

Outlook Survey Report

Fourth Quarter, 2023

Thank you for participating in HFMA's quarterly Outlook Survey. You are receiving this special preview report because you responded to the survey, which we truly appreciate.

This report shares results gathered in September and October 2023. For some questions, respondents were asked to provide their projections for the upcoming three months, representing the fourth quarter of 2023. Approximately 658 HFMA members submitted responses.

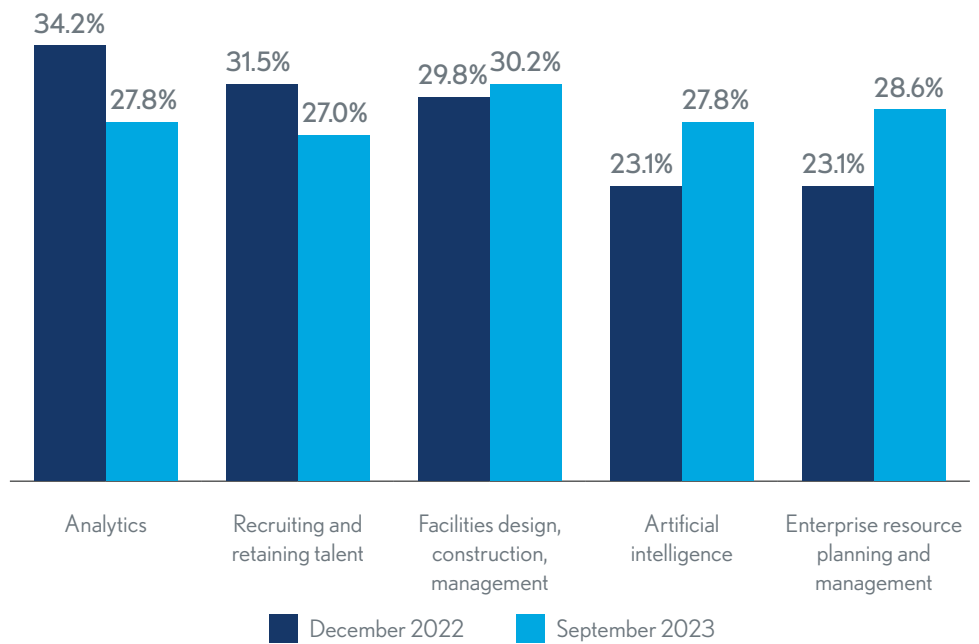
HFMA will continue to plot the quarterly movement of specific metrics and highlight changes in the healthcare finance environment and how those changes may affect healthcare finance professionals in the future.

ERP SYSTEMS RISE TO THE TOP FOR HOSPITAL AND HEALTH SYSTEM INVESTMENTS

More HFMA members than in past quarters indicate that they will be investing in or purchasing enterprise resource planning (ERP) systems in the next year. In October 2023, almost 30% stated ERP investments were planned for the near future, while about 10 months ago, approximately 23% said ERPs were on the horizon.

At the same time, investments in analytics declined from 34% in December 2022 to almost 29% in October 2023. Other top areas for investment in the next 12 to 18 months include facilities design, construction and management with about 30% of respondents planning to invest in that area, and 27% of members planning to invest in recruiting and retaining talent. The staffing crisis may be lessening as the planned investments in this area fell 9%. In addition, prior solutions put in place previously may be succeeding in reducing staffing challenges, so no further investment is needed.

ERP investment increases over a 10-month period



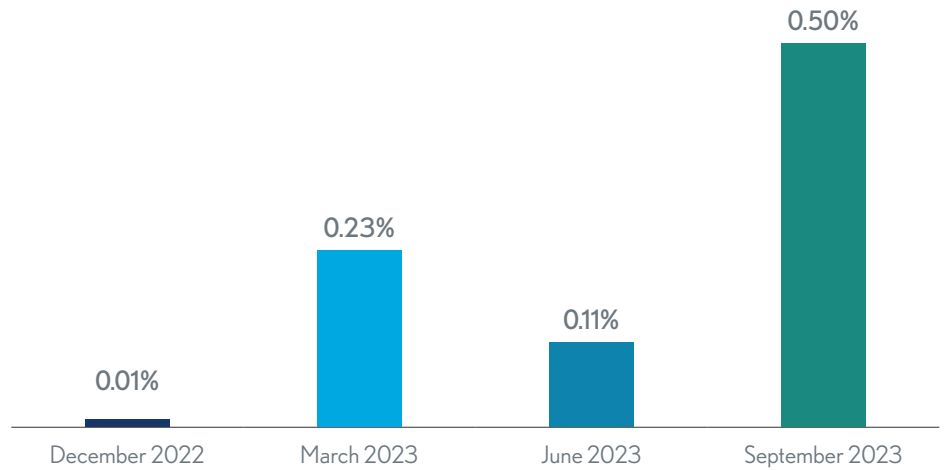
Source: HFMA Outlook Survey, Fourth Quarter, 2023

NON-CLINICAL EQUIPMENT INVESTMENT JUMPS IN Q4

Members projecting an increase in non-clinical equipment investment through the fourth quarter of 2023 increased by almost 40% from the third quarter survey. Projected investments in clinical equipment remained steady between the third and fourth quarters.

Projected investment in facilities and IT projects remained relatively stable between the quarters, with a slight dip in major IT project investments.

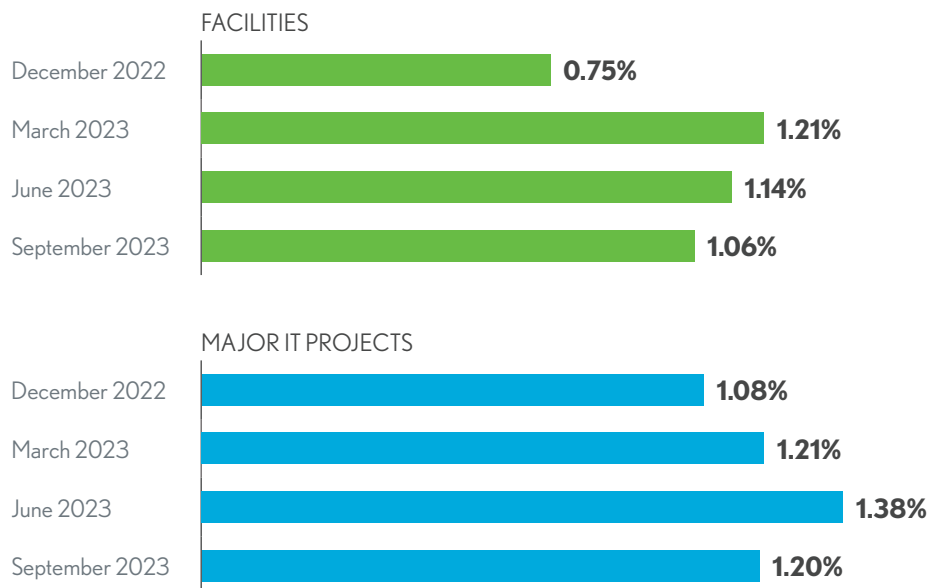
Non-clinical equipment investment rises in Q4, 2023



Source: HFMA Outlook Survey, Fourth Quarter, 2023

Projected change in facilities and IT investments remain stable across last four quarters

How much do you project your investments in the following areas will change over the next 3 months?



Source: HFMA Outlook Survey, Fourth Quarter, 2023

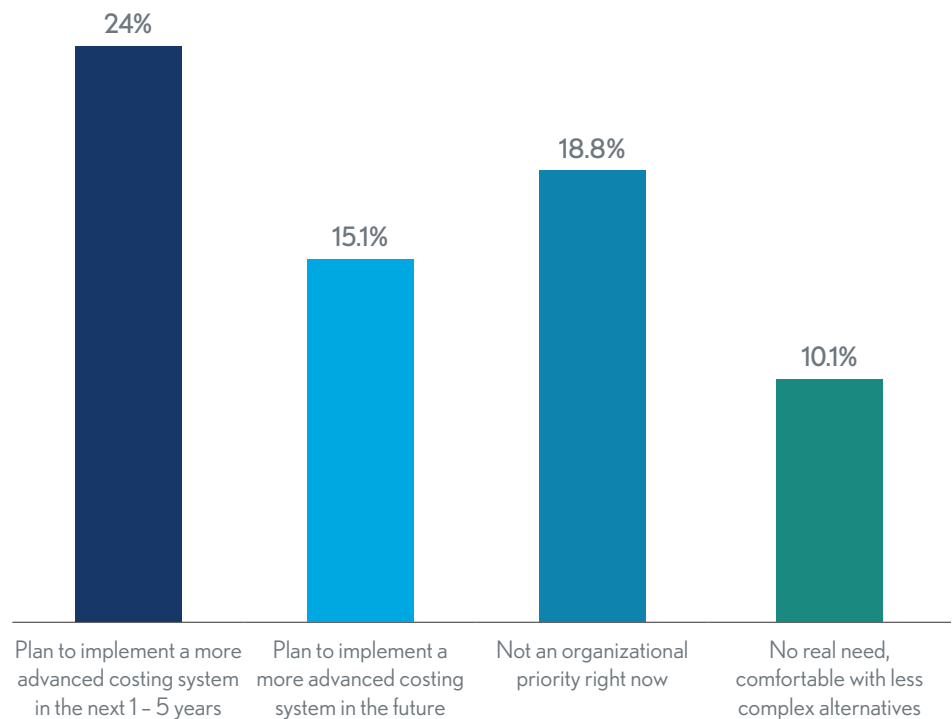
COST ACCOUNTING RISES IN PRIORITY STATUS

More than a third of HFMA members are seeking to implement cost accounting systems, with approximately one-quarter planning to do so in the next 1 to 5 years. Another 15% said that they planned to implement a more advanced costing system than the one they have currently, but they did not have a target date for implementation.

Approximately 19% of respondents said that cost accounting is not an organizational priority, while another 10% said they saw no real need for cost accounting systems and were comfortable with less complex alternatives.

The survey also found that organizations that place the greatest importance on cost and costing in terms of their overall pricing strategy are the fastest growing.

HFMA members share cost accounting plans and views



Source: HFMA Outlook Survey, Fourth Quarter, 2023

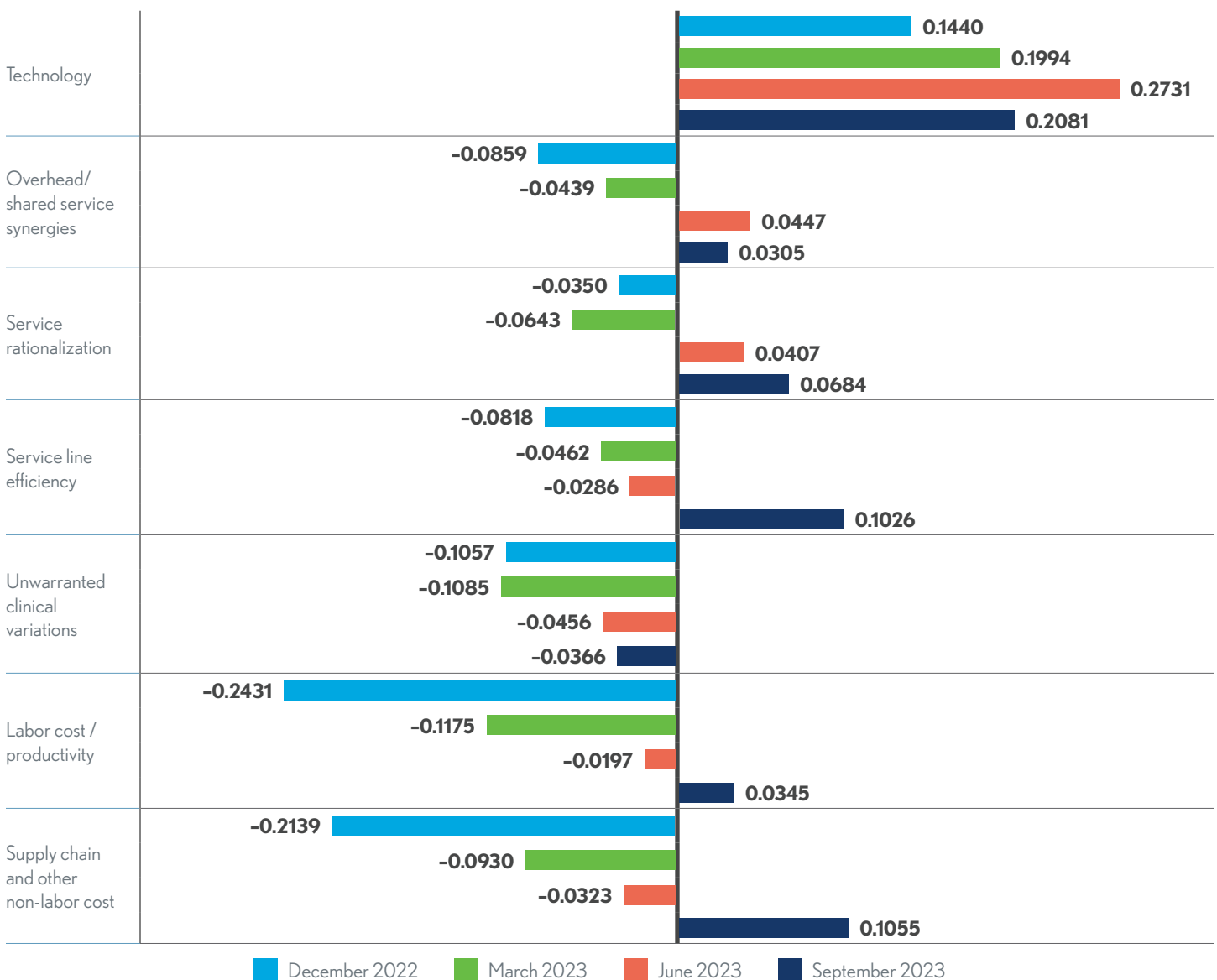
ABILITY TO MEASURE COST OF CARE IMPROVES ACROSS HEALTHCARE ORGANIZATIONS

Members reported that starting in October 2023, they found a positive change in their ability to measure service line efficiency, labor cost/productivity and supply chain as they relate to cost of care. They evaluated their ability to manage cost of care from

March 2020, when the pandemic began, to the current time. In addition, hospitals and health systems reported an overall improvement in ability to measure technology in relationship to cost of care remained positive throughout the past year.

Hospitals and health systems are measuring cost of care more effectively since the pandemic began

How has your ability to measure the cost of care changed since the pandemic began?



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Healthcare Financial Management Association

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