


HealthLeaders *Media* FACT FILE

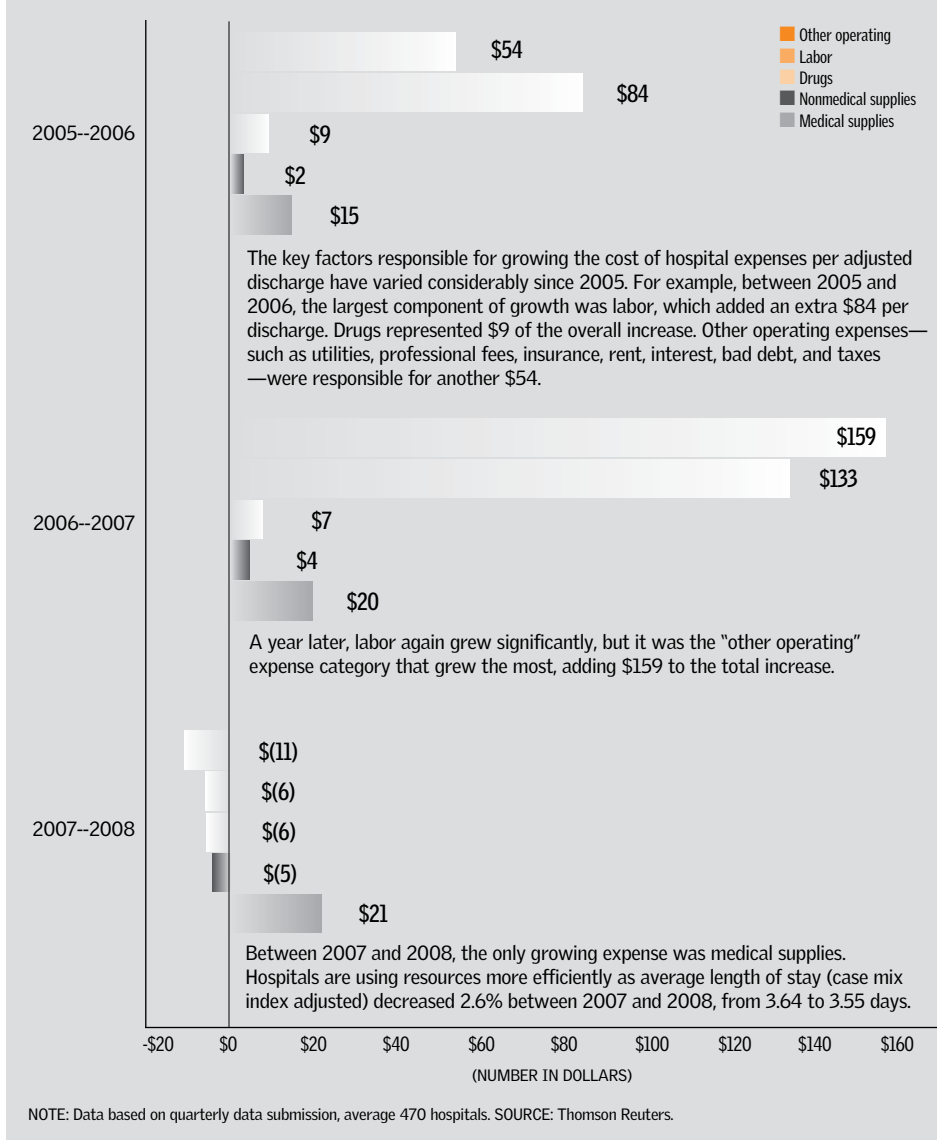
JUNE 2009

Inflation and Expense Trends

Hospital expenses per adjusted discharge (wage index and case mix index adjusted) have been fairly steady over the past few years, increasing at an annual rate of 3%. In 2005, that expense was about \$6,500. By 2008, it had grown 11% to about \$7,250. But within that overall expense, there has been

significant variation in what accounts for that extra cost. While medical supplies have remained fairly stable, there has been considerable fluctuation involving labor costs, and costs for other operating expenses, such as utilities, professional fees, insurance, rent, interest, bad debt, and taxes. 

COMPOSITION OF EXPENSE GROWTH



Hospital Expenses

The average expenses per inpatient day range from under \$900 to nearly \$2,400 a day and include all operating and nonoperating costs, based on 2007 data.

RANK	AVERAGE EXPENSES PER INPATIENT DAY
1	United States \$1,696
2	District of Columbia \$2,381
3	Oregon \$2,336
4	Washington \$2,332
5	California \$2,250
6	Maryland \$2,113
7	Massachusetts \$2,113
8	Alaska \$2,104
9	Arizona \$2,039
10	New Jersey \$2,014
11	Colorado \$1,998
12	Connecticut \$1,988
13	Utah \$1,959
14	Rhode Island \$1,923
15	New Mexico \$1,900
16	Nevada \$1,875
17	New Hampshire \$1,854
18	Indiana \$1,849
19	Ohio \$1,833
20	Texas \$1,806
21	Illinois \$1,799
22	Delaware \$1,778
23	Missouri \$1,768
24	Maine \$1,729
25	Wisconsin \$1,682
26	New York \$1,673
27	Florida \$1,652
28	Idaho \$1,643
29	Michigan \$1,642
30	Pennsylvania \$1,626
31	Virginia \$1,622
32	South Carolina \$1,557
33	Hawaii \$1,556
34	Minnesota \$1,500
35	Vermont \$1,434
36	North Carolina \$1,433
37	Oklahoma \$1,424
38	Louisiana \$1,417
39	Tennessee \$1,396
40	Kentucky \$1,390
41	Arkansas \$1,353
42	Alabama \$1,332
43	Georgia \$1,279
44	Nebraska \$1,250
45	Mississippi \$1,179
46	West Virginia \$1,176
47	Iowa \$1,132
48	Kansas \$1,093
49	Montana \$975
50	North Dakota \$958
51	Wyoming \$887
	South Dakota \$869

SOURCE: Kaiser Family Foundation.

Upcoming Topic:
» Cancer

FACT FILE PARTNER:



THOMSON REUTERS

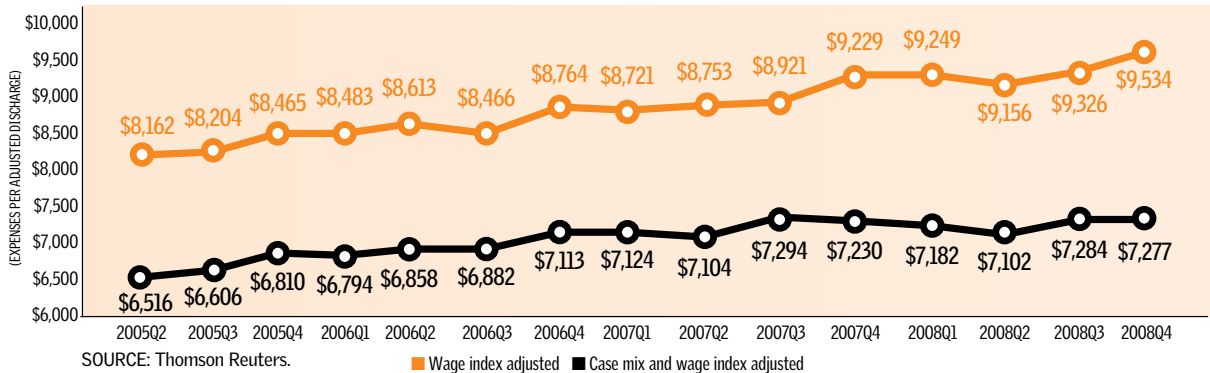
thomsonreuters.com/healthcare

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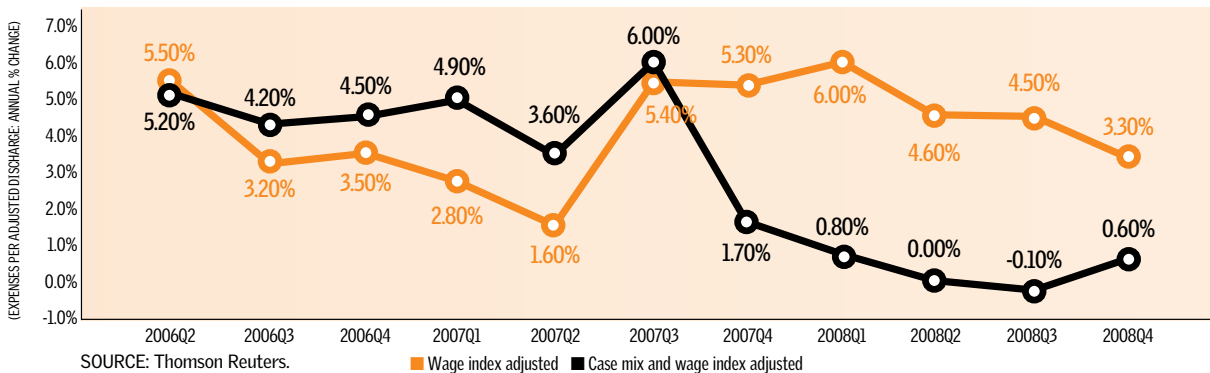
HOSPITAL EXPENSES SHOW STEADY GROWTH ...

Expenses per adjusted discharge have been increasing at an annual rate of 4.2% (wage index adjusted) and 3.0% (wage index and case mix index adjusted). The difference in inflation rates can be thought of as contribution of increased acuity to cost (1.2% annually).



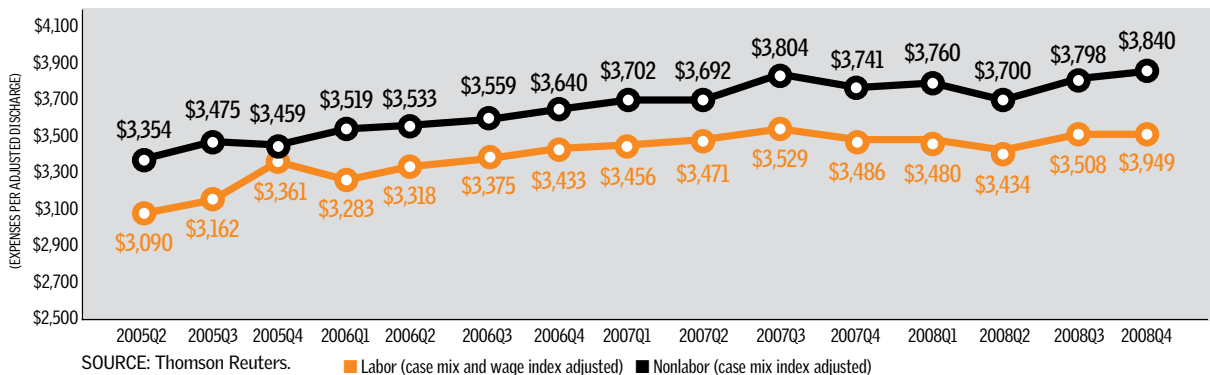
... BUT RATE OF INCREASE DIMINISHES

Inflation of expenses is diminishing near the end of 2008, following an increase in 2007, Q3. Hospitals appear to be reducing cost growth as the recession (beginning in 2007, Q4) progresses.



LABOR AND NONLABOR COMPONENTS HAVE SIMILAR GROWTH RATES ...

Labor and nonlabor expense components have similar inflation rates, 2.9% and 3.4% respectively, and are roughly equal in size.



...AND SIMILAR DIMINISHING INFLATION RATES IN RECENT PERIODS

Both labor and nonlabor inflation rates are slowing in parallel.

