For many hospitals, a surge in patients leads to windfalls

Some hospitals are still getting hundreds of millions in Covid funding from FEMA

Mickey Mouse wishes he had the profit margins of some hospitals. AdventHealth is currently more profitable than the average company within the S&P 500. The tax-exempt, religious system, which runs 53 hospitals across nine states, generated a 17% operating margin and 23% net margin, inclusive of investments, in the first three months of 2025. Its net margin was larger than that of Amazon, ExxonMobil, and, yes, Walt Disney.

While AdventHealth's level of profitability is an outlier, many hospitals across the country are having no problems making money. One big reason: The number of patients walking in their doors has soared — sometimes beyond pre-Covid levels. Hundreds of millions of dollars from the Federal Emergency Management Agency to cover Covid-related costs continue to pour into some health systems as well.

Hospitals' financial fortunes have varied in the five years since the Covid-19 pandemic began. Federal subsidies and big investment gains kept most facilities afloat through the most dire stretches. Small rural facilities and those that disproportionately care for the poorest Americans face the steepest challenges as always. But hospitals that have gotten bigger through mergers and construction projects, like AdventHealth, have gotten richer in the years since. They've increased their market power, cared for more patients, and wrangled higher prices from commercial health insurers.

STAT examined the financial documents of 50 nonprofit hospital systems that were filed to bondholders within the past several weeks. The documents cover the first three months of 2025. The organizations range from single-state hospitals with $1 billion of annual revenue to multistate systems of hospitals, medical groups, and health plans with more than $20 billion of annual revenue. Combined, the sample systems generate more than $600 billion annually.

A majority, roughly four out of five, had positive operating margins in the first quarter of this year. President Trump's tariff proclamations created drops in the stock market, but the threat of tariffs didn't sap hospitals' investments, yet.

Patient volumes appear to have been elevated again in April, according to hospital survey data. But the bigger question facing hospitals is how Republican proposalsthat would take away Medicaid and Affordable Care Act coverage from more than 13 million people — pushing many of those low-income people into the ranks of the uninsured — will affect their finances. Research from the Commonwealth Fund suggests hospitals in states that expanded Medicaid eligibility will take sizable hits from Medicaid cuts, with safety net hospitals getting hurt the most. Hospitals also face new restrictions on profitable streams of supplemental Medicaid funding.

Even though the Covid-19 pandemic was formally declared over two years ago, some hospitals still reaped benefits from federal Covid funding.

At least four systems — AdventHealth, CommonSpirit Health, Ochsner Health, and NYU Langone Health — said they received Covid funds from FEMA in the first three months of this year. AdventHealth received $383 million, which went to cover the higher costs of temporary nurses and labor and the purchase of supplies and equipment. AdventHealth did not answer questions by publication.

CommonSpirit Health, a national Catholic chain, recorded $272 million in the quarter. NYU Langone Health in New York and Ochsner Health in Louisiana tallied $49 million and $36 million, respectively. FEMA had given out $24.5 billion to hospitals as of June 2022, but did not immediately provide an updated figure to STAT.

The core trend driving higher hospital revenues and profits has been the increase in patient visits, known as “utilization” in industry jargon. Several health insurers have called out this shift over the past two years. When comparing the same facilities year over year, hospitals reported more hospitalizations, outpatient visits, emergency room visits, imaging, and surgical procedures across almost all systems analyzed by STAT.

Sutter Health in California reported that 70% of its hospital beds were occupied as of March, up from 66% at the same time last year. Banner Health, headquartered in Arizona, said “volume growth” was a primary driver of its higher operating margin, along with supplemental Medicaid payments.

Mass General Brigham’s two academic medical centers in Boston were running at 101% and 103% occupancy in May, CFO Niyum Gandhi said

at an industry conference earlier this month. “That’s pretty much every day,” he said.
The latest survey data suggests this volume of care may not be waning. Investment firm TD Cowen surveyed 164 hospitals and reported their revenue grew 6.3% on a year-over-year, adjusted calendar basis. This heightened hospital activity comes as UnitedHealth Group warned it was seeing more people getting care at the end of March and into April. “These results may be a corroborating data point,” TD Cowen health care analyst Ryan Langston wrote to investors last week.

Some hospital systems disclosed they were able to pair higher volumes of patients with higher prices from insurers. Baylor Scott & White Health in Texas said higher revenue was helped by “updated managed care contracts.” Trinity Health, a national Catholic hospital system, said it was working with insurers to “obtain fair and accurate payment levels.” Cleveland Clinic said it benefited from higher “annual rate increases on the system’s managed care contracts.”
A handful of hospitals remained stuck in the red, usually due to higher expenses. But some also went through crises or endured severe weather. Ascension registered a 0.5% dip in same-facility patient volumes in the first quarter. The health system, which registered a -1.7% operating margin on $6 billion of revenue, said it is still recovering from the cyberattack that forced it to postpone surgeries and reduce ER visits. Ochsner, meanwhile, had a -1.1% operating margin on $1.9 billion of revenue in the first three months. The hospital system said its finances were “negatively impacted by Winter Storm Enzo, which brought historic snowfall across the Gulf Coast resulting in the closing of most of [Ochsner’s] clinics and cancelling most procedures for three days,” according to a filing with bondholders.