

Hospital Facts to Know

Services

- Over 35 million people are admitted to the hospital each year.
- Hospitals treat nearly 118 million people in their emergency departments (EDs) and provide care to 481 million other outpatients each year.
- Hospitals deliver over 4 million babies each year.
- In 2006, hospitals provided care to people in need at a cost of over \$31 billion of care for which no payment was received.
- Hospitals screen and, if an emergent condition is found, stabilize every patient who comes through the ED.

Contribution to the Economy

- Hospitals employ more than 5 million people.
- Behind restaurants, hospitals are the second largest private sector employer.
- When also accounting for hospital purchases of goods and services from other businesses, hospitals support one of every 10 jobs in the U.S and \$1.9 trillion dollars of economic activity.

Finances

- One-third of hospitals lose money on operations.
- Hospital operating margins were 4.0% in 2006, down from 4.6% in 1996 just prior to the *Balanced Budget Act of 1997*.

Payment for Medicare and Medicaid Services

- Together Medicare and Medicaid represent 55% of care provided by hospitals.
- Medicare payment falls short of the cost of caring for Medicare patients.
 - ✓ Medicare pays only 91 cents for each dollar spent caring for Medicare patients.
 - ✓ 64% of hospitals are paid less than the costs of services provided to Medicare patients.
 - ✓ The Medicare funding shortfall for hospital care exceeds \$18 billion dollars.
- Medicaid payment falls short of the cost of caring for Medicaid patients.
 - ✓ Hospitals receive an average of 86 cents for each dollar spent caring for Medicaid patients.
 - ✓ 76% of hospitals are paid less than the costs of services to Medicaid patients.
 - ✓ The Medicaid funding shortfall for hospital care exceeds \$11 billion dollars.

(over)



Impact of Medicare and Medicaid Cuts on Privately Insured (Cost Shifting)

- When Medicare and Medicaid fail to cover their share of hospital costs, hospitals are forced to make cutbacks that affect the whole community and/or look to the privately insured to make up the difference.
 - ✓ The actuarial firm Milliman Inc. found that Medicare and Medicaid shortfalls in hospital payment add \$490 dollars to the annual cost of family coverage in Washington state.
 - ✓ RAND found that growing Medicare and Medicaid shortfalls accounted for 12% of the increase in rates paid to hospitals by private insurers in California between 1997 and 2001.

Capacity Constraints

- 65% of urban hospitals and 47% of all hospitals reported that their EDs were at or over capacity in 2007.
- 56% of urban hospital EDs report time on “diversion” – when the hospital cannot accept additional patients by ambulance.
- Hospitals have an estimated 116,000 registered nurse vacancies.
- By 2020, the U.S. will face a projected shortage of 1 million registered nurses.