



OHSU Public Meeting of Finance & Audit

**Robertson Life Sciences Building - Room 3A001
2730 S. Moody Ave., Portland, OR 97201**

or

Public FAC YouTube

<https://www.youtube.com/live/W2b4Kx1154s>

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+1-503-388-9555 Portland Oregon Toll

Access code: 2631 448 5455

**Friday, April 24, 2026
8:00-9:25am**



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Agenda

1. Financial Results
2. Preliminary budget
 - Expectations for this year
 - Expected margin for next year
 - Capital budget pool



FY26 March YTD Results & Preliminary FY27 Budget

OHSU Finance & Audit Committee and Board of Directors / April 2026

FY26 Financial Imperatives

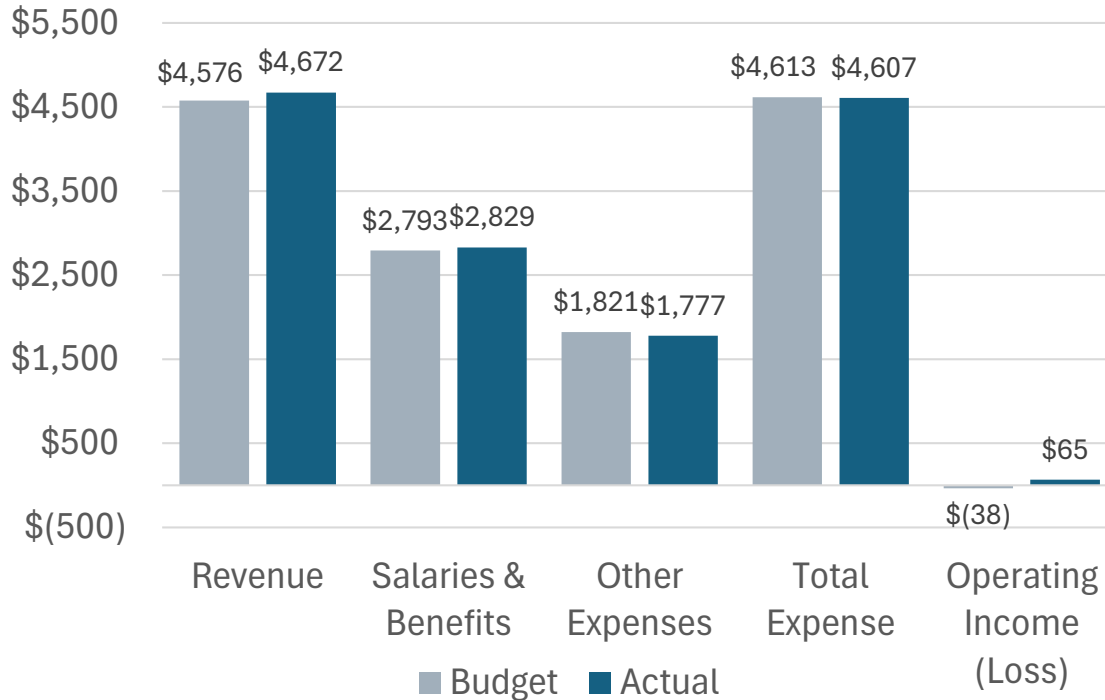
- Operating results through March continue to reflect the positive trend for the year with results well above budget and showing consistent progress toward each of our five financial imperatives:
 - Achieving strategic growth in complex, higher margin services
 - Increasing productivity to meet our missions within cost growth parameters
 - Keeping FTE growth below 2% year over year
 - Disciplined targeting of benchmarked salaries and benefits recognizing the productivity of OHSU's represented & unrepresented workforce
 - Securing payment rates that reflect the unique role as Oregon's only Academic Health Center

Overview of FY26 March YTD Results

- Operating income through 9 months is \$65 million and \$103 million above our budget reflecting strong revenue performance coupled with continued expense management efforts. Figures through March include previously delayed wage increases associated with various collective bargaining agreements and \$10 million of Vista Pavillion start-up costs.
- Operating revenues are up 14.1% year over year driven by strong clinical revenues, growing 20.6%, and offset by slower non-clinical revenue growth. Clinical revenues are driven largely by significant patient revenue drivers including CMI at 2.68, strong surgical volume at 0.6% despite space constraints, and wRVUs at 8.2% above prior year.
- Operating expenses are up just 10.9% over prior year, reflective of the increased clinical volume and ongoing expense management initiatives.
- The combined revenue versus expense growth differential over prior year resulted in the 3.1% positive swing in operating margin from a -1.7% loss to the current 1.4% positive margin.

FY26 March Year to Date Financial Results

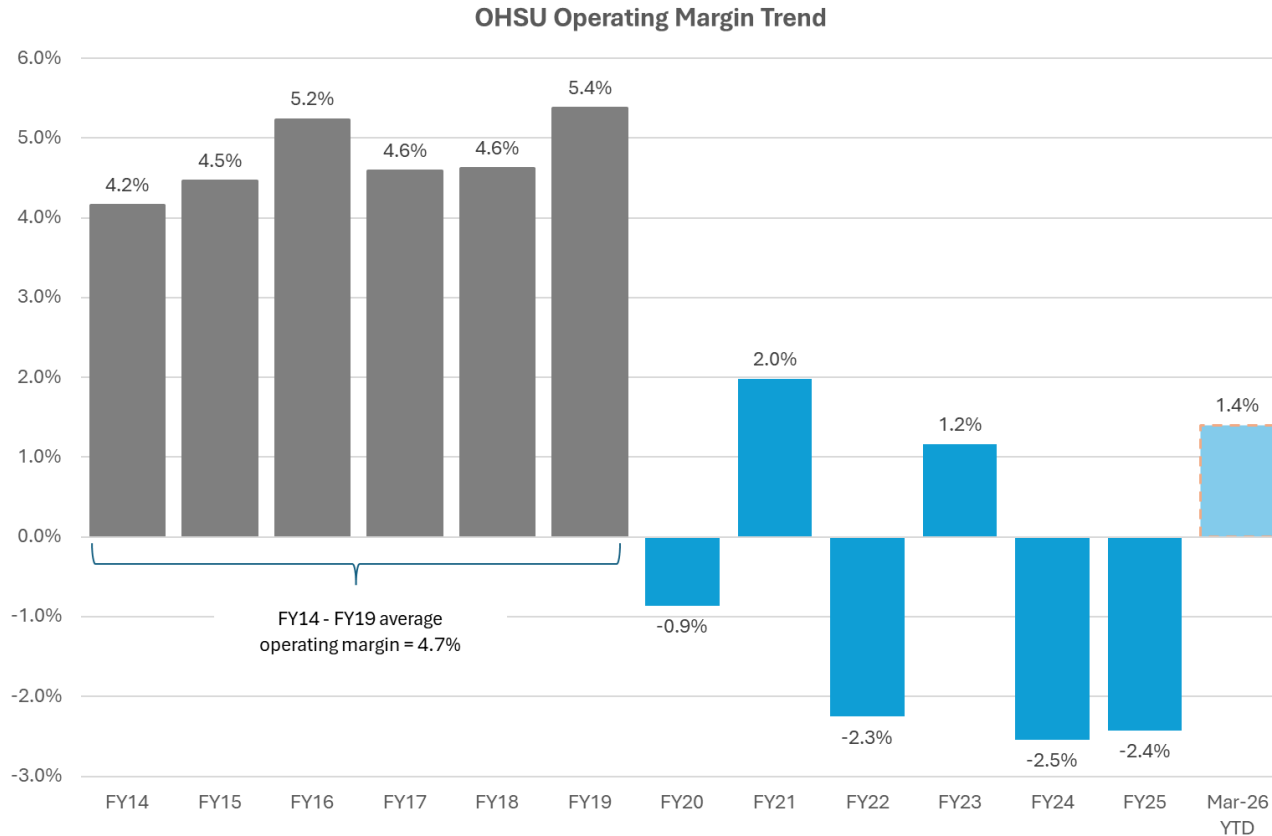
(millions)



March Operating Income Positive vs Last Year & Budget

March YTD (9 Months) (millions)	FY25 Last Year	FY26 Budget	FY26 Actual	Actual - Budget	Actual / Last Year
Net patient revenue	\$2,786	\$3,252	\$3,359	\$108	20.6%
Medical contracts	147	168	165	(3)	12.3%
Grants & contracts	443	426	428	3	-3.3%
Gifts applied	98	91	88	(3)	-9.8%
Tuition & fees	64	68	67	(1)	5.2%
Sales, services & other	271	263	254	(9)	-6.1%
State support	285	308	310	2	8.7%
Operating revenues	4,094	4,576	4,672	96	14.1%
Salaries & benefits	2,542	2,793	2,829	36	11.3%
Rx & medical supplies	867	1,052	996	(56)	14.8%
Other services & supplies	558	568	576	8	3.2%
Depreciation	164	167	173	6	5.2%
Interest	33	33	33	(1)	-1.0%
Operating expenses	4,165	4,613	4,607	(7)	10.6%
Operating income (loss)	\$(71)	\$(38)	\$65	\$103	
<i>Operating margin</i>	-1.7%	-0.8%	1.4%	2.2%	
<i>EBITDA margin</i>	3.1%	3.6%	5.8%	2.3%	

Operating Margin Trend Improving from Prior Year & Budget



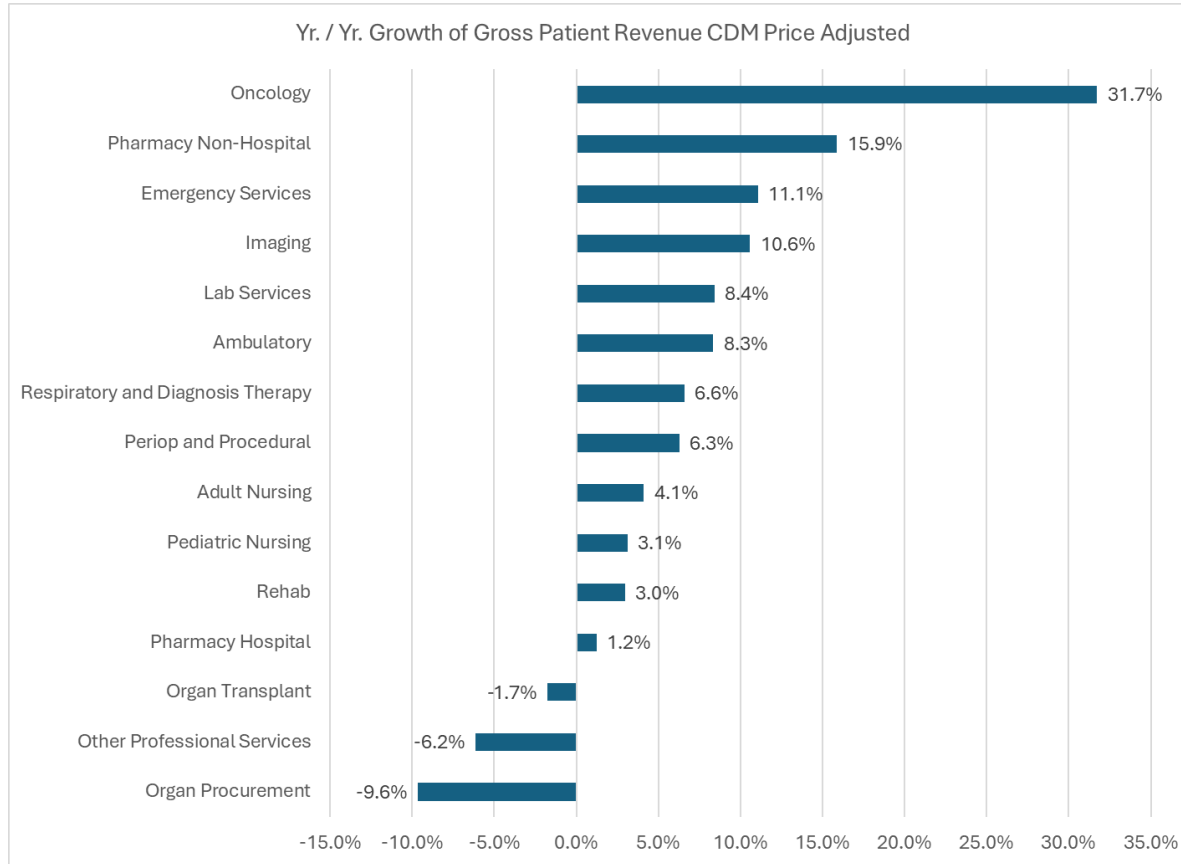
Clinical Activity and Net Patient Revenue Improvements from Prior Year

- Net Patient Revenues are up 20.6% over prior year, 10.2% of which is related to higher volume with the remaining 10.4% the result of continued stronger collections, acuity mix, revenue cycle performance, and commercial rate improvements.
- Revenue Cycle established FY27 initiatives through AI and 3rd party safety net solutions to ensure accurate charge capture, DRG assignment and insurance eligibility in addition to implementing enhanced financial assistance procedures which resulted in combined \$44.4M improved revenue year over year through 9 months.
- Patient acuity increased 4.3% from 2.55 to 2.68 year over year, increasing revenue per case, the result of targeted expansion in services such as CAR-T, BMT, Gene Therapy and complex cardiac and neuro surgeries increasing acuity and revenues.
- Payor negotiations drove improved managed care collections by a full percentage point.

Broad-Based Gains Across Patient Volume Metrics

Patient Activity March YTD (9 Months)	FY25 Last Year	FY26 Budget	FY26 Actual	Actual / Budget	Actual / Last Year
Inpatient admissions	21,612	22,067	21,299	-3.5%	-1.4%
Average length of stay	6.91	6.80	6.94	2.1%	0.4%
Average daily census	501.4	498.0	498.0	0.0%	-0.7%
Day / observation patients	38,361	39,830	38,921	-2.3%	1.5%
Surgical cases	28,621	29,292	28,782	-1.7%	0.6%
Emergency visits	44,304	44,091	45,891	4.1%	3.6%
Ambulatory visits	929,157	969,100	996,122	2.8%	7.2%
Casemix index (CMI)	2.55	2.62	2.66	1.5%	4.3%
Outpatient share of activity	59.2%	61.3%	61.4%	0.2%	3.7%
CMI/OP adjusted admissions	135,231	149,388	146,914	-1.7%	8.6%
Rate-adjusted gross charges	7,110	7,855	7,835	-0.2%	10.2%

Gross Patient Revenue up 10.2% from Prior Year (Price adjusted)



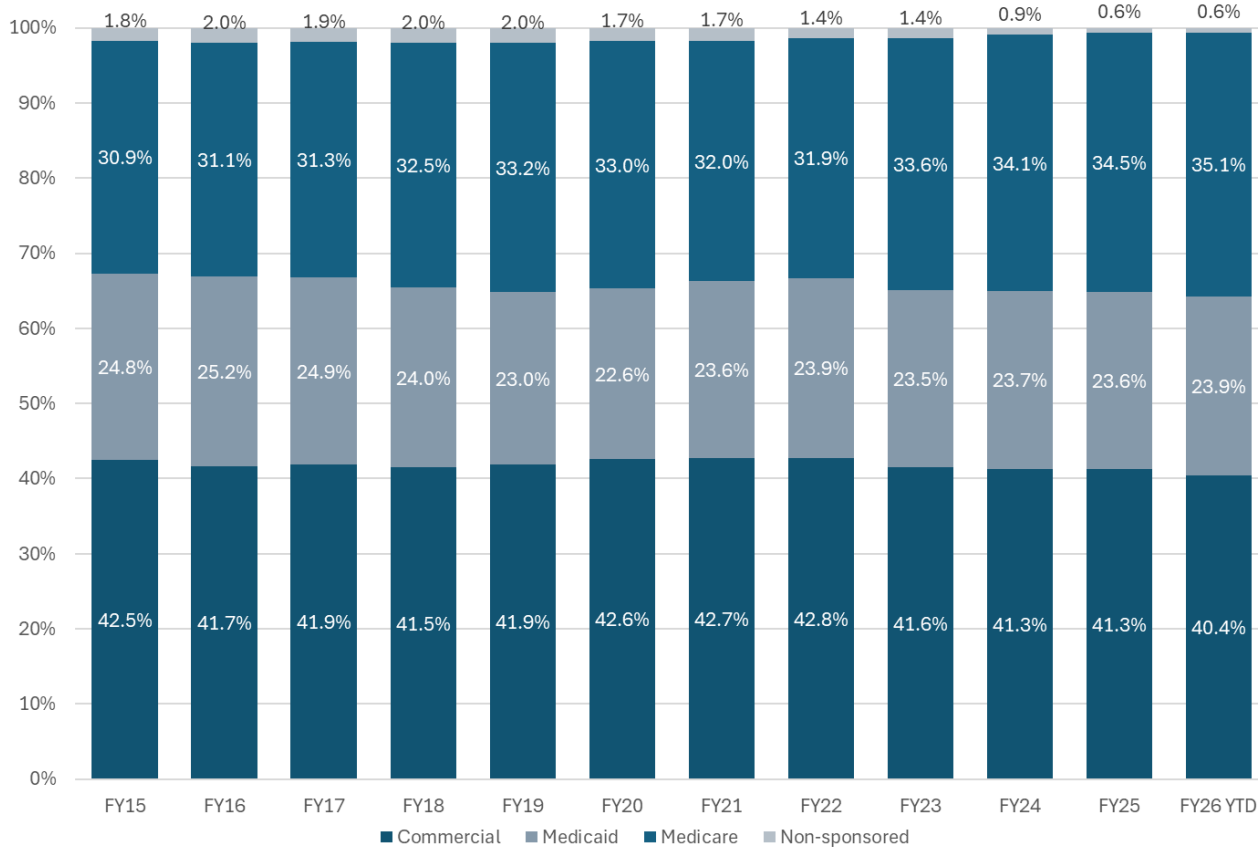
Clinical Growth Against Budget Shows Results of Complex Care Focus

- Overall activity is growing strongly at +10% year-over-year across all services to meet rising demand.
- AMC-level demand is accelerating even faster, with +31% activity growth in cancer care.
- Imaging, lab, professional services, surgery, and procedural areas are up +8%; improving capacity, access, and throughput in these high-volume services remains a major strategic focus.

March YTD Volume Growth by Service Area (FY26 / FY25)	% of Hosp. Charges	Budgeted Growth	Actual Growth	Actual vs Budget
Non-hospital pharmacy	30%	23.8%	15.9%	-3.7%
Professional (imaging, lab, etc.)	16%	6.1%	8.6%	5.3%
Oncology services	7%	19.6%	31.7%	13.3%
Subtotal - higher growth areas	52%	17.6%	15.3%	0.8%
Surgery & procedural	20%	4.3%	6.3%	4.8%
All other hospital services	28%	13.0%	3.9%	-5.4%
Subtotal - lower growth areas	48%	9.4%	4.9%	-1.4%
Rate-adjusted gross charges	100%	10.3%	10.1%	-0.2%

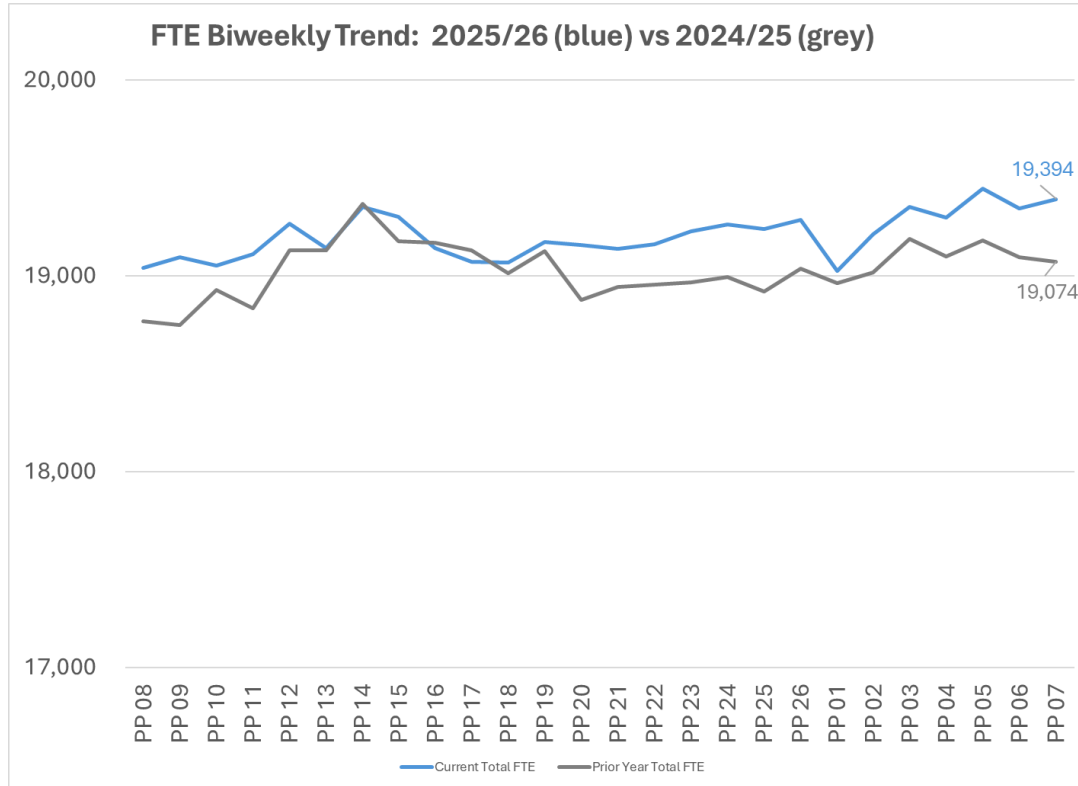
Specific Areas of Note	Actual Growth	CMI
CART-Cell Therapy	18.4%	39.9
Traumatic Head Injuries	8.9%	4.0
Complex Cardiac Services	7.4%	6.1

Payor Mix Holding Steady



Strong Expense Management – Position Management

- Resource management has remained strong with FTE growth holding at less than 2% for the last 12 months. Adjusting for the 234 FTE hired to support the Vista Pavillion through March, FTE growth is at 0.45%.



Productivity Tracking & Controls

- Productivity is tracked biweekly across the organization; areas missing target are escalated to a Productivity Council.
- Biweekly Productivity Council: departments below target for 3 continuous pay periods are asked to attend
 - Council produces action plans to restore productivity; plans are reviewed by executive leadership and provide support if needed.
- Workforce Management team has built a decision system to prioritize hiring and FTE replacements
 - Positions are evaluated against a productive FTE target and a benchmark ranking
 - Weekly senior leadership reviews to approve hires/replacements or pause requests
- Process drives faster, data-driven hiring decisions and structured recovery process for underperforming units.

FY26 March Year to Date Cash flow and Balance Sheet Results

- For FY26 March YTD, cash and investments are down \$22 million.
 - Positive cashflow drivers include:
 - Positive operating performance
 - Strong investment returns
 - Negative cashflow drivers:
 - Working capital cyclicity through the end of the period.
 - Capital expenditures to finish funding Vista Pavillion with cash.
- As a result, days cash on hand as decreased from 137 to 126.
- Net position is up \$239 million through 9 months however has declined from December by roughly \$86 million, the result of lower earnings in January and February from slower revenues and increased expenses with the implementation of delayed collective bargaining agreements.

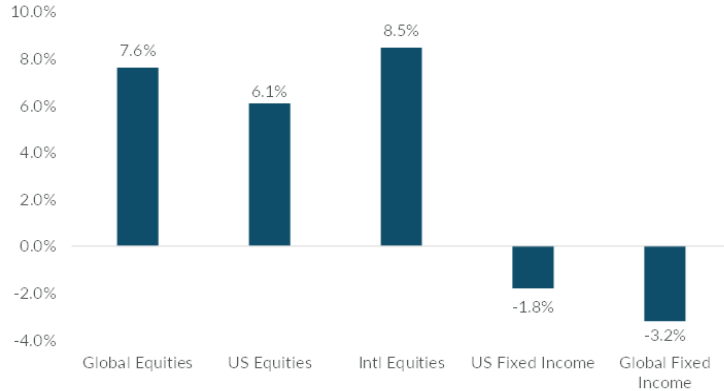
FY26 Results: Balance Sheet & Cashflow

Balance Sheet (millions)	6/30/25	3/30/26	9 - Month Change
OHSU-held cash & investments	\$1,210	\$1,188	\$(22)
OHEP construction fund	0	0	0
Net property, plant & equipment	2,627	2,668	41
Interest in OHSU Foundation	1,576	1,671	95
Long-term debt	(1,313)	(1,286)	27
PERS pension liability	(574)	(574)	0
Working capital (A/R) & other, net	556	654	98
Consolidated net worth	\$4,081	\$4,320	\$239
Operating income (loss)			65
OHSU investment return			79
Grant & gift funded capital			1
Foundation gain (loss)			95
Other non-operating items			(1)
YTD change in net worth			\$239

FY26 March YTD Cash Flow	(millions)
Operating income	\$65
Depreciation	173
Investment return	79
Sources of cash	318
Long-term debt repaid	(27)
Capital spending	(129)
Patient A/R & other, net	(183)
Uses of cash	(339)
Net cash flow	\$(22)
<i>6/30/25 Days cash on hand</i>	<i>137</i>
<i>3/31/26 Days cash on hand</i>	<i>126</i>

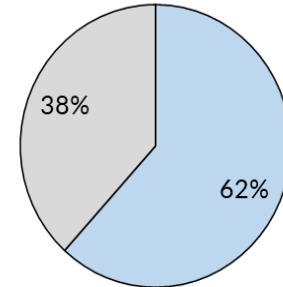
FY26 March YTD Investment Returns Up 6.6%

Major Index Returns (YTD)



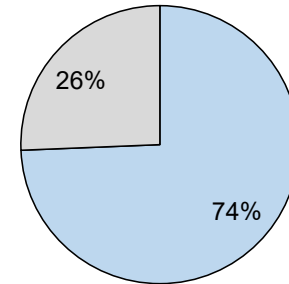
Asset Pool	6/30/2025 Balance	3/31/2026 Balance	FY26 YTD TR (%)	Benchmark YTD TR (%)
OHSU-Held Funds				
Short-Term Asset Pools	266,535	274,364	2.9%	2.8%
Long-Term Asset Pools	971,943	913,713	6.2%	5.9%
Mission Related Investments	124,212	132,466	9.2%	9.2%
Total OHSU Assets	\$1,362,690	\$1,320,543	5.7%	5.5%
Foundation-Held Funds				
Non-Endowment Asset Pools	250,707	290,373	3.0%	2.9%
Endowment Assets	1,396,540	1,635,724	8.0%	6.9%
Total Foundation Assets	\$1,647,247	\$1,926,097	7.2%	6.3%
Total OHSU Investable Assets	\$3,009,937	\$3,246,640	6.6%	6.0%

Asset Allocation - OHSU-Held Funds



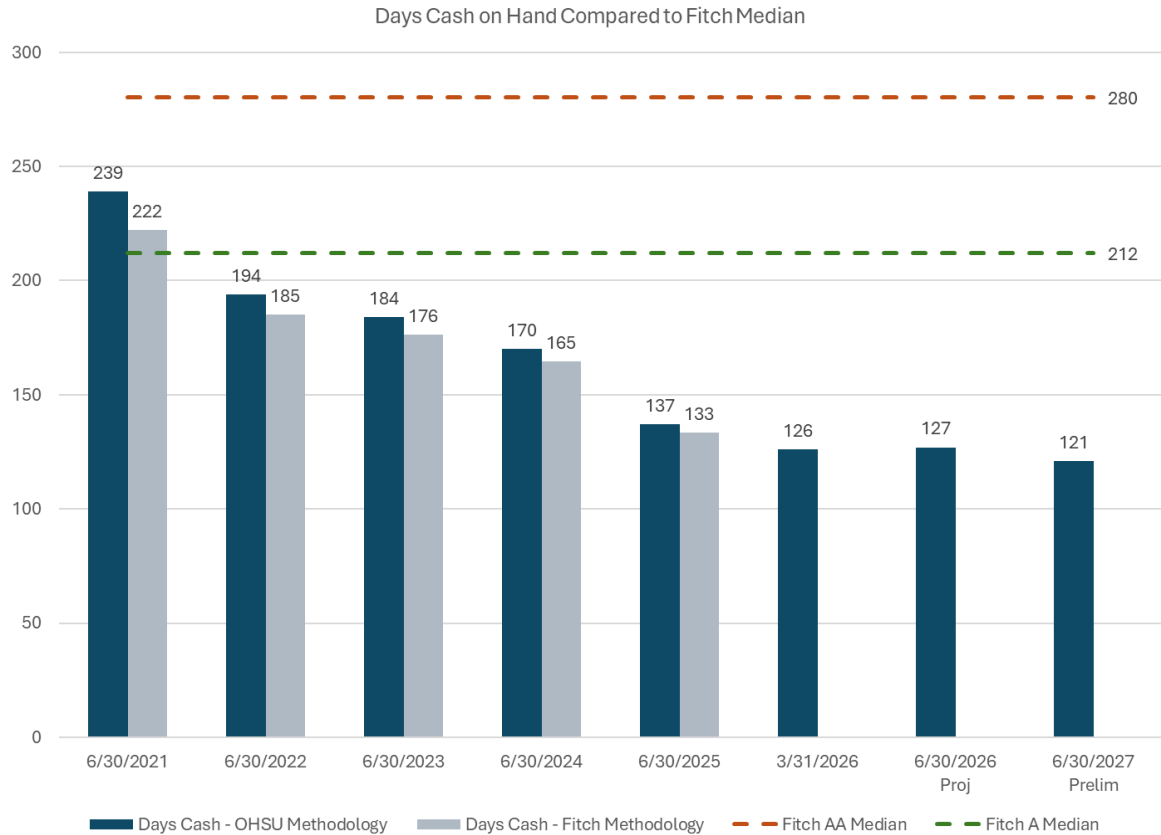
Equity Fixed Income

Asset Allocation - Foundation-Held Funds



Equity Fixed Income

Days Cash on Hand



Introduction to Preliminary FY27 Budget Plan

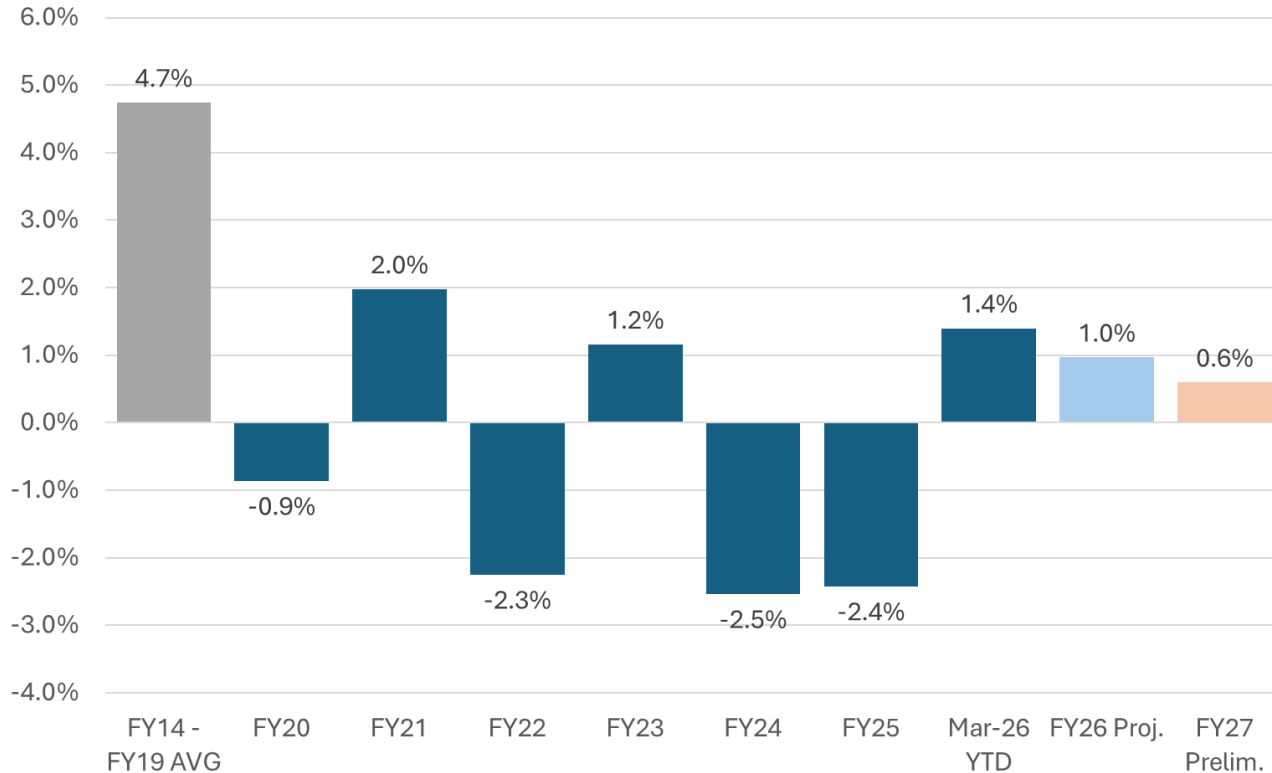
- The preliminary FY27 budget plan aims to continue the current positive earnings trend by cautiously setting a 0.6% operating margin at \$41 million on a \$6.9 billion operating revenue base. Core assumptions include:
 - Starting from current run rates to strategic growth in complex, higher margin services
 - Increasing productivity to meet our missions within cost growth parameters
 - Layering in FTE growth strategically to support key growth areas
 - Disciplined targeting of benchmarked salaries and benefits recognizing the productivity of OHSU's represented & unrepresented workforce
 - Securing payment rates that reflect the unique role as Oregon's only Academic Health Center
- This level of earnings supports a total annual capital budget of \$213 million which includes \$163 million for the annual capital budget, \$24 million for the tail end of Vista Pavillion phase 1, and \$26 million for the Emergency room expansion.

Strategic Objectives for FY27 & Beyond

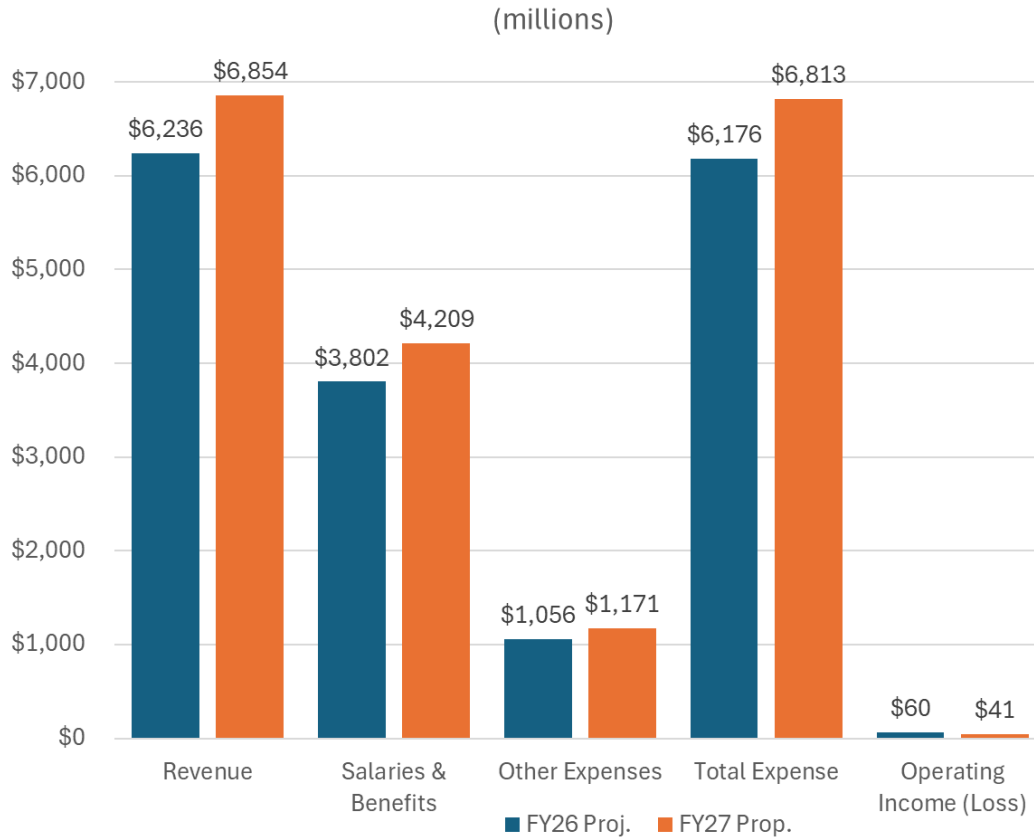
- FY27 budget plan includes several key objectives and goals necessary to achieving a positive operating margin next year and building back to prior performance in future years.
- Key strategic objectives include:
 - Implementation of OHSU's strategic plan and Financial Optimization initiatives (FOI) leveraging initiative savings for strategic investment. The FY27 budget plan includes both of these critical components investing \$10 million toward the strategic planning effort offset by a modest \$26 million in FOI saving for a net \$16 million of improvement revenue and expense.
 - Full year of Vista Pavillion operations to support Cancer program expansion and the Knight Cancer start up through foundation funding as OHSU works to toward becoming National-Class Cancer Center.
 - Completion of Vista Pavillion bed back fill plan to bring all 128 beds online by the end of the year.

Operating Margin Trend Improving from Prior Year & Budget

OHSU Operating Margin Trend



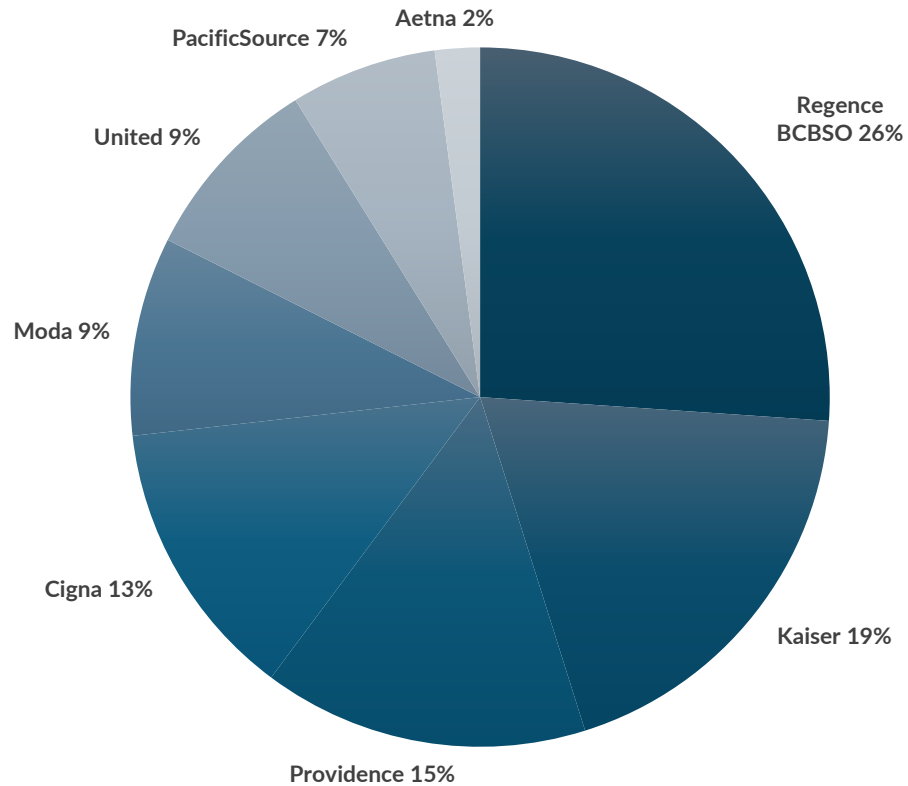
FY26 Projected compared to FY27 Preliminary Budget



FY27 Aiming to achieve a 0.6% Operating Margin

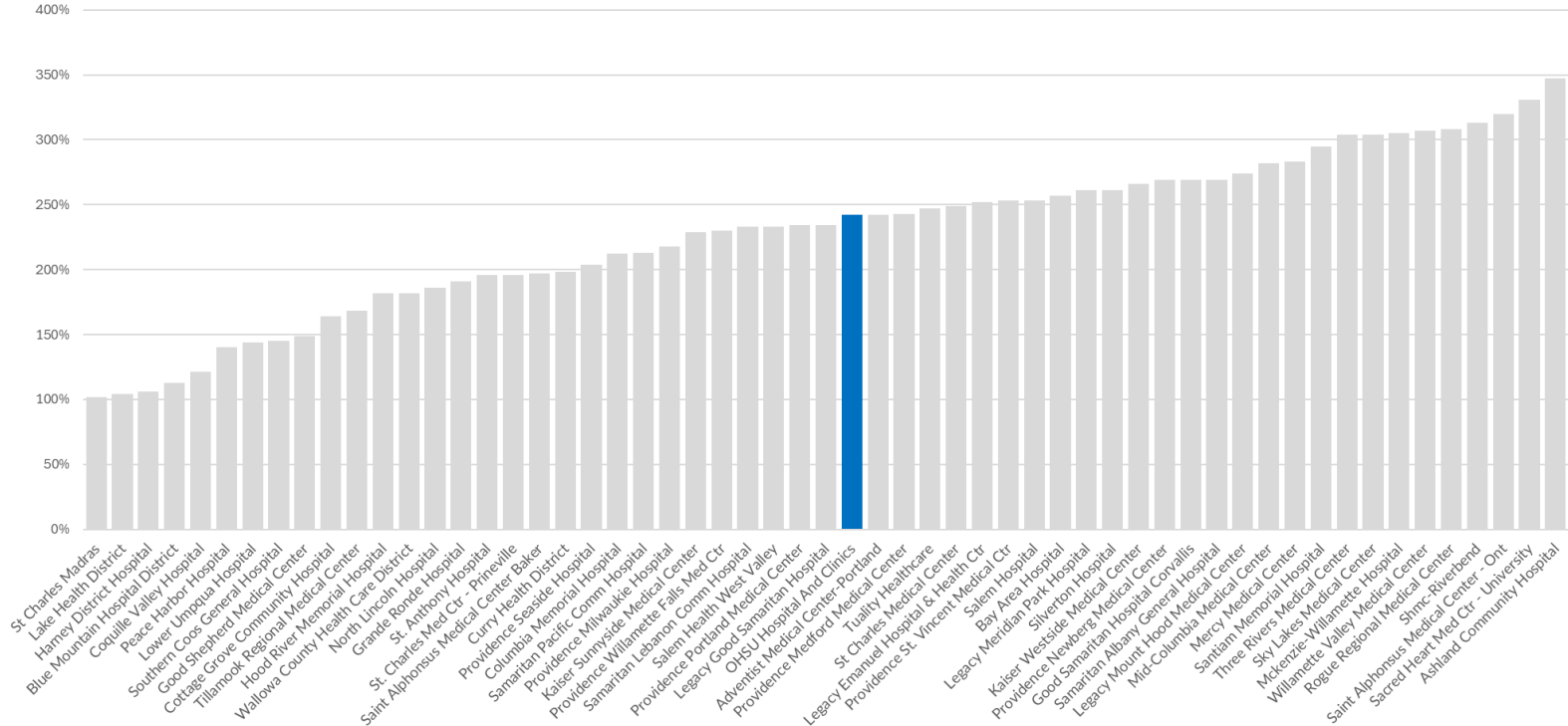
FY26 Projection & FY27 Preliminary (millions)	FY25 Last Year	FY26 Budget	FY26 Projection	FY27 Preliminary	FY27 Prelim. / FY26 Proj.
Net patient revenue	\$3,785	\$4,384	\$4,513	\$5,084	12.7%
Medical contracts	196	225	217	228	4.9%
Grants & contracts	578	566	569	591	3.8%
Gifts applied	139	122	109	117	7.0%
Tuition & fees	84	89	88	90	3.2%
Sales, services & other	346	353	327	330	0.8%
State support*	380	411	414	414	0.0%
Operating revenues	5,508	6,149	6,236	6,854	9.9%
Salaries & benefits	3,440	3,755	3,802	4,209	10.7%
Rx & medical supplies	1,183	1,414	1,319	1,432	8.6%
Other services & supplies	757	751	777	865	11.4%
Depreciation	219	229	236	263	11.4%
Interest	44	45	44	44	0.0%
Operating expenses	5,642	6,194	6,176	6,813	10.3%
Operating income (loss)	\$(133)	\$(45)	\$60	\$41	
<i>Operating margin</i>	-2.4%	-0.7%	1.0%	0.6%	
<i>EBITDA margin</i>	2.4%	3.7%	5.4%	5.1%	

Oregon Commercial Payor Landscape



Securing Inflation-Appropriate Rate Increases: Benchmarking

Oregon Hospitals Inpatient and Outpatient Services Relative to Medicare with Service Volume



Mission

As part of its multifaceted public mission, OHSU strives for excellence in education, research and scholarship, clinical practice and community service. Through its dynamic interdisciplinary environment, OHSU stimulates the spirit of inquiry, initiative and cooperation among students, faculty and staff.

Setting the example for integrity, compassion and leadership, OHSU strives to:

- Educate tomorrow's health professionals, scientists, engineers and managers in top-tier programs that prepare them for a lifetime of learning, leadership and contribution.
- Explore new basic, clinical and applied research frontiers in health and biomedical sciences, environmental and biomedical engineering and information sciences, and translate these discoveries, wherever possible, into applications in the health and commercial sectors.
- Deliver excellence in health care, emphasizing the creation and implementation of new knowledge and cutting-edge technologies.
- Lead and advocate for programs that improve health for all Oregonians, and extend OHSU's education, research and health care missions through community service, partnerships and outreach.

ONE OHSU

Vision

Elevate Oregon as the heart of health innovation.

Values

Compassion	We see the whole person.
Integrity	We do the right thing.
Inclusion	We design so everyone belongs.
Respect	We lead with dignity.
Collaboration	We build together.
Adaptability	We stay curious and adjust intentionally.

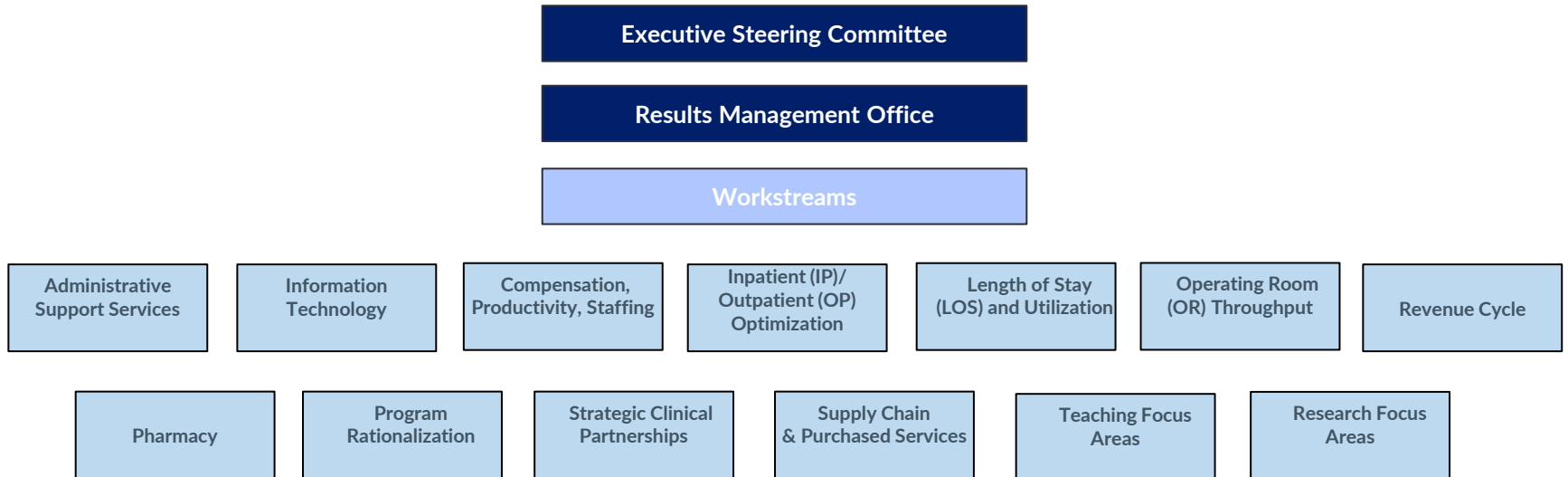


Priorities

- Improve **access** and **efficiency** across our services for patients and in service to each other.
- Enhance **care quality** and commit to a culture of zero harm to our patients.
- Innovate on the **learning experience** to improve quality and outcomes for students and trainees.
- Build **new platforms** for scientific inquiry into the future.
- Lead Oregon in an **AI-enabled transformation** in service to our people, patients and mission.
- Be the **best place** to learn and work.

Financial Optimization Initiative: Cost Structure Alignment

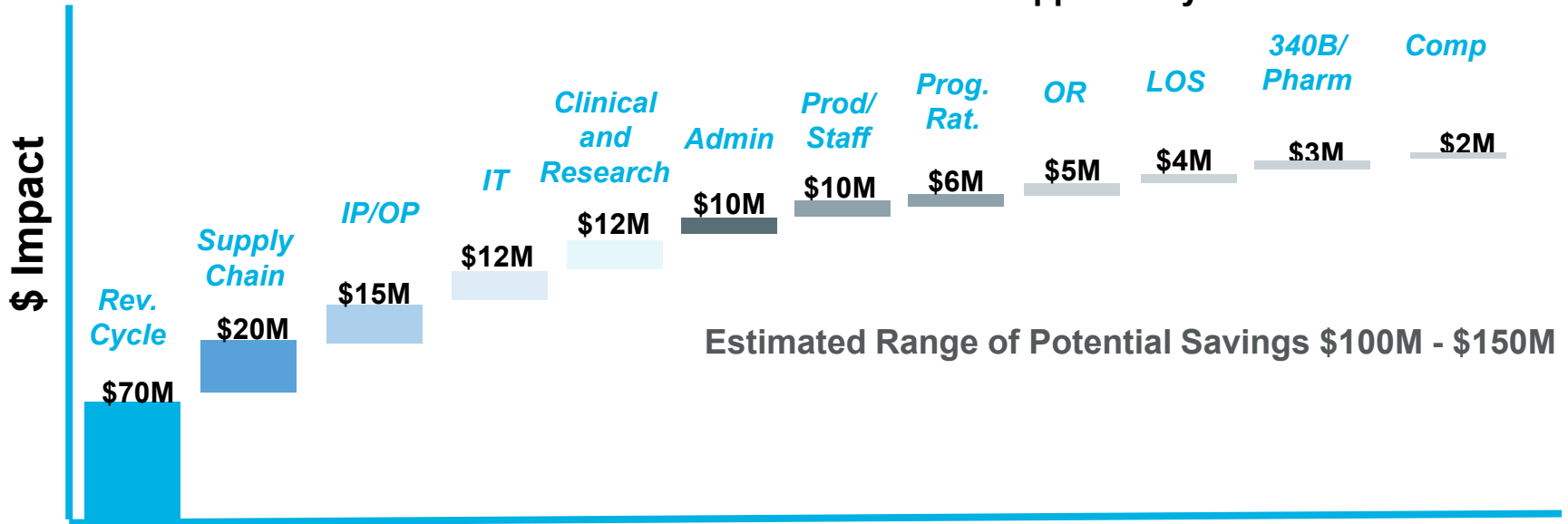
- In December 2025, OHSU kicked off an engagement with Premier Healthcare Solutions. Throughout the multi-month initiative, Premier has conducted interviews, reviewed data and analyzed many aspects of our operations to give us recommendations in March.
- The goal of the Premier engagement is to help OHSU mitigate future financial risks inclusive of the impact of the OBBB, potential site of care payment differentials, Medicare reimbursement rates, and reductions in NIH indirect recovery rates.
- The products of this initiative will yield long-term stability to reinvest in our people, programs, and facilities. We want to operate from a position of stability and strength.



Financial Optimization Initiative: Opportunity

- OHSU acted quickly to implement cost controls in FY25, including effective position control and a budget management program that has effectively turned the organization to a positive financial performance during FY26.
- The opportunity is to plan for the next five years and implement a more sustainable transformation program. This aligns the organization to achieve sustainable, consistent financial performance and provides a stronger platform for the Knight Cancer Group growth and the strengthening of its research and education programs.

Initial Assessment of Annualized Opportunity



VPV Proposed Backfill Timeline

2026-April 07



Oncology

Vista Pavilion Opens

net new beds = 56

- 128 new beds in VPV
- 72 beds closed on 13/14K and 7C

2026-June 16*



Neuro IMC

7C beds reopen

net new beds = 68

- 128 new beds in VPV
- 60 beds closed on 13/14K

2026-August 01*



Heart & Vascular IMC

13K & 14K reopen

net new beds = 98

- 128 new beds in VPV
- 30 beds closed on 11K

2026-December 01*



Neuro MS & IMC

11K reopens

net new beds = 128

- 128 new beds in VPV



FY27 Balancing Capital Investment with Days Cash Needs

- Positive earnings will support a modest capital budget for FY27 necessary to support strategic plan, financial optimization, and maintain critical infrastructure.
- Negative drivers:
 - Earnings trend is lower than what is needed to replenish cash reserves from prior year losses.
 - The remaining build out of Vista capital expenditures continue to be funded by cash.
- As a result, days cash on hand will hold steady next year at 121, far below median.

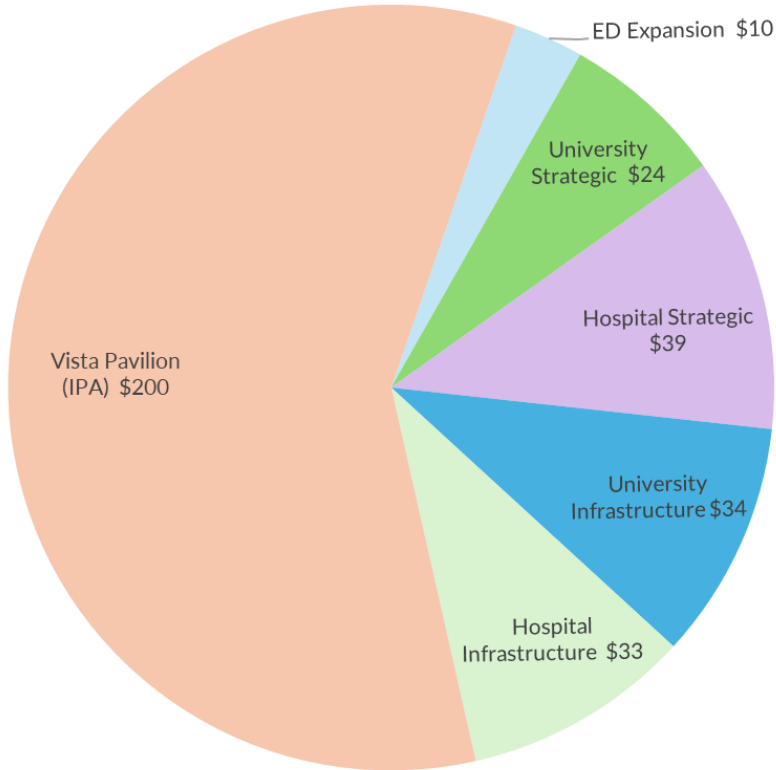
FY27 Preliminary Cash Flow	(millions)
Operating income	\$41
Depreciation	263
Investment return	72
Sources of cash	376
Long-term debt repaid	(27)
Capital spending	(214)
Patient A/R & other, net	(62)
Uses of cash	(302)
Net cash flow	\$74
<i>6/30/26 Days cash on hand Proj.</i>	<i>127</i>
<i>6/30/2027 Days cash on hand Prel.</i>	<i>121</i>
<i>Moody's 2023 Aa median</i>	<i>261</i>
<i>S&P 2023 AA median</i>	<i>254</i>

Preliminary FY27 Capital Budget is set at \$214 million

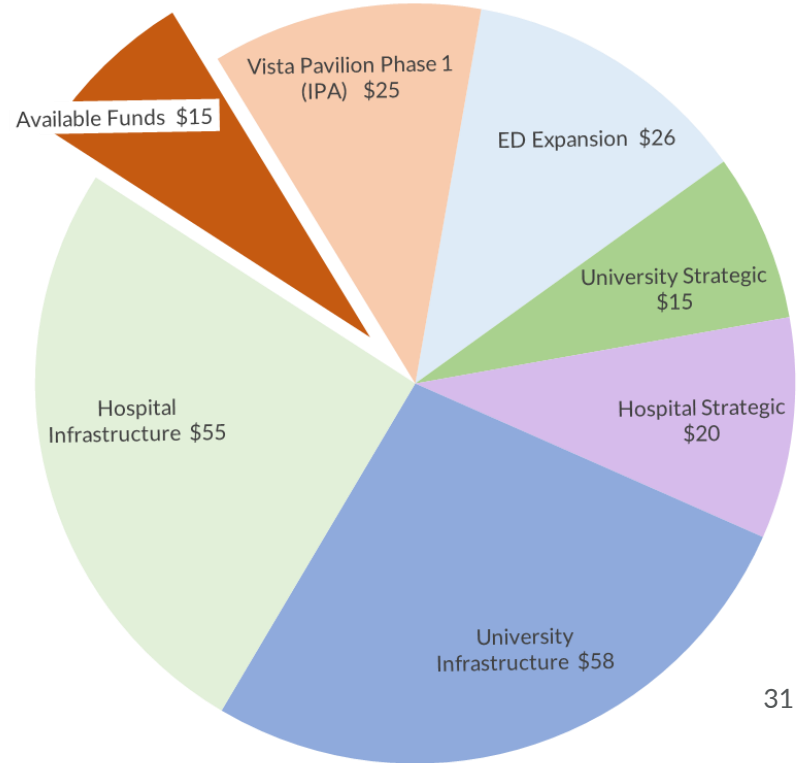
- The total annual capital budget, inclusive of Vista Pavillion and the ED Expansion, is estimated at \$214 million. This represents just 81% of depreciation, standard metric for capital investment would be a minimum 100%, continuing the conservative approach balancing cash reserves with investment needs.
- FY27 annual capital budget for allocation is set at \$163 million, \$30 million above last year's allocation of \$130 million.
- The preliminary FY27 budget plan:
 - Increases funding to support infrastructure and patient-critical needs
 - Reserves \$10 million for strategic plan initiatives
 - Earmarks budgeted for the completion of the Vista Pavillion (shell and original floors in Phase 1)
 - Includes funds to further the Emergency Department expansion
 - Sets aside a pool of \$15 million to fund strategic projects currently under review by the executive team

Preliminary FY27 Capital Compared to FY26

FY26 Capital Budget (total = \$340m)



FY27 Preliminary Capital Budget (total = \$214m)



Headwinds Facing OHSU the Rest of FY26, FY27 & Beyond

- Persistent expense growth continues to challenge revenue increases, which is pressuring cash flow and the ability to fund essential capital expenditures
- A highly competitive and challenging recruitment and labor environment nationally is creating ongoing operational and cost pressures
- Significant uncertainty surrounding direct federal and state funding levels
- Increased volatility from other regulatory changes and insurance market shifts

Recent State & Federal Government Activities

- **State:** The Oregon State Legislature closed its 35-day state legislative session on March 6, 2026. With the state facing a potential budget deficit and increased expenses due to HR 1, OHSU was able to preserving funding for our core state mandated missions.
- **Federal: Medicaid**
 - Federal agencies continue implementation process for H.R. 1
 - Rural Health Transformation Fund dollars awarded to Oregon
- **Federal: 340B Drug Pricing Program**
 - 340B Rebate Model Pilot suspended under federal court challenge and settlement
- **Federal: FY2026 Federal Budget and Appropriations**
 - Status-quo funding for health and education agencies and programs
 - Longer-term extensions of federal health program authorizations, including telehealth

On Track to Close FY26 Strong & Building Momentum for FY27 & Beyond

- The results for the first nine months of the current fiscal year are trending favorably as we have stabilized our finances.
- Future performance is coming into focus as we develop next year's budget; however, year-to-date gains have already offset 30% of the losses incurred over the prior two years.
- With FY27 budget planning now underway, we will continue to be guided by these core imperatives:
 - Achieving targeted, strategic growth in backfill areas following Vista opening
 - Implementing a new strategic plan grounded in our updated vision
 - Driving continued incremental improvement through focused initiatives
 - Securing payment rates that reflect the unique role as Oregon's only Academic Health Center