

FACTFILE

Hospital Performance

While hospitals generally have been facing some challenging economic times over the past couple of years, the best of the best continue to achieve in terms of quality and financial metrics. The Thomson Reuters 100 Top Hospitals® program identifies these hospitals objectively, by combining publicly available datasets with its empirical, time-tested methodologies. This study compares the 100 Top Hospitals benchmarks with their peers' performance. The disparity suggests that there is room for improvement in the industry.

DIRECTION OF PERFORMANCE CHANGE

The healthcare industry, as a whole, has not been able to significantly improve performance across the balanced scorecard of measures. The single outstanding achievement in performance by hospitals is the improvement in mortality rates over the years studied (2004 through 2008). More than half of the hospitals studied had improved survival rates (lower mortality indices).

Performance Measure	Significantly Improving Performance	No Statistically Significant Change in Performance	Significantly Declining Performance
	Percentage of hospitals	Percentage of hospitals	Percentage of hospitals
Risk-adjusted mortality index	51.9%	46.8%	1.3%
Risk-adjusted complications index	5.0%	67.6%	27.3%
Patient safety index	11.2%	83.1%	5.6%
Core measures mean percent	87.5%	12.5%	0.0%
Severity-adjusted average length of stay	31.2%	66.5%	2.3%
Expenses per adjusted discharge	1.2%	66.1%	32.8%
Operating profit margin	5.6%	87.2%	7.2%

SOURCE: Thomson Reuters.

STATE-LEVEL PERFORMANCE

Hospital performance varies widely throughout the country. Regional differences in the population's age and health, as well as differences in payment protocols, greatly affect hospitals' ability to improve patient outcomes and build healthy business structures. The methodology of the 100 Top Hospitals studies does adjust for patient severity, urban/rural geography, wage differences, and other factors. In the end, regional variations in hospital performance are clear: Half of all the national study award winners for 2009 were located in the Midwest.

NORTHEAST	MIDWEST	SOUTH	WEST
Connecticut	Illinois	Alabama	Alaska
Maine	Indiana	Arkansas	Arizona
Massachusetts	Iowa	Delaware	California
New Hampshire	Kansas	District of Columbia	Colorado
New Jersey	Michigan	Florida	Hawaii
New York	Minnesota	Georgia	Idaho
Pennsylvania	Missouri	Kentucky	Montana
Rhode Island	Nebraska	Louisiana	Nevada
Vermont	North Dakota	Maryland	New Mexico
	Ohio	Mississippi	Oregon
	South Dakota	North Carolina	Utah
	Wisconsin	Oklahoma	Washington
		South Carolina	Wyoming
		Tennessee	
		Texas	
		Virginia	
		West Virginia	

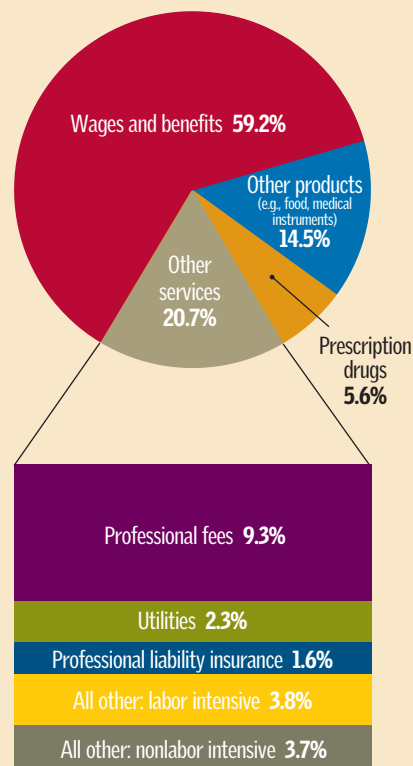
■ Quintile 1—Best
 ■ Quintile 2
 ■ Quintile 3
 ■ Quintile 4
 ■ Quintile 5—Worst

SOURCE: Thomson Reuters.

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Hospitals' Economic Impact

The bulk of the costs facing hospitals is tied to wages and benefits. And the sheer number of workers is significant, as hospitals employ nearly 4.4 million, about twice what physician offices employ.



CATEGORY	EMPLOYMENT
Full-service restaurants	4,481,000
General medical and surgical hospitals	4,378,000
Limited-service eating places	4,076,000
Employment services	2,498,000
Grocery stores	2,475,000
Physician offices	2,280,000
Building equipment contractors	1,768,000
Department stores	1,471,000

SOURCE: American Hospital Association: Analysis of Centers for Medicare & Medicaid Services data, using base year 2006 weights; www.aha.org/aha/trendwatch/chartbook/2010/chart6-10.pdf; Department of Labor, Bureau of Labor Statistics, Current Employment Statistics (CES) Survey, customized tables. Data released 2010, www.bls.gov/ces; www.aha.org/aha/trendwatch/chartbook/2010/appendix6-2.pdf.

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POSSIBLE LIVES SAVED

This year, Thomson Reuters estimates that if all Medicare inpatients received the same level of care as those in the 100 Top Hospitals across all categories, more than 98,000 additional patients would survive each year, more than 197,000 patient complications would be avoided annually, and the average patient stay would decrease by half a day.

100 Top Hospitals	Non-winning hospitals		Average number of possible lives saved		Average number of additional patients that could be complication-free	
	Number of hospitals 2008	Number of discharges 2008	Total	Per hospital	Total	Per hospital
Major teaching hospitals	158	869,259	9,231	58	23,135	146
Teaching hospitals	398	2,179,344	13,715	35	52,631	132
Large community hospitals	318	1,773,219	25,679	81	34,028	107
Medium community hospitals	1,008	2,580,360	49,099	49	65,475	65
Small community hospitals	944	913,157	16,071	17	31,985	34
All hospitals	2,826	8,315,339	98,432	35	197,194	70

SOURCE: Thomson Reuters.

POSSIBLE DOLLARS SAVED

Not only would lives be saved and complications avoided if all hospitals (peers) performed like the 100 Top Hospitals, but expenses would decline by an aggregate \$5.5 billion.

2008 Peer discharges	Total peer expense	Estimated expense if peers performed like winners	Total cost saved	Cost saved per peer discharge
8.3 million	\$50.1 billion	\$44.6 billion	\$5.5 billion	\$663

SOURCE: Thomson Reuters.

NATIONAL PERFORMANCE COMPARISONS

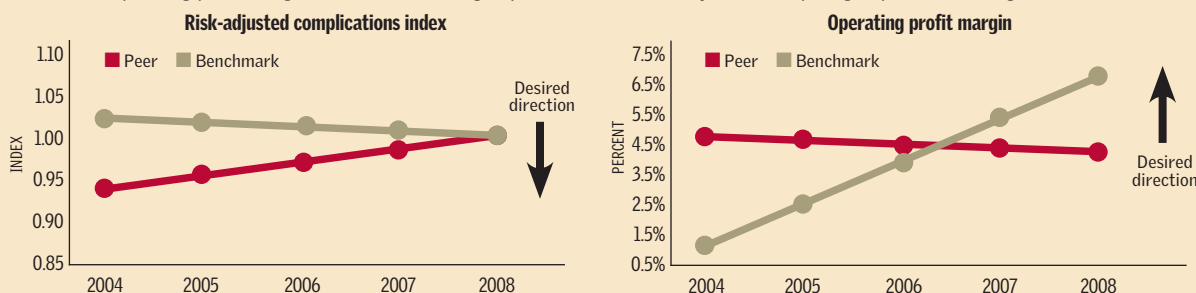
Although they face the same pressures as their peers, the benchmark hospitals continue to outperform other hospitals. The 100 Top Hospitals show that high quality patient outcomes can be achieved while keeping finances in line. The winners' average patient safety index of 0.87 means that they had 13% fewer adverse patient safety events than expected. In addition, the award winners had 6% fewer deaths than expected.

Performance measure	Medians		Winners compared with non-winners		
	Winning hospitals	Non-winning hospitals	Actual	%	
Mortality index	0.94	1.00	0.06	6.3%	Lower mortality
Complications index	0.96	0.99	0.03	3.4%	Lower complications
Patient safety index	0.87	1.00	0.13	13.0%	Better patient safety
Core measures mean percent (%)	95.5	93.4	2.1	n/a	Better core measures performance
30-day mortality rate (%)	12.3	13.0	0.7	n/a	Lower 30-day mortality
30-day readmission rate (%)	20.4	20.8	0.5	n/a	Lower 30-day readmissions
Average length of stay (days)	4.69	5.16	0.48	9.2%	Shorter ALOS
Expense per adjusted discharge (\$)	5,359	6,022	663	11.0%	Lower expenses
Operating profit margin (%)	9.1	2.4	6.7	n/a	Higher profitability
HCAHPS score	263	253	10	4.0%	Higher hospital rating

SOURCE: Thomson Reuters.

BETTER SAFETY AND BETTER PROFITS

The 100 Top Hospitals' benchmark data shows they do better in terms of quality of care and financial performance. Here we see that the benchmark hospitals have been reducing their complications index over the past few years, while the peer group of hospitals has seen that rate increase. Meanwhile, operating profit margin for the benchmark group has risen considerably, while the peer group has seen margins decline.



SOURCE: Thomson Reuters

