

Strata Unites Over 2,400 Healthcare Attendees at LIFT22 Users Conference

Finance and IT experts shared trends, ideas and tactics at virtual event as Strata released new report on the state of the U.S. healthcare system

CHICAGO, October 13, 2022 – Over 2,400 attendees from more than 400 healthcare systems and 2,000 hospitals across the nation came together for *LIFT22: The Strata Users Summit*, which was held virtually on October 10-12. At this year's event, healthcare leaders attended three days of sessions to discuss best practices surrounding Strata's [#1 in KLAS](#), cloud-based [StrataJazz®](#) platform, as well as its EPSi on-premise solution, and to give a comprehensive look at industry trends.

"Hospitals and healthcare systems across the country are still tackling challenges related to the COVID-19 pandemic, while also facing an ongoing labor shortage crisis," said John Martino, Chief Executive Officer of Strata. "It's important to talk about what these health systems are facing and how we can support them in all facets of their business. Our virtual conference brings together healthcare professionals across our customer network to share best practices and discuss strategies for the future."

StrataSphere® Industry Report Released

During *LIFT22*, Strata released its latest industry report – *Signals, Trends and KPIs: The Changing Face of Healthcare Finance*. This research provides an overview of the current financial and operational health of hospitals and health systems. The report leverages data from StrataSphere, a healthcare provider research and comparative analytics collaborative representing a cohort of over 180 health systems with 1,100 hospitals from Strata's customer base. Key findings from this research include the following:

- **Margin on patient operations is near zero for more than half of health systems:** This is a function of expenses increasing due to rising labor costs while revenue remains largely flat. While 2022 YTD median operating margin is 4.6%, there is a large degree of spread, with nearly one third of the health systems analyzed operating in the red. This represents a significant decline in performance when compared to 7% in the baseline year of 2019 and 7.9% in 2021. Additionally, 2022 YTD operating margin on patient revenue is down 58% compared to 2019 pre-COVID operating margins and down 68% compared to 2021.
- **Labor, supply and drug costs are up while patient acuity remains largely unchanged:** For acute care hospitals, the 2022 YTD median inpatient total cost per encounter is up 29.4% compared to 2019 and up 7.2% compared to 2021. For these hospitals, the median cost of direct patient care per encounter is up 54.3% compared to 2019. Additionally, the median supply expense per encounter has increased 17% since 2019 and the median drug expense has increased 33% for the same period.
- **The convergence of COVID-19, regulations and staffing constraints has shifted volumes with sustained and likely permanent impact:** In 2022, monthly inpatient volumes are down 5-14% compared to 2019. Outpatient volumes increased when compared to 2019, however if COVID-19 testing and vaccinations are removed, outpatient volumes didn't start to exceed 2019 levels until March 2021 – fifteen months later. Lastly, emergency department

(ED) visits have not exceeded 2019 pre-COVID volumes. In 2022, monthly ED volumes are down 3-19% compared to 2019. Further, ED acuity has increased minimally as measured by the distribution of CPT codes.

- **Key high-margin procedures and service lines continue to shift to the outpatient and alternative settings:** This shift was initially driven by the high volume of COVID-19 patients in the early pandemic, leading to capacity constraints in the inpatient setting. Now, inpatient staffing constraints and regulatory shifts are sustaining it. As an example, in 2021, 298 procedures were removed from the “inpatient only” rule and then reinstated as inpatient only in 2022. This exemplifies the ongoing disruption of volumes and site of care issues.
- **Shifting sites of care have had a profound impact on cost structures, margins and competition:** For example, orthopedics volume is down compared to 2019. Inpatient volume for the Osteoarthritis CARE Family (where most total knee replacement patients are attributed) is down 80% in 2022 YTD compared to 2019.

“The StrataSphere data shows the U.S. healthcare industry is comprised of ‘haves and have nots,’ with far too many on the ‘have not’ side. While some systems are doing well, often due to non-core patient care, a full 1/3 of the industry is losing money with no signs of improvement. This could become catastrophic for many communities,” said Steve Lefar, Chief Strategy Officer at Strata. “Inpatient volumes have not yet returned to pre-COVID levels. Cases are moving away from profitable procedures, and outpatient volumes have only made slight gains since 2019. Health systems, regulators and industry analysts must rethink how they model a variety of future state scenarios. We hope a data set like StrataSphere can help them as they strategize for a profoundly altered future.”

LIFT22 Offers 20+ CPE-Accredited Educational Sessions

A forum for healthcare leaders to share success stories and best practices related to financial planning, analytics and performance, this year’s *LIFT22* conference was 100% virtual and 100% free. Attendees had the opportunity to select from over 20 CPE-accredited sessions for a deeper dive into specific topics. These sessions, led by members of Strata’s customer network, educated attendees about best practices, new design and product efficiencies. Sessions included:

- **Innovations in RealTime Workforce Management:** Executives from Texas Health Resources discussed the impact that Strata has made on the organization in driving accountability, financial stewardship and labor efficiency as they look to optimize their staffing practices in the face of a national labor shortage.
- **Learn How Your Peers Are Using Dynamic Planning:** Intermountain Healthcare shared their perspective and experience shifting towards a more agile dynamic planning approach, integrating key insights from their decision support tool to drive future strategy.
- **How East Tennessee Children’s Hospital is Leveraging Data Advanced Analytics Dashboards in StrataJazz:** East Tennessee Children’s Hospital presented highlights related to their journey to create a new governance structure and stand up analytics and dashboards within the hospital.
- **Revenue Analytics - Panel Discussion:** A panel of healthcare experts from Strata and Edward Elmhurst Health educated audiences about implementing revenue analytics tools to drive organizational advancement.

2022 LEAP Award Winners Announced at LIFT22

Strata was proud to present the 2022 LEAP (Lead, Excel, Achieve, and Progress) Award, which recognizes healthcare organizations with outstanding performance in the areas of finance and strategy, to [Texas Health Resources](#) and [Carilion Clinic](#).

Texas Health Resources was recognized for their work using the EPSi tool to take action on data with crucial dashboards and custom analytics for understanding performance, volumes and efficiency. With labor continuing to make up nearly 50 percent of a health system's operating expense, this organization engaged their frontline leaders with live data for better staffing decisions using a new workforce management process and tool.

Carilion Clinic was recognized as a top StrataJazz user for their work creating a culture of cost discipline that led to the identification of over \$9 million in cost savings. By engaging C-suite executive sponsors to help drive the adoption of cost improvement, the team has implemented initiatives across service lines to drive meaningful and sustained cost savings across their enterprise.

About Strata Decision Technology

Strata Decision Technology provides a cloud-based platform for software and service solutions to help healthcare providers better analyze, plan and perform in support of caring for their community and reducing the cost of care. Our customer base includes over 2,000 hospitals and over 400 healthcare delivery systems. Founded in 1996, our mission is to *Help Heal Healthcare™*. For more information, please go to www.stratadecision.com.