

# Operating Margins Plummet at Minnesota Hospitals and Health Systems in First Half of 2023

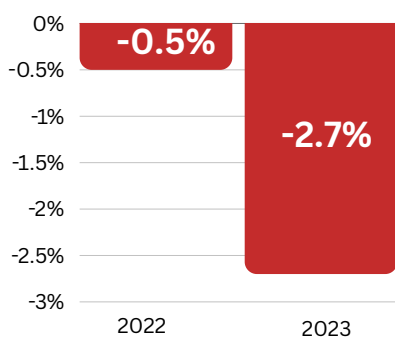


A recent Minnesota Hospital Association analysis shows a troubling trend: financial losses are deepening for many state hospitals, some nearly tripling. This isn't just an issue for hospitals and health systems—it's a real threat to our statewide system of care. When hospitals struggle financially, Minnesotans might find it harder to get the care they need, where and when they need it. Addressing this issue swiftly is crucial to maintaining the quality and accessibility of health care across the state.

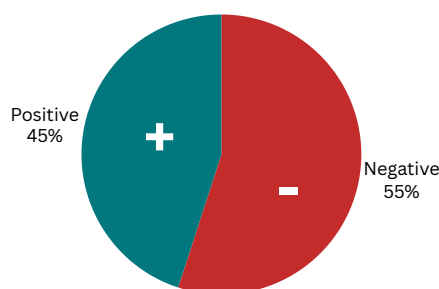
## Findings

- Median hospital and health system operating margins declined from -0.5% in 2022 to -2.7% in the first half of 2023.
- 67% of hospitals and health systems in the MHA analysis had negative operating margins, which means they were losing money. This is an increase from 55% of hospitals and health systems that had negative margins in 2022.
- The costs of labor grew by 7%, and supply and service costs grew by 6%.
- Nearly a quarter of member hospitals and health systems reported labor costs rising by double digit percentage points, and a third of hospitals said supply and service costs had risen by more than 10% over 2022.

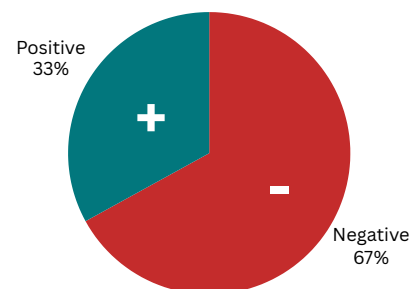
Drop in median operating margins in the first half of 2023



2022 Operating Margins



First Half of 2023 Operating Margins



## Urgent Action is Needed

Similar pressures have led to hospital closures and loss of services across the country, and nearly 30% of U.S. rural hospitals are facing closure. Minnesotans need the legislature to act to help stabilize our statewide health care system and protect patient access to care by:

- Increasing the Medical Assistance (MA) reimbursements to hospitals and health systems to better cover the cost of services provided to Minnesota's low-income and underserved populations.
- Providing temporary financial support for hospitals and health systems to offset the high costs of patients boarding in hospital beds and emergency rooms.
- Providing funding for recruiting and retention efforts such as health care scholarship programs and health professional loan forgiveness.