

# FINANCIAL ANALYSIS

2002

AN ANNUAL REPORT  
ON THE FINANCIAL HEALTH  
OF PENNSYLVANIA'S HOSPITALS

The logo for PHC4, featuring the letters "PHC4" in a bold, white, sans-serif font. The letters are contained within a dark blue, irregular shape that resembles the outline of the state of Pennsylvania.

**Pennsylvania Health Care Cost Containment Council**  
April 2003

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

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

This is the first report in PHC4's *Financial Analysis 2002* series. This volume presents a profile of the financial health of Pennsylvania's 185 General Acute Care (GAC) hospitals. 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 2002 (FY02). For most General Acute Care hospitals, FY02 began on July 1, 2001 and ended June 30, 2002. 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, 2002.

The information contained in this report was derived from the annual hospital financial statements supplemented with additional data supplied by each hospital. By law, hospitals are required to submit this financial and utilization information to PHC4. Every reasonable effort has been made to ensure the accuracy of the information contained herein. Each facility had the opportunity to review 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 2002 fiscal year (FY02), there were 188 GAC hospitals licensed in Pennsylvania. However, three hospitals closed and did not provide data to PHC4. Thus, this report reflects the operations of 185 GAC hospitals.

All but fifteen 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 FY02, fifteen 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. However, none of the five for-profit corporations operating GAC hospitals in Pennsylvania paid dividends to their common shareholders during FY02. Consequently, their after-tax income was retained within the corporation. (Additional information on Pennsylvania's for-profit GAC hospitals is presented in the "For-Profit Hospitals" section on page 7.)

### 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 and regional average income levels may provide a benchmark against which to compare hospital performance in Pennsylvania. The American Hospital Association (AHA), the Medicare Payment Advisory Commission (MedPAC) and the Centers for Medicare & Medicaid Services (CMS) have contracted with the Lewin Group to undertake the National Health Indicator Survey. For the twelve-month period ending September 2002, the survey produced a national average total margin of 4.7%, a 0.2-point increase from the 4.5% national total margin reported for 2001. Only 17% or 32 of the 185 reporting Pennsylvania GAC hospitals had FY02 total margins above the national average.

While the average total margin for Pennsylvania hospitals has historically been below the national average, MedPAC’s “Report to Congress: Medicare Payment Policy (March 2003)” reveals that overall, Pennsylvania hospitals have been doing better than their neighbors in the Mid-Atlantic Region. The most recent annual data published by MedPAC for New Jersey, New York and Pennsylvania as a region shows average total margins of 0.9%, 0.4% and 1.6% for 2000, 1999 and 1998, respectively. As shown on Figure 1, the average total margin for Pennsylvania hospitals for those years was 3.16%, 1.62% and 2.77%. MedPAC developed its national and regional margins from Medicare cost report data filed with CMS.

### Operating Margin vs. Total Margin

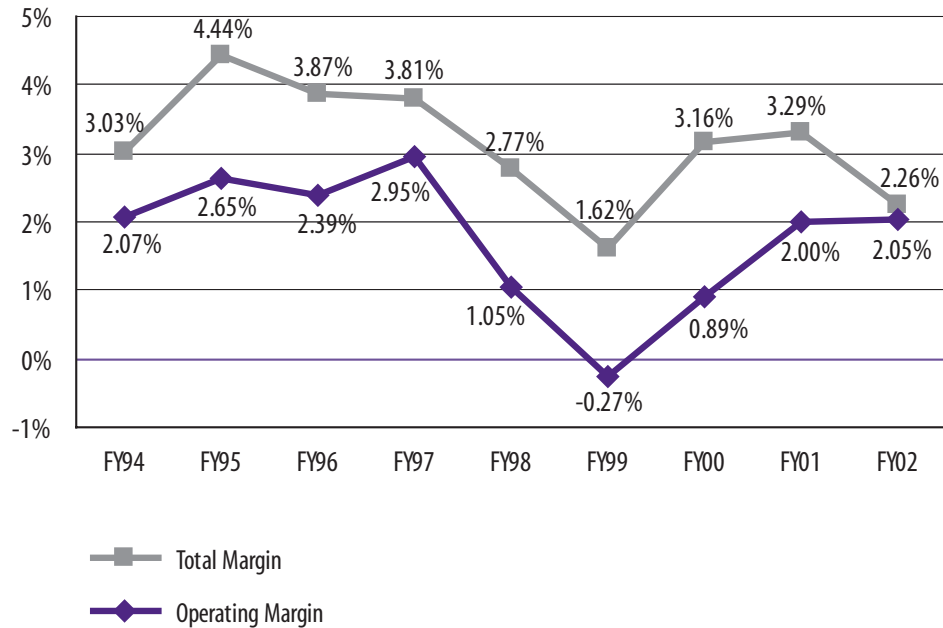
Hospital income is usually expressed as either operating margin or total margin.

**Operating margin** reflects the percent of operating revenue left after all operating expenses are paid. A hospital’s operations include 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

FIGURE 1

## Statewide Average Total and Operating Margins



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.

Typically, for-profit hospitals present their financial statements differently than non-profit hospitals. The major differences are that for-profit hospitals do not distinguish 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 usually 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 Margin Levels Off

After two years of steady improvement in the statewide average operating margin, the income that GAC hospitals realized from operations remained relatively constant. The 2.05% statewide operating margin for FY02 was nearly the same as the 2.00% margin posted for FY01.

Operating income remained relatively constant because, on a statewide basis, hospitals were able to keep the growth in operating expenses in line with the growth in operating revenue. GAC hospitals collectively received about \$21.4 billion in operating revenue dur-

ing FY02, a growth of 7.4%, or \$1.5 billion over FY01. Statewide operating expenses also grew 7.4%, or \$1.4 billion, to a total of \$20.9 billion.

Since hospitals group their expenses differently in their financial statements, it is difficult to pinpoint exactly which factors led to the increase in statewide operating expenses. However, there were three recurring factors reported by a number of hospitals. First, many hospitals experienced a shortage in nursing and other medical staff and had to turn to more expensive agency staff and overtime pay to help mitigate the voids. The sharp decline in the financial markets also prompted some hospitals to increase their contributions to employee pension plans. In addition, a number of hospitals point to continued increases in the costs of drugs and durable medical equipment.

FIGURE 2

## Statewide Distribution of Three-Year Average Total Margins

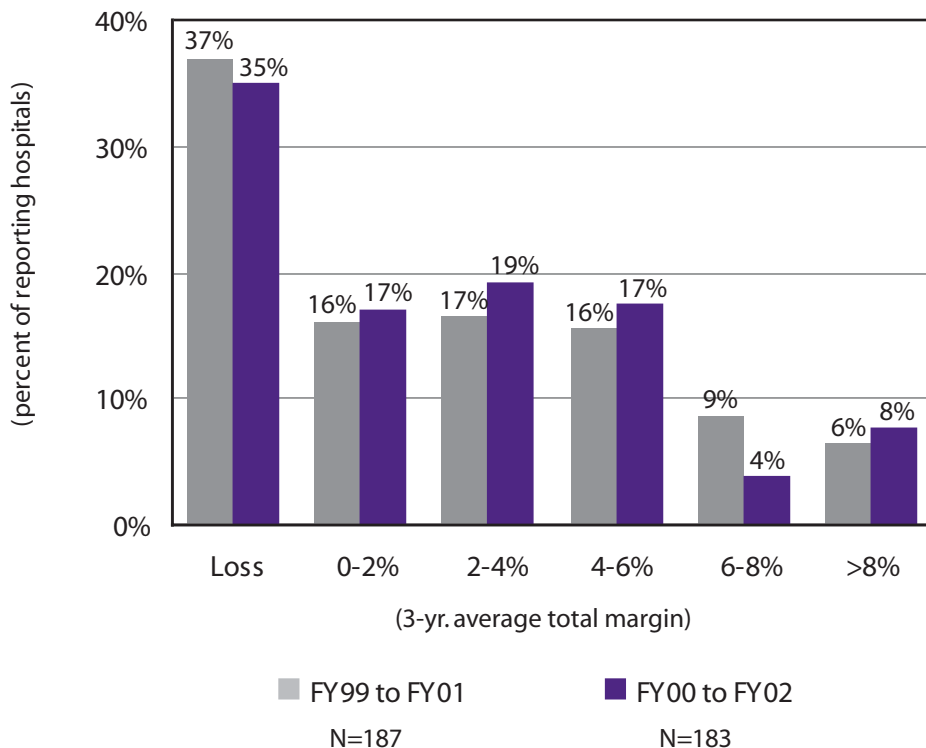


TABLE 1

## Distribution of Three-Year Average Total Margins

3-yr Average Total Margin	Reporting Hospitals FY99 to FY01		Reporting Hospitals FY00 to FY02	
	Number	Percent	Number	Percent
Loss	69	36.9%	64	35.0%
0-2%	30	16.0%	31	16.9%
2-4%	31	16.6%	35	19.1%
4-6%	29	15.5%	32	17.5%
6-8%	16	8.6%	7	3.8%
>8%	12	6.4%	14	7.7%
<b>Total</b>	<b>187</b>	<b>100.0%</b>	<b>183</b>	<b>100.0%</b>

Net patient revenue (NPR), the revenue hospitals receive for patient care, grew at about the same rate as overall hospital revenue. NPR increased about 7.9% or \$1.5 billion, to a statewide total of \$20.3 billion. NPR represented about 95% of total operating revenue during FY02.

While there was a slight improvement in the statewide average operating margin, more hospitals saw their individual operating margins decline in FY02. During FY01, about 55% of the hospitals had their operating margins improve. In contrast, in FY02 about 45% of the hospitals experienced an improvement in their operating margins while 55% had expenses grow faster than revenue.

### Non-Operating Income Tumbles

The GAC hospitals reported total statewide non-operating income of about \$46.5 million, an 82% decline compared to the \$264.8 million reported in FY01. This decline in statewide non-operating income was driven largely by declines in the income hospitals received from their investments as well as losses in the

value of the securities held by hospitals. This decline in non-operating income brought the statewide average total margin down more than a full point from 3.29% in FY01 to 2.26% in FY02.

This sharp decline in non-operating income may have a medium- and long-term effect on Pennsylvania's hospitals. As non-profit organizations, most hospitals rely on non-operating income as an essential source of funds. Since total margin is still positive, the industry as a whole is realizing enough revenue to pay its expenses. However, the decline in the total margin indicates that the

industry may find it more difficult to replace worn-out or obsolete equipment and to finance improvements to their facilities and equipment.

### Over 40% of GAC Hospitals Lost Money

The decline in non-operating income also has an immediate effect on a number of hospitals that rely on non-operating income to cover operating expenses. The percentage of hospitals that lost money grew to 41% during FY02 compared to 34% during FY01. Seventy-six (76) of the 185 GAC hospitals reported negative total margins for FY02.

While more hospitals posted losses for FY02, the percentage of hospitals that sustained average losses over the past three years remained relatively constant. At the end of FY02, 35% of GAC hospitals had negative 3-year average total margins compared to 37% for the 3-year period ending in FY01. The relative stability in the distribution of 3-year average total margins reflected in Figure 2 is to some extent a reflection of the fact that the overall hospital income in FY02 was still better than it was during FY99.



## 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 fifteen for-profit hospitals in FY02. That number continues to grow; by January 1, 2003 there were 18 for-profit GAC hospitals in the Commonwealth.

### A Means for Recovery

Sixteen of the 18 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.

Ten of the 18 have been in operation for a full fiscal year following their acquisition. All ten have shown a large improvement in their total margin. However, four of these hospitals (Tenet's Medical College of PA, Parkview, Elkins Park, and Warminster) still had a negative total margin in FY02. Table 2 shows a large positive total margin for Lancaster Regional during its last year of operation as a non-profit hospital because of the large gain resulting from the proceeds of the sale being reported as non-operating income. However, had the income from the sale not been included, the hospital would have posted a negative total margin in its final year of operation.

In addition to the short-term financial needs of the hospitals with negative total margins, none of the hospitals that have been acquired

by for-profit corporations had the internal 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, PHC4 receives separate data only on each hospital's *pro rata* share of their parent corporation's federal income taxes. The ten hospitals that operated as for-profit hospitals for 12 months during FY02 reported federal income tax expenses totaling \$27.0 million. For these hospitals, federal taxes were equal to about 2.4% of total operating revenue.

The Medical College of Pennsylvania, Elkins Park, Parkview, and Warminster recorded tax credits during FY02 because their losses reduced their parent corporation's total federal liability. Excluding these four hospitals, federal income taxes represented an average of about 4.3% of total operating revenue for the six for-profit hospitals with positive total margins in FY02. Therefore, on average, 4.3 cents of every dollar of revenue received by these hospitals was paid in federal income taxes.

# FOR-PROFIT HOSPITALS

TABLE 2

## Pennsylvania's For-Profit GAC Hospitals

Hospital	New Corporate Owner	Date Became For-Profit	Full Fiscal Year before Acquisition (Non-Profit)			Current Full Fiscal Year after Acquisition (For-Profit)	
			FY	Total Margin	3-yr Avg Total Margin	FY	Total Margin
Ashland Regional	Providence Healthcare	8/01	FY01	-5.94%	-1.84%	FY03	NA
Berwick	Community Health Systems	3/99	FY98	3.67%	5.21%	FY02	4.06%
Brandywine	Community Health Systems	6/01	FY00	-2.39%	-3.72%	FY03	NA
Carlisle Regional MC	Health Management Associates	6/01	FY01	10.30%	4.53%	FY03	NA
Central Montgomery	Universal Health Services, Inc.	12/02	FY01	-3.80%	-3.62%	FY03	NA
Community Lancaster	Health Management Associates	7/99	FY99	-17.69%	-6.19%	FY02	9.59%
Easton	Community Health Systems	10/01	FY01	-1.64%	-1.20%	FY03	NA
Elkins Park	Tenet Healthcare	11/98	FY98	-26.44%	-10.72%	FY02	-12.47%
Graduate	Tenet Healthcare	11/98	FY98	-8.63%	-7.51%	FY02	4.94%
Hahnemann University	Tenet Healthcare	11/98	FY98	-11.86%	-4.62%	FY02	6.96%
Jennersville Regional	Community Health Systems	10/01	FY01	-12.61%	-12.51%	FY03	NA
Lancaster Regional	Health Management Associates	7/00	FY00	24.32% <sup>1</sup>	-9.50%	FY02	8.50%
Lock Haven Hospital	Community Health Systems	8/02	FY02	-12.86%	-5.52%	FY03	NA
Medical College of PA	Tenet Healthcare	11/98	FY98	-21.19%	-5.23%	FY02	-2.29%
Parkview	Tenet Healthcare	11/98	FY98	-27.46% <sup>2</sup>	-19.39% <sup>2</sup>	FY02	-7.36%
Roxborough Memorial	Tenet Healthcare	12/02	FY02	-12.66%	-6.64%	FY03	NA
St Christopher's Children	Tenet Healthcare	11/98	FY98	-17.02%	-0.83%	FY02	7.47%
Warminster	Tenet Healthcare	11/98	FY98	-26.59%	-6.11%	FY02	-1.07%

<sup>1</sup> 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.

<sup>2</sup> 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 operation of Parkview and City Avenue. City Avenue closed 4/00.

## Utilization and Revenue by Payor

Hospitals received over 91% of their net patient revenue (NPR) from third-party health care insurers in FY02. 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 \$8.6 billion or 42.7% of statewide GAC NPR (see Figure 3 and Table 3). The total NPR hospitals received from Medicare grew 5.1% during FY02. This 5.1% increase was 2.8-points below the overall 7.9% average increase in NPR from all payors and was smaller than the growth in both commercial and MA revenues.

The number of inpatient days and discharges attributed to Medicare patients declined by 3.3% and 0.9%, respectively. Consequently, with Medicare inpatient utilization declining and revenue increasing, a substantial portion of the growth in statewide Medicare revenue can be attributed to higher Medicare inpatient revenue per day and discharge. The continued decline in the average length of stay for patients of all payor categories coupled with the higher average revenue per day and discharge suggests that overall, patients are receiving more intensive and/or time-effective inpatient treatment.

While overall Medicare discharges fell by only 0.9%, the number of discharges for patients participating in Medicare managed care plans declined 5.3% – nearly six times the overall Medicare average. Medicare managed care enrollment has decreased as insurers

FIGURE 3

### Statewide Net Patient Revenue by Payor, FY02

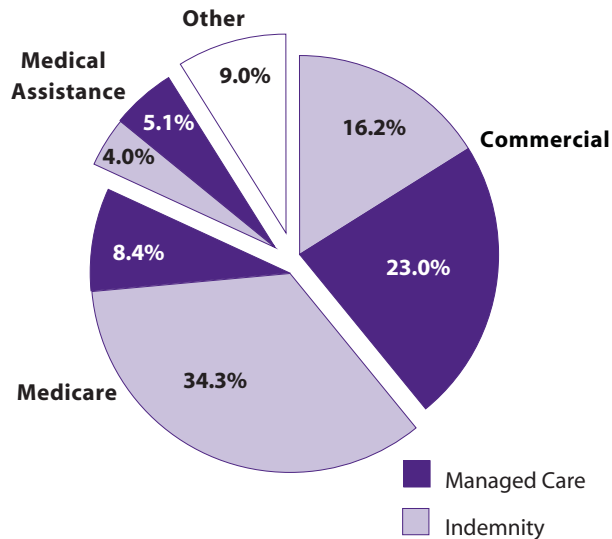


TABLE 3

### Net Patient Revenue by Payor (millions)

	FY01	FY02	Percent Change FY01 to FY02
<b>Commercial</b>			
Indemnity	\$3,074	\$3,288	7.0%
Managed Care	\$4,013	\$4,656	16.0%
Total	\$7,087	\$7,944	12.1%
<b>Medicare</b>			
Indemnity	\$6,546	\$6,945	6.1%
Managed Care	\$1,676	\$1,699	1.4%
Total	\$8,222	\$8,644	5.1%
<b>Medical Assistance</b>			
Indemnity	\$769	\$799	4.0%
Managed Care	\$887	\$1,041	17.3%
Total	\$1,656	\$1,840	11.1%
<b>Other</b>			
	\$1,794	\$1,819	1.4%
<b>STATEWIDE</b>	<b>\$18,758</b>	<b>\$20,247</b>	<b>7.9%</b>

# UTILIZATION AND REVENUE BY PAYOR

TABLE 4

## Discharges by Payor

	Discharges			Inpatient Revenue per Discharge		
	FY01	FY02	Percent Change FY01 to FY02	FY01	FY02	Percent Change FY01 to FY02
<b>Commercial</b>						
Indemnity	213,199	206,472	-3.2%	\$7,732	\$8,267	6.9%
Managed Care	366,861	368,623	0.5%	\$6,025	\$6,680	10.9%
Total	580,060	575,095	-0.9%	\$6,653	\$7,250	9.0%
<b>Medicare</b>						
Indemnity	665,905	668,030	0.3%	\$7,769	\$8,155	5.0%
Managed Care	185,634	175,709	-5.3%	\$6,827	\$7,182	5.2%
Total	851,539	843,739	-0.9%	\$7,566	\$7,953	5.1%
<b>Medical Assistance</b>						
Indemnity	102,957	102,297	-0.6%	\$5,991	\$6,442	7.5%
Managed Care	119,700	127,137	6.2%	\$5,233	\$5,651	8.0%
Total	222,657	229,434	3.0%	\$5,575	\$6,004	7.7%
<b>Other</b>						
	107,936	104,644	-3.0%	\$6,939	\$7,310	5.3%
<b>STATEWIDE</b>	1,762,192	1,752,913	-0.5%	\$6,971	\$7,429	6.6%

either stopped offering Medicare managed care coverage or reduced the service area where it is available. Data supplied by the Pennsylvania Department of Aging reveals that Medicare managed care enrollment declined 18.5% between December 2000 and January 2002. This thirteen-month period encompasses the effects of the 2000 and 2001 open enrollment periods (typically November and December) when participants can elect their coverage for the following year. This is also the period of time that insurers announce changes in plans and service areas.

## Reimbursements from Commercial Insurers Increase

Hospitals reported a 9.0% growth in patient revenue per discharge and a 10.6% increase in average patient revenue per day from commercial health insurance companies during FY02. Since the number of commercial patient days and discharges fell, commercial inpatient revenue increased by 8.0%. However, hospitals reported a 16.5% increase in outpatient and home health revenue. The net effect was a 12.1% increase in total commercial revenue in FY02.

TABLE 5

## Patient Days by Payor

	Patient Days			Inpatient Revenue per Day		
	FY01	FY02	Percent Change FY01 to FY02	FY01	FY02	Percent Change FY01 to FY02
<b>Commercial</b>						
Indemnity	909,482	866,232	-4.8%	\$1,813	\$1,971	8.7%
Managed Care	1,501,090	1,488,796	-0.8%	\$1,473	\$1,654	12.3%
Total	2,410,572	2,355,028	-2.3%	\$1,601	\$1,770	10.6%
<b>Medicare</b>						
Indemnity	4,404,133	4,285,843	-2.7%	\$1,175	\$1,271	8.2%
Managed Care	1,071,284	1,010,774	-5.6%	\$1,183	\$1,248	5.5%
Total	5,475,417	5,296,617	-3.3%	\$1,177	\$1,267	7.7%
<b>Medical Assistance</b>						
Indemnity	775,743	762,099	-1.8%	\$795	\$865	8.7%
Managed Care	573,670	604,250	5.3%	\$1,092	\$1,189	8.9%
Total	1,349,413	1,366,349	1.3%	\$920	\$1,008	9.5%
<b>Other</b>						
	479,340	462,431	-3.5%	\$1,563	\$1,654	5.8%
<b>STATEWIDE</b>	9,714,742	9,480,425	-2.4%	\$1,243	\$1,350	8.6%

### Medical Assistance Utilization and Revenues Grow

Hospitals reported an 11.1% growth in the total MA revenue received during FY02. This growth resulted from the combination of a 3.0% increase in the number of discharges and a 1.3% increase in patient days, as well as an increase in the reimbursement rates reported by hospitals. Consistent with the ongoing transition of MA participants from the fee-for-service program to managed care plans, all of the net growth in MA utilization occurred in the managed care plans. MA fee-for-service discharges

and patient days declined by 0.6% and 1.8%, respectively during FY02.

### 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 per discharge may provide insight into how revenue 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

# UTILIZATION AND REVENUE BY PAYOR

TABLE 6

## Average Length of Stay by Payor

	FY01	FY02	Percent Change FY01 to FY02
<b>Commercial</b>			
Indemnity	4.27	4.20	-1.7%
Managed Care	4.09	4.04	-1.3%
Total	4.16	4.10	-1.5%
<b>Medicare</b>			
Indemnity	6.61	6.42	-3.0%
Managed Care	5.77	5.75	-0.3%
Total	6.43	6.28	-2.4%
<b>Medical Assistance</b>			
Indemnity	7.53	7.45	-1.1%
Managed Care	4.79	4.75	-0.8%
Total	6.06	5.96	-1.7%
<b>Other</b>	4.44	4.42	-0.5%
<b>STATEWIDE</b>	5.51	5.41	-1.9%

commercial insurers and the MA program are consistent with the revenue hospitals receive from those payors. In contrast, the average revenue received for Medicare patients in Pennsylvania may not be covering hospital costs.

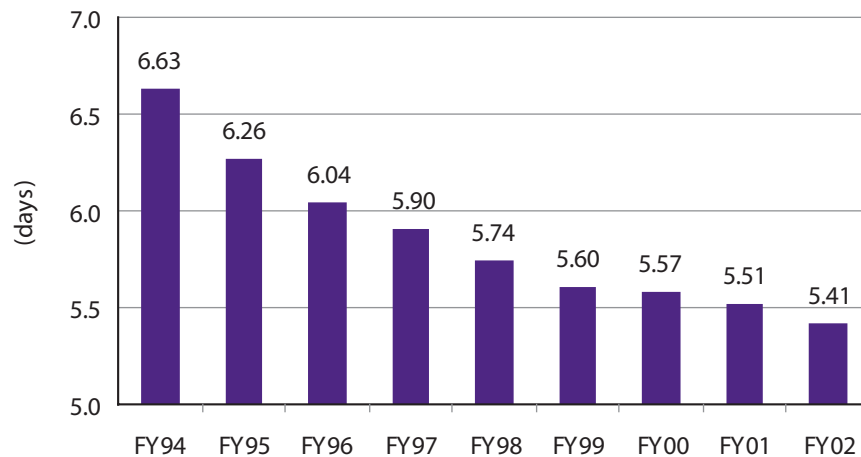
The ideal way to determine how a payor or a payor category is contributing to hospital income is to compare the costs to treat patients covered by that payor with the revenue received from that payor. Since comprehensive and comparable cost data are not available for all patients, a common alternative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

FIGURE 4

## Statewide Average Length of Stay



cally used to compare the charges for a particular group of patients or a particular category of care with 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 Pennsylvania's GAC hospitals.

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

Table 7 presents the average inpatient revenue (NPR) per 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 (inpatient revenue index). For example, the inpatient revenue index of 1.07 for Medicare indicates that the average revenue hospitals receive for a Medicare discharge is about 7% greater than the average for all patients.

The case mix index for commercial and MA patients is typically lower than Medicare

TABLE 7

## Inpatient Revenue Index and Case Mix Index by Payor, FY02

Payor	Average Inpatient Revenue per Discharge	Inpatient Revenue Index	Case Mix Index
Commercial	\$7,250	0.98	0.91
Medicare	\$7,953	1.07	1.16
Medical Assistance	\$6,004	0.81	0.77
All Payors	\$7,429	1.00	1.00

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

Comparing the inpatient revenue index of 1.07 to the case mix index of 1.16 for Medicare patients in Pennsylvania suggests that the revenue hospitals receive for Medicare patients may not be adequate to cover the costs of inpatient care. Alternatively, the inpatient revenue index is 7 points greater than the case mix index for commercial patients and 4 points higher for MA patients. These positive differences suggest that the overall average inpatient reimbursements by commercial payors and Pennsylvania's MA Program are in line with the cost of care.

### Overall Dynamics of Utilization

Figure 5 shows that total statewide discharges have remained relatively constant since FY97, ranging between 1.74 and 1.76 million discharges. This stabilization in the number of people receiving inpatient care may suggest

# UTILIZATION AND REVENUE BY PAYOR

FIGURE 5

## Statewide Discharges

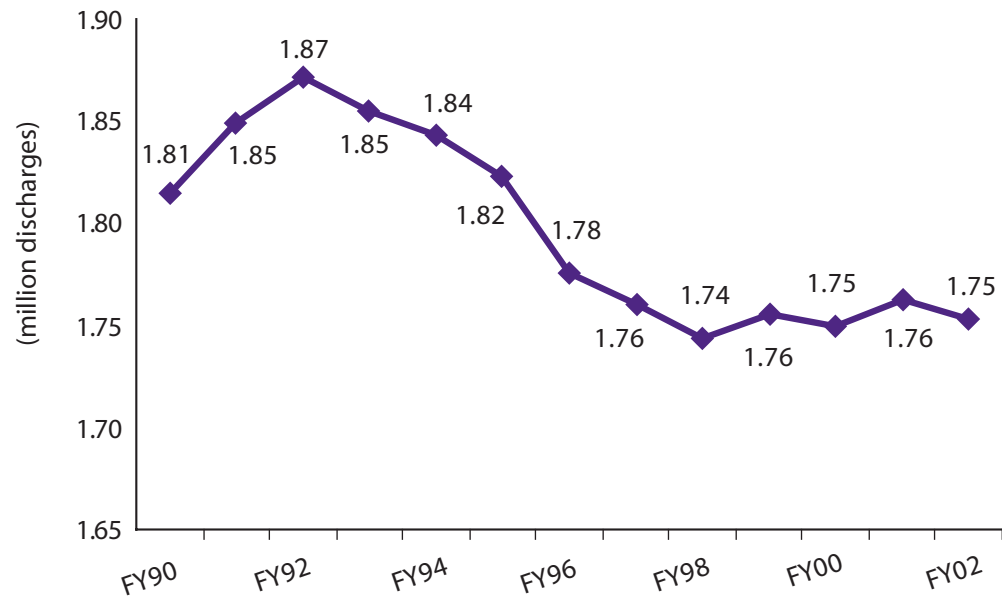
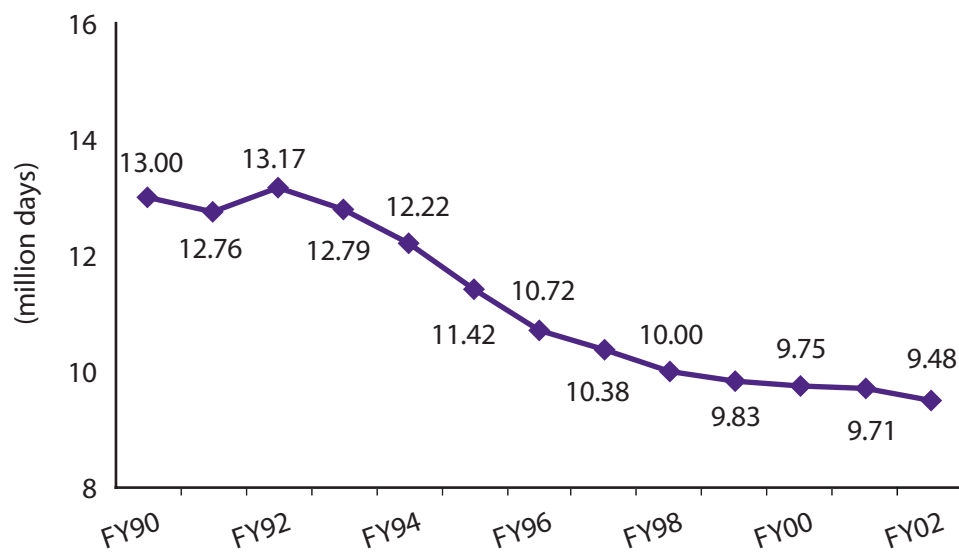


FIGURE 6

## Statewide Patient Days





that the expected increase in the demand for inpatient care by our aging population is being offset by the growth in outpatient care and the various preventive initiatives being undertaken by insurers, the health care community, employers and numerous other organizations.

In the four-year period between the end of FY98 and FY02, total statewide patient days fell by about 518,324 days. Figure 6 reveals that during FY02 alone, total patient days fell 234,317 days. Since there was only a 0.5% decline in statewide discharges, most of the change in patient days can be attributed to the decline in the average length of stay from 5.51 to 5.41 days during FY02.

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

The reimbursement hospitals receive from most insurers and managed care organizations

are derived through a contract negotiation process between the hospital and the third-party payor.

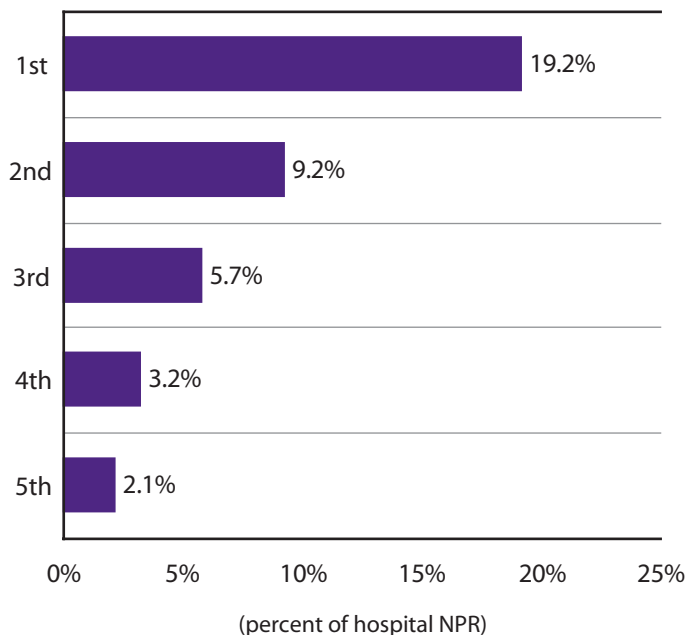
Figure 7 shows that, on average, hospitals received 19.2% of their total annual NPR from their largest single commercial payor. For this analysis, the revenue from the commercial payors include all health insurance plans offered by that insurer, including Medicare and MA managed care plans.

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 FY02 was a little over 2.0%, many hospitals would likely face operating losses, at least in the short-run, if even a contract with the fifth-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 in-

FIGURE 7

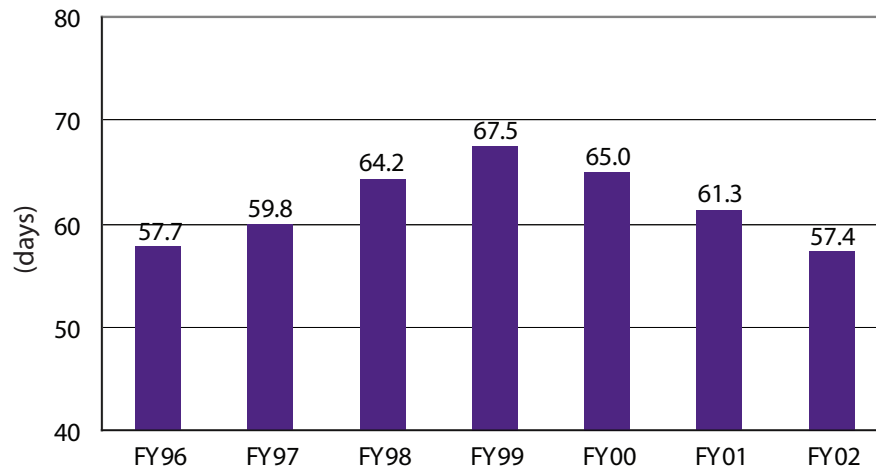
### Average Contribution to Net Patient Revenue by the Top Five Commercial Payors, FY02\*



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

FIGURE 8

## Statewide Average Days in Accounts Receivable



come. 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.

### The Average Days in Accounts Receivable Declined

During the period between when 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 uncollectable accounts from accounts receivable.

On a statewide basis, the amount of time the average bill remained in AR declined by 3.9 days during FY02. Figure 8 shows that state-

wide average days in patient accounts receivable declined for the second straight year to 57.4 days.

A number of hospitals reported implementing a variety of measures to reduce the level of their patient AR during FY01 and FY02 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 reducing 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 5%, the benefit of the 3.9-day reduction in statewide AR was equal to about \$10.8 million, or 2.5% of FY02 statewide operating income.

## Uncompensated Care

### Uncompensated Care Grows

The dollar amount of uncompensated care grew 12.91% to \$979 million during FY02. However, since statewide patient revenue grew by nearly 8% during the year, the growth in the portion of care that GAC hospitals provided without reimbursement actually experienced a more modest growth from 4.62% in FY01 to 4.84% in FY02.

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.

Eighty-two percent of uncompensated care was booked as bad debt expense during FY02.

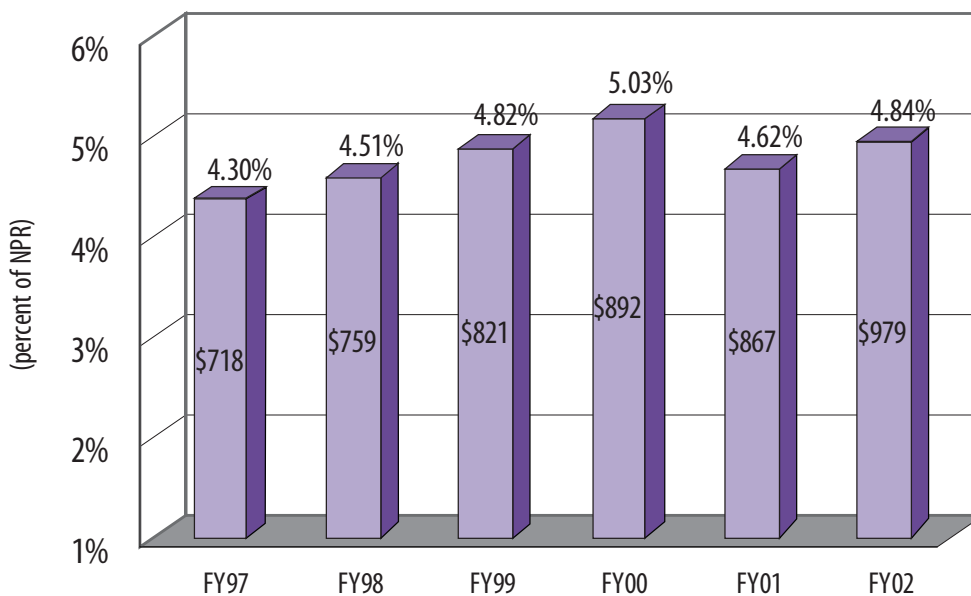
This indicates that Pennsylvania hospitals, as a group, attempted to collect about 82% of the fees that were ultimately determined to be uncompensated care. Alternatively, 18% of free care was provided to patients that met the individual hospitals' charity care guidelines.

### 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 uncollectable. This determination may occur months after treatment has ended.

FIGURE 9  
Statewide Uncompensated Care \*



\*Uncompensated care is shown in millions of dollars.

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.

## 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 \$979 million in uncompensated care presented in 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 greater than the \$484 million in total income realized by hospitals during FY02.

## Relationship between Hospital Charges and Uncompensated Care

Hospitals report charity care at full charges based on their established schedule of fees. PHC4 adjusts charity care charges to a revenue basis to reflect what each individual hospital would have received for charity care if it were paid the average of what it received from all payors during the year.

The bad debt expenses reported in hospital financial statements are a mixture of full charges and expected reimbursements that are less than full charges. Because hospitals do not report the extent to which bad debt expense is booked at full charges, PHC4 is unable to adjust bad debt expense to a revenue basis.

Table 8 reveals that charges are growing faster than the revenue hospitals receive for patient care (NPR) and the hospitals' total operating expenses (TOE). For example, on a statewide basis, charges were 2.2 times greater than patient revenue during FY97. By FY02, charges were nearly three times greater than patient revenue. Since statewide charges are growing faster than statewide expenses or

TABLE 8

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

	FY97	FY98	FY99	FY00	FY01	FY02	Percent Change in Ratios	
							1-year	5-year
Charges to NPR	222%	231%	243%	255%	274%	294%	7.27%	32.49%
Charges to TOE	215%	219%	228%	242%	263%	284%	7.83%	31.97%

revenue, the portion of bad debt expenses that is based on charges is likely growing faster than the cost to provide the uncompensated care or the revenue not collected due to uncompensated care. Consequently, a portion of the growth in statewide uncompensated care can be attributed to the increase in hospital charges.

The effect of rising hospital charges on uncompensated care should be mitigated begin-

ning with the uncompensated care data filed for FY03. As directed by the Tobacco Settlement Act (Act 77), adopted by the General Assembly in June 2001, PHC4 will modify the way uncompensated care is reported. Hospitals will report bad debt and charity care at full charges enabling PHC4 to capture uncompensated care on a uniform cost-basis using each hospital's cost-to-charge ratio.

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

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

For some hospitals, a negative 3-year average total margin may only indicate a cyclical downturn or the need to make adjustments in hospital operations and the sources of revenues. As shown in Table 9, 42 of the 105 hospitals

that had a negative 3-year average total margin at some point since FY98 had a positive total margin in FY02. Table 10 highlights the 12 hospitals that had a negative 3-year average total margin at the end of FY01, but where the 3-year average became positive at the end of FY02.

Alternatively, 57 of the 105 hospitals reflected on Table 9 were still in operation with a negative total margin at the end of FY02.

Hospitals that have undertaken aggressive turnaround programs may experience a further decline in the annual total margin as they implement initiatives to reduce costs and improve revenue. For example, hospitals may take one-time restructuring charges related to severance and early-retirement programs. Hospitals that develop new or enhanced clinical operations will incur operating losses until new revenues catch up to the incremental expenses.

TABLE 9

### Status of Hospitals with a Negative 3-Year Average Total Margin at Some Point during FY98-FY02

	Number of Facilities	Hospitals Closed	FY02 Total Margin <sup>1</sup>		
			Negative	0% - 2%	Above 2%
Acquired by for-profit corporation following bankruptcy	9	1	5	0	3
Acquired by for-profit corporation (no bankruptcy)	6	0	1	0	5
Merged with another facility or health system <sup>1</sup>	6	0	1	1	4
Affiliated with another facility or health system	16	1	9	2	4
No longer an operating licensed hospital <sup>2</sup>	2	2	1	0	0
No change <sup>2</sup>	61	0	38	8	12
Ended affiliation	5	0	2	1	2
<b>Total <sup>2</sup></b>	<b>105</b>	<b>4</b>	<b>57</b>	<b>12</b>	<b>30</b>

<sup>1</sup> The FY02 total margin for hospitals that merged with another hospital or health system reflects the total margin for the surviving hospital unless the merger occurred during FY02.

<sup>2</sup> The sum of FY02 total margin columns and the hospitals closed column does not equal the total number of facilities. Three hospitals did not report in FY02, and one hospital closed during FY02.

## HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

Some hospitals have available assets that enable them to operate for a period of time while sustaining annual losses. Available assets are those that can be liquidated by the hospital or its board of directors to fund operating deficits. Some of the hospitals with 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 hospital's operating loss. A hospital with a negative margin may be an important source of patients to a health system; losses incurred by one facility may be at least partially offset by the overall economic benefit to the entire system.

Tables 11 and 12 present the 64 hospitals where the 3-year average total margin either became negative following FY01 or remained negative. 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.

Forty-two (42) of the 105 hospitals were either acquired by a for-profit hospital, merged under the license of another non-profit health system or entered into an affiliation agreement while still operating as a separately licensed hospital. Five of the 42 subsequently terminated their affiliation and returned to operating as an independent hospital or affiliated with another system. Three of these five hospitals had a positive total margin in FY02.

While six of the 15 hospitals acquired by for-profit corporations had negative FY02 total margins for the individual facility, all of the multi-state parent corporations operating GAC hospitals in Pennsylvania had positive margins during FY02. Similarly, all five non-profit health systems that absorbed hospitals under their licenses had positive total margins in FY02.

# HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 10

## Hospitals Where the 3-Year Average Total Margin Was Negative during FY01 and Became Positive in FY02

Name / Region	3-yr Avg Total Margin FY00-FY02	Total Margin			NOTES
		FY02	FY01	FY00	
<b>Alle-Kiski / 1</b>	0.18%	-0.75%	3.01%	-2.31%	The Medical Center now has a positive 3-yr average total margin because the -17.90% total margin realized in FY99 is no longer part of the equation. FY99 was the last full year of the former Allegheny University Medical Centers (AUMC) of which Alle-Kiski was a member. The hospital became part of the West Penn Allegheny Health System in FY01.
<b>Berwick / 4</b>	2.84%	4.06%	3.91%	0.18%	During its final year (FY99) as a non-profit hospital, Berwick had a -13.54% total margin in FY99. As part of Community Health Systems, Inc., the hospital has had a positive total margin each of the last three years.
<b>Canonsburg General / 1</b>	3.66%	5.48%	5.97%	-0.89%	Similar to Alle-Kiski, Canonsburg was a member of AUMC. The hospital reported total margins of -14.07% and -11.55% during FY98 and FY99. Its financial performance has improved since it became part of the West Penn Allegheny Health System.
<b>Clearfield / 2</b>	2.18%	4.12%	3.18%	-1.06%	Despite a 49.4% decline in investment income, the hospital experienced an almost one-point increase in its total margin. The hospital was able to keep its 5.1% growth in expenses below the 6.1% increase in operating revenue.
<b>Community Lancaster / 5</b>	10.38%	9.59%	11.56%	9.07%	During its final year as a non-profit hospital, Community Hospital of Lancaster had a -17.69% total margin. The hospital was acquired by Health Management Associates in 7/99 and has reported a positive total margin each of the last three fiscal years.
<b>Corry Memorial / 2</b>	2.92%	6.65%	7.26%	-6.57%	After two consecutive years of operating losses in FY99 and FY00, the hospital has achieved positive operating margins the past two years, reaching 5.58% in FY02. The hospital reported a 9.1% increase in patient days and 6.9% increase in outpatient visits, which contributed to a 17.7% growth in net patient revenue during FY02.
<b>Hospital University PA / 9</b>	5.26%	8.33%	7.89%	-1.41%	The hospital posted strong operating margins during FY01 and FY02 after three consecutive operating losses between FY98 and FY00. Since FY99, the hospital has actually decreased total operating expenses by 9.8% while total operating revenue has increased by 10.3%.
<b>Jersey Shore / 4</b>	1.82%	4.17%	4.00%	-3.74%	Two consecutive years of positive operating margins during FY01 and FY02 have enabled the hospital to increase its level of "cash and cash equivalents." This increase in cash provides the hospital with a much-needed financial cushion.
<b>Lancaster Regional / 5</b>	14.58%	8.50%	6.63%	24.32%	The hospital was acquired by Health Management Associates (HMA) in 7/00. The large positive total margin for FY00 reflects the gain the prior non-profit operator realized on the sale of the hospital. The FY01 total margin reflects a three-month transition period to HMA's Oct. - Sept. fiscal year. FY02 is the first full year under HMA's control.
<b>Pennsylvania / 9</b>	3.68%	10.14%	4.51%	-6.08%	Operating margin improved from 2.74% in FY01 to 3.84% in FY02. "Net realized gains, contributions and other support" accounted for 84% of the increase in total net income.
<b>Philipsburg Area / 4</b>	0.22%	1.64%	3.73%	-6.14%	A 33% increase in bad debt expense prevented the FY02 total margin from improving beyond the FY01 level.
<b>Pottsville Warne Clinic / 7</b>	0.89%	0.77%	0.50%	1.46%	While the hospital has been successful in generating positive total margins over the past three years, its level of income still needs to improve. Its net income for FY02 was less than its annual bond repayment obligation.



# HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 11

## Hospitals Where the 3-Year Average Total Margin *Became Negative* during FY02

Name / Region	3-yr Avg Total Margin FY00-FY02	Total Margin			NOTES
		FY02	FY01	FY00	
<b>Altoona / 3</b>	-1.42%	-5.97%	-0.77%	2.58%	The decline in the FY02 total margin was primarily the result of a 17.8% increase in "professional fees, supplies and other" and a \$5.8 million impairment adjustment to the value of investments.
<b>Charles Cole Memorial / 2</b>	-3.28%	-10.34%	0.63%	0.39%	The 11-point decline in the FY02 total margin was the result of a 14.2% increase in operating expenses compared to a 2.8% increase in operating revenue. The 6.0% growth in net patient revenue was offset by a \$1.2 million decline in investment income and the value of its investments.
<b>Doylestown / 8</b>	-4.43%	-13.28%	-1.02%	3.08%	Investment losses and a reduction in the value of its investments were responsible for 44.9% of the hospital's net losses. The other major factor in the sharp decline in the FY02 total margin was a 20.0% growth in operating expenses led by "supplies and other expenses" and "salaries and benefits".
<b>Medical Center Beaver / 1</b>	-0.74%	-1.60%	1.01%	-1.64%	The hospital realized negative operating margins slightly below -1% during both FY01 and FY02. However, total margin fell because the hospital sustained a \$1.3 million loss on its investments during FY02 compared to a \$2.2 million gain during the prior year.
<b>Mercy Fitzgerald / 8</b>	-3.12%	-12.00%	1.71%	0.66%	The hospital experienced a 6.5% decline in net patient revenue and a 7.0% increase in operating expenses, which led to a 13.7-point decline in the total margin during FY02 (CY01).
<b>Mercy/Scranton / 6</b>	-1.17%	-4.70%	-2.25%	3.63%	The operating margin declined about ½-point during FY02 to -3.95%. Investment losses and restructuring expenses contributed to the nearly 2.5-point decline in the total margin.
<b>Montgomery Hosp / 8</b>	-1.86%	-5.38%	-0.15%	0.03%	The 5.2-point decline in the total margin during FY02 was caused by a 8.9% increase in operating expenses that exceeded the 3.5% growth in revenues. The hospital reports that malpractice premiums and agency fees for nurses and radiology staff were major factors in the growth of expenses.
<b>Presbyterian / 9</b>	-0.13%	-7.96%	-0.92%	8.72%	The 7-point decline in the FY02 total margin brought the hospital's 3-yr average total margin slightly below zero. The decline in the total margin was primarily due to a 7.6% increase in operating expenses led by "supplies and expenses" and "salaries and wages".
<b>Sharon Regional / 2</b>	-0.39%	-2.07%	-2.77%	4.37%	The health system's operating margin improved from -3.45% in FY01 to -1.09% in FY02. However, \$1.1 million in investment losses kept the total margin from making a similar improvement.
<b>Tyrone / 3</b>	-5.25%	-21.80%	-4.66%	8.69%	The 17.1-point drop in the FY02 total margin was caused by the combination of a 9.1% decline in operating revenue and a 5.8% growth in expenses. The decline in revenue appears to be primarily the result of a decline in average inpatient reimbursements. Inpatient utilization actually increased slightly during FY02.

# HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 12

## Hospitals Where the 3-Year Average Total Margin *Remained Negative* during FY02

Name / Region	3-yr Avg Total Margin FY00-FY02	Total Margin			NOTES
		FY02	FY01	FY00	
<b>Aliquippa Community / 1</b>	-40.41%	-13.49%	-43.57%	-59.61%	The hospital filed for Chapter 11 bankruptcy in 9/02. Part of the hospital's recovery plan is to recoup unbilled revenue and carefully manage expenses. A major portion of the large losses reported in FY01 and FY02 was the result of accounting adjustments related to the transfer of the hospital from the UPMC Health System to a local non-profit organization in 4/01.
<b>Allegheny General / 1</b>	-1.63%	-0.49%	-1.42%	-3.02%	The hospital became part of the West Penn Allegheny Health System (WPAHS) in 8/00 (FY01) and appears to be progressing steadily toward a positive margin.
<b>Ashland Regional / 7</b>	-4.04%	-0.45%	-5.94%	-3.30%	The hospital was acquired in 8/01 by the for-profit Providence Healthcare following the 3/01 petition for Chapter 11 bankruptcy. The FY02 total margin reflects only the first five months of operations under Providence.
<b>Bloomsburg / 4</b>	-5.88%	-6.87%	-5.46%	-5.23%	The hospital has had negative total margins since FY99. The hospital does not appear to have available assets that will enable it to sustain similar losses for an extended period of time.
<b>Brandywine / 8</b>	-3.80%	2.40%	-10.38%	-2.39%	The hospital was purchased by the for-profit Community Health Systems (CHS) in 6/01. The FY02 margin reflects the first seven months of operation by CHS. The FY01 margin reflects the last 11 months of operation prior to the acquisition by CHS.
<b>Brookville / 2</b>	-1.85%	1.03%	-4.48%	-2.27%	The 5-point improvement in the FY02 total margin was largely caused by a 4.3% increase in operating revenues and a small decline in operating expenses. A \$0.5 million decrease in "administrative expenses" was a major factor in the decrease in operating expenses.
<b>Brownsville General / 1</b>	-6.18%	-6.04%	-3.86%	-8.80%	Considering the hospital's limited available assets, the hospital must implement aggressive measures to improve revenue and/or reduce costs if it is going to remain solvent.
<b>Bucktail / 4</b>	-0.80%	3.80%	-7.20%	0.11%	The Medical Center improved from an operating loss of -9.79% in FY01 to nearly breaking even (-0.10%) in FY02, largely due to a 17.7% increase in operating revenue. Non-operating revenues brought the FY02 total margin up almost 4-points above the operating margin.
<b>Central Montgomery / 8</b>	-3.24%	-2.98%	-3.80%	-2.77%	Formally North Penn Hospital. The Medical Center was acquired by the for-profit Universal Health Systems (UHS) in 1/02. The FY02 total margin reflects the final 6 months of operation prior to its acquisition by UHS.
<b>Chester County / 8</b>	-1.66%	-4.35%	-2.69%	2.53%	The hospital reports that it has returned to a positive cash flow during mid-FY03 by implementing various measures to minimize costs and to enhance revenue. One of those measures was the development of its cardiovascular surgical service. The decline in the FY02 total margin is largely due to the costs associated with the development of new programs, increase in malpractice insurance costs and changes in its payor mix.

# HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 12 (CONTINUED)

## Hospitals Where the 3-Year Average Total Margin *Remained Negative* during FY02

Name / Region	3-yr Avg Total Margin FY00-FY02	Total Margin			NOTES
		FY02	FY01	FY00	
<b>Easton / 7</b>	-0.95%	2.73%	-1.64%	-1.21%	The hospital was purchased by the for-profit Community Health Systems (CHS) in 10/01. The FY02 total margin reflects the first three months of operation by CHS. The FY01 margin reflects the final full year of operation as a non-profit hospital.
<b>Elkins Park / 8</b>	-8.67%	-12.47%	-13.40%	-2.03%	With the exception of a 14.9% decrease in "salaries and benefits," there was little change in the revenue and the other expense categories. The hospital is part of Tenet Healthcare which posted an after tax margin of 5.6% for FY02. Tenet announced that it plans to either "sell, convert or consolidate" the hospital.
<b>Forbes Regional / 1</b>	-5.48%	-3.71%	-1.41%	-11.70%	The hospital is part of the West Penn Allegheny Health System (WPAHS) and relies on WPAHS to sustain its operations. In its annual financial statement, its auditor reports that "the ability of [the Forbes Health System] to continue as a going concern is dependent upon the continuing support of WPAHS. Management of WPAHS has represented that it will continue to provide financial support to [Forbes]."
<b>Frick / 1</b>	-3.58%	-2.90%	-4.22%	-3.65%	While operating revenues remained constant, the hospital was able to improve its operating margin by nearly 2-points to -3.07% during FY02 by decreasing expenses. The hospital explains that it has achieved efficiency gains as a result of its affiliation with the Westmoreland Health System, which began in 1/01.
<b>Hazleton General / 6</b>	-1.72%	0.99%	-3.11%	-3.15%	While operating revenue did not change during FY02, the hospital's total margin improved because the hospital was able to reduce operating expenses by 2.2% and there was an increase in the income the hospital received from its interest in an MRI Center.
<b>Hazleton St Joseph / 6</b>	-0.89%	1.04%	-2.06%	-1.77%	The 3.1-point improvement in the FY02 total margin is primarily the result of a 6.0% increase in net patient revenue, while the growth in expenses was held to 2.1%.
<b>Highlands / 1</b>	-1.39%	3.10%	2.62%	-11.85%	After a major turnaround in FY01, the hospital was able to preserve a small positive operating margin in FY02 by keeping the growth in expenses in concert with the growth in revenues. Non-operating income, led by investment income, brought the total margin over 3%.
<b>J C Blair Memorial / 5</b>	-2.50%	-3.86%	-2.53%	-1.05%	The hospital has not had a positive total margin since FY97. Solvency does not appear to be an immediate concern.
<b>Jeannette Memorial / 1</b>	-9.07%	-13.85%	-11.81%	-0.70%	The hospital began operating under a management agreement with the Pittsburgh Mercy Health System in 9/02 and became a member of the System in 2/03.
<b>Jefferson Regional / 1</b>	-9.10%	-7.47%	-11.91%	-8.29%	Despite continued negative annual total margins, the Medical Center has sufficient available assets that solvency is not an issue. The hospital reports that it has implemented a "turnaround program" to improve its financial performance. To that end, expenses associated with a new open-heart program and severance costs associated with restructuring have affected the FY02 total margin.

# HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 12 (CONTINUED)

## Hospitals Where the 3-Year Average Total Margin *Remained Negative* during FY02

Name / Region	3-yr Avg Total Margin FY00-FY02	Total Margin			NOTES
		FY02	FY01	FY00	
<b>Jennersville Regional / 8</b>	-14.49%	-2.59%	-12.61%	-19.19%	The hospital was acquired in 10/01 by the for-profit Community Health Systems (CHS). The FY02 total margin reflects the first 3 months of operation by CHS.
<b>Lancaster Gen / Susquehanna / 5</b>	-11.21%	-9.50%	-14.52%	-9.59%	The hospital is a division of Lancaster General Hospital, which had a FY02 total margin of 6.20%.
<b>Lock Haven / 4</b>	-5.52%	-12.86%	-0.07%	-3.77%	The hospital was acquired in 8/02 by the for-profit Community Health Systems (CHS). The FY02 total margin reflects the final full fiscal year the hospital was operated as a non-profit organization.
<b>Marian Community / 6</b>	-1.27%	-1.65%	0.34%	-2.50%	Since the hospital's loss was relatively small, the hospital still had a positive cash flow in FY02. The hospital reports it is reviewing revenue and cost containment opportunities and expects to be in a break-even situation by year-end FY03.
<b>Medical College PA / 9</b>	-2.86%	-2.29%	-7.26%	0.77%	The FY02 total margin improved nearly 5-points because the hospital was able to hold the increase in operating expenses to 2.4% while operating revenue grew 10.3%.
<b>Mercy Community / 8</b>	-22.82%	-40.95%	-13.22%	-15.99%	Sixty-six percent (66%) of the FY02 (CY01) losses can be attributed to \$6.8 million in restructuring expenses. The hospital closed in 2/02, two months after the end of the fiscal year.
<b>Mercy/Wilkes-Barre / 6</b>	-4.27%	-7.36%	-5.63%	0.17%	The operating margin improved 2.2-points during FY02 (CY01) to -1.27%. The decline in the total margin was primarily the result of the sale of the hospital's interests in a physician organization.
<b>Mercy Providence / 1</b>	-7.52%	-5.92%	-4.01%	-12.96%	While FY02 (CY01) operating revenue grew 13.0%, operating expenses increased 15.1%, led by a 12.6% growth in "salaries and wages." The hospital is part of the Pittsburgh Mercy Health System that had a total margin of 2.4% in CY01.
<b>Metro Health Center / 2</b>	-12.97%	-25.17%	-6.68%	-8.13%	The Center filed for Chapter 11 bankruptcy in 7/02. The Center announced it will close the facility by 7/03.
<b>Meyersdale Community / 3</b>	-6.64%	-6.35%	-4.76%	-9.01%	The hospital is an affiliate of the Conemaugh Health System. The System provides management, clinical and certain financial support to the hospital and has guaranteed "certain borrowings."
<b>Mid-Valley / 6</b>	-7.02%	-11.14%	-6.37%	-3.63%	An equity transfer from its affiliate, Moses Taylor Hospital, improved the solvency of Mid-Valley. The hospital reports that it has taken specific actions during FY03 to aggressively manage expenses.
<b>Milton S Hershey / 5</b>	-1.11%	0.95%	1.18%	-6.09%	The Medical Center improved its operating margin from -0.98% in FY01 to 0.66% in FY02. The small decline in the FY02 total margin was due to a decrease in non-operating income.
<b>Miners / 3</b>	-11.05%	-9.18%	-17.48%	-6.81%	An affiliation agreement with the Conemaugh Health System received final approval in 9/02. The System and Memorial Hospital have agreed to provide \$1.5 million in funding and administrative services to Miners for the 3-year period beginning 9/03.

# HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 12 (CONTINUED)

## Hospitals Where the 3-Year Average Total Margin *Remained Negative* during FY02

Name / Region	3-yr Avg Total Margin FY00-FY02	Total Margin			NOTES
		FY02	FY01	FY00	
<b>Montrose General / 6</b>	-1.26%	2.37%	-7.25%	0.51%	The 9.6-point swing in the FY02 total margin was primarily the result of a 13.0% increase in net patient revenue while the growth in operating expenses was held to 3.10%.
<b>Moses Taylor / 6</b>	-1.36%	-2.77%	0.83%	-2.16%	The hospital has had small positive or modest negative total margins since FY99. The hospital reports that the available assets of the hospital and its parent, Moses Taylor Foundation, make solvency not a concern.
<b>Nazareth / 9</b>	-2.01%	1.97%	2.67%	-9.87%	Effective 7/01, Nazareth was one of three Pennsylvania hospitals sold by Catholic Health Initiatives to Catholic Health East (CHE). The hospital is now part of the CHE's Mercy Health System of Southeastern Pennsylvania.
<b>Parkview / 9</b>	-6.03%	-7.36%	-8.69%	-2.45%	While the hospital was able to increase operating revenue by 11.3% during FY02, operating expenses grew by 9.2%. However, excluding an accounting correction to FY01 bad debt expense, FY01 and FY02 operating expenses would have been at similar levels. The hospital is part of Tenet Healthcare, which posted an after tax margin of 5.6% for FY02. Tenet announced that it plans to either "sell, convert or consolidate" the hospital.
<b>Pocono MC / 6</b>	-0.10%	2.46%	-3.87%	0.76%	The 6.3-point improvement in the total margin was primarily due to an 18.6% increase in net patient revenue. The growth in operating expenses was held to 8.2%.
<b>Roxborough Memorial / 9</b>	-6.64%	-12.66%	-2.79%	-4.45%	Effective 12/02, the hospital was acquired by the for-profit Tenet Healthcare System.
<b>Sacred Heart /Allentown / 7</b>	-1.81%	3.30%	-3.72%	-5.62%	FY02 total operating expenses were held to the FY01 level while operating revenue grew 5.6%. The FY01 total margin would have been -1.7% if a one-time restructuring expense was excluded.
<b>St Agnes / 9</b>	-3.96%	-11.16%	-2.13%	-2.18%	Mid-way through FY02 (CY01), ownership of the hospital was transferred from Catholic Health Initiatives to Catholic Health East's Mercy Health System of Southeastern Pennsylvania.
<b>St Joseph's/Philadelphia / 9</b>	-2.22%	-6.66%	0.10%	0.09%	The FY02 total margin fell 6.8-points because operating expenses grew 9.1% compared to a 2.2% increase in operating revenue. The hospital reports that major contributors to the increase in expenses were nursing salaries and agency fees related to the nursing shortage and higher health and malpractice insurance costs.
<b>St Luke's Quakertown / 8</b>	-5.32%	-2.43%	-4.96%	-8.90%	The FY02 total margin improved because the 9.1% growth in operating revenue outpaced the 5.2% increase in expenses. The hospital is part of the St. Luke's Health Network that had a total margin of 2.3% for FY02.
<b>Saint Vincent Health / 2</b>	-2.75%	-2.95%	2.91%	-8.56%	The FY02 negative total margin was due to an accounting adjustment to accommodate a change in the accrual of bad debt and denied claims. While the Center had a small negative FY02 operating margin (-0.99%), the operating loss was offset by non-operating income.

# HOSPITALS WITH A NEGATIVE 3-YEAR AVERAGE TOTAL MARGIN

TABLE 12 (CONTINUED)

## Hospitals Where the 3-Year Average Total Margin Remained Negative during FY02

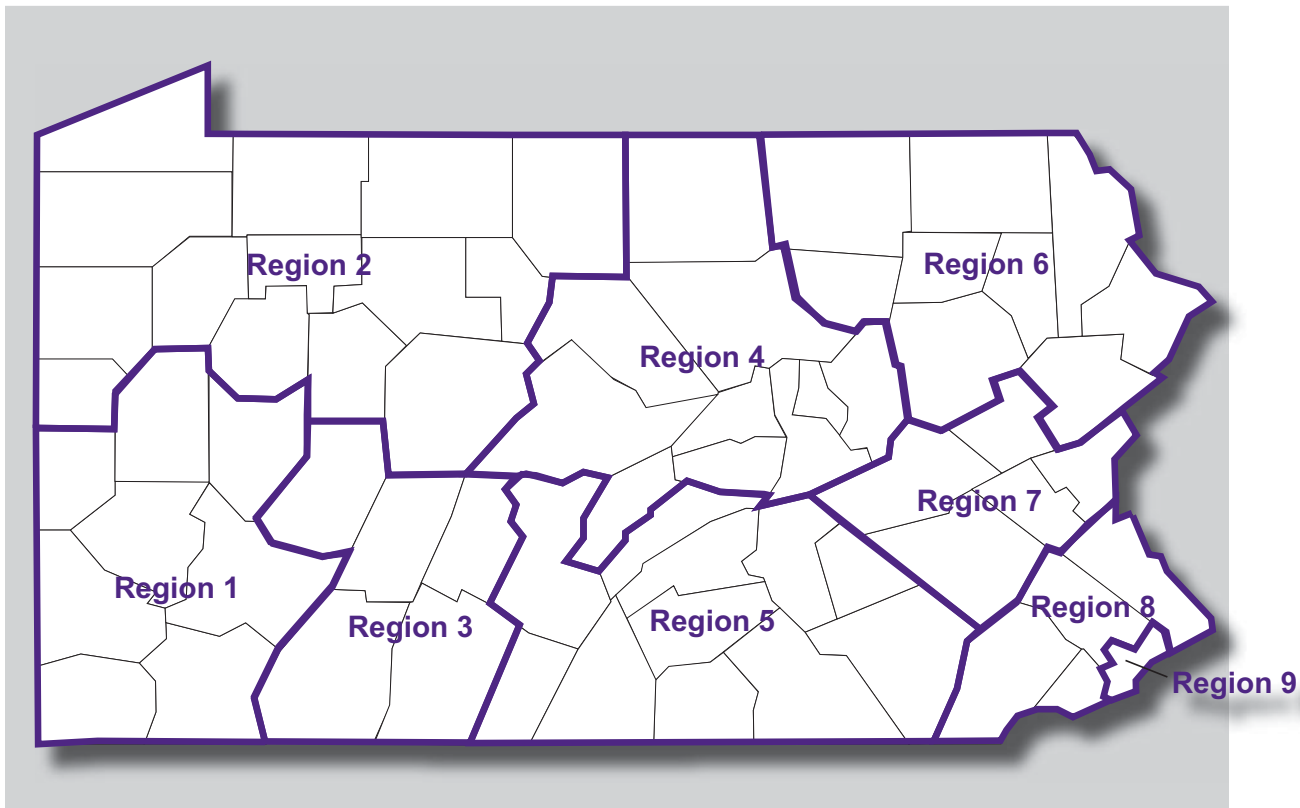
Name / Region	3-yr Avg Total Margin FY00-FY02	Total Margin			NOTES
		FY02	FY01	FY00	
<b>Suburban General/Pgh / 1</b>	-2.25%	-4.09%	-0.33%	-2.21%	While net patient revenue increased 11.4% during FY02, a \$1.3 million net decline in investment income dampened the overall increase in revenue to 6.7%. Operating expenses increased by 10.7% led by "salaries, wages and fringe benefits" and "professional fees and purchased services." The hospital is part of the West Penn Allegheny Health System (WPAHS).
<b>Sunbury Community / 4</b>	-2.52%	-10.93%	3.10%	0.47%	The 14-point decline in the FY02 total margin was caused by a combination of a 12.3% growth in expenses and a \$0.5 million decline in investment income and contributions. FY02 operating revenue remained near the FY01 level.
<b>Temple Lower Bucks / 8</b>	-0.78%	3.27%	-4.25%	-1.83%	The hospital was a member of the Temple University Health System (TUHS) through 6/02. The hospital and TUHS have a new affiliation agreement whereby TUHS has relinquished its sole member interest in the hospital. Although the hospital has become an independent entity, it has a license agreement to continue to utilize the "Temple" name.
<b>Temple Univ Children's / 9</b>	-32.46%	-90.75%	-1.22%	-2.60%	About two-thirds of the FY02 loss was caused by a one-time asset impairment adjustment. The other major factor was a 79% increase in purchased service expenses.
<b>Troy Community / 6</b>	-4.56%	-1.36%	-3.84%	-7.96%	The FY02 total margin improved 2.5-points largely because of a 4.1% decline in operating expenses. The hospital is a member of the Guthrie Healthcare System.
<b>Union City Memorial / 2</b>	-21.84%	-104.39%	-17.77%	-6.32%	The FY02 total margin reflects the last five months the hospital reported financial data as a separate entity. Beginning in 12/02, the facility merged into the St. Vincent Health Center and operates as an outpatient facility.
<b>Warren General / 2</b>	-0.20%	0.98%	-2.23%	0.77%	Despite a large decline in "investment income and other," the hospital was able to achieve a 3.2-point improvement in total margin largely as a result of a 6% reduction in operating expenses.
<b>Wills Eye Hosp / 9</b>	-17.07%	-62.83%	-8.49%	-3.81%	The hospital sold its facility during FY01 and moved into a new larger facility in 6/02. As expected, the hospital experienced a large operating loss due to the transition to the new facility. Net investment losses were responsible for about 21% of the FY02 total net loss and the hospital reports that increases in insurance costs represent 16.4% of the net loss.
<b>Windber / 3</b>	-0.18%	2.29%	-1.78%	-1.50%	Although the total margin was depressed by a 76% decline in investment income, the FY02 total margin still improved 4.1-points because the 6.0% increase in expenses was outpaced by a 12.8% growth in operating revenue. The hospital is a member the Conemaugh Health System.
<b>WVHCS / 6</b>	-4.82%	-4.95%	-2.41%	-7.00%	The hospital has had a negative total margin since FY99. The Wyoming Valley Health Care System appears to have sufficient available assets to make solvency not an immediate concern.

The tables on the following pages provide hospital-specific financial data for the 185 general acute care hospitals covered in this report. The hospitals have been arranged by PHC4's nine regions.

Included in these tables are the FY02 operating and total margins for each individual hospital. The corresponding operating income and total income expressed in dollars, as well as each hospital's total operating revenue, can be found on PHC4's Web site at [www.phc4.org](http://www.phc4.org). (Note: Comparing net patient revenue to total operating expenses will not provide operating income or operating margin. Operating revenue from the PHC4 Web site must be used

to compute operating income.)

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



# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 1 Average	\$126	\$113	\$104	\$105	2.56%	\$129	\$119	\$112	\$111	1.64%
Aliquippa Community <sup>5</sup>	\$26	\$21	\$30	\$36	-9.05%	\$30	\$32	\$53	\$42	-9.64%
Allegheny General <sup>5</sup>	\$409	\$393	\$400	\$440	-2.39%	\$451	\$429	\$444	\$481	-2.08%
Alle-Kiski <sup>5</sup>	\$90	\$89	\$69	\$66	12.05%	\$92	\$89	\$72	\$80	4.88%
Armstrong County Memorial <sup>5</sup>	\$58	\$55	\$54	\$51	4.68%	\$60	\$57	\$53	\$51	5.47%
Brownsville General <sup>5</sup>	\$20	\$19	\$18	\$20	-0.90%	\$21	\$21	\$20	\$21	0.89%
Butler Memorial <sup>5</sup>	\$104	\$93	\$83	\$76	12.27%	\$101	\$90	\$81	\$75	11.62%
Canonsburg General <sup>5</sup>	\$37	\$34	\$32	\$30	8.04%	\$36	\$33	\$34	\$34	2.33%
Children's Hosp Pgh	\$198	\$188	\$175	\$169	5.57%	\$245	\$220	\$208	\$197	8.05%
Forbes Regional <sup>5,6</sup>	\$103	\$96	\$92	\$94	3.19%	\$110	\$102	\$108	\$116	-1.73%
Frick <sup>5</sup>	\$43	\$41	\$40	\$40	1.96%	\$45	\$44	\$42	\$42	2.02%
Greene County Memorial <sup>5</sup>	\$23	\$23	\$22	\$23	0.79%	\$25	\$24	\$26	\$26	-0.97%
Highlands <sup>5</sup>	\$21	\$20	\$17	\$19	4.22%	\$21	\$20	\$19	\$20	2.83%
Jeannette Memorial <sup>5</sup>	\$43	\$39	\$35	\$36	6.65%	\$50	\$45	\$39	\$37	12.33%
Jefferson Regional <sup>5,6</sup>	\$123	\$106	\$120	\$124	-0.28%	\$138	\$126	\$136	\$136	0.54%
Latrobe Area <sup>5</sup>	\$110	\$101	\$97	\$104	1.90%	\$114	\$100	\$104	\$105	2.87%
Magee-Womens	\$153	\$133	\$128	\$121	8.72%	\$160	\$141	\$133	\$145	3.50%
Medical Center Beaver <sup>5</sup>	\$151	\$142	\$136	\$143	1.90%	\$158	\$150	\$149	\$146	2.67%
Mercy Pittsburgh <sup>1,5</sup>	\$228	\$211	\$200	\$215	2.03%	\$227	\$218	\$214	\$228	-0.09%
Mercy Providence <sup>1,5</sup>	\$26	\$23	\$23	\$25	1.80%	\$28	\$25	\$26	\$28	0.40%
Monongahela Valley <sup>5</sup>	\$86	\$78	\$75	\$77	4.23%	\$87	\$80	\$76	\$77	4.32%
Monsour <sup>5,14</sup>	\$14	NR	NR	\$20	-10.43%	\$19	NR	NR	\$24	-7.28%
Ohio Valley General <sup>5</sup>	\$47	\$43	\$39	\$39	6.59%	\$49	\$45	\$45	\$43	4.97%
Sewickley Valley <sup>5</sup>	\$86	\$80	\$78	\$81	1.98%	\$97	\$88	\$87	\$88	3.28%
St Clair Memorial <sup>5</sup>	\$121	\$107	\$98	\$95	9.00%	\$129	\$111	\$104	\$100	9.38%
Suburban General/Pgh <sup>5</sup>	\$32	\$28	\$28	\$27	6.08%	\$34	\$31	\$31	\$30	4.24%
Uniontown <sup>5,14</sup>	\$78	\$75	\$71	\$72	2.79%	\$77	\$74	\$69	\$71	2.86%
UPMC Braddock <sup>5</sup>	\$40	\$38	\$40	\$41	-0.50%	\$41	\$38	\$40	\$42	-0.49%
UPMC McKeesport <sup>5</sup>	\$78	\$78	\$75	\$72	2.63%	\$81	\$78	\$73	\$72	4.09%
UPMC Passavant <sup>5</sup>	\$110	\$104	\$98	\$90	7.52%	\$115	\$104	\$95	\$87	10.48%
UPMC Presbyterian <sup>5</sup>	\$920	\$795	\$707	\$709	9.91%	\$835	\$759	\$710	\$691	6.93%
UPMC Shadyside	\$267	\$258	\$238	\$234	4.71%	\$281	\$258	\$247	\$227	7.91%
UPMC South Side <sup>5</sup>	\$45	\$39	\$38	\$37	6.93%	\$48	\$43	\$38	\$37	9.36%
UPMC St Margaret <sup>5</sup>	\$112	\$96	\$84	\$83	11.98%	\$110	\$97	\$87	\$86	9.18%
Washington <sup>5</sup>	\$154	\$146	\$135	\$131	5.96%	\$164	\$149	\$142	\$135	7.06%
Western Pennsylvania <sup>5</sup>	\$246	\$222	\$214	\$210	5.63%	\$257	\$233	\$221	\$218	5.97%
Westmoreland Regional <sup>5</sup>	\$123	\$114	\$109	\$106	5.24%	\$126	\$114	\$107	\$107	5.89%

See footnotes on pages 42 and 43.



# INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 1 Average	3.98%	4.27%	3.60%	3.75%	47.35%	7.92%
Aliquippa Community <sup>5</sup>	-13.56%	-13.49%	-40.41%	6.06%	52.95%	28.20%
Allegheny General <sup>5</sup>	-0.49%	-0.49%	-1.63%	3.65%	44.05%	7.73%
Alle-Kiski <sup>5</sup>	-0.75%	-0.75%	0.18%	3.94%	59.08%	4.10%
Armstrong County Memorial <sup>5</sup>	-1.70%	-0.91%	1.15%	4.88%	49.81%	5.80%
Brownsville General <sup>5</sup>	-7.09%	-6.04%	-6.18%	1.94%	66.40%	5.93%
Butler Memorial <sup>5</sup>	4.41%	6.99%	8.06%	3.99%	51.62%	7.57%
Canonsburg General <sup>5</sup>	5.48%	5.48%	3.66%	4.24%	56.01%	1.76%
Children's Hosp Pgh	1.80%	-3.39%	3.47%	2.73%	5.28%	27.53%
Forbes Regional <sup>5,6</sup>	-2.91%	-3.71%	-5.48%	4.08%	53.23%	4.27%
Frick <sup>5</sup>	-3.07%	-2.90%	-3.58%	2.82%	59.39%	8.06%
Greene County Memorial <sup>5</sup>	-6.14%	-3.28%	0.76%	4.97%	57.94%	6.29%
Highlands <sup>5</sup>	0.56%	3.10%	-1.39%	3.95%	52.01%	15.58%
Jeannette Memorial <sup>5</sup>	-16.92%	-13.85%	-9.07%	2.97%	55.21%	4.62%
Jefferson Regional <sup>5,6</sup>	-7.61%	-7.47%	-9.10%	3.39%	59.40%	3.09%
Latrobe Area <sup>5</sup>	-0.27%	3.70%	3.61%	4.40%	48.59%	4.63%
Magee-Womens	0.98%	1.17%	4.76%	1.90%	6.36%	19.43%
Medical Center Beaver <sup>5</sup>	-2.17%	-1.60%	-0.74%	3.18%	51.93%	5.21%
Mercy Pittsburgh <sup>1,5</sup>	5.74%	5.74%	3.49%	6.31%	58.66%	7.98%
Mercy Providence <sup>1,5</sup>	-5.92%	-5.92%	-7.52%	10.96%	53.18%	15.36%
Monongahela Valley <sup>5</sup>	0.45%	1.55%	3.07%	3.85%	66.14%	6.56%
Monsour <sup>5,14</sup>	-29.83%	-29.83%	NR	7.35%	NR	NR
Ohio Valley General <sup>5</sup>	2.86%	2.28%	8.13%	5.93%	54.64%	3.14%
Sewickley Valley <sup>5</sup>	0.73%	1.24%	3.68%	4.16%	47.88%	3.28%
St Clair Memorial <sup>5</sup>	1.61%	2.59%	4.08%	3.28%	50.27%	0.95%
Suburban General/Pgh <sup>5</sup>	-4.09%	-4.09%	-2.25%	4.54%	70.99%	1.95%
Uniontown <sup>5,14</sup>	2.86%	3.73%	5.65%	5.73%	57.20%	11.33%
UPMC Braddock <sup>5</sup>	1.38%	1.38%	1.07%	4.26%	64.00%	16.19%
UPMC McKeesport <sup>5</sup>	0.51%	1.24%	3.84%	2.96%	72.26%	8.62%
UPMC Passavant <sup>5</sup>	-1.36%	-0.83%	3.10%	2.03%	59.16%	0.91%
UPMC Presbyterian <sup>5</sup>	18.00%	18.16%	14.56%	2.84%	41.49%	8.27%
UPMC Shadyside	1.20%	3.17%	7.16%	4.61%	56.91%	4.18%
UPMC South Side <sup>5</sup>	0.34%	0.86%	3.07%	6.93%	57.82%	7.71%
UPMC St Margaret <sup>5</sup>	7.45%	7.89%	7.46%	1.96%	52.11%	2.02%
Washington <sup>5</sup>	-0.43%	1.31%	2.57%	2.65%	49.73%	7.99%
Western Pennsylvania <sup>5</sup>	2.95%	2.95%	2.57%	5.09%	45.66%	7.79%
Westmoreland Regional <sup>5</sup>	0.00%	0.11%	4.17%	4.56%	53.20%	3.78%

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

# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 2 Average	\$53	\$49	\$46	\$43	4.44%	\$55	\$50	\$48	\$45	4.40%
Bradford Regional <sup>5</sup>	\$47	\$42	\$41	\$42	4.15%	\$50	\$44	\$42	\$45	4.18%
Brookville <sup>5</sup>	\$23	\$22	\$21	\$21	3.41%	\$23	\$23	\$22	\$21	2.82%
Charles Cole Memorial <sup>5</sup>	\$43	\$40	\$37	\$36	6.70%	\$49	\$43	\$39	\$37	10.74%
Clarion <sup>5</sup>	\$36	\$32	\$29	\$29	8.00%	\$36	\$33	\$31	\$30	6.50%
Clearfield <sup>5</sup>	\$48	\$44	\$42	\$41	5.08%	\$47	\$44	\$44	\$45	1.09%
Corry Memorial <sup>5</sup>	\$18	\$15	\$15	\$14	10.36%	\$17	\$15	\$16	\$15	5.68%
DuBois Regional <sup>5</sup>	\$99	\$91	\$84	\$78	9.32%	\$100	\$91	\$82	\$75	10.63%
Elk Regional <sup>5</sup>	\$45	\$44	\$41	\$34	10.89%	\$45	\$44	\$41	\$34	11.31%
Ellwood City <sup>5</sup>	\$27	\$25	\$23	\$23	5.16%	\$29	\$27	\$26	\$25	5.22%
Hamot <sup>5</sup>	\$170	\$157	\$151	\$142	6.46%	\$172	\$156	\$155	\$144	6.36%
Jameson Memorial <sup>5</sup>	\$65	\$64	\$60	\$57	4.87%	\$69	\$67	\$63	\$62	3.72%
Kane Community	\$13	\$11	\$10	\$9	12.63%	\$13	\$11	\$10	\$9	12.78%
Meadville <sup>5</sup>	\$71	\$67	\$65	\$64	3.73%	\$76	\$68	\$67	\$68	3.91%
Metro Health Center <sup>5</sup>	\$14	\$15	\$15	\$18	-7.58%	\$18	\$17	\$18	\$20	-2.90%
Millcreek Community <sup>5,14</sup>	\$26	\$23	\$24	\$21	8.47%	\$27	\$24	\$22	\$20	12.76%
Punxsutawney Area	\$23	\$21	\$20	\$19	7.61%	\$24	\$22	\$21	\$20	7.40%
Saint Vincent Health <sup>5,6,8</sup>	\$162	\$152	\$143	\$148	3.13%	\$167	\$153	\$155	\$148	4.18%
Sharon Regional <sup>5</sup>	\$105	\$97	\$85	\$79	11.21%	\$115	\$107	\$88	\$81	14.33%
Titusville Area <sup>5</sup>	\$26	\$26	\$22	\$22	5.92%	\$27	\$25	\$22	\$21	8.50%
Union City Memorial <sup>1,2,8,11,14</sup>	\$1	\$5	\$5	\$5	NA	\$2	\$6	\$5	\$5	NA
United Community <sup>5</sup>	\$29	\$28	\$27	\$26	3.78%	\$29	\$27	\$26	\$25	5.57%
UPMC Horizon <sup>5</sup>	\$87	\$78	\$76	\$69	8.97%	\$84	\$77	\$74	\$72	5.47%
UPMC Northwest <sup>5</sup>	\$65	\$63	\$60	\$60	2.81%	\$64	\$62	\$61	\$62	0.82%
Warren General <sup>5</sup>	\$37	\$36	\$33	\$34	3.13%	\$37	\$40	\$36	\$35	1.75%

See footnotes on pages 42 and 43.

# INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 2 Average	0.23%	0.50%	1.13%	4.10%	47.43%	8.18%
Bradford Regional <sup>5</sup>	-3.06%	-2.15%	0.60%	1.90%	43.07%	16.38%
Brookville <sup>5</sup>	0.05%	1.03%	-1.85%	4.01%	56.36%	4.52%
Charles Cole Memorial <sup>5</sup>	-10.34%	-10.34%	-3.28%	2.81%	28.14%	19.89%
Clarion <sup>5</sup>	3.63%	3.11%	1.41%	3.38%	46.28%	7.03%
Clearfield <sup>5</sup>	4.12%	4.12%	2.18%	3.52%	57.38%	4.62%
Corry Memorial <sup>5</sup>	5.58%	6.65%	2.92%	5.61%	44.94%	6.21%
DuBois Regional <sup>5</sup>	1.56%	2.81%	4.21%	2.49%	44.62%	9.86%
Elk Regional <sup>5</sup>	1.69%	2.44%	2.40%	7.18%	46.07%	11.49%
Ellwood City <sup>5</sup>	-3.61%	-5.06%	0.69%	4.21%	54.76%	3.08%
Hamot <sup>5</sup>	2.14%	2.45%	2.36%	3.12%	46.19%	6.36%
Jameson Memorial <sup>5</sup>	4.34%	4.21%	2.48%	2.87%	59.10%	3.25%
Kane Community	2.02%	2.71%	3.18%	3.45%	54.10%	3.86%
Meadville <sup>5</sup>	-3.93%	-3.06%	0.35%	3.57%	44.41%	12.42%
Metro Health Center <sup>5</sup>	-26.46%	-25.17%	-12.97%	14.22%	50.76%	11.03%
Millcreek Community <sup>5,14</sup>	1.23%	4.18%	10.54%	8.90%	37.60%	17.16%
Punxsutawney Area	-2.18%	-1.09%	0.50%	6.28%	45.44%	9.21%
Saint Vincent Health <sup>5,6,8</sup>	-0.99%	-2.95%	-2.75%	5.22%	47.28%	7.00%
Sharon Regional <sup>5</sup>	-1.09%	-2.07%	-0.39%	2.45%	47.04%	9.19%
Titusville Area <sup>5</sup>	-2.68%	-1.44%	1.66%	5.45%	55.57%	11.54%
Union City Memorial <sup>1,2,8,11,14</sup>	-110.71%	-104.39%	-21.84%	19.98%	67.80%	2.95%
United Community <sup>5</sup>	1.29%	6.50%	8.65%	3.47%	44.48%	2.33%
UPMC Horizon <sup>5</sup>	5.51%	6.02%	5.09%	5.18%	49.61%	6.24%
UPMC Northwest <sup>5</sup>	3.95%	5.18%	4.12%	4.18%	51.35%	5.97%
Warren General <sup>5</sup>	0.02%	0.98%	-0.20%	5.45%	44.82%	3.62%

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

# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 3 Average	\$59	\$53	\$51	\$50	6.38%	\$62	\$55	\$53	\$53	5.57%
Altoona <sup>5</sup>	\$146	\$134	\$139	\$134	2.94%	\$160	\$145	\$144	\$135	6.14%
Bon Secours Holy Family <sup>1,5</sup>	\$63	\$51	\$50	\$54	5.90%	\$62	\$54	\$50	\$55	4.79%
Conemaugh Valley Memorial <sup>5</sup>	\$214	\$184	\$167	\$168	9.14%	\$220	\$188	\$183	\$190	5.42%
Indiana Regional <sup>5</sup>	\$68	\$61	\$56	\$55	7.62%	\$67	\$60	\$57	\$56	6.58%
Meyersdale Community	\$6	\$6	\$5	\$5	3.60%	\$6	\$6	\$6	\$6	4.50%
Miners <sup>11,14</sup>	\$12	\$12	\$11	\$10	7.35%	\$14	\$15	\$14	\$12	5.91%
Nason <sup>14</sup>	\$20	\$16	\$14	\$14	12.95%	\$19	\$16	\$16	\$15	10.02%
Somerset Center Health <sup>5</sup>	\$43	\$41	\$39	\$38	4.41%	\$42	\$40	\$38	\$37	4.49%
Tyrone	\$10	\$11	\$11	\$9	1.42%	\$12	\$12	\$10	\$10	8.26%
UPMC Bedford	\$24	\$24	\$23	\$20	7.43%	\$23	\$22	\$21	\$20	4.92%
UPMC Lee Regional <sup>5</sup>	\$88	\$82	\$79	\$74	6.02%	\$86	\$84	\$80	\$78	3.33%
Windber <sup>5</sup>	\$21	\$18	\$17	\$18	5.85%	\$26	\$24	\$21	\$20	9.35%

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 4 Average	\$55	\$50	\$47	\$44	5.61%	\$57	\$52	\$48	\$46	5.48%
Berwick <sup>1,5,10</sup>	\$32	\$29	\$26	\$19	NA	\$30	\$27	\$26	\$23	NA
Bloomsburg <sup>5,14</sup>	\$28	\$26	\$25	\$25	4.11%	\$31	\$29	\$28	\$27	4.76%
Bucktail <sup>5</sup>	\$4	\$3	\$3	\$3	6.79%	\$4	\$4	\$4	\$3	5.99%
Centre Community Hosp <sup>5</sup>	\$74	\$70	\$60	\$61	7.41%	\$75	\$70	\$61	\$60	7.87%
Evangelical Community <sup>5,14</sup>	\$73	\$70	\$63	\$54	11.87%	\$73	\$68	\$59	\$53	12.64%
Geisinger/Danville <sup>5,6</sup>	\$292	\$262	\$254	\$229	9.22%	\$313	\$289	\$260	\$250	8.42%
Jersey Shore <sup>5</sup>	\$17	\$15	\$13	\$12	12.33%	\$17	\$15	\$14	\$13	9.03%
Lewistown <sup>5</sup>	\$53	\$50	\$49	\$46	4.66%	\$53	\$51	\$46	\$46	5.49%
Lock Haven <sup>5</sup>	\$23	\$24	\$23	\$23	-0.40%	\$27	\$25	\$25	\$24	3.83%
Muncy Valley <sup>5</sup>	\$22	\$19	\$18	\$18	7.87%	\$21	\$19	\$18	\$18	5.76%
Philipsburg Area	\$16	\$15	\$12	\$14	5.25%	\$16	\$15	\$13	\$14	4.90%
Shamokin Area Community <sup>5</sup>	\$20	\$17	\$16	\$15	11.25%	\$19	\$17	\$16	\$16	6.87%
Soldiers & Sailors <sup>5</sup>	\$29	\$26	\$25	\$24	6.68%	\$30	\$27	\$25	\$24	8.31%
Sunbury Community <sup>5</sup>	\$26	\$26	\$24	\$21	8.64%	\$32	\$29	\$26	\$25	9.63%
Williamsport <sup>5</sup>	\$111	\$102	\$99	\$94	6.02%	\$120	\$102	\$96	\$91	10.65%

See footnotes on pages 42 and 43.

# INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 3 Average	0.39%	-0.19%	1.58%	4.16%	49.96%	6.09%
Altoona <sup>5</sup>	-7.00%	-5.97%	-1.42%	3.04%	43.35%	6.91%
Bon Secours Holy Family <sup>1,5</sup>	3.24%	3.69%	1.74%	5.27%	59.02%	6.82%
Conemaugh Valley Memorial <sup>5</sup>	2.48%	0.20%	1.38%	5.01%	52.74%	5.60%
Indiana Regional <sup>5</sup>	2.94%	-0.43%	3.79%	4.95%	48.49%	5.65%
Meyersdale Community	-8.18%	-6.35%	-6.64%	6.12%	76.06%	2.28%
Miners <sup>11,14</sup>	-11.11%	-9.18%	-11.05%	5.75%	NR	NR
Nason <sup>14</sup>	4.39%	4.12%	3.08%	2.62%	NR	NR
Somerset Center Health <sup>5</sup>	2.53%	3.23%	4.97%	3.18%	42.45%	10.64%
Tyrone	-22.69%	-21.80%	-5.25%	9.97%	47.06%	6.09%
UPMC Bedford	7.42%	8.74%	9.62%	2.83%	39.52%	5.70%
UPMC Lee Regional <sup>5</sup>	3.82%	4.20%	4.96%	2.75%	55.45%	5.67%
Windber <sup>5</sup>	1.78%	2.29%	-0.18%	3.91%	63.29%	3.36%

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 4 Average	0.05%	0.40%	2.70%	4.00%	41.57%	6.04%
Berwick <sup>1,5,10</sup>	7.25%	4.06%	2.84%	5.08%	51.49%	7.19%
Bloomsburg <sup>5,14</sup>	-8.15%	-6.87%	-5.88%	3.37%	22.54%	8.63%
Bucktail <sup>5</sup>	-0.10%	3.80%	-0.80%	8.78%	43.55%	26.55%
Centre Community Hosp <sup>5</sup>	1.27%	2.06%	2.69%	4.30%	39.11%	3.66%
Evangelical Community <sup>5,14</sup>	4.94%	6.49%	8.89%	2.54%	38.10%	2.67%
Geisinger/Danville <sup>5,6</sup>	-1.73%	-2.03%	1.96%	2.42%	40.44%	5.09%
Jersey Shore <sup>5</sup>	3.91%	4.17%	1.82%	3.65%	42.18%	2.23%
Lewistown <sup>5</sup>	1.17%	3.23%	6.32%	5.00%	50.38%	6.48%
Lock Haven <sup>5</sup>	-12.39%	-12.86%	-5.52%	5.12%	40.09%	12.35%
Muncy Valley <sup>5</sup>	4.02%	4.88%	5.08%	3.05%	30.07%	24.35%
Philipsburg Area	1.32%	1.64%	0.22%	13.36%	39.39%	6.52%
Shamokin Area Community <sup>5</sup>	9.71%	10.32%	6.94%	4.89%	63.31%	3.36%
Soldiers & Sailors <sup>5</sup>	-0.81%	-0.34%	1.80%	7.15%	42.50%	8.99%
Sunbury Community <sup>5</sup>	-12.84%	-10.93%	-2.52%	5.73%	48.80%	6.42%
Williamsport <sup>5</sup>	2.86%	3.23%	3.78%	5.34%	42.70%	5.76%

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

# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 5 Average	\$128	\$117	\$109	\$103	8.07%	\$130	\$119	\$112	\$107	7.03%
Carlisle Regional MC <sup>1,2,5,7,10</sup>	\$22	\$66	\$62	\$56	NA	\$21	\$75	\$64	\$60	NA
Chambersburg <sup>5</sup>	\$127	\$115	\$103	\$96	10.98%	\$123	\$113	\$101	\$94	10.09%
Community Lancaster <sup>1,3,5,10</sup>	\$46	\$41	\$9	\$36	8.75%	\$40	\$35	\$8	\$42	-1.41%
Ephrata Community <sup>5</sup>	\$78	\$65	\$70	\$56	13.20%	\$75	\$61	\$71	\$55	12.44%
Fulton County <sup>5</sup>	\$17	\$15	\$15	\$15	6.01%	\$17	\$16	\$15	\$14	6.56%
Gettysburg <sup>5</sup>	\$53	\$52	\$46	\$42	8.31%	\$54	\$51	\$45	\$43	8.78%
Good Samaritan/Lebanon <sup>5</sup>	\$95	\$86	\$83	\$80	5.92%	\$93	\$85	\$83	\$80	5.48%
Hanover Hosp <sup>14</sup>	\$67	\$63	\$59	\$57	6.09%	\$69	\$64	\$57	\$53	9.88%
Holy Spirit <sup>5</sup>	\$129	\$114	\$105	\$96	11.29%	\$133	\$116	\$107	\$96	12.72%
J C Blair Memorial <sup>5</sup>	\$29	\$28	\$28	\$27	2.20%	\$32	\$31	\$30	\$29	3.37%
Lancaster Gen/Susquehanna <sup>5</sup>	\$13	\$12	\$12	\$10	12.91%	\$15	\$15	\$13	\$10	16.06%
Lancaster General <sup>5</sup>	\$341	\$282	\$252	\$230	16.03%	\$341	\$299	\$262	\$238	14.29%
Lancaster Regional <sup>1,3,5,10</sup>	\$88	\$21	\$72	\$69	9.16%	\$76	\$19	\$76	\$101	-8.01%
Memorial York <sup>5</sup>	\$53	\$50	\$48	\$45	5.84%	\$55	\$51	\$48	\$46	6.37%
Milton S Hershey <sup>5</sup>	\$358	\$322	\$299	\$311	5.04%	\$377	\$346	\$338	\$335	4.14%
Pinnacle Health <sup>5</sup>	\$365	\$361	\$360	\$340	2.52%	\$392	\$382	\$365	\$340	5.05%
Waynesboro	\$36	\$34	\$30	\$28	8.85%	\$35	\$33	\$31	\$29	6.85%
York Hosp <sup>5</sup>	\$349	\$313	\$285	\$266	10.46%	\$342	\$302	\$272	\$259	10.64%

See footnotes on pages 42 and 43.

# INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 5 Average	1.94%	2.67%	4.03%	4.33%	38.32%	5.52%
Carlisle Regional MC <sup>1,2,5,7,10</sup>	6.96%	4.25%	6.40%	3.99%	40.27%	5.08%
Chambersburg <sup>5</sup>	4.70%	6.77%	8.17%	5.41%	41.51%	3.24%
Community Lancaster <sup>1,3,5,10</sup>	12.62%	9.59%	10.38%	4.49%	36.04%	8.55%
Ephrata Community <sup>5</sup>	6.77%	6.99%	5.92%	2.76%	31.05%	2.63%
Fulton County <sup>5</sup>	3.51%	3.91%	1.43%	5.46%	40.36%	16.15%
Gettysburg <sup>5</sup>	-1.35%	-2.59%	3.92%	5.05%	39.22%	3.72%
Good Samaritan/Lebanon <sup>5</sup>	4.75%	4.30%	4.67%	5.20%	58.49%	3.66%
Hanover Hosp <sup>14</sup>	-2.04%	0.39%	3.86%	4.42%	35.72%	1.74%
Holy Spirit <sup>5</sup>	0.42%	0.98%	5.77%	4.17%	40.26%	5.30%
J C Blair Memorial <sup>5</sup>	-5.70%	-3.86%	-2.50%	3.18%	39.72%	11.53%
Lancaster Gen/Susquehanna <sup>5</sup>	-9.53%	-9.50%	-11.21%	7.55%	34.10%	5.39%
Lancaster General <sup>5</sup>	6.04%	6.20%	4.40%	4.82%	35.79%	4.63%
Lancaster Regional <sup>1,3,5,10</sup>	15.45%	8.50%	14.58%	4.44%	42.48%	2.42%
Memorial York <sup>5</sup>	-1.36%	-0.80%	1.02%	5.37%	43.87%	6.86%
Milton S Hershey <sup>5</sup>	0.66%	0.95%	-1.11%	2.69%	31.31%	7.61%
Pinnacle Health <sup>5</sup>	-3.99%	-3.73%	0.68%	4.71%	41.44%	6.14%
Waynesboro	3.02%	2.81%	4.50%	4.84%	42.54%	2.12%
York Hosp <sup>5</sup>	5.07%	4.85%	8.46%	4.50%	37.18%	6.22%

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

# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 6 Average	\$62	\$58	\$55	\$53	5.39%	\$65	\$62	\$60	\$58	4.00%
Barnes Kasson County <sup>1,5</sup>	\$15	\$13	\$12	\$12	6.84%	\$16	\$14	\$13	\$13	7.24%
Community/Scranton <sup>5</sup>	\$126	\$121	\$119	\$107	5.71%	\$134	\$129	\$121	\$110	7.01%
Geisinger Wyoming Valley <sup>5</sup>	\$74	\$58	\$54	\$51	15.36%	\$77	\$62	\$56	\$55	13.72%
Hazleton General <sup>1,5</sup>	\$38	\$38	\$37	\$18	NA	\$40	\$41	\$40	\$20	NA
Hazleton St Joseph <sup>1,5</sup>	\$39	\$36	\$36	\$35	3.81%	\$39	\$38	\$38	\$38	1.33%
Marian Community <sup>5</sup>	\$30	\$29	\$28	\$27	4.44%	\$32	\$30	\$30	\$28	4.66%
Memorial/Towanda <sup>5</sup>	\$28	\$24	\$21	\$20	12.28%	\$27	\$24	\$21	\$20	10.54%
Mercy/Scranton <sup>1,5,6</sup>	\$110	\$103	\$102	\$106	1.24%	\$117	\$108	\$103	\$112	1.29%
Mercy/Wilkes-Barre <sup>1,5,6</sup>	\$75	\$71	\$70	\$65	4.81%	\$77	\$76	\$72	\$67	4.87%
Mid-Valley	\$9	\$9	\$10	\$10	-1.69%	\$11	\$10	\$10	\$11	-0.49%
Montrose General <sup>1</sup>	\$8	\$7	\$7	\$7	4.54%	\$8	\$8	\$8	\$7	4.52%
Moses Taylor <sup>5</sup>	\$90	\$83	\$70	\$64	13.20%	\$96	\$87	\$77	\$69	13.37%
Pocono MC <sup>5</sup>	\$102	\$86	\$82	\$78	10.14%	\$101	\$93	\$84	\$79	9.31%
Robert Packer <sup>5</sup>	\$137	\$123	\$113	\$106	9.83%	\$145	\$134	\$127	\$116	8.29%
Troy Community	\$7	\$7	\$8	\$8	-5.44%	\$8	\$8	\$10	\$10	-6.78%
Tyler Memorial	\$21	\$19	\$17	\$16	10.22%	\$21	\$19	\$16	\$17	8.49%
Wayne Memorial	\$41	\$40	\$38	\$34	6.69%	\$46	\$43	\$40	\$38	7.14%
WVHCS <sup>5</sup>	\$165	\$167	\$168	\$176	-2.10%	\$183	\$188	\$206	\$222	-5.83%

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 7 Average	\$126	\$114	\$105	\$100	8.71%	\$125	\$116	\$110	\$104	6.91%
Ashland Regional <sup>1,2,10,14</sup>	\$6	\$18	\$18	\$18	NA	\$6	\$20	\$20	\$18	NA
Easton <sup>1,2,5,10</sup>	\$31	\$115	\$107	\$114	NA	\$29	\$122	\$121	\$123	NA
Gnaden Huetten Memorial <sup>5</sup>	\$42	\$38	\$35	\$33	9.02%	\$40	\$37	\$34	\$33	7.28%
Good Samaritan Regional	\$52	\$49	\$48	\$48	2.73%	\$52	\$53	\$50	\$52	0.14%
Lehigh Valley <sup>5</sup>	\$396	\$354	\$317	\$304	9.99%	\$407	\$372	\$353	\$326	8.28%
Lehigh Valley/Muhlenberg	\$63	\$56	\$45	\$51	7.73%	\$70	\$61	\$55	\$53	10.28%
Palmerton	\$26	\$23	\$21	\$19	11.40%	\$27	\$24	\$22	\$20	10.84%
Pottsville Warne Clinic <sup>5,14</sup>	\$56	\$52	\$48	\$46	6.91%	\$59	\$54	\$49	\$49	6.39%
Reading <sup>5</sup>	\$332	\$304	\$274	\$252	10.45%	\$318	\$287	\$265	\$246	9.68%
Sacred Heart/Allentown <sup>5,14</sup>	\$97	\$91	\$84	\$74	10.23%	\$98	\$98	\$93	\$81	6.89%
St Joseph MC/Reading <sup>5</sup>	\$125	\$106	\$101	\$94	11.00%	\$116	\$102	\$100	\$100	5.39%
St Luke's Miners <sup>5</sup>	\$28	\$27	\$27	\$26	3.04%	\$28	\$27	\$26	\$24	5.07%
St Luke's/Bethlehem <sup>5</sup>	\$282	\$250	\$235	\$217	9.90%	\$281	\$250	\$237	\$223	8.63%

See footnotes on pages 42 and 43.



# INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 6 Average	-1.41%	-1.30%	-0.16%	4.64%	46.19%	6.46%
Barnes Kasson County <sup>1,5</sup>	-2.04%	-2.04%	0.32%	4.49%	36.03%	25.94%
Community/Scranton <sup>5</sup>	-2.69%	-2.54%	0.50%	4.46%	38.00%	9.92%
Geisinger Wyoming Valley <sup>5</sup>	-0.58%	-0.91%	3.54%	3.00%	43.30%	1.30%
Hazleton General <sup>1,5</sup>	-2.21%	0.99%	-1.72%	3.40%	60.89%	6.05%
Hazleton St Joseph <sup>1,5</sup>	-0.96%	1.04%	-0.89%	6.01%	42.91%	5.34%
Marian Community <sup>5</sup>	-2.45%	-1.65%	-1.27%	3.00%	50.92%	6.31%
Memorial/Towanda <sup>5</sup>	5.30%	6.09%	4.89%	5.66%	32.23%	11.54%
Mercy/Scranton <sup>1,5,6</sup>	-3.95%	-4.70%	-1.17%	5.20%	47.98%	5.34%
Mercy/Wilkes-Barre <sup>1,5,6</sup>	-1.27%	-7.36%	-4.27%	4.25%	47.53%	8.57%
Mid-Valley	-11.41%	-11.14%	-7.02%	4.06%	57.04%	2.63%
Montrose General <sup>1</sup>	2.19%	2.37%	-1.26%	3.53%	51.98%	4.24%
Moses Taylor <sup>5</sup>	-3.24%	-2.77%	-1.36%	3.48%	52.91%	6.86%
Pocono MC <sup>5</sup>	2.33%	2.46%	-0.10%	8.09%	43.28%	5.80%
Robert Packer <sup>5</sup>	2.02%	3.22%	5.87%	4.86%	46.00%	4.17%
Troy Community	-1.64%	-1.36%	-4.56%	5.24%	36.43%	10.66%
Tyler Memorial	3.58%	3.24%	4.90%	4.16%	36.74%	5.53%
Wayne Memorial	2.31%	3.94%	3.38%	7.44%	50.24%	5.08%
WVHCS <sup>5</sup>	-5.35%	-4.95%	-4.82%	3.16%	49.69%	6.43%

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 7 Average	4.37%	4.70%	3.96%	4.21%	44.34%	6.59%
Ashland Regional <sup>1,2,10,14</sup>	-1.23%	-0.45%	-4.04%	2.42%	NR	NR
Easton <sup>1,2,5,10</sup>	5.72%	2.73%	-0.95%	4.45%	42.13%	3.24%
Gnaden Huetten Memorial <sup>5</sup>	6.47%	7.53%	5.50%	3.58%	45.05%	13.32%
Good Samaritan Regional	3.55%	4.39%	3.15%	3.08%	52.20%	2.19%
Lehigh Valley <sup>5</sup>	4.31%	4.26%	3.50%	3.67%	43.37%	7.06%
Lehigh Valley/Muhlenberg	-0.89%	-1.13%	0.37%	2.65%	39.38%	2.69%
Palmerton	2.85%	4.46%	4.76%	3.63%	53.81%	1.96%
Pottsville Warne Clinic <sup>5,14</sup>	0.77%	0.77%	0.89%	3.43%	48.38%	7.69%
Reading <sup>5</sup>	6.91%	7.32%	8.52%	4.60%	38.96%	3.93%
Sacred Heart/Allentown <sup>5,14</sup>	3.30%	3.30%	-1.81%	4.99%	49.66%	6.11%
St Joseph MC/Reading <sup>5</sup>	7.98%	8.32%	6.26%	6.53%	45.62%	12.28%
St Luke's Miners <sup>5</sup>	1.95%	2.03%	2.18%	3.04%	63.39%	7.66%
St Luke's/Bethlehem <sup>5</sup>	2.23%	3.17%	3.65%	4.20%	45.81%	7.89%

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

# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 8 Average	\$113	\$104	\$96	\$84	8.23%	\$120	\$110	\$102	\$89	7.97%
Abington Memorial <sup>5</sup>	\$348	\$312	\$288	\$262	10.83%	\$391	\$345	\$324	\$300	10.15%
Brandywine <sup>1,2,5,10</sup>	\$44	\$56	\$61	\$63	NA	\$44	\$62	\$71	\$73	NA
Central Montgomery <sup>1,2,5</sup>	\$27	\$52	\$43	\$40	NA	\$30	\$55	\$47	\$43	NA
Chester County <sup>5</sup>	\$102	\$93	\$87	\$82	8.11%	\$115	\$101	\$92	\$91	8.57%
Crozer-Chester <sup>5</sup>	\$431	\$394	\$360	\$328	10.52%	\$433	\$400	\$363	\$330	10.33%
Delaware County Memorial <sup>5</sup>	\$131	\$116	\$104	\$98	11.17%	\$130	\$118	\$105	\$100	10.09%
Doylestown <sup>5</sup>	\$133	\$107	\$86	\$77	24.52%	\$146	\$122	\$94	\$85	23.92%
Elkins Park <sup>1,5,10</sup>	\$35	\$36	\$46	\$25	NA	\$44	\$45	\$49	\$28	NA
Grand View <sup>5</sup>	\$96	\$86	\$77	\$73	10.33%	\$98	\$89	\$82	\$75	10.31%
Holy Redeemer Hosp <sup>5,7</sup>	\$135	\$119	\$112	\$103	10.51%	\$137	\$119	\$112	\$106	9.82%
Jennersville Regional <sup>1,2,10</sup>	\$7	\$26	\$23	\$24	NA	\$7	\$41	\$39	\$30	NA
Main Line Bryn Mawr <sup>5</sup>	\$152	\$172	\$154	\$141	2.70%	\$158	\$175	\$160	\$151	1.37%
Main Line Lankenau <sup>5</sup>	\$199	\$180	\$166	\$166	6.73%	\$212	\$191	\$169	\$161	10.56%
Main Line Paoli <sup>5</sup>	\$80	\$67	\$62	\$59	11.93%	\$78	\$67	\$62	\$60	10.09%
Mercy Community <sup>1,5,11</sup>	\$24	\$28	\$25	\$26	-2.33%	\$36	\$33	\$30	\$28	9.06%
Mercy Fitzgerald <sup>1,5</sup>	\$121	\$129	\$121	\$122	-0.20%	\$146	\$136	\$128	\$127	4.85%
Mercy Suburban <sup>1,5</sup>	\$59	\$56	\$53	NR	NR	\$62	\$56	\$55	NR	NR
Montgomery Hosp <sup>5</sup>	\$75	\$70	\$71	\$76	-0.36%	\$83	\$77	\$78	\$79	1.69%
Phoenixville <sup>5</sup>	\$82	\$68	\$57	\$48	24.10%	\$78	\$64	\$57	\$50	18.26%
Pottstown Memorial <sup>5,6</sup>	\$92	\$83	\$72	\$75	7.31%	\$92	\$83	\$77	\$78	5.77%
Riddle Memorial <sup>5</sup>	\$83	\$75	\$75	\$71	5.42%	\$90	\$82	\$76	\$72	8.61%
St Luke's Quakertown <sup>5</sup>	\$23	\$21	\$21	\$19	6.40%	\$24	\$23	\$24	\$22	4.45%
St Mary <sup>1,2,5</sup>	\$71	\$133	\$115	\$106	NA	\$68	\$126	\$120	\$109	NA
Temple Lower Bucks <sup>5</sup>	\$80	\$76	\$71	\$66	7.04%	\$84	\$82	\$78	\$74	4.95%
Warminster <sup>1,5,10</sup>	\$49	\$46	\$45	\$23	NA	\$50	\$46	\$46	\$23	NA

See footnotes on pages 42 and 43.

# INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 8 Average	-0.18%	-0.19%	1.51%	4.94%	45.36%	5.60%
Abington Memorial <sup>5</sup>	1.36%	3.50%	4.93%	2.79%	48.44%	2.12%
Brandywine <sup>1,2,5,10</sup>	2.66%	2.40%	-3.80%	7.59%	36.60%	2.52%
Central Montgomery <sup>1,2,5</sup>	-10.09%	-2.98%	-3.24%	5.21%	40.49%	2.01%
Chester County <sup>5</sup>	-4.35%	-4.35%	-1.66%	3.85%	34.58%	4.45%
Crozer-Chester <sup>5</sup>	2.04%	2.17%	1.92%	9.44%	38.69%	13.20%
Delaware County Memorial <sup>5</sup>	2.04%	2.24%	1.70%	7.88%	47.83%	7.63%
Doylestown <sup>5</sup>	-13.40%	-13.28%	-4.43%	3.65%	44.28%	2.04%
Elkins Park <sup>1,5,10</sup>	-20.12%	-12.47%	-8.67%	4.40%	52.60%	3.82%
Grand View <sup>5</sup>	2.01%	-9.20%	4.85%	3.17%	44.89%	1.95%
Holy Redeemer Hosp <sup>5,7</sup>	2.14%	1.41%	4.47%	1.98%	51.81%	2.54%
Jennersville Regional <sup>1,2,10</sup>	-0.46%	-2.59%	-14.49%	4.32%	28.92%	7.10%
Main Line Bryn Mawr <sup>5</sup>	0.54%	0.36%	3.08%	2.26%	46.38%	2.64%
Main Line Lankenau <sup>5</sup>	4.95%	0.39%	4.70%	3.49%	50.21%	4.76%
Main Line Paoli <sup>5</sup>	11.09%	12.39%	9.21%	3.52%	39.38%	1.93%
Mercy Community <sup>1,5,11</sup>	-40.95%	-40.95%	-22.82%	5.35%	63.03%	2.89%
Mercy Fitzgerald <sup>1,5</sup>	-12.00%	-12.00%	-3.12%	7.41%	48.29%	12.44%
Mercy Suburban <sup>1,5</sup>	-1.22%	-1.22%	3.02%	1.71%	50.00%	5.34%
Montgomery Hosp <sup>5</sup>	-5.38%	-5.38%	-1.86%	5.47%	51.80%	5.25%
Phoenixville <sup>5</sup>	7.98%	8.14%	7.62%	2.41%	38.74%	1.50%
Pottstown Memorial <sup>5,6</sup>	1.85%	2.81%	0.72%	6.22%	48.57%	4.96%
Riddle Memorial <sup>5</sup>	-3.90%	-1.92%	1.01%	3.46%	45.51%	2.86%
St Luke's Quakertown <sup>5</sup>	-2.48%	-2.43%	-5.32%	5.81%	43.03%	4.41%
St Mary <sup>1,2,5</sup>	6.20%	6.50%	2.84%	3.87%	41.80%	0.54%
Temple Lower Bucks <sup>5</sup>	2.56%	3.27%	-0.78%	5.72%	47.36%	10.67%
Warminster <sup>1,5,10</sup>	-1.72%	-1.07%	0.05%	5.64%	55.27%	7.31%

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

# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (million)				3-yr Avg Change in NPR FY99-FY02	Total Operating Expenses TOE (million)				3-yr Avg Change in TOE FY99-FY02
	FY02	FY01	FY00	FY99		FY02	FY01	FY00	FY99	
Region 9 Average	\$209	\$183	\$156	\$133	8.43%	\$218	\$190	\$164	\$147	6.26%
Albert Einstein <sup>5,6,7</sup>	\$322	\$320	\$311	\$254	8.96%	\$352	\$330	\$309	\$259	12.03%
Chestnut Hill <sup>5</sup>	\$83	\$73	\$70	\$63	10.68%	\$88	\$75	\$73	\$68	10.32%
Children's Hosp Phila <sup>7,14</sup>	\$501	\$468	\$414	\$338	15.98%	\$578	\$521	\$462	\$387	16.39%
Frankford <sup>5,14</sup>	\$278	\$252	\$237	\$198	13.41%	\$284	\$250	\$234	\$188	17.10%
Graduate <sup>1,5,10</sup>	\$142	\$134	\$126	\$72	NA	\$134	\$127	\$121	\$78	NA
Hahnemann University <sup>1,5,10</sup>	\$356	\$292	\$265	\$134	NA	\$328	\$285	\$267	\$143	NA
Hospital Fox Chase Cancer <sup>6,14</sup>	\$99	\$88	\$79	\$68	14.90%	\$95	\$85	\$77	\$66	14.68%
Hospital University PA <sup>5</sup>	\$753	\$666	\$609	\$613	7.64%	\$736	\$670	\$665	\$761	-1.09%
Jeanes <sup>14</sup>	\$83	\$75	\$75	\$73	4.13%	\$88	\$79	\$79	\$75	5.83%
Medical College PA <sup>1,5,10</sup>	\$169	\$150	\$153	\$76	NA	\$186	\$181	\$166	\$89	NA
Mercy Philadelphia <sup>1,5</sup>	\$81	\$83	\$75	\$75	2.81%	\$91	\$85	\$82	\$79	4.96%
Nazareth <sup>1,2,5</sup>	\$41	\$77	\$68	\$67	NA	\$41	\$76	\$74	\$67	NA
Parkview <sup>1,5,10</sup>	\$47	\$40	\$49	\$26	NA	\$54	\$49	\$52	\$28	NA
Pennsylvania <sup>5</sup>	\$257	\$234	\$204	\$197	10.00%	\$266	\$237	\$230	\$220	6.98%
Presbyterian <sup>5</sup>	\$200	\$199	\$194	\$156	9.21%	\$230	\$214	\$189	\$175	10.45%
Roxborough Memorial <sup>5</sup>	\$44	\$44	\$42	\$38	4.85%	\$53	\$49	\$46	\$43	7.30%
St Agnes <sup>1,2,5</sup>	\$29	\$60	\$57	\$50	NA	\$34	\$65	\$61	\$55	NA
St Christopher's Children <sup>1,10</sup>	\$123	\$105	\$112	\$59	NA	\$112	\$101	\$113	\$61	NA
St Joseph's/Philadelphia	\$49	\$45	\$43	\$37	9.92%	\$52	\$48	\$46	\$41	9.63%
Temple East <sup>5</sup>	\$78	\$71	\$71	\$64	7.53%	\$78	\$72	\$79	\$67	5.10%
Temple Univ Children's	\$30	\$31	\$29	\$20	17.44%	\$64	\$34	\$31	\$25	52.09%
Temple University <sup>5</sup>	\$456	\$406	\$336	\$280	20.96%	\$432	\$389	\$340	\$298	14.97%
Thomas Jefferson Univ <sup>5,6</sup>	\$696	\$632	\$578	\$550	8.85%	\$722	\$655	\$591	\$556	9.95%
Wills Eye Hosp <sup>14</sup>	\$28	\$36	\$55	\$68	-19.71%	\$49	\$57	\$73	\$72	-10.57%

See footnotes on pages 42 and 43.

## 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 startup period.
5. The hospital has specialty units such as psychiatric, rehabilitation, long-term care, skilled nursing, home health, etc., which are included in the data presented for the facility.
6. Extraordinary item(s) reported on audited financial statement was included in the calculation of total margin.
7. Balance sheet ratios are for the parent organization.
8. Acquired or merged with another licensed hospital during the FY02 reporting period.
9. Acquired or merged with another licensed hospital during the FY00 or FY01 reporting periods.

# INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY02 *	Total Margin FY02 *	3-yr Average Total Margin FY00-FY02	Uncompensated Care to NPR FY02	Medicare Share of NPR FY02	Medical Assistance Share of NPR FY02
Region 9 Average	2.26%	2.67%	3.44%	6.66%	36.08%	17.62%
Albert Einstein <sup>5,6,7</sup>	-2.62%	0.18%	4.97%	4.65%	48.21%	26.92%
Chestnut Hill <sup>5</sup>	-3.34%	-2.98%	0.16%	2.45%	44.57%	5.59%
Children's Hosp Phila <sup>7,14</sup>	3.58%	3.99%	5.50%	6.71%	0.17%	25.24%
Frankford <sup>5,14</sup>	2.03%	2.03%	4.36%	10.96%	44.89%	9.75%
Graduate <sup>1,5,10</sup>	7.97%	4.94%	4.87%	2.62%	50.60%	15.40%
Hahnemann University <sup>1,5,10</sup>	11.23%	6.96%	4.78%	6.94%	55.41%	10.30%
Hospital Fox Chase Cancer <sup>6,14</sup>	4.01%	4.63%	4.89%	2.37%	37.38%	0.73%
Hospital University PA <sup>5</sup>	8.22%	8.33%	5.26%	10.20%	30.75%	12.23%
Jeanes <sup>14</sup>	-2.05%	1.64%	3.05%	2.51%	52.46%	4.69%
Medical College PA <sup>1,5,10</sup>	-3.69%	-2.29%	-2.86%	10.05%	47.41%	24.52%
Mercy Philadelphia <sup>1,5</sup>	-5.01%	-5.01%	0.64%	7.00%	49.85%	26.86%
Nazareth <sup>1,2,5</sup>	1.70%	1.97%	-2.01%	6.28%	69.37%	4.83%
Parkview <sup>1,5,10</sup>	-11.87%	-7.36%	-6.03%	13.17%	54.16%	25.22%
Pennsylvania <sup>5</sup>	3.84%	10.14%	3.68%	5.26%	34.50%	10.81%
Presbyterian <sup>5</sup>	-7.94%	-7.96%	-0.13%	9.96%	39.97%	6.38%
Roxborough Memorial <sup>5</sup>	-15.63%	-12.66%	-6.64%	5.62%	66.16%	5.77%
St Agnes <sup>1,2,5</sup>	-11.26%	-11.16%	-3.96%	5.13%	66.10%	12.66%
St Christopher's Children <sup>1,10</sup>	12.05%	7.47%	5.03%	4.93%	0.06%	49.98%
St Joseph's/Philadelphia	-6.66%	-6.66%	-2.22%	15.15%	41.09%	50.55%
Temple East <sup>5</sup>	3.01%	3.25%	1.77%	3.86%	46.90%	34.62%
Temple Univ Children's	-90.75%	-90.75%	-32.46%	5.11%	1.94%	52.83%
Temple University <sup>5</sup>	7.82%	10.18%	10.40%	4.72%	33.16%	31.50%
Thomas Jefferson Univ <sup>5,6</sup>	2.37%	1.56%	2.97%	3.83%	39.55%	9.98%
Wills Eye Hosp <sup>14</sup>	-63.29%	-62.83%	-17.07%	15.31%	NR	NR

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

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 by a different name or it closed after 2002 reporting period.
12. Facility failed to submit both an audited financial statement and PHC4's financial form.
13. Not in compliance with one of PHC4's financial filing requirements.
14. Incomplete data submission.

NR – Information necessary to report or calculate this measure was not reported 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 are presented as a single patient.

**Commercial Third-Party Payors:** Commercial insurers encompass all indemnity and managed care health insurance plans, including Blue Cross and Blue Shield plans, and hospital and health care system plans. 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 Payors:** Third-party payors other than health insurance companies and managed care organizations. These include direct payments by employers or associations, auto insurance, workers compensation, and government programs (other than Medicare and Medical Assistance).

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

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

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

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

**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 FY99 through FY02.

$$(((\text{NPR}_{02} - \text{NPR}_{99}) / \text{NPR}_{99}) / 3) \text{ or } (((\text{TOE}_{02} - \text{TOE}_{99}) / \text{TOE}_{99}) / 3)$$

**Three-year Average Total Margin:** The average total margin realized by the hospital during FY00 through FY02.

$$(\sum \text{revenue over expenses}_{02,01,00} / \sum \text{total revenue}_{02,01,00})$$

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

For the for-profit hospitals, total net income is net of a *pro rata* share of income taxes, gains and 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 and 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 PHC4's filing requirements (audited financial statements or the financial data form) at the filing deadline.

### No Submission

St Francis New Castle (closed 10/31/02 and was acquired by Jameson Health System, Inc. on 11/1/02; merged into Jameson Memorial Hospital on 11/1/02)

St Francis/Cranberry (closed 10/31/02; licensed and reopened as of 11/1/02 under UPMC Passavant – Cranberry)

St Francis MC (closed 10/31/02)

### Late Submission

Aliquippa Community  
 Berwick  
 Bloomsburg  
 Brookville  
 Brownsville General  
 Bucktail  
 Butler Memorial  
 Carlisle Regional MC  
 Centre Community Hosp  
 Charles Cole Memorial  
 Clarion  
 Ellwood City  
 Frankford  
 Gnaden Huetten Memorial  
 Good Samaritan/Lebanon  
 Hospital Fox Chase Cancer  
 Jennersville Regional  
 Lock Haven  
 Marian Community  
 Medical College PA  
 Metro Health Center  
 Monsour  
 Philipsburg Area  
 Reading  
 St Joseph's/Philadelphia  
 Temple East  
 UPMC Passavant  
 Windber

## Hospitals with Fiscal Year-End other than 6/30/02

Ashland Regional .....	12/31/2001
Barnes Kasson County .....	9/30/2001
Berwick.....	12/31/2001
Bon Secours Holy Family .....	8/31/2001
Brandywine .....	12/31/2001
Carlisle Regional MC.....	9/30/2001
Central Montgomery .....	12/31/2001
Community Lancaster .....	9/30/2001
Easton .....	12/31/2001
Elkins Park .....	5/31/2002
Graduate.....	5/31/2002
Hahnemann University .....	5/31/2002
Hazleton General.....	12/31/2001
Hazleton St Joseph .....	12/31/2001
Jennersville Regional .....	12/31/2001
Lancaster Regional.....	9/30/2001
Medical College PA .....	5/31/2002
Mercy Community .....	12/31/2001
Mercy Fitzgerald .....	12/31/2001
Mercy Philadelphia .....	12/31/2001
Mercy Pittsburgh.....	12/31/2001
Mercy Providence.....	12/31/2001
Mercy Suburban .....	12/31/2001
Mercy/Scranton .....	12/31/2001
Mercy/Wilkes-Barre .....	12/31/2001
Montrose General .....	12/31/2001
Nazareth .....	12/31/2001
Parkview .....	5/31/2002
St Agnes.....	12/31/2001
St Christopher's Children .....	5/31/2002
St Mary .....	12/31/2001
Union City Memorial .....	11/30/2001
Warminster .....	5/31/2002



**Pennsylvania Health Care  
Cost Containment Council**

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**For More Information**

Additional financial and utilization data for Fiscal Year 2002 and prior years may be purchased.  
For more information, contact PHC4's Data Requests Unit.

The information contained in this report and other PHC4 publications  
are available on our Web site [www.phc4.org](http://www.phc4.org).