



A Siemens Healthineers Company

# Earnings Call Summary

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Hospital Edition: Q1 2025

May 12, 2025

# About the Earnings Call Summary

ECG has reviewed and summarized publicly traded hospital operators' earnings reports and call transcripts to highlight key industry trends and quarterly performance metrics.



**Ardent Health Partners (ARDT)** owns and operates a network of hospitals and clinics in the US.



**Community Health Systems (CYH)** owns, leases, and operates 71 general acute care hospitals and more than 1,000 other sites of care in the US.



**HCA Healthcare** owns and operates hospitals and related healthcare entities in the US. It operates general and acute care hospitals and outpatient healthcare facilities that offer medical and surgical services.



**Tenet Healthcare Corporation (THC)** operates as a diversified healthcare services company in the US. The company primarily serves two segments: (1) hospital operations and services and (2) ambulatory care. It operates hospitals, ambulatory surgery centers, imaging centers, and surgical hospitals.



**Universal Health Services (UHS)** owns and operates 27 inpatient acute care hospitals, 333 inpatient behavioral health facilities, and a broad network of outpatient care facilities in 39 US states.

# Notable Trends: Q1 2025

**Nearly all health systems outperformed internal expectations for the quarter, driven by favorable inpatient admissions, acuity mix, and continued cost-control initiatives.**

## Revenue and EBITDA Growth

- ➔ All five companies reported YOY revenue growth, ranging from mid–single to double digits. EBITDA margin performance improved modestly to substantially for each respective company.
- ➔ Each company attributed margin improvement to strong inpatient demand, favorable acuity mix, and disciplined cost control.
- ➔ ARDT and UHS noted temporary headwinds during the quarter, primarily due to Medicaid supplemental payments either being delayed or excluded in first quarter results and continued payer denial activity.

## Labor and Workforce Management

- ➔ Contract labor costs declined across the board for each company, contributing to margin recovery following periods of elevated agency costs.
- ➔ Employee retention initiatives focused on nurses are showing positive results, with each company reporting improved nurse retention.
- ➔ Companies also noted a decline in salary and wage inflation compared to prior quarters.

## Other Key Trends

- ➔ **Capacity and Access Expansion**  
Health systems continued to expand across the care continuum by increasing hospital capacity, growing urgent care networks, and adding ASCs to meet rising demand in identified high-growth markets.
- ➔ **Market Uncertainty**  
All companies cited ongoing policy and reimbursement uncertainty, particularly related to delayed Medicaid approvals, payer denials, and uncertainty regarding policies formed in Washington, DC.

# Q1 2025 Healthcare Mergers and Acquisitions (M&A) Activity



- ➔ CYH completed three divestitures during the quarter, including ShorePoint Health (Port Charlotte and Punta Gorda) to ARDT, Lake Normal Regional Medical Center to Duke Health, and Merit Health Biloxi to Memorial Health System in Mississippi.
- ➔ The company stated it will continue to pursue hospital divestitures as part of its ongoing strategic business plan.



- ➔ HCA completed the acquisitions of Lehigh Medical Center in Florida and Catholic Medical Center in New Hampshire.
- ➔ The company also divested Regional Medical Center of San Jose, selling it to Santa Clara County in a transaction valued at approximately \$150 million.

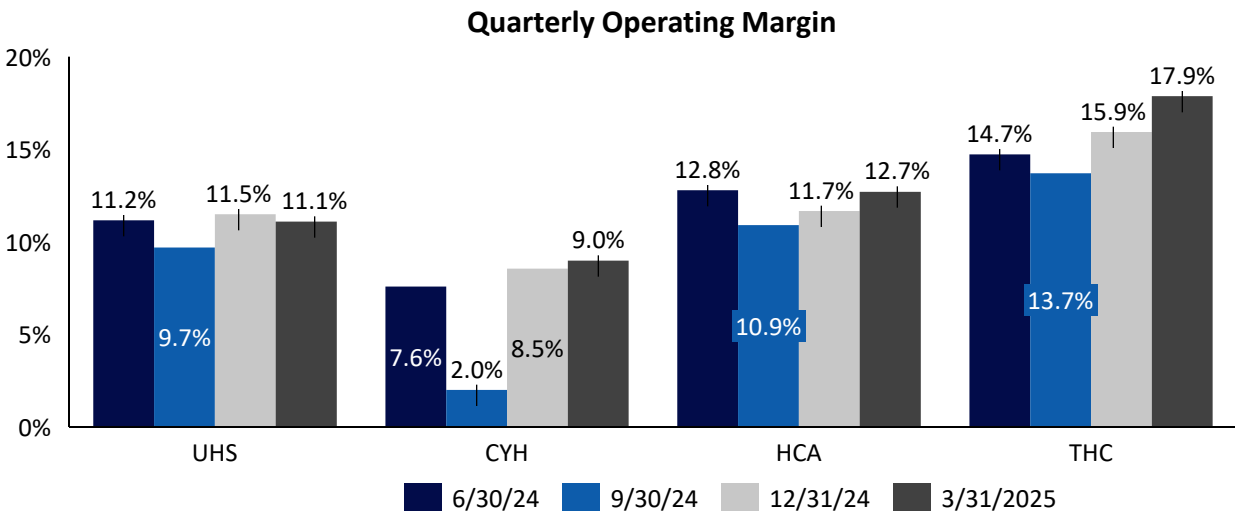
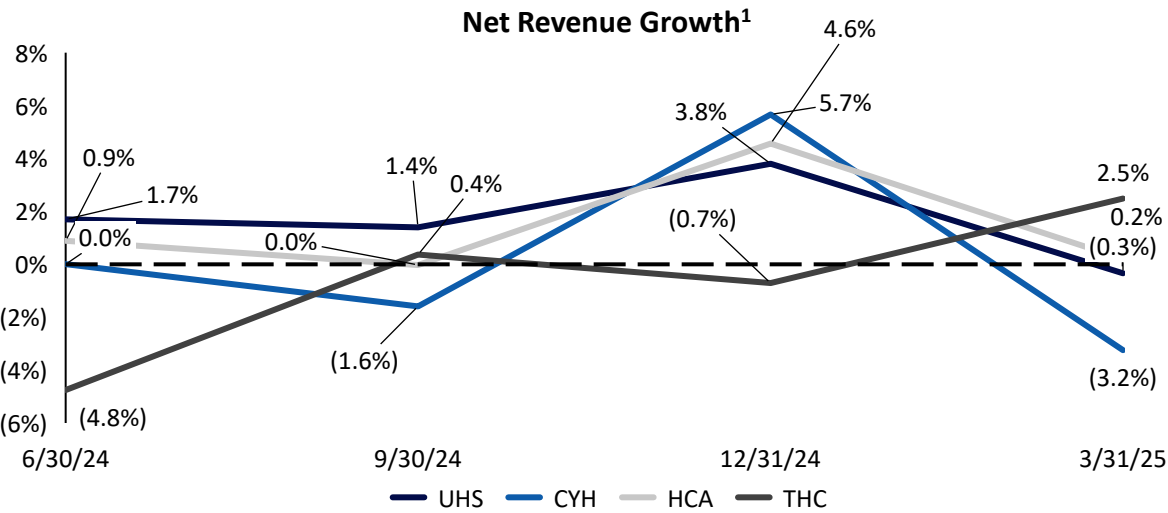


- ➔ THC added six new ASCs during the quarter, including a joint venture with Choice Care Surgery Center in Texas.
- ➔ The company also reaffirmed its commitment to invest \$250 million in M&A activities for the year, despite the uncertainty from Washington, DC.

## Key Takeaway

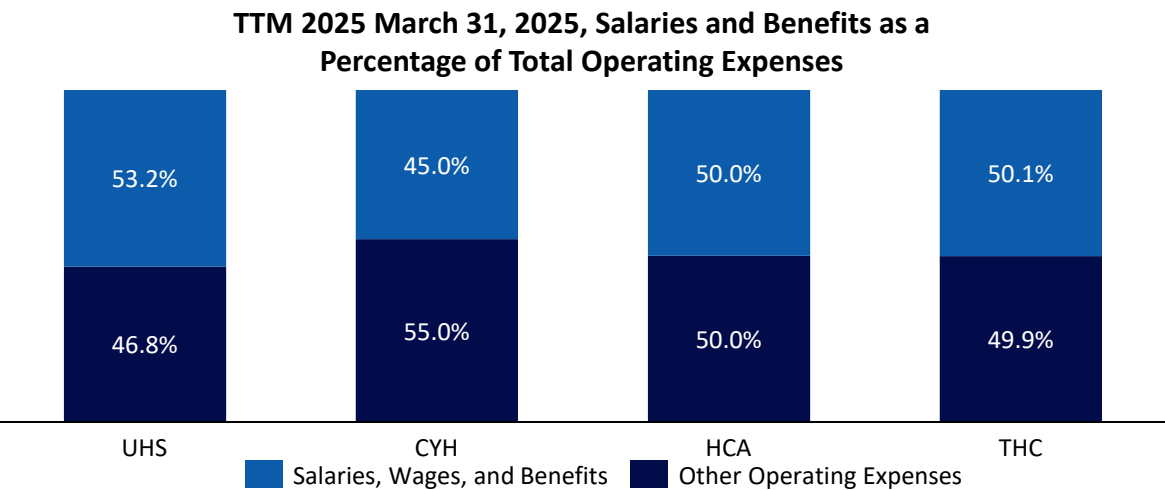
- ➔ ARDT, CYH, HCA, and THC have emphasized that acquisition and divestiture activities are a key part of strategic growth and portfolio optimization plans. It is important to note that UHS does not report on acquisition and divestiture opportunities.

# Financial Performance: Select Metrics



## Key Takeaways

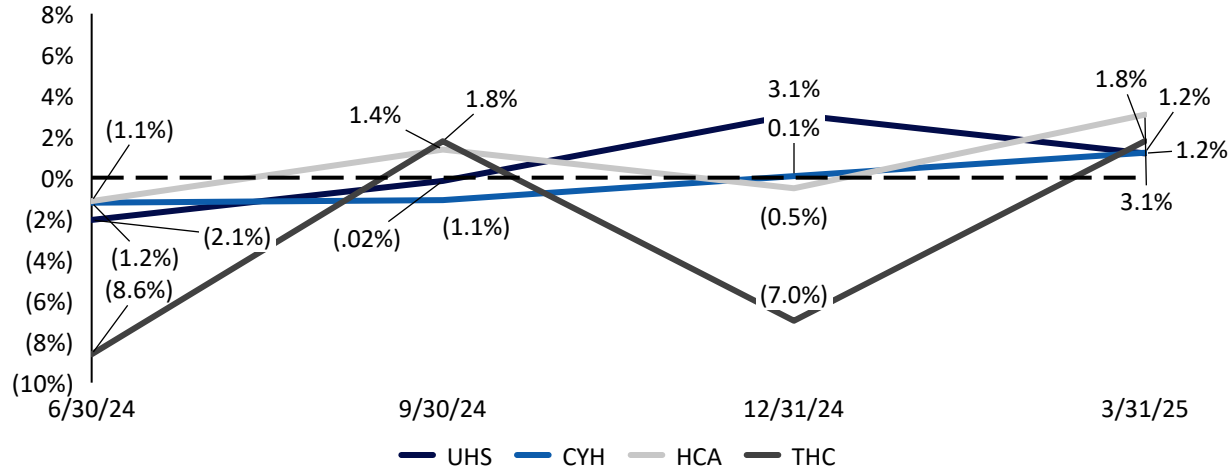
- ➔ Most companies had double-digit operating margin performance in Q1 2025.
- ➔ All public hospital operators reported salaries and benefits expenses near 50% of total operating expenses. Each organization recounted that salaries and wages decreased significantly compared to Q1 2024.



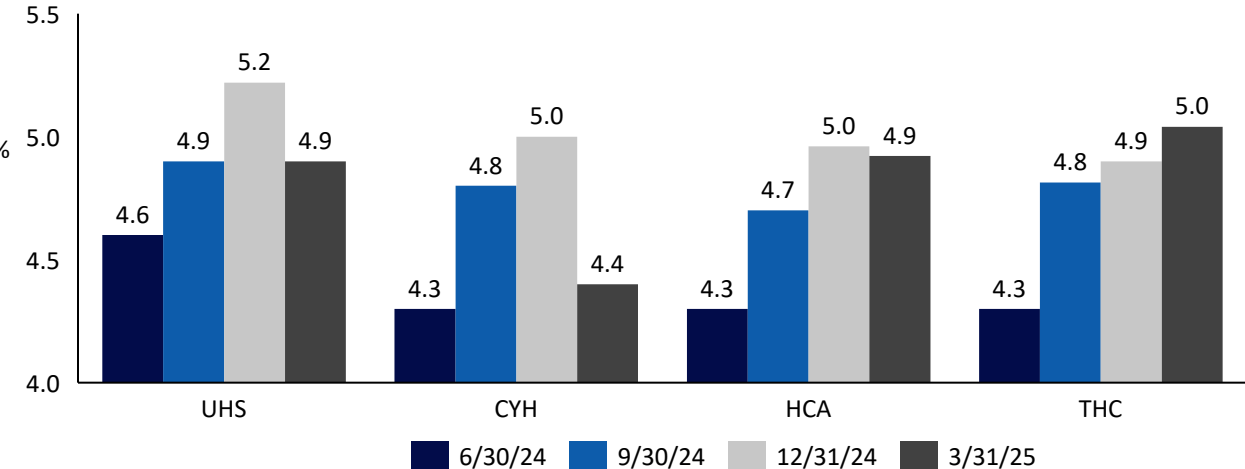
Source: S&P Capital IQ.  
Note: ARDT went public on July 18, 2024. There is insufficient data available to incorporate ARDT into visual analyses.  
<sup>1</sup> Information reported on a quarter-over-quarter basis.

# Operating Performance: Select Metrics

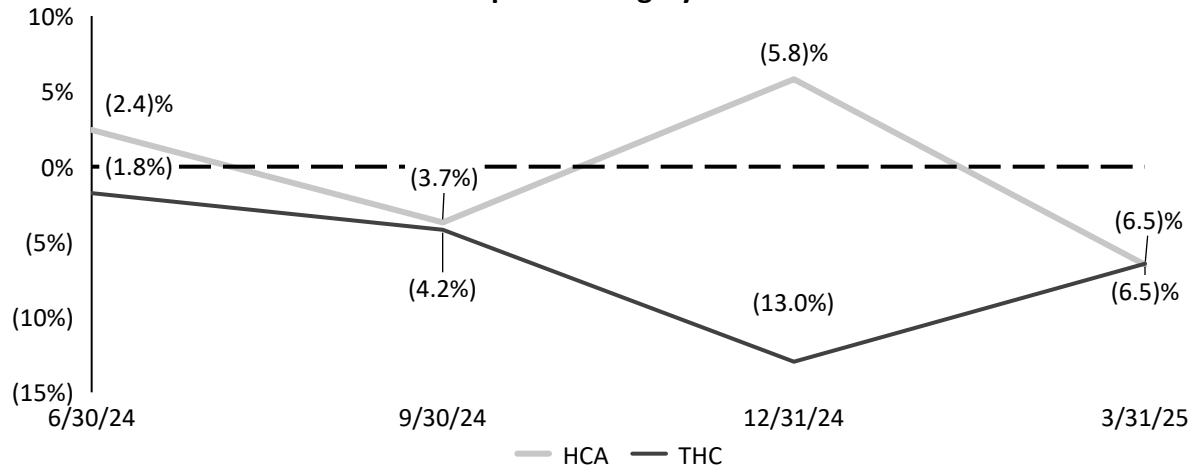
**Inpatient Admissions Growth<sup>1</sup>**



**Average Length of Stay**



**Outpatient Surgery Growth<sup>1</sup>**



Hospital Operator	Licensed Beds: 12/31/2024	Licensed Beds: 3/31/2025	Percentage Change %
UHS	31,037	31,077	0.13%
CYH	11,403	10,788	(5.39%)
HCA	49,985	50,571	1.17%
THC	12,435	12,435	0.0%
ARDT	<u>4,281</u>	<u>4,281</u>	<u>0.0%</u>
<b>Total</b>	<b>109,141</b>	<b>109,152</b>	<b>0.01%</b>

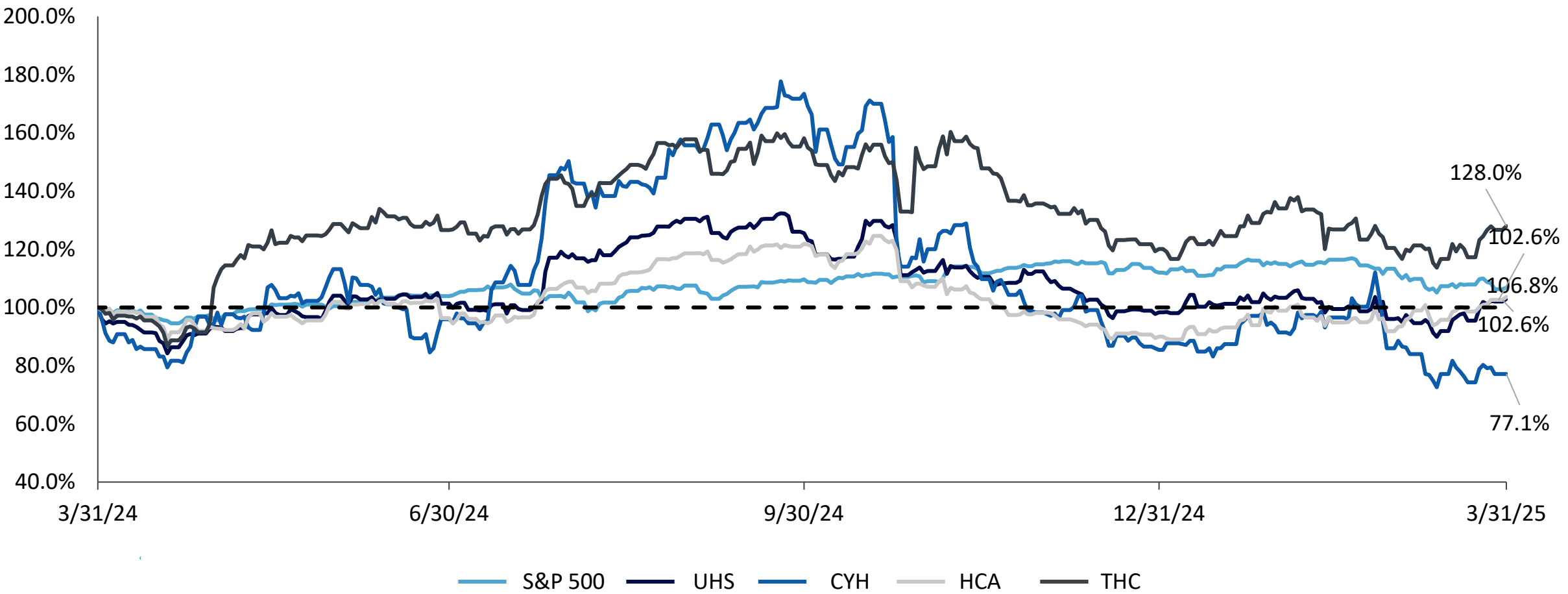
Sources: S&P Capital IQ and investor relations reports.

Notes: ARDT went public on July 18, 2024. There is insufficient data available to incorporate ARDT into visual analyses. Figures may not be exact due to rounding.

<sup>1</sup> Information reported on a quarter-over-quarter basis.

# Market Performance

Indexed Market Performance: Public Hospitals Versus S&P 500



Source: S&P Capital IQ.  
Note: ARDT went public on July 18, 2024. There is insufficient data available to incorporate ARDT into visual analyses.



# ECG Mergers, Acquisitions, and Partnerships Team Leadership

From our more than five decades of collective experience, we have learned that successful problem-solving requires deep industry knowledge and expertise, rigorous data and analytics, strategic foresight, political and organizational savvy, and most importantly, practical solutions that get implemented.



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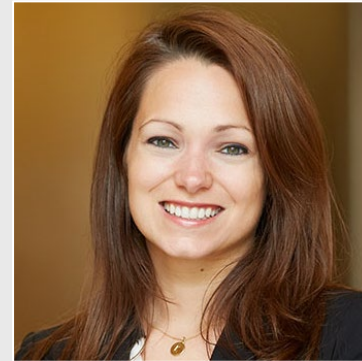
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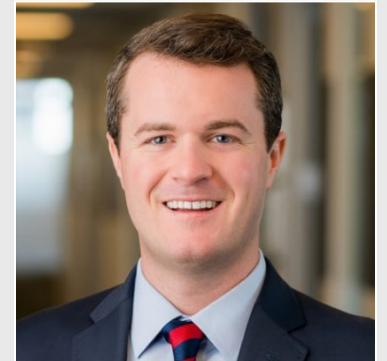
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