

# FUTURE OUTLOOK LESS PUBLIC \$\$\$

THIRD  
IN A SERIES  
THE NEXT FIVE YEARS

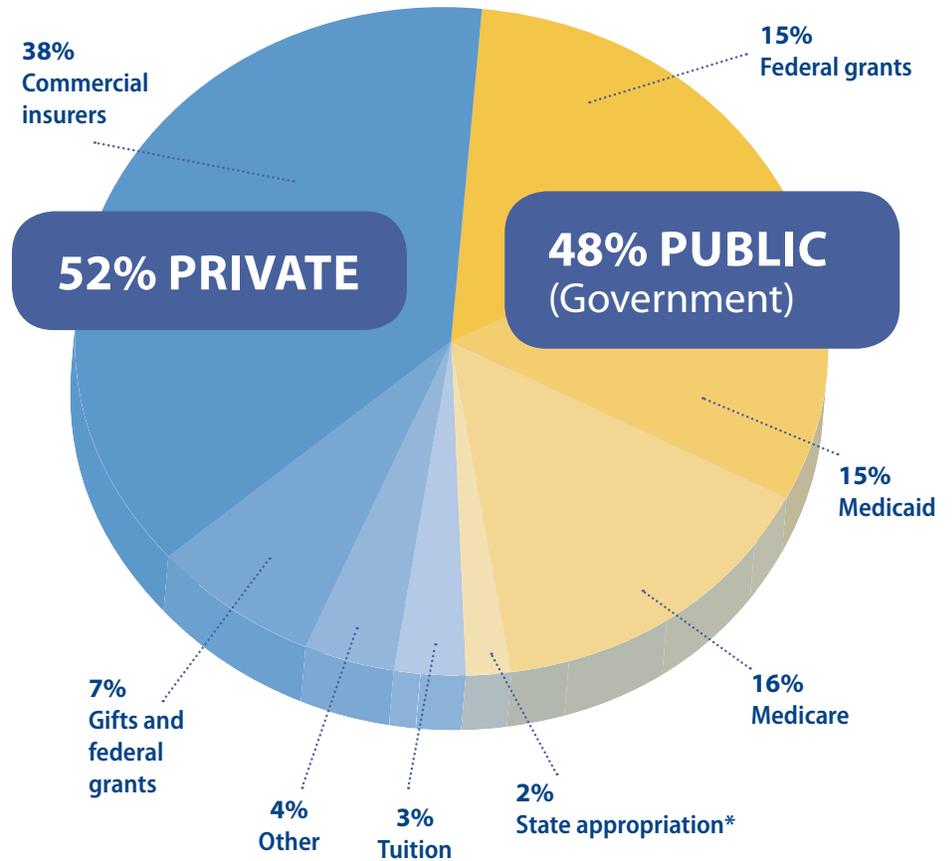
## How will future trends affect OHSU's bottom line?

Government funding is shrinking. Nearly half of OHSU's resources come from government sources, many of which are under severe pressure.

## STATE AND FEDERAL CUTS

One expectation is that health reform will make health care less expensive. That translates into cuts at the state and federal level. Oregon is aiming to cut \$11 billion out of its Medicaid program over the next decade. At the federal level, the congressional "Super Committee" was charged with finding \$1.2 trillion in cuts. Though the committee failed, Congress hasn't ruled out proposals like decreasing the funding for the National Institutes of Health (the major source of OHSU research grants), reducing Medicare payments and spending less to support health education. All of these changes would harm OHSU.

Source of OHSU's budget



\* State appropriation previously: 28% in 1985; 12% in 1995

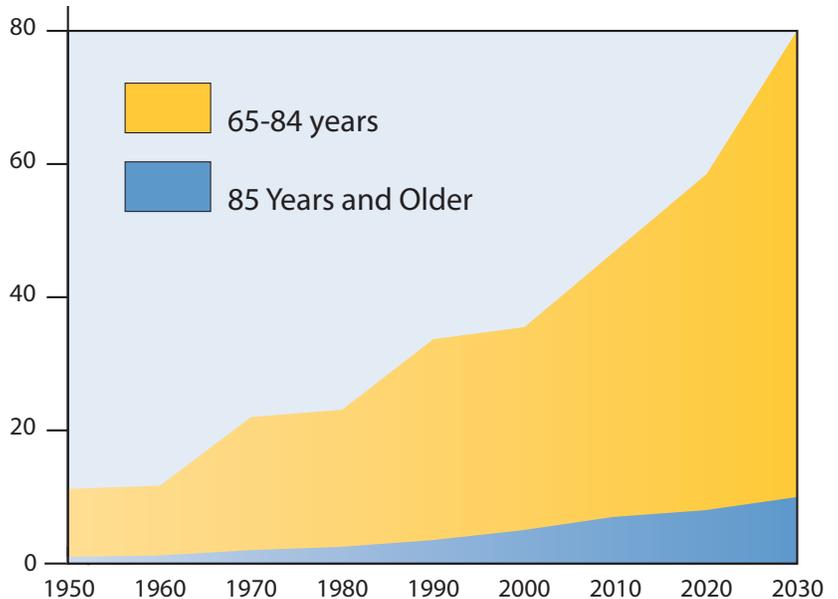
# A PARADOX

At the same time as these trends in government funding are emerging, demand for everything we do is skyrocketing. We are moving into a golden age for biomedicine, when scientific discoveries like our own Brian Druker's revolutionary cancer treatment are accelerating. People are living longer and more people than ever before are reaching retirement age, when people typically need more health care.

The challenge posed by that dynamic means that OHSU must drive innovation and educate more providers. We also must help design better ways to improve the patient experience and the overall health of the population while lowering costs, even though that will leave us with less revenue.

## People are living longer

Number in millions



# STRONG STEWARDSHIP ESSENTIAL



Our continued ability to serve Oregonians depends on careful stewardship of our resources. In the last fiscal year, OHSU earned \$57 million in operating income, a \$28 million return on our investments, and an \$89 million net gain from philanthropy. This capped the strongest five-year financial performance in OHSU history. The difficult decisions that made this possible were achieved against the backdrop of significant external challenges.

This achievement has allowed us to grow and find new ways to improve the health and well being of Oregonians. Continuing to do so will require OHSU to develop new revenue sources and industry partnerships, control costs and improve efficiency, and raise more money from private donors.

OHSU is in a strong position, but careful planning and good stewardship of scarce resources will help us get even stronger.

**Next up:** *The increasing importance of philanthropy and entrepreneurship.*

*To see the whole series, search for "The Next Five Years" on the Staff News blog.*