

Kaufman Hall Reports Tough Financial Times for Hospitals in 2022

Hospitals experienced a seventh straight month of negative operating margins, seeing a median operating margin of -0.98% through July, according to Kaufman Hall. Hospital margins have not been this bad since the beginning of the pandemic, the report noted.

Kaufman Hall's National Hospital Flash Report includes actual and budget data from over 900 hospitals nationwide. The most recent report reflects hospital performance during July 2022.

"July was a disappointing month for hospitals and put 2022 on pace to be the worst financial year hospitals have experienced in a long time," Erik Swanson, senior vice president of data and analytics at Kaufman Hall, said in a press release.

"Over the past few years, hospitals and health systems have been able to offset some financial hardship with federal support, but those funding sources have dried up, and hospitals' bottom lines remain in the red."

Total costs were up 9.6% YTD due to inflation and continuous labor shortages. For example, labor expense per adjusted discharge was up 13.9% YTD.

"2022 has been, and will likely continue to be, a challenging year for hospitals and health systems, but it would not be prudent to focus on short-term solutions at the expense of long-term planning," Swanson continued. "Hospitals and health systems must think strategically and make investments to strengthen performance toward long-term institutional goals despite the day-to-day financial challenges they experience."

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