Hospital finances rebounded in the first quarter of 2009, according to one source. Thomson Reuters data reported in August 2009 found total margins were up. About 30% of hospitals were in the red, which though still bad, was a big improvement from 50% in the third quarter of 2008. The median total margin rose to 3.1% in the first quarter from 0.17% in the third quarter.

Hospitals, like the rest of the nation, faced a financial crisis last year, with large drops in investments, difficulty obtaining credit, and worries about a decline in volume.

In response, they pulled back on spending.

The cost control has been “astonishing,” David Koepke, PhD, coauthor of the Thomson Reuters report, told OR Manager. “As far as the data go back, we do not show the extent of cost control that is happening now.”

Spending increases were held to near 0 for the first quarter. Labor cost increases were below inflation, and supply costs were up a fraction.


Cost cutting, including layoffs and other savings, may have improved bottom lines, but “I’m not sure that’s sustainable,” Gundling said.

Thomson Reuters found wide variations in hospitals’ financial health. Those in the bottom quartile had total margins of -1% or less, while the top quartile had margins of 7% or more.

The data are from 522 acute-care hospitals that submit benchmarking, with results weighted to be representative of US acute-care hospitals in general. The report does not collect data specifically about surgery.

Effect on elective surgery?

So far, other Thomson Reuters databases have not shown the recession has had much effect on elective surgery.

Only recently, in June and July, has the company seen a downward trend in volume for elective procedures such as screening colonoscopy and knee arthroscopy. “Though hospitals are claiming big decreases in the popular press, this is the first time we have seen real evidence,” Koepke said.

In contrast, the American Hospital Association in a March 2009 survey of its members found 59% had seen a moderate to significant decrease in elective procedures compared with 2008.

In the 2009 OR Manager Salary / Career Survey, 30% of respondents reported a decrease in surgical volume, compared with 24% in 2008 (related article).

Earlier in the year, a consumer survey by Thomson Reuters found that quite a few people said they were deferring care. That did not show up in the data until this summer. Even then, Koepke said the trend was not strong.
Nor has the data on bad debt shown much change. Charity care was up, but that trend started before the recession. Bad debt and charity care were expected to rise as more people lost their jobs and insurance coverage.

There was some decline in inpatient volume, but Koepke said a trend was hard to discern.

The benchmarking data are reported overall and for 5 classes of hospitals: small, medium, and large community hospitals and 2 groups of teaching hospitals. ♦