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***FOR IMMEDIATE RELEASE***

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***IMPACT OF COVID-19 ON WESTERN PENNSYLVANIA HOSPITALS***

***FOCUS OF YEAR END FINANCIAL REPORT***

**Warrendale, PA-**The coronavirus (COVID-19) has had a significant impact on patient volume, revenue, and margins of hospitals throughout western Pennsylvania and northern West Virginia. These trends are reported in the year-end financial report from Healthcare Council of Western Pennsylvania (Healthcare Council). The report, called the Flash Survey, covers the period beginning July 1, 2019 to June 30, 2020.

“We have seen large declines in admissions, inpatient and outpatient surgeries, and emergency room visits over the past four months,” said A.J. Harper, president of Healthcare Council. As a result, 60 percent of the region’s hospitals are experiencing decreased income from operations for the year. The report shows that operating margins dropped to 2.3 percent for the year. (To understand the magnitude of these declines, please refer to the table attached to this press release.)

“Even more concerning is that operating margins are most likely lower than actually reported,” Harper added. “The operating margins are substantially buoyed by federal emergency funding such as the CARES Act. Without these funds, hospital operating margins likely would have been negative.” In addition, hospitals are assessing the possibility of repayment of some of these funds, and the expected repayment of specific payments hospitals received through Medicare (Medicare Accelerated payments) to fund operations.

In a year-to-year comparison, the Flash Survey indicates that the trend of declining operating margins continues. Thirty hospitals reported a loss from operations in 2020.

This loss of volume led to the decline in operating margins, explained Denis Lukes, chief financial officer of Healthcare Council. For example, almost all the region’s hospitals, 59 hospitals, or 98 percent, have seen a decline in emergency room registrations for the year. In comparison, only 38 hospitals, or 58 percent, have seen a decline in emergency room registrations through March 31, 2020.

Similarly, 54 hospitals, or 90 percent, have seen a decline in combined inpatient and outpatient surgeries through June 30, 2020, compared to only 41 hospitals, or 68 percent, through March 31, 2020.

Other trends from the Flash Survey continue. “Hospitals are continuing to see a high volume of patients covered by Medical Assistance and Medicare, which receive payments well below costs from both government payers,” Harper said. The report shows that Medicare and Medical Assistance volume percentages are 72 percent for inpatients and 57 percent for outpatients.

The Flash Survey also reports that hospitals under 100 beds have had negative operating margins every fiscal year since 2009, except for 2012. Hospitals under 100 beds obtain an average of 79 percent of their patient revenue from outpatient services, while hospitals with more than 300 beds see 46 percent of their patient revenue from outpatient sources. “This is particularly important as the Commonwealth has not increased Medical Assistance outpatient rates since 1991,” stated Harper.

The Flash Survey tracks financial and utilization data from hospitals and reflects data from 60 hospitals in western Pennsylvania and northern West Virginia.

Healthcare Council is a nonprofit regional trade association representing acute and non-acute facilities, organizations serving individuals with intellectual and developmental disabilities, and specialty healthcare providers, in 30 counties in western Pennsylvania and in northern West Virginia.

