

**General Acute Care Facilities
Volume One**

98

Hospital Financial Analysis

The Pennsylvania Health Care
Cost Containment Council's
Annual Report on the
Financial Health of
Pennsylvania's Hospitals.

Foreword

The Pennsylvania Health Care Cost Containment Council is an independent state agency charged with addressing the cost and quality of health care in Pennsylvania. The Council fosters competition in the health care market through the collection, analysis and dissemination of 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, the Council has produced *Financial Reports* that measure the financial health of the Commonwealth's hospitals and surgery centers and the utilization of their services.

Hospitals need to maintain a positive income to stay in business. They also need to generate a sufficient level of income to make necessary investments in their facilities. To remain viable, hospitals must keep pace with changes in medical technology and the changing medical needs of the communities they serve.

This report reviews the income levels realized by General Acute Care (GAC) hospitals and focuses upon primary factors that affect income. In addition to providing financial and utilization data on Pennsylvania's GAC hospitals, this report utilizes various statistical tools to assess how these primary factors actually influence individual hospital income.

The information contained in this *Financial Report* comes from the audited financial statements of the General Acute Care hospitals, Medicare cost reports and a survey developed by the Council. Hospitals are required by law, under Act 89 of 1986, to submit this financial information to the Pennsylvania Health Care Cost Containment Council. Every reasonable effort has been made by the Council through established procedures to ensure the accuracy of the information herein. Facilities were provided an opportunity to review their data and to make corrections. The ultimate responsibility for data accuracy lies with the individual facility.

Highlights

- Statewide, hospital income as measured by total margin fell by 30% during the 1998 fiscal year (FY98). Statewide operating margin fell by 64%.
- Three out of 10 general acute care (GAC) hospitals lost money (negative total margins) in FY98.
- One-fourth (49) of GAC hospitals lost money over the past three years (negative 3-year average margins); this is six more than the three years ending in FY97. Conversely, 30 hospitals (15%) had 3-year total margins above 8% in FY98; 12 more than FY97.
- The greatest factor affecting hospital income was a hospital's ability to preserve or increase its level of revenue. On average, hospitals experienced similar changes in expenses, but generally hospitals that saw their incomes increase were able to increase revenue more than expenses.
- About 33% of the variation in the change in net patient revenue (NPR) among hospitals can be attributed to changes in the amount of inpatient care provided by hospitals.
- While changes in inpatient utilization affected hospital revenue, the continuing shift from inpatient to outpatient care has not had a consistent effect on operating income among Pennsylvania hospitals.
- The variation in occupancy rates among hospitals did not appear to be associated with the variation in individual hospital operating income.
- Revenue from commercial managed care plans surpassed revenue from commercial indemnity plans for the first time. This shift from indemnity insurance to managed care did not appear to have a consistent effect on individual hospital income.
- Medicare revenue rose by 1% from FY97 to FY98. Revenue per patient day increased by 3.5% and revenue per discharge decreased by 0.5%.
- Hospitals treated fewer Medical Assistance (MA) patients in FY98, but received more revenue per discharge and patient day. Revenue from the MA program fell by 2.1% while the number of patient days and discharges fell by 5.8% and 6.4%, respectively.
- Bad debt and charity care grew by 8.6% to about \$704 million statewide. During FY98, the change in uncompensated care among hospitals can be associated with about 10% of the change in hospital income.
- Excluding Medical Assistance and Medicare indemnity programs, the typical hospital has a single dominant commercial insurer that provides almost 18% of their patient revenue. Therefore, small changes in the reimbursement rates from dominant payors can have a significant effect on hospital income.
- Thirty-eight hospitals have assumed some level of the risk for more than 2 million patients or about 39% of all people participating in managed care plans in Pennsylvania. There was no correlation between risk assumption for these 38 hospitals and their operating income levels.

PHC4 1998 Hospital Financial Report

Pennsylvania's General Acute Care Hospitals

What are General Acute Care Hospitals?

General Acute Care (GAC) hospitals include all nonfederal, short-term general and specialty acute care hospitals that are open to the public. Typically, the average length of stay at GAC hospitals is less than 30 days. However, many GAC hospitals operate subunits that offer long-term care such as nursing facilities. Generally, all of the activities of a hospital, including its subunits, are contained in the information presented in this report. During the 1998 fiscal year (FY98) there were 199 licensed GAC hospitals in Pennsylvania. Two facilities reported combined financial data reducing the number of reporting hospitals to 198. Key financial measures according to individual hospitals are listed on pages 12 through 25.

During FY98 each of Pennsylvania's GAC hospitals functioned alone as a non-profit organization or as a component of a larger non-profit organization. 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 that revenues do not cover expenses in the future.

Why is Income so Important?

Hospitals need a positive income (total margin) to stay in business. Those that have a negative 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 sale of assets, to pay their expenses. Unless these hospitals can alleviate the deficit by increasing revenues and/or cutting expenses, they can only stay in business 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 be able to make improvements to their facilities and equipment. These investments are necessary to replace worn out or obsolete buildings and equipment and to keep pace with changes in medical technology and the changing health care needs of the community.

Hospitals can 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 will be capable of making interest payments and repaying the 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 above-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., 2% to 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 and will vary widely across the Commonwealth. The precise amount of income a hospital needs depends on several factors, including, but not limited to: the current condition of its plant and equipment, its amount of debt, the level of 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.

To provide some insight into this measure, a report published in the *AHA News* by the American Hospital Association [1] submits that a 6% return on operating revenue is necessary to maintain existing medical technology. The report also submits that “[a] return that is higher than 6% is necessary if a health care facility is going to pursue strategic planning.” Although “strategic planning” is not specifically defined, it can be interpreted to mean that the hospital has the resources to address the changing needs of its market. In Pennsylvania, 22.3% of GAC hospitals had a three-year average total margin greater than 6% in FY98.

Observing national and regional average income levels may also provide some insight into the “appropriate” level of income for Pennsylvania hospitals. Looking at 1997 data (national and regional hospital statistics for FY98 were not available when this report was prepared), *The 1998-99 Almanac of Financial and Operating Indicators* [2] reports the median total margin for all U.S. hospitals was about 5.4% and the median total margin in the Northeast (NY, NJ, PA and the New England states) was the lowest in the nation at about 4.1%. The median total margin for Pennsylvania GAC hospitals was 4.0% in FY98. Therefore, as a group, Pennsylvania’s GAC hospitals realized lower margins than hospitals in the Northeast and the nation in FY97.

Operating Margin vs. Total Margin

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

Operating margin reflects the portion or percent of operating revenue left after all operating expenses are paid. A hospital’s operations include the functions related directly to patient care as well as a variety of other functions such as medical education, cafeterias, 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 margin indicates that revenues are not covering costs.

The revenue hospitals receive for patient care (net patient revenue or NPR) represents about 94.1% of all operating revenue statewide. The largest expense category for all hospitals is salaries, wages and benefits. Other large expense categories are supplies, depreciation, insurance, interest, utilities, maintenance and bad debt expense. Because hospitals group their expenses differently, it is not possible to provide statewide averages for the expense categories.

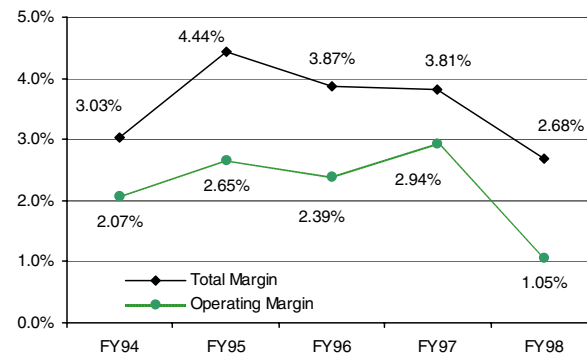
Total margin represents the remaining portion of revenues from all sources after expenses are paid. Examples of revenues that are not typically included in operating revenues are investment and trust income and contributions. However, some hospitals include investment and trust income in operating revenue, particularly when the funds have been designated to support specific operations of a hospital.

Operating margin demonstrates the extent to which revenues for patient care are covering their expenses. Total margin reveals the composite financial health of a facility over a given period (e.g. one year). If total margin is negative, the hospital is losing money after all sources of revenue and income have been considered.

During FY98, the statewide average total margin fell 30%. The average operating margin fell by 64%.

FIGURE 1 shows statewide total margin for all GAC hospitals fell to 2.68% during FY98. The total margin for FY98 was 29% lower than the 3.78% average of the four previous fiscal years (FY94-FY97). Total margin compares the income hospitals receive from all sources to total revenues.

FIGURE 1 Statewide Average Margins for GAC Hospitals, FY94-FY98

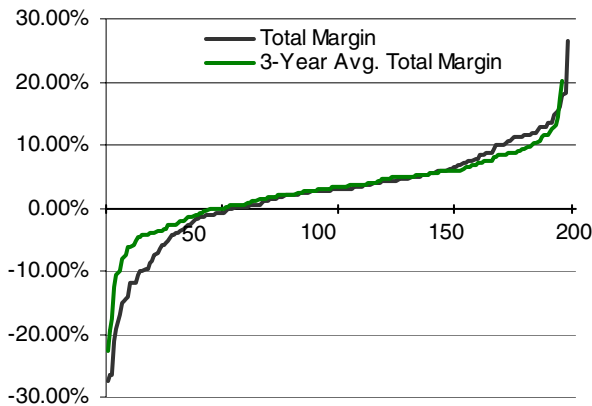


The change in statewide operating margin was even more dramatic. The FY98 rate fell to 1.05% from 2.94% during the previous year. Operating margin was 58% below the average of the four previous years (2.51%). Operating margin compares operating income to operating revenue.

25% of GAC hospitals lost money over the past three years (FY96 to FY98); 28% lost money during FY98.

As seen in FIGURE 2, 55 of the 196 reporting hospitals had negative total margins during FY98. FIGURE 2 also shows that 49 hospitals (or about 25% of all GAC hospitals) lost money over the past three years (FY96 to FY98.) This is an increase of six hospitals over the FY95 to FY97 period.

FIGURE 2 Distribution of FY98 Total Margins and 3-Year Average Total Margins

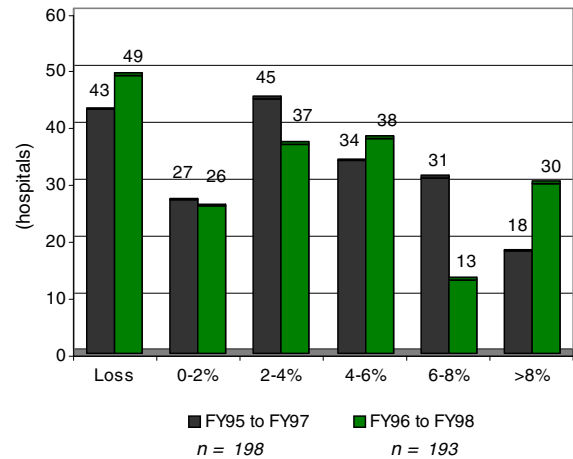


As indicated in FIGURE 3, six fewer hospitals realized three-year average total margins above 6% during FY96-98 than during FY95-97.

19% of GAC hospitals had FY98 total margins above 8%. The number of hospitals with a 3-year average total margin above 8% increased from 18 to 30. Hospitals realizing one-year total margins above 6% decreased by 13 during FY98.

While the number of hospitals losing money increased during FY98, so did the number of hospitals earning one-year and three-year average margins above 8%. As also shown in FIGURE 3, twelve more hospitals realized three-year average margins above 8% during the three-year period ending in FY98 than during the three-year period ending in FY97.

FIGURE 3 3-Year Average Total Margin

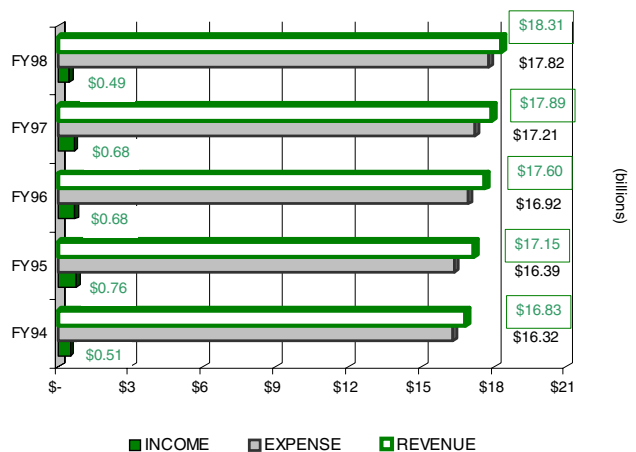


Why do Income Levels Vary Among Hospitals?

As indicated in FIGURE 4, during FY98 statewide total revenue increased to \$18.31 billion in FY98 from \$17.89 billion in FY97, a 2.3% increase. During the same period, expenses grew to \$17.82 billion from \$17.21 billion, a 3.5% increase. Since expenses grew faster than revenue, statewide income fell by 29.7%. However, as previously shown in FIGURES 2 and 3, individual hospitals experienced a wide range of income levels.

Each individual hospital has a unique mix of revenues and expenses as well as a unique mix of factors that influence its revenues and expenses. Consequently, statewide total revenue, expense and income levels do not reflect changes in individual hospital income.

FIGURE 4 Statewide Totals: Revenue, Expenses and Income



One method of identifying the factors which affect the income levels of GAC hospitals is to analyze the variation in income levels by factors that are likely to affect income. Statistical tools (e.g. correlation and regression analysis) were applied to assess how a wide range of factors may be associated with the variation in individual hospital income.

This analysis identifies only those factors statistically significant on a statewide basis. Results of statistical tests presented in this report were significant above a 95% confidence level. Factors not statistically significant on a statewide basis may still be an important influence on the income of individual hospitals.

Changes in hospital revenue had a greater impact on operating income than changes in operating expenses.

The first step of the analysis was to assess the extent that changes in hospital operating income were related to changes in the revenues hospitals receive and the expenses they incur. Changes in individual hospital operating margins that occurred during FY98 were compared to the corresponding changes in NPR and operating expenses.

When NPR and operating expenses were evaluated individually, the change in individual hospital NPR during FY98 was associated with about 23% of the change in individual operating margins. The change in operating expenses can be attributed to about 14% of the variation in operating margins. Consequently, changes in patient revenue appear to have a significantly greater effect on hospital income than changes in expenses.

When NPR was replaced by all (total) operating revenue, the percent of variation in operating margin associated with changes in revenue increased from 23% to 37%.

The standard deviation of the change in total operating revenue, NPR, and operating expenses were all relatively similar, indicating that all three factors vary to the same degree. Changes in operating margin were more in concert with changes in revenue than with changes in expenses.

The relationship between the three-year change in NPR and expenses (FY96 to FY98) and the three-year change in operating margin were also analyzed. NPR was again a stronger factor than operating expenses explaining about 14% of the variation in operating margin over the three-year period. Operating expenses accounted for only about 5% of the variation.

Since by definition the net effect of revenue and expenses equals income, we would expect the variation of revenue and expenses, evaluated together, to equal 100% of the variation of operating margin. The variation in NPR and operating expenses together accounted for about 83% of the variation in the change in operating margin during the FY98. When operating revenue was substituted for NPR, the two measures accounted for over 99% of the variation in the change in operating margin.

Forty-three hospitals achieved a 3-year total margin above 6%, in part, by adjusting changes in total operating expenses to changes in NPR.

Although changes in hospital revenue had a greater impact on hospital income than the changes in expenses, controlling expenses is still an important factor in the financial health of many hospitals. Of the 43 hospitals with three-year average total margins above 6%, 24 hospitals kept the growth in their expenses over the 3-year period below the growth in NPR. Eight of the 24 hospitals actually reduced their expenses over the three-year period.

With the declining growth in statewide NPR, hospitals may find it more difficult to increase revenues in the future. Consequently, hospitals may have to rely more on curbing expenses to preserve their operating income. The relationship between changes in operating expense and hospital income is expected to change significantly and should continue to be monitored.

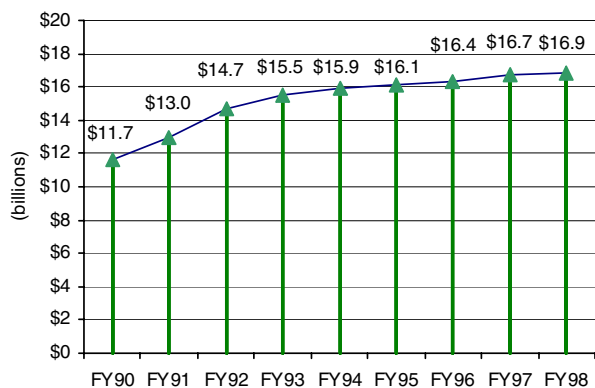
How Does Income from Patient Care Compare to Income from Other Operations?

The amount of revenue a hospital receives from patient care and from other operations is individually reported; however, hospitals do not report the expenses related to patient care separately from their other operations. Consequently, it is not possible to directly compare the income hospitals receive from patient care to the income from other operations.

Patient care may provide slightly less income per dollar of revenue than functions not directly related to patient care.

To provide some insight into the difference between income from patient care and income from other operations, the relationship between the change in NPR and the change in

FIGURE 5 Statewide Total NPR



operating margin was compared to the relationship between the change in total operating revenues and the change in income.

What Affects Patient Revenue?

As shown in FIGURE 5, NPR has increased about 1% (\$16.7 billion to \$16.9 billion) from FY97 to FY98.

The results show that, on average, for every one percent change in a hospital's NPR during FY98, operating margin changed about 0.95%. In contrast, a one percent change in total operating revenue was, on average, associated with a 1.02% change in a hospital's operating margin.

These results indicate that changes in patient care and non-patient care revenue had almost the same effect on total income, with the non-patient care portion providing slightly higher changes in operating margin.

The three principal factors that affect each hospital's revenue are the volume of patient care it provides, the mix of care, and the level of reimbursement it receives.

The volume of care is dependent on factors such as the medical needs of the community, the ability of the hospital to meet those needs, and the level of competition from other hospitals.

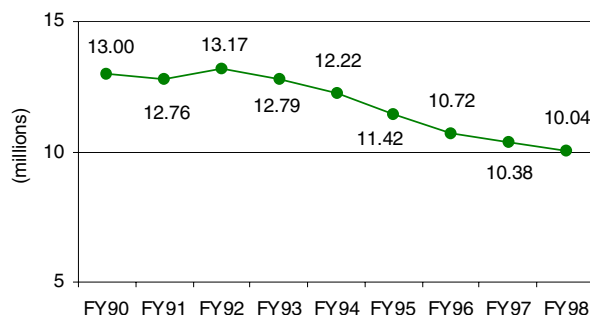
The volume of care is commonly measured in terms of inpatient discharges, patient days, outpatient visits, and home health visits. There is sufficient statewide data only on inpatient discharges and patient days to evaluate the change in inpatient care between FY98 and FY97.

The change in the volume of inpatient care

among hospitals accounted for about 33% of the change in patient revenues during FY98.

Since discharges and patient days are highly correlated with each other, the change in each measure during FY98 was assessed individually to determine how much each contributed to the change in NPR. As seen in FIGURES 6 and 7, statewide patient days and discharges have declined each year from FY92 to FY98. This change in patient days among individual hospitals contributed about 31% of the variation in the change in NPR. The change in the number of discharges accounts for about 21% of the variation in the change in NPR.

FIGURE 6 Statewide Patient Days

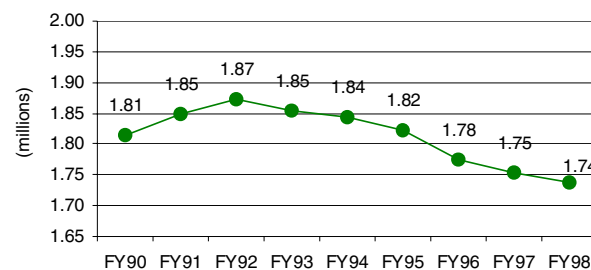


When changes in patient days and discharges during FY98 were evaluated together, the addition of discharges to patient days only explained an additional 2% of the variation in the change in NPR. Consequently, about 33% of the variation in the change in NPR can be associated with changes in patient days and discharges.

During FY98, inpatient revenue accounted for 65.6% of all NPR from GAC hospitals. If outpatient and home health had the same effect on the variation in NPR as inpatient care, changes in the volume of care could be attributed to about 50% of the variation in NPR. This suggests that other factors such as the level of reimbursement and mix of care provided by individual hospitals may represent the other half of the variation in NPR.

The statewide shift from inpatient to outpatient

FIGURE 7 Statewide Discharges



care during FY98 has not had a statistically significant impact on statewide total hospital revenue or income.

The relationship between the portion of NPR a hospital receives from inpatient and outpatient care was compared to operating margin. The relationship between the one-year change in these three factors was also evaluated. Analysis of the portion of NPR from inpatient care, outpatient care, and operating margin yielded no statistically significant correlations. Similarly, correlations among one-year changes in these factors showed no statistical significance.

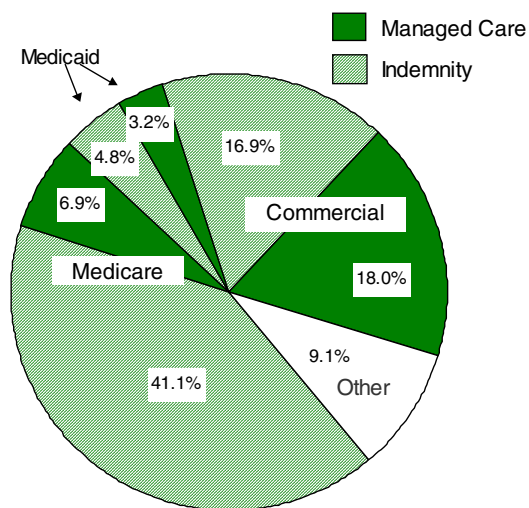
How do Third-Party Payors Affect Revenue and Income?

TABLE 1 shows NPR by payor. According to the Pennsylvania Department of Health [3], managed care enrollment increased 15.8% during calendar year 1997 and 7.3% during 1998. This increased enrollment resulted in a 10.8% increase in NPR received from managed care organizations during FY98. FIGURE 8 shows that hospitals now receive more revenue from commercial managed care programs than from commercial indemnity plans.

During FY98, commercial managed care revenues surpassed revenues from commercial indemnity plans for the first time.

TABLES 2, 3 and 4 show that while average length of stay for commercial managed care plans decreased, discharges and patient days have increased for commercial managed care plans. [Incomplete data submissions for FY97 prevent reporting the change in outpatient care during FY98.]

FIGURE 8 Statewide NPR by Payor, FY98



vent reporting the change in outpatient care during FY98.]

Hospitals receive 23% less revenue per discharge and 11% less per patient day from commercial managed care plans than they do from commercial indemnity plans.

TABLES 3 and 4 also show that hospitals receive less revenue per patient day and discharge for commercial managed care patients than for those patients covered by indemnity plans.

While hospitals receive less revenue per discharge and patient day for commercial managed care patients, it is not clear how the cost to treat managed care patients compares to patients of indemnity plans. Without information

	FY97	FY98	% Change
Commercial			
Indemnity	\$3,000,332	\$2,848,998	-5.04%
Managed Care	\$2,736,677	\$3,031,172	10.76%
Total	\$5,737,010	\$5,880,170	2.50%
Medicare			
Indemnity	\$7,238,844	\$6,937,791	-4.16%
Managed Care	\$782,623	\$1,165,576	48.93%
Total	\$8,021,467	\$8,103,367	1.02%
Medical Assistance			
Indemnity	\$961,174	\$814,722	-15.24%
Managed Care	\$417,176	\$534,714	28.17%
Total	\$1,378,351	\$1,349,437	-2.10%
Other			
	\$1,511,847	\$1,528,237	1.08%
TOTAL	\$16,687,055	\$16,867,958	1.08%

	FY97	FY98	% Change
Commercial			
Indemnity	4.49	4.58	2.15%
Managed Care	4.18	3.98	-4.77%
Total	4.32	4.23	-2.03%
Medicare			
Indemnity	7.42	7.13	-3.88%
Managed Care	5.99	6.01	0.25%
Total	7.24	6.95	-3.90%
Medical Assistance			
Indemnity	6.17	6.29	2.00%
Managed Care	4.15	4.57	10.19%
Total	5.55	5.59	0.74%
Other			
	4.70	4.64	-1.42%
TOTAL	5.92	5.78	-2.29%

TABLE 3 DISCHARGES BY PAYOR

	FY97	FY98	% Change	FY97 NPR per Discharge	FY98 NPR per Discharge	% Change
Commercial						
Indemnity	253,018	233,353	-7.77%	\$11,858	\$12,208	2.96%
Managed Care	294,778	321,729	9.14%	\$9,283	\$9,421	1.48%
Total	547,796	555,082	1.33%	\$10,472	\$10,593	1.15%
Medicare						
Indemnity	734,314	720,027	-1.95%	\$9,857	\$9,635	-2.26%
Managed Care	110,542	137,859	24.71%	\$7,079	\$8,454	19.42%
Total	844,856	857,886	1.54%	\$9,494	\$9,445	-0.51%
Medical Assistance						
Indemnity	164,760	131,609	-20.12%	\$5,833	\$6,190	6.11%
Managed Care	73,344	91,154	24.28%	\$5,687	\$5,866	3.13%
Total	238,104	222,762	-6.44%	\$5,788	\$6,057	4.64%
Other						
	123,877	100,703	-18.71%	\$12,204	\$15,175	24.35%
TOTAL	1,754,633	1,736,260	-1.05%	\$9,510	\$9,715	2.15%

on costs, it is not possible to directly calculate the effect that the increase in managed care participation had on income.

An indirect way of assessing the effect that increased managed care participation may have on hospital income is to assess the relationship between variation in the portion of NPR hospitals receive from managed care plans and the variation of operating margins among hospitals. There was no statistically significant correlation between the managed care share of hospital NPR and operating income.

Similarly, the relationship between the change in the portion of NPR each hospital received from managed care plans during FY98 and the change in operating margin during the fiscal year was also assessed. Again, there was no significant correlation between the change in managed care participation and revenue.

These results also suggest that the corresponding increase in managed care participation had an inconsistent effect on income across hospitals. Some hospitals experienced increases in income due to increased managed care participation, while others realized a decline in income.

Medicare revenue rose slightly during FY98. Revenue per patient day increased by 3.5% and revenue per discharge decreased 0.5%.

During FY98, revenue from the Medicare program increased

about 1% statewide while the number of Medicare discharges increased by about 1.5% and the number of patient days declined by about 2.4%. The net result is that revenue per discharge fell by about 0.5% and revenue per patient day increased by about 3.5%. It is important to note that small changes in Medicare reimbursement may have substantial effects upon a hospital's bottom line.

Revenue from Medical Assistance programs decreased by about 2.1% while the number of days and discharges funded by the program fell by about 5.8% and 6.4%, respectively.

A variety of analyses were performed to assess the relationship between the Medical Assistance (MA) program and both hospital operating margins and the level of uncompensated care at individual hospitals.

On a statewide basis, the variation in the portion of NPR that hospitals receive from the MA program was not correlated with either the variation in operating margins or the variation in the level of uncompensated care. Similarly, the change in the portion of NPR individual hospitals received from the MA program during FY98 was also not correlated with the changes in operating margins or uncompensated care during the fiscal year.

TABLE 4 DAYS BY PAYOR						
	FY97	FY98	% Change	FY97 NPR per Day	FY98 NPR per Day	% Change
Commercial						
Indemnity	1,134,980	1,069,232	-5.79%	\$2,643.51	\$2,664.53	0.80%
Managed Care	1,231,552	1,280,066	3.94%	\$2,222.14	\$2,367.98	6.56%
Total	2,366,532	2,349,298	-0.73%	\$2,424.23	\$2,502.95	3.25%
Medicare						
Indemnity	5,450,603	5,137,332	-5.75%	\$1,328.08	\$1,350.47	1.69%
Managed Care	662,504	828,278	25.02%	\$1,181.31	\$1,407.23	19.12%
Total	6,113,107	5,965,610	-2.41%	\$1,312.18	\$1,358.35	3.52%
Medical Assistance						
Indemnity	1,016,601	828,278	-18.52%	\$945.48	\$983.63	4.04%
Managed Care	304,254	416,649	36.94%	\$1,371.15	\$1,283.37	-6.40%
Total	1,320,855	1,244,927	-5.75%	\$1,043.53	\$1,083.95	3.87%
Other						
	582,547	466,848	-19.86%	\$2,595.24	\$3,273.52	26.14%
TOTAL	10,384,079	10,039,734	-3.32%	Avg \$1,606.98	\$1,680.12	4.55%

How Much Influence do Commercial Third-Party Payors Have on Reimbursement Levels?

The reimbursement levels hospitals receive from most insurers and managed care organizations are derived through the contract negotiation process between the hospital and the third-party payor.

To determine the portion of their NPR that was paid by non-government third-party payors, as well as which individual payors provided the greatest share of NPR, each hospital was surveyed for information specific to its primary payors. This information provides some insight into how much leverage hospitals have in negotiating reimbursement rates.

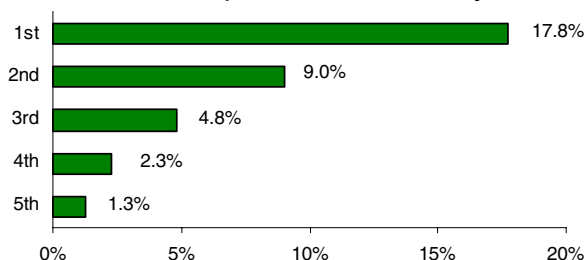
FIGURE 9 shows that the largest single commercial payor for the 128 hospitals that responded to the survey provided an average of 17.8% of their NPR. The range of reimbursement levels for the largest payor was between 44.8% and 4.4% of a hospital's NPR. For this analysis, payor contributions include all types of insurance plans offered by the payor, including Medical Assistance and Medicare managed care plans.

Theoretically, a hospital may have some leverage in negotiating reimbursement rates in that it can elect not to enter into contractual arrangements with a specific payor. However, considering that the average operating margin in FY98 was 1.05%, many hospitals would likely face operating losses, at least in the short-run, if even the fifth highest

payor is rejected. FIGURE 9 suggests that it would be financially impossible for most hospitals to reject their two largest payors for an extended period of time.

FIGURE 9 also reveals that small changes in reimbursement rates from third-party payors can have a significant impact on hospital income. For example, if the average reimbursement from the largest third-party payor does not keep pace with general rates of inflation, hospitals with small positive total margins could experience a negative margin.

FIGURE 9 Average Contribution to NPR by the Top 5 Commercial Payors, FY98



Is Payment Lag by Third-Party Payors Reducing Income?

Many hospitals have publicly reported that some insurers and managed care organizations are taking longer to reimburse them for medical care.

During the time period between when a hospital provides care to a patient and when it receives payment, the money the hospital expects to receive is recorded as accounts re-

ceivable. Alternatively, expenses that a hospital has incurred but has not yet paid for are recorded as accounts payable. If accounts payable is larger than accounts receivable, the hospital may need to use its own capital or borrow money to pay some of its expenses. In this situation, the hospitals will either lose investment earnings or incur interest expenses.

During FY98, GAC hospitals experienced a 1.8 day increase in the time it takes to receive payment for their services. The average payment lag was 62.7 days.

During FY98, accounts receivable for NPR for 191 of the 199 GAC hospitals providing financial statements for both fiscal years has grown by \$115 million to \$2.9 billion. This is a 4.2% increase over FY97. Since NPR grew by about 1.1%, the remaining 3.1% growth in accounts receivable could be attributed to further delays in payments. The growth in accounts receivable represents an increase of 1.8 days, for a total payment lag of about 62.7 days.

The increase in the payment lag during FY98 may have cost hospitals in the neighborhood of 4% of their operating income.

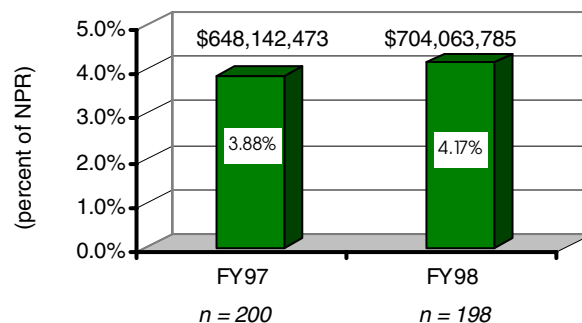
Assuming the \$115 million growth in accounts receivable costs hospitals 6% in either interest expense or foregone income, this delay in payments would cost Pennsylvania hospitals about \$6.9 million. This \$6.9 million increase represents about 3.7% of the total operating income earned by all hospitals. An individual hospital's actual cost to finance accounts receivable may be higher or lower than 6%.

How is the Increase in Bad Debt Expense and Charity Care Affecting Income?

Uncompensated care grew by about 8.6% during FY98 to about \$704 million statewide (see FIGURE 10).

Uncompensated care is comprised of charity care and bad debt expense. Charity care is the care that hospitals provide when the patient is unable to compensate the hospital through third-party coverage or the patient's own resources. Bad debt expense is incurred when a hospital initially anticipates payment, extends credit, and later determines an account to be uncollectible.

FIGURE 10 Statewide Uncompensated Care, FY97 and FY98



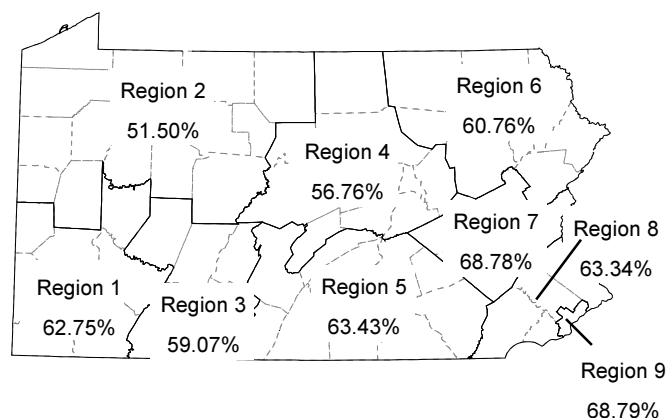
The amount of free care provided by GAC hospitals during FY98 was equivalent to about 4.2% of NPR. While this percent may seem relatively small, it can have a substantial impact on a hospital's financial health. For example, assuming expenses remain unchanged, every dollar increase in uncompensated care results in a dollar reduction in income.

This direct relationship between uncompensated care and income is supported by analysis that examined the effect of the change in uncompensated care on hospital operating margins. If all other factors are held constant, the change in uncompensated care alone during the FY98 can be associated with 9.5% of the change in operating margins.

Do Higher Occupancy Rates Lead to Higher Income?

Occupancy rate reflects the portion of staffed beds that are occupied on a given day. Statewide average occupancy rates have hovered around 63% for the past three years. FIGURE 11 shows the variation in the average occupancy rates across the Council's nine regions.

FIGURE 11 Average Occupancy Rates by Region, FY98



There is no significant correlation between the variation in occupancy rates among Pennsylvania hospitals and income levels.

The relationship between the variation in individual hospital occupancy rates and income levels using three different sets of data was assessed. Both FY98 and the three-year average occupancy rates (FY96 to FY98) were compared to FY98 operating margin and three-year average operating margin. In addition, the effect of the change in occupancy rates during the FY98 was compared to the change in income during the fiscal year. In all three comparisons, there was no significant correlation between occupancy rates and hospital income.

How Much of a Risk Is Risk Assumption?

Thirty-eight hospitals reported risk arrangements with commercial insurers during FY98. Under these arrangements, the hospital agrees to provide or arrange for some level of medically necessary care for a specific group of enrollees. The hospital usually receives a monthly flat fee for each enrollee (covered life). If the group requires less than the expected amount of medical care, the hospital can make additional money on the arrangement. If the cost of care is more than projected, the hospital has to underwrite the additional care.

Two of the principal reasons hospitals enter into risk arrangements are to attract additional patients (increase market share) and to potentially increase their income levels.

By accepting the risk for a pool of patients, the hospital will be developing a relationship with patients that may otherwise receive some of their care at another health system. In addition, the hospital is likely to develop a relationship with additional physicians that may ultimately refer patients beyond the risk pool of patients.

Hospitals seek to increase their income by taking over the management of at least a portion of the care provided to its pool of patients. If hospitals are able to reduce both the need and cost of care for these patients through quality management of patient care, they may increase the income they receive under the risk arrangement.

The 38 hospitals reported risk arrangements for over 2.1 million lives. To put this number in perspective, the Pennsylvania Department of Health [3] reports that as of De-

ember 31, 1998, HMO enrollment in the Commonwealth was about 5.4 million lives. Consequently, these 38 hospitals have assumed at least a portion of the risk for the equivalent of about 39% of all managed care participants. It is not clear if hospitals have assumed risk for any lives covered by point of service or preferred provider organizations administered by indemnity insurers.

Revenue received from these risk arrangements averaged about 6.3% of hospital NPR. If this revenue approximates the hospital's expected cost to provide care to the patients in the risk pool, and it is assumed that costs to provide care could potentially vary by about 10% from projected levels, then under this assumption 0.6% of a hospital's NPR could be at risk.

The average operating margin for the 38 hospitals reporting risk arrangements was 0.97%. A miscalculation of the cost of care by 10% could eliminate a substantial portion of an already small level of operating income. Alternatively, a hospital that succeeds in reducing the cost of care by 10% could create a significant boost to their income.

The relationship between the level of risk assumed by the 38 hospitals and their income levels was examined. There was no statistically significant correlation between the portion of NPR received from risk arrangements and the one-year or three-year change in operating margin. However, these results do not reveal if *individual* hospitals have realized gains or losses from risk sharing arrangements.

What is Happening to Hospitals with 3-year Average Negative Total Margins?

The total margin for a single year may not accurately reflect the financial health of a hospital. There are numerous factors that can affect a single-year margin, including sudden changes in reimbursement levels from third-party payors, early retirement of obsolete plant and equipment, debt refinancing, and the restructuring of the operations of a hospital. Therefore, it is valuable to observe the average margin over a number of years.

Seventeen of the hospitals that had a negative 3-year average total margin at the end of FY97 had positive income at the end of FY98. Eighteen additional hospitals now have lost money over the past three years.

FIGURE 3 (on page 3) presents the distribution of the three-year average total margin for GAC hospitals for the periods FY95 to FY97 and FY96 to FY98. During the FY95 to FY97 period, 43 hospitals had negative average total margins. The number of hospitals that had three-year negative total margins after FY98 grew to 49. Eighteen hospitals are new to this list and eight hospitals from the FY95 to FY97 list are now off. Six of the hospitals that are new to the list were Allegheny Health, Education and Research Foundation (AHERF) hospitals.

Hospitals that had a three-year negative total margin at the end of the FY97 were reviewed to see how they performed during the FY98. TABLE 5, beginning on the next page, outlines these 43 hospitals and provides notes on the factors that affected their income levels. These hospitals are listed in descending order with the hospitals experiencing the largest deficits first.

When total margin for FY98 was compared to three-year average total margin for FY95-97, 26 hospitals showed improvement. These hospitals are identified by a (↑) in the left margin.

Thirteen hospitals, identified by a (↓) in the left margin, showed a further decrease in FY98 total margin compared to the three-year average.

Twenty of the 43 hospitals with 3-year negative margins at the end of FY97 have either merged or become affiliated with other health systems.

One option for hospitals in financial distress is to become affiliated with another hospital or health system. Fifteen of the 43 hospitals listed in TABLE 5 entered into some form of affiliation agreements (A) or merged (M) prior to the end of FY98. In all but three cases, these new alliances have already resulted in improvements in the hospital's operating margin. For the remaining three hospitals, the new alliances occurred during FY98 and an assessment would be premature.

TABLE 5 also presents affiliations and mergers that were reported to the Council during FY99. Since this report contains data through FY98, the effects of these new alliances are not reflected in any of the individual hospital data.

Affiliations and mergers can benefit financially troubled hospitals in a relatively short period of time by providing capital needed to enhance solvency and to make needed improvements. These alliances can also enhance operating efficiencies through the sharing of medical and man-

agement resources and realigning the delivery of care among the member hospitals of the health system. These hospitals may also realize a growth in patient revenue as a result of the reputation of their new affiliates and new patients from established managed care arrangements.

Affiliations and mergers can also have a detrimental effect on both the acquired hospital and the initially healthy partner if the healthy partner does not have the financial and management resources required to revive the troubled hospital.

The tables which follow after TABLE 5 list GAC hospitals by region and present those measures of financial health analyzed in this report. Statewide and regional averages are included.

TABLE 5 What Happened to Hospitals with 3-Year Negative Average Total Margins?

	Facility Name / Region	3-yr Avg Total Margin FY 95-97	Total Margin FY97	Total Margin FY98	Notes
↑	Pennsylvania Hospital of UPHS / 9	-18.36%	-63.02%	-9.94%	10/31/97 A with University of Pennsylvania Health System-Health Systems Component. FY97 loss largely due to restructuring costs. FY98 operating loss increased to 12.3% from 5.5% in FY97.
↑	Saint Agnes Medical Ctr / 9	-16.69%	0.32%	13.41%	5/1/96 A with Catholic Health Initiatives. FY98 revenues increased 11.1% and expenses decreased 3.45%.
	Kensington / 9	-12.63%	-12.67%	NR	
↑	Episcopal Hospital / 9	-12.58%	-41.41%	-11.89%	4/23/98 A Temple University Health System. FY97 loss largely the result of a reduction in the fair value of assets (impairment). FY97 total margin would have been -12.21% excluding the charge for asset impairment. Net assets declined during FY98.
↓	AUH, City Avenue & Parkview / 9	-11.50%	-24.84%	-27.46%	5/1/97 A Allegheny Health, Education and Research Foundation, 7/21/98 C11B , FY99 11/11/98 P Tenet HealthSystems.
M	Taylor Hospital / 8	-10.23%	-31.87%	M	10/1/97 M into Crozer-Chester Medical Center.
↑	Miners Memorial Med Ctr / 7	-9.48%	-14.57%	15.52%	FY98 revenues increased 21.4% largely due to prior year third-party settlements. FY98 NPR increased 3.5% and expenses declined 10.5%.
↑	Nazareth Hospital / 9	-9.47%	1.39%	0.02%	5/1/96 A with Catholic Health Initiatives. Decline in FY98 total margin largely due to a restructuring expense resulting from the withdrawal from the Medicare Risk Network L.L.C. FY98 operating margin increased to 1.2% from 0.7% in FY97.
↑	Monsour Medical Center / 1	-8.83%	-11.30%	-5.87%	FY98 expenses declined 7.4% compared to the 2.7% decline in FY98 revenue. Net asset deficit improved during FY98.
M	Comm General /Reading / 7	-7.40%	-33.45%	M	4/1/97 M into Saint Joseph Medical Center.
↑	Mercy Providence / 1	-6.74%	-6.86%	0.30%	FY97 revenues decreased 4.23% and expenses decreased 11.17% due to a FY96 write-off on the disposal of assets and a FY97 change in pension plans.
↑	UPMC, Beaver Valley / 1	-6.61%	-3.64%	3.73%	6/1/96 A University of Pittsburgh Medical Center Health System.
↑	Northeastern / 9	-5.39%	1.11%	4.16%	7/1/98 M into Temple East, Inc and A Temple University Health System.
↑	Mid-Valley Hospital Association / 6	-5.17%	-0.95%	-4.30%	6/30/97 A became a member of the Moses Taylor Health Care System. \$1 million transfer from Moses Taylor prevented further deterioration of net assets.
↓	St Luke's Quakertown / 8	-5.01%	-2.39%	-5.40%	Accumulated deficit (negative net assets) grew during FY98.
↑	Union City Memorial / 2	-4.86%	-1.65%	-0.68%	
↓	AUH, Graduate / 9	-4.51%	-12.86%	-8.63%	5/1/97 A Allegheny Health, Education and Research Foundation, FY99 7/21/98 C11B , 11/11/98 P Tenet HealthSystems.
↑	Mercy/Wilkes-Barre / 6	-4.00%	4.38%	4.19%	Except for a small decline in FY98 (FY97), total margin has increased since the -17.2% total margin in FY95 (FY94).
↑	UPMC, South Side / 1	-3.74%	9.02%	14.81%	5/1/96 A with University of Pittsburgh Medical Center Health System.
M	Good Samaritan Medical Center /Johnstown / 3	-3.67%	-13.78%	M	7/1/96 A and 12/31/97 M into Conemaugh Valley Memorial Hospital.
↓	Roxborough Memorial / 9	-3.65%	-2.60%	-4.44%	Further decline in operating margin largely due to 52% increase in FY98 provision for bad debts.
↑	Germantown Hospital / 9	-3.46%	-5.00%	-1.12%	9/1/97 A with the Albert Einstein Healthcare Network.
↓	Meyersdale Community Hospital / 3	-3.37%	-6.43%	-6.48%	\$487,000 transfer from its affiliate Conemaugh Health System prevented further deterioration of net assets.
↓	Citizens General / 1	-3.14%	-1.75%	-9.59%	About 48% of its FY98 operating loss was due to a \$3.1 million expense for an early retirement program.
↑	UPMC, Braddock / 1	-3.07%	-3.80%	3.55%	12/1/96 A with University of Pittsburgh Medical Center Health System.

	Facility Name / Region	3-yr Avg Total Margin FY 95-97	Total Margin FY97	Total Margin FY98	Notes
↑	John F. Kennedy Memorial Hospital / 9	-2.91%	0.04%	-0.02%	Operating margin has improved from -3.20% in FY97 to -0.02% in FY98 largely due to reductions in salaries, wages, benefits and administrative expenses. Hospital still has an accumulated deficit of \$13.9 million.
↓	AUH, Elkins Park / 8	-2.87%	-2.12%	-26.44%	11/1/96 A Allegheny Health, Education and Research Foundation, FY99 7/21/98 C11B , 11/10/98 P Tenet HealthSystems.
↓	Troy Community / 6	-2.52%	-6.31%	-6.01%	FY98 operating loss has caused the hospital to realize an accumulated deficit (negative net assets).
↓	Delaware Valley Med Ctr / 8	-2.48%	-12.93%	-11.83%	FY99 12/29/98 C11B , 3/10/99 A assets "sold" to Frankford Hospital.
↑	Temple Lower Bucks / 8	-2.27%	-3.70%	-1.50%	10/1/97 A Temple University Health System.
↑	Muncy Valley Hospital / 4	-2.06%	-0.76%	2.12%	FY98 operating margin was -4.56%. As a participant in the Susquehanna Regional Healthcare Alliance, the hospital receives a pro rata share of the overall excess revenue over expenses of the entire Alliance. As a result, the hospital is able to realize a positive total margin.
↓	Elk County Regional Medical Center / 2	-1.96%	-7.87%	-19.33%	FY98 A with St. Mary's Regional Health System. The FY98 operating loss has caused the Elk County Regional Medical Center to realize an accumulated deficit (negative net assets). 7/1/99 M into Elk Regional Health Center.
↑	Mercy Community / 8	-1.89%	0.71%	2.05%	
↑	Children's Hospital of Pittsburgh / 1	-1.57%	-7.68%	2.53%	FY98 operating margin of -3.23% improved over FY97 margin -11.72%. Positive FY98 total margin was the result of investment income and gains.
↑	Titusville Area / 2	-1.41%	-0.41%	-0.31%	
↓	Metro Health Center / 2	-0.86%	-0.39%	-9.91%	
↑	Armstrong County Memorial / 1	-0.59%	1.27%	2.84%	FY98 operating margin of 0.99% improved over FY97 margin of 0.45%.
↑	Delaware County Mem / 8	-0.56%	1.96%	3.86%	The hospital is part of the Crozer-Keystone Health System.
↑	Fulton County Med Ctr / 5	-0.39%	-1.70%	1.03%	
↑	Memorial Hospital /York / 5	-0.30%	0.90%	0.23%	
↓	AUMC, Canonsburg / 1	-0.16%	0.03%	-14.07%	7/19/97 A with Allegheny Health, Education and Research Foundation.
↓	Highlands Hospital / 1	-0.16%	-6.63%	-3.01%	6/30/98 A Fay-West Health System.
↑	Soldiers & Sailors Memorial / 4	-0.01%	2.92%	1.58%	The FY95-97 average total margin was negative solely because of a FY96 charge for a change in accounting methods. Otherwise the hospital would not be on this table.

- ↑ A hospital's FY98 total margin improved over its three-year average total margin (FY95-97.)
- ↓ Hospital showed a further decrease in its FY98 total margin compared to its three-year average total margin (FY95-97.)
- M** Merged with another hospital or health system. No longer operating under a separate license and, consequently, is no longer reporting individual financial data.
- A** Affiliated with another non-profit hospital or health system and still operating under a separate license.
- P** Purchased by a for-profit health system and still operates under a separate license.
- FY99** Event occurred in FY99. Note: All financial data runs through FY98.
- C11B** Hospital filed for Chapter 11 Backruptcy.
- NR** FY98 data not reported to the Council.

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Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY95 - FY98	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY95 - FY98
	FY98	FY97	FY96	FY95		FY98	FY97	FY96	FY95	
Statewide Weighted Average	\$85	\$83	\$81	\$79	1.54%	\$90	\$86	\$83	\$80	2.79%
Region 1 Weighted Average	\$106	\$104	\$103	\$105	0.20%	\$114	\$109	\$108	\$108	1.63%
Allegheny General Hospital ^{6, 11}	\$450	\$441	\$395	\$404	3.82%	\$543	\$466	\$430	\$410	10.80%
Armstrong County Memorial ^{6, 7}	\$48	\$46	\$45	\$45	1.99%	\$49	\$47	\$46	\$49	0.00%
AUMC, Allegheny Valley ^{6, 15}	\$68	\$76	\$72	\$70	-1.01%	\$83	\$71	\$72	\$73	4.33%
AUMC, Canonsburg ⁶	\$28	\$27	\$28	\$28	-0.93%	\$33	\$28	\$28	\$30	3.24%
Brownsville General Hospital ^{6, 14}	\$20	\$21	\$20	\$18	2.86%	\$21	\$21	\$19	\$18	3.85%
Butler Memorial Hospital ^{6, 14}	\$69	\$67	\$68	\$72	-1.58%	\$68	\$70	\$72	\$73	-1.87%
Children's Hospital of Pittsburgh	\$161	\$142	\$154	\$164	-0.55%	\$191	\$188	\$184	\$179	2.15%
Citizens General Hospital ⁶	\$39	\$39	\$38	\$41	-1.45%	\$46	\$43	\$42	\$45	0.58%
Forbes Regional Hospital ^{6, 13}	\$97	\$99	\$100	\$103	-1.99%	\$113	\$99	\$99	\$101	4.06%
Frick Hospital ^{6, 15}	\$41	\$42	\$41	\$41	-0.29%	\$41	\$41	\$40	\$41	-0.17%
Greene County Memorial ^{6, 7}	\$22	\$23	\$21	\$21	1.06%	\$24	\$24	\$23	\$24	0.71%
Highlands Hospital ⁶	\$18	\$18	\$19	\$20	-3.15%	\$19	\$20	\$19	\$19	-0.73%
Jeannette District Memorial ⁶	\$35	\$37	\$37	\$38	-2.12%	\$36	\$37	\$37	\$39	-2.32%
Jefferson Hospital ⁶	\$129	\$127	\$127	\$127	0.35%	\$136	\$131	\$130	\$130	1.47%
Latrobe Area Hospital ⁶	\$107	\$99	\$98	\$94	4.37%	\$103	\$95	\$91	\$93	3.41%
Magee-Womens Hospital ¹⁴	\$111	\$110	\$114	\$129	-4.53%	\$136	\$135	\$134	\$136	-0.10%
Medical Center, Beaver, PA ^{6, 7}	\$144	\$142	\$139	\$133	2.73%	\$147	\$146	\$137	\$134	3.16%
Mercy Hospital of Pittsburgh ^{1, 3, 6}	\$214	\$211	\$222	\$206	1.31%	\$220	\$220	\$225	\$206	2.26%
Mercy Providence Hospital ^{1, 6, 11, 15}	\$28	\$29	\$22	\$24	5.79%	\$28	\$32	\$25	\$25	5.03%
Monongahela Valley Hospital ⁶	\$76	\$72	\$72	\$70	2.92%	\$75	\$72	\$72	\$70	2.39%
Monsour Medical Center ⁶	\$22	\$23	\$20	\$22	1.31%	\$24	\$26	\$23	\$23	1.91%
Ohio Valley General Hospital ⁶	\$42	\$41	\$44	\$47	-3.02%	\$43	\$43	\$46	\$45	-1.42%
Saint Francis Central Hospital ⁶	\$41	\$39	\$40	\$41	-0.39%	\$43	\$39	\$40	\$40	2.32%
Saint Francis Medical Center ⁶	\$168	\$169	\$171	\$172	-0.81%	\$202	\$193	\$191	\$188	2.59%
Sewickley Valley Hospital ^{6, 7}	\$82	\$86	\$81	\$82	0.13%	\$89	\$89	\$86	\$87	0.93%
St Clair Memorial Hospital ^{6, 15}	\$91	\$90	\$82	\$84	2.65%	\$94	\$90	\$84	\$87	2.64%
Suburban General /Pittsburgh ⁶	\$27	\$28	\$29	\$30	-3.47%	\$31	\$31	\$30	\$30	0.98%
Uniontown Hospital ^{6, 7}	\$73	\$73	\$64	\$64	5.07%	\$73	\$72	\$63	\$63	5.22%
UPMC, Beaver Valley ^{6, 14}	\$34	\$34	\$35	\$37	-2.60%	\$37	\$39	\$41	\$40	-2.91%
UPMC, Braddock ^{6, 14}	\$40	\$37	\$40	\$43	-2.45%	\$40	\$40	\$44	\$44	-3.24%
UPMC, McKeesport ^{6, 8, 14}	\$71	\$79	\$80	\$83	-4.74%	\$81	\$80	\$81	\$86	-2.09%
UPMC, Passavant ⁶	\$83	\$80	\$79	\$80	1.30%	\$81	\$79	\$79	\$81	0.05%
UPMC, Presbyterian ^{6, 15}	\$661	\$658	\$678	\$706	-2.09%	\$690	\$675	\$715	\$750	-2.67%
UPMC, Shadyside ^{6, 15}	\$211	\$206	\$204	\$196	2.48%	\$212	\$210	\$206	\$197	2.68%
UPMC, South Side ^{6, 15}	\$40	\$37	\$39	\$41	-0.52%	\$37	\$36	\$41	\$43	-4.60%
UPMC, St Margaret	\$80	\$82	\$82	\$85	-1.89%	\$83	\$87	\$87	\$90	-2.60%
Washington Hospital ^{6, 7}	\$131	\$132	\$121	\$115	4.70%	\$136	\$128	\$120	\$111	7.62%
Western Pennsylvania Hospital ^{6, 7}	\$209	\$207	\$209	\$213	-0.60%	\$217	\$209	\$210	\$215	0.29%
Westmoreland Regional Hospital ^{6, 7}	\$104	\$103	\$103	\$103	0.42%	\$102	\$100	\$104	\$105	-1.01%

(See Footnotes on Page 26)

Hospital	Operating Margin FY98	Total Margin FY98	3-yr Avg Total Margin FY96 - FY98	Bad Debt & Charity Care to NPR FY98	Medicare Share of NPR FY98	Medical Assistance Share of NPR FY98
Statewide Weighted Average	1.05%	2.68%	3.44%	4.17%	48.38%	8.10%
Region 1 Weighted Average	0.24%	2.31%	3.32%	4.17%	50.34%	8.19%
Allegheny General Hospital ^{6, 11}	-14.80%	-14.80%	-2.70%	6.97%	44.01%	5.00%
Armstrong County Memorial ^{6, 7}	0.99%	2.84%	1.74%	5.00%	52.05%	7.18%
AUMC, Allegheny Valley ^{6, 15}	-21.34%	-7.01%	3.71%	5.50%	61.43%	NR
AUMC, Canonsburg ⁶	-17.34%	-14.07%	-4.41%	5.18%	56.57%	1.69%
Brownsville General Hospital ^{6, 14}	-2.70%	-1.18%	1.10%	2.90%	NR	NR
Butler Memorial Hospital ^{6, 14}	3.31%	7.77%	3.51%	3.43%	NR	NR
Children's Hospital of Pittsburgh	-0.26%	2.53%	-0.69%	4.91%	0.37%	26.55%
Citizens General Hospital ⁶	-16.44%	-9.59%	-4.56%	4.11%	70.83%	3.71%
Forbes Regional Hospital ^{6, 13}	-15.09%	-15.09%	-2.81%	7.09%	52.21%	16.97%
Frick Hospital ^{6, 15}	-0.31%	2.25%	3.22%	4.10%	NR	NR
Greene County Memorial ^{6, 7}	-0.55%	2.54%	2.28%	4.32%	64.49%	7.41%
Highlands Hospital ⁶	-4.72%	-3.01%	-2.80%	4.62%	39.60%	17.08%
Jeannette District Memorial ⁶	0.36%	12.71%	9.26%	3.55%	60.95%	4.63%
Jefferson Hospital ⁶	-1.53%	-0.81%	0.33%	2.02%	70.63%	5.06%
Latrobe Area Hospital ⁶	7.03%	11.40%	11.51%	4.05%	45.24%	7.31%
Magee-Womens Hospital ¹⁴	-2.01%	-0.53%	-0.12%	3.84%	NR	NR
Medical Center, Beaver, PA ^{6, 7}	0.79%	11.58%	9.57%	3.81%	54.61%	5.33%
Mercy Hospital of Pittsburgh ^{1, 3, 6}	1.07%	1.79%	2.52%	4.98%	59.66%	6.58%
Mercy Providence Hospital ^{1, 6, 11, 15}	0.14%	0.30%	-6.13%	8.41%	70.67%	NR
Monongahela Valley Hospital ⁶	3.21%	6.37%	5.01%	3.04%	69.20%	8.58%
Monsour Medical Center ⁶	-5.87%	-5.87%	-10.13%	2.49%	52.39%	24.36%
Ohio Valley General Hospital ⁶	1.12%	7.29%	4.48%	5.58%	58.72%	3.30%
Saint Francis Central Hospital ⁶	4.19%	4.19%	5.82%	7.46%	53.31%	7.76%
Saint Francis Medical Center ⁶	-1.33%	-1.33%	0.60%	4.98%	49.99%	13.68%
Sewickley Valley Hospital ^{6, 7}	3.24%	12.81%	8.95%	3.91%	52.50%	2.91%
St Clair Memorial Hospital ^{6, 15}	1.24%	2.91%	4.06%	3.29%	NR	NR
Suburban General /Pittsburgh ⁶	-9.91%	-7.54%	-1.87%	2.65%	68.16%	2.06%
Uniontown Hospital ^{6, 7}	2.30%	5.72%	5.33%	3.55%	60.80%	10.76%
UPMC, Beaver Valley ^{6, 14}	3.73%	3.73%	-4.07%	2.79%	NR	NR
UPMC, Braddock ^{6, 14}	3.55%	3.55%	-1.44%	5.75%	NR	NR
UPMC, McKeesport ^{6, 8, 14}	-11.07%	-8.53%	-0.55%	3.77%	NR	NR
UPMC, Passavant ⁶	5.62%	5.62%	3.02%	2.48%	54.41%	0.69%
UPMC, Presbyterian ^{6, 15}	7.50%	7.50%	6.45%	3.69%	NR	NR
UPMC, Shadyside ^{6, 15}	11.57%	11.57%	8.35%	2.08%	NR	NR
UPMC, South Side ^{6, 15}	11.01%	14.81%	0.00%	4.35%	NR	NR
UPMC, St Margaret	8.47%	8.47%	6.35%	2.01%	52.94%	1.94%
Washington Hospital ^{6, 7}	-0.60%	3.90%	5.68%	3.19%	53.56%	6.85%
Western Pennsylvania Hospital ^{6, 7}	4.18%	4.18%	4.26%	2.47%	46.90%	9.54%
Westmoreland Regional Hospital ^{6, 7}	5.34%	10.03%	9.66%	3.32%	55.92%	4.54%

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1998 Financial Report

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY95 - FY98	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY95 - FY98
	FY98	FY97	FY96	FY95		FY98	FY97	FY96	FY95	
Region 2										
Weighted Average	\$43	\$42	\$41	\$41	1.74%	\$44	\$42	\$41	\$41	2.41%
Bradford Regional Medical Ctr ^{6, 7, 15}	\$41	\$40	\$39	\$39	1.24%	\$43	\$43	\$40	\$38	4.23%
Brookville Hospital	\$21	\$21	\$22	\$22	-0.44%	\$22	\$22	\$22	\$22	0.51%
Charles Cole Memorial Hospital ⁶	\$34	\$29	\$26	\$24	12.58%	\$34	\$29	\$26	\$25	12.27%
Clarion Hospital ^{6, 15}	\$27	\$26	\$23	\$24	3.81%	\$27	\$26	\$24	\$25	2.31%
Clearfield Hospital ^{6, 15}	\$46	\$46	\$44	\$44	2.21%	\$47	\$45	\$43	\$42	3.52%
Corry Memorial Hospital ^{6, 14}	\$14	\$12	\$12	\$11	8.10%	\$14	\$13	\$11	\$12	4.55%
DuBois Regional Medical Center ⁶	\$75	\$69	\$67	\$62	6.67%	\$72	\$67	\$63	\$58	8.36%
Elk County Regional Medical Ctr ^{6, 15}	\$8	\$10	\$10	\$10	-5.99%	\$10	\$11	\$11	\$10	0.40%
Ellwood City Hospital ⁶	\$21	\$22	\$22	\$22	-0.89%	\$23	\$22	\$21	\$21	1.65%
Hamot Medical Center ^{6, 7}	\$140	\$140	\$137	\$142	-0.40%	\$143	\$138	\$136	\$138	1.24%
Horizon Hospital System, Inc ^{6, 7, 13}	\$70	\$71	\$77	\$76	-2.83%	\$70	\$71	\$76	\$80	-4.06%
Jameson Memorial Hospital ^{7, 15}	\$57	\$59	\$60	\$59	-0.88%	\$61	\$64	\$62	\$59	1.03%
Kane Community Hospital ^{7, 15}	\$10	\$9	\$8	\$8	5.63%	\$9	\$9	\$9	\$9	0.01%
Meadville Medical Center ^{6, 7}	\$65	\$64	\$63	\$62	1.94%	\$68	\$64	\$63	\$62	3.19%
Metro Health Center	\$17	\$19	\$20	\$21	-5.39%	\$21	\$20	\$20	\$21	-1.05%
Millcreek Community Hospital	\$22	\$22	\$21	\$20	3.21%	\$20	\$19	\$19	\$18	2.63%
Northwest Medical Center ⁶	\$60	\$63	\$62	\$58	1.35%	\$62	\$63	\$61	\$58	2.30%
Punxsutawney Area Hospital ^{6, 14}	\$19	\$19	\$18	\$17	4.10%	\$19	\$18	\$17	\$17	5.27%
Saint Francis of New Castle ^{6, 14}	\$35	\$32	\$31	\$30	6.19%	\$37	\$34	\$33	\$31	6.93%
Saint Marys Regional Medical ^{6, 15}	\$33	\$31	\$28	\$27	6.57%	\$31	\$30	\$28	\$27	5.89%
Saint Vincent Health Center ^{6, 7}	\$142	\$143	\$142	\$136	1.27%	\$142	\$144	\$142	\$136	1.36%
Sharon Regional Health System ^{6, 7}	\$72	\$71	\$67	\$65	3.62%	\$74	\$70	\$67	\$66	3.78%
Titusville Area Hospital ^{6, 7}	\$21	\$20	\$21	\$22	-1.81%	\$21	\$21	\$22	\$22	-1.28%
Union City Memorial Hospital	\$5	\$5	\$4	\$5	-2.01%	\$5	\$5	\$5	\$6	-1.74%
United Community Hospital ^{6, 7}	\$26	\$25	\$25	\$24	2.79%	\$25	\$25	\$25	\$24	1.88%
Warren General Hospital ^{6, 15}	\$32	\$29	\$28	\$28	5.23%	\$33	\$31	\$30	\$29	3.90%
Region 3										
Weighted Average	\$49	\$46	\$45	\$44	0.86%	\$51	\$46	\$45	\$45	1.74%
Altoona Hospital ⁶	\$128	\$127	\$120	\$113	4.43%	\$128	\$125	\$117	\$114	4.15%
Bon Secours Holy Family Reg HS ^{1, 6, 16}	\$38	NA	\$45	\$48	-6.91%	\$39	NA	\$47	\$50	-7.40%
Conemaugh Valley Memorial ^{6, 10}	\$182	\$161	\$144	\$137	11.19%	\$198	\$163	\$141	\$136	15.13%
Indiana Hospital ⁶	\$55	\$53	\$56	\$57	-1.10%	\$53	\$52	\$56	\$56	-1.44%
Lee Hospital ^{6, 7, 13}	\$72	\$72	\$72	\$71	0.61%	\$75	\$73	\$74	\$72	1.03%
Meyersdale Community Hospital	\$5	\$4	\$5	\$5	-1.22%	\$5	\$5	\$5	\$5	0.49%
Miners of Northern Cambria ¹⁴	NR	\$11	\$11	\$12	NR	NR	\$11	\$11	\$12	NR
Nason Hospital ^{7, 15}	\$15	\$14	\$14	\$14	1.85%	\$15	\$14	\$14	\$14	1.92%
Somerset Center for Health ^{6, 7}	\$36	\$36	\$38	\$37	-0.79%	\$36	\$35	\$36	\$36	-0.12%
Tyrone Hospital ¹⁵	\$10	\$10	\$10	\$11	-1.89%	\$10	\$10	\$10	\$10	-0.88%
UPMC, Bedford	\$20	\$19	\$19	\$20	0.55%	\$20	\$18	\$20	\$20	0.63%
Windber & Wheeling Clinic ^{13, 14}	\$18	\$17	\$15	\$15	6.37%	\$19	\$16	\$16	\$15	7.16%

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Hospital	Operating Margin FY98	Total Margin FY98	3-yr Avg Total Margin FY96 - FY98	Bad Debt & Charity Care to NPR FY98	Medicare Share of NPR FY98	Medical Assistance Share of NPR FY98
Region 2						
Weighted Average	1.15%	3.89%	4.15%	3.19%	50.30%	8.03%
Bradford Regional Medical Ctr ^{6, 7, 15}	-3.37%	2.57%	2.06%	2.15%	NR	NR
Brookville Hospital	-3.00%	-1.02%	-0.02%	2.65%	55.27%	4.08%
Charles Cole Memorial Hospital ⁶	2.54%	4.29%	4.19%	2.65%	29.97%	14.84%
Clarion Hospital ^{6, 15}	3.82%	6.71%	5.06%	2.79%	NR	NR
Clearfield Hospital ^{6, 15}	2.83%	2.83%	5.43%	5.56%	NR	NR
Corry Memorial Hospital ^{6, 14}	1.46%	2.64%	3.37%	4.56%	NR	NR
DuBois Regional Medical Center ⁶	4.52%	8.73%	8.21%	2.05%	45.66%	9.24%
Elk County Regional Medical Ctr ^{6, 15}	-19.33%	-19.33%	-8.02%	3.16%	NR	NR
Ellwood City Hospital ⁶	-6.87%	11.39%	14.58%	1.56%	59.11%	1.92%
Hamot Medical Center ^{6, 7}	-0.60%	1.44%	3.42%	2.38%	44.95%	9.06%
Horizon Hospital System, Inc ^{6, 7, 13}	1.84%	4.49%	3.75%	3.29%	55.60%	5.30%
Jameson Memorial Hospital ^{7, 15}	1.84%	5.02%	2.21%	2.43%	NR	NR
Kane Community Hospital ^{7, 15}	6.87%	7.54%	5.22%	3.02%	NR	NR
Meadville Medical Center ^{6, 7}	-0.12%	3.09%	4.94%	2.56%	54.42%	11.32%
Metro Health Center	-17.44%	-9.91%	-3.64%	6.72%	48.87%	14.88%
Millcreek Community Hospital	12.54%	18.05%	17.22%	9.20%	49.00%	14.58%
Northwest Medical Center ⁶	-2.32%	-0.65%	2.17%	3.53%	53.47%	5.52%
Punxsutawney Area Hospital ^{6, 14}	2.57%	4.43%	6.23%	5.02%	NR	NR
Saint Francis of New Castle ^{6, 14}	4.57%	4.57%	3.63%	4.42%	NR	NR
Saint Marys Regional Medical ^{6, 15}	6.50%	6.50%	5.27%	4.48%	NR	NR
Saint Vincent Health Center ^{6, 7}	1.95%	2.99%	2.96%	2.81%	50.51%	5.32%
Sharon Regional Health System ^{6, 7}	3.95%	6.18%	5.93%	2.29%	56.12%	9.45%
Titusville Area Hospital ^{6, 7}	-1.16%	-0.31%	-1.91%	2.50%	57.65%	7.89%
Union City Memorial Hospital	-4.17%	-0.68%	-3.85%	4.80%	49.07%	6.87%
United Community Hospital ^{6, 7}	4.32%	7.72%	5.98%	4.05%	56.95%	4.84%
Warren General Hospital ^{6, 15}	-0.49%	5.36%	1.92%	4.14%	NR	NR
Region 3						
Weighted Average	0.24%	6.50%	6.77%	3.18%	51.20%	7.41%
Altoona Hospital ⁶	2.45%	12.83%	11.62%	3.23%	50.79%	8.35%
Bon Secours Holy Family Reg HS ^{1, 6, 16}	2.01%	2.30%	NA	2.70%	59.74%	7.33%
Conemaugh Valley Memorial ^{6, 10}	-4.09%	3.24%	7.41%	3.25%	52.58%	8.01%
Indiana Hospital ⁶	4.59%	15.08%	11.37%	4.09%	52.41%	6.35%
Lee Hospital ^{6, 7, 13}	0.37%	2.18%	2.68%	1.60%	59.51%	4.23%
Meyersdale Community Hospital	-8.69%	-6.48%	-4.18%	5.87%	56.08%	8.35%
Miners of Northern Cambria ¹⁴	NR	NR	NR	NR	NR	NR
Nason Hospital ^{7, 15}	5.08%	6.93%	7.05%	2.71%	NR	NR
Somerset Center for Health ^{6, 7}	2.31%	4.13%	5.79%	3.70%	49.24%	10.98%
Tyrone Hospital ¹⁵	2.46%	8.28%	7.02%	7.14%	NR	NR
UPMC, Bedford	3.16%	3.16%	2.88%	2.13%	40.79%	10.93%
Windber & Wheeling Clinic ^{13, 14}	2.65%	5.21%	5.87%	3.37%	NR	NR

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Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY95 - FY98	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY95 - FY98
	FY98	FY97	FY96	FY95		FY98	FY97	FY96	FY95	
Region 4										
Weighted Average	\$43	\$44	\$43	\$43	0.23%	\$46	\$44	\$44	\$44	1.50%
Berwick Hospital Center ^{6, 7, 15}	\$30	\$30	\$28	\$26	5.15%	\$30	\$28	\$27	\$26	5.48%
Bloomsburg Hospital ^{6, 14}	\$25	\$26	\$25	\$26	-0.20%	\$27	\$26	\$26	\$26	0.57%
Bucktail Medical Center ^{6, 15}	\$3	\$3	\$3	\$3	7.40%	\$3	\$3	\$3	\$3	6.61%
Centre Community Hospital ^{6, 15}	\$64	\$61	\$63	\$61	1.93%	\$61	\$59	\$59	\$58	1.79%
Divine Providence /Williamsport ⁶	\$42	\$47	\$45	\$48	-3.96%	\$48	\$50	\$47	\$47	0.56%
Evangelical Community Hospital ^{6, 7}	\$50	\$45	\$42	\$43	5.44%	\$48	\$44	\$43	\$43	4.46%
Geisinger Medical Center /Danville ⁶	\$220	\$234	\$237	\$236	-2.32%	\$250	\$241	\$241	\$250	-0.07%
Jersey Shore Hospital ¹⁴	\$12	\$12	\$11	\$11	3.16%	\$13	\$12	\$11	\$11	6.57%
Lewistown Hospital ⁶	\$47	\$49	\$47	\$50	-1.79%	\$46	\$47	\$49	\$49	-2.03%
Lock Haven Hospital ⁶	\$22	\$23	\$22	\$21	2.73%	\$23	\$23	\$22	\$22	1.26%
Muncy Valley Hospital ⁶	\$17	\$16	\$14	\$14	8.32%	\$18	\$17	\$15	\$15	7.23%
Philipsburg Area Hospital ^{6, 15}	\$13	\$15	\$13	\$13	-0.69%	\$15	\$15	\$13	\$12	8.38%
Shamokin Area Community ⁶	\$15	\$14	\$13	\$14	4.14%	\$14	\$14	\$13	\$14	0.98%
Soldiers & Sailors Memorial ⁶	\$23	\$22	\$22	\$22	2.29%	\$24	\$22	\$23	\$23	2.29%
Sunbury Community Hospital ^{6, 15}	\$22	\$22	\$21	\$22	-0.30%	\$23	\$23	\$22	\$22	2.55%
Williamsport Hospital & Medical Ctr ⁶	\$88	\$87	\$83	\$82	2.26%	\$86	\$85	\$81	\$78	3.06%
Region 5										
Weighted Average	\$95	\$90	\$86	\$82	5.04%	\$95	\$89	\$86	\$82	5.10%
Carlisle Hospital ⁶	\$57	\$55	\$48	\$46	8.02%	\$58	\$54	\$49	\$45	9.95%
Chambersburg Hospital ^{6, 14}	\$92	\$82	\$75	\$70	10.89%	\$85	\$78	\$73	\$67	8.67%
Community General Ost ^{6, 13, 14}	\$46	\$50	\$46	\$42	3.25%	\$49	\$49	\$46	\$44	3.73%
Community of Lancaster ^{6, 15}	\$39	\$40	\$36	\$38	0.89%	\$42	\$41	\$38	\$38	3.35%
Ephrata Community Hospital ^{6, 7}	\$49	\$47	\$41	\$39	8.73%	\$47	\$43	\$40	\$37	8.61%
Fulton County Medical Center ⁶	\$13	\$12	\$10	\$9	12.65%	\$13	\$12	\$10	\$10	11.75%
Gettysburg Hospital ^{6, 7, 15}	\$40	\$38	\$38	\$38	1.77%	\$40	\$37	\$37	\$37	2.66%
Good Samaritan /Lebanon ^{6, 7}	\$78	\$76	\$65	\$63	7.98%	\$75	\$68	\$63	\$63	6.41%
Hanover General Hospital	\$53	\$50	\$49	\$48	3.15%	\$51	\$50	\$48	\$47	2.75%
Holy Spirit Hospital ⁶	\$92	\$91	\$88	\$85	2.95%	\$93	\$88	\$87	\$84	3.69%
J. C. Blair Memorial Hospital ⁶	\$25	\$26	\$24	\$24	1.18%	\$29	\$27	\$26	\$26	3.74%
Lancaster General Hospital ^{6, 15}	\$217	\$207	\$209	\$199	3.04%	\$223	\$210	\$208	\$194	4.88%
Lancaster General /Susq Div ¹⁴	\$9	\$8	\$8	\$9	0.55%	\$9	\$8	\$9	\$9	1.61%
Memorial Hospital /York ^{6, 7}	\$46	\$46	\$45	\$43	2.30%	\$47	\$46	\$46	\$45	1.57%
Penn State University /Hershey ^{6, 15}	\$309	\$264	\$250	\$229	11.62%	\$303	\$274	\$258	\$238	9.08%
Pinnacle Health Hospitals ^{6, 11, 15}	\$288	\$286	\$279	\$279	0.97%	\$293	\$287	\$279	\$277	1.90%
Saint Joseph Hospital /Lancaster ⁶	\$75	\$72	\$70	\$71	1.48%	\$81	\$73	\$70	\$71	4.80%
Waynesboro Hospital ¹⁵	\$26	\$25	\$24	\$22	6.45%	\$27	\$25	\$24	\$24	4.63%
York Hospital ⁶	\$247	\$234	\$221	\$209	5.95%	\$233	\$219	\$216	\$203	4.86%

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Hospital	Operating Margin FY98	Total Margin FY98	3-yr Avg Total Margin FY96 - FY98	Bad Debt & Charity Care to NPR FY98	Medicare Share of NPR FY98	Medical Assistance Share of NPR FY98
Region 4						
Weighted Average	1.58%	2.50%	4.61%	4.18%	42.71%	7.01%
Berwick Hospital Center ^{6, 7, 15}	1.83%	3.67%	5.21%	3.51%	NR	NR
Bloomsburg Hospital ^{6, 14}	-2.49%	0.17%	1.77%	3.72%	NR	NR
Bucktail Medical Center ^{6, 15}	3.22%	3.22%	4.62%	6.43%	NR	68.11%
Centre Community Hospital ^{6, 15}	11.34%	11.34%	9.02%	5.98%	NR	NR
Divine Providence /Williamsport ⁶	-8.16%	2.97%	2.25%	2.92%	49.94%	5.66%
Evangelical Community Hospital ^{6, 7}	10.51%	11.91%	10.35%	2.71%	42.33%	2.98%
Geisinger Medical Center /Danville ⁶	-0.90%	-1.09%	4.74%	4.11%	39.98%	5.81%
Jersey Shore Hospital ¹⁴	-2.44%	-2.44%	-1.06%	2.99%	NR	NR
Lewistown Hospital ⁶	3.68%	7.47%	4.88%	3.51%	51.44%	5.54%
Lock Haven Hospital ⁶	2.29%	2.29%	2.77%	3.69%	33.43%	23.73%
Muncy Valley Hospital ⁶	-4.56%	2.12%	0.49%	3.29%	31.91%	18.71%
Philipsburg Area Hospital ^{6, 15}	-16.01%	-14.39%	-3.41%	8.84%	NR	NR
Shamokin Area Community ⁶	9.73%	10.06%	6.51%	4.72%	55.91%	4.26%
Soldiers & Sailors Memorial ⁶	-0.59%	1.58%	0.40%	5.40%	42.73%	11.14%
Sunbury Community Hospital ^{6, 15}	-1.63%	-1.56%	3.45%	3.77%	NR	NR
Williamsport Hospital & Medical Ctr ⁶	4.41%	0.28%	3.87%	4.58%	42.95%	6.50%
Region 5						
Weighted Average	4.18%	5.50%	5.64%	4.13%	41.43%	6.02%
Carlisle Hospital ⁶	2.32%	1.09%	2.17%	4.67%	41.94%	3.53%
Chambersburg Hospital ^{6, 14}	16.01%	16.05%	12.45%	7.75%	NR	NR
Community General Ost ^{6, 13, 14}	-5.99%	-2.86%	1.95%	3.78%	NR	NR
Community of Lancaster ^{6, 15}	-4.18%	-3.84%	-0.99%	4.20%	NR	NR
Ephrata Community Hospital ^{6, 7}	6.12%	6.12%	6.88%	3.32%	42.17%	2.82%
Fulton County Medical Center ⁶	1.03%	1.03%	-0.26%	4.56%	30.81%	23.15%
Gettysburg Hospital ^{6, 7, 15}	1.85%	5.12%	6.82%	2.54%	NR	NR
Good Samaritan /Lebanon ^{6, 7}	7.40%	8.51%	10.79%	4.07%	53.54%	3.46%
Hanover General Hospital	4.50%	5.86%	4.94%	3.26%	39.48%	1.69%
Holy Spirit Hospital ⁶	2.29%	10.32%	8.46%	2.94%	47.91%	3.17%
J. C. Blair Memorial Hospital ⁶	-7.23%	-3.19%	2.02%	5.07%	41.65%	7.90%
Lancaster General Hospital ^{6, 15}	4.89%	4.89%	4.91%	NR	45.08%	6.22%
Lancaster General /Susq Div ¹⁴	2.04%	2.04%	0.79%	NR	NR	NR
Memorial Hospital /York ^{6, 7}	-0.44%	0.23%	0.46%	4.29%	48.69%	7.68%
Penn State University /Hershey ^{6, 15}	7.71%	4.00%	3.32%	NR	32.91%	7.43%
Pinnacle Health Hospitals ^{6, 11, 15}	0.90%	5.73%	5.91%	4.48%	NR	NR
Saint Joseph Hospital /Lancaster ⁶	-10.46%	-9.82%	-2.22%	3.31%	51.03%	4.45%
Waynesboro Hospital ¹⁵	1.39%	2.05%	3.59%	4.97%	NR	NR
York Hospital ⁶	8.14%	11.33%	10.13%	3.48%	38.72%	7.12%

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Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY95 - FY98	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY95 - FY98
	FY98	FY97	FY96	FY95		FY98	FY97	FY96	FY95	
Region 6 Weighted Average	\$52	\$51	\$49	\$45	3.57%	\$54	\$52	\$50	\$46	3.66%
Barnes-Kasson Hospital ^{1, 3, 6}	\$11	\$11	\$10	\$10	4.72%	\$13	\$12	\$11	\$11	5.39%
Community Medical Ctr /Scranton ⁶	\$101	\$93	\$89	\$85	6.17%	\$102	\$94	\$91	\$89	4.81%
Geisinger Wyoming Valley Medical ⁶	\$54	\$53	\$53	\$56	-1.63%	\$55	\$52	\$52	\$56	-0.12%
Hazleton General Hospital ^{6, 15}	\$37	\$36	\$34	\$31	6.81%	\$37	\$35	\$33	\$30	7.42%
Hazleton Saint Joseph Medical ^{1, 3, 6}	\$35	\$35	\$31	\$29	6.38%	\$35	\$35	\$32	\$30	6.22%
Marian Community Hospital ^{6, 7}	\$26	\$26	\$25	\$24	3.17%	\$27	\$26	\$25	\$25	2.63%
Memorial Hospital Inc /Towanda ^{6, 15}	\$19	\$17	\$15	\$15	8.05%	\$18	\$17	\$16	\$15	7.44%
Mercy Hospital /Scranton ^{1, 6, 7, 15}	\$107	\$106	\$98	\$90	6.41%	\$102	\$101	\$95	\$91	3.96%
Mercy Hospital /Wilkes-Barre ^{1, 6, 15}	\$59	\$56	\$48	\$45	10.25%	\$57	\$55	\$50	\$56	0.92%
Mid-Valley Hospital Association ¹⁵	\$10	\$10	\$9	\$9	2.56%	\$11	\$10	\$9	\$10	0.72%
Montrose General Hospital ^{1, 15, 16}	\$6	NA	\$6	\$6	-1.19%	\$6	NA	\$6	\$7	-2.61%
Moses Taylor Hospital ⁶	\$63	\$66	\$64	\$63	0.06%	\$64	\$64	\$63	\$61	1.55%
Pocono Medical Center ⁶	\$75	\$74	\$70	\$70	2.21%	\$75	\$74	\$71	\$71	1.69%
Robert Packer Hospital ⁶	\$99	\$99	\$102	\$100	-0.19%	\$106	\$106	\$105	\$105	0.41%
Troy Community Hospital ^{7, 15}	\$9	\$9	\$9	\$8	3.75%	\$10	\$10	\$10	\$8	6.43%
Tyler Memorial Hospital ¹⁵	\$16	\$16	\$15	\$15	1.76%	\$17	\$16	\$14	\$15	4.38%
Wayne Memorial Hospital ^{6, 7, 15}	\$31	\$30	\$28	\$26	5.70%	\$35	\$32	\$29	\$28	8.50%
WVHCS-Hospital, Inc ^{6, 11}	\$186	\$183	\$174	\$115	20.54%	\$208	\$194	\$190	\$108	30.75%
Region 7 Weighted Average	\$98	\$91	\$83	\$78	2.92%	\$99	\$91	\$84	\$78	3.48%
Ashland Regional Medical Center ⁶	\$18	\$19	\$16	\$15	8.03%	\$18	\$17	\$17	\$16	4.06%
Easton Hospital ⁶	\$115	\$115	\$108	\$105	3.11%	\$122	\$117	\$113	\$106	5.23%
Gnaden Huetten Memorial ^{6, 7, 15}	\$32	\$31	\$31	\$32	0.48%	\$32	\$31	\$31	\$31	1.05%
Good Samaritan Regional Medical	\$49	\$49	\$48	\$48	0.08%	\$52	\$49	\$50	\$48	2.36%
Lehigh Valley Hospital ⁶	\$309	\$303	\$289	\$288	2.35%	\$331	\$308	\$302	\$294	4.19%
Miners Memorial Medical Center ^{6, 14}	\$23	\$23	\$25	\$22	1.95%	\$23	\$26	\$27	\$25	-2.47%
Muhlenberg Hospital Center ^{5, 6}	\$29	\$49	\$48	\$47	-12.65%	\$29	\$51	\$49	\$47	-12.38%
Palmerton Hospital	\$19	\$18	\$16	\$16	4.63%	\$19	\$18	\$17	\$17	3.76%
Pottsville & Warne Clinic ^{6, 7, 15}	\$45	\$45	\$43	\$43	1.77%	\$48	\$46	\$45	\$44	2.71%
Reading Hospital & Medical Center ⁶	\$239	\$235	\$207	\$188	9.05%	\$226	\$212	\$196	\$182	8.24%
Sacred Heart /Allentown ^{6, 14}	\$68	\$68	\$65	\$63	2.56%	\$72	\$70	\$66	\$64	4.22%
Saint Joseph Medical /Reading ^{6, 11}	\$101	\$89	\$78	\$77	10.09%	\$98	\$87	\$73	\$76	9.74%
Saint Luke's of Beth PA ^{6, 11, 15}	\$221	\$206	\$193	\$143	18.18%	\$221	\$207	\$195	\$141	18.82%

(See Footnotes on Page 26)

Hospital	Operating Margin FY98	Total Margin FY98	3-yr Avg Total Margin FY96 - FY98	Bad Debt & Charity Care to NPR FY98	Medicare Share of NPR FY98	Medical Assistance Share of NPR FY98
Region 6 Weighted Average	0.71%	5.19%	4.86%	3.19%	46.47%	5.44%
Barnes-Kasson Hospital ^{1, 3, 6}	0.02%	0.02%	1.08%	4.35%	38.95%	28.89%
Community Medical Ctr /Scranton ⁶	3.51%	10.00%	7.54%	4.80%	35.95%	8.51%
Geisinger Wyoming Valley Medical ⁶	3.69%	12.87%	13.12%	1.20%	42.86%	2.05%
Hazleton General Hospital ^{6, 15}	-0.76%	0.45%	3.45%	3.93%	NR	NR
Hazleton Saint Joseph Medical ^{1, 3, 6}	2.08%	2.68%	2.91%	3.07%	50.25%	7.28%
Marian Community Hospital ^{6, 7}	-1.66%	-0.69%	1.79%	3.13%	55.30%	6.08%
Memorial Hospital Inc /Towanda ^{6, 15}	3.16%	4.56%	2.98%	3.44%	NR	NR
Mercy Hospital /Scranton ^{1, 6, 7, 15}	6.67%	10.48%	8.87%	1.62%	NR	NR
Mercy Hospital /Wilkes-Barre ^{1, 6, 15}	3.70%	4.19%	2.72%	2.41%	NR	NR
Mid-Valley Hospital Association ¹⁵	-4.91%	-4.30%	-3.65%	2.24%	NR	NR
Montrose General Hospital ^{1, 15, 16}	1.47%	1.62%	NA	NR	61.70%	2.99%
Moses Taylor Hospital ⁶	1.67%	3.28%	5.11%	1.69%	61.21%	3.82%
Pocono Medical Center ⁶	0.77%	2.60%	1.89%	7.68%	51.15%	6.40%
Robert Packer Hospital ⁶	-2.69%	11.95%	8.88%	2.68%	42.80%	4.81%
Troy Community Hospital ^{7, 15}	-6.68%	-6.01%	-4.36%	4.32%	NR	NR
Tyler Memorial Hospital ¹⁵	-0.14%	-0.06%	1.98%	3.19%	NR	NR
Wayne Memorial Hospital ^{6, 7, 15}	-3.70%	-3.57%	-0.26%	3.68%	NR	5.23%
WVHCS-Hospital, Inc ^{6, 11}	-2.74%	0.62%	1.48%	2.69%	46.34%	3.45%
Region 7 Weighted Average	3.43%	5.13%	5.32%	3.58%	49.43%	5.48%
Ashland Regional Medical Center ⁶	4.43%	4.43%	5.72%	4.84%	59.72%	13.97%
Easton Hospital ⁶	-2.79%	0.36%	0.98%	3.01%	57.60%	4.28%
Gnaden Huetten Memorial ^{6, 7, 15}	-0.25%	2.97%	3.45%	3.02%	NR	NR
Good Samaritan Regional Medical	-1.23%	2.64%	3.76%	4.25%	54.24%	0.90%
Lehigh Valley Hospital ⁶	3.14%	3.07%	4.90%	2.36%	45.94%	6.69%
Miners Memorial Medical Center ^{6, 14}	15.52%	15.52%	-1.40%	2.91%	NR	NR
Muhlenberg Hospital Center ^{5, 6}	18.08%	18.19%	9.42%	4.79%	45.86%	4.79%
Palmerton Hospital	1.70%	7.16%	5.07%	5.42%	59.39%	1.13%
Pottsville & Warne Clinic ^{6, 7, 15}	0.51%	0.51%	1.38%	3.06%	NR	NR
Reading Hospital & Medical Center ⁶	8.67%	9.95%	12.92%	4.47%	42.68%	3.17%
Sacred Heart /Allentown ^{6, 14}	-5.04%	2.41%	3.01%	4.32%	NR	NR
Saint Joseph Medical /Reading ^{6, 11}	3.92%	5.63%	5.95%	3.68%	51.43%	9.19%
Saint Luke's of Beth PA ^{6, 11, 15}	2.22%	4.58%	4.00%	4.00%	NR	NR

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Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY95 - FY98	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY95 - FY98
	FY98	FY97	FY96	FY95		FY98	FY97	FY96	FY95	
Region 8 Weighted Average	\$86	\$82	\$78	\$77	1.48%	\$90	\$84	\$79	\$78	2.67%
Abington Memorial Hospital ^{6, 7}	\$261	\$235	\$214	\$201	9.96%	\$275	\$240	\$220	\$211	10.06%
AUH, Bucks County Division ^{6, 13, 14}	\$44	\$50	\$48	\$45	-0.03%	\$52	\$48	\$46	\$46	4.47%
AUH, Elkins Park Division ^{6, 13, 14}	\$48	\$57	\$58	\$56	-4.52%	\$57	\$59	\$56	\$57	0.01%
Brandywine Hospital ⁶	\$68	\$65	\$62	\$63	2.39%	\$71	\$66	\$68	\$64	3.57%
Chester County Hospital ⁶	\$79	\$76	\$76	\$78	0.27%	\$87	\$81	\$79	\$76	4.48%
Crozer-Chester Medical ^{6, 10, 11, 14}	\$292	\$263	\$260	\$234	8.21%	\$298	\$267	\$268	\$243	7.62%
Delaware County Memorial ^{6, 14}	\$101	\$97	\$92	\$88	4.79%	\$100	\$98	\$96	\$92	3.22%
Delaware Valley Medical Center ^{6, 14}	\$44	\$47	\$49	\$50	-4.24%	\$50	\$55	\$50	\$50	0.48%
Doylestown Hospital ^{6, 7}	\$77	\$77	\$72	\$70	3.39%	\$81	\$78	\$74	\$72	4.40%
Grand View Hospital ^{6, 7}	\$71	\$70	\$67	\$66	2.55%	\$72	\$69	\$65	\$65	3.68%
Holy Redeemer Health Sys ^{6, 7, 8, 9}	\$99	\$86	\$86	\$86	5.01%	\$103	\$84	\$86	\$85	6.91%
Main Line, Inc - Bryn Mawr ^{6, 7}	\$136	\$139	\$125	\$132	1.09%	\$149	\$140	\$132	\$130	4.64%
Main Line, Inc – Lankenau Campus ⁶	\$166	\$156	\$154	\$154	2.54%	\$168	\$163	\$156	\$151	3.86%
Main Line, Inc - Paoli Campus ⁶	\$56	\$52	\$51	\$54	1.00%	\$56	\$52	\$52	\$55	1.01%
Mercy Community Hospital ¹	\$27	\$26	\$25	\$23	6.31%	\$28	\$27	\$26	\$24	4.97%
Mercy Fitzgerald Hospital ^{1, 4}	\$122	\$118	\$116	\$110	3.44%	\$123	\$120	\$119	\$113	2.98%
Montgomery Hospital ⁶	\$79	\$78	\$85	\$87	-3.29%	\$81	\$79	\$85	\$86	-1.96%
North Penn Hospital ⁶	\$42	\$40	\$40	\$42	-0.28%	\$43	\$39	\$40	\$42	0.88%
Phoenixville Hospital of the UPHS ⁶	\$48	\$47	\$44	\$46	1.76%	\$45	\$44	\$44	\$45	0.09%
Pottstown Memorial Medical Ctr ^{6, 7}	\$75	\$79	\$73	\$69	2.96%	\$75	\$73	\$72	\$69	2.87%
Riddle Memorial Hospital ^{6, 7}	\$67	\$65	\$66	\$66	0.74%	\$67	\$65	\$66	\$65	1.38%
Saint Luke's Quakertown ^{6, 15}	\$20	\$20	\$21	\$21	-1.18%	\$22	\$21	\$24	\$22	0.25%
Saint Mary Medical Center ⁶	\$96	\$95	\$91	\$97	-0.32%	\$98	\$93	\$92	\$94	1.60%
Southern Chester County Medical ⁷	\$24	\$25	\$23	\$23	1.18%	\$31	\$27	\$24	\$24	8.85%
Suburban General /Norristown ^{6, 14}	\$44	\$45	\$44	\$56	-7.45%	\$46	\$45	\$45	\$55	-5.69%
Temple Lower Bucks Hospital ^{6, 8, 14}	\$62	\$63	\$69	\$69	-3.11%	\$69	\$68	\$73	\$71	-0.88%

(See Footnotes on Page 26)

Hospital	Operating Margin FY98	Total Margin FY98	3-yr Avg Total Margin FY96 - FY98	Bad Debt & Charity Care to NPR FY98	Medicare Share of NPR FY98	Medical Assistance Share of NPR FY98
Region 8 Weighted Average	0.43%	3.62%	3.56%	3.95%	51.19%	4.12%
Abington Memorial Hospital ^{6, 7}	0.90%	4.89%	5.85%	2.33%	51.59%	2.77%
AUH, Bucks County Division ^{6, 13, 14}	-13.72%	-26.59%	-6.11%	NR	NR	NR
AUH, Elkins Park Division ^{6, 13, 14}	-17.44%	-26.44%	-10.72%	NR	NR	NR
Brandywine Hospital ⁶	0.85%	0.85%	0.71%	6.86%	44.95%	6.16%
Chester County Hospital ⁶	-2.69%	-2.69%	-0.03%	3.93%	38.59%	5.13%
Crozer-Chester Medical ^{6, 10, 11, 14}	1.37%	1.37%	1.52%	6.11%	NR	NR
Delaware County Memorial ^{6, 14}	3.86%	3.86%	0.49%	5.36%	NR	NR
Delaware Valley Medical Center ^{6, 14}	-12.57%	-11.83%	-7.69%	6.11%	NR	NR
Doylestown Hospital ^{6, 7}	2.49%	2.86%	3.95%	2.27%	51.44%	1.74%
Grand View Hospital ^{6, 7}	3.06%	10.60%	11.48%	3.14%	49.25%	1.80%
Holy Redeemer Health Sys ^{6, 7, 8, 9}	-1.64%	2.09%	4.90%	2.76%	53.68%	1.30%
Main Line, Inc - Bryn Mawr ^{6, 7}	-4.41%	2.90%	4.61%	2.43%	54.58%	3.04%
Main Line, Inc – Lankenau Campus ⁶	7.73%	26.54%	20.18%	2.91%	61.21%	3.92%
Main Line, Inc - Paoli Campus ⁶	4.24%	9.24%	8.45%	2.98%	41.64%	3.10%
Mercy Community Hospital ¹	2.05%	2.05%	0.17%	1.32%	59.38%	6.09%
Mercy Fitzgerald Hospital ^{1, 4}	3.51%	3.51%	2.74%	6.68%	54.84%	14.19%
Montgomery Hospital ⁶	2.60%	1.11%	2.74%	7.15%	61.69%	8.01%
North Penn Hospital ⁶	1.76%	2.71%	4.91%	4.00%	43.42%	2.53%
Phoenixville Hospital of the UPHS ⁶	9.93%	8.81%	8.27%	3.14%	43.39%	2.81%
Pottstown Memorial Medical Ctr ^{6, 7}	2.02%	4.84%	7.38%	8.78%	51.00%	4.59%
Riddle Memorial Hospital ^{6, 7}	5.35%	5.77%	5.42%	4.11%	52.51%	1.77%
Saint Luke's Quakertown ^{6, 15}	-5.77%	-5.40%	-5.94%	6.12%	NR	NR
Saint Mary Medical Center ⁶	0.41%	0.48%	5.13%	1.77%	42.36%	2.16%
Southern Chester County Medical ⁷	-13.28%	-10.62%	-2.29%	6.23%	58.10%	2.90%
Suburban General /Norristown ^{6, 14}	-2.22%	-1.73%	-0.23%	4.31%	NR	NR
Temple Lower Bucks Hospital ^{6, 8, 14}	-6.91%	-1.50%	-2.67%	NR	NR	NR

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Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY95 - FY98	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY95 - FY98
	FY98	FY97	FY96	FY95		FY98	FY97	FY96	FY95	
Region 9										
Weighted Average	\$141	\$146	\$140	\$133	1.00%	\$153	\$156	\$147	\$134	3.25%
Albert Einstein Medical Center ⁶	\$246	\$239	\$249	\$249	-0.36%	\$252	\$248	\$268	\$263	-1.37%
AUH, City Ave & Parkview ^{4, 6, 13, 14}	\$102	\$100	\$102	\$104	-0.59%	\$130	\$127	\$114	\$110	5.97%
AUH, Graduate ^{6, 13, 14}	\$178	\$151	\$146	\$162	3.42%	\$202	\$206	\$174	\$178	4.65%
AUH, Hahnemann Division ^{6, 13, 14}	\$290	\$315	\$322	\$303	-1.41%	\$315	\$334	\$334	\$303	1.31%
AUH, MCP Division ^{6, 13, 14}	\$180	\$213	\$190	\$180	0.03%	\$210	\$218	\$200	\$185	4.55%
Chestnut Hill Hospital ¹⁴	\$56	\$58	\$57	\$58	-0.93%	\$62	\$60	\$59	\$59	1.87%
Children's Hospital of Philadelphia ¹⁴	\$300	\$274	\$267	\$236	9.05%	\$338	\$298	\$284	\$256	10.70%
Episcopal Hospital ^{6, 7, 15}	\$82	\$91	\$93	\$88	-2.15%	\$101	\$136	\$100	\$91	3.51%
Frankford Hospital of City Phil ^{6, 14}	\$195	\$171	\$177	\$170	4.88%	\$173	\$169	\$175	\$164	1.76%
Germantown Hosp & Comm Hlth ^{5, 6}	\$37	\$56	\$58	\$61	-13.17%	\$40	\$63	\$65	\$67	-13.35%
Hospital of the Fox Chase Cancer ⁷	\$64	\$58	\$56	\$59	2.95%	\$62	\$57	\$56	\$57	3.03%
Hospital of the University of PA ^{6, 15}	\$603	\$585	\$536	\$517	5.50%	\$668	\$587	\$512	\$461	15.01%
Jeanes Hospital ⁶	\$75	\$76	\$73	\$72	0.99%	\$75	\$78	\$75	\$76	-0.38%
John F. Kennedy Memorial ¹⁴	\$28	\$37	\$37	\$40	-10.17%	\$32	\$41	\$43	\$42	-7.36%
Kensington Hospital ¹⁴	NR	\$5	\$6	\$6	NR	NR	\$5	\$6	\$7	NR
Mercy Hospital of Philadelphia ^{1, 4}	\$75	\$77	\$80	\$73	0.74%	\$80	\$84	\$82	\$76	1.58%
Nazareth Hospital ⁶	\$68	\$71	\$67	\$71	-1.37%	\$68	\$70	\$74	\$74	-3.00%
Neumann Medical Center ^{6, 13, 14}	\$24	\$27	\$27	\$28	-4.50%	\$26	\$27	\$26	\$26	0.44%
Northeastern Hospital ^{6, 13, 15}	\$44	\$47	\$47	\$50	-3.83%	\$44	\$48	\$53	\$58	-8.09%
Pennsylvania Hospital UPHS ^{6, 8, 14}	\$179	\$236	\$234	\$210	-5.01%	\$233	\$278	\$262	\$224	1.30%
Presbyterian Medical Ctr of UPHS ⁶	\$154	\$152	\$152	\$147	1.41%	\$166	\$154	\$159	\$154	2.44%
Roxborough Memorial Hospital ⁶	\$40	\$41	\$42	\$44	-2.96%	\$44	\$45	\$47	\$49	-3.22%
Saint Agnes Medical Center ^{6, 7}	\$61	\$55	\$59	\$64	-1.73%	\$55	\$57	\$94	\$68	-6.34%
Saint Christopher's Children ¹⁴	\$120	\$132	\$134	\$127	-1.82%	\$134	\$140	\$138	\$126	2.09%
Saint Joseph's /Philadelphia ¹⁵	\$39	\$42	\$43	\$41	-1.51%	\$42	\$42	\$44	\$45	-2.04%
Temple University Children's MC ^{5, 15}	\$4	NA	NA	NA	NA	\$9	NA	NA	NA	NA
Temple University Hospital ^{6, 15}	\$270	\$265	\$276	\$267	0.32%	\$279	\$267	\$278	\$261	2.28%
Thomas Jefferson University ^{6, 11}	\$512	\$455	\$409	\$418	7.47%	\$515	\$461	\$417	\$411	8.40%
Wills Eye Hospital ^{6, 15}	\$66	\$60	\$56	\$55	6.21%	\$68	\$62	\$57	\$58	6.07%

(See Footnotes on Page 26)

Hospital	Operating Margin FY98	Total Margin FY98	3-yr Avg Total Margin FY96 - FY98	Bad Debt & Charity Care to NPR FY98	Medicare Share of NPR FY98	Medical Assistance Share of NPR FY98
Region 9 Weighted Average	0.20%	-0.84%	0.64%	4.97%	48.04%	16.26%
Albert Einstein Medical Center ⁶	7.25%	8.82%	5.89%	3.55%	49.82%	20.97%
AUH, City Ave & Parkview ^{4, 6, 13, 14}	-25.60%	-27.46%	-19.39%	NR	NR	NR
AUH, Graduate ^{6, 13, 14}	-7.86%	-8.63%	-7.51%	NR	NR	NR
AUH, Hahnemann Division ^{6, 13, 14}	-2.42%	-11.86%	-4.62%	NR	NR	NR
AUH, MCP Division ^{6, 13, 14}	-9.73%	-21.19%	-5.23%	NR	NR	NR
Chestnut Hill Hospital ¹⁴	-5.04%	-3.88%	0.31%	2.19%	NR	NR
Children's Hospital of Philadelphia ¹⁴	4.72%	5.75%	7.46%	9.11%	NR	NR
Episcopal Hospital ^{6, 7, 15}	-11.89%	-11.89%	-17.60%	NR	35.46%	34.09%
Frankford Hospital of City Phil ^{6, 14}	11.23%	11.23%	8.86%	5.59%	NR	NR
Germantown Hosp & Comm Hlth ^{5, 6}	-3.52%	-1.12%	-3.36%	6.35%	57.69%	14.44%
Hospital of the Fox Chase Cancer ⁷	3.66%	11.67%	8.83%	5.97%	36.60%	2.29%
Hospital of the University of PA ^{6, 15}	0.46%	-1.61%	8.07%	3.57%	NR	NR
Jeanes Hospital ⁶	12.04%	12.00%	7.24%	1.90%	58.90%	1.47%
John F. Kennedy Memorial ¹⁴	-0.02%	-0.02%	-3.67%	NR	NR	NR
Kensington Hospital ¹⁴	NR	NR	NR	NR	NR	NR
Mercy Hospital of Philadelphia ^{1, 4}	4.68%	4.68%	3.58%	9.61%	54.20%	28.16%
Nazareth Hospital ⁶	1.20%	0.02%	-1.35%	3.51%	69.52%	4.81%
Neumann Medical Center ^{6, 13, 14}	-5.50%	-5.50%	0.58%	3.30%	NR	NR
Northeastern Hospital ^{6, 13, 15}	4.54%	4.16%	-0.52%	NR	56.00%	NR
Pennsylvania Hospital UPHS ^{6, 8, 14}	-12.27%	-9.94%	-22.77%	3.18%	NR	NR
Presbyterian Medical Ctr of UPHS ⁶	0.85%	1.87%	2.79%	4.03%	59.19%	8.14%
Roxborough Memorial Hospital ⁶	-4.44%	-4.44%	-3.81%	7.00%	66.25%	5.14%
Saint Agnes Medical Center ^{6, 7}	13.16%	13.41%	-12.64%	6.65%	72.34%	12.56%
Saint Christopher's Children ¹⁴	-3.92%	-17.02%	-0.83%	NR	NR	NR
Saint Joseph's /Philadelphia ¹⁵	3.35%	3.35%	1.36%	9.89%	NR	NR
Temple University Children's MC ^{5, 15}	-95.62%	-95.62%	NA	NR	0.00%	53.61%
Temple University Hospital ^{6, 15}	4.80%	4.80%	5.54%	NR	39.10%	29.05%
Thomas Jefferson University ^{6, 11}	4.24%	5.69%	3.75%	4.28%	43.58%	11.87%
Wills Eye Hospital ^{6, 15}	1.53%	13.36%	10.28%	7.50%	NR	NR

(See Footnotes on Page 26)

Footnotes

1. The end of the fiscal year is other than June 30; the data reflects the fiscal year that ended prior to June 30.
2. Not a Medicare provider.
3. Medicare cost report and audited financial statements cover different 12-month periods.
4. Medicare cost report is combined with another facility.
5. Less than 12 months of data.
6. The hospital has specialty units such as psychiatric, rehabilitation, long-term care, skilled nursing facilities, etc.
7. The hospital has a home health agency.
8. Extraordinary item reported on audited financial statement.
9. Balance sheet ratios are for the parent organization.
10. Acquired or merged with another licensed hospital during the FY98 reporting period.
11. Acquired or merged with another licensed hospital during the FY96 or FY97 reporting periods.
12. There were no for-profit GAC hospitals in FY98.
13. Facility is referred to as a different name after FY98 reporting period.
14. Not in compliance.
15. Incomplete data.
16. Facility was acquired by another organization and changed their fiscal year; therefore, financial data compatible with reporting periods presented in FY97 is not available.

3-year Average Total Margin (FY96-98) printed in green indicates that this measure is negative for the first time.

NR – Information necessary to report or calculate this measure was not provided by facility.

NA– Not applicable

Glossary

Net Patient Revenue (NPR): The actual revenue received by the hospital for services provided to patients. 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.

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

Total Operating Expenses (TOE): All costs associated with operating the entire facility such as salaries, professional fees, supplies, depreciation, interest, insurance, and bad debts. Acquisitions of durable equipment and other property are not considered expenses but 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 is operating expense.

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

Operating Margin: Compares operating income to total operating revenue. This measure places operating income in perspective with the volume of business realized by the hospital. (operating income / total operating revenue)

Total Revenue: Operating revenue plus nonoperating income. The nonoperating income component typically includes unrestricted contributions and investment income.

Total Income (Revenue over Expenses): Total income reflects the sum of operating income and nonoperating income. Total income may also include an extraordinary item such as the gain or loss from the sale of a security.

3-Year Average Change in "NPR or TOE": The average annual change in the hospital's NPR or TOE that occurred from the end of the FY95 through FY98.

$$(((NPR_{98} - NPR_{95}) / NPR_{95}) / 3) \text{ or } (((TOE_{98} - TOE_{95}) / TOE_{95}) / 3)$$

Total Margin: Compares total income to total revenue. This measure puts income from all sources in perspective with all revenues received by a hospital. (revenue over expenses / total revenue)

3-Year Average Total Margin: The average total margin realized by the hospital during the FY96 through FY98.

$$(\sum \text{revenue over expenses}_{98,97,96} / \sum \text{total revenue}_{98,97,96})$$

Uncompensated Care to NPR: The ratio of uncompensated care (charity care and bad debt) to net patient revenue. This measure puts the foregone revenue resulting from the care a hospital provides without compensation in perspective with net patient revenue. Charity care is the care a hospital provides without charges because the patient is unable to compensate the hospital either through third-party coverage or the patient's own resources. Bad debt expense represents the foregone revenue for care in which the hospital initially anticipated payment or extended credit to the patient, and later determined it to be uncollectable. Annual charity care amounts reported as charges or costs have been adjusted to a revenue (NPR) basis.

$$(\text{foregone revenue of charity care} + \text{bad debt}) / \text{NPR}$$

Commercial, Third-Party Payor: Commercial insurers encompass all indemnity and managed care health insurance plans, including Blue Cross and Blue Shield plans, and hospital and healthcare system plans. Medicaid and Medicare reimbursements administered by a commercial insurer are included under the Medicare and Medicaid categories.

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

Occupancy Rate: The average daily inpatient occupancy rate for staffed beds. The occupancy rate reflects the percent of the staffed beds that are occupied on the average day. (patient days / bed days available)

Staffed Beds: Number of beds that are set up and staffed at the end of the hospital's fiscal year.

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

Outpatient Visits: The number of visits to the individual outpatient units of the hospital during the fiscal year. Visits do not reflect the visits made by hospital staff to the patient's home.

NOTE: All utilization data excludes nursery.

For More Information ...

The information contained in this report as well as other Council publications are available on our web site – www.phc4.org. You may also contact the Council at:

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225 Market Street, Suite 400
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FAX: 717-232-3821

For Additional Data ...

Additional financial and utilization data for FY98 and prior years may be purchased from the Council. For information contact the Council's Special Requests Unit.

References:

[1] *AHA News*, "Critical financial indicators: where do you stand?" Thomas R. Prince, American Hospital Publishing, Inc. March 18, 1998, (www.ahanews.com/news/finance).

[2] *The 1998-99 Almanac of Hospital Financial Indicators*, The Center for Healthcare Industry Performance Studies, Inc. Columbus Ohio, 1998, (800) 859-2447.

[3] *Enrollment Summary--4th Quarter 1998*, Pennsylvania Department of Health.

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