

## Health Care Facilities

**Hospital Survey: Jan decelerates m/m, Q1 est at +1.7% (down 30bps Q/Q)**

Industry Overview

**Jan survey predicts Q1 utilization +1.7% y/y for publics**

In our January survey of 50 hospitals, volume growth accelerated m/m in most major service lines. Inpatient admits grew +2.1% on average (vs +2.2% in December). Meanwhile, average outpatient visits accelerated to +3.6% (vs +2.8% last month). We view the m/m accelerated as better than expected as we believe volume growth will decelerate due to tougher comps. That said, January is slightly below the Q4 average. So far, HCA and THC reported +2.0% same store adj adm growth on average in Q4. Using this average and assuming companies see a slight deceleration vs the Q4 average as our survey implies, we estimate publics could see a +1.7% increase y/y in 1Q23. This would be towards the high end of the average of 1-2% that we would normally expect.

**Hospitals expect 3% volume growth in 2024**

Hospitals expect adj admits to grow +3.2% y/y in 2024 (vs 1-2% LT growth).

**Labor a vol headwind for 39% of respondents; moderating**

On average, labor was a 1.4% headwind to volumes, ranging from a 0% to 20%, with a median of 0.0%. This is less of a headwind than the -1.7% average in December.

**Professional fee growth slows in Jan; expected to increase**

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 +3.5% y/y in January (vs +3.9% in December), ranging from a -2% decrease to a +30% increase. Median growth was observed at +2.0%. On average, respondents reported expecting professional fees to be up +3.8% over the next 12 months (Median growth was expected to be stable at +3.0%).

**Acuity stable m/m, payer mix remains strong**

Avg acuity grew +2.2% y/y, in line with +2.2% in December. 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 (+2.0%) grew faster than Medicaid (1.8%), uninsured (+1.3%), but slower than Medicare (+2.9% y/y).

**Outpatient utilization continues to outperform inpatient**

Outpatient visits grew +3.6% in January, outperforming inpatient admissions, which grew +2.1%. Given the broad-based, secular shift to outpatient, we would expect outpatient volumes to grow more quickly than inpatient.

**Most major service lines accelerated m/m, inpatient down**

Our January survey points to outpatient surgeries (+2.7%) outperforming inpatient surgeries (+2.2% y/y). Meanwhile, inpatient admits were below inpatient surgeries (2.1% vs. 2.2%), while outpatient surgeries were -90bps below outpatient visits. ASC vols were up +2.4% y/y, accelerating +30bps m/m. ER visits accelerated +120bps +4.1%.

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Equity

United States

HC Facilities

**Kevin Fischbeck, CFA**

Research Analyst

BofAS

+1 646 855 5948

kevin.fischbeck@bofa.com

**Joanna Gajuk**

Research Analyst

BofAS

+1 646 855 3961

joanna.gajuk@bofa.com

**Mia Munoz**

Research Analyst

BofAS

+1 646 855 0735

mia.munoz2@bofa.com

Adj Adm = Adjusted admissions

SS = Same store

THC = Tenet Healthcare

## Jan survey suggests publics to see +1.7% 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 January, our survey suggests that the quarter will see inpatient volume trends of +2.1%, 10bps below the +2.2% we saw in 4Q23. Meanwhile, our survey predicts +3.6% growth in outpatient visits based on the January print, below the +4.1% we saw in Q4. Overall, this yields an average 1Q24 volume estimate of +2.8%, below the +3.1% in our 4Q23 survey and below the +3.1% from 3Q23 (we note that most metrics accelerated vs December, but are still below the Q4 average).

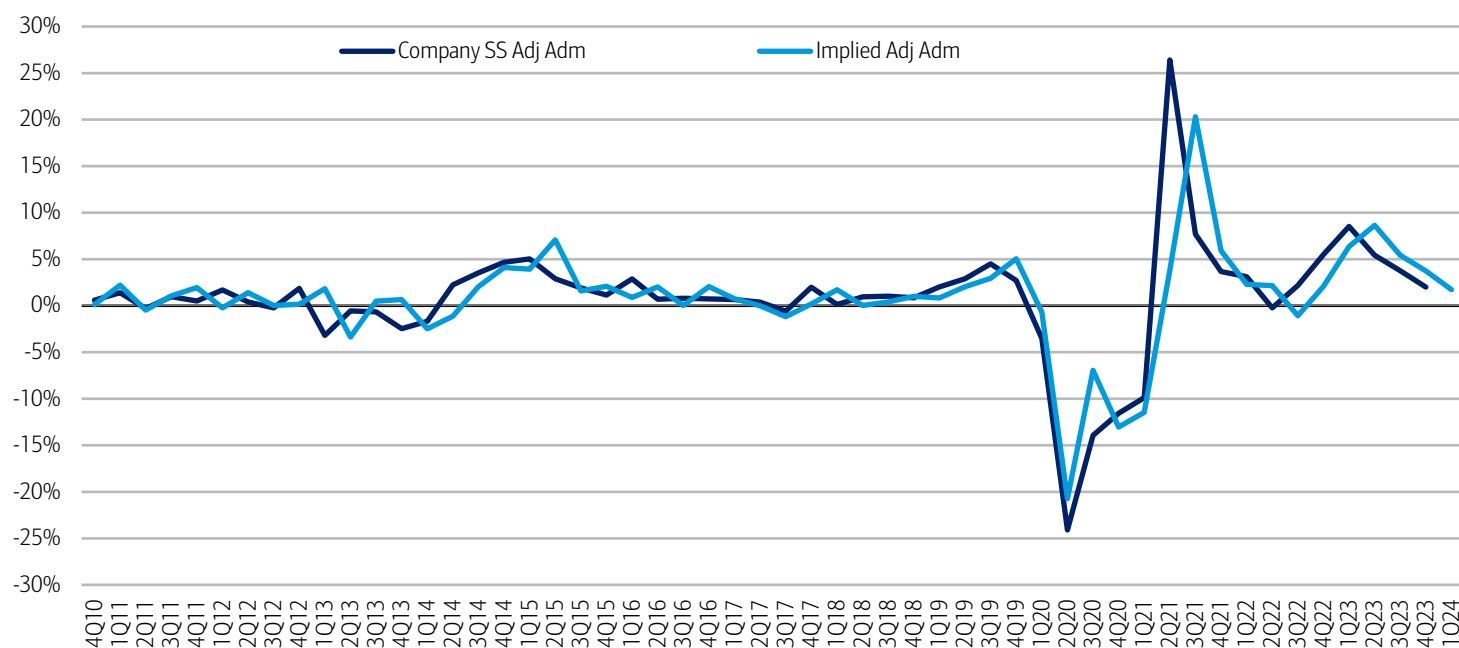
Looking to Q1, if we assume hospital companies see volume growth decelerate slightly quarter over quarter as implied by our survey, this would imply volumes in 1Q24 of +1.7% for the public hospital companies. Volumes of +1.7% would be below the +2.0% print we saw in 4Q23 on average (excl. UHS as they have not announced) and below the +3.7% in 3Q23. Nevertheless, it would be towards the higher end of 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 (HCA and THC) 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 January, we predict public hospital company vol growth will be slightly down at +1.7% in Q1



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, UHS seems best positioned as 90% of its beds were in states where we captured strong trends, above 70% for THC, and 81% for HCA. None were exposed to negative volumes in this survey.

**Exhibit 2: Hospitals' Exposure to Inpatient Volume Trends in January 2024**  
This month, hospitals were exposed to more positive volume trends than last month

	HCA	THC	UHS-Acute
Positive volume trends	81%	70%	90%
Flat volume trends	7%	0%	0%
Negative volume trends	0%	0%	0%
NA	13%	30%	10%
	100%	100%	100%
% positive volume trends excluding NA	92%	100%	100%

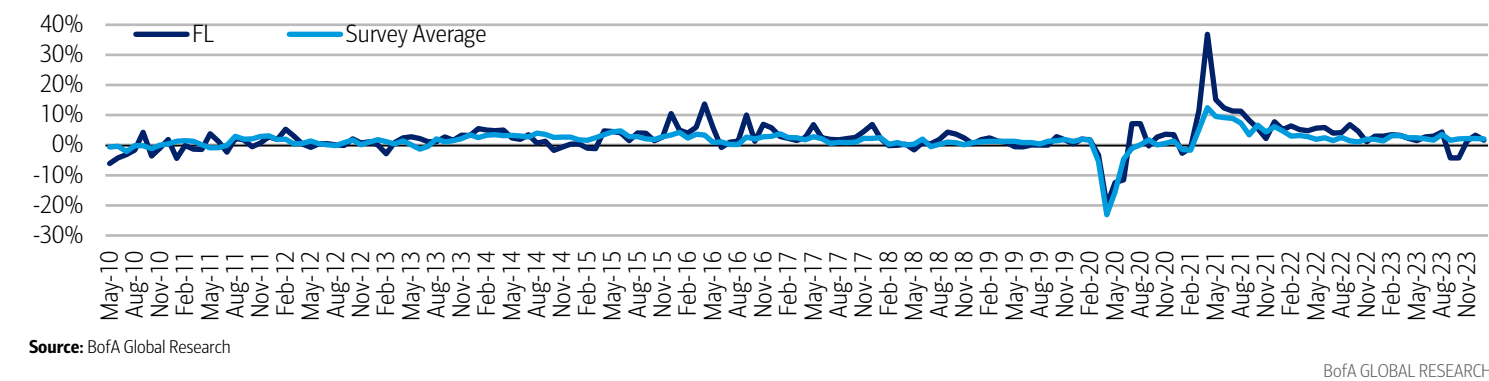
Source: BofA Global Research

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**Florida volumes at +1.7%, below the survey average**

Florida has historically shown better volume growth than the overall survey. In January 2024, Florida's inpatient volumes increased +1.7% y/y on average, -40bps below the overall survey average of +2.1% y/y growth.

**Exhibit 3: Florida results versus Survey Average**  
Florida's avg. inpatient growth came in -40bps below the survey average in January

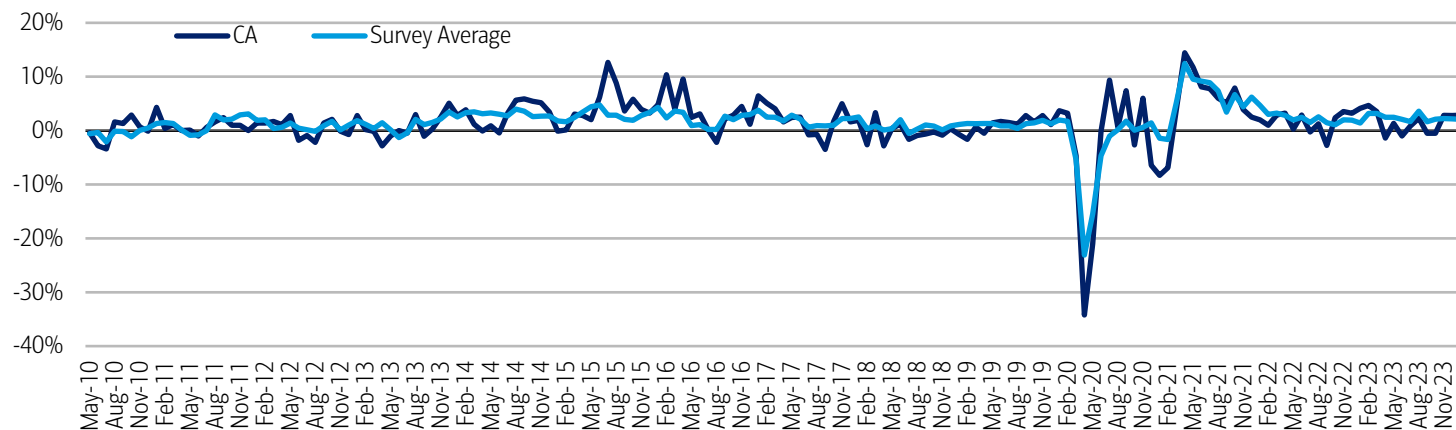


**California volumes at +2.9% in January, +80bps above the survey average**

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 +2.9% came in +80bps above the survey average of +2.1%. The average CA growth this month is above the +2.8% in December and 2.8% in November.

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

California's survey print came in +80bps above the survey average in January



Source: BofA Global Research

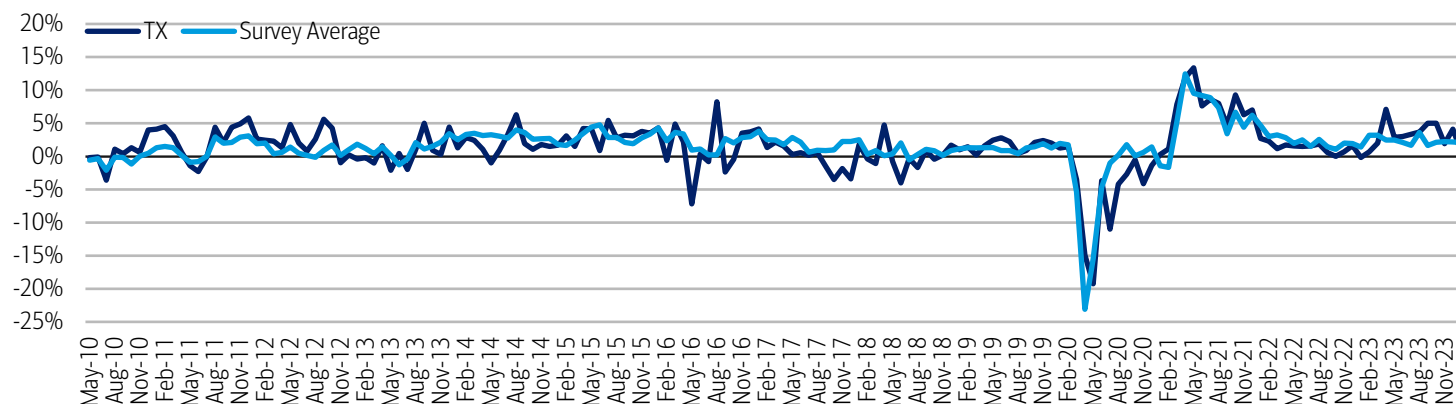
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**Texas volumes at +0.7% in January, below December and the survey avg**

Texas volume growth came in at +0.7% this month, -140bps below the survey average of +2.1%. 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 -140bps below the survey average in January.



Source: BofA Global Research

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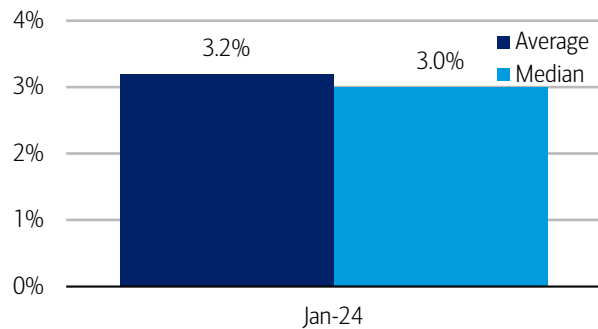
**Survey Results****Adj. admissions growth outlook of +3.2% in 2024 on average**

Please provide your professional estimate for the percent/rate of change for adjusted admissions, year over year, that you expect to see at your hospital in 2024?

On average, respondents expect adjusted admissions to grow +3.2% y/y in 2024, ranging from a -2% decline to a +15% increase, with a median of +3.0%. This is in-line with HCA's 3-4% guidance and above THC's 1-2% guidance.

**Exhibit 6: Adj. adm y/y growth outlook for 2024**

Respondents expect adj adm to be up +3.2% in 2024



Source: BofA Global Research

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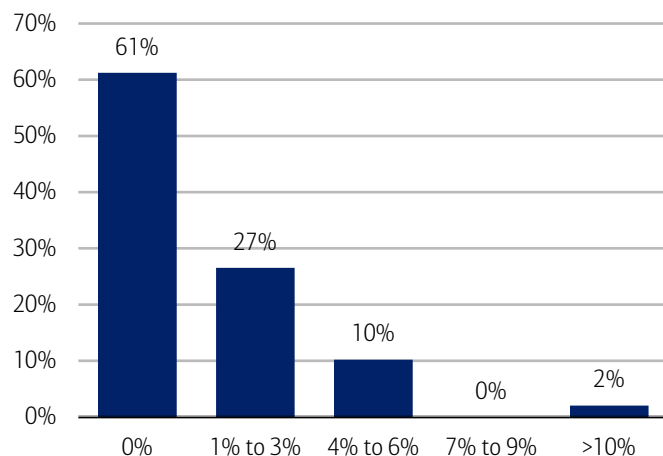
**39% of hospitals saw labor as at least a 1% headwind to volumes**

In the month of January 2024, what percent of volume was lost, if any, due to inability to staff beds?

On average, labor was a 1.4% headwind to volumes, ranging from a 0% to 20% decrease, with a median of 0.0%. This is below the 1.7% average in December. Overall, the survey points to a slow improvement in the labor market.

**Exhibit 7: 39% of respondents reported labor being at least a 1% headwind to volumes**

Headwind to volumes from inability to staff beds

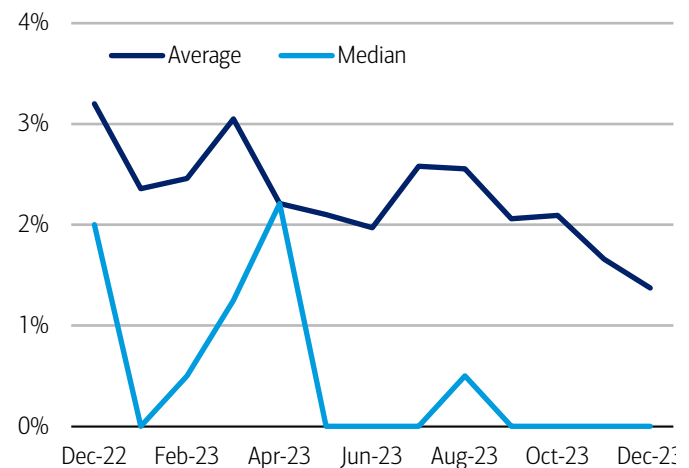


Source: BofA Global Research

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**Exhibit 8: The average headwind of 1.4% was below the previous survey.**

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



Source: BofA Global Research

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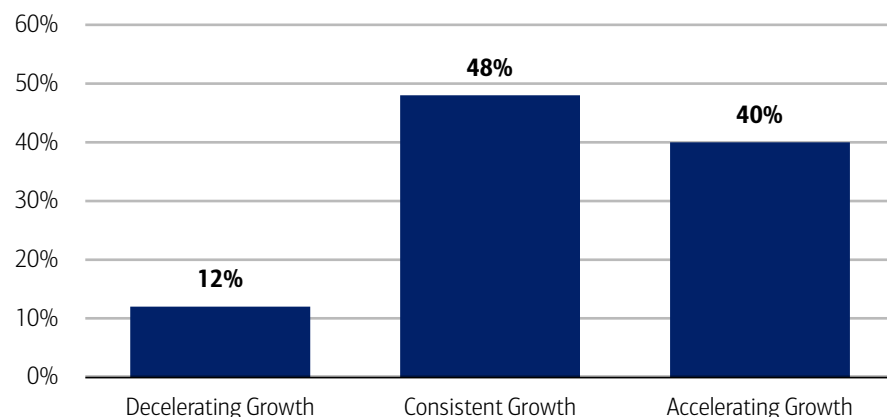
**40% of hospitals see volumes accelerate in January, above last month**

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 January, 40% of respondents said that volume growth (inpatient and outpatient) accelerated m/m. This is above our last survey in which 29% of respondents noted that hospital volumes accelerated in December. Meanwhile, 12% saw volumes decelerate this month (above 6% in December survey), and the remaining 48% saw consistent volume trends.

**Exhibit 8: Overall volume change 1/2024 vs. 12/2023**

40% of the hospitals we surveyed saw m/m vol acceleration in January, above December



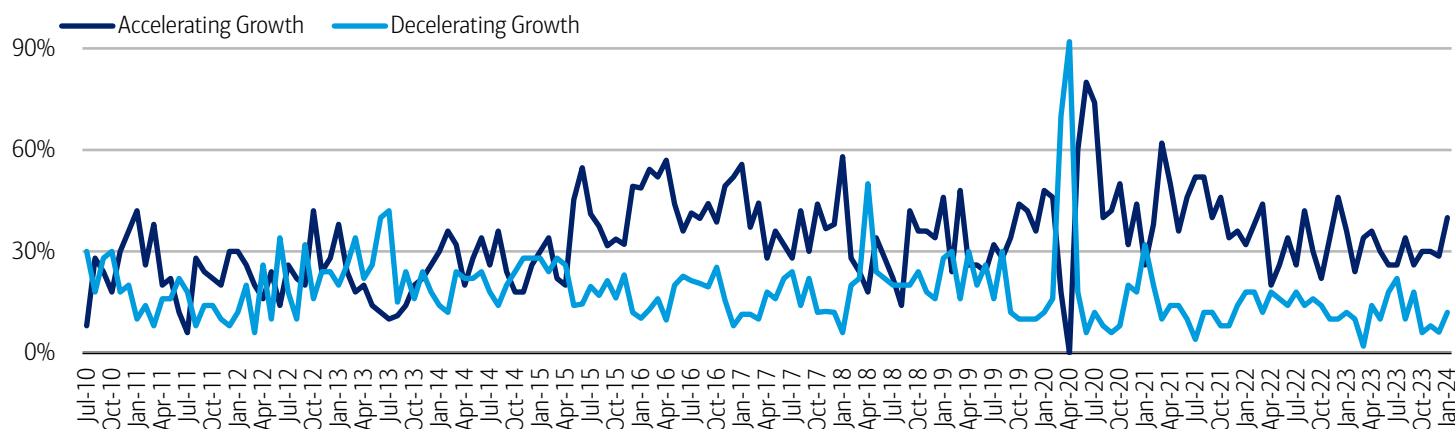
Source: BofA Global Research

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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 28% in this survey (above the 22% in December).

**Exhibit 10: Overall Volume change July 2010 to January 2024**

The % of respondents seeing accelerating m/m growth remains above that of those seeing decelerating trends—with a variance of 28% in January.



Source: BofA Global Research

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**Inpatient admissions rose +2.1% y/y in January on average (down -10bps m/m)**

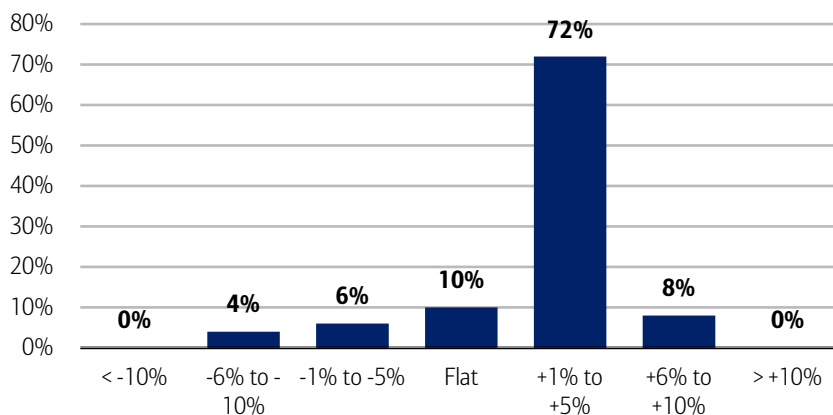
Please describe (quantify % change) actual inpatient admissions during the month of January 2024 versus a year ago?

On average, inpatient admissions increased +2.1% in January for hospitals in our survey, ranging from a -10% decline to a +10% increase, with a median of +2.0%.

This month, a higher share of hospitals saw inpatient admissions grow y/y (80%) than those who saw volumes decline (10%), and the remaining 10% indicated flat volumes y/y. This is above the 71% of respondents who saw y/y volume growth last month.

**Exhibit 10: Inpatient admissions 1/2024 vs. 1/2023**

80% of respondents noted y/y growth in inpatient admits in January, with 0% seeing volumes grow by over 10%



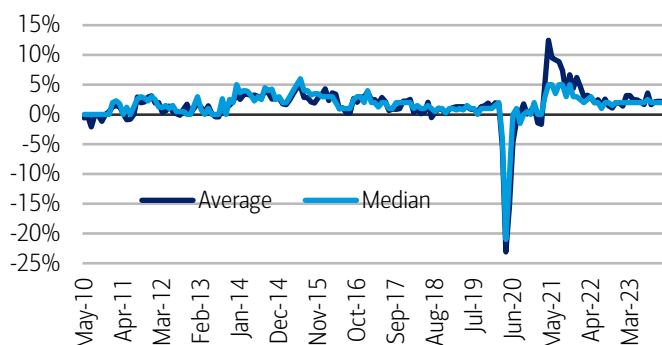
Source: BofA Global Research

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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 and 4Q23. In January 2024, average volumes increased +2.1% (down m/m), and median volume growth was +2.0% (in line with 2.0% in December).

**Exhibit 12: Inpatient Volumes, May 2010 to January 2024**

The avg. inpatient print was above 2018/2019 levels

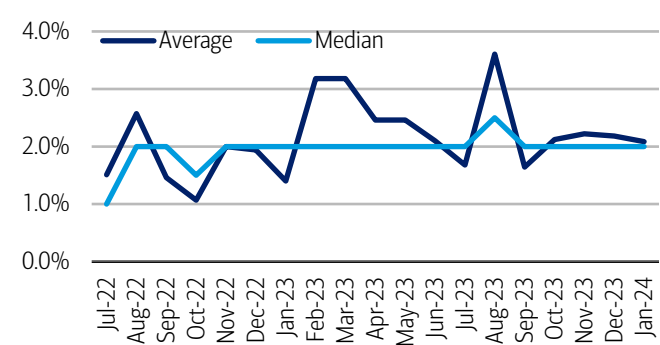


Source: BofA Global Research

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**Exhibit 13: Inpatient Volumes, July 2022 to January 2024**

The avg. inpatient print was down slightly m/m



Source: BofA Global Research

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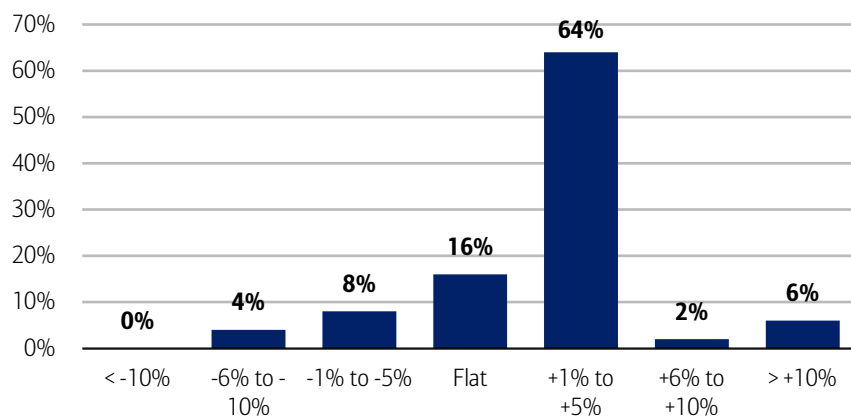
**Commercial admits +2.0% in January on average, above December**

Please describe (quantify % change) actual Commercial inpatient admissions during the month of January 2024 versus a year ago?

On average, commercial admissions increased +2.0% y/y in January 2024, ranging from a -10% decline to a +18% increase for the hospitals surveyed. 12% of survey respondents noted that commercial admits decreased y/y in January; below the 16% in December. Meanwhile, 72% of respondents saw y/y growth, with the bulk of respondents noting modest growth.

**Exhibit 13: Commercial inpatient admissions 1/2024 vs. 1/2023**

72% of respondents saw y/y commercial vols increase in January, with the majority seeing modest growth



Source: BofA Global Research

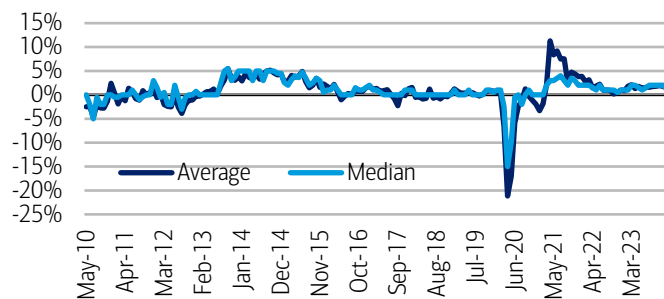
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Below we show historical trend data on the average and median commercial volume growth since May 2010. In January 2024, average commercial volumes increased +2.0% y/y, above the +1.8% in December and the +1.9% in November. Volumes grew +1.0% at the median, below the median growth we saw in December. We note that this month's y/y increase in commercial volumes was -10bps 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, and is likely aided by strong exchange growth.

**Exhibit 15: Commercial Admissions - May 2010 to January 2024**

The avg. commercial print was above 2018/2019 levels

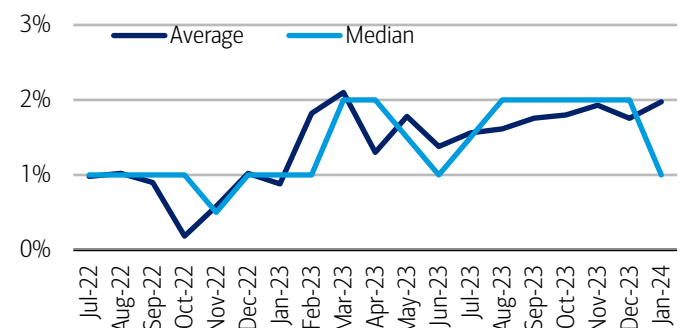


Source: BofA Global Research

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**Exhibit 16: Commercial Admissions - July 2022 to January 2024**

Commercial volumes are above last month but were -10bps below the overall inpatient print



Source: BofA Global Research

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**Average Medicaid admissions saw +1.8% growth in January**

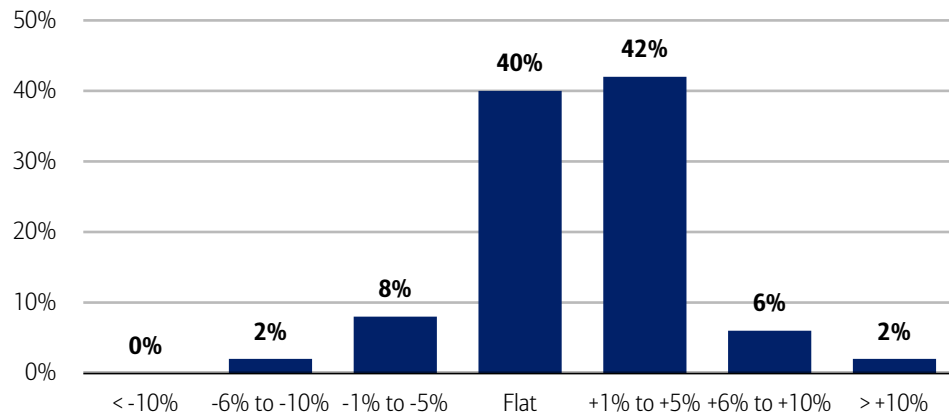
Please describe (quantify % change) actual Medicaid admissions during the month of January 2024 versus a year ago?

In January, Medicaid admissions grew +1.8% y/y—above the December growth of +0.4%. 50% of respondents said Medicaid admissions increased year over year, while 40% said they were flat and another 10% said they decreased.



**Exhibit 17: Medicaid inpatient admissions 1/2024 vs. 1/2023**

50% of respondents saw y/y Medicaid vols increase in January, with the majority seeing modest growth



Source: BofA Global Research

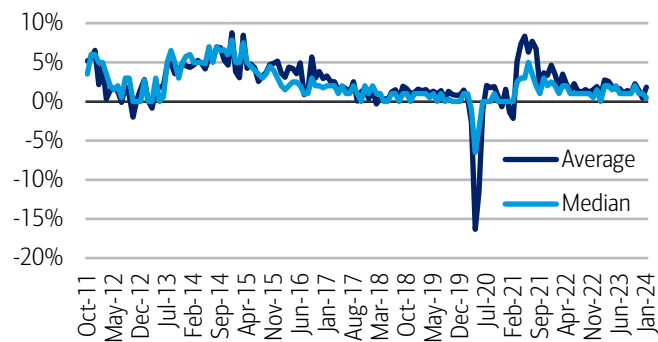
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Medicaid admissions at-large have been decelerating since they peaked at +8.8% growth in December 2014 during the peak impact of the ACA. They spiked again in March 2021 due to easy COVID-impacted comps and an increase in Medicaid enrollment related to the suspension of redeterminations during the public health emergency. This month's growth of +1.4% is above the +0.4% seen in December. 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 January 2024, average volumes came in at +1.8%, above the +0.4% in December. Median growth of +0.5% was below the +1.0% growth we surveyed last month and in line with the +0-1% median range we saw throughout 2018-2019. Medicaid growth came in -20bps 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 18: Medicaid Admissions – October 2011 to January 2024**

The average Medicaid print was above 2018/2019 levels

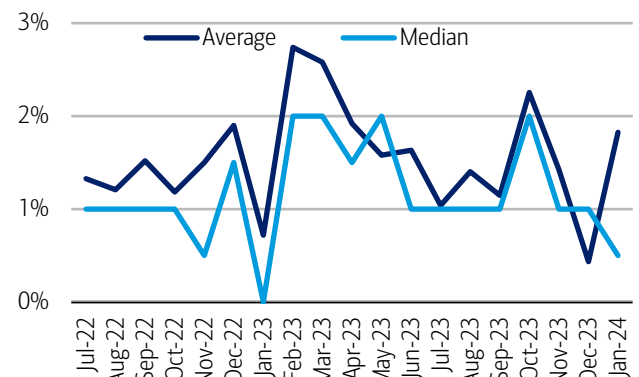


Source: BofA Global Research

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**Exhibit 19: Medicaid Admissions – July 2022 to January 2024**

Average Medicaid growth accelerated m/m to +1.4%



Source: BofA Global Research

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**Average Medicare admissions grew +2.9% y/y in January 2024**

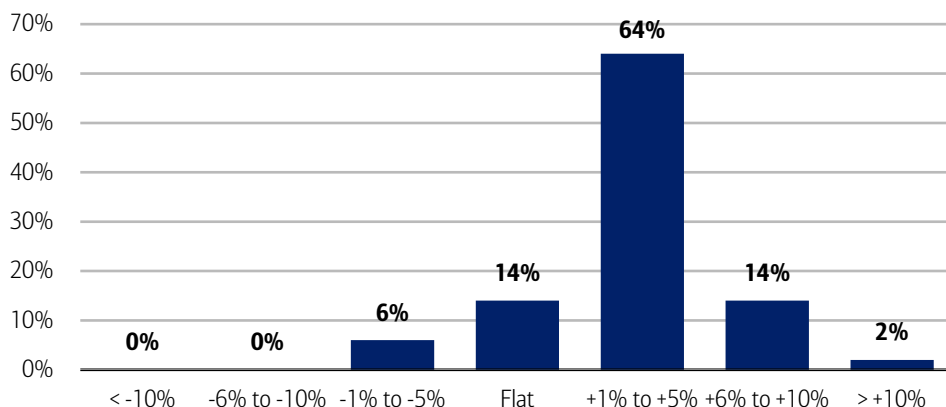
Please describe (quantify % change) actual Medicare admissions during the month of January 2024 versus a year ago?

Medicare admissions increased +2.9% on average y/y for respondents in our January survey with a median increase of +2.0%. This average result is above the +1.7% in our

December survey. Among the respondents, 80% in aggregate said Medicare admissions increased (above the 71% in our previous survey) while 6% said they declined y/y (below the 14% in December). The bulk of respondents saw modest growth. We note that Medicare growth is above the +2.1% overall inpatient growth.

#### Exhibit 20: Medicare Admissions, 1/2024 vs. 1/2023

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



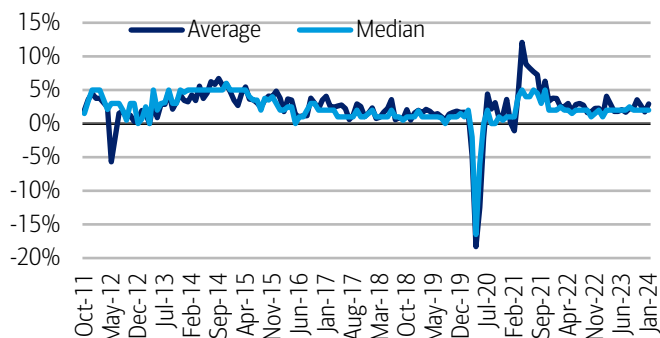
Source: BofA Global Research

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Below we show historical trend data on the average and median Medicare volume growth since October 2011. In January, volumes increased by +2.9% y/y, in line with the 1-3% range where we have seen it trend over the past few years, and above the +1.7% in December.

#### Exhibit 21: Medicare Admissions – November 2011 to January 2024

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

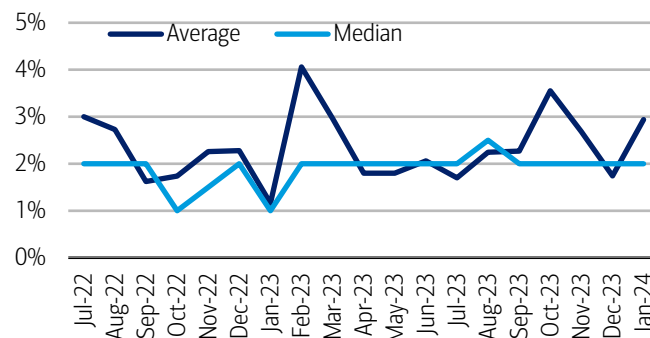


Source: BofA Global Research

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#### Exhibit 22: Medicare Admissions – July 2022 to January 2024

Average Medicare growth accelerated m/m to +2.9%



Source: BofA Global Research

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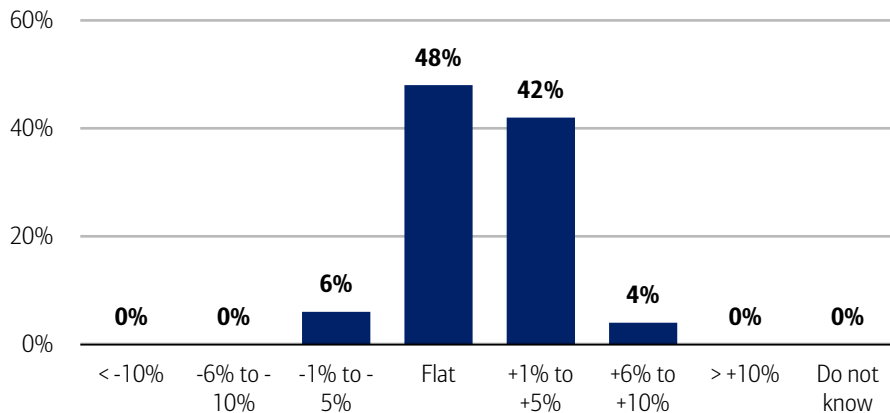
#### Average uninsured volumes increased +1.3% in January, increased m/m

Please describe (quantify % change) actual Uninsured / Self-Pay admissions during the month of January 2024 versus a year ago?

On average, uninsured volumes increased +1.3% y/y in January (ranging from a -2% decrease to a 7% increase). This month's result was above the +1.1% increase we saw in December. Median growth was 0.0% below last month at 0.6% y/y.

**Exhibit 22: Uninsured / Self-Pay admissions 1/2024 vs. 1/2023**

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



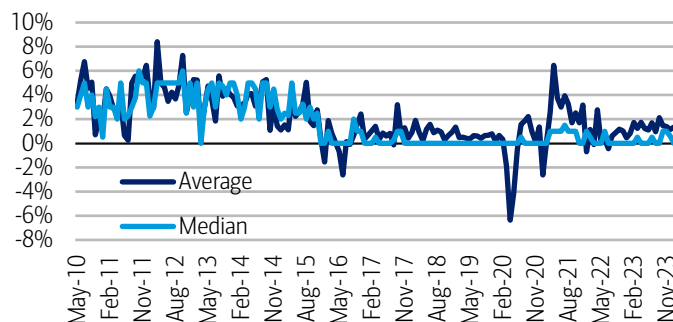
Source: BofA Global Research

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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 +1.3% increase is below the overall inpatient growth in our survey (+2.1%) and below commercial growth (+2.0%), which is a positive for payer mix. We note that Medicaid redeterminations could be putting upward pressure on uninsured volumes.

**Exhibit 24: Uninsured Admissions – May 2010 to January 2024**

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

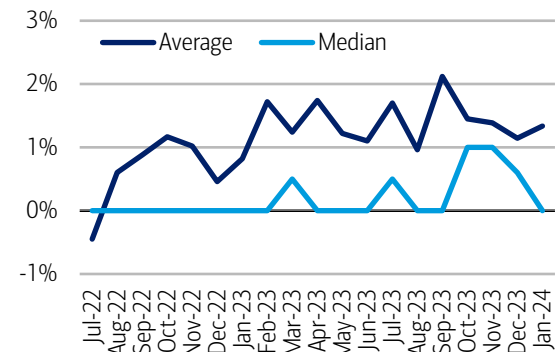


Source: BofA Global Research

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**Exhibit 25: Uninsured Admissions – July 2022 to January 2024**

The average uninsured admissions growth above last month



Source: BofA Global Research

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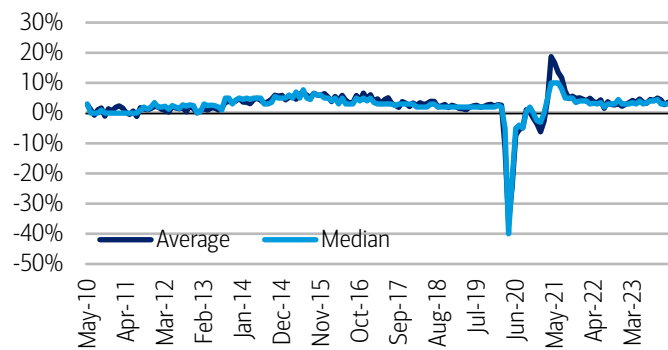
**Average outpatient visits increased +3.6% y/y, above inpatient growth**

Please describe (quantify % change) actual Outpatient visits during the month of January 2024 versus a year ago?

On average, outpatient visits increased +3.6% y/y (+3.0% median) in January 2024 for the hospitals surveyed. This +3.6% increase represents a +80bps acceleration from the +2.8% we recorded in December. Overall, 4% of respondents answered that outpatient visits declined year over year in January (below the 8% in our last survey). Meanwhile, 4% of respondents saw more than 10% y/y growth in outpatient visits.

**Exhibit 26: Outpatient Volumes – May 2010 to January 2024**

Outpatient volume saw prints above 2018/2019 levels on average

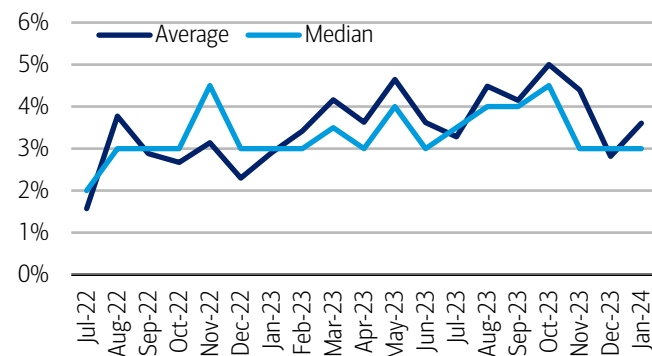


Source: BofA Global Research

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**Exhibit 27: Outpatient Volumes – July 2022 to January 2024**

Outpatient volume growth accelerated m/m



Source: BofA Global Research

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**Inpatient Surgeries +2.2% in January, Outpatient Surgeries +2.7%**

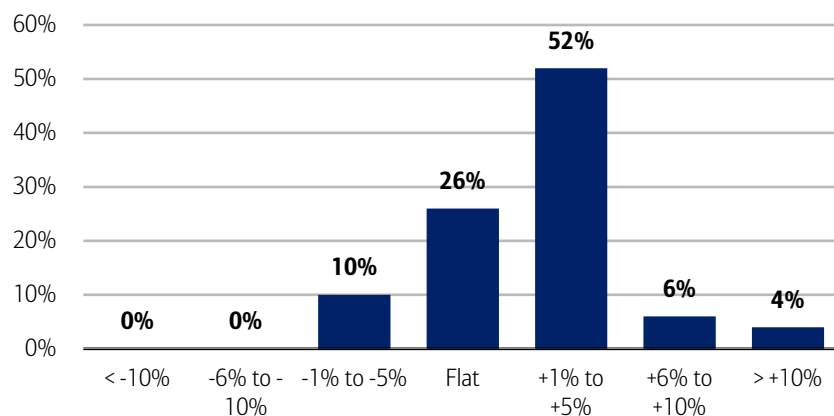
Please describe (quantify % change) actual number of hospital inpatient/outpatient surgeries during the month of January 2024 versus a year ago.

In January 2024, 62% of respondents indicated that Inpatient Surgeries increased compared to last year (below 63% in December), while 10% of respondents indicated that surgeries declined (below the 12% in our last survey), and the remaining 26% indicated that surgeries were flat y/y.

On average, Inpatient Surgeries saw a +2.2% increase in January, in line with the +2.2% we surveyed in December.

**Exhibit 27: Inpatient Surgeries 1/2024 vs. 1/2023**

Only 10% of respondents noted y/y declines in inpatient surgery volume in January



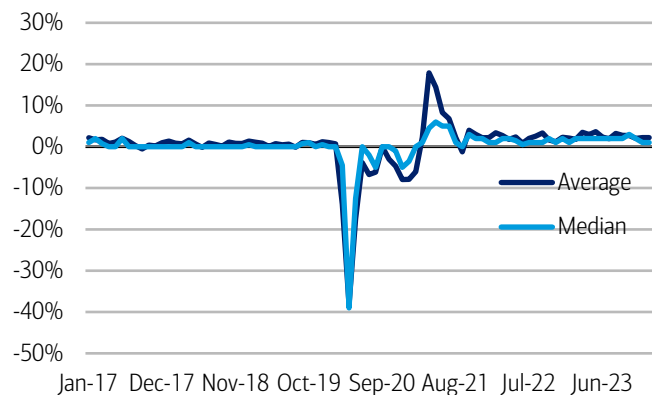
Source: BofA Global Research

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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 and further decelerated in 4Q23.

**Exhibit 29: Inpatient Surgeries, January 2017 to January 2024**

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



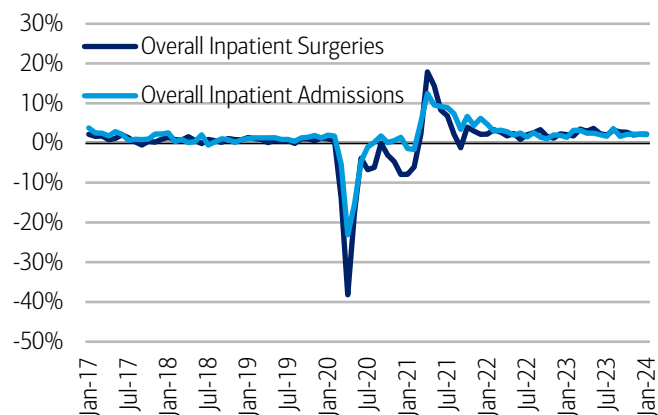
Source: BofA Global Research

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Generally, average inpatient surgeries tend to grow modestly slower than overall inpatient admissions. In January, inpatient surgeries (+2.2%) were above inpatient admits (+2.1%) on average, a modest positive for acuity.

**Exhibit 30: Average Inpatient Surgery Growth vs. Average Inpatient Visits Growth, January 2017 to January 2024**

Inpatient surgeries tend to grow faster than inpatient admissions



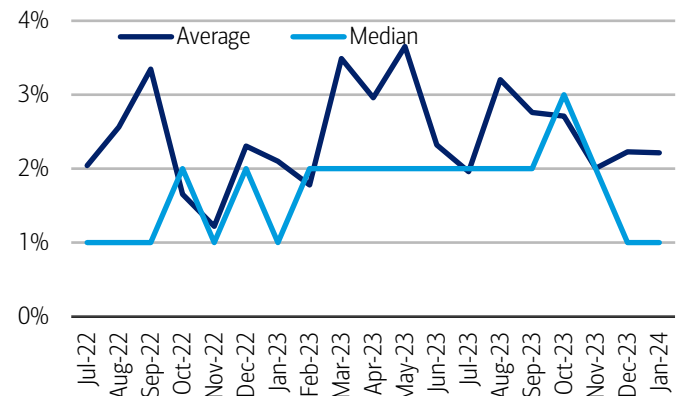
Source: BofA Global Research

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Hospital outpatient surgeries increased +2.7% y/y in January, accelerating from +2.4% y/y growth in December. 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, 4% of respondents said that hospital outpatient surgeries decreased y/y in January, above the 12% who noted the same last month. Meanwhile, 84% saw y/y increases—with 0% of respondents seeing increases of greater than 10%.

**Exhibit 30: Inpatient Surgeries, July 2022 to January 2024**

Inpatient surgery growth was stable m/m

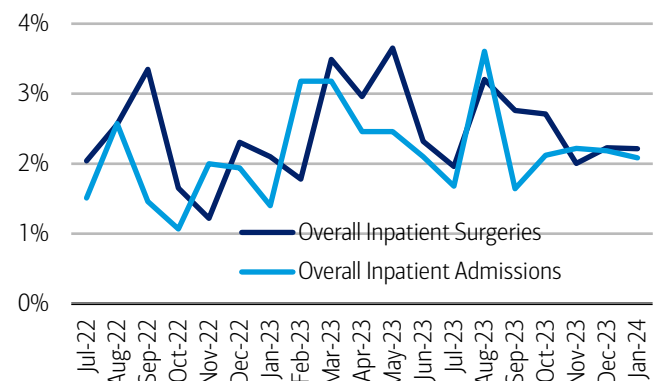


Source: BofA Global Research

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**Exhibit 31: Average Inpatient Surgery Growth vs. Average Inpatient Visits Growth, July 2022 to January 2024**

Inpatient surgeries y/y were above Inpatient admissions in January

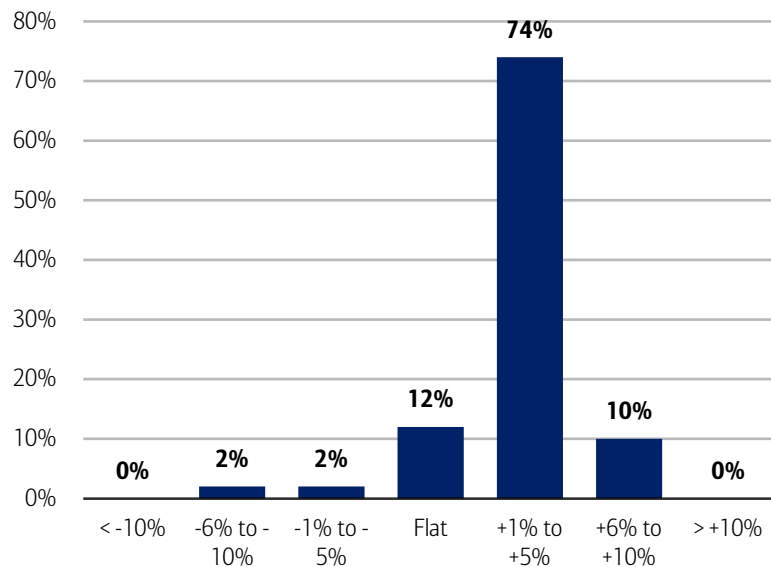


Source: BofA Global Research

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**Exhibit 31: Outpatient Surgeries 1/2024 vs. 1/2023**

4% of respondents saw y/y outpatient surgeries decrease, below last month



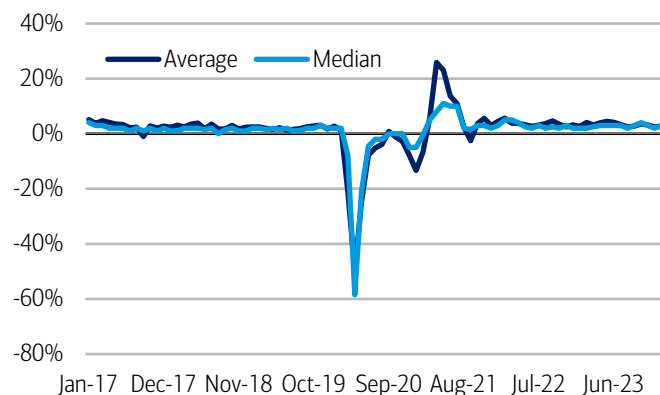
Source: BofA Global Research

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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 January data was in line with this.

**Exhibit 33: Outpatient Surgeries, January 2017 to January 2024**

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

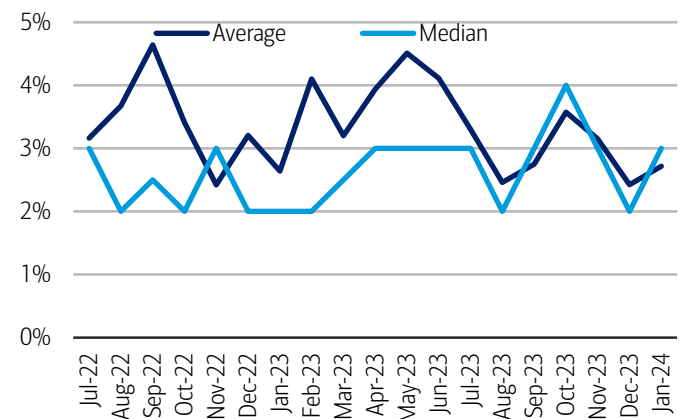


Source: BofA Global Research

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**Exhibit 34: Outpatient Surgeries, July 2022 to January 2024**

Outpatient surgery growth accelerated from last month



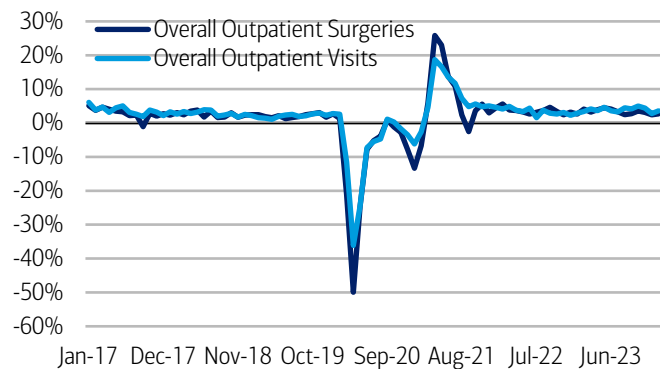
Source: BofA Global Research

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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 35: Average Outpatient Surgery Growth vs. Average Outpatient Visits Growth, January 2017 to January 2024

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

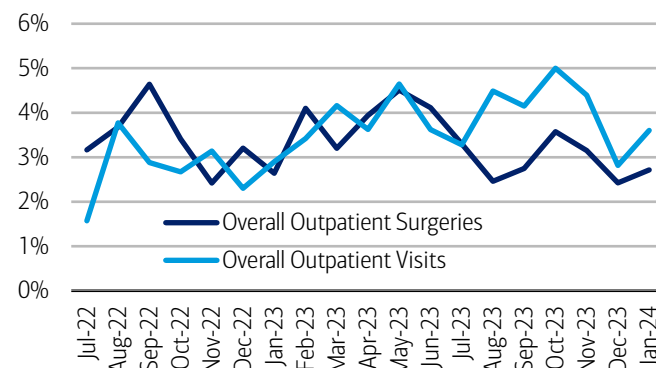


Source: BofA Global Research

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### Exhibit 36: Average Outpatient Surgery Growth vs. Average Outpatient Visits Growth, July 2022 to January 2024

Outpatient surgeries saw growth below Outpatient visits this month



Source: BofA Global Research

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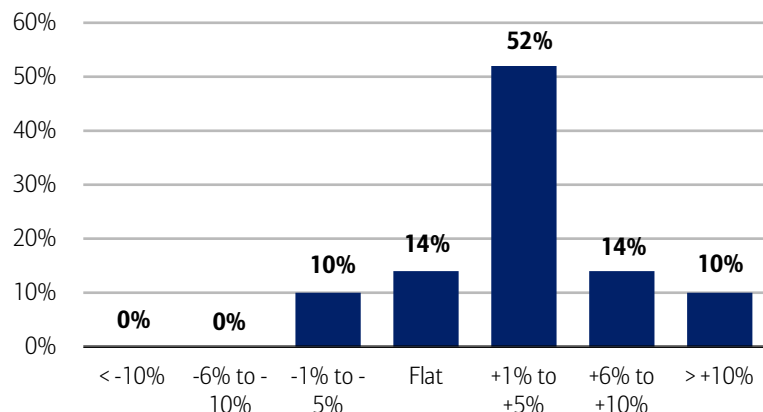
### ER visits grew +4.1% in January, up +120bps m/m

Please describe (quantify % change) actual ER visits during the month of January 2024 versus a year ago?

In January 2024, 10% of respondents saw Emergency Room (ER) visits decline y/y, while 14% said ER volumes were flat, and the remaining 76% said ER visits increased y/y. On average, ER visits increased +4.1% this month, above the +2.9% we saw in December, while median growth was +3.0%, above the +2.0% as of last month.

### Exhibit 36: ER admissions 1/2024 vs. 1/2023

The majority of respondents are seeing modest growth in ER visits



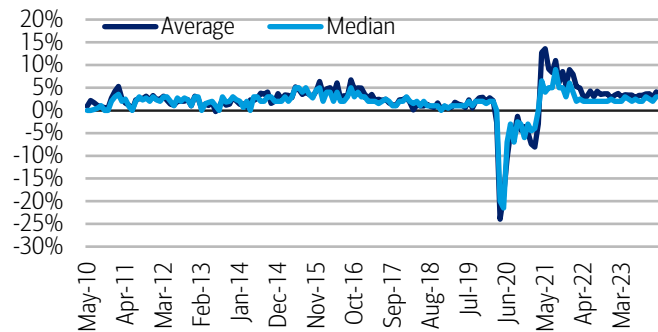
Source: BofA Global Research

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Below we show historical trend data on average and median ER volume growth since 2010. In January 2024, the median growth of +4.1% was above the +0-1% median we have historically surveyed.

**Exhibit 38: ER Admissions, May 2010 to January 2024**

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

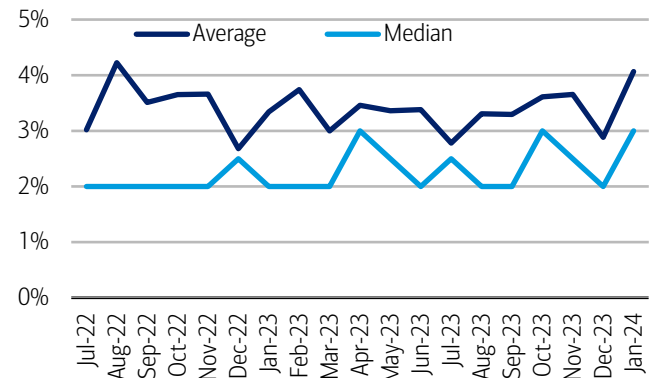


Source: BofA Global Research

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**Exhibit 39: ER Admissions, July 2022 to January 2024**

On average, ER volume growth was up m/m



Source: BofA Global Research

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**Average Ambulatory Surgery Center volumes +2.4% In January**

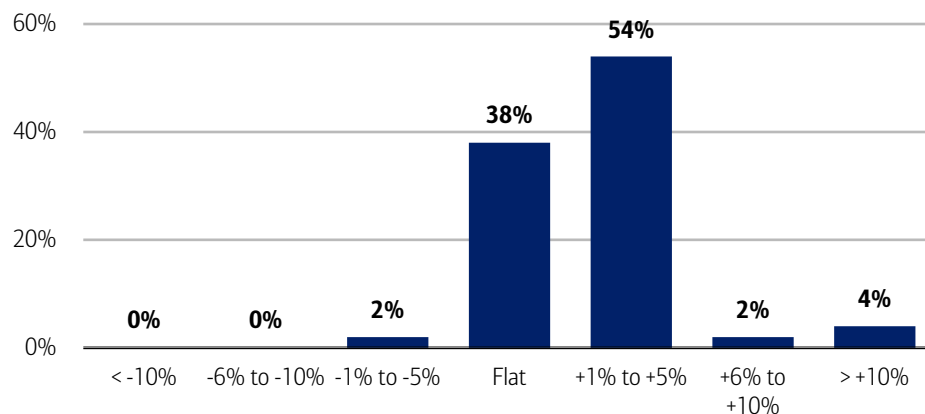
Please describe (quantify % change) actual ambulatory surgical volumes during the month of January 2024 versus a year ago?

On average, ambulatory surgery center (ASC) volumes increased +2.4% y/y in January for the hospitals we surveyed, above the +2.1% in December. Survey results ranged from a -5% decline to a +15% increase, with a median of +2.0%.

In January, 2% of the survey respondents answered that their surgery center volumes decreased y/y, below the 6% last month. Meanwhile, 60% of respondents said that volumes increased y/y, and the remaining 38% saw consistent volumes y/y.

**Exhibit 39: Ambulatory Surgery Center Volume 1/2024 vs. 1/2023**

60% of respondents reported improving trends in January



Source: BofA Global Research

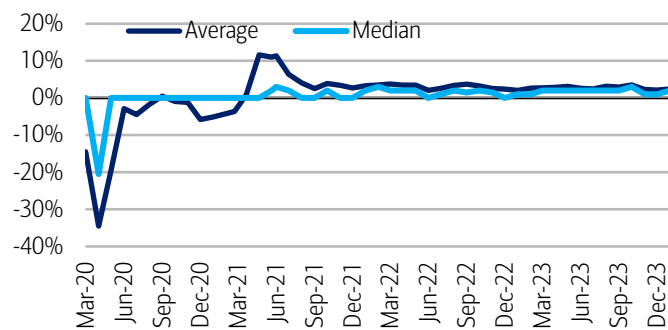
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Below we show surgery center volume trends over time. Average surgery center volumes declined significantly in 2Q20 (-35%) as a result of state mandated non-essential procedure deferrals during the initial months of COVID, but they have rebounded since and saw +2.4% y/y growth in January 2024. Median growth was +2.0% this month, above the +1.0% in December.



### Exhibit 41: Ambulatory Surgery Center Volumes, March 2020 to January 2024

Surgery centers saw steep volume declines in 1H20

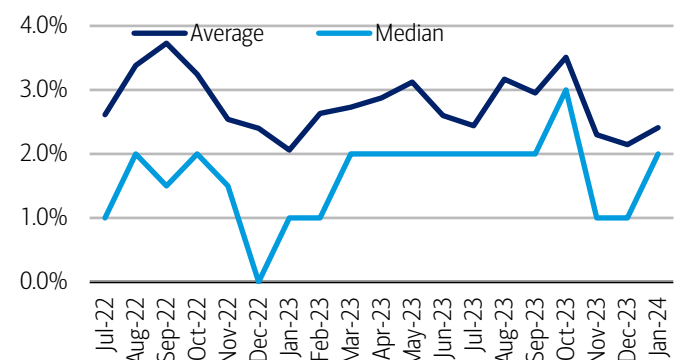


Source: BofA Global Research

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### Exhibit 42: Ambulatory Surgery Center Volumes, July 2022 to January 2024

Surgery centers reported accelerated growth m/m



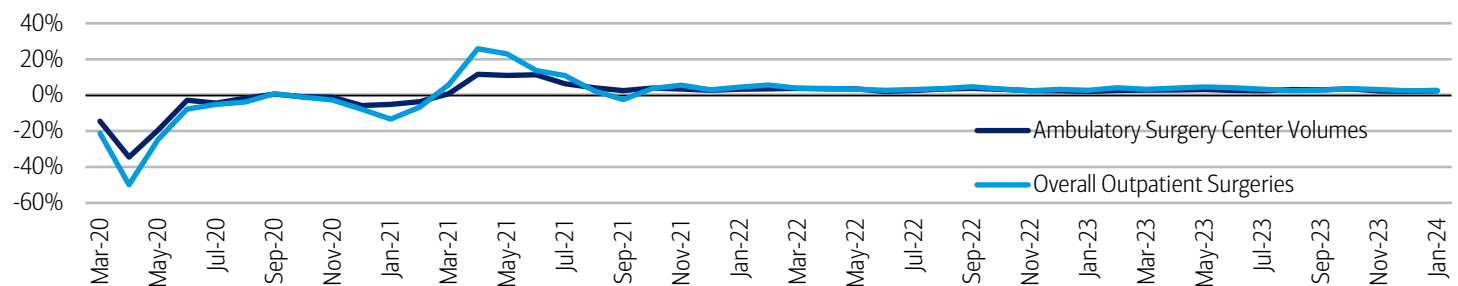
Source: BofA Global Research

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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 (+2.4%) grew below outpatient surgeries (+3.0%).

### Exhibit 43: Ambulatory Surgery Center Volumes, March 2020 to January 2024

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



Source: BofA Global Research

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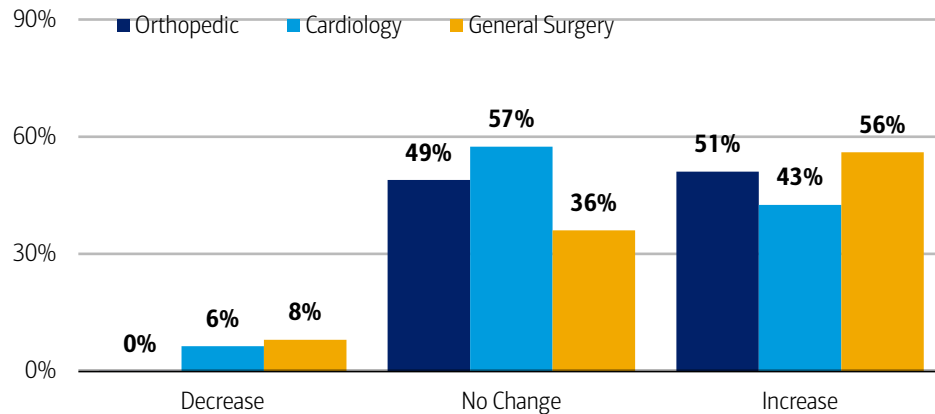
### Cardio growing below General Surgery and Ortho

Please indicate the change, if any, in the number of the below elective procedures performed at your hospital during January 2024 vs January 2023.

This month, 0% of respondents noted y/y decreases in Ortho procedures (in line with the 0% in December), 8% noted declines in General Surgery procedures (vs 8% in December), and 6% noted declines in Cardiology procedures (below the 7% in December). Meanwhile, 51% saw y/y increases in Orthopedic, 43% in Cardiology and 56% in General Surgery procedures. Also, 57% 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 1/2024 vs. 1/2023**

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



Source: BofA Global Research

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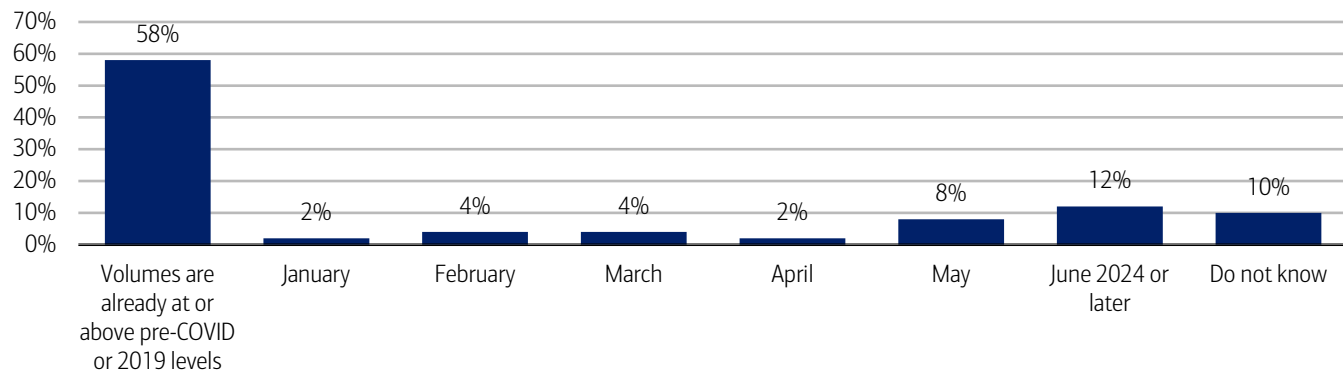
**58% of respondents already seeing overall volumes at/above 2019 levels**

When do you expect to see deferred volumes come back?

In this survey, 58% of respondents said volumes are already at or above pre-COVID or 2019 levels, in line with the 58% of respondents who were seeing volumes at pre-COVID levels as of last month. Meanwhile, in aggregate, 2% of respondents expect volumes to return by January, 4% by February, 4% by March, 2% by April, 8% by May, and 12% 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**

58% of respondents are already seeing volumes at or above 2019 levels



Source: BofA Global Research

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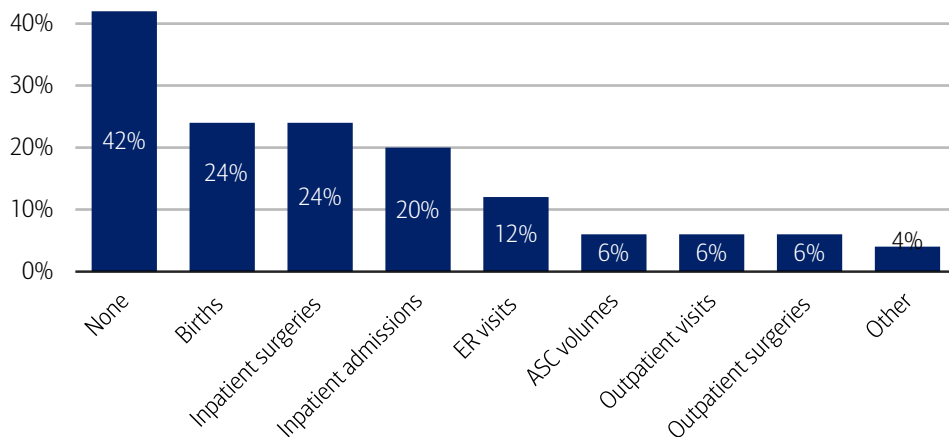
**42% are not worried about permanently lower volumes post-COVID**

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

42% of respondents do not expect any of their services lines to see permanently lower volumes as a result of COVID. Meanwhile, 24% expect fewer births, 24% expect fewer inpatient surgeries, 20% expect fewer inpatient admissions, 12% expect fewer ER visits, 6% expect fewer ambulatory surgery center (ASC) volumes, 6% expect lower outpatient visits, and 6% expect fewer outpatient surgeries.

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

42% are not worried about lower volumes going forward and 20% of respondents are worried about permanently lower inpatient admissions



Source: BofA Global Research

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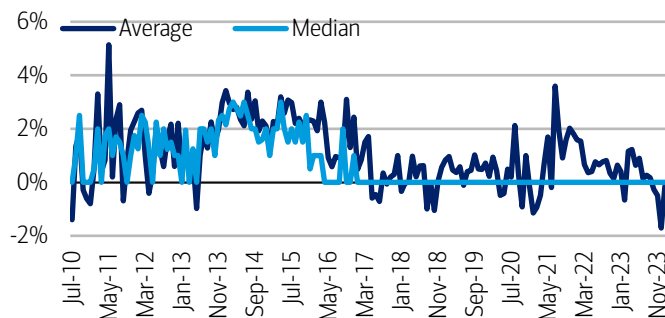
### Births -0.1% on average, median still at +0.0%

Please describe (quantify % change) actual number of births during the month of January 2024 versus a year ago?

On average, birth volumes decreased -0.1% y/y in January (above the -1.7% in December) for the hospitals surveyed, ranging from a -48% decrease to a +11% increase. Median growth remained flat at +0%.

### Exhibit 47: Births, July 2010 to January 2024

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

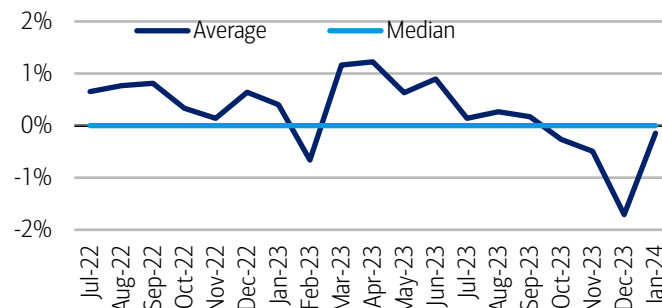


Source: BofA Global Research

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### Exhibit 48: Births, July 2022 to January 2024

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



Source: BofA Global Research

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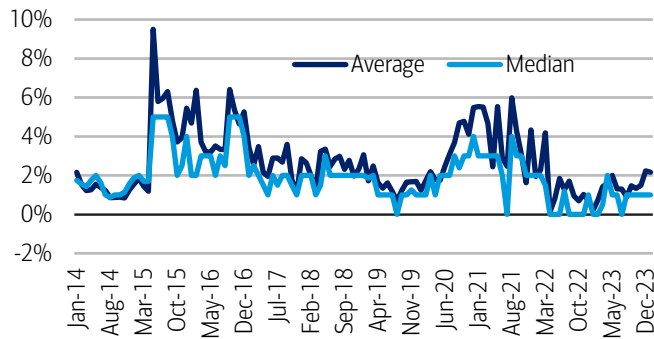
### Acuity +2.2% on average

Please estimate the percent of change/rate of change for acuity of patients treated at your hospital (case mix) in January 2024 versus January 2023?

On average, patient acuity increased +2.2% y/y in January for the hospitals surveyed, in line with the 2.2% hospitals reported in December. Acuity among responses ranged from a -10% decline to a +34% 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 49: Acuity, January 2014 to January 2024**

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

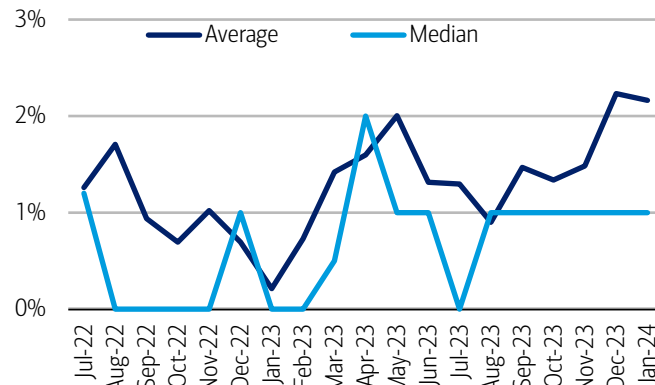


Source: BofA Global Research

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**Exhibit 50: Acuity, July 2022 to January 2024**

Average acuity growth stable m/m



Source: BofA Global Research

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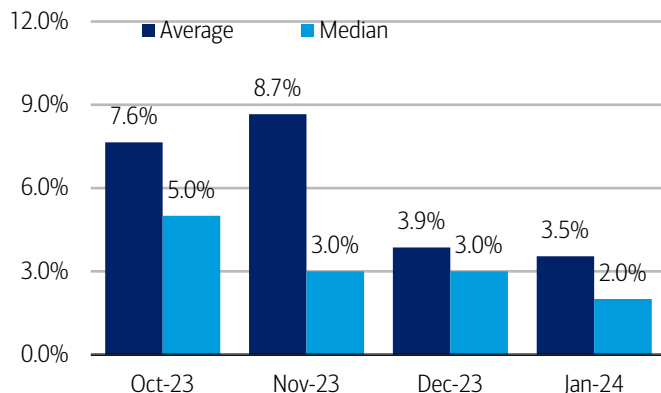
**Professional fees were up +3.5% y/y, above 2024 outlook of +3.8%**

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 +3.5% y/y in December for the hospitals surveyed, ranging from a -2% decrease to a +30% increase. Median growth was +2.0%. Based on this, the average and median response decelerated m/m.

On average, respondents reported expecting professional fees to be up +3.8% over the next 12 months, ranging from a -2% decrease to a +30% increase. Median growth was observed at +3.0%. This points to an expectation that professional fee growth will be slightly up going forward and continue to be a pressure on margins.

**Exhibit 51: Professional fees were up 3.5% y/y as of January 2024**

Outlook on professional fees y/y change

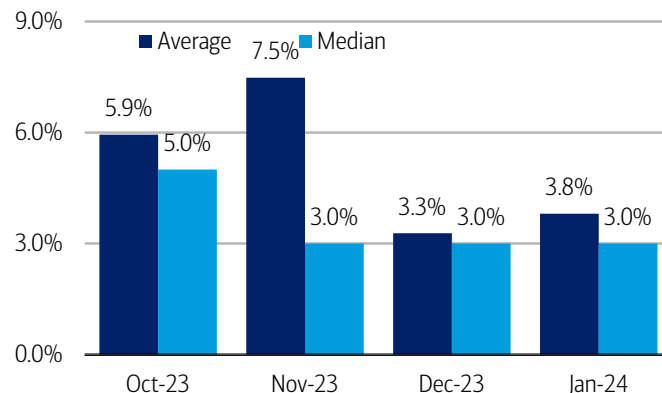


Source: BofA Global Research

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**Exhibit 52: Professional fees in 2025 are expected to be above 2024**

Outlook on professional fees y/y change over next 12 months



Source: BofA Global Research

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# Disclosures

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R1</sup>
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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