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## FINANCE DEPARTMENT ? Q1 2026 FINANCIAL SUMMARY

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### EXECUTIVE SUMMARY:

Hospital operating costs decreased by 10% in Q1 2026, totaling \$47.2 million compared to \$52.4 million in Q4 2025. This represents the most significant quarterly cost reduction in the hospital's recent history and reflects the success of multiple operational efficiency initiatives.

### KEY SAVINGS AREAS:

#### 1. LABOR COSTS: Down 12% (\$2.1M saved)

Elimination of agency nurse contracts saved approximately \$1.2 million. Overtime pay was reduced by \$540,000 through improved scheduling and hiring. Benefits costs declined by \$360,000 due to a renegotiated insurance contract.

#### 2. SUPPLY CHAIN: Down 8% (\$890K saved)

Group purchasing organization (GPO) renegotiations secured better pricing on surgical supplies, pharmaceuticals, and medical devices. Introduction of par-level inventory management reduced waste and expiration losses by 35%.

#### 3. ENERGY COSTS: Down 15% (\$420K saved)

The new building management system, installed in December 2025, has optimized HVAC, lighting, and equipment scheduling. LED lighting retrofits in administrative areas contributed an additional \$85,000 in annual savings.

#### 4. REVENUE PERFORMANCE: Up 5%

Patient revenue increased to \$58.3 million, driven by higher surgical volumes and the new MRI service line. Payer mix improved slightly with a 2% increase in commercially insured patients.

### PROFITABILITY:

Operating margin improved from 2.1% in Q4 2025 to 7.8% in Q1 2026, exceeding our annual target of 5%.

Prepared by: Angela Chen, MBA, CPA  
Chief Financial Officer