Hospital Association of Oregon

2025 hospital utilization and financial analysis

# A fraying safety net: Oregon hospitals in crisis

Day or night, in moments of need or crisis, people turn to hospitals for care. Hospitals are not just a part of the health care system; they are the safety net, always open and available to all who need care.

That safety net is fraying. Faced with rising expenses, payments that do not cover the cost of care, bad insurer behavior, and crippling state policies, hospitals are struggling to maintain services and keep their doors open.

In 2025, Oregon hospitals collectively lost more than $450 million caring for patients. This is not just one bad year. Between 2022 and 2025, Oregon hospitals lost more than $1.25 billion caring for their communities, a staggering number. Financial distress is not unique to one type of hospital or community. It is occurring across the state, at small, rural hospitals, urban hospitals, independent hospitals, and health systems.

Continuing external financial challenges have forced hospitals to make hard decisions. Since 2025, more than 1,000 health care workers have lost their jobs, service lines have been cut, and inpatient beds have been closed.

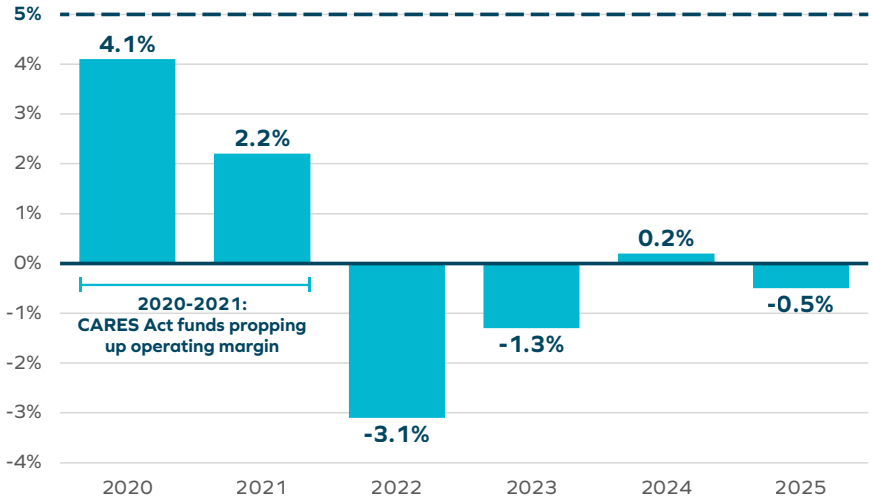
The fragility of hospitals, clinics, and other health care providers will come into sharper focus in the days and years ahead. Federal law (H.R.1) will set in motion a tectonic shift, creating state budget challenges, increasing the number of people without health insurance, and straining the health care system. With Oregon facing the loss of an estimated $12 billion in federal Medicaid funds due to H.R. 1, the current crisis in Oregon's health care system will accelerate.

This report provides an overview of why Oregon hospitals are at a breaking point, what is driving this crisis, how it affects patients and communities, and the actions needed to protect the state's safety net. 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.

# The hospital math equation no longer works

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 provide services patients need. Yet in Oregon, hospitals have struggled to cover the cost of operations since the pandemic.

## Median operating margin percent by year (2020–2025)[1]




According to KFF, **"positive but relatively modest margins of less than 5%...may signal financial challenges for hospitals."** [2]

## Staggering hospital losses continue

**$450 million**
lost caring for patients in 2025 [3]

**$1.25 billion**
lost caring for patients since CARES Act funds ran out at the end of 2021 [4]

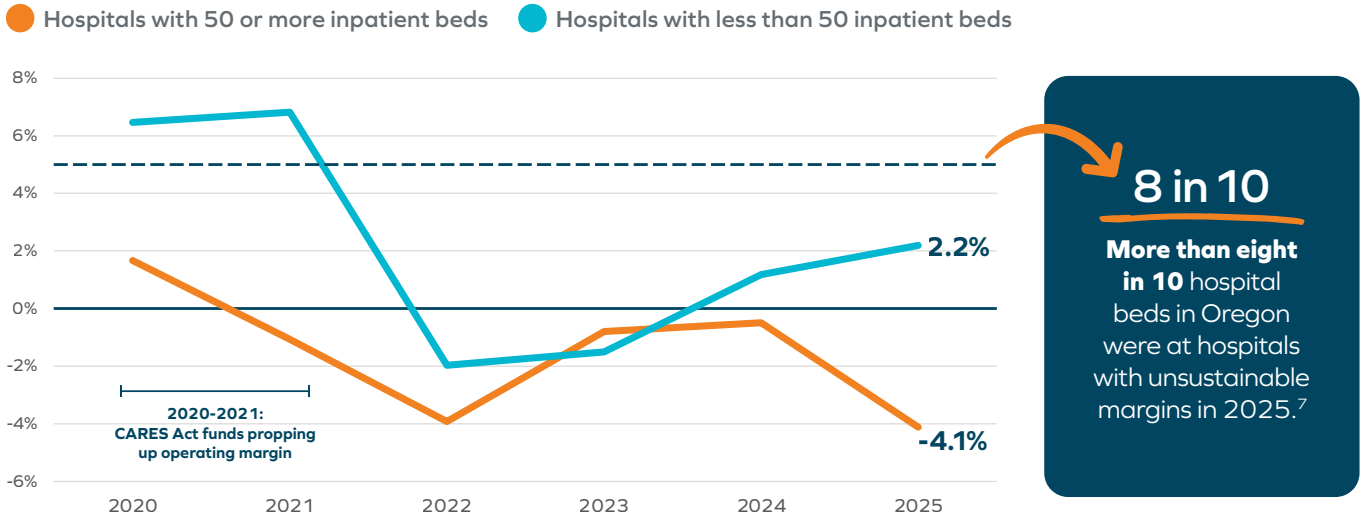
**70%**
of Oregon hospitals had margins in 2025 that may signal financial challenges [5]

> *There isn't a silver lining in these numbers. After five years of deepening losses at many hospitals, communities are losing services, patients have fewer options for care, and more than 1,000 Oregonians have lost their jobs."*
>
> **Becky Hultberg, president and CEO, Hospital Association of Oregon**

## Oregon's health care safety net is fraying across the state

In 2025, more than half of Oregon hospitals operated at a loss, including most of the state's larger hospitals (50 or more inpatient beds) and more than 40% of smaller, often rural hospitals (fewer than 50 inpatient beds).[6] Notably, it marked the fifth straight year of losses for the state's larger hospitals, which offer the highest levels of care.

## Median operating margin

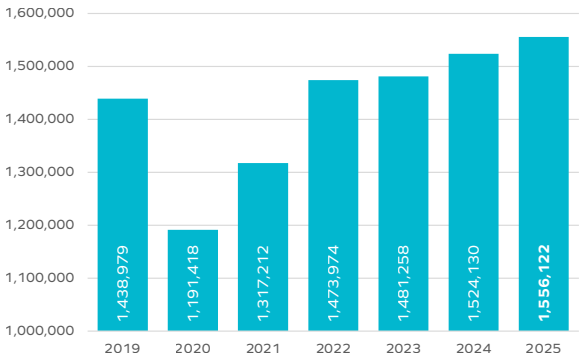



## Hospitals' losses continue despite record-breaking need

The financial challenges of Oregon hospitals are not the result of people needing less care. In fact, demand for hospital care is growing in Oregon, which means that Oregon hospitals need resources to meet that demand.

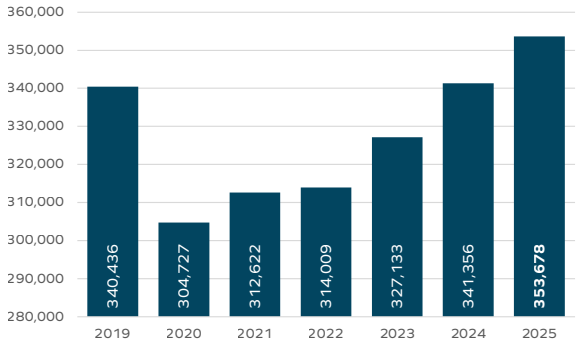
## Emergency department visits

Hospitals saw **32,100** more emergency department visits than 2024.[8]




## Inpatient discharges

Hospitals saw **12,300** more inpatient discharges than 2024.[9]




# Why is the math not working?

**The government does not pay its fair share for patient care, and commercial insurance companies delay and deny care and payment**

**Hospitals' costs to provide care are rising steeply**

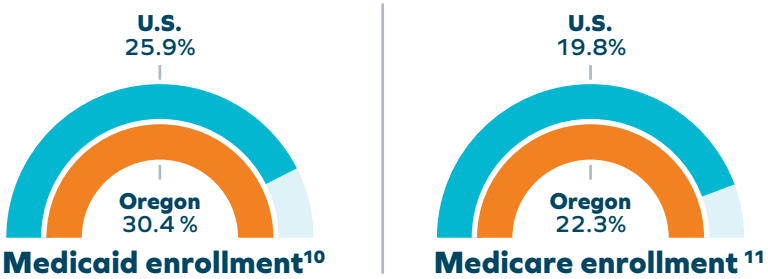
**Oregonians are older, sicker, and need more care**

**Oregon's regulatory landscape is increasing costs and creating operational challenges**

# The government does not pay its fair share for patient care

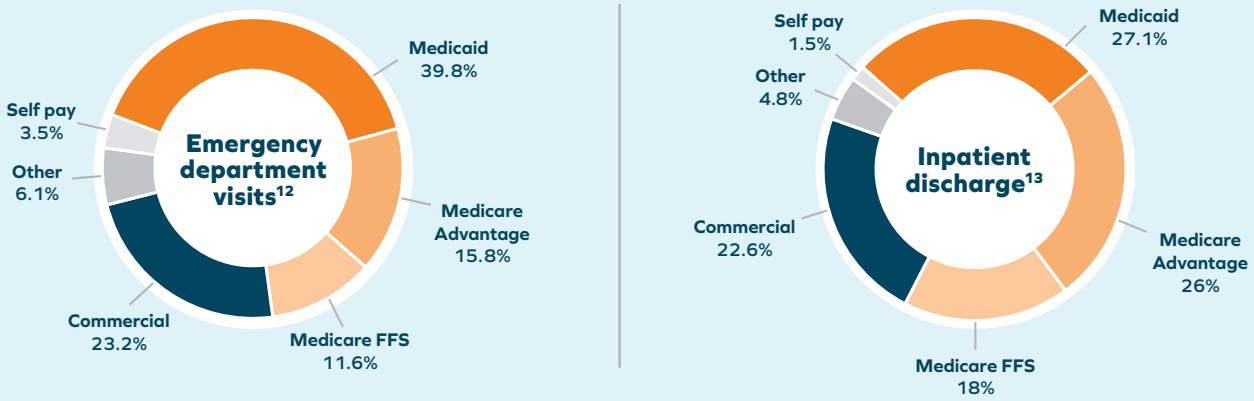
Chronic underpayment from Medicaid and Medicare—the largest payers for hospital services—is putting unsustainable financial pressure on hospitals.

## Oregon is more dependent on government insurance than many other states.




## Medicaid and Medicare use two-thirds of hospital services

Discharge percent by payer (2025)




Medicaid and Medicare use **more than two-thirds of hospitals services in Oregon**[14] and payments from both programs fail to cover the cost of care. Medicaid patients use more hospital services (emergency department and inpatient) than patients covered by any other payer. Yet Medicaid pays the least of all payer categories, covering on average only about half the cost of providing hospital care.

Medicare isn't much better, covering on average only 70 percent,[15] compared to 82 percent nationally.[16] In 2025, Oregon hospitals lost $3.2 billion serving Medicare patients—a 20% increase over 2024 underpayment.[17]

**Medicaid only pays on average about half of what it costs to provide hospital care, and Medicare isn't much better, paying on average about 70%.[18]**

# Commercial health insurers delay and deny payments

Insurance companies are increasingly using tactics like prior authorization to delay and deny necessary care. Prior authorization means that a health insurance company must approve a medical service, treatment, medication, or medical device before the insurer pays for it. Delays and denials affect people's lives and health, and hurt the hospitals that provide care and then don't get paid.

**1 in 5**

Commercial health insurers deny **one in five prior authorization requests** in Oregon.[19]

**9 in 10**

Nine in 10 Oregon health care providers say **prior authorization requirements are a high burden** on their teams—and that these requirements have **increased** over the past five years.[20]

**9 in 10**

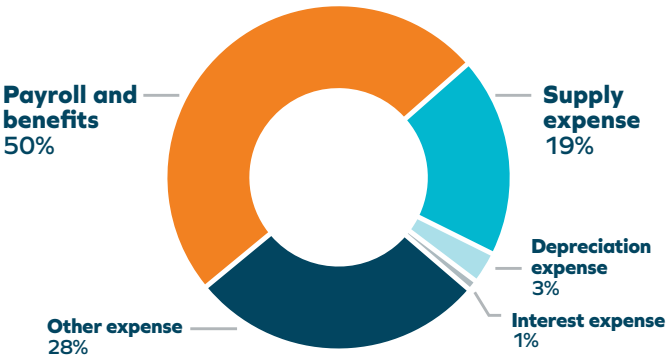
Nine in 10 Oregon health care providers say that prior authorization often results in **delayed care for patients**, with four in 10 saying that it has led to a **serious adverse event**.[21]

> *We're a small health system in the Santiam Canyon. There is a growing threat to health care access across Oregon. Commercial insurers are increasingly denying, downcoding, and delaying payment for care that has already been delivered, creating significant financial and administrative burdens for providers. At Santiam, we successfully overturn a majority of appealed denials, which raises an important question: If the claim ultimately meets coverage requirements, why was it denied in the first place? Too often, insurers are overriding established CMS facility coding guidelines and delaying reimbursement for appropriately coded services. Hospitals and clinics should be focused on caring for patients—not spending months fighting for payment. Greater accountability and oversight are needed to ensure providers are paid fairly, promptly, and according to recognized coding standards so patients can continue to access care close to home."*
>
> **Maggie Hudson, MBA, president and CEO, Santiam Hospital & Clinics**

# Hospitals' costs to provide care are rising steeply

**Between 2020 and 2025, operating expenses for Oregon's hospitals increased 57.5%—from $14.7 billion to more than $22.2 billion.**[22] General inflation, tariffs, unsustainable pharmaceutical and supply cost increases, labor cost escalation, and a challenging regulatory environment drove these increases.

## Operating expenses[23]




> *"The equation is deceptively simple, yet undeniably harsh: Expenses are up and revenue is down, creating an unsustainable trajectory."*
>
> Marty Cahill, president and CEO, Samaritan Health Services

## Operating expenses increase (2020-2025)[24]


## Hospitals are powered by people

Payroll and benefits drive increases in operating costs, and Oregon leads the nation in health care worker wages.

**2nd**

**Oregon is second in the nation** for median wage for health care practitioners.[25]

**30%**

The median wage for health care practitioners in Oregon is **30% higher than the national average.**[26]

**Highest**

Adjusted for cost of living, **Oregon nurses have the highest hourly wage in the nation.**[27]

# Oregonians are older, sicker, and need more care

As hospitals work to maintain services amid ongoing financial losses, they face growing pressure to care for an older, sicker population. Oregon is aging faster than most states and has one of the nation's lowest birth rates in the nation, reshaping health care demand and who pays for care.

**To meet increasing community needs, hospitals must have resources to invest in the workforce, facilities, and infrastructure that support patient care for an aging population.**

**Oldest**
Oregon is the oldest state west of the Mississippi [28]

**65+**
In 2023, adults age 65+ outnumbered children under 18 [29]

**40%**
By 2035, Oregon is projected to have 40% more adults aged 65+ than children [30]

**5th lowest**
Oregon has the fifth-lowest birth rate in the U.S. [31]

> *To keep up with an aging and growing population, our community needs to add about 150 hospital beds every 10 years. Financial constraints make it difficult for hospitals to save up for needed expansion and equipment. Oregon already has the second lowest number of hospital beds per capita in the nation. Skimping on investment today will leave the next generation to grapple with consequences."*
>
> **James Parr, executive vice president of operations and CFO, Salem Health**

## Older patients are in the hospital longer than other groups

**1 in 4**

Medicare patients account for more than **one in four emergency department visits** in Oregon.[32]

On average, each visit is two to four hours longer than for those with Medicaid or commercial insurance.[33]

**44%**

Medicare patients account for **44% of all inpatient stays** in Oregon.[34]

On average, inpatient stays for those on Medicare are 16-36 hours longer than for those with Medicaid or commercial insurance.[35]

# Regulatory landscape increases costs, creates operational challenges

## Hospitals' growing regulatory burden is driving health care dollars towards paperwork and away from patient care.

Over the last decade, Oregon has layered on an increasingly complex and costly regulatory framework, diverting hospital staff and resources away from patient care. Some of these laws are unique to the state of Oregon. The cumulative impact of disconnected public policies has created one of the most difficult operating environments in the country for hospitals.

> *"When a regulation is passed, and in many cases it's absolutely well-intended and understandable, there's a whole administrative cost to that. It just keeps driving the cost of health care up in our state."*
>
> **Cheryl Nester Wolf, CEO, Salem Health**

## Spotlight on the hospital staffing law

During the 2023 legislative session, a coalition representing hospitals and labor worked together to pass a package of bills to support Oregon's health care workforce. One of those bills was HB 2697, the hospital staffing law. Rather than create a program that followed legislative intent and statutory requirements, the Oregon Health Authority (OHA) took enforcement positions that represent significant, fundamental departures from what the coalition expected. The results have been devastating.

In a time of declining state and federal funds, limited resources must be directed to where they matter most: The bedside. OHA's implementation and enforcement are diverting dollars from the bedside, forcing hospitals to waste resources in an overly burdensome process and directing dollars to bureaucracy instead of patient care.

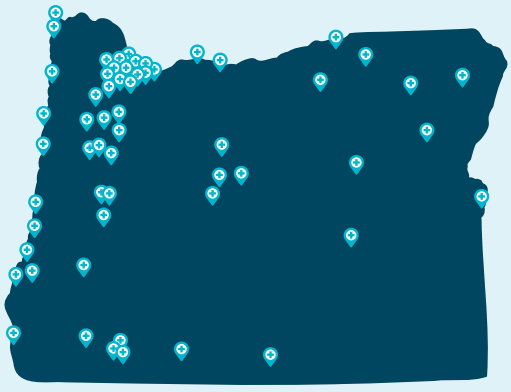
> *"OHA's choices are driving affordability challenges that will impact Oregonians. At a time when Oregon hospitals are struggling to keep their doors open and some have already shut their doors or service lines, OHA's decision to enforce the law differently than expected is draining resources and creating a serious threat to jobs and services Oregon communities rely on. The status quo is unsustainable."*
>
> **Becky Hultberg, president and CEO, Hospital Association of Oregon**

# Staggering losses force hospital closures, cuts

When hospitals cannot cover the cost of providing care, the consequences threaten access to care for patients and communities today and for generations to come. Losing a hospital isn't just losing a building—it's losing emergency care, obstetrics, surgery, behavioral health services, jobs, and an economic anchor for communities. In response to ongoing losses, hospitals have taken a variety of steps to meet communities' needs today, while safeguarding access to care for the future.

**Facing economic factors beyond their control, hospitals have been forced to make difficult decisions:**

- Citing ongoing financial challenges, Oregon's only long-term acute care facility, Vibra Specialty Hospital of Portland, closed.[36]
- As a result of Oregon's worsening financial and regulatory landscape for hospitals, Ashland Community Hospital closed its hospital license, transitioning to a satellite campus of Rogue Regional Medical Center.[37]
- Through a last-minute effort, the legislature provided help for Bay Area Hospital that will enable the hospital to keep its doors open.[38]
- Throughout the state, other services shuttered including labor and delivery units, a pediatric intensive care unit, urgent care clinics, and specialty clinics that focus on heart care, eye care, occupational health, cardiac and pulmonary rehab, and pain management.



**4.2 million**
Oregon residents

**59**
community hospitals

**2nd fewest**
hospital beds per capita

*In a state of 4.2 million,[39] Oregon has just 59 community hospitals—down from 62 in the past three years.[40] With the **second fewest hospital beds per capita in the nation**,[41] Oregon is especially vulnerable to the impacts of lost services or reduced access to hospital beds.*

## Service closures affect people's jobs and livelihoods

Since 2025, more than 1,000 health care workers have lost their jobs,[42] impacting families and communities across Oregon. Hospitals employ nearly 70,000 Oregonians,[43] making them a pillar of the state's economy and a critical source of stability in a weakening labor market.

# H.R. 1 accelerates the strain on a fraying safety net

In a health care landscape already rife with challenges, the federal law, H.R. 1, is triggering a tectonic shift, and those changes are already happening.

Over the next six years, provisions of this law will be phased in, affecting how the state funds and administers its Medicaid program, how much money it receives from the federal government, and eligibility standards for coverage.

## In total, the state estimates that:

- It will receive **$12 billion less in federal funding for Medicaid over the next 10 years.**[44]
- **200,000 Oregonians could lose health coverage,** as more than half a million Medicaid enrollees become subject to more frequent eligibility checks.[45]
- **It will lose a significant funding source for its "local match"** as the maximum allowable provider tax rate is reduced from 6% to 3.5% by FY 2032.[46]

Alongside these Medicaid changes, H.R. 1 also reduces Affordable Care Act (ACA) Marketplace premium tax credits, leading to higher premiums for enrollees. When these changes took effect in late 2025, Oregon experienced a **15.25% decline in ACA Marketplace enrollment**.[47]

With fewer Oregonians insured and reduced funding flowing to critical services, hospitals could experience further financial shocks.

# We must act now to protect the safety net for everyone

Oregon hospitals are the safety net for our communities, open and available to all. Yet they are at a breaking point. Year-over-year losses have weakened Oregon's hospitals, and changes in federal law threaten to deepen the crisis. Without intentional action to strengthen this safety net, it will continue to fray.

## Policymakers must act now to safeguard the care every Oregonian depends on. What can we do?

- **Protect and strengthen Medicaid payment to hospitals:** The fragility of hospitals and the catastrophic changes due to H.R. 1 mean we need to act now to save the hospital safety net.
- **Make government work:** State policies should reduce unnecessary administration or bureaucracy.
- **Hold insurers accountable:** Insurer policies should facilitate and promote good health care, rather than serving as a barrier to it.

# Endnotes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2 KFF, Hospital Margins Rebounded in 2023, But Rural Hospitals and Those With High Medicaid Shares Were Struggling More Than Others, Dec. 18, 2024

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7 Apprise Health Insights analysis of Oregon Health Authority DATABANK data; Number of licensed beds per hospital pulled from the AHA Annual Survey; 66% of beds were at hospitals with negative operating margins in 2025, 18% were at hospitals with margins of 0-5%, and 16% were at hospitals with margins of 5%+

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13 Oregon Hospital Discharge Data Dashboard (2026). Interactive display (Statewide trends/By payer/Emergency department visits) accessed July 21, 2026. Salem, OR: Oregon Health Authority. https://www.oregon.gov/oha/hpa/analytics/pages/discharge-data-dashboard.aspx

14 Oregon Hospital Discharge Data Dashboard (2026). Interactive display (Statewide trends/By payer/Inpatient discharges and Emergency department visits) accessed July 21, 2026. Salem, OR: Oregon Health Authority. https://www.oregon.gov/oha/hpa/analytics/pages/discharge-data-dashboard.aspx

15 Apprise Health Insights analysis of Oregon hospitals claims data (five-year average, 2021-2025)

16 American Hospital Association, Medicare Significantly Underpays Hospitals for Cost of Patient Care, https://www.aha.org/2024-01-10-infographic-medicare-significantly-underpays-hospitals-cost-patient-care

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26 U.S. Bureau of Labor Statistics, Annual Median Wages, Selected Occupations, Oregon and U.S., May 2024

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34 Oregon Hospital Discharge Data Dashboard (2026). Interactive display (Statewide trends by payer, Inclusive of both Medicare and Medicare Advantage) accessed July 21, 2026. Salem, OR: Oregon Health Authority. https://www.oregon.gov/oha/hpa/analytics/pages/discharge-data-dashboard.aspx

35 Oregon Hospital Discharge Data Dashboard (2026). Interactive display (Statewide trends by payer, Comparing inpatient length of stay between Medicare/Medicare Advantage and Commercial/Medicaid) accessed July 21, 2026. Salem, OR: Oregon Health Authority. https://www.oregon.gov/oha/hpa/analytics/pages/discharge-data-dashboard.aspx

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