

## Health Care Facilities

**Hospital Survey: Dec decelerates m/m, Q4 est at +3.7% (down 10bps Q/Q)**

Industry Overview

**Dec survey predicts Q4 utilization +3.7% y/y for publics**

In our December survey of 49 hospitals, volume growth decelerated m/m in most major service lines. Inpatient admits grew +2.2% on average (vs +2.2% in November). Meanwhile, average outpatient visits decelerated to +2.8% (vs +4.4% last month). We view the m/m deceleration as in line with our expectations given that comps got more difficult as the year went on. In Q3, the publicly traded hospitals companies reported +3.8% same store adj adm growth on average. Using this average and assuming companies see a slight moderation in growth as our survey implies, we estimate publics could see a +3.7% increase y/y in 4Q23. This would be well above the average of 1-2% that we would normally expect, and bodes well for continued beats and raises.

**Vols headwind due to labor stable Q/Q**

On average, labor was a 1.7% headwind to volumes, ranging from a 0% to 15% decrease, with a median of 0.0%. This is in line with the average in November.

**Professional fees lower in Dec; expected to slow**

In our October 2023 survey, we started asking respondents about trends in professional fees (e.g., subsidies paid to hospital-based physician groups such as ER and anesthesia). On average, professional fees increased +3.9% y/y in December (vs +8.7% in November), ranging from a -2% decrease to a +25% increase. Median growth was observed at +3.0%. On average, respondents reported expecting professional fees to be up +3.3% over the next 12 months, ranging from a -2% decrease to a +20% increase. Median growth was expected to be stable at +3.0%.

**Acuity accelerated m/m, payer mix stronger**

Avg acuity grew +2.2% y/y, above +1.5% in November. The median of 1.0% was in line with last month. We generally expect acuity to slow/decline as volumes normalize, but continued growth, even if moderate, is a positive and is consistent with hospital expectations for acuity to remain strong. We note that payer mix was stronger this month as commercial (+1.8%) grew faster than Medicaid (0.4%), uninsured (+1.1%), and Medicare (+1.7% y/y). Commercial growth has generally accelerated over the past year.

**Outpatient utilization continues to outperform inpatient**

Outpatient visits grew +2.8% in December, outperforming inpatient admissions, which grew +2.2%. Given the broad-based, secular shift to outpatient, we would expect outpatient volumes to grow more quickly than inpatient.

**Most major service lines decelerated m/m, inpatient up**

Our December survey points to y/y average volume increases in hospital surgeries, with outpatient surgeries (+2.4%) outperforming inpatient surgeries (+2.2% y/y). Meanwhile, inpatient admits were in line with inpatient surgeries, while outpatient surgeries were -40bps below outpatient visits. ASC vols were up +2.1% y/y, decelerating -20bps m/m. ER visits decelerated -80bps +2.9% this month.

12 January 2024

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THC: Tenet Healthcare

HCA: HCA Healthcare

UHS: Universal Health

ASC: Ambulatory surgery center

ACA: Affordable Care Act

Adj Adm = Adjusted admissions

SS = Same store

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## Dec survey suggests publics to see +3.7% increase y/y

We have typically found a correlation between our survey results and adjusted admission growth; and in the cases where the results are not spot-on, they generally are directionally correct, so we usually take the survey results and make an adjustment to predict publicly traded hospital volumes for the coming quarter.

Using data points from December, our survey suggests that the quarter will see inpatient volume trends of +2.2%, 10bps below the +2.3% we saw in 3Q23. Meanwhile, our survey predicts +4.1% growth in outpatient visits based on the December print, above the +4.0% we saw in Q3. Overall, this yields an average 4Q23 volume estimate of +3.1%, in line with the +3.1% in our 3Q23 survey (actually slightly below on an unrounded basis) but below the +3.2% from 2Q23.

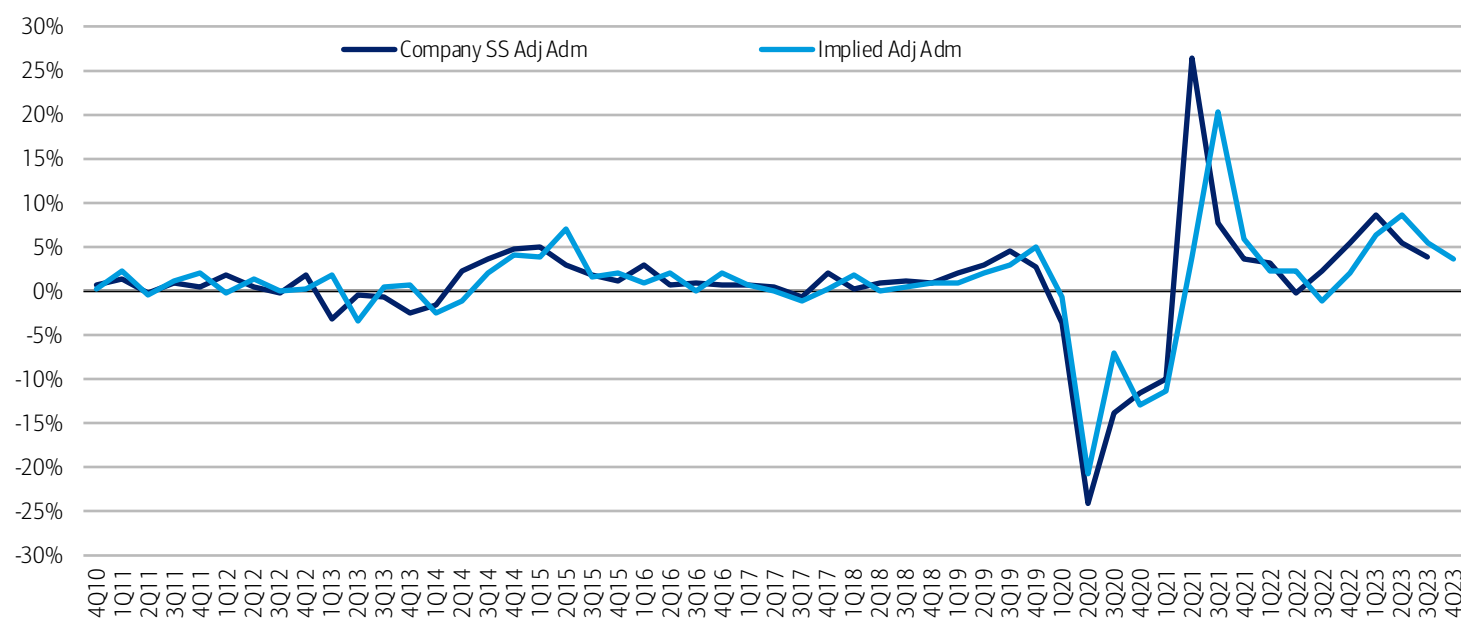
Looking to Q4, if we assume hospital companies see volume growth decelerate slightly quarter over quarter as implied by our survey, this would imply volumes in 4Q23 of +3.7% for the public hospital companies. Volumes of +3.7% would be below the +3.8% print we saw in 3Q23 on average and below the +5.4% in 2Q23 (where we excluded THC given the cybersecurity incident). Nevertheless, it would be well above the average of 1-2% that we would normally expect and bodes well for continued beats and raises.

Below we show what we forecast adjusted admissions would be in the upcoming quarter vs what companies actually reported.

Note: we switched survey data vendors. 2017 and onward reflect results from the new vendor. We made no adjustments to our historical data; therefore historical comparisons in this time frame may be skewed by differences in underlying populations surveyed.

### Exhibit 1: Hospital company adjusted admission growth versus implied vols based on our survey

Using data points from December, we predict public hospital company vol growth will be slightly down at +3.7% in Q4



Source: BofA Global Research

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## Company takeaways from survey

In order to look at the exposure of each company to inpatient volume trends, we categorized states into four categories: 1) positive volume trends (+0.5% average volume growth or higher), 2) flat volume trends (avg. volume change from -0.5% to +0.5%), 3) negative volume trends (volume decline of 0.5% or more), and 4) NA for states that were not represented in our survey.

In this survey, hospital companies were exposed to more positive volumes. This month, HCA seems best positioned as 81% of its beds were in states where we captured strong trends, above 63% for THC, and 54% for UHS. UHS is most exposed to negative volumes in this survey.

### Exhibit 2: Hospitals' Exposure to Inpatient Volume Trends in December 2023

This month, hospitals were exposed to more positive volume trends than last month

	HCA	THC	UHS-Acute
Positive volume trends	81%	63%	54%
Flat volume trends	0%	0%	0%
Negative volume trends	9%	11%	40%
NA	10%	26%	6%
	100%	100%	100%
% positive volume trends excluding NA	90%	85%	58%

Source: BoFA Global Research

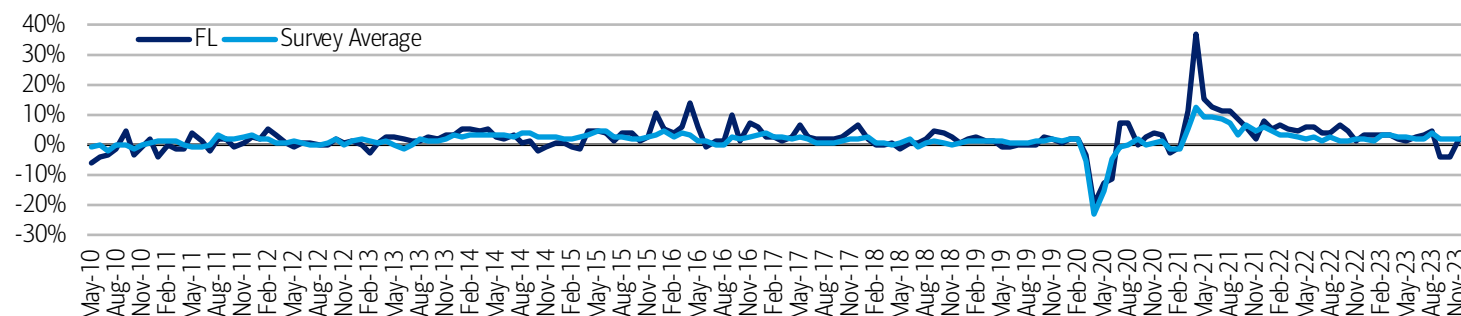
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### Florida volumes at +3.3%, above the survey average

Florida has historically shown better volume growth than the overall survey. In December 2023, Florida's inpatient volumes increased +3.3% y/y on average, +110bps above the overall survey average of +2.2% y/y growth.

### Exhibit 3: Florida results versus Survey Average

Florida's avg. inpatient growth came in +110bps above the survey average in December



Source: BoFA Global Research

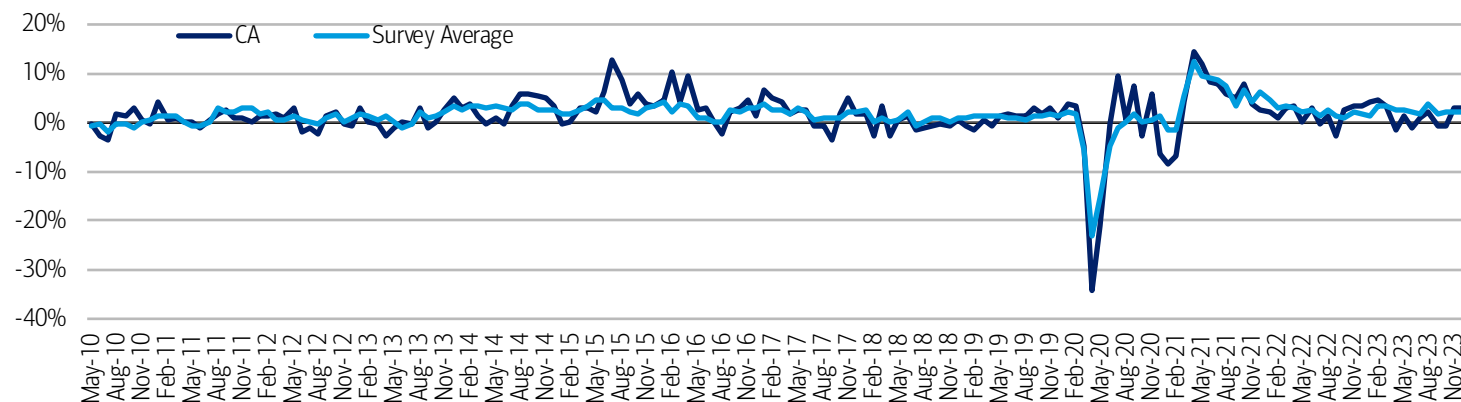
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### California volumes at +2.8% in December, +60bps above the survey average

California's volume trend relative to the survey's average has been inconsistent over the past few years. This month, CA's y/y inpatient growth of +2.8% came in +60bps above the survey average of +2.2%. The average CA growth this month is in line with the +2.8% in November and -0.5% in October.

### Exhibit 4: California results versus Survey Average

California's survey print came in +60bps above the survey average in December



Source: BoFA Global Research

**Exhibit 4: California results versus Survey Average**

California's survey print came in +60bps above the survey average in December

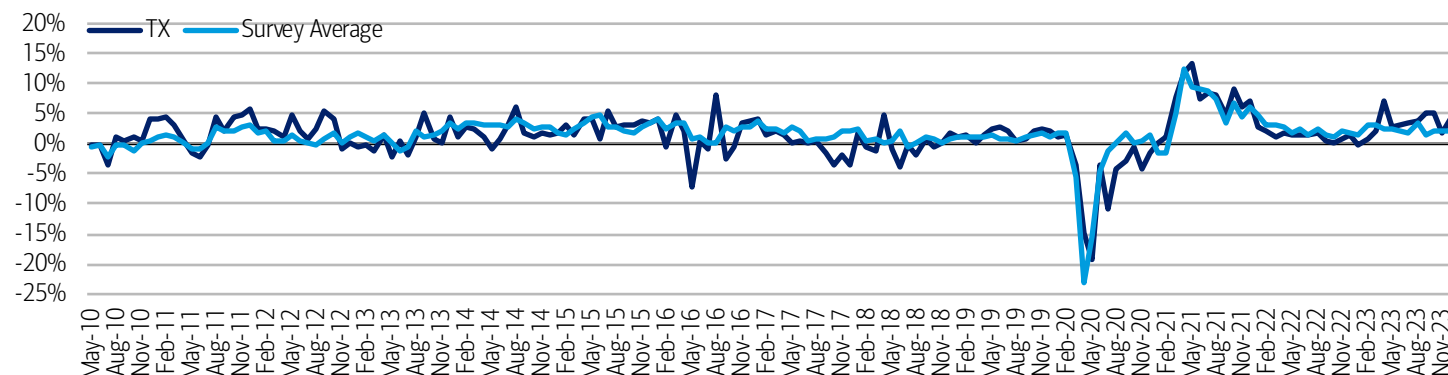
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**Texas volumes at +4.1% in December, above November and the survey avg**

Texas volume growth came in at +4.1% this month, +190bps above the survey average of +2.2%. For 8 of the last 12 months, Texas had volume growth above the survey overall.

**Exhibit 5: Texas results versus Survey Average**

Texas's avg growth came in +190bps above the survey average in December.



Source: BofA Global Research

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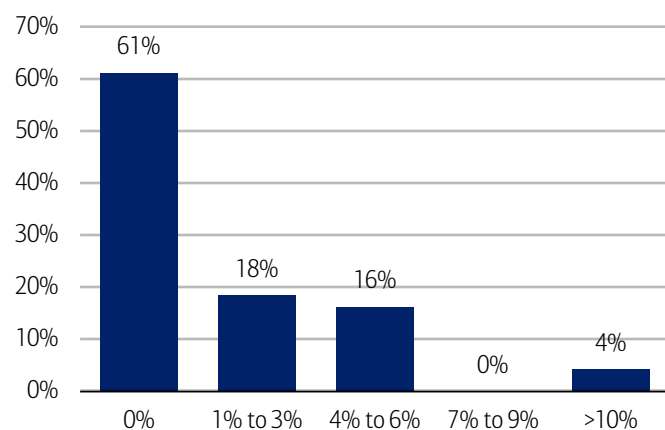
**Survey Results****39% of hospitals saw labor as at least a 1% headwind to volumes**

In the month of December 2023, what percent of volume was lost, if any, due to inability to staff beds?

On average, labor was a 1.7% headwind to volumes, ranging from a 0% to 15% decrease, with a median of 0.0%. This is in line with the 1.7% average in November. Overall, the survey points to a slow improvement in the labor market.

**Exhibit 6: 39% of respondents reported labor being at least a 1% headwind to volumes**

Headwind to volumes from inability to staff beds

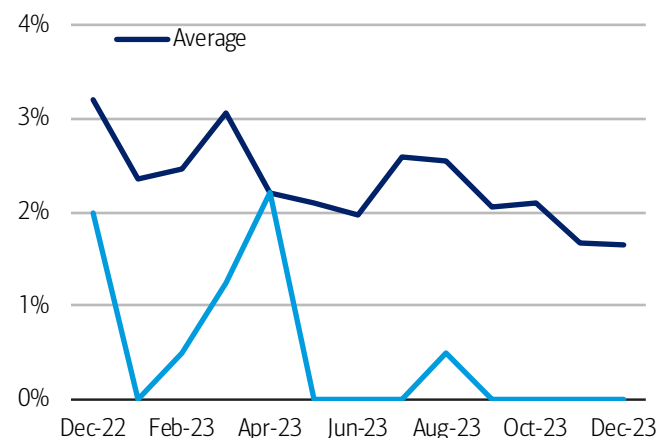


Source: BofA Global Research

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**Exhibit 7: The average headwind of 1.7% was stable m/m**

Average and median headwind to volumes from inability to staff beds over time



Source: BofA Global Research

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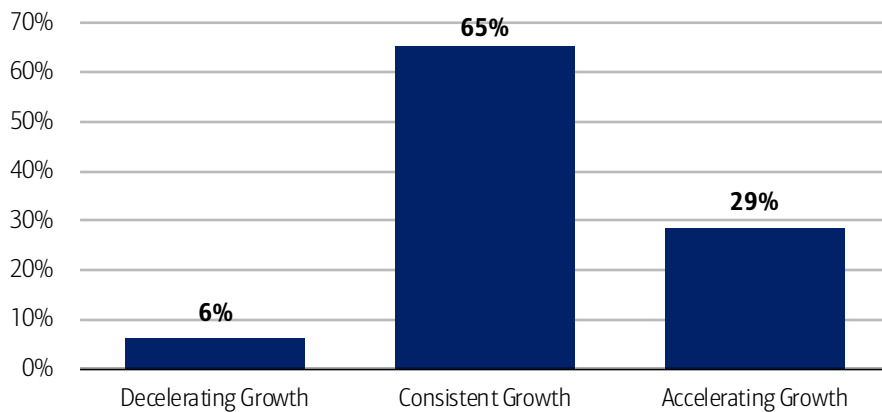
**29% of hospitals see volumes accelerate in December, below last month**

Describe your thoughts on the volume (inpatient and outpatient) trends during the most recent month vs last month – accelerating growth, decelerating growth, consistent growth.

In December, 29% of respondents said that volume growth (inpatient and outpatient) accelerated m/m. This is below our last survey in which 30% of respondents noted that hospital volumes accelerated in November. Meanwhile, 6% saw volumes decelerate this month (below 8% in November survey), and the remaining 65% saw consistent volume trends.

#### Exhibit 8: Overall volume change 12/2023 vs. 11/2023

29% of the hospitals we surveyed saw m/m vol acceleration in December, below November



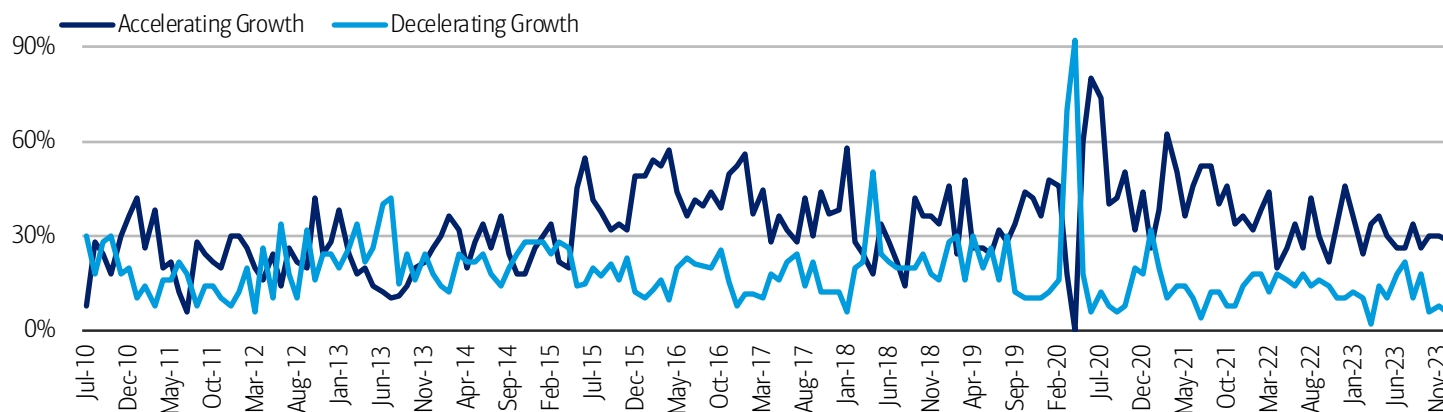
Source: BoFA Global Research

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Since May 2015, the number of hospitals reporting accelerating trends has generally been higher than the percentage reporting decelerating volume trends. Overall, we have seen that trend continue as this month more hospitals reported accelerating trends than decelerating trends, with a delta of 22% in this survey (in line with 22% in November).

#### Exhibit 9: Overall Volume change July 2010 to December 2023

The % of respondents seeing accelerating m/m growth remains above that of those seeing decelerating trends—with a variance of 22% in December.



Source: BoFA Global Research

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#### Inpatient admissions rose +2.2% y/y in December on average (stable m/m)

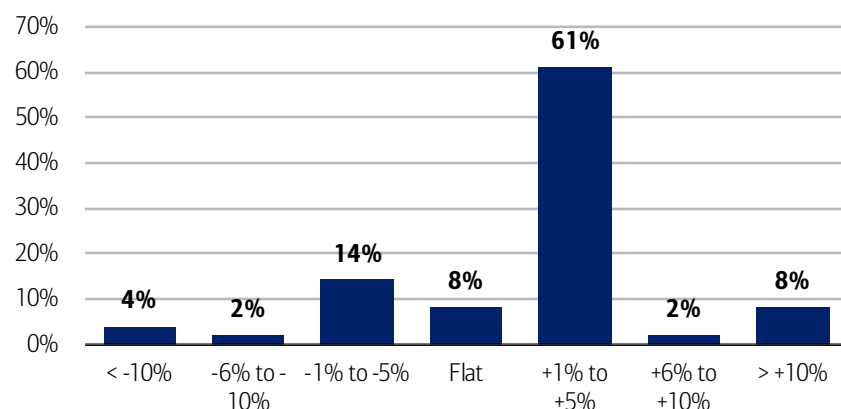
Please describe (quantify % change) actual inpatient admissions during the month of December 2023 versus a year ago?

On average, inpatient admissions increased +2.2% in December for hospitals in our survey, ranging from a -12% decline to a +22% increase, with a median of +2.0%.

This month, a higher share of hospitals saw inpatient admissions grow y/y (71%) than those who saw volumes decline (20%), and the remaining 8% indicated flat volumes y/y. This is below the 80% of respondents who saw y/y volume growth last month.

**Exhibit 10: Inpatient admissions 12/2023 vs. 12/2022**

71% of respondents noted y/y growth in inpatient admits in December, with 8% seeing volumes grow by over 10%



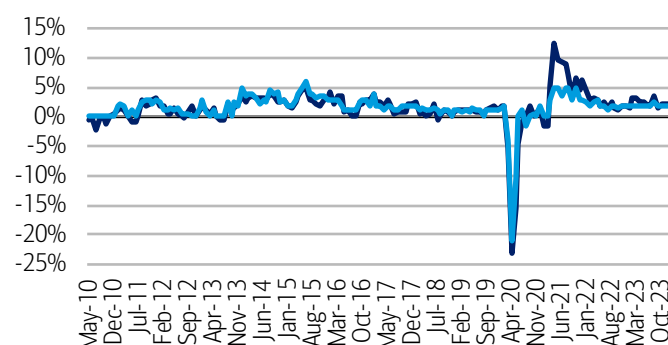
Source: BofA Global Research

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Below we show historical trend data on average and median inpatient volume growth since 2010. After bottoming out in June of 2011, median inpatient volumes showed generally positive trends, with an upward trend through 2015, peaking in June 2015 at +6.0% due to the Affordable Care Act. Inpatient volumes gradually decelerated in the years leading up to 2020 before volumes dropped in 1H as a result of COVID-19 related shelter in place orders, before starting to normalize in 2H20 and into 2021. 2Q21 showed significant growth over COVID-impacted comps but decelerated throughout 3Q21-4Q22 largely due to y/y comps becoming more difficult. Throughout 1Q23, inpatient volume growth accelerated but then decelerated in 2Q23 and remained relatively flat sequentially in 3Q23. In December 2023, average volumes increased +2.2% (stable m/m), and median volume growth was +2.0% (in line with 2.0% in November). Overall, the Q4 average decelerated from Q3.

**Exhibit 11: Inpatient Volumes, May 2010 to December 2023**

The avg. inpatient print was above 2018/2019 levels

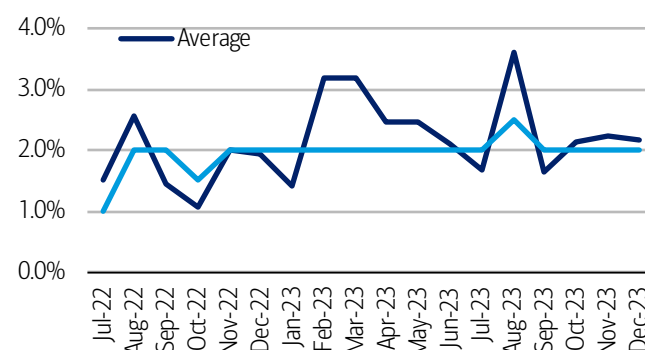


Source: BofA Global Research

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**Exhibit 12: Inpatient Volumes, July 2022 to December 2023**

The avg. inpatient print was stable m/m



Source: BofA Global Research

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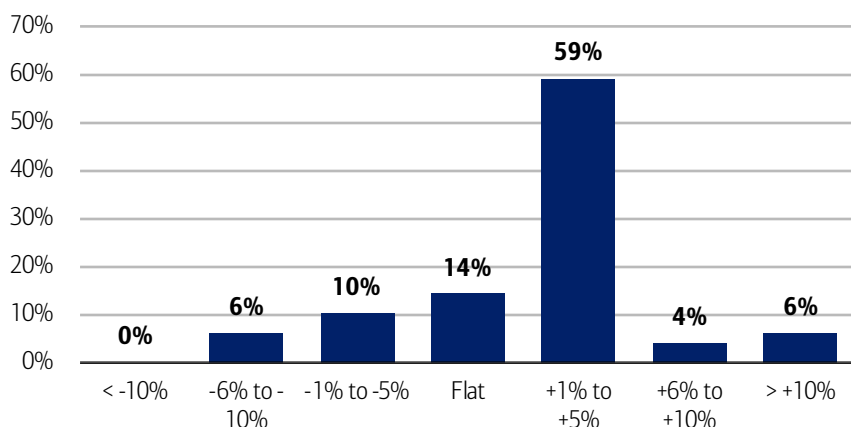
**Commercial admits +1.8% in December on average, below November**

Please describe (quantify % change) actual Commercial inpatient admissions during the month of December 2023 versus a year ago?

On average, commercial admissions increased +1.8% y/y in December 2023, ranging from a -10% decline to a +18% increase for the hospitals surveyed. 16% of survey respondents noted that commercial admits decreased y/y in December; above the 10% in November. Meanwhile, 69% of respondents saw y/y growth, with the bulk of respondents noting modest growth.

**Exhibit 13: Commercial inpatient admissions 12/2023 vs. 12/2022**

69% of respondents saw y/y commercial vols increase in December, with the majority seeing modest growth



Source: BofA Global Research

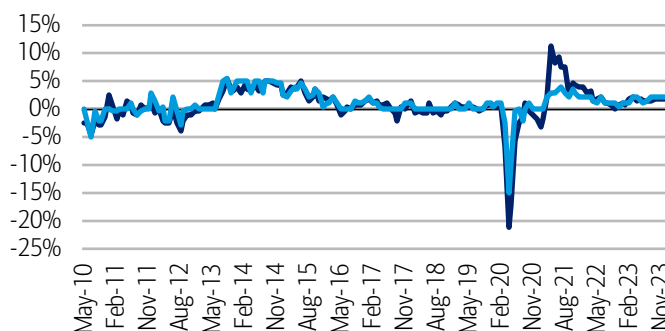
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Below we show historical trend data on the average and median commercial volume growth since May 2010. In December 2023, average commercial volumes increased +1.8% y/y, below the +1.9% in November and in line with the +1.8% in October. Volumes grew +2.0% at the median, in line with the median growth we saw in November. We note that this month's y/y increase in commercial volumes was -40bps below the total inpatient admission growth.

Over the next few years, we expect commercial volume growth to be minimal for the industry, as unemployment is already near record lows, while population growth in the under 65 demographic is only 20-30bps. As a result, this month's result is still above expectations.

**Exhibit 14: Commercial Admissions - May 2010 to December 2023**

The avg commercial print was above 2018/2019 levels

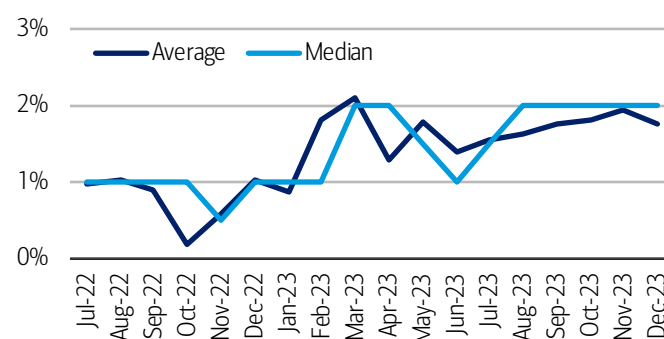


Source: BofA Global Research

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**Exhibit 15: Commercial Admissions - July 2022 to December 2023**

Commercial volumes are in line with last month but were -40bps below the overall inpatient print



Source: BofA Global Research

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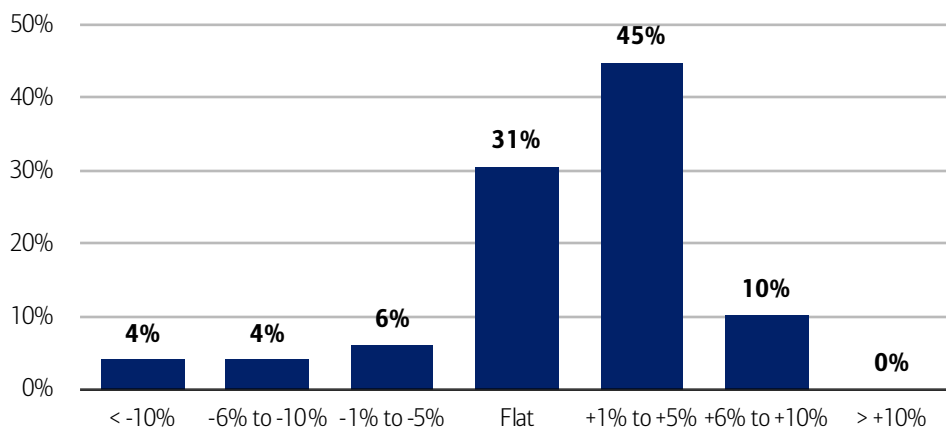
**Average Medicaid admissions saw +0.4% growth in December**

Please describe (quantify % change) actual Medicaid admissions during the month of December 2023 versus a year ago?

In December, Medicaid admissions grew +0.4% y/y—below the November growth of +1.4%. 55% of respondents said Medicaid admissions increased year over year, while 31% said they were flat and another 14% said they decreased.

**Exhibit 16: Medicaid inpatient admissions 12/2023 vs. 12/2022**

55% of respondents saw y/y Medicaid vols increase in December, with the majority seeing modest growth



Source: BofA Global Research

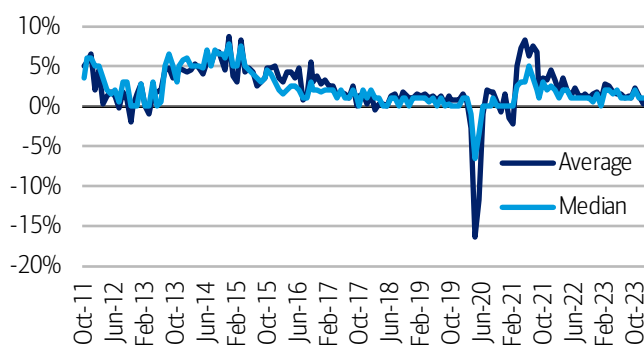
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Medicaid admissions at-large have been decelerating since they peaked at +8.8% growth in December 2014 during the peak impact of the ACA. They spiked again in March 2021 due to easy COVID-impacted comps and an increase in Medicaid enrollment related to the suspension of redeterminations during the public health emergency. This month's growth of +0.4% is below the +1.4% seen in November. We would expect to see Medicaid volumes to slow in coming months as redeterminations put pressure on Medicaid enrollment growth.

Below we show historical trend data on the average and median Medicaid volume growth since October 2011. In December 2023, average volumes came in at +0.4%, below the +1.4% in November. Median growth of +1.0% was in line with the +1.0% growth we surveyed last month and in line the +0-1% median range we saw throughout 2018-2019. Medicaid growth came in -130bps below the commercial inpatient admit growth this month, which reads positively for payer mix. We note that Medicaid redeterminations could be starting to have an impact on Medicaid volume growth.

**Exhibit 17: Medicaid Admissions – October 2011 to December 2023**

The average Medicaid print was above 2018/2019 levels

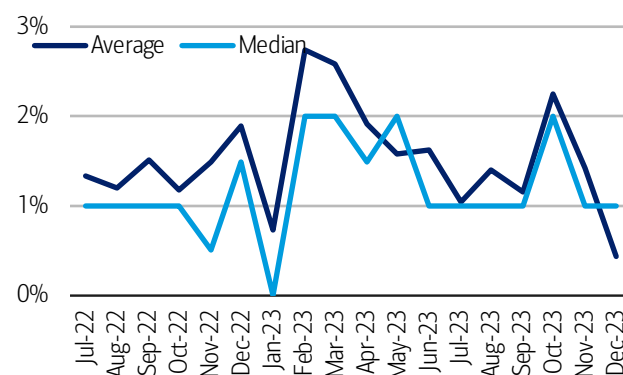


Source: BofA Global Research

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**Exhibit 18: Medicaid Admissions – July 2022 to December 2023**

Average Medicaid growth decelerated m/m to +0.4%



Source: BofA Global Research

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**Average Medicare admissions grew +1.7% y/y in December 2023**

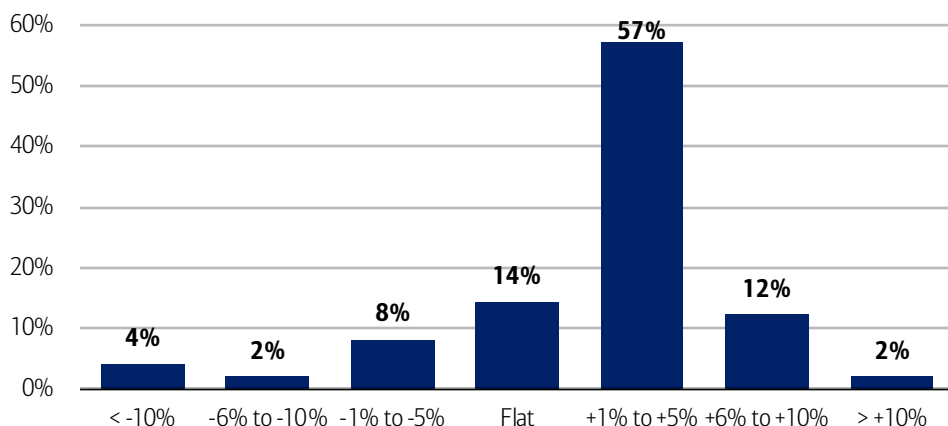
Please describe (quantify % change) actual Medicare admissions during the month of December 2023 versus a year ago?



Medicare admissions increased +1.7% on average y/y for respondents in our December survey with a median increase of +2.0%. This average result is below the +2.7% in our November survey. Among the respondents, 71% in aggregate said Medicare admissions increased (below the 82% in our previous survey) while 14% said they declined y/y (above the 10% in November). The bulk of respondents saw modest growth. We note that Medicare growth is +130bps above the +0.4% increase in Medicaid admissions but below the +2.2% overall inpatient growth.

#### Exhibit 19: Medicare Admissions, 12/2023 vs. 12/2022

The majority of hospitals saw their Medicare admits grow modestly y/y in December



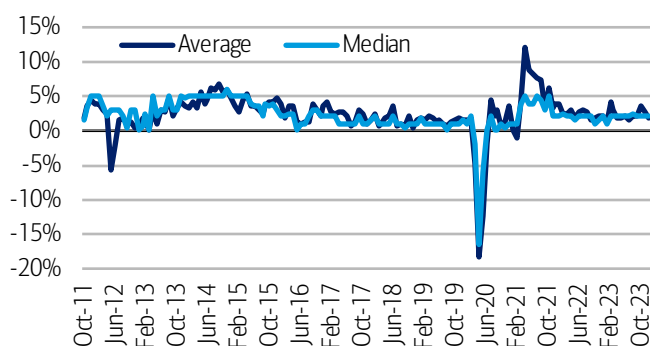
Source: BofA Global Research

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Below we show historical trend data on the average and median Medicare volume growth since October 2011. In December, volumes increased by +1.7% y/y, in line with the 1-3% range where we have seen it trend over the past few years, but below the +2.7% in November.

#### Exhibit 20: Medicare Admissions – November 2011 to December 2023

The average Medicare print was above the averages in 2018/2019

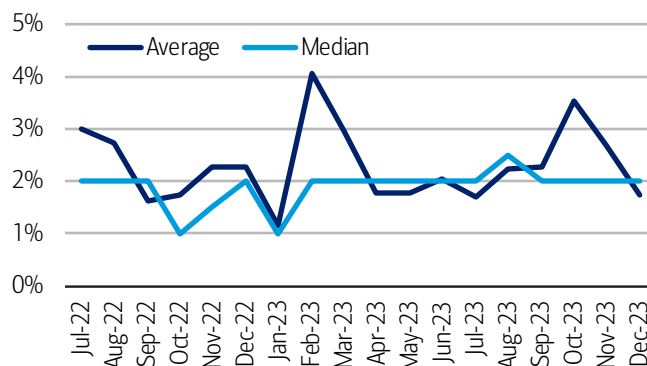


Source: BofA Global Research

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#### Exhibit 21: Medicare Admissions – July 2022 to December 2023

Average Medicare growth decelerated m/m to +1.7%



Source: BofA Global Research

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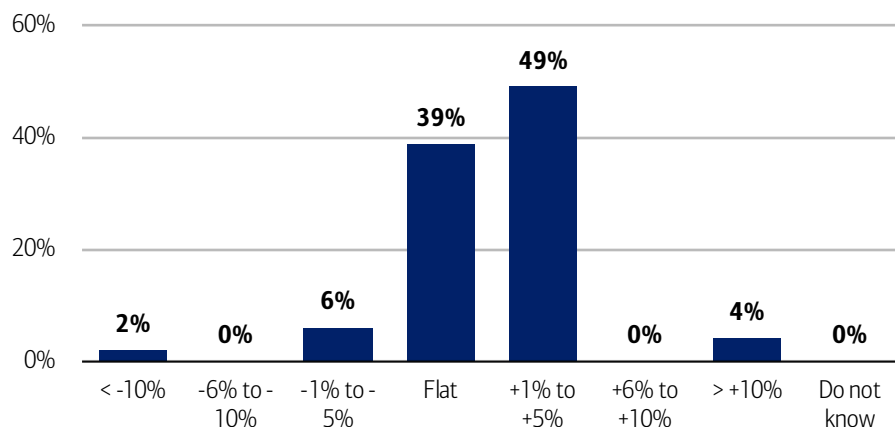
#### Average uninsured volumes increased +1.1% in December, declined m/m

Please describe (quantify % change) actual Uninsured / Self-Pay admissions during the month of December 2023 versus a year ago?

On average, uninsured volumes increased +1.1% y/y in December (ranging from a -5% decrease to a 13% increase). This month's result was below the +1.4% increase we saw in November. Median growth was 0.6% below last month at 1.0% y/y.

**Exhibit 22: Uninsured / Self-Pay admissions 12/2023 vs. 12/2022**

The majority of respondents are seeing uninsured vols modestly up to flat y/y in December.



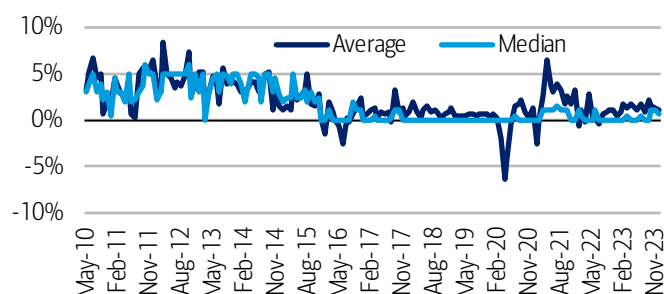
Source: BofA Global Research

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Uninsured admissions have generally been positive since June 2016. Since mid-2018, uninsured volumes have remained in the 0-1% range. Average uninsured admission growth turned positive in July 2020 and our survey results have remained positive since (except in January, March, and July 2022), but have generally been accelerating since August 2022. This month, the +1.1% increase is below the overall inpatient growth in our survey (+2.2%) and below commercial growth (+1.8%), which is a positive for payer mix. We note that Medicaid redeterminations could be putting upward pressure on uninsured volumes.

**Exhibit 23: Uninsured Admissions – May 2010 to December 2023**

Uninsured volume growth has been inconsistent, as prints are compared against COVID-impacted months, but have decelerated since the April 2021 peak

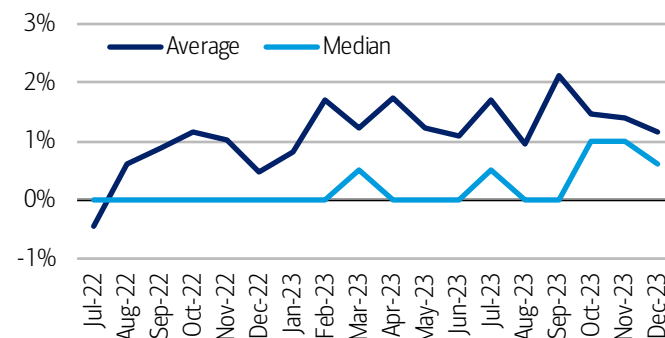


Source: BofA Global Research

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**Exhibit 24: Uninsured Admissions – July 2022 to December 2023**

The average uninsured admissions growth below last month



Source: BofA Global Research

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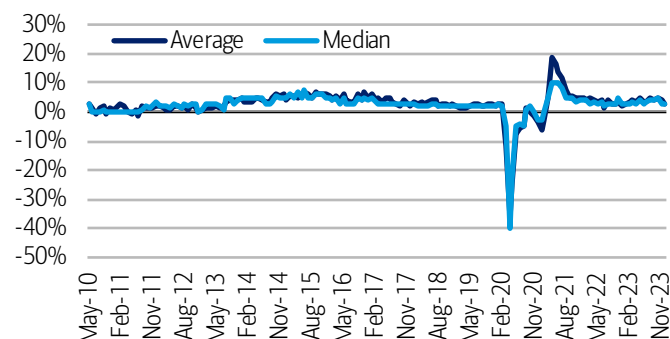
**Average outpatient visits increased +2.8% y/y, above inpatient growth**

Please describe (quantify % change) actual Outpatient visits during the month of December 2023 versus a year ago?

On average, outpatient visits increased +2.8% y/y (+3.0% median) in December 2023 for the hospitals surveyed. This +2.8% increase represents a -160bps deceleration from the +4.4% we recorded in November. Overall, 8% of respondents answered that outpatient visits declined year over year in December (above the 4% in our last survey). Meanwhile, 0% of respondents saw more than 10% y/y growth in outpatient visits.

**Exhibit 25: Outpatient Volumes – May 2010 to December 2023**

Outpatient volume saw prints above 2018/2019 levels on average

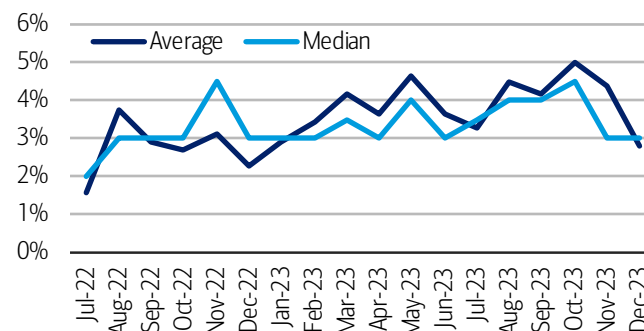


Source: BofA Global Research

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**Exhibit 26: Outpatient Volumes – July 2022 to December 2023**

Outpatient volume growth decelerated m/m



Source: BofA Global Research

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**Inpatient Surgeries +2.2% in December, Outpatient Surgeries +2.4%**

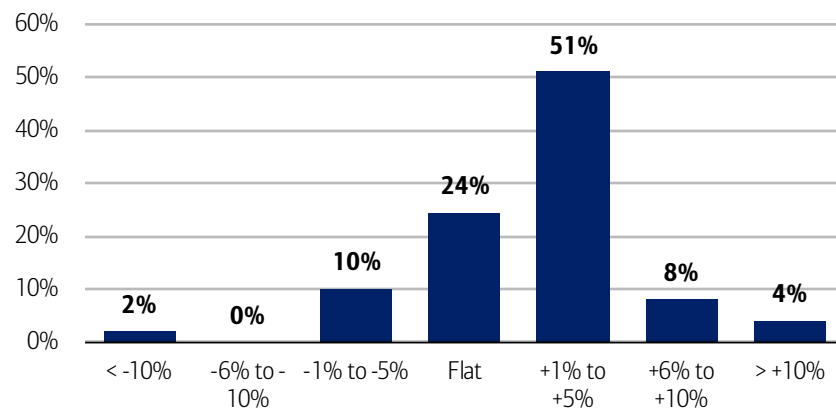
Please describe (quantify % change) actual number of hospital inpatient/outpatient surgeries during the month of December 2023 versus a year ago.

In December 2023, 63% of respondents indicated that Inpatient Surgeries increased compared to last year (below 68% in November), while 12% of respondents indicated that surgeries declined (below the 16% in our last survey), and the remaining 24% indicated that surgeries were flat y/y.

On average, Inpatient Surgeries saw a +2.2% increase in December, above the +2.0% we surveyed in November.

**Exhibit 27: Inpatient Surgeries 12/2023 vs. 12/2022**

Only 12% of respondents noted y/y declines in inpatient surgery volume in December



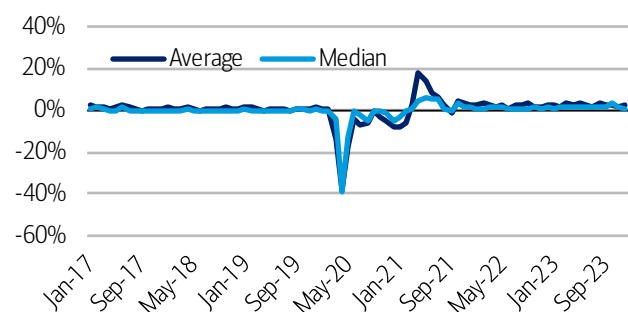
Source: BofA Global Research

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Below we show historical trend data on average and median Inpatient Surgery growth since 2017. The results have been a bit noisy, but overall inpatient surgery growth slowed from 2017 to the pre-COVID period. We saw a V-shaped recovery immediately following the 2Q20 declines, but it has not been linear as we have seen periods of deceleration from June to July 2020 and again from September through early 1Q21, which appears to have been tied to reaccelerating COVID volumes and consumers deferring their procedures. Recent prints have decelerated from 2Q21 highs, likely in part to the increasingly difficult comps. Growth throughout 2022 was modest, ranging from 1% to 3%. Inpatient surgeries accelerated in 1H23 but came down a bit in 3Q23. The 4Q23 average was below 3Q23.

**Exhibit 28: Inpatient Surgeries, January 2017 to December 2023**

Inpatient surgery volumes saw prints above 2018/2019 levels on average in this survey



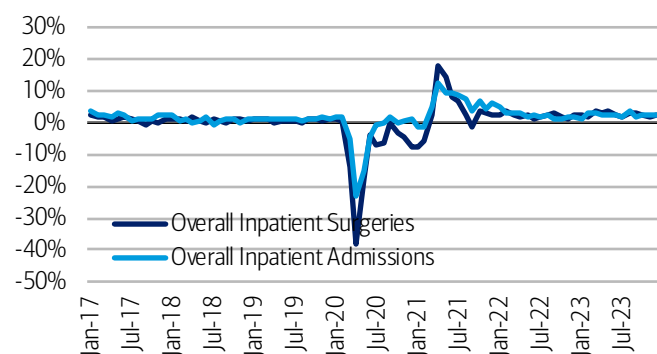
Source: BofA Global Research

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Generally, average inpatient surgeries tend to grow modestly slower than overall inpatient admissions. In December, inpatient surgeries (+2.2%) were in line with inpatient admits (+2.2%) on average, a neutral impact to acuity.

**Exhibit 29: Average Inpatient Surgery Growth vs. Average Inpatient Visits Growth, January 2017 to December 2023**

Inpatient surgeries tend to grow slower than inpatient admissions



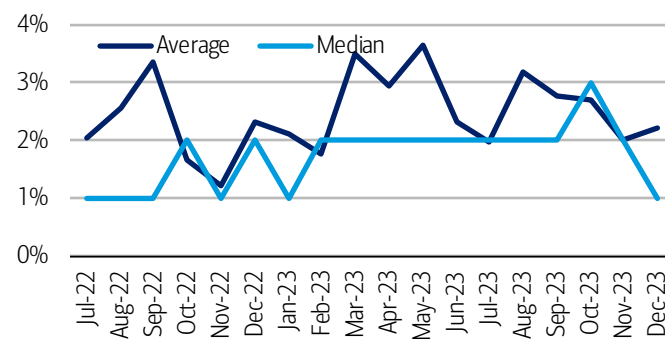
Source: BofA Global Research

BofA GLOBAL RESEARCH

Hospital outpatient surgeries increased +2.4% y/y in December, decelerating from +3.2% y/y growth in November. This month's print is below the +3.0% average y/y growth in total outpatient surgeries reported in this survey (including ASCs). In aggregate, 12% of respondents said that hospital outpatient surgeries decreased y/y in December, above the 8% who noted the same last month. Meanwhile, 77% saw y/y increases—with 2% of respondents seeing increases of greater than 10%.

**Exhibit 30: Inpatient Surgeries, July 2022 to December 2023**

Inpatient surgery growth accelerated m/m

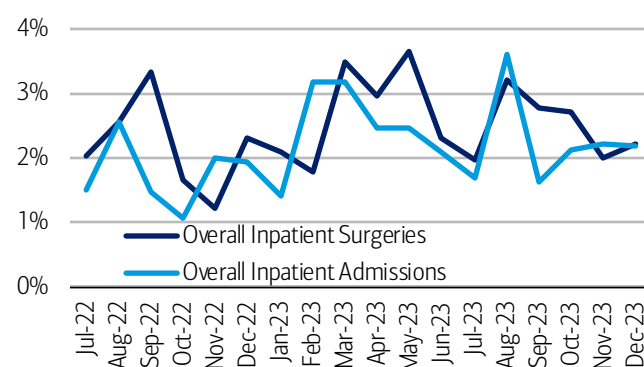


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 30: Average Inpatient Surgery Growth vs. Average Inpatient Visits Growth, July 2022 to December 2023**

Inpatient surgeries y/y were in line with Inpatient admissions in December

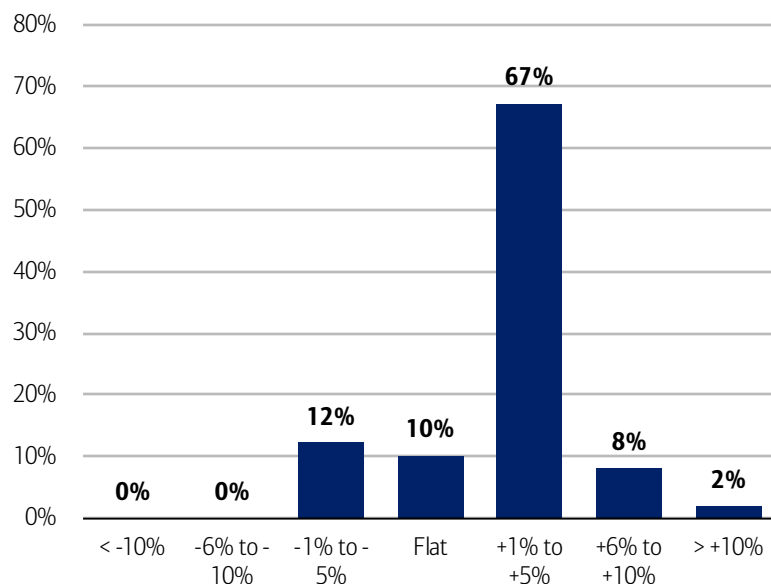


Source: BofA Global Research

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**Exhibit 31: Outpatient Surgeries 12/2023 vs. 12/2022**

12% of respondents saw y/y outpatient surgeries decrease, above last month



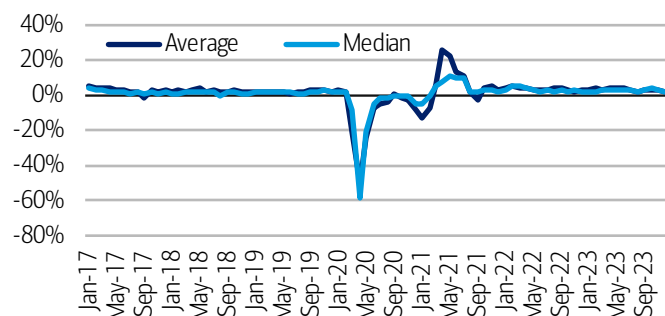
Source: BofA Global Research

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Below we show historical trend data on average and median Outpatient Surgery growth since 2017. Since April 2020, the lowest print our survey has ever recorded, volumes had returned to flat trends in Q3, and then declined again through Q4 before improving throughout 1Q21. Recently, volumes have been in the 2.5%-4.5% range although December data was slightly below this.

**Exhibit 32: Outpatient Surgeries, January 2017 to December 2023**

Outpatient surgery volumes saw prints in above the 2018/2019 levels on average in this survey

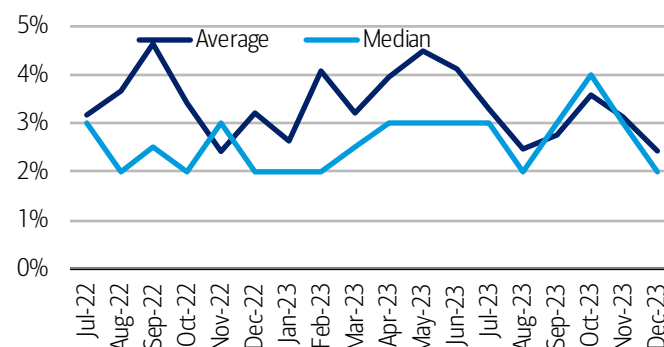


Source: BofA Global Research

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**Exhibit 33: Outpatient Surgeries, July 2022 to December 2023**

Outpatient surgery growth decelerated from last month



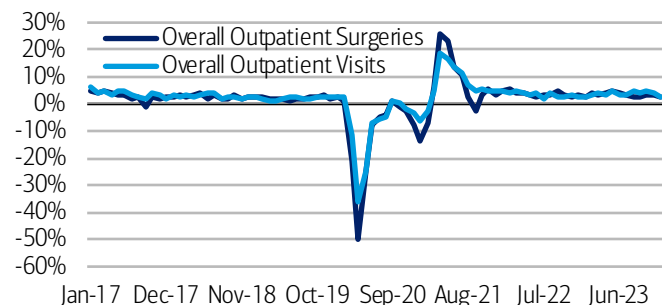
Source: BofA Global Research

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Overall, outpatient surgeries generally grow in-line with/slightly below outpatient visits. This month, outpatient surgeries grew below outpatient visits.

### Exhibit 34: Average Outpatient Surgery Growth vs. Average Outpatient Visits Growth, January 2017 to December 2023

Outpatient surgeries tend to grow in line with/slightly below outpatient visits

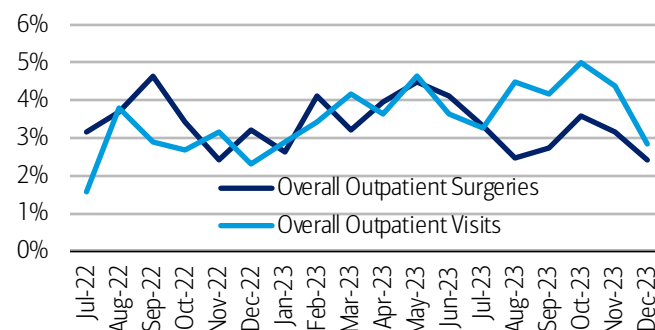


Source: BofA Global Research

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### Exhibit 35: Average Outpatient Surgery Growth vs. Average Outpatient Visits Growth, July 2022 to December 2023

Outpatient surgeries saw growth below Outpatient visits this month



Source: BofA Global Research

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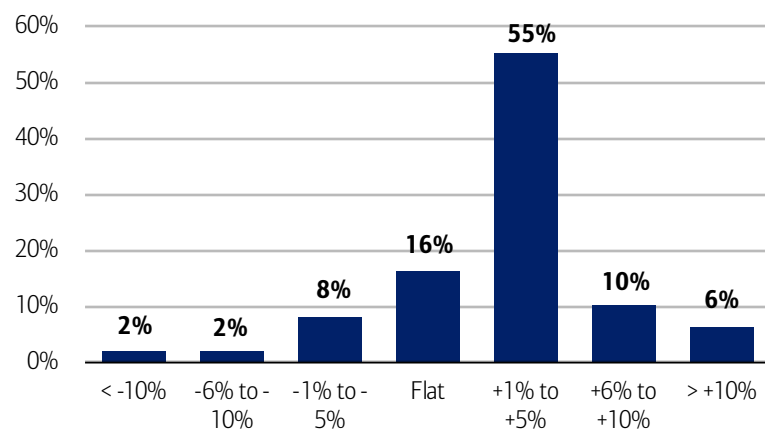
### ER visits grew +2.9% in December, down -80bps m/m

Please describe (quantify % change) actual ER visits during the month of December 2023 versus a year ago?

In December 2023, 12% of respondents saw Emergency Room (ER) visits decline y/y, while 16% said ER volumes were flat, and the remaining 71% said ER visits increased y/y. On average, ER visits increased +2.9% this month, below the +3.7% we saw in November, while median growth was +2.0%, below the +2.5% as of last month.

### Exhibit 36: ER admissions 12/2023 vs. 12/2022

The majority of respondents are seeing modest growth in ER visits



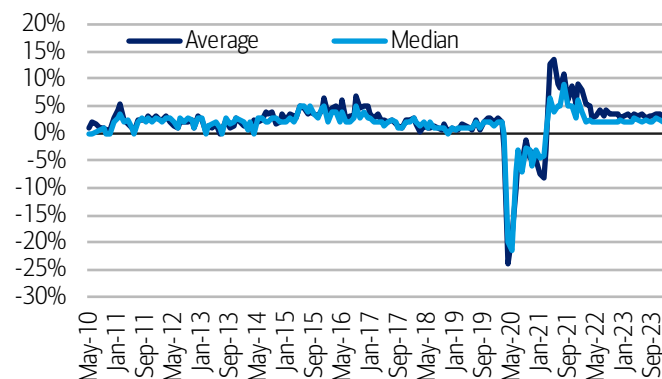
Source: BofA Global Research

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Below we show historical trend data on average and median ER volume growth since 2010. In December 2023, the median growth of +2.9% was above the +0-1% median we have historically surveyed.

**Exhibit 37: ER Admissions, May 2010 to December 2023**

ER admissions saw prints above 2018/2019 levels on average in this survey

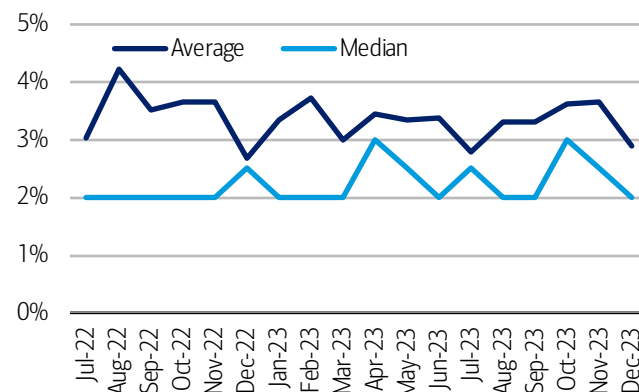


Source: BofA Global Research

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**Exhibit 38: ER Admissions, July 2022 to December 2023**

On average, ER volume growth was down m/m



Source: BofA Global Research

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**Average Ambulatory Surgery Center volumes +2.1% In December**

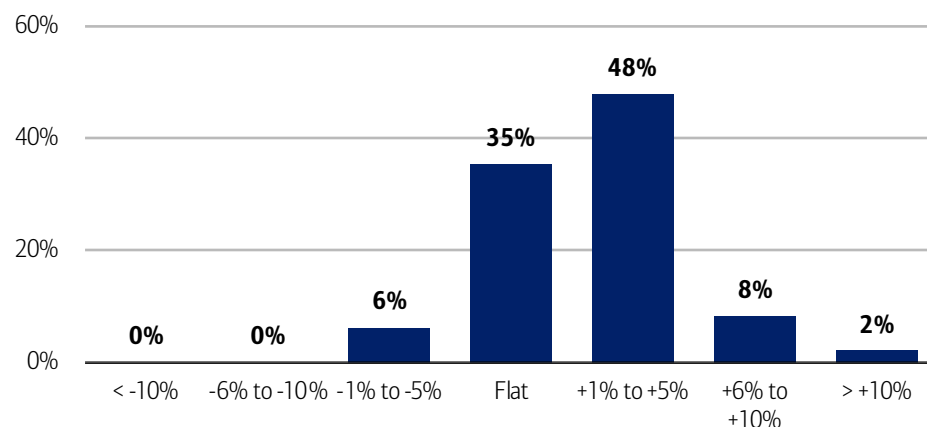
Please describe (quantify % change) actual ambulatory surgical volumes during the month of December 2023 versus a year ago?

On average, ambulatory surgery center (ASC) volumes increased +2.1% y/y in December for the hospitals we surveyed, below the +2.3% in November. Survey results ranged from a -4% decline to a +15% increase, with a median of +1.0%.

In December, 6% of the survey respondents answered that their surgery center volumes decreased y/y, above the 4% last month. Meanwhile, 58% of respondents said that volumes increased y/y, and the remaining 35% saw consistent volumes y/y.

**Exhibit 39: Ambulatory Surgery Center Volume 12/2023 vs. 12/2022**

58% of respondents reported improving trends in December



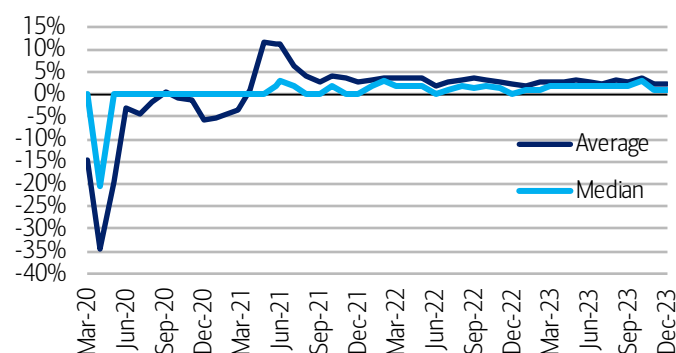
Source: BofA Global Research

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Below we show surgery center volume trends over time. Average surgery center volumes declined significantly in 2Q20 (-35%) as a result of state mandated non-essential procedure deferrals during the initial months of COVID, but they have rebounded since and saw +2.1% y/y growth in December 2023. Median growth was +1.0% this month, in line with the +1.0% in November.

### Exhibit 40: Ambulatory Surgery Center Volumes, March 2020 to December 2023

Surgery centers saw steep volume declines in 1H20



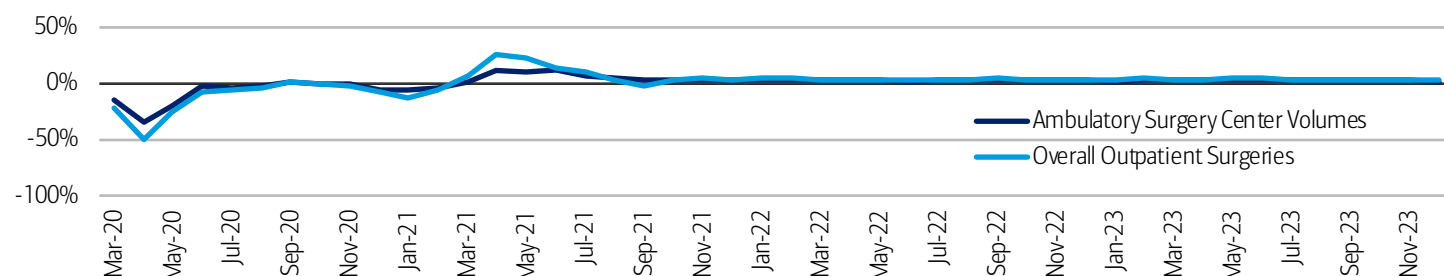
Source: BofA Global Research

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When we compare the y/y growth reported in outpatient surgeries to the growth in surgery center volumes, we see that they have been directionally consistent, as ASC volume has grown in a similar cadence. Hospital outpatient surgery trends saw larger declines in the beginning of the pandemic and have grown faster than ASC volumes in 10 of the last 12 months, likely due to the easier comps. This month, ASC volumes (+2.1%) grew below outpatient surgeries (+2.4%).

### Exhibit 41: Ambulatory Surgery Center Volumes, July 2022 to December 2023

ASC and outpatient surgery trends have overall trended in a similar cadence since the pandemic began. ASC volumes grew slower in December



Source: BofA Global Research

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### Cardio growing below General Surgery and Ortho

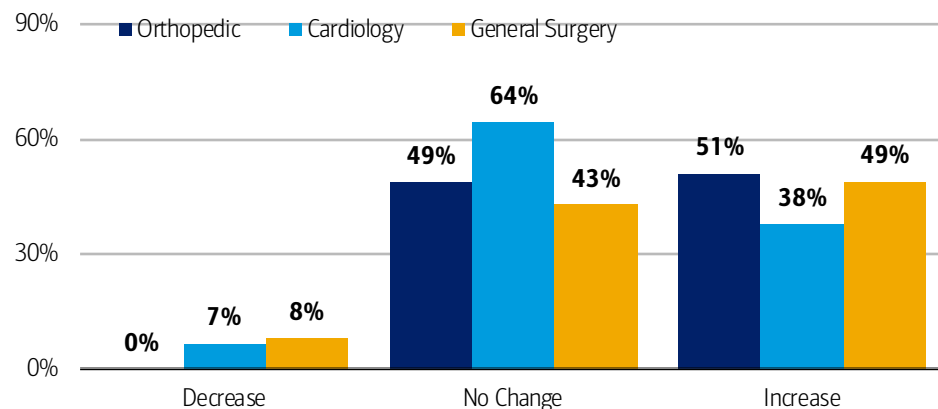
Please indicate the change, if any, in the number of the below elective procedures performed at your hospital during December 2023 vs December 2022.

This month, 0% of respondents noted y/y decreases in Ortho procedures (in line with the 0% in November), 8% noted declines in General Surgery procedures (vs 6% in October), and 7% noted declines in Cardiology procedures (in line with 7% in November). Meanwhile, 51% saw y/y increases in Orthopedic, 38% in Cardiology and 49% in General Surgery procedures. Also, 64% of respondents saw no change in cardio volumes. Our previous surveys have recorded a lower share of respondents seeing decreases in cardio procedures vs General surgery procedures (likely attributable to the difficulty in delaying cardiology procedures for a long time). This month, the share of respondents seeing decreases in cardio was below those who are seeing decreases in General surgery procedures.



**Exhibit 43: Respondents seeing Change in Procedure Volume 12/2023 vs. 12/2022**

Respondents are seeing y/y increases in Cardio below General Surgery and Ortho



Source: BofA Global Research

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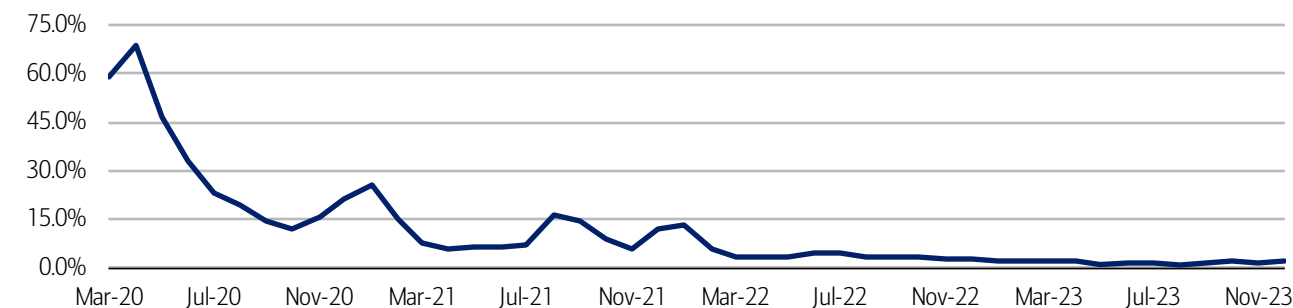
**On average, 2.3% of procedures delayed in December due to COVID-19**

What percentage of your monthly procedures are still being delayed or rescheduled due to COVID-19?

Survey respondents noted on average that 2.3% of procedures were delayed due to COVID-19 in December. Responses ranged from 0% to 25% of procedures (median of 0%). The 2.3% average is above November and levels have remained below 2.5% since January 2023.

**Exhibit 44: Average Monthly Elective Procedures being delayed due to COVID-19, March 2020 to present**

This month, hospitals saw 2.3% of procedures being delayed due to COVID, above November.



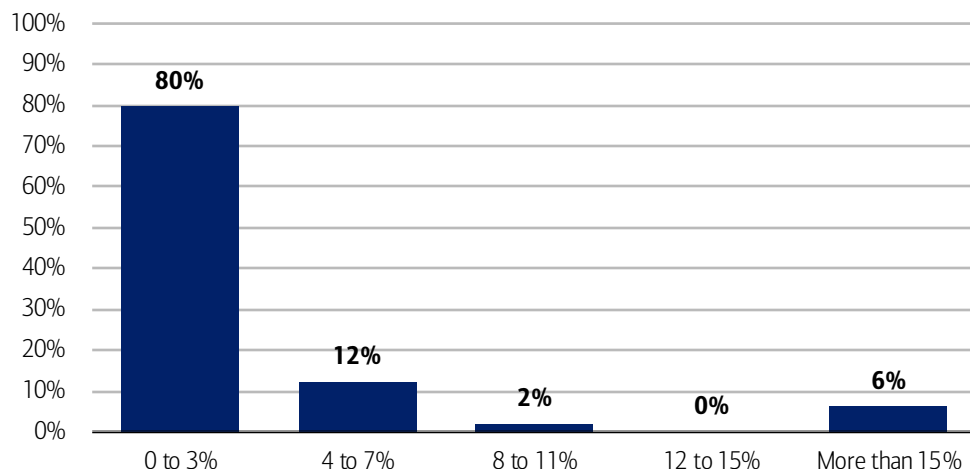
Source: BofA Global Research

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92% of respondents indicated that 0-10% of procedures were delayed due to COVID this month (in line with last month).

**Exhibit 45: Percentage of Monthly Procedures being delayed due to COVID-19**

Respondents reported higher COVID disruption on average m/m in December



Source: BofA Global Research

BofA GLOBAL RESEARCH

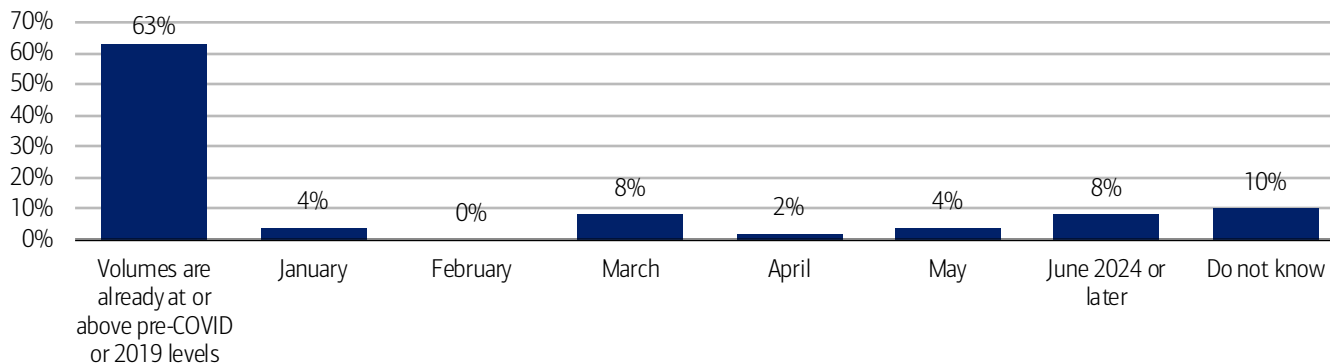
**63% of respondents already seeing overall volumes at/above 2019 levels**

When do you expect to see deferred volumes come back?

In this survey, 63% of respondents said volumes are already at or above pre-COVID or 2019 levels, above the 58% of respondents who were seeing volumes at pre-COVID levels as of last month. Meanwhile, in aggregate, 4% of respondents expect volumes to return by January, 0% by February, 8% by March, 2% by April, 4% by May, and 8% by June 2024 or later and the remaining 10% of respondents are still uncertain.

**Exhibit 46: Survey respondents' expectations of when deferred volumes will return**

63% of respondents are already seeing volumes at or above 2019 levels



Source: BofA Global Research

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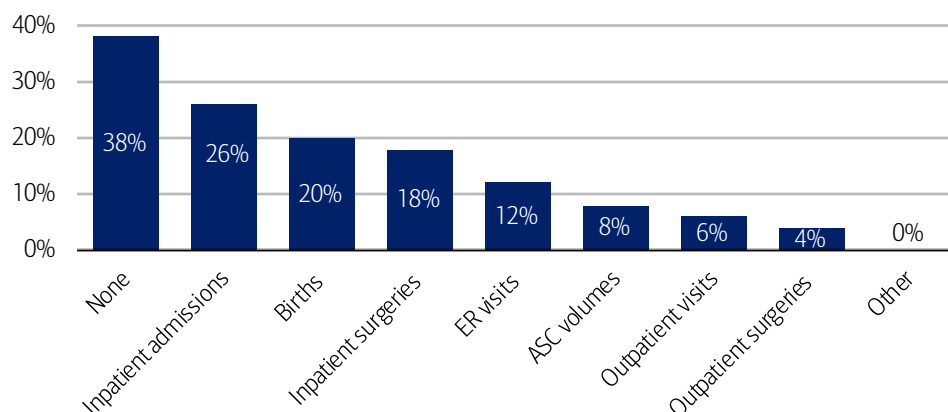
**38% are not worried about permanently lower volumes post-COVID**

Do you believe that any of your hospital's service lines will see permanently lower volumes going forward?

38% of respondents do not expect any of their services lines to see permanently lower volumes as a result of COVID. Meanwhile, 26% expect fewer inpatient admissions, 20% expect fewer births, 18% expect fewer inpatient surgeries, 12% expect fewer ER visits, 8% expect fewer ambulatory surgery center (ASC) volumes, 6% expect lower outpatient visits, and 4% expect fewer outpatient surgeries.

### Exhibit 47: Do you believe that any of your hospital's service lines will see permanently lower volumes going forward?

38% are not worried about lower volumes going forward and 26% of respondents are worried about permanently lower inpatient admissions



Source: BofA Global Research

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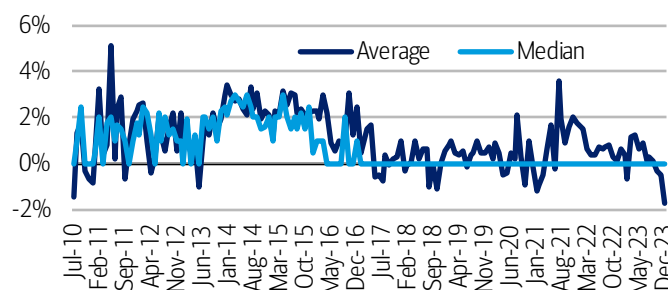
### Births -1.7% on average, median still at +0.0%

Please describe (quantify % change) actual number of births during the month of December 2023 versus a year ago?

On average, birth volumes decreased -1.7% y/y in December (below the -0.5% in November) for the hospitals surveyed, ranging from a -50% decrease to a +10% increase. Median growth remained flat at +0%.

### Exhibit 48: Births, July 2010 to December 2023

Births saw prints in line with 2018/2019 levels on average in this survey

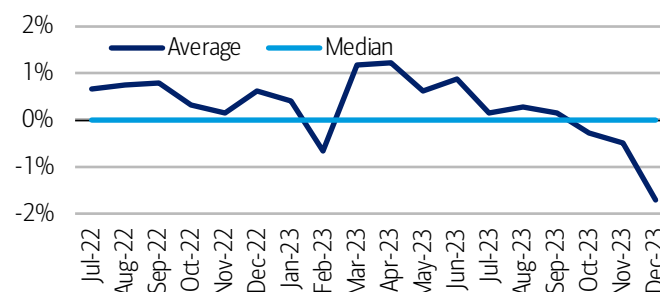


Source: BofA Global Research

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### Exhibit 49: Births, July 2022 to December 2023

Average birth volumes have fluctuated m/m, but the median growth print has remained flat



Source: BofA Global Research

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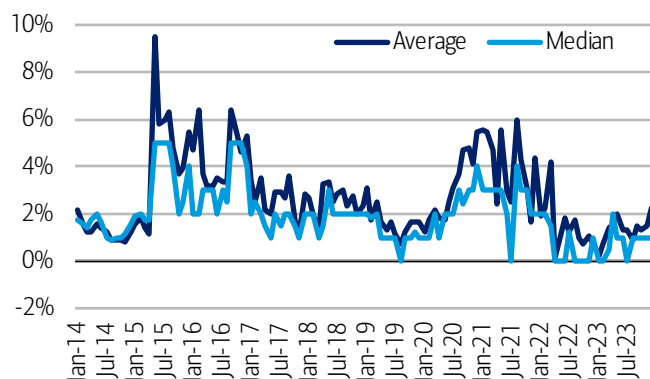
### Acuity +2.2% on average

Please estimate the percent of change/rate of change for acuity of patients treated at your hospital (case mix) in December 2023 versus December 2022?

On average, patient acuity increased +2.2% y/y in December for the hospitals surveyed, above the +1.5% hospitals reported in November. Acuity among responses ranged from a -2% decline to a +15% increase this month, with a median of +1.0%. This median is below the +2-4% we recorded in 2020-21 but in line with the +1-2% range we generally saw throughout 2019. The expectation is that acuity will slow as volumes normalize, so even modestly positive acuity is still a positive.

**Exhibit 50: Acuity, January 2014 to December 2023**

Acuity was roughly in line with 2018/2019 levels on average in this survey

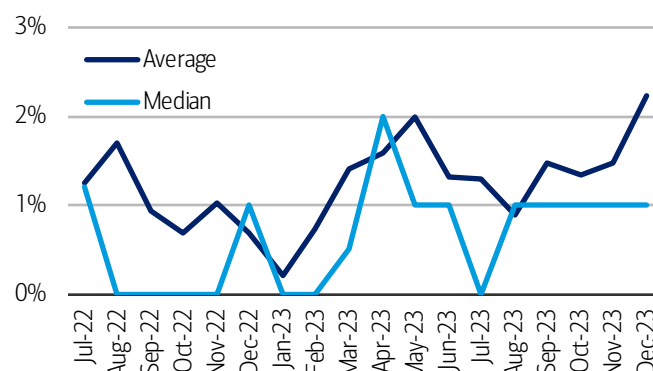


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 51: Acuity, July 2022 to December 2023**

Average acuity growth accelerated m/m



Source: BofA Global Research

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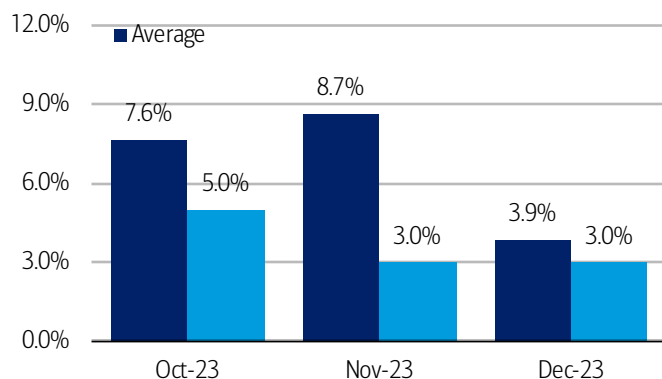
**Professional fees were up +3.9% y/y, above 2024 outlook of +3.3%**

In our October 2023 survey, we started asking respondents what percentage change year over year they were seeing in professional fees (e.g., subsidies paid to hospital-based physician groups such as ER and anesthesia). On average, professional fees increased +3.9% y/y in December for the hospitals surveyed, ranging from a -2% decrease to a +25% increase. Median growth was +3.0%. Based on this, the average and median response decelerated m/m.

On average, respondents reported expecting professional fees to be up +3.3% over the next 12 months, ranging from a -2% decrease to a +20% increase. Median growth was observed at +3.0%. This points to an expectation that professional fee growth will moderate going forward, but still be a pressure on margins.

**Exhibit 52: Professional fees were up 3.9% y/y as of December 2023**

Outlook on professional fees y/y change in 2023

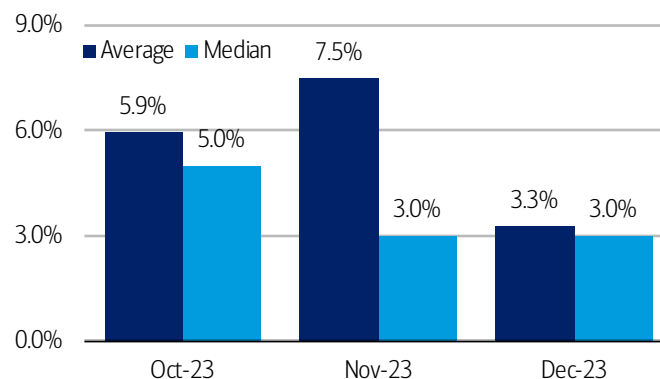


Source: BofA Global Research

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**Exhibit 53: Professional fees in 2024 are expected to be below 2023**

Outlook on professional fees y/y change in 2024



Source: BofA Global Research

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