FEBRUARY 2026 METRICS

National Hospital Flash Report

Real Data. Real Insight. Real Time.

Based on Data from More Than 1,300 Hospitals

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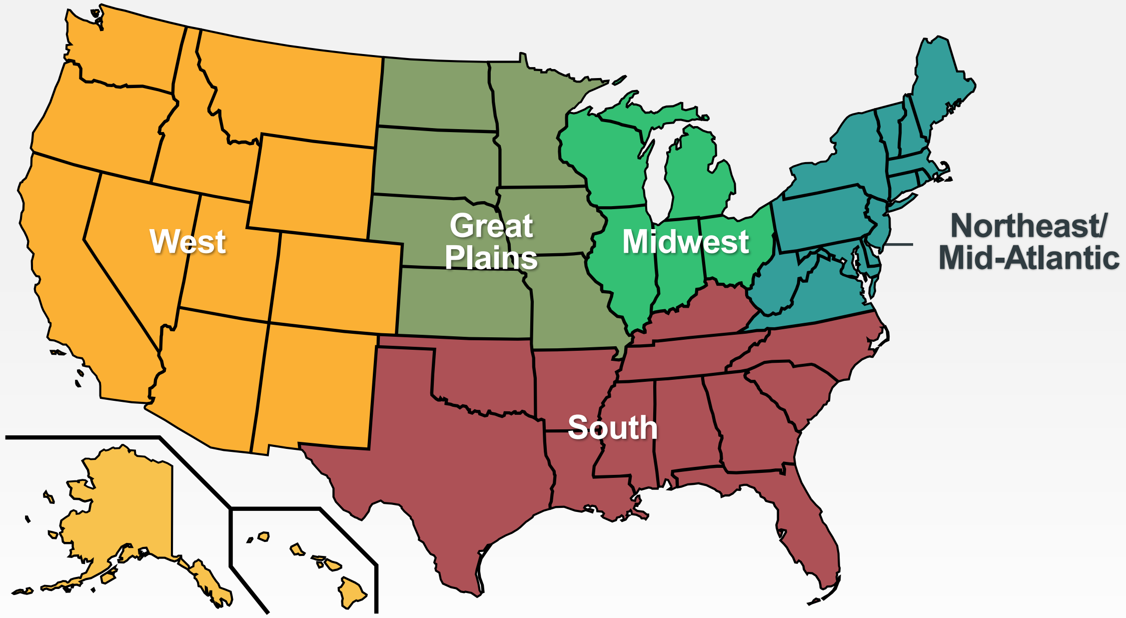
About the Data

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



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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

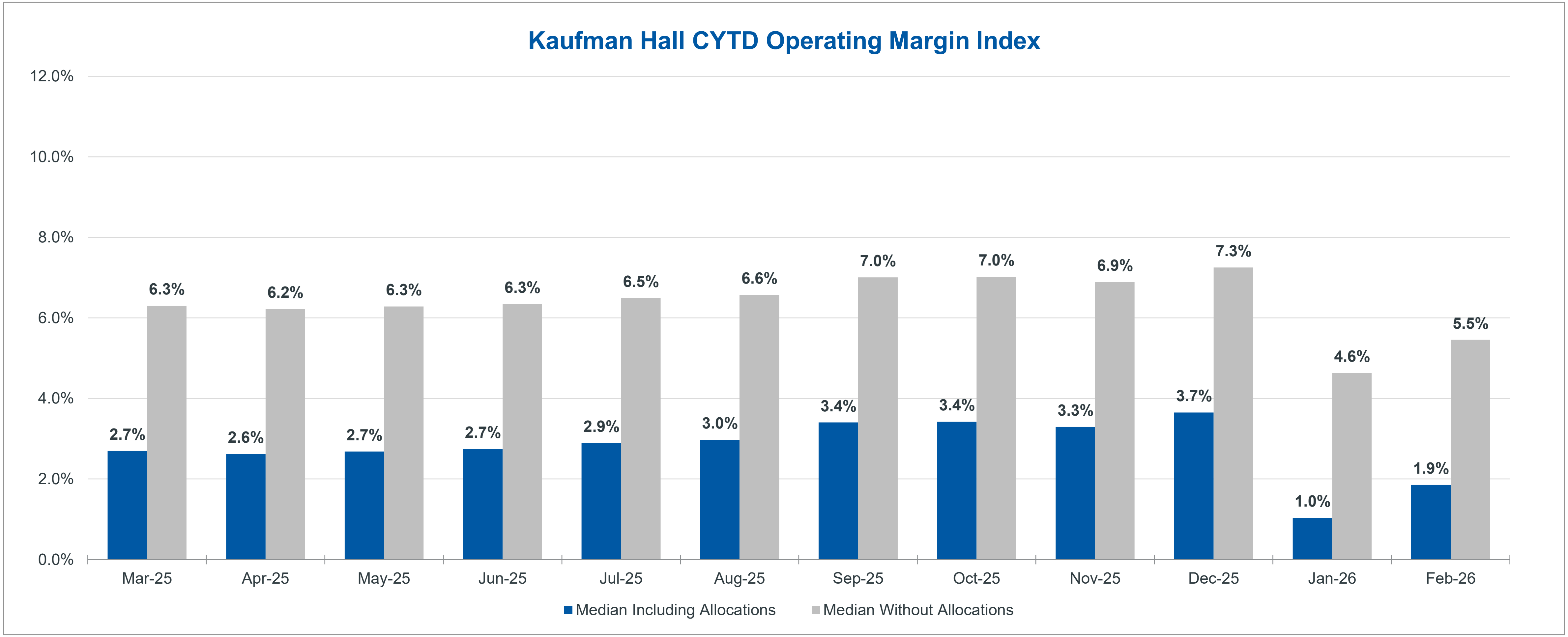
1. **Cost pressures are driving a tenuous financial outlook.** Hospital expenses are elevated in early 2026 compared to 2025, while revenues are pressured by an eroding payer mix and remain below sustainable levels.

2. **Hospital performance is bifurcating.** There is significant variation in hospital performance by size, geography, and market position.

3. **Softer, uneven volumes reflect shifting care patterns.** Patient days have softened in early 2026 while the average length of stay remains relatively steady, reflecting both demographic shifts and changes in where care is delivered.

4. **Outpatient revenue is rising in early 2026.** Outpatient care offers significant benefits to both patients and health systems, though hospitals must manage both revenue dilution and a greater concentration of high-acuity patients as a result.

Operating Margin



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

Notes: 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. This month's Index reflects year-end adjustments for 2025 and new-year adjustments for early 2026.

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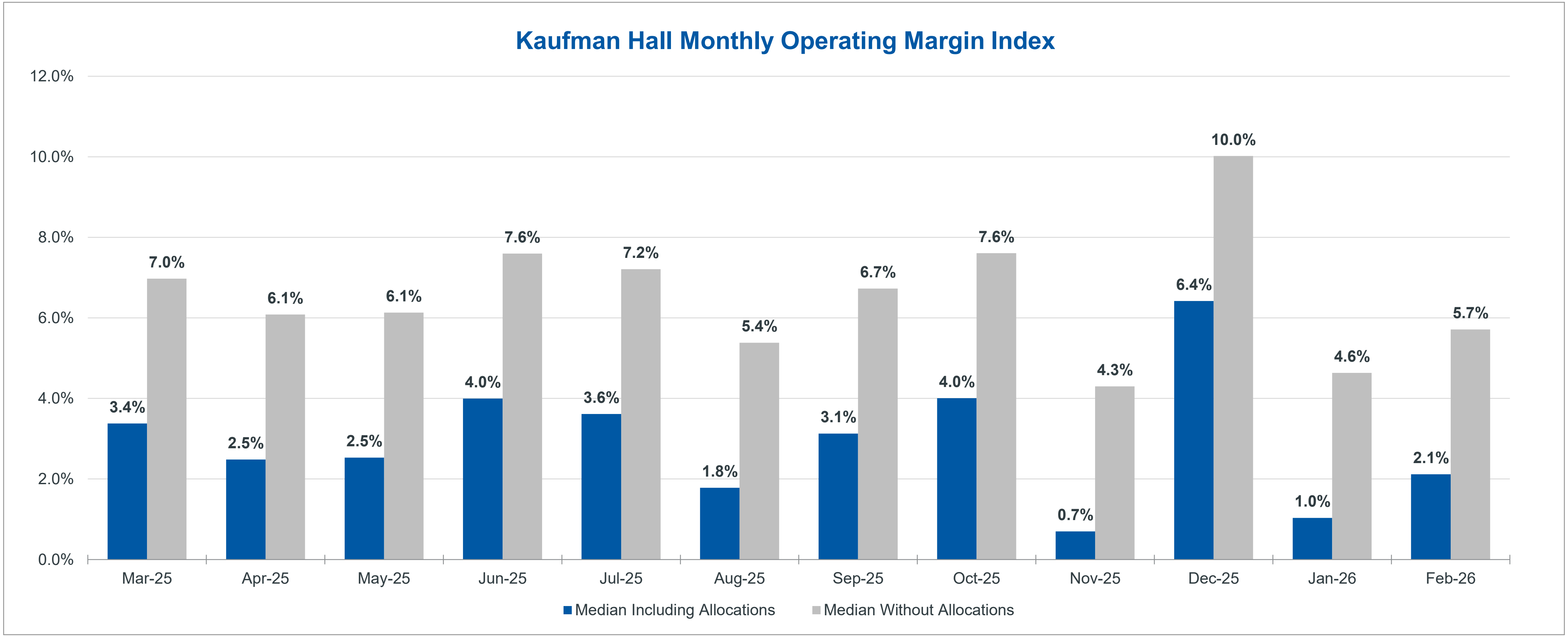
Operating Margin *(continued)*



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

Notes: 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. This month's Index reflects year-end adjustments for 2025 and new-year adjustments for early 2026.

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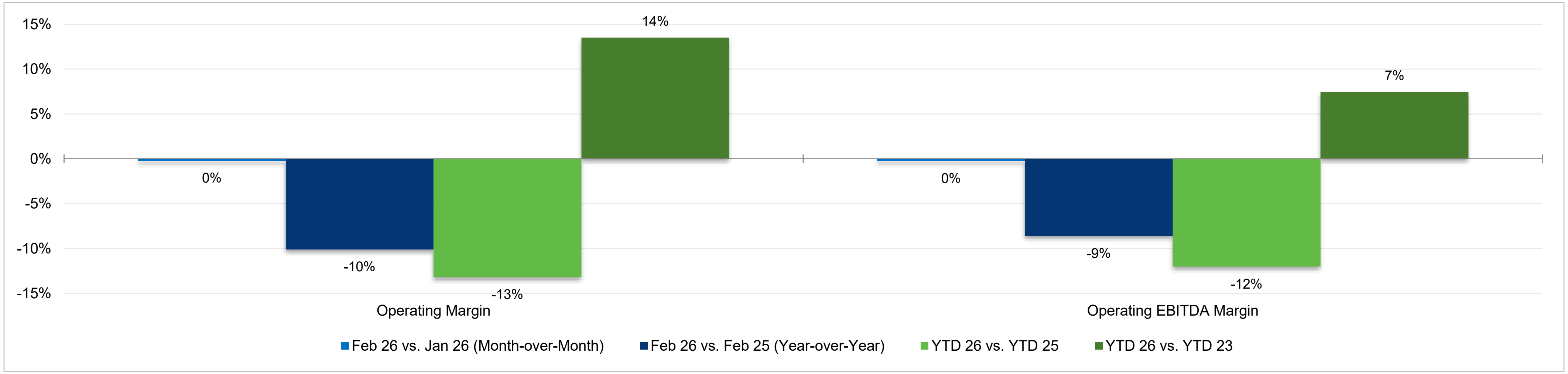
National and Regional Data

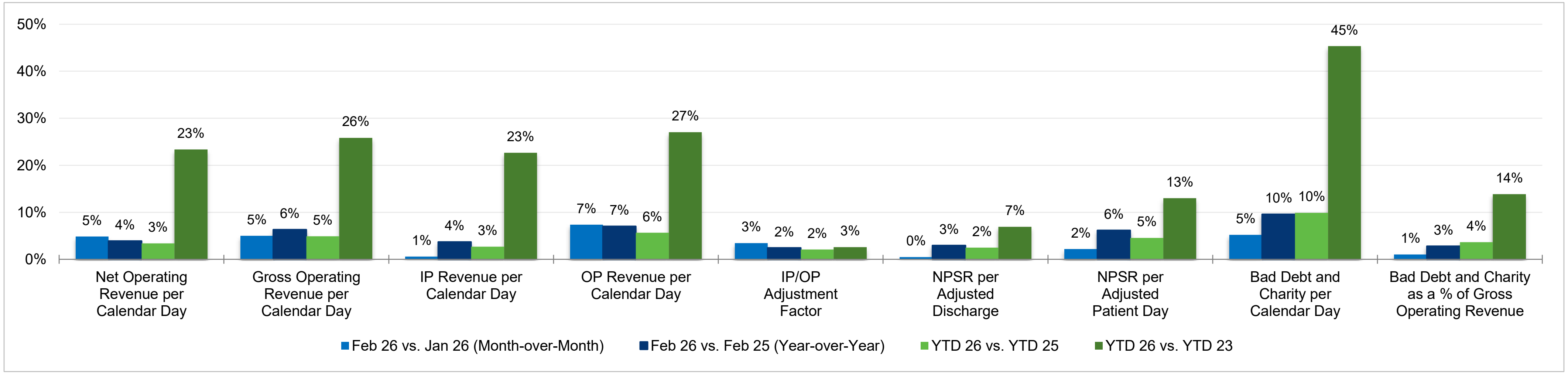
Profitability, Revenue, Expense, and Volume

National Data

Profitability



Revenue



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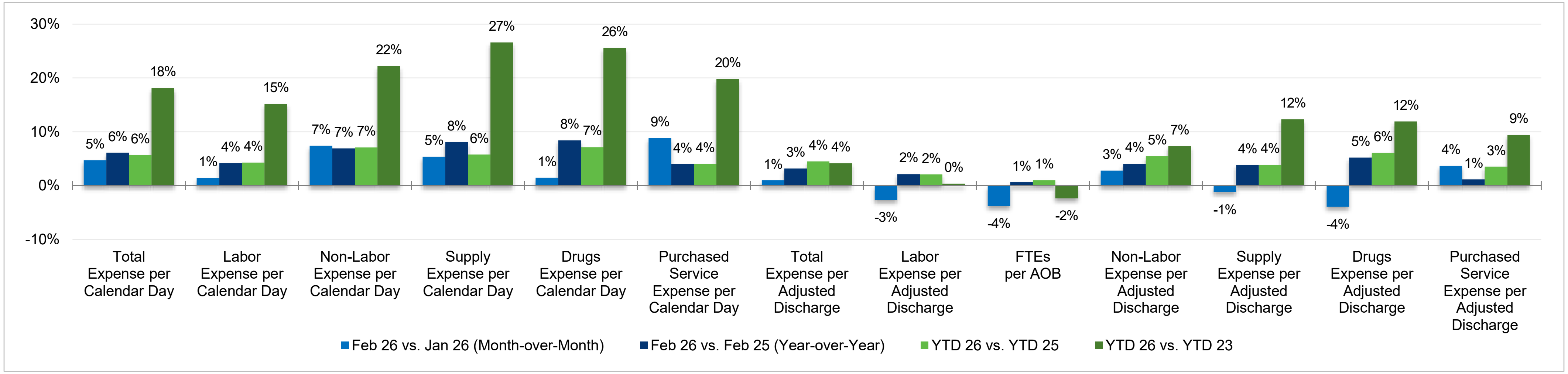
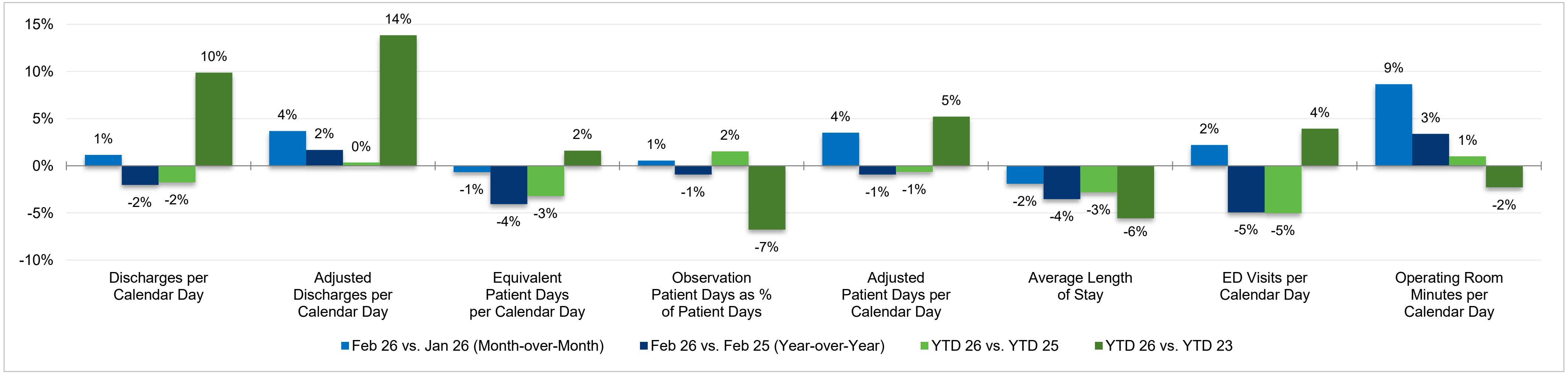
National Data *(continued)*

Expense

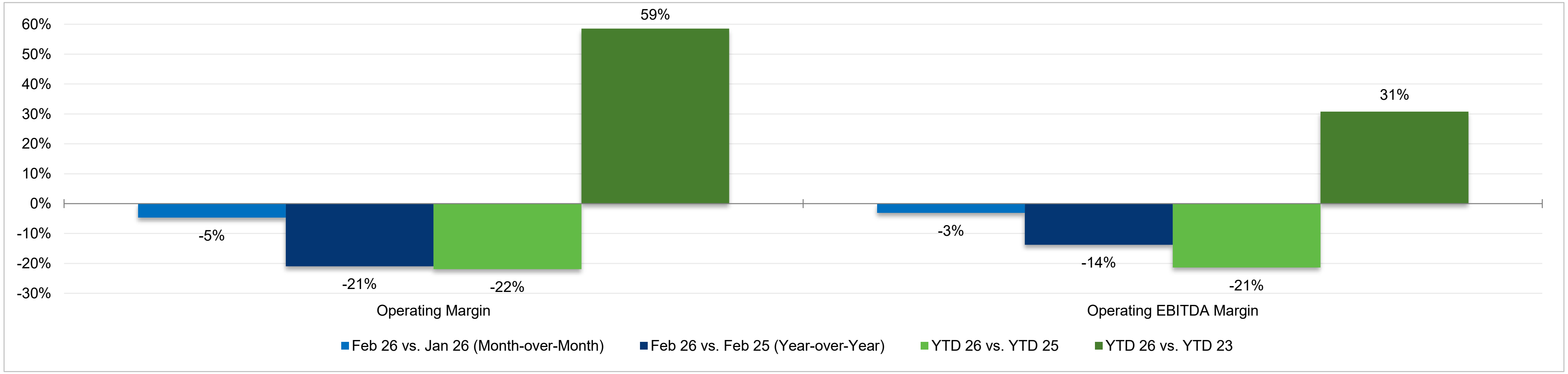


Volume

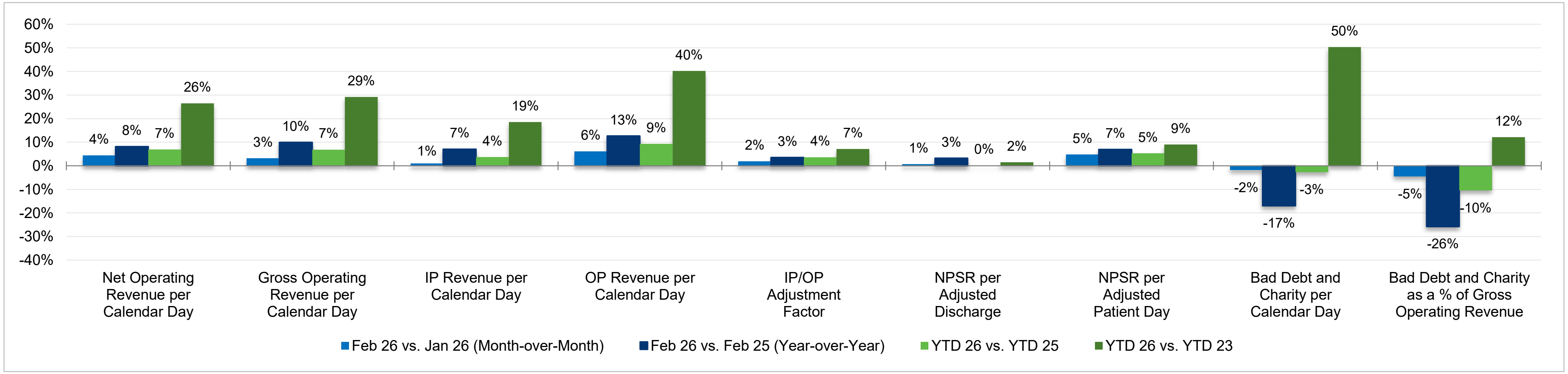


Regional Data: West

Profitability

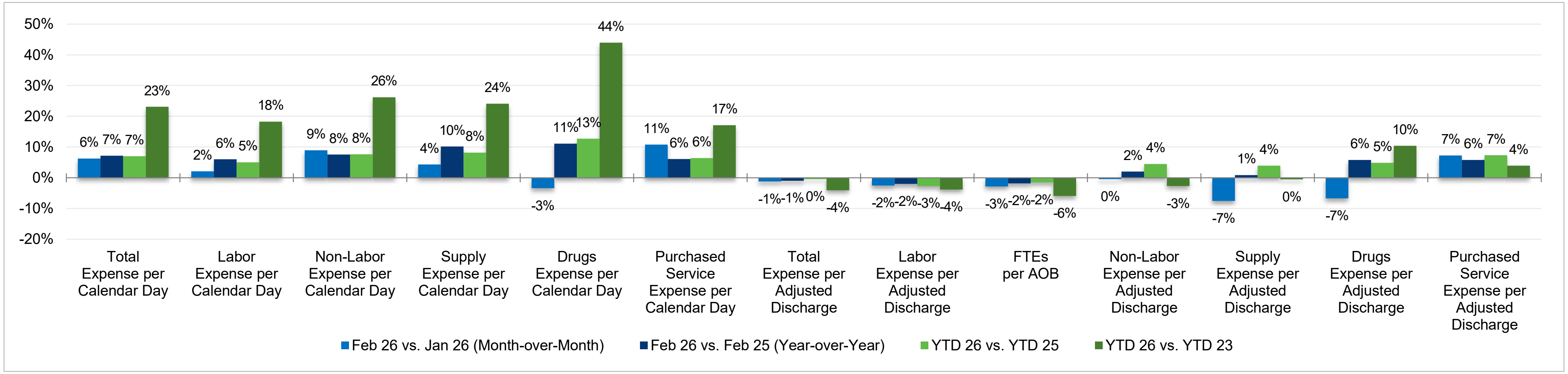


Revenue

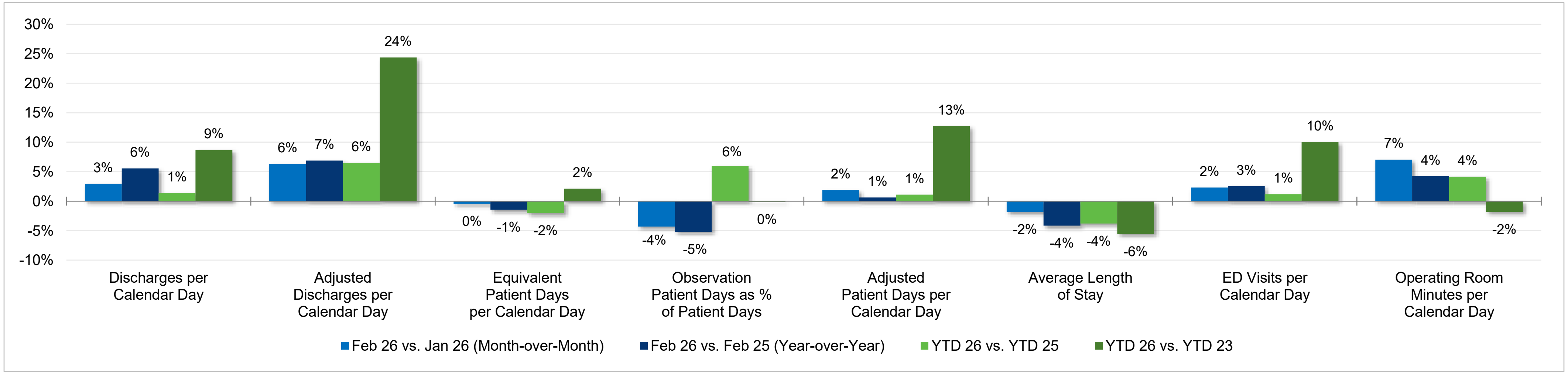


Regional Data: West *(continued)*

Expense



Volume



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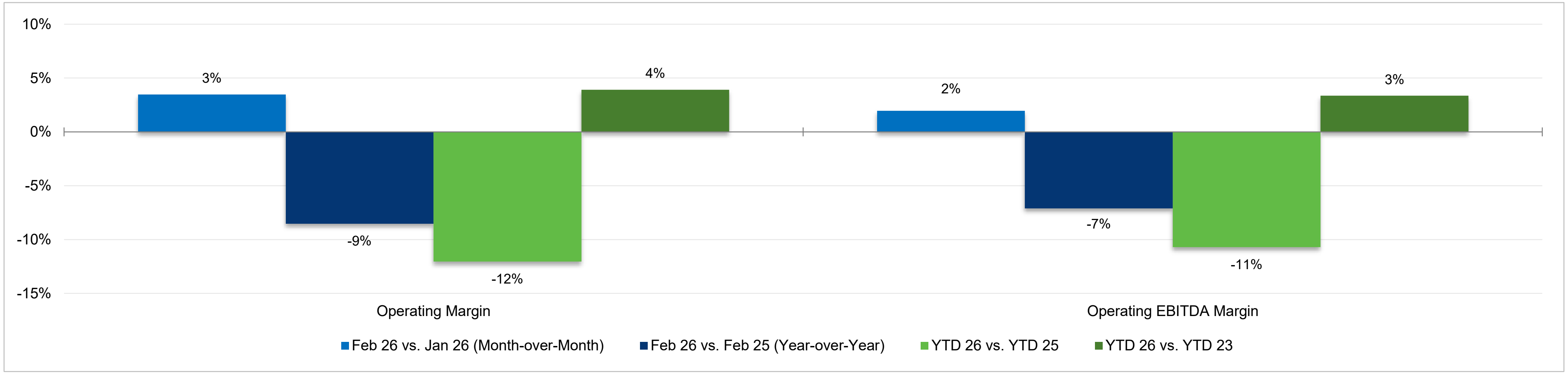
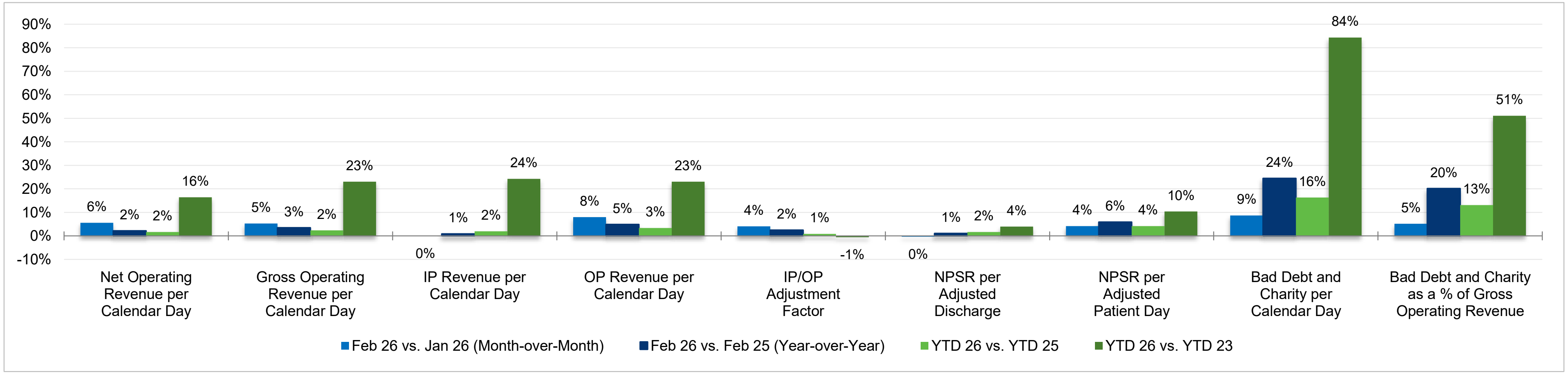
Regional Data: Midwest

Profitability



Revenue



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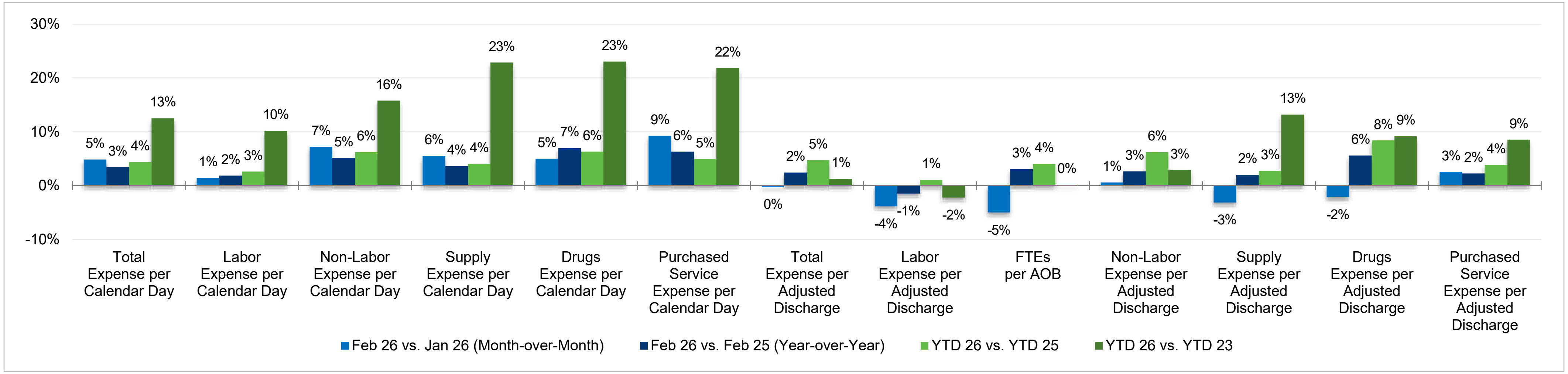
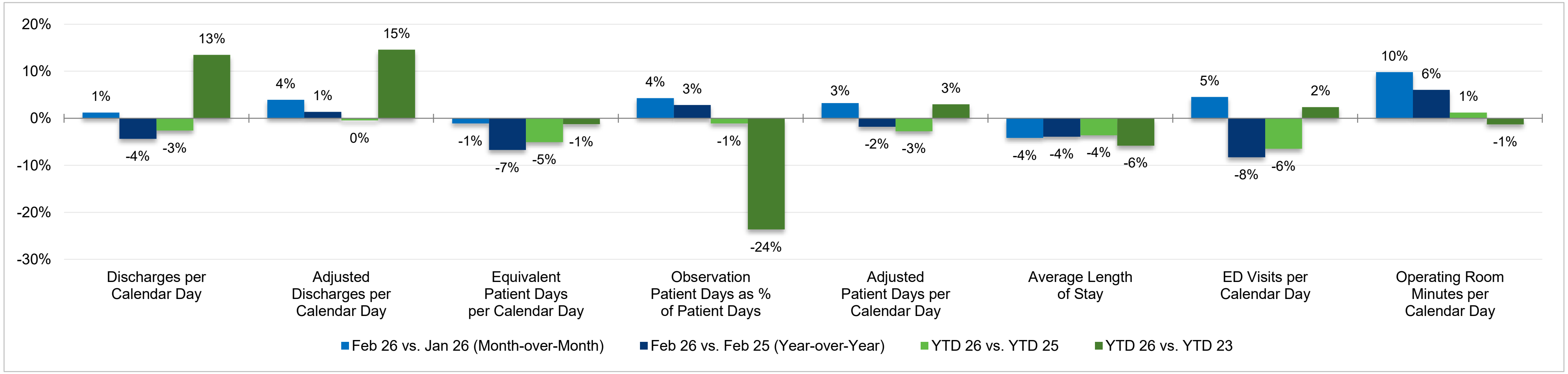
Regional Data: Midwest *(continued)*

Expense



Volume



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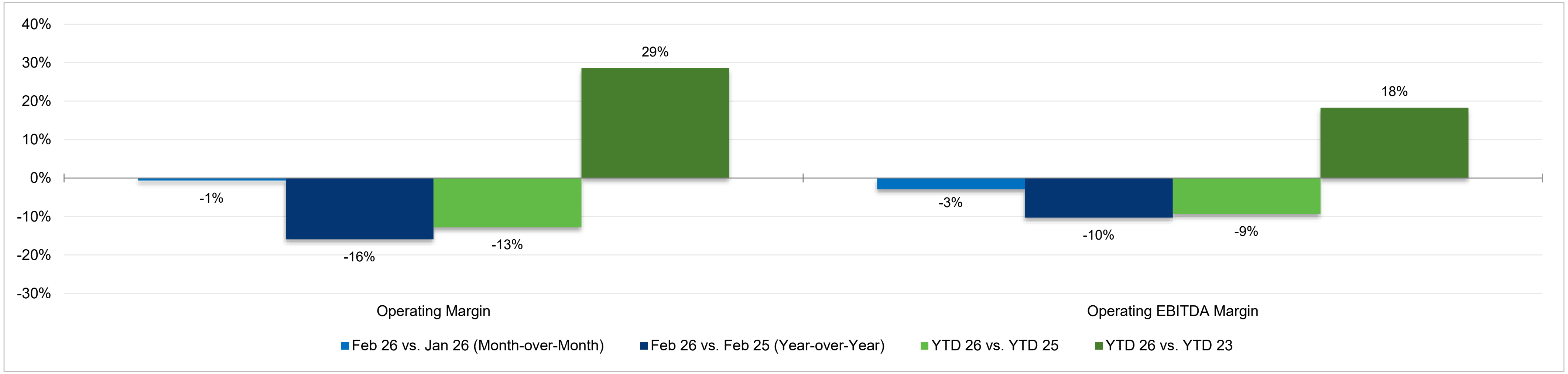
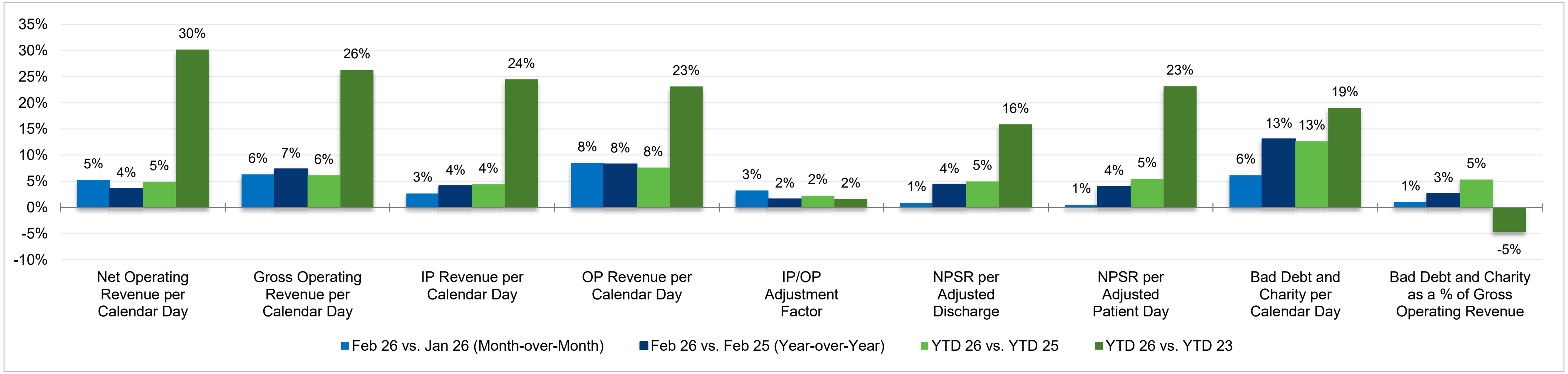
Regional Data: South

Profitability



Revenue



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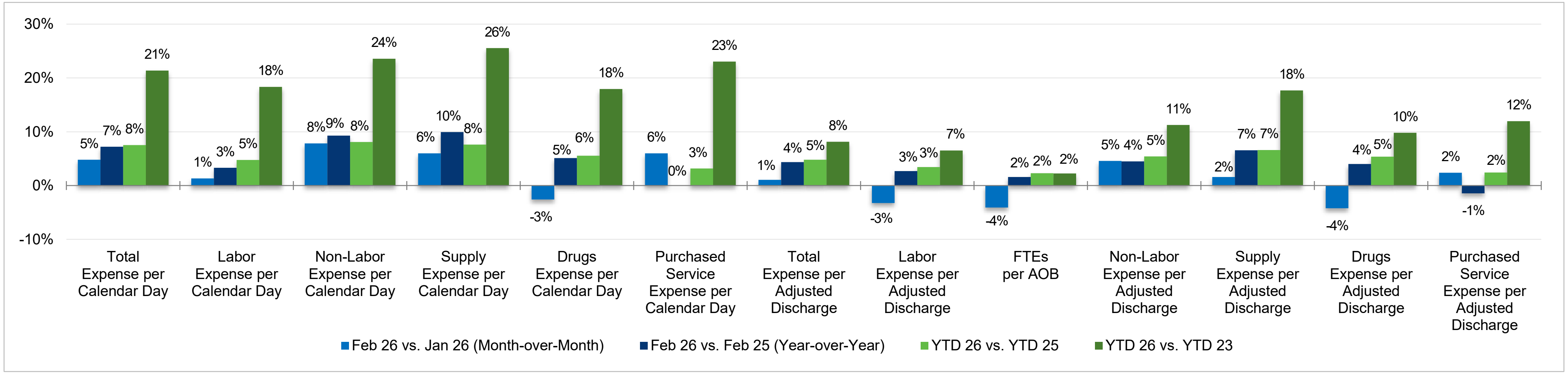
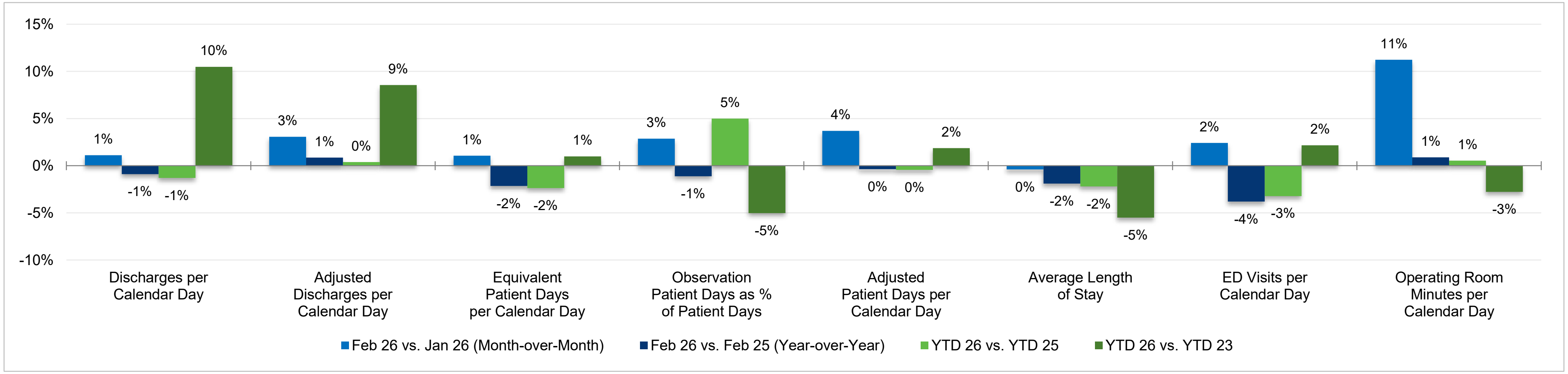
Regional Data: South *(continued)*

Expense



Volume



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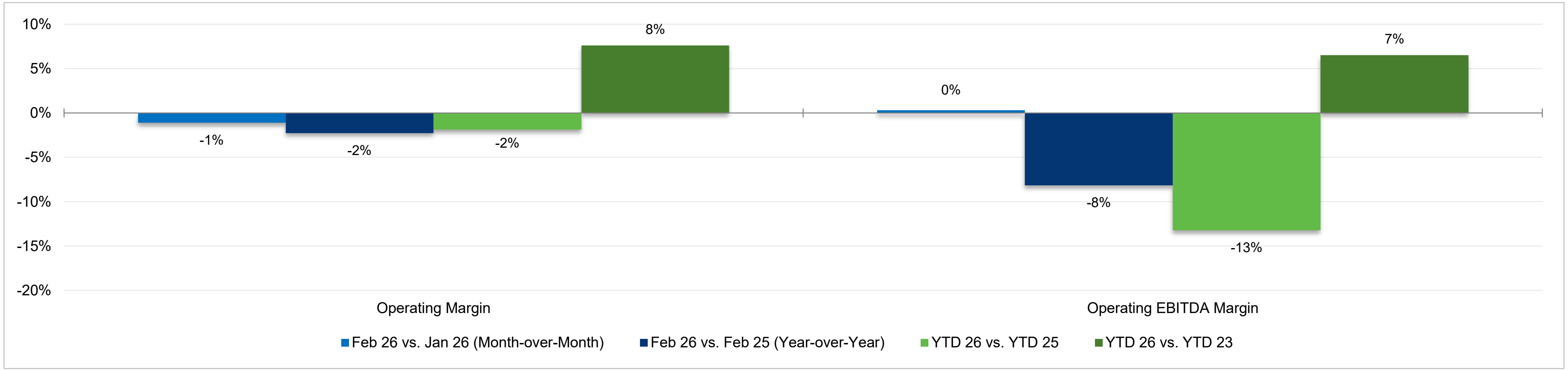
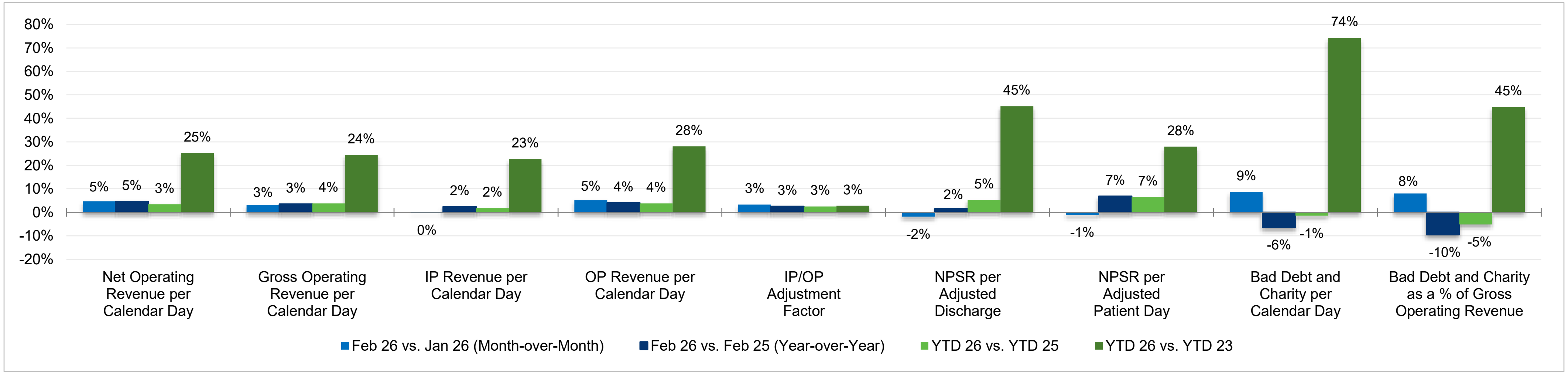
Regional Data: Northeast/Mid-Atlantic

Profitability



Revenue



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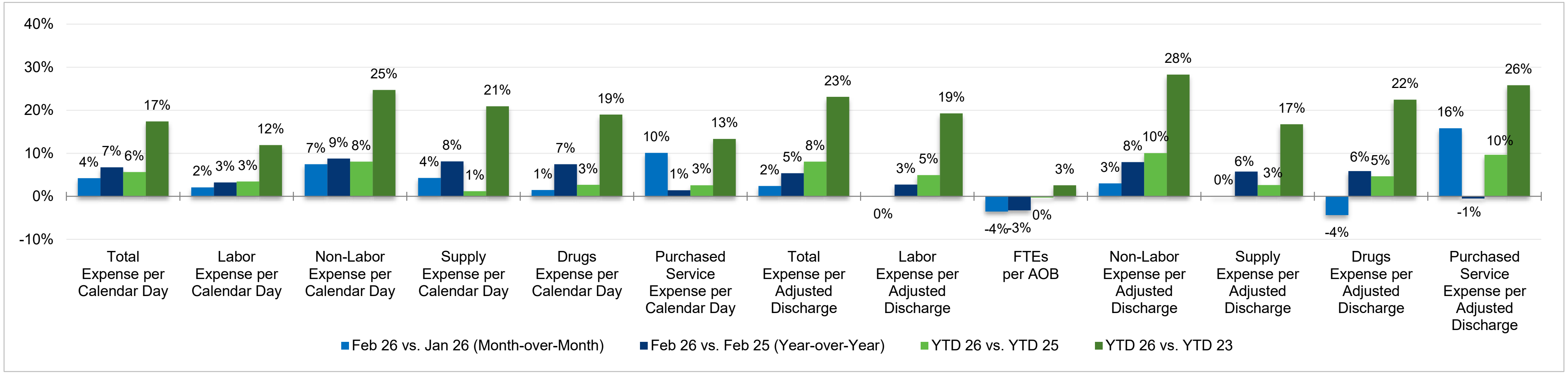
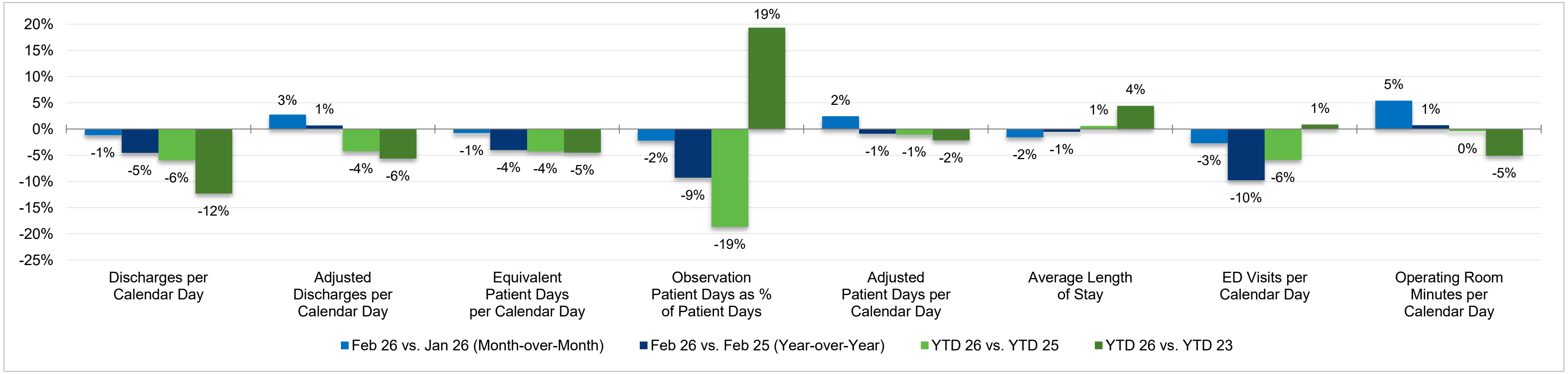
Regional Data: Northeast/Mid-Atlantic *(continued)*

Expense



Volume



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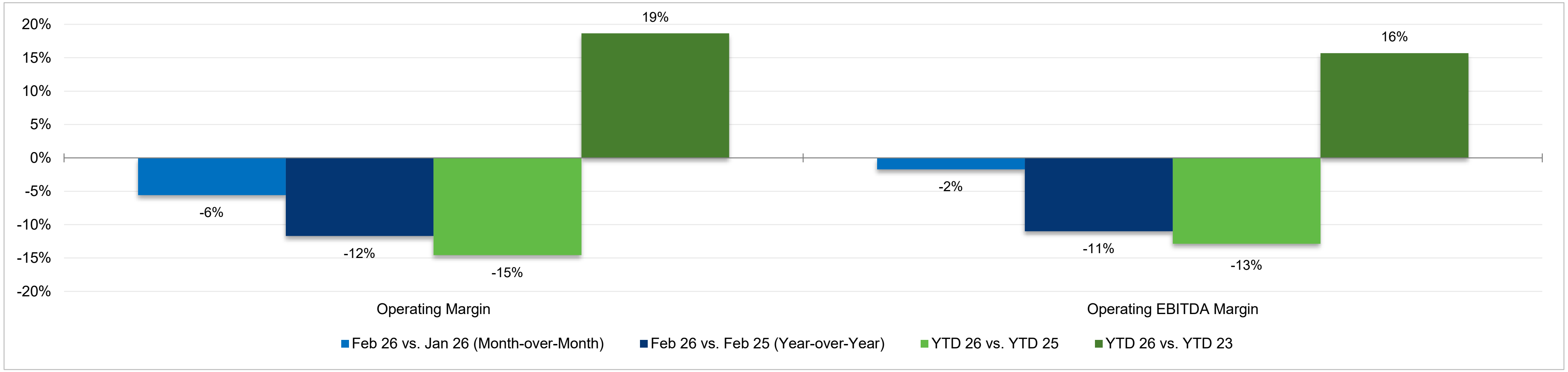
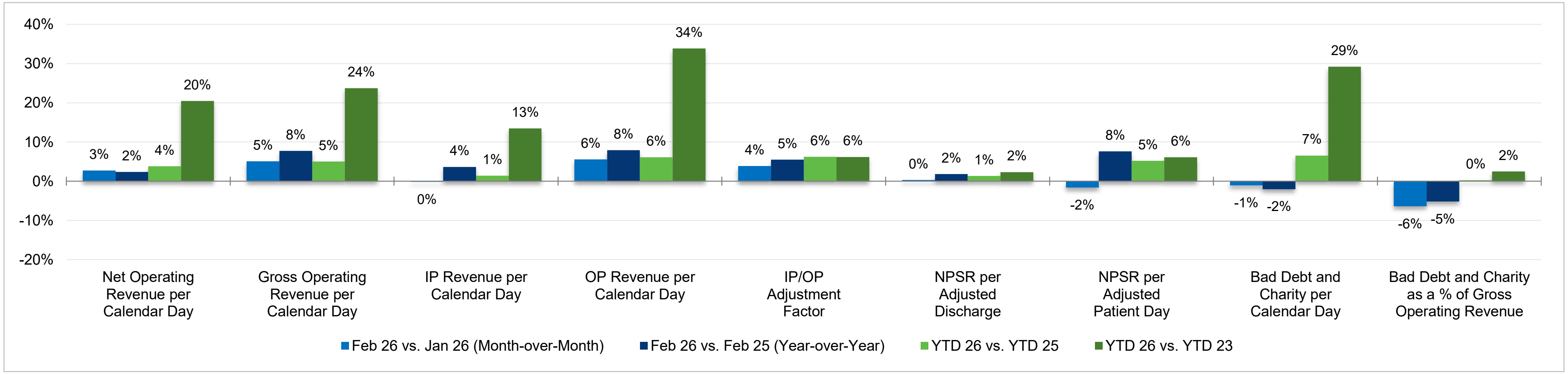
Regional Data: Great Plains

Profitability

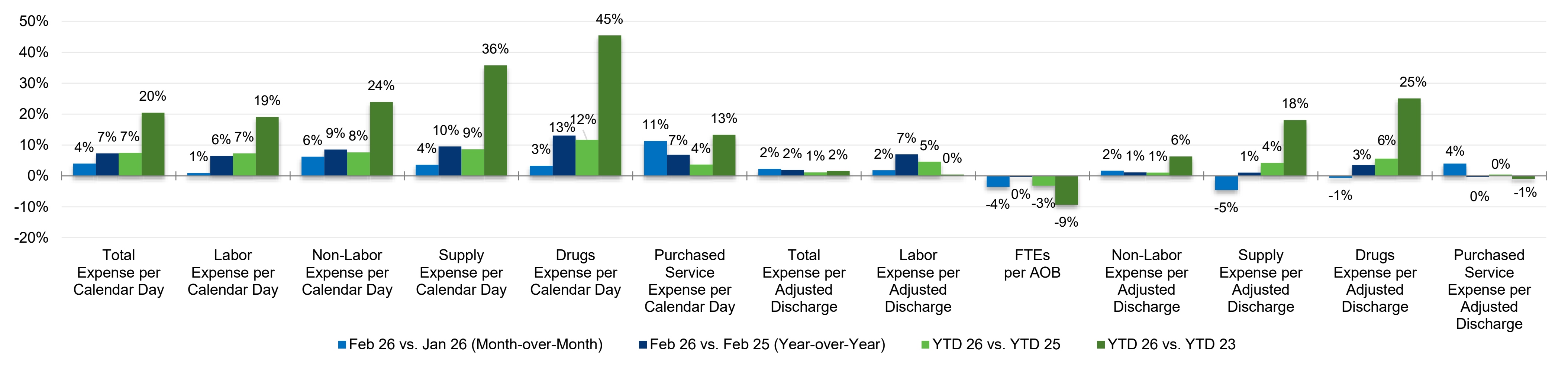


Revenue

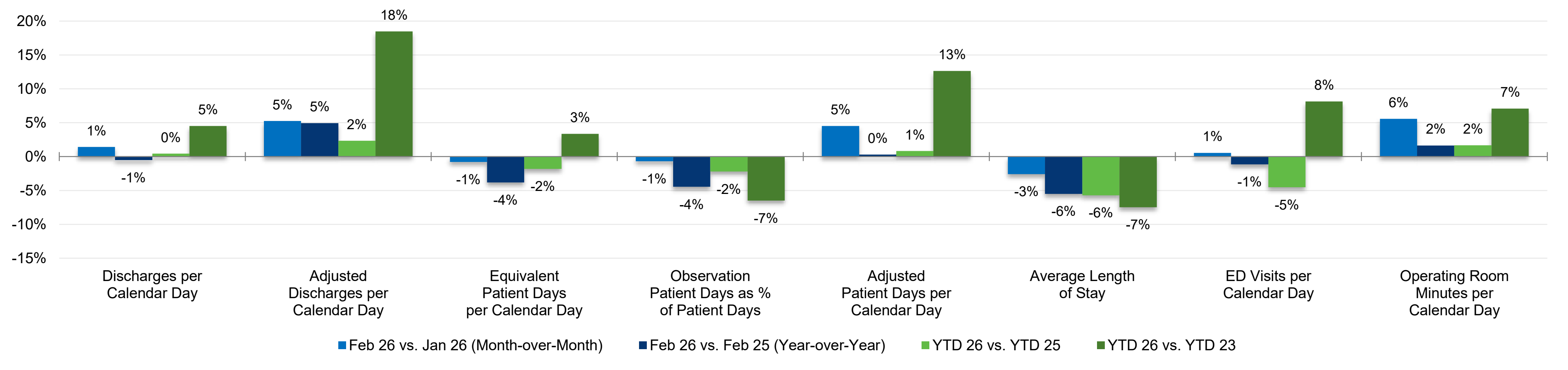


Regional Data: Great Plains *(continued)*

Expense



Volume



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Data by Hospital Bed Size

Profitability, Revenue, Expense, and Volume

0-25 Beds

		Feb 26 vs. Jan 26 (Month-over-Month)	Feb 26 vs. Feb 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-12.0%	-22.8%	-17.3%	17.2%
	Operating EBIDA Margin	-9.9%	-13.6%	-19.0%	12.1%
Volume	Discharges per Calendar Day	2.1%	-15.4%	-12.3%	-3.6%
	Adjusted Discharges per Calendar Day	2.0%	-4.4%	-5.9%	11.6%
	Equivalent Patient Days per Calendar Day	-4.3%	-6.3%	-3.3%	2.0%
	Observation Patient Days as % of Patient Days	-16.1%	-17.6%	-15.7%	-24.7%
	Adjusted Patient Days per Calendar Day	5.9%	-0.7%	0.4%	10.2%
	Average Length of Stay	-0.9%	8.0%	3.5%	-2.3%
	ED Visits per Calendar Day	0.8%	-6.7%	-6.0%	1.6%
	Operating Room Minutes per Calendar Day	-2.6%	-10.5%	-8.5%	-20.6%
Revenue	Net Operating Revenue per Calendar Day	1.3%	1.8%	2.5%	23.6%
	Gross Operating Revenue per Calendar Day	4.3%	1.8%	2.2%	21.5%
	IP Revenue per Calendar Day	-2.7%	-3.9%	-3.6%	12.6%
	OP Revenue per Calendar Day	6.4%	3.3%	2.7%	24.4%
	IP/OP Adjustment Factor	5.3%	1.6%	3.2%	7.3%
	NPSR per Adjusted Discharge	-2.4%	5.9%	4.6%	3.6%
	NPSR per Adjusted Patient Day	-3.3%	-0.5%	3.7%	9.4%
	Bad Debt and Charity per Calendar Day	4.6%	3.4%	8.2%	42.1%
	Bad Debt and Charity as a % of Gross Operating Rev.	-4.6%	2.6%	3.6%	15.3%
Expense	Total Expense per Calendar Day	2.8%	4.4%	5.4%	17.5%
	Labor Expense per Calendar Day	1.1%	3.4%	4.5%	14.6%
	Non-Labor Expense per Calendar Day	5.4%	3.9%	5.6%	20.6%
	Supply Expense per Calendar Day	-0.5%	2.6%	3.1%	23.9%
	Drugs Expense per Calendar Day	-3.9%	4.5%	6.7%	33.3%
	Purchased Service Expense per Calendar Day	8.5%	3.7%	3.9%	14.9%
	Total Expense per Adjusted Discharge	-3.0%	5.2%	7.9%	-0.4%
	Labor Expense per Adjusted Discharge	-3.1%	5.6%	7.5%	-2.3%
	FTEs per AOB	-8.1%	-1.8%	-1.7%	-7.9%
	Non-Labor Expense per Adjusted Discharge	-2.4%	3.7%	7.8%	0.8%
	Supply Expense per Adjusted Discharge	-6.4%	1.4%	2.4%	5.1%
	Drugs Expense per Adjusted Discharge	-10.8%	-4.1%	5.6%	11.9%
	Purchased Service Expense per Adjusted Discharge	2.1%	11.0%	11.9%	-3.4%

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26-99 Beds

		Feb 26 vs. Jan 26 (Month-over-Month)	Feb 26 vs. Feb 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-0.3%	-23.9%	-21.9%	14.3%
	Operating EBIDA Margin	0.9%	-21.0%	-18.2%	4.3%
Volume	Discharges per Calendar Day	-0.7%	-2.0%	-0.6%	10.9%
	Adjusted Discharges per Calendar Day	1.9%	0.8%	2.0%	16.2%
	Equivalent Patient Days per Calendar Day	-1.9%	-7.8%	-6.0%	1.1%
	Observation Patient Days as % of Patient Days	-4.8%	4.8%	6.2%	-13.9%
	Adjusted Patient Days per Calendar Day	3.9%	-4.4%	-2.8%	3.9%
	Average Length of Stay	0.0%	-4.2%	-5.2%	-5.3%
	ED Visits per Calendar Day	2.3%	-6.9%	-5.1%	4.6%
	Operating Room Minutes per Calendar Day	9.4%	-2.2%	-6.6%	-9.1%
Revenue	Net Operating Revenue per Calendar Day	6.0%	0.7%	0.2%	23.5%
	Gross Operating Revenue per Calendar Day	5.0%	4.6%	4.4%	23.8%
	IP Revenue per Calendar Day	-1.0%	-0.6%	0.5%	18.4%
	OP Revenue per Calendar Day	7.1%	7.8%	5.8%	27.0%
	IP/OP Adjustment Factor	4.8%	6.8%	4.8%	3.5%
	NPSR per Adjusted Discharge	0.0%	2.7%	-0.9%	7.2%
	NPSR per Adjusted Patient Day	-0.2%	5.9%	4.0%	10.7%
	Bad Debt and Charity per Calendar Day	14.5%	14.4%	9.5%	55.0%
	Bad Debt and Charity as a % of Gross Operating Rev.	7.9%	8.5%	3.9%	21.5%
Expense	Total Expense per Calendar Day	5.5%	5.3%	5.0%	16.5%
	Labor Expense per Calendar Day	1.8%	3.3%	3.7%	15.8%
	Non-Labor Expense per Calendar Day	7.2%	7.7%	7.3%	23.5%
	Supply Expense per Calendar Day	5.7%	7.0%	5.8%	25.4%
	Drugs Expense per Calendar Day	-3.7%	5.7%	7.1%	21.2%
	Purchased Service Expense per Calendar Day	7.7%	1.3%	3.2%	22.1%
	Total Expense per Adjusted Discharge	1.5%	3.0%	2.6%	5.6%
	Labor Expense per Adjusted Discharge	0.0%	2.1%	0.9%	0.8%
	FTEs per AOB	-4.5%	3.1%	3.0%	-8.2%
	Non-Labor Expense per Adjusted Discharge	1.6%	4.5%	4.3%	10.2%
	Supply Expense per Adjusted Discharge	-1.8%	-0.9%	1.0%	6.6%
	Drugs Expense per Adjusted Discharge	-5.9%	4.9%	5.8%	4.2%
	Purchased Service Expense per Adjusted Discharge	0.2%	-0.9%	2.8%	11.1%

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100-199 Beds

		Feb 26 vs. Jan 26 (Month-over-Month)	Feb 26 vs. Feb 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-1.5%	-2.9%	-3.8%	6.7%
	Operating EBIDA Margin	-1.3%	-3.1%	-4.7%	4.4%
Volume	Discharges per Calendar Day	-0.6%	-1.9%	-2.4%	11.0%
	Adjusted Discharges per Calendar Day	5.0%	2.9%	0.8%	14.4%
	Equivalent Patient Days per Calendar Day	0.1%	-5.6%	-4.2%	0.8%
	Observation Patient Days as % of Patient Days	6.9%	-1.0%	1.5%	7.4%
	Adjusted Patient Days per Calendar Day	4.5%	-0.9%	-0.1%	2.0%
	Average Length of Stay	-1.6%	-6.0%	-3.7%	-6.0%
	ED Visits per Calendar Day	2.3%	-3.9%	-5.3%	2.4%
	Operating Room Minutes per Calendar Day	9.5%	3.9%	2.7%	-1.7%
Revenue	Net Operating Revenue per Calendar Day	4.9%	4.4%	3.8%	21.0%
	Gross Operating Revenue per Calendar Day	5.3%	6.9%	5.6%	26.8%
	IP Revenue per Calendar Day	1.1%	3.5%	2.7%	22.5%
	OP Revenue per Calendar Day	7.9%	8.3%	6.6%	25.6%
	IP/OP Adjustment Factor	4.2%	3.0%	2.5%	2.5%
	NPSR per Adjusted Discharge	1.1%	1.3%	2.4%	5.0%
	NPSR per Adjusted Patient Day	2.2%	4.7%	5.0%	11.6%
	Bad Debt and Charity per Calendar Day	6.7%	12.4%	10.0%	44.6%
	Bad Debt and Charity as a % of Gross Operating Rev.	3.1%	3.6%	2.6%	12.1%
Expense	Total Expense per Calendar Day	5.1%	5.6%	4.8%	16.3%
	Labor Expense per Calendar Day	1.3%	4.3%	3.8%	13.9%
	Non-Labor Expense per Calendar Day	9.1%	7.2%	6.5%	17.6%
	Supply Expense per Calendar Day	6.5%	8.1%	3.6%	17.8%
	Drugs Expense per Calendar Day	5.2%	5.2%	2.4%	9.5%
	Purchased Service Expense per Calendar Day	10.0%	3.9%	4.5%	18.6%
	Total Expense per Adjusted Discharge	1.7%	2.9%	4.4%	3.6%
	Labor Expense per Adjusted Discharge	-3.7%	2.2%	2.0%	0.6%
	FTEs per AOB	-4.1%	0.6%	1.5%	-1.0%
	Non-Labor Expense per Adjusted Discharge	4.6%	2.3%	3.0%	2.6%
	Supply Expense per Adjusted Discharge	-0.7%	2.2%	3.3%	5.4%
	Drugs Expense per Adjusted Discharge	0.3%	8.2%	5.1%	-0.3%
	Purchased Service Expense per Adjusted Discharge	6.0%	-0.1%	2.5%	8.1%

200-299 Beds

		Feb 26 vs. Jan 26 (Month-over-Month)	Feb 26 vs. Feb 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	-0.6%	0.9%	-3.7%	15.9%
	Operating EBIDA Margin	-6.2%	-2.5%	-4.2%	16.7%
Volume	Discharges per Calendar Day	1.2%	-1.9%	-2.1%	13.3%
	Adjusted Discharges per Calendar Day	3.2%	1.6%	-0.9%	15.0%
	Equivalent Patient Days per Calendar Day	1.0%	-1.3%	-3.4%	0.0%
	Observation Patient Days as % of Patient Days	8.8%	7.1%	6.9%	-8.8%
	Adjusted Patient Days per Calendar Day	1.9%	-0.9%	-0.9%	1.8%
	Average Length of Stay	-2.5%	-3.8%	-2.9%	-9.4%
	ED Visits per Calendar Day	2.6%	-3.9%	-5.2%	5.2%
	Operating Room Minutes per Calendar Day	7.3%	4.0%	0.1%	1.7%
Revenue	Net Operating Revenue per Calendar Day	4.1%	6.7%	5.6%	27.4%
	Gross Operating Revenue per Calendar Day	4.8%	7.5%	6.4%	27.7%
	IP Revenue per Calendar Day	1.2%	4.0%	5.6%	27.4%
	OP Revenue per Calendar Day	7.4%	7.3%	7.0%	31.3%
	IP/OP Adjustment Factor	3.0%	2.4%	1.0%	1.6%
	NPSR per Adjusted Discharge	0.5%	1.8%	2.9%	7.7%
	NPSR per Adjusted Patient Day	0.8%	7.3%	3.9%	18.3%
	Bad Debt and Charity per Calendar Day	-0.1%	6.4%	10.1%	48.4%
	Bad Debt and Charity as a % of Gross Operating Rev.	-1.4%	-1.0%	1.7%	19.9%
Expense	Total Expense per Calendar Day	4.7%	7.1%	6.2%	18.4%
	Labor Expense per Calendar Day	1.3%	2.9%	2.6%	14.0%
	Non-Labor Expense per Calendar Day	8.0%	7.8%	7.7%	26.3%
	Supply Expense per Calendar Day	8.0%	9.5%	5.2%	27.8%
	Drugs Expense per Calendar Day	3.5%	12.1%	7.4%	33.9%
	Purchased Service Expense per Calendar Day	6.7%	3.1%	5.1%	20.2%
	Total Expense per Adjusted Discharge	1.3%	3.9%	4.6%	1.9%
	Labor Expense per Adjusted Discharge	-2.4%	-0.4%	2.0%	-1.6%
	FTEs per AOB	-2.3%	0.1%	1.2%	1.6%
	Non-Labor Expense per Adjusted Discharge	3.1%	6.5%	7.0%	4.6%
	Supply Expense per Adjusted Discharge	4.2%	8.7%	5.0%	15.1%
	Drugs Expense per Adjusted Discharge	5.3%	11.8%	4.4%	21.3%
	Purchased Service Expense per Adjusted Discharge	2.6%	-1.7%	1.7%	8.1%

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300-499 Beds

		Feb 26 vs. Jan 26 (Month-over-Month)	Feb 26 vs. Feb 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	13.6%	-5.3%	-16.6%	4.4%
	Operating EBIDA Margin	4.4%	-6.7%	-20.7%	2.2%
Volume	Discharges per Calendar Day	1.6%	1.1%	0.8%	13.5%
	Adjusted Discharges per Calendar Day	5.4%	2.3%	1.8%	14.8%
	Equivalent Patient Days per Calendar Day	-0.5%	-1.6%	-1.2%	4.3%
	Observation Patient Days as % of Patient Days	-0.6%	5.7%	6.9%	-0.3%
	Adjusted Patient Days per Calendar Day	2.3%	0.0%	0.3%	7.2%
	Average Length of Stay	-3.8%	-3.3%	-2.5%	-4.0%
	ED Visits per Calendar Day	2.7%	-0.1%	-2.7%	6.0%
	Operating Room Minutes per Calendar Day	8.0%	5.6%	4.6%	4.7%
Revenue	Net Operating Revenue per Calendar Day	6.0%	7.4%	5.6%	27.4%
	Gross Operating Revenue per Calendar Day	5.2%	7.5%	6.1%	28.1%
	IP Revenue per Calendar Day	3.6%	6.0%	5.2%	25.8%
	OP Revenue per Calendar Day	7.7%	9.1%	6.9%	29.9%
	IP/OP Adjustment Factor	2.5%	1.1%	1.6%	1.5%
	NPSR per Adjusted Discharge	0.9%	2.0%	3.5%	7.4%
	NPSR per Adjusted Patient Day	4.7%	6.5%	5.5%	18.3%
	Bad Debt and Charity per Calendar Day	0.0%	13.8%	13.4%	42.5%
	Bad Debt and Charity as a % of Gross Operating Rev.	-2.9%	4.4%	6.5%	2.9%
Expense	Total Expense per Calendar Day	5.0%	7.8%	8.4%	22.8%
	Labor Expense per Calendar Day	1.4%	6.1%	5.8%	19.5%
	Non-Labor Expense per Calendar Day	7.1%	10.7%	9.5%	25.8%
	Supply Expense per Calendar Day	4.5%	10.7%	8.3%	28.3%
	Drugs Expense per Calendar Day	3.1%	12.2%	7.6%	27.1%
	Purchased Service Expense per Calendar Day	10.0%	8.4%	6.6%	21.7%
	Total Expense per Adjusted Discharge	-0.3%	5.3%	5.1%	8.0%
	Labor Expense per Adjusted Discharge	-2.9%	3.0%	4.6%	4.3%
	FTEs per AOB	-1.6%	1.4%	2.5%	-0.2%
	Non-Labor Expense per Adjusted Discharge	1.4%	8.3%	6.7%	10.0%
	Supply Expense per Adjusted Discharge	-1.6%	11.5%	9.3%	13.6%
	Drugs Expense per Adjusted Discharge	-2.7%	11.6%	10.6%	20.5%
	Purchased Service Expense per Adjusted Discharge	5.8%	5.0%	0.0%	7.6%

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500+ Beds

		Feb 26 vs. Jan 26 (Month-over-Month)	Feb 26 vs. Feb 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
Margin	Operating Margin	4.7%	3.1%	-1.3%	23.9%
	Operating EBIDA Margin	1.9%	0.3%	-2.7%	24.5%
Volume	Discharges per Calendar Day	2.3%	0.4%	0.3%	13.1%
	Adjusted Discharges per Calendar Day	4.9%	3.0%	0.3%	13.2%
	Equivalent Patient Days per Calendar Day	0.4%	-1.0%	-1.1%	1.9%
	Observation Patient Days as % of Patient Days	-1.0%	8.1%	-3.9%	-3.4%
	Adjusted Patient Days per Calendar Day	1.9%	1.0%	0.7%	1.9%
	Average Length of Stay	-2.0%	-2.0%	-2.1%	-4.5%
	ED Visits per Calendar Day	2.5%	-1.2%	-1.1%	9.0%
	Operating Room Minutes per Calendar Day	9.9%	3.4%	1.4%	3.4%
Revenue	Net Operating Revenue per Calendar Day	7.7%	7.8%	6.5%	27.5%
	Gross Operating Revenue per Calendar Day	4.6%	7.8%	6.8%	29.8%
	IP Revenue per Calendar Day	3.3%	5.6%	4.5%	30.5%
	OP Revenue per Calendar Day	7.5%	10.0%	6.7%	29.4%
	IP/OP Adjustment Factor	2.5%	1.9%	1.0%	2.1%
	NPSR per Adjusted Discharge	1.9%	4.6%	3.9%	9.3%
	NPSR per Adjusted Patient Day	4.9%	5.1%	5.7%	23.3%
	Bad Debt and Charity per Calendar Day	2.5%	14.2%	13.0%	28.8%
	Bad Debt and Charity as a % of Gross Operating Rev.	-2.2%	4.6%	4.0%	-0.1%
Expense	Total Expense per Calendar Day	6.2%	7.0%	5.9%	23.1%
	Labor Expense per Calendar Day	0.9%	6.2%	5.4%	19.5%
	Non-Labor Expense per Calendar Day	10.8%	8.4%	8.6%	28.0%
	Supply Expense per Calendar Day	8.7%	11.4%	11.5%	35.1%
	Drugs Expense per Calendar Day	4.7%	12.7%	15.0%	49.5%
	Purchased Service Expense per Calendar Day	14.2%	3.0%	3.5%	31.0%
	Total Expense per Adjusted Discharge	1.9%	0.2%	3.1%	10.3%
	Labor Expense per Adjusted Discharge	-2.8%	2.7%	3.3%	0.1%
	FTEs per AOB	-2.6%	0.7%	2.3%	4.1%
	Non-Labor Expense per Adjusted Discharge	7.5%	2.4%	3.9%	12.3%
	Supply Expense per Adjusted Discharge	3.5%	6.0%	6.1%	19.3%
	Drugs Expense per Adjusted Discharge	-1.8%	5.7%	10.2%	37.5%
	Purchased Service Expense per Adjusted Discharge	8.9%	3.6%	5.0%	20.0%

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Non-Operating

National Non-Operating Results

Key Observations

This report reflects market data as of February 27, 2026, and additional commentary regarding market events until March 13, 2026, including the March 2026 FOMC meeting.

- U.S. nonfarm payrolls declined by 92,000 in February, significantly below expectations for a gain of 50,000-59,000 jobs. This represents a 222,000 swing from January's gain of 130,000 jobs, marking the weakest labor market reading in over a year, signaling a potential slowdown in economic momentum.
- According to the Bureau of Labor Statistics (BLS): "Health care employment declined by 28,000 in February, following a large increase in January (+77,000). Offices of physicians lost 37,000 jobs in February, primarily due to strike activity. Hospitals added 12,000 jobs. Over the prior 12 months, health care had added an average of 36,000 jobs per month."
- In contrast, ADP reported that private-sector employment increased by 63,000 jobs in February, exceeding the 50,000 consensus estimate and rising 41,000 above January's gain. The divergence between the ADP and nonfarm payroll reports reflects methodological differences: ADP relies on payroll processing data from private firms, while the BLS uses employer surveys and statistical modeling across both private and government sectors.
- The unemployment rate rose to 4.4%, up 0.1% from January's figure, and returning to its December level. The uptick reflects the weaker payroll report and suggests continued softening in labor market conditions.
- Consumer Price Index (CPI) rose 0.3% month-over-month, in line with expectations. Core CPI, which excludes food and energy, increased 0.2%, moderating slightly from January's 0.3% gain and suggesting a gradual easing in underlying inflation pressures.
- On an annual basis, headline CPI and core CPI remained unchanged at 2.4% and 2.5%, respectively, indicating stable but still elevated price levels across key goods and services.

National Non-Operating Results *(continued)*

Key Observations (continued)

- The ISM Manufacturing Index declined slightly to 52.4%, a 0.2 percentage-point decrease, but still above the 50-percentage-point threshold indicating expansion and above the market expectation of 51.8%.
- On February 28, the United States and Israel conducted coordinated airstrikes targeting Iranian leadership and military infrastructure. Among the casualties was Iran's Supreme Leader, Ayatollah Ali Khamenei, who had led the country since 1989.
- Iran responded with ongoing retaliatory strikes against Israel and U.S.-aligned states, escalating tensions and expanding war into Lebanon and surrounding regions.
- Financial markets responded quickly to escalating geopolitical tensions. Equities declined while Treasury prices rose, reflecting a shift toward safer assets as investors reacted to rising uncertainty.
- The conflict also drove oil prices to their highest levels since summer 2024, with gasoline prices rising more than 9% during the first week of March.
- On March 9, oil prices surged further as the conflict intensified and threatened global supply routes. Roughly 20% of the world's oil passes through the Persian Gulf, making the region one of great significance.
- Brent crude briefly surged to $119.50 per barrel before settling above $101, while U.S. West Texas Intermediate crude reached $119.48 before falling back toward $100, reflecting heightened volatility in global energy markets.
- At its March 2026 meeting, the Federal Reserve kept interest rates steady at 3.5%–3.75%, citing elevated inflation risks and geopolitical uncertainty from the Middle East conflict. While growth projections were slightly upgraded, the Fed signaled a cautious, "higher-for-longer" approach, with most officials projecting only one rate cut in 2026.

National Non-Operating Results *(continued)*

General Non-Operating Observations

	February 2026	M-o-M Change	Y-o-Y Change
General			
GDP Growth*	0.7%	N/A	N/A
Unemployment Rate	4.4%	+0.1%	+0.3%
Personal Consumption Expenditures (Y-o-Y)**	2.8%	-0.1%	n/c
Liabilities			
Daily SOFR	3.68%	n/c	-71 bps
SIFMA	1.88%	-40 bps	+2 bps
30-yr MMD	4.17%	-12 bps	+24 bps
30-yr Treasury	4.61%	-26 bps	+12 bps
Assets			
60/40 Asset Allocation†	N/A	+1.1%	+15.5%

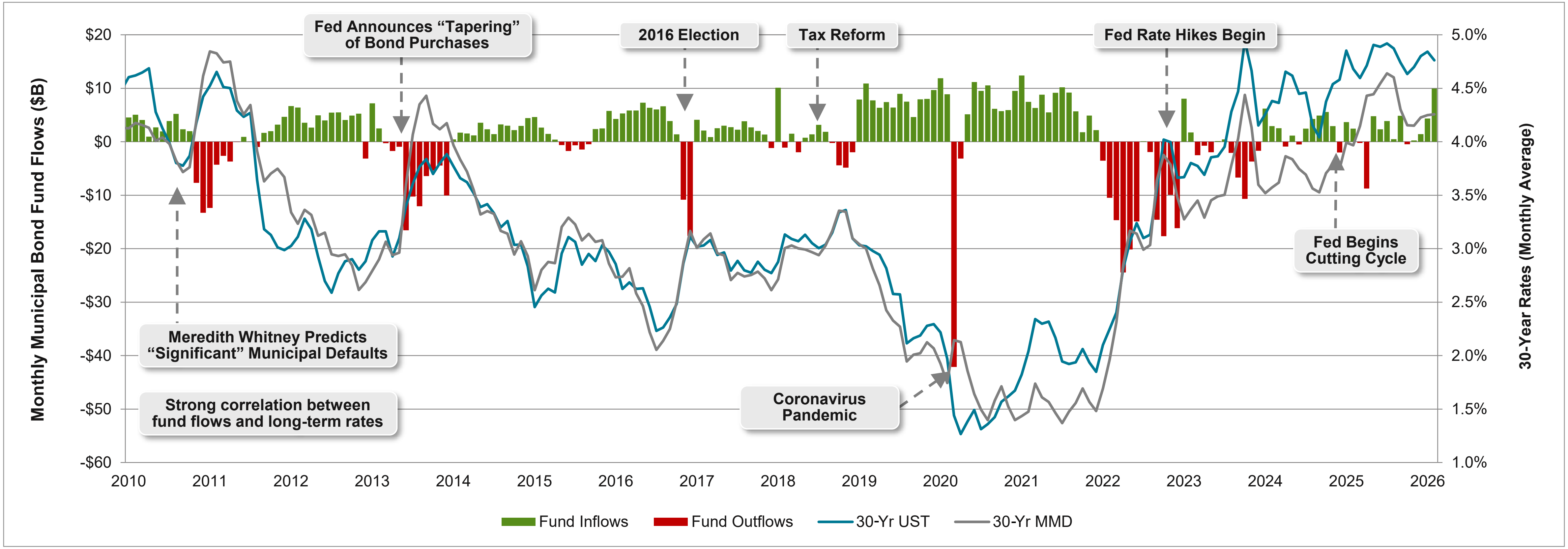
*U.S. Bureau of Economic Analysis, Q4 2025 “Second Estimate” Updated on March 13, 2026.

**Representative of January 2026 PCE data.

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

Non-Operating Liabilities

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



Kaufman Hall, *National Hospital Flash Report* (February 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 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 demand. Fund inflows are generally 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.

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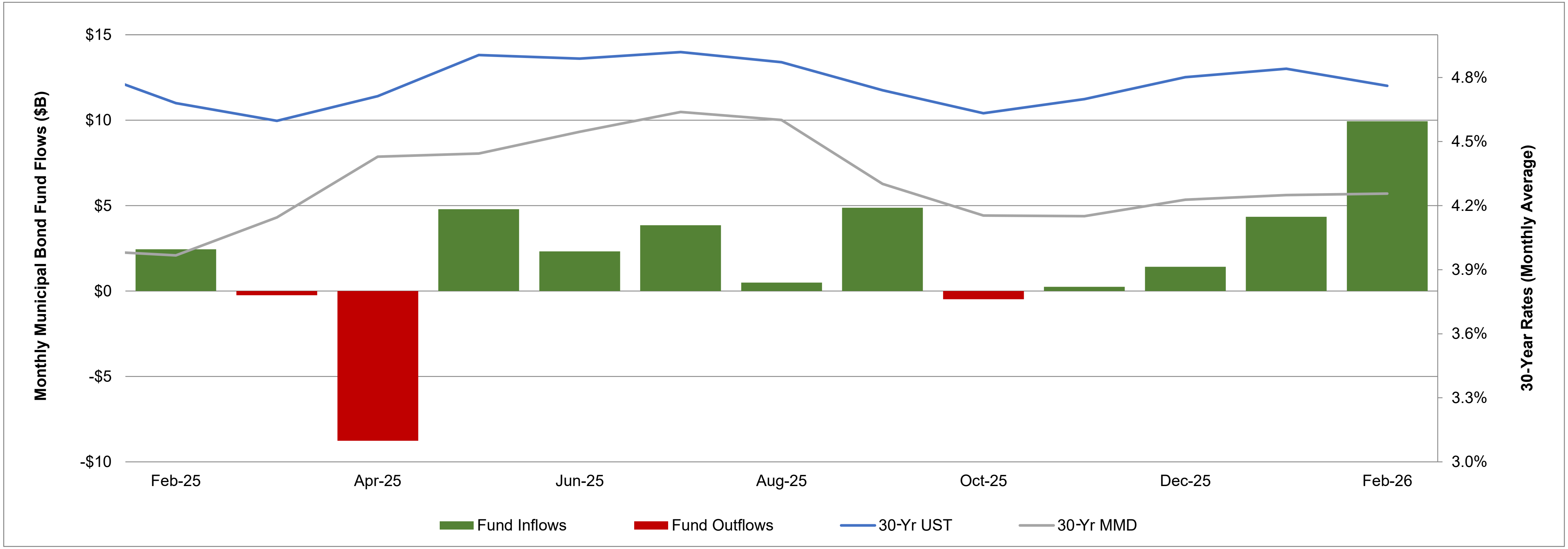
Non-Operating Liabilities *(continued)*

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: $14.2 Bn



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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 demand. Fund inflows are generally 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)*

In contrast to the divergence observed at the end of January, when rates declined at the short end of the curve while rising at the long end, the tax-exempt market moved lower across the entire curve in February. The 5-, 10-, 20-, and 30-year MMD yields declined by 14, 11, 13, and 12 basis points, respectively, reflecting broad-based easing in municipal yields. On a year-over-year basis, however, divergence across the curve remains evident, highlighting a pronounced steepening trend. The 10-year MMD sits 34 basis points below February 2025 levels, while the 30-year MMD is 24 basis points higher, underscoring the structural steepening that has characterized the market over the past year. Through mid-March, tax-exempt yields have reversed course and risen materially, increasing 12 to 35 basis points across the curve since the start of the month. This shift signals renewed upward pressure on rates and heightened volatility, driven by both domestic economic developments and broader global market events.

Reversing January's upward trend, taxable yields declined across the curve in February. The 10-year and 30-year Treasury yields each fell by 23 basis points, closing at 3.94% and 4.61%, respectively. Similarly, the 5-year and 20-year Treasury yields declined by 22 and 24 basis points, ending the month at 3.50% and 4.55%. During the month, the 30-year Treasury traded within a 31-basis-point range, peaking at 4.92%, consistent with January's high, and finishing 31 basis points below that level, reflecting easing rate pressures throughout February. Entering March, however, rates have moved sharply higher. By mid-month, the 10-year and 30-year Treasury yields rose 33 and 29 basis points, respectively, from February's close, signaling a broad-based increase in rates. This upward movement suggests renewed investor concerns around inflation persistence and uncertainty surrounding the path of monetary policy.

In contrast to January, when ratios widened at the short and intermediate portions of the curve, MMD/UST ratios tightened across the entire curve in February. The 5-year ratio increased slightly to 60%, while the 10-year, 20-year, and 30-year ratios declined by two percentage points, landing at 64%, 84%, and 90%, respectively. These movements indicate improved relative value in the municipal market compared with Treasuries, particularly at longer maturities.

Non-Operating Liabilities *(continued)*

Similar to January, the tax-exempt variable-rate market remained relatively stable in February. SIFMA traded within a 64-basis-point range, 36 basis points narrower than January's range, signaling a calmer short-term rate environment. February's low of 1.88%, however, was 60 basis points higher than January's trough, while the high of 2.52% was 24 basis points above January's peak, indicating that February operated in a generally higher-rate environment. Over the past six months, SIFMA has averaged 2.47%. The SIFMA-to-SOFR ratio has also varied meaningfully, with a six-month average of 64% and a two-month average of 51%, both remaining below the long-term historical range of 67%–70%. Early March resets have shown notably higher volatility, with an 89-basis-point spread over the first two weeks, resetting at 1.54% and 2.43%, respectively, signaling increased instability in the variable-rate market.

Municipal bond fund flows remained positive for the fourth consecutive month in February, with inflows of $9.9 billion, more than double January's revised $4.3 billion inflow. These sustained inflows highlight strong investor demand entering 2026. Healthcare issuance has also maintained strong momentum. Year-to-date volume through the first week of March totaled $7.9 billion, up $2.5 billion from the same period in 2025. February saw 12 public healthcare transactions, most of which were priced during the first half of the month. While the majority of deals have been tax-exempt fixed-rate financings, borrowers have utilized a diverse mix of structures including taxable fixed-rate bonds, put bonds, tax-exempt serial bullets, and VRDBs.

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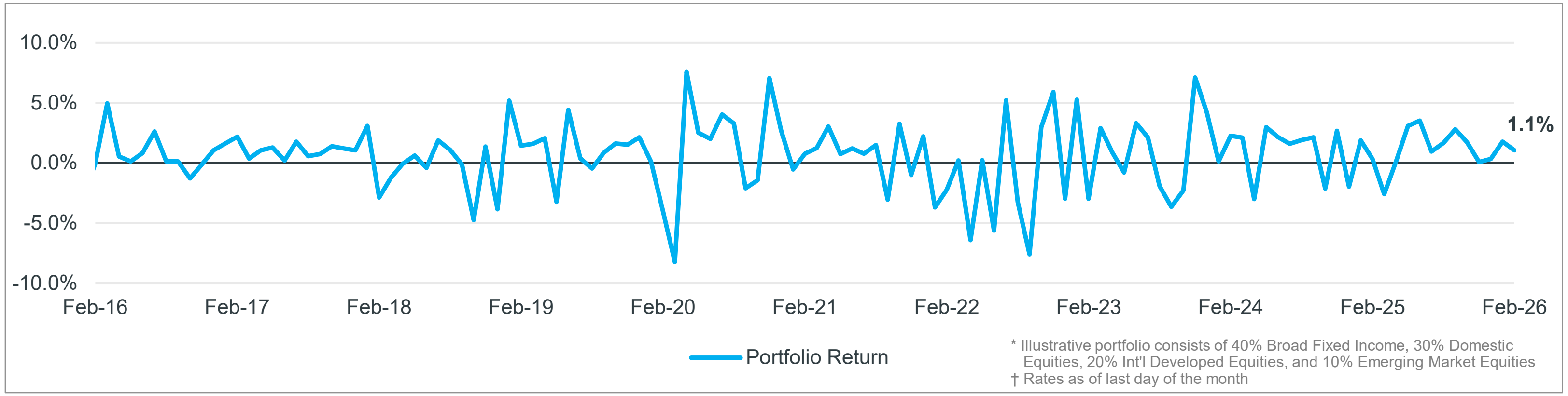
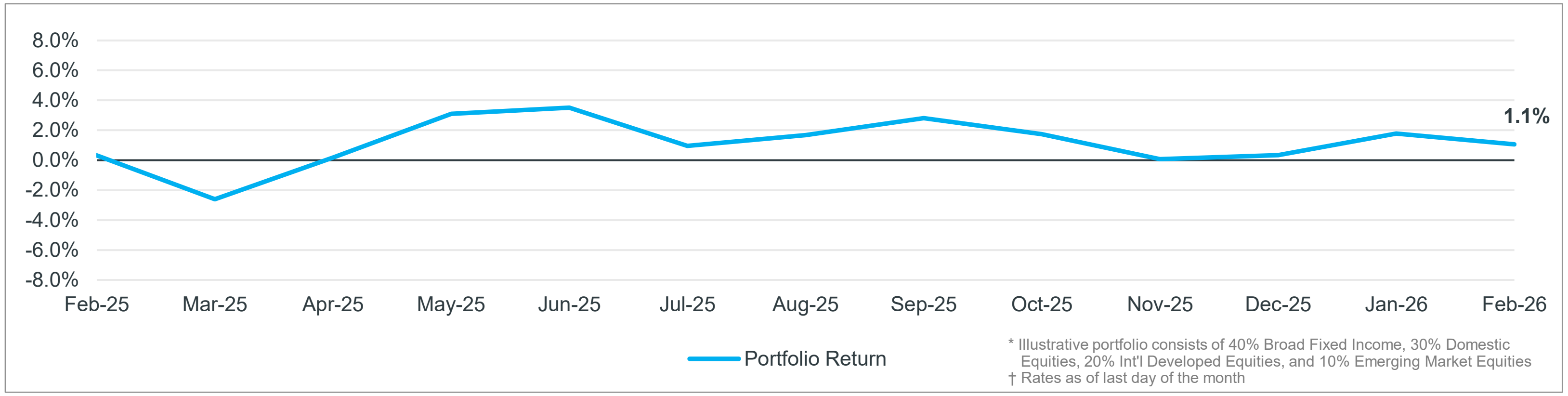
Non-Operating Assets

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



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

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



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

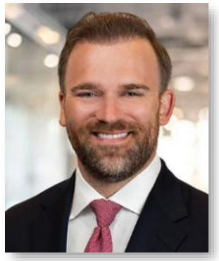
Equity markets declined modestly in February, reversing January's 1.4% gain with a 0.9% loss. Despite the monthly dip, year-over-year returns improved to 15.5%, reflecting continued investor optimism. The traditional 60/40 blended portfolio returned 1.1% in February, slightly below January's 1.8% return, but still demonstrating resilience across both equity and fixed income allocations. The MSCI World, MSCI Emerging Markets, and Barclays Aggregate Bond Index advanced 0.6%, 5.4%, and 1.6%, respectively.

Consistent with January's trend, global equities continue to outperform U.S. markets, with the MSCI World Index delivering 19.7% year-over-year returns compared with 15.5% for the S&P 500, indicating broader international participation in the equity rally. Meanwhile, the Barclays Aggregate Bond Index strengthened significantly from January's 0.1% gain to 1.6%, reflecting improved performance in fixed income markets. The simultaneous gains in both equities and bonds point to a more constructive market backdrop, with easing rate pressures supporting risk assets across asset classes.

Contacts

For more information contact

REPORT AUTHOR



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Talk to us

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