

# Non-General Acute Care Facilities

## Volume Two

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Rehabilitation Care  
Psychiatric Care  
Long Term Acute Care  
Specialty Care  
Ambulatory Surgery Center Care

# Financial Analysis

# 99

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The Pennsylvania Health Care  
Cost Containment Council's  
Annual Report on the  
Financial Health of  
Pennsylvania's Non-General  
Acute Care Facilities

Fiscal Year 1999: July 1, 1998 -- June 30, 1999

# 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 quality health care information.

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

This is the second volume of a two-volume set. Volume One was released in June 2000 and focused on the income levels realized by General Acute Care (GAC) hospitals and some of the factors that affect income. This volume addresses Pennsylvania's Non-General Acute Care hospitals (rehabilitation, psychiatric, long term acute and specialty) and the ambulatory surgery centers. In addition, this report couples utilization information from the subunits of other hospitals with the data from the freestanding non-GAC hospitals. As a result, this report provides some perspectives on the total long term acute, rehabilitation, and psychiatric care provided at both GAC and freestanding non-GAC hospitals.

The information contained in this report was derived from financial statements of the hospitals, the Council's annual financial form, the Council's inpatient database, and where applicable, the Medicare cost report. Hospitals and centers are required by law, under ACT 89 of 1986, to submit this financial and utilization information to the Council. Every reasonable effort has been made by the Council to ensure the accuracy of the information herein. Each facility had the opportunity to review their data and to make corrections. The ultimate responsibility for data accuracy lies with the individual facility.

## Non-Compliant Facilities

The following facilities were not in compliance with one or more of the Council's filing requirements (audited financial statements, the Council's annual financial form, and if applicable, the Medicare cost report) by the deadline.

### *Non-General Acute Care Facilities*

Allegheny University Hospital, Forbes Metropolitan  
(Long Term Acute Care)  
Charter Fairmount Institute (Psychiatric)  
Edgewater Psychiatric Center (Psychiatric)  
Eugenia Hospital (Psychiatric)  
Friends Hospital (Psychiatric)  
Lakewood Psychiatric Hospital (Psychiatric)  
Malvern Institute (Psychiatric)  
Mapleton Psychiatric Institute (Psychiatric)  
Northwestern Institute of Psychiatry (Psychiatric)  
Pittsburgh Specialty Hospital (Specialty)  
Valley Forge Medical Center & Hospital (Specialty)  
Warren Dental Arts Hospital (Specialty)

### *Ambulatory Surgery Centers*

Aesthetic & Reconstructive Surgery  
Dermatologic Surgi Center /Drexel Hill  
Dermatologic Surgi Center /Philadelphia  
Esper Medical Center, ASC  
Fort Washington Surgery Center  
Kingston Surgery Center, LLC  
Lowry SurgiCenter  
North Shore Surgi-Center  
Pennsylvania Eye Surgery Center  
Shadyside Surgi-Center, Inc  
Southwestern Pennsylvania Eye Surgery Center  
Three Rivers Endoscopy Center  
Twin Rivers Endoscopy Center  
UPMC Monroeville Surgery Center

**1999 Financial Analysis: Volume Two**  
Pennsylvania's Non-General Acute Care Facilities

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## INTRODUCTION

This report presents an analysis of Pennsylvania's non-general acute care (non-GAC) facilities (rehabilitation, psychiatric, long term acute and specialty) and ambulatory surgery centers (ASC) that are under the Council's purview. Individual profiles of each of the provider categories are presented in the following sections.

In addition to the freestanding non-GAC facilities, the psychiatric, rehabilitation and long term acute care (LTAC) sections include information and analysis about the subunits of GAC and non-GAC facilities that provide care in those categories. For example, the psychiatric subunits of GAC facilities are addressed in the Psychiatric Care section with the freestanding psychiatric facilities. While nursing home care is not within statutory authority, this report does present information on skilled nursing care provided by non-GAC facilities.

There are two new features presented in this report: first, the top clinical classifications for patients discharged from rehabilitation, psychiatric and long term acute care have been compiled to present insights into the mix of care provided by these facilities. Second, after-tax net margins (net income) have been developed for the for-profit rehabilitation and long term acute care facilities. The availability of after-tax margins provides a better comparison of income realized by non-profit and for-profit facilities.

The scope and nature of the information and analysis presented in each of the following sections vary considerably for two principal reasons: first, the scope of the individual sections was limited by the quantity and quality of data provided by the facilities in each category. Second, the unique nature of each of these categories may account for variation in revenue and expenses.

The individual facility and surgery center data presented in each section are collected based on the individual licenses issued by the Pennsylvania Department of Health. If a health system operates multiple facilities under a single license, the entire health system will be reported as a single entity. Table 1 lists the number of licensed facilities in each facility category.

The fiscal year data provided by the majority of non-GAC facilities (not including surgery centers) covers the period between July 1, 1998 and June 30, 1999.

For those facilities that utilize a different fiscal year, the data reported covers the twelve-month period ending prior to June 30, 1999. The 23 facilities that utilize a fiscal year ending other than June 30 are listed in the Footnote section on page 44.

A list of surgery centers utilizing a fiscal year ending other than June 30 is provided in the Footnote section on page 45. The majority of the centers employ a fiscal year ending on December 31.

The inside front cover of this report presents a list of facilities that failed to meet one or more of the Council's financial filing requirements. In order to provide consistent statewide totals and averages for the various measures presented in this report, some estimated data was employed. The individual facility data presented at the end of each section contain no estimated data. However the industry averages may include estimated data.

Several non-compliant facilities submitted data after the filing deadline. These data are not presented with the individual facility data at the end of each section, but were included in statewide averages and totals, whenever possible.

In certain instances, there were insufficient data to develop estimates. In these circumstances, the notation "ID" (Insufficient Data) indicates it was not possible to generate an estimate from available data.

**TABLE 1**  
Licensed Facilities By Facility Category, FY99

Facility Category	Number of Facilities
General Acute Care (GAC)	198
Rehabilitation	20
Psychiatric	20
State Psychiatric	9
Long Term Acute Care (LTAC)	5
Specialty	7
Ambulatory Surgery Centers (ASC)	53
<b>Total</b>	<b>312</b>

## OVERVIEW OF HOSPITAL-BASED HEALTHCARE

Information presented in Figures 1 through 4 clearly demonstrate that GAC facilities (including GAC sub-units) are the predominate providers of hospital-based healthcare in Pennsylvania. The data used to create these figures are presented in Tables 3 and 4 at the end of this section.

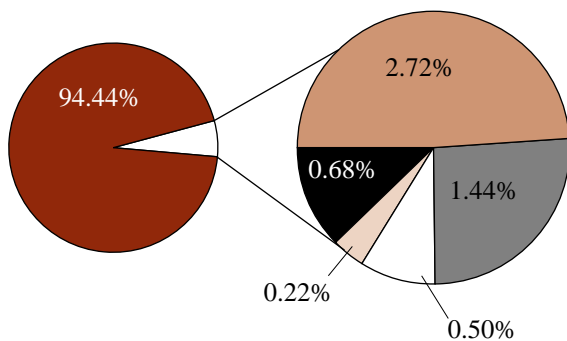
The different types of care provided at all facilities are shown in Figure 5. Total inpatient psychiatric care may be slightly greater than the 12.57% of patient days presented here because a substantial portion of the patients at LTAC facilities have psychiatric diagnoses (see Table L-2 on page 34). Additionally, psychiatric care provided at the state psychiatric facilities is not included (see Table P-1 on page 24). All care provided at LTAC facilities is captured as LTAC care in FY99.

Information presented in Figures 1 through 4 are by facility category (e.g. long term acute care facility) and reflect all care provided at those facilities. Figure 5 presents patient days by type of care (e.g. psychiatric care) regardless of where that care is delivered. For example, psychiatric care provided at a long term acute care facility or a GAC facility is included under psychiatric care in Figure 5.

The variation in the average length of inpatient stay (Figure 6) reflects the variation in the nature of care provided at these facilities. The average 12-day stay at psychiatric facilities does not include the state psychiatric facilities, which are long-term psychiatric facilities.

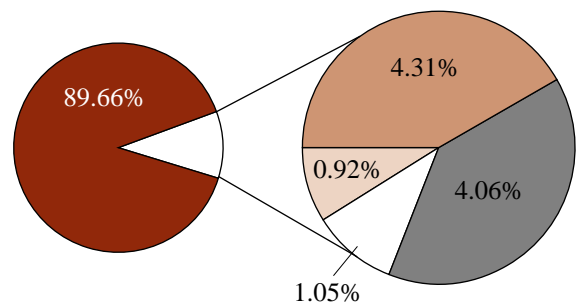
**FIGURE 1**

Net Patient Revenue by Facility Category, FY99



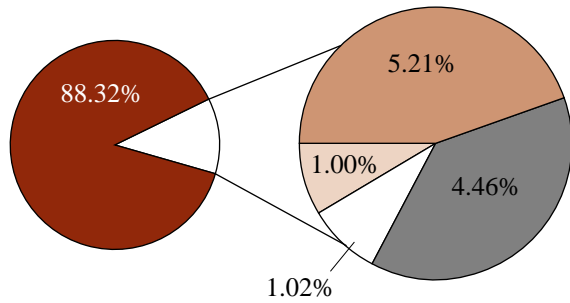
**FIGURE 2**

Staffed Beds by Facility Category, FY99



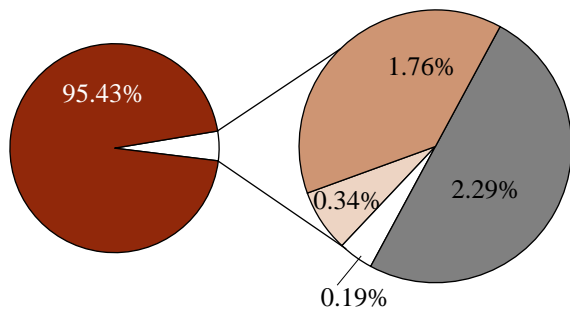
**FIGURE 3**

Patient Days by Facility Category, FY99



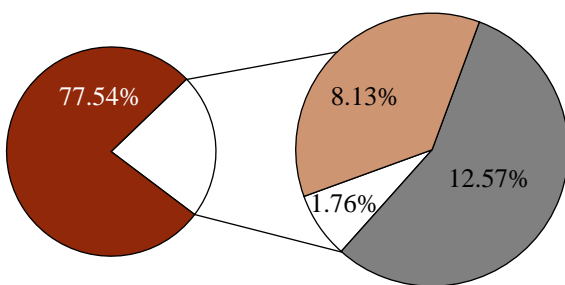
**FIGURE 4**

Discharges by Facility Category, FY99



**FIGURE 5**

Patient Days by Type of Care, FY99



Key for Figures 1 - 5

- GAC
- Rehabilitation
- Psychiatric\*
- Specialty
- LTAC
- ASC

\* Excludes state facilities.

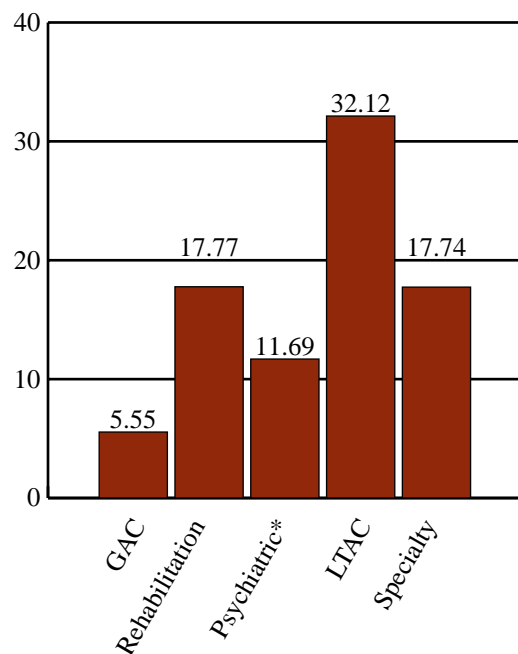
During FY99, there were about 1.5 million outpatient visits to the 71 non-GAC facilities and surgery centers reporting outpatient visits (Table 2). In contrast, 160 of the 198 GAC facilities report outpatient visits totaling over 25.7 million visits. The other 38 GAC facilities did not provide data on the outpatient care they provide.

Wide variation in the average revenue per outpatient visit is seen for the different facility categories (Table 2). One reason for the diversity in revenue per visit is the variation in the intensity of care provided per visit. For example, a psychiatric patient may receive care as a series of visits comprised of relatively short treatments while a patient at an ASC may be subject to a surgical procedure during a single visit. The average revenue per visit at GAC facilities reflects reimbursements for a wide range of outpatient services.

Average total margins for the different facility categories are shown in Figure 7. It is difficult to get a clear assessment of the financial health of the four non-GAC categories (rehabilitation, psychiatric, long term acute care and specialty facilities) from the average total

**FIGURE 6**

Average Length Stay by Facility Category, FY99



\* Excludes state facilities.

margin. Because there are a small number of facilities in each category, a few facilities with exceptionally low or high total margins can skew the average for the entire category.

The 20 psychiatric facilities have an average total margin of less than one percent (0.85%) as shown in Figure 7. However, excluding three facilities that experienced total margins below -25% and one facility that had a large positive margin over 35%, the average total margin for the remaining facilities becomes a positive 3.4%.

Similarly, the five long-term acute care facilities had a negative average total margin of -5.0%. Excluding one facility would bring the average total margin to 8.1%.

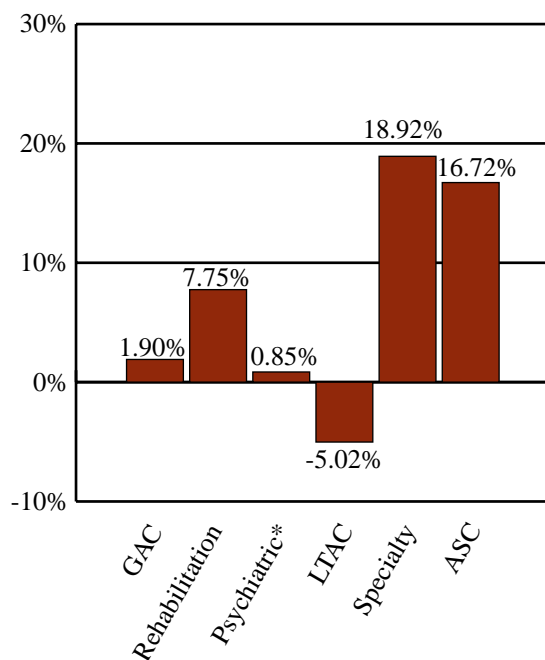
Because a large portion of the ambulatory surgery centers failed to file financial data, the average total margin (16.7%) for that category is based on data from 35 of the 53 licensed facilities.

GAC facilities, rehabilitation facilities and LTAC facilities as well as ASCs have an average patient age over

50 years shown in Figure 8. In contrast, the average age of patients at psychiatric facilities is 31. The average patient age of 43 at specialty facilities is a reflection of the diversity in that category. For example, included in the specialty facility category is Children's Home of Pittsburgh and Hospital for the Home of the Jewish Aged.

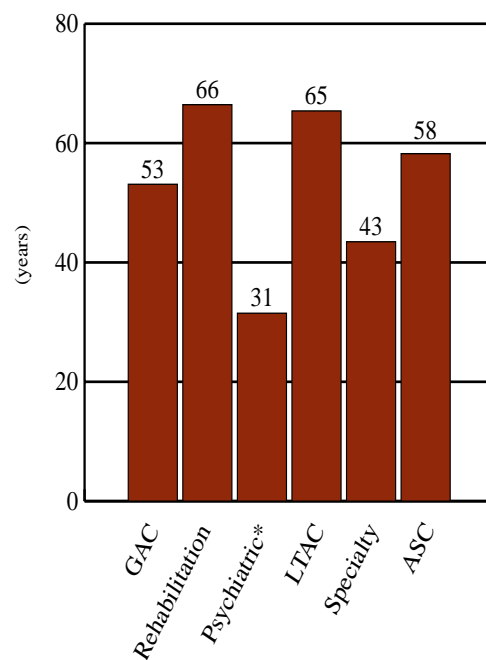
The levels of uncompensated care among the facility categories are compared in Figure 9. The higher uncompensated care rate for LTAC facilities may be a result of the relatively high average length of stay and corresponding relatively high cost per discharge associated with this type of care. For example, the average net inpatient revenue per discharge at LTAC facilities was \$22,745 during FY99 compared with \$6,553 at GAC facilities. With these higher average costs, it is more likely that patient resources and health insurance may not be sufficient to completely cover the cost of LTAC care.

**FIGURE 7**  
Average Total Margin by Facility Category, FY99



\* Excludes state facilities.

**FIGURE 8**  
Average Patient Age by Facility Category, FY99





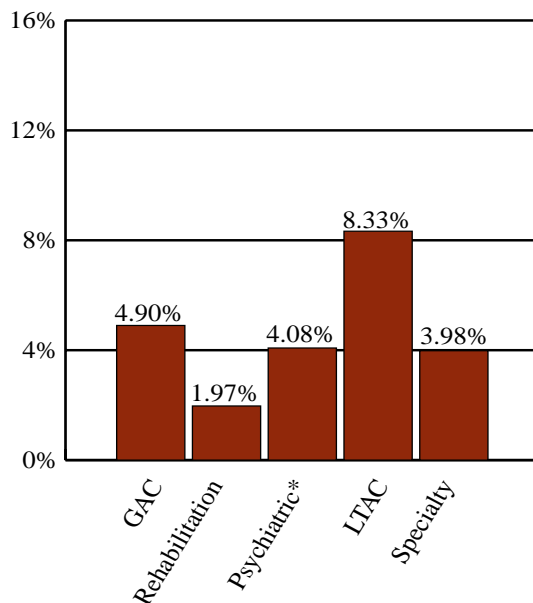
**TABLE 2**

Outpatient Care by Facility Category, FY99

Facility Category	Number of Reporting Facilities	Visits	Outpatient Revenue	Outpatient Revenue per Visit
General Acute Care (GAC)	160	25,702,785	\$4,440,476,295	\$173
Rehabilitation	18	990,614	\$88,642,573	\$89
Psychiatric	9	302,407	\$32,224,143	\$107
Long Term Acute Care	4	41,587	\$10,394,000	\$250
Specialty	3	58,734	\$2,075,444	\$35
Ambulatory Surgery Center	37	130,842	\$107,770,234	\$824
Total Non-GAC	71	1,524,184	\$241,106,394	\$158
Total	231	27,226,969	\$4,681,582,689	\$172

**FIGURE 9**

Uncompensated Care to Net Patient Revenue by Facility Category, FY99



\* Excludes state facilities.

**TABLE 3**

Facility Category Data (Figures 1 through 4)

	Net Patient Revenue	Staffed Beds	Patient Days	Discharges
General Acute Care	\$17,024,971,675	43,351	9,636,072	1,735,637
Rehabilitation	\$490,752,281	2,084	568,169	31,972
Psychiatric	\$259,647,253	1,963	486,558	41,604
Long Term Acute Care	\$89,821,431	508	111,235	3,463
Specialty	\$39,712,325	444	108,857	6,137
Ambulatory Surgery Center	\$122,543,593	NA	NA	NA
State Psychiatric	\$143,158,020	3,524	1,081,464	2,107

**TABLE 4**

Patient Days by Type of Care, FY99 (Figure 5)

Type of Care*	Patient Days
GAC - Medical-Surgical	7,412,943
Rehabilitation	777,694
Psychiatric	1,201,339
LTAC	168,578

\* Groups all care according to the different facility categories. Numbers for Psychiatric care do not include state psychiatric facilities.

## HIGHLIGHTS: Rehabilitation Care

- The number of patients receiving inpatient rehabilitation care increased 4.8% during fiscal year 1999 (FY99) and 28.7% in the five years since FY94. [Page 12 ]
- For the first time since FY95, the statewide total number of patient days of rehabilitation care increased during FY99. [Page 12 ]
- The trend to shorter lengths of stay at freestanding rehabilitation facilities ended in FY99. The average length of stay remained constant at about 17.2 days. [Page 12 ]
- The average length of stay at rehabilitation units of general acute care facilities (GAC) declined during FY99 more than a half day to about 11.2 days. Despite the growth in the number of discharges, the average length of stay caused the total number of patient days to decline at rehabilitation units of GAC facilities. [Page 12 ]
- The average length of stay at freestanding rehabilitation facilities during FY99 varies by as much as eight days for patients with different types of medical insurance. Patients participating in Medicare managed care plans have the lowest average length of stay of about 15 days. Patients covered by the traditional Medical Assistance (MA) indemnity program have average stays of almost 23 days. [Page 13-14 ]
- While the number of inpatient discharges at the 20 rehabilitation facilities has been increasing about 5% per year since FY96, outpatient visits to freestanding rehabilitation facilities may have doubled over the same period. The twelve (out of 20) rehabilitation facilities that provided consistent outpatient data since FY96 realized a 117% increase in outpatient visits. [Page 16-17 ]
- FY99 average (pre-tax) total margin at rehabilitation facilities increased 1.4 points to 9.9%. Average (pre-tax) operating margin improved 2.2 points to 5.0%. The primary reason for the higher margins was the ability to keep the growth of operating expenses to less than one percent (0.7%). [Page 17 ]
- The average (after-tax) net margin for the nine for-profit rehabilitation facilities was over five points greater than the 5.4% average total margin realized by eleven non-profit facilities during FY99. [Page 18 ]

## REHABILITATION CARE

During fiscal year 1999 (FY99) there were 20 freestanding rehabilitation facilities and 52 general acute care (GAC) facilities operating rehabilitation units.

One specialty facility, the Hospital of the Home for the Jewish Aged, operated a rehabilitation unit during FY99. Because this unit represents less than 0.2% of total rehabilitation patient days, data for this unit have been included with the GAC rehabilitation units.

The number of patients receiving inpatient rehabilitation care continued to grow during FY99 as presented in Figure R-1 and Table R-1. The number of rehabilitation discharges increased 4.8% during FY99 and 28.7% in the five years since FY94. The 6.9% growth in discharges at freestanding rehabilitation facilities during FY99 was more than double the 2.6% increase at GAC rehabilitation discharges.

Despite the continuous growth in the number of patients receiving inpatient rehabilitation care, the number of patient days declined between FY95 and FY98.

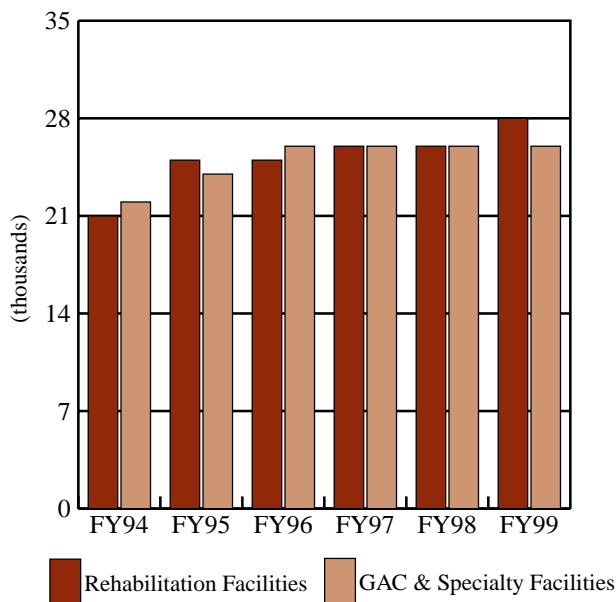
However, for the first time since FY95, patient days of rehabilitation care grew 2.7% during FY99.

The decline in the total number of rehabilitation patient days between FY94 and FY98 was the result of the steady decrease in the average length of stay by rehabilitation patients.

The trend of declining average length of stay at rehabilitation facilities ended in FY99 as represented in Figure R-3 and Table R-1. The average length of stay at rehabilitation facilities held steady at about 17.2 days. Consequently, the increase in the number of discharges coupled with the constant length of stay resulted in the growth of patient days at rehabilitation facilities during FY99.

In contrast, the average length of stay at the GAC facility rehabilitation units continued to decline during FY99. The average length of stay declined by half a day to 11.2 days. As reflected in Figure R-3 and Table R-1, the shorter stays at GAC rehabilitation units caused

**FIGURE R-1**  
Rehabilitation Care Discharges



**FIGURE R-2**  
Rehabilitation Care Patient Days

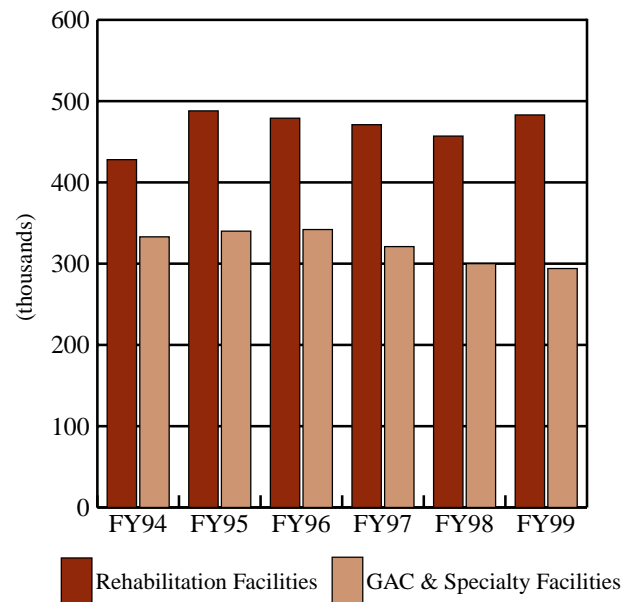


TABLE R-1

Rehabilitation Utilization by Facility Category

<i>Patient Days</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Patients at Rehabilitation Facilities	427,593	488,414	479,299	470,707	457,332	483,402
Rehab Patients at GAC & Specialty Facilities	332,981	339,935	342,450	321,122	299,590	294,292
Total Rehabilitation Care	760,574	828,349	821,749	791,829	756,922	777,694
<i>Discharges</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Patients at Rehabilitation Facilities	20,571	24,699	25,096	25,590	26,243	28,056
Rehab Patients at GAC & Specialty Facilities	21,595	24,322	25,947	25,706	25,561	26,230
Total Rehabilitation Care	42,166	49,021	51,043	51,296	51,804	54,286
<i>Average Length of Stay</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Care at Rehabilitation Facilities	20.8	19.8	19.1	18.4	17.4	17.2
Rehab Care at GAC & Specialty Facilities	15.4	14.0	13.2	12.5	11.7	11.2
Average Rehabilitation Care	18.0	16.9	16.1	15.4	14.6	14.3
<i>Beds</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Beds at Rehabilitation Facilities	1,869	1,824	1,775	1,774	1,771	1,785
Rehab Beds at GAC & Specialty Facilities	1,242	1,296	1,334	1,318	1,244	1,243
Total Rehabilitation Care	3,111	3,120	3,109	3,092	3,015	3,028
<i>Occupancy Rate</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Beds at Rehabilitation Facilities	72.21%	73.00%	74.33%	72.65%	73.65%	74.56%
Rehab Beds at GAC & Specialty Facilities	74.22%	71.83%	69.96%	67.00%	66.48%	66.60%
Total Rehabilitation Beds	73.08%	72.52%	72.44%	70.25%	70.63%	71.33%

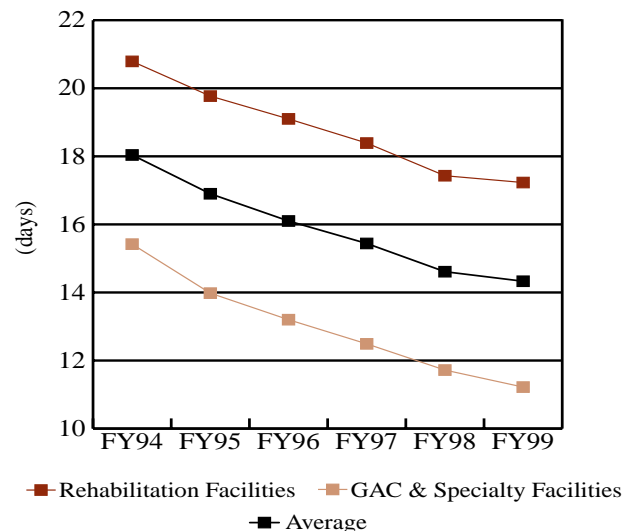
the number of patient days to decline, despite the growth in discharges.

As revealed in Table R-1 the occupancy rate at the rehabilitation facilities has remained relatively constant in a 72% - 75% range since FY94.

Rehabilitation units at GAC facilities experienced a gradual but steady decline in the average occupancy rate from 74.2% in FY94 to 66.6% in FY99. One reason for this decline is that the number of beds at rehabilitation units was the same in FY99 as it was in FY94. Over the same period, patient days have declined 11.6%.

Eight rehabilitation facilities also provided skilled nursing care during FY99 and one facility provided long-term care. Skilled nursing care totaled 47,651 patient days, or about 8.4% of all care provided at rehabilita-

FIGURE R-3  
Rehabilitation Care Average Length of Stay



tion facilities shown in Table R-2. Long-term care represents about 6.5% of total care.

The average length of stay at rehabilitation facilities during FY99 varied up to eight days for patients with different types of medical insurance. Patients participating in Medicare managed care plans had the lowest average length of stay of about 15 days during FY99, as shown in Figure R-4. In contrast, the patients covered by the traditional Medical Assistance (MA) indemnity program had an average stay of almost 23 days.

Two possible reasons for the variation in average length of stay are the differing patient populations requiring a different mix of care and differences in the reimbursement mechanisms and case management components of the payor categories.

Medical Assistance (MA) is the largest payor for inpatients under the age of 25 and 37% of its rehabilitation inpatients are in this age group as shown in Figure R-5. As expected, 93% of Medicare-funded inpatients are age 65 and over, while commercial insurers represent a broad age distribution.

FIGURE R-4

Average Length of Stay at Rehabilitation Facilities by Third-Party Payor, FY99

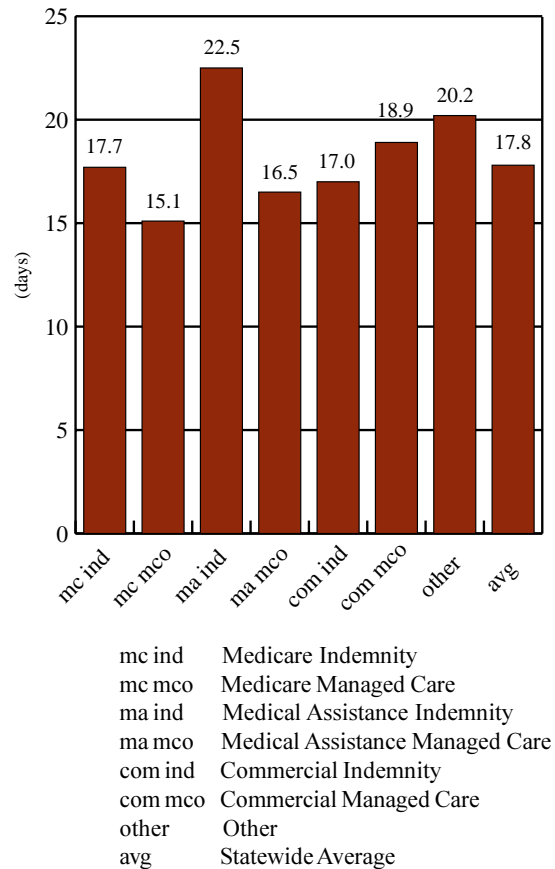


TABLE R-2

Total Utilization at Rehabilitation Facilities

<i>Patient Days</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Care	427,593	488,414	479,299	470,707	457,332	483,402
Skilled Nursing Care	24,992	31,273	45,365	54,650	60,718	47,651
Long Term Care & Other	37,858	35,877	36,314	37,200	37,198	37,116
Total	490,443	555,564	560,978	562,557	555,248	568,169

<i>Discharges</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Care	20,571	24,699	25,096	25,590	26,243	28,056
Skilled Nursing Care	648	1,013	2,020	2,445	3,087	2,672
Long Term Care & Other	1,182	1,196	1,238	1,292	1,187	1,244
Total	22,401	26,908	28,354	29,327	30,517	31,972

<i>Patient Beds</i>	FY94	FY95	FY96	FY97	FY98	FY99
Rehab Care	1,869	1,824	1,775	1,774	1,771	1,785
Skilled Nursing Care	91	150	198	198	210	197
Long Term Care & Other	117	102	102	102	102	102
Total	2,077	2,076	2,075	2,074	2,083	2,084

**FIGURE R-5**

**Rehabilitation Care Age Distribution at Rehabilitation Facilities, FY99**

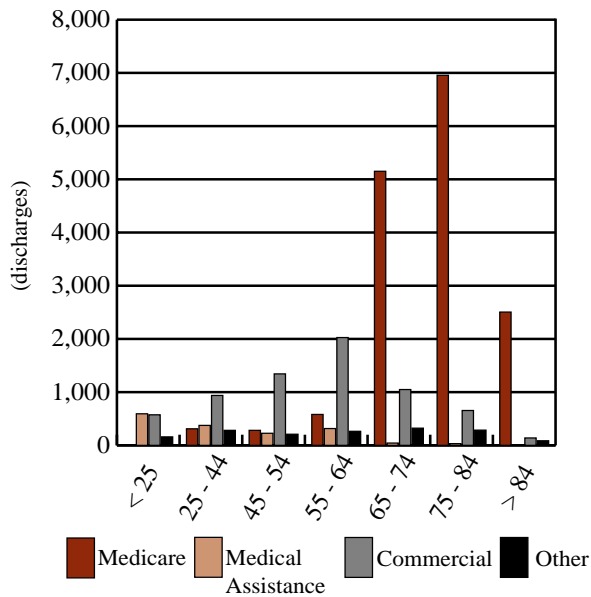


Table R-3 provides an illustration of the differences in the mix of care provided to inpatients in three payor categories. This table presents the top ten clinical classifications<sup>1</sup> based on inpatients discharged from rehabilitation facilities during FY99. For example, the leading reason for MA admission is brain injury. This classification typically requires more lengthy and costly treatment than “osteoarthritis,” for example, which is the top classification for Medicare and commercial insurers.

The average length of stay also varies considerably between managed care and indemnity payors. For example, inpatients enrolled in MA-funded managed care programs stay an average of 16.5 days in rehabilitation facilities compared with 22.5 days for MA recipients covered by the indemnity program, a difference of six days. While Medicare and MA inpatients with indemnity insurance have longer average stays than managed care participants, the opposite occurred for inpatients with commercial indemnity insurance. Commercial managed care inpatients spent almost two days

**TABLE R-3**

**Rehabilitation Facility Discharges by Clinical Classification<sup>1</sup>, FY99**

	<i>Commercial</i>		<i>Medical Assistance</i>		<i>Medicare</i>		<i>Total</i>
	rank	percent	rank	percent	rank	percent	percent
Osteoarthritis	1	16.39%	6	3.17%	1	17.30%	15.85%
Other (non-traumatic) joint disorders	2	11.90%	2	9.93%	3	10.64%	11.38%
Stroke	3	10.87%	4	8.31%	2	11.29%	10.65%
Hip fracture	6	3.67%	*	*	4	8.56%	6.31%
Paralysis	5	4.69%	3	8.94%	6	4.71%	5.52%
Brain injury	4	7.30%	1	10.14%	*	*	4.13%
Degenerative back disorder and other back problems	7	3.33%	*	*	7	3.99%	3.53%
Fractures other than lower limb	8	3.01%	*	*	8	2.74%	2.66%
Fractures of lower limb	9	2.80%	7	3.17%	10	2.01%	2.39%
Residual codes, unclassified	10	2.72%	*	*	5	4.77%	4.16%

\* Not among the top ten diagnoses.

<sup>1</sup> Discharges were grouped into classifications from the ICD-9-CM codes reported by the facilities. These groupings were performed using the Clinical Classification Software developed by AHRQ’s Center for Organization and Delivery Studies, Healthcare Cost and Utilization Project (HCUP).

longer in rehabilitation facilities than those with commercial indemnity insurance.

The average inpatient revenue received per discharge by rehabilitation facilities mirrors the differences in the average length of stay for the Medicare and MA programs. For these two payors, rehabilitation facilities received more revenue per discharge for inpatients with indemnity coverage than those participating in a managed care plan as shown in Figure R-6.

In contrast, inpatients with commercial managed care insurance spent almost two days longer in the facility but the rehabilitation facilities received almost \$1,000 or 6.9% less for the care.

Except for commercial indemnity insurers, the various payors provide somewhat similar reimbursements for inpatient care when they are evaluated on a patient-day basis (see Figure R-7). Average net inpatient revenue per patient day covered by commercial indemnity insurance averaged \$128, or about 17.9% higher than the average for all patients

Although there is not a wide variation in the reimbursement rates among all but one of the payors presented on Figure R-7, there may be a wider variation in the costs to treat the differing mix of care as illustrated in Table R-3.

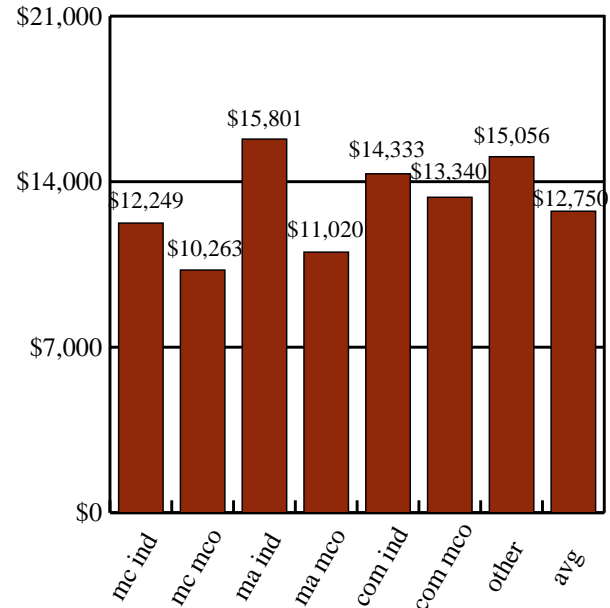
On the outpatient side, patient visits to rehabilitation facilities appear to be increasing dramatically. For the 12 rehabilitation facilities for which the Council has consistent data for FY96 through FY99, outpatient visits increased by 116.5% over this four-year period. GAC facilities do not report outpatient visits on an individual-unit basis to the Council.

**Key for Figures 6, 7 and 8**

- mc ind Medicare Indemnity
- mc mco Medicare Managed Care
- ma ind Medical Assistance Indemnity
- ma mco Medical Assistance Managed Care
- com ind Commercial Indemnity
- com mco Commercial Managed Care
- other Other
- avg Statewide Average

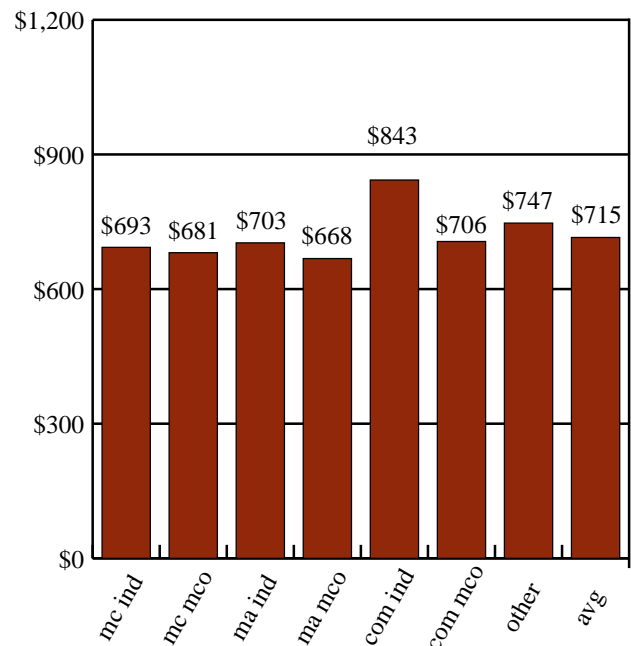
**FIGURE R-6**

Average Net Inpatient Revenue per Discharge at Rehabilitation Facilities by Third-Party Payors, FY99



**FIGURE R-7**

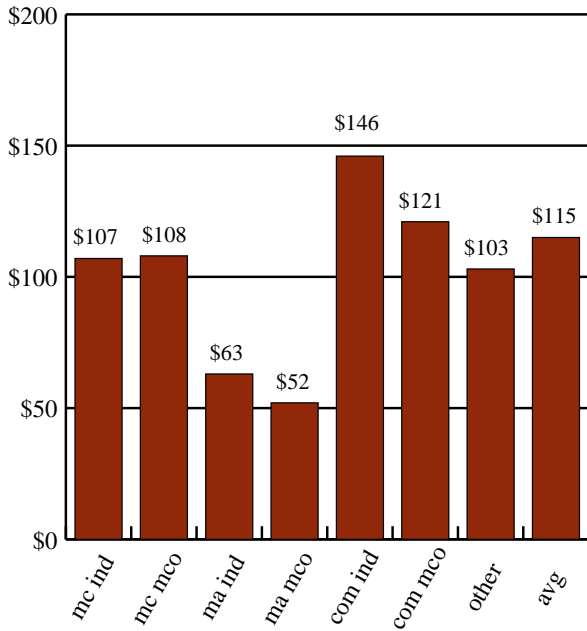
Average Net Inpatient Revenue per Patient Day at Rehabilitation Facilities by Third-Party Payor, FY99





**FIGURE R-8**

Average Net Outpatient Revenue per Visit at Rehabilitation Facilities by Third-Party Payor, FY99



Unlike the inpatient revenue per inpatient day, which was relatively consistent across the payor categories, Figure R-8 reveals a wide variation in outpatient revenue per visit. On average, rehabilitation facilities received 2.8 times as much revenue for an outpatient visit funded by commercial indemnity insurance than received from MA managed care plans.

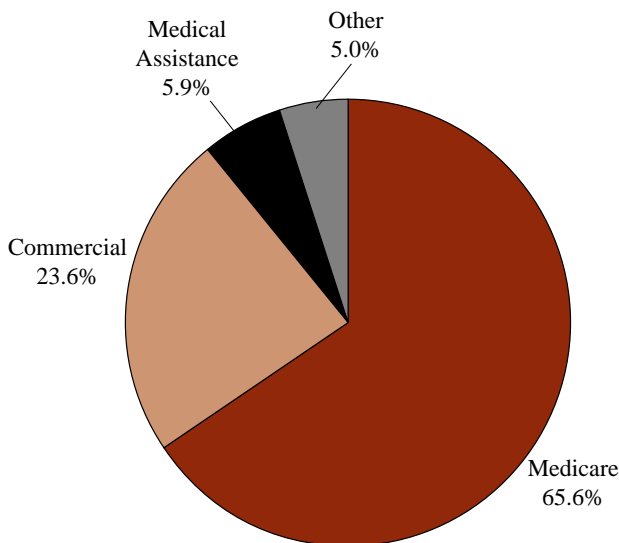
Seventy percent of all rehabilitation inpatients were age 65 or over shown in Figure R-5 and the Medicare program funded 65.6% of patient days at rehabilitation facilities shown in Figure R-9. Consequently, rehabilitation care revenue may be particularly vulnerable to changes in the Medicare program.

Statewide operating revenue and net patient revenue (NPR) have increased steadily at rehabilitation facilities since FY94, as indicated in Figure R-10 and Table R-4. NPR has grown 31.3% over this five-year period.

During FY99, the average (pre-tax) total margin at rehabilitation facilities increased over 1.4 points to 9.9% and the average (pre-tax) operating margin increased over 2.2 points to 5.0% (Figure R-11).

**FIGURE R-9**

Payor Share of Patient Days at Rehabilitation Facilities, FY99



One reason for the increase in the average operating margin was the ability of rehabilitation facilities to manage expenses. As a group, rehabilitation facilities provided 2.3% more patient days of care and experienced an increase in operating revenue of almost 3.0%. However, they kept the growth in expenses to less than one percent (0.7%).

Healthsouth, Inc operates nine of the 20 rehabilitation facilities as for-profit facilities. These nine facilities received 44% of the NPR realized by all 20 rehabilitation facilities.

For-profit facilities pay a portion of their income as income taxes. At the Council's request, Healthsouth prorated the income taxes incurred by the parent corporation to its individual Pennsylvania facilities. On average, the income tax expense for Healthsouth's facilities was about 32.5% of pre-tax income. Despite paying almost one-third of their income in taxes, these

for-profit rehabilitation facilities still realized an after-tax net margin about six points higher than the average total margin for the non-profit facilities.

On Table R-5 an “Average (all-rehab)” total margin/net margin of 7.8% is the combined average total margin of the non-profit facilities and the average (after-tax) net margin of the for-profit facilities. This is a true final income margin for rehabilitation facilities. The 9.9% average total margin and the 5.0% average operating margin presented on Figure R-11 was developed using the pre-tax margin of the for-profit facilities because after-tax income was not captured prior to FY99. By using pre-tax income, Figure R-11 offers a consistent historical comparison of the average income margins at rehabilitation facilities.

FIGURE R-10

Net Patient Revenue and Total Operating Revenue at Rehabilitation Facilities

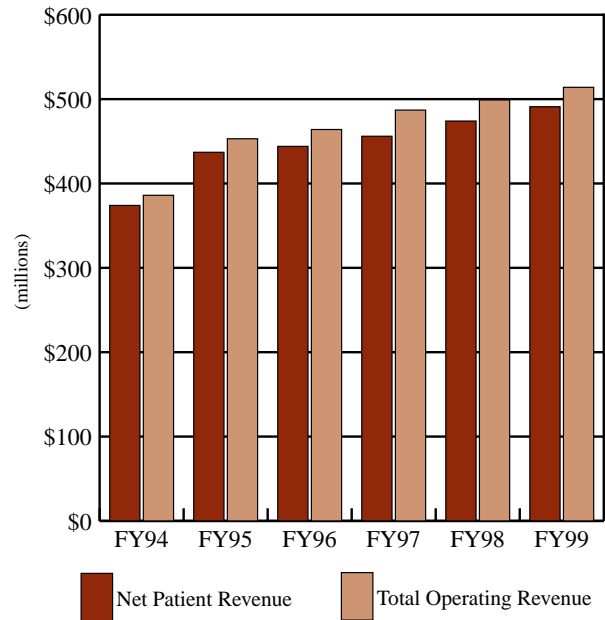


TABLE R-4

Net Patient Revenue and Total Operating Revenue at Rehabilitation Facilities

Fiscal Year	Net Patient Revenue	Total Operating Revenue
FY94	\$373,821,550	\$386,302,699
FY95	\$436,646,270	\$453,128,861
FY96	\$443,960,412	\$464,307,180
FY97	\$455,857,439	\$486,810,999
FY98	\$474,296,451	\$498,956,444
FY99	\$490,752,281	\$513,807,920

FIGURE R-11

Operating and Total Margins at Rehabilitation Facilities

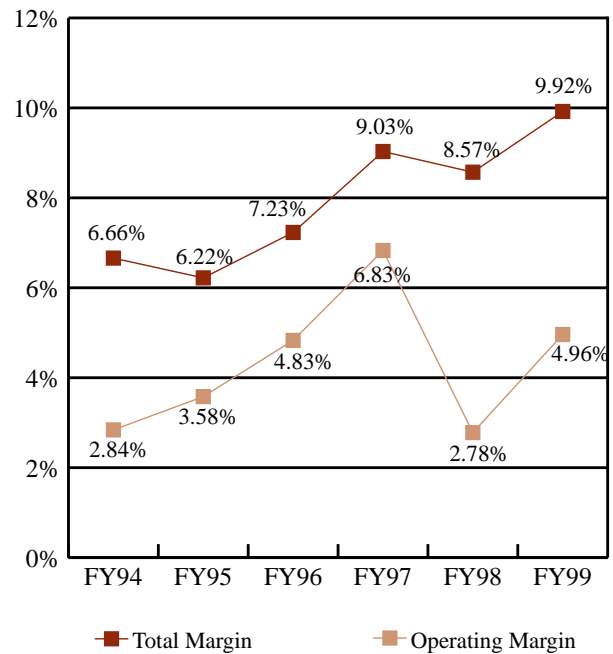


TABLE R-5\*

Rehabilitation Facility	Region	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY96-FY99	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY96-FY99
		FY99	FY98	FY97	FY96		FY99	FY98	FY97	FY96	
		\$ 25	\$ 26	\$ 24	\$ 23		3.51%	\$ 24	\$ 27	\$ 24	
Children's Institute Pgh <sup>17</sup>	1	\$11	NA	NA	NA	NA	\$18	NA	NA	NA	NA
DT Watson Rehab <sup>6, 14</sup>	1	\$10	\$12	\$11	\$9	6.78%	\$13	\$13	\$12	\$11	6.96%
Healthsouth Harmarville <sup>1, 3, 6, 12</sup>	1	\$40	\$41	\$35	\$38	1.76%	\$32	\$34	\$33	\$41	-7.92%
Healthsouth Pittsburgh <sup>1, 3, 12, 17</sup>	1	\$28	\$27	\$25	\$25	4.07%	\$24	\$23	\$20	\$20	6.10%
UPMC, Rehabilitation <sup>17</sup>	1	\$21	\$24	\$24	\$27	-7.17%	\$24	\$29	\$30	\$28	-5.15%
Healthsouth Erie <sup>1, 3, 6, 11, 12</sup>	2	\$27	\$30	\$12	\$13	36.79%	\$25	\$28	\$10	\$11	43.04%
Healthsouth Altoona <sup>1, 3, 12</sup>	3	\$20	\$19	\$17	\$18	3.47%	\$17	\$17	\$15	\$15	4.63%
Healthsouth Nittany <sup>1, 3, 6, 12</sup>	4	\$19	\$18	\$16	\$15	7.32%	\$16	\$17	\$14	\$14	6.87%
Penn State Geisinger <sup>1, 3, 12</sup>	4	\$8	NA	NA	NA	NA	\$7	NA	NA	NA	NA
Healthsouth Mechanicsburg <sup>1, 3, 12</sup>	5	\$31	\$28	\$26	\$25	7.78%	\$23	\$22	\$19	\$19	7.96%
Healthsouth York <sup>1, 3, 12</sup>	5	\$25	\$23	\$21	\$20	8.29%	\$20	\$19	\$16	\$16	8.71%
Allied Services <sup>17</sup>	6	\$33	\$32	\$30	\$25	9.89%	\$33	\$31	\$29	\$24	12.00%
John Heinz Institute	6	\$33	\$34	\$32	\$26	8.31%	\$34	\$35	\$33	\$27	9.12%
Good Shepherd <sup>6, 17</sup>	7	\$41	\$41	\$30	\$28	16.37%	\$40	\$42	\$28	\$27	16.12%
Healthsouth Reading <sup>1, 3, 6, 12</sup>	7	\$17	\$18	\$17	\$17	-0.21%	\$14	\$19	\$17	\$17	-5.44%
Bryn Mawr Rehab <sup>6</sup>	8	\$32	\$32	\$31	\$31	0.88%	\$33	\$32	\$32	\$31	1.75%
Chestnut Hill Rehab <sup>6, 17</sup>	8	\$13	\$13	\$12	\$10	9.89%	\$14	\$15	\$17	\$12	5.92%
Children's Seashore House <sup>17</sup>	9	\$24	\$25	\$29	\$28	-4.68%	\$39	\$45	\$38	\$35	4.37%
Magee Rehab	9	\$26	\$26	\$27	\$28	-3.03%	\$28	\$30	\$30	\$31	-2.99%
Moss Rehab	9	\$33	\$32	\$33	\$34	-1.40%	\$33	\$35	\$36	\$38	-4.98%

Footnotes on Page 44.

\*See page 46 for map with regions.

TABLE R-5 (CONTINUED)

Rehabilitation Facility (non-profit)	Region	Operating Margin FY99	Total Margin FY99	3-yr Average Total Margin FY97-FY99	Uncompensated Care to NPR FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99
<b>Average (all-rehab)</b>		-	7.75%	-	1.97%	50.46%	8.25%
<b>Average (non-profit)</b>		-3.55%	5.39%	6.29%	2.46%	44.45%	15.47%
Children's Institute Pgh <sup>17</sup>	1	-8.03%	23.31%	NA	NR	2.40%	3.72%
DT Watson Rehab <sup>6, 14</sup>	1	-20.68%	-20.58%	-11.77%	8.94%	54.24%	5.84%
UPMC, Rehabilitation <sup>17</sup>	1	0.73%	0.73%	11.11%	2.83%	55.90%	11.53%
Allied Services <sup>17</sup>	6	2.29%	6.39%	8.20%	1.31%	NR	NR
John Heinz Institute	6	-0.25%	0.70%	1.49%	0.43%	63.56%	3.42%
Good Shepherd <sup>6, 17</sup>	7	3.00%	5.77%	4.86%	1.00%	26.68%	37.53%
Bryn Mawr Rehab <sup>6</sup>	8	0.12%	6.36%	7.94%	0.67%	50.71%	3.03%
Chestnut Hill Rehab <sup>6, 17</sup>	8	-6.20%	-4.25%	-6.35%	0.43%	63.89%	4.64%
Children's Seashore House <sup>17</sup>	9	-32.61%	-7.46%	-1.74%	2.41%	1.33%	62.13%
Magee Rehab	9	-1.79%	22.94%	21.25%	2.76%	50.03%	7.03%
Moss Rehab	9	5.45%	5.60%	4.67%	0.64%	47.75%	11.75%

Footnotes on Page 44.

TABLE R-5 (CONTINUED)

Rehabilitation Facility (for-profit)	Region	Pre-tax Margin FY99	3-yr Average Pre-tax Margin* FY97-FY99	Net Margin** FY99	Uncompensated Care to NPR FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99
Average (all-rehab)		-	-	7.75%	1.97%	50.46%	8.25%
Average (for-profit)		16.82%	13.77%	11.35%	1.34%	58.27%	3.99%
Healthsouth Harmarville <sup>1, 3, 6, 12</sup>	1	22.00%	16.16%	16.22%	1.80%	41.93%	5.23%
Healthsouth Pittsburgh <sup>1, 3, 12, 17</sup>	1	15.27%	14.80%	9.43%	1.15%	71.34%	NR
Healthsouth Erie <sup>1, 3, 6, 11, 12</sup>	2	8.67%	8.94%	5.93%	0.92%	60.81%	7.36%
Healthsouth Altoona <sup>1, 3, 12</sup>	3	12.63%	8.83%	9.23%	0.57%	69.39%	2.80%
Healthsouth Nittany <sup>1, 3, 6, 12</sup>	4	11.34%	12.02%	7.65%	0.17%	63.49%	4.27%
Penn State Geisinger <sup>1, 3, 12</sup>	4	15.55%	NA	3.58%	1.21%	78.51%	0.12%
Healthsouth Mechanicsburg <sup>1, 3, 12</sup>	5	23.57%	19.97%	15.35%	1.45%	53.44%	1.37%
Healthsouth York <sup>1, 3, 12</sup>	5	19.73%	17.10%	13.43%	3.01%	50.72%	4.96%
Healthsouth Reading <sup>1, 3, 6, 12</sup>	7	15.26%	5.24%	11.65%	0.87%	61.75%	4.46%

\* Healthsouth Reading operated as a non-profit facility during FY97 and FY98, and Healthsouth Harmarville operated as a non-profit facility during FY97. For those years that these facilities operated as non-profit, total margin was used in the calculation of the 3-yr average pre-tax margin.

\*\* Net of state and federal income taxes. At the Council's request, Healthsouth, Inc. prorated the federal and state income taxes incurred by the Parent Corporation to their individual facilities. Penn State Geisinger operates as a limited partnership and the FY99 net margin reflects the total net income realized by the facility, including minority interests.

Footnotes on Page 44.

## HIGHLIGHTS: Psychiatric Care

- The total number of inpatient days of psychiatric care declined 4.4% during fiscal year 1999 (FY99). This decline was primarily driven by the 7.4% reduction in patient days at state psychiatric facilities operated by the Department of Public Welfare (DPW). [Page 23]
- The number of people receiving treatment (discharges) at freestanding psychiatric facilities increased about 6.8% during FY99. Discharges at psychiatric units at general acute care (GAC) facilities remained relatively constant. [Page 23]
- The continuing trend toward shorter average lengths of stay for inpatient psychiatric care continued during FY99, but the rate of decline slowed considerably. [Page 23]
- After a 24% decline in net patient revenue (NPR) between FY94 and FY98, total NPR at psychiatric facilities increased 8% during FY99. [Page 25]
- For the first time since FY94, the psychiatric facilities as a group have experienced a positive average total margin (0.9%). However, excluding three facilities that experienced total margins below -25% and one facility that had a large positive margin, the average total margin for the remaining seventeen facilities is a positive 3.4%. [Page 25]
- The DPW reduced the capacity at state facilities by 284 staffed beds or 7.5% during FY99 and 1,342 staffed beds since FY94. The DPW still provided 47% of inpatient psychiatric care, as measured by patient days, and all but 3% of the cost of this care was underwritten by state and federal funds. [Page 24]

## PSYCHIATRIC CARE

The Commonwealth is the largest provider of psychiatric care in the state through the Pennsylvania Department of Public Welfare (DPW). The DPW's nine psychiatric facilities (state facilities) provided about 47% of all inpatient days of psychiatric care during fiscal year 1999 (FY99), as shown in Figure P-1 and Table P-1.

Almost half of all general acute care facilities operate psychiatric units (GAC psychiatric units). These 102 GAC psychiatric units provided about 32% of inpatient psychiatric care inpatient days during FY99.

The remaining 21% of inpatient psychiatric care in FY99 was provided by the 20 freestanding psychiatric facilities.

The annual statewide total number of days of inpatient psychiatric care has declined 4.4% during FY99 and by 25.6% during the five-year period between FY94 and FY99 shown in Table P-1 and Figure P-2. Most of the FY99 decline in psychiatric patient days was driven by

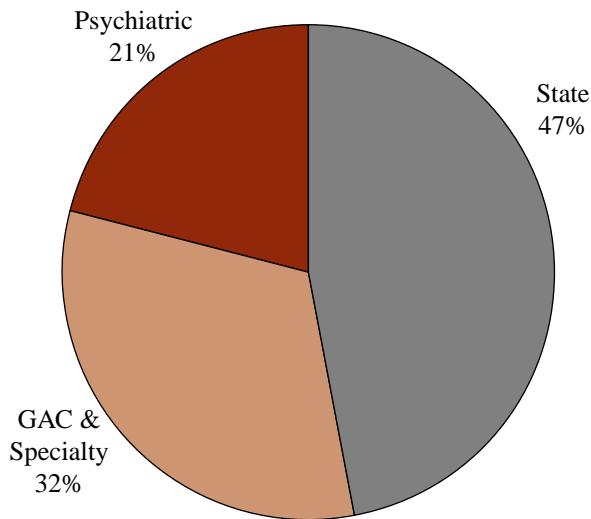
the 7.4% decline in patient days at the state facilities. Psychiatric patient days at GAC facilities declined 2.1% while psychiatric facilities experienced a decline of less than one percent (0.5%) during the year.

Although statewide patient days of psychiatric care are declining, the number of discharges at psychiatric facilities increased 6.8% during FY99 as seen in Figure P-3. Since FY94 the number of discharges at psychiatric facilities has grown 32.8%.

The number of discharges at GAC psychiatric units has remained relatively constant since FY96. However, the number of inpatient discharges for psychiatric care at GAC facilities during FY99 is about 3.6% greater than the FY94 level.

The continuous reduction in the average length of stay resulting from the combination of declining inpatient days and increasing discharges is shown in Figure P-4 on page 25.

**FIGURE P-1**  
Psychiatric Care Patient Days, FY99



**FIGURE P-2**  
Psychiatric Care Patient Days

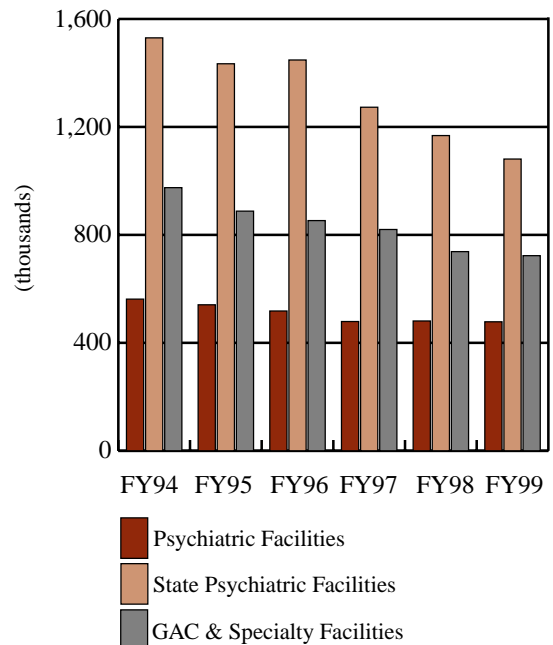


TABLE P-1

Psychiatric Utilization by Facility Category

<i>Patient Days</i>	FY94	FY95	FY96	FY97	FY98	FY99
Psych Patients at Psychiatric Facilities	561,668	540,706	517,750	479,187	480,765	478,356
Psych Patients at State Psychiatric Facilities	1,529,803	1,433,590	1,447,964	1,272,597	1,168,093	1,081,464
Psych Patients at GAC Facilities	959,335	872,548	836,877	802,244	738,177	722,983
Psych Patients at Specialty Facilities	15,773	15,218	16,109	17,470	0	0
Total Psychiatric Care	3,066,579	2,862,062	2,818,700	2,571,498	2,387,035	2,282,803

<i>Discharges</i>	FY94	FY95	FY96	FY97	FY98	FY99
Psych Patients at Psychiatric Facilities	31,300	33,893	34,742	35,502	38,930	41,559
Psych Patients at State Psychiatric Facilities	3,137	2,813	2,421	2,366	2,595	2,107
Psych Patients at GAC Facilities	69,843	69,965	71,532	72,897	72,725	72,338
Psych Patients at Specialty Facilities	1,050	952	996	997	0	0
Total Psychiatric Care	105,330	107,623	109,691	111,762	114,250	116,004

<i>Beds</i>	FY94	FY95	FY96	FY97	FY98	FY99
Psych Beds at Psychiatric Facilities	2,023	1,982	1,974	1,879	1,880	1,923
Psych Beds at State Psychiatric Facilities	4,866	4,673	4,063	3,925	3,808	3,524
Psych Beds at GAC Facilities	3,475	3,375	3,233	3,290	3,167	3,148
Psych Beds at Specialty Facilities	50	50	50	55	0	0
Total Psychiatric Care	10,414	10,080	9,320	9,149	8,855	8,595

<i>Occupancy Rate</i>	FY94	FY95	FY96	FY97	FY98	FY99
Psych Care at Psychiatric Facilities	75.88%	77.38%	74.69%	72.30%	70.61%	69.83%
Psych Care at State Psychiatric Facilities	87.55%	85.67%	90.21%	87.33%	76.31%	83.55%
Psych Care at GAC Facilities	75.84%	71.30%	70.77%	67.57%	65.57%	66.15%
Psych Care at Specialty Facilities	86.43%	83.39%	88.03%	88.10%	0.00%	0.00%
Total Psychiatric Care	81.33%	79.19%	80.56%	77.29%	71.52%	74.30%

Because a substantial number of patients in state psychiatric facilities stay longer than one year, the number of discharges is not a good indicator of the number of patients receiving care at state facilities. Similarly, the average length of stay cannot be calculated from annual discharge data.

The DPW reduced the number of staffed beds at state facilities by 284 or 7.5% during FY99. Because the number of bed days available declined faster than the number of inpatient days, occupancy rate improved over 5 points to 83.6%. Since FY94, 1,342 beds have been taken out of service, about a 28% reduction in capacity over the period.

Patients in the 35 - 44 year age group make up the largest component of inpatient psychiatric care at psychiatric facilities and units (Figure P-5). There are more

FIGURE P-3

Psychiatric Care Discharges

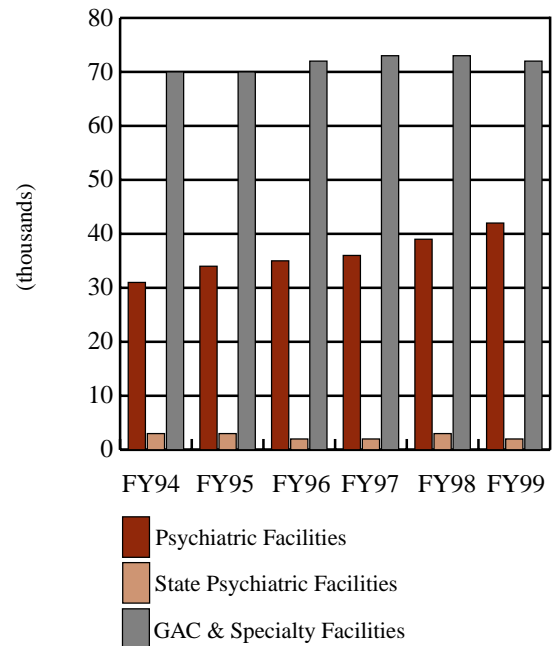
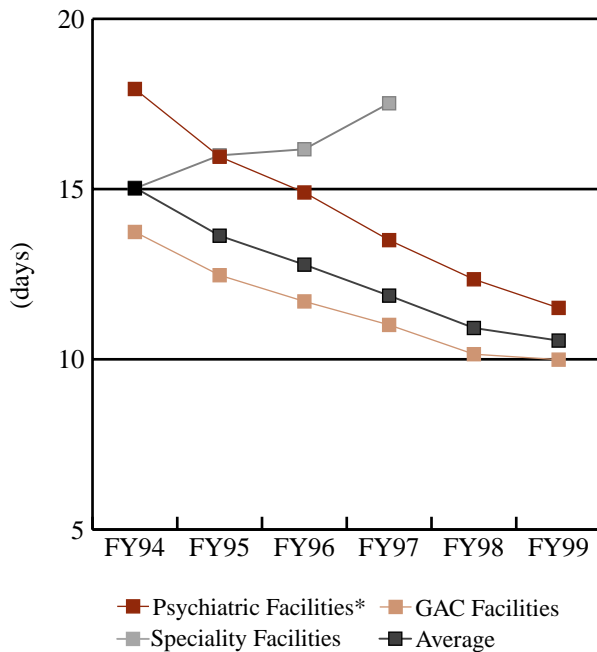




FIGURE P-4

Psychiatric Care Average Length of Stay



\* Excludes state psychiatric facilities.

patients receiving care for drug and alcohol disorders in this age group.

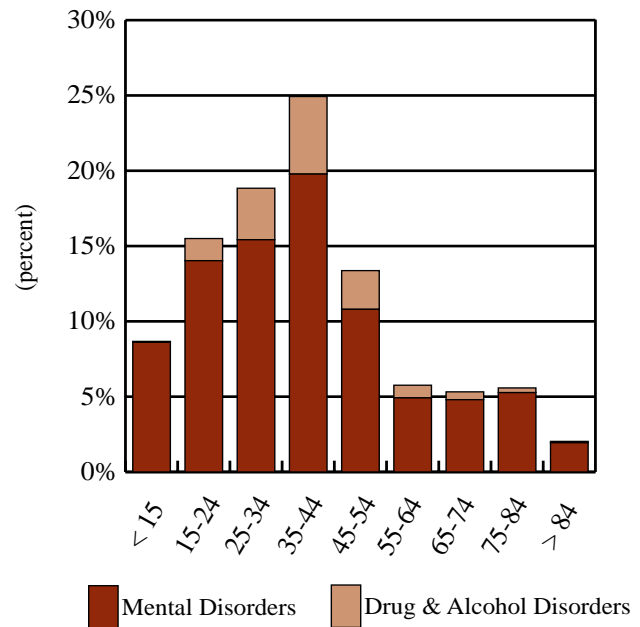
The distribution of discharges at GAC psychiatric units and psychiatric facilities (not including state facilities) by clinical classification is illustrated in Figure P-6. These eight classifications<sup>1</sup> listed represent 98% of all discharges during FY99. A disproportionate share of patients with substance-related, alcohol-related and senility and organic disorders are treated at GAC facilities.

The average length of stay ranged from 8.2 days to 76.8 days for the 13 reporting psychiatric facilities as illustrated in Table P-2. This range reflects the wide variation in the mix of patients and nature of care performed at psychiatric facilities.

<sup>1</sup> Discharges were grouped into classifications from the ICD-9-CM codes reported by the facilities. These groupings were performed using the Clinical Classification Software developed by AHRQ's Center for Organization and Delivery Studies, Healthcare Cost and Utilization Project (HCUP).

FIGURE P-5

Psychiatric Care Age Distribution\*, FY99



\* Excludes state psychiatric facilities.

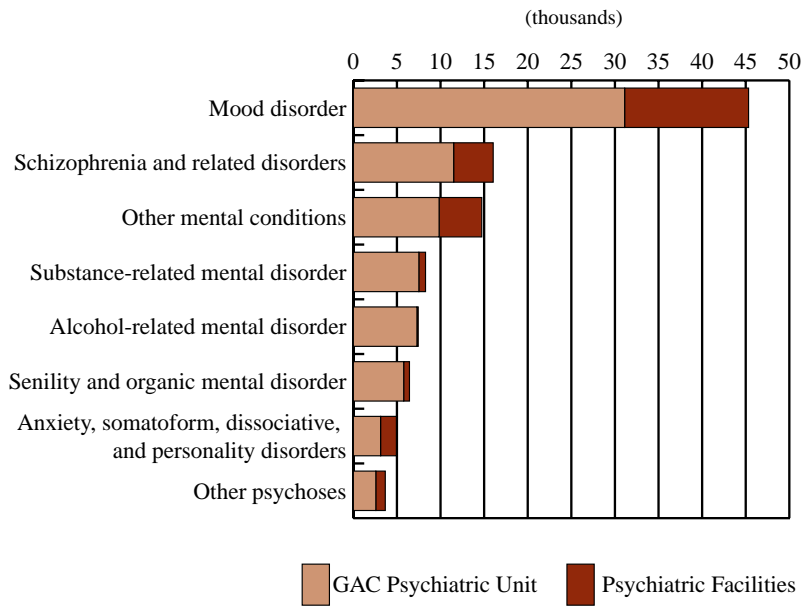
Statewide net patient revenue (NPR) for psychiatric facilities declined 24.0% between FY94 and FY98 as reflected in Table P-3. In contrast, NPR grew 8.0% during FY99.

As a group, psychiatric facilities experienced negative total margins between FY95 and FY98. During FY99, the average total margin improved to a positive 0.9% shown in Figure P-7. The reason for this improvement is that during FY99 average operating revenues increased 7.7% while the growth in operating expenses was held to less than one percent (0.3%).

These statewide average operating and total margins may not provide an accurate reflection of the financial health of the majority of psychiatric facilities during FY99. Three of the reporting facilities experienced

FIGURE P-6

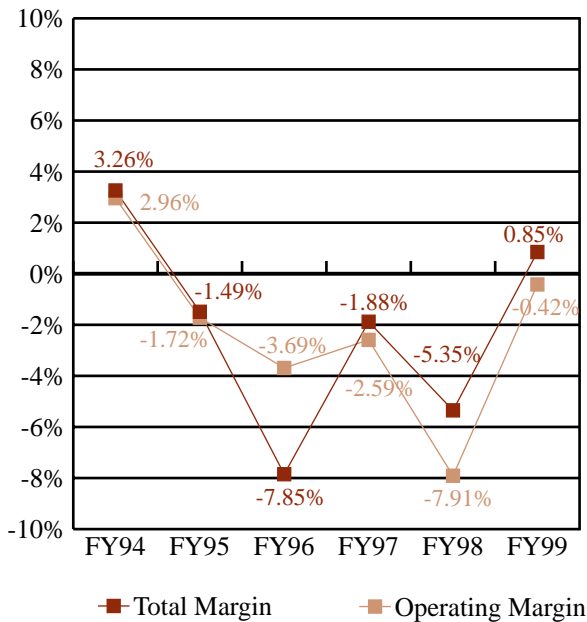
Psychiatric Discharges\* by Clinical Classification, FY99



\* Excludes state psychiatric facilities.

FIGURE P-7

Operating and Total Margin at Psychiatric Facilities\*



\* Excludes state psychiatric facilities.

margins below -25% and one facility realized a positive margin above 35%. Excluding these four facilities, the average operating margin becomes a positive 1.4% and total margin increases to a positive 3.4%.

For-profit corporations (Footnote 12) operate nine of the 20 facilities listed on Table P-4. The margins presented for these facilities do not reflect any tax liability incurred by the parent corporations. Consequently, the actual margins realized by the parent corporation might be lower than the margins presented on Table P-4.

The Commonwealth underwrites about 77% of the cost of the care provided at the nine state psychiatric facilities seen in Table P-5. Of the 23% of the total expenses covered by patient revenue, 87% of that revenue comes from the Medicare and Medical Assistance programs. Consequently, only about 3% of the expenses to operate the state facilities are provided by private insurance and individuals.

**TABLE P-2**

## Utilization and Capacity at Psychiatric Facilities, FY99

Hospital	Patient Days	Bed Days Available	Occupancy Rate	Discharges	Beds	Average Length of Stay
Belmont Center	46,858	53,655	87.33%	4,716	147	9.94
Charter Fairmount	36,666	55,334	66.26%	4,399	146	8.34
Clarion Psych Center	12,349	20,600	59.95%	939	70	13.15
Delaware Valley Mental	24,046	24,870	96.69%	313	70	76.82
Edgewater Psych Center	NR	NR	NR	NR	NR	NR
Eugenia Hospital	NR	NR	NR	NR	NR	NR
First Wyoming	30,107	35,040	85.92%	2,334	96	12.90
Friends Hospital	NR	NR	NR	NR	NR	NR
Horsham Hospital	46,172	55,042	83.89%	3,254	146	14.19
Kirkbride Center	34,426	51,712	66.57%	3,079	163	11.18
Lakewood Psych	NR	NR	NR	NR	NR	NR
Mapleton Psychiatric	NR	NR	NR	NR	NR	NR
Meadows Psych Center	31,094	36,865	84.35%	1,781	101	17.46
Montgomery Cty ES	17,562	19,345	90.78%	2,153	53	8.16
National Kids Crisis	19,482	26,280	74.13%	1,209	72	16.11
Northwestern Psych	NR	NR	NR	NR	NR	NR
Philhaven Hospital	19,382	30,295	63.98%	1,706	83	11.36
Southwood Psych	10,842	17,068	63.52%	382	80	28.38
Child Guidance Center	6,877	8,760	78.50%	545	24	12.62
Villa St John Vianney	NR	NR	NR	NR	NR	NR

NR - Not Reported

**TABLE P-3**

## Revenue, Expenses and Income for Psychiatric Facilities\*

	FY94	FY95	FY96	FY97	FY98	FY99
Net Patient Revenue	\$316,596,623	\$297,639,125	\$273,950,864	\$258,887,161	\$240,447,184	\$259,647,253
Total Operating Revenue	\$329,739,622	\$312,193,926	\$304,165,772	\$277,251,593	\$252,779,855	\$272,307,797
Total Operating Expenses	\$319,388,471	\$317,575,655	\$313,381,626	\$284,428,014	\$272,772,696	\$273,452,185
Operating Income	\$9,771,753	(\$5,381,729)	(\$11,227,495)	(\$7,176,421)	(\$19,992,841)	(\$1,144,388)
Nonoperating Income and Extraordinary Item	\$1,063,604	\$700,778	(\$12,991,233)	\$1,894,098	\$6,137,936	\$3,222,992
Revenue over Expenses	\$10,835,357	(\$4,680,951)	(\$24,218,728)	(\$5,282,323)	(\$13,854,905)	\$2,078,604

\* Excludes state psychiatric facilities.

TABLE P-4

Psychiatric Facility	Region	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY96-FY99	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY96-FY99	
		FY99	FY98	FY97	FY96		FY99	FY98	FY97	FY96		
		\$ 13	\$ 11	\$ 12	\$ 12		\$ 13	\$ 13	\$ 14	\$ 14		-4.25%
<b>Average</b>												
Lakewood Psych <sup>12, 14, 15</sup>	1	NR	\$3	\$3	\$4	NR	NR	\$3	\$3	\$4	NR	
Southwood Psych <sup>1, 2, 5, 6, 8, 12, 17</sup>	1	\$4	\$9	\$6	\$5	-9.74%	\$4	\$8	\$7	\$6	-13.86%	
Clarion Psych Center <sup>1, 12</sup>	2	\$8	\$7	\$7	\$8	0.44%	\$5	\$5	\$5	\$6	-5.15%	
Meadows Psych Center <sup>1, 12</sup>	4	\$17	\$15	\$17	\$15	2.55%	\$15	\$13	\$13	\$13	3.35%	
Edgewater Psych Center <sup>15</sup>	5	NR	\$16	\$13	\$10	NR	NR	\$16	\$13	\$10	NR	
Philhaven Hospital	5	\$23	\$21	\$21	\$20	4.84%	\$24	\$23	\$23	\$22	2.81%	
First Wyoming <sup>9, 17</sup>	6	\$12	\$12	\$11	\$11	4.69%	\$11	\$11	\$11	\$11	0.78%	
National Kids Crisis <sup>1, 2, 17</sup>	7	\$17	\$15	\$11	\$8	37.47%	\$15	\$13	\$12	\$11	12.05%	
Delaware Valley Mental <sup>17</sup>	8	\$9	\$8	\$8	\$6	21.89%	\$8	\$7	\$7	\$6	12.94%	
Eugenia Hospital <sup>12, 15</sup>	8	NR	NR	\$20	\$20	NR	NR	NR	\$19	\$18	NR	
Horsham Hospital <sup>1, 12</sup>	8	\$24	\$22	\$26	\$20	6.75%	\$30	\$27	\$18	\$20	4.57%	
Mapleton Psychiatric <sup>2, 9, 19</sup>	8	NR	NR	\$6	\$6	NR	NR	NR	\$7	\$7	NR	
Montgomery Cty ES <sup>1, 17</sup>	8	\$7	\$6	\$5	\$7	0.23%	\$8	\$8	\$7	\$7	3.53%	
Northwestern Psych <sup>12, 15</sup>	8	NR	NR	\$11	NR	NR	NR	NR	\$15	NR	NR	
Villa St John Vianney <sup>2, 17</sup>	8	\$3	\$3	\$4	\$4	-3.92%	\$4	\$3	\$4	\$4	-1.01%	
Belmont Center	9	\$25	\$24	\$23	\$21	5.76%	\$26	\$25	\$24	\$23	4.50%	
Charter Fairmount <sup>1, 12, 16</sup>	9	\$16	NR	\$15	\$14	5.73%	\$17	NR	\$16	\$18	-0.59%	
Child Guidance Center <sup>2, 17</sup>	9	\$8	\$4	\$6	\$8	0.98%	\$14	\$15	\$17	\$16	-3.25%	
Friends Hospital <sup>19</sup>	9	NR	\$32	\$31	\$35	NR	NR	\$35	\$33	\$37	NR	
Kirkbride Center <sup>1, 12</sup>	9	\$13	\$8	NA	NA	NA	\$18	\$8	NA	NA	NA	

Footnotes on Page 44.

TABLE P-4 (CONTINUED)

Psychiatric Facility	Region	Operating Margin FY99	Total Margin FY99	3-yr Average Total Margin FY97-FY99	Uncompensated Care to NPR FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99
Average		-0.42%	0.85%	-2.18%	4.08%	10.93%	61.01%
Lakewood Psych <sup>12, 14, 15</sup>	1	NR	NR	NR	NR	NR	NR
Southwood <sup>1, 2, 5, 6, 8, 12, 17</sup>	1	4.64%	4.89%	2.33%	4.44%	0.00%	84.90%
Clarion Psych Center <sup>1, 12</sup>	2	35.93%	35.93%	31.45%	2.55%	5.10%	72.03%
Meadows Psych Center <sup>1, 12</sup>	4	14.51%	14.51%	13.65%	2.77%	6.05%	62.98%
Edgewater Psych Center <sup>15</sup>	5	NR	NR	NR	NR	NR	NR
Philhaven Hospital	5	1.12%	3.12%	1.42%	1.74%	5.54%	48.08%
First Wyoming <sup>9, 17</sup>	6	9.39%	9.39%	6.15%	2.47%	NR	NR
National Kids Crisis <sup>1, 2, 17</sup>	7	8.31%	8.31%	3.84%	1.49%	0.00%	67.27%
Delaware Valley Mental <sup>17</sup>	8	9.68%	12.13%	10.10%	1.08%	NR	NR
Eugenia Hospital <sup>12, 15</sup>	8	NR	NR	NR	NR	NR	NR
Horsham Hospital <sup>1, 12</sup>	8	-27.65%	-27.65%	-9.11%	2.34%	10.97%	56.32%
Mapleton Psychiatric <sup>2, 9, 19</sup>	8	NR	NR	NR	NR	NR	NR
Montgomery Cty ES <sup>1, 17</sup>	8	2.91%	3.40%	3.49%	6.94%	10.48%	70.18%
Northwestern Psych <sup>12, 15</sup>	8	NR	NR	NR	NR	NR	NR
Villa St John Vianney <sup>2, 17</sup>	8	-3.78%	11.60%	16.03%	NR	0.00%	0.00%
Belmont Center	9	3.08%	3.65%	3.17%	2.99%	25.36%	50.54%
Charter Fairmount <sup>1, 12, 16</sup>	9	-9.59%	-9.59%	NR	2.18%	NR	NR
Child Guidance Center <sup>2, 17</sup>	9	-31.31%	-30.77%	-41.47%	NR	0.00%	82.17%
Friends Hospital <sup>19</sup>	9	NR	NR	NR	NR	NR	NR
Kirkbride Center <sup>1, 12</sup>	9	-28.99%	-28.99%	NA	11.58%	26.35%	71.38%

Footnotes on Page 44.

TABLE P-5

State Psychiatric Facility	Region	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY96-FY99	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY96-FY99
		FY99	FY98	FY97	FY96		FY99	FY98	FY97	FY96	
<b>Average</b>		<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 11</b>	<b>\$ 12</b>	<b>-10.32%</b>	<b>\$ 44</b>	<b>\$ 40</b>	<b>\$ 40</b>	<b>\$ 40</b>	<b>-3.04%</b>
Mayview State Hospital	1	\$11	\$11	\$19	\$25	-19.21%	\$60	\$60	\$62	\$70	-4.90%
Torrance State Hospital	1	\$11	\$11	\$12	\$12	-3.52%	\$38	\$35	\$35	\$35	3.08%
Warren State Hospital	2	\$9	\$9	\$10	\$10	-4.27%	\$35	\$34	\$34	\$38	-2.66%
Danville State Hospital	4	\$9	\$11	\$13	\$15	-12.96%	\$31	\$31	\$31	\$33	-2.65%
Harrisburg State Hospital	5	\$9	\$8	\$8	\$9	-1.55%	\$38	\$38	\$35	\$36	1.82%
Clarks Summit State Hospital	6	\$9	\$13	\$12	\$17	-14.16%	\$35	\$35	\$32	\$38	-1.98%
Allentown State Hospital	7	\$7	\$8	\$9	\$9	-6.05%	\$34	\$35	\$35	\$36	-2.07%
Wernersville State Hospital	7	\$9	\$8	\$8	\$10	-4.18%	\$35	\$35	\$33	\$34	0.71%
Norristown State Hospital	8	\$17	\$12	\$12	\$12	12.14%	\$93	\$74	\$68	\$70	11.05%

Footnotes on Page 44.

TABLE P-5 (CONTINUED)

State Psychiatric Facility	Region	Percent of Expenses not covered by NPR FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99
<b>Average</b>		<b>77.15%</b>	<b>22.28%</b>	<b>64.24%</b>
Mayview State Hospital	1	82.01%	25.97%	59.69%
Torrance State Hospital	1	70.61%	17.06%	68.75%
Warren State Hospital	2	73.70%	22.41%	61.83%
Danville State Hospital	4	70.54%	20.34%	68.51%
Harrisburg State Hospital	5	77.11%	20.81%	60.31%
Clarks Summit State Hospital	6	73.18%	19.56%	69.61%
Allentown State Hospital	7	78.19%	27.50%	59.40%
Wernersville State Hospital	7	74.64%	21.84%	65.64%
Norristown State Hospital	8	82.23%	24.61%	63.60%

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## LONG TERM ACUTE CARE

This small, five-facility sector of Pennsylvania’s health care system continued to experience strong growth in the level of inpatient long-term acute care (LTAC) provided during fiscal year 1999 (FY99). Discharges for LTAC care grew by 9.6% and patient days of care increased 12.3% over FY98.

Freestanding LTAC facilities are a relatively new sector, beginning with one facility in FY94 and growing to five facilities by FY98.

Total patient days of care provided at LTAC facilities grew a modest 3.2% because two of the facilities, AUH-Forbes Metropolitan and Girard Medical Center, phased out their skilled nursing care activities. During FY98, skilled nursing represented 8.1% of the patient days of care provided at LTAC facilities.

In response to the steady growth in LTAC care shown on Figure L-1 and Table L-1, 88 LTAC beds were added during FY99. This represents a 22% growth in LTAC

capacity. Since the number of LTAC beds grew faster than the number of patient days, the average occupancy rate for LTAC beds fell from 68.3% in FY98 to 61.6% during FY99.

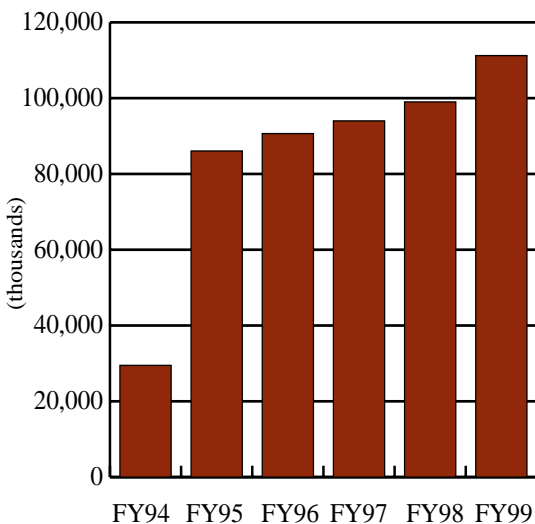
The top eight clinical classifications for patients discharged from LTAC facilities during FY99 are presented in Table L-2. These eight classifications<sup>1</sup> represent 70% of the discharges during the fiscal year. Approximately one third of the patients in this group are receiving care for psychiatric disorders.

The age distribution of inpatients receiving LTAC care is presented in Figure L-2. This distribution is indicative of both extended care facilities, which serve a predominately elderly population, and psychiatric care facilities where the majority of patients are in the 25 to 54 year age range.

Consistent with the age distribution of LTAC patients, Figure L-3 shows that 63.1% of net patient revenue

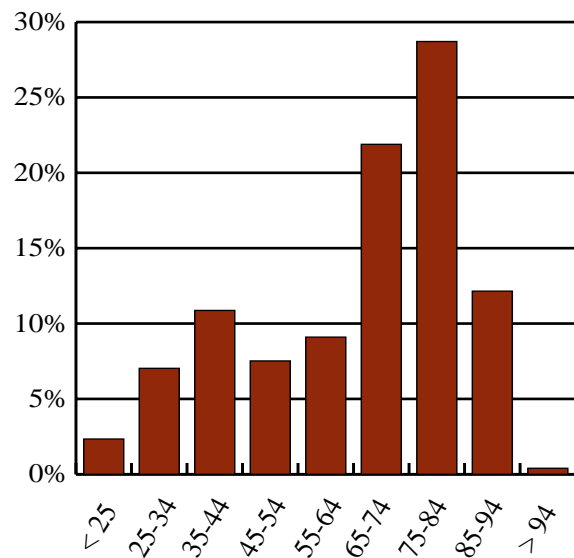
**FIGURE L-1**

LTAC Patient Days



**FIGURE L-2**

LTAC Age Distribution at LTAC Facilities, FY99



<sup>1</sup> Discharges were grouped into classifications from the ICD-9-CM codes reported by the facilities. These groupings were performed using the Clinical Classification Software developed by AHRQ’s Center for Organization and Delivery Studies, Healthcare Cost and Utilization Project (HCUP).



**TABLE L-1**

All Services at LTAC Hospitals

<i>Patient Days</i>	<b>FY94</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
Long Term Acute Care	29,485	86,058	90,651	93,997	98,999	111,230
Skilled Nursing Care	0	0	0	10,574	8,734	5
Total	29,485	86,058	90,651	104,571	#####	111,235
<i>Discharges</i>	<b>FY94</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
Long Term Acute Care	901	2,923	3,089	3,263	3,159	3,463
Skilled Nursing Care	0	0	0	337	251	0
Total	901	2,923	3,089	3,600	3,410	3,463
<i>Patient Beds</i>	<b>FY94</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
Long Term Acute Care	130	402	351	389	400	488
Skilled Nursing Care	0	0	0	75	75	20
Total	130	402	351	464	475	508
<i>Outpatient Visits</i>	<b>FY94</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
Total	NC	NC	65,170	50,309	46,243	41,648
<i>Occupancy Rate</i>	<b>FY94</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
Long Term Acute Care	62.14%	58.65%	76.13%	70.62%	68.29%	61.57%
Skilled Nursing Care	0.00%	0.00%	0.00%	38.63%	50.30%	1.92%
Total	62.14%	58.65%	76.13%	65.16%	66.37%	61.49%

NC=Not Captured

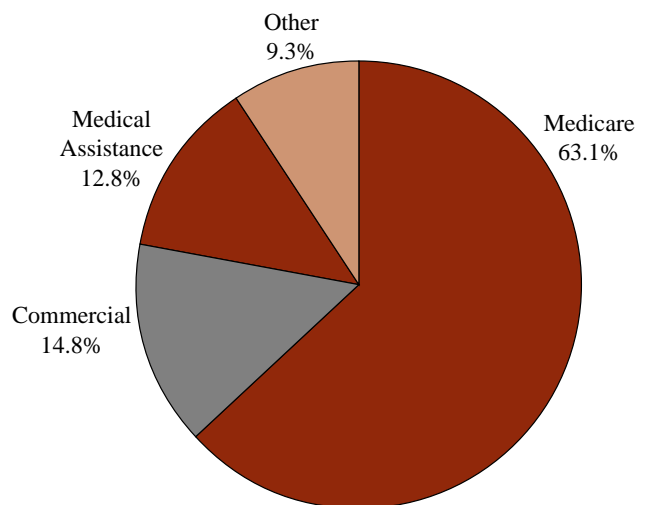
(NPR) was received from Medicare. In contrast, general acute care facilities in Pennsylvania received an average of 45.5% of their revenue from Medicare. Consequently, like rehabilitation facilities, LTAC facilities may be more vulnerable to changes in the Medicare program.

Figure L-3 shows that 12.8% of LTAC revenue is provided by the Medical Assistance (MA) program. However, this sector-wide average is influenced by the Girard Medical Center, which receives 37% of its patient revenue from the MA program. The remaining LTAC facilities received an average of 0.9% of their patient revenue from MA during FY99.

The LTAC facilities also provided outpatient care during FY99, which generated an average of 11.6% of their net patient revenue. The number of outpatient visits to the LTAC facilities declined 9.9% during FY99 and 36% since FY96 as shown on Table L-1. This decline was

**FIGURE L-3**

Payor Share of Net Patient Revenue at LTAC Facilities, FY99



the result of a reduction in outpatient visits at AUH-Forbes Metropolitan and Mercy Special Care Hospital.

Table L-4 shows that the two non-profit LTAC facilities providing financial data experienced negative total margins during FY99. In contrast, the two for-profit LTAC facilities operated by Vencor, Inc realized an average after-tax net margin of 8.4%.

Although Mercy Special Care Hospital ended the fiscal year with a negative total margin, its net assets actually increased as a result of an equity transfer from its parent, Mercy Health Partners.

In its audited financial statement the North Philadelphia Health System, parent organization of Girard Medical Center, outlined its plan to improve its financial health by increasing revenues and reducing expenses during FY00.

**TABLE L-2**

LTAC Discharges by Clinical Classifications, FY99

	<i>percent</i>
Adult Respiratory Failure, Insufficiency or Arrest	16.87%
Schizophrenia and Related Disorders	14.07%
Affective (Mood) Disorders	13.06%
Abnormal Gait and Miscellaneous Nerve and Muscle Symptoms	10.54%
Senility and Organic Disorders	8.80%
Chronic Obstructive Pulmonary Disease & Bronchiectasis	2.53%
Pneumonia	2.47%
Septicemia	1.77%

**TABLE L-3**

LTAC Utilization by Facility, FY99

<i>Long Term Acute Care Facilities</i>	Patient Days	Bed Days Available	Occupancy Rate	Discharges	Beds	Average Length of Stay
AUH, Forbes Metropolitan	35,098	53,460	65.65%	1,259	135	27.88
Girard Medical Center	30,391	66,430	45.75%	1,129	182	26.92
Mercy Special Care Hospital	15,345	18,780	81.71%	445	56	34.48
Vencor Hospital /Philadelphia	14,120	18,980	74.39%	304	52	46.45
Vencor Hospital /Pittsburgh	16,276	22,995	70.78%	326	63	49.93

TABLE L-4

Long Term Care Facility	Region	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY96-FY99	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY96-FY99
		FY99	FY98	FY97	FY96		FY99	FY98	FY97	FY96	
<b>Average</b>		<b>\$ 18</b>	<b>\$ 17</b>	<b>\$ 16</b>	<b>\$ 19</b>	<b>5.81%</b>	<b>\$ 20</b>	<b>\$ 19</b>	<b>\$ 17</b>	<b>\$ 20</b>	<b>7.61%</b>
AUH /Forbes Metro <sup>5, 6, 14, 16</sup>	1	NR	\$22	\$30	\$33	NR	NR	\$33	\$33	\$35	NR
Vencor /Pittsburgh <sup>1, 12, 17</sup>	1	\$16	\$12	\$2	NA	NA	\$14	\$10	\$4	NA	NA
Mercy Special Care <sup>1</sup>	6	\$8	\$7	\$7	\$7	2.83%	\$9	\$8	\$8	\$8	4.70%
Girard Medical Center <sup>17</sup>	9	\$30	\$31	\$33	\$33	-3.62%	\$32	\$33	\$33	\$34	-1.23%
Vencor /Philadelphia <sup>1, 3, 12</sup>	9	\$13	\$12	\$9	\$3	130.85%	\$11	\$10	\$8	\$4	65.95%

TABLE L-4 (CONTINUED)

Long Term Care Facility (non-profit)	Region	Operating Margin FY99	Total Margin FY99	3-yr Average Total Margin FY97-FY99	Uncompensated Care to NPR FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99
<b>Average (all-LTC)</b>		<b>--</b>	<b>-5.04%</b>	<b>--</b>	<b>8.33%</b>	<b>63.01%</b>	<b>12.81%</b>
<b>Average (non-profit)</b>		<b>-22.19%</b>	<b>-11.58%</b>	<b>300.00%</b>	<b>9.15%</b>	<b>60.10%</b>	<b>18.95%</b>
AUH /Forbes Metro <sup>5, 6, 14, 16</sup>	1	NR	NR	NR	NR	83.17%	0.81%
Mercy Special Care <sup>1</sup>	6	-13.92%	-12.75%	-11.49%	3.68%	78.12%	3.16%
Girard Medical Center <sup>17</sup>	9	-5.60%	-5.60%	0.29%	13.44%	37.71%	36.98%

TABLE L-4 (CONTINUED)

Long Term Care Facility (for-profit)	Region	Pre-tax Margin FY99	3-yr Average Pre-tax Margin FY97-FY99	Net Margin* FY99	Uncompensated Care to NPR FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99
<b>Average (all-LTC)</b>		<b>--</b>	<b>--</b>	<b>-5.04%</b>	<b>8.33%</b>	<b>63.01%</b>	<b>12.81%</b>
<b>Average (for-profit)</b>		<b>13.59%</b>	<b>10.28%</b>	<b>8.36%</b>	<b>6.65%</b>	<b>68.94%</b>	<b>0.28%</b>
Vencor /Pittsburgh <sup>1, 12, 17</sup>	1	14.10%	8.71%	8.67%	3.50%	64.53%	0.00%
Vencor /Philadelphia <sup>1, 3, 12</sup>	9	12.96%	11.70%	8.00%	10.58%	74.45%	0.62%

\* Net of state and federal income taxes. At the Council's request, Vencor, Inc. prorated the federal and state income taxes incurred by the parent corporation to their individual facilities.

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## SPECIALTY CARE

Specialty facilities provide unique types of patient care that do not fall under the other categories of non-general acute care (GAC). There are seven facilities in this category. Four of the seven facilities did not comply with the Council's filing requirements and are not addressed in this section.

In lieu of an analysis of the trends in utilization and financial health of this very diverse category of facilities, this section presents a brief summary of each of the three compliant facilities, based on data available at the end of fiscal year 1999 (FY99).

Children's Home of Pittsburgh is an eight-bed inpatient non-profit transitional infant care facility that provides an intermediate level of medical care for infants who have passed the life-threatening stage of their illness, but continue to require medical monitoring, care and supervision.

Children's Home has experienced a three-year average annual growth in total operating revenue of 4.3% between FY96-FY99 while expenses have grown an average of 7.4% as shown in Table S-1. Consequently, the Home has experienced a growing operating deficit. However, as a result of contributions, investment earnings, and other asset-related gains, the hospital continues to realize positive total margins averaging over 15% during this time period.

Eagleville Hospital is a 272-bed inpatient drug and alcohol treatment facility, of which 100 beds are for acute care. While its total operating revenue increased 7.4% during FY99, operating expenses increased 11.0%. As a result, the hospital realized a -2.6% operating loss for FY99. The hospital still experienced a positive total margin of 11.7% primarily as a result of a \$1.96 million transition grant from the state and federal government. This grant assisted the hospital in adjusting to the reduction of funding through the Medical Assistance program. Additional grant monies were available, but were not recorded as revenue pending the resolution of specific contingencies.

Hospital of the Home for the Jewish Aged was a 28-bed unit of the Philadelphia Geriatric Center (Center) that provided acute and rehabilitation care for residents of the Center. The entire Center had 566 beds and provided a broad spectrum of care including skilled nursing and long-term care. As of July 1, 1999, the (former) Center was acquired by Temple University and Temple now operates the facility. The Philadelphia Geriatric Center will resume its operations at a new 373-bed nursing and assisted living facility, which is under construction.

TABLE S-1

Specialty Facility	Region	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY96-FY99	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY96-FY99
		FY99	FY98	FY97	FY96		FY99	FY98	FY97	FY96	
Children's Home Pgh <sup>2</sup>	1	\$2	\$2	\$2	\$2	1.99%	\$3	\$3	\$2	\$2	7.38%
Pittsburgh Specialty <sup>1, 19</sup>	1	NR	\$2	NA	\$5	NR	NR	\$4	NR	\$6	NR
Warren Dental Arts <sup>1, 2, 15</sup>	2	NR	NR	NR	\$2	NR	NR	NR	NR	\$2	NR
Eagleview Hospital <sup>17</sup>	8	\$14	\$13	\$12	\$16	-4.33%	\$14	\$13	\$12	\$16	-5.07%
Malvern Institute <sup>12, 15</sup>	8	NR	NR	\$2	NR	NR	NR	NR	\$1	NR	NR
Valley Forge Medical <sup>1, 12, 15</sup>	8	NR	\$9	NR	NR	NR	NR	\$7	NR	NR	NR
Home Jewish Aged <sup>6, 7, 9, 17</sup>	9	\$10	\$14	\$12	\$11	-1.89%	NR	\$14	\$12	\$11	NR

TABLE S-1 (CONTINUED)

Specialty Facility	Region	Operating Margin FY99	Total Margin FY99	3-yr Average Total Margin FY97-FY99	Uncompensated Care to NPR FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99
Children's Home Pgh <sup>2</sup>	1	-14.10%	11.58%	15.17%	0.47%	0.00%	34.72%
Pittsburgh Specialty <sup>1, 19</sup>	1	NR	NR	NR	NR	NR	NR
Warren Dental Arts <sup>1, 2, 15</sup>	2	NR	NR	NR	NR	NR	NR
Eagleview Hospital <sup>17</sup>	8	-2.64%	11.74%	11.33%	4.78%	10.89%	49.72%
Malvern Institute <sup>12, 15</sup>	8	NR	NR	NR	NR	NR	NR
Valley Forge Medical <sup>1, 12, 15</sup>	8	NR	NR	NR	NR	NR	NR
Home Jewish Aged <sup>6, 7, 9, 17</sup>	9	-2.88%	25.33%	18.90%	3.39%	NR	NR

Footnotes on Page 44.

## AMBULATORY SURGERY CENTER CARE

During fiscal year 1999 (FY99) there were 53 freestanding ambulatory surgery centers (ASC) required to file data with the Council. There was a net increase of four licensed facilities during FY99 and 13 new facilities since FY95.

The Council estimates that during FY99 there were about 151,300 patient visits to ASCs, an increase of 14.3% over FY98. The number of patient visits has increased by 45.5% since FY95, as illustrated in Figure A-1. Despite this steady growth, ASC visits represent less than one percent (about 0.5%) of all the outpatient visits to licensed hospitals and surgery centers reported to the Council for FY99.

Net patient revenue (NPR) per visit received by ASCs has remained relatively constant over the past five years, ranging between \$811 and \$848 as shown in Figure A-2. Although revenue per visit has remained relatively constant, the growth in the number of patients receiving treatment has resulted in significant revenue growth at the ASCs.

The average revenue per visit by individual ASCs during FY99 varied from \$244 to \$1,903. This wide range in average payment is primarily due to the variation in the

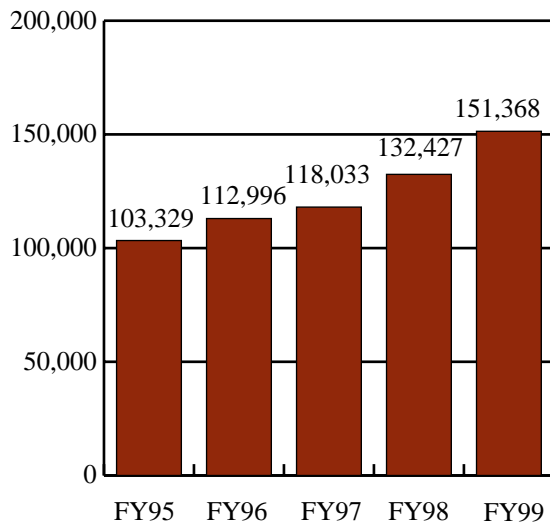
complexity of the procedures performed at the different ASCs.

Figure A-3 shows what portion of total NPR that ASCs and the outpatient units of general acute care (GAC) hospitals receive from four-payor categories. Except for the revenue received from the Medical Assistance (MA) program, the distribution of revenue by payor is similar for both ASC and GAC outpatient care. The portion of patient revenue received for patients participating in the MA program is over three times greater at GAC outpatient units than at ASCs.

The average NPR per visit at ASCs ranges from \$606 for patients participating in MA managed care to \$1,010 for patients with commercial indemnity insurance, as shown in Figure A-4. As illustrated in the Rehabilitation Section (page 12), some of the variation in the average fees received from the third-party payors can be attributed to differences in medical needs of the patient populations each payor serves. Two possible reasons for the variation in average length of stay are the differing patient populations requiring a different mix of care and differences in the reimbursement mechanisms and case management components of the payor categories.

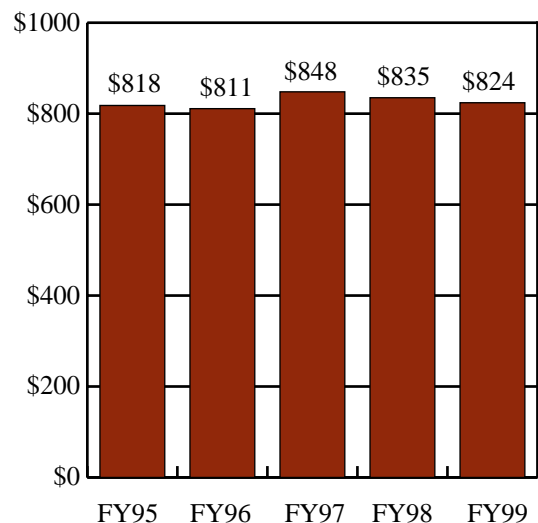
**FIGURE A-1**

Patient Visits at ASCs



**FIGURE A-2**

Average Net Patient Revenue per Visit at ASCs



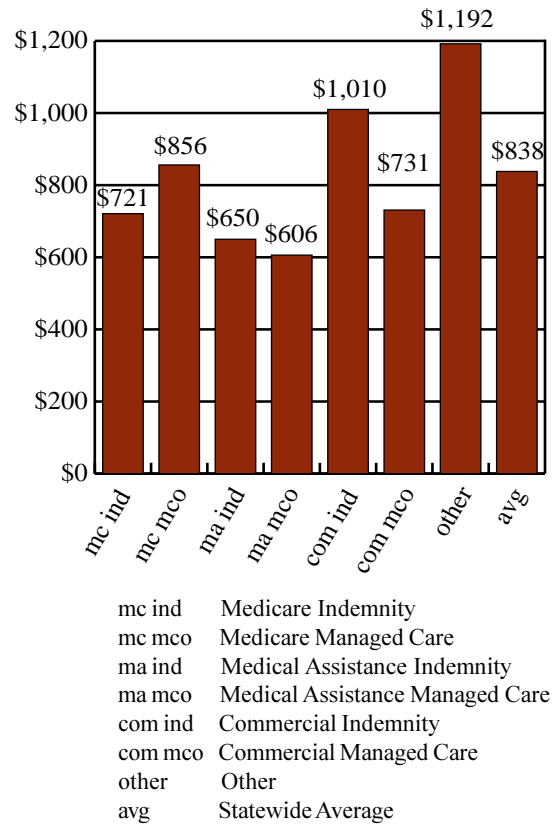
The top six procedure classifications<sup>1</sup> at ASCs and outpatient units of GAC hospitals are presented in Table A-1. Four procedure categories are among the top six of both ASCs and GAC hospitals. If Table A-1 were extended to include 16 procedure categories, the top eleven procedure classifications of both ASCs and GAC hospitals would appear.

Of the 35 ASCs analyzed, revenue and expense data over the past three years had an average annual growth in patient revenue of 9.4% and an average annual increase in expenses of 7.7%. Consequently, the average total margin for the reporting hospitals was over 15.0% during FY99.

<sup>1</sup> Discharges were grouped into classifications from the ICD-9-CM codes reported by the facilities. These groupings were performed using the Clinical Classification Software developed by AHRQ's Center for Organization and Delivery Studies, Healthcare Cost and Utilization Project (HCUP).

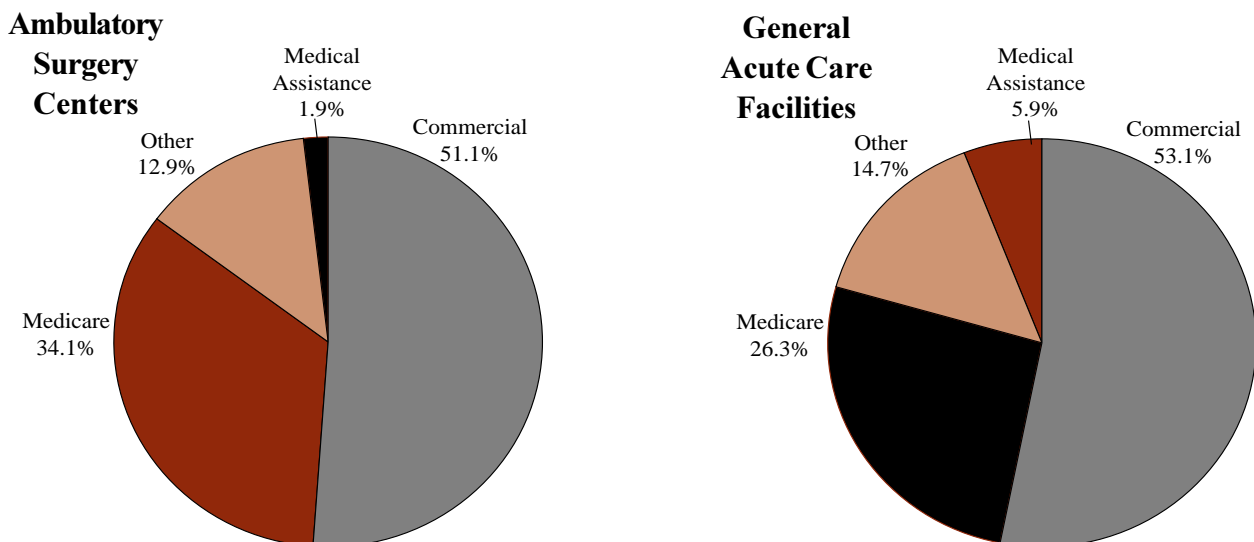
**FIGURE A-4**

Average Net Patient Revenue per Visit at ASC by Third-Party Payor, FY99



**FIGURE A-3**

Share of Outpatient Revenue, ASC and GAC, by Third-Party Payor, FY99



**TABLE A-1**

Top Principal Procedures at ASCs and GAC Outpatient Units, FY99

	ASC		GAC - Outpatient	
	count	percent	count	percent
Lens and Cataract procedures	28,679	28.08%	87,271	6.83%
Colonoscopy and biopsy	10,258	10.04%	120,746	9.45%
Upper gastrointestinal (GI) endoscopy, biopsy	7,066	6.92%	82,139	6.43%
Suture of skin and subcutaneous tissue		*	61,638	4.82%
Other operations of lower GI	4,267	4.18%	52,256	4.09%
Spinal treatment with medication/stimulator	3,997	3.91%	46,856	3.67%
Other operations on skin and breast (cosmetic)	3,084	3.02%		*

**TABLE A-2**

Ambulatory Surgery Center	Region	Net Patient Revenue NPR (thousand)				3-yr Avg Change in NPR FY96-FY99	Total Operating Expenses TOE (thousand)				3-yr Avg Change in TOE FY96-FY99
		FY99	FY98	FY97	FY96		FY99	FY98	FY97	FY96	
<b>Average *</b>		<b>\$ 2,980</b>	<b>\$ 2,834</b>	<b>\$ 2,733</b>	<b>\$ 2,824</b>	<b>9.38%</b>	<b>\$ 2,495</b>	<b>\$ 2,449</b>	<b>\$ 2,433</b>	<b>\$ 2,462</b>	<b>7.69%</b>
Aestique ASC <sup>1</sup>	1	\$1,583	\$1,566	\$1,498	\$1,479	2.33%	\$1,488	\$1,502	\$1,539	\$1,464	0.55%
Healthsouth SC/Mt Pleasant <sup>1</sup>	1	\$1,462	\$1,505	\$1,531	\$1,477	-0.34%	\$1,511	\$1,556	\$1,203	\$4,183	-21.29%
Jefferson SC	1	\$5,271	\$4,565	\$4,641	\$4,370	6.87%	\$4,164	\$3,911	\$3,815	\$3,673	4.46%
John A. Zitelli ASF <sup>1, 17</sup>	1	\$607	\$655	\$653	\$592	0.87%	\$607	\$655	\$653	\$587	1.15%
Lowry SurgiCenter <sup>1, 15</sup>	1	NR	\$582	\$631	\$532	NR	NR	\$574	\$636	\$597	NR
Mt Lebanon SC <sup>17</sup>	1	\$1,738	\$1,558	\$1,891	\$1,590	3.10%	\$1,550	\$1,645	\$1,559	\$1,469	1.84%
North Shore SC <sup>1, 12, 16</sup>	1	\$616	\$651	NR	\$403	17.63%	\$503	\$620	NR	\$539	-2.22%
Shadyside Surgi-Center <sup>1, 15</sup>	1	NR	NR	\$489	\$393	NR	NR	NR	\$511	\$385	NR
Southwestern Ambulatory <sup>1, 12</sup>	1	\$3,095	\$2,594	NR	\$2,144	14.79%	\$2,544	\$2,403	NR	\$1,570	20.68%
Southwestern PA Eye SC <sup>1, 15</sup>	1	NR	\$2,418	\$417	NR	NR	NR	\$1,003	\$167	NR	NR
Surgi Center at Ligonier <sup>17</sup>	1	\$834	\$875	\$869	\$993	-5.34%	\$674	\$693	\$631	\$712	-1.77%
Three Rivers Endoscopy <sup>1, 15</sup>	1	NR	\$813	NA	NA	NA	NR	\$757	NA	NA	NA
UPMC Monroeville SC <sup>15</sup>	1	\$3,811	\$3,535	\$3,930	\$4,813	-6.94%	\$3,521	\$3,745	\$5,867	\$4,215	-5.49%
Zitelli South ASC <sup>1, 17</sup>	1	\$421	\$150	NA	NA	NA	\$421	\$150	NA	NA	NA
Esper Medical Center <sup>1, 16</sup>	2	NR	NA	NA	NA	NA	NR	NA	NA	NA	NA
Saint Vincent SC <sup>1, 17</sup>	2	\$6,310	\$6,160	\$6,229	\$6,602	-1.47%	\$5,244	\$5,255	\$5,397	\$5,698	-2.65%
Centre Community SC	4	\$4,748	\$4,680	\$4,238	\$3,670	9.79%	\$3,832	\$3,774	\$3,288	\$2,938	10.15%
Endoscopy Center /PA <sup>1</sup>	4	\$957	\$728	\$140	NA	NA	\$955	\$761	\$564	NA	NA
Aesthetic & Recon <sup>1, 14, 15</sup>	5	NR	\$91	NR	\$80	NR	NR	\$92	NR	\$55	NR
Apple Hill SC	5	\$7,526	\$6,712	\$6,029	\$5,704	10.65%	\$4,514	\$4,035	\$3,728	\$3,716	7.16%

\* Averages include only the centers reporting data.

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TABLE A-2 (CONTINUED)

Ambulatory Surgery Center	Region	Operating Margin FY99	Total Margin FY99	3-yr Average Total Margin FY97-FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99	Visits
<b>Average *</b>		<b>16.53%</b>	<b>16.72%</b>	<b>15.04%</b>	<b>33.79%</b>	<b>1.83%</b>	<b>3,632</b>
Aestique ASC <sup>1</sup>	1	5.98%	6.36%	3.58%	41.47%	0.66%	2,165
Healthsouth SC/Mt Pleasant <sup>1</sup>	1	-3.25%	-3.25%	5.28%	35.25%	7.72%	1,753
Jefferson SC	1	22.26%	25.66%	24.14%	33.29%	1.85%	8,086
John A. Zitelli ASF <sup>1, 17</sup>	1	0.00%	0.00%	0.00%	51.00%	0.24%	1,197
Lowry SurgiCenter <sup>1, 15</sup>	1	NR	NR	NR	NR	NR	NR
Mt Lebanon SC <sup>17</sup>	1	10.86%	11.83%	8.97%	NR	NR	NR
North Shore SC <sup>1, 12, 16</sup>	1	18.23%	18.23%	NR	NR	NR	NR
Shadyside Surgi-Center <sup>1, 15</sup>	1	NR	NR	NR	NR	NR	NR
Southwestern Ambulatory <sup>1, 12</sup>	1	17.81%	17.89%	NR	37.90%	4.46%	3,537
Southwestern PA Eye SC <sup>1, 15</sup>	1	NR	NR	NR	NR	NR	NR
Surgi Center at Ligonier <sup>17</sup>	1	19.18%	20.40%	23.40%	64.88%	1.47%	1,386
Three Rivers Endoscopy <sup>1, 15</sup>	1	NR	NR	NA	NR	NR	NR
UPMC Monroeville SC <sup>15</sup>	1	11.04%	11.04%	-14.86%	39.36%	0.83%	6,226
Zitelli South ASC <sup>1, 17</sup>	1	0.00%	0.00%	NA	51.08%	6.66%	916
Esper Medical Center <sup>1, 16</sup>	2	NR	NR	NA	36.11%	15.14%	408
Saint Vincent SC <sup>1, 17</sup>	2	16.90%	18.05%	16.36%	NR	NR	6,751
Centre Community SC	4	19.49%	19.49%	20.49%	18.83%	2.54%	5,641
Endoscopy Center /PA <sup>1</sup>	4	14.82%	2.72%	-6.84%	36.24%	7.73%	2,241
Aesthetic & Recon <sup>1, 14, 15</sup>	5	NR	NR	NR	NR	NR	NR
Apple Hill SC	5	40.02%	40.55%	40.04%	31.59%	1.19%	10,429

Footnotes on Page 44.

TABLE A-2

Ambulatory Surgery Center	Region	Net Patient Revenue NPR (thousand)				3-yr Avg Change in NPR FY96- FY99	Total Operating Expenses TOE (thousand)				3-yr Avg Change in TOE FY96- FY99
		FY99	FY98	FY97	FY96		FY99	FY98	FY97	FY96	
<b>Average *</b>		<b>\$ 2,980</b>	<b>\$ 2,834</b>	<b>\$ 2,733</b>	<b>\$ 2,824</b>	<b>9.38%</b>	<b>\$ 2,495</b>	<b>\$ 2,449</b>	<b>\$ 2,433</b>	<b>\$ 2,462</b>	<b>7.69%</b>
Digestive Disease Inst <sup>1, 17</sup>	5	\$639	NR	\$341	\$255	50.32%	\$355	NR	\$302	\$259	12.34%
Grandview Surg/Laser <sup>1</sup>	5	\$5,082	\$4,959	\$5,266	\$4,884	1.35%	\$3,439	\$3,178	\$3,012	\$2,769	8.06%
Hanover SurgiCenter <sup>12</sup>	5	\$2,234	\$1,849	\$1,822	\$1,585	13.64%	\$2,141	\$2,064	\$2,115	\$2,018	2.04%
Healthsouth SC/Lancaster <sup>1</sup>	5	\$5,448	\$5,607	\$5,642	\$6,853	-6.84%	\$4,958	\$5,118	\$4,282	\$5,009	-0.34%
Lebanon Surgical Center <sup>1</sup>	5	\$3,155	\$3,365	\$3,148	\$3,224	-0.72%	\$2,755	\$2,784	\$2,738	\$2,806	-0.61%
Ophthalmology SC <sup>1</sup>	5	\$1,794	\$1,549	\$1,351	\$1,351	10.93%	\$1,586	\$1,446	\$1,132	\$1,132	13.36%
PA Eye Surgery Center <sup>1, 15</sup>	5	NR	\$1,541	NR	NR	NR	NR	\$1,175	NR	\$726	NR
Surgical Center of York	5	\$3,094	\$2,892	\$2,446	\$2,109	15.57%	\$2,691	\$2,543	\$2,434	\$2,302	5.63%
West Shore Endoscopy <sup>1</sup>	5	\$1,587	\$1,128	\$1,048	\$1,314	6.91%	\$975	\$612	\$613	\$865	4.27%
Healthsouth SC/Scranton <sup>1, 17</sup>	6	\$3,422	\$3,196	\$2,809	\$2,954	5.27%	\$2,339	\$2,599	\$1,913	\$2,244	1.41%
Kingston Surgery Center <sup>1, 15</sup>	6	NR	NR	\$1,272	\$1,109	NR	NR	NR	\$991	\$1,056	NR
NEI Ambulatory Surgery <sup>1</sup>	6	\$3,578	\$3,328	\$2,683	\$2,422	15.91%	\$2,683	\$2,455	\$2,183	\$1,900	13.74%
Pocono ASC <sup>1</sup>	6	\$2,693	\$2,092	\$1,998	\$1,960	12.46%	\$1,812	\$1,634	\$1,574	\$1,493	7.13%
Wyoming Valley SC	6	\$2,236	\$2,170	\$1,902	\$359	174.06%	\$2,410	\$2,616	\$2,389	\$571	107.37%
Exeter Surgery Center <sup>1</sup>	7	\$2,751	\$995	NA	NA	NA	\$3,272	\$1,119	NA	NA	NA
Fairgrounds SC <sup>1, 12</sup>	7	\$5,918	\$5,430	\$5,319	\$5,865	0.30%	\$5,598	\$5,253	\$5,342	\$5,056	3.58%
Northwood SC <sup>1, 15</sup>	7	NR	NR	NR	NA	NA	NR	NR	NR	NA	NA
Twin Rivers Endoscopy <sup>15</sup>	7	NR	\$53	NA	NA	NA	NR	\$141	NA	NA	NA
Abington SC <sup>12</sup>	8	\$7,672	\$7,572	\$6,329	\$5,526	12.94%	\$5,850	\$5,425	\$5,031	\$4,297	12.04%
Delaware Valley Laser <sup>1, 17</sup>	8	\$1,800	\$1,812	\$1,644	\$1,577	4.71%	\$1,066	\$1,084	\$1,097	\$1,122	-1.66%
Dermatologic /Drexel Hill <sup>1, 15</sup>	8	NR	NR	NR	\$157	NR	NR	NR	NR	\$177	NR
Fort Washington SC <sup>1, 15</sup>	8	NR	NR	NA	NA	NA	NR	NR	NA	NA	NA
Hillmont Endoscopy <sup>1</sup>	8	\$963	NA	NA	NA	NA	\$666	NA	NA	NA	NA
Main Line SC <sup>1, 5</sup>	8	\$369	NA	NA	NA	NA	\$845	NA	NA	NA	NA
Mercy Surgery Center <sup>1, 17</sup>	8	\$1,484	NA	NA	NA	NA	\$2,106	NA	NA	NA	NA
Paoli Surgery Center <sup>1</sup>	8	\$4,126	\$4,377	\$4,048	\$4,163	-0.29%	\$3,908	\$4,010	\$3,557	\$3,949	-0.35%
Surgery of Bucks County	8	\$2,202	\$1,479	\$397	\$88	800.89%	\$2,427	\$2,002	\$1,352	\$644	92.21%
Surgery of Chester County <sup>1, 12</sup>	8	\$1,580	\$1,461	\$1,330	\$1,411	3.99%	\$1,703	\$1,613	\$1,570	\$1,604	2.06%
The Eye Surgery Center <sup>1</sup>	8	\$6,376	\$5,191	\$4,459	NR	NR	\$6,491	\$5,629	\$3,879	NR	NR
Wills Eye SC Plymouth Mtg <sup>17</sup>	8	\$2,250	\$1,431	\$479	NA	NA	\$2,278	\$1,778	\$1,221	NA	NA
Dermatologic /Philadelphia <sup>1, 15</sup>	9	NR	NR	NR	\$105	NR	NR	NR	NR	\$145	NR
Gastrointestinal Spec <sup>1</sup>	9	\$625	NA	NA	NA	NA	\$624	NA	NA	NA	NA
Wills Eye SC Northeast	9	\$1,845	\$1,296	\$669	\$125	457.08%	\$1,592	\$1,363	\$1,182	\$495	73.81%

\* Averages include only the centers reporting data.

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TABLE A-2 (CONTINUED)

Ambulatory Surgery Center	Region	Operating Margin FY99	Total Margin FY99	3-yr Average Total Margin FY97-FY99	Medicare Share of NPR FY99	Medical Assistance Share of NPR FY99	Visits
<b>Average *</b>		<b>16.53%</b>	<b>16.72%</b>	<b>15.04%</b>	<b>33.79%</b>	<b>1.83%</b>	<b>3,632</b>
Digestive Disease Inst <sup>1, 17</sup>	5	44.37%	44.37%	NR	NR	NR	2,256
Grandview Surg/Laser <sup>1</sup>	5	32.54%	32.54%	37.41%	34.00%	1.00%	4,139
Hanover SurgiCenter <sup>12</sup>	5	4.15%	4.15%	-7.02%	37.48%	1.96%	2,616
Healthsouth SC/Lancaster <sup>1</sup>	5	11.23%	11.23%	15.39%	16.47%	0.66%	6,314
Lebanon Surgical Center <sup>1</sup>	5	12.84%	12.84%	14.98%	54.73%	2.86%	4,718
Ophthalmology SC <sup>1</sup>	5	11.61%	9.15%	10.39%	70.18%	1.57%	2,300
PA Eye Surgery Center <sup>1, 15</sup>	5	NR	NR	NR	NR	NR	NR
Surgical Center of York	5	13.39%	13.39%	9.24%	21.60%	4.09%	3,723
West Shore Endoscopy <sup>1</sup>	5	38.76%	38.76%	41.59%	32.14%	0.48%	2,619
Healthsouth SC/Scranton <sup>1, 17</sup>	6	32.70%	32.70%	28.39%	30.38%	12.26%	2,023
Kingston Surgery Center <sup>1, 15</sup>	6	NR	NR	NR	NR	NR	NR
NEI Ambulatory Surgery <sup>1</sup>	6	25.45%	25.45%	23.99%	NR	NR	NR
Pocono ASC <sup>1</sup>	6	32.69%	33.21%	26.25%	29.72%	2.30%	2,883
Wyoming Valley SC	6	-6.69%	-6.69%	-16.57%	49.42%	1.62%	2,180
Exeter Surgery Center <sup>1</sup>	7	-17.42%	-17.42%	NA	23.79%	1.39%	2,655
Fairgrounds SC <sup>1, 12</sup>	7	5.41%	5.49%	3.08%	26.40%	0.90%	6,132
Northwood SC <sup>1, 15</sup>	7	NR	NR	NR	NR	NR	NR
Twin Rivers Endoscopy <sup>15</sup>	7	NR	NR	NA	NR	NR	NR
Abington SC <sup>12</sup>	8	24.29%	24.29%	25.18%	16.23%	0.51%	9,966
Delaware Valley Laser <sup>1, 17</sup>	8	40.75%	40.75%	38.20%	60.92%	5.16%	2,206
Dermatologic /Drexel Hill <sup>1, 15</sup>	8	NR	NR	NR	NR	NR	NR
Fort Washington SC <sup>1, 15</sup>	8	NR	NR	NA	NR	NR	NR
Hillmont Endoscopy <sup>1</sup>	8	30.92%	27.40%	NA	20.00%	1.00%	2,371
Main Line SC <sup>1, 5</sup>	8	-128.97%	-128.97%	NA	NR	NR	NR
Mercy Surgery Center <sup>1, 17</sup>	8	-40.47%	-192.52%	NA	NR	0.78%	2,078
Paoli Surgery Center <sup>1</sup>	8	5.80%	5.80%	8.86%	43.00%	1.00%	4,717
Surgery of Bucks County	8	-9.95%	-9.95%	-56.03%	73.12%	0.28%	1,974
Surgery of Chester County <sup>1, 12</sup>	8	-7.77%	-6.74%	-10.84%	9.97%	2.02%	2,278
The Eye Surgery Center <sup>1</sup>	8	-1.80%	2.71%	2.20%	17.52%	0.10%	3,351
Wills Eye SC Plymouth Mtg <sup>17</sup>	8	-0.82%	-0.82%	-26.55%	NR	NR	2,133
Dermatologic /Philadelphia <sup>1, 15</sup>	9	NR	NR	NR	NR	NR	NR
Gastrointestinal Spec <sup>1</sup>	9	0.14%	0.14%	NA	26.78%	0.90%	2,560
Wills Eye SC Northeast	9	14.04%	14.04%	23.50%	83.42%	1.31%	1,914

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## 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. (see list below)
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 or more than 12 months of data, therefore a three-year comparison is not appropriate for some of the measures.
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. Merged with another licensed hospital during the 1999 reporting period.
11. Merged with another licensed hospital during the 1997 or 1998 reporting periods.
12. For-profit facility.
13. A for-profit facility that includes a *pro rata* share of taxes and other gains or expenses experienced by the parent organization.
14. Facility is referred to as a different name after 1999 reporting period.
15. None of the Council's financial filing requirements were met.
16. Not in compliance with one or more of the Council's financial filing requirements.
17. Incomplete data submission.
18. Facility was acquired by another organization and changed their fiscal year; therefore, financial data compatible with reporting the period(s) presented for FY97 is not available.
19. Submitted one or more of the Council's financial filing requirements late. Late filed data is not included in this report.

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

*NA – Not applicable.*

## Facilities with Fiscal Year Ending Other Than 6/30/99

Facility Name	Year End	Facility Name	Year End
Charter Fairmount Institute	9/30/98	Meadows Psychiatric Center	12/31/98
Clarion Psychiatric Center	12/31/98	Mercy Special Care Hospital	12/31/98
Healthsouth Harmarville Rehab	12/31/98	Montgomery County Emergency Service	12/31/98
Healthsouth Nittany Valley Rehabilitation	12/31/98	National Hospital for Kids in Crisis	12/31/98
Healthsouth of Erie, Inc	12/31/98	Penn State Geisinger Rehabilitation Hospital	12/31/98
Healthsouth Rehabilitation Hospital of Altoona	12/31/98	Pittsburgh Specialty Hospital	12/31/98
Healthsouth Rehabilitation of Greater Pittsburgh	12/31/98	Southwood Psychiatric Hospital	12/31/98
Healthsouth Rehabilitation of Mechanicsburg	12/31/98	Valley Forge Medical Center & Hospital	8/31/98
Healthsouth Rehabilitation Hospital of Reading	12/31/98	Vencor Hospital /Philadelphia	12/31/98
Healthsouth Rehabilitation Hospital of York	12/31/98	Vencor Hospital /Pittsburgh	12/31/98
Horsham Hospital	12/31/98	Warren Dental Arts Hospital	12/31/98
Kirkbride Center	12/31/98		

## Surgery Centers with Fiscal Year Ending Other Than 6/30/99

Facility Name	Year End	Facility Name	Year End
Aesthetic & Reconstructive Surgery	12/31/98	Lowry SurgiCenter	12/31/98
Aestique Ambulatory Surgical Center, Inc.	12/31/98	Main Line Surgery Center, LLC	12/31/98
Delaware Valley Laser Surgery Institute	12/31/98	Mercy Surgery Center, LP	12/31/98
Dermatologic Surgi Center /Drexel Hill	7/31/98	NEI Ambulatory Surgery	12/31/98
Dermatologic Surgi Center /Philadelphia	7/31/98	North Shore Surgi-Center	12/31/98
Digestive Disease Institute	12/31/98	Northwood Surgery Center	12/31/98
Endoscopy Center of Pennsylvania	12/31/98	Ophthalmology Surgery Center	12/31/98
Esper Medical Center, ASC	10/31/98	Paoli Surgery Center	12/31/98
Exeter Surgery Center	12/31/98	Pennsylvania Eye Surgery Center	12/31/98
Fairgrounds Surgical Center	12/31/98	Pocono Ambulatory Surgery Center	12/31/98
Fort Washington Surgery Center	12/31/98	Saint Vincent Surgery Center	12/31/98
Gastrointestinal Specialists	12/31/98	Shadyside Surgi-Center, Inc.	12/31/98
Grandview Surgery Center & Laser Center	12/31/98	Southwestern Ambulatory Surgery Center	12/31/98
Healthsouth Mt. Pleasant Surgery Center	12/31/98	Southwestern PA Eye Surgery Center	12/31/98
Healthsouth Scranton Surgery and Laser Center	12/31/98	Surgery Center of Chester County	12/31/98
Healthsouth Surgery Center of Lancaster	12/31/98	The Eye Surgery Center	12/31/98
Hillmont Endoscopy Center	12/31/98	Three Rivers Endoscopy Center	12/31/98
John A. Zitelli, Ambulatory Surgery Facility	12/31/98	West Shore Endoscopy Center	12/31/98
Kingston Surgery Center, LLC	12/31/98	Zitelli South Ambulatory Surgical Center	12/31/98
Lebanon Outpatient Surgical Center, LP	12/31/98		

## Explanation of Terms

**NOTE:** Utilization data include subproviders such as skilled nursing, long-term care, rehabilitation and psychiatric. Utilization excludes routine newborn care. The mother and routine newborn child are presented as a single patient.

**Ambulatory Surgery Center (ASC):** A facility, not located on the premises of a hospital (freestanding), that provides outpatient surgery to patients who do not require overnight hospitalization, but who do require medical supervision following the procedure. An ambulatory surgical facility does not include individual or group practice offices of private physicians or dentists, unless such offices have a distinct part used for outpatient surgical treatment on a regular basis.

**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. Government-funded programs are not included.

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

**Long Term Acute Care (LTAC) Hospital:** A separately licensed acute care facility where the average length of stay is typically over 25 days.

**Net Patient Revenue (NPR):** Net patient revenue reflects revenue for patient care only and does not include revenue from other operations such as the cafeteria, parking, rent, research and educational activities. Revenue from those operations is included in total operating revenue. NPR estimates may include retroactive

adjustments from third-party payors for care provided during a different fiscal year.

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

**Other Third-Party Payor:** The third-party payors other than health insurance companies and managed care organizations such as direct payments by employers or associations, auto insurance, Workers Compensation, and government programs other than Medicare and Medical Assistance.

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

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

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

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## Explanation of Terms (continued)

**Patient Days:** Each overnight stay for a patient is considered a patient day.

**Psychiatric Hospital:** An institution, other than a GAC hospital, engaged in providing acute short-term psychiatric services on an inpatient basis and may also offer long term residential programs. Acute psychiatric care is rendered in response to severe psychiatric conditions requiring intensive or extensive intervention to bring the patient's symptoms under control.

**Rehabilitation Hospitals:** An inpatient facility, other than a GAC hospital, which is operated for the primary purpose of assisting in the physical rehabilitation of persons through an integrated program of medical and other services. Treatment of drug and alcohol related conditions are not included here.

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

**Three-year Average Change in Net Patient Revenue (NPR) or Total Operating Expenses (TOE):** The average annual change in the hospitals NPR or TOE that occurred from the end of FY96 through FY99.  $[(NPR_{99} - NPR_{96}) / NPR_{96} / 3]$  or  $[(TOE_{99} - TOE_{96}) / TOE_{96} / 3]$

**Three-year Average Total Margin:** The average total margin realized by the hospital during the FY97 through FY99.  $(\sum \text{revenue over expenses}_{99,98,97} / \sum \text{total revenue}_{99,98,97})$

**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 securities.

**Total Margin:** The ratio of total income to total revenue. This measure puts income from all sources in perspective with all

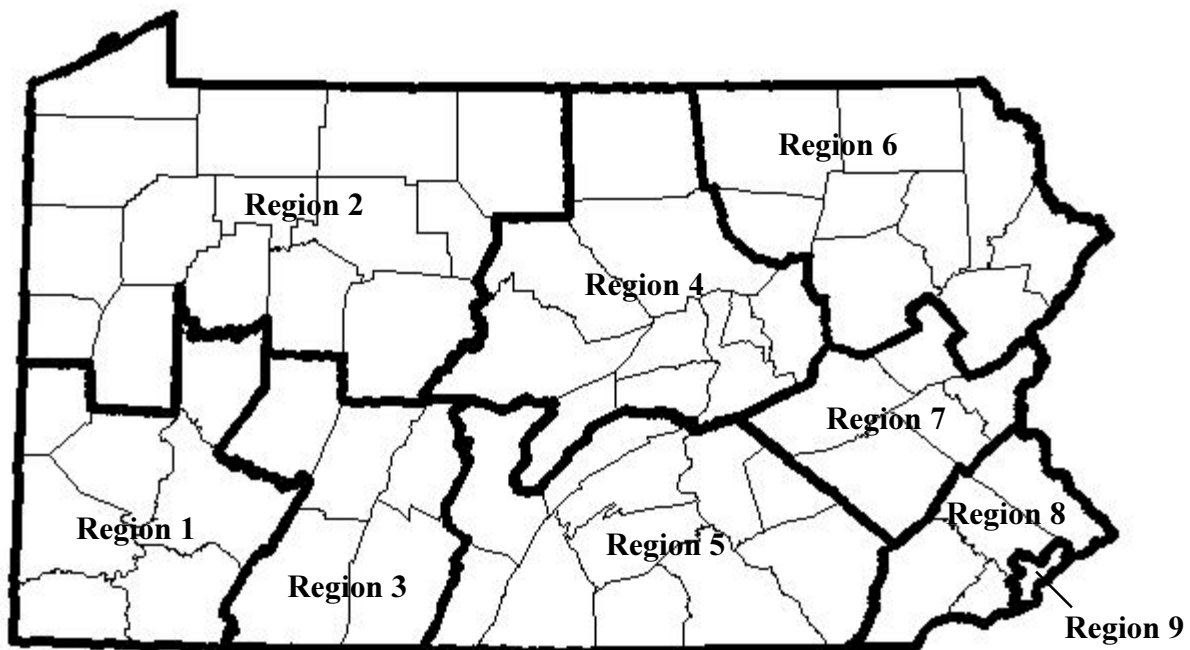
revenues received by a hospital. (revenue over expenses / total revenue)

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

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

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

**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, extended credit to the patient, and later determined to be uncollectable. Annual charity care amounts that are reported by hospitals as charges or costs have been adjusted to a revenue (NPR) basis. (foregone revenue of charity care + bad debt) / NPR)



## **NOTES**

***For More Information...***

The information contained in this report as well as other Council publications are available on our web site - - [www.phc4.org](http://www.phc4.org). You may also contact the Council at:

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***For Additional Information...***

Additional financial and utilization data for 1999 fiscal year and prior years may be purchased from the Council. For more information contact the Special Requests Unit at the Council.