

**General Acute Care Hospitals**  
Volume One

# Financial Analysis 2001

**An Annual Report  
on the Financial Health  
of Pennsylvania's Hospitals**

Fiscal Year 2001: July 1, 2000 - June 30, 2001



Pennsylvania Health Care  
Cost Containment Council

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## Foreword

The Pennsylvania Health Care Cost Containment Council (PHC4) is an independent state agency charged with addressing the cost and quality of health care in Pennsylvania. 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 first report in the Council's *Financial Analysis 2001* series. This volume is intended to present a profile of the financial health of Pennsylvania's 189 General Acute Care (GAC) hospitals in a timely manner. A subsequent volume will report on the non-GAC hospitals (rehabilitation, long-term acute, psychiatric and specialty) as well as ambulatory surgery centers.

This report focuses primarily on Fiscal Year 2001 (FY01). For most General Acute Care hospitals, FY01 began on July 1, 2000 and ended June 30, 2001. For those hospitals that utilize a different fiscal year, the data presented in this report reflect the fiscal year that ended prior to June 30, 2001.

The information contained in this report was derived from the financial statements of the hospitals, the Council's annual financial form, and Medicare cost reports where applicable. By law, hospitals are required 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 contained 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.

# Hospital Income

## **What are General Acute Care Hospitals?**

General Acute Care (GAC) hospitals include all non-federal, short-term general and specialty acute care hospitals open to the public. By definition, patients typically stay at GAC hospitals less than 30 days. However, many GAC hospitals operate subunits, such as skilled nursing units, where a patient's stay may exceed 30 days. Generally, all of the activities of a hospital and any of its subunits are included in the information presented in this report. Ancillary operations, such as physician practice groups, have been excluded whenever possible.

During the 2001 fiscal year (FY01) there were 189 GAC hospitals licensed in Pennsylvania. All but ten of these GAC hospitals functioned solely as non-profit organizations or as components of larger non-profit organizations. All income or "profit" from their operations is retained within the organization. The primary uses of income are to fund capital improvements, retire outstanding debt and to provide a reserve in the event revenues do not cover expenses in the future.

In FY01, ten GAC hospitals were operated by for-profit corporations. For-profit hospitals may distribute a portion of their profits to their shareholders in the form of dividends. Dividends reflect a return on the investments the shareholder has made in the hospitals. Like non-profit hospitals, for-profit hospitals need to earn sufficient income to make investments in their facilities and equipment and to repay debt that was acquired for capital improvements. Additionally, they need to be able to offer dividends to attract equity financing. (Additional information on Pennsylvania's for-profit GAC hospitals is presented in the following "For-Profit Hospitals" section).

## **Why is Income Important?**

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

Earning a positive total margin alone may not be enough to remain viable. Hospitals need to earn sufficient income to make improvements to their facilities and equipment. These investments are necessary to replace worn out or obsolete

buildings and equipment, keep pace with changes in medical technology and meet the changing health care needs of the community.

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

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

### ***What is an “Appropriate” Income Level?***

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

For example, a hospital that has experienced low or negative income levels for a number of years may need to realize an above average income level if it is to make overdue capital improvements, reduce outstanding debts and replenish its capital reserves. Alternatively, a hospital with a history of continuous moderate income levels can probably remain viable with a lower income level if it has kept pace with needed improvements and has not depleted its capital reserves or acquired debt in order to meet expenses in the past.

National average income levels may provide a benchmark against which to compare hospital performance in Pennsylvania. The American Hospital Association, the Medicare Payment Advisory Commission and the Centers for Medicare and Medicaid Services have contracted with the Lewin Group to undertake the National Health Indicator Survey. For the twelve-month period ending September 2001, the Survey produced a national average total margin of 4.5%, a 0.2 point decline from the 4.7% national total margin reported for 2000.

Only 30% or 56 of the 186 reporting Pennsylvania GAC hospitals had FY01 total margins above the national average.

## Operating Margin vs. Total Margin

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

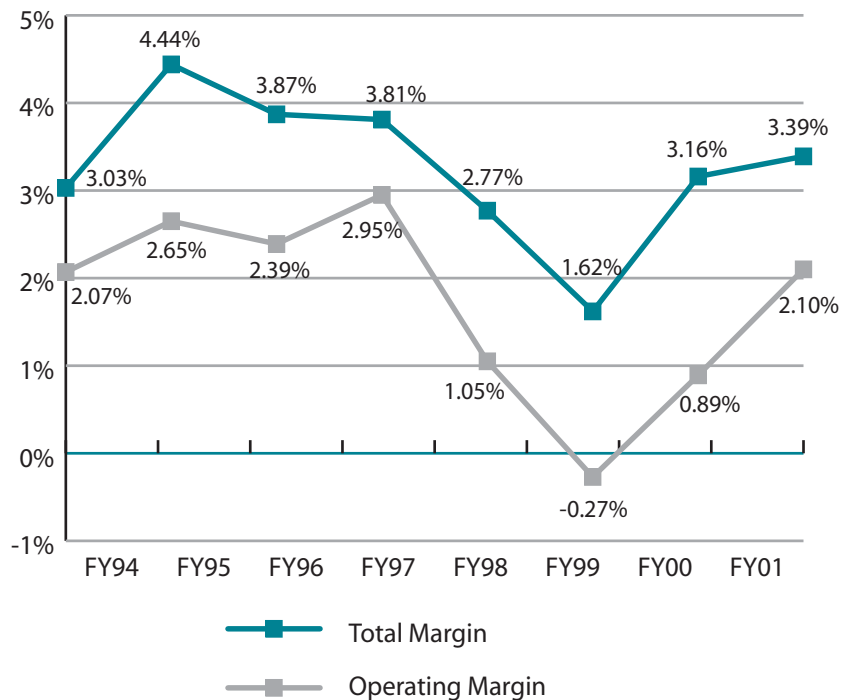
**Operating margin** reflects the percent of operating revenue left after all operating expenses are paid. A hospital's operations include functions related directly to patient care as well as a variety of other related functions such as medical education, cafeterias, office space and parking. A positive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

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

Total margin reveals the composite financial health of a facility over a given period (e.g., one-year). If total margin is negative, the hospital is losing money after all sources of revenue and income have been considered.

Some hospitals have endowments that enable them to provide care beyond the level of operating revenue they receive. For those hospitals, a negative operating margin may not be that critical as long as they can realize a healthy positive total margin. Other hospitals may not have large endowments or other sources of income. As a result, their operating margins and total margins will be very similar. In these instances, a low or negative operating and total margin may reveal the hospital is under financial stress.

**FIGURE 1**  
**Statewide Average Total and Operating Margin**



Typically, for-profit hospitals present their financial statements differently than non-profit hospitals. The major differences are that for-profit hospitals do not segregate between operating and non-operating income and for-profit hospitals pay income taxes.

For this report, the operating margins for the for-profit facilities reflect the total (pre-tax) net income for the facility, which accounts for all sources of revenue and all expenses, except federal income taxes. The total margin is computed from the hospital's after-tax income. Consequently, if a for-profit facility is realizing positive income, its total margin will be less than its operating margin because of its federal tax liability.

If a for-profit facility is losing money, its total margin may be greater than its operating margin because it may record a tax credit. The tax credit reflects the amount its parent organization's net taxes have decreased because the facility lost money.

### **Statewide Average Operating and Total Margins Continue to Improve**

After four years of decline between FY95 and FY99, the statewide total margin improved for the second consecutive year, increasing about 2/10 of a point from 3.2% during FY00 to 3.4% during FY01.

The 0.2 point increase in the Pennsylvania average total margin ran counter to the 0.2 point decline in the national margin. However, the statewide average total margin of 3.4% was more than a full point (1.1 points) or 24% below the national average.

There was more significant growth in statewide operating margin, which improved 1.2 points from about 0.9% during FY00 to 2.1% in FY01. Hospitals received about 2.1 cents of income for every dollar from operations.

Operating income improved because, on a statewide basis, hospitals were able to keep the growth in operating expenses below the growth in operating revenue. GAC hospitals collectively received about \$19.9 billion in operating revenue during FY01, a growth of 5.7%, or \$1.1

**TABLE 1**  
**Distribution of Three-Year Average Total Margins**

3-Yr. Average Total Margin	Reporting Hospitals FY98 to FY00		Reporting Hospitals FY99 to FY01	
	Number	Percent	Number	Percent
Loss	68	36%	68	37%
0-2%	24	13%	30	16%
2-4%	30	16%	31	17%
4-6%	25	13%	28	15%
6-8%	20	11%	16	9%
>8%	20	11%	13	7%
Total	187	100%	186	100%

billion over FY00. Statewide operating expenses grew 4.5%, or \$0.8 billion, to a total of \$19.5 billion.

Net patient revenue (NPR), the revenue hospitals receive for patient care, grew at about the same rate as overall hospital revenues. NPR increased about 5.9% or \$1.0 billion, to a statewide total of \$18.8 billion. NPR represented about 94% of total operating revenue during FY01.

The improvement in individual hospital operating margins was more widespread in FY01. During FY00, only about 46% of the hospitals saw operating margin improve. In contrast, about 56% of the hospitals saw revenues grow faster than expenses during FY01.

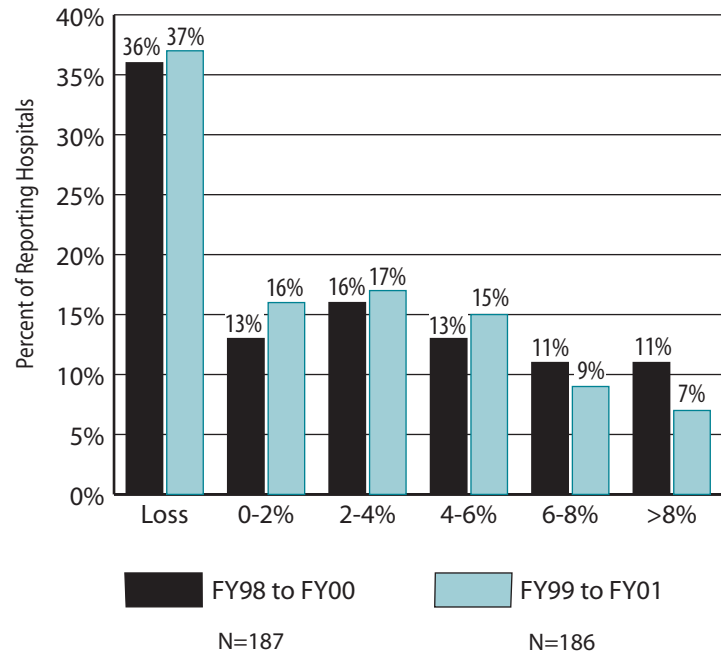
About one-third (33%) or 61 of the 186 reporting GAC hospitals still lost money (had negative total margins) in FY01. This is a slight improvement over FY00 when 35% or 66 of the 190 reporting GAC hospitals had negative total margins.

## The Decline in Non-Operating Income Offset by the Growth in Operating Income

For the first time in three years, income from operations was larger than income from non-operating sources, such as investment income and contributions. During FY01, about 61% of statewide total hospital income or \$417 million was earned from operations. In contrast, only 28% of hospital income or \$168 million came from operations just a year earlier.

The decline in the financial markets contributed to the 33% or \$133 million decrease in statewide non-operating income to \$275 million. However, the decrease in non-operating income was offset by the \$250 million improvement in operating income resulting in a 12.5% or \$76 million growth in total statewide income.

**FIGURE 2**  
**Distribution of Three-Year Average Total Margins**



While fewer hospitals lost money in FY01, the number of hospitals with negative three-year average total margins remained the same: 68, or 37% of the 186 GAC hospitals with complete data.

As shown in Table 1, the number of hospitals in the middle of the distribution, those with three-year average total margins in the 0% to 6% range, increased by 10 hospitals during FY01. There was a corresponding decline in the number of hospitals with three-year average total margins greater than 6%.

As further explained in the “Hospitals with a Negative 3-Year Average Total Margin” section that follows, the 3-year margin provides a longer, medium-range perspective on the financial health of a hospital. Extraordinary circumstances or accounting adjustments in a single year can have a significant effect on a one-year operating and total margin. Consequently, a one-year margin may not always provide an accurate reflection of the actual financial condition of a hospital.



# For-Profit Hospitals

For-profit facilities are common among Pennsylvania's freestanding psychiatric, rehabilitation and long-term acute care hospitals. However, prior to 1998, all of the GAC hospitals in the Commonwealth were operated by non-profit organizations. There were ten for-profit hospitals in FY01. That number continues to grow; by January 1, 2002 there were 16 for-profit hospitals in the Commonwealth.

## A Means for Recovery

Fifteen of the 16 hospitals included in Table 2 had a negative 3-year average total margin, sustained very large losses during the fiscal year before they were acquired, and/or were in danger of not satisfying debt obligations prior to their acquisition. Consequently, these hospitals were under considerable financial stress, and for most, their financial health had been deteriorating.

The exception was Carlisle Hospital, which experienced positive operating and total margins prior to FY01. The acquisition by Health Management Associates was a means to enhance the health care facilities and services of the hospital.

Nine of the 16 have been in operation for a full fiscal year following their acquisition. All nine have shown a large improvement in their total margin and only three of these hospitals (Tenet's Medical College of PA, Parkview and Elkins Park) still had a negative total margin in FY01.

In addition to the short-term financial needs of the hospitals with negative total margins, all of the hospitals that have been acquired by for-profit corporations did not have the funds or the ability to obtain the level of debt financing necessary to make significant capital improvements. Unless a hospital can replace obsolete equipment and buildings, keep pace with changes in medical technology and meet the changing health care needs of the community, its prospects for a viable financial future are dim.

## Taxes

While some non-profit hospitals pay a fee in lieu of taxes to their local municipality, non-profit hospitals are exempt from local, state and federal taxes. In contrast, for-profit facilities pay all applicable taxes.

On one hand, the tax revenue generated from for-profit hospitals can be considered a public benefit. On the other hand, these tax expenses must be recovered through the fees for care.

Of all the taxes incurred by for-profit hospitals, the Council receives data only on each hospital's *pro rata* share of their parent corporation's federal income taxes.

**TABLE 2**  
**Pennsylvania's For-Profit GAC Hospitals**

Hospital	New Corporate Owner	Date	Full Fiscal Year before Acquisition (Non-Profit)				Full Fiscal Year after Acquisition (For-Profit)		
			FY	Total Margin	3-Yr. Avg. Total Margin	Uncomp Care to NPR	FY	Total Margin	Uncomp Care to NPR
<b>Ashland Regional</b>	Province Healthcare	8/01	FY01	-5.94%	-1.84%	2.85%	FY02	NA	NA
<b>Berwick</b>	Community Health Systems	3/99	FY99	-13.54%	0.57%	3.63%	FY01	5.70%	1.54%
<b>Brandywine</b>	Community Health Systems	6/01	FY00	-2.39%	-3.72%	9.63%	FY02	NA	NA
<b>Carlisle Hosp</b>	Health Management Assoc.	6/01	FY00	2.17%	0.81%	5.58%	FY02	NA	NA
<b>Community Lancaster</b>	Health Management Assoc.	7/99	FY99	-17.69%	-6.19%	4.47%	FY01	11.56%	4.24%
<b>Easton</b>	Community Health Systems	10/01	FY01	-1.64%	-1.20%	4.03%	FY02	NA	NA
<b>Elkins Park</b>	Tenet Healthcare	11/98	FY98	-26.44%	-10.72%	NR	FY01	-13.40%	-0.07%
<b>Graduate</b>	Tenet Healthcare	11/98	FY98	-8.63%	-7.51%	NR	FY01	4.84%	0.36%
<b>Hahnemann University</b>	Tenet Healthcare	11/98	FY98	-11.86%	-4.62%	NR	FY01	4.16%	5.73%
<b>Lancaster Regional</b>	Health Management Assoc.	7/00	FY00	24.32% <sup>1</sup>	-9.50%	5.63%	FY02	NA	NA
<b>Medical College PA</b>	Tenet Healthcare	11/98	FY98	-21.19%	-5.23%	NR	FY01	-7.26%	11.45%
<b>North Penn</b>	Universal Health Systems	1/02	FY01	-3.80%	-3.62%	4.63%	FY02	NA	NA
<b>Parkview</b>	Tenet Healthcare	11/98	FY98	-27.46% <sup>2</sup>	-19.39% <sup>2</sup>	NR	FY01	-8.69%	3.26%
<b>Southern Chester County</b>	Community Health Systems	10/01	FY01	-12.61%	-12.51%	6.29%	FY02	NA	NA
<b>St Christopher's Children</b>	Tenet Healthcare	11/98	FY98	-17.02%	-0.83%	NR	FY01	0.62%	2.78%
<b>Warminster</b>	Tenet Healthcare	11/98	FY98	-26.59%	-6.11%	NR	FY01	0.64%	4.98%

- 1 The large positive FY00 total margin for Lancaster Regional is the result of a \$20.3 million non-operating gain associated with the acquisition of the hospital by Health Management Associates.
- 2 The Allegheny Health Education and Research Foundation (AHERF) reported Parkview and City Avenue Hospitals as a single facility. The data presented for FY98 reflects the combined operations of Parkview and City Avenue.

The nine hospitals that operated as for-profit hospitals for 12 months during FY01 reported federal income tax expenses totaling \$2.7 million. For these hospitals, federal taxes were equal to about 0.3% of total operating revenue. Consequently, at current income (and loss) levels, federal income taxes were equal to less than one-half of one percent of the operating revenue these hospitals received during FY01.

The Medical College of Pennsylvania, Elkins Park and Parkview recorded tax credits during FY01 because their losses reduced their parent corporation's total federal liability. Excluding these three hospitals, federal income taxes represented an average of about 2.2% of total operating revenue for the six hospitals with positive total margins in FY01.

# Utilization and Revenue by Payor

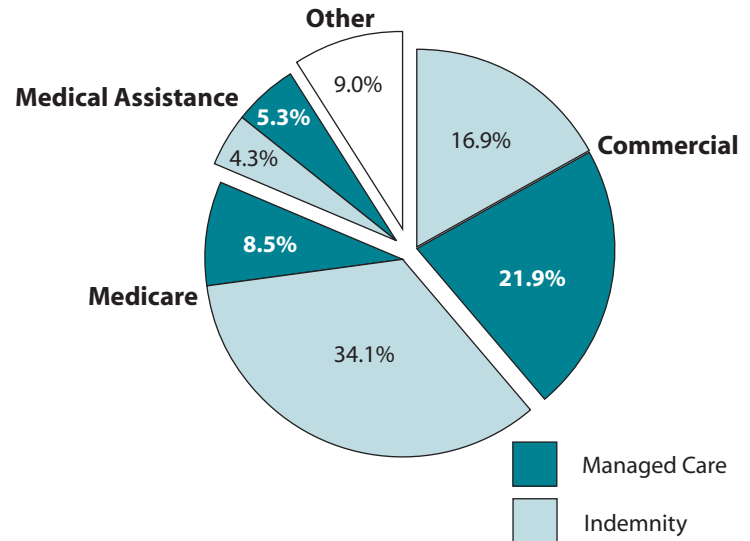
Hospitals received over 91% of their net patient revenue (NPR) from third-party health care insurers in FY01. These third-party health insurers include the federal Medicare program, the state and federally-funded Medical Assistance (MA) program, and commercial managed care and indemnity companies.

## Growth in Medicare Revenue Lags Behind Other Payors

Medicare was the largest payor, providing \$8.0 billion or 42.6% of statewide GAC NPR (see Figure 3 and Table 3). The total NPR hospitals received from Medicare grew 4.6% during FY01. This 4.6% increase was 1.3 points below the overall average increase in NPR from all payors and was smaller than the growth in commercial and MA revenues.

The statewide total number of Medicare-funded patient days declined by 1.0% during FY01, though Medicare discharges grew by 0.8%. Consequently, a substantial portion of the growth in statewide Medicare revenue can be attributed to higher Medicare inpatient reimbursements. Patient revenue per day increased 4.4% and NPR per inpatient discharge grew by 2.5% in FY01. These increases in average reimbursement rates may be a reflection of the 1999 amendments Congress made to the Medicare cost savings sought under the Balanced Budget Act of 1997.

**FIGURE 3**  
Statewide NPR by Payor



**TABLE 3**  
Net Patient Revenue by Payor (millions)

	FY00	FY01	Percent Change FY00 to FY01
<b>COMMERCIAL</b>			
Indemnity	\$3,085	\$3,168	2.7%
Managed Care	\$3,766	\$4,110	9.1%
Total	\$6,850	\$7,278	6.2%
<b>MEDICARE</b>			
Indemnity	\$6,143	\$6,391	4.0%
Managed Care	\$1,496	\$1,598	6.8%
Total	\$7,639	\$7,989	4.6%
<b>MEDICAL ASSISTANCE</b>			
Indemnity	\$760	\$815	7.3%
Managed Care	\$874	\$988	13.1%
Total	\$1,633	\$1,804	10.4%
<b>OTHER</b>			
	\$1,598	\$1,691	5.8%
<b>STATEWIDE</b>	<b>\$17,720</b>	<b>\$18,761</b>	<b>5.9%</b>

**TABLE 4**  
**Discharges by Payor**

	Discharges			Average Patient Revenue per Discharge		
	FY00	FY01	Percent Change FY00 to FY01	FY00	FY01	Percent Change FY00 to FY01
<b>COMMERCIAL</b>						
Indemnity	230,680	225,712	-2.2%	\$7,520	\$7,827	4.1%
Managed Care	373,776	382,273	2.3%	\$5,730	\$6,011	4.9%
Total	604,456	607,984	0.6%	\$6,413	\$6,685	4.2%
<b>MEDICARE</b>						
Indemnity	643,172	651,184	1.2%	\$7,652	\$7,742	1.2%
Managed Care	179,620	177,937	-0.9%	\$6,288	\$6,805	8.2%
Total	822,792	829,121	0.8%	\$7,354	\$7,541	2.5%
<b>MEDICAL ASSISTANCE</b>						
Indemnity	104,087	105,685	1.5%	\$5,787	\$6,127	5.9%
Managed Care	120,940	125,232	3.5%	\$5,269	\$5,563	5.6%
Total	225,027	230,917	2.6%	\$5,508	\$5,821	5.7%
<b>OTHER</b>						
	96,988	94,169	-2.9%	\$6,988	\$7,380	5.6%
<b>STATEWIDE</b>	<b>1,749,263</b>	<b>1,762,191</b>	<b>0.7%</b>	<b>\$6,771</b>	<b>\$7,012</b>	<b>3.5%</b>

### ***Reimbursements from Commercial Insurers Increase***

Hospitals reported a 4.2% growth in patient revenue per discharge and a 7.0% increase in average patient revenue per day from commercial health insurance companies. This growth in average reimbursement rates, coupled with a 0.6% increase in discharges, resulted in a 6.2% increase in statewide NPR for commercial health insurers.

Figure 4 shows that the average length of stay for all inpatients has remained relatively constant since FY99, after five years of steady decline. Contrary to this trend, hospitals reported that the average length of stay for patients with com-

**TABLE 5**  
**Patient Days by Payor**

	Patient Days			Average Patient Revenue per Day		
	FY00	FY01	Percent Change FY00 to FY01	FY00	FY01	Percent Change FY00 to FY01
<b>COMMERCIAL</b>						
Indemnity	991,700	952,376	-4.0%	\$1,749	\$1,855	6.0%
Managed Care	1,577,538	1,564,515	-0.8%	\$1,358	\$1,469	8.2%
Total	2,569,238	2,516,891	-2.0%	\$1,509	\$1,615	7.0%
<b>MEDICARE</b>						
Indemnity	4,344,686	4,291,142	-1.2%	\$1,133	\$1,175	3.7%
Managed Care	1,022,914	1,021,101	-0.2%	\$1,104	\$1,186	7.4%
Total	5,367,600	5,312,243	-1.0%	\$1,127	\$1,177	4.4%
<b>MEDICAL ASSISTANCE</b>						
Indemnity	807,149	835,886	3.6%	\$746	\$775	3.8%
Managed Care	546,677	598,602	9.5%	\$1,166	\$1,164	-0.1%
Total	1,353,826	1,434,488	6.0%	\$916	\$937	2.3%
<b>OTHER</b>						
	457,825	457,974	0.0%	\$1,480	\$1,517	2.5%
<b>STATEWIDE</b>	<b>9,748,489</b>	<b>9,721,596</b>	<b>-0.3%</b>	<b>\$1,215</b>	<b>\$1,271</b>	<b>4.6%</b>

mercial health insurance fell by 2.6%, led by a 3.0% decline for managed care participants (Table 6). This decline in the average length of stay caused total commercial patient days to fall 2.0%.

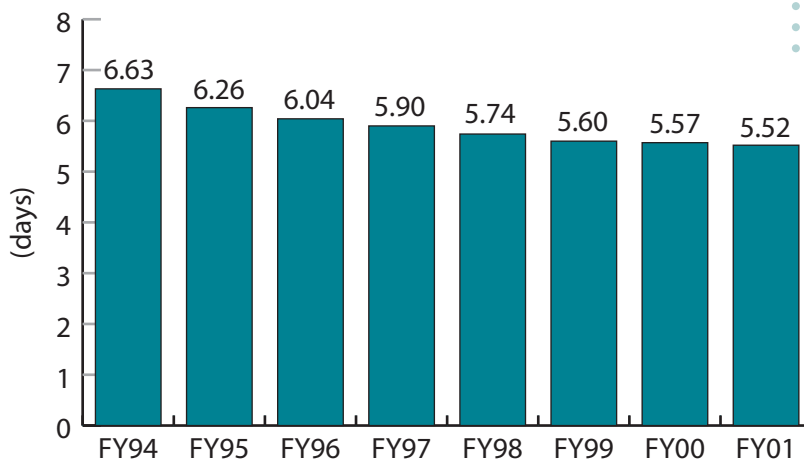
### **Medical Assistance Utilization and Revenue Grows**

Hospitals reported a 10.4% growth in total MA revenue received during FY01. This growth resulted from the combination of an increase in the number of patient days and discharges, as well as an increase in the reimbursement rates reported by hospitals.

**TABLE 6**  
**Average Length of Stay by Payor**

	FY00	FY01	Percent Change FY00 to FY01
<b>COMMERCIAL</b>			
Indemnity	4.30	4.22	-1.9%
Managed Care	4.22	4.09	-3.0%
Total	4.25	4.14	-2.6%
<b>MEDICARE</b>			
Indemnity	6.76	6.59	-2.4%
Managed Care	5.69	5.74	0.8%
Total	6.52	6.41	-1.8%
<b>MEDICAL ASSISTANCE</b>			
Indemnity	7.75	7.91	2.0%
Managed Care	4.52	4.78	5.7%
Total	6.02	6.21	3.3%
<b>OTHER</b>			
	4.72	4.86	3.0%
<b>STATEWIDE</b>	<b>5.57</b>	<b>5.52</b>	<b>-1.0%</b>

**FIGURE 4**  
**Statewide Average Length of Stay**



## Are Some Payors Contributing More to Hospital Income than Others?

Comparing the case mix index for the three principal payor types with the average inpatient revenue may provide insight into how revenues from each payor type covers the costs of inpatient care. The comparisons presented on Table 7 indicate that the resources required to treat patients covered by commercial insurers and the MA program are consistent with the revenues hospitals receive from those payors. In contrast, the average revenue received for Medicare patients in Pennsylvania may not be covering hospital costs.

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

Instead of costs, the case mix index utilizes charges to weigh the monetary value of the treatment patients receive. Hospitals routinely track the charges incurred by each patient providing a comprehensive database of charges.

In summary, a case mix index is typically used to compare the charges for

a particular group of patients or a particular category of care to the average charges for all patients at a hospital. Individual hospital charge and utilization data can be aggregated to create a statewide case mix index. For example, the statewide average case mix index of 0.91 for commercial payors indicates that the average charge for a patient covered by commercial health insurance is about 9% less than the average for all patients at GAC hospitals.

If the ratio of the costs to provide care to the charges established by the hospital (cost-to-charge ratio) were the same for all categories of care, then the case mix index would be identical to an index derived from actual costs. However, the cost-to-charge ratio varies among the various categories of care provided at hospitals. For example, the cost-to-charge ratio may differ between routine maternity care and coronary artery bypass

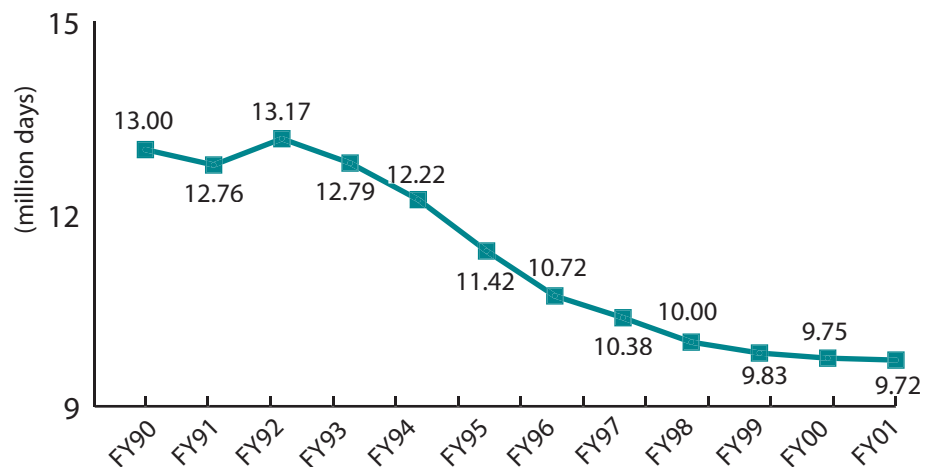
surgery. Consequently, the case mix is not a perfect substitute for an index of actual costs. However, when a case-mix index is developed using a cross-section of treatment categories, it can provide a reasonably good reflection of differences in overall costs among various patient groups.

Table 7 presents the average revenue per (inpatient) discharge for the three principal payor categories and an index that compares the average revenue per discharge for each payor category to the statewide average for all payors (NPR index). For example, the NPR index of 1.08 for Medicare indicates that the average revenue hospitals receive for a Medicare discharge is about 8% greater than the average for all patients.

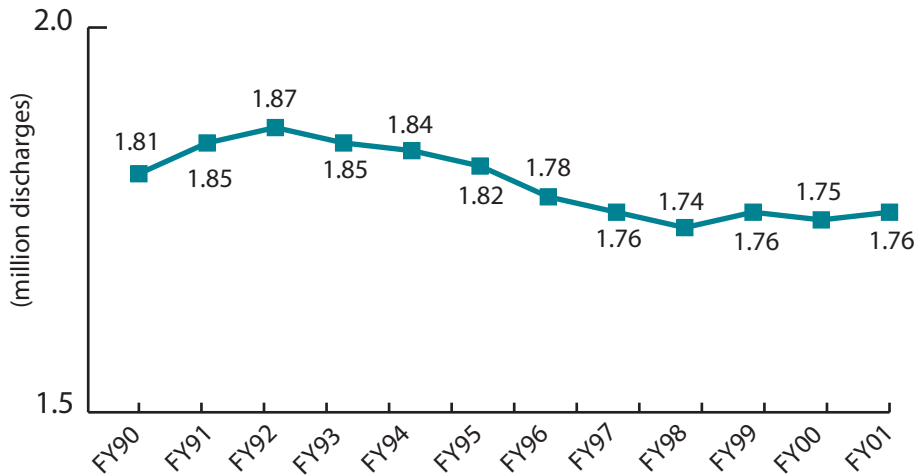
**TABLE 7**  
**Net Patient Revenue Index and Case Mix Index by Payor**

Payor	Average NPR per Discharge		Case Mix Index
	Revenue	Index	
Commercial	\$6,685	0.95	0.91
Medicare	\$7,541	1.08	1.17
Medical Assistance	\$5,821	0.83	0.78
<b>All Payors</b>	<b>\$7,012</b>	<b>1.00</b>	<b>1.00</b>

**FIGURE 5**  
**Statewide Patient Days**



**FIGURE 6**  
**Statewide Discharges**



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

Comparing the NPR index to the case mix index suggests

that the inpatient revenue from commercial payors and the MA program is in line with the level of resources required to provide care to those patients. However, there is a relatively large difference between the NPR index and the case mix index for Medicare patients. This indicates that inpatient revenue received for Medicare patients by Pennsylvania hospitals may not be adequate to cover the costs of inpatient care.

### **Overall Dynamics of Utilization**

All of the major indicators of patient utilization for FY01 changed very little from the previous year.

Figures 5 and 6 show that the decline in statewide inpatient days and discharges appear to have leveled off after steady annual decreases from the peak in inpatient care in FY92. During FY01, discharges and patient days changed by less than one percent.

With total days and discharges remaining relatively constant, the steady decline in the average length of stay that has occurred over the past several years also leveled off in FY01. The average length of an inpatient stay declined 1.0% to 5.52 days.

Outpatient visits grew about 5% in FY00 and a total of 10.4% during the two-year period FY99 and FY00. However, the total visits reported for FY01 was nearly identical to the number reported in FY00.



The average reimbursement received for an outpatient visit grew about 10.9% during FY01. The increase in outpatient reimbursements caused the portion of total statewide NPR received for outpatient services to increase by about 1.1% to 32%.

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

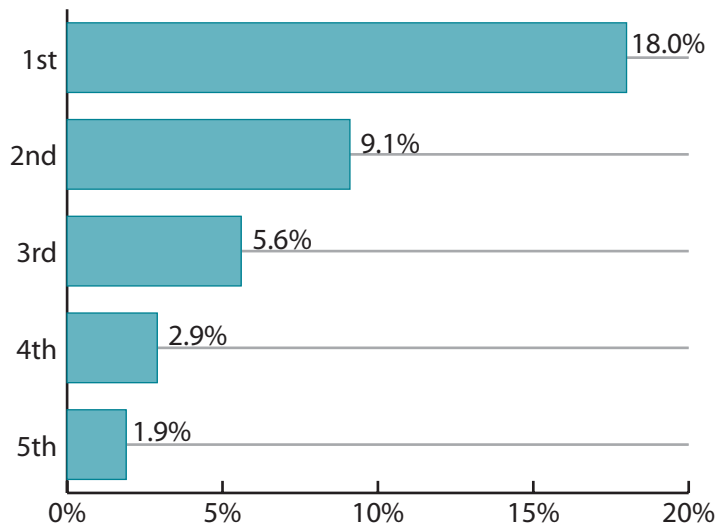
The reimbursement levels hospitals receive from most insurers and managed care organizations are derived through a contract negotiation process between the hospital and the third-party payor.

Figure 7 shows that, on average, hospitals received 18.0% of their total annual NPR from their largest single commercial payor. The range of reimbursement rates for the largest single commercial payor ranged from 5.7% to 47.2% of NPR. For this analysis, the revenue from the commercial payors include all health insurance plans offered by that insurer, including Medicare and MA managed care plans.

Theoretically, a hospital may have some leverage in negotiating reimbursement rates by exercising its option not to enter contractual arrangements with a specific payor. However, considering that the average operating margin during FY01 was 2.1%, many hospitals would likely face operating losses, at least in the short-run, if even a contract with the fourth-highest commercial payor was rejected.

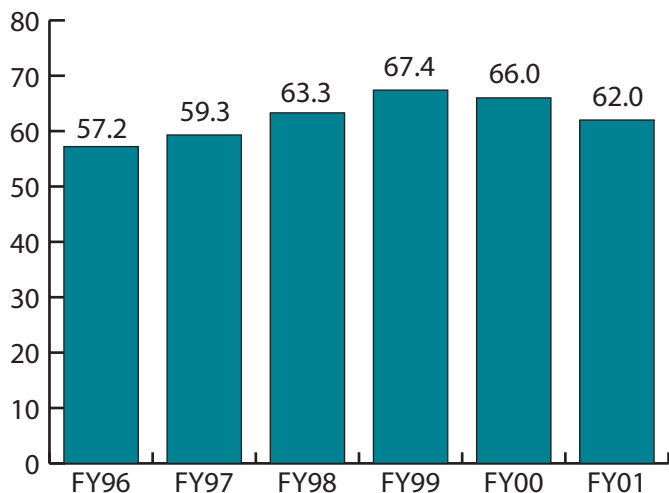
Figure 7 also reveals that small changes in reimbursement rates from third-party payors can have a significant impact on hospital income. For example, if payment rates from the largest third-party payor do not keep pace with increasing hospital costs, hospitals with a small positive margin one year could suddenly have a negative margin the following year.

**FIGURE 7**  
**Average Contribution to Net Patient Revenue by the Top Five Commercial Payors, FY01 \***



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

**FIGURE 8**  
**Statewide Average Days in Accounts Receivable**



## The Average Days in Accounts Receivable Declined

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

On a statewide basis, the amount of time the average bill remained in AR declined by 4.0 days during FY01. Figure 8 shows that after three years of increases, the statewide average days in patient accounts receivable declined for the second straight year to 62.0 days.

A number of hospitals reported implementing a variety of measures to reduce the level of their patient AR during FY00 and FY01 as a means to improve financial performance. Insurers indicated that hospital AR could be further reduced if hospitals would make necessary corrections and resubmit rejected claims in a more timely manner.

In addition to hospital programs to reduce AR, the decline in statewide days in AR is also the result of the implementation of Act 68 of 1998. Act 68, *inter alia*, requires licensed health insurers and managed care organizations to pay clean claims within 45 days of the receipt of the claim. These provisions of Act 68 are implemented and enforced by the Pennsylvania Insurance Department.

Assuming that the opportunity costs of financing AR is 6%, the benefit of the 4-day reduction in statewide AR was equal to about \$12.6 million, or 5.0% of FY01 statewide operating income.

# Uncompensated Care

## Uncompensated Care Declines

Pennsylvania's GAC hospitals reported that \$874 million of uncompensated care was recorded during FY01. This is equivalent to 4.66% of statewide NPR.

During FY00, statewide uncompensated care was equivalent to 5.04% of NPR. Consequently, the ratio of uncompensated care to NPR decreased 0.38 points during FY01.

The dollar value of uncompensated care also declined \$18.5 million or 2.1% below the FY00 level. Figure 9 shows that the levels of uncompensated care declined for the first time since FY97. Between FY97 and FY00 uncompensated care grew at an average annual rate of 8.1%.

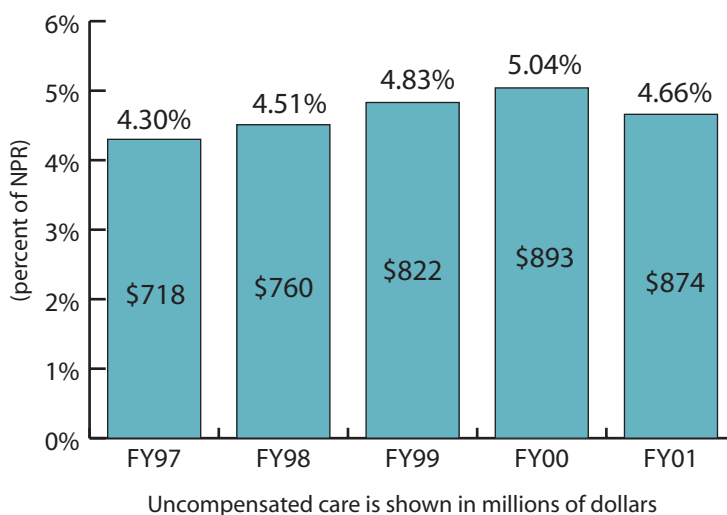
Uncompensated care is the combination of bad debt and charity care. While it is difficult to compare bad debt and charity care among the individual hospitals, some observations can be made on a statewide basis regarding how hospitals record bad debt and charity care.

Seventy-eight percent of uncompensated care was booked as bad debt expense during FY01. This indicates that Pennsylvania hospitals, as a group, attempted to collect 78% of the fees that were ultimately determined to be uncompensated care. Alternatively, 22% of free care was provided to patients that met the individual hospitals' charity care guidelines.

## Accounting Adjustments for Bad Debt Affects the Decline in Uncompensated Care

The decline in statewide uncompensated care was driven by a \$20.2 million or 2.9% net decline in statewide bad debt expense. While total statewide bad debt expense declined, more hospitals (64%) actually reported a growth in bad debt during FY01. The 121 hospitals that reported increases in bad debt expense during

**FIGURE 9**  
**Statewide Uncompensated Care**



FY01 had an average growth rate of 24%. In contrast, the 66 hospitals reporting declines had an average change of –36% in bad debt expense.

These large changes in annual bad debt expenses do not necessarily indicate that the actual volume of unpaid bills changed as dramatically. A number of hospitals were contacted to assess the reasons for the large annual change in bad debt expense. It appears that for those hospitals, a substantial portion of the change in bad debt expense can be attributed to accounting adjustments (corrections) or changes in accounting policies. Three common reasons given for the large changes in bad debt expense were:

- 1) Bad debt expense had either been over-accrued or under-accrued in prior years and a correction was made during FY00 or FY01. For some hospitals, the over- or under-accrual was the result of a billing system change.
- 2) The number of days delinquent accounts were held in accounts receivable (AR) was reduced causing a one-time adjustment. Hospitals were removing delinquent accounts out of AR closer to the time all collection efforts were exhausted.
- 3) Hospitals had modified their policies for granting charity care resulting in increases or decreases in charity care and corresponding changes in bad debt.

Act 77 of 2000 may have influenced hospitals to reassess their accounting for bad debt and charity care. Act 77 delineates the utilization of the funds the Commonwealth receives under the master settlement agreement with tobacco manufacturers. Among the many provisions of Act 77, hospitals may be eligible to receive funds to offset the cost of providing uncompensated care. The annual bad debt and charity care levels reported to the Council are one of the factors used to determine eligibility for these funds.

### ***How Uncompensated Care is Reported***

Hospitals provide *charity care* when they determine that the patient is unable to pay for services through insurance coverage or the patient's own resources. Hospitals have varying procedures for determining a patient's ability to pay and different policies for granting charity care.

*Bad debt* occurs when a hospital expects the patient to pay, and later determines that all or a portion of the bill is uncollectible. This determination may occur months after treatment has ended.

Policies and procedures related to uncompensated care vary from hospital to hospital. What one hospital may record as a bad debt expense another hospital may categorize as charity care. Consequently, it is difficult to make a distinction between charity care and bad debt expense on a statewide basis. Therefore, bad debt and charity care are reported together as uncompensated care.

Uncompensated care is presented on a foregone revenue (NPR) basis. The information presented in Figure 9 reflects the revenue hospitals would have received had they been reimbursed for services provided for free.

### ***What is Included in Charity Care***

All services and materials that are provided to the general public under an established fee are eligible to be included under charity care. Therefore, the cost of many public health programs is not included. Hospitals frequently report these activities separately.

Some hospitals report the difference between the reimbursement they receive from government-funded programs, such as Medical Assistance, and their customary fees or charges as a component of charity care. These differences are not included in the uncompensated care levels presented in this report. However, if a patient is unable to pay a required co-payment, or receives care beyond the benefits provided by a third-party payor, these foregone revenues are eligible to be included in charity care.

### ***Effect on Hospital Income***

By definition, uncompensated care has a direct effect on individual hospital income. A hospital that provides free care incurs the costs associated with that care while receiving no revenue. Consequently, for every dollar it costs to provide uncompensated care, hospital income declines by about one dollar.

As discussed below, a large portion of uncompensated care is based on charges, and for most hospitals, charges are two to three times greater than the cost of providing care. Consequently, the \$874 million in foregone revenue presented on Figure 9 is significantly greater than the actual costs to provide uncompensated care. However, even if the statewide foregone revenue total overstates uncompensated care costs by a factor of two, uncompensated care would still be equivalent to about two-thirds of all of the income realized by hospitals during FY01.

## Relationship between Hospital Charges and Uncompensated Care

For most hospitals, a change in hospital charges can have an effect on the level of bad debt expenses.

If a patient does not have any medical insurance and the patient is not eligible for Medical Assistance or charity care, the patient is usually classified as “self-pay.” Self-pay patients are typically billed according to the hospital’s schedule of fees known as charges. The hospital may subsequently negotiate payment arrangements that may include a reduction in the established charges.

If the hospital is unable to collect all or part of a bill, then the outstanding amount will eventually be recorded as a bad debt expense.

Table 8 reveals that the ratio of hospital charges for medical care to total operating expenses grew by 8.8% during FY01 and by 22.5% since the end of FY97. On a statewide basis, charges are growing faster than expenses.

Since statewide charges are growing faster than statewide expenses, the portion of bad debt expenses that is based on charges is likely growing faster than the cost to provide the uncompensated care. Consequently, the total amount of bad debt expenses reported by hospitals would have declined even further during FY01 if hospital charges had grown at the same rate as hospital expenses.

**TABLE 8**  
**Statewide Ratio of Charges to Net Patient Revenue (NPR) and Total Operating Expenses**

	FY97	FY98	FY99	FY00	FY01	Percent Change	
						1-year	4-year
Charges to NPR	222%	231%	244%	255%	274%	7.32%	23.63%
Charges to TOE	215%	219%	228%	242%	264%	8.79%	22.53%

# *Hospitals with a Negative 3-Year Average Total Margin*

The total margin for a single year may not completely reflect the financial health of a hospital. There are numerous factors that can affect a single-year margin, including reassessment of the book value of assets, early retirement of obsolete plant and equipment, and the restructuring of the operations of the hospital. Therefore, the 3-year average total margin is included in the following analysis.

For some hospitals, a negative 3-year average total margin may only indicate a cyclical downturn; in these instances, the future solvency of the hospital is not in jeopardy. As seen in Table 9, hospitals can, and 41 of them did, make adjustments in their operations to return to profitability. Some hospitals may also have sufficient “available assets” to enable them to weather a period of losses before returning to a positive income.

Available assets are those that can be liquidated by the hospital or its board of directors to fund operating deficits. Many of the hospitals with negative 3-year average total margins have diverted funds earmarked for capital improvements to pay expenses not covered by hospital revenue.

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

Unfortunately, there are a number of hospitals where a negative 3-year average total margin indicates that the hospital is under financial stress and short-term solutions are necessary.

Tables 10, 11, and 12 contain profiles of the 77 hospitals that had 3-year average negative total margins during FY01 and/or FY00. The “Notes” presented in those tables provide some information on why the hospital's income levels have changed and, where possible, some insights on the future solvency of the hospital.

The information for these Notes was derived from each facility's audited financial statements, discussions with hospital financial officers, and public information made available by the hospitals and their parent organizations.

Insights into the future solvency of a hospital or health system were provided in the Notes when it was clear from the available information that a hospital cannot sustain current losses for an extended period of time or where there were sufficient available assets to make solvency not an issue.

Table 9 provides a summary of the status of hospitals that had negative 3-year average total margins from FY98 to FY01. During that interval of time, 94 hospitals experienced a negative 3-year average total margin. Of those, three closed, 50 continued to report a negative total margin and 41 reported a positive total margin during FY01.

Of the hospitals acquired by a for-profit organization (Table 9), nine operated for a full fiscal year. Six of these hospitals had a positive total margin in FY01. Three of the hospitals acquired by the for-profit Tenet Healthcare Corporation, following bankruptcy, still had negative total margins and one is now closed.

There were ten hospitals that established some form of affiliation agreement with another hospital or health system while still maintaining a separate license. Three of these hospitals still had negative total margins during FY01, one closed, and six have achieved a positive total margin. At the end of the fiscal year four

hospitals dissolved an existing affiliation.

Fifty-seven (57) of the 94 hospitals presented on Table 9 have not undergone an organizational change. Sixty-one percent (61%), or 35 of these hospitals still experienced a negative total margin during FY01. Twenty-two may be on their way to recovery, and 17 hospitals had a total margin above 2%.

**TABLE 9**  
**Status of Hospitals with a Negative 3-Year Average Total Margin during FY98 - FY01**

	Number of Facilities	Hospitals Closed	FY01 Total Margin <sup>1</sup>		
			Negative	0%-2%	Above 2%
Acquired by for-profit organization following bankruptcy	9	1	4	2	2
Acquired by for-profit corporation (no bankruptcy)	7	0	4	0	3
Merged with another facility or health system <sup>1</sup>	6	NA	1	0	5
Affiliated with another facility or health system	10	1	3	2	4
No longer an operating licensed hospital	1	1	0	0	0
No change	57	0	35	5	17
Ended affiliation	4	0	3	1	0
<b>TOTAL</b>	<b>94</b>	<b>3</b>	<b>50</b>	<b>10</b>	<b>31</b>

<sup>1</sup> The FY01 total margin for hospitals that merged with another hospital or health system reflects the total margin for the surviving hospital unless the merger occurred after FY01.



**TABLE 10**  
**Hospitals Where the 3-Year Average Total Margin Became Negative during FY01**

Name/Region	3-Yr. Avg. Total Margin FY99-FY01	Total Margin			NOTES
		FY01	FY00	FY99	
Ashland Regional / 7	-1.84%	-5.94%	-3.30%	3.75%	<b>CH11B, P</b> The Hospital was purchased in 8/01 by Providence Healthcare following the 3/01 petition for Chapter 11 bankruptcy.
Bucktail / 4	-2.37%	-7.20%	0.11%	0.03%	Based on interim financial statements, it does not appear that the Center has the available assets to sustain operating losses for an extended period of time.
Jeannette Memorial / 1	-3.10%	-11.81%	-0.70%	3.63%	While NPR grew by 11.3%, operating expenses grew by 15.8% causing the total margin to plummet. The growth in expenses was lead by increases in salaries, wages, materials and supplies.
Mercy/Wilkes-Barre / 6	-1.96%	-5.63%	0.17%	-0.28%	The 5.8 point decline in the FY01 total margin was primarily caused by a 5.9% increase in operating expenses lead by materials, supplies and employment expenses.
Montrose General / 6	-1.60%	-7.25%	0.51%	1.84%	The 7.8 point decline in the FY01 total margin was the result of a 5.4% decline in operating revenues coupled with a 1.3% growth in expenses.
Moses Taylor / 6	-0.35%	0.83%	-2.16%	0.13%	The Hospital has a 3-year negative total margin because the small positive total margins in FY01 and FY99 were not large enough to offset the 2.16% loss in FY00.
Pocono MC / 6	-0.03%	-3.87%	0.76%	3.36%	Until FY01, the Center had a history of modest positive total margins. The 5.7% increase in operating revenue was overcome by a 10.5% increase in operating expenses causing total margin to fall 4.6 points during FY01.
St Agnes / 9	-2.63%	-2.13%	-2.18%	-3.74%	It does not appear that the Hospital or the Foundation has sufficient assets to sustain losses for an extended period of time. The Hospital is an affiliate of Catholic Health Initiatives.
Warren General / 2	-1.05%	-2.23%	0.77%	-1.61%	The Hospital has been fluctuating between modest positive and modest negative margins for a number of years. The 7.7% increase in operating revenue was not enough to overcome the 11.4% increase in operating expenses. The growth in operating expenses was lead by materials and supplies costs and bad debt expenses.
Wills Eye Hosp / 9	-0.39%	-8.49%	-3.81%	8.10%	During FY01 the Hospital sold its facility to Thomas Jefferson University and is constructing a new facility. The FY01 loss reflects the transition of operations.
Windber / 3	-1.68%	-1.78%	-1.50%	-1.74%	The three years of negative total margins were preceded by relatively high total margins in FY97 and FY98. The Hospital appears to have sufficient assets to make solvency not an issue. As a member of the Conemaugh Health System, its long-term debt is guaranteed by the System.

See Key to Tables 10, 11 and 12 on page 28.

**TABLE 11**  
**Hospitals Where the 3-Year Average Total Margin Remained Negative during FY01**

Name/Region	3-Yr. Avg. Total Margin FY99-FY01	Total Margin			NOTES
		FY01	FY00	FY99	
<b>Aliquippa Community / 1</b>	-33.85%	-43.57%	-59.61%	-6.65%	A 4/01 Ownership of the Hospital was transferred from UPMC to Woodlawn Health Resources, a local nonprofit community foundation created to keep the hospital in operation. Part of the large FY01 losses were due to the transfer of ownership.
<b>Allegheny General / 1</b>	-3.00%	-1.42%	-3.02%	-4.44%	A 8/99 with the Healthcare Alliance of Western Pennsylvania which subsequently was merged into the West Penn Allegheny Health System. The FY00 total margin would have been slightly positive if a \$13.9 million restructuring expense were excluded.
<b>Alle-Kiski / 1</b>	-4.79%	3.01%	-2.31%	-17.90%	A 8/99 with the Healthcare Alliance of Western Pennsylvania which subsequently was merged into the West Penn Allegheny Health System. The large negative total margin in FY99 was sustained during the Center's final year under the Allegheny University Medical Centers.
<b>Berwick / 4</b>	-1.32%	5.70%	0.18%	-13.54%	P 3/99 by Community Health Systems (CHS). The large FY99 loss was sustained during the nine-month period before acquisition by CHS.
<b>Bloomsburg / 4</b>	-5.12%	-5.46%	-5.23%	-4.64%	The Hospital's last positive annual total margin was a 0.17% margin in FY98. Because the annual depreciation expense exceeds its net losses, the hospital has a positive cash flow.
<b>Brandywine / 8</b>	-7.41%	-10.38%	-2.39%	-10.08%	P 5/01 by Community Health Systems (CHS). The large FY99 loss was sustained during the eleven-month period before acquisition by CHS.
<b>Brookville / 2</b>	-2.62%	-4.48%	-2.27%	-1.02%	The decline in the FY01 total margin was primarily the result of a decline in investment income. Considering the principal repayment schedule for its long-term debt, the Hospital needs to realize positive income over the next few years to avoid depletion of its available assets.
<b>Brownsville General / 1</b>	-4.04%	-3.86%	-8.80%	0.08%	The Hospital did not file an audited financial statement for FY01 with the Council. Based on internal statements, it does not appear that the Center has the available assets to sustain current losses for an extended period of time. The FY01 total margin improved because total operating revenue increased by 6.5% and total operating expenses were held to the FY00 levels.
<b>Canonsburg General / 1</b>	-1.79%	5.97%	-0.89%	-11.55%	A 8/99 with the Healthcare Alliance of Western Pennsylvania which subsequently was merged into the West Penn Allegheny Health System.
<b>Chester County / 8</b>	-1.07%	-2.69%	2.53%	-3.13%	The 5.2-point decline in the FY01 total margin was due to the 9.4% increase in operating expenses which outpaced the 3.8% growth in operating revenue. Salaries and wages and supplies and other expenses lead the growth in operating expenses.
<b>Clearfield / 2</b>	-1.05%	3.18%	-1.06%	-5.59%	The Hospital held the growth in FY01 operating expenses to 1.4% while operating revenues grew 5.8%.
<b>Easton / 7</b>	-1.20%	-1.64%	-1.21%	-0.74%	P 10/01 by Community Health Systems (CHS). The purchase was subsequent to the end of FY01.
<b>Elkins Park / 8</b>	-8.15%	-13.40%	-2.03%	-12.00%	P 11/98 by Tenet Healthcare Corporation following the bankruptcy of AHERF. FY00 was the first full year that the hospital was under Tenet's control. The large decline in the FY01 total margin was primarily due to a 21.7% decline in operating revenue while expenses fell 7.8%. The hospital reported taking 31 med-surg beds out of service during FY01.

See Key to Tables 10, 11 and 12 on page 28.

**TABLE 11 (CONTINUED)**

**Hospitals Where the 3-Year Average Total Margin Remained Negative during FY01**

Name/Region	3-Yr. Avg. Total Margin FY99-FY01	Total Margin			NOTES
		FY01	FY00	FY99	
Forbes Regional / 1	-9.12%	-1.41%	-11.70%	-14.32%	A 8/99 with the Healthcare Alliance of Western Pennsylvania which subsequently was merged into the West Penn Allegheny Health System. The large negative total margin in FY99 was sustained during the Center's final year under the Allegheny University Medical Centers. The improvement in the FY01 total margin is largely due to a 5.0% decline in operating expenses.
Frick / 1	-2.99%	-4.22%	-3.65%	-1.12%	A 5/00 Westmoreland Health System.
Hazleton General / 6	-3.97%	-3.11%	-3.15%	-7.60%	Hazleton General and Hazleton St. Joseph entered into a management and risk sharing arrangement in 1/97. While both hospitals appear to have sufficient assets to sustain current losses, these losses cannot continue indefinitely.
Hazleton St Joseph / 6	-2.18%	-2.06%	-1.77%	-2.72%	See Hazleton General.
Highlands / 1	-3.34%	2.62%	-11.85%	-2.07%	The 14.5-point improvement in the FY01 total margin was largely due to an 18.4% increase in NPR compared to a 3.7% growth in operating expenses.
Hospital University PA / 9	-1.00%	7.89%	-1.41%	-9.98%	A 9.3% increase in NPR was the primary factor in the 9.3-point swing in the FY01 total margin. The growth in operating expenses was held to less than one percent.
J C Blair Memorial / 5	-1.43%	-2.53%	-1.05%	-0.66%	The Hospital has not had a positive annual total margin since FY97. Solvency does not appear to be a concern.
Jefferson / 1	-8.22%	-11.91%	-8.29%	-4.97%	The further decline in the FY01 total margin is largely the result of an asset impairment adjustment to reduce the value of some of the hospital's facilities it plans to sell. Sufficient available assets make solvency not an issue.
Jersey Shore / 4	-0.61%	4.00%	-3.74%	-2.86%	The 7.7-point improvement in the FY01 total margin was largely due to a 14.6% increase in NPR compared to a 6.0% growth in operating expenses.
Lancaster Gen/Susquehanna / 5	-8.76%	-14.52%	-9.59%	-0.29%	The Hospital's losses have been offset in part by capital contributions and working capital loans from its parent, the Lancaster Health Alliance, and its affiliate, Lancaster General Hospital.
Lancaster Regional / 5	-7.27%	6.63%	24.32%	-45.17%	P 7/00 by Health Management Associates (HMA). The large negative FY99 loss reflects asset impairment and restructuring expenses incurred before the sale to HMA. The large FY00 positive total margin includes the gain on this sale of the hospital. FY01 reflects only 3 months of data due to a change in the fiscal year.
Lock Haven / 4	-1.23%	-0.07%	-3.77%	0.09%	As of 4/02, the Hospital is in negotiations with Community Health Systems to complete the acquisition of the Hospital during FY02.
Marian Community / 6	-1.19%	0.24%	-2.50%	-1.34%	The FY01 total margin improved primarily due to a 2.2% increase in NPR.
Medical College PA / 9	-4.54%	-7.26%	0.77%	-10.12%	P 11/98 by Tenet Healthcare Corporation following the bankruptcy of AHERF. FY00 was the first full year that the hospital was under Tenet's control. Despite increases in inpatient days and discharges as well as outpatient visits, the hospital reported a 1.8% decline in NPR. However, consistent with the increase in utilization, operating expenses increased 9.3% leading to the 8-point decline in the FY01 total margin.

See Key to Tables 10, 11 and 12 on page 28.

**TABLE 11 (CONTINUED)**

**Hospitals Where the 3-Year Average Total Margin Remained Negative during FY01**

Name/Region	3-Yr. Avg. Total Margin FY99-FY01	Total Margin			NOTES
		FY01	FY00	FY99	
<b>Mercy Community / 8</b>	-13.67%	-13.22%	-15.99%	-11.86%	The FY01 data for the Hospital reflects the 12 months ending 12/00. The Hospital is part of the Mercy Health System of Southeastern Pennsylvania which collectively reported a positive total margin of about 1.5%.
<b>Mercy Providence / 1</b>	-8.69%	-4.01%	-12.96%	-9.15%	The FY01 data for the Hospital reflects the 12 months ending 12/00. The Hospital is part of the Pittsburgh Mercy Health System which collectively reported a positive total margin of about 1.8%.
<b>Metro Health Center / 2</b>	-8.21%	-6.68%	-8.13%	-9.59%	The Center did not file an audited financial statement for FY01 with the Council. Based on internal statements, it does not appear that the Center has the available assets to sustain current losses for an extended period of time.
<b>Meyersdale Community / 3</b>	-6.03%	-4.76%	-9.01%	-4.43%	Since 1994, the Hospital has had an affiliation agreement with the Connemaugh Health System to provide administrative, clinical and financial support. During FY01, Connemaugh made an "infusion of capital" which offset the effect of the Hospital's losses.
<b>Mid-Valley / 6</b>	-5.35%	-6.37%	-3.63%	-6.08%	The hospital is part of the Moses Taylor Health Care System. Considering the Hospital's continuous losses, negative cash flow and minimal available assets, it does not appear the hospital can continue to operate without outside assistance or a quick turnaround of its revenues and expenses.
<b>Milton S Hershey / 5</b>	-1.51%	1.18%	-6.09%	0.04%	A 7.8% increase in NPR contributed to the improvement in the operating margin from -5.9% in FY00 to -1.0% in FY01. Non-operating income brought the total margin above 1.0%.
<b>Miners / 3</b>	-8.97%	-17.48%	-6.81%	-2.35%	The Hospital did not file an audited financial statement with the Council. Based on interim statements, it does not appear that the hospital has the available assets to enable it to continue to sustain significant losses.
<b>Nazareth / 9</b>	-1.51%	2.67%	-9.87%	2.01%	The 12.5-point improvement in total margin was largely the result of a 14.0% increase in NPR during FY01. The growth in operating expenses was held to 3.7%.
<b>North Penn / 8</b>	-3.62%	-3.80%	-2.77%	-4.32%	<b>P</b> 1/02 The Hospital was purchased by the Universal Health System. The Hospital has not had a positive annual total margin since FY98.
<b>Pennsylvania / 9</b>	-1.30%	4.51%	-6.08%	-3.15%	<b>A</b> 14.6 % increase in NPR during FY01 was the leading factor in the 10.6-point improvement in the total margin.
<b>Philipsburg Area / 4</b>	-0.13%	3.73%	-6.14%	0.82%	NPR increased 12.3% during FY01 while the growth in expenses was held to 2.4% resulting in a 9.9-point improvement in total margin.
<b>Pottsville Warne Clinic / 7</b>	-0.10%	0.50%	1.46%	-2.41%	While the hospital still needs to improve its level of income, FY99 was the only year the hospital experienced a net loss since FY96.
<b>Roxborough Memorial / 9</b>	-4.75%	-2.79%	-4.45%	-7.44%	The Hospital has experienced negative total margins for a number of years. While solvency is not an immediate concern, the hospital cannot sustain losses for an extended period of time.
<b>Sacred Heart/Allentown / 7</b>	-2.99%	-3.72%	-5.62%	0.68%	Excluding a one-time charge for restructuring expenses, the FY01 total margin would have been -1.7%. Operating revenue grew 9.3% during FY01 compared to the 5.2% increase in operating expenses.

See Key to Tables 10, 11 and 12 on page 28.

**TABLE 11 (CONTINUED)**

**Hospitals Where the 3-Year Average Total Margin Remained Negative during FY01**

Name/Region	3-Yr. Avg. Total Margin FY99-FY01	Total Margin			NOTES
		FY01	FY00	FY99	
St Francis New Castle / 2	-3.60%	-4.31%	-4.20%	-2.40%	The Hospital did not submit an audited financial statement to the Council. Based on internal statements, total operating expenses fell by 3.7% during FY01 and NPR remained close to the FY00 level. However, a \$1 million decline in non-operating revenue prevented total margin from improving in FY01.
St Francis MC / 1	-13.01%	-32.28%	-6.67%	-2.71%	The large negative FY01 total margin is the result of an impairment write-off to adjust (reduce) the book value of its property, plant and equipment. Excluding the impairment write-off, total margin would actually improve to -2.4%, primarily due to a 10.4% reduction in operating expenses. The Hospital's FY01 audited financial statement indicates that the Hospital has implemented a plan to reduce expenses and eliminate certain services. The Board has begun to search for a merger partner.
St Joseph's/Philadelphia / 9	-1.50%	0.10%	0.09%	-5.36%	The Hospital and its parent, the North Philadelphia Health System, have been able to eke out positive margins over the past two years in a very difficult service area. The System's audited financial statement outlines various means to further reduce costs and improve revenues during FY02.
Saint Vincent Health / 2	-1.31%	2.95%	-8.56%	1.38%	One-time charges associated with an early retirement program and an amortization adjustment contributed to the relatively large losses during FY01.
Southern Chester County / 8	-12.51%	-12.61%	-19.19%	-4.81%	P 5/01 by Community Health Systems (CHS).
St Luke's Quakertown / 8	-7.02%	-4.96%	-8.90%	-7.28%	The Hospital is part of the St. Luke's Health Network which had a FY01 total margin of 2.9%.
Suburban General/Pgh / 1	-1.89%	-0.33%	-2.21%	-3.20%	The Hospital has had a negative total margin since FY97. The Hospital is part of the West Penn Allegheny Health System.
Sunbury Community / 4	-1.62%	3.10%	0.47%	-10.17%	Operating revenue and total operating expenses increased 10.7% and 10.8%, respectively, during FY01. The improvement in the total margin was primarily due to growth in contributions and investment income.
Temple Lower Bucks / 8	-3.26%	-4.25%	-1.83%	-3.69%	The Hospital has had a negative total margin since FY96. The Hospital has been a member of the Temple University Health System (TUHS) since 10/97. During 10/01 the Hospital and TUHS modified their affiliation agreement so that the Hospital is now a "non-member" affiliate.
Temple Univ Children's / 9	-6.18%	-1.22%	-2.60%	-19.30%	The Medical Center began operations during FY98. Since then, operating revenue and total margins have improved each year.
Troy Community / 6	-8.09%	-3.84%	-7.96%	-12.02%	Transfers from its parent, the Guthrie Health Care System, have enabled the Hospital to sustain its operations through successive operating losses.
Union City Memorial / 2	-8.56%	-17.77%	-6.32%	-2.49%	M 12/01 The Hospital was converted into an outpatient center of the St. Vincent Memorial Hospital. The Hospital had been part of the St. Vincent Health System prior to the merger. Its last annual positive total margin occurred in FY92.
WVHCS / 6	-6.85%	-2.41%	-7.00%	-10.77%	The Hospital reduced operating expenses by 9.1% during FY01. The leading factor in the reduction of expenses were salaries, wages and employee benefit expenses. These savings were realized primarily through workforce reductions.

See Key to Tables 10, 11 and 12 on page 28.

**TABLE 12**

**Hospitals Where the 3-Year Average Total Margin Was Negative during FY00 and Became Positive in FY01**

Name/Region	3-Yr. Avg. Total Margin FY99-FY01	Total Margin			NOTES
		FY01	FY00	FY99	
Chestnut Hill / 9	0.57%	2.12%	1.77%	-2.59%	Despite declines in investment income and gifts and bequests during FY01, total margin improved for the second straight year. The growth in operating revenues continues to outpace the growth in operating expenses.
Episcopal / 9	11.38%	48.50%	17.65%	-3.32%	M 11/00 merged into Temple University Hospital.
Graduate / 9	2.96%	4.84%	4.81%	-3.76%	11/98 P by Tenet Healthcare Corporation following the bankruptcy of AHERF. FY00 was the first full year that the hospital was under Tenet's control.
Greene County Memorial / 1	1.34%	8.16%	-2.96%	-1.34%	The 11.1-point improvement in total margin during FY01 is largely the result of a reduction in "materials, supplies and services" and a growth in realized gains on investments.
Hahnemann University / 9	2.32%	4.16%	2.55%	-2.14%	11/98 P by Tenet Healthcare Corporation following the bankruptcy of AHERF. FY00 was the first full year that the hospital was under Tenet's control.
St Christopher's Children / 9	1.48%	0.62%	2.29%	1.87%	11/98 P by Tenet Healthcare Corporation following the bankruptcy of AHERF. FY00 was the first full year that the hospital was under Tenet's control.
St Mary / 8	1.00%	6.73%	-4.03%	-0.79%	The 15.6% growth in NPR was the primary factor in the 10.8 point improvement in the FY01 total margin.
Temple East / 9	0.89%	3.32%	-1.21%	0.64%	Operating expenses fell 9.2% during FY01 lead by a decline in professional fees, insurance expenses and bad debt expense. As a result of a "methodology" change in FY01, a portion of uncompensated care that had previously been booked as bad debt was allocated to charity care. The FY00 operating expenses were inflated by a one-time asset impairment adjustment.
Warminster / 8	0.77%	0.64%	0.64%	1.29%	11/98 P by Tenet Healthcare Corporation following the bankruptcy of AHERF. FY00 was the first full year that the hospital was under Tenet's control.
Waynesboro / 5	1.72%	3.45%	2.64%	1.85%	The improvement in FY01 total margin was the result of growth in non-operating income including interest and dividend income, net gains on the sale of investments and contributions.

**KEY TO TABLES 10, 11 AND 12**

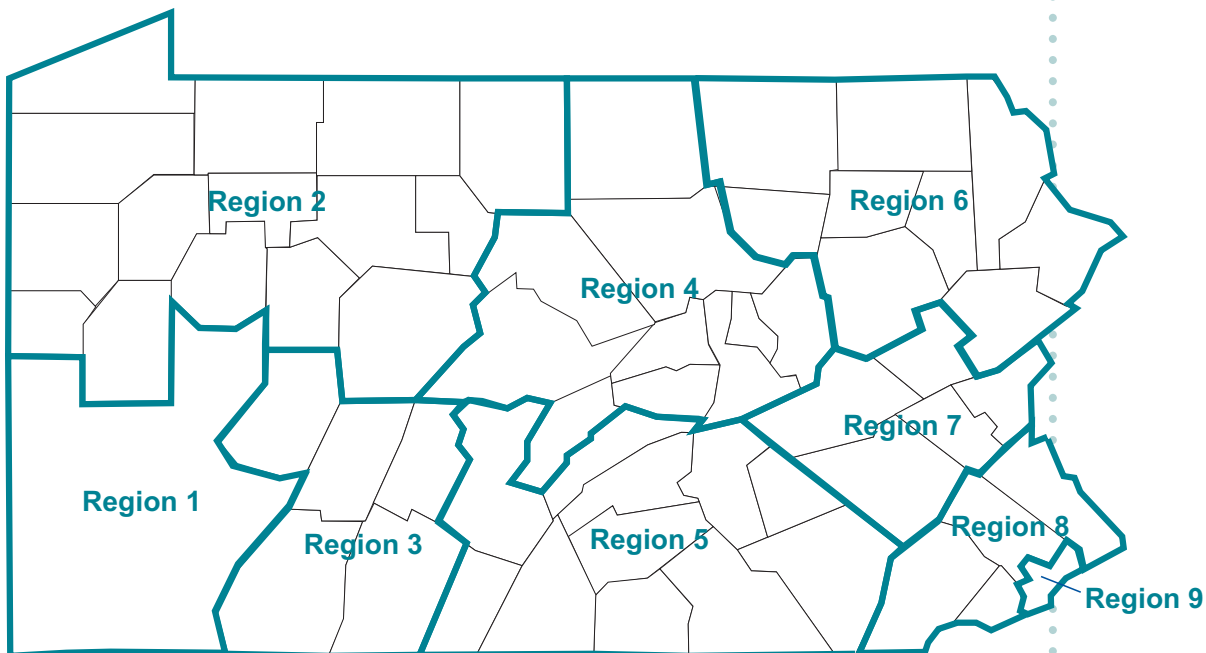
- A** Affiliated with another non-profit hospital or health system and still operating under a separate license.
- C** The facility closed.
- M** Merged with another non-profit hospital or health system. No longer operating under a separate license and no longer providing individual financial data to the Council.
- NA** Not applicable.
- P** Purchased by a for-profit corporation and still operates under a separate license.
- C11B** Hospital filed for Chapter 11 bankruptcy.

# Individual Hospital Data

The following tables provide hospital-specific financial data for the 189 general acute care hospitals covered in this report. The hospitals have been arranged by the Council's nine regions.

Included in these tables are the FY01 Operating and Total Margins for each individual hospital. The corresponding Operating Income and Total Income expressed in dollars, as well as each hospital's Total Operating Revenue, can be found on the Council's Web site at [www.phc4.org](http://www.phc4.org). (Comparing Net Patient Revenue to Total Operating Expenses will not provide an operating margin.)

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



Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 1 Average</b>	<b>\$113</b>	<b>\$104</b>	<b>\$105</b>	<b>\$106</b>	<b>1.56%</b>	<b>\$119</b>	<b>\$112</b>	<b>\$111</b>	<b>\$114</b>	<b>0.71%</b>
Aliquippa Community <sup>5,14</sup>	\$21	\$30	\$36	\$34	-12.77%	\$32	\$53	\$42	\$37	-4.47%
Allegheny General <sup>5</sup>	\$393	\$400	\$440	\$450	-4.24%	\$429	\$444	\$481	\$543	-7.02%
Alle-Kiski <sup>5</sup>	\$89	\$69	\$66	\$68	10.70%	\$89	\$72	\$80	\$83	2.30%
Armstrong County Memorial <sup>5</sup>	\$55	\$54	\$51	\$48	4.85%	\$57	\$53	\$51	\$49	5.37%
Brownsville General <sup>5</sup>	\$19	\$18	\$20	\$20	-1.15%	\$21	\$20	\$21	\$21	0.04%
Butler Memorial <sup>5</sup>	\$93	\$83	\$76	\$69	11.70%	\$90	\$81	\$75	\$68	10.25%
Canonsburg General <sup>5</sup>	\$34	\$32	\$30	\$28	7.90%	\$33	\$34	\$34	\$33	0.23%
Children's Hosp Pgh	\$188	\$175	\$169	\$161	5.52%	\$220	\$208	\$197	\$191	5.04%
Forbes Regional <sup>5</sup>	\$96	\$92	\$94	\$97	-0.24%	\$102	\$108	\$116	\$113	-3.12%
Frick <sup>5</sup>	\$41	\$40	\$40	\$41	0.05%	\$44	\$42	\$42	\$42	1.71%
Greene County Memorial <sup>5</sup>	\$23	\$22	\$23	\$22	1.11%	\$24	\$26	\$26	\$24	-0.62%
Highlands <sup>5</sup>	\$20	\$17	\$19	\$18	3.80%	\$20	\$19	\$20	\$19	1.97%
Jeannette Memorial <sup>5</sup>	\$39	\$35	\$36	\$35	3.60%	\$45	\$39	\$37	\$36	8.13%
Jefferson <sup>5</sup>	\$106	\$120	\$124	\$129	-5.83%	\$126	\$136	\$136	\$136	-2.43%
Latrobe Area <sup>5</sup>	\$101	\$97	\$104	\$107	-1.93%	\$100	\$104	\$105	\$103	-0.81%
Magee-Womens <sup>7</sup>	\$133	\$128	\$121	\$111	6.52%	\$141	\$133	\$145	\$136	1.30%
Medical Center Beaver <sup>5</sup>	\$142	\$136	\$143	\$144	-0.39%	\$150	\$149	\$146	\$147	0.87%
Mercy Pittsburgh <sup>1,5</sup>	\$211	\$200	\$215	\$214	-0.41%	\$218	\$214	\$228	\$220	-0.32%
Mercy Providence <sup>1,5</sup>	\$23	\$23	\$25	\$28	-5.74%	\$25	\$26	\$28	\$28	-4.37%
Monongahela Valley <sup>5</sup>	\$78	\$75	\$77	\$76	1.01%	\$80	\$76	\$77	\$75	2.14%
Monsour <sup>12</sup>	NR	NR	\$20	\$22	NR	NR	NR	\$24	\$24	NR
Ohio Valley General <sup>5</sup>	\$43	\$39	\$39	\$42	0.49%	\$45	\$45	\$43	\$43	1.64%
Sewickley Valley <sup>5</sup>	\$80	\$78	\$81	\$82	-1.03%	\$88	\$87	\$88	\$89	-0.28%
St Clair Memorial <sup>5</sup>	\$107	\$98	\$95	\$91	5.84%	\$111	\$104	\$100	\$94	6.18%
St Francis MC <sup>5</sup>	\$138	\$146	\$157	\$168	-6.01%	\$211	\$191	\$193	\$202	1.41%
St Francis/Cranberry <sup>5</sup>	\$20	\$19	\$11	NA	NA	\$24	\$22	\$13	NA	NA
Suburban General/Pgh <sup>5</sup>	\$28	\$28	\$27	\$27	2.28%	\$31	\$31	\$30	\$31	-0.11%
Uniontown <sup>5</sup>	\$75	\$71	\$72	\$73	0.67%	\$74	\$69	\$71	\$73	0.45%
UPMC Braddock <sup>5</sup>	\$38	\$40	\$41	\$40	-1.62%	\$38	\$40	\$42	\$40	-1.41%
UPMC McKeesport <sup>5</sup>	\$78	\$75	\$72	\$71	2.95%	\$78	\$73	\$72	\$81	-0.89%
UPMC Passavant <sup>5</sup>	\$104	\$98	\$90	\$83	8.45%	\$104	\$95	\$87	\$81	9.53%
UPMC Presbyterian <sup>5</sup>	\$795	\$707	\$709	\$661	6.74%	\$759	\$710	\$691	\$690	3.36%
UPMC Shadyside	\$258	\$238	\$234	\$214	6.94%	\$258	\$247	\$227	\$216	6.57%
UPMC South Side <sup>5</sup>	\$39	\$38	\$37	\$40	-0.76%	\$43	\$38	\$37	\$37	4.89%
UPMC St Margaret <sup>5,14</sup>	\$96	\$84	\$83	\$80	6.43%	\$97	\$87	\$86	\$83	5.53%
Washington <sup>5,14</sup>	\$146	\$135	\$131	\$131	3.61%	\$149	\$142	\$135	\$136	3.26%
Western Pennsylvania <sup>5</sup>	\$222	\$214	\$210	\$209	2.09%	\$233	\$221	\$218	\$217	2.48%
Westmoreland Regional <sup>5</sup>	\$114	\$109	\$106	\$104	3.17%	\$114	\$107	\$107	\$102	3.87%

See footnotes on pages 42 and 43.



Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 1 Average</b>	<b>2.50%</b>	<b>3.97%</b>	<b>3.16%</b>	<b>3.99%</b>	<b>47.48%</b>	<b>7.62%</b>
Aliquippa Community <sup>5, 14</sup>	-47.25%	-43.57%	-33.85%	7.38%	54.09%	15.30%
Allegheny General <sup>5</sup>	-1.42%	-1.42%	-3.00%	4.31%	46.55%	7.07%
Alle-Kiski <sup>5</sup>	3.01%	3.01%	-4.79%	3.89%	57.55%	3.71%
Armstrong County Memorial <sup>5</sup>	-1.20%	0.56%	2.68%	5.38%	48.29%	7.26%
Brownsville General <sup>5</sup>	-5.48%	-3.86%	-4.04%	2.76%	67.49%	7.50%
Butler Memorial <sup>5</sup>	5.50%	9.52%	8.30%	3.59%	50.94%	6.44%
Canonsburg General <sup>5</sup>	4.78%	5.97%	-1.79%	4.01%	53.61%	1.97%
Children's Hosp Pgh	6.07%	8.84%	6.45%	1.37%	0.24%	25.11%
Forbes Regional <sup>5</sup>	-1.41%	-1.41%	-9.12%	3.42%	54.37%	3.37%
Frick <sup>5</sup>	-4.97%	-4.22%	-2.99%	5.36%	62.02%	8.68%
Greene County Memorial <sup>5</sup>	1.29%	8.16%	1.34%	5.53%	59.65%	5.76%
Highlands <sup>5</sup>	0.48%	2.62%	-3.34%	4.00%	49.09%	15.09%
Jeannette Memorial <sup>5</sup>	-12.89%	-11.81%	-3.10%	3.23%	57.29%	4.66%
Jefferson <sup>5</sup>	-12.42%	-11.91%	-8.22%	3.13%	62.34%	3.77%
Latrobe Area <sup>5</sup>	3.24%	5.56%	4.48%	5.16%	47.50%	7.62%
Magee-Womens <sup>7</sup>	0.88%	3.01%	4.56%	2.90%	5.76%	19.86%
Medical Center Beaver <sup>5</sup>	-3.02%	1.01%	0.28%	2.91%	52.98%	4.92%
Mercy Pittsburgh <sup>1, 5</sup>	4.47%	4.47%	1.20%	6.02%	57.61%	9.97%
Mercy Providence <sup>1, 5</sup>	-4.01%	-4.01%	-8.69%	10.58%	62.58%	12.34%
Monongahela Valley <sup>5</sup>	0.24%	3.49%	4.08%	2.75%	67.17%	6.76%
Monsour <sup>12</sup>	NR	NR	NR	NR	NR	NR
Ohio Valley General <sup>5</sup>	3.75%	11.16%	7.89%	3.64%	62.90%	3.34%
Sewickley Valley <sup>5</sup>	2.16%	5.05%	5.04%	4.04%	50.37%	2.65%
St Clair Memorial <sup>5</sup>	3.88%	5.90%	4.76%	3.60%	50.27%	0.95%
St Francis MC <sup>5</sup>	-28.65%	-32.28%	-13.01%	7.90%	57.12%	14.10%
St Francis/Cranberry <sup>5</sup>	-16.78%	-16.69%	-14.93%	9.71%	27.46%	15.75%
Suburban General/Pgh <sup>5</sup>	-0.33%	-0.33%	-1.89%	3.61%	74.23%	2.10%
Uniontown <sup>5</sup>	3.64%	5.39%	6.27%	5.22%	59.48%	11.94%
UPMC Braddock <sup>5</sup>	0.37%	0.37%	0.95%	5.37%	67.17%	12.16%
UPMC McKeesport <sup>5</sup>	2.16%	3.64%	5.20%	5.11%	70.09%	9.48%
UPMC Passavant <sup>5</sup>	2.64%	3.30%	5.77%	1.99%	53.17%	0.88%
UPMC Presbyterian <sup>5</sup>	13.81%	14.50%	12.53%	3.90%	38.20%	6.31%
UPMC Shadyside	4.80%	9.88%	10.08%	3.34%	58.40%	3.38%
UPMC South Side <sup>5</sup>	-1.03%	1.13%	6.01%	7.09%	62.19%	7.50%
UPMC St Margaret <sup>5, 14</sup>	6.13%	8.23%	7.07%	3.42%	52.24%	2.09%
Washington <sup>5, 14</sup>	1.96%	4.42%	3.29%	2.80%	50.59%	7.51%
Western Pennsylvania <sup>5</sup>	2.99%	2.99%	2.29%	3.11%	47.79%	7.63%
Westmoreland Regional <sup>5</sup>	2.94%	4.82%	6.25%	4.34%	52.36%	3.87%

See footnotes on pages 42 and 43. \*Check Web site for dollar figures.

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 2 Average</b>	<b>\$49</b>	<b>\$46</b>	<b>\$43</b>	<b>\$43</b>	<b>3.50%</b>	<b>\$50</b>	<b>\$48</b>	<b>\$45</b>	<b>\$44</b>	<b>3.61%</b>
Bradford Regional <sup>5</sup>	\$42	\$41	\$42	\$41	1.05%	\$44	\$42	\$45	\$43	0.39%
Brookville <sup>5</sup>	\$22	\$21	\$21	\$21	0.92%	\$23	\$22	\$21	\$22	1.49%
Charles Cole Memorial <sup>5, 14</sup>	\$40	\$37	\$36	\$34	6.72%	\$43	\$39	\$37	\$34	8.41%
Clarion <sup>5, 14</sup>	\$32	\$29	\$29	\$27	6.57%	\$33	\$31	\$30	\$27	7.09%
Clearfield <sup>5</sup>	\$44	\$42	\$41	\$46	-1.52%	\$44	\$44	\$45	\$47	-1.66%
Corry Memorial <sup>5</sup>	\$15	\$15	\$14	\$14	3.69%	\$15	\$16	\$15	\$14	3.71%
DuBois Regional <sup>5</sup>	\$91	\$84	\$78	\$75	7.36%	\$91	\$82	\$75	\$72	8.89%
Elk Regional <sup>5, 9, 14</sup>	\$44	\$41	\$34	\$33	11.45%	\$44	\$41	\$34	\$31	13.40%
Ellwood City <sup>5</sup>	\$25	\$23	\$23	\$21	6.60%	\$27	\$26	\$25	\$23	6.09%
Hamot <sup>5, 6</sup>	\$157	\$151	\$142	\$140	4.10%	\$156	\$155	\$144	\$143	3.08%
Jameson Memorial <sup>5, 14</sup>	\$64	\$60	\$57	\$59	2.84%	\$67	\$63	\$62	\$63	1.98%
Kane Community	\$11	\$10	\$9	\$10	5.85%	\$11	\$10	\$9	\$9	8.08%
Meadville <sup>5</sup>	\$67	\$65	\$64	\$65	0.80%	\$68	\$67	\$68	\$68	0.03%
Metro Health Center <sup>5</sup>	\$15	\$15	\$18	\$18	-5.34%	\$17	\$18	\$20	\$21	-6.85%
Millcreek Community <sup>14</sup>	\$23	\$24	\$21	\$22	1.50%	\$24	\$22	\$20	\$20	6.46%
Northwest <sup>5</sup>	\$63	\$60	\$60	\$60	1.60%	\$62	\$61	\$62	\$62	-0.16%
Punxsutawney Area	\$21	\$20	\$19	\$19	3.20%	\$22	\$21	\$20	\$19	4.12%
Saint Vincent Health <sup>5</sup>	\$152	\$143	\$148	\$142	2.44%	\$151	\$155	\$148	\$142	2.16%
Sharon Regional <sup>5</sup>	\$97	\$85	\$79	\$72	11.57%	\$107	\$88	\$81	\$74	15.34%
St Francis New Castle <sup>5</sup>	\$32	\$33	\$34	\$35	-2.85%	\$35	\$37	\$38	\$37	-1.99%
Titusville Area <sup>5, 14</sup>	\$26	\$22	\$22	\$21	8.38%	\$25	\$22	\$21	\$21	6.85%
Union City Memorial <sup>1, 14</sup>	\$5	\$5	\$5	\$5	-2.99%	\$6	\$5	\$5	\$5	1.29%
United Community <sup>5</sup>	\$28	\$27	\$26	\$26	2.47%	\$27	\$26	\$25	\$25	2.00%
UPMC Horizon <sup>5</sup>	\$78	\$76	\$69	\$70	4.02%	\$77	\$74	\$72	\$70	3.40%
Warren General <sup>5</sup>	\$36	\$33	\$34	\$32	4.21%	\$40	\$36	\$35	\$33	7.16%

See footnotes on pages 42 and 43.

Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 2 Average</b>	<b>0.81%</b>	<b>2.18%</b>	<b>1.55%</b>	<b>4.18%</b>	<b>48.34%</b>	<b>8.03%</b>
Bradford Regional <sup>5</sup>	-0.93%	0.92%	0.76%	3.01%	43.48%	16.80%
Brookville <sup>5</sup>	-4.64%	-4.48%	-2.62%	3.40%	54.68%	3.90%
Charles Cole Memorial <sup>5, 14</sup>	0.63%	0.63%	1.42%	2.00%	28.55%	16.99%
Clarion <sup>5, 14</sup>	1.70%	0.58%	1.47%	3.89%	41.86%	6.78%
Clearfield <sup>5</sup>	3.18%	3.18%	-1.05%	3.91%	54.18%	6.18%
Corry Memorial <sup>5</sup>	1.64%	7.26%	-0.88%	5.13%	46.26%	5.96%
DuBois Regional <sup>5</sup>	1.12%	2.87%	5.53%	2.38%	45.32%	9.80%
Elk Regional <sup>5, 9, 14</sup>	1.39%	2.49%	2.71%	8.86%	44.78%	13.72%
Ellwood City <sup>5</sup>	-2.89%	5.82%	4.03%	4.52%	56.05%	2.48%
Hamot <sup>5, 6</sup>	3.32%	3.67%	2.37%	3.03%	45.74%	7.65%
Jameson Memorial <sup>5, 14</sup>	0.03%	1.10%	0.27%	2.80%	62.29%	4.32%
Kane Community	2.36%	3.40%	2.96%	2.90%	70.54%	7.42%
Meadville <sup>5</sup>	1.21%	2.44%	0.71%	3.45%	48.87%	9.82%
Metro Health Center <sup>5</sup>	-8.44%	-6.68%	-8.21%	5.60%	53.60%	14.17%
Millcreek Community <sup>14</sup>	1.89%	9.93%	14.49%	10.13%	42.31%	10.28%
Northwest <sup>5</sup>	4.81%	4.81%	2.65%	3.83%	51.90%	4.83%
Punxsutawney Area	-0.67%	2.67%	0.81%	6.25%	49.82%	8.88%
Saint Vincent Health <sup>5</sup>	2.58%	2.95%	-1.31%	4.47%	47.16%	6.00%
Sharon Regional <sup>5</sup>	-3.45%	-2.77%	1.98%	3.09%	47.32%	9.11%
St Francis New Castle <sup>5</sup>	-4.18%	-4.31%	-3.60%	9.01%	53.44%	10.99%
Titusville Area <sup>5, 14</sup>	2.56%	3.68%	3.51%	6.86%	54.96%	10.16%
Union City Memorial <sup>1, 14</sup>	-18.68%	-17.77%	-8.56%	5.77%	40.53%	4.73%
United Community <sup>5</sup>	5.64%	9.84%	9.96%	3.64%	46.62%	3.04%
UPMC Horizon <sup>5</sup>	2.79%	4.44%	2.53%	4.25%	52.07%	6.00%
Warren General <sup>5</sup>	-8.33%	-2.23%	-1.05%	7.18%	44.57%	2.44%

See footnotes on pages 42 and 43. \*Check Web site for dollar figures.

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 3 Average</b>	<b>\$53</b>	<b>\$51</b>	<b>\$50</b>	<b>\$49</b>	<b>2.91%</b>	<b>\$55</b>	<b>\$53</b>	<b>\$53</b>	<b>\$51</b>	<b>3.12%</b>
Altoona <sup>5</sup>	\$134	\$139	\$134	\$128	1.63%	\$145	\$144	\$135	\$128	4.41%
Bon Secours Holy Family <sup>1,5</sup>	\$51	\$50	\$54	\$38	11.01%	\$54	\$50	\$55	\$39	12.79%
Conemaugh Valley Memorial <sup>5,14</sup>	\$184	\$167	\$168	\$182	0.36%	\$188	\$183	\$190	\$198	-1.63%
Indiana Hosp <sup>5</sup>	\$61	\$56	\$55	\$55	4.04%	\$60	\$57	\$56	\$53	4.18%
Meyersdale Community <sup>14</sup>	\$6	\$5	\$5	\$5	7.87%	\$6	\$6	\$6	\$5	6.16%
Miners <sup>14</sup>	\$12	\$11	\$10	\$10	4.57%	\$15	\$14	\$12	\$12	8.02%
Nason	\$16	\$14	\$14	\$15	3.79%	\$16	\$16	\$15	\$15	3.13%
Somerset Center Health <sup>5</sup>	\$41	\$39	\$38	\$36	4.58%	\$40	\$38	\$37	\$36	3.94%
Tyrone <sup>14</sup>	\$11	\$11	\$9	\$10	1.47%	\$12	\$10	\$10	\$10	4.89%
UPMC Bedford <sup>14</sup>	\$24	\$23	\$20	\$20	6.60%	\$22	\$21	\$20	\$20	3.53%
UPMC Lee Regional <sup>5,6</sup>	\$82	\$79	\$74	\$72	4.78%	\$84	\$80	\$78	\$75	4.17%
Windber <sup>5</sup>	\$18	\$17	\$18	\$18	0.13%	\$24	\$21	\$20	\$19	10.40%

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 4 Average</b>	<b>\$50</b>	<b>\$47</b>	<b>\$44</b>	<b>\$43</b>	<b>2.89%</b>	<b>\$52</b>	<b>\$48</b>	<b>\$46</b>	<b>\$46</b>	<b>2.56%</b>
Berwick <sup>1,5,10,14</sup>	\$29	\$26	\$19	\$30	-1.65%	\$26	\$26	\$23	\$30	-4.19%
Bloomsburg <sup>5</sup>	\$26	\$25	\$25	\$25	1.25%	\$29	\$28	\$27	\$27	3.30%
Bucktail <sup>5</sup>	\$3	\$3	\$3	\$3	-1.41%	\$4	\$4	\$3	\$3	3.80%
Centre Community Hosp <sup>5</sup>	\$70	\$60	\$61	\$64	3.20%	\$70	\$61	\$60	\$61	5.15%
Evangelical Community <sup>5,14</sup>	\$70	\$63	\$54	\$50	13.24%	\$68	\$59	\$53	\$48	13.49%
Geisinger/Danville <sup>5</sup>	\$262	\$254	\$229	\$220	6.46%	\$289	\$260	\$250	\$250	5.31%
Jersey Shore <sup>14</sup>	\$15	\$13	\$12	\$12	7.76%	\$15	\$14	\$13	\$13	5.03%
Lewistown <sup>5</sup>	\$50	\$49	\$46	\$47	1.89%	\$51	\$46	\$46	\$46	3.24%
Lock Haven <sup>5</sup>	\$24	\$23	\$23	\$22	1.90%	\$25	\$25	\$24	\$23	2.43%
Muncy Valley <sup>5</sup>	\$19	\$18	\$18	\$17	3.45%	\$19	\$18	\$18	\$18	1.66%
Philipsburg Area	\$15	\$12	\$14	\$13	6.52%	\$15	\$13	\$14	\$15	-0.30%
Shamokin Area Community <sup>5</sup>	\$17	\$16	\$15	\$15	2.96%	\$17	\$16	\$16	\$14	5.75%
Soldiers & Sailors <sup>5</sup>	\$26	\$25	\$24	\$23	3.86%	\$27	\$25	\$24	\$24	3.91%
Sunbury Community <sup>5,14</sup>	\$26	\$24	\$21	\$21	7.58%	\$29	\$26	\$25	\$23	7.60%
Williamsport <sup>5</sup>	\$102	\$99	\$94	\$88	5.47%	\$102	\$96	\$91	\$86	6.47%

See footnotes on pages 42 and 43.

Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 3 Average</b>	<b>-0.27%</b>	<b>-0.02%</b>	<b>2.67%</b>	<b>4.17%</b>	<b>51.05%</b>	<b>6.34%</b>
Altoona <sup>5</sup>	-5.11%	-0.77%	2.55%	3.51%	43.58%	8.14%
Bon Secours Holy Family <sup>1, 5</sup>	-1.94%	-1.78%	1.46%	6.00%	60.25%	6.70%
Conemaugh Valley Memorial <sup>5, 14</sup>	1.76%	-4.76%	1.69%	4.25%	55.32%	4.78%
Indiana Hosp <sup>5</sup>	3.78%	2.33%	6.12%	4.54%	49.44%	5.88%
Meyersdale Community <sup>14</sup>	-8.53%	-4.76%	-6.03%	5.82%	70.03%	2.62%
Miners <sup>14</sup>	-20.70%	-17.48%	-8.97%	5.11%	NR	NR
Nason	4.32%	4.21%	2.74%	2.84%	37.99%	3.00%
Somerset Center Health <sup>5</sup>	3.55%	5.95%	5.92%	3.70%	47.16%	9.44%
Tyrone <sup>14</sup>	-5.43%	-4.66%	1.90%	13.28%	56.25%	14.75%
UPMC Bedford <sup>14</sup>	7.85%	9.99%	7.78%	2.42%	39.46%	6.27%
UPMC Lee Regional <sup>5, 6</sup>	1.34%	7.74%	3.85%	3.26%	55.13%	6.39%
Windber <sup>5</sup>	-4.54%	-1.78%	-1.68%	3.84%	56.20%	3.86%

Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 4 Average</b>	<b>1.35%</b>	<b>2.18%</b>	<b>3.10%</b>	<b>3.76%</b>	<b>39.61%</b>	<b>6.48%</b>
Berwick <sup>1, 5, 10, 14</sup>	9.73%	5.70%	-1.32%	1.54%	35.92%	3.61%
Bloomsburg <sup>5</sup>	-7.42%	-5.46%	-5.12%	4.06%	20.73%	8.39%
Bucktail <sup>5</sup>	-9.79%	-7.20%	-2.37%	8.73%	43.39%	26.11%
Centre Community Hosp <sup>5</sup>	2.46%	3.83%	3.59%	4.87%	38.36%	4.23%
Evangelical Community <sup>5, 14</sup>	6.23%	7.37%	10.30%	2.21%	36.86%	3.19%
Geisinger/Danville <sup>5</sup>	-0.59%	-0.58%	3.09%	2.97%	39.46%	5.19%
Jersey Shore <sup>14</sup>	3.56%	4.00%	-0.61%	3.98%	27.93%	1.11%
Lewistown <sup>5</sup>	1.12%	6.20%	7.15%	4.36%	48.84%	6.83%
Lock Haven <sup>5</sup>	-0.41%	-0.07%	-1.23%	3.24%	36.36%	23.29%
Muncy Valley <sup>5</sup>	1.98%	2.91%	4.51%	2.76%	27.46%	27.62%
Philipsburg Area	3.29%	3.73%	-0.13%	11.15%	23.92%	6.63%
Shamokin Area Community <sup>5</sup>	4.50%	5.76%	3.70%	4.60%	58.88%	3.07%
Soldiers & Sailors <sup>5</sup>	0.76%	1.46%	3.33%	5.83%	47.02%	7.84%
Sunbury Community <sup>5, 14</sup>	-1.03%	3.10%	-1.62%	4.55%	48.37%	8.47%
Williamsport <sup>5</sup>	2.91%	3.47%	3.08%	4.49%	43.84%	5.68%

See footnotes on pages 42 and 43. \*Check Web site for dollar figures.

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 5 Average</b>	<b>\$117</b>	<b>\$109</b>	<b>\$103</b>	<b>\$95</b>	<b>5.64%</b>	<b>\$119</b>	<b>\$112</b>	<b>\$107</b>	<b>\$95</b>	<b>6.31%</b>
Carlisle Hosp <sup>11, 13, 14</sup>	\$66	\$62	\$56	\$57	5.53%	\$75	\$64	\$60	\$58	9.68%
Chambersburg <sup>5, 14</sup>	\$115	\$103	\$96	\$92	8.02%	\$113	\$101	\$94	\$85	11.29%
Community Lancaster <sup>1, 5, 10</sup>	\$41	\$9	\$36	\$39	1.09%	\$35	\$8	\$42	\$42	-5.77%
Ephrata Community <sup>5</sup>	\$65	\$70	\$56	\$49	10.97%	\$61	\$71	\$55	\$47	9.81%
Fulton County <sup>5</sup>	\$15	\$15	\$15	\$13	6.00%	\$16	\$15	\$14	\$13	7.44%
Gettysburg <sup>5</sup>	\$52	\$46	\$42	\$40	9.60%	\$51	\$45	\$43	\$40	9.31%
Good Samaritan/Lebanon <sup>5</sup>	\$86	\$83	\$80	\$78	3.35%	\$85	\$83	\$80	\$75	4.82%
Hanover Hosp <sup>14</sup>	\$63	\$59	\$57	\$53	6.07%	\$64	\$57	\$53	\$51	8.27%
Holy Spirit <sup>5</sup>	\$114	\$105	\$96	\$92	8.07%	\$116	\$107	\$96	\$93	8.09%
J C Blair Memorial <sup>5</sup>	\$28	\$28	\$27	\$25	3.20%	\$31	\$30	\$29	\$29	3.14%
Lancaster Gen/Susquehanna <sup>5</sup>	\$12	\$12	\$10	\$9	12.19%	\$15	\$13	\$10	\$9	20.79%
Lancaster General <sup>5</sup>	\$282	\$252	\$230	\$217	10.03%	\$299	\$262	\$238	\$223	11.42%
Lancaster Regional <sup>1, 2, 5, 7, 10</sup>	\$21	\$72	\$69	\$75	NA	\$19	\$76	\$101	\$81	NA
Memorial York <sup>5</sup>	\$50	\$48	\$45	\$45	3.93%	\$51	\$48	\$46	\$45	4.35%
Milton S Hershey <sup>5</sup>	\$322	\$299	\$311	\$309	1.45%	\$346	\$338	\$335	\$316	3.13%
Pinnacle Health <sup>5, 9</sup>	\$361	\$360	\$340	\$288	8.56%	\$382	\$365	\$340	\$293	10.15%
Waynesboro	\$34	\$30	\$28	\$26	9.54%	\$33	\$31	\$29	\$27	8.13%
York Hosp <sup>5</sup>	\$313	\$285	\$266	\$247	8.99%	\$302	\$272	\$259	\$233	9.97%

See footnotes on pages 42 and 43.

Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 5 Average</b>	<b>1.53%</b>	<b>4.64%</b>	<b>4.08%</b>	<b>4.26%</b>	<b>38.70%</b>	<b>5.79%</b>
Carlisle Hosp <sup>11, 13, 14</sup>	-11.51%	10.30%	4.53%	3.73%	NR	NR
Chambersburg <sup>5, 14</sup>	1.97%	7.85%	8.74%	5.55%	43.04%	5.39%
Community Lancaster <sup>1, 5, 10</sup>	15.20%	11.56%	-0.88%	4.24%	36.75%	7.45%
Ephrata Community <sup>5</sup>	9.01%	9.28%	5.42%	3.49%	39.39%	2.20%
Fulton County <sup>5</sup>	-1.56%	-1.56%	1.53%	5.80%	34.42%	17.54%
Gettysburg <sup>5</sup>	1.62%	6.85%	6.14%	3.85%	40.16%	3.97%
Good Samaritan/Lebanon <sup>5</sup>	3.55%	5.75%	4.38%	5.14%	48.36%	3.75%
Hanover Hosp <sup>14</sup>	-0.78%	1.64%	7.26%	3.68%	35.84%	0.95%
Holy Spirit <sup>5</sup>	3.09%	7.61%	6.91%	4.55%	43.39%	4.73%
J C Blair Memorial <sup>5</sup>	-5.10%	-2.53%	-1.43%	3.75%	39.42%	11.68%
Lancaster Gen/Susquehanna <sup>5</sup>	-14.52%	-14.52%	-8.76%	15.44%	34.03%	10.06%
Lancaster General <sup>5</sup>	2.07%	2.74%	3.78%	3.57%	39.32%	4.87%
Lancaster Regional <sup>1, 2, 5, 7, 10</sup>	12.06%	6.63%	-7.27%	8.56%	37.86%	2.13%
Memorial York <sup>5</sup>	0.80%	1.38%	1.40%	5.18%	46.89%	5.50%
Milton S Hershey <sup>5</sup>	-0.98%	1.18%	-1.51%	2.58%	30.99%	8.61%
Pinnacle Health <sup>5, 9</sup>	-2.86%	1.54%	3.80%	4.96%	39.81%	6.26%
Waynesboro	0.00%	2.70%	4.32%	4.83%	37.34%	2.04%
York Hosp <sup>5</sup>	6.18%	9.88%	10.25%	4.58%	37.00%	5.99%

See footnotes on pages 42 and 43. \*Check Web site for dollar figures.

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 6 Average</b>	<b>\$58</b>	<b>\$55</b>	<b>\$53</b>	<b>\$52</b>	<b>3.40%</b>	<b>\$62</b>	<b>\$60</b>	<b>\$58</b>	<b>\$54</b>	<b>4.60%</b>
Barnes Kasson County <sup>1,5</sup>	\$13	\$12	\$12	\$11	5.27%	\$14	\$13	\$13	\$13	4.23%
Community/Scranton <sup>5</sup>	\$121	\$119	\$107	\$99	7.38%	\$129	\$121	\$110	\$101	9.24%
Geisinger Wyoming Valley <sup>5</sup>	\$58	\$54	\$51	\$54	2.61%	\$62	\$56	\$55	\$55	4.16%
Hazleton General <sup>1,5</sup>	\$38	\$37	\$18	\$37	1.03%	\$41	\$40	\$20	\$37	3.37%
Hazleton St Joseph <sup>1,5</sup>	\$36	\$36	\$35	\$35	1.57%	\$38	\$38	\$38	\$35	2.71%
Marian Community <sup>5</sup>	\$29	\$28	\$27	\$26	4.25%	\$30	\$30	\$28	\$27	3.79%
Memorial/Towanda <sup>5</sup>	\$24	\$21	\$20	\$19	10.54%	\$24	\$21	\$20	\$18	10.03%
Mercy/Scranton <sup>1,5,6</sup>	\$103	\$102	\$106	\$107	-1.21%	\$108	\$103	\$112	\$102	2.17%
Mercy/Wilkes-Barre <sup>1,5,6</sup>	\$71	\$70	\$65	\$59	7.18%	\$76	\$72	\$67	\$57	10.81%
Mid-Valley	\$9	\$10	\$10	\$10	-2.19%	\$10	\$10	\$11	\$11	-1.68%
Montrose General <sup>1</sup>	\$7	\$7	\$7	\$6	4.67%	\$8	\$8	\$7	\$6	8.26%
Moses Taylor <sup>5</sup>	\$83	\$70	\$64	\$63	10.48%	\$87	\$77	\$69	\$64	11.62%
Pocono MC <sup>5</sup>	\$86	\$82	\$78	\$75	4.99%	\$93	\$84	\$79	\$75	7.96%
Robert Packer <sup>5</sup>	\$123	\$113	\$106	\$99	8.11%	\$134	\$127	\$116	\$106	8.85%
Troy Community <sup>14</sup>	\$7	\$8	\$8	\$9	-5.55%	\$8	\$10	\$10	\$10	-5.55%
Tyler Memorial	\$19	\$17	\$16	\$16	6.21%	\$19	\$16	\$17	\$17	4.09%
Wayne Memorial <sup>14</sup>	\$40	\$38	\$34	\$31	10.34%	\$43	\$40	\$38	\$35	7.76%
VVHCS <sup>5,14</sup>	\$167	\$168	\$176	\$186	-3.40%	\$188	\$206	\$222	\$208	-3.21%

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 7 Average</b>	<b>\$114</b>	<b>\$105</b>	<b>\$100</b>	<b>\$100</b>	<b>4.89%</b>	<b>\$116</b>	<b>\$110</b>	<b>\$104</b>	<b>\$101</b>	<b>4.85%</b>
Ashland Regional <sup>5,14</sup>	\$18	\$18	\$18	\$18	0.27%	\$20	\$20	\$18	\$18	3.91%
Easton <sup>5</sup>	\$115	\$107	\$114	\$115	0.09%	\$122	\$121	\$123	\$122	-0.20%
Gnaden Huettten Memorial <sup>5,14</sup>	\$38	\$35	\$33	\$32	5.91%	\$37	\$34	\$33	\$32	4.52%
Good Samaritan Regional	\$49	\$48	\$48	\$49	0.53%	\$53	\$50	\$52	\$52	0.57%
Lehigh Valley <sup>5</sup>	\$354	\$317	\$304	\$309	4.88%	\$372	\$353	\$326	\$331	4.15%
Lehigh Valley/Muhlenberg <sup>5</sup>	\$56	\$45	\$51	\$51	3.04%	\$61	\$55	\$53	\$52	5.82%
Palmerton	\$23	\$21	\$19	\$19	8.72%	\$24	\$22	\$20	\$19	9.55%
Pottsville Warne Clinic <sup>5,14</sup>	\$52	\$48	\$46	\$45	4.56%	\$54	\$49	\$49	\$48	4.37%
Reading <sup>5</sup>	\$304	\$274	\$252	\$239	9.03%	\$287	\$265	\$246	\$226	8.88%
Sacred Heart/Allentown <sup>5,6,14</sup>	\$91	\$84	\$74	\$68	11.38%	\$98	\$93	\$81	\$72	11.55%
St Joseph MC/Reading <sup>5</sup>	\$106	\$101	\$94	\$101	1.81%	\$102	\$100	\$100	\$98	1.48%
St Luke's Miners <sup>5,14</sup>	\$27	\$27	\$26	\$27	-0.41%	\$27	\$26	\$24	\$23	5.89%
St Luke's/Bethlehem <sup>5</sup>	\$250	\$235	\$217	\$221	4.36%	\$250	\$237	\$223	\$221	4.38%

See footnotes on pages 42 and 43.



Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 6 Average</b>	<b>-1.51%</b>	<b>-0.23%</b>	<b>0.15%</b>	<b>4.11%</b>	<b>46.86%</b>	<b>5.70%</b>
Barnes Kasson County <sup>1, 5</sup>	2.49%	2.50%	0.91%	4.33%	46.43%	22.11%
Community/Scranton <sup>5</sup>	-2.56%	-0.74%	4.41%	4.10%	37.77%	8.12%
Geisinger Wyoming Valley <sup>5</sup>	3.25%	3.28%	5.10%	2.60%	46.73%	2.05%
Hazleton General <sup>1, 5</sup>	-4.46%	-3.11%	-3.97%	4.30%	59.27%	5.79%
Hazleton St Joseph <sup>1, 5</sup>	-3.80%	-2.06%	-2.18%	4.26%	48.40%	5.98%
Marian Community <sup>5</sup>	-0.57%	0.24%	-1.19%	3.15%	50.46%	5.67%
Memorial/Towanda <sup>5</sup>	4.38%	5.30%	3.80%	4.97%	37.78%	9.86%
Mercy/Scranton <sup>1, 5, 6</sup>	-3.43%	-2.25%	0.06%	4.16%	48.05%	5.60%
Mercy/Wilkes-Barre <sup>1, 5, 6</sup>	-4.81%	-5.63%	-1.96%	4.68%	40.76%	7.74%
Mid-Valley	-6.40%	-6.37%	-5.35%	4.12%	56.83%	2.37%
Montrose General <sup>1</sup>	-7.41%	-7.25%	-1.60%	4.59%	39.42%	10.54%
Moses Taylor <sup>5</sup>	0.45%	0.83%	-0.35%	2.41%	54.07%	5.47%
Pocono MC <sup>5</sup>	-4.12%	-3.87%	-0.03%	5.56%	48.17%	2.26%
Robert Packer <sup>5</sup>	3.08%	6.54%	7.01%	4.88%	49.53%	3.82%
Troy Community <sup>14</sup>	-4.11%	-3.84%	-8.09%	5.92%	43.20%	2.78%
Tyler Memorial	1.63%	3.30%	4.11%	5.41%	35.86%	5.69%
Wayne Memorial <sup>14</sup>	0.71%	3.45%	1.72%	5.54%	41.20%	4.82%
WVHCS <sup>5, 14</sup>	-3.69%	-2.41%	-6.85%	3.26%	49.19%	6.03%

Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 7 Average</b>	<b>3.75%</b>	<b>4.44%</b>	<b>3.46%</b>	<b>3.98%</b>	<b>44.33%</b>	<b>6.19%</b>
Ashland Regional <sup>5, 14</sup>	-6.05%	-5.94%	-1.84%	2.85%	50.66%	11.82%
Easton <sup>5</sup>	-3.19%	-1.64%	-1.20%	4.03%	56.01%	3.49%
Gnaden Huetten Memorial <sup>5, 14</sup>	4.74%	5.18%	4.44%	3.42%	39.02%	16.10%
Good Samaritan Regional	-2.00%	0.42%	3.00%	3.30%	49.56%	2.51%
Lehigh Valley <sup>5</sup>	4.73%	4.67%	3.22%	3.02%	39.40%	6.62%
Lehigh Valley/Muhlenberg <sup>5</sup>	5.88%	5.88%	3.12%	2.71%	39.75%	2.80%
Palmerton	1.37%	3.71%	5.80%	3.87%	51.67%	3.44%
Pottsville Warne Clinic <sup>5, 14</sup>	0.50%	0.50%	-0.10%	4.01%	48.39%	7.36%
Reading <sup>5</sup>	8.86%	10.00%	8.67%	4.44%	39.68%	3.07%
Sacred Heart/Allentown <sup>5, 6, 14</sup>	-1.69%	-3.72%	-2.99%	7.33%	50.82%	5.67%
St Joseph MC/Reading <sup>5</sup>	5.78%	6.64%	2.19%	5.38%	45.69%	10.95%
St Luke's Miners <sup>5, 14</sup>	0.46%	0.46%	3.82%	2.95%	59.06%	12.13%
St Luke's/Bethlehem <sup>5</sup>	2.83%	4.55%	3.68%	3.62%	45.83%	7.73%

See footnotes on pages 42 and 43. \*Check Web site for dollar figures.

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 8 Average</b>	<b>\$104</b>	<b>\$96</b>	<b>\$84</b>	<b>\$86</b>	<b>5.42%</b>	<b>\$109</b>	<b>\$102</b>	<b>\$89</b>	<b>\$91</b>	<b>5.19%</b>
Abington Memorial <sup>5</sup>	\$312	\$288	\$262	\$241	9.93%	\$345	\$324	\$300	\$278	8.12%
Brandywine <sup>1, 2, 5, 6</sup>	\$56	\$61	\$63	\$68	NA	\$62	\$71	\$73	\$71	NA
Chester County <sup>5</sup>	\$93	\$87	\$82	\$79	5.78%	\$101	\$92	\$91	\$87	5.54%
Crozer-Chester <sup>5</sup>	\$382	\$360	\$328	\$292	10.27%	\$375	\$363	\$330	\$298	8.62%
Delaware County Memorial <sup>5</sup>	\$116	\$104	\$98	\$101	5.18%	\$118	\$105	\$100	\$100	6.02%
Doylestown <sup>5</sup>	\$107	\$86	\$77	\$77	12.96%	\$122	\$94	\$85	\$81	16.55%
Elkins Park <sup>1, 5, 10</sup>	\$36	\$46	\$25	\$48	-8.06%	\$45	\$49	\$28	\$57	-7.07%
Grand View <sup>5</sup>	\$86	\$77	\$73	\$71	6.73%	\$89	\$82	\$75	\$72	8.00%
Holy Redeemer <sup>5</sup>	\$119	\$112	\$103	\$99	6.98%	\$119	\$112	\$106	\$103	5.24%
Main Line Bryn Mawr <sup>5</sup>	\$172	\$154	\$141	\$136	8.72%	\$175	\$160	\$151	\$149	6.02%
Main Line Lankenau <sup>5</sup>	\$180	\$166	\$166	\$166	2.82%	\$191	\$169	\$161	\$168	4.41%
Main Line Paoli <sup>5</sup>	\$67	\$62	\$59	\$56	6.96%	\$67	\$62	\$60	\$56	6.47%
Mercy Community <sup>1, 5</sup>	\$28	\$25	\$26	\$27	0.19%	\$33	\$30	\$28	\$28	6.45%
Mercy Fitzgerald <sup>1, 5</sup>	\$129	\$121	\$122	\$122	2.11%	\$136	\$128	\$127	\$123	3.51%
Mercy Suburban <sup>1, 5</sup>	\$56	\$53	NR	\$44	9.41%	\$56	\$55	NR	\$46	7.63%
Montgomery Hosp <sup>5, 14</sup>	\$70	\$71	\$76	\$79	-3.49%	\$77	\$78	\$79	\$81	-1.93%
North Penn <sup>5</sup>	\$52	\$43	\$40	\$42	7.70%	\$55	\$47	\$43	\$43	9.90%
Phoenixville <sup>5</sup>	\$68	\$57	\$48	\$48	13.34%	\$64	\$57	\$50	\$45	14.28%
Pottstown Memorial <sup>5</sup>	\$83	\$72	\$75	\$75	3.42%	\$83	\$77	\$78	\$75	3.64%
Riddle Memorial <sup>5</sup>	\$75	\$75	\$71	\$67	4.09%	\$82	\$76	\$72	\$67	7.20%
Southern Chester County <sup>11</sup>	\$26	\$23	\$24	\$24	2.29%	\$41	\$39	\$30	\$31	10.44%
St Luke's Quakertown <sup>5</sup>	\$21	\$21	\$19	\$20	2.03%	\$23	\$24	\$22	\$22	2.36%
St Mary <sup>5</sup>	\$133	\$115	\$106	\$96	12.53%	\$126	\$120	\$109	\$98	9.43%
Temple Lower Bucks <sup>5</sup>	\$76	\$71	\$66	\$66	4.97%	\$82	\$78	\$74	\$73	4.27%
Warminster <sup>1, 5, 10</sup>	\$46	\$45	\$23	\$44	1.35%	\$46	\$46	\$23	\$52	-3.47%

See footnotes on pages 42 and 43.

Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 8 Average</b>	<b>1.37%</b>	<b>2.18%</b>	<b>2.74%</b>	<b>5.02%</b>	<b>46.49%</b>	<b>5.03%</b>
Abington Memorial <sup>5</sup>	1.91%	4.49%	5.31%	4.49%	50.14%	2.12%
Brandywine <sup>1, 2, 5, 6</sup>	-9.08%	-10.38%	-7.41%	5.31%	44.37%	5.59%
Chester County <sup>5</sup>	-2.69%	-2.69%	-1.07%	4.75%	33.91%	3.48%
Crozer-Chester <sup>5</sup>	4.72%	4.86%	3.15%	9.24%	41.40%	10.98%
Delaware County Memorial <sup>5</sup>	1.63%	1.63%	1.41%	7.50%	49.70%	5.96%
Doylestown <sup>5</sup>	-1.20%	-1.02%	1.19%	3.79%	46.39%	2.35%
Elkins Park <sup>1, 5, 10</sup>	-21.61%	-13.40%	-8.15%	-0.07%	43.73%	11.02%
Grand View <sup>5</sup>	1.40%	10.96%	11.61%	1.91%	45.01%	1.82%
Holy Redeemer <sup>5</sup>	3.85%	4.22%	5.40%	2.01%	51.48%	1.69%
Main Line Bryn Mawr <sup>5</sup>	1.50%	2.38%	4.22%	1.96%	50.59%	2.65%
Main Line Lankenau <sup>5</sup>	6.69%	2.91%	12.39%	3.20%	54.35%	4.62%
Main Line Paoli <sup>5</sup>	5.31%	7.99%	6.43%	3.66%	40.23%	1.56%
Mercy Community <sup>1, 5</sup>	-13.98%	-13.22%	-13.67%	10.37%	53.59%	1.77%
Mercy Fitzgerald <sup>1, 5</sup>	1.52%	1.71%	1.96%	6.89%	46.55%	11.49%
Mercy Suburban <sup>1, 5</sup>	1.77%	1.79%	NR	5.74%	41.58%	5.75%
Montgomery Hosp <sup>5, 14</sup>	-0.15%	-0.15%	0.14%	5.21%	51.93%	4.57%
North Penn <sup>5</sup>	-4.07%	-3.80%	-3.62%	4.63%	41.00%	2.83%
Phoenixville <sup>5</sup>	9.76%	9.39%	4.74%	3.38%	52.98%	3.42%
Pottstown Memorial <sup>5</sup>	1.85%	2.90%	0.58%	6.26%	40.95%	5.13%
Riddle Memorial <sup>5</sup>	-2.73%	-0.53%	3.16%	3.86%	46.62%	2.32%
Southern Chester County <sup>11</sup>	-13.69%	-12.61%	-12.51%	6.29%	40.21%	5.54%
St Luke's Quakertown <sup>5</sup>	-6.30%	-4.96%	-7.02%	5.26%	46.04%	4.37%
St Mary <sup>5</sup>	6.56%	6.73%	1.00%	3.55%	46.10%	1.36%
Temple Lower Bucks <sup>5</sup>	-5.32%	-4.25%	-3.26%	4.90%	45.03%	9.28%
Warminster <sup>1, 5, 10</sup>	1.03%	0.64%	0.77%	4.98%	46.11%	3.24%

See footnotes on pages 42 and 43. \*Check Web site for dollar figures.

Hospital	Net Patient Revenue NPR (million)				3-yr. Avg. Change in NPR FY98-FY01	Total Operating Expenses TOE (million)				3-yr. Avg. Change in TOE FY98-FY01
	FY01	FY00	FY99	FY98		FY01	FY00	FY99	FY98	
<b>Region 9 Average</b>	<b>\$184</b>	<b>\$156</b>	<b>\$133</b>	<b>\$140</b>	<b>4.53%</b>	<b>\$191</b>	<b>\$164</b>	<b>\$147</b>	<b>\$151</b>	<b>2.93%</b>
Albert Einstein <sup>5,9</sup>	\$320	\$311	\$254	\$246	10.01%	\$330	\$309	\$259	\$252	10.34%
Chestnut Hill <sup>5,9</sup>	\$73	\$70	\$63	\$60	7.22%	\$75	\$73	\$68	\$65	5.14%
Children's Hosp Phila <sup>7,14</sup>	\$468	\$414	\$338	\$300	18.59%	\$521	\$462	\$387	\$338	18.04%
Episcopal <sup>2,11,14</sup>	\$17	\$50	\$76	\$82	NA	\$11	\$55	\$86	\$101	NA
Frankford <sup>5,9,14</sup>	\$252	\$237	\$198	\$178	13.75%	\$250	\$234	\$188	\$173	14.87%
Graduate <sup>1,5,10</sup>	\$134	\$126	\$72	\$178	-8.34%	\$127	\$121	\$78	\$202	-12.48%
Hahnemann University <sup>1,5,10</sup>	\$292	\$265	\$134	\$290	0.16%	\$285	\$267	\$143	\$315	-3.21%
Hospital Fox Chase Cancer	\$88	\$79	\$68	\$64	12.65%	\$85	\$77	\$66	\$62	12.64%
Hospital University PA <sup>5</sup>	\$666	\$609	\$613	\$603	3.50%	\$670	\$665	\$761	\$668	0.11%
Jeanes <sup>14</sup>	\$75	\$75	\$73	\$75	0.42%	\$79	\$79	\$75	\$75	1.92%
Medical College PA <sup>1,5,10</sup>	\$150	\$153	\$76	\$180	-5.62%	\$181	\$166	\$89	\$210	-4.53%
Mercy Philadelphia <sup>1,5</sup>	\$83	\$75	\$75	\$75	3.92%	\$85	\$82	\$79	\$80	2.44%
Nazareth <sup>5</sup>	\$77	\$68	\$67	\$68	4.44%	\$76	\$74	\$67	\$68	4.34%
Parkview <sup>1,5,10</sup>	\$40	\$49	\$26	NA	NA	\$49	\$52	\$28	NA	NA
Pennsylvania <sup>5</sup>	\$234	\$204	\$197	\$160	15.47%	\$237	\$230	\$220	\$202	5.71%
Presbyterian <sup>5</sup>	\$189	\$194	\$156	\$141	11.24%	\$204	\$189	\$175	\$151	11.87%
Roxborough Memorial <sup>5,14</sup>	\$44	\$42	\$38	\$40	3.39%	\$49	\$46	\$43	\$44	3.73%
St Agnes <sup>5</sup>	\$60	\$57	\$50	\$61	-0.51%	\$65	\$61	\$55	\$55	6.05%
St Christopher's Children <sup>1,10</sup>	\$120	\$112	\$59	\$120	-0.12%	\$134	\$113	\$61	\$134	0.08%
St Joseph's/Philadelphia	\$45	\$43	\$37	\$39	4.99%	\$48	\$46	\$41	\$42	4.78%
Temple East <sup>5,9</sup>	\$71	\$71	\$64	\$24	65.55%	\$72	\$79	\$67	\$26	57.20%
Temple Univ Children's <sup>3</sup>	\$31	\$29	\$20	\$4	NA	\$34	\$31	\$25	\$9	NA
Temple University <sup>5,8,9</sup>	\$406	\$336	\$280	\$270	16.75%	\$389	\$340	\$298	\$279	13.10%
Thomas Jefferson Univ <sup>5,6</sup>	\$632	\$578	\$550	\$512	7.77%	\$655	\$591	\$556	\$515	9.04%
Wills Eye Hosp <sup>1,14</sup>	\$36	\$55	\$68	\$66	-15.01%	\$57	\$73	\$72	\$68	-5.55%

## 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. Less than 12 months of data, therefore a three-year comparison is not appropriate for some of the measures.
3. Prior year(s) 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 and net margin.

Hospital	Operating Margin FY01 *	Total Margin FY01 *	3-yr. Average Total Margin FY99-FY01	Uncompensated Care to NPR FY01	Medicare Share of NPR FY01	Medical Assistance Share of NPR FY01
<b>Region 9 Average</b>	<b>3.43%</b>	<b>4.38%</b>	<b>2.40%</b>	<b>5.94%</b>	<b>38.38%</b>	<b>18.02%</b>
Albert Einstein <sup>5, 9</sup>	1.49%	4.18%	7.49%	4.73%	47.87%	25.94%
Chestnut Hill <sup>5, 9</sup>	1.22%	2.12%	0.57%	2.49%	48.34%	5.50%
Children's Hosp Phila <sup>7, 14</sup>	6.06%	6.69%	5.55%	8.17%	0.16%	22.01%
Episcopal <sup>2, 11, 14</sup>	45.93%	48.50%	11.38%	19.79%	NR	66.02%
Frankford <sup>5, 9, 14</sup>	4.80%	4.96%	7.23%	7.48%	52.10%	7.97%
Graduate <sup>1, 5, 10</sup>	7.81%	4.84%	2.96%	0.36%	56.25%	8.27%
Hahnemann University <sup>1, 5, 10</sup>	6.72%	4.16%	2.32%	5.73%	49.89%	14.58%
Hospital Fox Chase Cancer	3.60%	4.06%	5.53%	4.40%	35.29%	0.86%
Hospital University PA <sup>5</sup>	7.75%	7.89%	-1.00%	7.65%	35.99%	13.73%
Jeanes <sup>14</sup>	0.74%	4.13%	5.04%	1.71%	54.96%	3.37%
Medical College PA <sup>1, 5, 10</sup>	-11.71%	-7.26%	-4.54%	11.45%	43.73%	25.69%
Mercy Philadelphia <sup>1, 5</sup>	4.76%	6.37%	4.24%	8.68%	50.26%	27.70%
Nazareth <sup>5</sup>	2.67%	2.67%	-1.51%	5.42%	70.49%	4.94%
Parkview <sup>1, 5, 10</sup>	-14.02%	-8.69%	-5.06%	3.26%	53.82%	13.33%
Pennsylvania <sup>5</sup>	2.74%	4.51%	-1.30%	3.35%	40.15%	12.46%
Presbyterian <sup>5</sup>	-2.00%	-1.09%	1.41%	8.91%	49.68%	15.08%
Roxborough Memorial <sup>5, 14</sup>	-8.62%	-2.79%	-4.75%	6.12%	66.54%	4.34%
St Agnes <sup>5</sup>	-2.60%	-2.13%	-2.63%	5.14%	72.64%	10.40%
St Christopher's Children <sup>1, 10</sup>	0.99%	0.62%	1.48%	2.78%	1.15%	48.36%
St Joseph's/Philadelphia	0.10%	0.10%	-1.50%	15.02%	33.89%	60.83%
Temple East <sup>5, 9</sup>	3.04%	3.32%	0.89%	4.29%	49.37%	27.74%
Temple Univ Children's <sup>3</sup>	-1.22%	-1.22%	-6.18%	4.94%	1.20%	59.30%
Temple University <sup>5, 8, 9</sup>	6.76%	9.06%	8.21%	4.76%	33.99%	32.84%
Thomas Jefferson Univ <sup>5, 6</sup>	2.81%	3.26%	3.72%	3.84%	41.12%	9.43%
Wills Eye Hosp <sup>1, 14</sup>	-27.73%	-8.49%	-0.39%	11.66%	NR	NR

\*Check Web site for dollar figures.

7. Balance sheet ratios are for the parent organization.
  8. Acquired or merged with another licensed hospital during the 2001 reporting period.
  9. Acquired or merged with another licensed hospital during the 1999 or 2000 reporting periods.
  10. For-profit facility, net margin includes *pro rata* share of taxes, other gains and/or expenses experienced by the parent organization.
  11. Facility is referred to as a different name or closed after 2001 reporting period.
  12. Facility failed to submit both an audited financial statement and the Council's financial form.
  13. Not in compliance with one of the Council's financial filing requirements.
  14. Incomplete data submission.
- NR – Information necessary to report or calculate this measure was not provided by the hospital.  
NA –Not applicable.

# Explanation of Terms

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

**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. Does not include government-funded programs.

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

**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 different fiscal year.

**Other Third-Party Payor:** 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 during the fiscal year. Outpatient visits do not reflect visits made by hospital staff to patients' homes.

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

**Three-year Average Change in Net Patient Revenue (NPR) or Total Operating Expenses (TOE):** The average annual change in the hospital's NPR or TOE that occurred from the end of FY98 through FY01.

$$(((\text{NPR}_{01} - \text{NPR}_{98}) / \text{NPR}_{98}) / 3) \text{ or } (((\text{TOE}_{01} - \text{TOE}_{98}) / \text{TOE}_{98}) / 3)$$

**Three-year Average Total Margin:** The average total margin realized by the hospital during FY99 through FY01.

$$(\sum \text{revenue over expenses}_{01,00,99} / \sum \text{total revenue}_{01,00,99})$$

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

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

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

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

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

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

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

**Uncompensated Care to NPR:** This is 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 charge because the patient is unable to compensate the hospital 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, but was 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.

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

# *Non-Compliant Hospitals*

The following hospitals were not in compliance with one or more of the Council's filing requirements (audited financial statements or the financial data form) at the filing deadline.

## ***No Submission***

Monsour

## ***Partial Submission***

Carlisle Hospital

## ***Late Submission***

Armstrong County Memorial

Bon Secours Holy Family

Bucktail

Community Lancaster

Highlands

Kane Community

Mid-Valley

Montgomery Hospital

Philipsburg Area

St Clair Memorial

St Francis/Cranberry

St Francis MC

St Francis New Castle

Temple Lower Bucks

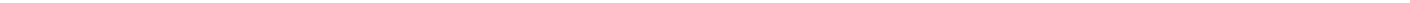
York Hospital



## *Hospitals with Fiscal Year End other than 6/30/01*

<b><u>Hospital</u></b>	<b><u>Fiscal Year End</u></b>
Barnes Kasson County -----	9/30/00
Berwick-----	12/31/00
Bon Secours Holy Family -----	8/31/00
Brandywine -----	5/31/01
Community Lancaster-----	9/30/00
Elkins Park -----	5/31/01
Graduate-----	5/31/01
Hahnemann University -----	5/31/01
Hazleton General -----	12/31/00
Hazleton St Joseph-----	12/31/00
Lancaster Regional -----	9/30/00
Medical College PA -----	5/31/01
Mercy Community -----	12/31/00
Mercy Fitzgerald -----	12/31/00
Mercy Philadelphia -----	12/31/00
Mercy Pittsburgh -----	12/31/00
Mercy Providence -----	12/31/00
Mercy/Scranton -----	12/31/00
Mercy Suburban -----	12/31/00
Mercy/Wilkes-Barre -----	12/31/00
Montrose General -----	12/31/00
Parkview -----	5/31/01
St Christopher’s Children -----	5/31/01
Warminster-----	5/31/01







## **Pennsylvania Health Care Cost Containment Council**

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### ***For More Information***

Additional financial and utilization data for Fiscal Year 2001 and prior years may be purchased from the Council. For more information, contact the Special Requests Unit.

The information contained in this report, as well as other Council publications, are available on our Web site [www.phc4.org](http://www.phc4.org).