



Financial Performance of Nevada's Health Care Industry

Many Nevadans [report](#) experiencing financial hardship due to hospital costs, and even more worry about affording health care, both now and in the future. Nevada [ranks](#) 45th among states on health care access and affordability, 41st on overall health system performance, and last on prevention and treatment. Despite many Nevadans still struggling with health care affordability, Nevada's health care industry is faring well financially. This document summarizes the health care landscape in Nevada, providing a snapshot of the relative stability of Nevada's health care industry juxtaposed by well-documented hardships experienced by everyday Nevadans accessing and affording care.

The Problem: Nevadans Face Persistent Uninsurance and Care Remains Expensive

Even with increased access to public and private health insurance coverage throughout the pandemic, Nevada suffers the [highest uninsured rate](#) of any state that has expanded Medicaid. More than 340,000 Nevadans (11% of the population) are uninsured, with the Hispanic (20%) and American Indian/Alaskan Native (21%) populations impacted at disproportionate rates. Nationally, [annual health care spending per person](#) increased 15% between 2020 and 2021 alone, with the average Nevadan spending [\\$6,703](#) on health care expenses in 2021. These increases translate to higher premiums: in 2023, Nevada consumers faced a [9%](#) increase in insurance premiums. Taken together, this pushes the cost of care to drastically exceed what many Nevadans can afford.

[65%](#) of Nevada adults reported experiencing health care affordability burdens in 2022, with health care spending per person in Nevada growing [29%](#) between 2013 and 2021. A recent survey found that:

- 49% of uninsured Nevadans cited “too expensive” as the major reason for not having coverage;
- 59% of Nevadans reported delaying or going without health care due to cost;
- 13% of Nevadans reported being unable to pay for basic necessities, like food or housing, due to their medical bills; and
- 83% of Nevadans reported being worried about affording health care in the future.

Overall, Nevada ranked in the bottom half of states—27th out of 50—for health care affordability.

Where Nevada's Health Care Sector Currently Stands

In direct contrast to the high health care costs Nevadans face, privately-owned insurance companies and hospitals publicly report immense financial success, as detailed below.

Nevada's Insurers Are Experiencing Financial Stability

The state's [largest](#) private health insurers—UnitedHealth Group, Centene, and Anthem Blue Cross Blue Shield—are among the nation's [most profitable](#) companies on the Fortune 500. For example, UnitedHealth Group reported [\\$28.4 billion](#) in national profits in 2022, a 19% increase from 2021.

2021 marked record issuer profits, but the trend of increasingly high profits among issuers is not new. In 2020, the average Nevadan paid [\\$374/month](#) for their individual market premiums, while the [average monthly profit margin](#) for insurers reached \$100 per enrollee, almost double that of [2017](#). **This means that insurers' premiums were significantly higher than the insurance claims of covered Nevadans.**

Outside of the individual market, these insurers cover a significant portion of the [46%](#) of Nevadans enrolled in job-based coverage and the more than [900,000](#) individuals covered through Nevada's Medicaid managed care program. Nevada's current Medicaid managed care contracts with each carrier are estimated to be worth approximately [\\$2 billion](#). Furthermore, federal COVID-19 protections that kept states from disenrolling Medicaid beneficiaries amid the pandemic have allowed these managed care organizations to cover approximately [300,000](#) Nevadans and see their revenues surge by billions of dollars.

In sum, Nevada's health insurance sector is operating with financial stability despite the higher premiums and other revenues they currently extract from covered Nevadans.

High Prices Allow Nevada's Hospital Sector To Maintain Profits Post-Pandemic

Nevada [ranks](#) 13th nationally for its percentage of for-profit hospitals. For-profit, [out-of-state owned](#) hospitals, like Northeastern Nevada Regional Hospital and Summerlin Hospital Medical Center, exceeded the state's average net profit margin in 2021, with margins of [15.2%](#) and [21.5%](#), respectively. One Nevada hospital, owned by the [largest](#) for-profit health system in the US, Hospital Corporation of America, **charges patients the [second highest prices versus the actual cost of care](#) of any hospital in the nation.**

Although the COVID-19 pandemic led to ongoing disruptions for many hospitals' operations, hospital admissions [bounced back](#) after sharp initial declines, with large amounts of government relief funding helping to [stabilize](#) hospital finances and charity care spending

nationwide. While some smaller hospitals have reported declining revenue during the pandemic, many have [reported strong profitability](#). **Overall, Nevada hospital patient revenues have grown faster than operating expenses, leading to growing profits and profit margins at the expense of everyday people.**

- In 2021, hospitals in Nevada posted [\\$7.8 billion](#) in total operating revenue, contributing to the [8.25% statewide net profit margin](#), up [271%](#) from 2020. A hospital's net profit margin represents the percentage of profit generated from all revenue, indicating how much profit the hospital retains for every dollar of revenue generated.
- Nevada for-profit hospitals' median operating profit margin topped [20%](#) in 2021, while nonprofit hospitals saw a [9%](#) operating profit margin, representing how much profit hospitals made specifically from patient care.

A Closer Look: Nevada's Hospital Costs & Charges

Commercial breakeven is an established definition of the reimbursement rate a hospital needs to receive from commercial payers to cover all of its expenses for hospital inpatient and outpatient services, without profit. **Despite their financial success, hospitals in Nevada continue to charge insurance companies significantly higher amounts than the cost of providing care**, with a median [commercial breakeven point](#) of 106% in 2021.

- Nevada hospital's commercial reimbursement rates [range](#) from 155% of Medicare reimbursement rates to a staggering 535%, dwarfing the national average of 190%.
- For-profit hospitals statewide maintained an average charge of [1,068%](#) as a percent of total costs.
- In other words, **the average Nevada for-profit hospital charged \$1,068 for every \$100 of its total costs in 2021, almost doubling the national average of 590%.**

How Nevada's Nonprofit Hospitals are Faring

Approximately half Nevada's hospitals are nonprofit organizations receiving state, local, and federal tax exemptions in exchange for providing certain "[community benefits](#)," including providing charity care. Despite this requirement, a recent KFF [report](#) found that nationally, **nonprofit hospitals' total estimated value of tax exemption (about \$28 billion) far exceeded their total estimated charity care costs (\$16 billion)**. Similar to these national [trends](#), while Nevada hospital revenues skyrocket, community benefits remain only a fraction of that larger number. The "fair share" deficit of Nevada nonprofit hospitals, meaning the difference between spending on charity care and community investment and the value of nonprofit hospital tax breaks, added up to [\\$75 million](#) in 2020. **The value of this deficit could completely cover the medical debt of 28,427 Nevadans or cover 750% of the losses reported by rural hospitals in the state, putting into perspective the true cost of Nevada hospital's values.**

Nevada's New Provider Tax Keeps Hospital Sector Well Above Water

The financial success of Nevada hospitals are further bolstered by the “provider tax” recently [approved](#) during the 2023 state legislative session. This new law permits the state to assess a “provider tax” of up to 6%, delivered as additional state-level Medicaid payments, if over two thirds of hospitals vote to approve it. Starting in January 2024, private Nevada hospitals will receive between an estimated [\\$850 million to \\$1 billion](#) in additional Medicaid payments due to this new policy. While hospitals will be required to use at least 15% of the revenue generated to support behavioral health care for Medicaid enrollees with severe mental illness, there are no requirements for how else hospitals must spend the hundreds of millions of taxpayer dollars. This will provide a new funding pipeline for hospitals and providers and will help ensure Medicaid enrollees are still able to access care.