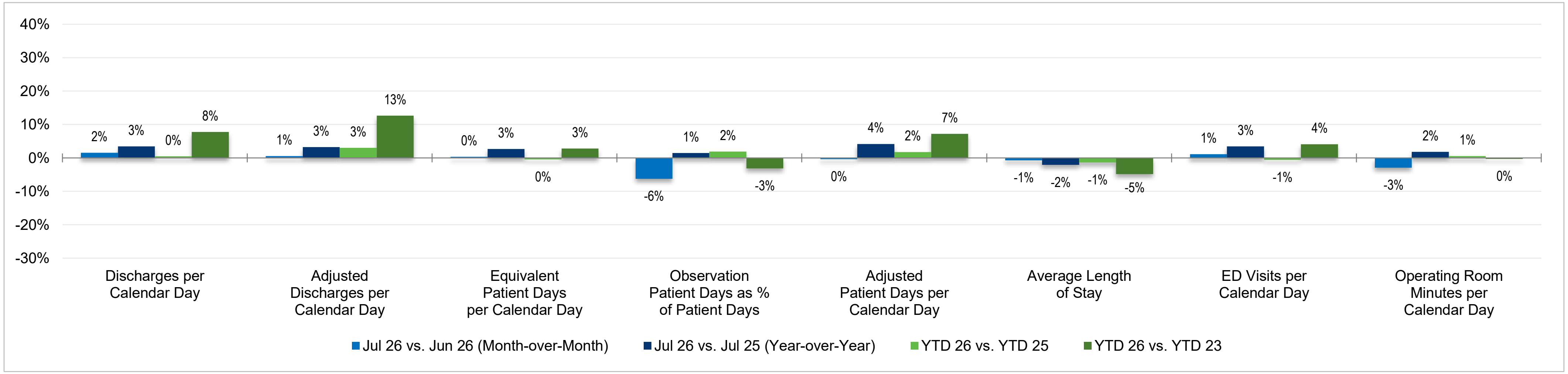
National Data *(continued)*

Expense



Volume



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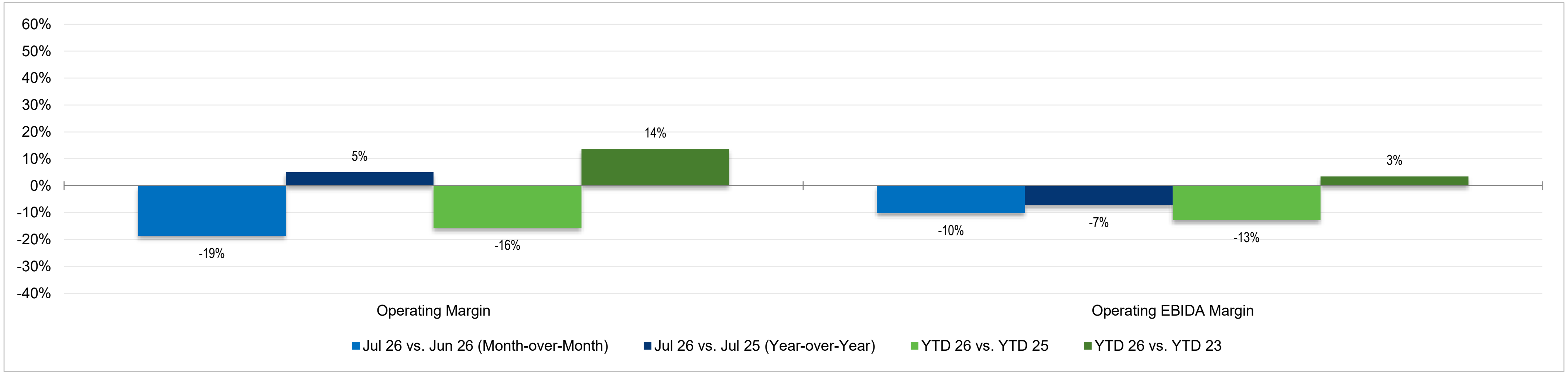
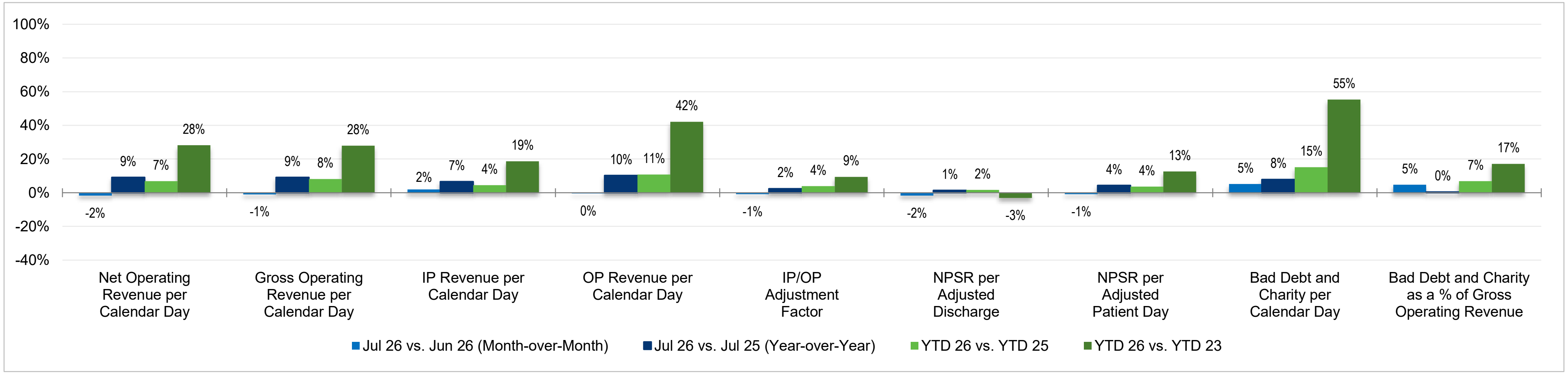
Regional Data: West

Profitability



Revenue



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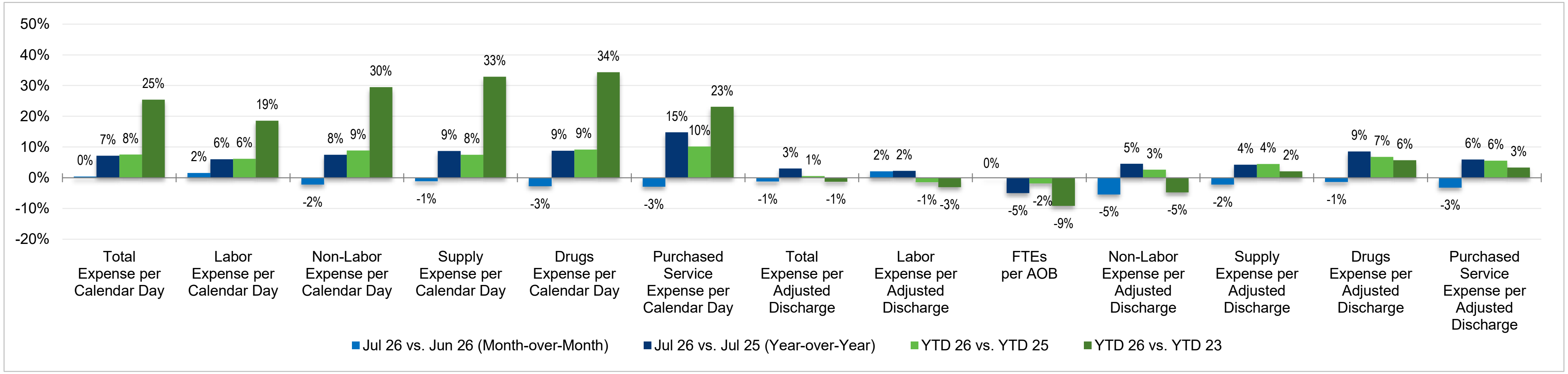
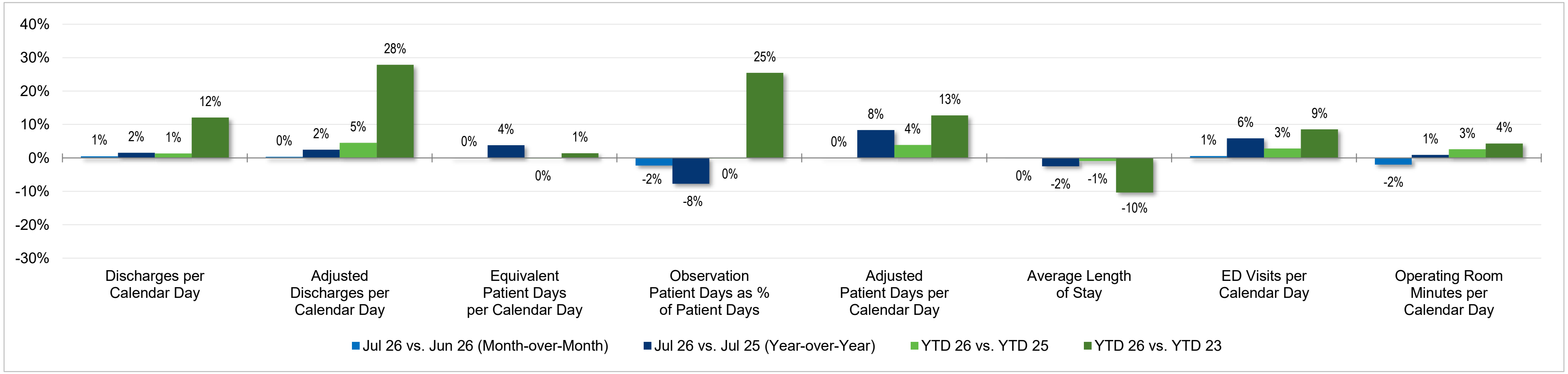
Regional Data: West *(continued)*

Expense



Volume



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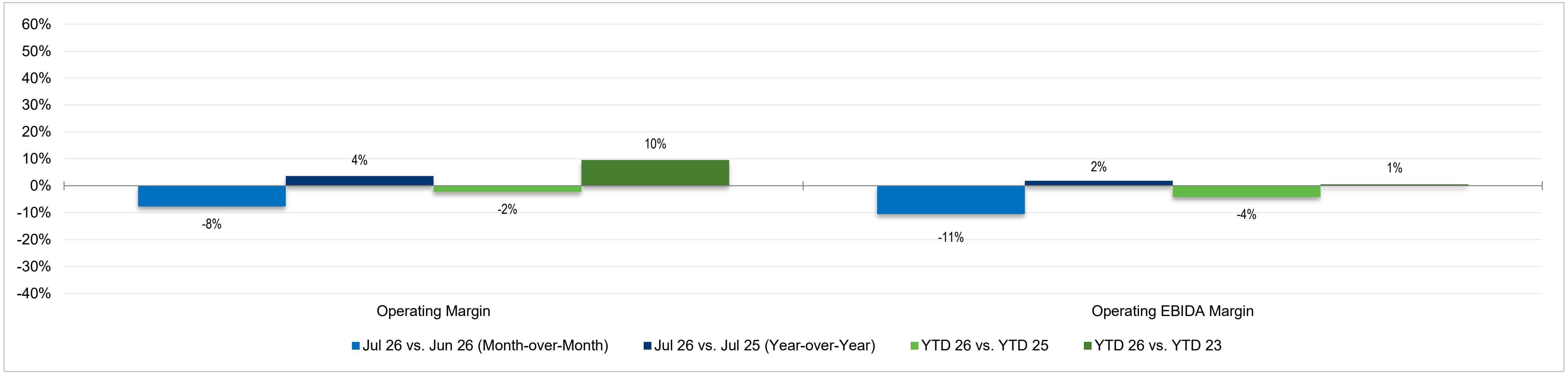
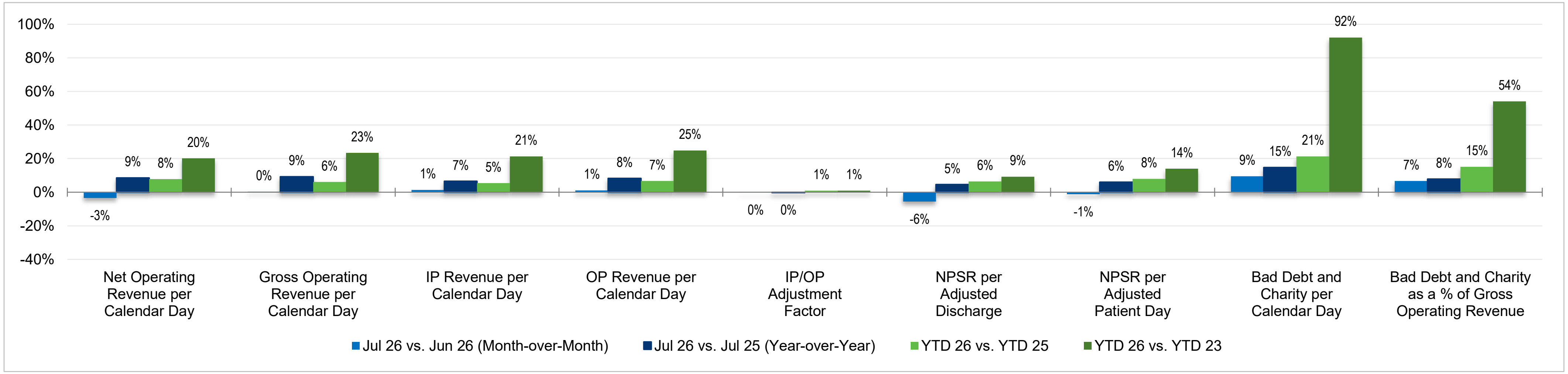
Regional Data: Midwest

Profitability

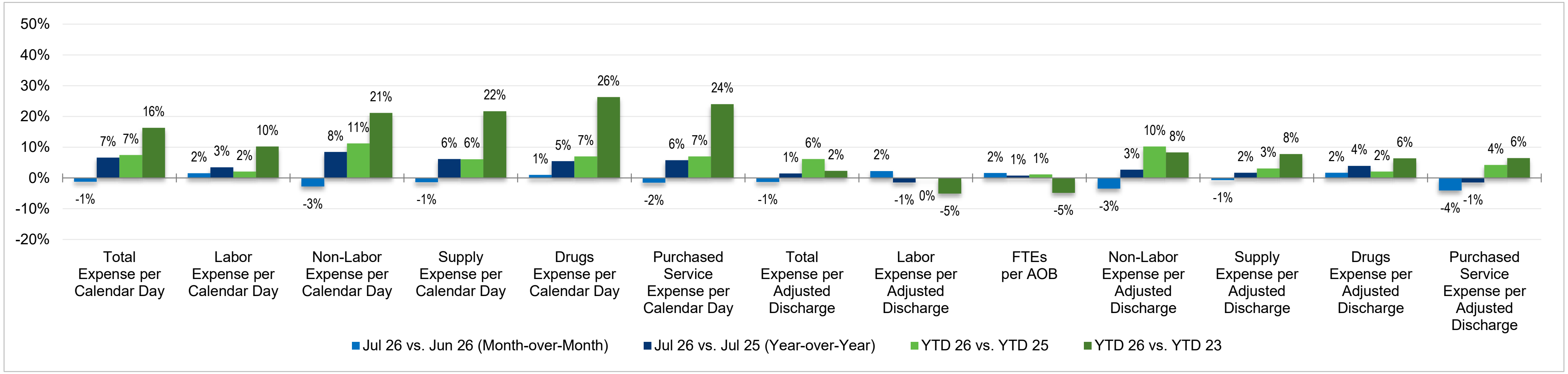


Revenue

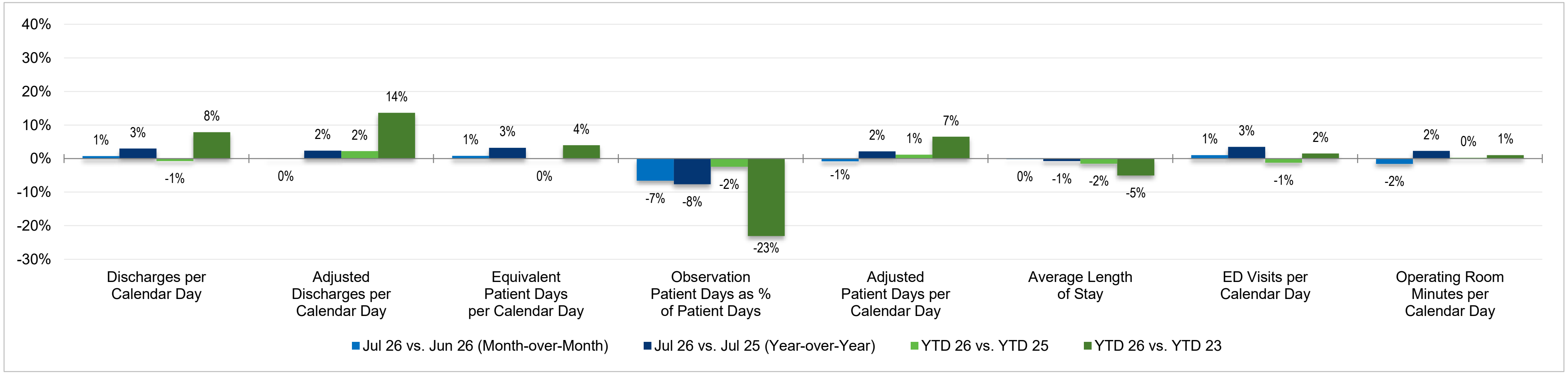


Regional Data: Midwest *(continued)*

Expense



Volume



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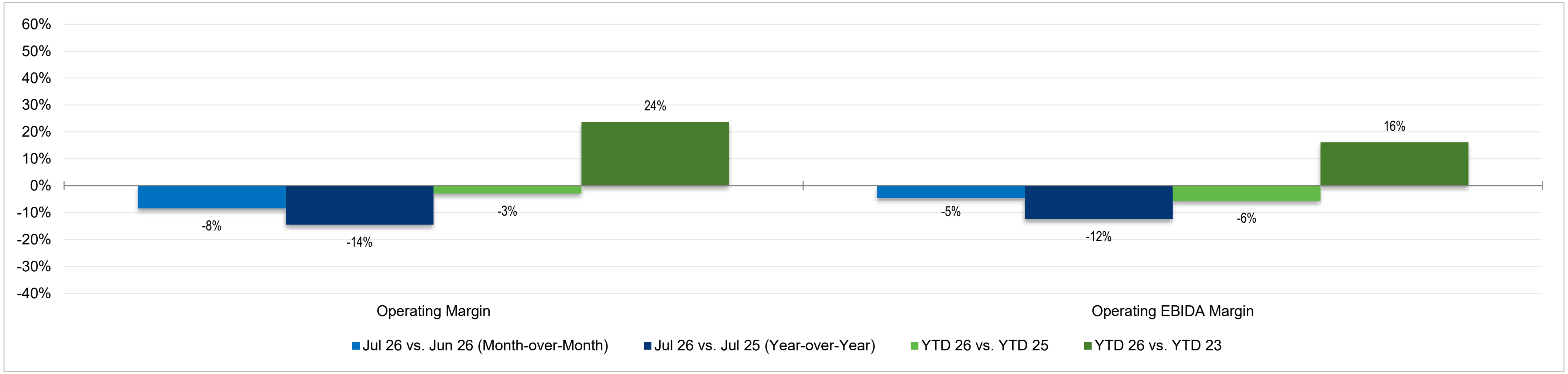
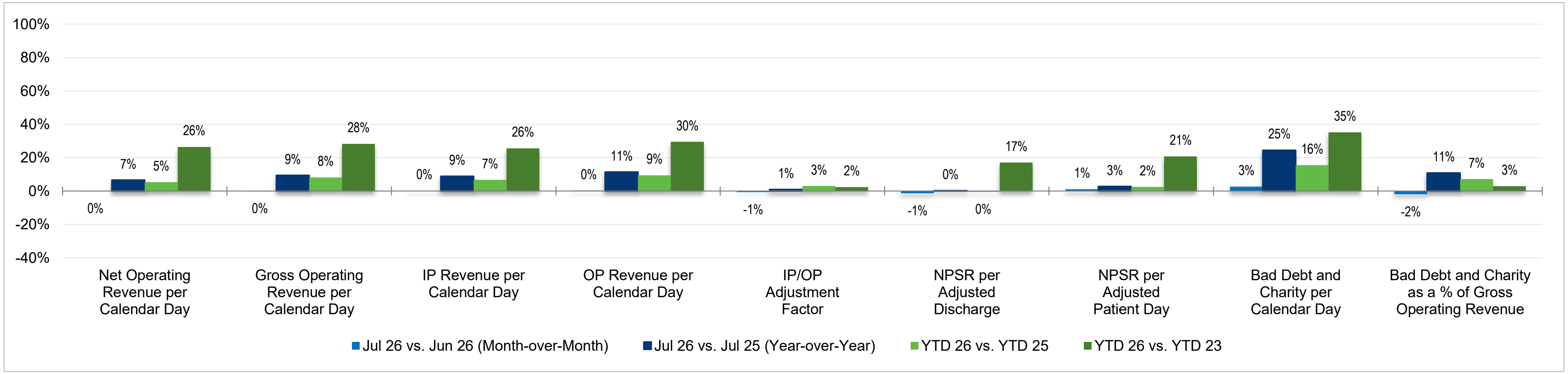
Regional Data: South

Profitability



Revenue



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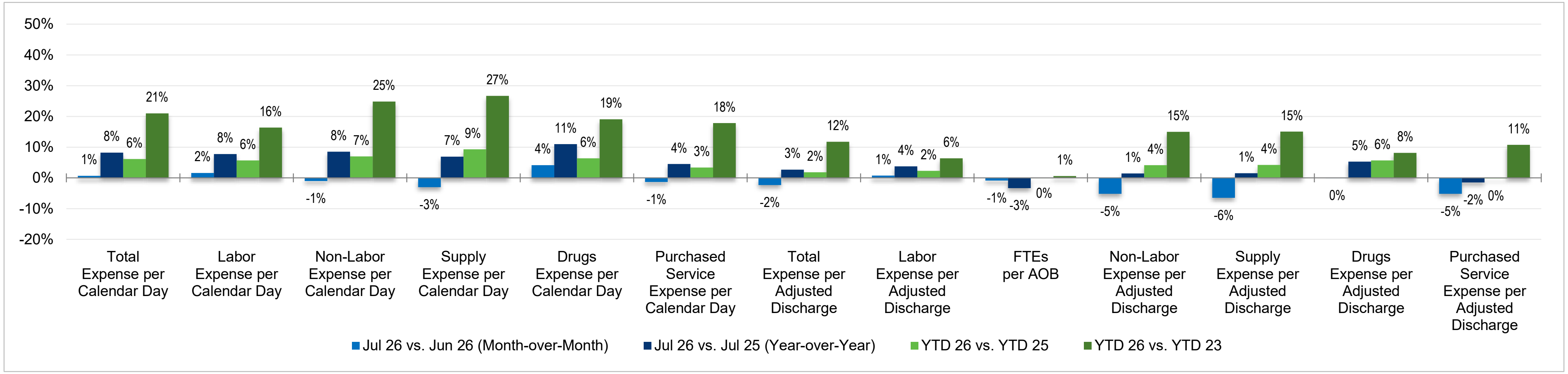
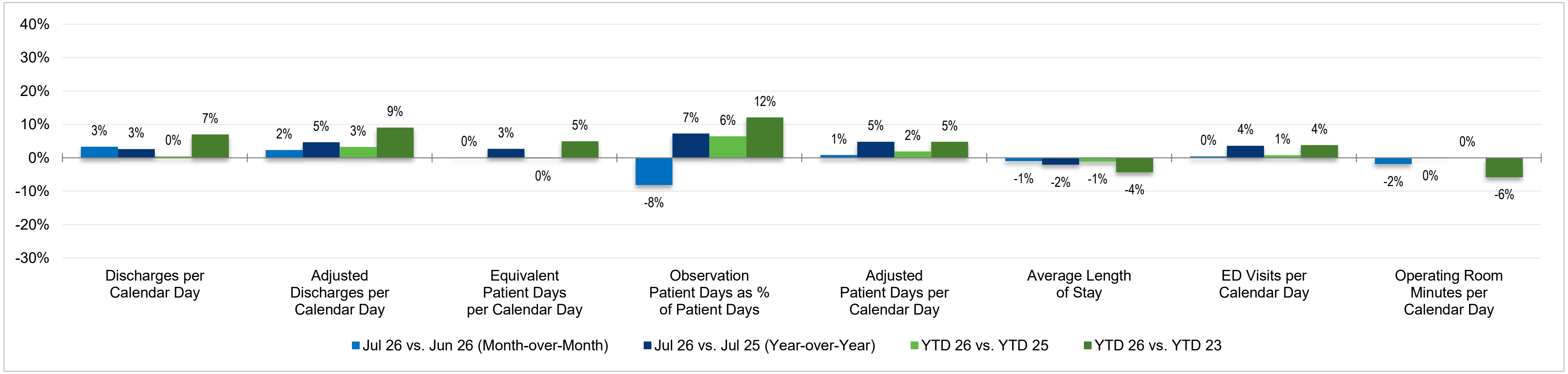
Regional Data: South *(continued)*

Expense



Volume



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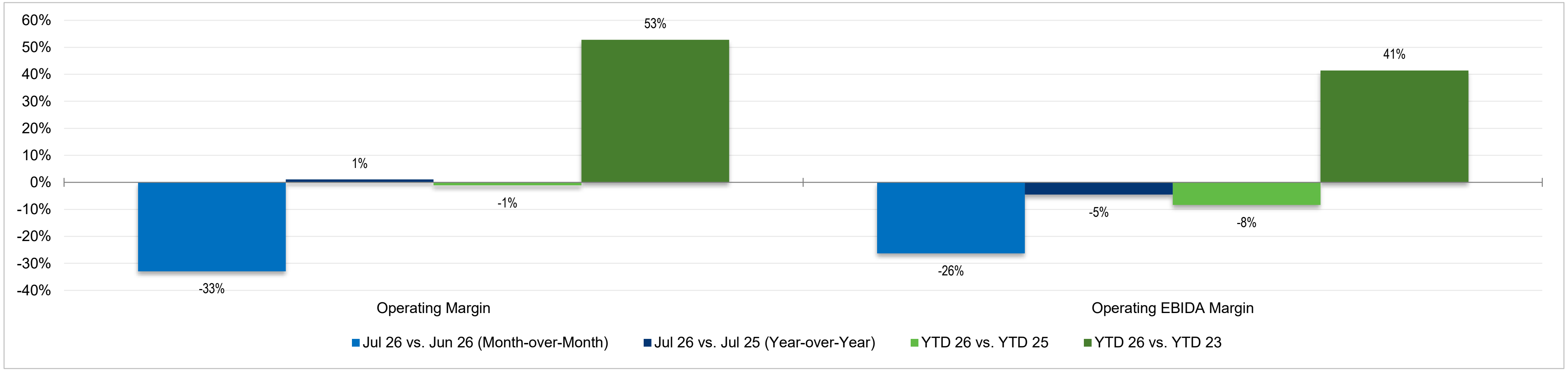
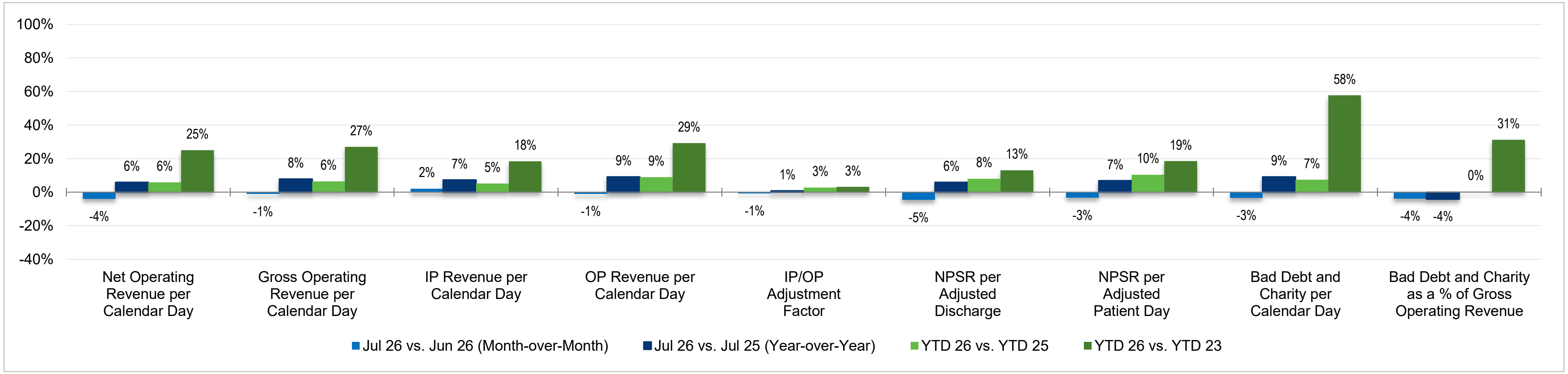
Regional Data: Northeast/Mid-Atlantic

Profitability



Revenue



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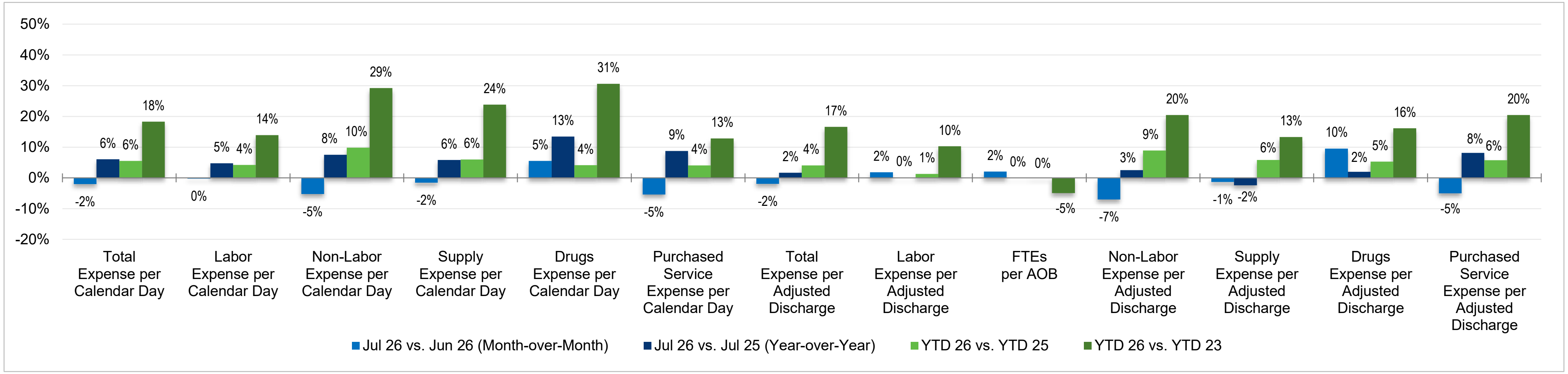
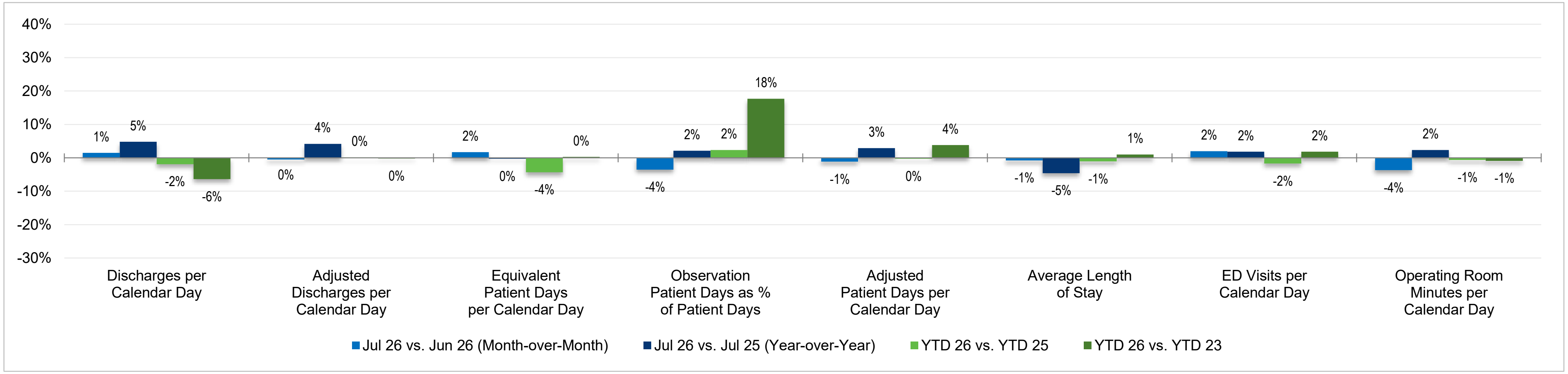
Regional Data: Northeast/Mid-Atlantic *(continued)*

Expense



Volume



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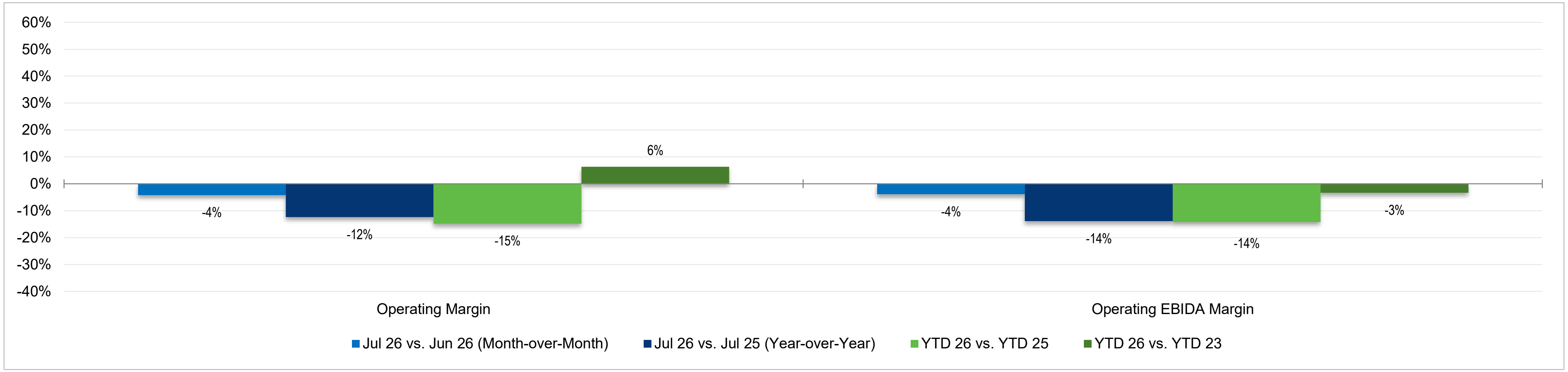
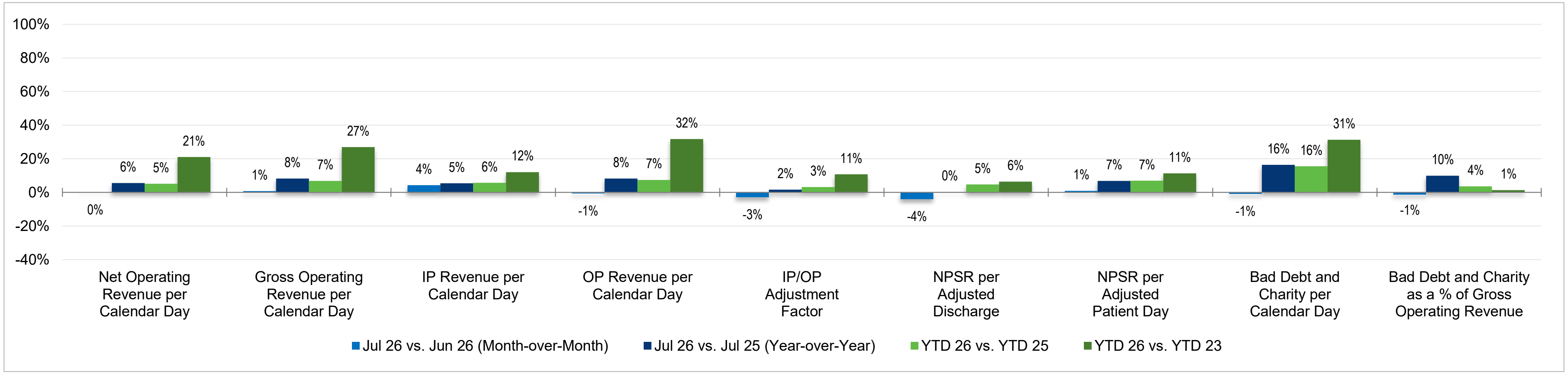
Regional Data: Great Plains

Profitability



Revenue



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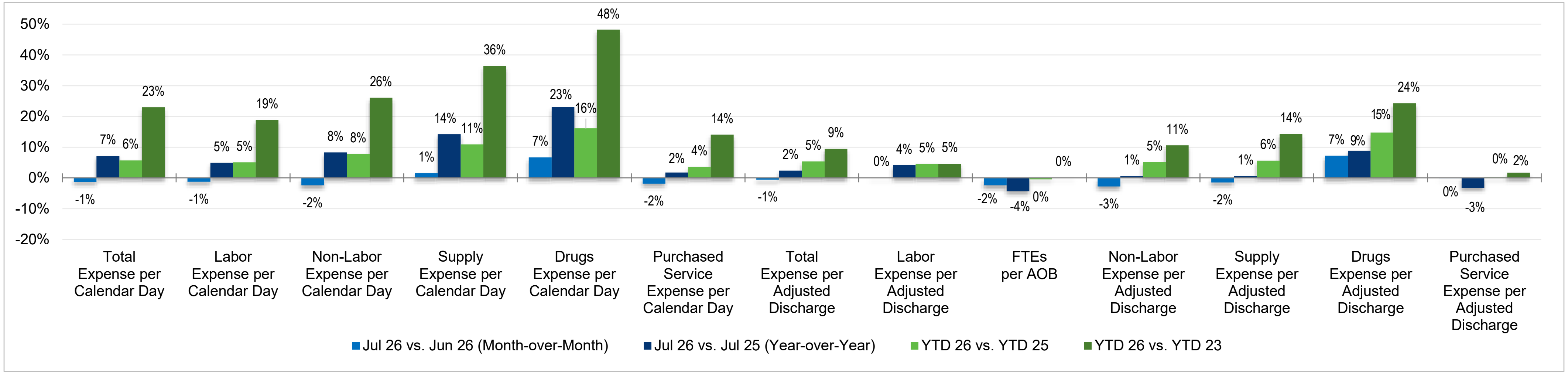
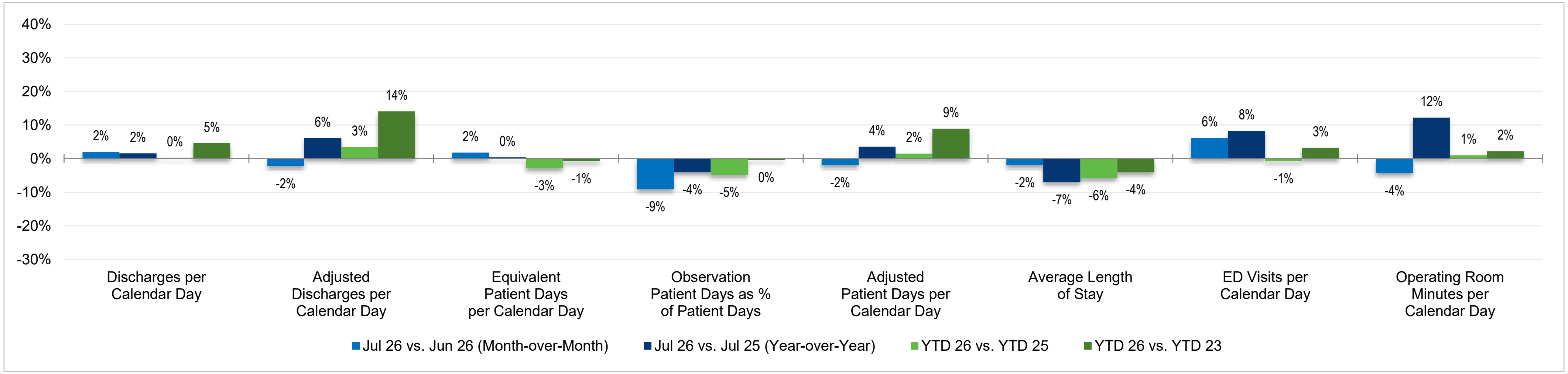
Regional Data: Great Plains *(continued)*

Expense



Volume



Data by Hospital Bed Size

Profitability, Revenue, Expense, and Volume

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0-25 Beds

		Jul 26 vs. Jun 26 (Month-over-Month)	Jul 26 vs. Jul 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-2.3%	2.6%	-1.2%	-3.4%
	Operating EBIDA Margin	-4.3%	1.8%	-1.6%	-4.5%
Volume	Discharges per Calendar Day	2.6%	1.3%	-5.8%	-5.1%
	Adjusted Discharges per Calendar Day	2.7%	5.2%	-0.1%	16.4%
	Equivalent Patient Days per Calendar Day	0.6%	4.9%	-0.8%	-0.4%
	Observation Patient Days as % of Patient Days	-13.6%	-14.2%	-5.8%	-9.6%
	Adjusted Patient Days per Calendar Day	1.0%	8.2%	1.6%	11.2%
	Average Length of Stay	-2.6%	-4.5%	1.0%	-3.7%
	ED Visits per Calendar Day	5.7%	4.4%	-1.1%	3.2%
	Operating Room Minutes per Calendar Day	-2.0%	1.3%	-3.3%	-13.5%
Revenue	Net Operating Revenue per Calendar Day	0.6%	7.8%	4.2%	20.0%
	Gross Operating Revenue per Calendar Day	1.5%	9.5%	4.9%	22.8%
	IP Revenue per Calendar Day	1.4%	7.6%	4.7%	12.1%
	OP Revenue per Calendar Day	2.0%	8.0%	6.1%	25.8%
	IP/OP Adjustment Factor	-0.7%	0.5%	3.1%	10.1%
	NPSR per Adjusted Discharge	-12.8%	-3.3%	7.1%	4.8%
	NPSR per Adjusted Patient Day	-1.1%	2.1%	4.6%	7.7%
	Bad Debt and Charity per Calendar Day	-1.8%	2.5%	14.5%	39.0%
	Bad Debt and Charity as a % of Gross Operating Rev.	-4.3%	-3.7%	7.0%	17.3%
Expense	Total Expense per Calendar Day	-0.7%	5.9%	4.7%	17.8%
	Labor Expense per Calendar Day	0.8%	3.5%	4.0%	14.9%
	Non-Labor Expense per Calendar Day	-2.7%	5.6%	6.9%	22.6%
	Supply Expense per Calendar Day	2.1%	7.2%	5.8%	25.0%
	Drugs Expense per Calendar Day	5.8%	4.4%	6.4%	29.6%
	Purchased Service Expense per Calendar Day	-1.6%	4.5%	5.6%	13.6%
	Total Expense per Adjusted Discharge	-6.8%	-5.5%	2.7%	0.0%
	Labor Expense per Adjusted Discharge	-0.5%	-4.2%	1.3%	-2.4%
	FTEs per AOB	-1.8%	-9.2%	-1.1%	-8.7%
	Non-Labor Expense per Adjusted Discharge	-9.4%	-3.3%	5.1%	5.2%
	Supply Expense per Adjusted Discharge	3.6%	-2.3%	3.1%	2.6%
	Drugs Expense per Adjusted Discharge	8.8%	-1.3%	2.1%	5.0%
	Purchased Service Expense per Adjusted Discharge	-13.0%	-1.1%	2.7%	-0.1%

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26-99 Beds

		Jul 26 vs. Jun 26 (Month-over-Month)	Jul 26 vs. Jul 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-8.4%	0.9%	-5.5%	12.3%
	Operating EBIDA Margin	-10.2%	2.0%	-3.8%	11.2%
Volume	Discharges per Calendar Day	0.1%	5.4%	-0.1%	9.8%
	Adjusted Discharges per Calendar Day	-0.4%	3.5%	3.1%	12.2%
	Equivalent Patient Days per Calendar Day	0.3%	2.3%	-2.7%	3.9%
	Observation Patient Days as % of Patient Days	-4.0%	8.9%	5.1%	-7.8%
	Adjusted Patient Days per Calendar Day	-0.7%	4.9%	1.8%	9.9%
	Average Length of Stay	-0.4%	-2.7%	-2.1%	-5.6%
	ED Visits per Calendar Day	0.6%	4.2%	0.4%	4.7%
	Operating Room Minutes per Calendar Day	-3.9%	-3.9%	-1.5%	-4.6%
Revenue	Net Operating Revenue per Calendar Day	-2.8%	9.3%	7.2%	29.5%
	Gross Operating Revenue per Calendar Day	-0.4%	9.1%	7.7%	26.2%
	IP Revenue per Calendar Day	2.1%	5.2%	2.6%	16.8%
	OP Revenue per Calendar Day	0.8%	9.3%	8.3%	28.6%
	IP/OP Adjustment Factor	-0.6%	2.6%	5.6%	8.2%
	NPSR per Adjusted Discharge	-5.5%	2.5%	2.5%	14.6%
	NPSR per Adjusted Patient Day	-2.6%	3.3%	5.7%	17.6%
	Bad Debt and Charity per Calendar Day	-0.7%	19.7%	18.4%	49.0%
	Bad Debt and Charity as a % of Gross Operating Rev.	-0.9%	7.6%	9.0%	18.7%
Expense	Total Expense per Calendar Day	-2.2%	7.0%	7.2%	22.3%
	Labor Expense per Calendar Day	1.5%	4.9%	4.7%	14.5%
	Non-Labor Expense per Calendar Day	-4.2%	8.6%	9.2%	27.1%
	Supply Expense per Calendar Day	-2.2%	5.9%	8.7%	24.6%
	Drugs Expense per Calendar Day	0.4%	14.4%	7.9%	17.3%
	Purchased Service Expense per Calendar Day	-1.1%	6.8%	3.7%	20.8%
	Total Expense per Adjusted Discharge	-2.8%	3.3%	3.0%	9.5%
	Labor Expense per Adjusted Discharge	1.2%	1.6%	-0.3%	-2.0%
	FTEs per AOB	1.1%	-1.7%	-1.1%	-11.7%
	Non-Labor Expense per Adjusted Discharge	-6.2%	2.0%	5.6%	15.7%
	Supply Expense per Adjusted Discharge	-4.8%	-2.0%	7.1%	15.5%
	Drugs Expense per Adjusted Discharge	5.8%	3.3%	5.9%	4.9%
	Purchased Service Expense per Adjusted Discharge	0.1%	-3.0%	2.2%	8.2%

100-199 Beds

		Jul 26 vs. Jun 26 (Month-over-Month)	Jul 26 vs. Jul 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-8.3%	-5.0%	-2.3%	26.4%
	Operating EBIDA Margin	-13.7%	-5.6%	-8.5%	5.4%
Volume	Discharges per Calendar Day	2.1%	4.4%	1.0%	10.5%
	Adjusted Discharges per Calendar Day	0.7%	5.5%	4.4%	17.8%
	Equivalent Patient Days per Calendar Day	0.4%	1.9%	-1.3%	2.8%
	Observation Patient Days as % of Patient Days	-3.1%	4.1%	0.8%	2.5%
	Adjusted Patient Days per Calendar Day	-0.2%	3.7%	0.6%	4.1%
	Average Length of Stay	-1.0%	-2.5%	-3.1%	-4.3%
	ED Visits per Calendar Day	0.4%	2.1%	-0.7%	2.0%
	Operating Room Minutes per Calendar Day	-3.6%	4.5%	1.0%	2.0%
Revenue	Net Operating Revenue per Calendar Day	-3.6%	5.7%	7.5%	24.0%
	Gross Operating Revenue per Calendar Day	-1.0%	7.8%	7.6%	27.4%
	IP Revenue per Calendar Day	1.2%	6.5%	5.2%	22.8%
	OP Revenue per Calendar Day	-0.4%	8.6%	9.0%	29.2%
	IP/OP Adjustment Factor	-0.4%	1.4%	3.0%	3.4%
	NPSR per Adjusted Discharge	-2.9%	2.3%	4.8%	9.5%
	NPSR per Adjusted Patient Day	-1.3%	4.5%	7.2%	15.3%
	Bad Debt and Charity per Calendar Day	0.6%	15.5%	24.9%	67.0%
	Bad Debt and Charity as a % of Gross Operating Rev.	0.3%	8.2%	12.2%	26.8%
Expense	Total Expense per Calendar Day	-1.5%	5.8%	6.7%	19.7%
	Labor Expense per Calendar Day	1.3%	5.7%	4.4%	12.4%
	Non-Labor Expense per Calendar Day	-2.8%	6.0%	7.7%	22.8%
	Supply Expense per Calendar Day	-3.5%	6.2%	7.3%	21.6%
	Drugs Expense per Calendar Day	-2.0%	8.5%	7.0%	17.5%
	Purchased Service Expense per Calendar Day	-3.1%	4.5%	6.7%	23.1%
	Total Expense per Adjusted Discharge	-2.0%	0.7%	2.3%	4.0%
	Labor Expense per Adjusted Discharge	0.0%	-0.7%	0.4%	-1.5%
	FTEs per AOB	1.1%	-0.6%	-0.9%	-2.1%
	Non-Labor Expense per Adjusted Discharge	-5.0%	0.4%	5.2%	8.7%
	Supply Expense per Adjusted Discharge	-5.5%	-2.1%	2.0%	9.3%
	Drugs Expense per Adjusted Discharge	-1.7%	1.5%	3.9%	0.9%
	Purchased Service Expense per Adjusted Discharge	-5.8%	0.9%	5.6%	9.8%

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200-299 Beds

		Jul 26 vs. Jun 26 (Month-over-Month)	Jul 26 vs. Jul 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	2.2%	1.1%	1.7%	32.8%
	Operating EBIDA Margin	3.5%	-4.1%	2.2%	25.1%
Volume	Discharges per Calendar Day	1.2%	2.1%	1.3%	7.7%
	Adjusted Discharges per Calendar Day	-0.8%	2.9%	2.2%	8.0%
	Equivalent Patient Days per Calendar Day	0.0%	2.9%	-0.2%	1.3%
	Observation Patient Days as % of Patient Days	-4.4%	2.7%	6.5%	1.1%
	Adjusted Patient Days per Calendar Day	-1.3%	3.7%	1.3%	1.9%
	Average Length of Stay	-0.6%	-0.4%	-1.3%	-5.9%
	ED Visits per Calendar Day	0.8%	2.7%	0.3%	4.5%
	Operating Room Minutes per Calendar Day	-4.3%	1.3%	-0.9%	1.3%
Revenue	Net Operating Revenue per Calendar Day	0.1%	9.0%	8.7%	24.6%
	Gross Operating Revenue per Calendar Day	-0.3%	9.7%	9.2%	28.7%
	IP Revenue per Calendar Day	0.3%	7.6%	7.8%	26.0%
	OP Revenue per Calendar Day	0.0%	11.0%	9.7%	32.7%
	IP/OP Adjustment Factor	-1.6%	1.8%	2.1%	5.1%
	NPSR per Adjusted Discharge	1.6%	2.7%	2.9%	12.9%
	NPSR per Adjusted Patient Day	1.1%	6.1%	5.6%	19.4%
	Bad Debt and Charity per Calendar Day	-6.2%	10.7%	7.5%	50.5%
	Bad Debt and Charity as a % of Gross Operating Rev.	-6.2%	0.8%	1.1%	16.4%
Expense	Total Expense per Calendar Day	-0.7%	8.0%	5.7%	17.5%
	Labor Expense per Calendar Day	0.4%	6.0%	4.3%	13.8%
	Non-Labor Expense per Calendar Day	-1.4%	9.1%	6.9%	27.9%
	Supply Expense per Calendar Day	-0.1%	11.6%	8.7%	26.8%
	Drugs Expense per Calendar Day	5.0%	11.1%	10.6%	35.0%
	Purchased Service Expense per Calendar Day	-1.9%	7.7%	5.8%	18.0%
	Total Expense per Adjusted Discharge	0.2%	4.2%	2.4%	7.5%
	Labor Expense per Adjusted Discharge	6.2%	3.4%	0.0%	2.3%
	FTEs per AOB	2.6%	1.1%	2.2%	4.8%
	Non-Labor Expense per Adjusted Discharge	-1.1%	5.9%	4.5%	10.8%
	Supply Expense per Adjusted Discharge	-1.0%	4.0%	6.8%	13.1%
	Drugs Expense per Adjusted Discharge	4.2%	5.9%	4.3%	16.1%
	Purchased Service Expense per Adjusted Discharge	-0.7%	2.1%	4.9%	4.5%

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300-499 Beds

		Jul 26 vs. Jun 26 (Month-over-Month)	Jul 26 vs. Jul 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-19.0%	-7.7%	-9.9%	9.6%
	Operating EBIDA Margin	-15.6%	-16.6%	-7.7%	5.3%
Volume	Discharges per Calendar Day	1.8%	3.8%	2.6%	12.4%
	Adjusted Discharges per Calendar Day	0.4%	2.9%	1.4%	12.6%
	Equivalent Patient Days per Calendar Day	0.6%	3.1%	2.0%	6.4%
	Observation Patient Days as % of Patient Days	-7.7%	-0.9%	0.4%	-4.2%
	Adjusted Patient Days per Calendar Day	0.1%	4.4%	3.4%	9.5%
	Average Length of Stay	-1.1%	0.0%	-0.4%	-2.9%
	ED Visits per Calendar Day	2.2%	3.4%	0.9%	5.2%
	Operating Room Minutes per Calendar Day	-1.3%	4.1%	2.7%	5.8%
Revenue	Net Operating Revenue per Calendar Day	-1.0%	7.2%	7.6%	27.4%
	Gross Operating Revenue per Calendar Day	-1.0%	9.8%	9.3%	30.5%
	IP Revenue per Calendar Day	0.2%	10.7%	8.2%	25.5%
	OP Revenue per Calendar Day	-0.7%	11.5%	9.5%	33.5%
	IP/OP Adjustment Factor	-1.2%	0.6%	1.3%	0.9%
	NPSR per Adjusted Discharge	-2.5%	3.2%	3.7%	10.3%
	NPSR per Adjusted Patient Day	-0.3%	3.3%	6.5%	16.9%
	Bad Debt and Charity per Calendar Day	5.1%	31.4%	20.5%	53.6%
	Bad Debt and Charity as a % of Gross Operating Rev.	6.2%	16.9%	8.4%	11.5%
Expense	Total Expense per Calendar Day	-0.9%	8.2%	8.8%	23.6%
	Labor Expense per Calendar Day	1.0%	6.7%	6.0%	17.0%
	Non-Labor Expense per Calendar Day	-1.7%	9.7%	11.6%	27.7%
	Supply Expense per Calendar Day	-1.3%	8.5%	10.9%	28.0%
	Drugs Expense per Calendar Day	1.3%	13.1%	12.5%	26.8%
	Purchased Service Expense per Calendar Day	-2.3%	11.2%	7.9%	25.4%
	Total Expense per Adjusted Discharge	-0.5%	3.1%	5.3%	9.7%
	Labor Expense per Adjusted Discharge	0.8%	3.9%	4.2%	5.3%
	FTEs per AOB	0.0%	-3.3%	-0.4%	-1.8%
	Non-Labor Expense per Adjusted Discharge	-1.1%	3.5%	7.2%	15.4%
	Supply Expense per Adjusted Discharge	-4.5%	3.6%	7.6%	19.6%
	Drugs Expense per Adjusted Discharge	-0.3%	10.6%	8.2%	13.4%
	Purchased Service Expense per Adjusted Discharge	-8.2%	-1.4%	2.8%	14.6%

500+ Beds

		Jul 26 vs. Jun 26 (Month-over-Month)	Jul 26 vs. Jul 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-12.6%	1.5%	-4.7%	18.9%
	Operating EBIDA Margin	-11.5%	-11.6%	-11.2%	-0.9%
Volume	Discharges per Calendar Day	1.5%	1.6%	1.6%	8.7%
	Adjusted Discharges per Calendar Day	1.9%	3.5%	4.1%	10.4%
	Equivalent Patient Days per Calendar Day	-0.2%	2.8%	1.1%	4.8%
	Observation Patient Days as % of Patient Days	-3.6%	6.1%	9.0%	7.8%
	Adjusted Patient Days per Calendar Day	0.0%	4.6%	2.2%	4.1%
	Average Length of Stay	-1.0%	-1.5%	-1.0%	-6.5%
	ED Visits per Calendar Day	0.4%	0.6%	-0.7%	7.3%
	Operating Room Minutes per Calendar Day	-2.7%	1.1%	1.4%	2.8%
Revenue	Net Operating Revenue per Calendar Day	-3.1%	7.2%	5.1%	24.3%
	Gross Operating Revenue per Calendar Day	-1.1%	8.2%	8.1%	28.3%
	IP Revenue per Calendar Day	-0.1%	6.8%	4.8%	24.2%
	OP Revenue per Calendar Day	-0.4%	9.8%	11.1%	30.3%
	IP/OP Adjustment Factor	-0.2%	1.8%	2.4%	3.0%
	NPSR per Adjusted Discharge	0.5%	3.8%	4.5%	11.2%
	NPSR per Adjusted Patient Day	1.3%	5.0%	3.5%	23.0%
	Bad Debt and Charity per Calendar Day	5.4%	14.0%	21.2%	34.0%
	Bad Debt and Charity as a % of Gross Operating Rev.	4.7%	6.1%	19.5%	9.0%
Expense	Total Expense per Calendar Day	-1.9%	6.6%	5.5%	25.2%
	Labor Expense per Calendar Day	-0.2%	5.0%	4.0%	18.7%
	Non-Labor Expense per Calendar Day	-2.9%	8.3%	7.6%	28.8%
	Supply Expense per Calendar Day	-0.5%	8.2%	7.6%	32.1%
	Drugs Expense per Calendar Day	-0.9%	9.4%	12.1%	41.6%
	Purchased Service Expense per Calendar Day	-2.5%	6.5%	4.0%	16.5%
	Total Expense per Adjusted Discharge	-2.3%	5.3%	3.7%	9.0%
	Labor Expense per Adjusted Discharge	-0.2%	2.5%	-1.5%	1.2%
	FTEs per AOB	1.8%	-2.5%	-0.2%	6.5%
	Non-Labor Expense per Adjusted Discharge	-2.8%	5.8%	6.1%	15.8%
	Supply Expense per Adjusted Discharge	0.6%	7.6%	8.6%	16.9%
	Drugs Expense per Adjusted Discharge	2.8%	8.0%	10.1%	16.5%
	Purchased Service Expense per Adjusted Discharge	-4.3%	1.6%	-3.7%	6.8%

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Non-Operating

National Non-Operating Results

Key Observations

This report reflects market data as of July 31, 2026, and additional commentary regarding market events through August 14, 2026.

- The U.S. labor market weakened further in July as nonfarm payroll declined by 23,000 jobs in July, following downwardly revised gains of 20,000 in June and 63,000 in May. The May and June revisions reduced previously reported employment by a combined 103,000 jobs. The unemployment rate edged down to 4.1%, which is the lowest it's been since June 2025.
- According to the BLS: "In July, employment in health care continued its upward trend (+22,000) but at a slower pace than the average monthly gain over the prior 12 months (+36,000). Employment in ambulatory health care services continued to trend up over the month (+18,000)."
- ADP similarly showed a sharp slowdown in private-sector hiring. ADP reported 44,000 private-sector jobs added in July, down from a revised 95,000 in June, with education and health services contributing 36,000 jobs. ADP also reported annual pay growth of 4.4% for job-stayers and 7.0% for job-changers, indicating that wage pressures remain elevated despite slower hiring.
- CPI increased just 0.1% month over month, following June's 0.4% decline, while annual headline inflation eased to 3.4% from 3.5%. Core CPI, which excludes food and energy, increased 0.2% for the month and 2.5% year over year, down from 2.6% in June. Energy prices declined 1.5% during July, helping offset increases elsewhere in the index. While inflation remains above the Federal Reserve's long-term objective, the July report suggests that underlying consumer price pressures continued to move in a more favorable direction.
- The medical care index increased 0.4% month-over-month after declining 0.1% in June. Hospital services rose 0.5%, while physicians' services increased 0.2%. The acceleration in healthcare prices relative to the broader 0.1% CPI increase highlights continued cost pressure within the sector even as aggregate inflation moderates.

National Non-Operating Results *(continued)*

Key Observations (continued)

- PPI was unchanged month over month and rose 4.7% year over year. Energy declined 3.1%, gasoline fell 5.7%, while final demand excluding food, energy, and trade services increased 0.4% for the month and 4.7% year over year.
- The index increased to 55.6% from 53.3%, marking a seventh consecutive month of expansion and the highest reading since May 2022. The Employment Index increased to 52.8%, its first expansionary reading in 33 months, while the Prices Index remained elevated at 71.1%.
- The Federal Reserve held the federal funds target range at 3.50%-3.75% in a 9-3 vote. The press release statement referenced elevated uncertainty related partly to the Middle East conflict and inflation pressure associated with supply shocks, including energy.
- The Strait of Hormuz remains a significant source of energy-market and inflation risk through mid-August. The U.S. Energy Information Administration (EIA) estimates that crude oil and petroleum liquids moving through the Strait averaged approximately 4.9 million barrels per day in the second quarter of 2026, compared with 21.6 million barrels per day in the fourth quarter of 2025 before the conflict. Brent crude fell as low as $69 per barrel on July 2 following the June agreement but subsequently surged to approximately $105 on July 23 as attacks on vessels resumed and shipping volumes declined. At the end of the month, geopolitical concerns tied to the Strait of Hormuz eased after reports that planned U.S. military strikes against Iran were paused and diplomatic discussions were expected to resume. Oil prices declined sharply in response, with WTI falling below $80 per barrel in early August. EIA's August outlook assumes that shipments through the Strait will remain severely constrained through August.
- Moody’s, S&P and Fitch released fiscal year 2025 not-for-profit health medians, highlighting resilient balance sheets but an incomplete and increasingly uneven operating recovery. While liquidity and leverage remain generally strong, persistent expense pressures and greater financial stress among lower-rated organizations continue to differentiate credit performance across the sector.

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National Non-Operating Results *(continued)*

General Non-Operating Observations

	July 2026	Month-over-Month Change	Year-over-Year Change
General			
GDP Growth*	1.5%	N/A	N/A
Unemployment Rate	4.1%	-0.1%	-0.2%
Personal Consumption Expenditures (Year-over-Year)	3.3%	n/c	+0.4%
Liabilities			
Daily SOFR	3.66%	-2 bps	-73 bps
SIFMA	2.16%	-51 bps	-13 bps
30-yr MMD	4.51%	+32 bps	-16 bps
30-yr Treasury	5.27%	+32 bps	+37 bps
Assets			
60/40 Asset Allocation†	N/A	-0.8%	+13.6%

*U.S. Bureau of Economic Analysis, Q2 2026 “Advanced Estimate” Updated on July 30, 2026.

†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

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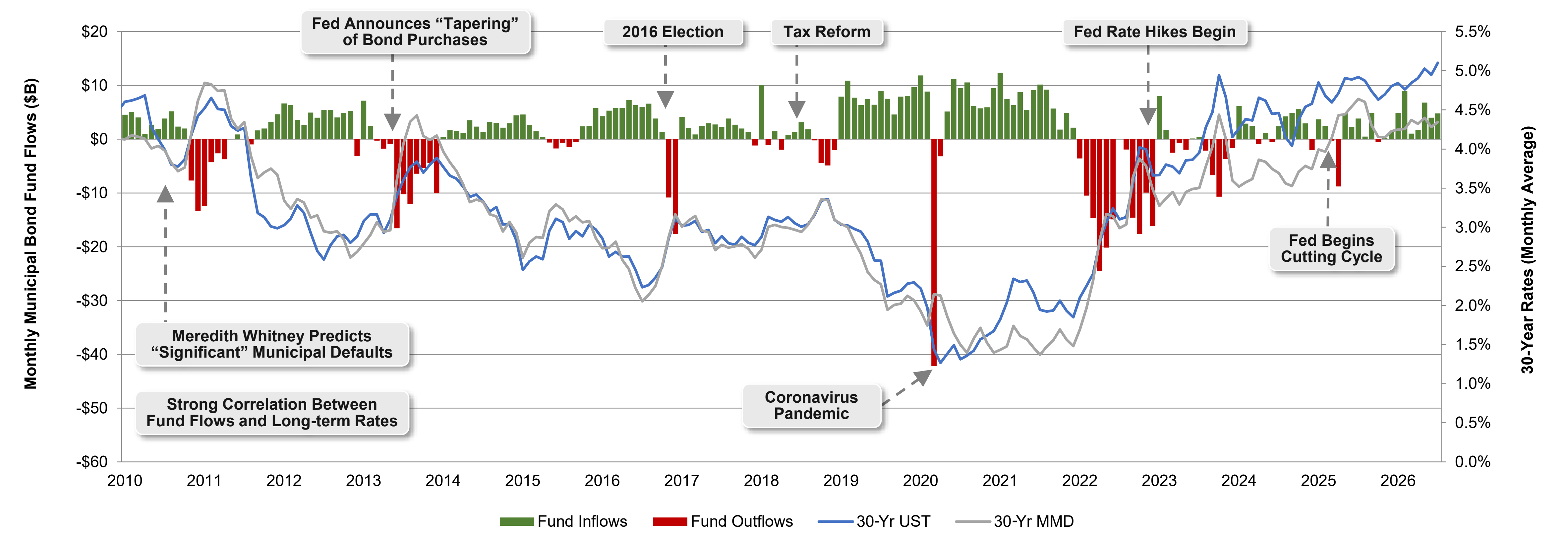
Non-Operating Liabilities

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



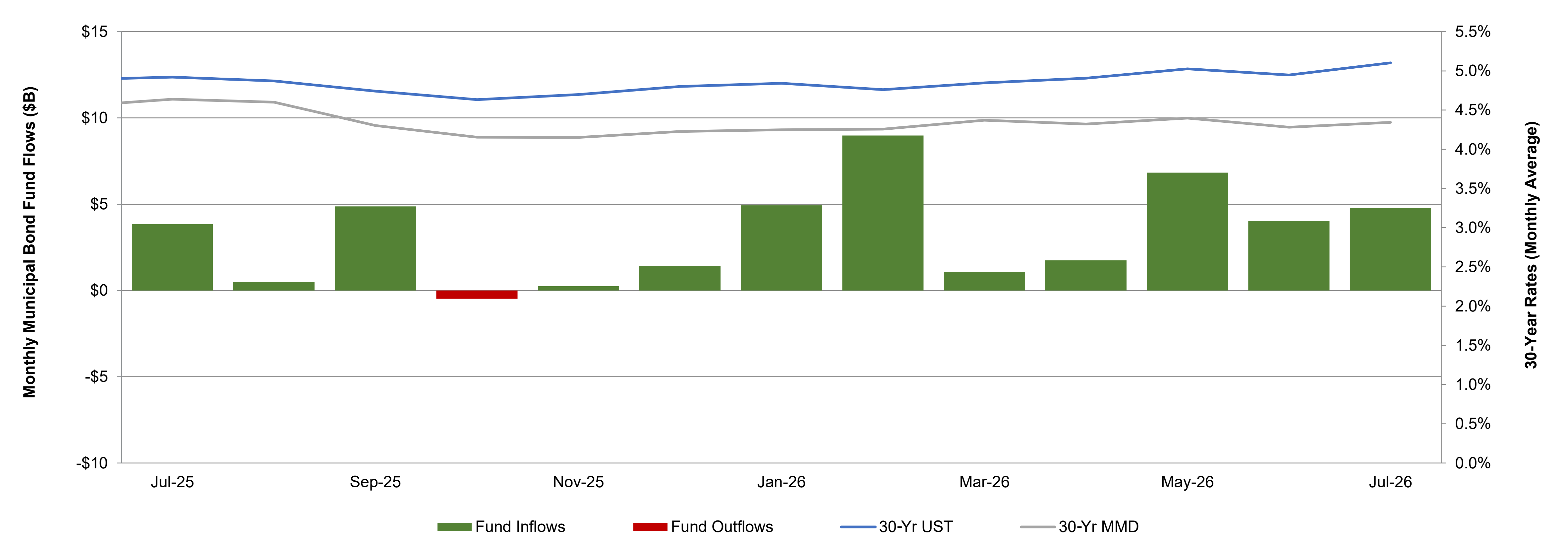
Kaufman Hall, *National Hospital Flash Report* (July 2026 Metrics)

Taxable and tax-exempt debt capital markets, as approximated here by the '30-yr U.S. Treasury' and '30-yr MMD Index', are influenced by 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. Strong fund flows generally signal that investors have more cash to put to work, supportive of market 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: $42.7 Bn



Kaufman Hall, *National Hospital Flash Report* (July 2026 Metrics)

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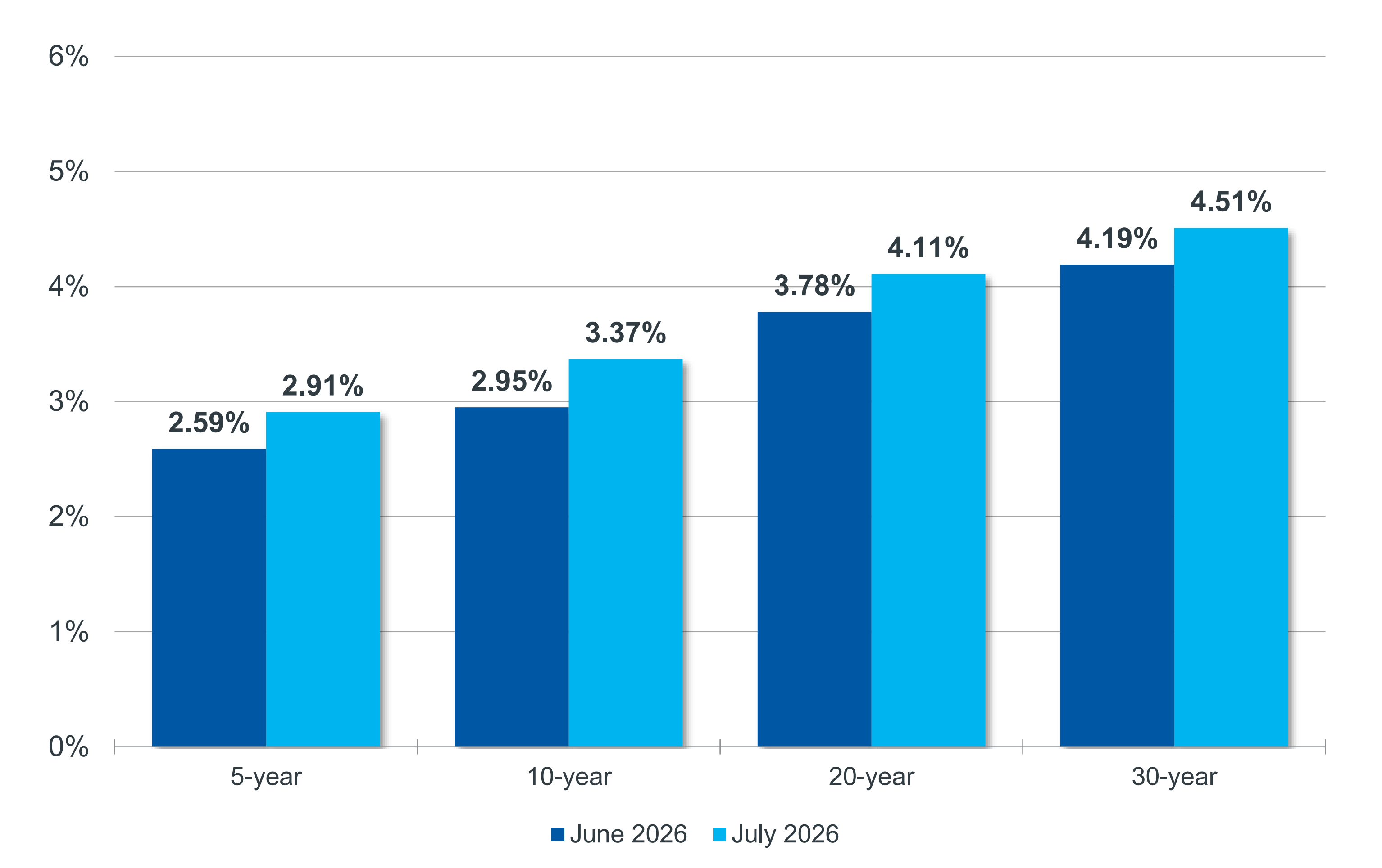
Non-Operating Liabilities *(continued)*

MMD Yield Comparison, June to July 2026



MMD yields increased throughout the curve. While the 5-, 20-, and 30-year tenors had increases of 32 to 33 basis points, the 10-year tenor had a larger uptick of 42 basis points.

Tax-exempt yields reversed June's decline and moved sharply higher across the curve in July. The 5-year and 10-year MMD yields increased 32 and 42 basis points, respectively, while the 20-year and 30-year yields rose 33 and 32 basis points. Overall, the substantial upward shift reflects renewed pressure in the tax-exempt market and a materially higher borrowing-cost environment compared with June.

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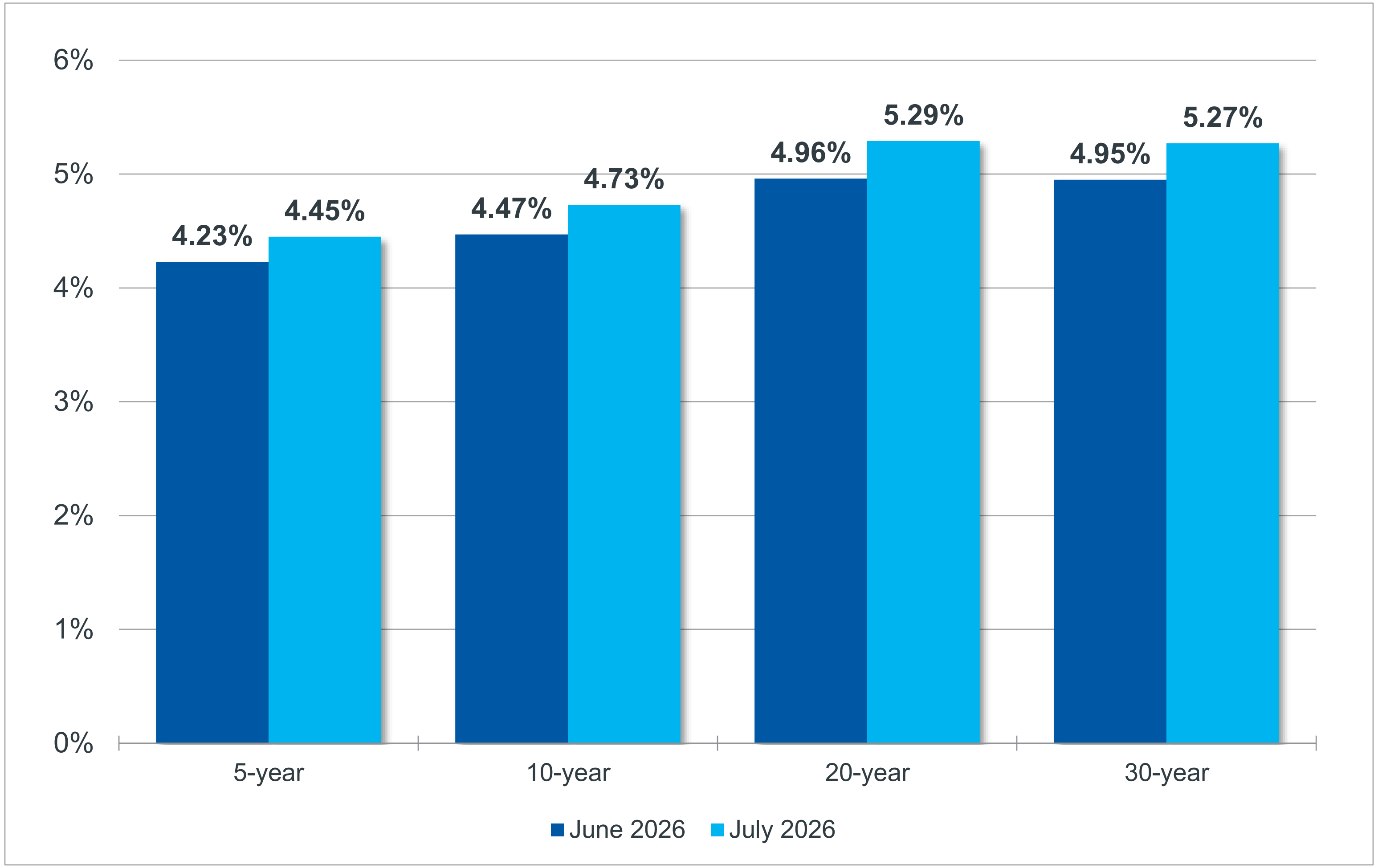
Non-Operating Liabilities *(continued)*

UST Yield Comparison, June to July 2026



Treasury yields rose between about 22-33 basis points throughout the curve.

Treasury yields also moved materially higher across the curve in July, reversing the mixed rate movement seen in June. Yields increased by approximately 22 to 33 basis points across maturities, with the 20-year and 30-year Treasury yields rising 33 and 32 basis points, respectively, with somewhat smaller increases at the short-end of the curve. The broad-based rise in Treasury yields indicates renewed upward pressure across the taxable market, consistent with the higher-rate environment also observed in municipals.

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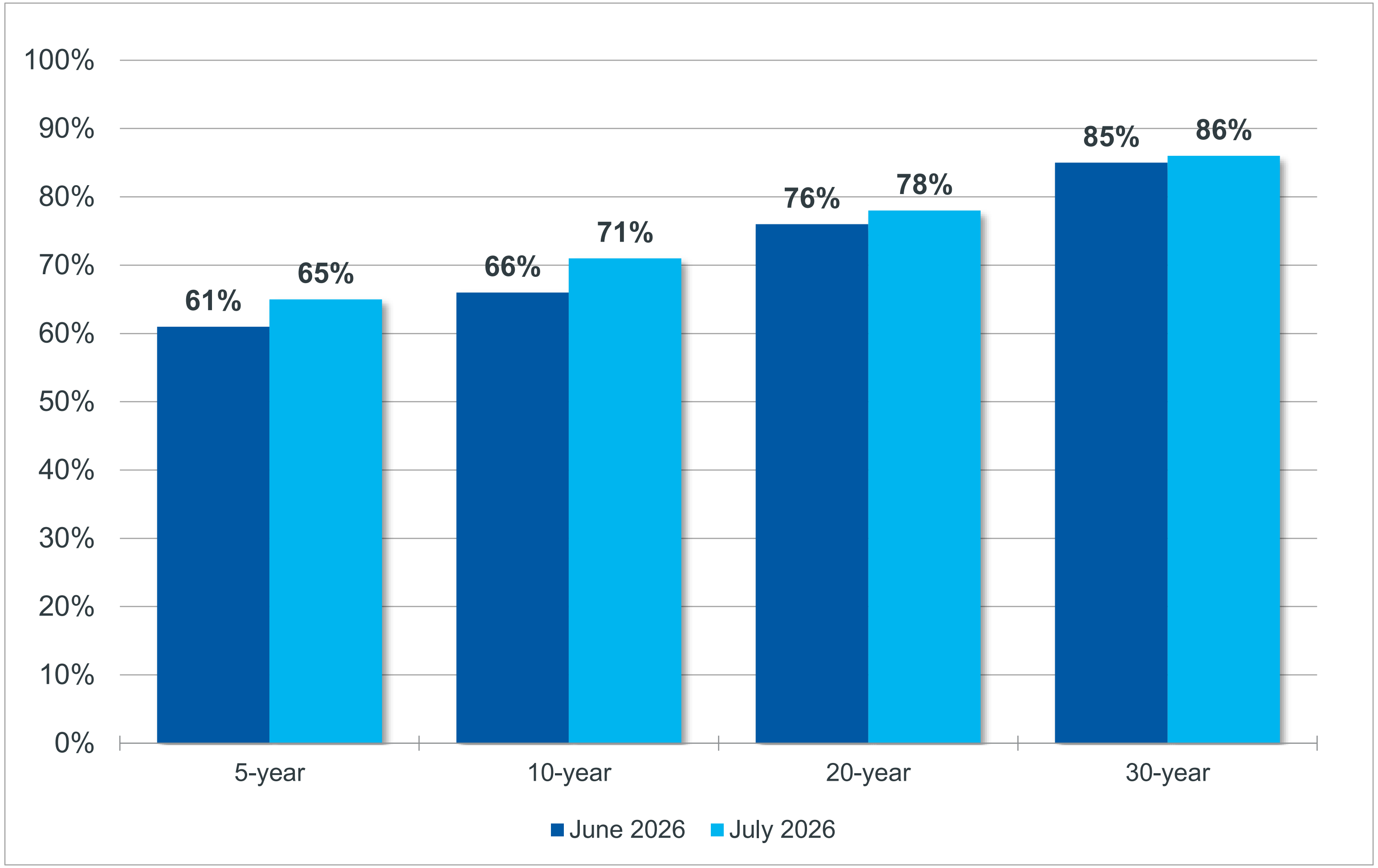
Non-Operating Liabilities *(continued)*

MMD/UST Ratio Comparison, June to July 2026



Ratios tightened across the yield curve, indicating a shift in relative value and continued pressure on tax-exempt markets

MMD/UST ratios widened across the curve in July, reversing the tightening seen in June. The 5-year, 10-year, 20-year, and 30-year ratios increased by 4%, 5%, 2%, and 1%, respectively, ending the month at 65%, 71%, 78%, and 86%. Overall, the widening in ratios indicates that tax-exempt bonds underperformed Treasuries on a relative basis during July, resulting in more attractive municipal relative value, particularly at the short and intermediate portions of the curve.

Non-Operating Liabilities *(continued)*

The tax-exempt variable rate market was meaningfully more volatile in July compared to June, with SIFMA trading within 127 basis points, 52 basis points wider than June’s range. July’s low of 1.64% was 50 basis points lower than June’s trough and the high of 2.91% was only 2 basis points higher than June’s peak. The SIFMA-to-SOFR ratio averaged 60% for the month of July, which is slightly lower than the historical range of 67%-70%. The first two August resets had an 80 basis point difference at 1.71% and 2.51%, respectively.

Municipal bond flows remained positive for the ninth consecutive month in July, with inflows of $4.8 billion, compared with revised inflows of $4.1 billion in June. There still has not been any weekly outflows reported since mid-April. Health issuance has maintained strong momentum, with year-to-date volume through the second week of August at $34.3 billion, up $3.9 billion from the same period in 2025. July included 9 public healthcare transactions, 1 less than June. August started off with four public healthcare transactions within the first two weeks, three of which were over $1 billion.

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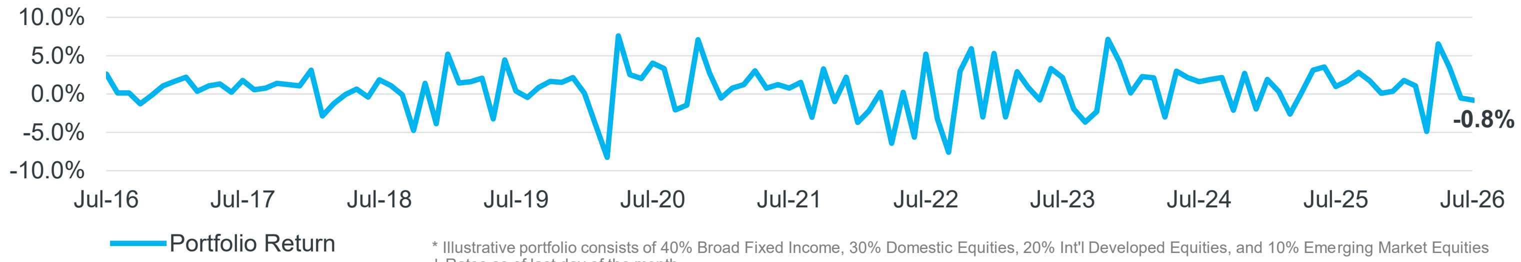
Non-Operating Assets

Month-over-Month Return

	S&P 500	MSCI World	MSCI Emerging Markets	Barclays Aggregate Bond Index
June 2026	-1.1%	-0.8%	-1.7%	0.2%
July 2026	-0.1%	0.5%	-3.3%	-1.3%
Difference	**0.9%**	**1.3%**	**-1.6%**	**-1.5%**

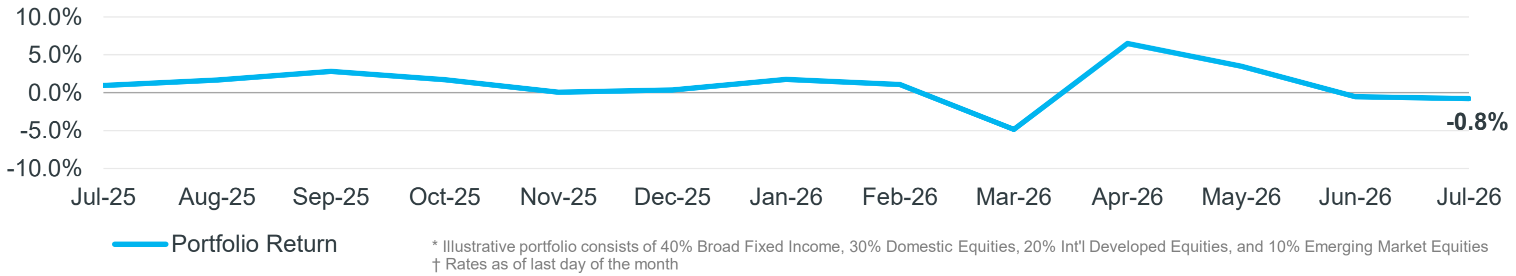
Long Term – Illustrative Investment Portfolio Returns, Month-over-Month Change



* Illustrative portfolio consists of 40% Broad Fixed Income, 30% Domestic Equities, 20% Int'l Developed Equities, and 10% Emerging Market Equities
† Rates as of last day of the month

Kaufman Hall, *National Hospital Flash Report* (July 2026 Metrics)

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



* Illustrative portfolio consists of 40% Broad Fixed Income, 30% Domestic Equities, 20% Int'l Developed Equities, and 10% Emerging Market Equities
† Rates as of last day of the month

Kaufman Hall, *National Hospital Flash Report* (July 2026 Metrics)

Non-operating asset performance remained mixed in July, with developed-market equities stabilizing while emerging markets and fixed income weakened. The S&P 500 declined just 0.1%, improving from June's 1.1% loss, while the MSCI World Index returned 0.5%, reversing its 0.8% decline in the prior month. Conversely, the MSCI Emerging Markets Index fell 3.3%, extending June's 1.7% decline and representing the weakest performance among the major asset classes. Fixed income also reversed course, with the Bloomberg Barclays Aggregate Bond Index declining 1.3% after posting a modest 0.2% gain in June. Based on these results, the traditional 60/40 blended portfolio generated an estimated 0.8% loss in July. Overall, July provided limited non-operating investment support, as improved developed-market equity performance was offset by weaker emerging market equities and fixed income.

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Contacts

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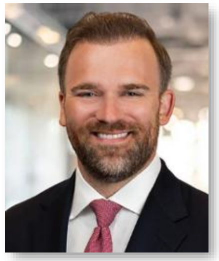

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Talk to us

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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