

Estimate of the Situation

Critical Information for Critical Times, Edition of Wednesday, September 24, 2014



Hospital Financial Trends in the ACA Era, Part 2

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 second 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 religious-affiliated hospitals. We began by reviewing published cost report data for the years 2010 through 2013 from a population of 751 hospitals. During the initial review we found that 89 hospitals (11.85%) of the original population have either closed or merged with or been acquired since 2010 and are no longer reporting independently. An additional 16

hospitals were removed from the study population because they did not report data for all periods. We then selected a random sample of 38 reporting hospitals from the remaining population of 646 (5.9%) and their data were used in the study. The study population as measured by reported acute ADC ranged in size between 10.30 and 511.88. The mean reported ADC is 140.14 and the median ADC is 110.15.

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.

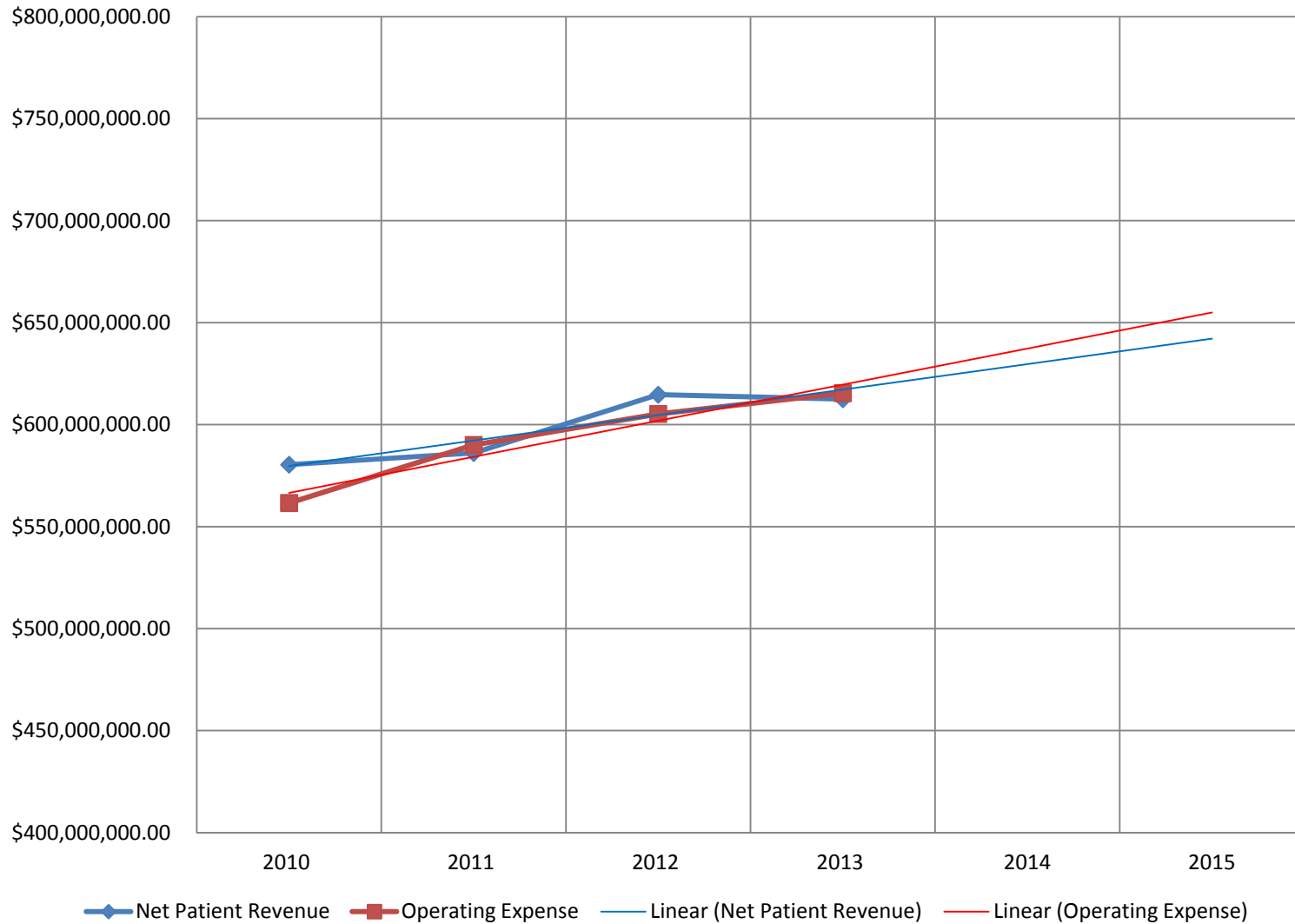
We hope you find them to be informative and helpful. Subsequent issues will explore financial trends in critical access hospitals.

FJB

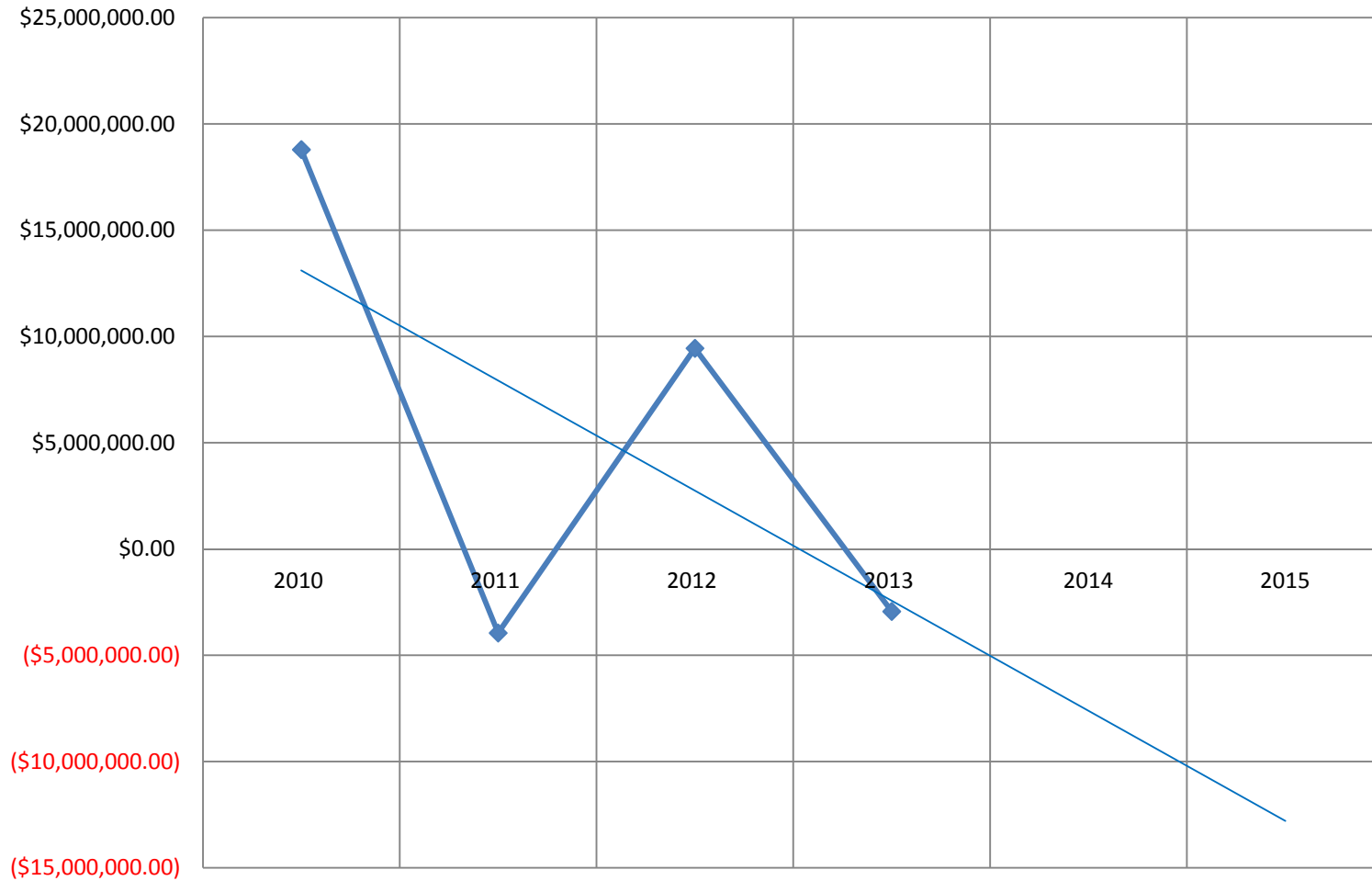


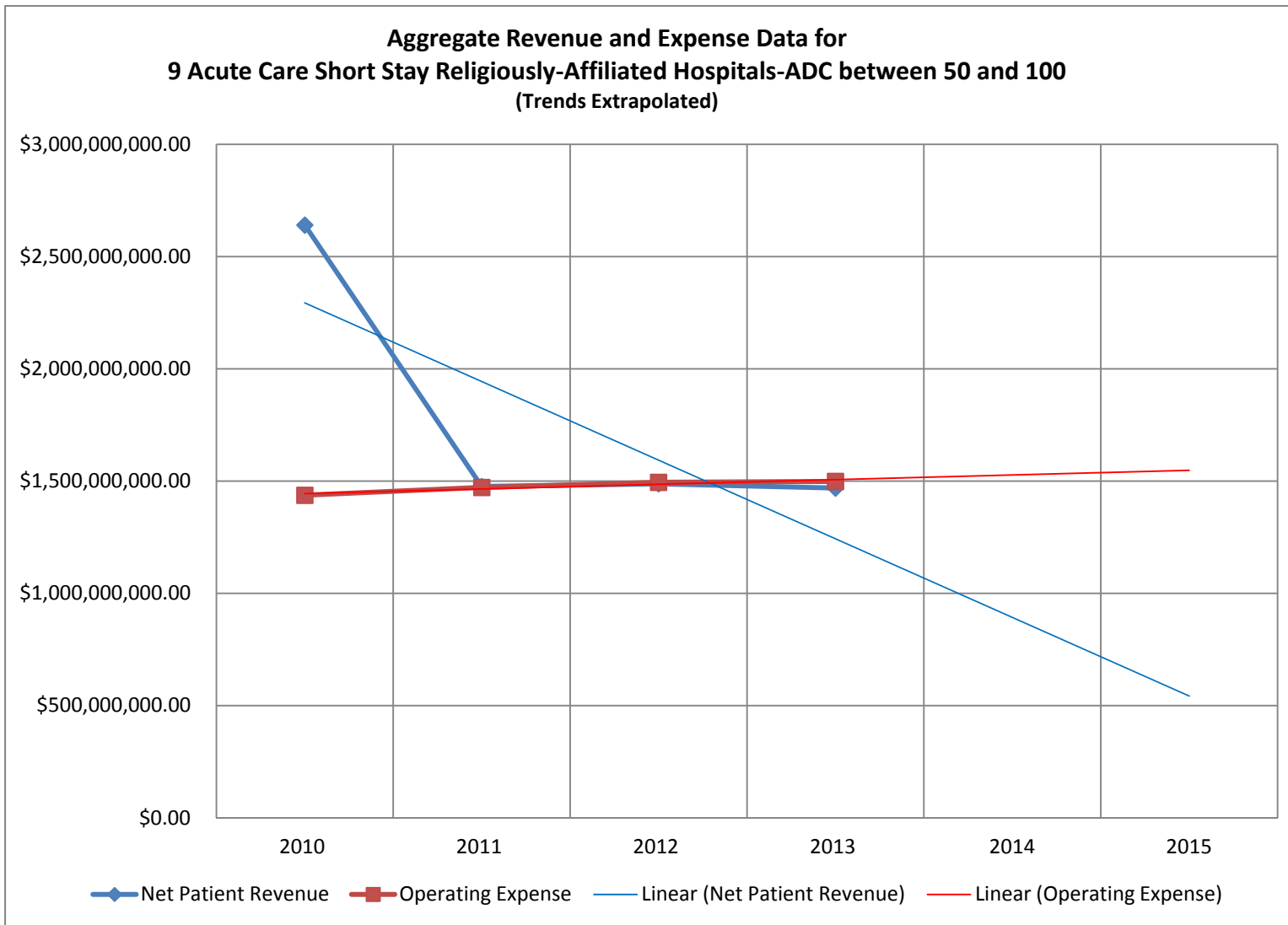
7667 N.W. Prairie View Road, Suite 204
Kansas City, Missouri 64151
(816) 587-2120
<http://bradyinc.com>

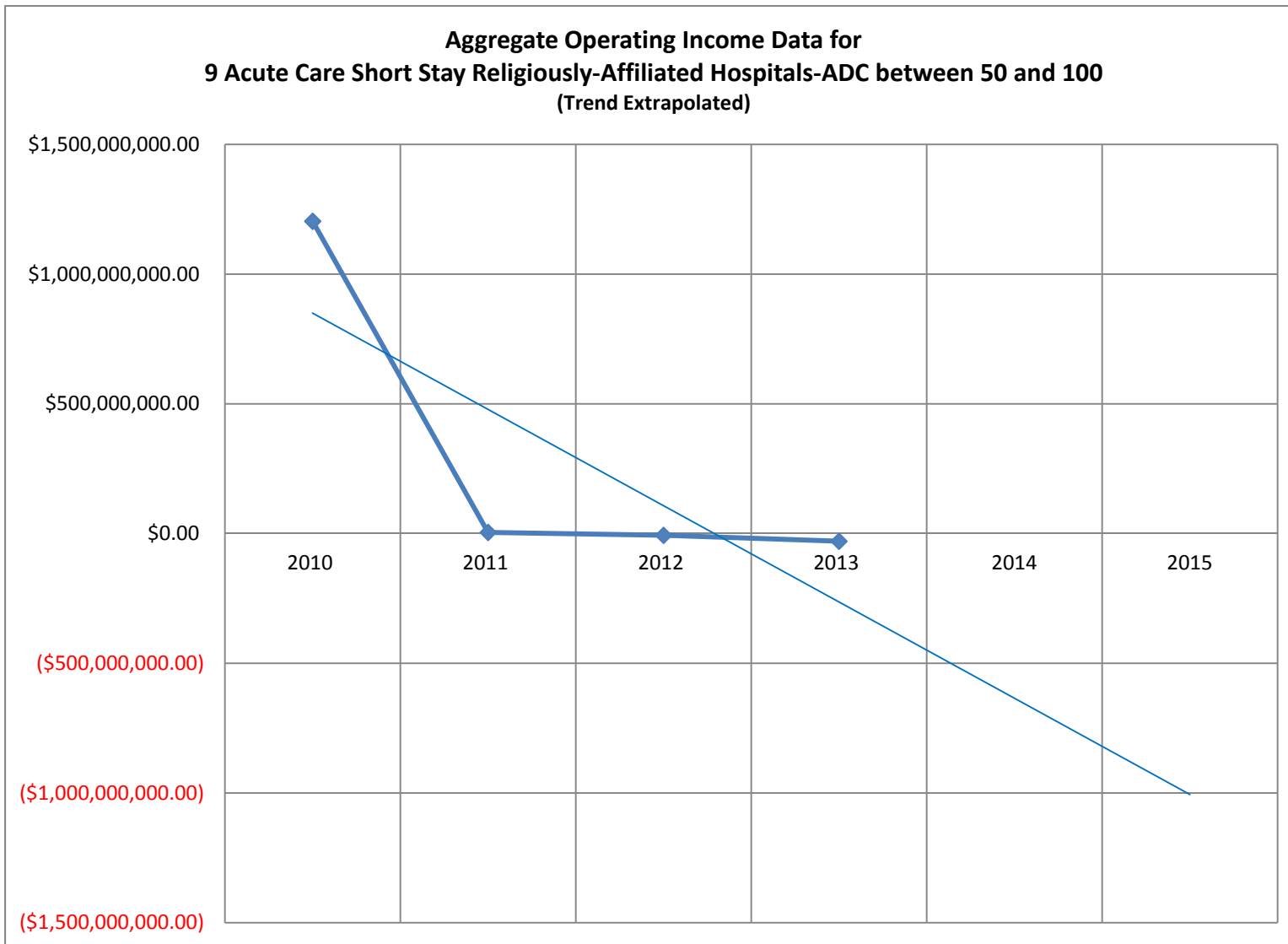
**Aggregate Revenue and Expense Data for
8 Acute Care Short Stay Religiously-Affiliated Hospitals-ADC 0 to 50
(Trends Extrapolated)**



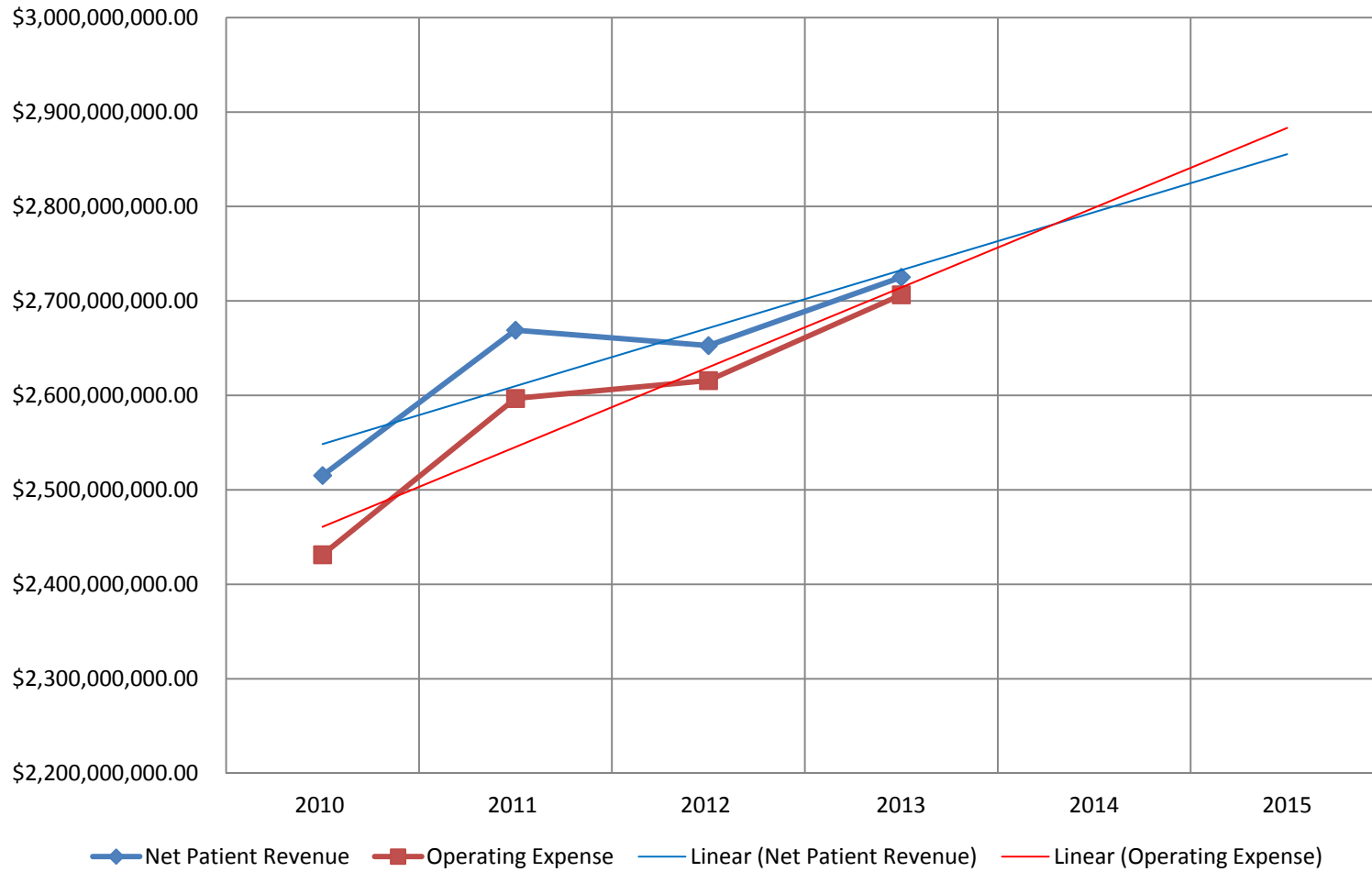
**Aggregate Operating Income Data for
8 Acute Care Short Stay Religiously-Affiliated Hospitals-ADC 0 to 50
(Trend Extrapolated)**







**Aggregate Revenue and Expense Data for
12 Acute Care Short Stay Religiously-Affiliated Hospital- ADC between 100 and 200
(Trends Extrapolated)**



**Aggregate Operating Income Data for
12 Acute Care Short Stay Religiously-Affiliated Hospitals-ADC between 100 and 200
(Trend Extrapolated)**

