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S&P U.S. Not-For-Profit Acute Health Care 2021 Medians: Peak Performance Highlights Cushion As Sector Encounters A Challenging Period

Key Takeaways

- **Fiscal 2021 medians are the strongest in nearly a decade.** Despite significant operational and financial volatility over the past two fiscal years, overall financial performance and balance sheet medians are generally the strongest we have seen over the past decade.
- **COVID-19 relief funding provided significant support.** Financial performance and unrestricted reserves were supported by the receipt and recognition of considerable provider relief funds. Without this support, performance would have been considerably weaker, albeit still positive.
- **Net patient service revenue rebounds.** Steady volume recovery contributed to net patient service revenue materially rebounding in 2021 after a decline in 2020, while total operating revenue continued to grow.
- **Strengthening balance sheets lend stability.** Almost all median balance sheet ratios improved with another healthy year of investment performance coupled with management actions to preserve funds during the pandemic and receipt of material government support.
- **Expense and macroeconomic pressures are expected to affect future performance.** Wage and related inflationary pressures began to escalate in the second half of 2021 and likely will cause a drag on performance for the remainder of 2022 and going into 2023 for many organizations.

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