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Volume One • General Acute Care Hospitals



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The Pennsylvania Health Care Cost Containment Council (PHC4) is an independent state agency charged with addressing the cost and quality of health care in Pennsylvania. PHC4 fosters competition in the health care market through the collection, analysis and dissemination of quality health care information.

In order to maintain a high quality, cost-effective health care delivery system, hospitals and freestanding surgery centers must be financially viable. Beginning with fiscal year 1989, PHC4 has produced a series of financial reports that measure the financial health of the Commonwealth's hospitals and surgery centers and the utilization of their services.

This is the second report in PHC4's Financial Analysis 2006 series. This volume presents a profile of the financial health of Pennsylvania's 174 General Acute Care (GAC) hospitals. The *Preview* of statewide financial trends was released in March 2007. A subsequent volume will report on the non-GAC hospitals (rehabilitation, long-

term acute, psychiatric and specialty) as well as ambulatory surgery centers.

This report focuses primarily on Fiscal Year 2006 (FY06). For most GAC hospitals, FY06 began on July 1, 2005 and ended June 30, 2006. For those hospitals that utilize a different fiscal year, the data presented in this report reflect the fiscal year that ended prior to June 30, 2006. Hospitals with a fiscal year end other than June 30 are listed on the last page of this report.

The information contained in this report was derived from annual hospital financial statements supplemented with additional data supplied by each hospital. By law, hospitals are required to submit this financial and utilization information to PHC4. Every reasonable effort has been made to ensure the accuracy of the information contained herein. Each facility had the opportunity to review its data and to make corrections. The ultimate responsibility for data accuracy lies with each individual facility.

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HOSPITAL INCOME

Pennsylvania's GAC Hospitals

General Acute Care (GAC) hospitals include all non-federal, short-term general and specialty acute care hospitals open to the public. Many GAC hospitals operate subunits, such as skilled nursing, psychiatric, rehabilitation, and long-term acute care. Generally, all of the activities of a hospital and any of its subunits are included in the information presented in this report.

Ancillary operations, such as physician practice groups, have been excluded whenever possible.

During the 2006 fiscal year (FY06), there were 174 GAC hospitals licensed in Pennsylvania. This is a net decline of three hospitals from the 177 licensed hospitals operating during FY05. There were two hospitals that merged under the license of another hospital; UPMC Passavant Cranberry merged under UPMC Passavant, and UPMC Lee Regional merged under the Connemaugh Valley Memorial Hospital. The Woman's Medical Center in Philadelphia closed about eight months after taking over the facilities of the Medical College of Pennsylvania.

All but 22 of the 174 GAC hospitals functioned solely as non-profit organizations or as components of larger non-profit organizations. All income or "profit" from their operations is retained within the organization. The primary uses of income are to fund capital improvements, retire outstanding debt, and to provide a reserve in the event revenues do not cover expenses in the future.

For-profit hospitals may distribute a portion of their income to shareholders as dividends. In

FY06, five multi-state for-profit corporations operated 19 GAC hospitals in Pennsylvania. Four of the five corporations made a profit during FY06 (2005), and two of the corporations paid dividends to its shareholders. The dividends were equal to 31.7% of net (after-tax) income for Health Management Associates (HMA) and 6.7% of net income for Universal Health Systems (UHS). Consequently, about 68% of HMA's income and about 93% of UHS' income were retained within the corporation. Since Community Health Systems and Life Point Hospitals made a profit and did not pay dividends, 100% of their income was retained in the corporation.

Why is Income Important?

Hospitals need a positive total income (total margin) to operate effectively. Those that have a negative total margin (deficit) are not receiving sufficient revenue to pay all of their expenses. Hospitals operating at a deficit must use other sources of funds, such as cash reserves or the liquidation of assets, to pay their expenses. Unless these hospitals can alleviate the deficit by increasing revenues and/or cutting expenses, they can stay in business only as long as they have assets to liquidate.

Earning a positive total margin alone may not be enough to remain viable. Hospitals need to earn sufficient income to make improvements to their facilities and equipment. These investments are necessary to replace worn out or obsolete buildings and equipment, keep pace with changes in medical technology, and meet the changing health care needs of the community.

In addition to using their own funds, hospitals finance improvements to facilities and equipment by issuing bonds or entering into other debt financing. However, financial institutions and potential bondholders must be convinced that a hospital is capable of repaying its debt. Therefore, it may be difficult for hospitals that are projected to have low or negative income to borrow money.

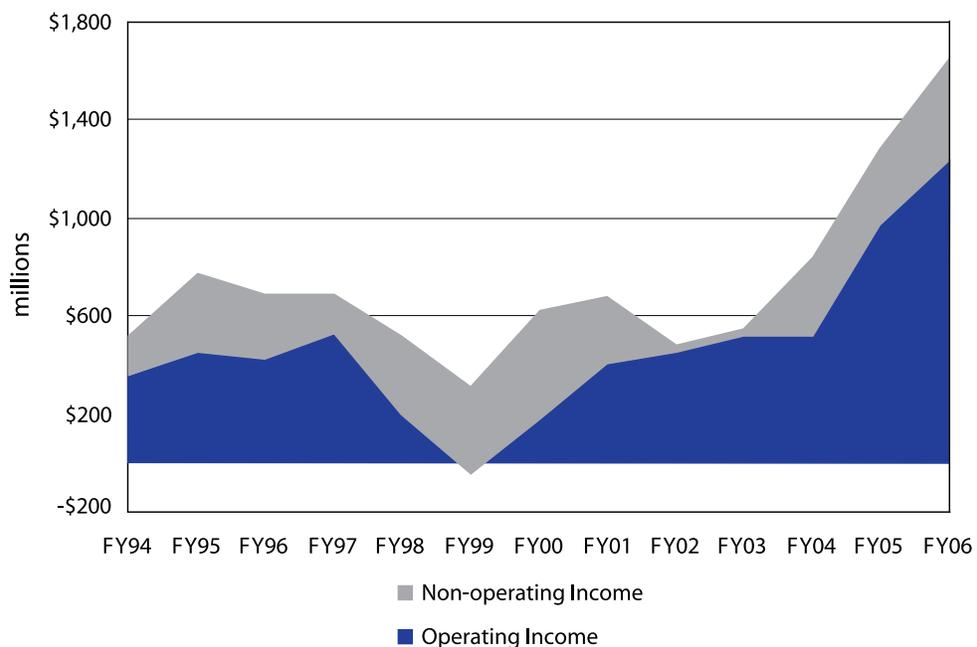
It is very important to closely monitor hospital income levels because relatively small changes in revenues or expenses can make a large difference in the financial health of a hospital. For example, a hospital realizing an average 4% operating margin one year can have an operating deficit the following year if revenues fall by 2% and expenses rise at the rate of inflation (e.g., 3%).

What is an “Appropriate” Income Level?

The “appropriate” level of income needed to keep a hospital viable will be different for each individual hospital or health system. The precise amount of income a hospital needs depends on several factors, including, but not limited to: the condition of its plant and equipment, amount of debt, assets available for capital improvements, the mix of care provided by the hospital, the level of payment risk, and the current and future needs of the market a hospital serves.

For example, a hospital that has experienced low or negative income levels for a number of years may need to realize an above average income level if it is to make overdue capital improvements, reduce outstanding debts, and replenish its capital reserves. Alternatively, a hospital with a history of continuous moderate income levels can

FIGURE 1
Statewide Operating and Non-operating Income



probably remain viable with a lower income level if it has kept pace with needed improvements and has not depleted its capital reserves or acquired debt in order to meet expenses in the past.

Operating Margin vs. Total Margin

Hospital income is usually expressed as either operating margin or total margin.

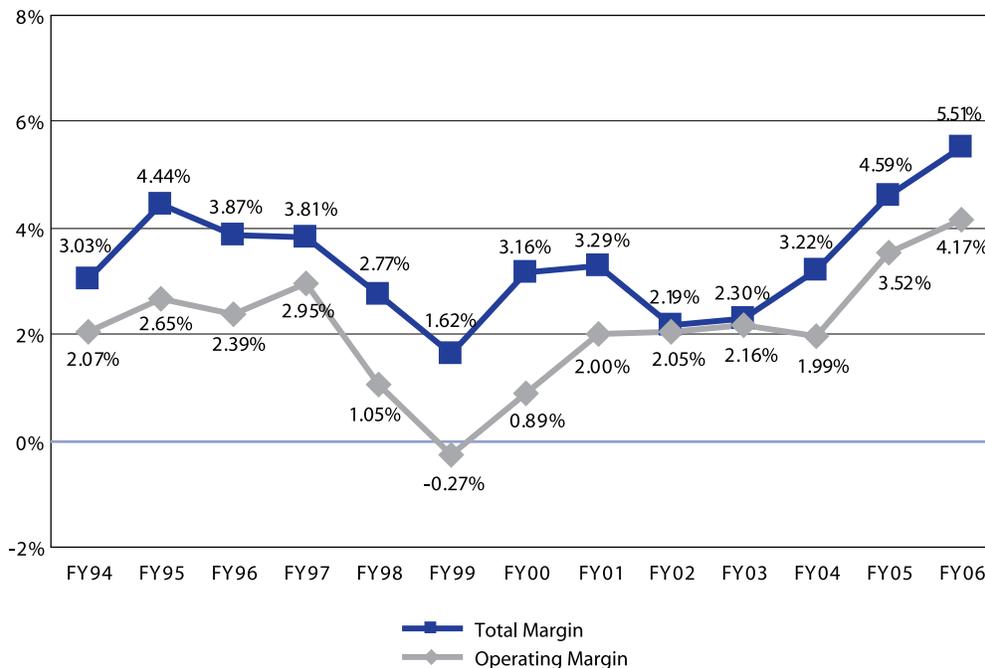
Operating margin reflects the percent of operating revenue remaining after all operating expenses are paid. A hospital's operations include patient care, as well as a variety of other related functions, such as medical education, cafeterias, office space, and parking. A positive operating margin indicates a hospital is receiving more revenue for its operations than it costs to run them. Alternatively, a negative operating margin indicates that revenues are not covering costs.

Total margin includes both operating income and income from all other sources. The income from sources other than operations is called "non-operating income." Examples of non-operating income are investment and trust income and contributions. However, some hospitals include all or part of investment and trust income in operating revenue, particularly when the funds have been designated to support specific operations of a hospital.

Total margin reveals the composite financial health of a facility during the year. If total margin is negative, the hospital is losing money after all sources of revenue and income have been considered.

Some hospitals have endowments that enable them to provide care beyond the level of operating revenue they receive. For those hospitals, a negative operating margin may not be that critical

FIGURE 2
Statewide Average Total and Operating Margins



as long as they can realize a healthy positive total margin. Other hospitals may not have large endowments or other sources of non-operating income. As a result, their operating margins and total margins will be very similar. In these instances, a low or negative operating and/or total margin may reveal the hospital is under financial stress.

Unlike non-profit hospitals, the income realized by for-profit hospitals is subject to income tax. PHC4 reflects income taxes as a non-operating expense. Consequently, the operating margins for both non-profit and for-profit hospitals are comparable.

Since for-profit hospitals typically have little or no non-operating income, the difference between the operating and non-operating income of for-profit hospitals is primarily the effect of income taxes.

If a for-profit hospital had a positive operating margin and its parent corporation paid income taxes, the hospital will have an income tax expense. This tax expense will cause the hospital's total margin to be lower than the operating margin.

If a for-profit hospital lost money and its parent corporation was subject to income taxes or the parent posted a tax credit, a tax credit is posted for the facility. The tax credit is an estimate of how much the parent's tax expense was affected because the hospital's loss reduced the parent's net income. In these circumstances, the tax credit will make the hospital's total margin greater than the operating margin.

Two of the for-profit hospitals, Barix Clinics and Edgewood Surgical Hospital, are organized as Limited Liability Corporations (LLCs). LLCs are

not directly subject to income tax, and their total margin is not affected by tax expenses.

For-Profit Taxes

Of the 19 for-profit hospitals operated by multi-state corporations, ten had positive operating margins and reported federal income tax expenses totaling \$50.4 million during FY06. As a group, federal taxes for these ten hospitals were equal to about 4.5% of their total operating revenue. For these hospitals, 4.5 cents of every dollar of revenue was used to pay federal income taxes.

Nine of the 19 hospitals had negative operating margins during FY06. Because their losses either reduced the overall tax expense or increased the tax credit posted by the parent corporations, tax credits of \$37.2 million were recorded for these hospitals.

The net effect of the ten hospitals that made a profit and the nine that operated at a loss was a total statewide federal tax expense of \$13.3 million for the 19 for-profit hospitals.

Statewide Total Margin Rises for Fourth Consecutive Year, Driven by Increases in both Operating and Non-operating Income

The overall net income or total margin realized by GAC hospitals grew by almost another full point, rising from 4.59% in FY05 to 5.51% in FY06. In the three years since FY03, the total margin has grown 3.2 points, which averages to more than one point per year.

Unlike FY04 and FY05, the improvement in FY06 total margin resulted from a combination of a 26.7% (\$257 million) increase in operating

income and a 36.5% (\$112 million) increase in net non-operating income. In FY04, the 0.9-point increase in the total margin was almost exclusively driven by a \$291 million increase in non-operating income, while operating income remained relatively constant. During FY05, non-operating income actually fell and the 1.4-point climb in the total margin was the result of a \$457 million increase in operating income.

With these increases in operating and non-operating income, FY06 statewide net income (revenue over expenses) grew to \$1.638 billion. Operating income contributed about 74% or \$1.220 billion of the total net income and the remaining 26% or \$418 million came from non-operating sources.

Statewide operating income improved because operating revenue grew more than operating expenses. GAC hospitals collectively posted an increase in operating revenue of about 7.1% or \$1.9 billion, while holding the increase in oper-

ating expenses to about 6.4% or \$1.7 billion. Total operating revenue rose to \$29.3 billion, and the hospitals posted operating expenses totaling \$28.1 billion. The revenue hospitals received for patient care, net patient revenue (NPR), grew at 7.2%, nearly the same rate as overall operating revenue during FY06. Statewide NPR was \$27.8 billion, making up 95% of statewide operating revenue in FY06.

Despite Statewide Gains, More than One-fifth of GAC Hospitals Still Lost Money

Eleven fewer GAC hospitals reported losses during FY06, reducing the number of hospitals posting negative total margins from 49 in FY05 to 38 in FY06. Despite this improvement, 22% of GAC hospitals still lost money during FY06. However, the scenario in FY06 is much better than just three years earlier in FY03 when nearly one-half (48%) of Pennsylvania’s GAC hospitals posted losses.

Despite the nearly 0.7-point improvement in the statewide operating margin, the same number of hospitals posted operating losses in both FY05 and FY06. Fifty-six (56) hospitals reported negative operating margins in both years.

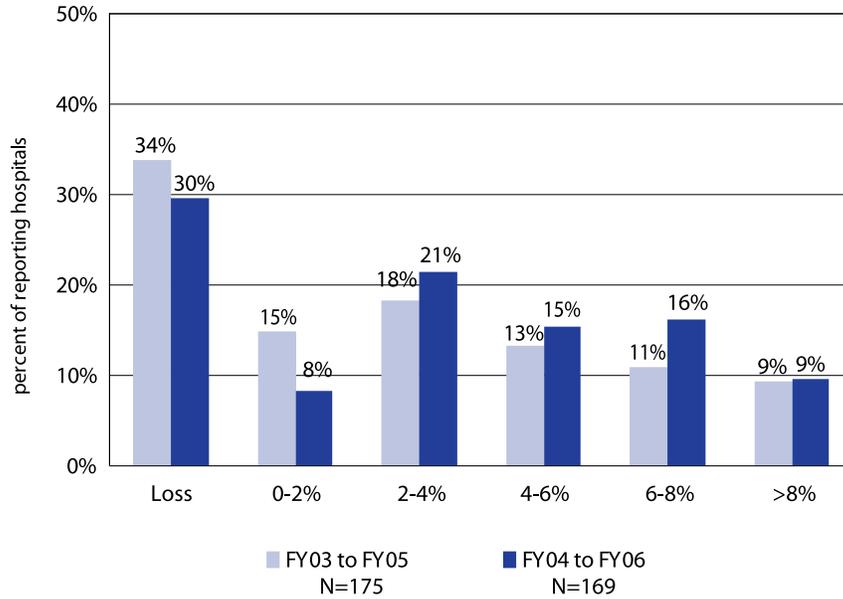
Since extraordinary or short-term events can have a significant impact on a hospital’s annual total margin, a 3-year average total margin often provides a better perspective on a hospital’s medium-term financial health. Table 1 and Figure 3 reveal an across-the-board positive shift in the distribution of FY04-FY06 3-year average total margins, compared to the FY03-FY05 average total margins. Nine fewer hospitals posted average losses, and 12 fewer hospitals had small positive 3-year average total margins in the

TABLE 1
Statewide Distribution of 3-year Average Total Margin

3-yr Average Total Margin	Reporting Hospitals FY03 to FY05		Reporting Hospitals FY04 to FY06	
	Number	Percent	Number	Percent
Loss	59	34%	50	30%
0-2%	26	15%	14	8%
2-4%	32	18%	36	21%
4-6%	23	13%	26	15%
6-8%	19	11%	27	16%
>8%	16	9%	16	9%
Total	175	100%	169	100%*

* Individual category percentages do not total 100% due to rounding.

FIGURE 3
Statewide Distribution of 3-year Average Total Margin



0% - 2% range. Alternatively, there were more hospitals with average total margins between 2% and 8%. The same number of hospitals (16) reported 3-year average total margins above 8%.

The Growth in Hospital Charges Continues to Outpace the Growth in Net Patient Revenue

Hospitals maintain a schedule of charges or “charge master” for all of the services they provide. Table 2 reveals that charges are much

higher than the payments hospitals actually receive (NPR) and that charges have been growing at a faster rate than payments. For example, in FY97, statewide hospital charges were 2.2 times greater than total net patient revenue (NPR). By the end of FY06, statewide charges were almost 3.6 times greater than statewide NPR. During FY06, statewide charges increased 8.2%, compared to the 7.2% increase in total net patient revenue.

TABLE 2
Statewide Ratio of Charges to Net Patient Revenue (NPR)

	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06
Charges to NPR	222%	231%	243%	255%	274%	294%	329%	348%	352%	356%

STATEWIDE UTILIZATION

Inpatient Care Remains Relatively Constant

After two years of significant growth in the number of inpatient discharges during FY03 and FY04, statewide discharges have remained in the 1.82 to 1.83 million range between FY04 and FY06. The average length of an inpatient stay (ALOS) has declined every year since at least FY92 with the rate of decline waning in recent years. Figure 6 reveals that this trend continued in FY06 as the ALOS fell by another 0.02 of a day to 5.27 days. The combination of the slight decline in both ALOS and total discharges has resulted in a small decline in the number of total patient days from 9.67 million in FY05 to 9.61 million in FY06.

Of the \$27.8 billion in statewide net patient revenue (NPR), 62.0% or \$17.3 billion was

derived from inpatient care. Consistent with the slight decline in total patient days, the increase in inpatient revenue of 6.2% during FY06 was one point less than the increase in overall net patient revenue of 7.2%.

Statewide outpatient revenue posted by GAC hospitals increased 9.0% during FY06, rising to \$10.3 billion. Outpatient revenue made up 37.2% of total net patient revenue. Hospitals reported 35.3 million outpatient visits during FY06, a 1.8% increase in visits over FY05.

The remaining 0.8% of statewide NPR was generated by home health care provided by hospitals. Sixty-three of the 174 GAC hospitals offered home health services, generating a total \$233 million in patient revenue during FY06. The number of visits to patients' homes by hospital home health staff declined 4.7% to 1.8 million visits.

FIGURE 4
Statewide Inpatient Discharges

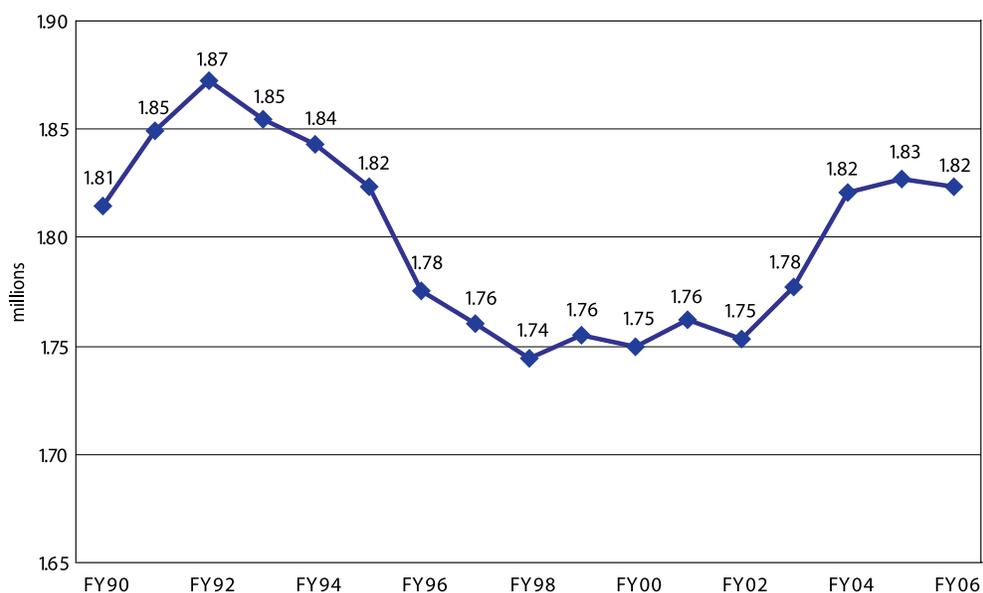


FIGURE 5
Statewide Inpatient Days

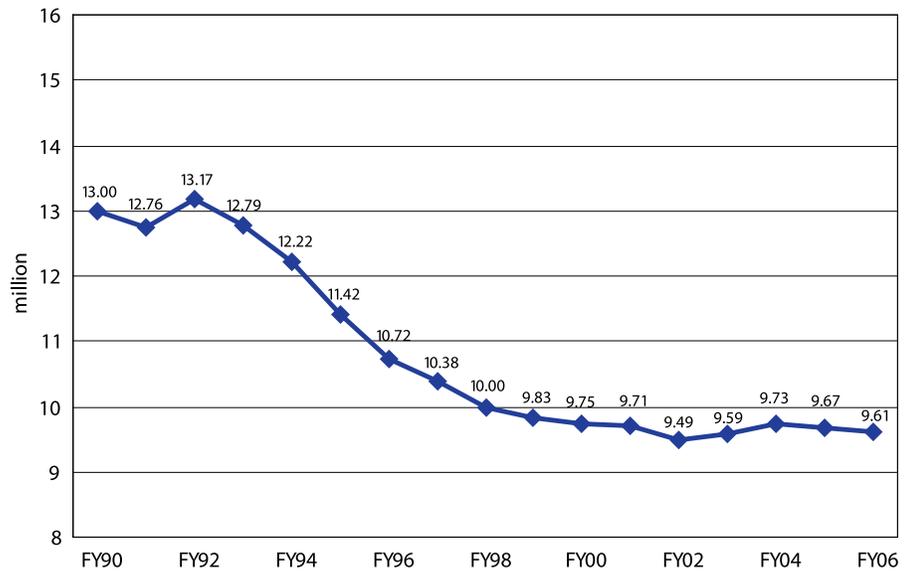
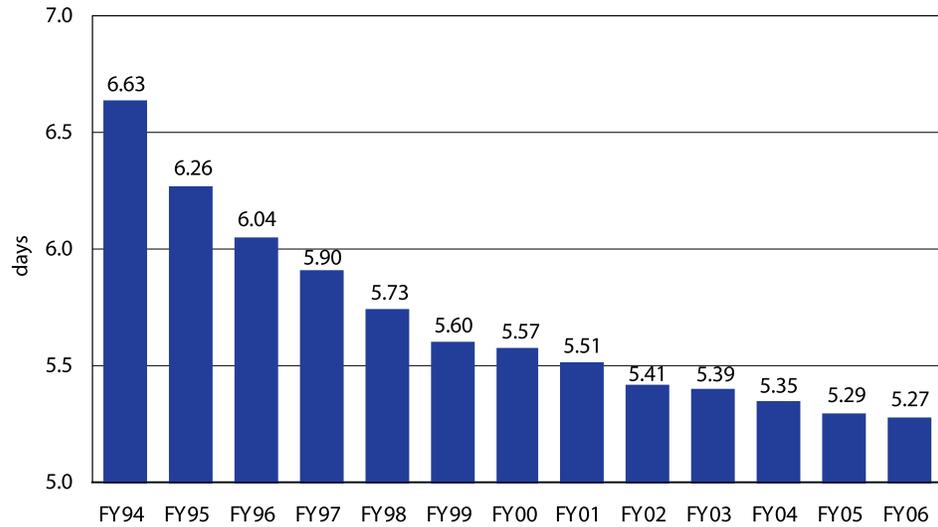


FIGURE 6
Statewide Average Length of Stay



UTILIZATION AND REVENUE BY PAYOR

Hospitals received 91.6% of their net patient revenue (NPR) from third-party health care insurers in FY06. These third-party health insurers include the federal Medicare program, the state and federally-funded Medical Assistance (MA) program, and commercial managed care and indemnity companies. The remaining 8.4% came from patients and other insurers, such as auto insurance and workers compensation.

Revenue from Commercial Insurers Continues to Outpace Medicare

During FY06, total NPR from commercial health insurers grew 8.8% or nearly one billion dollars (\$969 million) to \$12.0 billion. Commercial health insurers now provide 43.2% of statewide net patient revenue.

FIGURE 7
Statewide Net Patient Revenue by Payor, FY06

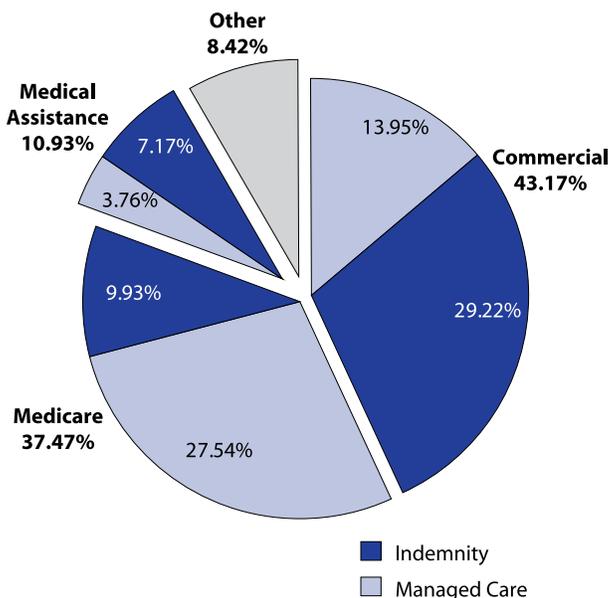


TABLE 3
Net Patient Revenue by Payor (millions)

	FY05	FY06	Percent Change FY05 to FY06
Commercial	\$11,039	\$12,008	8.77%
Indemnity	\$3,642	\$3,880	6.53%
Managed Care	\$7,397	\$8,128	9.88%
Medicare	\$9,986	\$10,427	4.42%
Indemnity	\$7,669	\$7,663	-0.08%
Managed Care	\$2,316	\$2,764	19.32%
Medical Assistance	\$2,784	\$3,042	9.26%
Indemnity	\$997	\$1,047	4.98%
Managed Care	\$1,787	\$1,996	11.64%
Other	\$2,145	\$2,344	9.24%
STATEWIDE	\$25,955	\$27,821	7.19%

A 2.2% decline in discharges and a 2.4% decline in patient days, coupled with smaller increases in average inpatient payments, resulted in total Medicare NPR rising at about half the rate as commercial insurers. With the 4.4% or \$441 million growth in NPR, Medicare now funds about 37.5% of GAC hospital care in Pennsylvania.

Commercial and Medicare Indemnity Payments Outpace Managed Care

In the four years between FY02 and FY05, the growth in the annual average payment per discharge for commercial and Medicare patients covered by a managed care plan outpaced the growth in average payments for patients covered by indemnity plans. That trend ended in FY06 when the 12.2% increase in the average revenue per discharge for commercial indemnity patients

UTILIZATION AND REVENUE BY PAYOR

TABLE 4
Discharges by Payor

	Discharges			Inpatient Revenue per Discharge		
	FY05	FY06	Percent Change FY05 to FY06	FY05	FY06	Percent Change FY05 to FY06
Commerical	582,915	583,700	0.13%	\$9,563	\$10,306	7.77%
Indemnity	182,211	173,399	-4.84%	\$9,789	\$10,982	12.18%
Managed Care	400,703	410,302	2.40%	\$9,460	\$10,020	5.92%
Medicare	871,238	851,889	-2.22%	\$8,807	\$9,361	6.29%
Indemnity	679,376	637,865	-6.11%	\$8,792	\$9,355	6.41%
Managed Care	191,863	214,024	11.55%	\$8,863	\$9,380	5.84%
Medical Assistance	283,462	292,163	3.07%	\$7,351	\$7,801	6.13%
Indemnity	108,870	107,800	-0.98%	\$7,721	\$8,249	6.84%
Managed Care	174,592	184,362	5.60%	\$7,119	\$7,540	5.90%
Other	89,385	95,583	6.93%	\$10,180	\$10,279	0.97%
STATEWIDE	1,827,000	1,823,336	-0.20%	\$8,890	\$9,462	6.44%

was more than double the 5.9% annual increase for commercial managed care patients. With the FY06 increase, the average payment per discharge of \$10,982 was 9.6% greater for commercial indemnity patients than the \$10,020 average for managed care patients. The difference between average commercial indemnity and commercial managed care payments was much narrower in FY06 than it was in FY02, when average indemnity payments were 21.2% greater.

Like commercial patients, the growth in the average revenue per discharge for Medicare managed care patients fell below the annual increase for Medicare indemnity patients. However, the difference in the growth rates between Medicare managed care and indemnity was much smaller than commercial patients. The 6.4% increase in the average Medicare indemnity payment per discharge was only 0.6 point higher

than the 5.8% increase in the average Medicare managed care payment. With these increases, the average reimbursements for Medicare indemnity and managed care patients were only \$25 apart.

Hospitals Report Higher MA Utilization

Hospitals reported a 3.1% increase in discharges and a 2.2% increase in patient days for Medical Assistance (MA) participants in FY06. In contrast, commercial insurers' FY06 inpatient utilization remained close to FY05 levels, and Medicare inpatient utilization declined. Hospitals also reported that the average revenue per discharge for MA participants grew about 6.1%, just shy of the statewide average of 6.4%. The increase in inpatient utilization, together with the higher average payments, contributed to the 9.3% overall increase in MA NPR during FY06.

TABLE 5
Patient Days by Payor

	Patient Days			Inpatient Revenue per Day		
	FY05	FY06	Percent Change FY05 to FY06	FY05	FY06	Percent Change FY05 to FY06
Commerical	2,338,482	2,342,680	0.18%	\$2,384	\$2,568	7.72%
Indemnity	719,247	707,259	-1.67%	\$2,480	\$2,692	8.57%
Managed Care	1,619,235	1,635,421	1.00%	\$2,341	\$2,514	7.38%
Medicare	5,201,633	5,077,144	-2.39%	\$1,475	\$1,571	6.48%
Indemnity	4,102,454	3,836,078	-6.49%	\$1,456	\$1,556	6.84%
Managed Care	1,099,178	1,241,067	12.91%	\$1,547	\$1,618	4.57%
Medical Assistance	1,699,321	1,736,729	2.20%	\$1,226	\$1,312	7.03%
Indemnity	836,777	836,686	-0.01%	\$1,005	\$1,063	5.80%
Managed Care	862,543	900,043	4.35%	\$1,441	\$1,544	7.17%
Other	427,238	454,942	6.48%	\$2,130	\$2,160	1.39%
STATEWIDE	9,666,673	9,611,496	-0.57%	\$1,680	\$1,795	6.83%

At 9.3%, statewide MA NPR grew at a faster rate than any other payor category.

Are Some Payors Contributing More to Hospital Income than Others?

Comparing the statewide case mix index for the three principal payor types with the average inpatient revenue per discharge may provide insight into how revenue from each payor type compares to the costs of inpatient care. The comparisons presented on Table 7 show that the average revenue per discharge that hospitals received from commercial payors is about 9% greater than the all-payor average, while the case mix index for commercial payors is 6% lower than the statewide average. The commercial case mix index of 0.94 indicates that the cost to treat the average patient covered by commercial insurance is lower than the statewide average.

TABLE 6
Average Length of Stay by Payor

	FY05	FY06	Percent Change FY05 to FY06
Commerical	4.01	4.01	0.04%
Indemnity	3.95	4.08	3.33%
Managed Care	4.04	3.99	-1.36%
Medicare	5.97	5.96	-0.18%
Indemnity	6.04	6.01	-0.41%
Managed Care	5.73	5.80	1.22%
Medical Assistance	5.99	5.94	-0.84%
Indemnity	7.69	7.76	0.98%
Managed Care	4.94	4.88	-1.18%
Other	4.78	4.76	-0.42%
STATEWIDE	5.29	5.27	-0.37%

TABLE 7
Inpatient Revenue Index and Case Mix Index by Payor, FY06

Payor	Average Inpatient Revenue per Discharge	Inpatient Revenue Index	Case Mix Index
Commercial	\$10,306	1.09	0.94
Medicare	\$9,361	0.99	1.15
Medical Assistance	\$7,801	0.82	0.77
Total Payors	\$9,462	1.00	1.00

In contrast, the average revenue per discharge received for Medicare patients in Pennsylvania is one percent less than the statewide average, while the case mix index is 15% greater than the statewide average. This relatively large difference reveals that Medicare reimbursements are not covering hospital costs of treating Medicare patients in Pennsylvania.

The inpatient revenue index for MA patients of 0.82 is about five points greater than the case mix index of 0.77, which suggests that MA payments are in line with or exceed the costs of providing inpatient care to MA recipients.

The ideal way to determine how a payor or a payor category is contributing to hospital income is to compare the costs to treat patients covered by that payor with the revenue received from that payor. Since comprehensive and comparable cost data are not available for all patients, the case mix index is a common alternative tool to compare the resources a hospital utilizes in treating patients.

The case mix index utilizes charges, instead of costs, to assess the monetary value of the treatment patients receive. Hospitals routinely track the charges incurred by each patient,

providing a comprehensive database of charges.

If the costs to provide care compared to the charges established by the hospital (cost-to-charge ratio) were the same for all categories of care, then the case mix index would be identical to an index derived from actual costs. However, the cost-to-charge ratio varies among the different categories of care provided at hospitals. For example, the cost-to-charge ratio may differ between routine maternity care and coronary artery bypass graft surgery. The case mix index is not a perfect substitute for an index of actual costs. However, when a case mix index is developed using a cross-section of treatment categories, it can provide a reasonably good reflection of differences in overall costs among various patient groups.

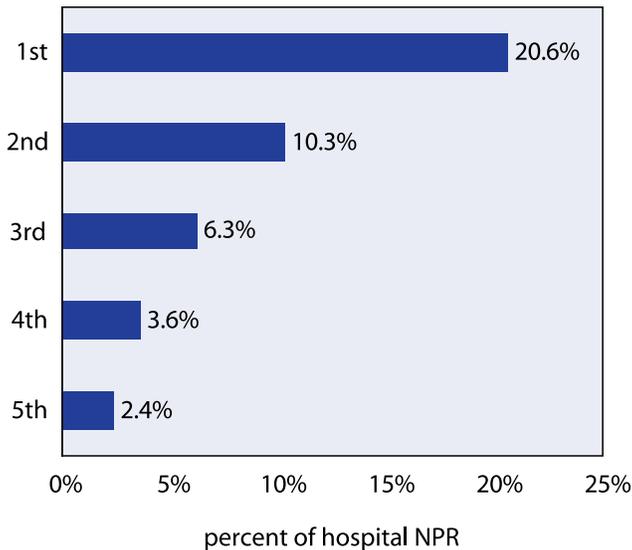
The case mix index for commercial and MA patients is typically lower than for Medicare patients because commercial insurers and MA serve a younger clientele that, on average, require less costly treatment. MA also funds the majority of psychiatric care in Pennsylvania. Inpatient psychiatric care at GAC hospitals tends to be less costly than most other inpatient care.

How Much Influence Do Hospitals Have over Reimbursement Rates from Commercial Insurers?

The reimbursement hospitals receive from most insurers and managed care organizations is derived through a contract negotiation process between the hospital and the third-party payor. Figure 8 shows that hospitals receive a substantial portion of their revenue from just two or three commercial payors.

For this analysis, the revenue from the commercial payors includes all health insurance

FIGURE 8
Top Five Commercial Payors*
Average Contribution to Individual Hospital NPR,
FY06



* Includes Medicare and Medical Assistance funded managed care plans administered by commercial payors.

plans offered by that insurer, including managed care plans funded by the Medicare and MA programs. With the addition of Medicare and MA managed care, commercial insurers administer 60.3% of statewide net patient revenue.

Pennsylvania hospitals, on average, receive 20.6% of their total annual NPR from their largest single commercial payor. This percentage has increased steadily since FY03 when hospitals reported 19.1% of total NPR from the top commercial insurer.

A hospital may have leverage in negotiating reimbursement rates by exercising its option not to enter contractual arrangements with a specific payor. However, since the average operating margin during FY06 was 4.17%, hospitals with an average operating margin might face operating losses, at least in the short-run, if the revenue

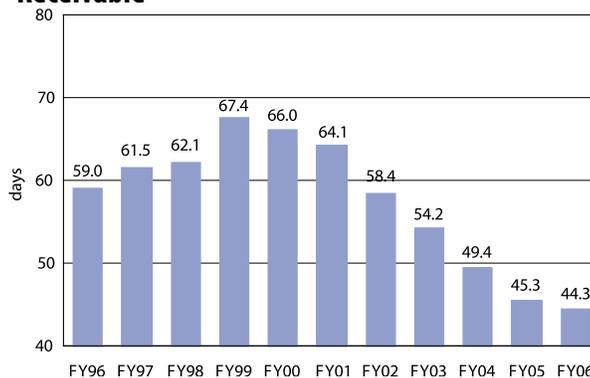
from the third-highest commercial payor were lost.

The Average Days in Patient Accounts Receivable Continue to Fall

During the period between when hospital services to a patient are concluded and when a hospital receives the payment for those services, the amount the hospital expects to receive is booked as patient accounts receivable (AR). AR can be affected by a number of factors including: the efficiency of hospital billing and claims systems, the time it takes third-party payors and individuals to pay bills, communications between hospitals and payors, and the time it takes hospitals to remove uncollectible accounts from accounts receivable.

On a statewide basis, the amount of time the average bill remained in AR declined another full day to 44.3 days during FY06. Figure 9 shows that statewide average days in patient accounts receivable declined for the seventh straight year for a total of more than 23.1 days since the peak of 67.4 days in FY99.

FIGURE 9
Statewide Average Days in Patient Accounts
Receivable



UNCOMPENSATED CARE

Uncompensated Care Levels Increase

The dollar value of uncompensated care or “uncompensated care revenue” grew by 9.7% or about \$53 million from \$544 million during FY05 to \$597 million during FY06. Since statewide net patient revenue grew 7.2%, uncompensated care comprised a larger portion of total patient care during FY06. Statewide uncompensated care revenue was equal to 2.15% of total net patient revenue in FY06, up from 2.10% in FY05.

Sixty-five percent (65%) of uncompensated care was categorized as bad debt during FY06. This indicates that Pennsylvania hospitals as a group attempted to collect for about two-thirds of the care that was ultimately determined to be uncompensated care. Alternatively, about 35% of unreimbursed care was provided as charity care to

patients that met the individual hospital’s charity care guidelines.

How Uncompensated Care is Calculated

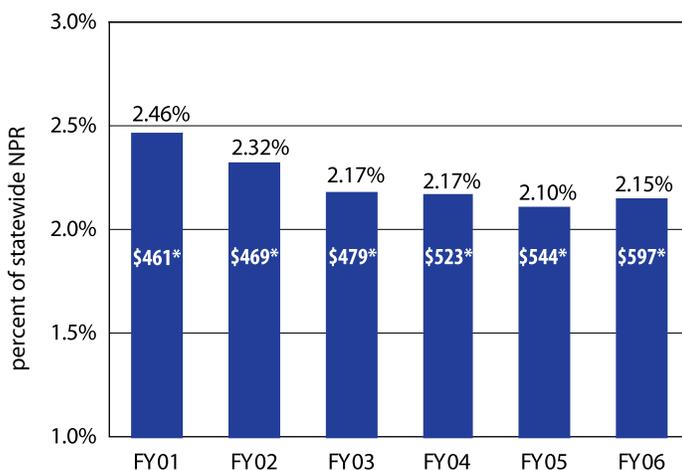
Hospitals report bad debt and charity care as charges. Each hospital’s bad debt charges and charity care charges are converted to a revenue basis using each hospital’s revenue-to-charge ratio. This “uncompensated care revenue” provides an estimate of the amount of revenue hospitals lost due to bad debt and charity care. This foregone revenue reflects what hospitals would have received if they had been reimbursed for uncompensated care from all payors, including commercial health insurers, Medicare, Medical Assistance, and patients.

All services and materials that are provided to the general public under an established fee are eligible to be included in uncompensated care. Consequently, some of the costs of important public health programs may not be included.

Hospitals frequently report these activities separately.

A few hospitals include the difference between the reimbursement they receive from government-funded programs, such as Medical Assistance, and their customary fees or charges as a component of charity care in their audited financial statements. These differences are NOT included in the uncompensated care levels reported to PHC4. However, if a patient fails to pay a required co-payment, or receives care beyond the range of services covered by a third-party payor, these foregone revenues may be included in charity care or bad debt.

FIGURE 10
Statewide Uncompensated Care Revenue*



* Statewide Uncompensated Care Revenue in millions.

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

The total margin for a single year may not completely reflect the financial health of a hospital. There are numerous factors that can affect a single-year margin, including a sharp decline in the value and earnings of securities, a reassessment of the book value of assets, early retirement of obsolete facilities and equipment, and the restructuring of the operations of the hospital. Therefore, the 3-year average total margin may be a better indicator of a hospital's medium-term performance.

For some hospitals, a negative 3-year average total margin may only indicate a cyclical downturn or the need to make adjustments in hospital operations and the sources of revenues. Hospitals that have undertaken aggressive turn-around programs may experience a further decline in the annual total margin as they implement initiatives to reduce costs and improve revenue. For example, hospitals may take one-time restructuring charges related to severance and early-retirement programs. Hospitals that develop new or enhanced clinical operations will incur operating losses until new revenues catch up to the incremental expenses.

Some hospitals have available assets that enable them to operate for a period of time while sustaining annual losses. Available assets are those that can be liquidated by the hospital or its board of directors to fund operating deficits. Some of the hospitals with a negative 3-year average total margin have diverted funds earmarked for capital replacement or improvement to pay expenses not covered by revenue.

Some hospitals with persistent small negative margins may be able to function for an extended period of time because they are generating positive cash flow. For example, if a hospital's annual operating loss is less than its annual depreciation expense, its net assets may actually increase even though it operated at a loss. However, hospitals in this situation are using a portion of the funds that should be dedicated to replacing obsolete or worn out facilities and equipment to pay their operating expenses.

Hospitals cannot utilize available assets or divert depreciation funds to pay operating expenses indefinitely. Eventually, the hospital's inability to replace or upgrade facilities and equipment will have an effect on their ability to provide quality health care.

A few hospitals may be able to function with persistent losses because they are part of a larger health system that can underwrite the hospital's operating loss. A hospital with a negative margin may be an important source of patients to a health system; losses incurred by one facility may be at least partially offset by the overall economic benefit to the entire system.

Tables 8 and 9 present the 5 hospitals where the 3-year average total margin became negative during FY06 and the 45 hospitals where the 3-year average total margin remained negative. The "Notes" presented in those tables provide some information on why the hospital's income level has changed and, where possible, some insights on the future solvency of the hospital. The information for these "Notes" was derived from each facility's financial statements, communication with hospital financial officers, and public infor-

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

mation made available by the hospitals and their parent organizations.

Table 10 highlights the eight hospitals that have made recent recoveries. These nine hospitals

have predominately posted positive or small negative total margins over the most recent three years and their history with negative margins is largely beyond the 3-year range.

TABLE 8
Hospitals 3-Year Average Total Margin Became Negative in FY06

Name / Region	3-yr Avg Total Margin FY04-FY06	Total Margin			Notes
		FY06	FY05	FY04	
Barix Clinics of PA / 8	-25.59%	-15.87%	-45.64%	-19.55%	FY06 was only the second full year of operation for the facility, which is organized as a for-profit LLC.
Bradford Regional / 2	-0.38%	-4.41%	4.38%	-0.92%	FY05 was the first year the hospital had a positive operating margin since FY96. The 8.8-point decline in the FY06 total margin is primarily the result of the 15.1% increase in operating expenses, while operating revenue grew by 4.1%. Available assets make solvency not a concern.
Gnaden Huetten Memorial / 7	-3.57%	-9.49%	-0.38%	-0.58%	Prior to FY04, the hospital had a ten-year history of positive total margins. Restructuring costs are responsible for about half of the total losses for FY06.
Good Samaritan/Lebanon / 5	-0.89%	-3.41%	-2.71%	4.10%	Prior to FY05, the hospital had a continuous history of positive operating and total margins. Concurrent with facility expansions, operating expenses outpaced operating revenue during FY05 and FY06.
Temple East / 9	-0.86%	-7.83%	0.72%	4.16%	The 8.6-point decline in the FY06 total margin was largely the result of a 5.7% reduction in net patient revenue, while operating expenses rose 3.0%. The hospital posted positive operating and total margins between FY01 and FY05.

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 9

Hospitals 3-Year Average Total Margin Remained Negative in FY06

Name / Region	3-yr Avg Total Margin FY04-FY06	Total Margin			Notes
		FY06	FY05	FY04	
Aliquippa Community / 1	-17.31%	-50.07%	0.52%	-8.15%	Operating revenue fell by 20.8%, while operating expenses increased 19.5%, causing the operating margin to plummet during FY06.
Ashland Regional / 7	-8.88%	-8.48%	-5.43%	-13.24%	In 4/05, Providence Healthcare sold the hospital to LifePoint Hospitals, both multi-state for-profit systems. In 5/06 the hospital was acquired by the local St. Catherine Healthcare of PA, LLC. The FY06 data reflects the combination of Providence and LifeCare operations during CY05.
Barnes Kasson County / 6	-2.21%	1.10%	-3.72%	-4.51%	A 3.6% decrease in operating expenses and 4.2% improvement in net patient revenue resulted in the first positive total margin since FY00. The FY06 gain helped reduce the hospital's negative asset balance.
Bloomsburg / 4	-5.69%	-6.67%	-1.25%	-9.86%	The hospital has posted negative total margins since FY99. The hospital reports that it is implementing cost management and service expansion programs that have already resulted in a positive operating margin for the third quarter of FY07.
Brookville / 2	-5.55%	-4.66%	-8.18%	-3.79%	A reduction in operating expenses of over \$1 million during FY06 resulted in a 42% reduction in the operating deficit. The hospital does not have assets available to continue to sustain operating losses for an extended period of time.
Bucktail / 4	-1.41%	-11.14%	1.06%	5.72%	The medical center reports that it is implementing a plan to improve third-party payments and reduce operating expenses, particularly contract staffing expenses.
Central Montgomery / 8	-3.50%	-1.72%	-5.04%	-3.93%	The hospital is owned by the for-profit Universal Health Services (UHS) which had a 6.19% after-tax margin from continuous operations during CY06. UHS operates 25 GAC hospitals and numerous other health care facilities.
Charles Cole Memorial / 2	-0.55%	-2.61%	0.54%	0.58%	Prior to FY02, the hospital had a continuous history of positive total margins. The hospital posted negative total margins in three of the last five years.

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 9 (CONTINUED)

Hospitals 3-Year Average Total Margin Remained Negative in FY06

Name / Region	3-yr Avg Total Margin FY04-FY06	Total Margin			Notes
		FY06	FY05	FY04	
Chestnut Hill / 9	-8.08%	0.17%	2.01%	-22.44%	The large FY04 loss was primarily due to a \$21.9 million asset impairment adjustment. FY05 reflects the final eight months as a non-profit hospital. FY06 reflects the first ten months of operation by the for-profit Community Health Systems (CHS) through 12/05. See Sunbury Community (below) for additional information on CHS.
Community/Scranton / 6	-1.56%	-2.75%	0.67%	-2.72%	The Medical Center has reported negative total margins for five of the last six years. The health system has sufficient available assets to make solvency not a concern.
Corry Memorial / 2	-3.79%	-3.58%	-4.70%	-3.09%	The hospital has been experiencing declining inpatient discharges and inpatient revenue over the past three years.
Frick / 1	-1.83%	0.64%	-2.00%	-4.29%	A 3.7% increase in FY06 net patient revenue was the primary factor in the hospital posting its first positive operating and total margins since FY98. FY06 operating expenses were held close to the FY05 levels. Frick Hospital is part of the three-hospital, non-profit Excelsa Health, which posted a FY06 total margin of 6.14%.
Geisinger Wilkes-Barre / 6	-5.29%	-17.65%	-1.28%	-3.04%	The hospital was acquired by the Geisinger Health System in 12/05. The FY06 total margin reflects the first seven months of operation as a Geisinger facility.
Graduate / 9	-20.36%	-13.38%	-8.64%	-38.66%	The facility was purchased by the University of Pennsylvania Health System (UPHS). After a conversion, a consortium of Good Shepherd Rehabilitation and UPHS will operate a rehabilitation and long-term acute care facility on the site.
Hahnemann University / 9	-6.07%	-5.72%	-4.73%	-7.80%	Between FY01 and FY03, the hospital reported total margins that averaged 6.79%. Since FY03, the hospital has posted negative margins averaging -6.07%. The hospital is part of the for-profit Tenet Healthcare which operates 64 hospitals in 12 states. Tenet's CY06 total margin was -9.23%.
Hazleton General / 6	-1.78%	4.10%	-5.95%	-6.11%	Extraordinary restructuring costs were equal to 85% of FY05 (CY04) net loss.
Hazleton St Joseph / 6	-2.77%	9.05%	-7.77%	-7.52%	The hospital surrendered its license in 9/05 and became an outpatient unit of the Greater Hazleton Health Alliance (Hazleton General Hospital).

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 9 (CONTINUED)

Hospitals 3-Year Average Total Margin Remained Negative in FY06

Name / Region	3-yr Avg Total Margin FY04-FY06	Total Margin			Notes
		FY06	FY05	FY04	
Heart of Lancaster / 5	-1.72%	-1.25%	-7.81%	3.34%	The Medical Center is operated by Health Management Associates (HMA), which posted a CY06 total margin of 4.50%. HMA operates 61 hospitals in 16 states.
Highlands / 1	-5.27%	-4.07%	-2.55%	-9.48%	The hospital has posted positive total margins in only two of the last ten years. The hospital reports that it has realized a positive total margin for the first nine months of FY07.
Holy Redeemer / 8	-2.32%	1.03%	-3.43%	-4.86%	Prior to FY04, the hospital had a continuous history of positive total margins.
Holy Spirit / 5	-1.38%	-1.25%	-3.33%	0.57%	Prior to FY04, the hospital had a continuous history of positive total margins.
J C Blair Memorial / 5	-1.81%	2.23%	-0.16%	-8.28%	The hospital has posted negative operating margins since FY96. Over the past three years, operating losses have declined and non-operating income has grown, giving the Hospital a positive FY06 total margin.
Kane Community / 2	-3.50%	1.76%	0.19%	-12.59%	FY04 was the only year that the hospital had a negative total margin since FY95.
Marian Community / 6	-1.16%	-2.50%	-0.56%	-0.38%	The hospital became part of Catholic Health East (CHE) in 7/04. CHE operates 33 GAC hospitals and numerous other health care facilities in 11 states. CHE reported a CY05 total margin of 5.16%.
Mercy Fitzgerald / 8	-2.95%	0.57%	-3.83%	-5.95%	The hospital is part of the Mercy Health System of Southeastern Pennsylvania which is a member of Catholic Health East (CHE). See Marian Community (above) for information on CHE.
Mercy Jeannette / 1	-2.29%	-1.37%	-4.35%	-1.10%	The hospital posted negative total margins since FY00. The hospital is part of Pittsburgh Mercy Health System which is a member of CHE. See Marian Community (above) for information on CHE.
Mercy Philadelphia / 9	-1.00%	1.82%	-2.05%	-3.06%	The 8.1% increase in operating revenue outpaced the 4.0% increase in FY06 (CY05) operating expenses to produce the first positive total margin since FY01. The hospital is part of the Mercy Health System of Southeastern Pennsylvania and CHE. See Marian Community (above) for information on CHE.

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 9 (CONTINUED)

Hospitals 3-Year Average Total Margin Remained Negative in FY06

Name / Region	3-yr Avg Total Margin FY04-FY06	Total Margin			Notes
		FY06	FY05	FY04	
Mercy Pittsburgh / 1	-1.80%	0.41%	-1.04%	-5.09%	The hospital reported positive total margins in eight of the ten years prior to FY04. The hospital is part of the Mercy Health System of Southeastern Pennsylvania and CHE. See Marian Community (above) for information on CHE.
Mercy/Scranton / 6	-0.81%	1.89%	0.98%	-5.73%	The hospital is part of Catholic Health Partners (CHP) that operates 29 hospitals and numerous other health care facilities. CHP posted a CY06 total margin of 3.97%.
Mid-Valley / 6	-9.50%	-5.19%	-13.02%	-10.42%	The hospital has reported negative total margins since at least FY93. A transfer from its affiliate, Moses Taylor Hospital, has enabled Mid-Valley to return to a positive net asset balance.
Miners / 3	-0.69%	-0.89%	-0.74%	-0.40%	The hospital is a controlled affiliate of the Conemaugh Health System. Transfers from affiliates helped offset small operating losses.
Montrose General / 6	-1.64%	-4.81%	-0.61%	0.62%	Since becoming a non-profit hospital in FY98 (CY97), the hospital has posted a mixture of positive and negative operating margins. The hospital needs to return to positive operating margins to preserve its limited available assets.
Moses Taylor / 6	-0.82%	-0.82%	1.51%	-3.34%	The hospital has implemented a multi-faceted program to improve operating performance. One component, a cash acceleration initiative, resulted in extraordinary bad debt expenses that were the primary factor in the FY06 negative total margin.
Palmerton / 7	-11.96%	-21.09%	-5.56%	-11.11%	The hospital has experienced declining patient revenue and utilization since FY03. Restructuring costs account for almost one-third of the FY06 net loss.
Roxborough Memorial / 9	-11.72%	-23.29%	-7.72%	-2.46%	In 4/07, Tenet Healthcare announced plans to sell the hospital to Solis Healthcare, a new Philadelphia-based LLC.
St Joseph's/Philadelphia / 9	-0.21%	0.43%	0.41%	-1.55%	The combination of continued support from the PA Department of Public Welfare and the implementation of numerous functional and financial changes have resulted in positive total margins over the past two years.

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 9 (CONTINUED)

Hospitals 3-Year Average Total Margin Remained Negative in FY06

Name / Region	3-yr Avg Total Margin FY04-FY06	Total Margin			Notes
		FY06	FY05	FY04	
Sunbury Community / 4	-8.45%	-7.83%	-14.41%	-3.52%	The hospital was acquired by the for-profit Community Health Systems (CHS), which operates 80 hospitals in 23 states. CHS posted a 3.85% total margin for CY06. The FY06 total margin for the Hospital reflects the first nine months of operation under CHS.
Temple Univ Children's / 9	-19.92%	-37.64%	-13.31%	-9.86%	The hospital has incurred losses since its inception in FY98. The large FY06 loss was partially offset by transfers from other units of the Temple University Health System. Sixty-nine percent (69%) of its inpatients were Medical Assistance participants in FY06.
Titusville Area / 2	-2.03%	-7.98%	2.95%	-1.60%	A 9.8% reduction in NPR during FY06 was the primary factor in the 10.9-point swing in the FY06 total margin. Operating expenses were held constant during FY06.
Tyrone / 3	-16.00%	-28.78%	-8.66%	-9.51%	The hospital filed for Chapter 11 bankruptcy (reorganization) in 9/06.
UPMC Braddock / 1	-8.25%	-6.18%	-7.93%	-10.98%	The hospital reported positive total margins during the six years prior to FY04 (FY98 - FY03).
UPMC McKeesport / 1	-1.53%	0.15%	-0.94%	-4.15%	A \$2.2 million increase in other operating revenue during FY06 helped bring the hospital back to positive operating and total margins.
Warminster / 8	-11.73%	-15.19%	-14.49%	-6.21%	In 4/07, Tenet Healthcare announced plans to sell the hospital to Solis Healthcare, a new Philadelphia-based LLC.
Wills Eye / 9	-23.82%	11.13%	-229.12%	2.83%	In 7/06, the hospital sold its inpatient unit, emergency department and residency program to Thomas Jefferson University Hospital. Most of the FY05 loss was due to an asset impairment adjustment.
Windber / 3	-0.52%	-0.01%	0.78%	-2.46%	The hospital has been fluctuating between modest positive and negative total margins. The hospital is a member of the Conemaugh Health System.

HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 10
Hospitals 3-Year Average Total Margin was Negative in FY05 and Became Positive in FY06

Name / Region	3-yr Avg Total Margin FY04-FY06	Total Margin			NOTES
		FY06	FY05	FY04	
Ellwood City / 2	4.45%	4.31%	4.70%	4.34%	The hospital has a history of operating losses that are absorbed by non-operating gains to give the hospital positive total margins.
Good Samaritan Regional / 7	0.20%	1.07%	-1.91%	1.42%	The hospital has posted operating losses over the past three years (FY04 - FY06). Improving non-operating gains have enabled the hospital to edge back to a positive 3-year average total margin.
Meyersdale Community / 3	1.98%	3.38%	1.30%	0.99%	After reporting consecutive negative total margins between FY97 and FY03, the hospital has realized positive total margins for the past three years and positive operating margins for the past two years. The hospital is a controlled affiliate of the Conemaugh Health System.
Penn Presby Medical Ctr / 9	0.89%	4.08%	-0.60%	-1.39%	During FY06, the 8.6% increase in operating revenue outpaced the 3.6% increase in operating expenses, resulting in a 4.7-point improvement in the total margin.
St Luke's Miners / 7	0.83%	1.52%	1.32%	-0.52%	With the exception of FY03 and FY04, the hospital has a history of positive operating and total margins back to FY98. The hospital is part of the St. Luke's Health Network.
St Luke's Quakertown / 8	0.48%	1.86%	1.48%	-2.48%	After a long history of negative operating and total margins, the hospital has posted positive margins for the last two years. The hospital is part of the St. Luke's Health Network.
Tyler Memorial / 6	2.35%	3.10%	-0.11%	4.21%	Operating gains in FY04 and FY06 have enabled the hospital to overcome substantial operating and non-operating losses in FY03.
WVHCS / 6	0.71%	1.90%	0.65%	-0.63%	The hospital has experienced negative operating margins since FY98. Shrinking operating losses and increases in non-operating gains have resulted in positive total margins during the past two years.

INDIVIDUAL HOSPITAL DATA

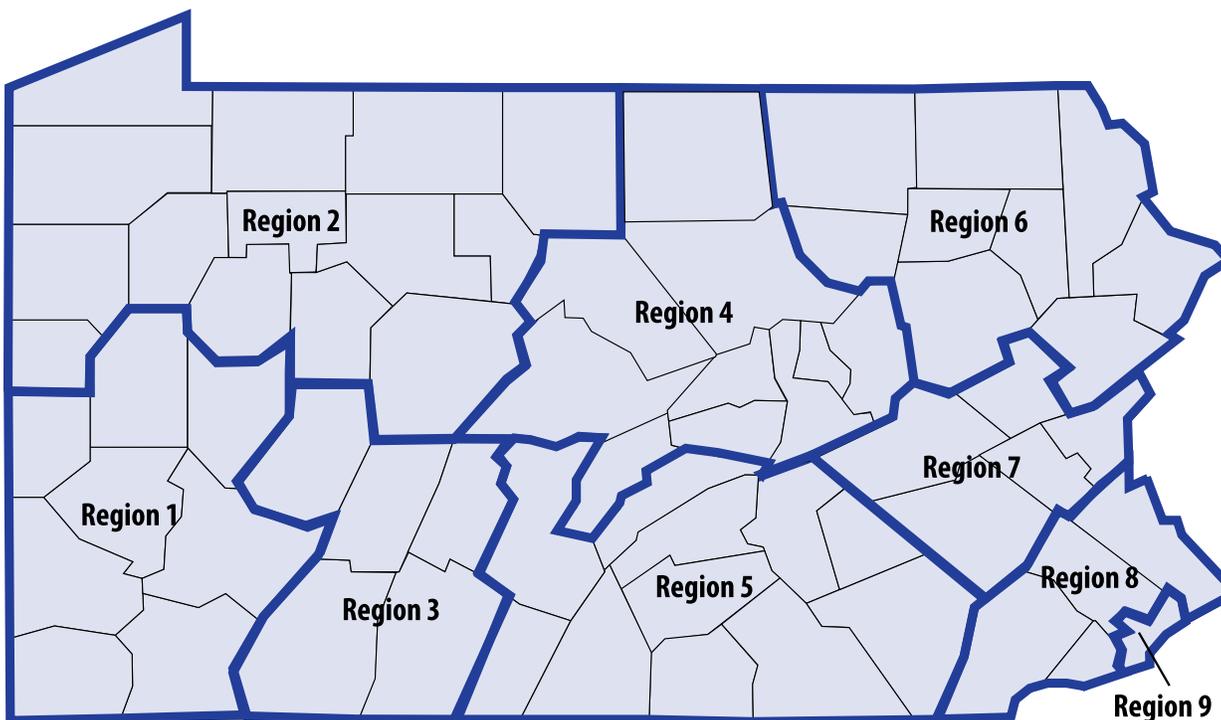
The tables on the following pages provide hospital-specific financial data for the 174 general acute care hospitals covered in this report. The hospitals have been arranged by PHC4's nine regions.

Included in these tables are the FY06 operating and total margins for each individual hospital. The corresponding operating income and total income expressed in dollars, as well as each hospital's total operating revenue, can be found on PHC4's Web site at www.phc4.org. (Note: Comparing net patient revenue to total operating expenses will not provide operating income or operating margin. Operating revenue from the PHC4 Web site must be used to compute operating income.)

Averages for all of the hospitals in the

region are presented in the first row of each table. The regional averages that are expressed as a percentage (e.g., "3-Year Average Change in NPR" and "Operating Margin") are calculated as if the entire region were a single reporting entity. For example, the regional average operating margins are calculated by adding the operating income and the operating revenue for all hospitals in the region. The regional total operating income is divided by the regional total operating revenue to yield a regional average operating margin.

In calculating the regional averages, estimated data was used for hospitals that reported less than a full year of data due to a change in the fiscal year, usually caused by a change in ownership. No estimated data was used for the individual hospital data.



INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 1	\$179	\$161	\$143	\$133	7.70%	\$183	\$166	\$150	\$141	6.32%
ACMH Hospital ⁵	\$72	\$68	\$67	\$62	5.37%	\$72	\$69	\$68	\$66	3.26%
Aliquippa Community ^{5,13}	\$20	\$24	\$22	\$22	-3.90%	\$32	\$27	\$26	\$29	4.35%
Allegheny General ^{5,9}	\$557	\$536	\$485	\$453	7.67%	\$570	\$545	\$496	\$495	5.07%
Alle-Kiski ^{5,7}	\$103	\$98	\$93	\$88	5.76%	\$97	\$93	\$88	\$89	3.24%
Butler Memorial ⁵	\$149	\$140	\$130	\$118	8.86%	\$142	\$135	\$126	\$113	8.33%
Canonsburg General ⁵	\$44	\$44	\$44	\$37	6.30%	\$47	\$44	\$43	\$40	5.39%
Children's Hosp Pgh ⁷	\$300	\$273	\$244	\$212	13.94%	\$354	\$314	\$288	\$265	11.21%
Greene County Memorial ¹²	NR	\$23	\$24	\$24	NR	NR	\$25	\$26	\$25	NR
Frick ⁵	\$45	\$44	\$43	\$42	3.07%	\$46	\$46	\$45	\$47	-0.23%
Highlands ⁵	\$23	\$23	\$21	\$20	5.40%	\$25	\$24	\$24	\$22	4.35%
Jefferson Regional ^{5,6}	\$175	\$165	\$157	\$142	7.75%	\$184	\$173	\$171	\$156	5.94%
Latrobe Area ⁵	\$108	\$108	\$110	\$113	-1.31%	\$114	\$114	\$122	\$122	-2.14%
Magee-Womens ⁵	\$259	\$210	\$190	\$179	14.83%	\$234	\$195	\$183	\$174	11.36%
Medical Center Beaver ^{5,6}	\$177	\$175	\$167	\$157	4.36%	\$180	\$178	\$171	\$163	3.35%
Mercy Jeannette ^{1,3,5,7}	\$50	\$47	\$44	\$46	NA	\$51	\$50	\$45	\$50	NA
Mercy Pittsburgh ^{1,5,9}	\$262	\$260	\$239	\$247	1.92%	\$287	\$286	\$271	\$252	4.65%
Monongahela Valley ⁵	\$102	\$97	\$94	\$91	4.03%	\$103	\$98	\$95	\$92	3.96%
Monsour ^{2,12}	NR	\$12	\$16	\$16	NA	NR	\$17	\$19	\$19	NA
Ohio Valley General ^{5,13}	\$54	\$51	\$49	\$48	4.22%	\$54	\$52	\$51	\$52	1.56%
Sewickley Valley ^{5,6,7}	\$100	\$95	\$92	\$92	2.73%	\$111	\$107	\$105	\$103	2.54%
St Clair Memorial ⁵	\$159	\$152	\$143	\$128	8.12%	\$173	\$160	\$151	\$137	8.88%
Tara Hospital/Brownsville ^{1,2,3,10,12}	NR	\$13	\$19	\$21	NA	NR	\$13	\$21	\$23	NA
Uniontown ⁵	\$99	\$94	\$88	\$77	9.40%	\$100	\$94	\$89	\$81	7.55%
UPMC Braddock ⁵	\$53	\$51	\$46	\$45	5.82%	\$58	\$56	\$53	\$47	8.00%
UPMC McKeesport ⁵	\$102	\$100	\$87	\$83	7.34%	\$108	\$105	\$96	\$85	8.97%
UPMC Passavant ⁵	\$208	\$154	\$138	\$124	22.56%	\$190	\$145	\$136	\$118	20.11%
UPMC Presby Shadyside ⁵	\$1,615	\$1,414	\$1,285	\$1,213	11.03%	\$1,611	\$1,442	\$1,360	\$1,250	9.63%
UPMC South Side ⁵	\$78	\$60	\$57	\$51	17.73%	\$78	\$60	\$57	\$51	17.44%
UPMC St Margaret ⁵	\$188	\$172	\$152	\$129	15.44%	\$179	\$169	\$152	\$124	14.75%
Washington ⁵	\$180	\$172	\$161	\$153	6.02%	\$196	\$183	\$175	\$172	4.71%
Western PA Hosp/Forbes ^{5,11}	\$126	\$119	\$114	\$106	6.44%	\$121	\$116	\$111	\$110	3.29%
Western Pennsylvania ⁵	\$309	\$313	\$294	\$268	5.09%	\$321	\$315	\$308	\$291	3.42%
Westmoreland Regional ⁵	\$155	\$150	\$139	\$124	8.35%	\$154	\$150	\$140	\$132	5.53%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 1	5.27%	6.31%	5.60%	1.72%	41.14%	10.48%
ACMH Hospital ⁵	2.56%	3.90%	2.51%	1.46%	48.23%	8.95%
Aliquippa Community ^{5,13}	-50.07%	-50.07%	-17.31%	4.28%	55.87%	15.84%
Allegheny General ^{5,9}	2.10%	2.10%	2.70%	1.24%	40.12%	11.95%
Alle-Kiski ^{5,7}	7.51%	7.51%	6.90%	1.00%	54.59%	7.92%
Butler Memorial ⁵	6.76%	8.78%	7.04%	1.60%	48.88%	9.84%
Canonsburg General ⁵	0.59%	0.59%	3.72%	1.61%	54.04%	3.78%
Children's Hosp Pgh ⁷	4.69%	7.64%	7.06%	1.01%	3.22%	31.83%
Frick ⁵	0.60%	0.64%	-1.83%	2.32%	55.05%	6.81%
Greene County Memorial ^{10,12}	NR	NR	NR	NR	NR	NR
Highlands ⁵	-6.16%	-4.07%	-5.27%	3.67%	42.91%	18.62%
Jefferson Regional ^{5,6}	3.91%	5.66%	4.84%	1.54%	59.82%	3.61%
Latrobe Area ⁵	0.34%	4.76%	3.76%	1.93%	50.69%	7.63%
Magee-Womens ⁵	13.16%	13.27%	12.81%	2.46%	9.81%	17.36%
Medical Center Beaver ^{5,6}	2.42%	7.10%	5.61%	1.42%	49.62%	5.56%
Mercy Jeannette ^{1,3,5,7}	-1.37%	-1.37%	-2.29%	1.70%	56.02%	5.92%
Mercy Pittsburgh ^{1,5,9}	0.41%	0.41%	-1.80%	3.27%	44.73%	12.52%
Monongahela Valley ⁵	0.38%	3.82%	3.07%	1.86%	62.40%	9.82%
Monsour ^{2,12}	NR	NR	NR	NR	NR	NR
Ohio Valley General ^{5,13}	3.02%	6.24%	7.83%	2.48%	56.40%	7.43%
Sewickley Valley ^{5,6,7}	1.73%	5.36%	3.68%	1.73%	45.66%	5.51%
St Clair Memorial ⁵	-0.43%	1.67%	3.52%	1.34%	44.30%	3.26%
Tara Hospital/Brownsville ^{1,2,3,10,12}	NR	NR	NR	NR	NR	NR
Uniontown ⁵	0.97%	3.70%	2.57%	2.95%	51.73%	14.55%
UPMC Braddock ⁵	-6.18%	-6.18%	-8.25%	4.26%	52.42%	18.08%
UPMC McKeesport ⁵	0.15%	0.15%	-1.53%	2.61%	62.81%	10.10%
UPMC Passavant ⁵	11.07%	13.07%	9.97%	1.03%	46.21%	1.16%
UPMC Presby Shadyside ⁵	9.90%	10.00%	9.53%	1.63%	35.91%	10.34%
UPMC South Side ⁵	2.82%	2.82%	3.64%	2.64%	48.77%	7.47%
UPMC St Margaret ⁵	8.44%	8.45%	6.06%	1.35%	49.59%	3.50%
Washington ⁵	-0.54%	2.42%	3.18%	2.43%	46.24%	8.91%
Western PA Hosp/Forbes ^{5,11}	6.57%	6.57%	5.67%	1.26%	50.72%	9.59%
Western Pennsylvania ⁵	5.93%	5.93%	5.81%	1.03%	46.90%	8.97%
Westmoreland Regional ⁵	3.33%	6.81%	5.64%	1.47%	51.02%	6.65%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 2	\$73	\$70	\$68	\$60	7.45%	\$74	\$70	\$68	\$61	7.05%
Bradford Regional ^{5,13}	\$58	\$55	\$52	\$50	5.56%	\$63	\$55	\$55	\$52	7.05%
Brookville ⁵	\$24	\$24	\$24	\$24	-0.12%	\$26	\$27	\$25	\$25	1.14%
Charles Cole Memorial ⁵	\$53	\$51	\$48	\$44	6.25%	\$58	\$54	\$50	\$52	3.96%
Clarion ⁵	\$39	\$40	\$39	\$37	2.18%	\$41	\$40	\$39	\$37	3.83%
Clearfield	\$60	\$56	\$53	\$47	9.70%	\$62	\$56	\$53	\$49	8.95%
Corry Memorial ^{5,13}	\$19	\$18	\$19	\$18	0.69%	\$20	\$20	\$20	\$18	3.41%
DuBois Regional ⁵	\$151	\$136	\$119	\$110	12.32%	\$146	\$131	\$116	\$108	11.76%
Edgewood Surgical ^{1,3,10,13}	\$6	\$2	NA	NA	NA	\$6	\$6	NA	NA	NA
Elk Regional ⁵	\$56	\$53	\$46	\$45	8.74%	\$57	\$52	\$49	\$48	6.13%
Ellwood City ⁵	\$27	\$28	\$27	\$26	2.51%	\$30	\$29	\$28	\$28	1.62%
Grove City ⁵	\$36	\$37	\$35	\$33	3.92%	\$36	\$36	\$34	\$31	5.35%
Hamot	\$257	\$247	\$204	\$184	13.22%	\$249	\$232	\$202	\$188	10.74%
Jameson Memorial ⁵	\$108	\$104	\$101	\$85	9.04%	\$108	\$106	\$103	\$89	7.17%
Kane Community	\$15	\$15	\$16	\$16	-1.04%	\$16	\$16	\$18	\$16	1.37%
Meadville ⁵	\$90	\$82	\$81	\$77	5.72%	\$90	\$84	\$82	\$79	4.76%
Millcreek Community ⁵	\$29	\$28	\$30	\$26	5.01%	\$30	\$28	\$28	\$27	3.20%
Punxsutawney Area	\$28	\$27	\$26	\$24	4.86%	\$28	\$27	\$26	\$25	3.55%
Saint Vincent Health ⁵	\$227	\$226	\$217	\$185	7.46%	\$226	\$218	\$208	\$181	8.30%
Sharon Regional ⁵	\$132	\$129	\$123	\$110	6.79%	\$138	\$132	\$127	\$119	5.28%
Titusville Area	\$27	\$30	\$27	\$25	2.11%	\$30	\$29	\$28	\$27	3.29%
UPMC Horizon ⁵	\$105	\$101	\$96	\$94	3.88%	\$109	\$102	\$97	\$90	6.88%
UPMC Northwest ⁵	\$80	\$72	\$68	\$67	6.71%	\$80	\$71	\$66	\$63	9.46%
Warren General ⁵	\$54	\$51	\$45	\$41	10.45%	\$54	\$51	\$47	\$42	9.99%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 2	1.46%	3.44%	3.85%	2.07%	44.28%	9.03%
Bradford Regional ^{5,13}	-6.11%	-4.41%	-0.38%	1.60%	31.32%	14.31%
Brookville ⁵	-5.35%	-4.66%	-5.55%	3.20%	53.15%	4.35%
Charles Cole Memorial ⁵	-7.07%	-2.61%	-0.55%	2.26%	36.72%	14.50%
Clarion ⁵	-1.19%	2.58%	3.82%	2.25%	49.08%	5.86%
Clearfield	0.69%	0.69%	2.63%	2.04%	51.58%	5.80%
Corry Memorial ^{5,13}	-4.71%	-3.58%	-3.79%	4.71%	45.80%	13.45%
DuBois Regional ⁵	4.98%	6.46%	6.15%	1.53%	43.36%	8.74%
Edgewood Surgical ^{1,3,10,13}	2.26%	2.30%	NA	0.35%	21.31%	7.22%
Elk Regional ⁵	3.98%	7.87%	5.00%	2.80%	40.33%	15.33%
Ellwood City ⁵	-5.40%	4.31%	4.45%	2.46%	53.41%	5.78%
Grove City ⁵	2.05%	6.73%	7.27%	1.45%	40.82%	1.51%
Hamot	5.81%	6.24%	6.23%	1.64%	40.17%	7.47%
Jameson Memorial ⁵	2.39%	2.99%	1.96%	2.07%	53.73%	7.40%
Kane Community	-0.24%	1.76%	-3.50%	2.70%	46.21%	5.39%
Meadville ⁵	1.43%	3.68%	4.27%	2.02%	37.49%	13.00%
Millcreek Community ⁵	3.18%	9.84%	10.84%	5.15%	35.28%	21.80%
Punxsutawney Area	1.04%	2.80%	2.51%	3.16%	50.26%	9.32%
Saint Vincent Health ⁵	1.99%	2.99%	4.89%	1.79%	44.74%	9.90%
Sharon Regional ⁵	2.54%	4.30%	4.46%	1.82%	47.65%	10.34%
Titusville Area	-9.44%	-7.98%	-2.03%	3.79%	53.35%	10.22%
UPMC Horizon ⁵	-1.77%	1.05%	2.37%	2.32%	45.63%	6.17%
UPMC Northwest ⁵	1.35%	5.93%	5.97%	2.47%	48.13%	6.50%
Warren General ⁵	0.22%	2.08%	1.66%	1.52%	46.37%	5.52%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 3	\$78	\$70	\$66	\$62	4.85%	\$81	\$71	\$69	\$65	4.64%
Altoona Regional ^{5,7,9}	\$269	\$244	\$184	\$167	20.28%	\$279	\$241	\$191	\$172	20.71%
Conemaugh Valley Memorial ^{5,8}	\$310	\$242	\$216	\$217	14.37%	\$320	\$242	\$230	\$225	14.01%
Indiana Regional ⁵	\$99	\$90	\$81	\$73	11.99%	\$97	\$88	\$83	\$76	9.36%
Meyersdale Community	\$8	\$7	\$7	\$6	12.14%	\$8	\$8	\$7	\$7	5.86%
Miners	\$17	\$15	\$15	\$14	5.57%	\$17	\$16	\$15	\$15	4.95%
Nason	\$25	\$23	\$21	\$20	8.10%	\$25	\$23	\$21	\$21	5.78%
Somerset Center Health ⁵	\$52	\$52	\$48	\$45	5.15%	\$54	\$51	\$49	\$46	5.33%
Tyrone	\$12	\$12	\$11	\$9	11.62%	\$18	\$14	\$14	\$12	13.71%
UPMC Bedford	\$33	\$29	\$27	\$27	8.26%	\$32	\$29	\$27	\$25	8.65%
Windber ⁵	\$27	\$25	\$24	\$23	6.91%	\$33	\$30	\$30	\$29	4.50%

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 4	\$84	\$76	\$68	\$60	13.31%	\$83	\$76	\$67	\$61	11.96%
Berwick ^{1,10,13}	\$60	\$54	\$40	\$34	25.48%	\$51	\$47	\$37	\$30	23.29%
Bloomsburg ⁵	\$32	\$31	\$26	\$28	4.80%	\$36	\$33	\$30	\$31	4.84%
Bucktail ⁵	\$5	\$5	\$5	\$4	7.52%	\$6	\$5	\$5	\$5	6.72%
Evangelical Community ⁵	\$96	\$88	\$79	\$73	10.50%	\$102	\$92	\$80	\$74	12.39%
Geisinger/Danville ^{5,7}	\$540	\$462	\$397	\$333	20.73%	\$513	\$449	\$380	\$340	16.99%
Jersey Shore ¹³	\$21	\$19	\$19	\$17	7.67%	\$21	\$19	\$18	\$18	5.58%
Lewistown ⁵	\$78	\$74	\$66	\$58	11.40%	\$78	\$71	\$64	\$59	10.67%
Lock Haven ^{1,3,5,10}	\$31	\$30	\$28	\$25	NA	\$32	\$29	\$26	\$22	NA
Mount Nittany ⁵	\$117	\$110	\$95	\$81	14.69%	\$117	\$107	\$92	\$80	15.05%
Muncy Valley ⁵	\$31	\$26	\$28	\$26	6.07%	\$28	\$28	\$26	\$23	7.03%
Philipsburg Area ^{2,12}	NR	\$12	\$16	\$15	NA	NR	\$14	\$17	\$17	NA
Shamokin Area Community ⁵	\$31	\$29	\$28	\$24	10.97%	\$31	\$28	\$26	\$22	13.14%
Soldiers & Sailors ⁵	\$35	\$32	\$31	\$30	5.23%	\$35	\$34	\$32	\$32	3.55%
Sunbury Community ^{5,10}	\$27	\$28	\$31	\$28	-0.60%	\$32	\$35	\$35	\$32	-0.46%
Williamsport ⁵	\$144	\$136	\$129	\$120	6.56%	\$160	\$152	\$142	\$133	6.95%

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INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 3	0.49%	3.17%	3.54%	2.06%	46.92%	7.07%
Altoona Regional ^{5,7,9}	-1.23%	0.52%	2.96%	1.81%	39.37%	8.78%
Conemaugh Valley Memorial ^{5,8}	2.25%	5.29%	7.27%	1.99%	54.03%	5.56%
Indiana Regional ⁵	4.13%	8.33%	7.39%	2.37%	45.34%	6.84%
Meyersdale Community	1.66%	3.38%	1.98%	3.50%	55.78%	4.64%
Miners	-1.18%	-0.89%	-0.69%	2.68%	44.37%	5.25%
Nason	1.48%	2.77%	3.04%	1.79%	45.14%	6.48%
Somerset Center Health ⁵	-0.46%	3.94%	3.89%	2.45%	44.76%	9.20%
Tyrone	-34.85%	-28.78%	-16.00%	3.11%	45.85%	9.08%
UPMC Bedford	5.70%	8.73%	5.72%	2.39%	39.47%	7.40%
Windber ⁵	0.14%	-0.01%	-0.52%	1.73%	60.74%	5.27%

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 4	5.67%	6.19%	5.68%	2.16%	34.71%	5.41%
Berwick ^{1,10,13}	16.60%	9.30%	7.38%	1.09%	38.96%	5.15%
Bloomsburg ⁵	-7.38%	-6.67%	-5.69%	2.49%	38.70%	7.50%
Bucktail ⁵	-11.41%	-11.14%	-1.41%	3.66%	40.87%	26.33%
Evangelical Community ⁵	-0.45%	2.74%	4.95%	4.68%	36.53%	3.81%
Geisinger/Danville ^{5,7}	10.11%	10.27%	9.15%	1.28%	28.84%	3.99%
Jersey Shore ¹³	0.81%	0.90%	2.88%	2.57%	46.09%	2.38%
Lewistown ⁵	2.38%	3.95%	5.50%	2.87%	47.78%	6.07%
Lock Haven ^{1,3,5,10}	-0.51%	-0.30%	2.53%	2.31%	24.88%	12.65%
Mount Nittany ⁵	2.16%	2.86%	3.59%	2.03%	31.26%	3.57%
Muncy Valley ⁵	7.99%	9.36%	6.20%	2.59%	32.05%	24.67%
Philipsburg Area ^{2,12}	NR	NR	NR	NR	NR	NR
Shamokin Area Community ⁵	4.97%	6.04%	8.41%	3.17%	59.00%	3.61%
Soldiers & Sailors ⁵	3.42%	4.52%	3.07%	3.34%	39.68%	6.55%
Sunbury Community ^{5,10}	-13.51%	-7.83%	-8.45%	2.44%	50.45%	9.47%
Williamsport ⁵	3.62%	4.84%	3.47%	3.01%	40.04%	5.95%

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INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 5	\$203	\$185	\$166	\$142	11.66%	\$195	\$179	\$161	\$140	10.43%
Carlisle Regional ^{1,5,10}	\$99	\$98	\$88	\$86	4.82%	\$75	\$78	\$67	\$74	0.34%
Chambersburg ⁵	\$190	\$173	\$156	\$144	10.51%	\$183	\$165	\$150	\$134	12.39%
Ephrata Community ⁵	\$135	\$122	\$113	\$96	13.55%	\$129	\$117	\$109	\$95	11.89%
Fulton County ⁵	\$22	\$21	\$20	\$18	6.70%	\$22	\$20	\$20	\$18	6.74%
Gettysburg ^{5,7}	\$81	\$76	\$67	\$57	14.35%	\$73	\$69	\$60	\$56	10.05%
Good Samaritan/Lebanon ⁵	\$131	\$111	\$106	\$96	11.92%	\$141	\$120	\$107	\$99	14.09%
Hanover ⁵	\$99	\$93	\$82	\$73	11.67%	\$98	\$91	\$81	\$75	10.32%
Heart of Lancaster ^{1,10}	\$43	\$34	\$37	\$39	3.35%	\$43	\$38	\$35	\$37	5.67%
Holy Spirit ⁵	\$196	\$193	\$178	\$152	9.68%	\$206	\$208	\$186	\$153	11.61%
J C Blair Memorial ^{5,13}	\$33	\$32	\$29	\$29	4.47%	\$36	\$34	\$35	\$35	1.53%
Lancaster General ^{5,9}	\$633	\$542	\$478	\$417	17.27%	\$560	\$493	\$461	\$395	13.86%
Lancaster Regional ^{1,5,10}	\$107	\$111	\$109	\$95	4.39%	\$103	\$104	\$89	\$77	11.04%
Memorial York	\$82	\$75	\$62	\$57	15.18%	\$83	\$75	\$64	\$58	14.08%
Milton S Hershey ⁵	\$548	\$507	\$442	\$369	16.21%	\$539	\$490	\$431	\$383	13.60%
Pinnacle Health ⁵	\$480	\$453	\$409	\$396	7.10%	\$480	\$451	\$416	\$403	6.34%
Waynesboro	\$50	\$46	\$42	\$38	9.63%	\$47	\$44	\$40	\$38	7.97%
York ⁵	\$517	\$456	\$407	\$379	12.12%	\$489	\$437	\$394	\$370	10.66%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 5	7.03%	8.47%	7.61%	2.66%	34.44%	6.40%
Carlisle Regional ^{1,5,10}	22.69%	14.01%	13.70%	2.39%	33.99%	3.34%
Chambersburg ⁵	5.34%	7.48%	8.17%	3.48%	37.79%	4.05%
Ephrata Community ⁵	6.99%	7.34%	6.65%	2.76%	30.93%	2.40%
Fulton County ⁵	11.51%	11.51%	6.47%	5.55%	34.87%	16.00%
Gettysburg ^{5,7}	11.88%	16.59%	15.19%	4.28%	30.27%	3.26%
Good Samaritan/Lebanon ⁵	-4.49%	-3.41%	-0.89%	4.02%	46.06%	5.38%
Hanover ⁵	1.96%	2.90%	3.36%	2.36%	34.60%	1.61%
Heart of Lancaster ^{1,10}	-2.04%	-1.25%	-1.72%	1.72%	23.25%	3.73%
Holy Spirit ⁵	-1.96%	-1.25%	-1.38%	2.07%	39.77%	4.08%
JC Blair Memorial ^{5,13}	-1.53%	2.23%	-1.81%	1.98%	40.09%	8.99%
Lancaster General ^{5,9}	14.87%	15.99%	13.08%	1.89%	29.98%	5.28%
Lancaster Regional ^{1,5,10}	4.75%	2.42%	5.43%	2.08%	41.17%	4.81%
Memorial York	2.31%	2.74%	2.89%	4.85%	37.99%	6.10%
Milton S Hershey ⁵	7.08%	7.52%	7.96%	1.34%	27.05%	11.56%
Pinnacle Health ⁵	2.76%	4.68%	4.88%	2.56%	39.95%	7.66%
Waynesboro	6.53%	8.72%	8.04%	4.36%	32.72%	4.16%
York ⁵	7.93%	12.82%	10.17%	4.07%	36.81%	6.40%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 6	\$78	\$74	\$69	\$65	7.02%	\$81	\$77	\$72	\$69	5.86%
Barnes Kasson County ⁵	\$16	\$16	\$13	\$15	3.78%	\$18	\$19	\$15	\$17	2.65%
Community/Scranton ⁵	\$139	\$142	\$129	\$126	3.41%	\$152	\$150	\$140	\$133	4.83%
Geisinger Wilkes-Barre ^{2,5}	\$40	\$81	\$75	\$73	NA	\$47	\$83	\$77	\$78	NA
Geisinger Wyoming Valley ^{5,7}	\$134	\$114	\$100	\$93	14.69%	\$139	\$114	\$101	\$91	17.71%
Hazleton General ^{1,5,8}	\$72	\$49	\$44	\$42	23.46%	\$64	\$49	\$47	\$43	16.07%
Hazleton St Joseph ^{1,2,8}	\$22	\$33	\$34	\$38	NA	\$27	\$37	\$38	\$41	NA
Marian Community ^{1,5}	\$35	\$34	\$33	\$33	2.63%	\$37	\$36	\$34	\$34	2.57%
Memorial/Towanda ⁵	\$32	\$36	\$31	\$29	3.31%	\$32	\$33	\$29	\$29	3.46%
Mercy/Scranton ^{1,5}	\$127	\$122	\$117	\$116	2.93%	\$129	\$125	\$125	\$123	1.49%
Mid-Valley	\$10	\$10	\$10	\$10	0.39%	\$11	\$12	\$11	\$12	-1.76%
Montrose General ¹	\$9	\$10	\$9	\$8	4.22%	\$10	\$10	\$9	\$9	3.68%
Moses Taylor ⁵	\$109	\$105	\$100	\$94	5.47%	\$116	\$112	\$108	\$103	4.24%
Pocono ⁵	\$157	\$145	\$134	\$116	11.69%	\$154	\$142	\$132	\$116	10.77%
Robert Packer ⁵	\$186	\$170	\$156	\$139	11.43%	\$171	\$163	\$158	\$149	4.75%
Troy Community	\$10	\$10	\$9	\$8	10.08%	\$10	\$10	\$9	\$9	3.80%
Tyler Memorial	\$26	\$26	\$24	\$21	9.25%	\$27	\$27	\$23	\$22	6.52%
Wayne Memorial	\$52	\$50	\$48	\$45	5.44%	\$60	\$53	\$53	\$49	7.16%
WVHCS ⁵	\$202	\$185	\$169	\$158	9.42%	\$221	\$205	\$189	\$182	7.25%

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 7	\$191	\$175	\$161	\$142	11.65%	\$188	\$172	\$160	\$143	10.63%
Ashland Regional ^{1,5,8,10,11,12,14}	\$19	\$18	\$15	\$14	11.41%	\$21	\$19	\$18	\$17	7.43%
Easton ^{1,5,10}	\$185	\$180	\$174	\$145	9.14%	\$158	\$158	\$159	\$141	4.17%
Gnaden Huetten Memorial ^{5,6}	\$49	\$48	\$47	\$44	3.30%	\$53	\$49	\$48	\$44	7.08%
Good Samaritan Regional ⁵	\$65	\$62	\$60	\$55	6.07%	\$70	\$67	\$63	\$56	8.12%
Lehigh Valley ⁵	\$668	\$606	\$532	\$461	15.03%	\$659	\$584	\$536	\$476	12.81%
Lehigh Valley/Muhlenberg	\$155	\$129	\$105	\$79	31.87%	\$147	\$121	\$105	\$87	23.18%
Palmerton ^{6,13}	\$21	\$24	\$25	\$26	-6.70%	\$24	\$28	\$30	\$30	-6.65%
Pottsville Warne Clinic ⁵	\$74	\$67	\$65	\$61	7.15%	\$76	\$69	\$66	\$64	6.17%
Reading ⁵	\$513	\$450	\$416	\$368	13.21%	\$495	\$436	\$404	\$361	12.40%
Sacred Heart/Allentown ⁵	\$110	\$104	\$104	\$99	3.62%	\$117	\$108	\$106	\$102	4.61%
St Joseph/Reading ⁵	\$154	\$152	\$146	\$140	3.35%	\$149	\$147	\$144	\$132	4.48%
St Luke's Miners ⁵	\$37	\$35	\$31	\$30	8.31%	\$37	\$34	\$32	\$31	7.11%
St Luke's/Bethlehem ⁵	\$433	\$405	\$370	\$318	12.09%	\$441	\$416	\$367	\$316	13.31%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 6	0.88%	3.31%	2.52%	2.64%	44.42%	6.75%
Barnes Kasson County ⁵	0.78%	1.10%	-2.21%	2.90%	40.48%	28.82%
Community/Scranton ⁵	-4.85%	-2.75%	-1.56%	2.69%	40.20%	8.70%
Geisinger Wilkes-Barre ^{2,5}	-17.72%	-17.65%	-5.29%	2.68%	56.78%	9.41%
Geisinger Wyoming Valley ^{5,7}	0.29%	0.34%	2.60%	1.65%	39.71%	5.94%
Hazleton General ^{1,5,8}	3.23%	4.10%	-1.78%	2.43%	50.51%	8.44%
Hazleton St Joseph ^{1,2,8}	7.35%	9.05%	-2.77%	3.71%	35.27%	4.83%
Marian Community ^{1,5}	-2.58%	-2.50%	-1.16%	2.19%	51.24%	7.44%
Memorial/Towanda ⁵	2.23%	3.89%	7.92%	3.39%	26.85%	12.60%
Mercy/Scranton ^{1,5}	1.03%	1.89%	-0.81%	2.65%	52.69%	4.41%
Mid-Valley	-5.25%	-5.19%	-9.50%	2.54%	57.76%	3.40%
Montrose General ¹	-4.89%	-4.81%	-1.64%	2.32%	51.39%	4.44%
Moses Taylor ⁵	-1.67%	-0.82%	-0.82%	2.81%	44.35%	7.94%
Pocono ⁵	3.90%	5.41%	5.20%	3.62%	38.64%	6.29%
Robert Packer ⁵	12.42%	20.27%	15.16%	2.99%	46.25%	4.68%
Troy Community	7.85%	8.95%	6.36%	2.44%	43.10%	11.20%
Tyler Memorial	2.92%	3.10%	2.35%	2.47%	33.58%	4.31%
Wayne Memorial	-1.39%	1.43%	5.45%	3.60%	42.68%	5.23%
WVHCS ⁵	-0.96%	1.90%	0.71%	1.79%	47.35%	6.03%

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 7	5.27%	5.37%	5.35%	2.53%	39.15%	7.58%
Ashland Regional ^{1,5,8,10,11,12,14}	-8.48%	-8.48%	-8.88%	3.95%	NR	NR
Easton ^{1,5,10}	15.03%	8.80%	6.43%	0.89%	40.95%	3.02%
Gnaden Huetten Memorial ^{5,6}	-5.55%	-9.49%	-3.57%	3.84%	49.47%	14.82%
Good Samaritan Regional ⁵	-4.04%	1.07%	0.20%	2.11%	57.93%	2.57%
Lehigh Valley ⁵	7.87%	7.86%	7.85%	2.28%	35.50%	8.90%
Lehigh Valley/Muhlenberg	9.60%	9.57%	8.57%	2.06%	38.51%	3.44%
Palmerton ^{6,13}	-14.96%	-21.09%	-11.96%	2.54%	51.96%	6.13%
Pottsville Warne Clinic ⁵	1.07%	1.07%	0.83%	2.71%	45.44%	9.78%
Reading ⁵	6.15%	7.25%	6.66%	2.64%	34.05%	5.06%
Sacred Heart/Allentown ⁵	-2.01%	-2.01%	0.43%	2.47%	47.70%	10.13%
St Joseph/Reading ⁵	4.29%	5.76%	5.24%	3.96%	41.13%	15.30%
St Luke's Miners ⁵	1.46%	1.52%	0.83%	3.71%	50.50%	15.54%
St Luke's/Bethlehem ⁵	1.88%	3.27%	4.51%	2.90%	40.67%	7.52%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 8	\$163	\$150	\$135	\$131	8.13%	\$162	\$151	\$138	\$136	6.35%
Abington Memorial ⁵	\$482	\$439	\$416	\$390	7.83%	\$490	\$451	\$423	\$425	5.05%
Barix Clinics of PA ^{1,10}	\$13	\$10	\$11	NA	NA	\$15	\$14	\$13	NA	NA
Brandywine ^{1,5,10}	\$104	\$106	\$105	\$79	10.80%	\$101	\$99	\$95	\$82	8.00%
Central Montgomery ^{1,5,10,13}	\$61	\$57	\$58	\$56	3.02%	\$65	\$62	\$62	\$58	3.69%
Chester County	\$159	\$150	\$125	\$116	12.20%	\$162	\$147	\$130	\$123	10.76%
Crozer-Chester ⁵	\$539	\$495	\$470	\$465	5.33%	\$546	\$503	\$479	\$477	4.87%
Delaware County Memorial ⁵	\$165	\$152	\$141	\$142	5.40%	\$165	\$153	\$141	\$141	5.52%
Doylestown ⁵	\$174	\$172	\$157	\$142	7.64%	\$180	\$167	\$158	\$143	8.71%
Grand View ⁵	\$139	\$125	\$112	\$104	10.92%	\$138	\$124	\$112	\$106	9.92%
Holy Redeemer ^{5,7}	\$148	\$142	\$137	\$148	0.18%	\$160	\$155	\$153	\$149	2.45%
Jennersville Regional ^{1,10}	\$46	\$43	\$39	\$35	10.44%	\$42	\$41	\$41	\$34	7.46%
Main Line Bryn Mawr ⁵	\$233	\$200	\$185	\$173	11.48%	\$218	\$199	\$197	\$180	7.20%
Main Line Lankenau ⁵	\$311	\$287	\$266	\$229	11.83%	\$319	\$296	\$276	\$235	11.91%
Main Line Paoli	\$174	\$142	\$123	\$100	24.49%	\$143	\$125	\$115	\$96	16.22%
Mercy Fitzgerald ^{1,5}	\$158	\$152	\$144	\$138	4.96%	\$168	\$166	\$160	\$159	1.81%
Mercy Suburban ^{1,5}	\$97	\$90	\$81	\$67	14.81%	\$93	\$88	\$81	\$68	12.09%
Montgomery ⁵	\$96	\$93	\$84	\$85	4.52%	\$102	\$96	\$87	\$88	5.40%
Phoenixville ^{1,10}	\$122	\$108	\$96	\$87	13.35%	\$114	\$104	\$97	\$88	9.66%
Pottstown Memorial ^{1,5,10}	\$134	\$121	\$115	\$102	10.45%	\$120	\$111	\$109	\$114	1.82%
Riddle Memorial ⁵	\$117	\$110	\$102	\$94	8.11%	\$125	\$114	\$108	\$98	9.32%
St Luke's Quakertown ⁵	\$38	\$35	\$30	\$26	15.21%	\$38	\$36	\$31	\$27	13.01%
St Mary ^{1,5}	\$235	\$222	\$195	\$172	12.27%	\$224	\$208	\$185	\$160	13.23%
Temple Lower Bucks ⁵	\$107	\$107	\$104	\$92	5.35%	\$114	\$109	\$106	\$96	6.17%
Warminster ^{1,5,10}	\$46	\$50	\$54	\$53	-4.77%	\$58	\$62	\$60	\$57	0.57%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 8	3.40%	4.74%	3.33%	1.60%	40.44%	7.16%
Abington Memorial ⁵	1.78%	2.89%	2.30%	1.63%	43.74%	3.16%
Barix Clinics of PA ^{1,10}	-15.87%	-15.87%	-25.59%	-2.27%	0.06%	0.00%
Brandywine ^{1,5,10}	4.70%	2.75%	4.93%	0.83%	31.77%	4.23%
Central Montgomery ^{1,5,10,13}	-2.70%	-1.72%	-3.50%	1.72%	44.31%	2.67%
Chester County	1.81%	2.69%	3.98%	1.97%	34.69%	6.86%
Crozer-Chester ⁵	1.20%	1.46%	1.18%	2.57%	32.13%	16.99%
Delaware County Memorial ⁵	1.32%	2.02%	1.85%	2.09%	38.99%	10.73%
Doylestown ⁵	-0.03%	1.48%	3.91%	0.97%	44.21%	1.38%
Grand View ⁵	3.29%	9.61%	7.58%	2.05%	41.63%	3.08%
Holy Redeemer ^{5,7}	-1.25%	1.03%	-2.32%	0.46%	48.16%	3.25%
Jennersville Regional ^{1,10}	10.14%	6.16%	2.96%	1.62%	39.68%	10.26%
Main Line Bryn Mawr ⁵	9.89%	11.73%	6.12%	0.70%	42.64%	3.47%
Main Line Lankenau ⁵	4.13%	10.44%	6.71%	1.26%	44.20%	7.31%
Main Line Paoli	20.42%	22.22%	17.80%	0.91%	33.99%	1.61%
Mercy Fitzgerald ^{1,5}	0.57%	0.57%	-2.95%	1.75%	47.39%	16.21%
Mercy Suburban ^{1,5}	5.89%	5.89%	4.02%	2.36%	42.91%	11.04%
Montgomery ⁵	2.40%	4.44%	2.60%	2.66%	45.15%	7.09%
Phoenixville ^{1,10}	7.85%	4.57%	3.10%	1.77%	36.06%	2.65%
Pottstown Memorial ^{1,5,10}	11.75%	6.86%	5.05%	1.38%	46.10%	11.11%
Riddle Memorial ⁵	-1.57%	0.41%	1.43%	0.97%	37.13%	3.59%
St Luke's Quakertown ⁵	1.76%	1.86%	0.48%	3.12%	39.24%	3.71%
St Mary ^{1,5}	6.15%	7.30%	7.63%	1.05%	44.52%	2.91%
Temple Lower Bucks ⁵	-3.25%	-2.64%	0.07%	2.55%	38.84%	10.99%
Warminster ^{1,5,10}	-24.50%	-15.19%	-11.73%	0.60%	49.19%	4.96%

See footnotes on pages 36 and 37.

INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY03-FY06	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY03-FY06
	FY06	FY05	FY04	FY03		FY06	FY05	FY04	FY03	
Region 9	\$327	\$296	\$257	\$232	7.82%	\$337	\$312	\$278	\$239	7.76%
Albert Einstein ^{5,9}	\$463	\$454	\$406	\$344	11.46%	\$479	\$466	\$425	\$365	10.35%
Chestnut Hill ^{1,2,3,5,10}	\$86	\$61	\$91	\$86	NA	\$86	\$62	\$115	\$93	NA
Children's Hosp Phila ⁷	\$823	\$743	\$647	\$580	13.95%	\$940	\$837	\$758	\$661	14.05%
Frankford ⁵	\$394	\$348	\$316	\$296	10.99%	\$378	\$340	\$314	\$298	8.90%
Graduate ^{1,10}	\$107	\$121	\$118	\$145	-8.85%	\$132	\$142	\$197	\$144	-2.80%
Hahnemann University ^{1,5,9,10}	\$360	\$375	\$361	\$397	-3.09%	\$418	\$422	\$423	\$353	6.05%
Hospital Fox Chase Cancer	\$166	\$146	\$127	\$113	15.49%	\$157	\$138	\$120	\$108	15.32%
Hospital University PA ⁵	\$1,374	\$1,212	\$1,103	\$812	23.06%	\$1,291	\$1,191	\$1,152	\$790	21.16%
Jeanes ⁵	\$118	\$114	\$112	\$100	5.94%	\$126	\$117	\$112	\$100	8.66%
Mercy Philadelphia ^{1,5}	\$124	\$116	\$112	\$97	9.35%	\$129	\$124	\$121	\$107	6.79%
Nazareth ^{1,5}	\$122	\$118	\$107	\$99	7.54%	\$120	\$116	\$105	\$98	7.39%
Penn Presby Medical Ctr. ⁵	\$398	\$350	\$300	\$224	26.03%	\$393	\$379	\$332	\$249	19.34%
Pennsylvania ^{5,6}	\$338	\$322	\$306	\$257	10.50%	\$358	\$331	\$314	\$266	11.54%
Roxborough Memorial ^{1,3,5,10}	\$53	\$54	\$44	\$22	NA	\$77	\$64	\$47	\$26	NA
St Christopher's Children ^{1,10}	\$165	\$153	\$160	\$142	5.57%	\$149	\$146	\$138	\$123	6.87%
St Joseph's/Philadelphia	\$57	\$57	\$54	\$49	5.50%	\$58	\$58	\$55	\$54	2.07%
Temple East	\$93	\$98	\$99	\$85	2.96%	\$103	\$100	\$97	\$82	8.39%
Temple Univ Children's	\$47	\$49	\$50	\$42	3.73%	\$68	\$58	\$59	\$51	11.57%
Temple University ⁵	\$605	\$619	\$578	\$575	1.77%	\$614	\$610	\$568	\$507	7.02%
Thomas Jefferson Univ ⁵	\$942	\$902	\$812	\$753	8.39%	\$945	\$918	\$840	\$782	6.94%
Wills Eye	\$17	\$19	\$20	\$19	-4.15%	\$32	\$36	\$36	\$40	-6.62%

Footnotes

1. The end of the fiscal year is not June 30. The data reflects the fiscal year that ended prior to June 30.
2. FY06 data is less than 12 months; therefore, a 3-year comparison is not appropriate for some of the measures.
3. Prior year(s) reflect less than 12 months of data; therefore, a 3-year comparison is not appropriate for some of the measures.
4. This facility began operating during this reporting year. Typically, total operating expenses are high compared to operating revenue during the start-up period.
5. The hospital has specialty units such as psychiatric, rehabilitation, long-term care, skilled nursing, home health, etc., which are included in the data presented for the facility.
6. Extraordinary item(s) reported on audited financial statement was included in the calculation of total margin.
7. Balance sheet ratios are for the parent organization.
8. Acquired or merged with another licensed hospital during the FY06 reporting period.
9. Acquired or merged with another licensed hospital during the FY04 or FY05 reporting periods.

INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY06	Total Margin FY06	3-yr Average Total Margin FY04-FY06	Percent of Uncompensated Care FY06	Medicare Share of NPR FY06	Medical Assistance Share of NPR FY06
Region 9	3.33%	4.95%	2.90%	2.35%	29.83%	19.77%
Albert Einstein ^{5,9}	2.23%	3.85%	3.56%	3.50%	43.61%	28.17%
Chestnut Hill ^{1,2,3,5,10}	0.35%	0.17%	-8.08%	0.86%	30.18%	5.98%
Children's Hosp Phila ⁷	5.11%	5.70%	5.68%	2.75%	2.64%	27.42%
Frankford ⁵	7.49%	7.92%	6.90%	3.32%	41.40%	13.98%
Graduate ^{1,10}	-21.59%	-13.38%	-20.36%	0.86%	47.56%	14.80%
Hahnemann University ^{1,5,9,10}	-9.23%	-5.72%	-6.07%	0.74%	37.27%	20.34%
Hospital Fox Chase Cancer	6.70%	6.88%	7.09%	2.56%	32.39%	0.52%
Hospital University PA ⁵	9.88%	12.59%	8.87%	2.46%	24.40%	10.46%
Jeanes ⁵	-1.62%	2.15%	2.13%	0.59%	48.97%	7.15%
Mercy Philadelphia ^{1,5}	1.82%	1.82%	-1.00%	3.89%	42.45%	34.79%
Nazareth ^{1,5}	3.80%	3.96%	3.41%	1.43%	56.02%	6.74%
Penn Presby Medical Ctr. ⁵	3.64%	4.08%	0.89%	1.90%	38.81%	15.16%
Pennsylvania ^{5,6}	2.15%	4.32%	3.86%	1.96%	34.31%	11.38%
Roxborough Memorial ^{1,3,5,10}	-37.60%	-23.29%	-11.72%	1.55%	66.12%	8.96%
St Christopher's Children ^{1,10}	13.37%	8.29%	7.92%	0.64%	4.20%	51.03%
St Joseph's/Philadelphia	-0.03%	0.43%	-0.21%	11.03%	38.45%	51.22%
Temple East	-8.57%	-7.83%	-0.86%	2.83%	40.69%	35.21%
Temple Univ Children's	-37.86%	-37.64%	-19.92%	2.03%	2.01%	62.73%
Temple University ⁵	1.55%	2.97%	4.72%	2.11%	30.73%	38.60%
Thomas Jefferson Univ ⁵	5.03%	5.63%	4.02%	2.13%	33.30%	13.95%
Wills Eye	-24.27%	11.13%	-23.82%	6.73%	37.79%	2.50%

- 10. For-profit facility; total margin includes pro rata share of taxes, other gains and/or expenses experienced by the parent organization.
- 11. Facility is referred to by a different name, or it closed after the FY06 reporting period.
- 12. Facility failed to satisfy the financial filing requirements.
- 13. One or more of the required financial submissions was filed late.
- 14. Facility submitted incomplete or inaccurate data.

- NR Information necessary to report or calculate this measure was not reported by the hospital.
- NA Not applicable.

EXPLANATION OF TERMS

NOTE: Utilization and financial data include subunits of a hospital such as skilled nursing, long-term care, rehabilitation and psychiatric. Utilization data excludes routine newborn care; the mother and routine newborn are presented as a single patient.

3-year Average Change in Net Patient Revenue (NPR) or Total Operating Expenses (TOE): The average annual change in the hospital's NPR or TOE that occurred from the end of FY03 through FY06.

$$(((\text{NPR}_{06} - \text{NPR}_{03}) / \text{NPR}_{03}) / 3) \text{ or } (((\text{TOE}_{06} - \text{TOE}_{03}) / \text{TOE}_{03}) / 3)$$

3-year Average Total Margin: The average total margin realized by the hospital during FY04 through FY06.

$$(\sum \text{revenue over expenses}_{06,05,04} / \sum \text{total revenue}_{06,05,04})$$

Commercial Third-Party Payors: Commercial insurers encompass all indemnity and managed care health insurance plans, including Blue Cross and Blue Shield plans, and hospital and health care system plans. Commercial insurers do not include government-funded programs such as Medicare or Medical Assistance sponsored managed care.

Discharges: The total inpatient discharges that occurred during the fiscal year.

Managed Care: Managed care includes all licensed HMO, PPO, and POS plans that require some form of pre-authorization or limit care to in-network providers.

Net Patient Revenue (NPR): Net patient revenue reflects revenue for patient care only and does not include revenue from other operations such as the cafeteria, parking, rent, research and educational activities. Revenue from those operations is included in total operating revenue. NPR may include retroactive adjustments from third-party payors for care provided during a prior fiscal year.

Other Third-Party Payors: Third-party payors other than health insurance companies and managed care organizations. These include direct payments by employers or associations, auto insurance, workers' compensation, and government programs (other than Medicare and Medical Assistance).

Operating Income: The amount by which total operating revenue exceeds total operating expenses.

$$(\text{total operating revenue} - \text{total operating expenses})$$

Operating Margin: The ratio of operating income to total operating revenue. This measure places operating income in perspective with the volume of business realized by the hospital.

$$(\text{operating income} / \text{total operating revenue})$$

Patient Days: Each day a patient stays in an inpatient facility is considered a patient day.

Percent of Uncompensated Care: This is the ratio of uncompensated care (charity care and bad debt) to the total care provided by the hospital. Charity care is the care a hospital provides without charge because the patient is unable to compensate the hospital through third-party coverage or the patient's own resources. Bad debt represents the foregone revenue for care in which the hospital initially anticipated payment, extended credit to the patient, but was later determined to be uncollectable. This rate can be used to express uncompensated care as a percent of total charges or as an estimate of the percent of total net patient revenue.

$$(\text{charity care charges} + \text{bad debt charges}) / \text{total charges}$$

Total Net Income (Revenue over Expenses): Total net income reflects the sum of operating income and non-operating income. Total income may also include an extraordinary item such as the gain or loss from the sale of securities.

For the for-profit hospitals, total net income is net of a pro rata share of income taxes, gains and non-operating expenses incurred by the parent corporation.

Total Margin: The ratio of total income to total revenue. This measure puts income from all sources in perspective with all revenues received by a hospital.

$$(\text{revenue over expenses} / \text{total revenue})$$

Total Operating Expenses (TOE): All costs associated with operating the entire facility such as salaries, professional fees, supplies, depreciation, interest, insurance, and bad debts. The acquisition of durable equipment and other property are not considered expenses and are reflected on the hospital's balance sheet as assets. However, the cost to finance equipment (interest) as well as the depreciation, operation and maintenance costs of capital equipment are operating expenses.

Total Operating Revenue (TOR): All revenues allocated by the hospital to meet operating expenses. Includes revenue sources such as net patient revenue, investment income, contributions, and revenue from other operations (e.g., cafeteria, parking, rent, research and educational activities). Individual hospitals may also allocate investment income, contributions, etc., as non-operating income.

Total Revenue: Operating revenue plus non-operating income. The non-operating income component typically includes unrestricted contributions, investment income, and net investment gains and losses on marketable securities.

Non-Compliant Hospitals

No Submission

The following hospitals were not in compliance with one or more of PHC4's filing requirements. Subsequently, three closed during the fiscal year, and two were sold.

- Ashland Regional (*sold*)
- Monsour (*closed*)
- Philipsburg Area (*closed*)
- Greene County Memorial (*sold*)
- Tara Hospital/Brownsville (*closed*)

Late Submission

The following hospitals submitted their annual financial data and/or the supporting audited financial statements after the filing deadline.

- Aliquippa Community
- Berwick
- Bradford Regional
- Central Montgomery
- Corry Memorial
- Edgewood Surgical
- J C Blair Memorial
- Jersey Shore
- Ohio Valley General
- Palmerton

Hospitals with Fiscal Year-End other than 6/30/06

Ashland Regional	12/31/2005
Barix Clinics of PA	12/31/2005
Berwick.....	12/31/2005
Brandywine.....	12/31/2005
Carlisle Regional	9/30/2005
Central Montgomery.....	12/31/2005
Chestnut Hill.....	12/31/2005
Easton	12/31/2005
Edgewood Surgical.....	12/31/2005
Graduate.....	12/31/2005
Hahnemann University	12/31/2005
Hazleton General.....	12/31/2005
Hazleton St Joseph	12/31/2005
Heart of Lancaster.....	9/30/2005
Jennersville Regional	12/31/2005
Lancaster Regional.....	9/30/2005
Lock Haven	12/31/2005
Marian Community.....	12/31/2005
Mercy Fitzgerald	12/31/2005
Mercy Jeannette	12/31/2005
Mercy Philadelphia	12/31/2005
Mercy Pittsburgh.....	12/31/2005
Mercy Suburban	12/31/2005
Mercy/Scranton	12/31/2005
Montrose General	12/31/2005
Nazareth	12/31/2005
Phoenixville	12/31/2005
Pottstown Memorial.....	12/31/2005
Roxborough Memorial	12/31/2005
St Christopher's Children	12/31/2005
St Mary	12/31/2005
Tara Hospital/Brownsville.....	2/28/2006
Warminster	12/31/2005



Pennsylvania Health Care Cost Containment Council

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FOR MORE INFORMATION

Additional financial and utilization data for Fiscal Year 2006 and prior years may be purchased. For more information, contact PHC4's Special Requests Unit. The information contained in this report and other PHC4 publications are available on our Web site www.phc4.org.