

Estimate of the Situation

Critical Information for Critical Times, Edition of Wednesday, September 17, 2014



Hospital Financial Trends in the ACA Era

President Obama signed “The Patient Protection and Affordable Care Act” into law on March 23, 2010. Controversy has surrounded the law and its implementation in the intervening four and one-half years. Although not definitive, we thought it would be worthwhile to take an independent look at information in the public domain.

Today’s issue is the first in a series that will focus on a single aspect: trends in profitability (revenue over expense) in selected hospital types since 2010. Before the excitement

starts, we acknowledge that many factors have shaped these trends and that the reader should bear that fact in mind. All the normal caveats about small sample size apply as well.

This issue focuses on short term acute care not-for-profit community hospitals. We began by reviewing published cost report data for the years 2010 through 2013 from a population of 1,699 short term acute care not-for-profit community hospitals. During the initial review we found that 180 hospitals (10.59%) of the original population have either closed or merged with or been acquired by other facilities since 2010 and are no longer reporting independently. An additional 15 were removed from the study population because they did not report data for all periods. We then selected a random sample of 61 reporting hospitals and their data were used in the study. The study as measured by reported acute ADC ranged in size between 2.68 and 701.33. The mean reported ADC is 119.70 and the median ADC is 79.87.

The pages which follow display aggregate trends segmented by hospital size. Four size categories are displayed:

- Acute ADC from 0 to 50.
- Acute ADC from 51 to 100.
- Acute ADC from 101 to 200.
- Acute ADC over 200.

Two graphs are provided for each size category. One shows net patient revenue and operating expense with trend lines supplied for the next two periods. The other shows operating income, also with a trend line.

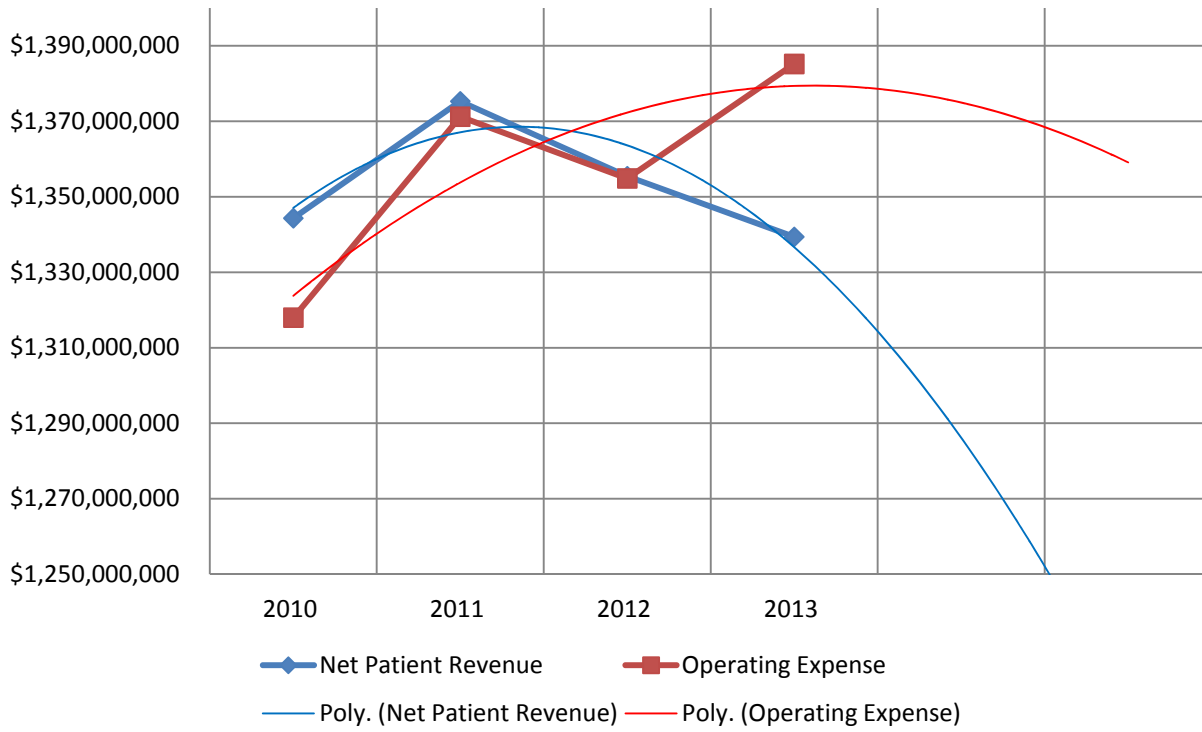
We hope you find them to be informative and helpful. Subsequent issues will explore trends in religiously-affiliated short term acute care not-for-profit hospitals and critical access hospitals.

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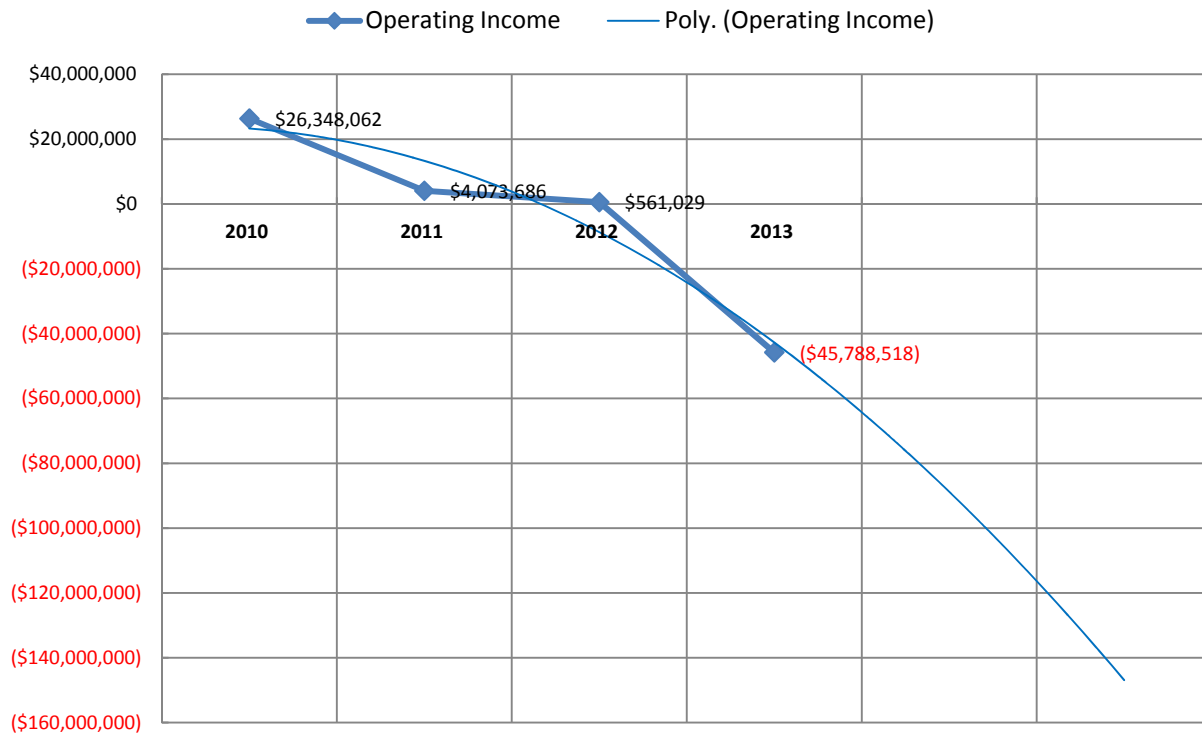


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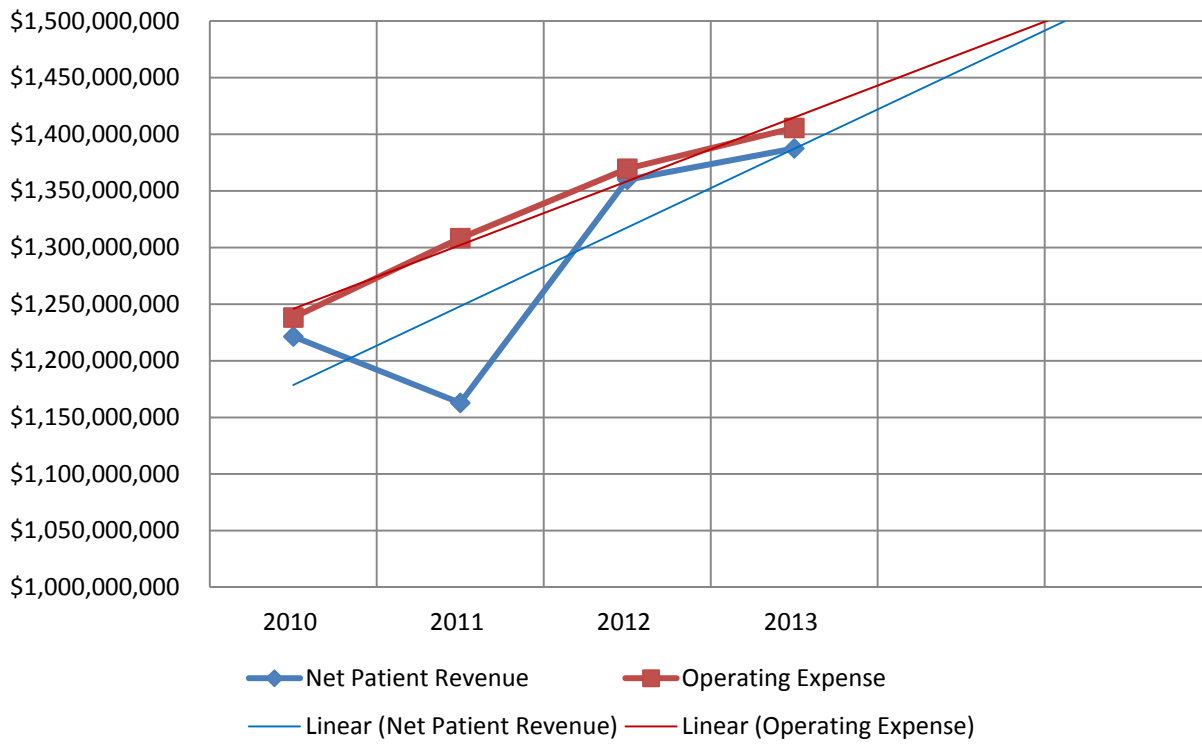
Aggregate Revenue and Expense Data for 25 Acute Care Short Stay Community Hospitals ADC 0 to 50



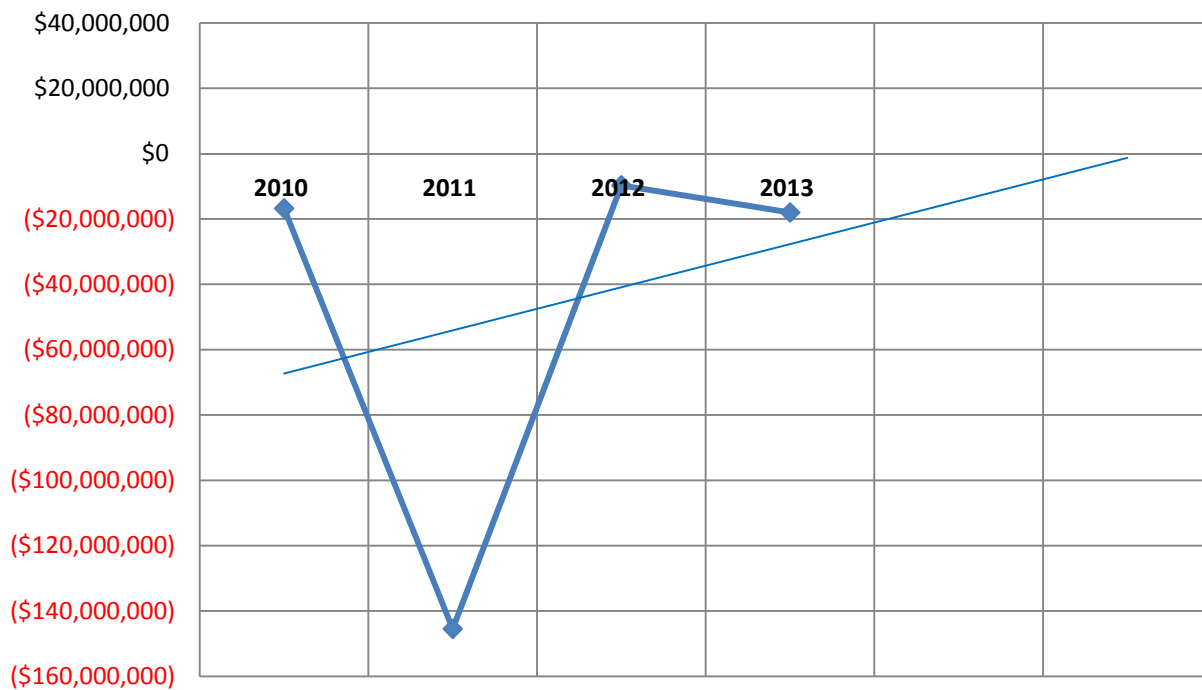
Aggregate Operating Income Data for 25 Acute Care Short Stay Community Hospitals ADC 0 to 50



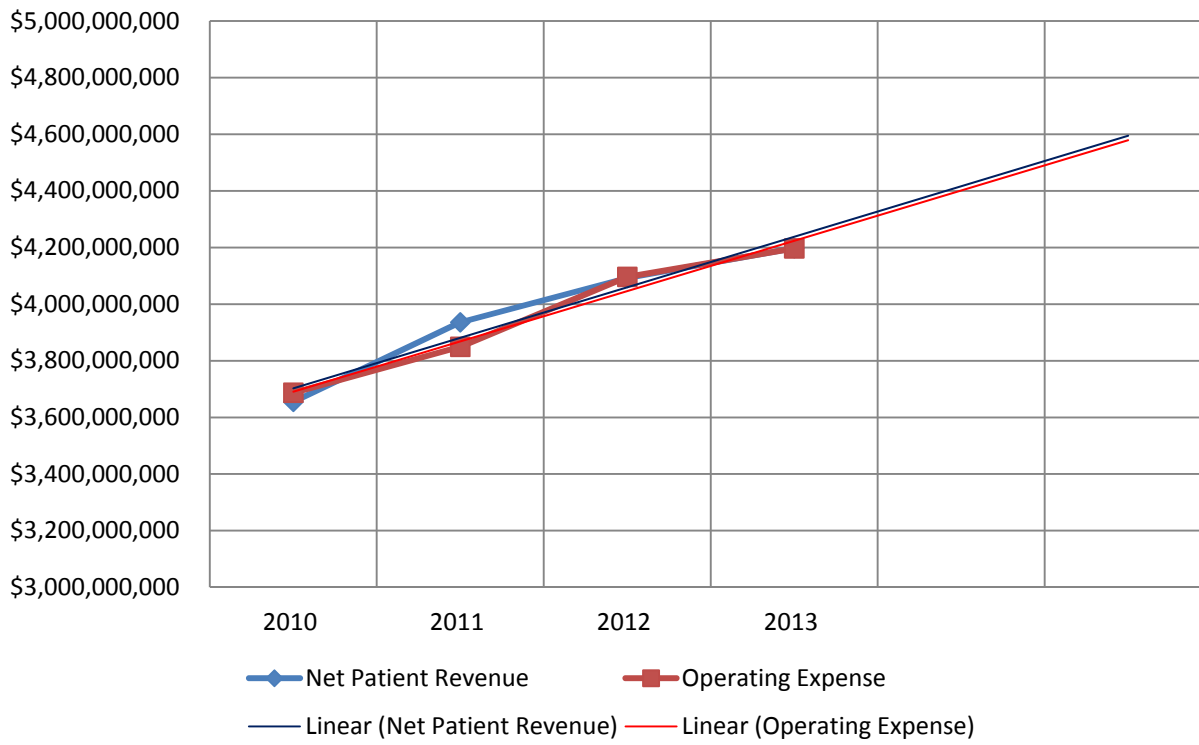
**Aggregate Revenue and Expense Data for
11 Acute Care Short Stay Community Hospitals
ADC 51 to 100**



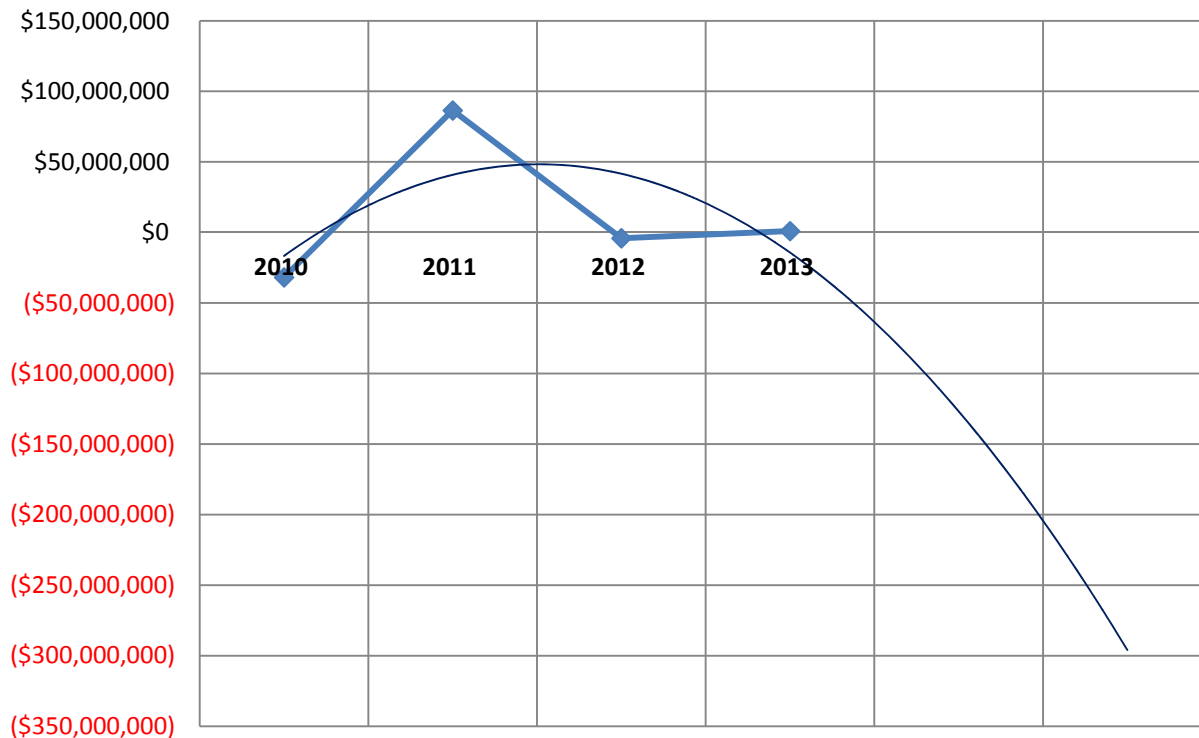
**Aggregate Operating Income Data for
11 Acute Care Short Stay Community Hospitals
ADC 51 to 100**



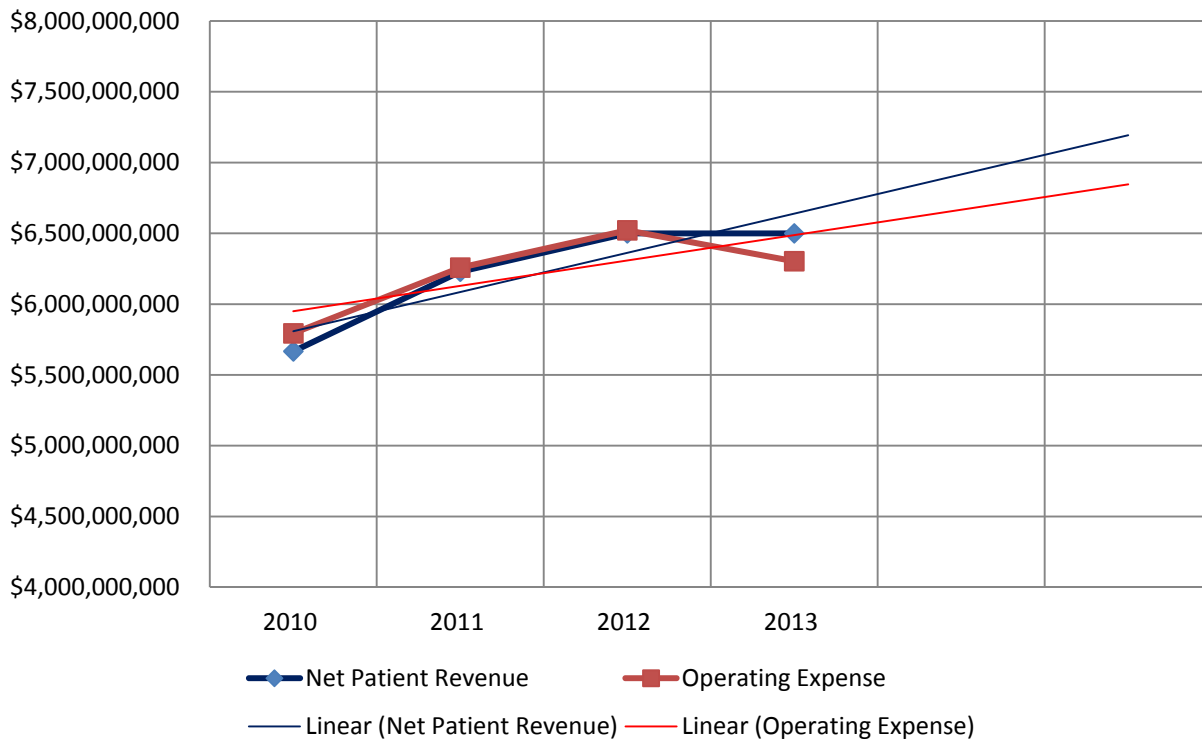
**Aggregate Revenue and Expense Data for
17 Acute Care Short Stay Community Hospitals
ADC 101 to 200**



**Aggregate Operating Income Data for
17 Acute Care Short Stay Community Hospitals
ADC 101 to 200**



**Aggregate Revenue and Expense Data for
8 Acute Care Short Stay Community Hospitals
ADC 200 +**



**Aggregate Operating Income Data for
8 Acute Care Short Stay Community Hospitals
ADC 200+**

