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**FOR IMMEDIATE RELEASE**

## **Report: Indiana Hospitals Suffer Toughest Financial Year Since Before Pandemic**

**Feb. 1, 2023 (INDIANAPOLIS)** — Indiana hospitals experienced their most difficult financial year since the beginning of the pandemic last year, according to a [new analysis](#) by Kaufman Hall. Record-high hospital expenses coupled with losses in operating income left Indiana hospitals with cumulative negative margins in 2022.

According to the report, Indiana hospitals operated on a -2.0% median operating margin last year, declining 22% compared to pre-pandemic levels. Expenses for labor, medical supplies, drugs, and other purchased services rose \$3.2 billion during this time due to inflation and other external factors, outpacing revenue. The median hospital operating margin for the state of Indiana was at or below the national median each year, the report found.

Meanwhile, Indiana hospitals experienced negative operating income for the first time since the beginning of the pandemic in 2022, losing \$72 million. In addition, total operating income for Indiana hospitals fell \$1.2 billion below pre-pandemic levels.

As a result, Indiana hospitals saw significant declines in days cash on hand—a key measure of cash reserves. In 2022 alone, Indiana hospitals experienced a nearly 20% median decline in their number of days cash on hand compared to 2021.

“These findings underscore the existential financial and operational threats Indiana hospitals continue to face,” said Erik Swanson, Senior Vice President of Data and Analytics at Kaufman Hall.

Indiana hospitals faced a host of other related challenges in 2022 according to the report, including workforce shortages and increased labor costs. Hospital efforts to attract and retain critical staff resulted in a nearly \$2 billion increase in labor costs compared to pre-pandemic levels. Salary increases for health care workers accounted for 96% of those costs.

Further, a significant rise in patient length-of-stay outpaced growth in hospital discharges, further stressing hospital finances. The rise in average length of stay suggests that patients who visited hospitals in 2022 had more severe health needs than prior to the pandemic.

“Indiana hospitals are facing unprecedented financial strain, but we remain committed to providing accessible, high-quality care to Hoosiers,” said IHA President Brian Tabor. “We must make sure our hospitals and the thousands of caregivers who sustain them have the resources they need to rebuild and remain viable in communities across the state.”

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**ABOUT INDIANA HOSPITAL ASSOCIATION**

The Indiana Hospital Association serves as the professional trade association for more than 170 acute care, critical access, behavioral health, and other specialized hospitals in Indiana. IHA advocates on behalf of its members in Indiana's General Assembly, U.S. Congress, and with multiple regulatory agencies at the state and federal levels. Dedicated to improving quality, patient safety, and Hoosiers' health status, IHA holds numerous grants and facilitates collaboration among hospitals to improve outcomes. IHA also provides members with the data analytics that they need to ensure access to quality, cost-effective health care services across the state of Indiana. *To learn more about IHA, visit [IHAconnect.org](http://IHAconnect.org).*