

Healthcare Leaders Are Optimistic About 2024 Financial Performance, but Rising Costs Remain a Concern, According to Strata Report

CFO Outlook Survey Reveals a Need for Organizations to Do More with Data

CHICAGO – March 13, 2024 – Despite ongoing expense pressures, leaders at hospitals, health systems, and other healthcare organizations nationwide are optimistic their organizations will build financial health throughout 2024, according to a new report from [Strata Decision Technology](#).

The [2024 CFO Outlook for Healthcare](#) report, which features survey results of more than 100 healthcare finance professionals, found that more than half (52%) ranked their optimism at 4 or 5 on a 5-point scale. Only 1% of respondents said they were not optimistic about their organization's financial performance.

Financial improvements in 2023 contributed to the increased optimism. December marked a 10th consecutive month of positive hospital operating margins after the metric was negative throughout 2022 and the first two months of 2023. Fifty-two percent of survey respondents also said they expect to see their organizations' operating margins improve over the course of the year. Fourteen percent anticipate operating margins will decrease, while 28% said they would be about the same.

“For the first time since the pandemic, healthcare leaders have cause to be optimistic about their organizations' futures,” said Steve Wasson, chief data and intelligence officer with Strata Decision Technology. “While operating margins were narrow throughout 2023, gains in revenues and margins in the latter part of the year laid the foundation for further stabilization. To continue that momentum, organizations will need to commit to using data and other tools to help them manage performance and navigate market changes in the year ahead.”

High costs remain a concern for many. Survey respondents cited contract labor and employed labor as their biggest unforeseen costs of 2023. For 2024, reining in costs — including high labor and non-labor costs — is a top priority for 55% of healthcare leaders. Other high priorities cited by survey respondents include managing strategic and performance improvement initiatives (51%) and managing service line financial performance (45%). Cost improvements ranked as the area that offers the most opportunity to improve margin, while strategic growth was No. 2 and quality improvements was No. 3.

Healthcare finance leaders gained renewed confidence in their teams' ability to adapt to change. Ninety-five percent of respondents said they are either very confident or somewhat confident in their teams' ability to adjust strategies in response to sudden market and business changes, such as a natural disaster or another pandemic. That was up from 89% in the 2023 survey.

Healthcare leaders are increasingly leveraging data to tackle current and future challenges. The survey results show that 95% of organizations use external performance benchmarks to inform organizational decisions. More than a third (36%) use benchmarks to measure financial and operational performance and 30% measure clinical quality outcomes against peer organizations. Just over a quarter (28%) said they measure labor and productivity against peers.

At the same time, more than nine in 10 healthcare finance professionals surveyed (92%) said their organizations should do more to leverage financial and operational data to inform strategic decisions. Only 8% said they did not need to do more.

Strata's [2024 CFO Outlook for Healthcare](#) report combines the survey findings with year-end financial performance data from more than 1,300 hospitals and health systems and more than 135,000 physicians, including Axiom™ Comparative Analytics and Strata's All-Payer Claims and StrataSphere data.

About Strata Decision Technology

Strata Decision Technology provides a cloud-based platform for software and service solutions to help organizations better analyze, plan, and perform in support of their missions. With the combination of Syntellis Performance Solutions' Axiom solutions, more than 2,300 organizations rely on Strata to provide their financial analytics, planning, and performance solutions. Strata has been named the market leader for Business Decision Support for 18 consecutive years. By uniting these two industry leaders, Strata continues to deliver market-leading solutions and world-class service, with an increased focus on accelerating innovation. For more information, please go to www.stratadecision.com.

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