

FACTFILE

JUNE 2010

Expenses by Ownership

A hospital's adjusted expenses, per inpatient day, can vary by state and by ownership. In this 2007 data, we see costs for hospitals that are owned by state or local government, are nonprofit, or are for-profit.

	State/Local Government Hospitals	Nonprofit Hospitals	For-Profit Hospitals
United States	\$1,472	\$1,776	\$1,536
Alabama	\$1,422	\$1,309	\$1,181
Alaska	\$1,093	\$2,189	\$3,325
Arizona	\$2,015	\$2,087	\$1,831
Arkansas	\$1,045	\$1,426	\$1,318
California	\$2,261	\$2,316	\$1,899
Colorado	\$1,692	\$2,142	\$2,066
Connecticut	\$1,997	\$1,987	\$2,171
Delaware	NA	\$1,778	NA
District of Columbia	NA	\$2,435	\$2,134
Florida	\$1,559	\$1,833	\$1,403
Georgia	\$895	\$1,498	\$1,438
Hawaii	\$1,040	\$1,716	NA
Idaho	\$1,060	\$2,080	\$1,484
Illinois	\$1,274	\$1,875	\$1,404
Indiana	\$1,382	\$2,009	\$2,006
Iowa	\$1,023	\$1,190	NA
Kansas	\$843	\$1,300	\$910
Kentucky	\$1,177	\$1,433	\$1,322
Louisiana	\$1,412	\$1,369	\$1,554
Maine	\$1,516	\$1,750	\$725
Maryland	NA	\$2,122	\$1,763
Massachusetts	\$1,501	\$2,174	\$1,673
Michigan	\$997	\$1,690	\$1,707
Minnesota	\$833	\$1,685	NA
Mississippi	\$1,042	\$1,249	\$1,466
Missouri	\$1,218	\$1,901	\$1,812
Montana	\$344	\$1,023	\$1,937
Nebraska	\$479	\$1,461	\$1,872
Nevada	\$2,088	\$2,085	\$1,655
New Hampshire	NA	\$1,882	\$1,578
New Jersey	\$2,256	\$2,042	\$1,149
New Mexico	\$2,052	\$1,923	\$1,753
New York	\$1,677	\$1,675	\$1,119
North Carolina	\$1,460	\$1,424	\$1,378
North Dakota	NA	\$970	\$156
Ohio	\$1,682	\$1,854	\$1,781
Oklahoma	\$1,050	\$1,497	\$1,590
Oregon	\$2,084	\$2,395	\$2,194
Pennsylvania	\$479	\$1,651	\$1,366
Rhode Island	NA	\$1,923	NA
South Carolina	\$1,562	\$1,673	\$1,313
South Dakota	\$318	\$869	\$3,030
Tennessee	\$950	\$1,609	\$1,202
Texas	\$2,016	\$1,863	\$1,559
Utah	\$2,003	\$1,948	\$1,950
Vermont	NA	\$1,434	NA
Virginia	\$2,332	\$1,539	\$1,578
Washington	\$2,032	\$2,475	\$2,106
West Virginia	\$616	\$1,303	\$946
Wisconsin	\$283	\$1,686	\$2,645
Wyoming	\$840	\$929	\$1,467

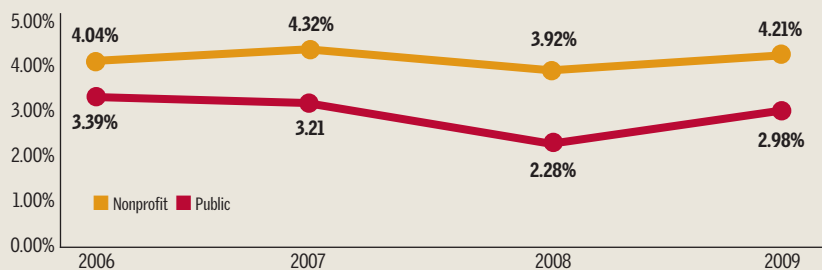
Financial Trends

The differences between nonprofit and public hospitals are reflected in operating and financial characteristics. They follow differing accounting standards, and that affects treatment of bad debt (an expense for nonprofits, but a deduction from revenues for public hospitals). Also, public hospitals are usually subsidized by government appropriations, which reflects the difference in their mission and patient mix.

PROFITABILITY

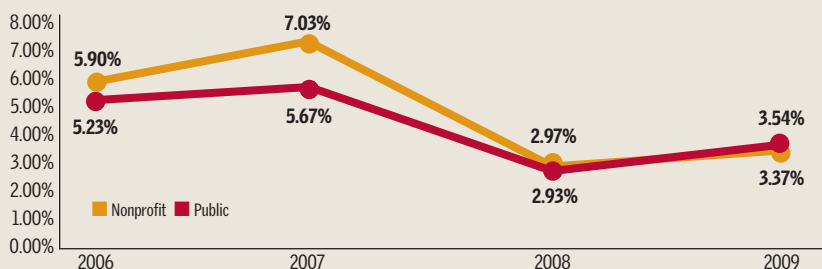
OPERATING MARGIN

Margins are higher on average for nonprofit than for public hospitals. Operating margins dipped slightly in 2008, but recovered in 2009. Nonprofits got back above the 4% level, reaching 4.21%, while public hospitals closed in on the 3% threshold, reaching 2.98% operating margin.



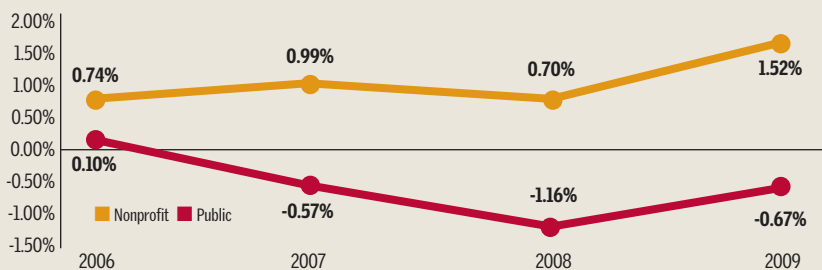
EXCESS MARGIN

Excess margin, which includes nonoperating revenues such as investment income (or losses) and contributions, dropped sharply in 2008 and only partially recovered in 2009. Nonprofits saw excess margin tumble from 7.03% in 2007 to 2.97% a year later; the recovery in 2009 made it back to 3.37%. Public hospitals experienced a similar scenario, with excess margin plummeting from 5.67% in 2007 to 2.93% in 2008; last year, excess margin had increased to 3.54%.



PATIENT MARGIN

Patient margin, indicating the ability of hospitals to meet operating expenses from patient revenues alone, has been below 0% for public hospitals that are subsidized to provide care for the uninsured and indigent. Nonprofits, meanwhile, more than doubled their patient margin to 1.52% from 2008 to 2009.



SOURCE: Thomson Reuters.

Upcoming Topic:

> Hospital Performance

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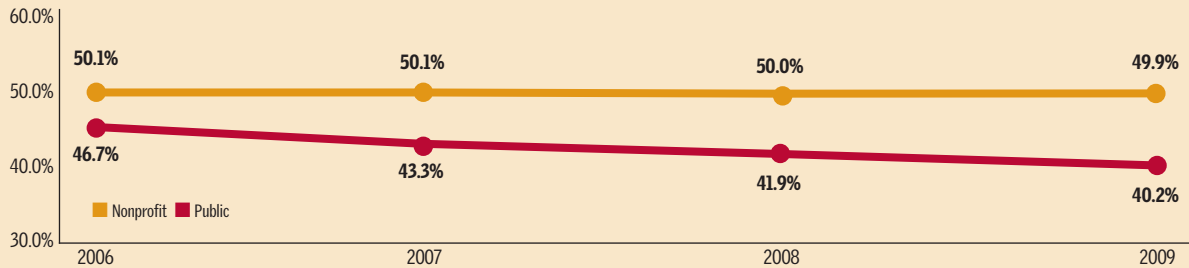
thomsonreuters.com/healthcare



PATIENT MIX

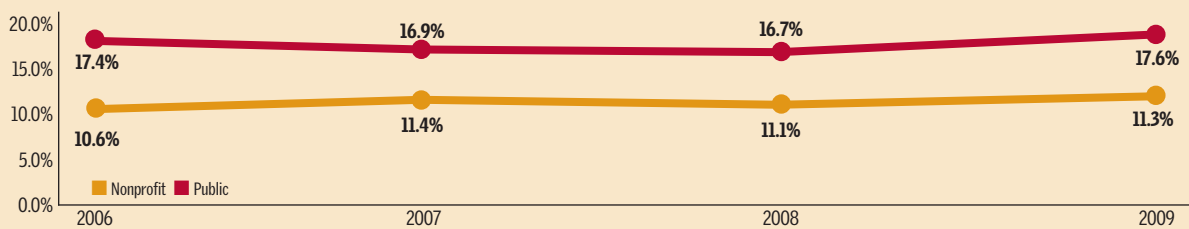
MEDICARE AS A PERCENTAGE OF TOTAL PATIENT DAYS

Patient mix is changing more rapidly in public hospitals than in nonprofit hospitals. The Medicare proportion of patient days has remained nearly constant at about 50% in nonprofit hospitals, but has been shrinking steadily from 46.7% in 2006 to 40.2% in 2009 at public hospitals.



MEDICAID AS A PERCENTAGE OF TOTAL PATIENT DAYS

The Medicaid percentage of patient days has remained fairly constant at about 11% in nonprofit hospitals and 17% in public hospitals. Expanded Medicaid eligibility in the healthcare reform legislation should increase this proportion substantially in 2010 and onward.

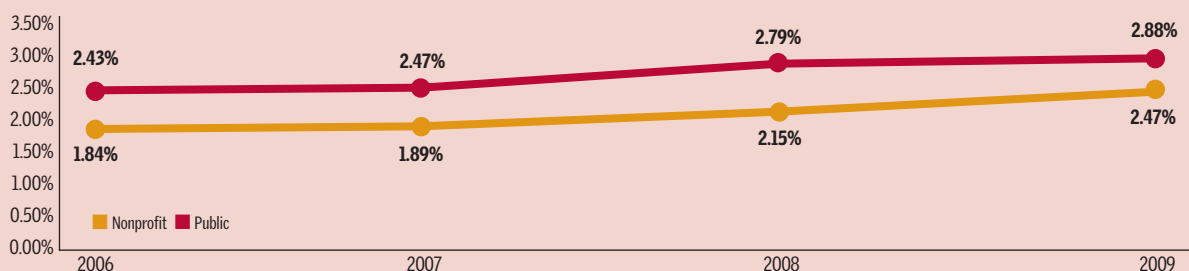


SOURCE: Thomson Reuters.

CHARITY CARE AND BAD DEBT

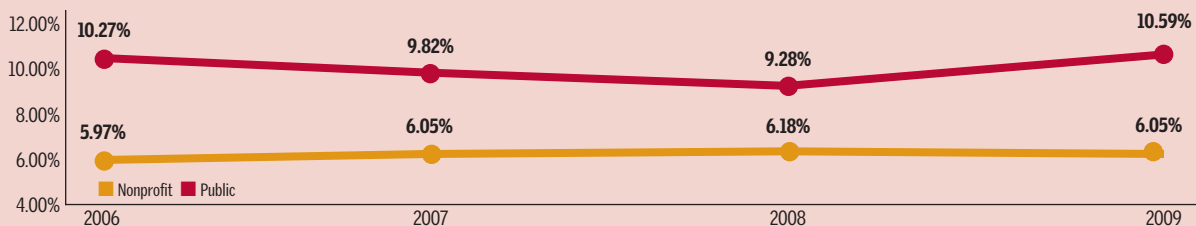
CHARITY CARE DEDUCTIONS AS A PERCENTAGE OF GROSS PATIENT REVENUE

Differences in patient mix between nonprofit and public hospitals are reflected in charity care and bad debt deductions and expenses. Charity care consumes slightly more revenue in public than in nonprofit hospitals (2.88% vs. 2.47%), but overall accounts for a small, but growing, percent of total revenue.



BAD DEBT AS A PERCENTAGE OF NET PATIENT REVENUE

By contrast, bad debt exceeds 10% of net patient revenues in public hospitals, but only about 6% in nonprofit hospitals. Expanded Medicaid eligibility and increased access to private insurance under healthcare reform may reduce the percentages of charity care and bad debt.



SOURCE: Thomson Reuters.

ABOUT THIS DATA

This report is based on key operational and financial indicators for nonfederal general acute care hospitals that contributed annual or quarterly data to the Thomson Reuters Action01® database in the years 2006 through 2009. Hospital responses were weighted to make the sample comparable to the national distribution of all hospitals based on hospital class, location, ownership, and profitability.

