

Oregon Acute Care Hospitals: Financial & Utilization Trends Glossary

This summary analysis accompanies the Oregon Hospital Financial and Utilization Dashboard. [Click here](#) for OHA's interactive dashboard for hospital financial and utilization data.

Key Terms

- **Bad Debt Expense**

The amount of money a hospital is owed that they cannot collect.

Bad debt occurs when patients do not pay off all or part of their bill for services. The value of bad debt is based on the final charges that a client would see on their bill and the hospital expects as payment.

- **Bad Debt as % of Gross Charges**

The percentage of patient care (Gross Charges) that was charged to patients but not paid (Bad Debt).

Bad debt as % gross charges is the full, established value of bad debt divided by total gross charges. It represents the percent of all charges attributed to Bad Debt. Bad debt can include unpaid components of the total bill, such as co-payments and co-insurance. Like charity care, bad debt is expressed here as a percent of gross patient charges.

- **Charity Care**

The stated value of care that the hospital provided for free to patients.

Charity care includes services that are provided for free or at a reduced cost to eligible patients. The value of charity care is based on the final charges that a client would see on their bill and may be equal to the full charge or any portion of a charge the hospital elects to provide for free.

- **Charity Care as % of Gross Charges**

The percentage of patient care (Gross Charges) the hospital provided as charity (Charity Care).

Charity care as % of gross charges is the full, established value of charity care divided by total gross charges. It represents the percent of all charges attributed to charity care. Charity care includes services that are provided for free or at a reduced cost to eligible patients.

- **Inpatient Discharges**

Total number of patients that were admitted to the hospitals.

An inpatient discharge occurs when a patient is released from the hospital after being admitted under orders from a physician. These numbers represent unique inpatient discharges, not unique individuals, as a single person can be admitted to the hospital multiple times in a year.

Oregon Acute Care Hospitals: Financial & Utilization Trends Glossary

- Net Nonoperating Gains/Loss

The hospital's gains or losses from activities other than hospital services (usually investments).

Net nonoperating gains/loss are gains or losses derived from activities that are typically not related to the day-to-day operation of a hospital. These include stock and bond investments, property or asset sales and transfers, and revenue or loss from ownership of other businesses not related to the hospital.

- Net Patient Revenue

The amount of money the hospital receives for providing care to patients.

Net Patient Revenue (NPR) is revenue derived from providing health care services after accounting for contractual deductions, bad debt and charity care. Net Patient Revenue is calculated as:

$$\text{NPR} = \text{Total Charges} - (\text{Total Contractual Allowance} + \text{Charity Care} + \text{Bad Debt})$$

- Operating Margin

A hospital's profit. The difference between how much money it made on hospital services subtracted by the amount it spent running the hospital.

$$\text{Operating Margin} = \text{Total Operating Revenue} - \text{Total Operating Expense}$$

Operating margin is operating revenue minus operating expenses. Operating margin is an indicator of financial health. A hospital that consistently has a positive operating margin is bringing in enough revenue to cover their expenses, while a negative operating margin indicates that a hospital is not making enough in revenue to cover its day-to-day operations.

- Operating Margin as % of Operating Revenue

The percentage of the money that the hospital earned through hospital services (Operating Revenue) it got to keep as profit (Operating Margin).

Operating margin as % of operating revenue is calculated as a ratio of operating revenue minus operating expenses divided by operating revenue.

- Median Operating Margin

The middle value of "Operating Margin as % of Operating Revenue," among all hospitals.

Median operating margin is the median operating margin as percent of operating revenue for the state or hospital type, calculated as a ratio of operating revenue minus operating expenses divided by operating revenue. The median is the middle, or 50th percentile observation from a list of values.

Oregon Acute Care Hospitals: Financial & Utilization Trends Glossary

- Other Operating Revenue

Other operating revenue is all operating revenue not derived from providing health care services, including revenue from sources like cafeterias, gift shops, grants, and federal CARES Act funds.

- Total Operating Expense

Costs the hospital must pay to provide hospital services, such as salaries for employees and money for equipment and supplies.

Total operating expense is the sum of all expenses incurred for the purpose of operating a hospital. These include salary and benefit expenses, medical and office supplies, facility and depreciation costs. Hospitals record operating expenses on an accrual basis as they occur, not as they are paid.

- Total Operating Revenue

The amount of money a hospital receives from running the hospital, including patient care and other services such as the gift shop or cafeteria.

Total operating revenue is the sum of all revenue earned in the operation of the hospital. This includes revenue derived from services and revenue derived from auxiliary streams such as cafeterias or gift shops.

- Outpatient Surgeries

Total number of surgeries performed on patients that were not admitted to the hospital.

Outpatient surgeries include surgeries performed at the hospital that do not require an inpatient admission. Most of these surgeries will treat and release the patient in the same day. Outpatient surgery numbers do not include standard lab work, clinic visits or most diagnostic imaging work.

- Total Outpatient Visits

Total number of patients treated without being admitted to the hospital.

Total outpatient visits are the sum of all visits to the hospital for outpatient services such as outpatient surgery, imaging, or lab work.

Oregon Acute Care Hospitals: Financial & Utilization Trends Glossary

- Total Margin

The total amount a hospital makes when profit, investments and tax subsidies are combined.

$$\text{Total Margin} = \text{Total Revenue} - \text{Total Expense}$$

Total margin is all sources of income - including investments, tax subsidies, and operations - minus all expenses. Total margin indicates the total financial standing of a hospital. It is possible for a hospital that has negative operating margin to have a positive total margin and vice versa.

- Median Total Margin

The middle value of "Total Margin as % of Total Revenue," among all hospitals.

Median total margin is the median total margin as percent of total revenue for the state or hospital type, calculated by dividing total margin, which is the difference between total revenue and total operating expense, by total revenue. A hospital with a negative operating margin could still have a positive total margin and be profitable overall, even if hospital services operate at a loss.

- Total Revenue

Total money received by the hospital from all sources.

Total revenue is the sum of all sources of revenue including operating revenue and nonoperating revenue such as investments.

- Total Margin as % of Total Revenue

The percentage of the money that the hospital brought in (Total Revenue) does it get to keep as profit (Total Margin).

Total margin as % of total revenue is calculated by dividing total margin, which is the difference between total revenue and total operating expense, by total revenue. A hospital with a negative operating margin could still have a positive total margin and be profitable overall, even if hospital services operate at a loss.

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- Uncompensated Care

Total unpaid patient care.

$$\text{Uncompensated care} = \text{Bad Debt Expense} + \text{Charity Care}$$

Uncompensated care is the total of charity care and bad debt charges. The value of uncompensated care is based on the final charges that a client would see on their bill and not gross charges.

- Uncompensated Care as % of Gross Charges

The percentage of patient care (Gross Charges) the hospital provided without being paid (Charity Care + Bad Debt).

$$\text{Uncompensated care as \% of Gross Charges} = \text{Charity Care as \% of Gross Charges} + \text{Bad Debt as \% of Gross Charges}$$

Uncompensated care as % of gross charges is the total of charity care and bad debt charges divided by total gross charges. It measures the total value of care, based on established charges, that a hospital provides without receiving payment. Because it represents care provided without reimbursement, uncompensated care can directly affect revenue and margin numbers.