

Non-General Acute Care Hospitals

Volume Two

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

Financial Analysis 2000

**An Annual Report on the
Financial Health of Pennsylvania's
Non-General Acute Care Facilities**

Fiscal Year 2000: July 1, 1999 - June 30, 2000

Pennsylvania Health Care Cost Containment Council (PHC4)

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 May 2001 and focused on the financial health of Pennsylvania's 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 sub-units 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 clinical database, and where applicable, the Medicare cost report. The hospitals and the surgery 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.

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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 profiles of the freestanding non-GAC facilities, the psychiatric, rehabilitation and long-term acute care (LTAC) sections include information and analysis on 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 along 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 the non-GAC facilities.

The information and analysis presented in the report 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 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 category.

The fiscal year data provided by the majority of non-GAC hospitals (not including surgery centers) covers the period between July 1, 1999 and June 30, 2000. For those hospitals that utilize a different fiscal year, the data reported covers the twelve-month period ending prior to June 30, 2000. The 28 facilities that utilize a fiscal year ending other than June 30 are listed on page 50.

A list of ambulatory surgery centers utilizing a fiscal year ending other than June 30 is provided on page 50. The majority of the centers employ a fiscal year ending on December 31.

On the inside back cover of this report is 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, estimated data were employed. The individual facility data presented at the end of each section contain no estimated data. However, statewide averages may include estimated data.

A few 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 are included in statewide averages and totals whenever possible.

TABLE 1

Number of Facilities, FY00
by Facility Type

Facility Type	Number
General Acute Care (GAC)	194
Rehabilitation	20
Psychiatric	19
State Psychiatric	9
Long-Term Acute Care	10
Specialty	6
Ambulatory Surgery Center (ASC)	64
TOTAL	322

Overview of Hospital-Based Healthcare

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

Figures 1 through 4 reflect all care provided by facilities within each category. For example, the patient day figures for the 20 freestanding rehabilitation hospitals as shown in Figure 3 and Table 3 include all care provided at these hospitals, including skilled nursing care. In contrast, Figure 5 presents patient days by type of care (e.g. psychiatric care) regardless of where that care was delivered. For example,

FIGURE 1

Net Patient Revenue, FY00
by Facility Type

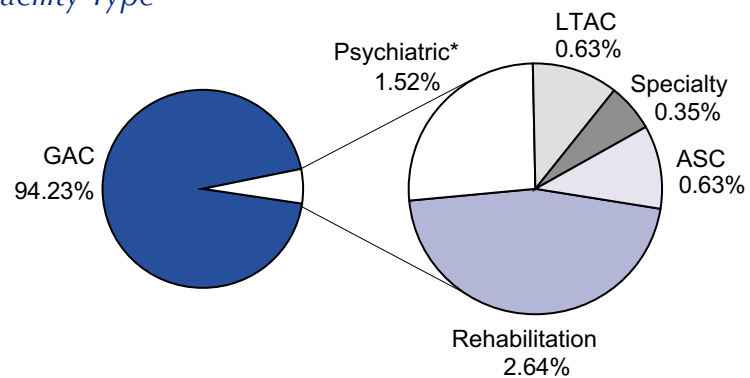
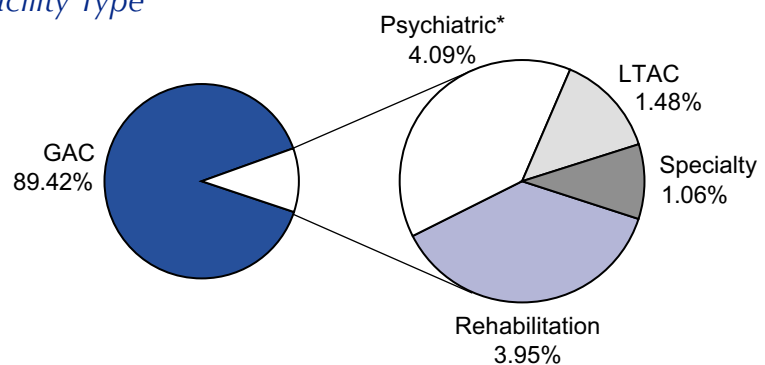


FIGURE 2

Staffed Beds, FY00
by Facility Type



* Does not include state psychiatric hospitals.

psychiatric care provided at freestanding psychiatric hospitals, long-term acute care facilities, specialty hospitals and GAC hospitals is included under psychiatric care in Figure 5.

The variation in the average length of an inpatient stay at the five categories of facilities (Figure 6) reflects the differences in the nature of care provided at these facilities. The average 13-day stay at psychiatric facilities does *not* include the state psychiatric facilities, which are long-term psychiatric facilities.

During FY00, there were 1.7 million outpatient visits to the 90 non-GAC facilities and surgery centers reporting outpatient visits (Table 2). In contrast, 156 of the 194 GAC facilities report outpatient visits totaling 27.3 million visits. The remaining 38 GAC facilities did not provide data about the outpatient care they provide.

Table 2 shows a wide variation in the average outpatient revenue per visit across the six facility categories. One reason for this diversity in revenue per visit is the variation in the intensity of care provided per visit. A psychiatric patient may receive

FIGURE 3
Patient Days, FY00
by Facility Type

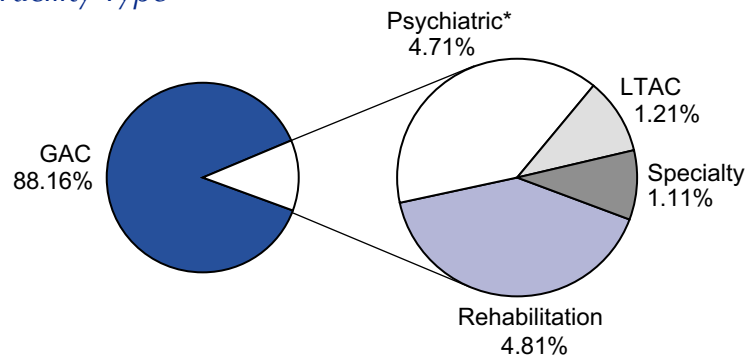


FIGURE 4
Discharges, FY00
by Facility Type

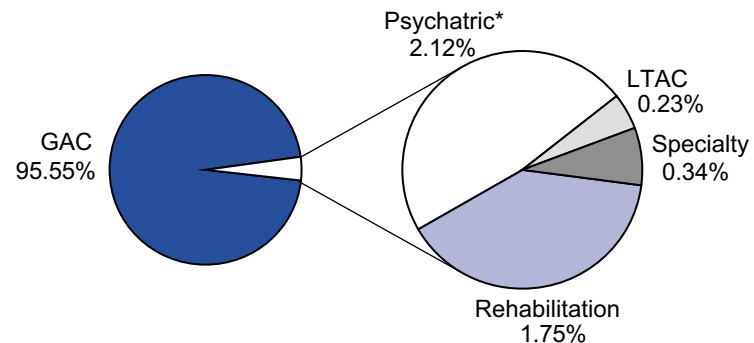
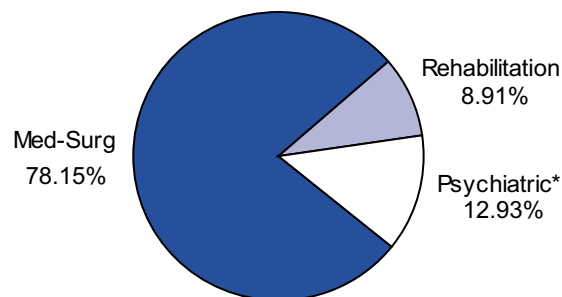
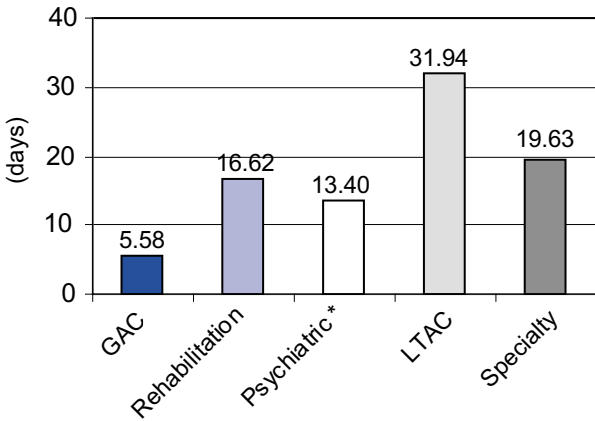


FIGURE 5
Patient Days, FY00
by Type of Care



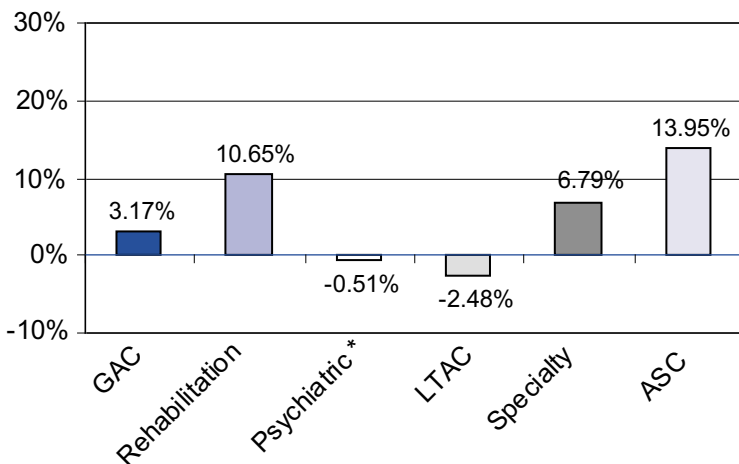
* Does not include state psychiatric hospitals.

FIGURE 6
Average Length of Stay, FY00
by Facility Type



* Does not include state psychiatric hospitals.

FIGURE 7
Average Total Margin
by Facility Type



* Does not include state psychiatric hospitals.

care as a series of visits comprised of relatively short treatments, while a patient at an ambulatory surgery center (ASC) may be subject to a surgical procedure during a single visit. The average revenue per visit at GAC hospitals reflects reimbursements for a wide range of outpatient services.

The average total margins by facility types are shown in Figure 7. For the relatively small number of facilities in each of the five types of non-GAC hospitals, the average total margin alone does not provide an accurate reflection of the financial health of each category. For example, the average total margin for the freestanding psychiatric hospitals was -0.51% in FY00. However, only six of the seventeen reporting hospitals had negative total margins. Two of the hospitals experienced large losses which significantly affected the statewide average.

With the exception of psychiatric and specialty hospitals, Pennsylvania’s hospital-based health system primarily serves an older population (see Figure 8). The average inpatient age at GAC hospitals is 52 years and is over 65 years at rehabilitation and long-term acute care hospitals. In contrast, the average age of patients admitted to psychiatric facilities is 33. The average inpatient age of 36 at specialty hospitals is a reflection of the diversity in that category. For

instance, included in the specialty facility category is Children’s Home of Pittsburgh which specializes in newborn care.

The levels of uncompensated care provided by the facility type are compared in Figure 9. The average uncompensated care rate for four of the five categories of hospitals that provide inpatient care lie in the relatively narrow range between

TABLE 2
Outpatient Care, FY00
by Facility Type

Facility Type	Number	Visits	Outpatient Revenue	Outpatient Revenue per Visit
General Acute Care (GAC)	156	27,362,623	\$4,809,827,389	\$176
Rehabilitation	18	725,208	\$86,941,544	\$120
Psychiatric	13	633,282	\$49,404,237	\$78
Long-Term Acute Care	10	21,963	\$8,731,646	\$398
Specialty	5	137,897	\$34,232,010	\$248
Ambulatory Surgery Center	44	149,677	\$114,385,059	\$764
Total Non-GAC	90	1,668,027	\$293,694,496	\$176
TOTAL	246	29,030,650	\$5,103,521,885	\$176

FIGURE 8
Average Patient Age, FY00
by Facility Type

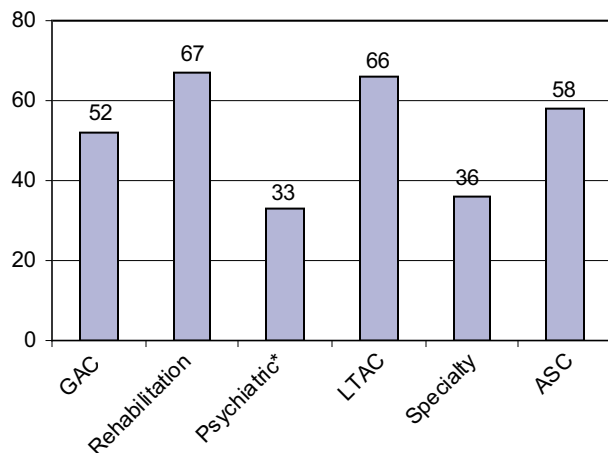
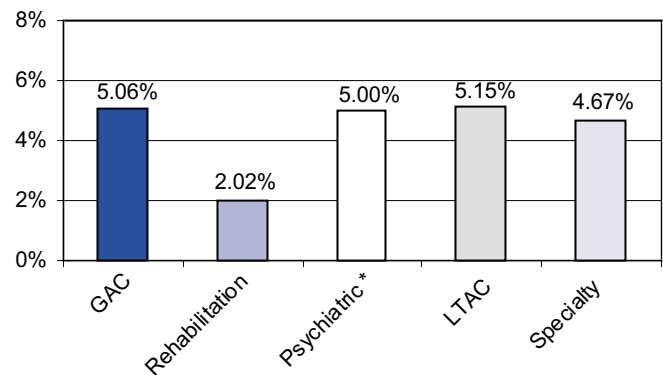


FIGURE 9
Uncompensated Care to Net Patient Revenue, FY00
by Facility Type



* Does not include state psychiatric hospitals.

TABLE 3

Data for Figures 1 through 4
by Facility Type

Facility Type	Net Patient Revenue	Staffed Beds	Patient Days	Discharges
General Acute Care (GAC)	\$17,724,364,123	40,580	9,753,943	1,748,850
Rehabilitation	\$496,164,594	1,794	532,154	32,027
Psychiatric	\$285,538,084	1,856	521,018	38,884
Long-Term Acute Care	\$118,646,274	671	133,751	4,188
Specialty	\$66,532,770	482	123,282	6,279
Ambulatory Surgery Center (ASC)	\$118,842,804	NA	NA	NA
State Psychiatric	\$88,531,986	3,222	1,020,777	2,059
TOTAL	\$18,898,620,635	48,605	12,084,925	1,832,287

TABLE 4

Data for Figure 5, FY00
by Type of Care

Type of Services	Patient Days
Med-Surg	7,582,051
Rehabilitation	864,873
Psychiatric *	1,254,874

* Excludes State Hospitals

4.7% and 5.2% of net patient revenue. The one exception is the rehabilitation hospital category where the average uncompensated care rate is slightly above 2%.

The two rehabilitation hospitals that focus on care to children had uncompensated care rates at 10% or above. The remaining rehabilitation hospitals that serve a predominately elderly population incur relatively low uncompensated care rates. One reason for these low rates is that a large portion of rehabilitation patients receive health insurance through the Medicare Program.

Highlights

- As a group, rehabilitation hospitals experienced an 8.5% growth in inpatient days and a 20% increase in outpatient visits during FY00. At the same time, these facilities were able to keep the average growth of operating expenses to 1.6%.
- Average reimbursement rates for inpatient and outpatient care remained relatively constant at the rehabilitation hospitals during FY00. However, operating revenue grew 2.5% due to the increase in the amount of care delivered to patients.
- Since revenue grew faster than expenses, rehabilitation hospitals saw average operating margins improve from 4.70% in FY99 to 5.53% in FY00. This growth in income was driven by an average operating margin of 15.97% realized by the ten for-profit freestanding rehabilitation hospitals.
- Rehabilitation hospitals experienced a 3.15 point improvement in average total margin from 7.50% in FY99 to 10.65% in FY00. The growth in nonoperating income came from the non-profit hospitals and is largely the result of income from investments.
- The trend toward shorter lengths of stay continued in FY00. The average length of stay at both rehabilitation units at GAC hospitals and the freestanding hospitals declined 0.6 days during FY00 and 4.3 days during the six-year period between the end of FY94 and the end of FY00.
- Outpatient visits to the rehabilitation hospitals are increasing dramatically. For the 15 rehabilitation hospitals that have reported outpatient data between FY96 through FY00, visits increased by 61% over this five-year period.
- Reimbursement rates and average length of stay vary by payor category. For example, the average length of stay for a Medical Assistance (MA) participant covered by a managed care plan is over nine days shorter than a MA patient with indemnity coverage.

Rehabilitation Care

FIGURE R-1

Rehabilitation Discharges

by Facility Type

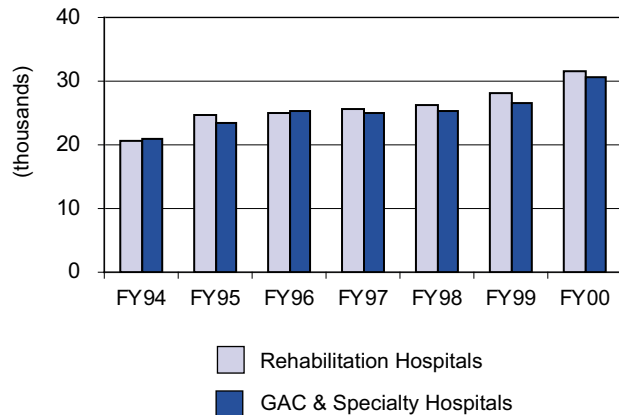
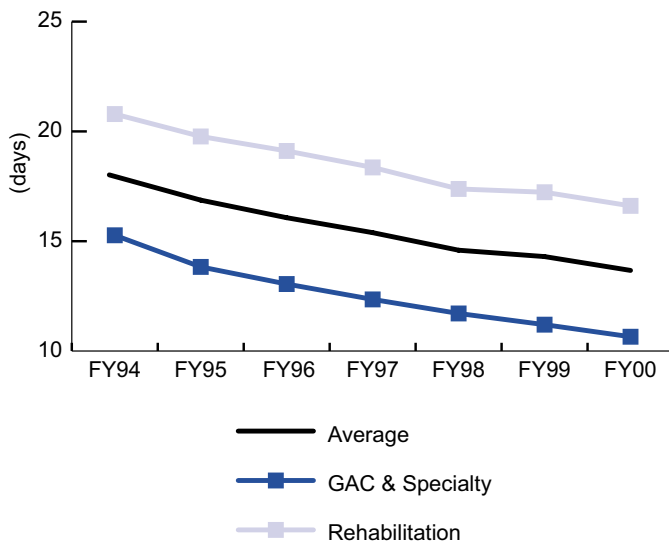


FIGURE R-2

Average Length of Stay for Rehabilitation Care

by Facility Type



During fiscal year 2000 (FY00) there were 20 freestanding rehabilitation hospitals that provided care to about 50% of the patients seeking hospital-based rehabilitation care.

The other 50% received care at rehabilitation units operated as part of General Acute Care (GAC) and Specialty hospitals. Sixty of Pennsylvania's 195 GAC hospitals operate rehabilitation units.

One Specialty hospital provides rehabilitation care. Since this hospital accounts for only 1.7% of all hospital-based rehabilitation discharges, it is included in the analysis of GAC rehabilitation units.

Four of the 20 freestanding rehabilitation hospitals also provide skilled nursing care. Skilled nursing care represents about 1.4% of the patient days of care provided at the freestanding rehabilitation hospitals.

Trends in Hospital-Based Rehabilitation Care

In the six years between the end of FY94 and the end of FY00, the number of patients receiving hospital-based rehabilitation care (discharges) has grown 50.3%. The largest growth occurred in FY00 when the number of discharges grew 7,549, or 13.8% over FY99.

Over the seven-year period portrayed in Figure R-1 and Table R-1, the number of rehabilitation discharges grew at very similar rates at both rehabilitation hospitals and the GAC rehabilitation units. However, the GAC rehabilitation units experienced a 15.1% growth in discharges during FY00 compared to 12.6% for the freestanding rehabilitation hospitals.

TABLE R-1

Utilization of Rehabilitation Care

by Facility Type

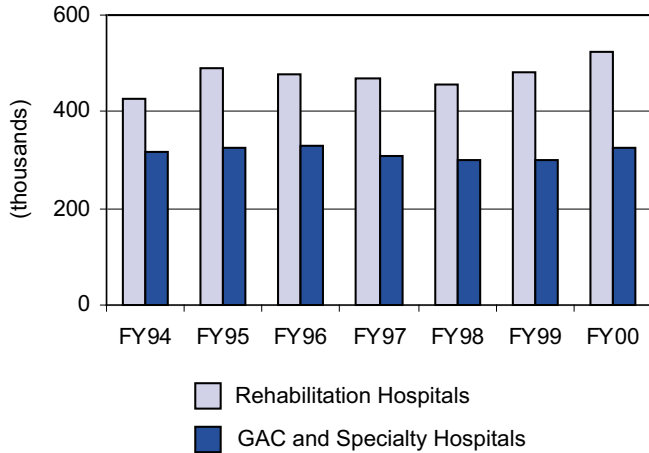
	FY94	FY95	FY96	FY97	FY98	FY99	FY00
Patient Days							
Rehabilitation	427,593	488,414	479,299	470,707	457,332	483,402	524,496
GAC and Specialty	318,285	325,416	328,728	309,449	298,027	298,176	326,083
Total	745,878	813,830	808,027	780,156	755,359	781,578	850,579
Discharges							
Rehabilitation	20,571	24,699	25,087	25,637	26,311	28,056	31,586
GAC and Specialty	20,837	23,538	25,190	25,049	25,446	26,611	30,630
Total	41,408	48,237	50,277	50,686	51,757	54,667	62,216
Beds							
Rehabilitation	1,869	1,824	1,775	1,774	1,771	1,785	1,706
GAC and Specialty	1,194	1,248	1,276	1,260	1,236	1,233	1,355
Total	3,063	3,072	3,051	3,034	3,007	3,018	3,061
Occupancy Rate							
Rehabilitation	72.21%	73.00%	74.33%	72.65%	73.65%	74.56%	80.99%
GAC and Specialty	73.83%	71.41%	70.20%	67.41%	66.56%	68.04%	66.27%
Average	72.89%	72.36%	72.59%	70.48%	70.68%	71.93%	74.63%
Average Length of Stay							
Rehabilitation	20.79	19.77	19.11	18.36	17.38	17.23	16.61
GAC and Specialty	15.27	13.83	13.05	12.35	11.71	11.20	10.65
Average	18.01	16.87	16.07	15.39	14.59	14.30	13.67

The trend toward shorter lengths of stay continued during FY00. Both the rehabilitation hospitals and the GAC rehabilitation units saw their average length of stay (ALOS) decline about 0.6 days during FY00. The ALOS of overall hospital-based rehabilitation care shown in Figure R-2 has fallen about 4.3 days in the six years between FY94 and FY00.

During FY97 through FY99, the decline in the ALOS caused the number of patient days of hospital-based rehabilitation care to decline. Alternatively, in FY00, the continued decline in ALOS was overcome by the sharp increase in discharges to result in an 8.8% growth in patient days.

Rehabilitation Care

FIGURE R-3
Rehabilitation Patient Days
by Facility Type



The total number of staffed rehabilitation hospital beds has remained relatively constant.

The growth of inpatient days in FY00 has resulted in a 2.7 point improvement in overall rehabilitation occupancy rate to 74.6%.

Almost all of the increase in the occupancy rate occurred at the freestanding rehabilitation hospitals, whose occupancy rate grew almost 6.4 points to 81.0% in FY00. This improvement is the result of a decline of 79 staffed beds and a 8.5% increase in patient days as shown in Figure R-3.

Both the freestanding rehabilitation hospitals and the GAC rehabilitation units serve primarily an elderly population. Figure R-4 reflects that 68.2% of rehabilitation patients are over age 65.

FIGURE R-4
Age Distribution of Rehabilitation Patients at Rehabilitation Hospitals, FY00
by Payor

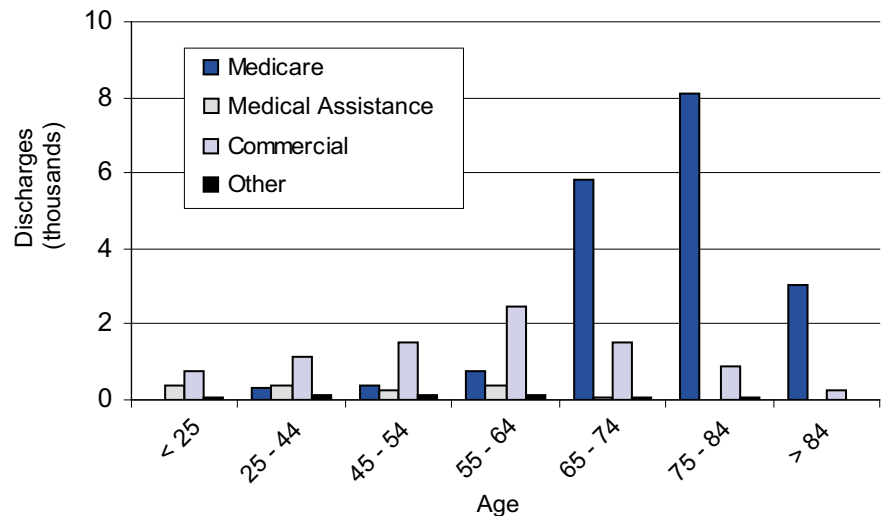


TABLE R-2

Rehabilitation Discharges at Rehabilitation Hospitals, FY00
*by Clinical Classification*¹

	Commercial		Medical Assistance		Medicare		Total
	Rank	Percent	Rank	Percent	Rank	Percent	Percent
Osteoarthritis	1	18.40	5	6.12	1	18.03	17.29
Other (non-traumatic) joint disorders	2	11.06	2	10.55	3	9.57	10.18
Stroke	3	9.67	4	6.78	2	10.48	10.09
Hip fracture	6	3.47	*	*	4	8.05	6.25
Paralysis	5	6.41	3	10.55	5	4.71	5.47
Brain injury	4	7.34	1	11.92	*	*	3.93
Degenerative back disorder & other back problems	7	3.13	*	*	6	4.03	3.72
Unspecified weakness	*	*	*	*	7	3.81	3.03
Fracture of lower limb	8	2.97	7	3.06	10	2.52	2.72
Other nervous system disorders	9	2.95	8	2.61	8	2.59	2.72

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

* Not among the top 10 diagnoses.

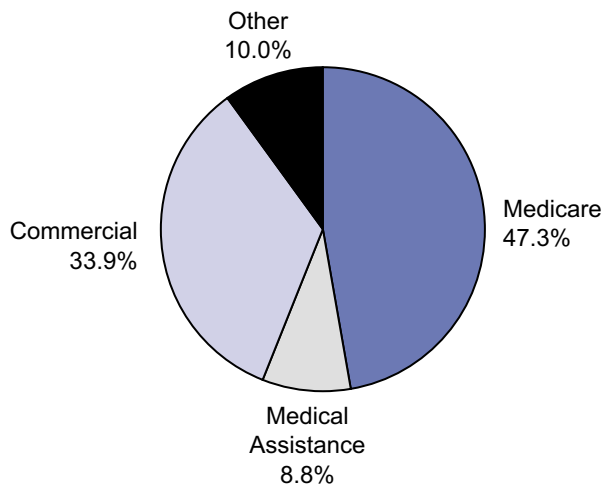
Consistent with this age distribution, Table R-2 shows that the leading conditions treated by rehabilitation hospitals are those most prevalent among elderly patients. For example, the four leading clinical classifications for all freestanding rehabilitation hospital patients — osteoarthritis, other non-traumatic joint disorders, stroke and hip fracture — represent the principal diagnoses for over 46% of all Medicare patients in Pennsylvania. Medicare patients in just these four clinical categories represent over 29% of all rehabilitation patients at the rehabilitation hospitals.

Rehabilitation Care

FIGURE R-5

Statewide Net Patient Revenue at Rehabilitation Hospitals, FY00

by Payor



While care for elderly patients dominates rehabilitation hospitals, younger patients experience much longer stays. Patients in the under-25 and the 25-44 categories had an ALOS of 25.8 and 21.2 days, respectively, during FY00. In contrast, patients in the 65-74 age category had an ALOS of 15.3 days. Part of the reason younger patients have longer stays is that a larger portion of their care is for traumatic injuries, such as brain injury, which typically have longer recovery periods. In addition, younger patients are expected to reach a higher level of functionality than older patients.

On the outpatient side, patient visits to rehabilitation hospitals appear to be increasing dramatically. For the 15 rehabilitation hospitals that have reported consistent outpatient data between FY96 through FY00, outpatient visits increased by 61% over this five-year period. These fifteen hospitals reported

650,077 outpatient visits and 21,626 inpatient discharges during FY00. Therefore the ratio of outpatient visits to inpatient discharges was about 30:1.

Utilization and Revenue by Payor

Consistent with the age distribution of rehabilitation patients, the federal Medicare program provided 47.3% of the net patient revenue received by freestanding rehabilitation hospitals during FY00 (see Figure R-5). Consequently, rehabilitation providers may be very vulnerable to changes in the Medicare program.

Beginning in 2002, the current cost-based Medicare reimbursement system will be replaced by a prospective payment system (PPS). Under PPS, a payment amount for each patient will be determined by the Case-Mix Group (CMG) in which each patient is placed. CMGs will be defined using a series of impairment groups, patient age, comorbidities, and functional status.¹

¹ Health Care Financing Administration. *Overview of the Prospective Payment System for Inpatient Hospitals and Rehabilitation Units*. [online]. Available: <http://www.hcfa.gov/medicare/irfover2001.htm>. (August 1, 2001)

The new PPS system is designed to reimburse rehabilitation facilities based on the expected resources needed to provide care. Federal law requires that during the first year of implementation, the Center for Medicare and Medicaid Services must provide the same level of funding for rehabilitation care under the new PPS as it would have allocated under the previous cost-based system. Therefore, in theory, hospitals that can provide care more efficiently will fare better financially under the new system.

The revenue that the freestanding rehabilitation hospitals received per discharge and per day varies considerably by payor category (see Figures R-6 & R-7). Part of this variation is attributable to the mix of patients covered by the various third-party payors. For example, the average age of patients covered by the Medical Assistance (MA) Program during FY00 was 40.6 years, far below the average age of 67.5 years for all rehabilitation patients. Since younger rehabilitation patients tend to present conditions that require longer, more costly treatments, higher revenue per discharge is expected for MA patients.

FIGURE R-6

Average Net Inpatient Revenue per Discharge at Rehabilitation Hospitals, FY00

by Payor

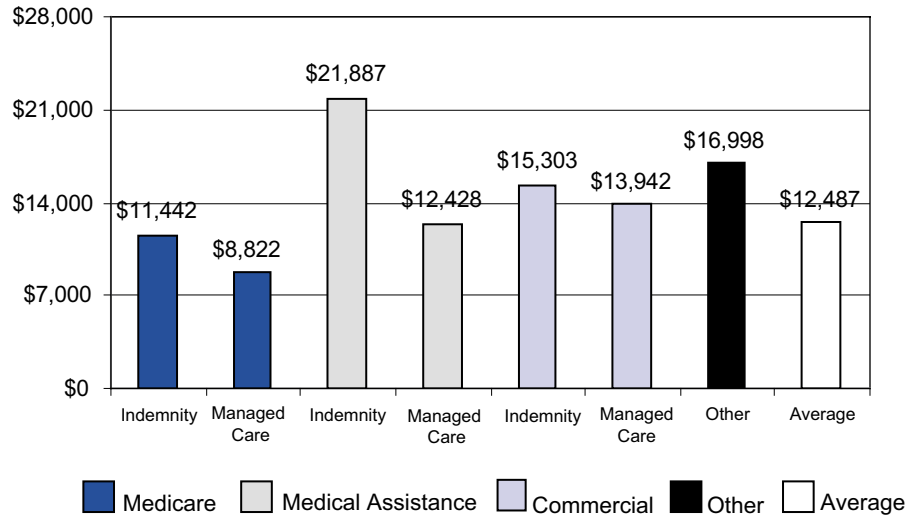


FIGURE R-7

Average Net Inpatient Revenue per Patient Day at Rehabilitation Hospitals, FY00

by Payor

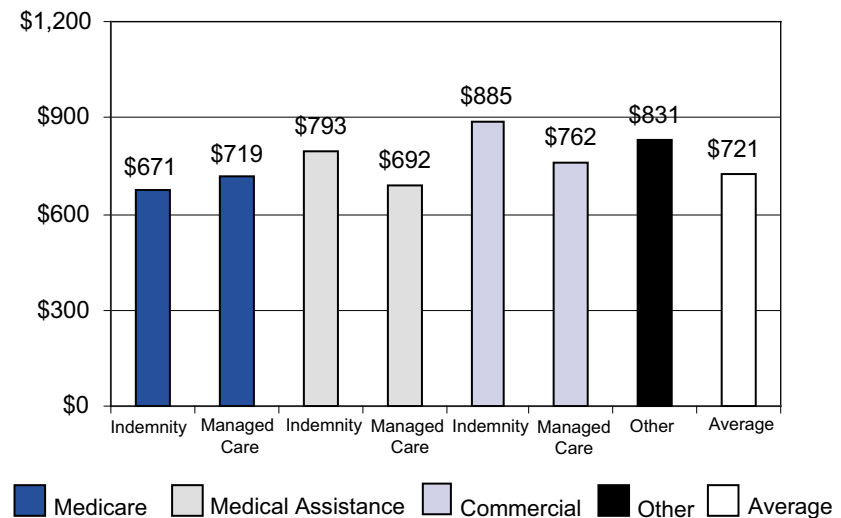
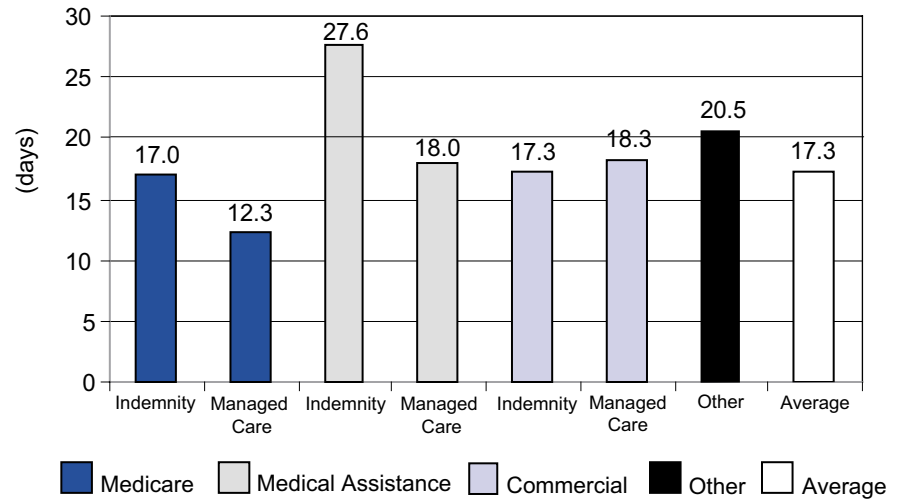


FIGURE R-8

Average Length of Stay at Rehabilitation Hospitals, FY00
by Payor



The average age of patients covered by commercial insurance is 55.5 years. Therefore, commercial revenue per discharge is expected to be lower than MA patients but higher than Medicare patients that have an average age of 75.7 years.

The ALOS, average inpatient revenue per day, and average revenue per discharge also vary depending on whether the rehabilitation patient is enrolled in a managed care or indemnity program. The average Medicare patient enrolled in a managed care plan stays nearly five fewer days in a rehabilitation hospital than the average patient with indemnity coverage (see Figure R-8).

This difference is even more dramatic for MA patients. During FY00, the average stay for a MA managed care patient was more than nine days shorter than an MA patient with indemnity coverage. In addition to shorter stays, freestanding rehabilitation hospitals receive

about \$100 less per day for MA managed care patients than MA indemnity patients.

In contrast to Medicare and MA managed care plans, patients with commercial managed care coverage stayed an average of one day longer than commercial indemnity patients in rehabilitation hospitals during FY00. However, the rehabilitation hospitals received an average of \$120 less per day for care provided to commercial managed care patients than to commercial indemnity patients, as shown in Figure R-7.

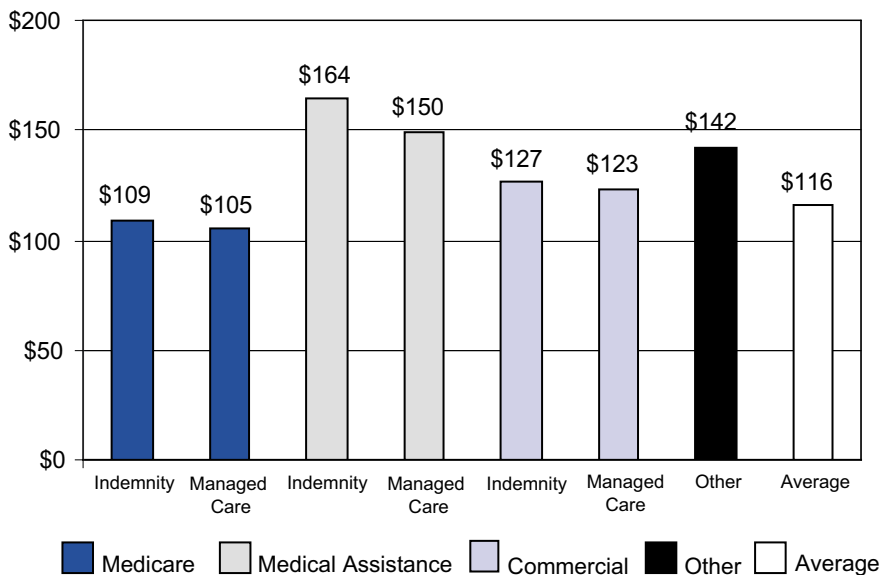
Financial Profile

The average inpatient and outpatient fees received by rehabilitation hospitals was nearly the same during FY99 and FY00. The average inpatient revenue per day was \$722 in FY99 and \$721 in FY00. The average outpatient revenue per visit fell to \$116 during FY00, down from \$120 in FY99 (Figures R-7 & R-9).

With reimbursement rates remaining relatively constant, the growth in operating revenue was largely the result of a 6.2% growth in inpatient days and a 20.% increase in outpatient visits. Despite this increase in volume, rehabilitation hospitals as a group were able to keep growth in operating expenses to 1.6%.

FIGURE R-9

Average Net Outpatient Revenue per Visit at Rehabilitation Hospitals, FY00
by Payor



Rehabilitation Care

Because operating revenues grew faster than operating expenses, the freestanding rehabilitation hospitals saw their average operating margins improve from 4.70% in FY99 to 5.53% in FY00 (see Figure R-10).

As a group, the ten non-profit freestanding rehabilitation hospitals realized a negative operating margin of -2.98%. However, the 15.97% average operating margin posted by the ten for-profit rehabilitation hospitals owned and/or operated by the HealthSouth Corporation raised the statewide average operating margin to 5.53%.

The Children's Seashore House in Philadelphia reported an operating margin of -34.93%. If the Children's Seashore House was removed from the calculation of the average operating margin for the non-profit hospitals, the average FY00 non-profit operating margin would increase to -0.59%. (The Children's Seashore House relies on investment income to partially fund the care it provides. The facility had a total margin of 11.66% during FY00.)

TABLE R-3

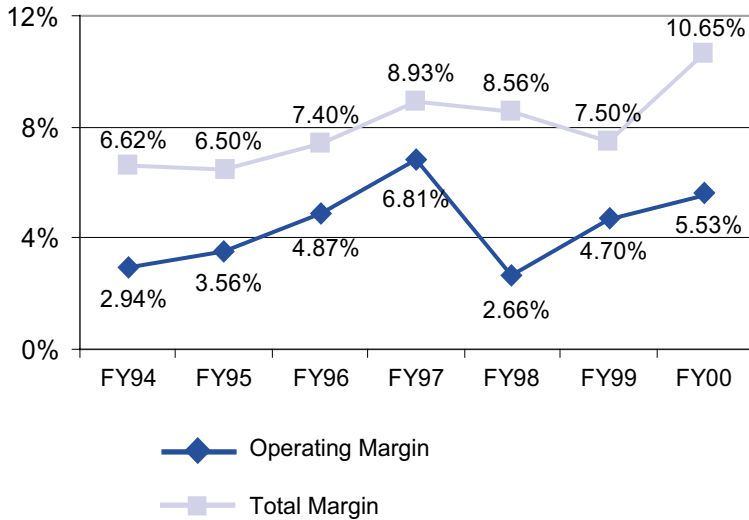
Revenue, Expenses and Income at Rehabilitation Hospitals

	FY94	FY95	FY96	FY97	FY98	FY99	FY00
Net Patient Revenue	\$365,328,180	\$427,831,487	\$434,726,188	\$446,228,628	\$462,175,663	\$477,693,961	\$496,164,594
Total Operating Revenue	\$377,743,502	\$444,290,089	\$455,043,404	\$477,146,341	\$486,779,111	\$505,574,491	\$518,104,365
Total Operating Expenses	\$366,653,793	\$428,490,084	\$432,886,954	\$444,650,410	\$473,840,942	\$481,823,485	\$489,457,179
Operating Income	\$11,089,709	\$15,800,005	\$22,156,450	\$32,495,931	\$12,938,169	\$23,751,006	\$28,647,186
Nonoperating Income and Extraordinary Item	\$14,984,063	\$14,019,801	\$13,130,601	\$12,019,263	\$31,420,610	\$16,274,187	\$30,183,545
Revenue over Expenses	\$26,073,772	\$29,819,806	\$35,287,051	\$44,515,194	\$44,358,779	\$40,025,193	\$58,830,731

FIGURE R-10

Operating and Total Margins at Rehabilitation Hospitals

(After-tax margins were used to calculate total margins of for-profit hospitals after FY98)



The average total margin for all freestanding rehabilitation hospitals grew 3.15 points from 7.50% during FY99 to 10.65% in FY00. This increase is driven largely by investment income realized by non-profit hospitals. The average total margin for the for-profit hospitals is 1.79 points lower than the average operating margin for this group because of federal income tax expenses incurred by for-profit hospitals.

Rehabilitation Care

TABLE R-5

Region	Rehabilitation Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY97-FY00	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY97-FY00
		FY00	FY99	FY98	FY97		FY00	FY99	FY98	FY97	
	Statewide Average	\$25	\$24	\$26	\$23	3.73%	\$24	\$24	\$26	\$23	3.36%
1	Children's Institute Pgh ³	\$15	\$11	NA	NA	NA	\$20	\$18	NA	NA	NA
1	Healthsouth Harmarville ^{1, 5, 10}	\$38	\$40	\$41	\$35	2.72%	\$31	\$32	\$34	\$33	-2.15%
1	Healthsouth Greater Pittsburgh ^{1, 10}	\$28	\$28	\$27	\$25	3.26%	\$24	\$24	\$23	\$20	5.73%
1	Healthsouth Sewickley ^{1, 2, 10}	\$1	\$10	\$12	\$11	NA	\$1	\$13	\$13	\$12	NA
1	UPMC, Rehabilitation	\$20	\$21	\$24	\$24	-5.91%	\$22	\$24	\$29	\$30	-8.50%
2	Healthsouth Erie ^{1, 9, 10}	\$28	\$27	\$30	\$12	40.63%	\$23	\$25	\$28	\$10	43.89%
3	Healthsouth Altoona ^{1, 10}	\$20	\$20	\$19	\$17	6.25%	\$17	\$17	\$17	\$15	5.13%
4	Healthsouth Nittany Valley ^{1, 5, 10}	\$18	\$19	\$18	\$16	3.13%	\$16	\$16	\$17	\$14	6.11%
4	Penn State Geisinger ^{1, 10}	\$9	\$8	NA	NA	NA	\$7	\$7	NA	NA	NA
5	Healthsouth Mechanicsburg ^{1, 10}	\$34	\$31	\$28	\$26	10.29%	\$27	\$23	\$22	\$19	13.34%
5	Healthsouth York ^{1, 10}	\$27	\$25	\$23	\$21	10.17%	\$22	\$20	\$19	\$16	13.75%
6	Allied Services Institute ¹⁴	\$35	\$33	\$32	\$30	5.74%	\$35	\$33	\$31	\$29	6.80%
6	John Heinz Institute ¹⁴	\$33	\$33	\$34	\$32	1.48%	\$34	\$34	\$35	\$33	1.69%
7	Good Shepherd	\$32	\$28	\$29	\$30	1.34%	\$34	\$30	\$31	\$28	6.90%
7	Healthsouth Reading ^{1, 10}	\$17	\$17	\$18	\$17	1.40%	\$14	\$14	\$19	\$17	-5.78%
8	Bryn Mawr Rehabilitation ⁵	\$34	\$32	\$32	\$31	2.88%	\$33	\$33	\$32	\$32	1.31%
8	Chestnut Hill ⁵	\$12	\$13	\$13	\$12	-0.72%	\$14	\$14	\$15	\$17	-6.02%
9	Children's Seashore House	\$19	\$24	\$25	\$29	-11.72%	\$27	\$39	\$45	\$38	-10.11%
9	Magee Rehabilitation	\$27	\$26	\$26	\$27	-0.21%	\$30	\$28	\$30	\$30	-0.58%
9	Moss Rehabilitation ⁶	\$40	\$33	\$32	\$33	6.98%	\$45	\$37	\$35	\$36	8.14%

NA= Not Applicable
 NR = Not Reported

Footnotes on page 50.

See page 50 for map of regions.

TABLE R-5 (continued)

Rehabilitation Hospital (non-profit)	Operating Margin FY00	Total Margin FY00	3-yr. Average Total Margin FY98-FY00	Uncompensated Care to NPR FY00	Medicare Share of NPR FY00	Medical Assistance Share of NPR FY00
Statewide Average (all rehab)	5.53%	10.65%	8.93%	2.02%	48.76%	9.08%
Non-Profit Rehabilitation Hospitals						
Statewide Average (non-profit)	-2.98%	8.08%	6.69%	2.56%	41.22%	15.23%
Children's Institute Pgh ³	-5.37%	32.14%	NA	9.97%	2.60%	17.58%
UPMC, Rehabilitation	4.12%	4.12%	6.53%	2.09%	60.17%	9.47%
Allied Services Institute ¹⁴	3.82%	6.67%	7.38%	0.99%	NR	NR
John Heinz Institute ¹⁴	-2.19%	-1.57%	0.28%	0.91%	59.23%	3.65%
Good Shepherd	-4.33%	-2.11%	-0.95%	1.92%	45.78%	8.13%
Bryn Mawr Rehabilitation ⁵	5.43%	5.44%	6.32%	1.66%	55.52%	2.33%
Chestnut Hill ⁵	-17.61%	-17.57%	-10.26%	1.13%	66.77%	5.14%
Children's Seashore House	-34.93%	11.66%	-0.88%	11.79%	0.26%	54.29%
Magee Rehabilitation	0.69%	22.56%	23.56%	1.24%	45.14%	14.42%
Moss Rehabilitation ⁶	-1.63%	4.96%	4.96%	0.91%	44.02%	13.07%
For-Profit Rehabilitation Hospitals						
Statewide Average (for-profit)	15.97%	14.18%	11.99%	1.39%	54.46%	4.44%
Healthsouth Harmarville ^{1, 5, 10}	19.92%	16.73%	16.82%	1.33%	40.30%	5.22%
Healthsouth Greater Pittsburgh ^{1, 10}	15.40%	13.31%	12.61%	0.49%	49.58%	1.97%
Healthsouth Sewickley ^{1, 2, 10}	-11.75%	-11.75%	-12.08%	0.35%	52.24%	0.81%
Healthsouth Erie ^{1, 9, 10}	14.96%	13.26%	8.08%	2.01%	56.36%	10.58%
Healthsouth Altoona ^{1, 10}	13.91%	12.63%	11.33%	0.11%	68.64%	3.42%
Healthsouth Nittany Valley ^{1, 5, 10}	8.50%	8.46%	8.40%	1.29%	62.36%	5.63%
Penn State Geisinger ^{1, 10}	20.81%	20.81%	NA	1.19%	32.22%	-0.44%
Healthsouth Mechanicsburg ^{1, 10}	23.05%	20.18%	18.50%	0.48%	53.22%	1.55%
Healthsouth York ^{1, 10}	16.49%	14.80%	15.41%	2.17%	68.16%	4.72%
Healthsouth Reading ^{1, 10}	20.40%	20.26%	10.39%	4.89%	58.92%	5.22%

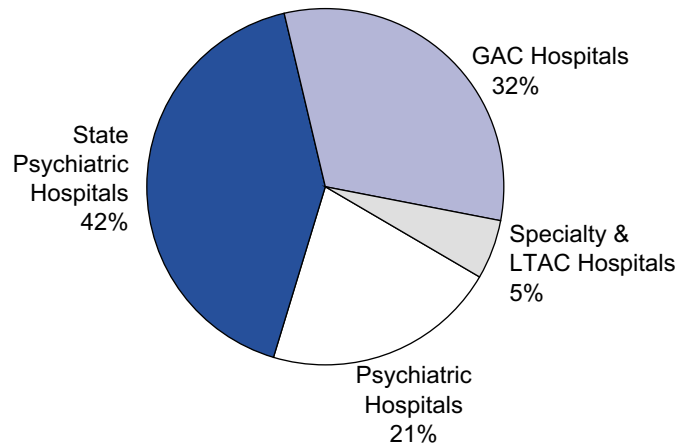
Highlights

- The Commonwealth, through the Department of Public Welfare (DPW), is the largest provider of psychiatric care in Pennsylvania. Through its nine state hospitals, the Commonwealth provided about 42% of all psychiatric inpatient days during FY00. Pennsylvania's Medical Assistance Program (MA) provided about 60% of the net patient revenue received by the nineteen freestanding psychiatric hospitals in Pennsylvania. About 27% of the patients receiving psychiatric care at GAC hospitals were MA participants.
- The average length of stay (ALOS) at psychiatric units in GAC hospitals fell more than half a day to 8.7 days during FY00. In contrast, the ALOS at freestanding psychiatric hospitals rose nearly a day to 13.2 days.
- The number of people receiving treatment (discharges) at GAC psychiatric units grew 14.7% during FY00. The net effect of more patients staying a shorter period of time was a 7.5% increase in patient days at GAC psychiatric units.
- Freestanding psychiatric hospitals experienced a 3.2 % decline in discharges during FY00. However, the 0.9 day growth in ALOS resulted in a 3.7% growth in patient days.
- As a group, freestanding psychiatric hospitals have posted operating losses each year since FY95. Excluding one hospital that closed during FY01, freestanding psychiatric hospitals realized an average total margin of 1.10% in FY00.
- The eight for-profit freestanding psychiatric hospitals in the state had an average FY00 operating margin of 0.16%, which was 0.81 of a point higher than the (negative) -0.65% operating margin reported by the ten non-profit hospitals. Alternatively, these ten non-profit hospitals had an average total margin of 1.48%, which was 0.86 of a point higher than the 0.62% average total margin for the for-profit hospitals in FY00.

The Commonwealth, through the Pennsylvania Department of Public Welfare (DPW), is the largest provider of psychiatric care in the state.

DPW's nine psychiatric hospitals (state hospitals) provided 42% of all inpatient days of psychiatric care during Fiscal Year 2000 (FY00), as shown in Figure P-1 and Table P-1. In addition, the Medical Assistance (MA) Program provided 60% of the net patient revenue received by the nineteen private freestanding psychiatric hospitals in Pennsylvania during FY00. About 27% of the patients receiving inpatient psychiatric care at general acute care (GAC) hospitals were MA participants. DPW also provides psychiatric care in a variety of other settings.

FIGURE P-1
Psychiatric Patient Days, FY00
by Facility Type



The Settings for Hospital-Based Psychiatric Care

At the end of FY00, the nine state hospitals had a patient population of 2,928 and provided care for 5,034 residents during the year. These hospitals provide long-term care with an average length of stay of about 1.6 years.²

In contrast, psychiatric units in GAC hospitals (GAC psychiatric units) provide relatively short-term care with an average length of stay during FY00 of about 8.7 days. More than half of all GAC hospitals in Pennsylvania operate psychiatric units. These 107 GAC psychiatric units provided 32% of the statewide total of inpatient days of psychiatric care during FY00.

The 19 freestanding psychiatric hospitals provided 21% of inpatient days of psychiatric care in the Commonwealth during FY00. Excluding the long-term residential programs offered by seven hospitals, the average length of stay at the psychiatric hospitals was about 12.3 days during FY00. Including long-term residential care, the average length of stay increased to 13.2 days.

Four of the six specialty hospitals in Pennsylvania provided psychiatric care. One facility operates a psychiatric unit and the other three offer drug and alcohol programs. The 106,342 days of inpatient psychiatric care at specialty hospitals represented about 4% of the inpatient days of statewide psychiatric care during FY00.

² Commonwealth of Pennsylvania, The Governor's Recommended Budget, *Pennsylvania's Behavioral Health Service System: Changes, Accomplishments and Opportunities*, www.dpw.state.pa.us/general.asp (February, 2001)

Psychiatric Care

TABLE P-1

Utilization of Psychiatric Care

by Facility Type

	FY94	FY95	FY96	FY97	FY98	FY99	FY00
Patient Days							
Psychiatric	562,047	546,033	526,095	487,532	473,325	496,081	514,173
State Psychiatric	1,545,993	1,433,590	1,447,964	1,272,597	1,168,093	1,081,464	1,020,777
GAC	962,162	875,050	839,791	804,859	745,240	715,368	768,797
Specialty	111,346	109,035	101,971	88,708	94,828	100,221	106,342
LTAC	12,743	52,154	51,818	44,586	35,200	31,598	26,252
Total	3,194,291	3,015,862	2,967,639	2,698,282	2,516,686	2,424,732	2,436,341
Discharges							
Psychiatric	31,306	33,926	34,813	35,572	38,975	40,181	38,884
State Psychiatric	3,137	2,813	2,421	2,366	2,595	2,107	2,059
GAC	69,971	70,097	71,654	73,017	73,629	77,342	88,717
Specialty	8,096	9,384	8,270	8,462	5,260	5,195	5,059
LTAC	396	1,879	1,803	1,693	1,368	1,303	1,162
Total	112,906	118,099	118,961	121,110	121,827	126,128	135,881
Beds							
Psychiatric	2,036	2,005	2,006	1,911	1,832	1,845	1,833
State Psychiatric	4,917	4,673	4,063	3,925	3,808	3,524	3,222
GAC	3,485	3,385	3,243	3,300	3,193	3,208	3,200
Specialty	403	423	404	402	372	389	405
LTAC	NC	NC	NC	131	112	112	113
Total	10,841	10,486	9,716	9,669	9,317	9,078	8,773
Occupancy Rate							
Psychiatric	75.80%	77.22%	74.67%	72.33%	69.52%	74.73%	76.96%
State Psychiatric	87.54%	85.67%	90.21%	87.33%	76.31%	83.55%	85.77%
GAC	75.84%	71.30%	70.80%	67.58%	65.64%	63.70%	65.27%
Specialty	75.70%	72.35%	69.11%	60.97%	69.21%	70.59%	71.77%
LTAC	NC	NC	NC	93.05%	86.11%	77.29%	66.49%
Average	81.19%	79.44%	80.61%	76.75%	71.40%	74.28%	75.58%
Average Length of Stay							
Psychiatric	17.95	16.09	15.11	13.71	12.14	12.35	13.22
State Psychiatric	492.83	509.63	598.09	537.87	450.13	513.27	495.76
GAC	13.75	12.48	11.72	11.02	10.12	9.25	8.67
Specialty	13.75	11.62	12.33	10.48	18.03	19.29	21.02
LTAC	32.18	27.76	28.74	26.34	25.73	24.25	22.59
Average	28.29	25.54	24.95	22.28	20.66	19.22	17.93
Average w/o State Psychiatric	15.02	13.72	13.04	12.01	11.31	10.83	10.58

NC - Not Captured

Three long-term acute care (LTAC) facilities rendered 26,252 psychiatric patient days of care during FY00. This represents about 33% of the total care provided by these three facilities and about 20% of the total patient days provided by all LTAC facilities.

Trends in Hospital-Based Psychiatric Care

The National Association of Psychiatric Health Systems (NAPHS) reports that its annual 2000 member survey confirms that “providers have focused attention to developing treatment approaches that have responded to payers’ increasing demands for shorter stays, lower costs, and expanded access to care.”³

NAPHS states that over the past decade (1990-1999) the average length of stay has fallen 60.1% from 25.6 days to an average of 10.2 days in both 1997 and 1999 (NAPHS did not conduct a survey in 1998).

³ National Association of Psychiatric Health Systems. 2000. *Behavioral Healthcare Admissions Remain Strong, Occupancy is Up, and Stays Remain Short, NAPHS Annual Survey Finds.* [online]. Available: <http://naphs.org/nes/2000annualsurvey.html>. (July 16, 2001)

FIGURE P-2

Average Length of Stay for Psychiatric Care by Facility Type *

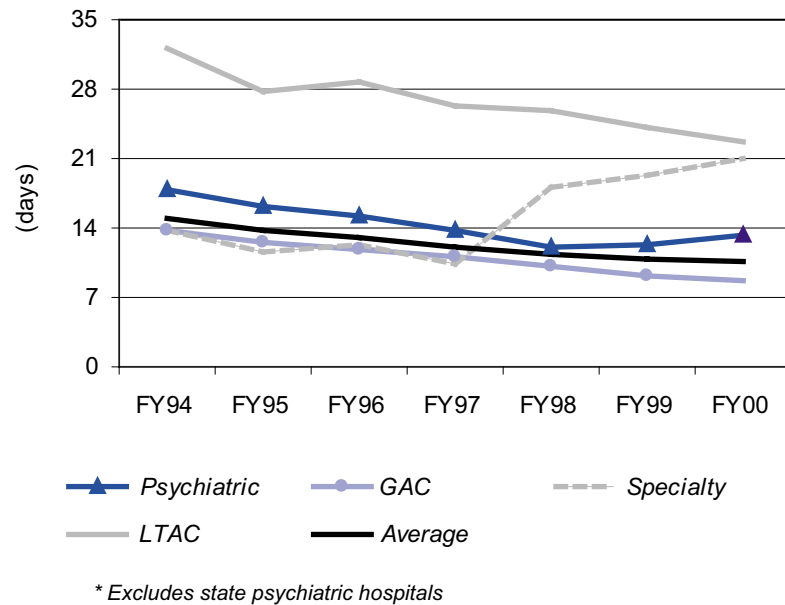


FIGURE P-3

Psychiatric Discharges by Facility Type

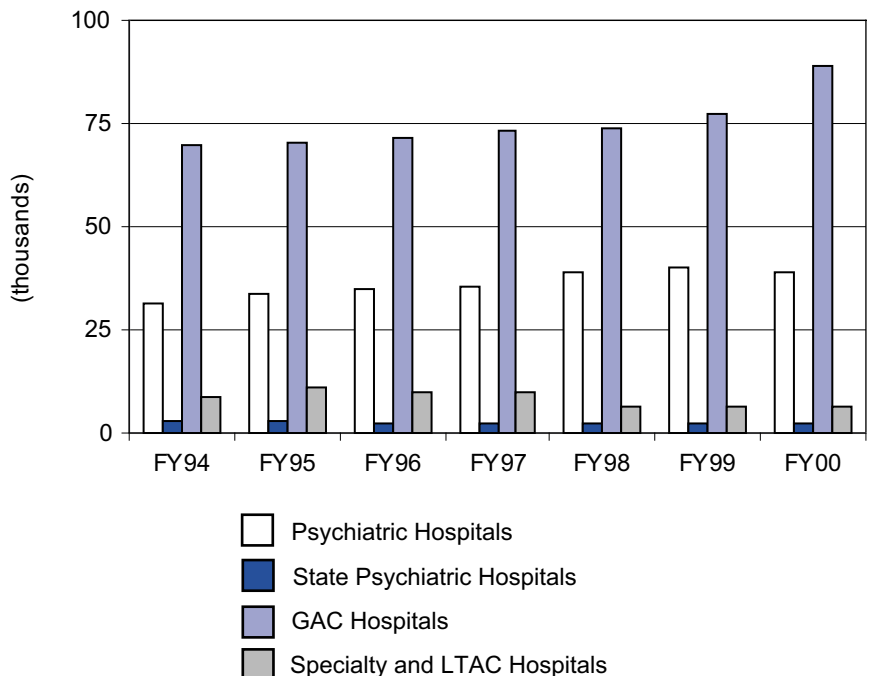
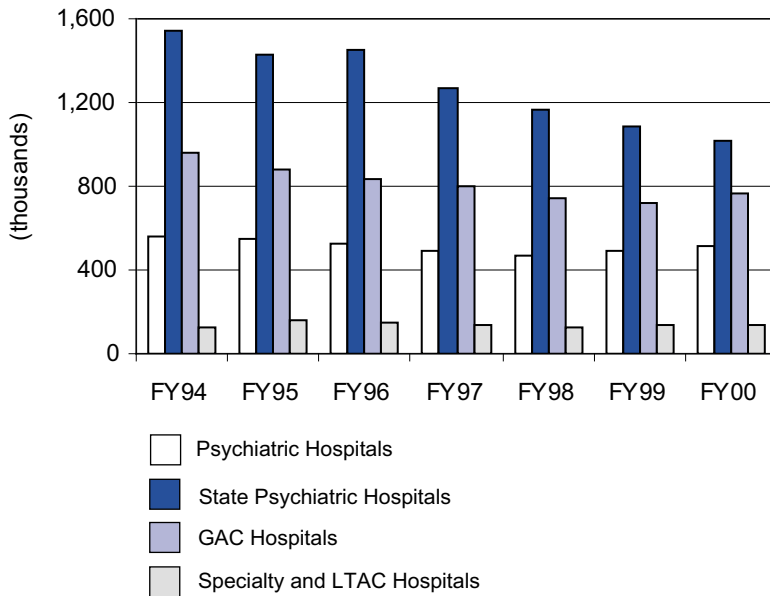


FIGURE P-4

Psychiatric Patient Days by Facility Type



The average length of stay (ALOS) at psychiatric units in Pennsylvania’s GAC hospitals fell more than one-half day to 8.7 days during FY00 and almost 5 days since FY94. Like the GAC psychiatric units, the ALOS at the freestanding psychiatric hospitals fell dramatically between FY94 and FY97. While the ALOS continued to fall at the GAC psychiatric units through FY00, the ALOS at free-standing psychiatric hospitals leveled off during FY98 and FY99, and actually rose 0.9 day during FY00 to 13.2 days. (Table P-1 and Figure P-2).

The NAPHS reports that the hospitals in its national survey saw their inpatient admissions grow an average of 4.9% between FY97 and FY99.

Total statewide discharges at Pennsylvania GAC psychiatric units grew 14.7% during FY00 and 26.8% since FY94. The freestanding psychiatric hospitals also experienced a steady growth of 28.4% in patient discharges between FY94 and FY99. However, during FY00 the hospitals collectively saw a modest 3.2% decline in discharges. (Table P-1 and Figure P-3).

The net effect of more patients (14.7% increase in discharges) staying a shorter period of time (0.6 day decline in ALOS) is a 7.5% increase in patient days at GAC psychiatric units during FY00. Although free-standing psychiatric hospitals saw a modest 3.2% decline in statewide discharges, the 0.9 day increase in ALOS resulted in a 3.7% growth in patient days. (Table P-1 and Figure P-4).

The number of staffed beds at the state psychiatric hospitals has declined by 1,695 or 34.5% between FY94 and FY00, as patients are integrated into community-based programs and private facilities. Since the number of staffed beds has declined faster than the number of patient days of care, the average occupancy rate at state hospitals has improved 9.5 points since FY98 to 85.8%.

TABLE P-2
Total Utilization and Capacity, FY00
*by Psychiatric Hospital**

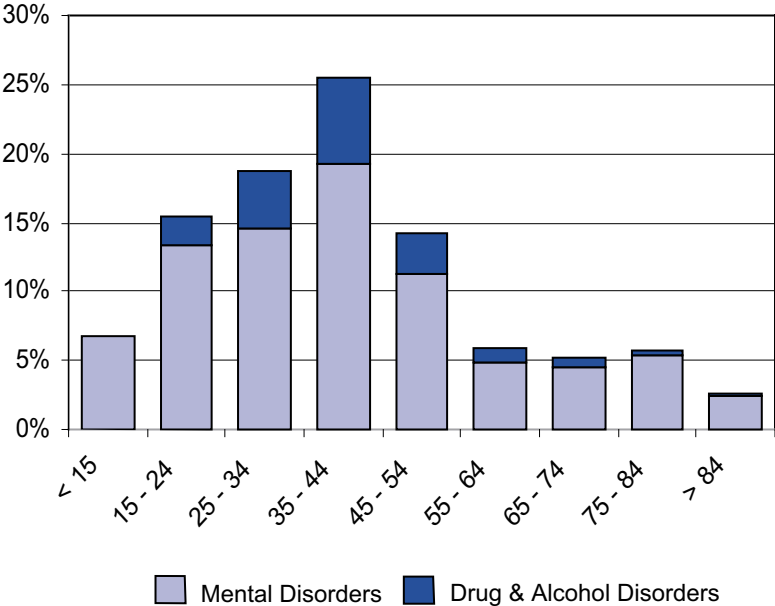
Hospital	Patient Days	Bed Days Available	Occupancy Rate	Discharges	Beds	Average Length of Stay
Belmont Center	47,004	53,802	87.36%	4,526	147	10.39
Charter Fairmount	47,973	58,926	81.41%	4,628	161	10.37
Child Guidance Center	5,749	8,760	65.63%	249	24	23.09
Clarion Psych Center	15,048	25,550	58.90%	958	70	15.71
Delaware Valley Mental Health	27,070	29,112	92.99%	351	84	77.12
Edgewater Psych Center	13,525	18,615	72.66%	455	51	29.73
Eugenia Hospital	NR	NR	NR	NR	NR	NR
First Hospital	30,183	35,136	85.90%	2,463	96	12.25
Friends Hospital	50,150	70,080	71.56%	4,985	192	10.06
Horsham	49,609	53,290	93.09%	3,856	146	12.87
Kirkbride Center	NR	NR	NR	NR	NR	NR
Mapleton Psych Institute	4,701	5,856	80.28%	155	16	30.33
Meadows Psych Center	29,960	36,865	81.27%	1,828	101	16.39
Montgomery Cty ES	20,140	25,620	78.61%	2,513	70	8.01
National Kids Crisis	18,953	26,280	72.12%	1,126	72	16.83
Northwestern Psych	NR	NR	NR	NR	NR	NR
Philhaven	19,953	33,306	59.91%	2,133	91	9.35
Saint John Vianney	8,206	15,372	53.38%	96	42	85.48
Southwood Psych	21,706	29,930	72.52%	978	82	22.19
RESIDENTIAL PROGRAMS						
Charter Fairmount	6,846	8,418	81.33%	553	23	12.38
Clarion Psych Center	5,621	6,570	85.56%	25	18	224.84
Delaware Valley Mental Health	9,402	9,740	96.53%	35	30	268.63
Edgewater Psych Center	1,034	1,095	94.43%	0	3	NA
Meadows Psych Center	9,820	11,680	84.08%	31	32	316.77
Montgomery Cty ES	1,608	2,562	62.76%	271	7	5.93
Southwood Psych Hospital	13,919	15,330	90.80%	43	42	323.70

* Includes residential treatment

NA = Not Applicable
 NR = Not Reported

FIGURE P-5

Age Distribution of Psychiatric Patients*, FY00



* Excludes state psychiatric hospitals. Mental disorders include all patients whose principal diagnosis was grouped into MDC 19. Drug and alcohol disorders include patients grouped into MDC 20.

The NAPHS concludes that as the ALOS of inpatient care declines, outpatient and community-based care is playing a larger role in psychiatric treatment.

The Council has limited data about outpatient care provided by freestanding psychiatric hospitals. During FY00, 13 of 19 psychiatric hospitals reported 633,282 outpatient visits. These same 13 hospitals had 24,063 inpatient discharges during the year. Therefore, on average, the ratio of outpatient visits to inpatient admissions was about 26:1 at those hospitals.

The average length of stay at individual freestanding psychiatric hospitals ranges from 8 days to over 85 days. This range reflects the wide variation in the mix of patients and nature of care performed at psychiatric hospitals.

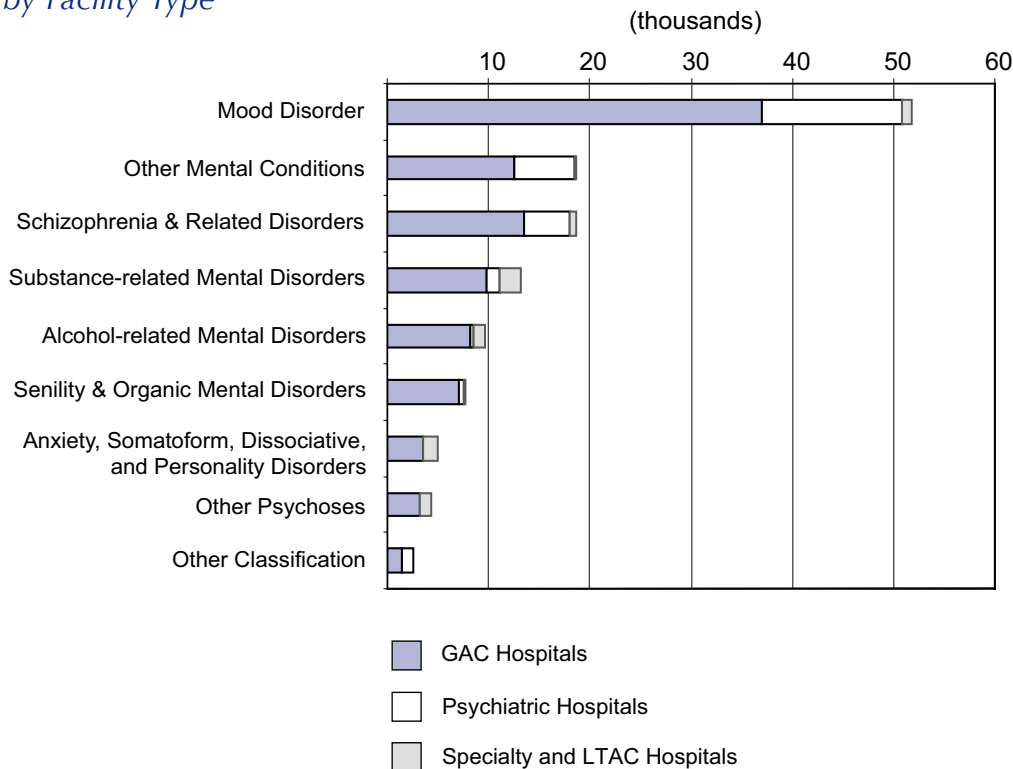
Seven of the freestanding hospitals report that they provide residential care. Residential care is typically a less intensive treatment alternative to hospitalization and often follows acute hospital care. The utilization and capacity of these residential programs is presented at the conclusion of Table P-2. Four of the programs had average lengths of stay in excess of 200 days; two of those had stays in excess of 300 days.

Patients in the 35 - 44 year age group make up the largest component of inpatient psychiatric care at both the freestanding psychiatric hospitals and GAC psychiatric units. (Figure P-5) Inpatient psychiatric care has a younger age distribution than other categories of hospital-based care.

The distribution of discharges by clinical classification at all hospitals providing psychiatric care in Pennsylvania (not including state hospitals) during FY00 is shown in Figure P-6. The leading principal diagnosis for a psychiatric patient admitted to Pennsylvania hospitals is affective mood disorders. Patients diagnosed with affective mood disorders comprise 45.8% of admissions to the freestanding psychiatric hospitals and 38.5% of admissions to GAC psychiatric units.

Drug and alcohol related disorders represented about 81.6% of the principal diagnosis of psychiatric patients admitted to specialty hospitals during FY00. The two leading principal psychiatric diagnoses at LTAC hospitals were schizophrenia (39.6%) and affective mood disorders (32.3%).

FIGURE P-6
Psychiatric Discharges by Clinical Classification¹, FY00
*by Facility Type**



* Excludes state psychiatric hospitals.

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

Financial Profile

Statewide net patient revenue (NPR) for freestanding psychiatric hospitals declined 19.0% between FY94 and FY98 as reflected in Table P-3. In contrast, NPR grew 8.0% during FY99 and 3.6% in FY00. Despite the improvement in revenues, psychiatric hospitals, as a group, have posted operating losses every year since FY95. During FY00, the statewide average operating margin was a negative 1.90% and the average total margin was a negative 0.51%. (Table P-4 and Figure P-7)

The Child Guidance Center in Philadelphia reported an operating loss of 60.92%. The Center had relied on transfers from the Children's Hospital Foundation to operate. The Center closed in December 2000. Removing the Child Guidance Center from the statewide calculations reduces the statewide average operating loss to a negative 0.29% and improves the average total margin to 1.10%.

Eight of the nineteen freestanding psychiatric hospitals operate as for-profit facilities. As a group, the eight for-profit hospitals had an average operating margin of 0.16%, which was 0.81 point higher than the -0.65% average operating margin of ten non-profit hospitals (not including the Child Guidance Center). Alternatively, these ten non-profit hospitals had an average total margin of 1.48%, which was 0.86 higher than the 0.62% average total margin for the for-profit hospitals.

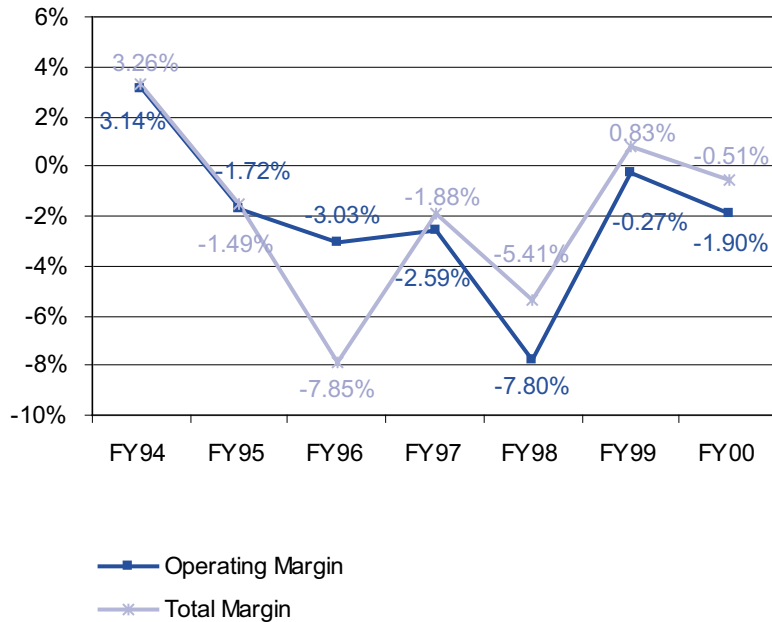
TABLE P-3

Revenue, Expenses and Income at Psychiatric Hospitals*

	FY94	FY95	FY96	FY97	FY98	FY99	FY00
Net Patient Revenue	\$316,596,623	\$297,639,125	\$276,307,482	\$258,887,161	\$256,204,626	\$275,524,580	\$285,538,084
Total Operating Revenue	\$329,739,622	\$312,193,926	\$304,165,772	\$277,251,593	\$270,277,344	\$288,697,396	\$297,866,025
Total Operating Expenses	\$319,388,471	\$317,575,655	\$313,381,626	\$284,428,014	\$291,366,608	\$289,473,414	\$303,539,468
Operating Income	\$10,351,151	(\$5,381,729)	(\$9,215,854)	(\$7,176,421)	(\$21,089,264)	(\$776,018)	(\$5,673,443)
Nonoperating Income and Extraordinary Item	\$484,206	\$700,778	(\$15,002,874)	\$1,894,098	\$6,128,834	\$3,191,668	\$4,120,875
Revenue over Expenses	\$10,835,357	(\$4,680,951)	(\$24,218,728)	(\$5,282,323)	(\$14,960,430)	\$2,415,650	(\$1,552,568)

*Excludes state psychiatric hospitals

FIGURE P-7
Operating and Total Margin at Psychiatric Hospitals*



* Excludes state psychiatric hospitals

The primary reason that freestanding non-profit hospitals had a higher average total margin than the for-profit hospitals was due to income non-profit hospitals earned from their investments.

The Commonwealth directly underwrites about 78% of the cost of the care provided at the nine state psychiatric hospitals as shown in Table P-5. Of the remaining 22% of 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 hospitals are provided by private insurance and individuals.

Psychiatric Care

TABLE P-4

Region	Psychiatric Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY97-FY00	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY97-FY00
		FY00	FY99	FY98	FY97		FY00	FY99	FY98	FY97	
	Statewide Average	\$15	\$14	\$12	\$12	3.43%	\$16	\$14	\$14	\$14	2.24%
1	Southwood Psych ^{1, 3, 5, 10}	\$9	\$4	\$9	\$6	22.68%	\$9	\$4	\$8	\$7	6.70%
2	Clarion Psych Center ^{1, 5, 10}	\$7	\$8	\$7	\$7	-1.11%	\$6	\$5	\$5	\$6	0.43%
4	Meadows Psych Center ^{1, 5, 10}	\$14	\$17	\$15	\$17	-4.82%	\$14	\$15	\$13	\$15	-0.83%
5	Edgewater Psych Center	\$15	NR	\$16	\$13	3.79%	\$16	NR	\$16	\$13	7.15%
5	Philhaven	\$27	\$23	\$21	\$21	9.51%	\$28	\$24	\$23	\$23	5.81%
6	First Hospital ⁷	\$11	\$12	\$12	\$11	0.82%	\$12	\$11	\$11	\$11	0.66%
7	National Kids Crisis ¹	\$17	\$17	\$15	\$11	19.93%	\$15	\$15	\$13	\$12	8.06%
8	Delaware Valley Mental Health ^{5, 6}	\$14	\$9	\$8	\$8	26.52%	\$12	\$8	\$7	\$7	24.24%
8	Eugenia Hospital ^{10, 12}	NR	NR	NR	\$20	NR	NR	NR	NR	\$19	NR
8	Horsham ^{1, 10}	\$24	\$24	\$22	\$26	-1.98%	\$24	\$23	\$27	\$21	4.13%
8	Mapleton Psych Institute ⁷	\$2	\$2	NR	\$6	-23.02%	\$2	\$2	NR	\$7	-22.01%
8	Montgomery Cty ES ⁵	\$8	\$7	\$6	\$5	17.59%	\$11	\$8	\$8	\$7	13.87%
8	Northwestern Psych ^{10, 12}	NR	NR	NR	\$11	NR	NR	NR	NR	\$15	NR
8	Saint John Vianney	\$3	\$3	\$3	\$4	-10.69%	\$3	\$4	\$3	\$4	-3.27%
9	Belmont Center	\$25	\$25	\$24	\$23	2.78%	\$26	\$26	\$25	\$24	2.67%
9	Charter Fairmount ^{1, 5, 10, 11, 14}	\$21	\$16	NR	\$15	13.15%	\$21	\$17	NR	\$16	9.80%
9	Child Guidance Center ¹¹	\$6	\$8	\$4	\$6	2.79%	\$13	\$14	\$15	\$17	-8.00%
9	Friends Hospital	\$30	\$32	\$32	\$31	-0.98%	\$37	\$35	\$35	\$33	3.39%
9	Kirkbride Center ^{1, 10, 12}	NR	\$13	\$8	NA	NA	NR	\$18	\$8	NA	NA

NR = Not Reported
NA = Not Applicable

Footnotes on page 50.

See page 50 for map of regions.

TABLE P-4 (continued)

Psychiatric Hospital	Operating Margin FY00	Total Margin FY00	3-yr. Average Total Margin FY98-FY00	Uncompensated Care to NPR FY00	Medicare Share of NPR FY00	Medical Assistance Share of NPR FY00
Statewide Average (all psych)	-1.90%	-0.51%	-1.62%	5.00%	9.13%	59.57%
Non-Profit Psychiatric Hospitals						
Statewide Average (non-profit)	-3.51%	-1.39%	-0.10%	5.66%	10.57%	56.80%
Edgewater Psych Center	-6.62%	-6.62%	NR	NR	6.24%	57.54%
Philhaven	1.03%	2.61%	1.20%	3.07%	9.42%	49.01%
First Hospital ⁷	1.80%	1.80%	6.22%	3.52%	28.32%	34.87%
National Kids Crisis ¹	15.11%	15.11%	10.79%	1.72%	0.00%	74.67%
Delaware Valley Mental Health ^{5, 6}	9.04%	13.75%	11.56%	3.70%	0.00%	79.94%
Mapleton Psych Institute ⁷	-22.17%	-22.17%	NR	7.03%	0.00%	90.63%
Montgomery Cty ES ⁵	-4.47%	-0.51%	1.68%	13.83%	10.48%	54.50%
Saint John Vianey	-7.97%	7.28%	11.37%	0.00%	0.00%	0.00%
Belmont Center	2.72%	4.33%	3.67%	2.00%	24.03%	49.12%
Child Guidance Center ¹¹	-60.92%	-59.66%	-52.58%	0.00%	0.01%	79.53%
Friends Hospital	-12.41%	-9.06%	-1.56%	13.38%	NR	26.01%
For-Profit Psychiatric Hospitals						
Statewide Average (for-profit)	0.16%	0.62%	-3.76%	4.17%	5.80%	65.99%
Southwood Psych ^{1, 3, 5, 10}	8.12%	6.63%	6.46%	0.27%	0.00%	85.71%
Clarion Psych Center ^{1, 5, 10}	17.60%	17.85%	30.42%	2.10%	5.47%	70.88%
Meadows Psych Center ^{1, 5, 10}	0.61%	4.51%	11.09%	2.61%	4.79%	66.09%
Eugenia Hospital ^{10, 12}	NR	NR	NR	NR	NR	NR
Horsham ^{1, 10}	3.30%	3.83%	-4.91%	1.70%	8.69%	57.00%
Northwestern Psych ^{10, 12}	NR	NR	NR	NR	NR	NR
Charter Fairmount ^{1, 5, 10, 11, 14}	-0.92%	-0.92%	NR	0.02%	NR	NR
Kirkbride Center ^{1, 10, 12}	NR	NR	NR	NR	NR	NR

Psychiatric Care

TABLE P-5

Region	State Psychiatric Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY97-FY00	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY97-FY00
		FY00	FY99	FY98	FY97		FY00	FY99	FY98	FY97	
		Statewide Average	\$10	\$10	\$10	\$11	-6.48%	\$45	\$44	\$40	\$40
1	Mayview State Hospital	\$10	\$11	\$11	\$19	-16.64%	\$62	\$60	\$60	\$62	0.09%
1	Torrance State Hospital	\$10	\$11	\$11	\$12	-5.27%	\$37	\$38	\$35	\$35	1.73%
2	Warren State Hospital	\$10	\$9	\$9	\$10	2.12%	\$36	\$35	\$34	\$34	1.60%
4	Danville State Hospital	\$8	\$9	\$11	\$13	-13.54%	\$30	\$31	\$31	\$31	-1.18%
5	Harrisburg State Hospital	\$9	\$9	\$8	\$8	3.93%	\$39	\$38	\$38	\$35	4.14%
6	Clarks Summit State Hospital	\$10	\$9	\$13	\$12	-6.74%	\$37	\$35	\$35	\$32	4.48%
7	Allentown State Hospital	\$7	\$7	\$8	\$9	-10.12%	\$33	\$34	\$35	\$35	-2.13%
7	Wernersville State Hospital	\$10	\$9	\$8	\$8	7.66%	\$36	\$35	\$35	\$33	2.64%
8	Norristown State Hospital	\$16	\$17	\$12	\$12	10.79%	\$93	\$93	\$74	\$68	12.17%

TABLE P-5 (continued)

State Psychiatric Hospital	Percent of Expenses not covered by NPR FY00	Medicare Share of NPR FY00	Medical Assistance Share of NPR FY00
Statewide Average	77.95%	20.36%	66.91%
Mayview State Hospital	84.25%	21.90%	62.66%
Torrance State Hospital	72.20%	16.50%	70.27%
Warren State Hospital	71.04%	19.12%	62.04%
Danville State Hospital	74.70%	19.74%	67.63%
Harrisburg State Hospital	77.91%	24.43%	69.89%
Clarks Summit State Hospital	72.87%	16.25%	73.51%
Allentown State Hospital	79.93%	22.44%	64.00%
Wernersville State Hospital	73.24%	19.90%	67.20%
Norristown State Hospital	82.88%	22.76%	65.41%

Long-Term Acute Care

Trends in Long-Term Acute Care

Long-term acute care (LTAC) hospitals provide specialized acute care to medically complex patients who no longer require intensive care provided by a general acute care (GAC) hospital. However, they are not medically ready for rehabilitation care, or they still need a higher level of care than that provided by a skilled nursing facility or home health care. Patients are commonly admitted directly from a GAC hospital intensive care unit with complex medical conditions requiring continuous acute care such as respiratory or ventilator-dependent conditions. The average length of stay at the LTAC facilities was 31.9 days during FY00 compared to 5.6 days at Pennsylvania's GAC hospitals.

LTAC facilities are a relatively new sector in the health care delivery system, beginning with one facility in FY94 and growing to five facilities by FY98. This sector of Pennsylvania's health care system experienced a 20.2% growth in the number of patient days of care during FY00 (see Figure L-1). In addition, the number of long-term acute care facilities in Pennsylvania doubled during FY00 with the addition of five new facilities. An additional six facilities began operations after FY00 bringing the current statewide total to sixteen.

FIGURE L-1

Patient Days at Long-Term Acute Care Hospitals

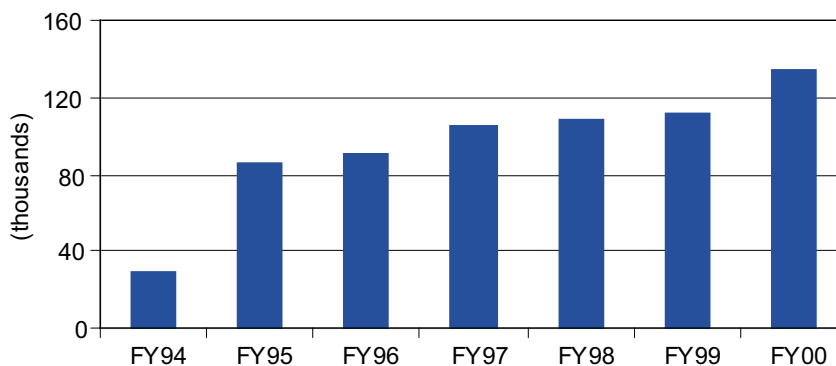
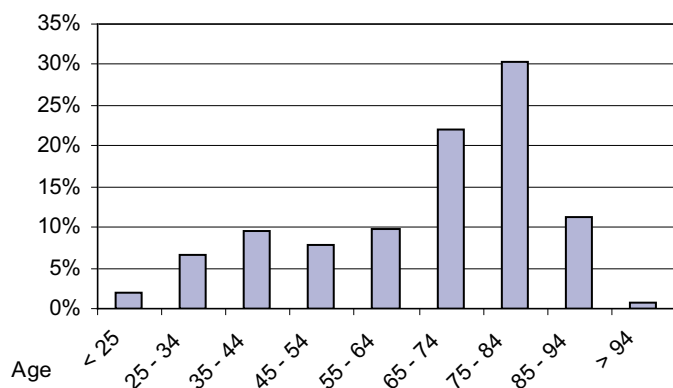


FIGURE L-2

Age Distribution at Long-Term Acute Care Hospitals, FY00



One reason for the fast growth in LTAC facilities is that they are increasingly utilizing space within existing GAC hospitals. Consequently, construction time is reduced to the time to renovate existing hospital space.

The five new LTAC facilities that began operation in FY00 are smaller than the five facilities that opened prior to FY98. These newer facilities have an average of 30 staffed beds compared to an average of over 100 beds for the other five facilities.

The addition of five new facilities brought an increase of 143 staffed beds, or a 27.1% increase over the 528 beds reported in FY99. Despite this

additional capacity, the statewide average occupancy rate fell only 1.84 points to 59.7%, cushioned by a 20.2% increase in the number of days of care provided at LTAC facilities (see Table L-1).

The top eight clinical classifications for patients discharged from LTAC facilities during FY00 are presented in Table L-2. These eight classifications represent 65.1% of all discharges during the fiscal year. Approximately 44% of the patients in this group are receiving care for psychiatric disorders.

During FY00, care provided in designated psychiatric units of LTAC facilities represented 27.8% of the discharges and 19.6% of the total patient days of care provided at Pennsylvania's LTAC facilities. However, all of the new beds added during FY00 by the five new LTAC facilities were reported as med-surg beds.

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. The largest single group is the 35 to 44 year range.

TABLE L-1

Utilization at Long-Term Acute Care Hospitals

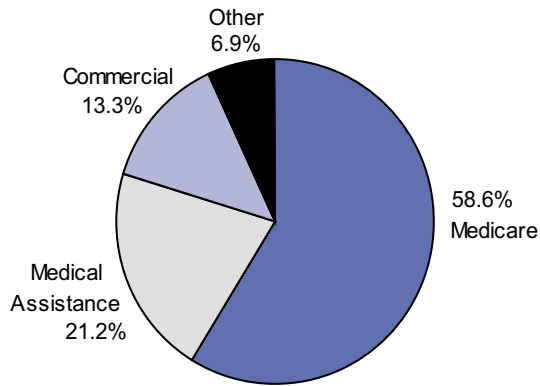
	FY94	FY95	FY96	FY97	FY98	FY99	FY00
Patient Days							
Med-Surg	16,742	33,904	38,833	49,411	63,799	79,632	107,499
Psychiatric	12,743	52,154	51,818	44,586	35,200	31,598	26,252
Skilled Nursing	0	0	0	10,574	8,734	5	0
Total	29,485	86,058	90,651	104,571	107,733	111,235	133,751
Discharges							
Med-Surg	505	1,044	1,286	1,570	1,791	2,160	3,026
Psychiatric	396	1,879	1,803	1,693	1,368	1,303	1,162
Skilled Nursing	0	0	0	337	251	0	0
Total	901	2,923	3,089	3,600	3,410	3,463	4,188
Beds							
Med-Surg	NC	NC	NC	258	288	396	558
Psychiatric	NC	NC	NC	131	112	112	113
Skilled Nursing	NC	NC	NC	75	75	20	0
Total	130	402	351	464	475	528	671
Occupancy Rate							
Med-Surg	NC	NC	NC	57.96%	61.29%	58.81%	58.18%
Psychiatric	NC	NC	NC	93.25%	86.11%	77.29%	66.49%
Skilled Nursing	NC	NC	NC	38.63%	50.30%	1.92%	0.00%
Average	62.14%	58.65%	76.13%	65.16%	66.37%	61.49%	59.65%
Visits							
Total	NC	NC	65,170	50,309	46,243	41,648	23,006

NC = Not Captured

Long-Term Acute Care

FIGURE L-3

Share of Net Patient Revenue at Long-Term Acute Care Hospitals, FY00



Consistent with the age distribution of LTAC patients, Figure L-3 shows that 58.6% of net patient revenue (NPR) was received from Medicare during FY00. In contrast, general acute care facilities in Pennsylvania received an average of 42.7% of their total NPR from Medicare. Like rehabilitation facilities, LTAC facilities may be more vulnerable to changes in the Medicare program.

The Medical Assistance (MA) Program is the largest payor for psychiatric care in Pennsylvania. Because almost 28% of the patient days of care provided by LTAC facilities were rendered in psychiatric units, MA is the second largest payor providing a total 21.2% of LTAC patient revenue.

Four of the ten LTAC facilities provide outpatient services. The number of visits declined by about 45%

TABLE L-2

Discharges at Long-Term Acute Care Hospitals, FY00 by Clinical Classifications ¹

Top Eight	Percent
Adult respiratory failure, insufficiency, arrest	16.32%
Schizophrenia and related disorders	13.01%
Rehabilitation care, fitting of prosthesis, and adjustment of devices	11.80%
Affective (mood) disorders	10.59%
Senility and organic mental disorders	4.96%
Chronic obstructive pulmonary disease and bronchiectasis	3.41%
Pneumonia	2.59%
Septicemia	2.39%

¹ 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-3

Total Utilization and Capacity, FY00

by Long-Term Acute Care Hospital

Long-Term Acute Care Hospital	Patient Days	Bed Days Available	Occupancy Rate	Discharges	Beds	Average Length of Stay
Allentown Specialty	998	5,536	18.03%	31	32	32.19
Girard Medical Center	31,597	66,612	47.43%	1,265	182	24.98
LifeCare / Pittsburgh	15,389	23,715	64.89%	524	155	29.37
Mercy Special Care	17,764	24,455	72.64%	522	67	34.03
Select Specialty /Johnstown	6,674	9,060	73.66%	235	35	28.40
Select Specialty / Philadelphia	5,591	13,140	42.55%	174	36	32.13
Select Specialty / Pittsburgh	9,552	14,235	67.10%	274	39	34.86
Specialty / Philadelphia	748	1,800	41.56%	11	10	68.00
Vencor / Philadelphia	13,171	18,980	69.39%	290	52	45.42
Vencor / Pittsburgh	16,878	22,995	73.40%	338	63	49.93

during FY00. Most of the decline in outpatient care occurred at the LifeCare Hospital of Pittsburgh following its acquisition of the former Forbes Metropolitan Hospital of the Allegheny University Health System. Outpatient visits there declined from 17,797 during FY99 to 1,043 for the six months operated during FY00. The other major provider of outpatient care, Mercy Special Care, reported a 25.3% decline in visits during FY00.

Financial Profile

It is difficult to portray any broad trends in the financial health of this relatively young sector of Pennsylvania’s hospital-based healthcare industry. Five of the ten LTAC hospitals began operations during FY00 and one existing hospital, Forbes Metropolitan, was acquired by the for-profit LifeCare Holdings, Inc. LifeCare operates eight LTAC hospitals in five states.

In FY99, three of the five LTAC facilities operated as non-profit corporations. The addition of four new for-profit facilities and the acquisition of Forbes Metropolitan by LifeCare raised the number of for-profit LTAC hospitals to seven during FY00. Six additional for-profit facilities began operations in FY01 making 13 of the present 16 LTAC facilities for-profit operations.

Two of the LTAC hospitals, Specialty Hospital of Philadelphia and Allentown Specialty Hospital, had large negative operating margins because they began operations during FY00 (see Table L-4). Often expenses are disproportionately higher than revenue as patient traffic builds during the first months of operation. This start-up phase is also revealed in Table L-3 where the number of staffed beds and the number of patients discharged during the FY00 reporting period are nearly identical.

LifeCare Hospital of Pittsburgh is also designated with a Footnote “2” because it operated as LifeCare for less than twelve months. However, unlike the other two “new” LTAC facilities that operated for less than a full year, LifeCare took over the operations of an existing LTAC hospital. LifeCare reported a small positive operating margin of 0.25% during FY00.

Both “new” LTAC facilities that operated for a full year, the Select Specialty facilities in Pittsburgh and Philadelphia, posted positive operating margins during their first year.

After realizing strong positive income levels over the past few years, the two Vencor hospitals reported operating losses for FY00. These two hospitals saw the volume of patient care and patient revenue decline while expenses remained relatively constant.

In April 2001, Vencor, Inc. announced that it had successfully emerged from its Chapter 11 reorganization plan and had changed its name to Kindred Healthcare, Inc. Across all operations — Kindred’s hospital division consists of 53 long-term acute care hospitals, two general acute care hospitals, one surgical hospital, and two ventilator units in 24 states — Vencor provides approximately 5,000 beds.

TABLE L-4

Region	Long-Term Acute Care Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY97-FY00	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY97-FY00		
		FY00	FY99	FY98	FY97		FY00	FY99	FY98	FY97			
		Statewide Average					\$12	\$19	\$17	\$16		14.81%	\$12
1	LifeCare/Pittsburgh ^{1, 2, 10}	\$13	NR	\$22	\$30	NA	\$13	NR	\$33	\$33	NA		
1	Select Specialty/Pgh ^{1, 4, 10, 13}	\$8	NA	NA	NA	NA	\$7	NA	NA	NA	NA		
1	Vencor/Pgh ^{1, 3, 10}	\$14	\$16	\$12	\$2	NA	\$14	\$14	\$10	\$4	NA		
3	Select Specialty/Johnstown ^{1, 4, 10, 13}	\$5	NA	NA	NA	NA	\$5	NA	NA	NA	NA		
6	Mercy Special Care ^{1, 5}	\$9	\$8	\$7	\$7	9.83%	\$10	\$9	\$8	\$8	6.96%		
7	Allentown Specialty ^{2, 4}	\$1	NA	NA	NA	NA	\$2	NA	NA	NA	NA		
8	Specialty/Philadelphia ^{1, 2, 4, 10}	\$1	NA	NA	NA	NA	\$2	NA	NA	NA	NA		
9	Girard Medical Center	\$39	\$36	\$31	\$33	6.52%	\$42	\$39	\$33	\$33	8.19%		
9	Select Specialty/Phila ^{1, 4, 10, 13}	\$5	NA	NA	NA	NA	\$5	NA	NA	NA	NA		
9	Vencor/Philadelphia ^{1, 10}	\$11	\$13	\$12	\$9	5.07%	\$12	\$11	\$10	\$8	12.38%		

TABLE L-4 (continued)

Long-Term Acute Care Hospital	Operating Margin FY00	Total Margin FY00	3-yr. Average Total Margin FY98-FY00	Uncompensated Care to NPR FY00	Medicare Share of NPR FY00	Medical Assistance Share of NPR FY00
Statewide Average (all LTAC)	-2.98%	-2.48%	-4.74%	5.15%	58.57%	21.22%
Non-Profit LTAC						
Statewide Average (non-profit)	-3.72%	-3.67%	-2.86%	9.09%	47.54%	43.81%
Mercy Special Care ^{1, 5}	-6.40%	-6.12%	-9.68%	2.34%	66.73%	2.62%
Allentown Specialty ^{2, 4}	-128.50%	-128.50%	NA	0.00%	79.41%	0.00%
Girard Medical Center	0.09%	0.09%	-0.18%	10.92%	42.04%	54.94%
For-Profit LTAC						
Statewide Average (for-profit)	-2.42%	-1.57%	-6.31%	2.29%	68.41%	1.07%
LifeCare/Pittsburgh ^{1, 2, 10}	0.25%	0.15%	NR	0.10%	72.93%	0.00%
Select Specialty/Pgh ^{1, 4, 10, 13}	11.01%	NR	NA	2.49%	50.75%	0.00%
Vencor/Pgh ^{1, 3, 10}	-1.10%	-0.68%	7.07%	6.02%	70.26%	0.00%
Select Specialty/Johnstown ^{1, 4, 10, 13}	-4.39%	NR	NA	2.17%	70.37%	0.00%
Specialty/Philadelphia ^{1, 2, 4, 10}	-225.30%	-135.18%	NA	2.25%	100.00%	0.00%
Select Specialty/Phila ^{1, 4, 10, 13}	2.10%	NR	NA	2.99%	55.92%	0.00%
Vencor/Philadelphia ^{1, 10}	-10.07%	-9.71%	4.51%	2.18%	77.61%	5.67%

NR = Not Reported
NA = Not Applicable

Footnotes on page 50.

See page 50 for map of regions.

Specialty Care

Specialty facilities provide unique types or combinations of patient care that do not fall under the other categories of non-general acute care. There are six facilities in this category. One of the six facilities, Malvern Institute, did not comply with the Council's filing requirements and is 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 five compliant facilities, based on data available at the end of fiscal year 2000 (FY00).

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 premature and high-risk 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 net patient revenue (NPR) of 4.9% during FY98-FY00, while expenses have grown an average of 7.0% 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 19.8% during the three-year period.

Divine Providence is a non-profit facility operated by the Sisters of Christian Charity in Lycoming County. The facility provides outpatient diagnostic and treatment services and operates a 31-bed psychiatric unit. During FY00, Divine Providence experienced over 133,000 outpatient visits. Outpatient care represents about 90% of the facility's net patient revenue (NPR).

Operating revenue at Divine Providence grew 12.8% during FY00 while expenses declined 3.4%. Consequently, the facility's operating margin improved from a deficit of (-12.50%) in FY99 to a positive 3.57% in FY00.

Eagleville Hospital is a 312-bed inpatient drug and alcohol treatment facility located in Montgomery County. The Hospital's operating margin improved from a deficit of -2.64% during FY99 to 1.55% during FY00.

Eagleville Hospital reported a total margin of 15.66% primarily as a result of a \$2.27 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.

The Pittsburgh Specialty Hospital is a 13-bed for-profit facility that specializes in pain management, plastic surgery and podiatry. The Hospital is primarily an outpatient facility reporting only 43 discharges and 97 patient days of inpatient care in FY00. Alternatively, Pittsburgh Specialty had over 4,600 outpatient visits during the year. The hospital reported an operating loss of -118.36% for FY00 and large losses for FY99 and FY98.

The Valley Forge Medical Center and Hospital is a 70-bed for-profit facility that provides inpatient rehabilitative programs to patients with drug and alcohol dependencies and other addictive related facilities. A 12.1% increase in patient days contributed to a \$1.4 million increase in operating revenue during FY00. Since the growth in operating expenses was held to about \$0.6 million, operating margin improved from 3.55% in FY99 to 12.48% in FY00.

TABLE S-1

Region	Specialty Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY97-FY00	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY97-FY00
		FY00	FY99	FY98	FY97		FY00	FY99	FY98	FY97	
	Statewide Average	\$11	\$6	\$7	\$10	-0.44%	\$12	\$13	\$7	\$11	-3.36%
1	Children's Home/Pgh	\$2	\$2	\$2	\$2	4.86%	\$3	\$3	\$3	\$2	6.91%
1	Pittsburgh Specialty ^{1, 10, 14}	\$2	\$2	\$2	NA	NA	\$3	\$3	\$4	NA	NA
4	Divine Providence ⁵	\$36	\$34	\$42	\$47	-7.71%	\$39	\$41	\$48	\$50	-6.90%
8	Eagleville ⁵	\$16	\$14	\$13	\$12	11.52%	\$15	\$14	\$13	\$12	10.60%
8	Malvern Institute ^{10, 12}	NR	NR	NR	\$2	NR	NR	NR	NR	\$1	NR
8	Valley Forge ^{1, 5, 10}	\$9	\$7	\$9	NR	NR	\$8	\$7	\$7	NR	NR

TABLE S-1 (continued)

Specialty Hospital	Operating Margin FY00	Total Margin FY00	3-yr. Average Total Margin FY98-FY00	Uncompensated Care to NPR FY00	Medicare Share of NPR FY00	Medical Assistance Share of NPR FY00
Statewide Average	1.44%	6.79%	12.27%	4.67%	23.21%	29.37%
Children's Home/Pgh	-11.98%	25.65%	19.77%	1.01%	0.00%	38.50%
Pittsburgh Specialty ^{1, 10, 14}	-118.36%	NR	NR	29.21%	NR	NR
Divine Providence ⁵	3.57%	5.06%	3.03%	4.44%	36.72%	3.01%
Eagleville ⁵	1.55%	15.66%	13.10%	6.03%	7.32%	54.97%
Malvern Institute ^{10, 12}	NR	NR	NR	NR	NR	NR
Valley Forge ^{1, 5, 10}	12.48%	7.82%	8.27%	0.90%	1.55%	94.35%

NR = Not Reported
NA = Not Applicable

Footnotes on page 50.
* See page 50 for map of regions.

Ambulatory Surgery Center Care

FIGURE A-1

Patient Visits at Ambulatory Surgery Centers

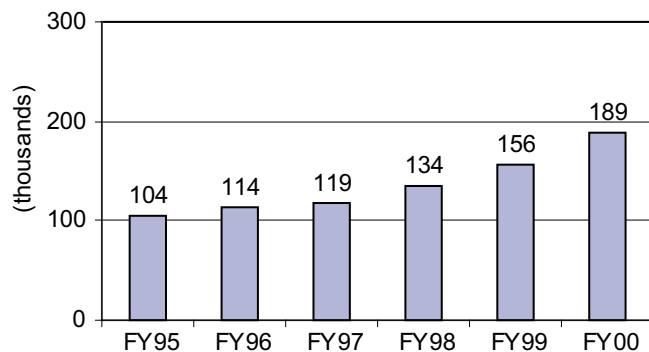
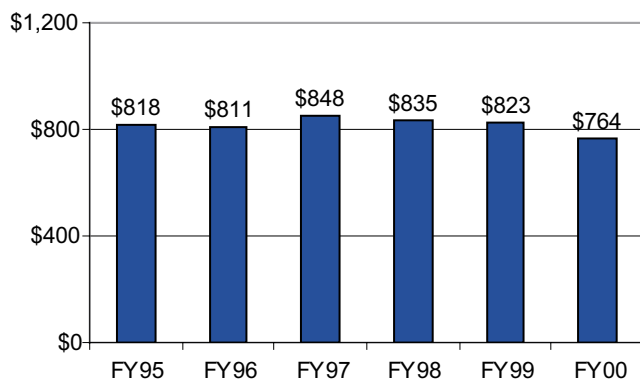


FIGURE A-2

Average Net Outpatient Revenue per Visit at Ambulatory Surgery Centers



During fiscal year 2000 (FY00) there were 64 freestanding ambulatory surgery centers (ASC) required to file data with the Council. There was an increase of eleven licensed centers during FY00 and 24 since FY95.

The Council estimates that during FY00 there were about 189,000 patient visits to ASCs, an increase of 21.7% over FY99 and 81.7% since FY95 (Figure A-1). This large growth in patient visits is the result of both the increase in the number of ASCs and an increase in visits at individual centers. 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 FY00.

Net patient revenue (NPR) per visit received by ASCs had remained relatively constant between FY95 and FY99, ranging between \$811 and \$848 as shown in Figure A-2. However, during FY00, the average revenue per visit fell almost \$60 from \$823 in FY99 to \$764 in FY00.

The average revenue per visit by individual ASC during FY00 varied from \$287 to \$1,179. This wide range in average payment is primarily due to the variation in the complexity of 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 received from the four payor categories during FY00. The ASCs received more than 33% of their revenue from Medicare compared to 25% for the GAC outpatient units. Alternatively, GAC outpatient units received 6.8% of their revenue from the Medical Assistance (MA) program while MA revenue received by the ASCs was less than 3%.

The top five principal procedures at ASCs and outpatient units of GAC hospitals are presented in Table A-1. The percent of cases in each category is similar for both ASCs and GAC hospitals except for lens and cataract procedures. This category represents over 28% of all procedures at Pennsylvania’s ASCs while lens and cataract procedures account for less than 7% of the procedures performed at the outpatient units of GAC hospitals.

The average ASC saw their patient revenue fall about 12% while

average operating expenses declined 10%. Consequently, the ASCs saw their operating margin fall 1.31 points from 14.38% in FY99 to 13.07% in FY00.

Since most ASCs are for-profit corporations, this sector does not have a significantly large amount of non-operating income such as contributions and investment income from endowments.

Unlike the for-profit hospitals, most of the for-profit ASCs are organized as Subchapter S corporations. Under this corporate structure, ASCs incur no income taxes. All income, for tax purposes, is allocated to the owners or partners of the ASC.

The net result of relatively low non-operating income and no tax expense for the majority of ASCs is an average total margin that is close to the average operating margin. For FY00, the average total margin was less than one point (0.88) higher than the average operating margin.

FIGURE A-3

Statewide Net Outpatient Revenue at Ambulatory Surgery Centers and Acute Care Hospitals

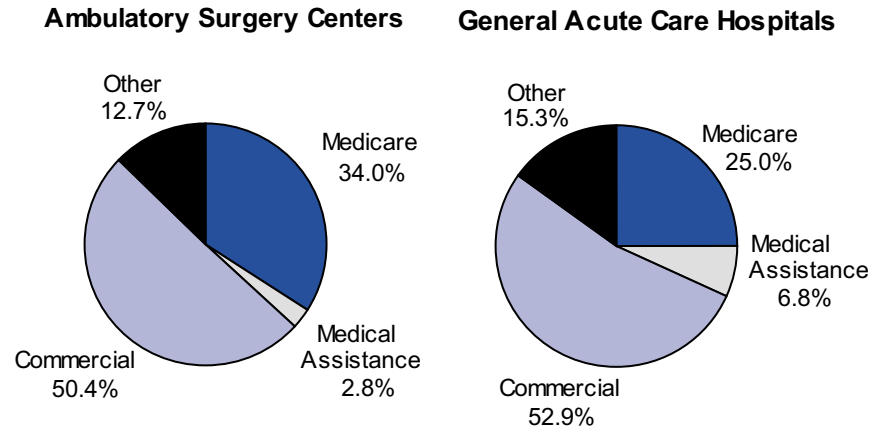


TABLE A-1

Top Principal Procedures at Ambulatory Surgery Centers and General Acute Care Outpatient Units, FY00

	ASC		GAC-Outpatient	
	Count	Percent	Count	Percent
Lens and cataract procedures	36,269	28.24%	96,960	6.66%
Colonoscopy and biopsy	12,456	9.70%	136,759	9.39%
Upper gastrointestinal(GI) endoscopy, biopsy	8,967	6.98%	97,329	6.69%
Spinal treatment with medication/stimulator	6,919	5.39%	56,615	3.89%
Other non-OR lower GI therapeutic procedures	5,354	4.17%	59,962	4.12%

Ambulatory Surgery Center Care

TABLE A-2

Region	Ambulatory Surgery Center	Net Patient Revenue NPR (thousands)				3-yr. Avg. Change in NPR FY97-FY00	Total Operating Expenses TOE (thousands)				3-yr. Avg. Change in TOE FY97-FY00
		FY00	FY99	FY98	FY97		FY00	FY99	FY98	FY97	
		Statewide Average *									
		\$2,529	\$2,868	\$2,834	\$2,733	14.99%	\$2,229	\$2,475	\$2,449	\$2,433	14.51%
1	Aestique ASC ^{1, 10}	\$1,498	\$1,583	\$1,566	\$1,498	0.00%	\$1,461	\$1,488	\$1,502	\$1,539	-1.70%
1	Dermatology & Cosmetic ^{1, 2, 4, 10}	NR	NA	NA	NA	NA	NR	NA	NA	NA	NA
1	Healthsouth/Mt Pleasant SC ^{1, 10}	\$1,711	\$1,462	\$1,505	\$1,531	3.92%	\$1,706	\$1,511	\$1,556	\$1,203	13.95%
1	Jefferson SC	\$5,559	\$5,271	\$4,565	\$4,641	6.60%	\$4,158	\$4,164	\$3,911	\$3,815	3.00%
1	John A. Zitelli ASC ^{1, 10, 13}	\$538	\$607	\$655	\$653	-5.88%	\$535	\$607	\$655	\$653	-6.00%
1	Lowry SurgiCenter ^{1, 10, 13, 14}	\$794	NR	\$582	\$631	8.65%	\$826	NR	\$574	\$636	9.96%
1	Mt Lebanon SC ¹⁴	\$1,683	\$1,738	\$1,558	\$1,891	-3.66%	\$1,508	\$1,550	\$1,645	\$1,559	-1.09%
1	North Shore SC ^{1, 10, 13}	NR	\$616	\$651	NR	NR	NR	\$503	\$620	NR	NR
1	Shadyside Surgi-Center ^{1, 10, 13, 14}	\$583	NR	NR	\$489	6.43%	\$589	NR	NR	\$511	5.08%
1	Southwestern ASC ^{1, 10}	\$3,078	\$3,095	\$2,594	NR	NR	\$2,366	\$2,544	\$2,403	NR	NR
1	Southwestern PA Eye SC ^{1, 10, 12}	NR	NR	\$2,418	\$417	NR	NR	NR	\$1,003	\$167	NR
1	Surgi Center/Ligonier ¹⁴	\$850	\$834	\$875	\$869	-0.76%	\$718	\$674	\$693	\$631	4.60%
1	Three Rivers Endoscopy Ctr ^{1, 10}	\$1,725	NR	\$813	NA	NA	\$1,068	NR	\$757	NA	NA
1	Tri-County Outpatient SF ^{1, 14}	\$262	NA	NA	NA	NA	\$262	NA	NA	NA	NA
1	UPMC, Monroeville SC ¹¹	\$3,508	\$3,811	\$3,535	\$3,930	-3.58%	\$3,830	\$3,521	\$3,745	\$5,867	-11.57%
1	Zitelli South ASC ^{1, 10, 13}	\$401	\$421	\$150	NA	NA	\$399	\$421	\$150	NA	NA
2	Saint Vincent SC ^{1, 10}	\$7,062	\$6,310	\$6,160	\$6,229	4.45%	\$5,668	\$5,244	\$5,255	\$5,397	1.68%
2	Village SurgiCenter ^{1, 2, 4, 10}	\$356	NA	NA	NA	NA	\$1,122	NA	NA	NA	NA
3	Indiana Ambulatory ^{1, 10}	\$2,310	NA	NA	NA	NA	\$1,863	NA	NA	NA	NA
4	Centre Community SC	\$5,090	\$4,748	\$4,680	\$4,238	6.70%	\$4,161	\$3,832	\$3,774	\$3,288	8.85%
4	Endoscopy Center /PA ^{1, 10}	NR	\$957	\$728	\$140	NR	NR	\$955	\$761	\$564	NR
4	Mifflin County Community SC ^{1, 10}	\$839	NA	NA	NA	NA	\$766	NA	NA	NA	NA
5	Apple Hill SC	\$8,103	\$7,526	\$6,712	\$6,029	11.47%	\$5,024	\$4,514	\$4,035	\$3,728	11.59%
5	Digestive Disease Inst ^{1, 5, 14}	\$784	\$639	NR	\$341	43.37%	\$933	\$355	NR	\$302	69.79%
5	Grandview Surgery & Laser ^{1, 10}	\$3,745	\$5,082	\$4,959	\$5,266	-9.63%	\$3,453	\$3,439	\$3,178	\$3,012	4.88%
5	Hanover SurgiCenter	\$2,302	\$2,234	\$1,849	\$1,822	8.76%	\$1,844	\$2,141	\$2,064	\$2,115	-4.26%
5	Healthsouth/Lancaster ^{1, 10}	\$5,242	\$5,448	\$5,607	\$5,642	-2.36%	\$4,880	\$4,958	\$5,118	\$4,282	4.66%
5	Lebanon Outpatient Surgical ^{1, 10}	\$3,217	\$3,155	\$3,365	\$3,148	0.73%	\$2,773	\$2,755	\$2,784	\$2,738	0.42%
5	Ophthalmology SC ^{1, 10}	\$1,818	\$1,794	\$1,549	\$1,351	11.52%	\$1,703	\$1,586	\$1,446	\$1,132	16.81%
5	PA Eye Surgery Center ^{1, 10, 13, 14}	NR	NR	\$1,541	NR	NR	NR	NR	\$1,175	NR	NR
5	Surgical Center of York ¹⁴	\$3,580	\$3,094	\$2,892	\$2,446	15.46%	\$3,020	\$2,691	\$2,543	\$2,434	8.03%
5	Valley View/Lebanon ^{1, 2, 4, 10, 14}	\$220	NA	NA	NA	NA	\$206	NA	NA	NA	NA
5	West Shore Endoscopy ^{1, 10}	\$1,511	\$1,587	\$1,128	\$1,048	14.74%	\$1,165	\$975	\$612	\$613	29.98%
6	Hazleton ASC ^{1, 10, 13}	NR	NA	NA	NA	NA	NR	NA	NA	NA	NA
6	Healthsouth/Scranton ^{1, 10}	\$3,338	\$3,422	\$3,196	\$2,809	6.27%	\$2,344	\$2,339	\$2,599	\$1,913	7.50%

NR = Not Reported

NA = Not Applicable

Footnotes on page 50.

See page 50 for map of regions.

* Averages include only the centers reporting data.

Ambulatory Surgery Center Care

TABLE A-2 (continued)

Ambulatory Surgery Center	Operating Margin FY00	Total Margin FY00	3-yr. Average Total Margin FY98-FY00	Medicare Share of NPR FY00	Medical Assistance Share of NPR FY00	Visits
Statewide Average *	13.07%	13.95%	14.10%	35.54%	2.67%	3,402
Aestique ASC ^{1, 10}	2.51%	2.78%	4.80%	32.95%	0.55%	2,029
Dermatology & Cosmetic ^{1, 2, 4, 10}	NR	NR	NA	NR	NR	NR
Healthsouth/Mt Pleasant SC ^{1, 10}	0.38%	0.38%	-1.88%	36.26%	0.80%	2,055
Jefferson SC	27.05%	37.26%	28.85%	34.73%	1.95%	8,448
John A. Zitelli ASC ^{1, 10, 13}	0.43%	0.43%	0.13%	50.97%	0.74%	1,214
Lowry SurgiCenter ^{1, 10, 13, 14}	-3.99%	-3.99%	NR	NR	NR	NR
Mt Lebanon SC ¹⁴	10.39%	11.38%	6.40%	82.33%	0.97%	NR
North Shore SC ^{1, 10, 13}	NR	NR	NR	NR	NR	NR
Shadyside Surgi-Center ^{1, 10, 13, 14}	-1.05%	-1.05%	NR	NR	NR	NR
Southwestern ASC ^{1, 10}	23.14%	23.19%	16.66%	38.58%	20.45%	3,235
Southwestern PA Eye SC ^{1, 10, 12}	NR	NR	NR	NR	NR	NR
Surgi Center/Ligonier ¹⁴	15.45%	17.23%	19.76%	56.89%	2.14%	NR
Three Rivers Endoscopy Ctr ^{1, 10}	38.09%	38.09%	NR	21.40%	0.33%	1,950
Tri-County Outpatient SF ^{1, 14}	-0.05%	-0.05%	NA	NR	NR	298
UPMC, Monroeville SC ¹¹	-0.09%	-0.09%	2.01%	37.30%	0.67%	5,945
Zitelli South ASC ^{1, 10, 13}	0.58%	0.58%	0.24%	49.23%	1.12%	989
Saint Vincent SC ^{1, 10}	19.74%	20.93%	18.46%	24.45%	5.75%	7,267
Village SurgiCenter ^{1, 2, 4, 10}	-214.74%	-206.52%	NA	28.54%	3.98%	429
Indiana Ambulatory ^{1, 10}	24.74%	24.74%	NA	42.12%	1.31%	3,149
Centre Community SC	18.94%	18.94%	19.33%	22.96%	2.25%	6,223
Endoscopy Center /PA ^{1, 10}	NR	NR	NR	NR	NR	NR
Mifflin County Community SC ^{1, 10}	11.15%	11.15%	NA	68.12%	3.07%	1,283
Apple Hill SC	38.00%	38.55%	39.79%	29.16%	0.99%	10,121
Digestive Disease Inst ^{1, 5, 14}	-19.12%	-19.12%	NR	NR	NR	2,729
Grandview Surgery & Laser ^{1, 10}	8.32%	8.32%	27.27%	20.00%	0.27%	4,313
Hanover SurgiCenter	20.13%	20.13%	5.36%	39.80%	2.20%	2,606
Healthsouth/Lancaster ^{1, 10}	8.18%	8.18%	9.93%	19.00%	3.98%	6,128
Lebanon Outpatient Surgical ^{1, 10}	13.82%	13.91%	14.79%	46.26%	4.62%	4,767
Ophthalmology SC ^{1, 10}	6.34%	6.53%	7.48%	70.01%	3.46%	1,959
PA Eye Surgery Center ^{1, 10, 13, 14}	NR	NR	NR	51.80%	3.50%	NR
Surgical Center of York ¹⁴	16.09%	16.09%	14.03%	NR	NR	4,180
Valley View/Lebanon ^{1, 2, 4, 10, 14}	6.39%	6.39%	NA	NR	NR	321
West Shore Endoscopy ^{1, 10}	40.39%	40.72%	41.25%	29.72%	0.48%	2,761
Hazleton ASC ^{1, 10, 13}	NR	NR	NA	NR	NR	NR
Healthsouth/Scranton ^{1, 10}	30.88%	30.88%	28.05%	11.69%	4.11%	3,664

NR = Not Reported
 NA = Not Applicable
 Footnotes on page 50.
 See page 50 for map of regions.

* Averages include only the centers reporting data.

Ambulatory Surgery Center Care

TABLE A-2

Region	Ambulatory Surgery Center	Net Patient Revenue NPR (thousands)				3-yr. Avg. Change in NPR FY97-FY00	Total Operating Expenses TOE (thousands)				3-yr. Avg. Change in TOE FY97-FY00
		FY00	FY99	FY98	FY97		FY00	FY99	FY98	FY97	
		Statewide Average *									
6	Kingston Surgery Center ^{1, 10, 14}	\$3,904	NR	NR	\$1,272	68.93%	\$1,906	NR	NR	\$991	30.82%
6	NEI Ambulatory Surgery ^{1, 10}	\$3,469	\$3,578	\$3,328	\$2,683	9.76%	\$2,748	\$2,683	\$2,455	\$2,183	8.63%
6	Pocono ASC ^{1, 10}	\$2,588	\$2,693	\$2,092	\$1,998	9.85%	\$2,092	\$1,812	\$1,634	\$1,574	10.97%
6	Wyoming Valley SC	\$2,572	\$2,236	\$2,170	\$1,902	11.75%	\$2,603	\$2,410	\$2,616	\$2,389	2.99%
7	CHS ASC ^{1, 12}	NR	NA	NA	NA	NA	NR	NA	NA	NA	NA
7	Exeter Surgery Center ^{1, 10}	\$2,798	\$2,751	\$995	NA	NA	\$3,212	\$3,272	\$1,119	NA	NA
7	Fairgrounds SC ^{1, 10}	\$6,090	\$5,918	\$5,430	\$5,319	4.83%	\$5,921	\$5,598	\$5,253	\$5,342	3.61%
7	Northwood SC ^{1, 12}	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
7	Progressive Surgical ^{1, 2, 4, 10}	\$850	NA	NA	NA	NA	\$523	NA	NA	NA	NA
7	Twin Rivers Endoscopy ^{1, 10}	\$279	NR	\$53	NA	NA	\$278	NR	\$141	NA	NA
8	Abington SC ¹⁰	\$7,919	\$7,672	\$7,572	\$6,329	8.37%	\$6,234	\$5,850	\$5,425	\$5,031	7.97%
8	Delaware Valley Laser ^{1, 10}	\$1,889	\$1,800	\$1,812	\$1,644	4.97%	\$1,184	\$1,066	\$1,084	\$1,097	2.65%
8	Dermatologic/Drexel Hill ^{1, 10, 12}	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
8	Eye Surgery Center ^{1, 10}	\$11,849	\$6,376	\$5,191	\$4,459	55.25%	\$10,445	\$6,491	\$5,629	\$3,879	56.42%
8	Fort Washington SC ^{1, 12}	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
8	Hillmont Endoscopy ^{1, 10}	\$1,292	\$1,031	NA	NA	NA	\$827	\$779	NA	NA	NA
8	Holy Redeemer ASC ^{2, 10, 14}	\$1,287	NA	NA	NA	NA	\$2,411	NA	NA	NA	NA
8	Main Line SC ^{1, 10}	\$2,340	\$369	NA	NA	NA	\$2,136	\$845	NA	NA	NA
8	Mercy Surgery Center ^{1, 3, 10, 14}	\$2,734	\$1,484	NA	NA	NA	\$3,030	\$2,899	NA	NA	NA
8	Paoli Surgery Center ^{1, 10}	\$4,245	\$4,126	\$4,377	\$4,048	1.62%	\$3,772	\$3,908	\$4,010	\$3,557	2.02%
8	Sally Balin SC ^{1, 10, 14}	\$196	NA	NA	NA	NA	\$190	NA	NA	NA	NA
8	SC/Bucks County ^{11, 13, 14}	\$2,814	\$2,202	\$1,479	\$397	202.76%	\$2,661	\$2,427	\$2,002	\$1,352	32.26%
8	SC/Chester County ^{1, 10, 14}	\$1,728	\$1,580	\$1,461	\$1,330	9.96%	\$1,742	\$1,703	\$1,613	\$1,570	3.66%
8	Wills Eye SC/Plymouth Mtg ^{3, 10, 13, 14}	\$2,978	\$2,250	\$1,431	\$479	NA	\$2,809	\$2,278	\$1,778	\$1,221	NA
9	Dermatologic SC/Phila ^{1, 10, 12}	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
9	Gastrointestinal Spec ^{1, 3, 10}	\$984	\$625	NA	NA	NA	\$967	\$624	NA	NA	NA
9	Philadelphia SC ^{1, 10, 13, 14}	\$588	NA	NA	NA	NA	\$589	NA	NA	NA	NA
9	Wills Eye SC/Northeast ^{10, 13, 14}	\$2,202	\$1,845	\$1,296	\$669	76.44%	\$2,002	\$1,592	\$1,363	\$1,182	23.14%
9	Wills Eye SC/Phila ^{2, 4, 10, 13, 14}	\$377	NA	NA	NA	NA	\$974	NA	NA	NA	NA

NR = Not Reported
 NA = Not Applicable
 Footnotes on page 50.
 See page 50 for map of regions.

*Averages include only the centers reporting data.

Ambulatory Surgery Center Care

TABLE A-2 (continued)

Ambulatory Surgery Center	Operating Margin FY00	Total Margin FY00	3-yr. Average Total Margin FY98-FY00	Medicare Share of NPR FY00	Medical Assistance Share of NPR FY00	Visits
Statewide Average *	13.07%	13.95%	14.10%	35.54%	2.67%	3,402
Kingston Surgery Center ^{1, 10, 14}	51.16%	51.41%	NR	NR	7.01%	7,059
NEI Ambulatory Surgery ^{1, 10}	21.11%	21.11%	24.35%	61.74%	3.05%	5,092
Pocono ASC ^{1, 10}	19.16%	19.51%	25.22%	27.13%	1.66%	2,813
Wyoming Valley SC	-1.19%	-0.43%	-8.45%	47.22%	1.79%	2,562
CHS ASC ^{1, 12}	NR	NR	NA	NR	NR	NR
Exeter Surgery Center ^{1, 10}	-13.95%	-13.95%	-15.19%	29.86%	1.47%	2,872
Fairgrounds SC ^{1, 10}	2.78%	2.98%	3.95%	25.33%	1.00%	6,444
Northwood SC ^{1, 12}	NR	NR	NR	NR	NR	NR
Progressive Surgical ^{1, 2, 4, 10}	38.45%	38.45%	NA	79.18%	1.04%	1,165
Twin Rivers Endoscopy ^{1, 10}	0.36%	0.36%	NA	98.46%	0.00%	468
Abington SC ¹⁰	21.74%	21.74%	24.87%	NR	NR	10,815
Delaware Valley Laser ^{1, 10}	37.30%	37.30%	39.37%	59.45%	3.67%	2,101
Dermatologic/Drexel Hill ^{1, 10, 12}	NR	NR	NR	NR	NR	NR
Eye Surgery Center ^{1, 10}	11.85%	0.23%	-0.88%	7.99%	0.11%	31,090
Fort Washington SC ^{1, 12}	NR	NR	NR	NR	NR	NR
Hillmont Endoscopy ^{1, 10}	35.98%	35.98%	NA	20.00%	1.00%	3,357
Holy Redeemer ASC ^{2, 10, 14}	-87.38%	-86.34%	NA	NR	NR	1,535
Main Line SC ^{1, 10}	8.73%	8.73%	NA	68.46%	0.24%	1,984
Mercy Surgery Center ^{1, 3, 10, 14}	-9.65%	-9.65%	NA	NR	NR	NR
Paoli Surgery Center ^{1, 10}	11.51%	11.51%	8.62%	21.98%	1.39%	4,876
Sally Balin SC ^{1, 10, 14}	2.68%	2.68%	NA	NR	NR	356
SC/Bucks County ^{11, 13, 14}	6.18%	6.18%	-15.40%	NR	NR	NR
SC/Chester County ^{1, 10, 14}	-0.84%	-0.69%	-5.37%	NR	NR	2,381
Wills Eye SC/Plymouth Mtg ^{10, 13, 14}	6.20%	6.20%	-2.69%	NR	NR	NR
Dermatologic SC/Phila ^{1, 10, 12}	NR	NR	NR	NR	NR	NR
Gastrointestinal Spec ^{1, 3, 10}	1.78%	1.78%	NA	35.00%	NR	1,191
Philadelphia SC ^{1, 10, 13, 14}	-0.19%	-0.19%	NA	NR	NR	NR
Wills Eye SC/Northeast ^{10, 13, 14}	10.17%	10.17%	-1.57%	NR	NR	NR
Wills Eye SC/Phila ^{2, 4, 10, 13, 14}	-156.85%	-156.85%	NA	NR	NR	NR

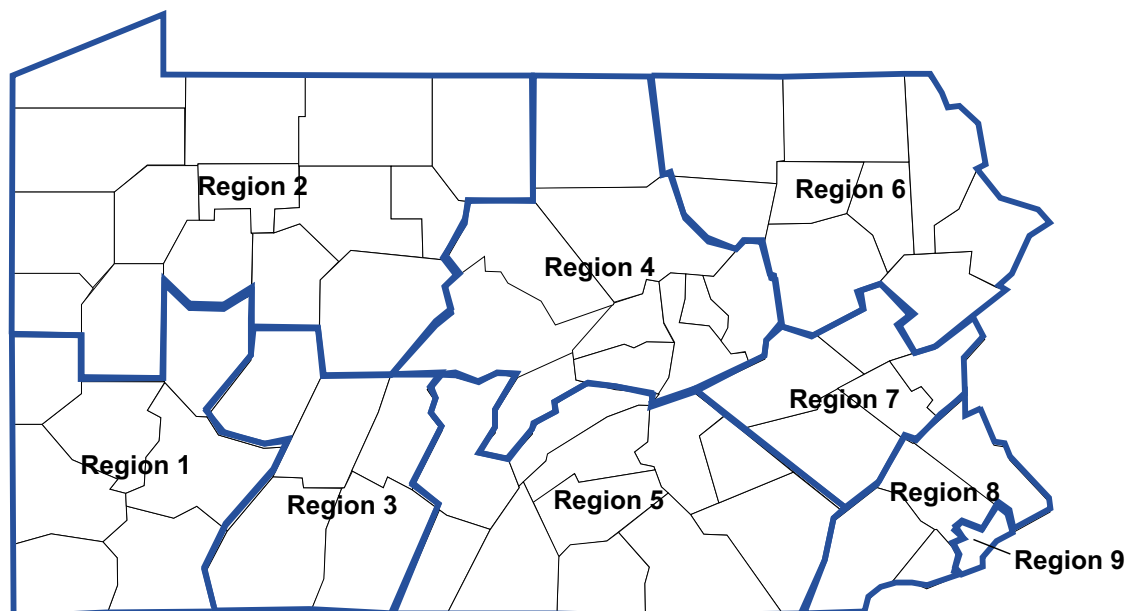
NR = Not Reported
 NA = Not Applicable
 Footnotes on page 50.
 See page 50 for map of regions.

*Averages include only the centers reporting data.

Footnotes

1. The end of the fiscal year is other than June 30. The data reflects the fiscal year that ended prior to June 30.
2. FY00 includes less than 12 months of data; therefore, a three-year comparison is not appropriate for some of the measures.
3. Prior year reflects less than twelve months of data; therefore, a three-year comparison is not appropriate for some of the measures.
4. This facility began operating during this reporting year. Typically, total operating expenses are high compared to operating revenue during the start-up period.
5. The hospital has specialty units such as psychiatric, rehabilitation, long-term care, skilled nursing facilities, home health agency, etc., which are included in the data presented for the facility.
6. Extraordinary item(s) reported on audited financial statement was included in the calculation of total margin.
7. Balance sheet ratios are for the parent organization.
8. Acquired or merged with another licensed hospital during the 2000 reporting period.
9. Acquired or merged with another licensed hospital during the 1998 or 1999 reporting periods.
10. For-profit facility; total margin includes *pro rata* share of taxes, other gains and/or expenses experienced by the parent organization. However, most ambulatory surgery centers are Subchapter S corporations that do not have an income tax liability.
11. Facility is referred to as a different name after the 2000 reporting period.
12. Facility failed to submit both an audited financial statement and the Council's financial form.
13. Not in compliance with one or more of the Council's financial filing requirements.
14. Incomplete data submission.

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



Facilities with Fiscal Year End other than 6/30/00

Hospitals

Hospital Name	Fiscal Year End
Charter Fairmount Behavioral Health Systems	9/30/1999
Clarion Psychiatric Center	12/31/1999
Healthsouth Harmarville Rehab	12/31/1999
Healthsouth Nittany Valley Rehabilitation Hospital	12/31/1999
Healthsouth Reading Rehabilitation Hospital	12/31/1999
Healthsouth Rehabilitation Hospital of Altoona	12/31/1999
Healthsouth Rehabilitation Hospital of Erie	12/31/1999
Healthsouth Rehabilitation Hospital of Greater Pittsburgh	12/31/1999
Healthsouth Rehabilitation Hospital of Mechanicsburg	12/31/1999
Healthsouth Rehabilitation Hospital of Sewickley	12/31/1999
Healthsouth Rehabilitation Hospital of York	12/31/1999
Horsham Hospital	12/31/1999
Kirkbride Center	12/31/1999
LifeCare Hospitals of Pittsburgh, Inc	12/31/1999
Meadows Psychiatric Center	12/31/1999
Mercy Special Care Hospital	12/31/1999
National Hospital for Kids in Crisis	12/31/1999
Penn State Geisinger Rehabilitation Hospital	12/31/1999
Pittsburgh Specialty Hospital	12/31/1999
Select Specialty Hospital - Johnstown	4/30/2000
Select Specialty Hospital - Philadelphia/AEMC	1/31/2000
Select Specialty Hospital - Pittsburgh, Inc	4/30/2000
Southwood Psychiatric Hospital	12/31/1999
Specialty Hospital of Philadelphia	12/31/1999
Valley Forge Medical Center & Hospital	8/31/1999
Vencor Hospital /Philadelphia	12/13/1999
Vencor Hospital /Pittsburgh	12/31/1999

Surgery Centers

Facility Name	Fiscal Year End
Aestique Ambulatory Surgical Center, Inc.	12/31/1999
CHS Ambulatory Surgery Center	12/31/1999
Delaware Valley Laser Surgery Institute	12/31/1999
Dermatologic Surgi Center /Drexel Hill	7/31/1999
Dermatologic Surgi Center /Philadelphia	7/31/1999
Dermatology and Cosmetic Surgery Center	12/31/1999
Digestive Disease Institute	12/31/1999
Endoscopy Center of Pennsylvania	12/31/1999
Esper Medical Center, ASC	10/31/1999
Exeter Surgery Center	12/31/1999
Eye Surgery Center	12/31/1999
Fairgrounds Surgical Center	12/31/1999
Fort Washington Surgery Center	12/31/1999
Gastrointestinal Specialists	12/31/1999
Grandview Surgery Center & Laser Center	12/31/1999
Hazleton Ambulatory Surgical Center, LLC	12/31/1999
Healthsouth Mt Pleasant Surgery Center	12/31/1999
Healthsouth Scranton Surgery and Laser Center	12/31/1999
Healthsouth Surgery Center of Lancaster	12/31/1999
Hillmont Endoscopy Center	12/31/1999
Indiana Ambulatory Surgical Associates, LLC	12/31/1999
John A. Zitelli Ambulatory Surgical Center	12/31/1999
Kingston Surgery Center, LLC	12/31/1999
Lebanon Outpatient Surgical Center, LP	12/31/1999
Lowry SurgiCenter	12/31/1999
Main Line Surgery Center, LLC	12/31/1999
Mercy Surgery Center, LP	12/31/1999
Mifflin County Community Surgical Center	12/31/1999
NEI Ambulatory Surgery, Inc, PC	12/31/1999
North Shore Surgi-Center	12/31/1999
Northwood Surgery Center	12/31/1999
Ophthalmology Surgery Center	12/31/1999
Paoli Surgery Center	12/31/1999
Pennsylvania Eye Surgery Center	12/31/1999
Philadelphia Surgi-Center, Inc	12/31/1999
Pocono Ambulatory Surgery Center	12/31/1999
Progressive Surgical Institute, Inc	12/31/1999
Saint Vincent Surgery Center	12/31/1999
Sally Balin Ambulatory Surgery Center	12/31/1999
Shadyside Surgi-Center, Inc.	12/31/1999
Southwestern Ambulatory Surgery Center	12/31/1999
Southwestern Pennsylvania Eye Surgery Center	12/31/1999
Surgery Center of Chester County	12/31/1999
Three Rivers Endoscopy Center	12/31/1999
Tri-County Outpatient Surgical Facility	9/30/1999
Twin Rivers Endoscopy Center	12/31/1999
Valley View Surgical Center, Lebanon, PA	12/31/1999
Village SurgiCenter	12/31/1999
West Shore Endoscopy Center	12/31/1999
Zitelli South Ambulatory Surgical Center	12/31/1999

Explanation of Terms

NOTE: Utilization data include subunits 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 discharge.

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 may include retroactive adjustments from third-party payors for care provided during a previous fiscal year.

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

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

Operating Income: The amount by which total operating revenue exceeds total operating expenses. (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 or surgery center during the fiscal year. Outpatient visits do not reflect the visits made by hospital staff to patient's home.

Patient Days: Each day a patient stays in an inpatient facility 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 condi-

tions 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 FY97 through FY00. $\left[\frac{((NPR_{00} - NPR_{97}) / NPR_{97})}{3} \right]$ or $\left[\frac{((TOE_{00} - TOE_{97}) / TOE_{97})}{3} \right]$

Three-year Average Total Margin: The average total margin realized by the hospital during the FY98 through FY99. $(\sum \text{revenue over expenses}_{00, 99, 98} / \sum \text{total revenue}_{00, 99, 98})$

Total Net Income (Revenue over Expenses): Total net 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 costs to finance equipment (interest), as well as the depreciation, operation and maintenance costs of capital equipment are operating expenses.

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

Non-Compliant Facilities

The following facilities were not in compliance with one or more of the Council's filing requirements (audited financial statement or the Council's annual financial data form) by the deadline.

No Submission

CHS Ambulatory Surgery Center (*Surgery Center*)
Dermatologic Surgi Center /Drexel Hill (*Surgery Center*)
Dermatologic Surgi Center /Philadelphia (*Surgery Center*)
Eugenia Hospital (*Psychiatric*)
Fort Washington Surgery Center (*Surgery Center*)
Malvern Institute (*Specialty*)
Northwestern Institute of Psychiatry (*Psychiatric*)
Northwood Surgery Center (*Surgery Center*)
Southwestern Pennsylvania Eye Surgery Center (*Surgery Center*)

Partial Submission and Late

*Hazleton Ambulatory Surgical Center, LLC (*Surgery Center*)
*Kirkbride Center (*Psychiatric*)
*North Shore Surgi-Center (*Surgery Center*)
Philadelphia Surgi-Center, Inc (*Surgery Center*)
Select Specialty Hospital – Johnstown (*Long-Term Acute Care*)
Select Specialty Hospital - Philadelphia/AEMC (*Long-Term Acute Care*)
Select Specialty Hospital - Pittsburgh, Inc (*Long-Term Acute Care*)
Shadyside Surgi-Center, Inc (*Surgery Center*)
Surgery Center of Bucks County (*Surgery Center*)
Wills Eye Surgery Center of Plymouth Meeting (*Surgery Center*)
Wills Eye Surgery Center of the Northeast (*Surgery Center*)
Wills Surgery Center - Philadelphia Stadium Campus (*Surgery Center*)

Partial Submission

John A. Zitelli Ambulatory Surgical Center (*Surgery Center*)
Lowry SurgiCenter (*Surgery Center*)
Pennsylvania Eye Surgery Center (*Surgery Center*)
UPMC, Monroeville Surgery Center (*Surgery Center*)
Zitelli South Ambulatory Surgical Center (*Surgery Center*)

Late Submission

*Dermatology and Cosmetic Surgery Center (*Surgery Center*)
*Endoscopy Center of Pennsylvania (*Surgery Center*)
Girard Medical Center (*Long-Term Acute Care*)
Hillmont Endoscopy Center (*Surgery Center*)
Main Line Surgery Center, LLC (*Surgery Center*)
NEI Ambulatory Surgery, Inc, PC (*Surgery Center*)
Southwood Psychiatric Hospital (*Psychiatric*)
Three Rivers Endoscopy Center (*Surgery Center*)
Tri-County Outpatient Surgical Facility (*Surgery Center*)

* Data were not received in time for inclusion in the report.

For More Information

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

PHC4

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Additional Information

Additional financial and utilization data for Fiscal Year 2000 and prior years may be purchased from the Council. For more information, contact the Special Requests Unit.

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