



2024 hospital utilization and financial analysis

Oregon hospitals on the brink

Oregon has a proud history of innovation in health care, leading the nation in efforts to expand access to coverage, control cost growth, and tackle the upstream causes of health conditions.

But the health care system is buckling. Patients can't find doctors or wait months for appointments. Communities are losing health care services. Entire hospitals are at risk of shutting their doors. And federal changes to Medicaid policy could tip some hospitals over the edge.

Hospitals face financial instability that threatens Oregonians' ability to get care.

Around half of the state's hospitals are losing money on operations. More than two thirds of hospitals aren't making enough money to do things that patients expect, like updating facilities and replacing outdated equipment. Expenses have soared while payments from both private insurers and government programs have not kept pace.

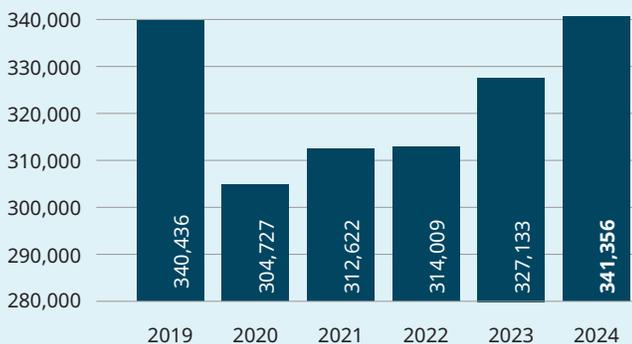
This report provides a snapshot of the financial instability of Oregon hospitals and sheds light on the causes of the growing gap between rising costs and insufficient payments. As policymakers and community leaders consider health care policy in Oregon, this data serves as a foundation for informed decision-making—and a call to action to stabilize a system under strain.

Hospital utilization increases, while losses continue

Demand for care is growing in Oregon. To take care of more patients and sicker patients with more needs, hospitals must have sufficient financial resources to add physical capacity, services, and staff. But Oregon hospitals are not getting paid enough to cover the cost of caring for patients and often cannot afford to expand services or staff. For patients, this means difficulty finding a doctor, delayed appointments and procedures, and crowded emergency departments.

Spotlight on 2024

Inpatient discharges eclipse 2019 highs¹



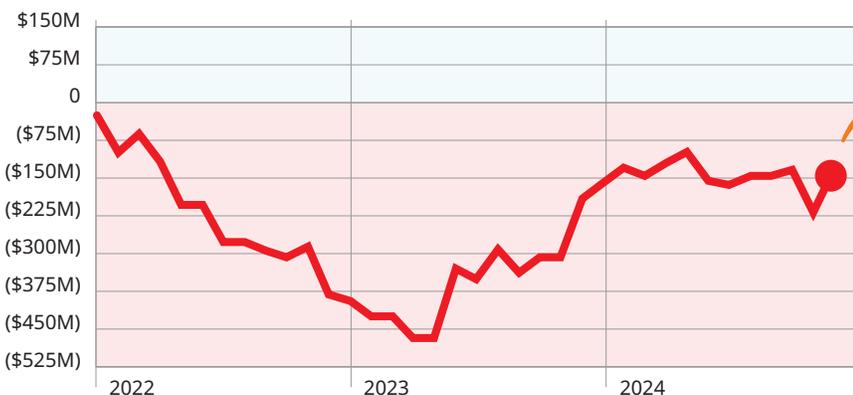
A record-breaking year for emergency room visits²



*"We're seeing more patients than ever before. More patients are seeking care in emergency departments. They're sicker, more complex, and they have more needs, so their visit takes longer."*³

Mary Tanski, M.D., Chair of OHSU's Department of Emergency Medicine

Oregon hospitals have experienced year-over-year losses⁴



What does this mean?

Between 2022 and 2024, Oregon hospitals lost

\$152 million

on patient care.

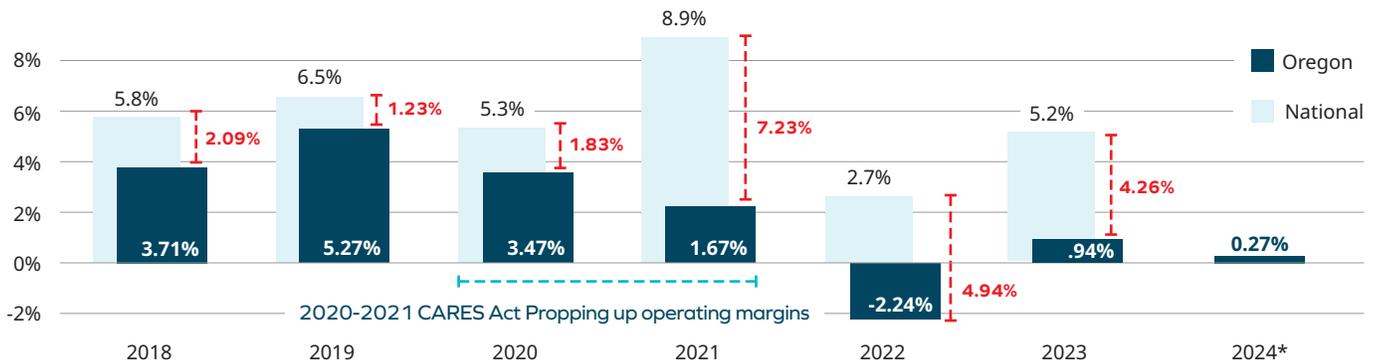


Oregon hospitals' operating margins consistently lag national average

Hospitals must have positive operating margins (the difference between what it costs to provide care and what hospitals receive in payment) to pay staff, maintain facilities, and add or expand services their patients need.

Oregon hospitals' aggregate operating margin over time consistently lags the national average. This means that Oregon hospitals have less money to invest in services, make necessary capital improvements, and replace equipment than their peers nationally. Something unique is happening in Oregon that is putting patient services at risk.

National perspective: Oregon hospitals doing worse than their peers⁵



According to KFF, “positive but relatively modest margins of less than 5%...may signal financial challenges for hospitals.”⁶ In 2024, more than 70% of Oregon hospitals had margins that may signal financial challenges.

In 2024, Oregon hospitals struggled to make ends meet⁷

45% of hospitals had negative margins

26% of hospitals had modest margins of 0-5%**

29% of hospitals had 5%+ margins

“It is not sustainable to have 70% of the hospitals in our state operating with negative or negligible margins. Oregon must start bending this curve or we will see a cascade of service closures, hospital consolidations, or hospital closures. Oregon already has the second fewest hospital beds per capita. We can’t afford to lose these beds.”

Becky Hultberg, president and CEO, Hospital Association of Oregon

*2024 national data was not available at the time of publication; **All hospitals in this category had less than 3% margins.



Negative operating environment in Oregon leads to job losses and hospital instability

Not-for-profit hospitals exist to benefit the community, by providing patient care to people today and for generations to come. When hospitals lose money, it jeopardizes their ability to sustain their operations so they can take care of the next generation. In response to these conditions, hospitals have taken a variety of steps to meet the community's needs today and to protect their ability to meet them in the future.

In 2024, hospitals

✗ Cut jobs⁸

In 2024, Oregon hospitals cut more than 800 jobs to stem financial losses.

✗ Sought partnerships⁹

To stabilize their operations, hospitals have sought out new partnerships.

✗ Reduced services¹⁰

or divested themselves from services. Some hospitals have eliminated clinics or services or sold off portions of their business.

Reality on the ground:

"We didn't have a functioning mammogram program for more than a year because we couldn't afford to purchase a new machine, and we had a growing list of women who needed that annual screening.

Like a lot of critical access hospitals, funds are tight. That means that it's difficult to keep up with major investments, like new equipment, that our hospital needs to serve patients. With cancer being the leading cause of death in our community, preventive screenings are essential.

So, we fundraised. After hosting two golf tournaments, securing three major grants, and a generous donation from the estate of a community member, we were able to afford this essential equipment. The new machine has been up and running for three weeks and we've already completed 70 mammograms, with an estimated 500 to be completed this year."

Kaley Sweet, President,
Lower Umpqua Hospital Foundation
Reedsport, Oregon





Why are Oregon hospitals struggling?



Hospitals' costs to provide care are rising steeply



Payments to hospitals do not cover their cost of providing care



Discharge delays are impacting patients and the hospitals that serve them



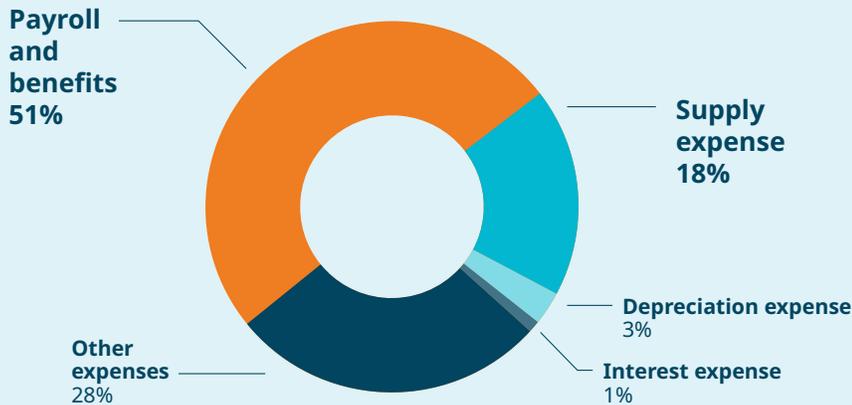
Oregon's regulatory environment is complex and costly



Hospitals' costs to provide care are rising steeply

Together, payroll, benefits, and supply expenses make up 70% of Oregon hospitals' costs. Since 2020, payroll and supply costs have increased more than 40%, far outpacing inflation.

Payroll and benefits are more than half of Oregon hospitals' expenses (2021-2024)¹¹

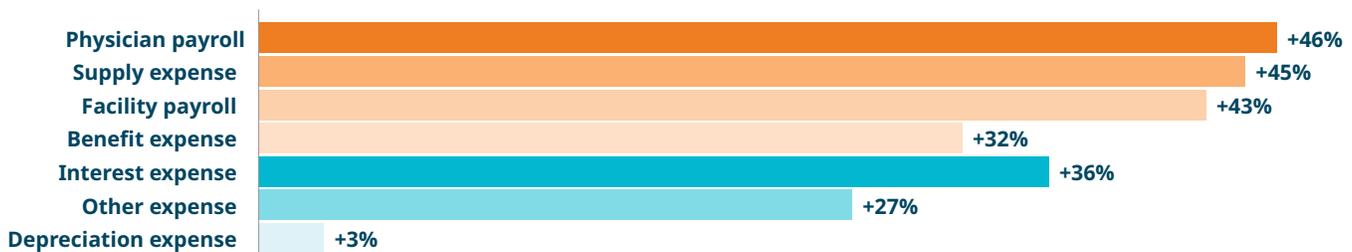


Adjusted for cost of living,
Oregon nurses have the highest hourly wage in the nation¹²

*"The core issue is that we have experienced dramatic inflation of our expenses to deliver care. Our supply expenses, pharmaceutical expenses and labor expenses continue to climb higher. **On the revenue side, 75% of our reimbursement comes from governmental payers (Medicare and Medicaid) and we have seen minimal revenue increases.** With expenses far outpacing revenues, the math simply does not work. With this unstable health care environment, it is becoming harder for small, rural independent health care systems to survive."*

Doug Boysen, president and CEO, Samaritan Health Services

Cost increases aren't slowing down (percent change since Q1 2020)¹³



Payments to hospitals do not cover the cost of providing care

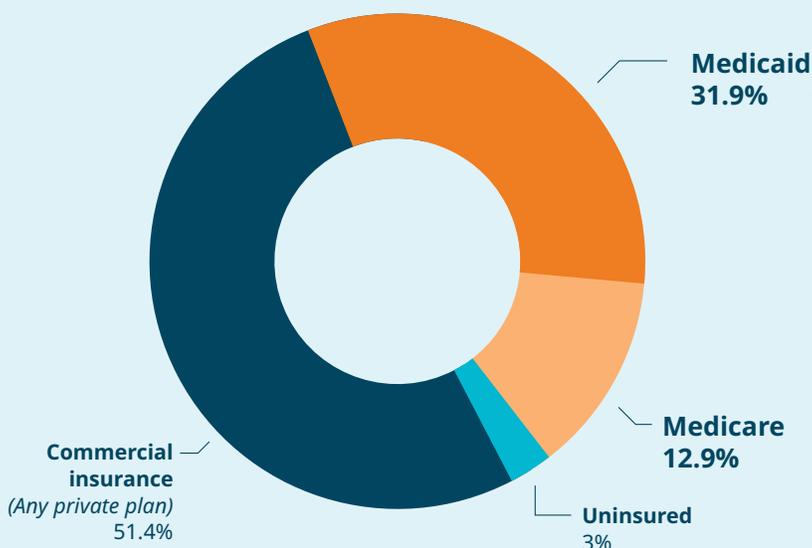
Medicare and Medicaid (also known as the Oregon Health Plan) do not pay hospitals what it costs to provide care. This is significant when considering the high number of people covered by these programs.

Medicaid, for example, covers one in three people in Oregon, including more than half of all children. Nationally, this program covers less than 20% of the population.¹⁴ Oregon has made choices to expand access and provide coverage, but when this coverage is provided by Medicaid, or shifts people from commercial insurance to Medicaid, it deepens the financial challenges of hospitals.

*“We are receiving bare-bones reimbursement for the care we provide. **We once enjoyed a healthy commercial insurance payer mix, and now nearly 85% of our patients are government payers.** While the cost of care and labor has increased in the last 15 years or so, reimbursement has not kept up. We collect fewer dollars in payment for every \$100 charged than we used to collect. We’re doing everything we can to secure a strong and sustainable future for Bay Area Hospital.”*

Statement to the community, Bay Area Hospital, Nov. 13, 2024¹⁵

Health insurance coverage by type (2023)¹⁶



Why this matters

Medicaid is the largest insurer in the state and **only pays hospitals 56 cents for every dollar spent caring for its members**¹⁷

Medicare pays only **82 cents on the dollar.**¹⁸

Why are Oregon hospitals struggling?

Discharge delays are impacting patients and the hospitals that serve them

Oregon has the second lowest number of hospital beds per capita in the nation.¹⁹

With so few beds, Oregon's health care system can't withstand fluctuations in demand. Importantly, when there are delays transitioning a patient from the hospital to the next appropriate level of care, it can cause a cascade of effects impacting patients, their health, and the financial stability of hospitals serving them. It also means that there is no room or staff available for other patients who need care.

The reasons for discharge delays are complex, but they include insurance issues, the lack of an available skilled nursing home bed or community placement, and challenges with housing or the availability of services to support someone at home.

"Every single day in our hospital we have at least 20 of these patients in our health system, taking up beds in the hospital, that don't really need to be there simply because of hurdles in place that make it impossible for us to discharge them to a more appropriate care setting."²⁰

Daniel Davis, Senior Director of Patient Flow, St. Charles Health System

The cost of delay

In 2024, Apprise Health Insights began tracking avoidable days—that is, "extra days patients spend in hospitals (acute care settings) relative to national averages due to clinical or discharge related delays."²¹ Often insurance does not pay hospitals for caring for patients when they are in the hospital longer than is clinically necessary.

In 2024:

patients spent **81,124**
avoidable days²²

in Oregon hospitals.

Oregon hospitals lost

more than
\$324.7 million²³

due to discharge delays.



Oregon's regulatory environment is complex and costly, diverting scarce resources away from patient care

Oregon hospitals must comply with a complex web of federal, state and local regulations. This requires dedicated staff time, technological supports, and other "costs of compliance." These costs compete for scarce resources, often coming at the expense of patient care, even if the regulation has no direct patient benefit.

Nationally, administrative costs account for more than

40% of total expenses

hospitals incur in delivering care to patients.²⁴

In Oregon, the state has created more than

2,000 rules

specific to acute care inpatient hospitals.²⁵

In recent years, the state of Oregon has created or expanded a number of programs, oversights, and regulations that make our state's regulatory environment even more expensive and complex, such as the Health Care Market Oversight program, hospital staffing law, financial assistance law, and Cost Growth Target program.

"Oregon has made legitimate choices about how we finance and regulate health care. At times, however, it feels like decisions are made without any concern for the cost of implementation."

Hospitals must be able to sustain their operations, and the crushing impact of the state's regulatory environment is making that increasingly difficult, if not impossible. The state needs a coherent and patient-centered vision for health care and a regulatory framework that supports that vision."

Becky Hultberg, president and CEO, Hospital Association of Oregon

Endnotes

¹ Apprise Health Insights, 2025

² Apprise Health Insights, 2025

³ [OHSU News, OHSU roundtable: Understanding, addressing Oregon's hospital capacity crisis](#), March 14, 2025

⁴ Apprise Health Insights, 2025

⁵ Oregon data: Apprise Health Insights, 2025

National data: [KFF, Hospital Margins Rebounded in 2023, But Rural Hospitals and Those With High Medicaid Shares Were Struggling More Than Others](#), Dec. 18, 2024

⁶ [KFF, Hospital Margins Rebounded in 2023, But Rural Hospitals and Those With High Medicaid Shares Were Struggling More Than Others](#), Dec. 18, 2024

⁷ Apprise Health Insights, 2025

⁸ Multiple sources, including [OHSU to cut more than 500 jobs \(June 7, 2024\)](#); [Asante Oregon system lays off 3% of staff \(Feb. 12, 2024\)](#)—cuts 200 jobs; [Samaritan Health Services lowers executive pay, reduces workforce \(Sept. 16, 2024\)](#)—cuts 80 jobs; [CHI Mercy: Restructuring eliminates 18 positions at CHI Mercy Health, Centennial Medical Group](#); [Oregon hospital plans layoffs amid RCM outsourcing \(April 23, 2024\)](#)—Bay Area Hospital cuts 27 jobs

⁹ [Oregon Health Authority, HCMO Transactions and Reviews](#)

¹⁰ Multiple sources, including [Providence to spin off its in home health care with for-profit venture \(Oct. 22, 2024\)](#), [Adventist Health Tillamook Announces Clinic Closures in Sheridan, Welches and Lincoln City \(March 2024\)](#), [Legacy Medical Group announces closure of Woodburn clinic \(Oct. 22, 2024\)](#)

¹¹ Apprise Health Insights, 2025

¹² [Becker's Hospital Review, RN pay by state, adjusted for cost of living](#), April 2, 2025

¹³ Apprise Health Insights, 2025

¹⁴ [US Census Bureau, Health Insurance Coverage in the United States: 2023 Current Population Reports, Issued September 2024, page 3 Figure 1](#)

¹⁵ [Bay Area Hospital, Statement to the community, Nov. 13, 2024](#)

¹⁶ Oregon Health Authority, Primary Coverage by Insurance Type (2024)

¹⁷ Apprise Health Insights, 2025

¹⁸ [American Hospital Association, Medicare Reimbursement Hits Historic Low](#), Jan. 10 2024

¹⁹ [KFF, Hospital Beds per 1,000 Population by Ownership Type \(2022\)](#)

²⁰ Oregon legislature: Senate Health Care Committee, Testimony in support of SB 296 (discharge delays), Feb. 11, 2025

²¹ Advisory Board, Data Primer: Avoidable Hospital Days

²² Apprise Health Insights, 2025

²³ [KFF, State health facts: Hospital Adjusted Expenses per Inpatient Day](#), Oregon, 2022 data

²⁴ [American Hospital Association, Skyrocketing Hospital Administrative Costs, Burdensome Commercial Insurer Policies Impacting Patient Care](#), September 2024

²⁵ Oregon Association of Hospitals & Health Systems/Pacific University, Cost Burden: Evaluating the Financial Impact of Oregon State Regulatory Compliance on Oregon Hospitals and Health Systems Report, published 2019

