Oregon Acute Care Hospitals

Financial & Utilization (Databank) Glossary of Key Terms

This glossary provides definitions and summarizes frequently used hospital financial and utilization terms and accompanies the **Oregon Hospital Financial and Utilization Dashboard**, Oregon Health Authority's interactive display of statewide hospital financial and utilization data.

- ### Bad Debt
  The amount of money a hospital is owed that it cannot collect

  Bad debt occurs when patients do not pay their total bill for services. The value of bad debt is based on the final charges that a patient receives on their bill and the amount the hospital expects as payment, and can include unpaid components of the total bill, such as co-payments and co-insurance. Bad debt can be expressed as a percent of gross patient charges.

- ### Bad Debt as a Percent of Gross Charges
  The percentage of patient care that a hospital is owed that it cannot collect

  Bad debt as a percent of 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.

- ### Charity Care
  The stated value of care that a hospital provided to patients for free

  Charity care includes services that are provided for free or at a reduced cost to patients who qualify for charity care based on the hospital's published policies. 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 a Percent of Gross Charges
  The percentage of patient care a hospital provided to patients for free

  Charity care as a percent 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. Like bad debt, charity care can also be expressed as a percent of gross patient charges.

- ### Inpatient Discharges
  The total number of patients admitted to a hospital

  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 (Databank) Glossary of Key Terms

- ### Median Operating Margin

  The middle value of Operating Margin as a Percent 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.

- ### Median Total Margin

  The middle value of Total Margin as a Percent 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.

- ### Net Nonoperating Gains/Loss

  Monetary gains or losses from activities other than hospital services, like 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 transferers, and revenue or loss from ownership of other businesses not related to the hospital.

- ### Net Patient Revenue

  The amount of money a hospital received 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.

  NPR = Total Charges - (Total Contractual Allowance + Charity Care + Bad Debt)

Oregon Acute Care Hospitals

Financial & Utilization (Databank) Glossary of Key Terms

- **Operating Margin**
  A hospital's profit, or the difference between how much money it earned by providing hospital services and the amount it spent running the hospital

  Operating margin is operating revenue minus operating expenses. Operating margin is an indicator of financial health. A hospital with a consistently positive operating margin is earning enough revenue to cover its expenses and day-to-day operations, while a negative operating margin indicates that a hospital is not earning enough revenue to cover its expenses and day-to-day operations.

  Operating Margin = Total Operating Revenue - Total Operating Expense

- **Operating Margin as a Percent of Operating Revenue**
  The percentage of money earned through hospital services (Operating Revenue) a hospital keeps as profit (Operating Margin)

  Operating margin as a percent of operating revenue is a ratio of operating revenue to operating expenses. It is calculated by dividing operating margin, which is the difference between total operating revenue and total operating expense, by total operating revenue. A hospital with a negative operating margin percent of operating revenue is spending more money providing hospital services than it earns providing those services.

- **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.

- **Outpatient Surgeries**
  Total number of surgeries performed on patients not admitted to a hospital

  Outpatient surgeries include surgeries performed at a hospital that do not require an inpatient admission. Most patients undergoing these surgeries will be treated and released the same day. Outpatient surgery numbers do not include standard lab work, clinic visits or most diagnostic imaging work.

Oregon Acute Care Hospitals

Financial & Utilization (Databank) Glossary of Key Terms

- ### Total Margin
  The total amount earned from profit, investments, and tax subsidies combined

  Total margin includes all sources of revenue such including investments, tax subsidies, and operations, minus all expenses. Total margin indicates the overall 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.

  Total Margin = Total Revenue - Total Expense

- ### Total Margin as a Percent of Total Revenue
  The percentage of the total money earned (Total Revenue) a hospital keeps as profit (Total Margin)

  Total margin as a percent of total revenue is calculated by dividing total margin, or 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 Operating Expense
  Costs a hospital pays 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 received 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.

OREGON HEALTH AUTHORITY

Oregon Acute Care Hospitals

Financial & Utilization (Databank) Glossary of Key Terms

- **Total Outpatient Visits**

  Total number of patients treated without being admitted to the hospital

  Total outpatient visits include all visits to the hospital for outpatient services, such as outpatient surgery, imaging, or lab work. Outpatient surgery numbers do not include standard lab work, clinic visits or most diagnostic imaging work.

- **Total Revenue**

  Total amount earned by the hospital from all sources

  Total revenue is the sum of all sources of revenue including operating revenue from providing hospital services, and nonoperating revenue such as investments and tax subsidies.

- **Uncompensated Care**

  Total amount of unpaid patient 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 patient would see on a bill and not gross charges, or established charges for hospital services.

  Uncompensated Care = Bad Debt + Charity Care

- **Uncompensated Care as a Percent of Gross Charges**

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

  Uncompensated care as a percent of gross charges is the sum 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 may directly affect revenue and margins.

  Uncompensated Care as % of Gross Charges =
  (Bad Debt / Gross Charges) + (Charity Care / Gross Charges)