Even with a $6.5 million market increase for our nursing staff this fiscal year, our agency expenses are 36% greater than budget and almost 40% higher than this time last year. With these increased expenses, along with a decline in overall admissions, we’ve seen an erosion of our operational margin, which was already budgeted at a lower level when compared to previous years.

- Member CFO
Operating margins

Hospital operating margins were still negative at (0.5)%, though there were slight improvements. While opinions vary, most experts agree that hospitals need to have operating margins of approximately 4%-6% to be able to reinvest in their facilities and equipment.

This large decrease is driven by large increases in expenses, a substantial decrease in COVID-19 relief funds and hospitals repaying their Medicare accelerated payments.

Operating margins from AzHHA hospitals appear to be mirroring what is happening on the national level. According to Kaufman Hall, expense pressures are likely to recede in 2023.

Meanwhile, most of the largest health insurers finished 2022 with extremely healthy profits. UnitedHealth Group ended 2022 with $20.6 billion in profits, Cigna with $6.7 billion, and Elevance Health (formerly Anthem) with $6 billion. This is an increase of 16.4%, 24%, and (1.3)%, respectively from one year prior.