

Estimate of the Situation

Critical Information for Critical Times, Edition of Wednesday, October 1, 2014



Hospital Financial Trends in the ACA Era, Part 3

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 third 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 critical access hospitals. We began by reviewing published cost report data for the years

2010 through 2013 from a population of 1,322 critical access hospitals. During the initial review we found that 180 hospitals (13.62%) 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 28 were removed from the study population because they did not report data for all periods. We then selected a random sample of 99 reporting hospitals and their data were used in the study. The study as measured by reported acute ADC ranged in size between 1.40 and 20.45. The mean reported ADC is 7.95 and the median ADC is 7.17.

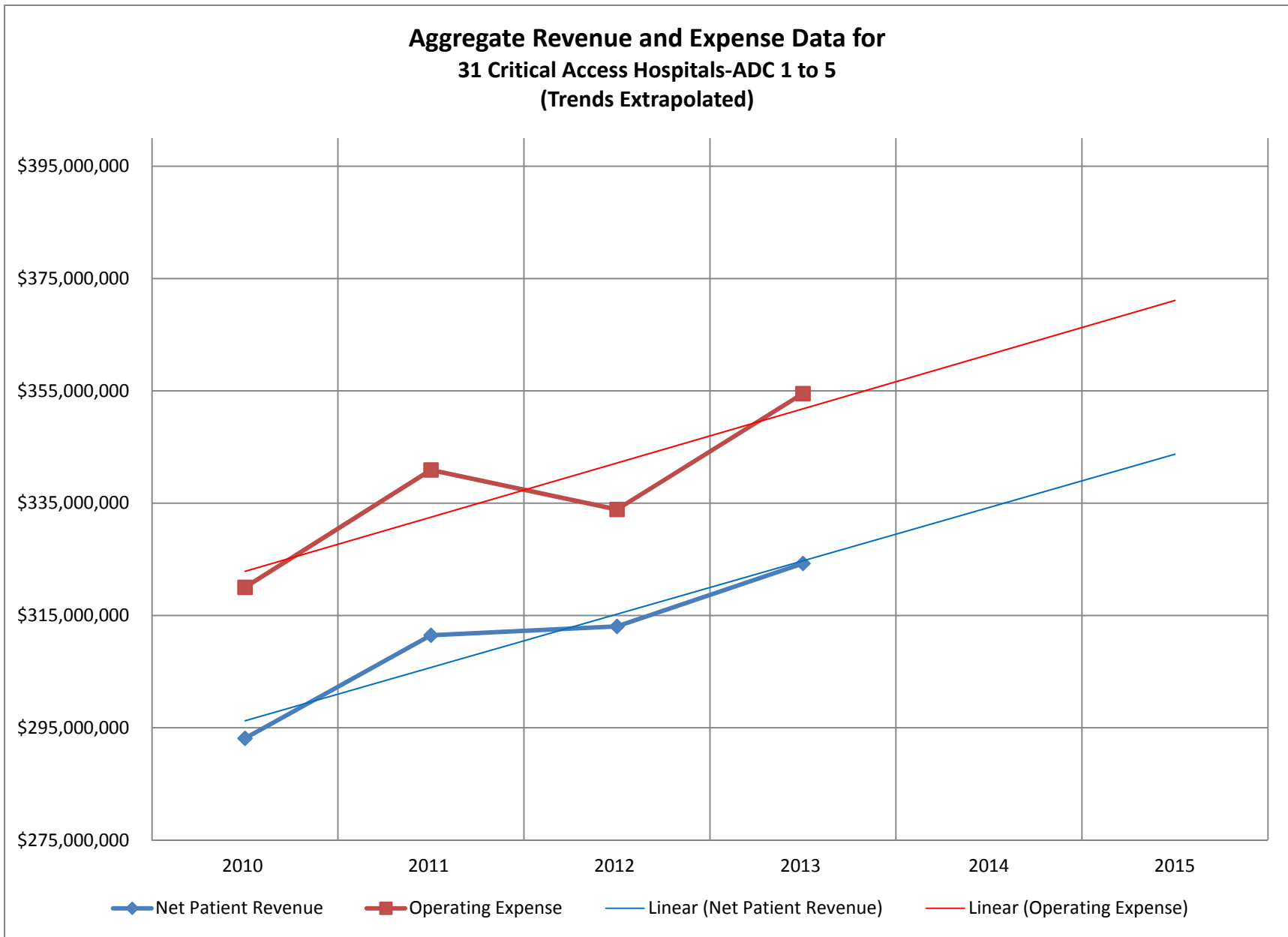
The pages which follow display aggregate Critical Access Hospital trends segmented by hospital ADC. Four ADC categories are displayed:

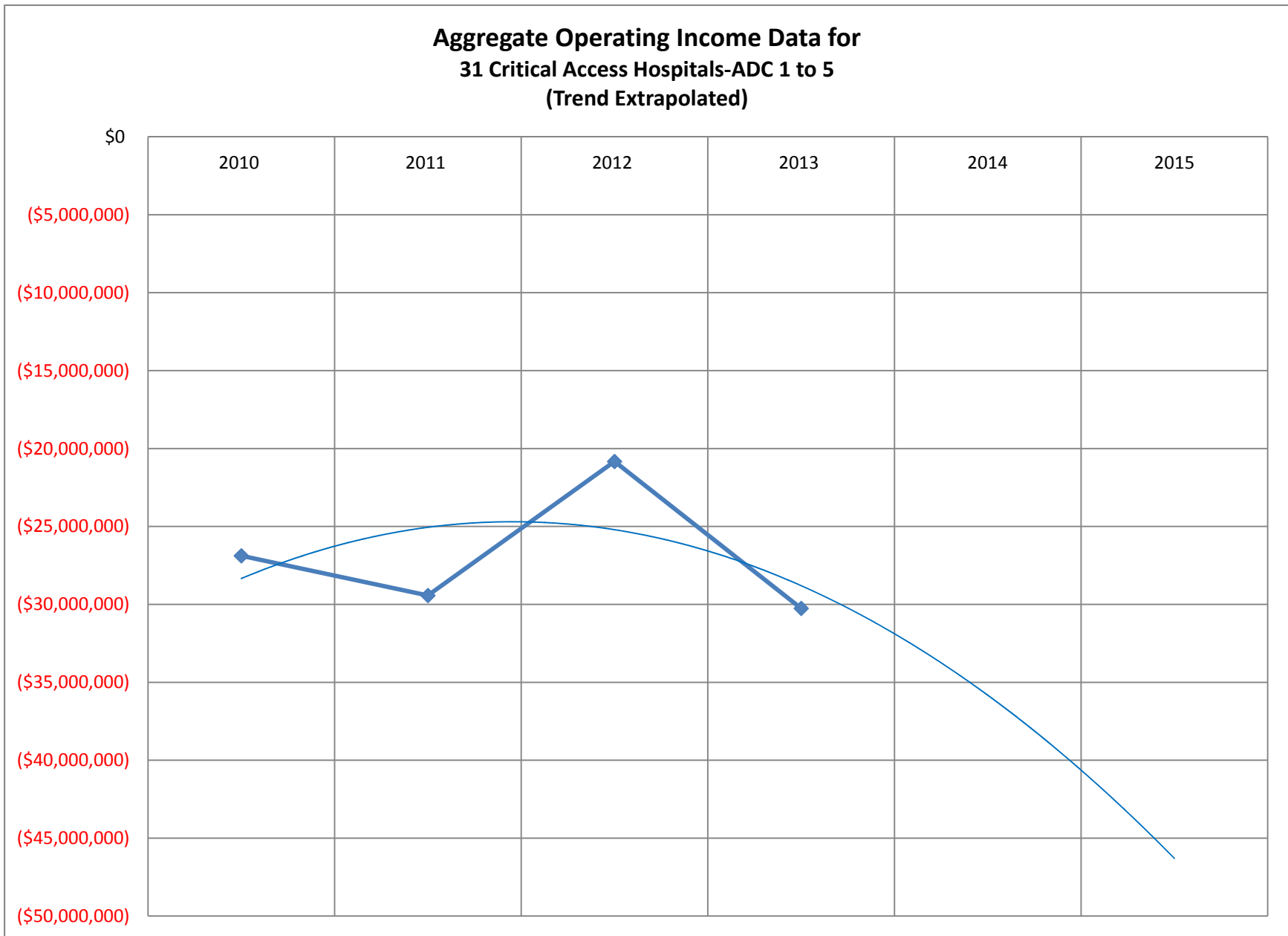
- Acute ADC from 1 to 5.
- Acute ADC from 5 to 10.
- Acute ADC from 10 to 15.
- Acute ADC from 15 to 25.

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.

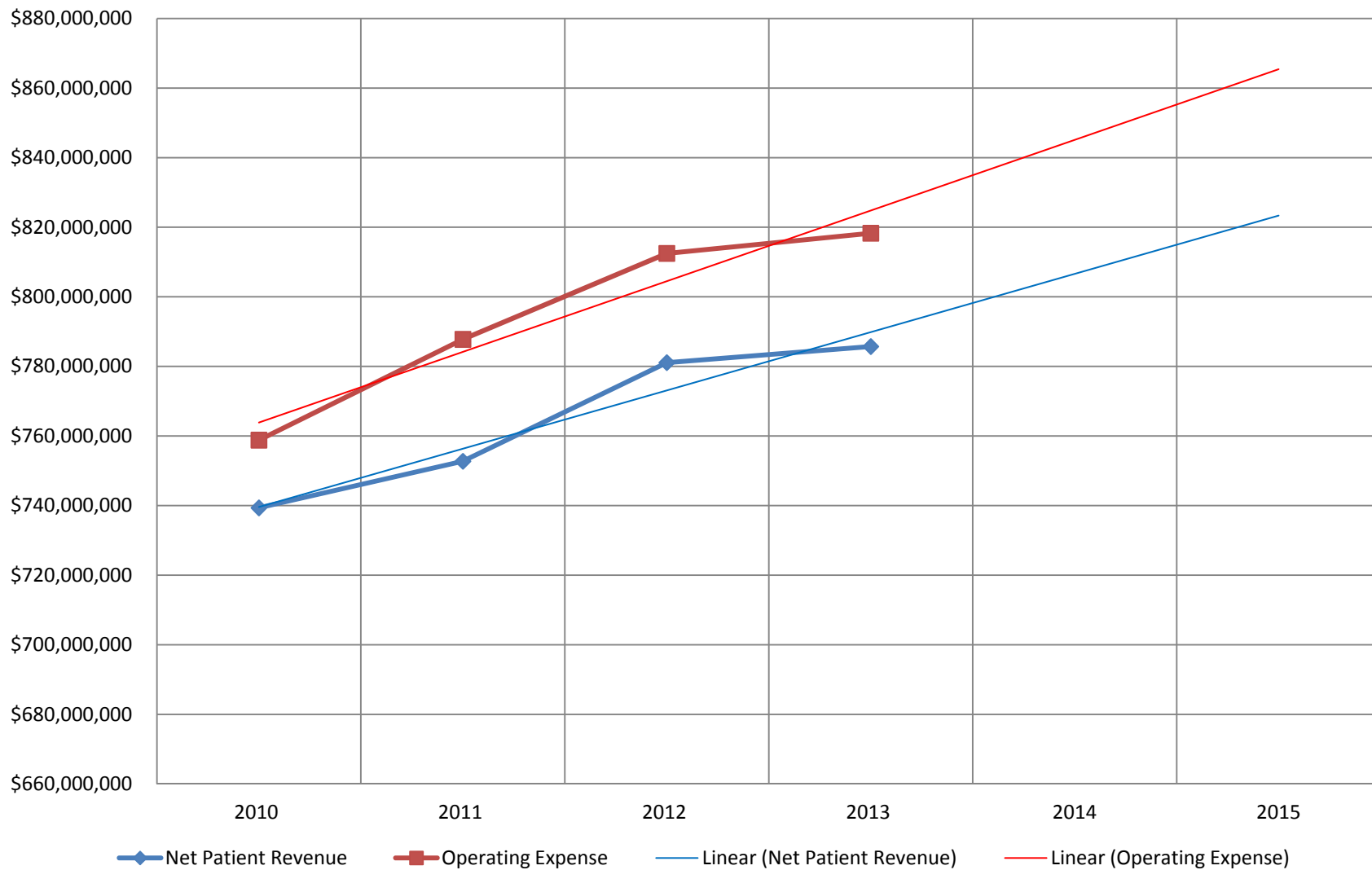
We hope you find these data to be informative and helpful. We will revisit this topic with a larger sample size in the future.

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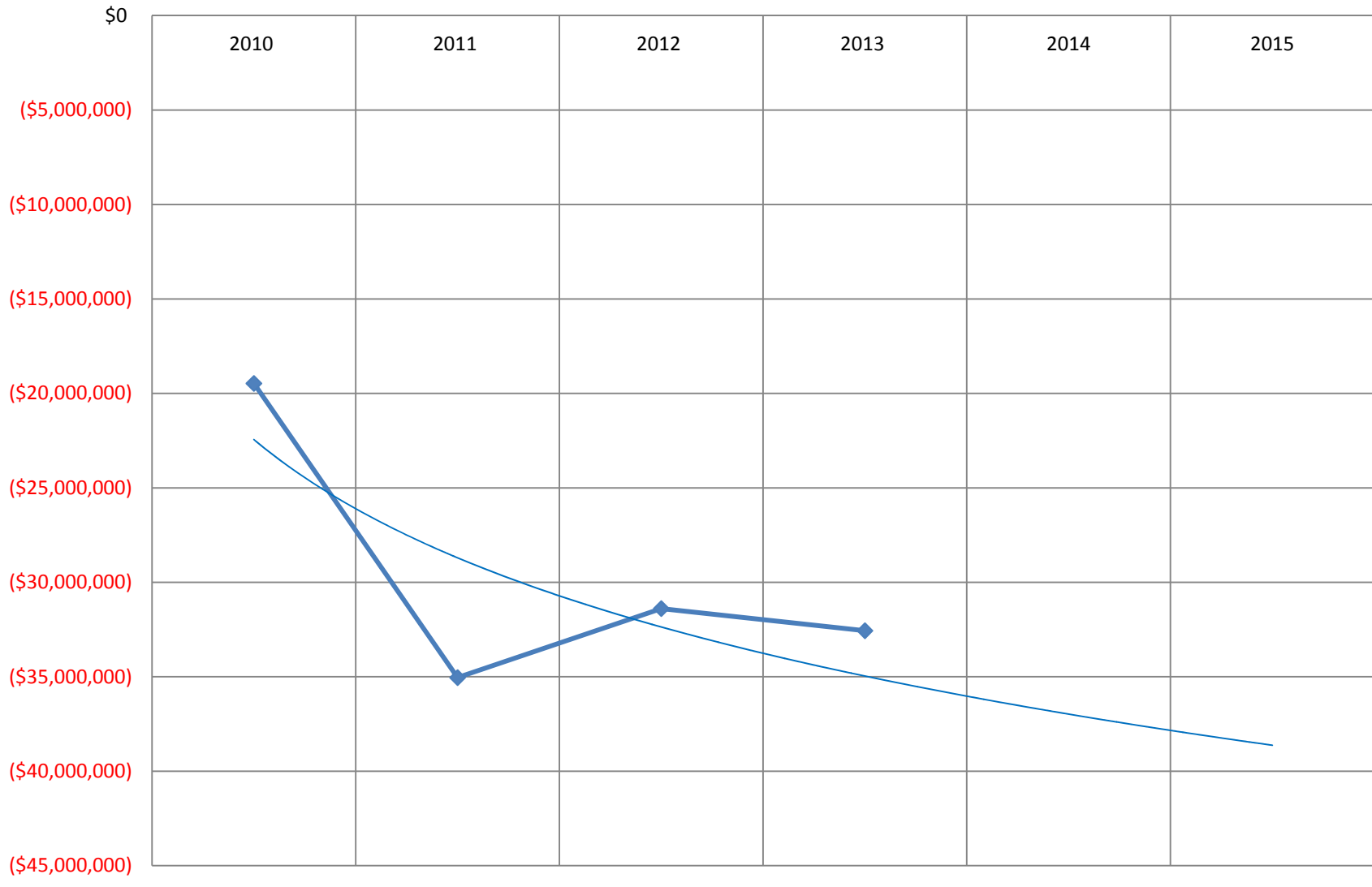




Aggregate Revenue and Expense Data for 36 Critical Access Hospitals-ADC 5 to 10 (Trends Extrapolated)



**Aggregate Operating Income Data for
36 Critical Access Hospitals-ADC 5 to 10
(Trend Extrapolated)**



**Aggregate Revenue and Expense Data for
23 Critical Access Hospitals-ADC 10 to 15
(Trends Extrapolated)**

