



JANUARY 2026 METRICS

# National Hospital Flash Report

**Real Data. Real Insight. Real Time.**

*Based on Data from More Than 1,300 Hospitals*



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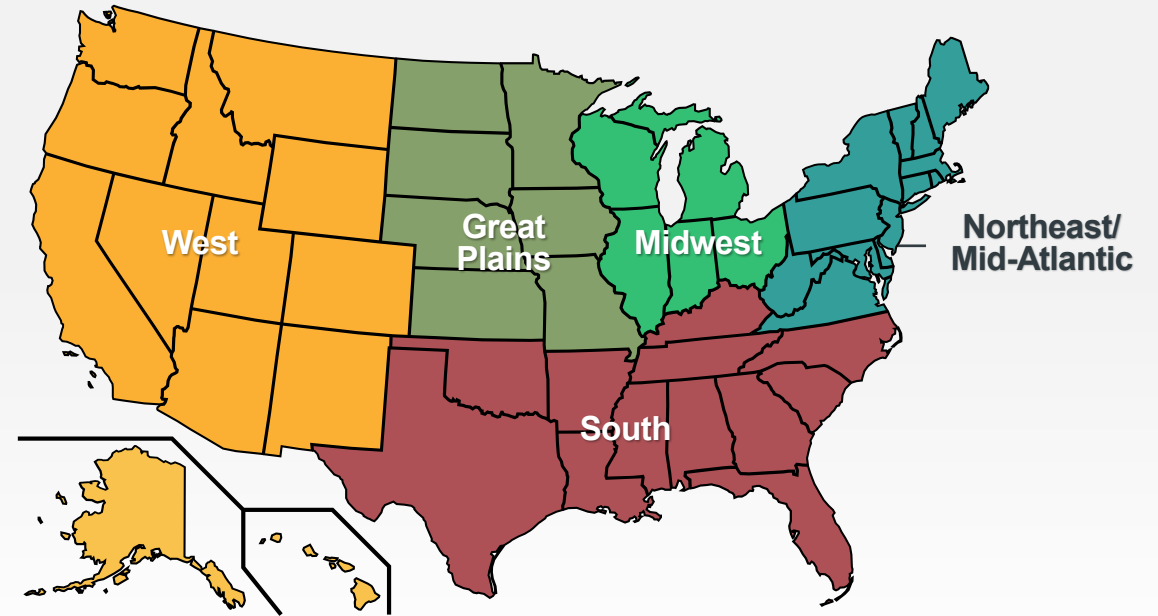
# About the Data

The *National Hospital Flash Report* uses both actual and budget data over the last three years, sampled from more than 1,300 hospitals on a recurring monthly basis from Strata Decision Technology.

The sample of hospitals for this report is representative of all hospitals in the United States both geographically and by bed size. Additionally, hospitals of all types are represented, from large academic to small critical access. Advanced statistical techniques are used to standardize data, identify and handle outliers, and ensure statistical soundness prior to inclusion in the report.

While this report presents data in the aggregate, Strata also has real-time data down to individual department, jobcode, paytype, and account levels, which can be customized into peer groups for unparalleled comparisons to drive operational decisions and performance improvement initiatives.

Map of Regions





# About the Data *(continued)*



[Kaufman Hall](#), a Vizient company, provides management consulting solutions to help society's foundational institutions realize sustained success amid changing market conditions. Since 1985, Kaufman Hall has been a trusted advisor to boards and executive management teams, helping them incorporate proven methods, rigorous analytics, and industry-leading solutions into their strategic planning and financial management processes, with a focus on achieving their most challenging goals.

Kaufman Hall services use a rigorous, disciplined, and structured approach that is based on the principles of corporate finance. The breadth and integration of Kaufman Hall advisory services are unparalleled, encompassing strategy; financial and capital planning; performance improvement; treasury and capital markets management; mergers, acquisitions, partnerships, and joint ventures; and real estate.



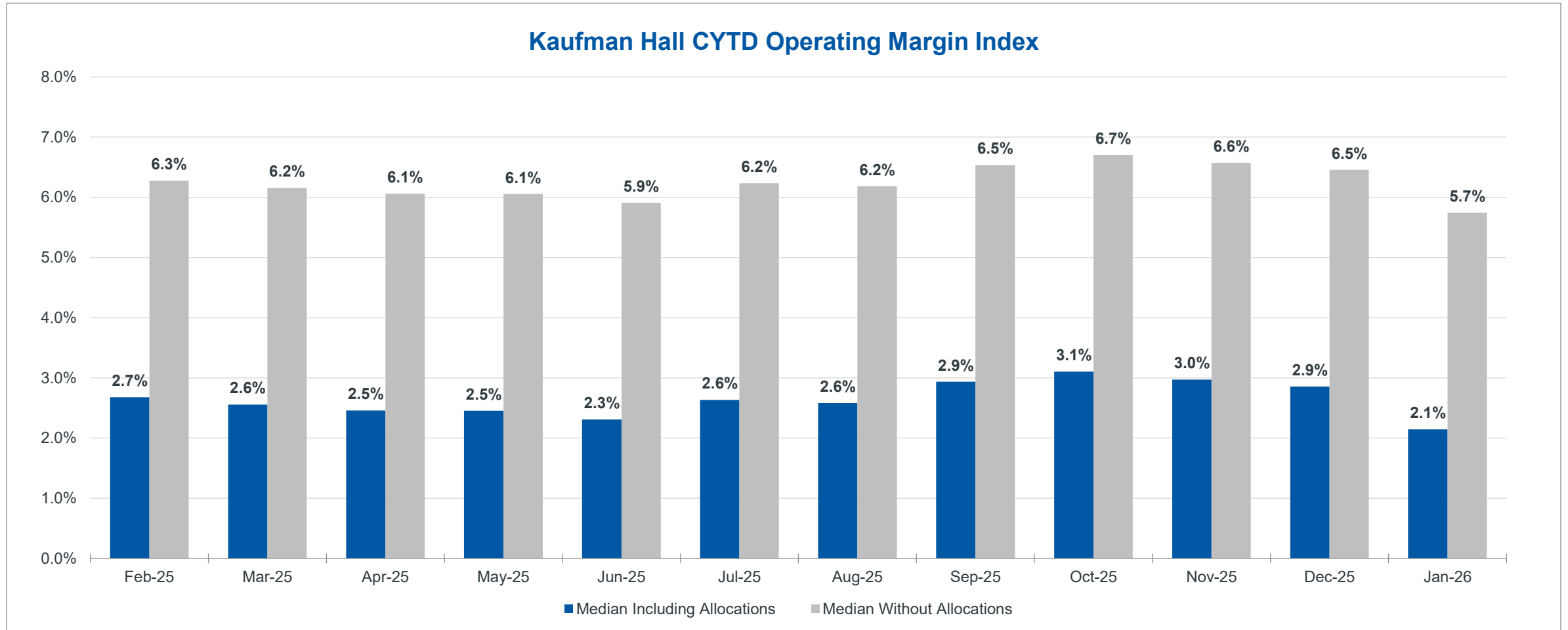
Strata Decision Technology, LLC provides an innovative, cloud-based platform for software, and data and service solutions to help healthcare organizations acquire insights, accelerate decisions, and enhance performance in support of their missions. More than 2,300 organizations rely on Strata's StrataJazz and Axiom solutions for market-leading service and enterprise performance management software, data, and intelligence solutions. To learn more about Strata and why the company has been named the market leader for Business Decision Support for more than 15 consecutive years, please go to [www.stratadecision.com](http://www.stratadecision.com).



# Key Takeaways

- 1. Patient volume in January declined across inpatient and outpatient services.** This decline could be due to postponing of elective procedures around the holidays, as well as a change in payer mix.
- 2. Bad debt continues to increase.** Carrying over from 2025, bad debt and charity care continue to go up.
- 3. Expenses continue to put pressure on hospitals.** In addition to the persistent increases in drugs and supplies, there was a big increase in labor expenses in January.

# Operating Margin

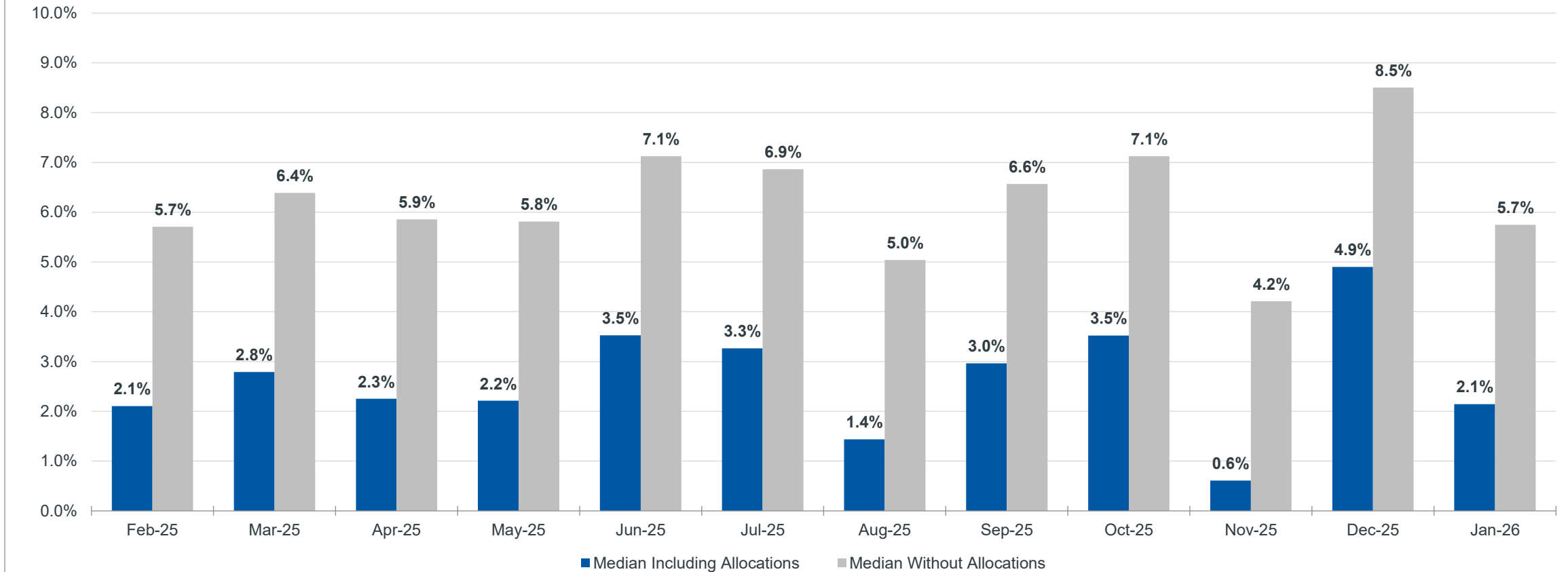


Kaufman Hall, *National Hospital Flash Report* (January 2026 Metrics)

\* Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset, and are displayed with and without adjustments for allocations to hospitals from corporate, physician, and other entities.

# Operating Margin *(continued)*

## Kaufman Hall Monthly Operating Margin Index



Kaufman Hall, *National Hospital Flash Report* (January 2026 Metrics)

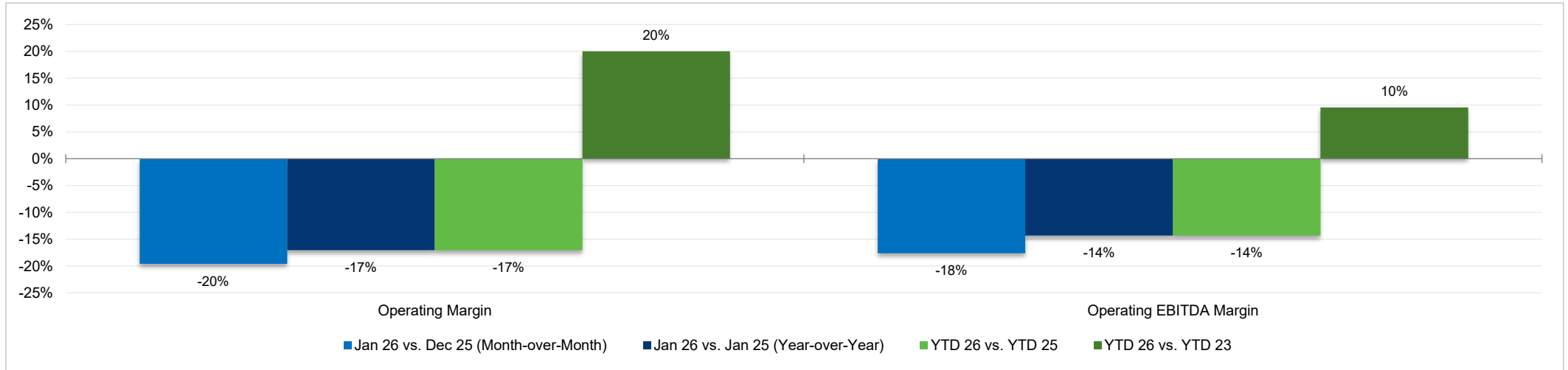
\* Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset, and are displayed with and without adjustments for allocations to hospitals from corporate, physician, and other entities.

# National and Regional Data

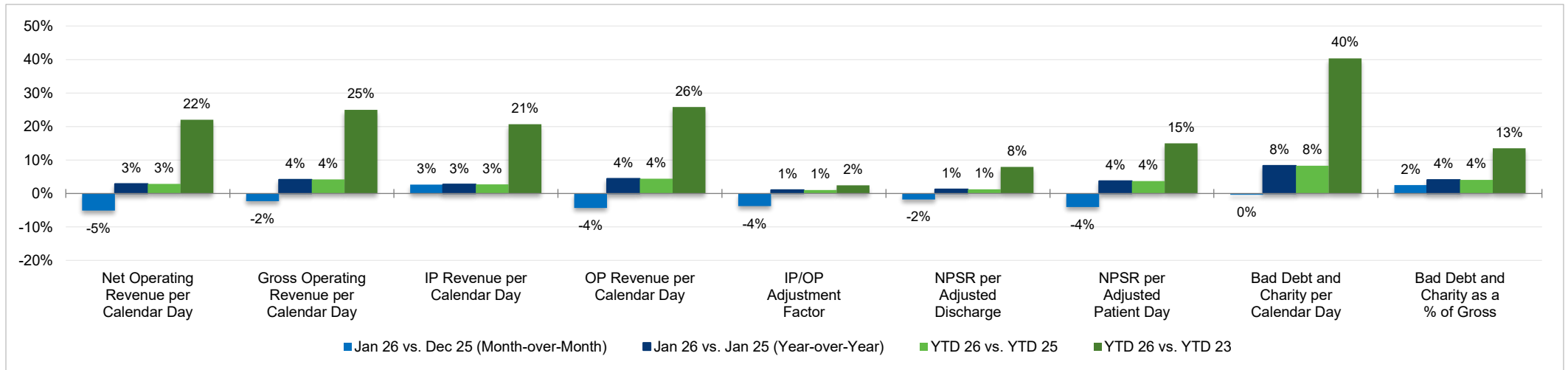
*Profitability, Revenue, Expense, and Volume*

# National Data

## Profitability

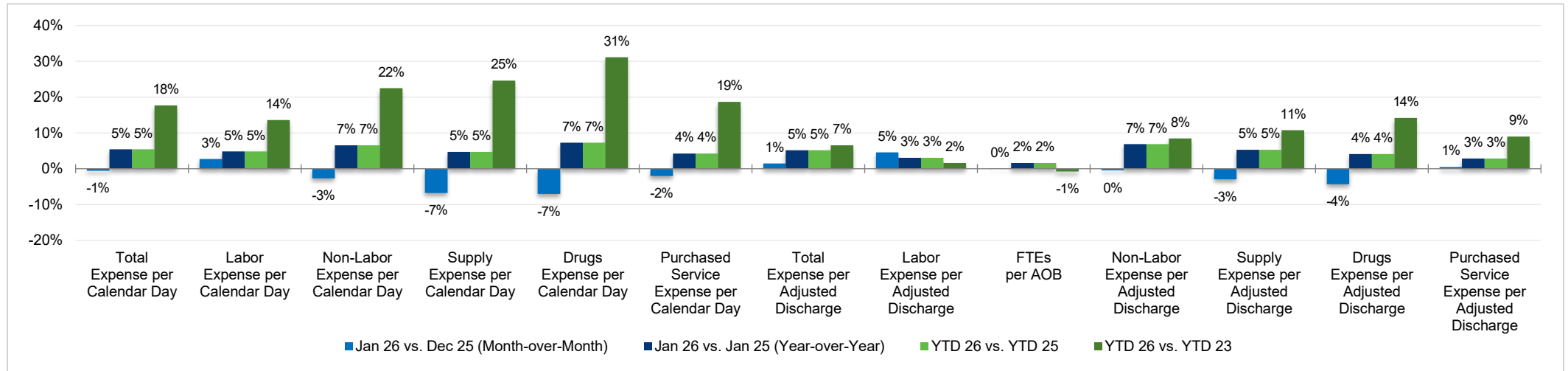


## Revenue

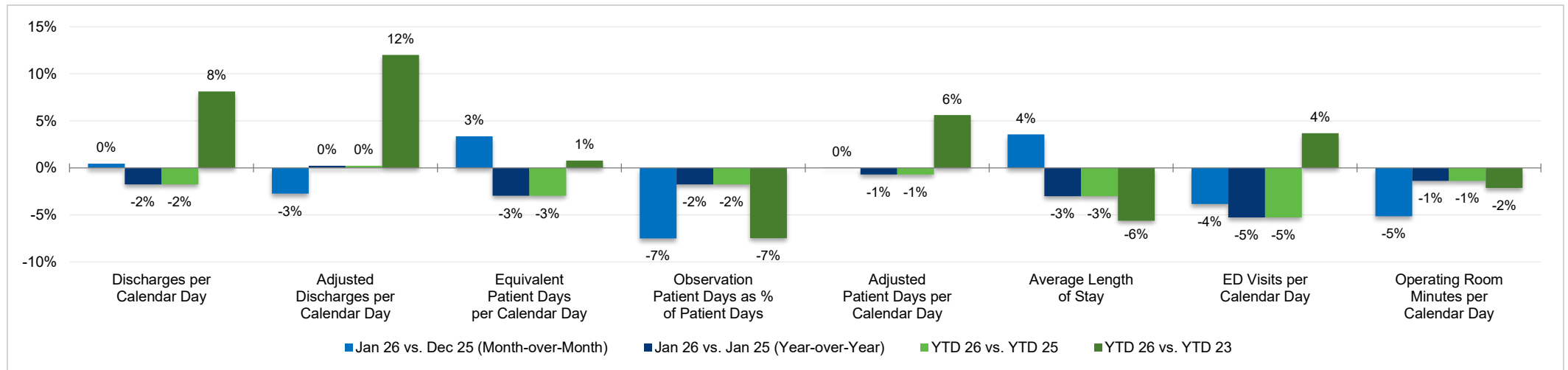


# National Data *(continued)*

## Expense

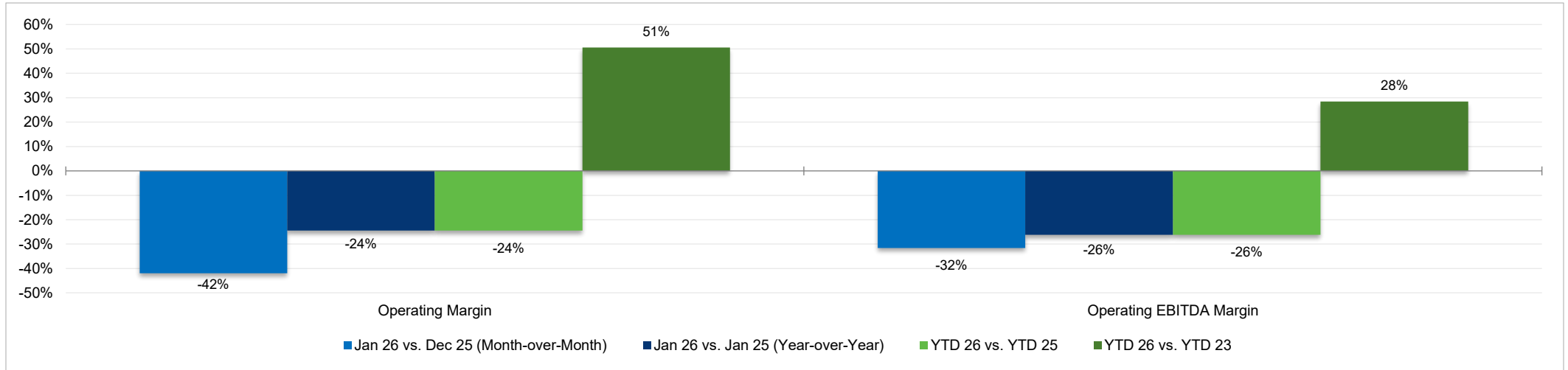


## Volume

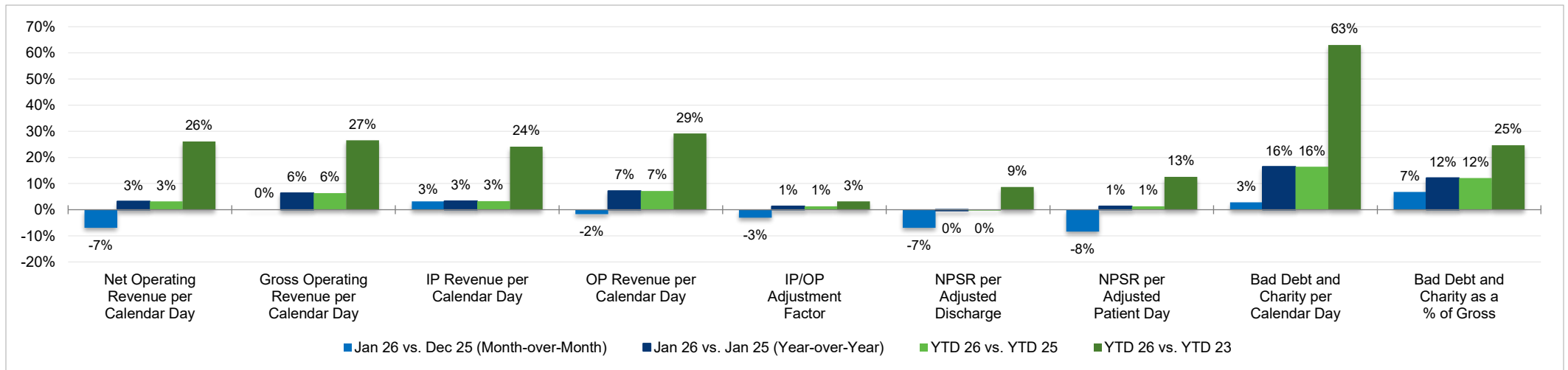


# Regional Data: West

## Profitability

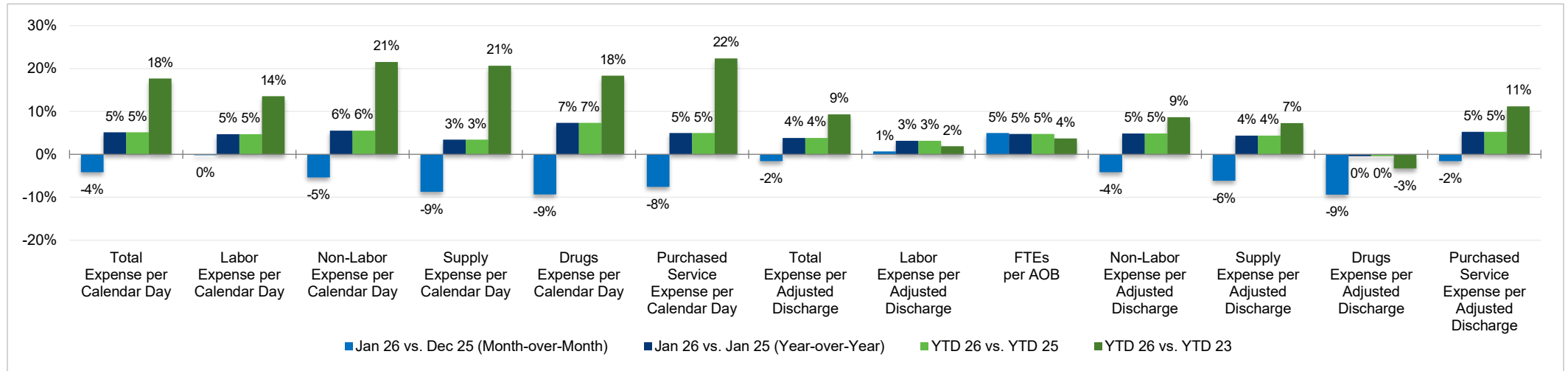


## Revenue

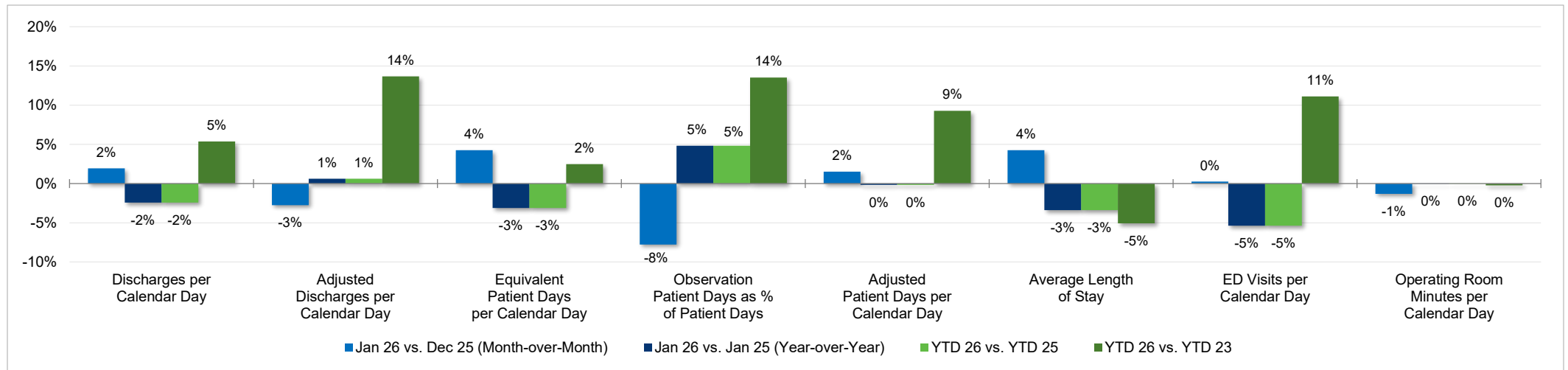


# Regional Data: West *(continued)*

## Expense

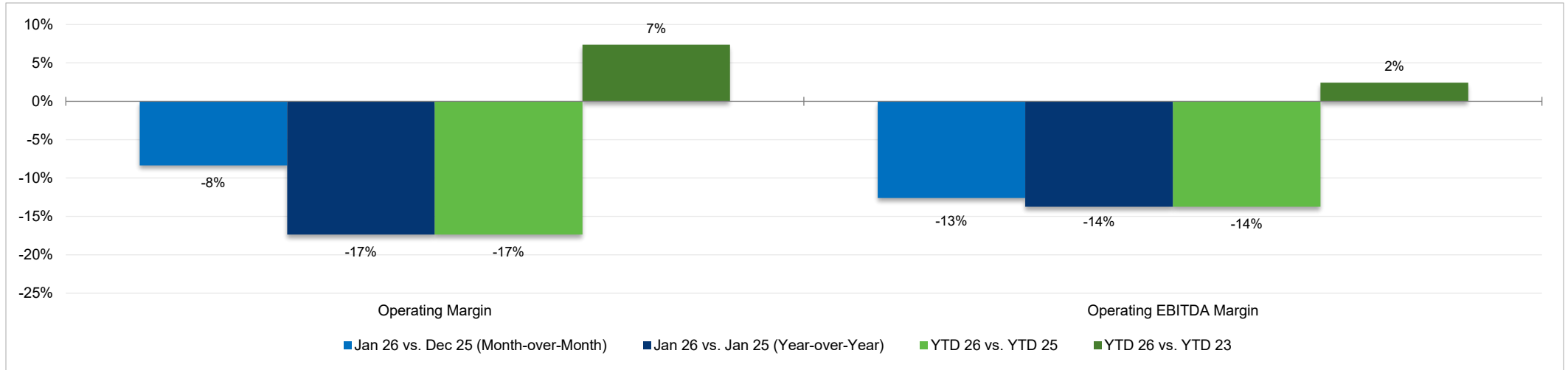


## Volume

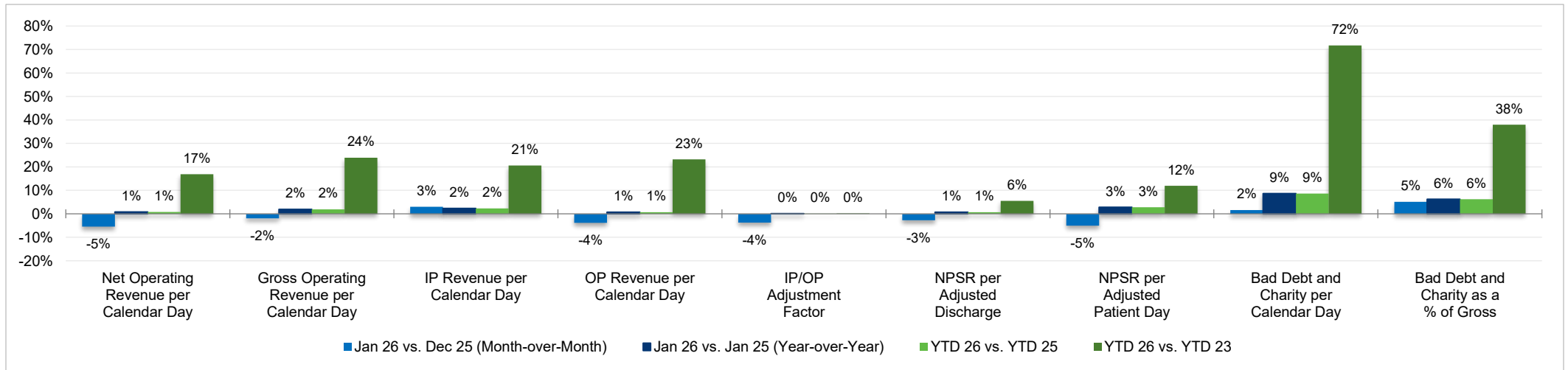


# Regional Data: Midwest

## Profitability

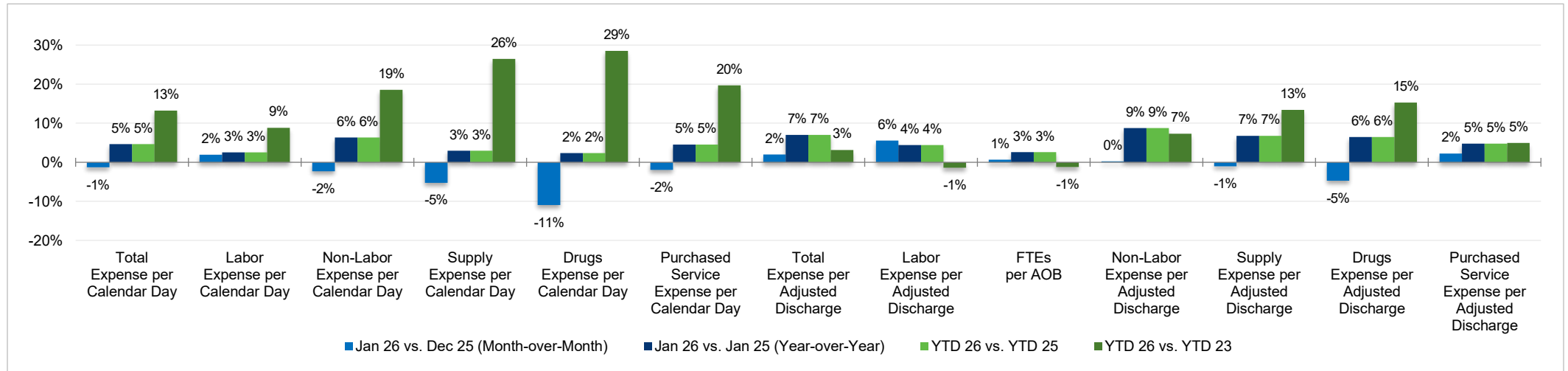


## Revenue

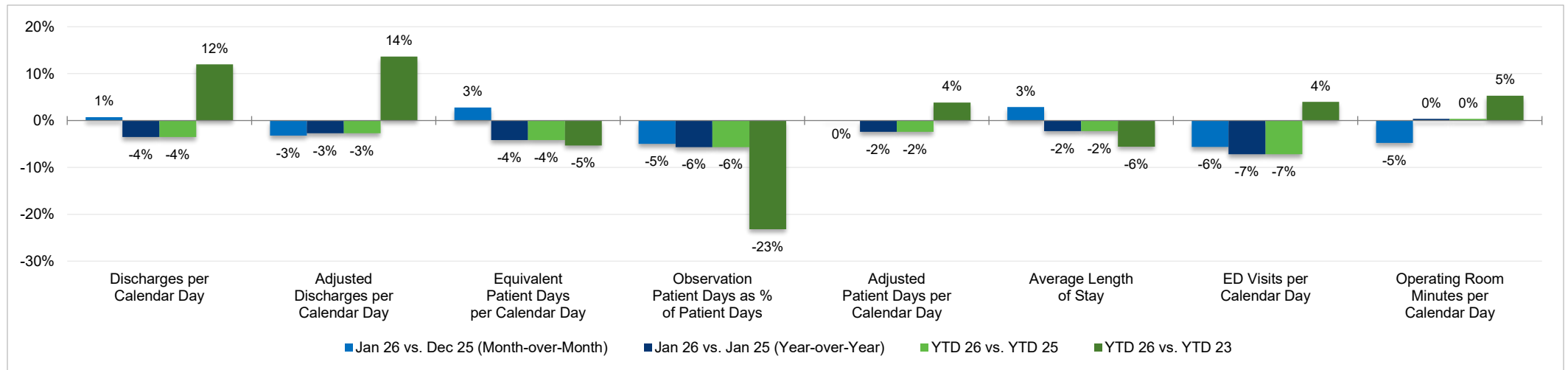


# Regional Data: Midwest *(continued)*

## Expense

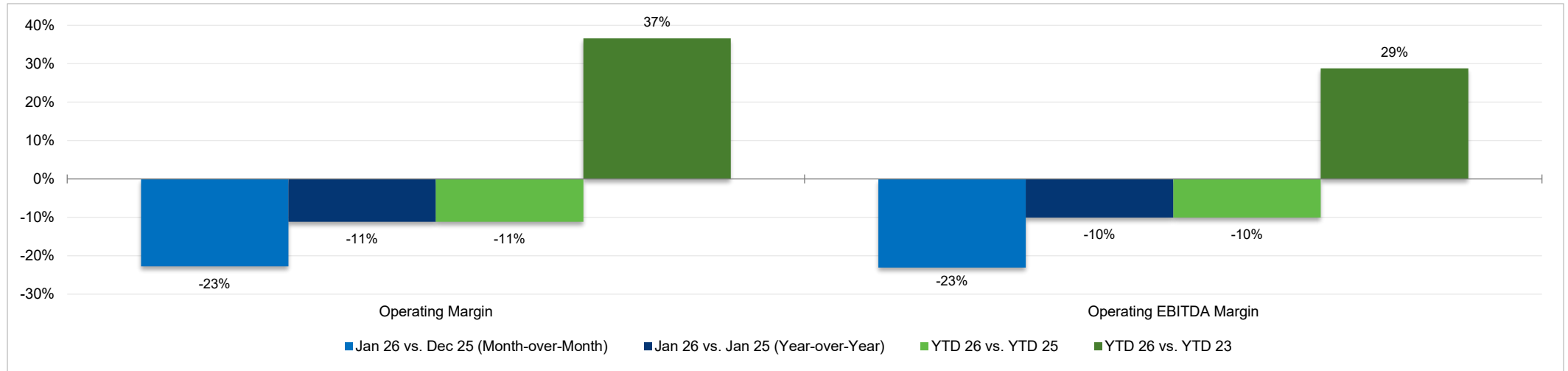


## Volume

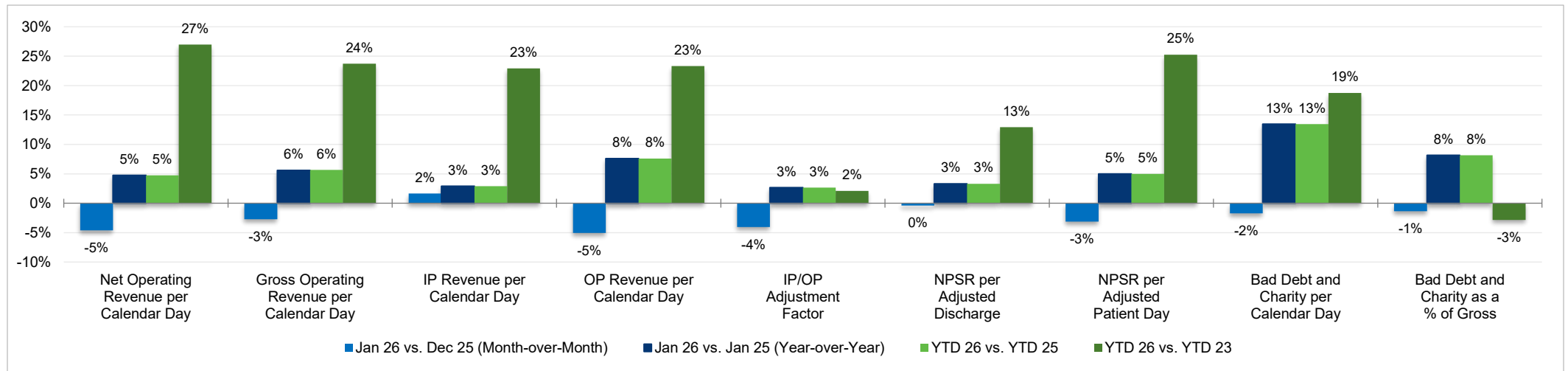


# Regional Data: South

## Profitability

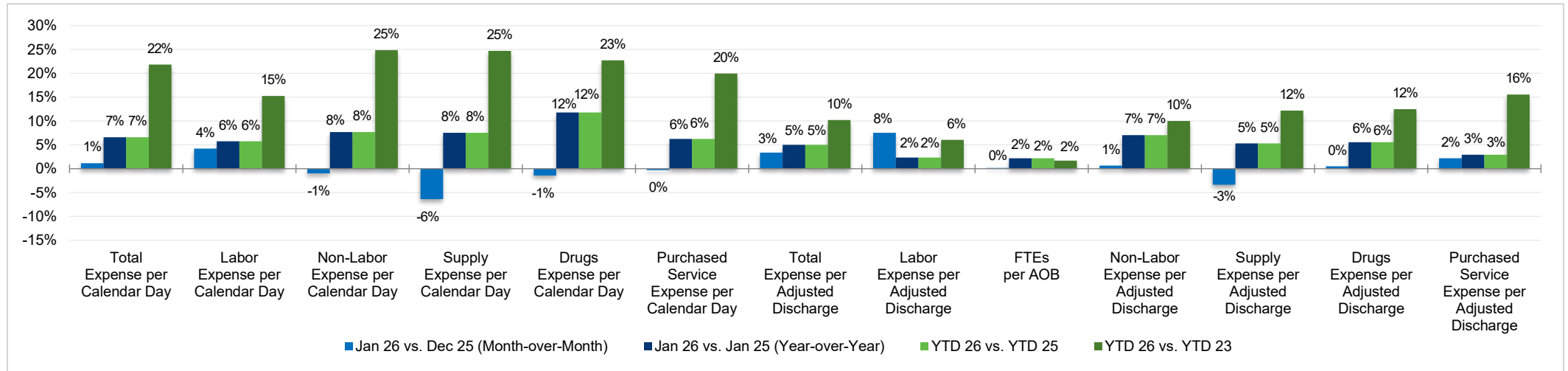


## Revenue

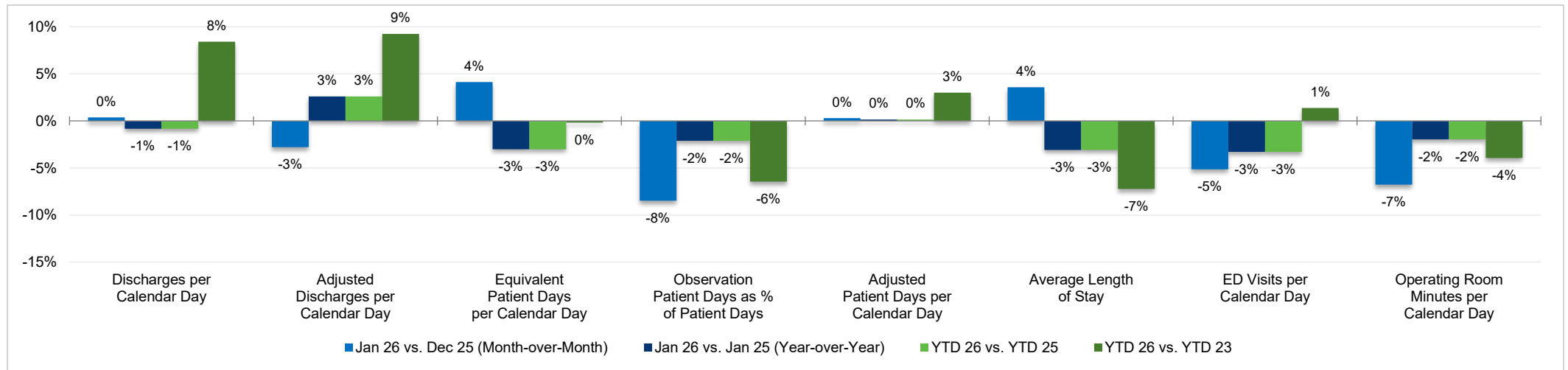


# Regional Data: South *(continued)*

## Expense

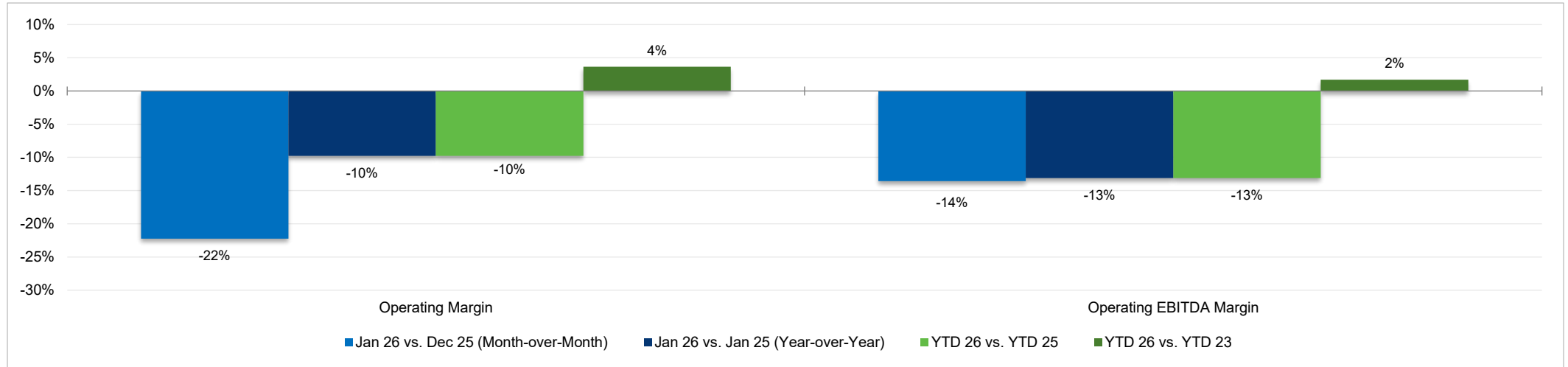


## Volume

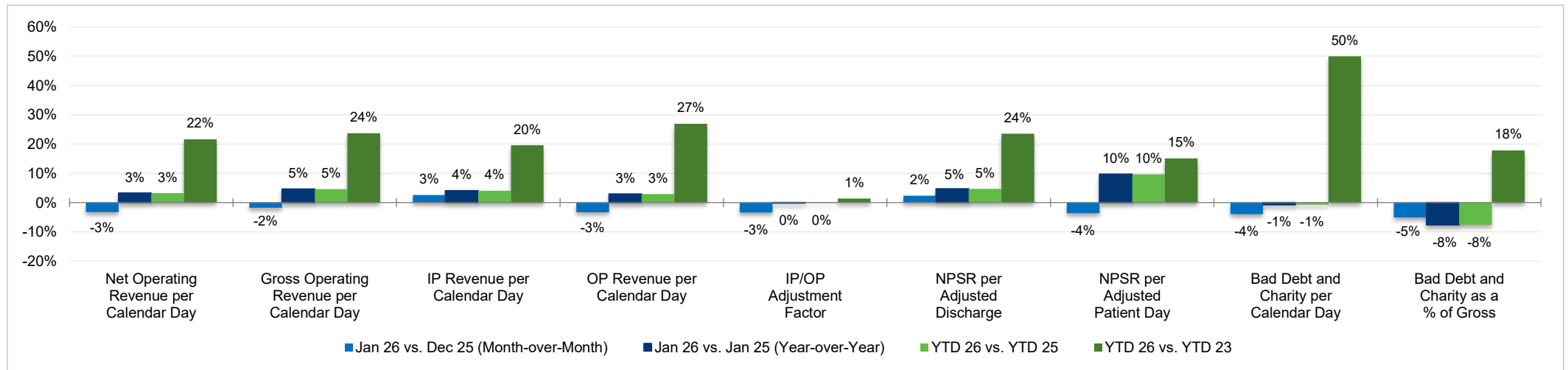


# Regional Data: Northeast/Mid-Atlantic

## Profitability

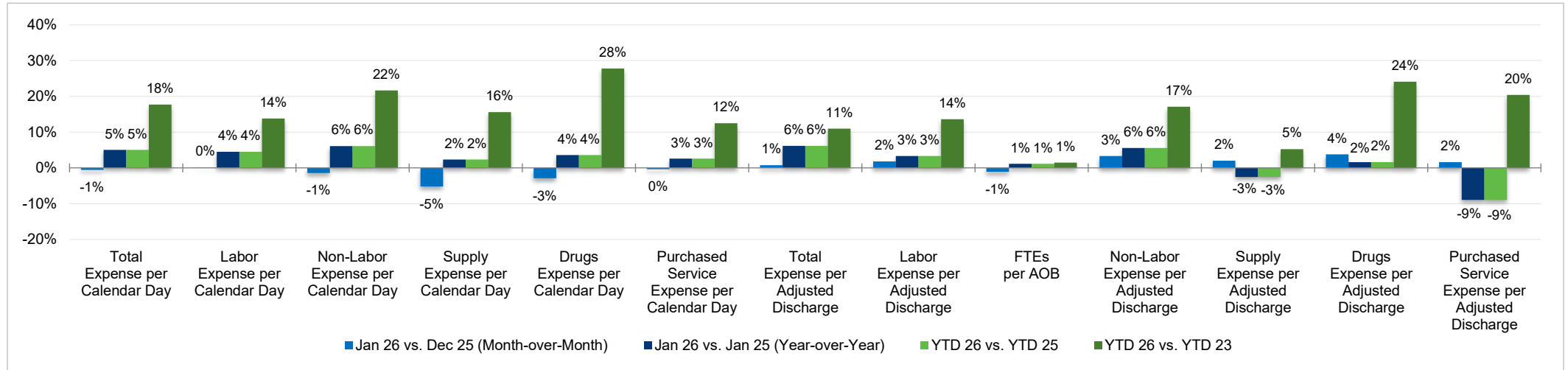


## Revenue

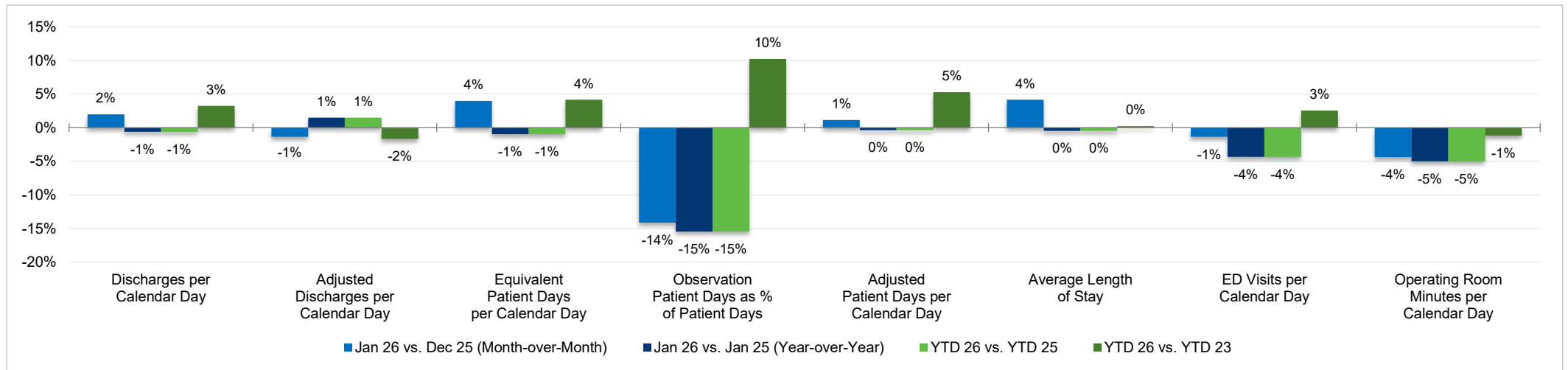


# Regional Data: Northeast/Mid-Atlantic *(continued)*

## Expense

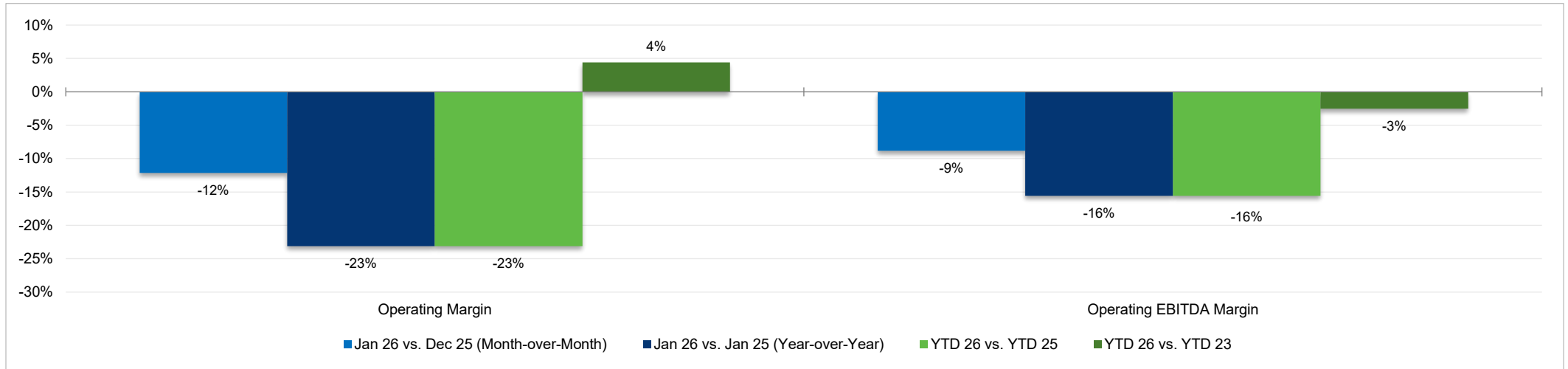


## Volume

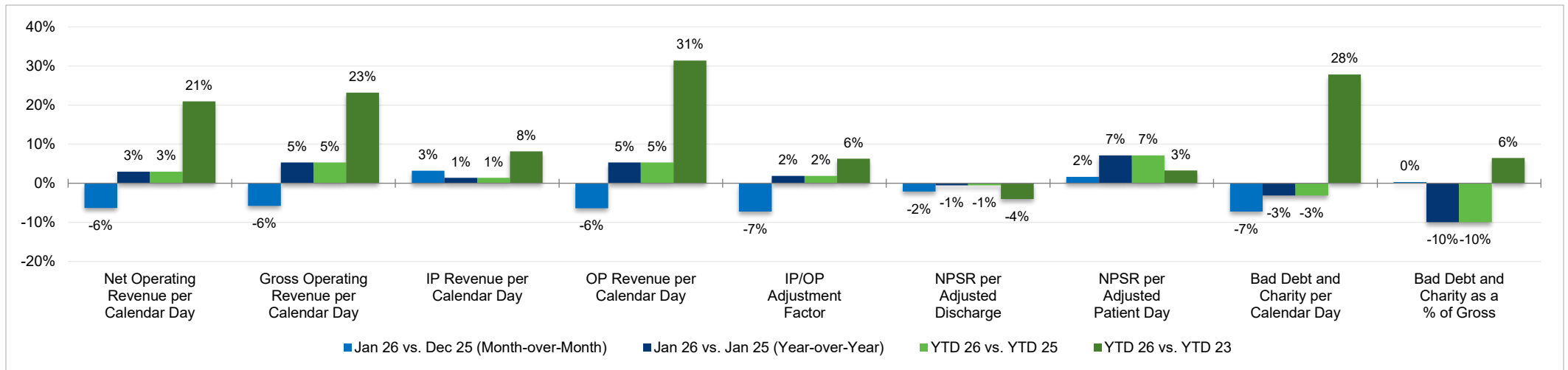


# Regional Data: Great Plains

## Profitability

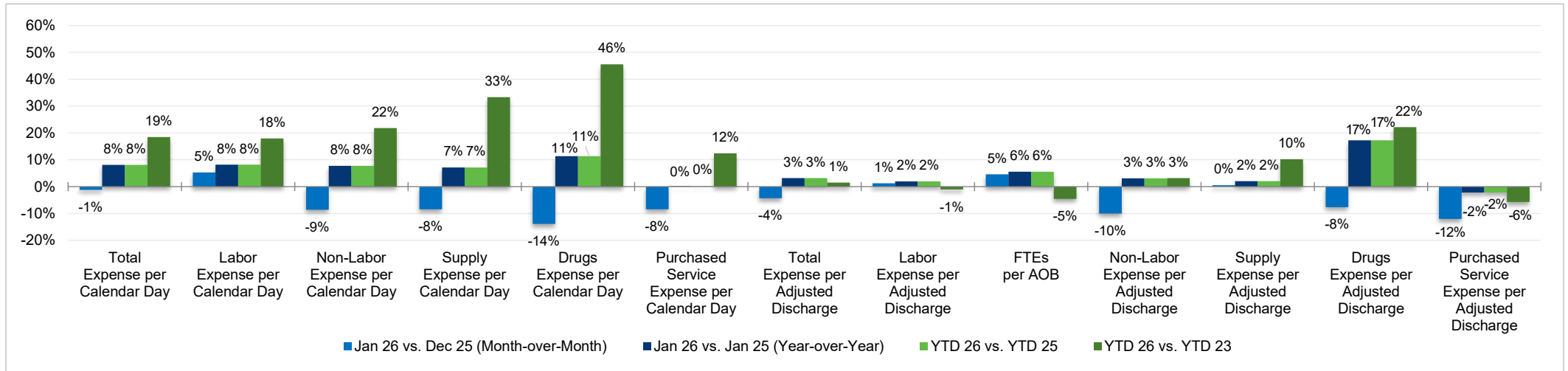


## Revenue

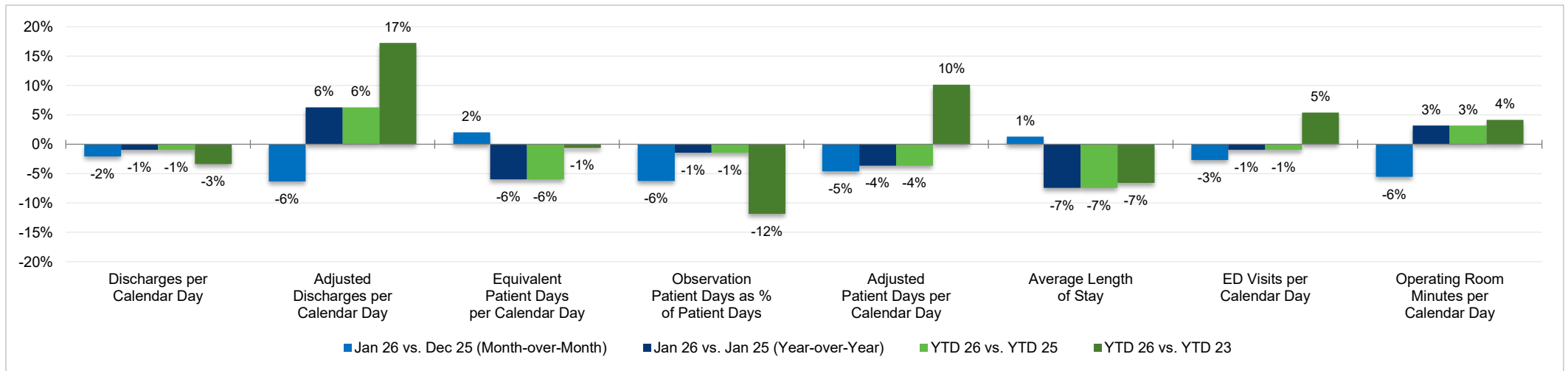


# Regional Data: Great Plains *(continued)*

## Expense



## Volume



# Data by Hospital Bed Size

*Profitability, Revenue, Expense, and Volume*

# 0-25 Beds

		Jan 26 vs. Dec 25 (Month-over-Month)	Jan 26 vs. Jan 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
<b>Margin</b>	Operating Margin	-3.1%	-19.0%	-19.0%	7.0%
	Operating EBIDA Margin	-4.3%	-16.6%	-16.6%	3.8%
<b>Volume</b>	Discharges per Calendar Day	0.2%	-13.9%	-13.9%	-11.2%
	Adjusted Discharges per Calendar Day	-3.1%	-4.6%	-4.6%	11.8%
	Equivalent Patient Days per Calendar Day	5.7%	-6.7%	-6.7%	-3.7%
	Observation Patient Days as % of Patient Days	-10.9%	-14.4%	-14.4%	-12.5%
	Adjusted Patient Days per Calendar Day	-4.5%	-0.1%	-0.1%	8.8%
	Average Length of Stay	-0.3%	0.4%	0.4%	-3.9%
	ED Visits per Calendar Day	-3.3%	-4.1%	-4.1%	1.8%
	Operating Room Minutes per Calendar Day	-7.7%	-13.0%	-13.0%	-21.0%
	<b>Revenue</b>	Net Operating Revenue per Calendar Day	-3.7%	1.0%	1.0%
Gross Operating Revenue per Calendar Day		-3.1%	2.2%	2.2%	20.4%
IP Revenue per Calendar Day		4.8%	-0.1%	-0.1%	7.4%
OP Revenue per Calendar Day		-4.3%	3.1%	3.1%	21.7%
IP/OP Adjustment Factor		-7.1%	1.9%	1.9%	10.5%
NPSR per Adjusted Discharge		-0.2%	2.5%	2.5%	7.3%
NPSR per Adjusted Patient Day		2.1%	2.2%	2.2%	8.7%
Bad Debt and Charity per Calendar Day		6.7%	11.4%	11.4%	36.6%
Bad Debt and Charity as a % of Gross		9.6%	9.9%	9.9%	16.1%
<b>Expense</b>	Total Expense per Calendar Day	-0.5%	5.6%	5.6%	18.4%
	Labor Expense per Calendar Day	3.6%	5.2%	5.2%	13.3%
	Non-Labor Expense per Calendar Day	-3.3%	7.8%	7.8%	23.5%
	Supply Expense per Calendar Day	-3.9%	5.2%	5.2%	30.6%
	Drugs Expense per Calendar Day	-9.4%	9.9%	9.9%	35.2%
	Purchased Service Expense per Calendar Day	-5.1%	3.9%	3.9%	13.1%
	Total Expense per Adjusted Discharge	-1.2%	7.2%	7.2%	0.6%
	Labor Expense per Adjusted Discharge	0.9%	4.4%	4.4%	-0.7%
	FTEs per AOB	5.3%	0.4%	0.4%	-2.3%
	Non-Labor Expense per Adjusted Discharge	-3.3%	10.0%	10.0%	4.8%
	Supply Expense per Adjusted Discharge	-2.3%	8.8%	8.8%	10.5%
	Drugs Expense per Adjusted Discharge	-4.2%	15.8%	15.8%	22.0%
Purchased Service Expense per Adjusted Discharge	-0.2%	7.4%	7.4%	3.1%	

# 26-99 Beds

		Jan 26 vs. Dec 25 (Month-over-Month)	Jan 26 vs. Jan 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
<b>Margin</b>	Operating Margin	-31.8%	-21.2%	-21.2%	32.1%
	Operating EBIDA Margin	-24.4%	-14.8%	-14.8%	15.1%
<b>Volume</b>	Discharges per Calendar Day	2.4%	-1.0%	-1.0%	8.4%
	Adjusted Discharges per Calendar Day	-1.6%	1.5%	1.5%	12.4%
	Equivalent Patient Days per Calendar Day	4.4%	-4.7%	-4.7%	-0.2%
	Observation Patient Days as % of Patient Days	-9.6%	4.9%	4.9%	-7.4%
	Adjusted Patient Days per Calendar Day	1.7%	-3.0%	-3.0%	3.8%
	Average Length of Stay	2.2%	-4.9%	-4.9%	-7.3%
	ED Visits per Calendar Day	-4.7%	-4.2%	-4.2%	3.6%
	Operating Room Minutes per Calendar Day	-8.8%	-7.8%	-7.8%	-11.0%
	<b>Revenue</b>	Net Operating Revenue per Calendar Day	-7.1%	1.1%	1.1%
Gross Operating Revenue per Calendar Day		-2.0%	4.8%	4.8%	22.6%
IP Revenue per Calendar Day		3.5%	2.1%	2.1%	16.3%
OP Revenue per Calendar Day		-4.2%	5.0%	5.0%	25.6%
IP/OP Adjustment Factor		-6.6%	1.6%	1.6%	0.6%
NPSR per Adjusted Discharge		-1.2%	-1.7%	-1.7%	6.6%
NPSR per Adjusted Patient Day		-3.9%	2.6%	2.6%	13.9%
Bad Debt and Charity per Calendar Day		0.4%	-0.7%	-0.7%	47.0%
Bad Debt and Charity as a % of Gross		1.9%	-7.0%	-7.0%	12.7%
<b>Expense</b>	Total Expense per Calendar Day	0.9%	5.4%	5.4%	16.2%
	Labor Expense per Calendar Day	2.0%	5.1%	5.1%	13.3%
	Non-Labor Expense per Calendar Day	-1.6%	7.0%	7.0%	20.2%
	Supply Expense per Calendar Day	-7.7%	6.8%	6.8%	20.2%
	Drugs Expense per Calendar Day	-1.2%	14.1%	14.1%	32.2%
	Purchased Service Expense per Calendar Day	-2.4%	3.1%	3.1%	18.6%
	Total Expense per Adjusted Discharge	3.3%	4.7%	4.7%	8.4%
	Labor Expense per Adjusted Discharge	3.1%	2.2%	2.2%	3.0%
	FTEs per AOB	0.4%	2.8%	2.8%	-7.6%
	Non-Labor Expense per Adjusted Discharge	1.6%	6.0%	6.0%	13.0%
	Supply Expense per Adjusted Discharge	-3.3%	1.6%	1.6%	13.8%
	Drugs Expense per Adjusted Discharge	0.8%	11.3%	11.3%	19.5%
Purchased Service Expense per Adjusted Discharge	1.7%	1.2%	1.2%	6.4%	

# 100-199 Beds

		Jan 26 vs. Dec 25 (Month-over-Month)	Jan 26 vs. Jan 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
<b>Margin</b>	Operating Margin	-18.1%	-4.4%	-4.4%	18.2%
	Operating EBIDA Margin	-16.4%	-2.5%	-2.5%	15.2%
<b>Volume</b>	Discharges per Calendar Day	1.0%	-1.3%	-1.3%	8.4%
	Adjusted Discharges per Calendar Day	-3.7%	-0.3%	-0.3%	10.5%
	Equivalent Patient Days per Calendar Day	2.7%	-4.4%	-4.4%	-1.2%
	Observation Patient Days as % of Patient Days	-8.7%	-3.8%	-3.8%	6.6%
	Adjusted Patient Days per Calendar Day	-1.3%	-1.4%	-1.4%	2.1%
	Average Length of Stay	3.6%	-3.3%	-3.3%	-8.0%
	ED Visits per Calendar Day	-5.3%	-7.2%	-7.2%	1.5%
	Operating Room Minutes per Calendar Day	-4.1%	3.5%	3.5%	-1.2%
	<b>Revenue</b>	Net Operating Revenue per Calendar Day	-5.0%	3.0%	3.0%
Gross Operating Revenue per Calendar Day		-2.8%	4.5%	4.5%	23.7%
IP Revenue per Calendar Day		2.3%	1.9%	1.9%	23.5%
OP Revenue per Calendar Day		-4.7%	5.3%	5.3%	23.2%
IP/OP Adjustment Factor		-3.6%	1.4%	1.4%	2.5%
NPSR per Adjusted Discharge		-2.6%	1.2%	1.2%	8.5%
NPSR per Adjusted Patient Day		-4.3%	7.4%	7.4%	14.5%
Bad Debt and Charity per Calendar Day		-5.7%	6.9%	6.9%	37.9%
Bad Debt and Charity as a % of Gross		-3.1%	3.3%	3.3%	6.5%
<b>Expense</b>	Total Expense per Calendar Day	-0.1%	4.4%	4.4%	16.4%
	Labor Expense per Calendar Day	2.3%	4.0%	4.0%	11.7%
	Non-Labor Expense per Calendar Day	-2.9%	6.1%	6.1%	19.9%
	Supply Expense per Calendar Day	-7.9%	0.8%	0.8%	15.1%
	Drugs Expense per Calendar Day	-11.1%	1.9%	1.9%	1.5%
	Purchased Service Expense per Calendar Day	-2.3%	6.3%	6.3%	17.1%
	Total Expense per Adjusted Discharge	1.8%	4.6%	4.6%	4.3%
	Labor Expense per Adjusted Discharge	6.9%	4.8%	4.8%	1.7%
	FTEs per AOB	0.6%	2.0%	2.0%	2.9%
	Non-Labor Expense per Adjusted Discharge	-0.3%	7.1%	7.1%	1.5%
	Supply Expense per Adjusted Discharge	-3.5%	2.0%	2.0%	-3.9%
	Drugs Expense per Adjusted Discharge	-8.3%	-2.9%	-2.9%	-7.0%
Purchased Service Expense per Adjusted Discharge	0.2%	5.2%	5.2%	7.7%	

# 200-299 Beds

		Jan 26 vs. Dec 25 (Month-over-Month)	Jan 26 vs. Jan 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
<b>Margin</b>	Operating Margin	-16.9%	-10.3%	-10.3%	13.3%
	Operating EBIDA Margin	-12.6%	-11.0%	-11.0%	0.9%
<b>Volume</b>	Discharges per Calendar Day	-0.8%	-0.8%	-0.8%	14.5%
	Adjusted Discharges per Calendar Day	-2.8%	0.0%	0.0%	14.5%
	Equivalent Patient Days per Calendar Day	3.5%	-1.7%	-1.7%	-0.1%
	Observation Patient Days as % of Patient Days	-12.3%	2.6%	2.6%	-22.9%
	Adjusted Patient Days per Calendar Day	1.1%	0.2%	0.2%	3.5%
	Average Length of Stay	5.1%	-2.9%	-2.9%	-7.9%
	ED Visits per Calendar Day	-4.4%	-6.2%	-6.2%	6.5%
	Operating Room Minutes per Calendar Day	-4.7%	-4.5%	-4.5%	-3.5%
	<b>Revenue</b>	Net Operating Revenue per Calendar Day	-3.9%	4.1%	4.1%
Gross Operating Revenue per Calendar Day		-1.2%	5.3%	5.3%	28.2%
IP Revenue per Calendar Day		3.3%	4.0%	4.0%	25.7%
OP Revenue per Calendar Day		-2.6%	5.3%	5.3%	31.3%
IP/OP Adjustment Factor		-2.9%	0.9%	0.9%	2.8%
NPSR per Adjusted Discharge		-0.5%	3.0%	3.0%	8.9%
NPSR per Adjusted Patient Day		-3.3%	3.3%	3.3%	17.7%
Bad Debt and Charity per Calendar Day		-2.1%	6.2%	6.2%	42.0%
Bad Debt and Charity as a % of Gross		-2.1%	2.8%	2.8%	12.2%
<b>Expense</b>	Total Expense per Calendar Day	-0.4%	5.6%	5.6%	17.2%
	Labor Expense per Calendar Day	2.4%	3.0%	3.0%	13.6%
	Non-Labor Expense per Calendar Day	-0.5%	6.0%	6.0%	22.7%
	Supply Expense per Calendar Day	-5.1%	6.0%	6.0%	29.3%
	Drugs Expense per Calendar Day	-2.6%	3.8%	3.8%	35.9%
	Purchased Service Expense per Calendar Day	1.0%	4.5%	4.5%	17.9%
	Total Expense per Adjusted Discharge	2.7%	3.9%	3.9%	2.4%
	Labor Expense per Adjusted Discharge	6.9%	2.1%	2.1%	-0.6%
	FTEs per AOB	-0.4%	1.2%	1.2%	2.8%
	Non-Labor Expense per Adjusted Discharge	0.7%	3.8%	3.8%	7.1%
	Supply Expense per Adjusted Discharge	-2.0%	3.0%	3.0%	7.8%
	Drugs Expense per Adjusted Discharge	-1.2%	1.9%	1.9%	10.4%
Purchased Service Expense per Adjusted Discharge	5.5%	3.3%	3.3%	13.7%	

# 300-499 Beds

	Jan 26 vs. Dec 25 (Month-over-Month)	Jan 26 vs. Jan 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23	
<b>Margin</b>	Operating Margin	-31.2%	-32.3%	-32.3%	28.3%
	Operating EBIDA Margin	-25.2%	-21.1%	-21.1%	7.4%
<b>Volume</b>	Discharges per Calendar Day	0.6%	0.9%	0.9%	10.5%
	Adjusted Discharges per Calendar Day	-2.7%	0.7%	0.7%	11.2%
	Equivalent Patient Days per Calendar Day	3.7%	-0.9%	-0.9%	4.9%
	Observation Patient Days as % of Patient Days	-5.8%	-2.0%	-2.0%	-0.1%
	Adjusted Patient Days per Calendar Day	1.4%	-0.2%	-0.2%	8.2%
	Average Length of Stay	5.3%	-2.2%	-2.2%	-2.9%
	ED Visits per Calendar Day	-2.8%	-2.7%	-2.7%	6.5%
	Operating Room Minutes per Calendar Day	-5.1%	1.6%	1.6%	4.7%
	<b>Revenue</b>	Net Operating Revenue per Calendar Day	-4.5%	3.5%	3.5%
Gross Operating Revenue per Calendar Day		-2.1%	3.9%	3.9%	28.7%
IP Revenue per Calendar Day		2.2%	4.3%	4.3%	24.4%
OP Revenue per Calendar Day		-4.7%	4.0%	4.0%	25.0%
IP/OP Adjustment Factor		-2.5%	0.2%	0.2%	0.9%
NPSR per Adjusted Discharge		-2.0%	1.3%	1.3%	7.3%
NPSR per Adjusted Patient Day		-6.6%	4.6%	4.6%	15.1%
Bad Debt and Charity per Calendar Day		-7.0%	24.1%	24.1%	52.3%
Bad Debt and Charity as a % of Gross		-2.3%	11.7%	11.7%	21.4%
<b>Expense</b>	Total Expense per Calendar Day	-0.9%	7.5%	7.5%	20.7%
	Labor Expense per Calendar Day	2.5%	5.1%	5.1%	15.3%
	Non-Labor Expense per Calendar Day	-3.6%	7.6%	7.6%	23.3%
	Supply Expense per Calendar Day	-5.6%	6.0%	6.0%	27.2%
	Drugs Expense per Calendar Day	-8.5%	3.7%	3.7%	32.6%
	Purchased Service Expense per Calendar Day	0.7%	6.2%	6.2%	21.0%
	Total Expense per Adjusted Discharge	0.6%	6.0%	6.0%	10.6%
	Labor Expense per Adjusted Discharge	2.6%	4.6%	4.6%	6.6%
	FTEs per AOB	-2.2%	2.5%	2.5%	-2.4%
	Non-Labor Expense per Adjusted Discharge	-1.8%	6.8%	6.8%	12.6%
	Supply Expense per Adjusted Discharge	1.8%	8.6%	8.6%	16.1%
	Drugs Expense per Adjusted Discharge	-4.3%	2.7%	2.7%	15.0%
Purchased Service Expense per Adjusted Discharge	0.5%	2.1%	2.1%	17.2%	

# 500+ Beds

		Jan 26 vs. Dec 25 (Month-over-Month)	Jan 26 vs. Jan 25 (Year-over-Year)	YTD 26 vs. YTD 25	YTD 26 vs. YTD 23
<b>Margin</b>	Operating Margin	-23.3%	-17.2%	-17.2%	34.6%
	Operating EBIDA Margin	-22.8%	-16.1%	-16.1%	15.7%
<b>Volume</b>	Discharges per Calendar Day	-2.2%	-0.8%	-0.8%	9.9%
	Adjusted Discharges per Calendar Day	-3.3%	-1.2%	-1.2%	13.0%
	Equivalent Patient Days per Calendar Day	3.0%	-1.0%	-1.0%	2.0%
	Observation Patient Days as % of Patient Days	-5.0%	2.1%	2.1%	13.8%
	Adjusted Patient Days per Calendar Day	0.7%	0.6%	0.6%	5.6%
	Average Length of Stay	4.7%	-2.3%	-2.3%	-5.7%
	ED Visits per Calendar Day	-2.3%	-1.7%	-1.7%	6.0%
	Operating Room Minutes per Calendar Day	-4.1%	-1.0%	-1.0%	1.1%
	<b>Revenue</b>	Net Operating Revenue per Calendar Day	-7.0%	3.3%	3.3%
Gross Operating Revenue per Calendar Day		-1.9%	5.3%	5.3%	29.8%
IP Revenue per Calendar Day		1.7%	4.8%	4.8%	28.8%
OP Revenue per Calendar Day		-4.6%	5.6%	5.6%	29.2%
IP/OP Adjustment Factor		-2.6%	0.1%	0.1%	2.0%
NPSR per Adjusted Discharge		-2.8%	5.0%	5.0%	13.0%
NPSR per Adjusted Patient Day		-9.3%	4.1%	4.1%	23.2%
Bad Debt and Charity per Calendar Day		1.6%	16.9%	16.9%	33.2%
Bad Debt and Charity as a % of Gross		6.3%	8.2%	8.2%	1.0%
<b>Expense</b>	Total Expense per Calendar Day	-2.5%	5.2%	5.2%	23.5%
	Labor Expense per Calendar Day	2.7%	6.0%	6.0%	19.7%
	Non-Labor Expense per Calendar Day	-5.6%	4.9%	4.9%	26.0%
	Supply Expense per Calendar Day	-8.8%	8.1%	8.1%	31.8%
	Drugs Expense per Calendar Day	-10.8%	12.8%	12.8%	46.6%
	Purchased Service Expense per Calendar Day	-4.1%	2.5%	2.5%	30.9%
	Total Expense per Adjusted Discharge	1.9%	4.9%	4.9%	12.7%
	Labor Expense per Adjusted Discharge	6.5%	4.4%	4.4%	1.8%
	FTEs per AOB	-1.8%	4.2%	4.2%	4.5%
	Non-Labor Expense per Adjusted Discharge	-2.7%	6.7%	6.7%	17.9%
	Supply Expense per Adjusted Discharge	-6.5%	9.3%	9.3%	19.5%
	Drugs Expense per Adjusted Discharge	-4.2%	16.6%	16.6%	35.6%
Purchased Service Expense per Adjusted Discharge	-2.8%	3.2%	3.2%	17.7%	

# Non-Operating



# National Non-Operating Results

## Key Observations

*This report reflects market data as of January 30, 2026, and additional commentary regarding market events until February 16, 2026.*

On the evening of January 30, the Senate passed a \$1.2 trillion spending package, successfully averting a prolonged government shutdown and reducing near-term fiscal uncertainty.

At its late-January meeting, the Federal Reserve Board held rates steady between 3.50% and 3.75%, following three consecutive rate cuts in late 2025. Two governors, Stephen Miran and Christopher Waller, dissented, favoring an additional 25-basis-point cut, highlighting emerging divisions within the committee. Federal Reserve Chair Jerome Powell assured that the “Fed is well positioned to address the risks that [it] face[s],” without providing clear indication of when the next rate cut would occur, reinforcing a data-dependent stance.

On January 21, the Supreme Court heard arguments regarding President Trump’s attempt to remove Federal Reserve Governor Lisa Cook over alleged mortgage fraud. The case raises broader questions

regarding due process and Fed independence, both of which are critical to market confidence.

On January 30, President Trump announced his nomination for Kevin Warsh to succeed Jerome Powell as Fed Chair when Powell’s term ends in May. Warsh, a former Fed governor from 2006 to 2011, has recently expressed support for lowering rates in the near-term, aligning with the administration’s policy preference.

- The U.S. economy added 130,000 jobs in January, more than doubling December’s pace and marking the strongest monthly payroll gain since June 2025, signaling renewed labor market momentum at the start of the year
- Healthcare drove the majority of job growth, adding 82,000 positions and reinforcing the sector’s continued role as a stabilizing force within the broader economy



# National Non-Operating Results *(continued)*

## *Key Observations (continued)*

- ADP reported a more modest increase of 22,000 private-sector jobs, below the 45,000 consensus estimate and following a downward revision to December's data, suggesting uneven hiring trends; meanwhile, annual private-sector wage growth remained firm at 4.5%, indicating continued underlying labor market strength
- The unemployment rate declined to 4.3%, a 0.1% decrease from December's figure, extending its gradual improvement and signaling a still-resilient labor market
- Consumer Price Index (CPI) rose 0.2% month over month, 0.1% below its forecast, and core CPI, which excludes 0.2% food and energy, increased 0.3%, reflecting moderate underlying inflation pressures
- On an annual basis, headline CPI rose 2.4%, 0.3% lower than the prior month and below expectations; core inflation increased 2.5% year over year, marking its lowest level since April 2021 and suggesting continued progress toward price stability
- The ISM Manufacturing Index rose to 52.6, a five-point increase and the first expansion in the sector in the last year, signaling a potential rebound in industrial activity

# National Non-Operating Results *(continued)*

## General Non-Operating Observations

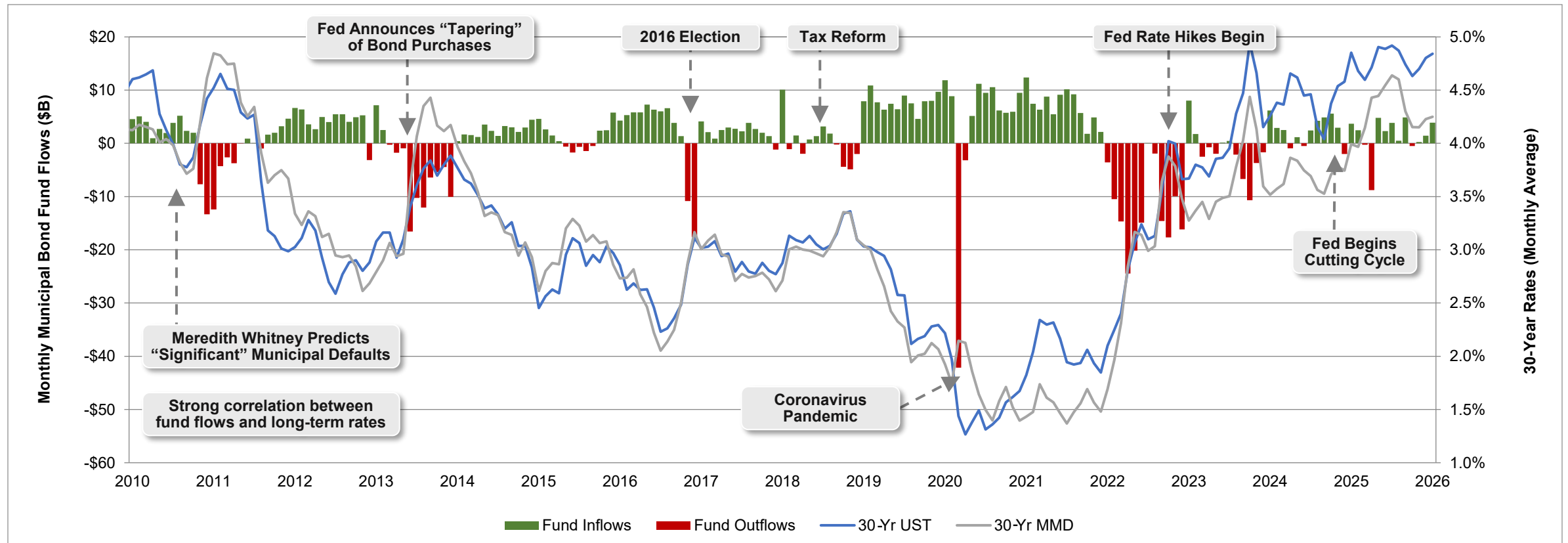
	January 2026	M-o-M Change	Y-o-Y Change
<b>General</b>			
GDP Growth*	1.4%	N/A	N/A
Unemployment Rate	4.3%	-0.1%	+0.3%
Personal Consumption Expenditures (Y-o-Y)	Lack of data due to government shutdown		
<b>Liabilities</b>			
Daily SOFR	3.68%	-19 bps	-70 bps
SIFMA	2.28%	-8 bps	+3 bps
30-yr MMD	4.29%	+5 bps	+32 bps
30-yr Treasury	4.87%	+3 bps	+9 bps
<b>Assets</b>			
60/40 Asset Allocation†	N/A	+1.8%	+14.6%

\* U.S. Bureau of Economic Analysis, Q4 2025 "Advanced Estimate" Updated on February 20, 2026

† 60/40 Asset Allocation assumes 30% S&P 500 Index, 20% MSCI World Index, 10% MSCI Emerging Markets Index, 40% Barclays U.S. Aggregate Bond Index

# Non-Operating Liabilities

## Long Term – Monthly Municipal Bond Fund Flows with 30-Year U.S. Treasury and 30-Year MMD



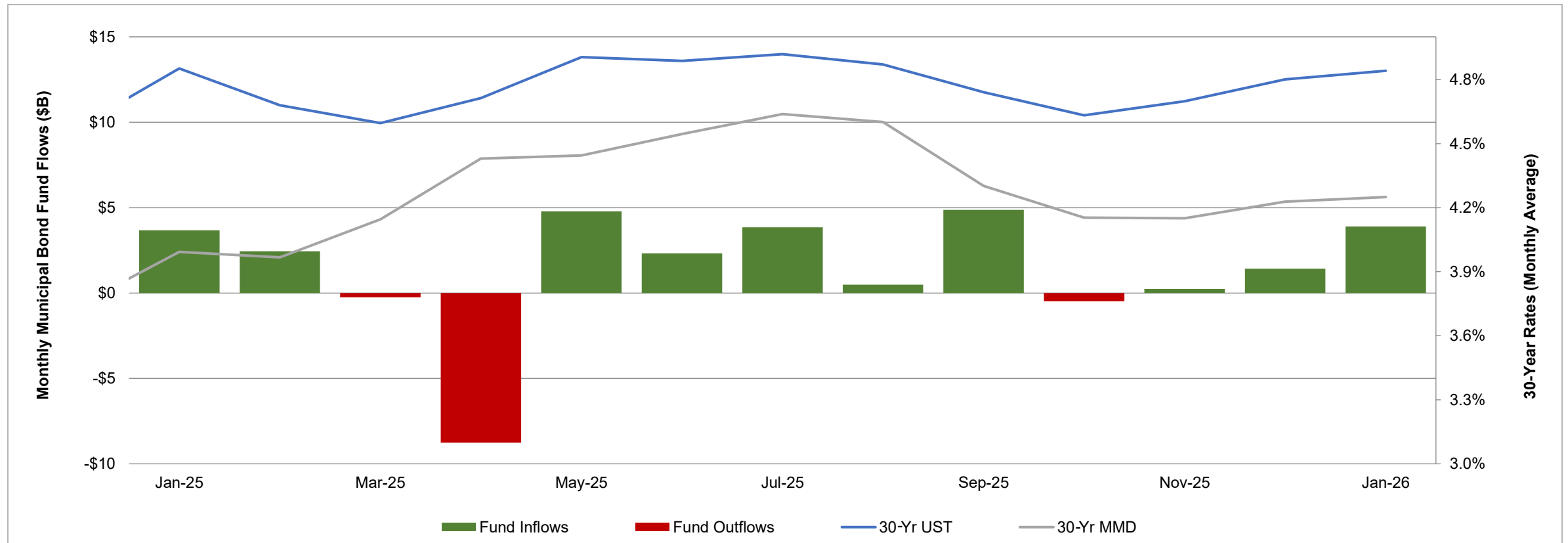
Kaufman Hall, National Hospital Flash Report (January 2026 Metrics)

Taxable and tax-exempt debt capital markets, as approximated here by the '30-yr U.S. Treasury' and '30-yr Municipal Market Data (MMD) Index', are dependent upon macroeconomic conditions, including inflation expectations, GDP growth, and investment opportunities elsewhere in the market. A key measure to track is bond fund flows, particularly in the more supply-and-demand sensitive tax-exempt market. Fund flows are monies moving into bond funds from new investment and principal and interest payments on existing and maturing holdings. Strong fund flows generally signal that investors have more cash to put to work, a boon to the demand. Fund inflows generally are moderate and consistent over time while fund outflows are typically large and sudden, as external events affect investor sentiment, resulting in quick position liquidation which can drive yields up considerably in a short amount of time.

# Non-Operating Liabilities *(continued)*

## Last 12 Months – Monthly Municipal Bond Fund Flows with 30-Year U.S. Treasury and 30-Year MMD

Total Municipal Bond Fund Flows Over The Last Year: \$14.2 Bn



Kaufman Hall, National Hospital Flash Report (January 2026 Metrics)

Taxable and tax-exempt debt capital markets, as approximated here by the '30-yr U.S. Treasury' and '30-yr Municipal Market Data (MMD) Index', are dependent upon macroeconomic conditions, including inflation expectations, GDP growth, and investment opportunities elsewhere in the market. A key measure to track is bond fund flows, particularly in the more supply-and-demand sensitive tax-exempt market. Fund flows are monies moving into bond funds from new investment and principal and interest payments on existing and maturing holdings. Strong fund flows generally signal that investors have more cash to put to work, a boon to the demand. Fund inflows generally are moderate and consistent over time while fund outflows are typically large and sudden, as external events affect investor sentiment, resulting in quick position liquidation which can drive yields up considerably in a short amount of time.

# Non-Operating Liabilities *(continued)*

In contrast to December's broad but modest rate increases, the start of 2026 has introduced a clear divergence across the tax-exempt curve. The 10-year MMD declined 13 basis points in January, while the 30-year MMD rose five basis points, closing at 4.29%, still 55 basis points below the 12-month high reached in April 2025. The steepening trend is even more pronounced on a year-over-year basis. The 10-year MMD sits 34 basis points below January 2025 levels, whereas the 30-year MMD is 32 basis points higher. This widening spread underscores the structural steepening that has defined the market over the past year. Through mid-February, tax-exempt yields have continued to ease across the curve, declining between three and 12 basis points, signaling cooling market conditions and improved near-term rate stability. Compared to year-end levels, the 10-year and 30-year tenors are lower by 10 and three basis points, respectively, reinforcing the relative cost advantage of intermediate maturities and highlighting the continued incentive for borrowers to favor shorter-term structures.

Consistent with December's month-over-month trend, taxable yields moved modestly higher across most of the curve in January. The 10-year Treasury yield increased seven basis points, while the 20-year and

30-year yields each rose three basis points. During the month, the 30-year Treasury peaked at 4.92%, five basis points below its month-end level but three basis points above December's high, signaling renewed upward pressure at the long end of the curve. Entering February, however, the taxable market stabilized and shifted meaningfully lower. By mid-month, the 10-year and 30-year Treasury yields declined 19 and 18 basis points from January's close, respectively, reflecting a broad-based easing in rates. The lower rate environment suggests improving investor confidence in the inflation outlook.

In January, MMD/UST ratios widened only at the short and intermediate portions of the curve, in contrast to December's broad-based widening. The five-year and 10-year ratios declined to 59% and 62%, respectively, representing month-over-month decreases of six and four percentage points. This tightening at the front end reflects improved relative value in tax-exempt bonds versus Treasuries in shorter maturities. At the long end, however, ratios were unchanged. The 20-year and 30-year ratios held steady at 82% and 88%, respectively, suggesting stable relative value dynamics for longer-dated bonds.



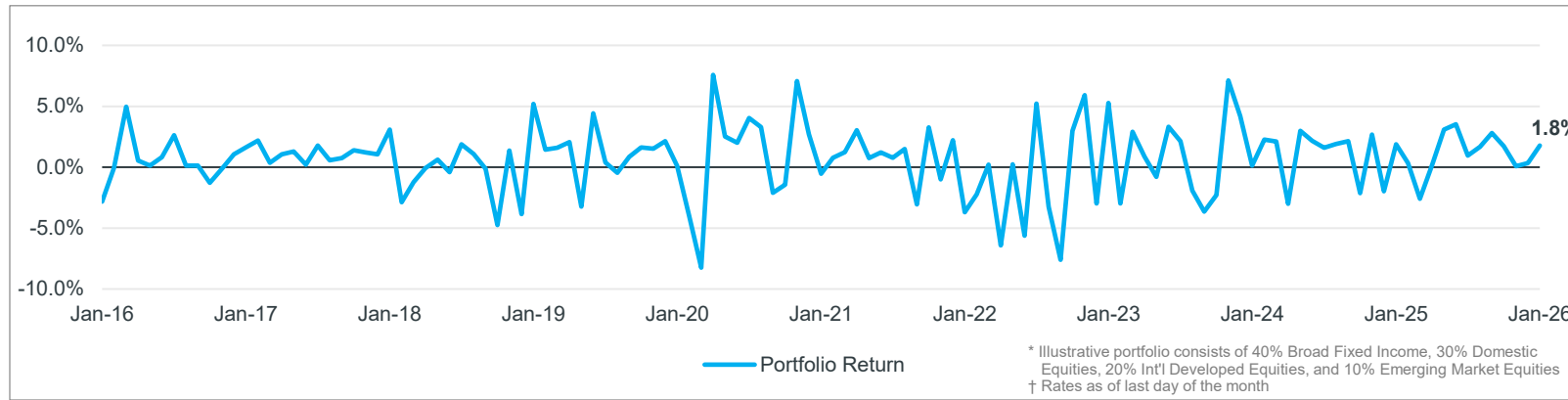
# Non-Operating Liabilities *(continued)*

Following December's elevated volatility, the tax-exempt variable rate market stabilized meaningfully in January. SIFMA traded within a 100-basis-point range, 40 basis points narrower than December's range. The January low of 1.28% was 64 basis points below December's trough, while the January high of 2.28% was 104 basis points below December's peak, evidence of a calmer short-term rate environment. Overall, the new year has begun with reduced volatility and lower reset levels compared to late 2025. Over the past six months, SIFMA has averaged 2.52%, with the SIFMA/SOFR ratio averaging 63%, edging closer to—but still below—the long-term historical range of 67%-70%. Early February resets have remained relatively stable, showing only a 35-basis-point spread in the first two weeks, though both resets were above 2%, resetting at 2.17% and 2.52%, indicating that short-term rates remain elevated relative to late-2024 levels.

Municipal bond fund flows remained positive for a third consecutive month in January, rising sharply to \$3.9 billion, compared to December's revised \$1.4 billion inflow. The sustained inflows signal continued investor demand entering 2026. Healthcare issuance has also started the year on strong footing. Through the first six weeks of 2026, healthcare volume totaled \$5.9 billion, up \$2.1 billion from the same period in 2025. January saw 10 healthcare transactions, all pricing in the second half of the month, while the first two weeks of February have already produced nine additional public healthcare issuances, indicating robust pipeline momentum. Although most year-to-date transactions have been tax-exempt, fixed-rate structures, borrowers have also utilized a diverse mix of financing tools, including taxable fixed-rate bonds, put bonds, tax-exempt serial bullets, and variable-rate demand bonds (VRDBs). Notably, Houston Methodist priced \$1.6 billion of tax-exempt serial bullet bonds and \$1.2 billion of VRDBs, marking one of the largest and most strategically structured financings of the year to date.

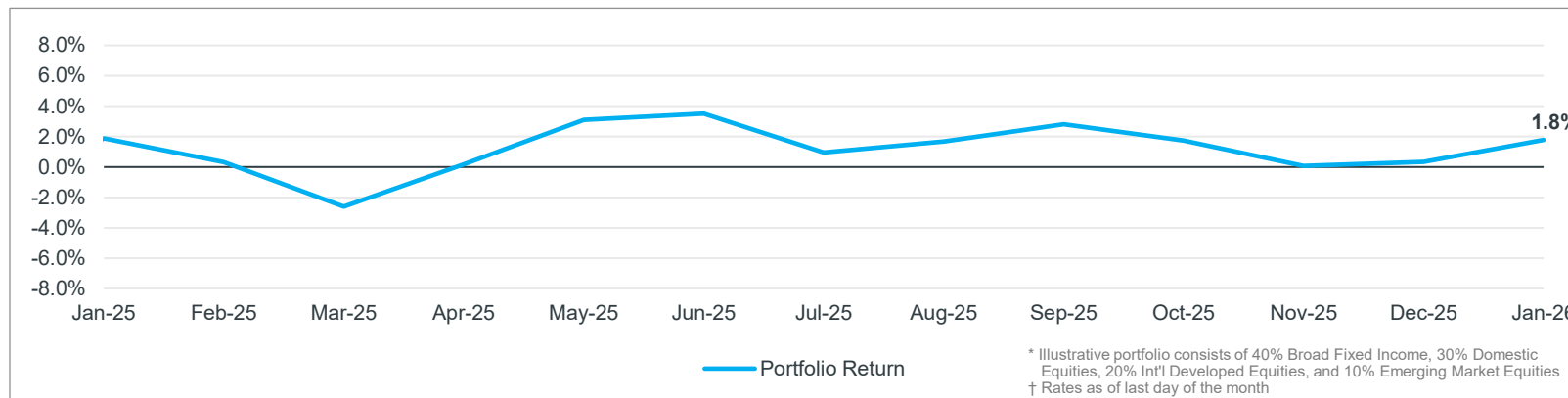
# Non-Operating Assets

## Long Term – Illustrative Investment Portfolio Returns, Month-over-Month Change



Kaufman Hall, *National Hospital Flash Report* (January 2026 Metrics)

## Last 12 Months – Illustrative Investment Portfolio Returns, Month-over-Month Change



Kaufman Hall, *National Hospital Flash Report* (January 2026 Metrics)

Equity markets rebounded in January, reversing December's modest 0.1% decline with a 1.4% increase and pushing year-over-year returns to 14.9%, underscoring sustained investor confidence entering the new year. The traditional 60/40 blended portfolio returned 1.8% in January, marking a meaningful improvement from December's flat performance and reflecting strength across both equities and fixed income. The MSCI World, MSCI Emerging Markets, and Barclays Aggregate Bond Index advanced 2.2%, 8.8%, and 0.1%, respectively. Notably, global equities have outpaced U.S. markets, with the MSCI World Index delivering 18.0% year-to-date returns compared to 14.9% for the S&P 500, signaling broader international participation in the rally. Meanwhile, the Barclays Aggregate Bond Index reversed December's slight decline, posting a modest gain and reflecting improved rate stability. The simultaneous strength in both equities and bonds suggests a more constructive market backdrop, with easing rate pressures supporting risk assets across classes.



# Contacts

## For more information contact

### REPORT AUTHOR



**Erik Swanson**

Managing Director and Data  
and Analytics Group Leader

[erik.swanson@kaufmanhall.com](mailto:erik.swanson@kaufmanhall.com)

## For media requests

Contact Haydn Bush at [haydn.bush@vizientinc.com](mailto:haydn.bush@vizientinc.com)

## Talk to us

Have a comment on the Kaufman Hall *National Hospital Flash Report*? We want to hear from you. Please direct all questions or comments to [flashreports@kaufmanhall.com](mailto:flashreports@kaufmanhall.com).

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