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**Trends Affecting Hospitals
and Health Systems**

*TrendWatch
Chartbook*

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**American Hospital
Association**

TrendWatch Chartbook 2004

Trends Affecting
Hospitals and Health Systems

May 2004

Prepared by
The Lewin Group, Inc.
for
The American Hospital Association

TrendWatch is a partnership between The American Hospital Association and The Lewin Group designed to provide research and analysis of important and emerging trends in the hospital and health care field. The TrendWatch team members track hospital and health care issues, prepare quarterly reports on emerging and important trends, and offer technical support to AHA and member organizations.

The American Hospital Association (AHA) is the national organization that represents and serves all types of hospitals, health care networks, and their patients and communities. Close to 5,000 institutional, 600 associate, and 40,000 personal members come together to form the AHA.



The Lewin Group is a strategic health and human services consulting firm with over 30 years' experience in the US and around the world. The Lewin Group's mission is to help improve health policy and increase knowledge about health and human services systems worldwide.





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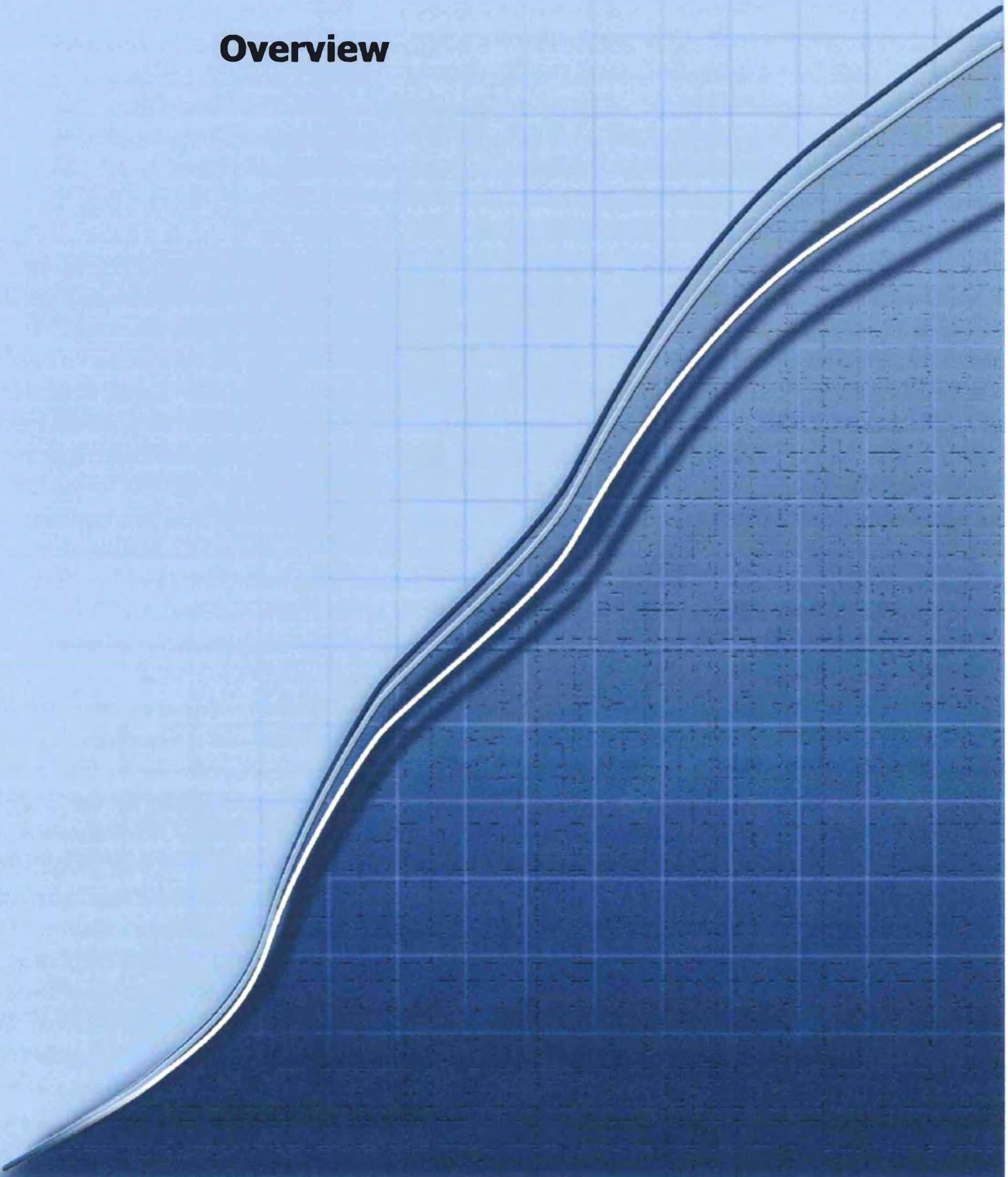
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There are many people who made significant contributions toward the completion of this report. Presented below is a list of the staff of The Lewin Group and The American Hospital Association who were actively involved in the production of the *TrendWatch Chartbook 2004*.

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Sophie LaMontagne
Caroline Steinberg
Christina Worrall

Overview





Overview

In 2003, Congress passed the most sweeping reform to the Medicare program since its inception by adding outpatient prescription drugs to its list of benefits. The Medicare Prescription Drug Improvement and Modernization Act (MMA) made many other changes to the program, including increasing payments to hospitals (primarily those in rural areas) by about \$25 billion over the next 10 years and expanding coverage for certain preventive services, such as cardiovascular and diabetes screening tests. However, large federal budget deficits combined with the steep cost of the new legislation have created challenges. And, the effects of the MMA remain to be seen.

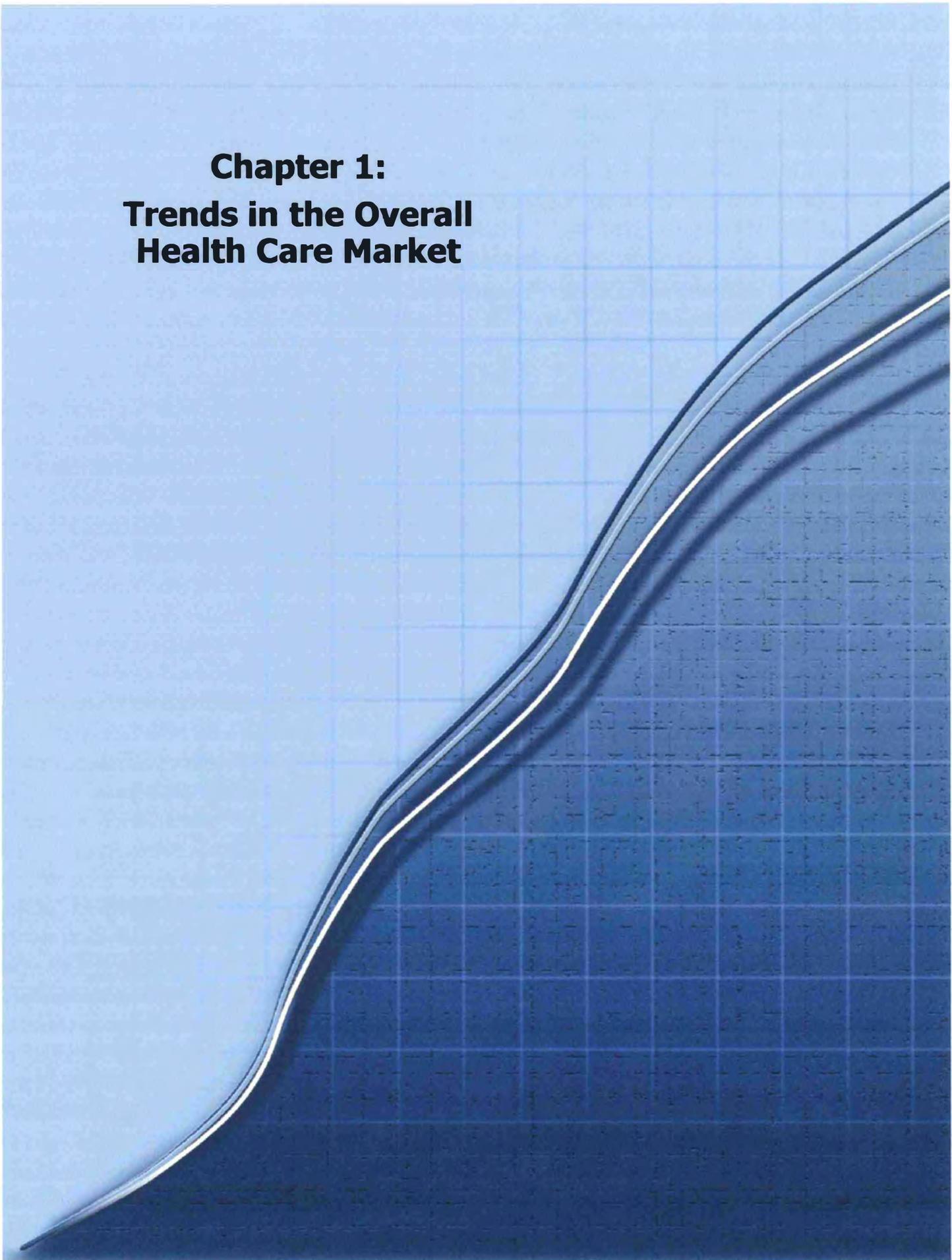
Recent trends in health care spending and hospital use reveal that national health expenditures grew over 9 percent between 2001 and 2002, topping \$1.5 trillion. Health expenditures reached over 14 percent of the gross domestic product. While hospital services were the largest category of spending, prescription drugs continued to grow at a higher rate.

Hospitals have been under financial pressure in the last five years, both from public and private payers. Since 1999, up to one third of hospitals have had negative total margins. Early data for 2003 show a decline in operating and patient margins, while a sharp gain in non-operating income – due to improvement in the investment environment – pushed up total margins. Meanwhile, the performance of health plans continues to improve.

Every year, hospitals provide valuable health care services to those who need them, but the importance of hospitals goes well beyond the health care services they provide. Unlike many other sectors of the economy that lost vitality and shed jobs during the 2001 recession, the health care sector – and hospitals, in particular – provided an economic mainstay. For example, hospitals support one out of every nine jobs, either directly or indirectly, in the U.S.

The following charts report trends in the hospital field within the context of the broader health care environment. Hospital data are drawn primarily from the American Hospital Association Annual Surveys. The Chartbook begins with a chapter on overall patterns in health care spending, financing, and coverage. The next four chapters examine trends specific to hospital organizational, volume and utilization, financing, and workforce issues. The final chapter contains data on the economic benefits hospitals provide to their communities.

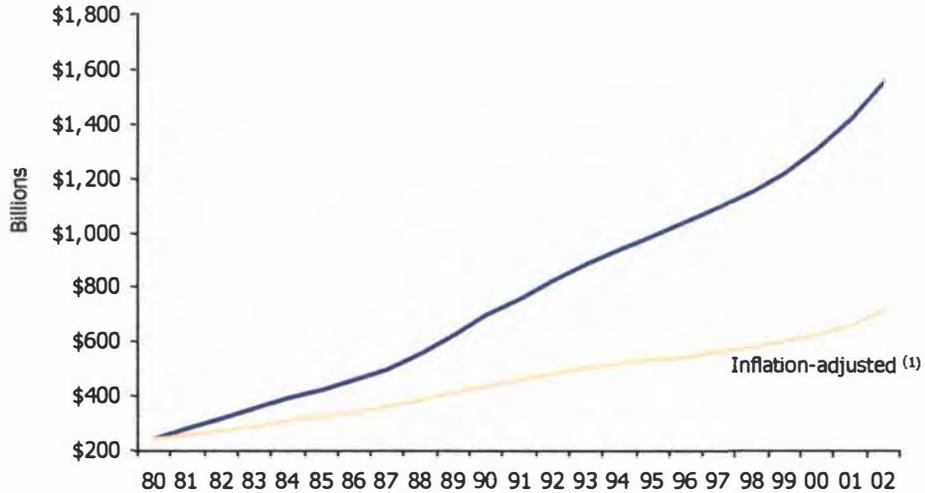
**Chapter 1:
Trends in the Overall
Health Care Market**





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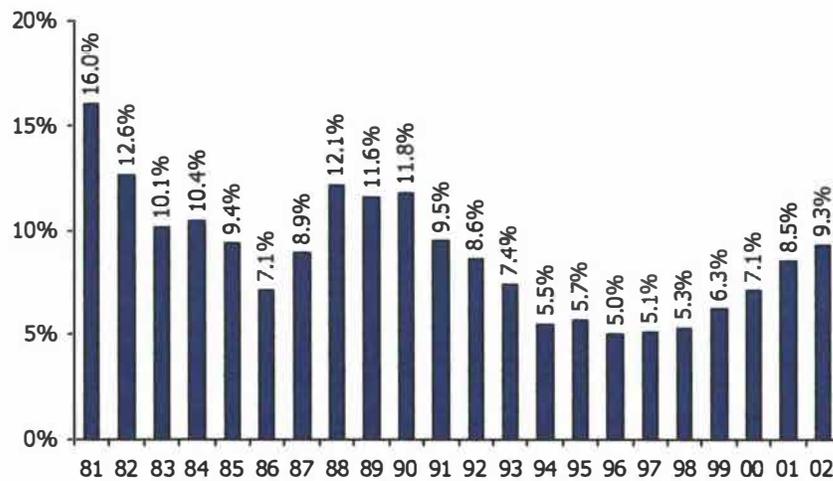
Chart 1.1:
Total National Health Expenditures
1980 - 2002



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

(1) Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for All Urban Consumers

Chart 1.2:
Percent Change in Total National Health Expenditures
1981 - 2002

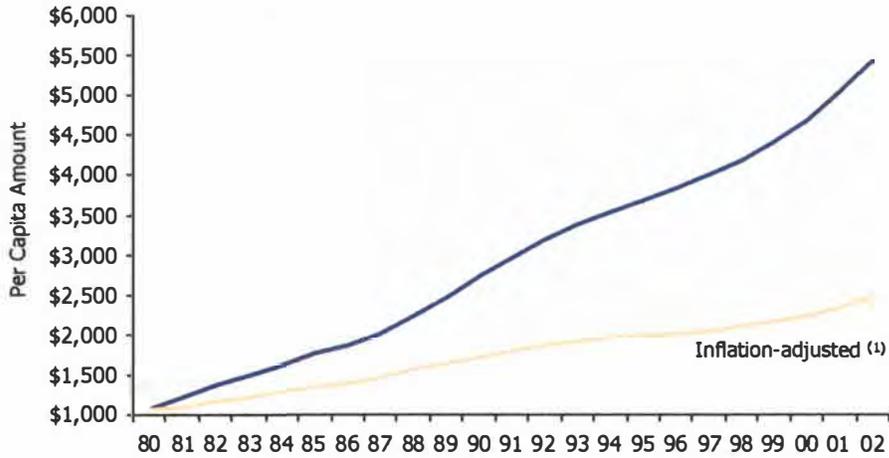


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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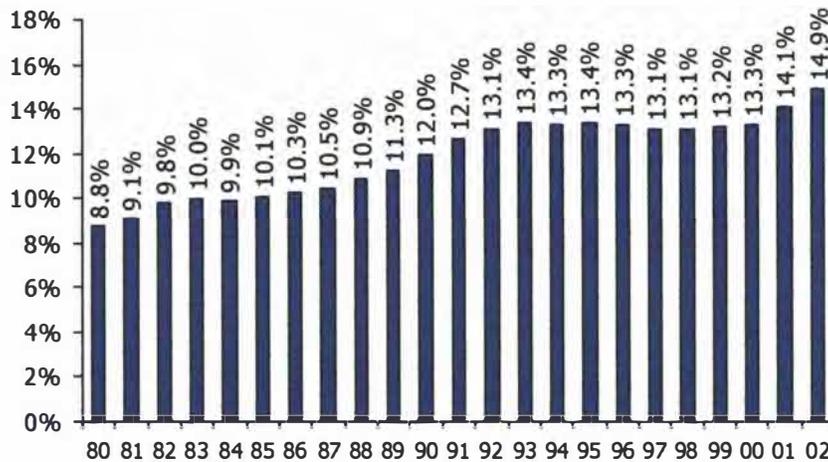
**Chart 1.3:
Per Capita National Health Expenditures
1980 - 2002**



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

(1) Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for All Urban Consumers

**Chart 1.4:
National Health Expenditures
as a Percentage of Gross Domestic Product
1980 - 2002**

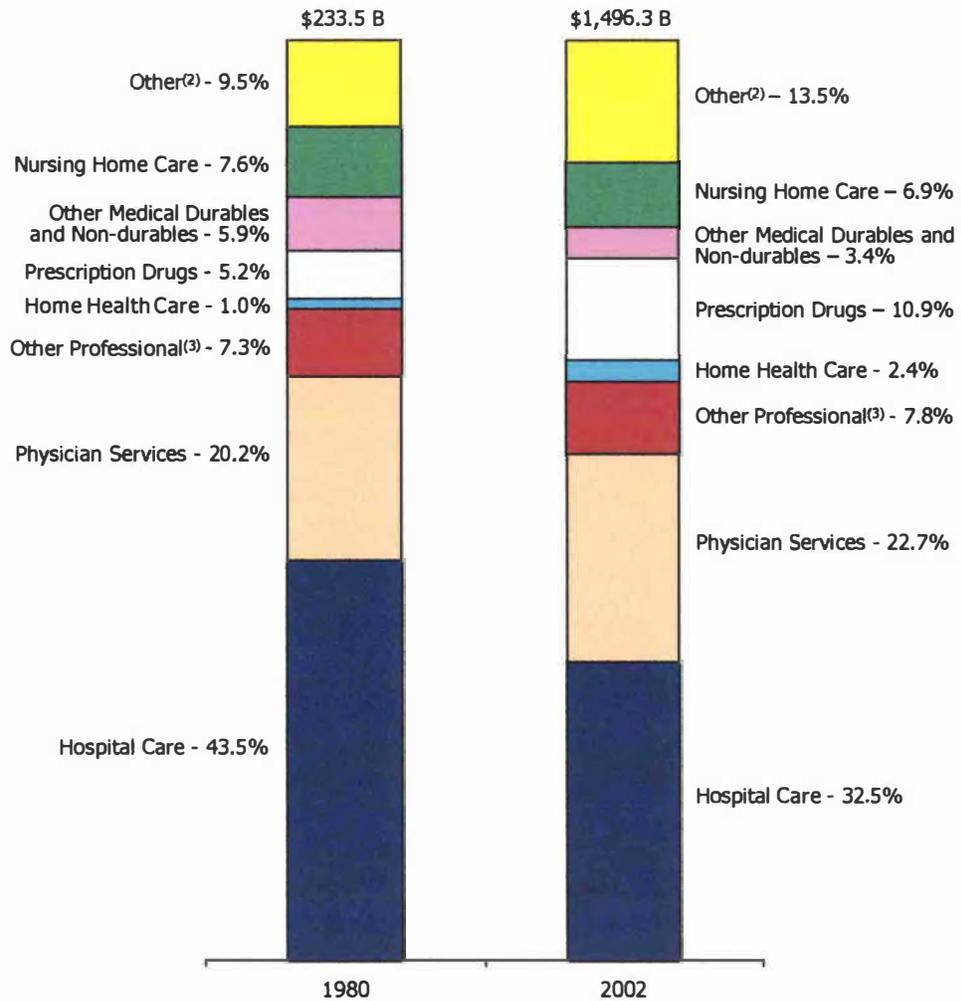


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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**Chart 1.5:
National Expenditures for Health Services
and Supplies⁽¹⁾ by Category
1980 and 2002**



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

⁽¹⁾ Excludes medical research and medical facilities construction

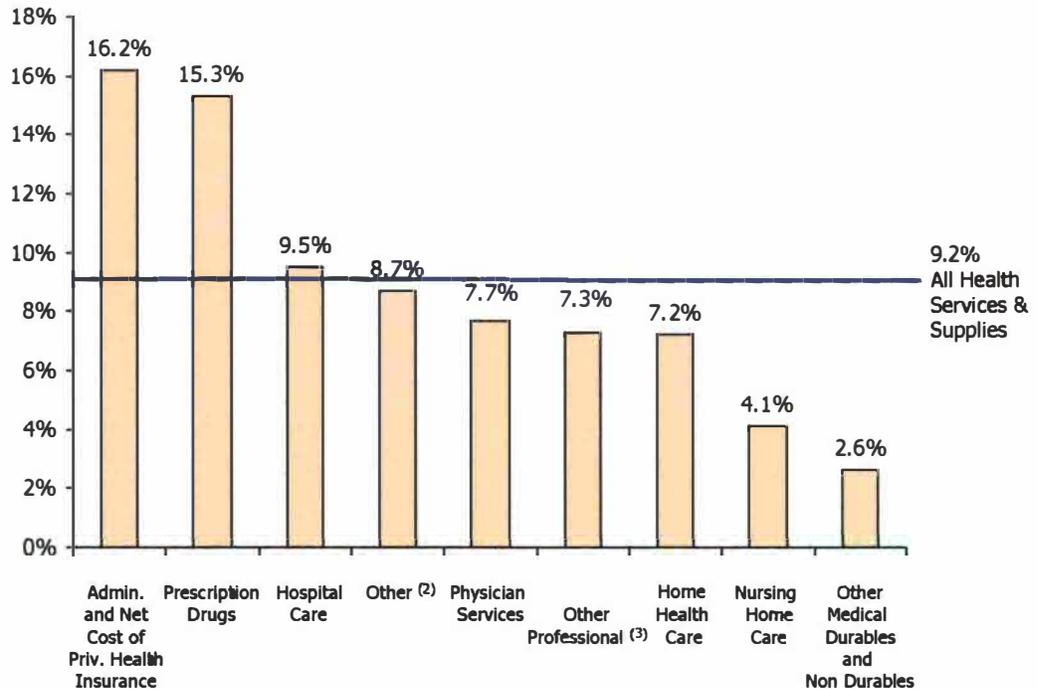
⁽²⁾ "Other" includes net cost of insurance and administration, government public health activities, and other personal health care

⁽³⁾ "Other professional" includes dental and other non-physician professional services



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Chart 1.6:
**Percent Change in National Expenditures for Health
Services and Supplies⁽¹⁾ by Category**
2001 - 2002



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

⁽¹⁾ Excludes medical research and medical facilities construction

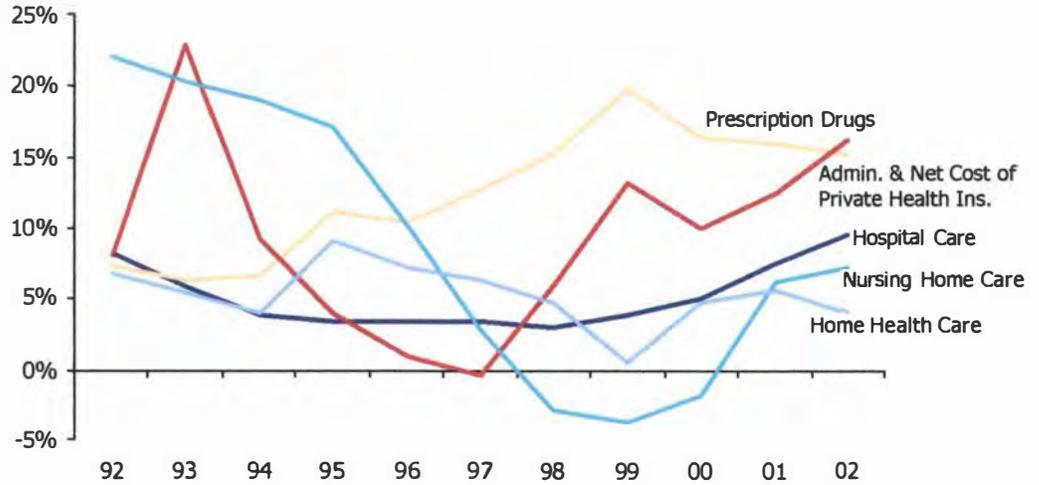
⁽²⁾ "Other" includes government public health activities and other personal health care

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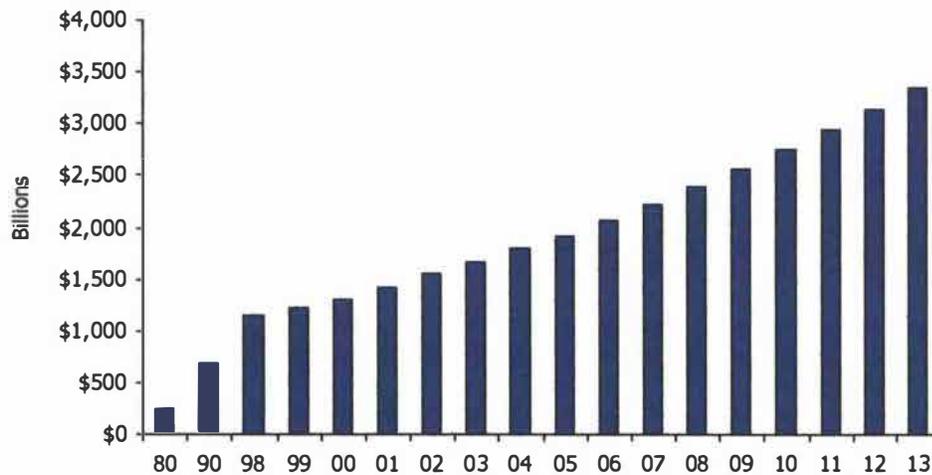
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**Chart 1.7:
Percent Change in National Expenditures for
Selected Health Services and Supplies
1992 - 2002**



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

**Chart 1.8:
National Health Expenditures⁽¹⁾
1980 - 2013**



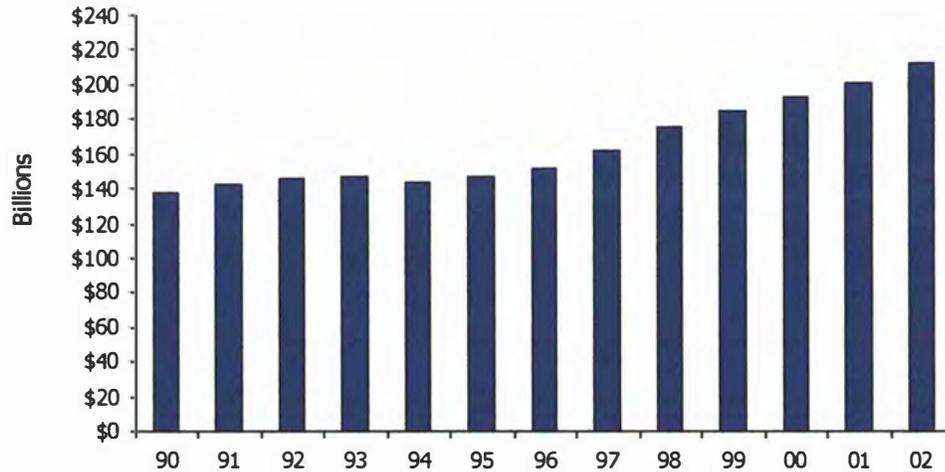
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

⁽¹⁾ Years 2003 - 2013 are projections



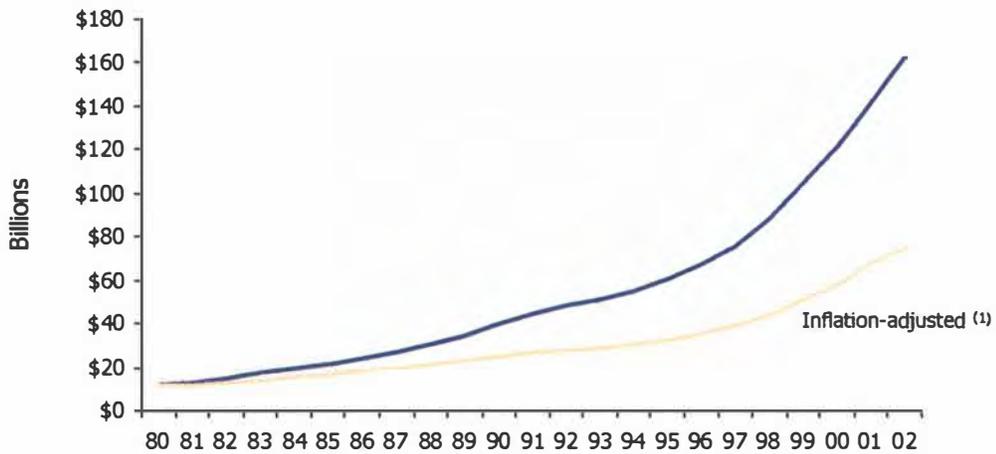
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**Chart 1.9:
Consumer Out-of-Pocket Payments for National Health Expenditures
1990 - 2002**



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

**Chart 1.10:
Total Prescription Drug Spending
1980 - 2002**



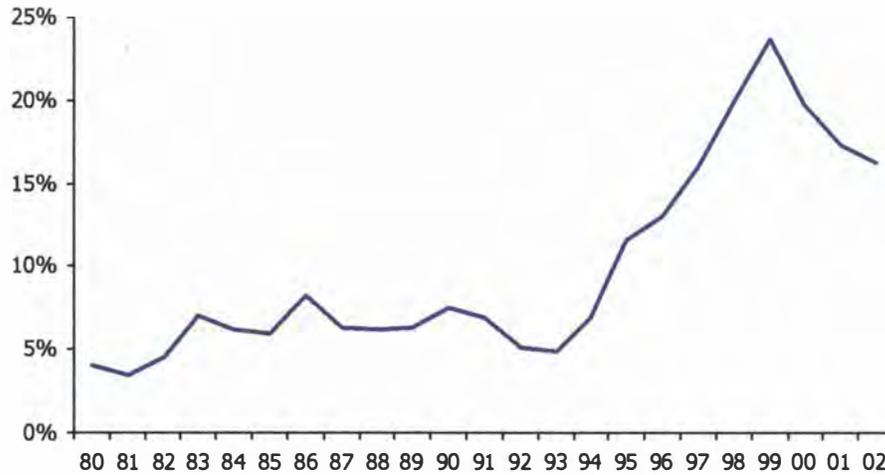
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

(1) Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for All Urban Consumers



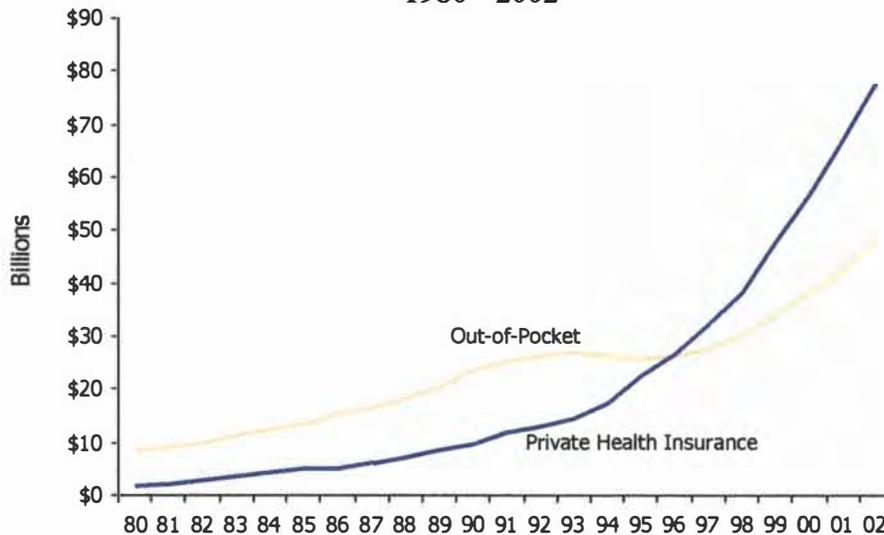
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**Chart 1.11:
Growth in Total Prescription Drug Spending
as a Percentage of Total Growth in National Health Expenditures
1980 - 2002**



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

**Chart 1. 12:
Consumer Out-of-Pocket Spending vs. Private Health
Insurance Spending for Prescription Drugs
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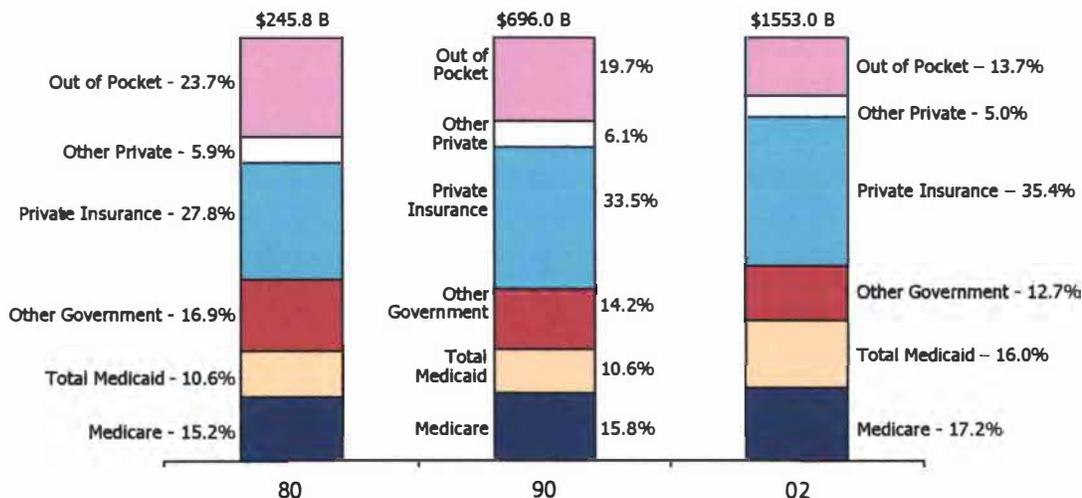


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



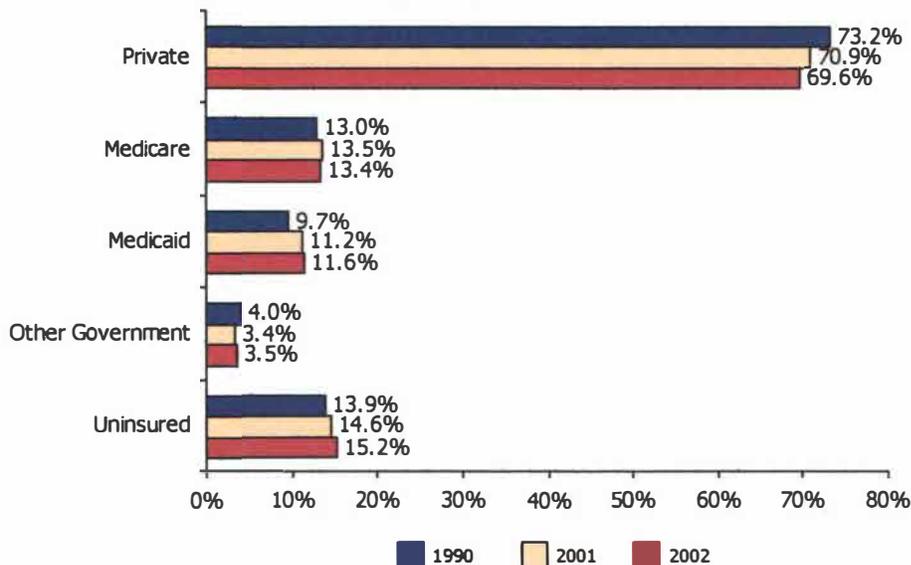
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Chart 1.13:
Distribution of National Health Expenditures
by Source of Payment
1980, 1990, and 2002



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

Chart 1.14:
Distribution of Health Insurance Coverage
Percentage of Population Covered by Payer
1990, 2001, and 2002⁽¹⁾



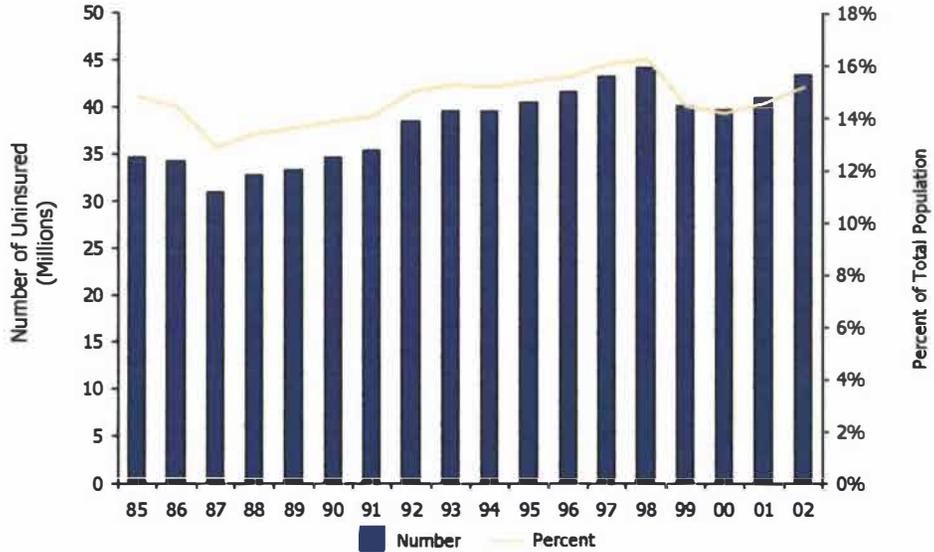
Source: US Census Bureau, Health Insurance Coverage in the United States: 2002

⁽¹⁾ 2001 and 2002 data use population estimates based on Census 2000.



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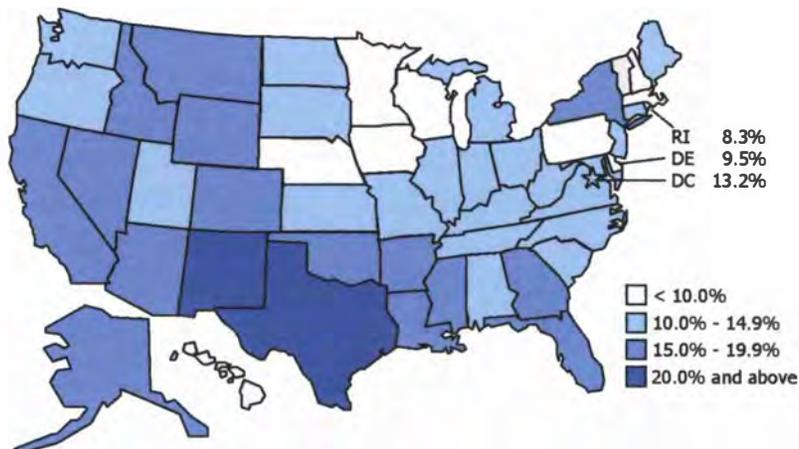
**Chart 1.15:
Number and Percent Uninsured⁽¹⁾
1985 - 2002**



Source: US Census Bureau, Health Insurance Coverage in the United States: 2002

⁽¹⁾ 1999 - 2002 data use population estimates based on Census 2000

**Chart 1.16:
Average Percent Uninsured by State
2000-2002**

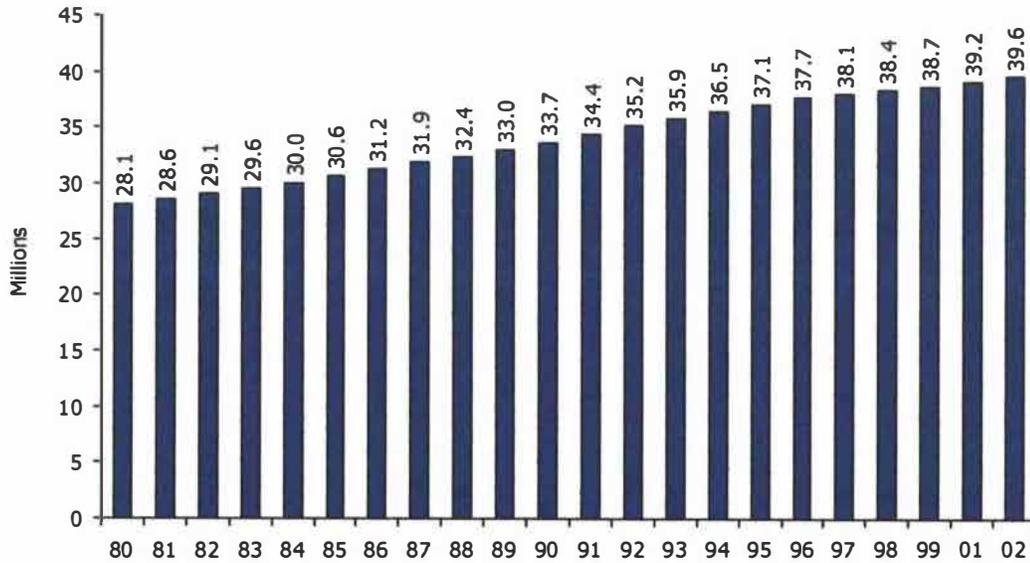


Source: US Census Bureau, Health Insurance Coverage in the United States: 2002



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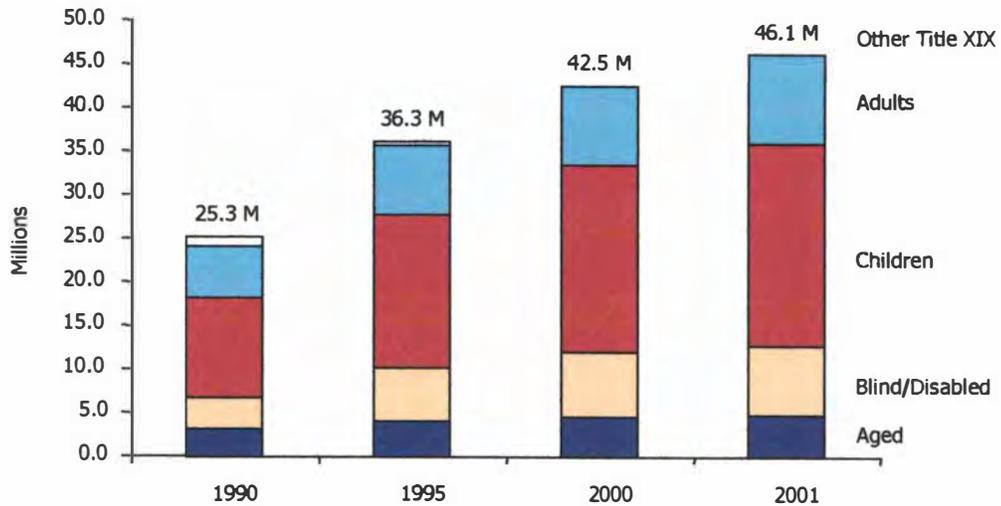
**Chart 1.17:
Medicare Enrollees⁽¹⁾
1980 - 2002**



Source: Centers for Medicare & Medicaid Services

⁽¹⁾ Hospital insurance (Part A) enrollees only; includes all persons (aged and disabled)

**Chart 1.18:
Medicaid Enrollees⁽¹⁾
1990, 1995, 2000, and 2001**



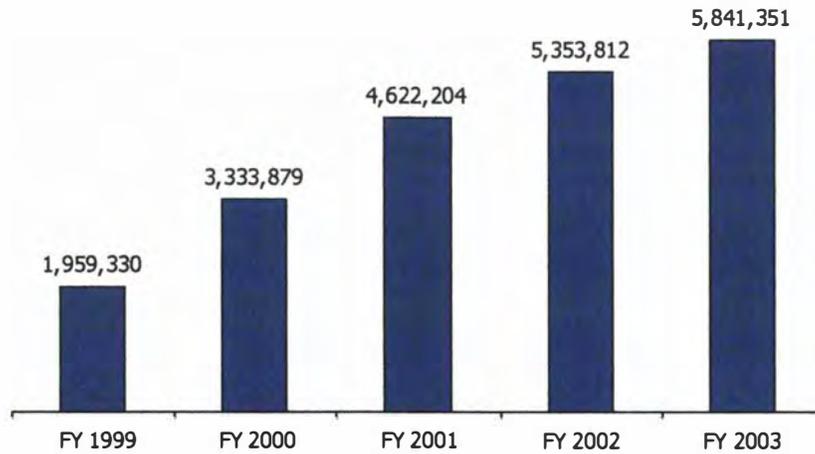
Source: Centers for Medicare & Medicaid Services

⁽¹⁾ Does not include S-CHIP Enrollees



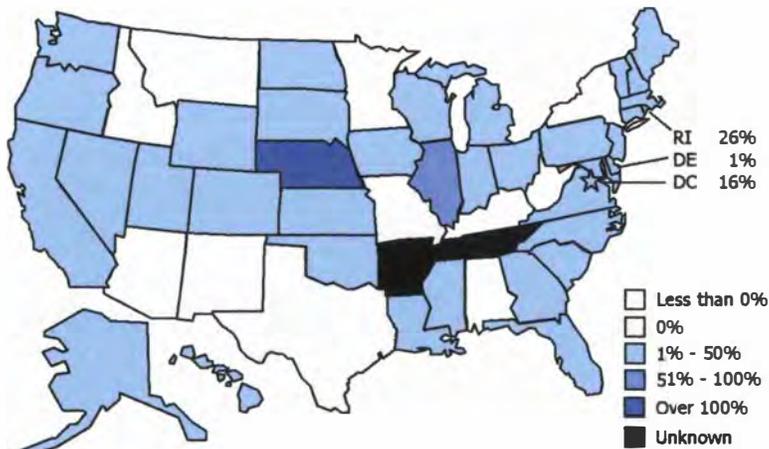
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Chart 1.19:
National SCHIP Enrollment⁽¹⁾
FY 1999 - FY 2003



Source: Centers for Medicare & Medicaid Services
⁽¹⁾ Number of children enrolled at any point in the year

Chart 1.20:
Percent Change in SCHIP Enrollment By State
FY 2002 - FY 2003

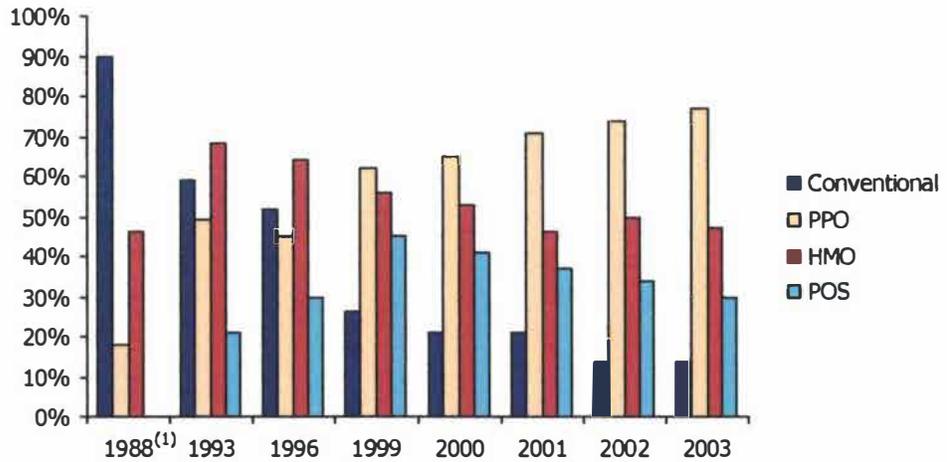


Source: Centers for Medicare & Medicaid Services, FY 2003 Number of Children Ever Enrolled in SCHIP by Program Type, January 22, 2004



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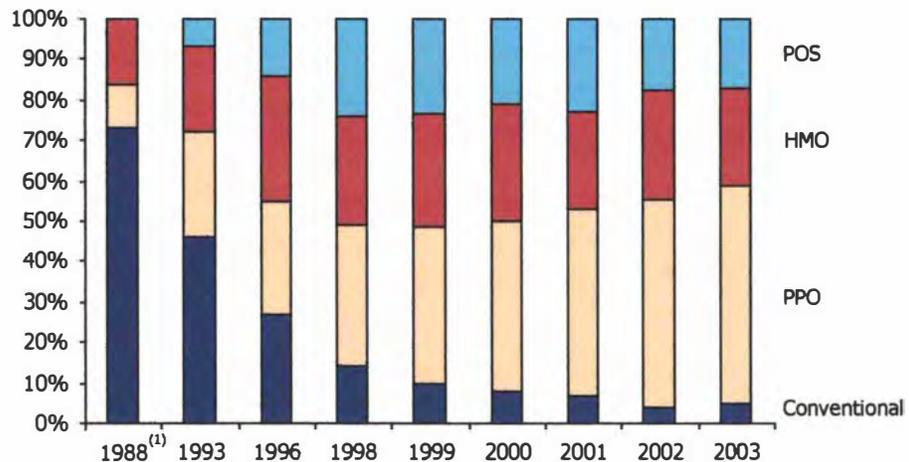
Chart 1.21:
Percentage of Employees with Employer-based Coverage Who Can Choose Conventional, PPO, HMO and POS Plans 1988 - 2003



Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 2000, 2002, 2003; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

⁽¹⁾ Point-of-service plans not separately identified

Chart 1.22:
Distribution of Employer-sponsored Health Insurance Enrollment by Type of Plan 1988 - 2003



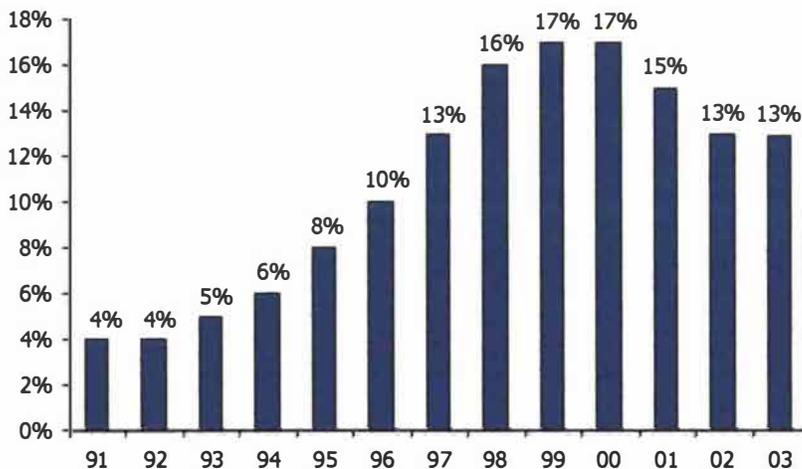
Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002, 2003; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

⁽¹⁾ Point-of-service plans not separately identified



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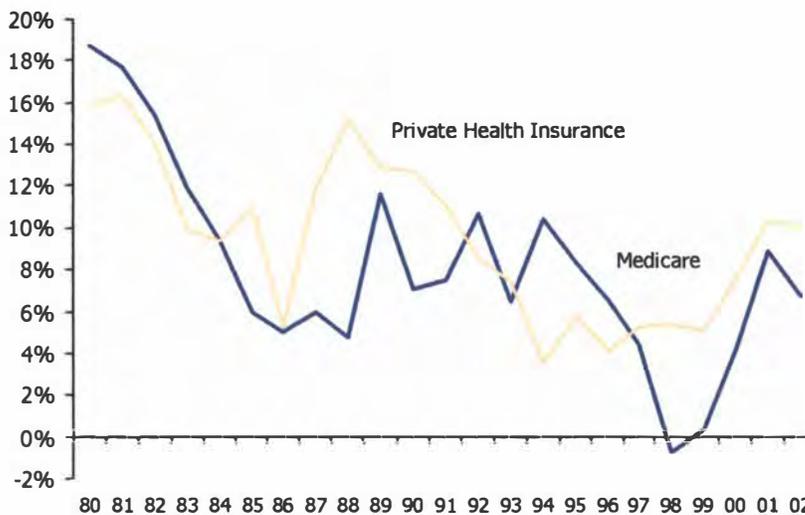
Chart 1.23:
Percentage of Medicare Beneficiaries Enrolled in Medicare Managed Care ⁽¹⁾
1991 - 2003



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

⁽¹⁾ Percentages are risk enrollees divided by enrollees who have both hospital insurance and supplementary medical insurance

Chart 1.24:
Percent Growth in Medicare Spending per Beneficiary vs. Private Health Insurance Spending per Enrollee
1980 - 2002

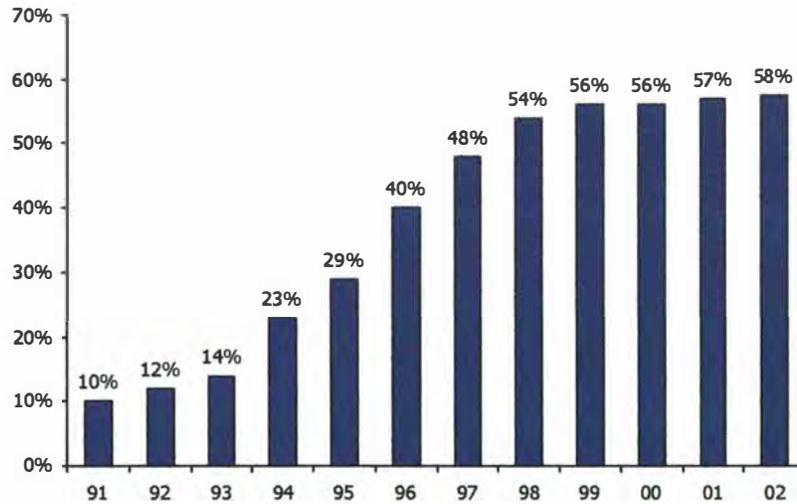


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



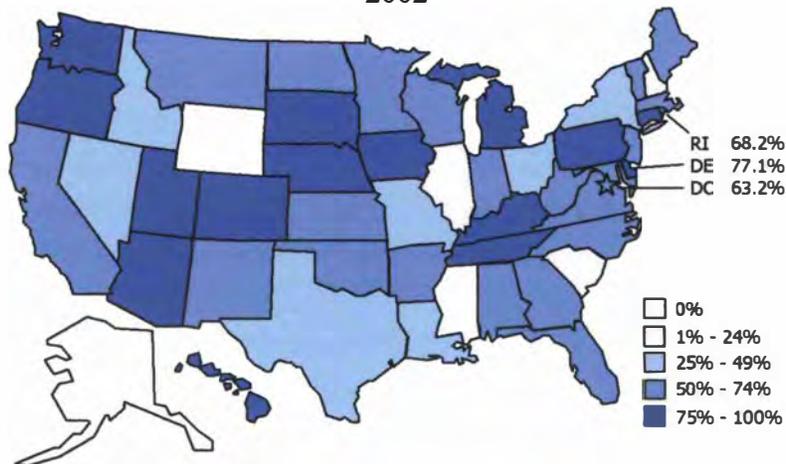
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**Chart 1.25:
Percentage of Medicaid Beneficiaries Enrolled
in Medicaid Managed Care
1991 - 2002**



Source: Centers for Medicare & Medicaid Services, Office of the Actuary

**Chart 1.26:
Percentage of Medicaid Beneficiaries Enrolled
in Medicaid Managed Care by State
2002**

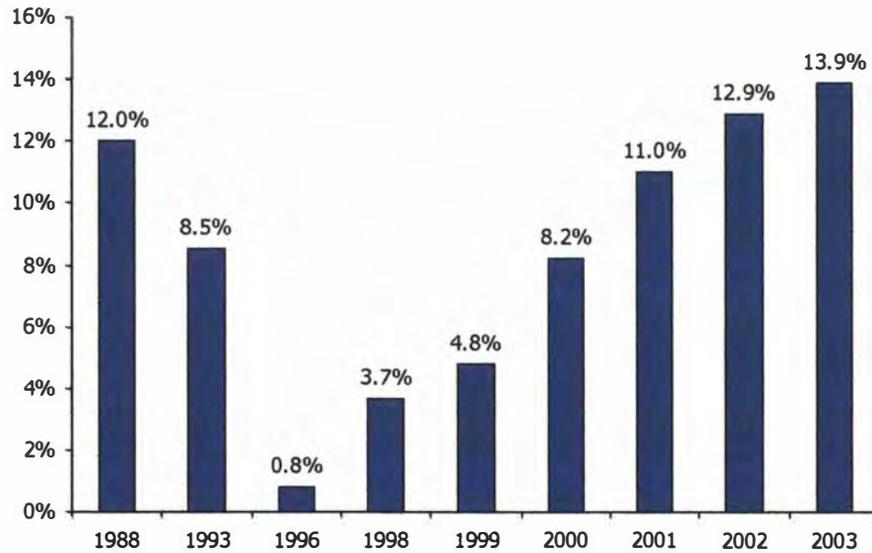


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



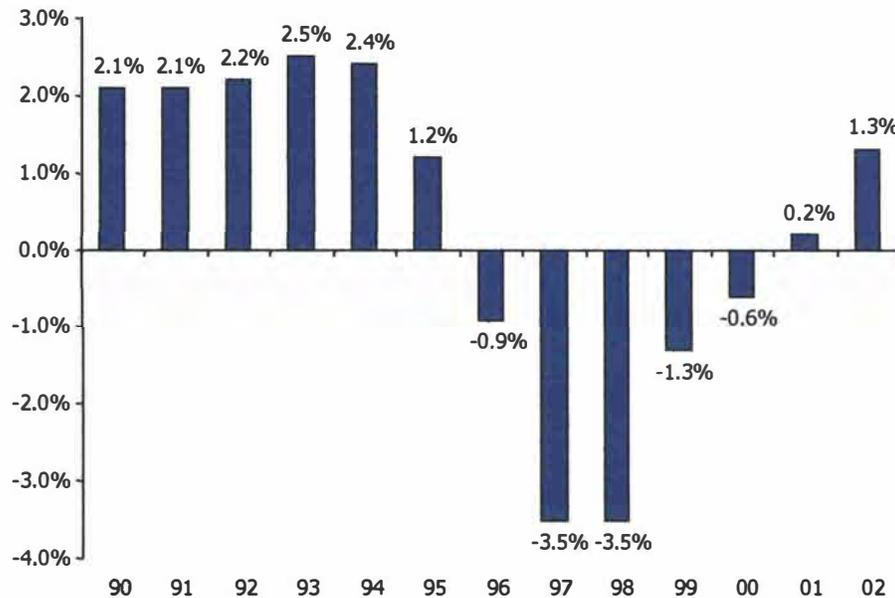
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Chart 1.27:
Annual Change in Health Insurance Premiums
1988 - 2003



Source: The Kaiser Family Foundation and Health Research and Educational Trust, Employer Health Benefits 2000, 2001, 2002, 2003 Annual Surveys; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

Chart 1.28:
HMO Plan Median Operating Margins
1990 - 2002

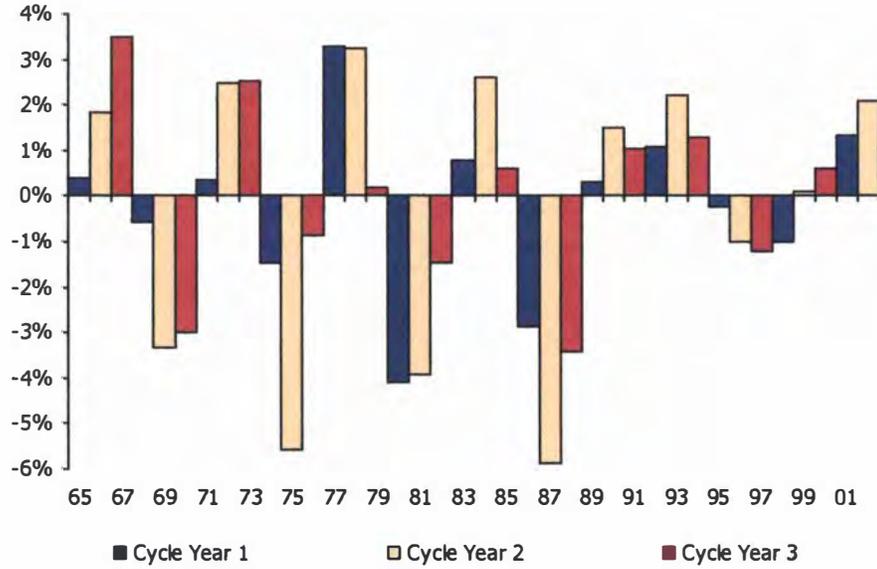


Source: Interstudy Competitive Edge: HMO Industry Report 13.2



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**Chart 1.29:
Blue Cross/Blue Shield Underwriting Gain/Loss
1965 - 2002**



Source: Milliman USA

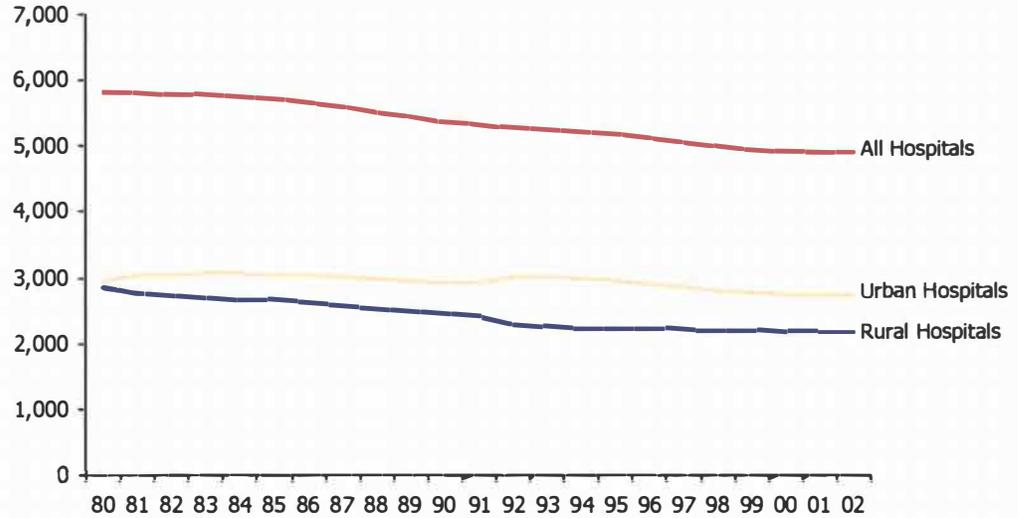
Chapter 2: Organizational Trends





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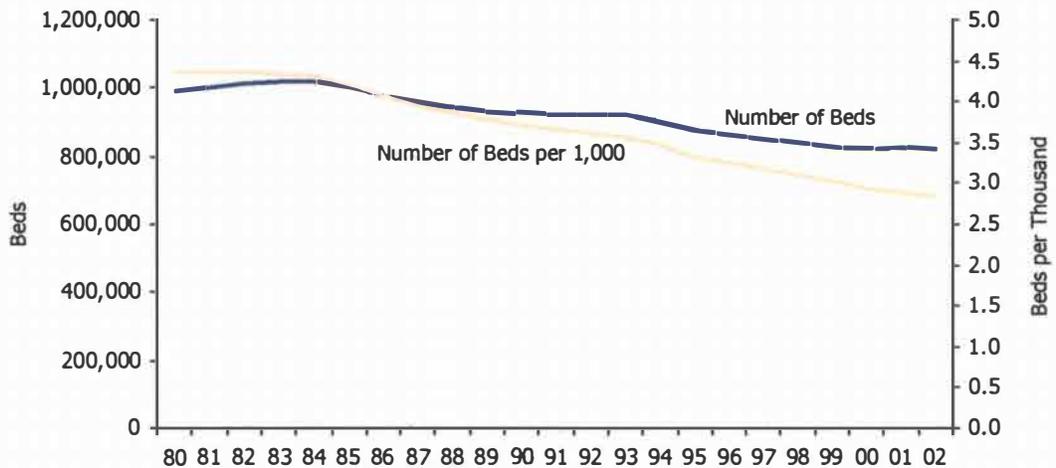
**Chart 2.1:
Number of Community Hospitals⁽¹⁾
1980 - 2002**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

⁽¹⁾ All nonfederal, short-term general, and specialty hospitals whose facilities and services are available to the public

**Chart 2.2:
Number of Beds
and Number of Beds per 1,000 Persons
1980 - 2002**

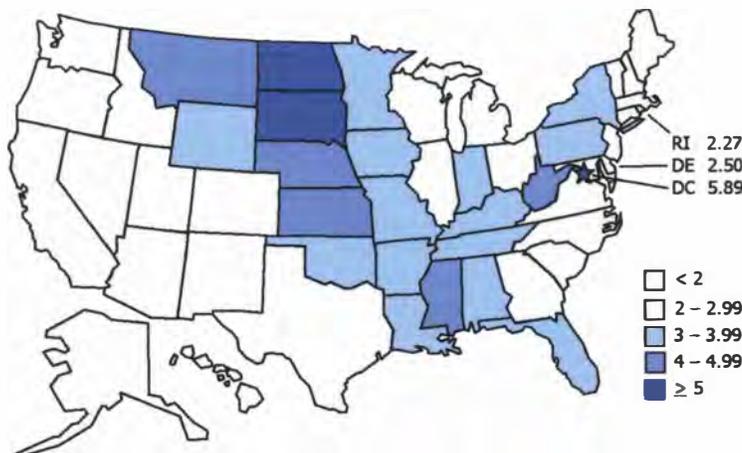


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals



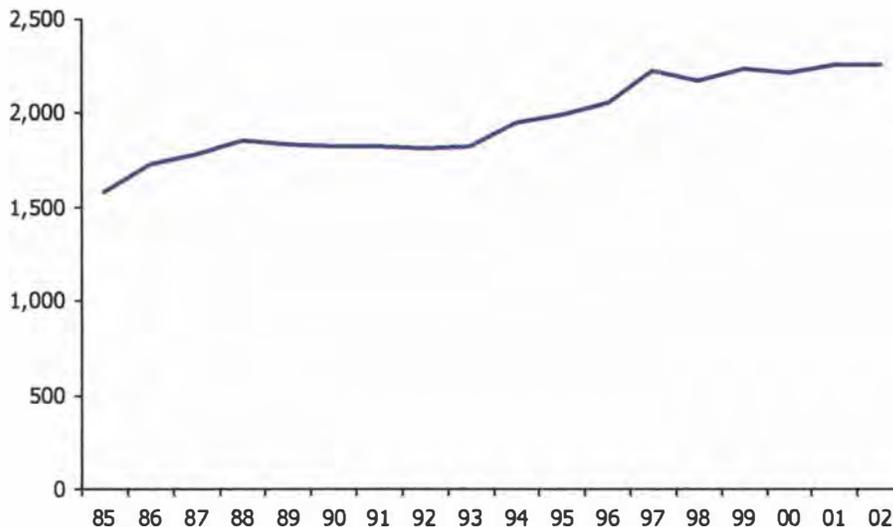
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**Chart 2.3:
Beds per 1,000 by State
2002**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2002 for community hospitals and State Population Estimates from US Census Bureau

**Chart 2.4:
Number of Hospitals in Health Systems⁽¹⁾
1985 - 2002**



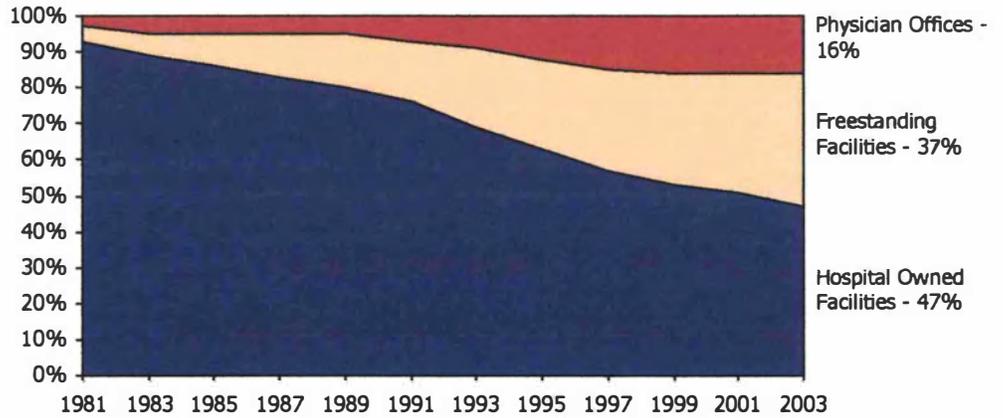
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1986 - 2002, for community hospitals

⁽¹⁾ Hospitals that are part of a corporate body that may own and/or manage health provider facilities or health-related subsidiaries as well as non-health-related facilities including freestanding and/or subsidiary corporations



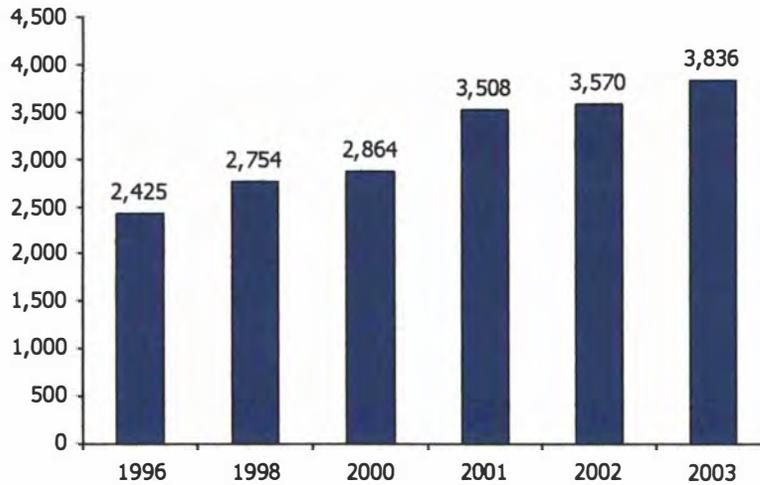
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Chart 2.5:
Percent of Outpatient Surgeries by Facility Type
1981 - 2003



Source: Verispan

Chart 2.6:
Number of Freestanding Ambulatory Care
Surgery Centers
1996, 1998, and 2000 – 2003

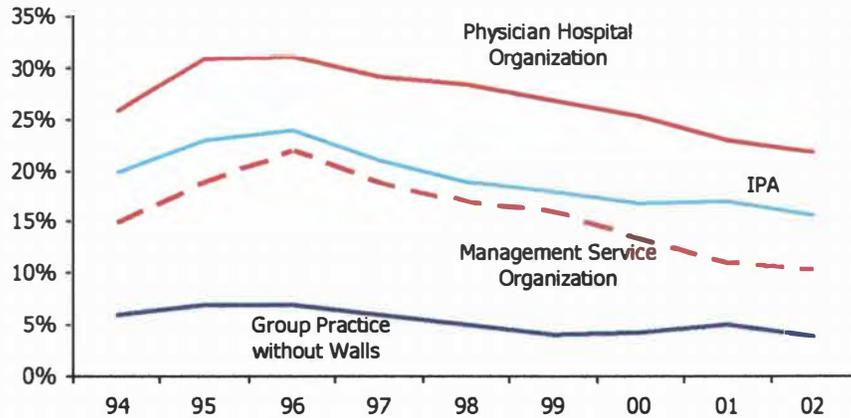


Source: Verispan



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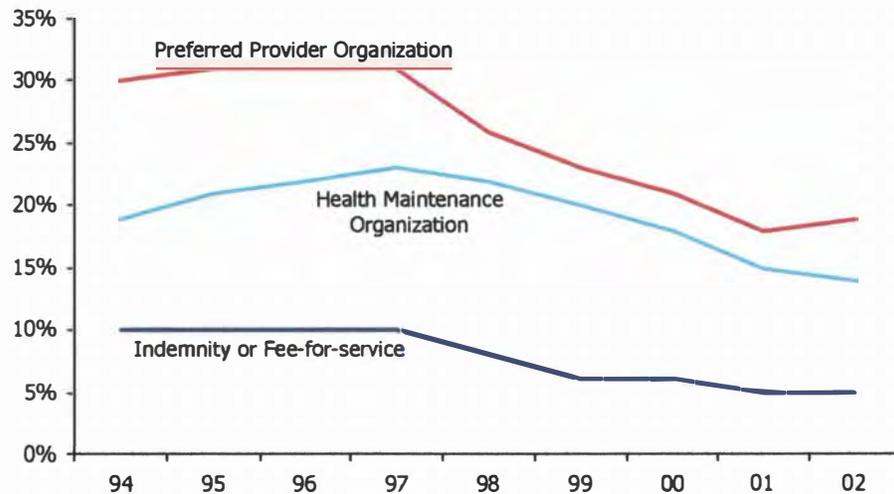
Chart 2.7:
Percentage of Hospitals with Physician Affiliates⁽¹⁾
by Type of Relationship
1994 - 2002



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994 - 2002, for community hospitals

⁽¹⁾ A hospital is considered to have a physician relationship if the relationship exists as part of the hospital or a system or network of which the hospital is a part

Chart 2.8:
Percentage of Hospitals with Insurance Products
by Type of Insurance
1994 - 2002

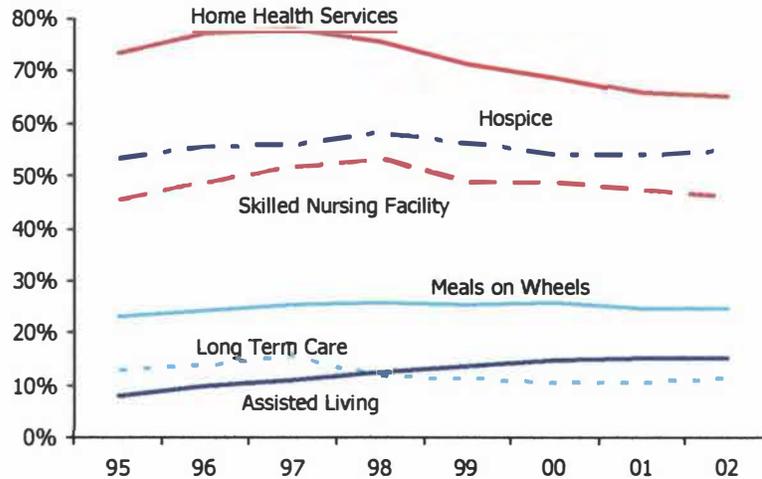


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994 - 2002, for community hospitals



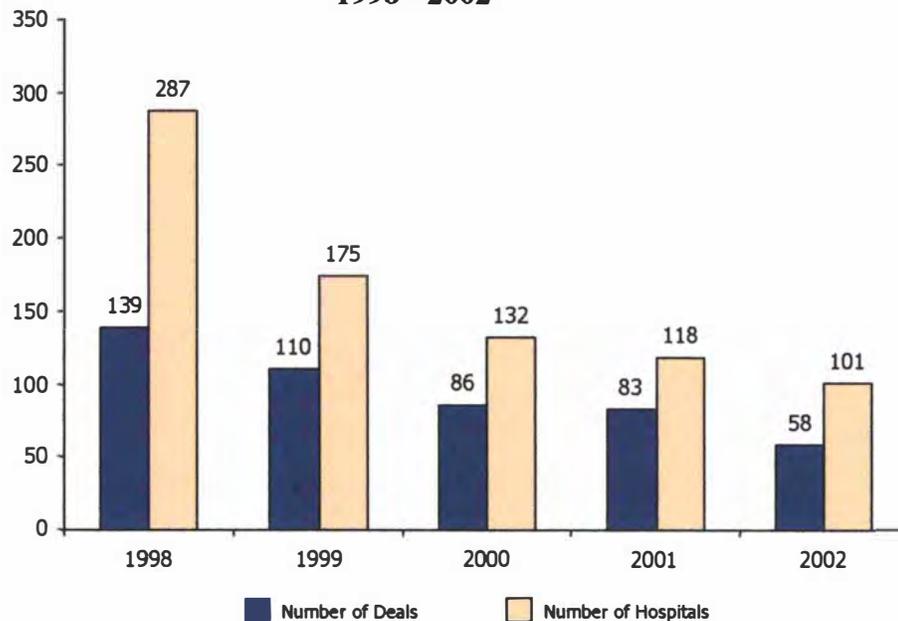
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Chart 2.9:
Percentage of Hospitals Offering “Non-hospital” Services
1995 - 2002



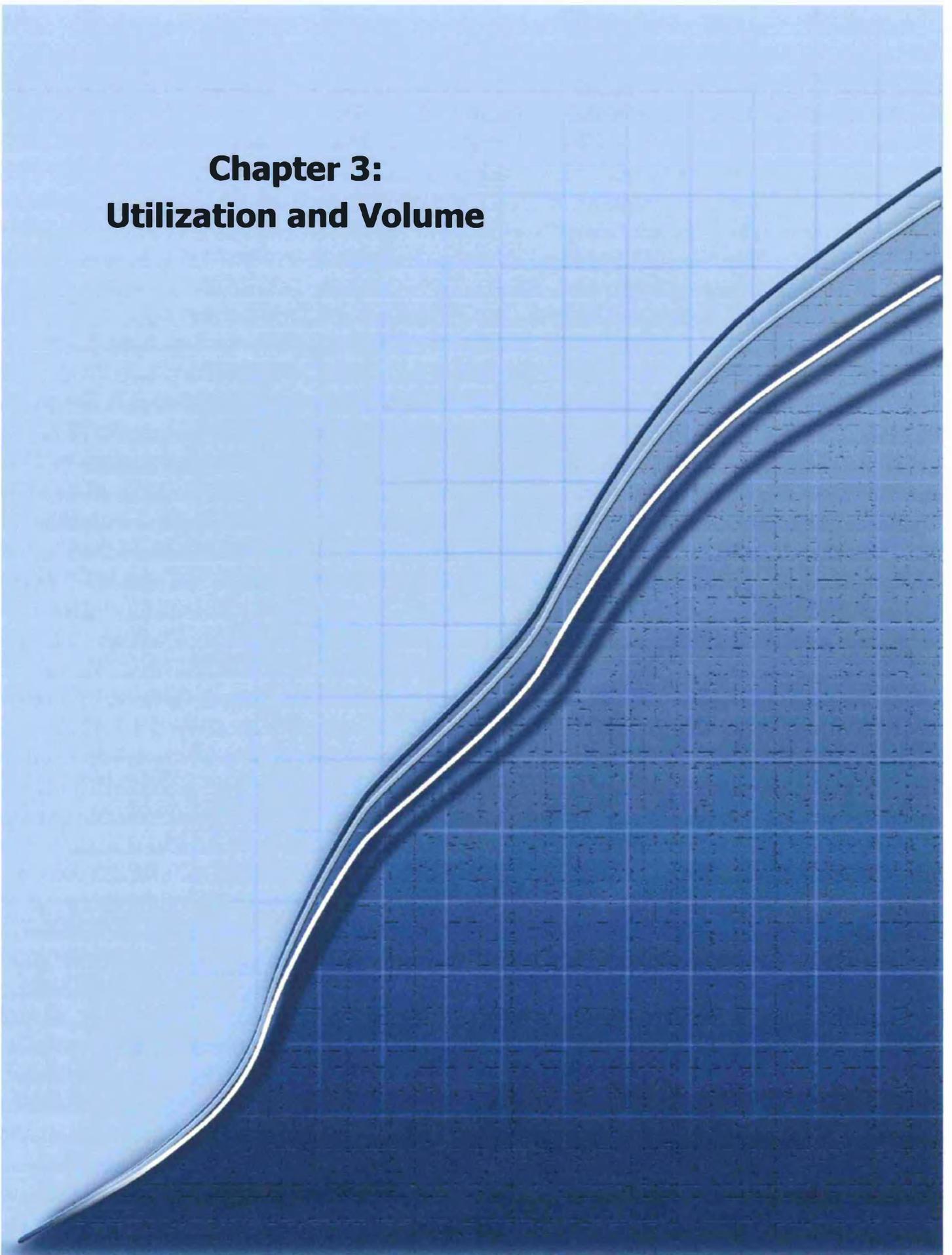
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 – 2002, for community hospitals

Chart 2.10:
Announced Hospital Mergers and Acquisitions
1998 - 2002



Source: The Health Care Acquisition Report by Irving Levin Associates, Inc., Ninth Edition, 2003

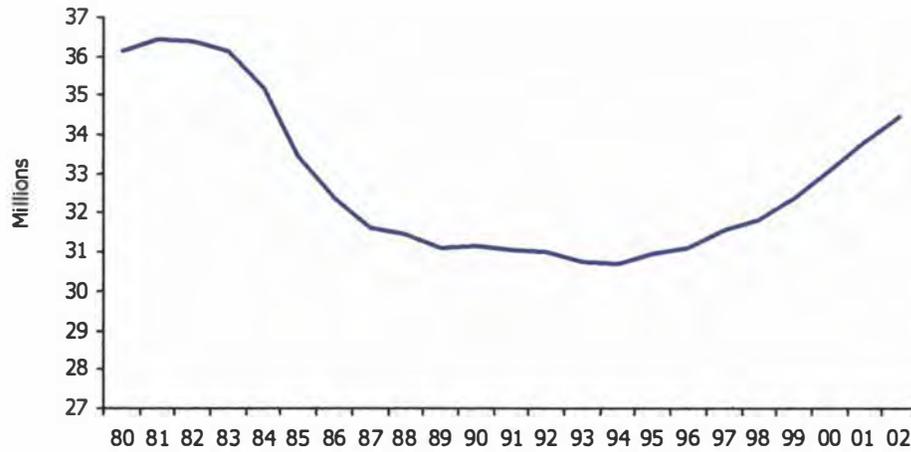
Chapter 3: Utilization and Volume





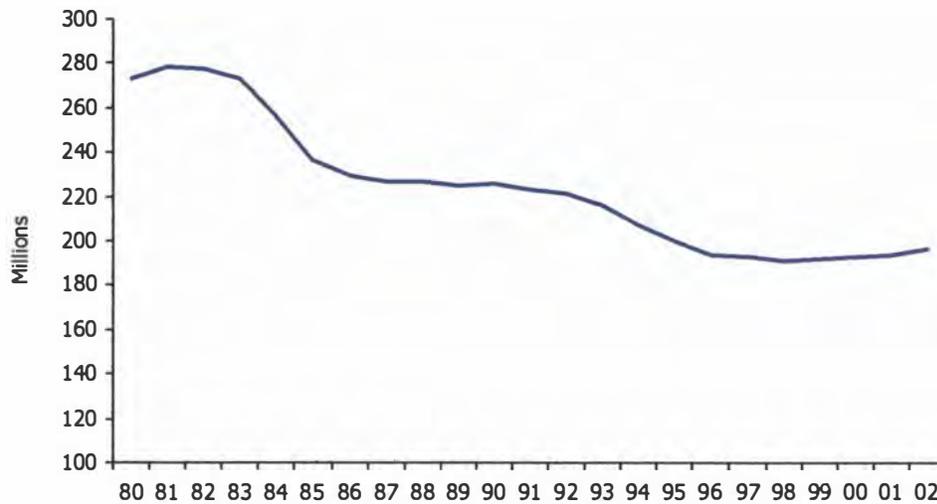
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**Chart 3.1:
Inpatient Admissions in Community Hospitals
1980 - 2002**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals.

**Chart 3.2:
Total Inpatient Days in Community Hospitals
1980 - 2002**

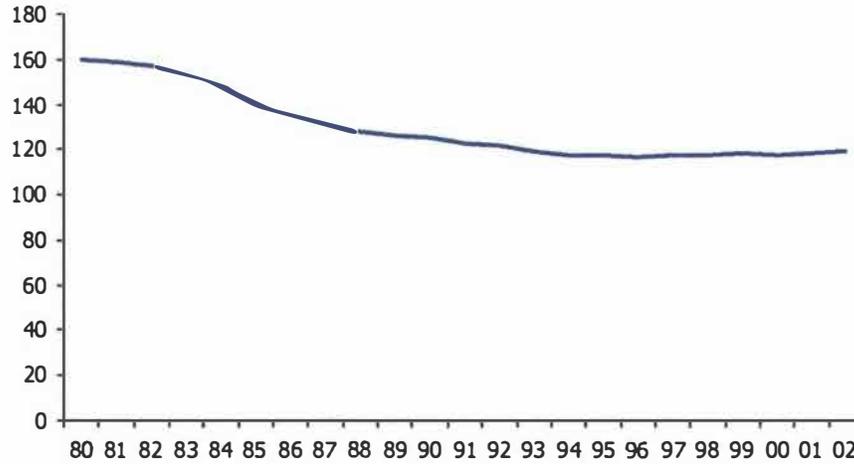


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals.



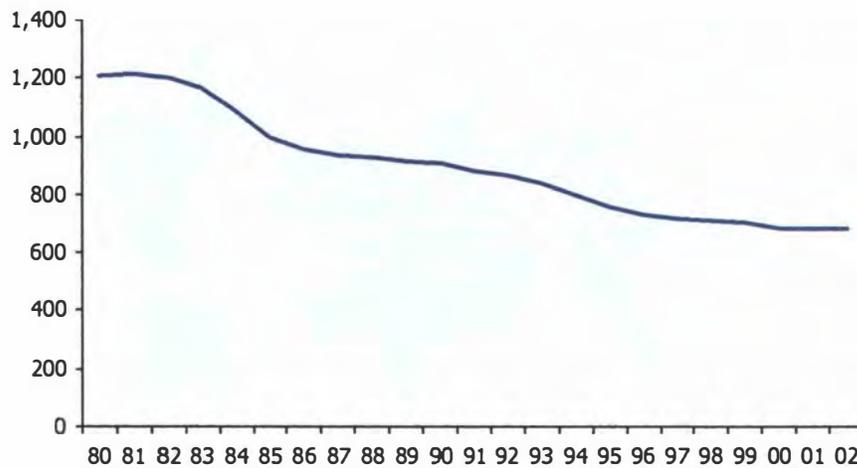
American Hospital Association

**Chart 3.3:
Inpatient Admissions per 1,000 Persons
1980 - 2002**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2002, for community hospitals and US Census Bureau data

**Chart 3.4:
Inpatient Days per 1,000 Persons
1980 - 2002**

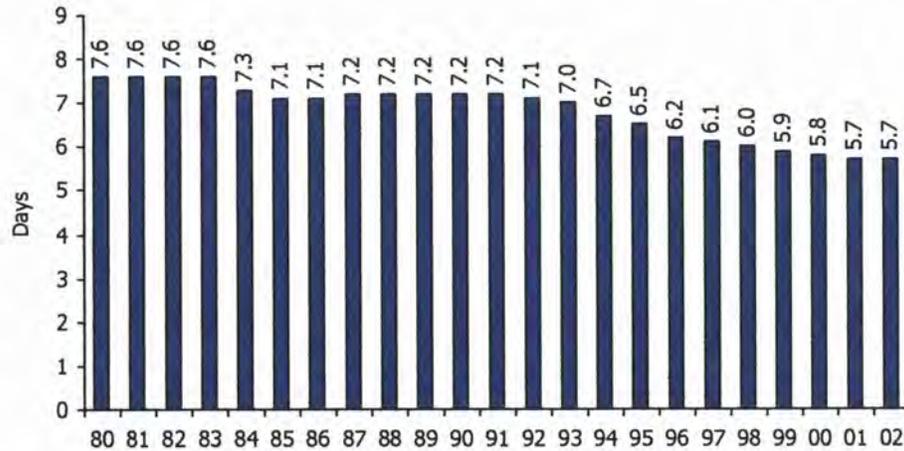


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2002, for community hospitals and US Census Bureau data



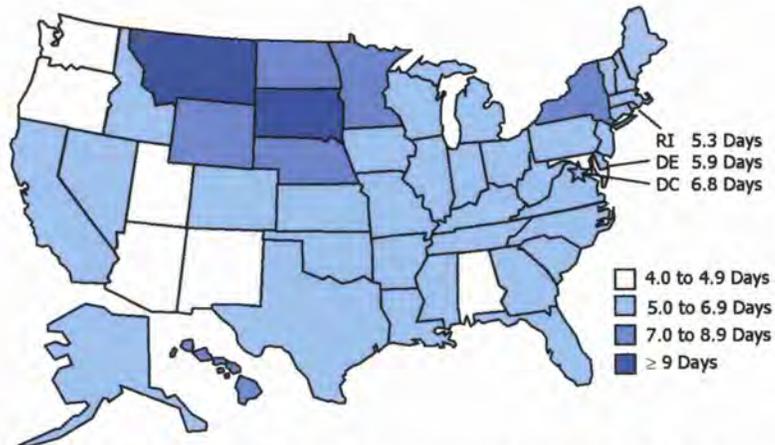
American Hospital Association

Chart 3.5:
Average Length of Stay in Community Hospitals
1980 - 2002



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

Chart 3.6:
Average Length of Stay in Community Hospitals
by State
2002

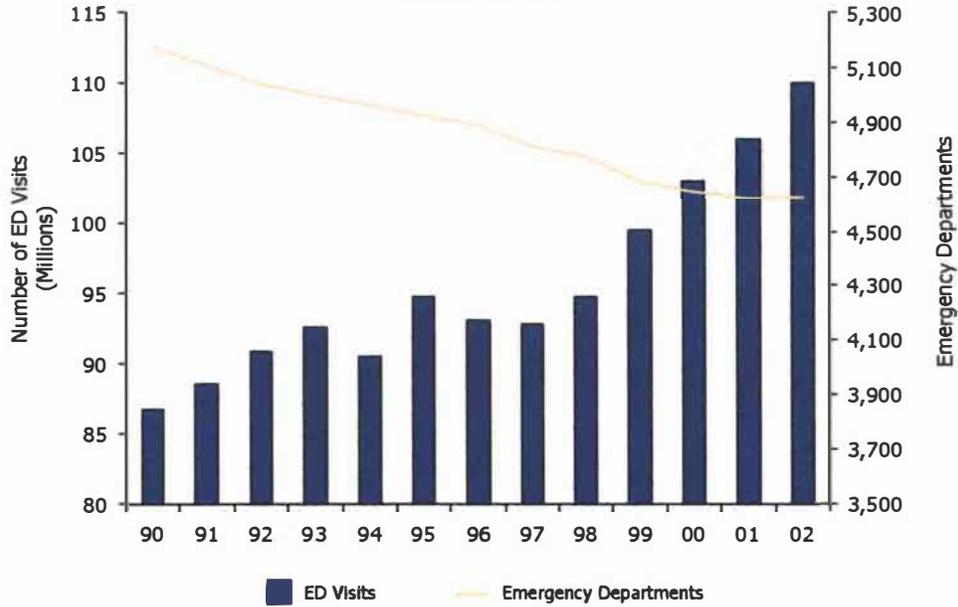


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2002, for community hospitals



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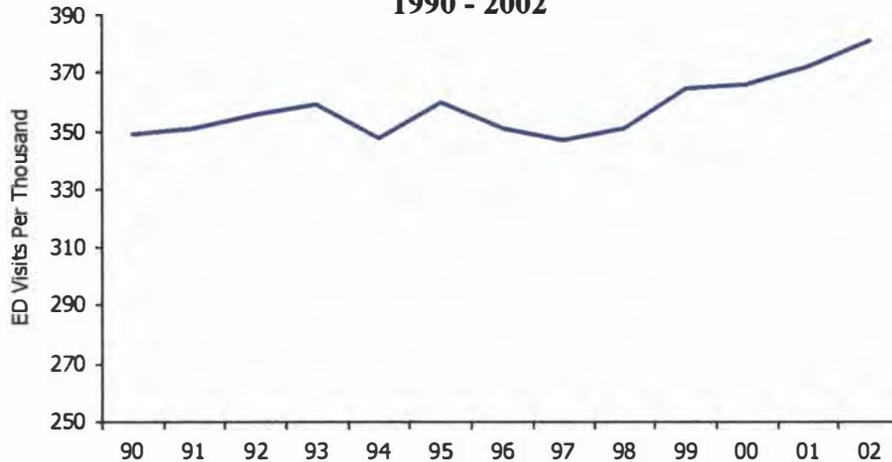
Chart 3.7:
Emergency Department Visits
and Emergency Departments⁽¹⁾ in Community Hospitals
1990 - 2002



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990 - 2002, for community hospitals

⁽¹⁾ Defined as hospitals reporting ED visits

Chart 3.8:
Hospital Emergency Department Visits
per 1,000 Persons
1990 - 2002

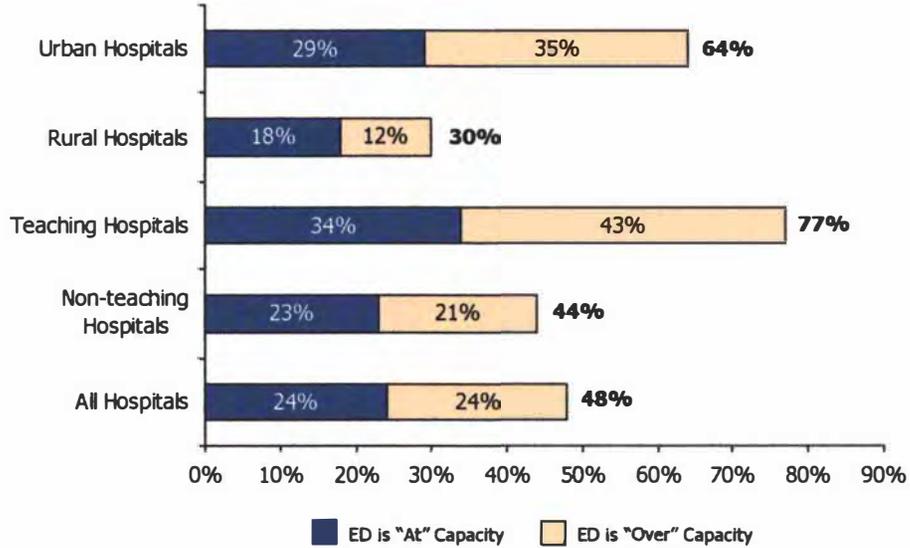


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990 - 2002, for community hospitals and US Census Bureau data



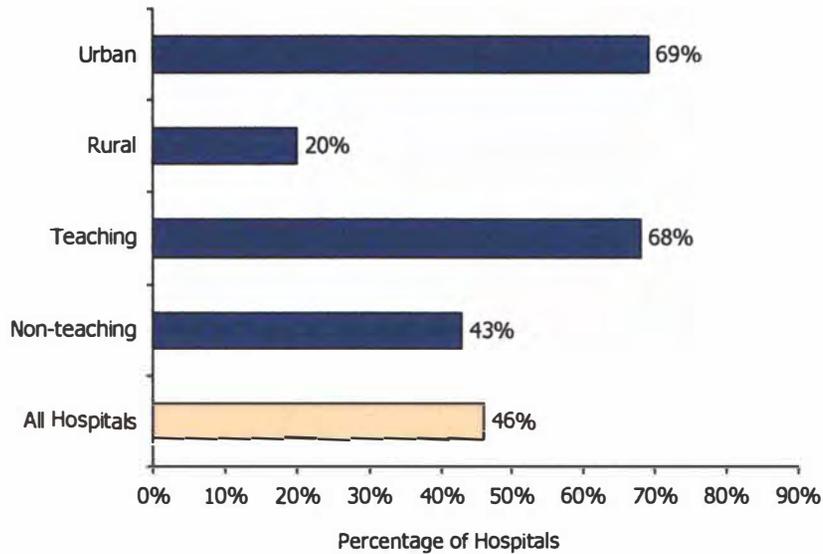
American Hospital Association

Chart 3.9:
Percent of Hospitals Reporting Emergency Department Capacity Issues by Type of Hospital 2004



Source: American Hospital Association 2004 Survey of Hospital Leaders

Chart 3.10:
Percent of Hospitals Reporting Time on Ambulance Diversion in Last 12 Months January 2004

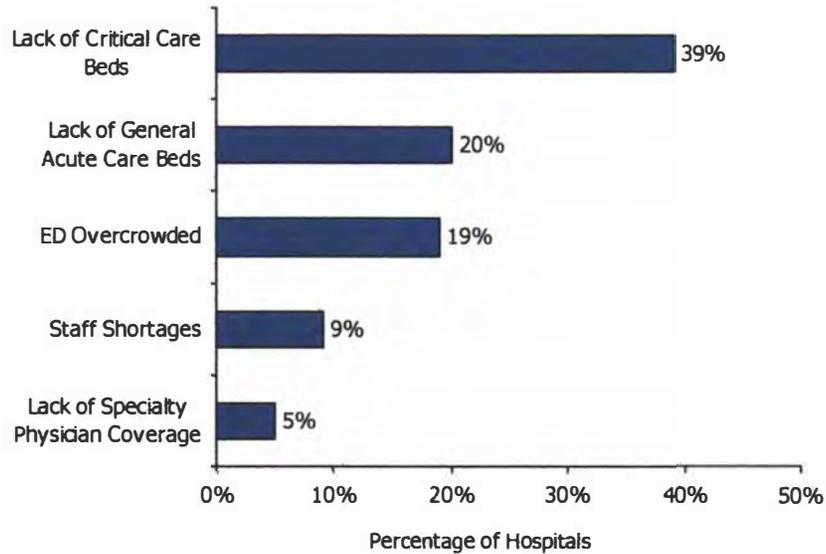


Source: American Hospital Association 2004 Survey of Hospital Leaders



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Association

Chart 3.11:
Conditions Hospitals Reported as Number One Factor
Contributing to Ambulance Diversions 2003 –
2004

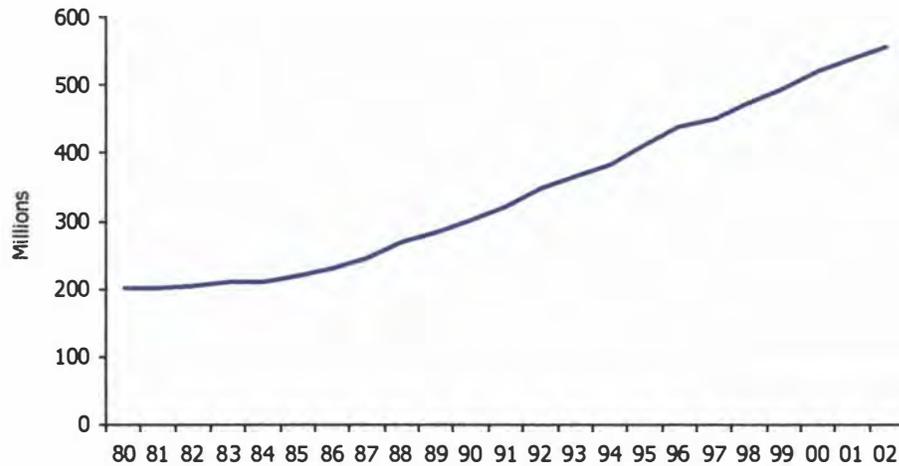


Source: American Hospital Association 2004 Survey of Hospital Leaders



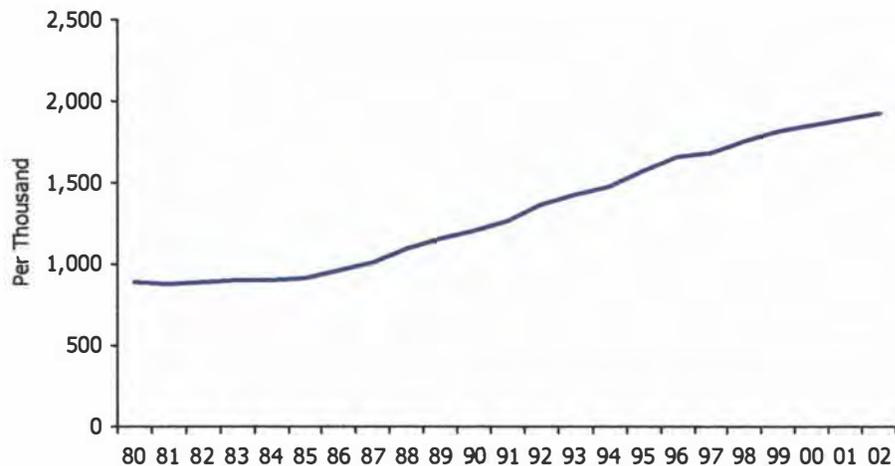
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Chart 3.12:
Total Hospital Outpatient Visits
in Community Hospitals
1980 - 2002



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

Chart 3.13:
Hospital Outpatient Visits per 1,000 Persons
1980 - 2002

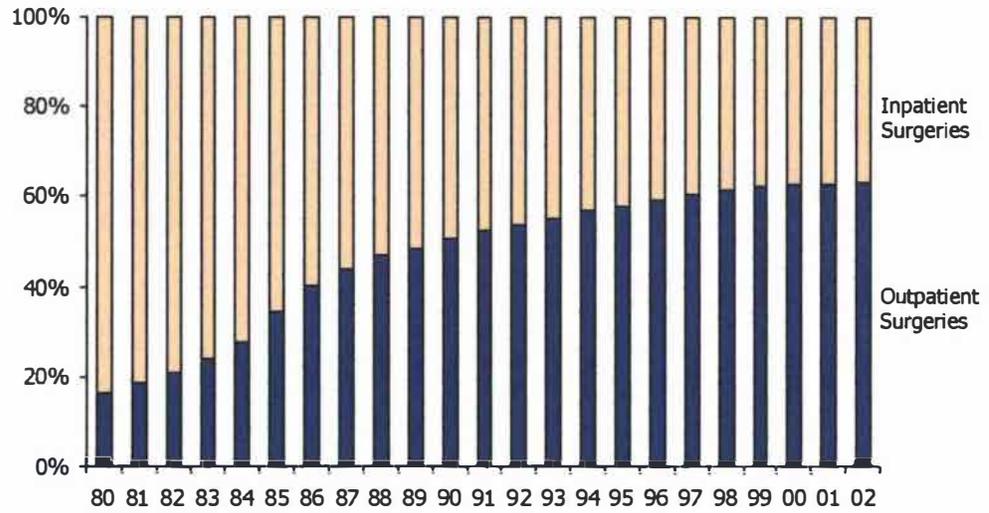


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals and US Census Bureau data



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**Chart 3.14:
Percentage Share of Inpatient vs. Outpatient Surgeries
1980 - 2002**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

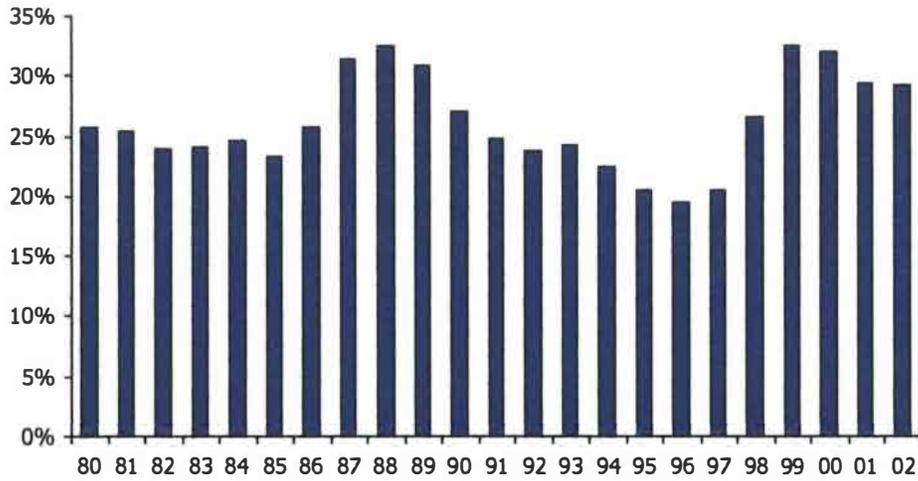
Chapter 4: Trends in Hospital Financing





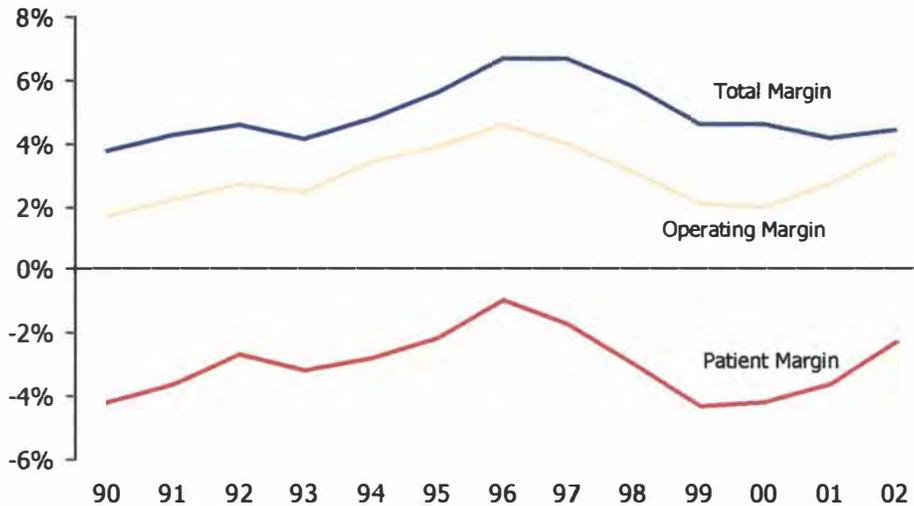
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Chart 4.1:
Percentage of Hospitals with Negative Total Margins
1980 - 2002



Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

Chart 4.2:
Aggregate Total Hospital Margins⁽¹⁾, Operating Margins⁽²⁾, and Patient Margins⁽³⁾
1990 - 2002



Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1990 - 2002, for community hospitals

⁽¹⁾ Total Hospital Margin is calculated as the difference between total net revenue and total expenses divided by total net revenue

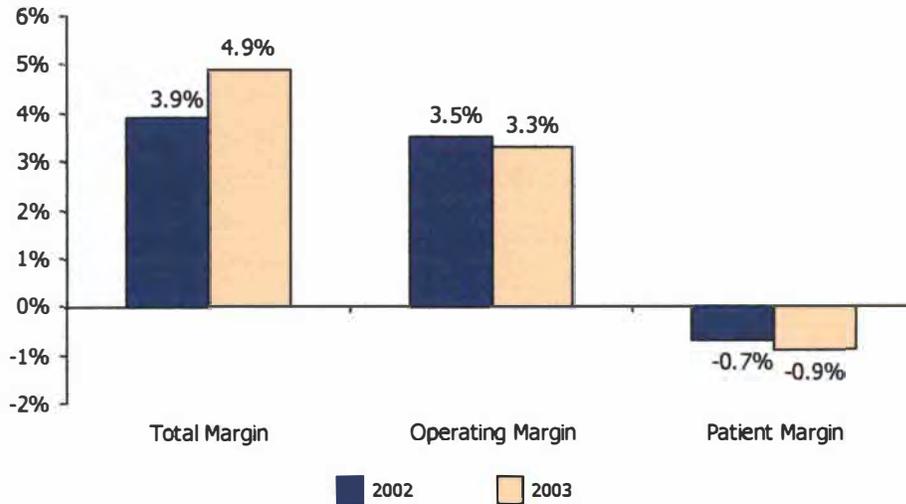
⁽²⁾ Operating Margin is calculated as the difference between operating revenue and total expenses divided by operating revenue

⁽³⁾ Patient Margin is calculated as the difference between net patient revenue and total expenses divided by net patient revenue



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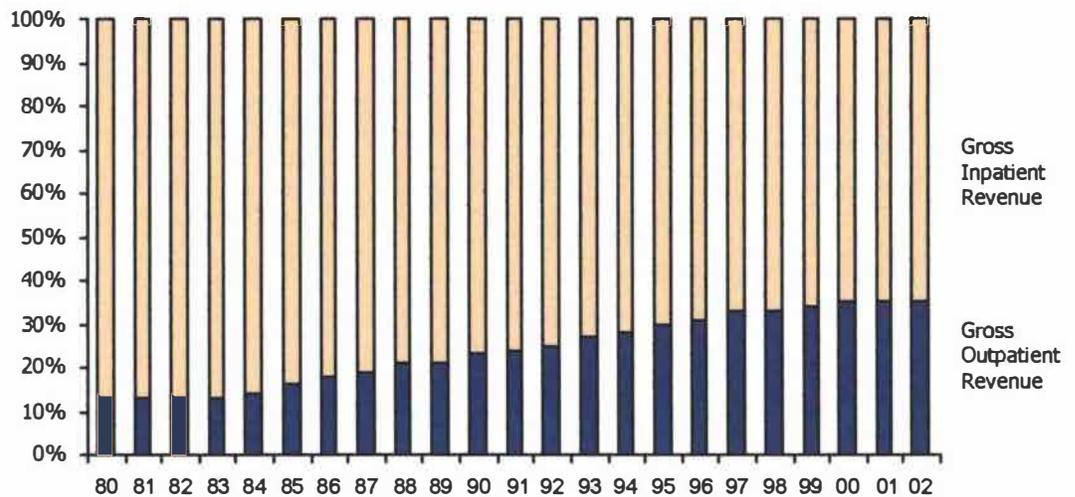
Chart 4.3:
Hospital Margins Reported to DATABANK⁽¹⁾
2002 - 2003



Source: DATABANK data.

⁽¹⁾ Data represent the experience of 761 hospitals that consistently reported to DATABANK in 2002 and 2003. Data are unweighted and over represent smaller hospitals in western, rural states. A subset of states are not represented in DATABANK. DATABANK is an online database of hospital utilization and financial performance indicators.

Chart 4.4:
Distribution of Outpatient vs. Inpatient Revenues
1980 - 2002

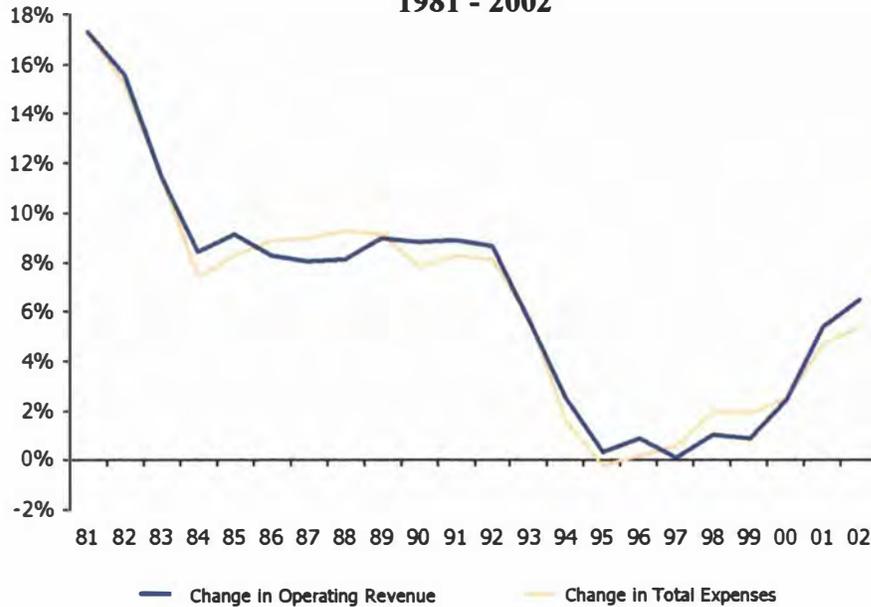


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals



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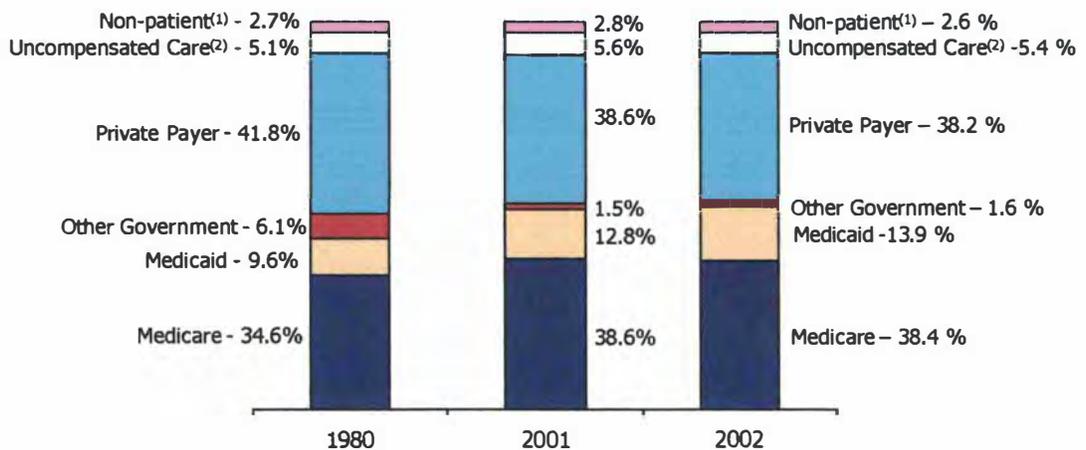
Chart 4.5:
Annual Change in Hospital Operating Revenue and Expenses per Adjusted Admission⁽¹⁾
1981 - 2002



Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1981 - 2002, for community hospitals

⁽¹⁾ An aggregate measure of workload reflecting the number of inpatient admissions, plus an estimate of the volume of outpatient services, expressed in units equivalent to an inpatient admission in terms of level of effort

Chart 4.6:
Distribution of Hospital Cost by Payer Type
1980, 2001, and 2002



Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1980, 2001, and 2002, for community hospitals

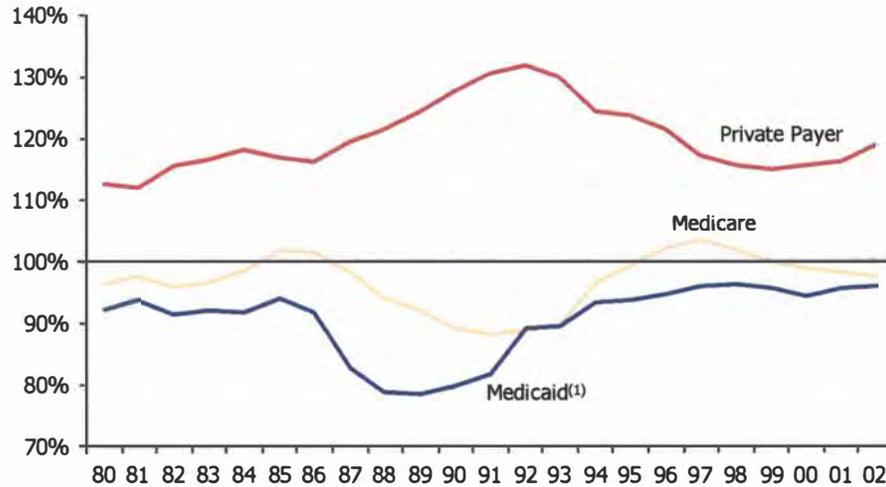
⁽¹⁾ Non-patient represents costs for cafeterias, parking lots, gift shops and other non-patient care operating services and are not attributed to any one payer

⁽²⁾ Uncompensated care represents bad debt expense, at cost, and charity care



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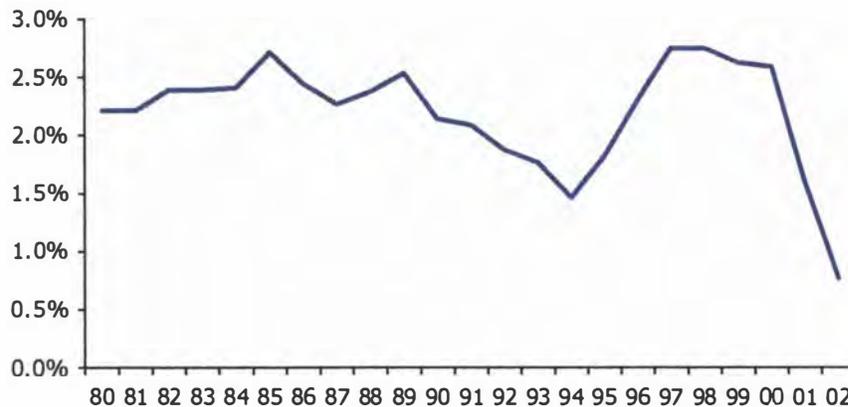
Chart 4.7:
Aggregate Hospital Payment-to-Cost Ratios
for Private Payers, Medicare, and Medicaid
1980 - 2002



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

⁽¹⁾ Includes Medicaid Disproportionate Share payments

Chart 4.8:
Income from Investments and Other Non-operating Gains⁽¹⁾
as a Percentage of Total Net Revenue
1980 - 2002



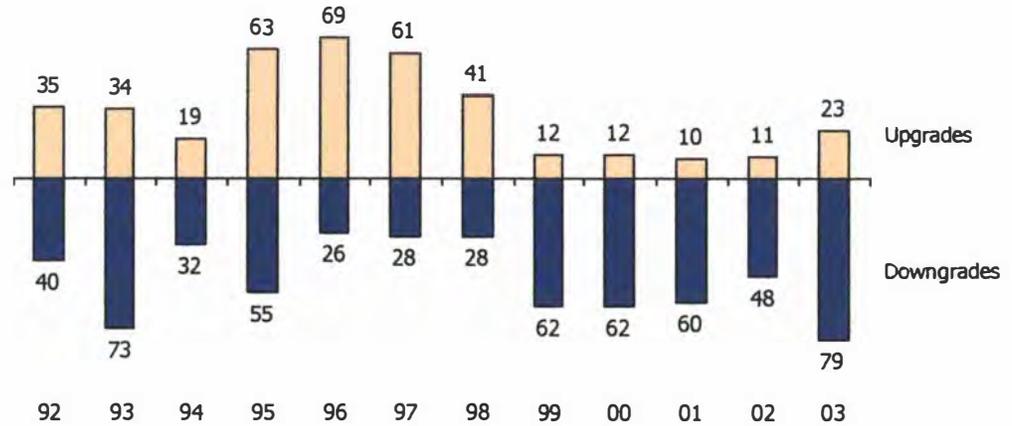
Source: The Lewin Group analysis of the American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

⁽¹⁾ Non-operating gains include income from non-operating activities, including investments, endowments and extraordinary gains, as well as the value of non-realized gains from investments



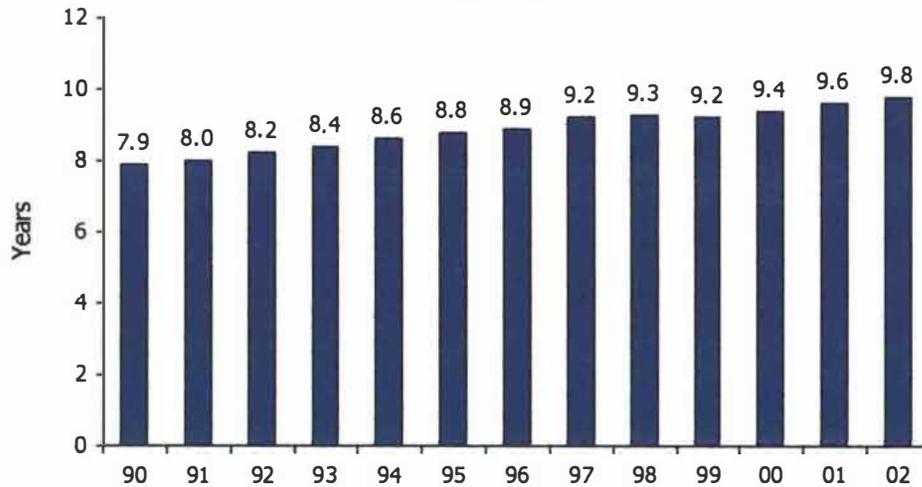
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Chart 4.9:
Number of Bond Rating Upgrades and Downgrades
of Non-profit Hospitals
1992 - 2003



Source: Standard & Poor's, 2004

Chart 4.10:
Median Average Age of Plant
1990 - 2002

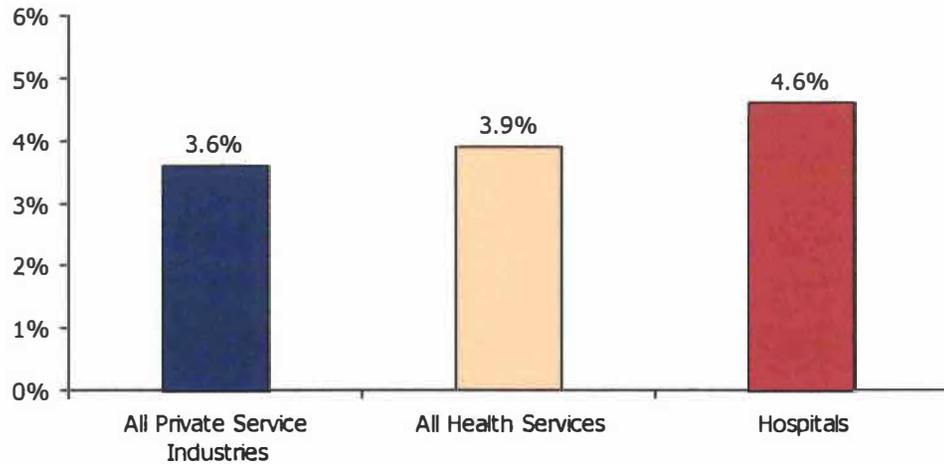


Source: CHIPS: The 1994 Almanac of Hospital and Financial Operating Indicators, The 1996-7 Almanac of Hospital and Operating Indicators, and 1998-2002 data from Ingenix: Almanac of Hospital Financial and Operating Indicators 2004



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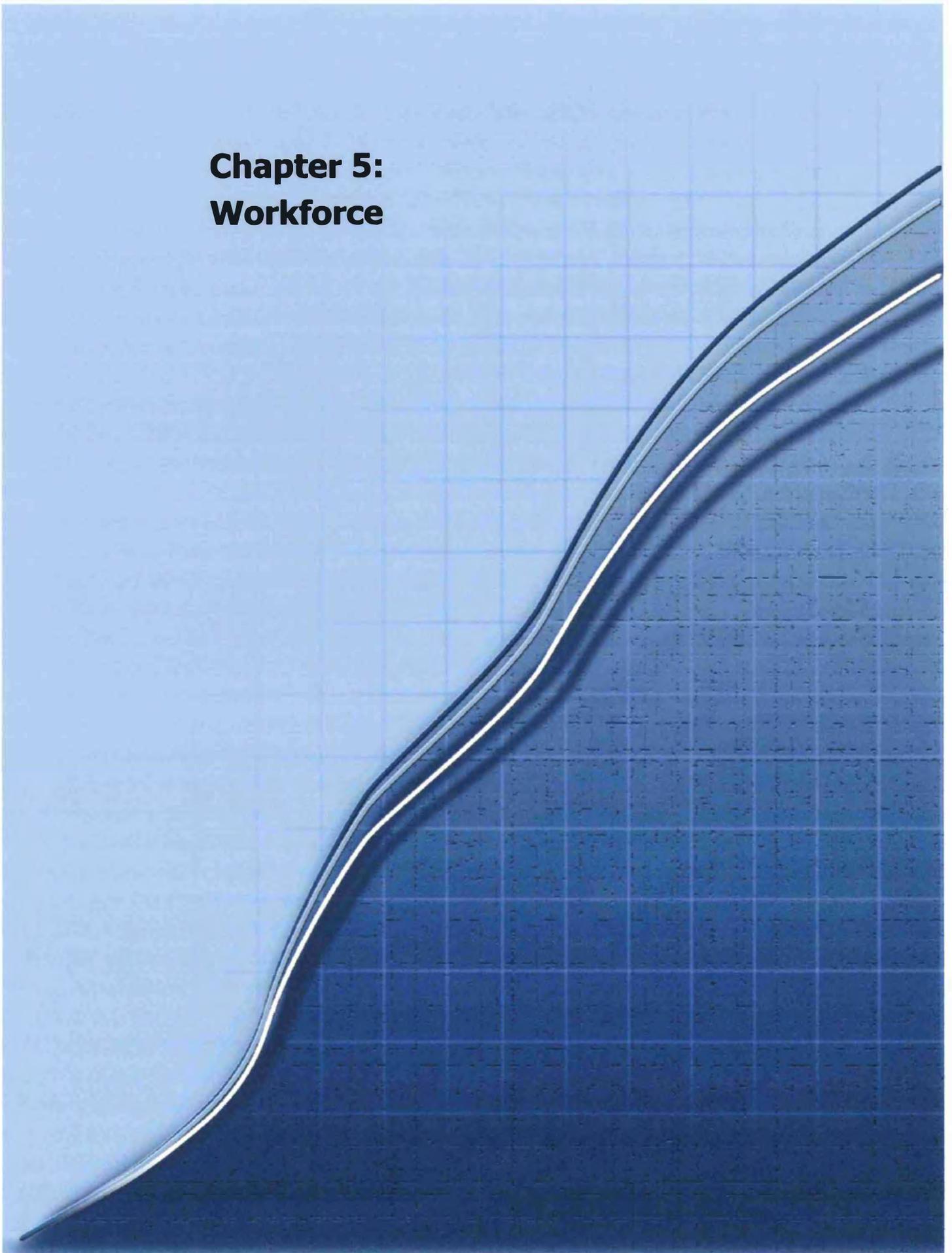
Chart 4.11:
**Percent Change in Employment Cost Index⁽¹⁾, All Private
Service Industries, All Health Services, and Hospitals
December 2003**



Source: Bureau of Labor Statistics, Employment Cost Index data, 12 Months Ending December 2003

⁽¹⁾ Total compensation

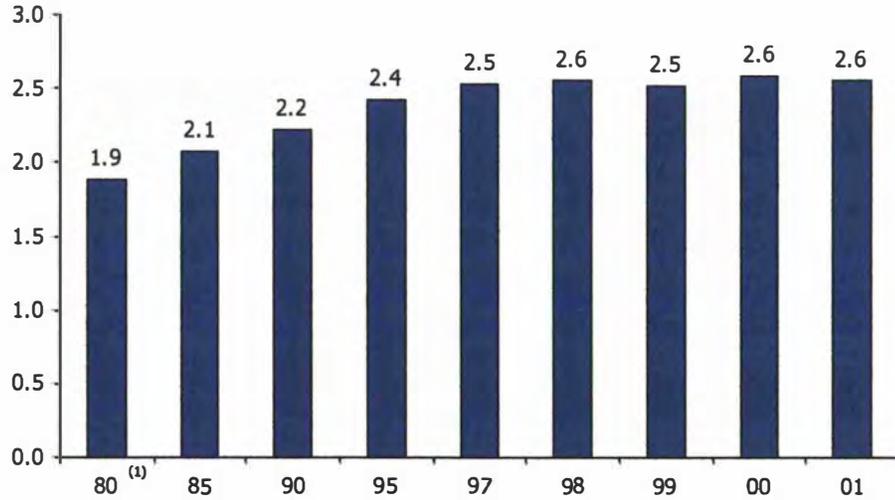
Chapter 5: Workforce





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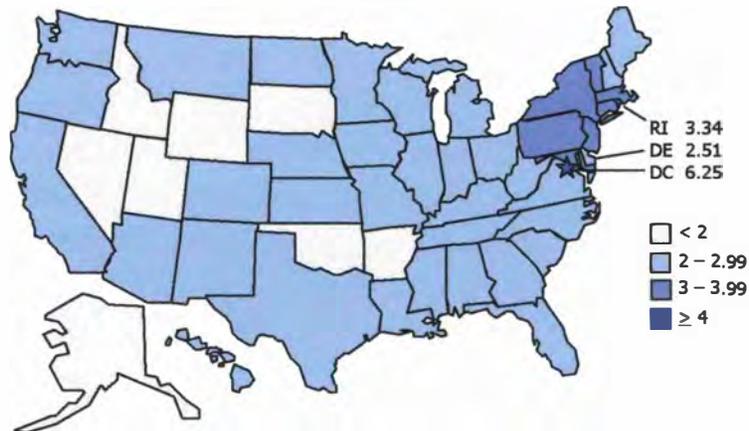
Chart 5.1:
Total Number of Active Physicians
per 1,000 Persons
1980 – 2001



Source: Health United States, 1982, 1996-97, 1999, 2000, 2001, 2002

⁽¹⁾ 1980 does not include doctors of osteopathy

Chart 5.2:
Total Number of Active Physicians⁽¹⁾
per 1,000 Persons by State
2001



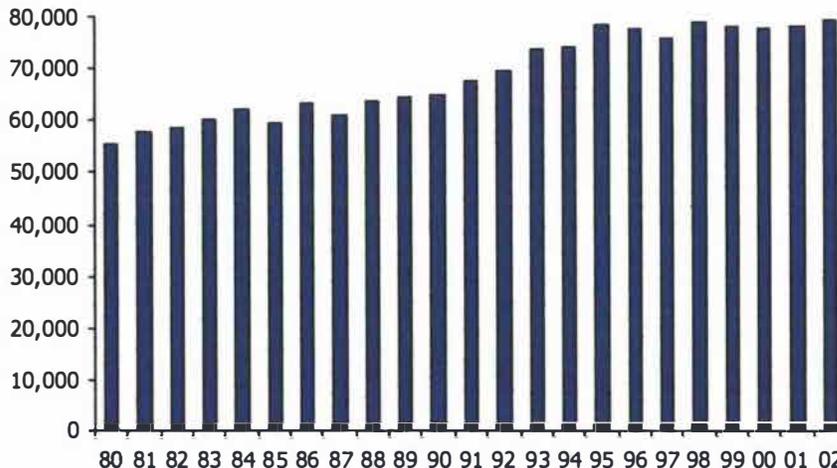
Source: CDC, NCHS Health United States 2003 - Table 99 "Active non-Federal physicians and doctors of medicine in patient care, according to geographic division and State: United States, 1975, 1985, 1995, and 2001"

⁽¹⁾ Includes active non-federal doctors of medicine and active doctors of osteopathy



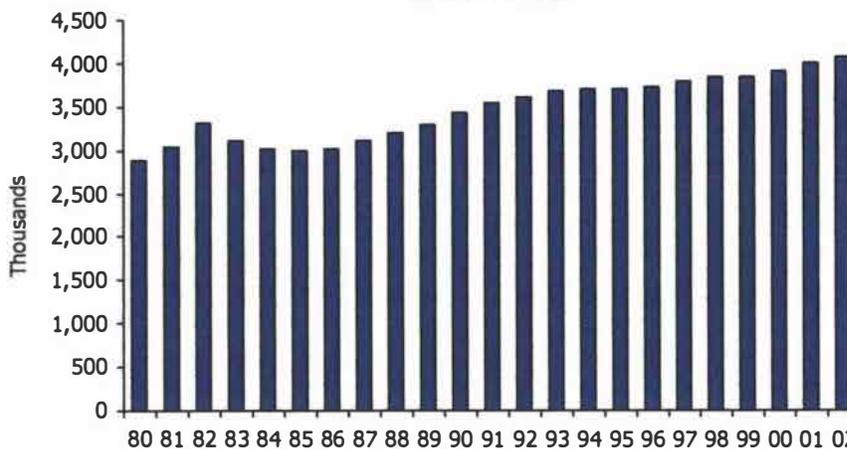
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**Chart 5.3:
Medical and Dental Residents in Training
in Community Hospitals
1980 - 2002**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

**Chart 5.4:
Total Full Time Equivalent Employees
Working in Hospitals
1980 - 2002**

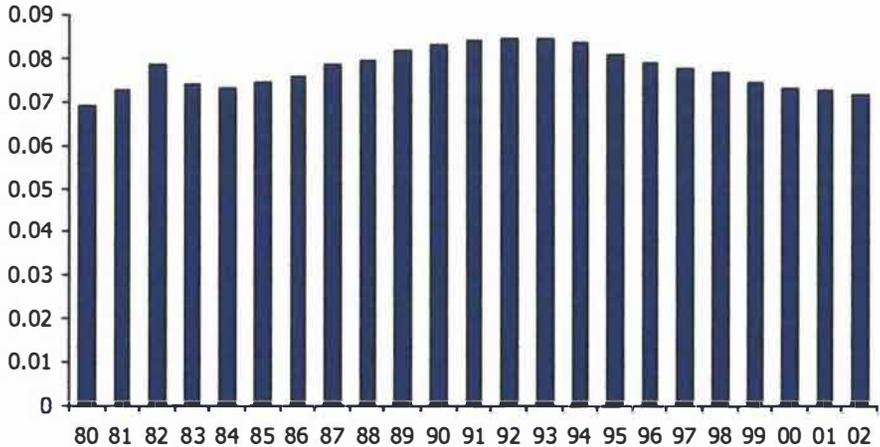


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals



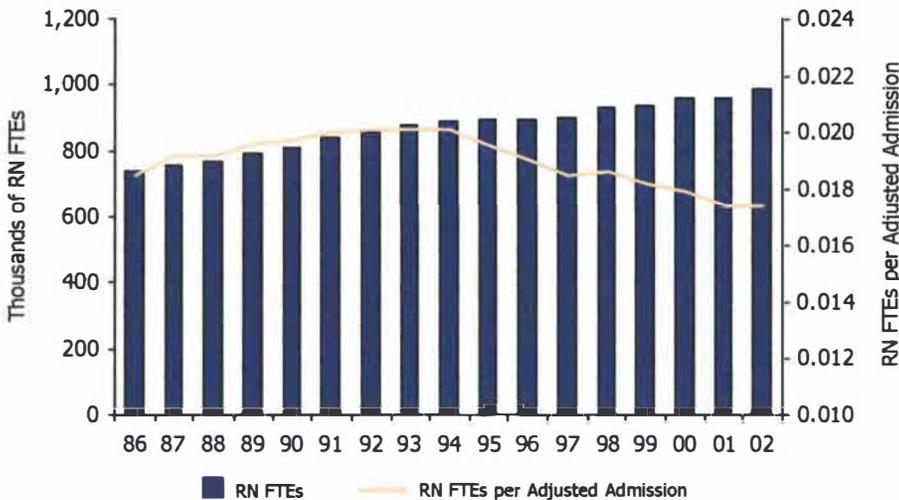
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Chart 5.5:
Full Time Equivalent Employees
per Adjusted Admission
1980 - 2002



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2002, for community hospitals

Chart 5.6:
Number of RN Full Time Equivalent Employees
and RN FTEs per Adjusted Admission
1986 - 2002

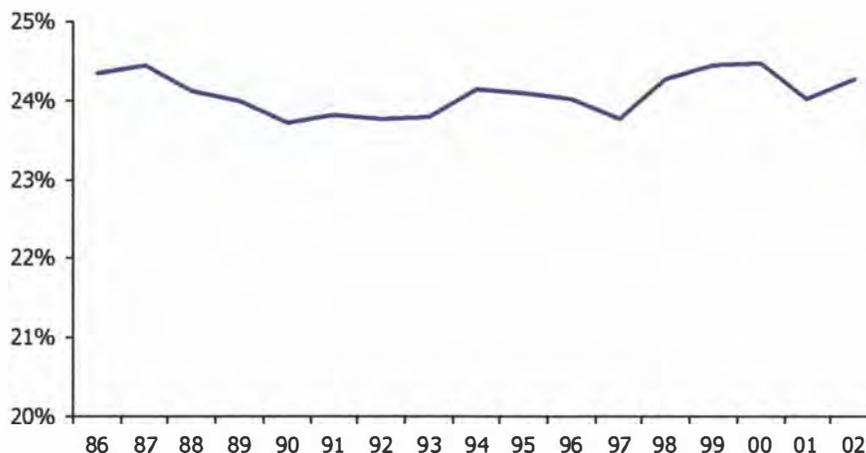


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1986 - 2002, for community hospitals



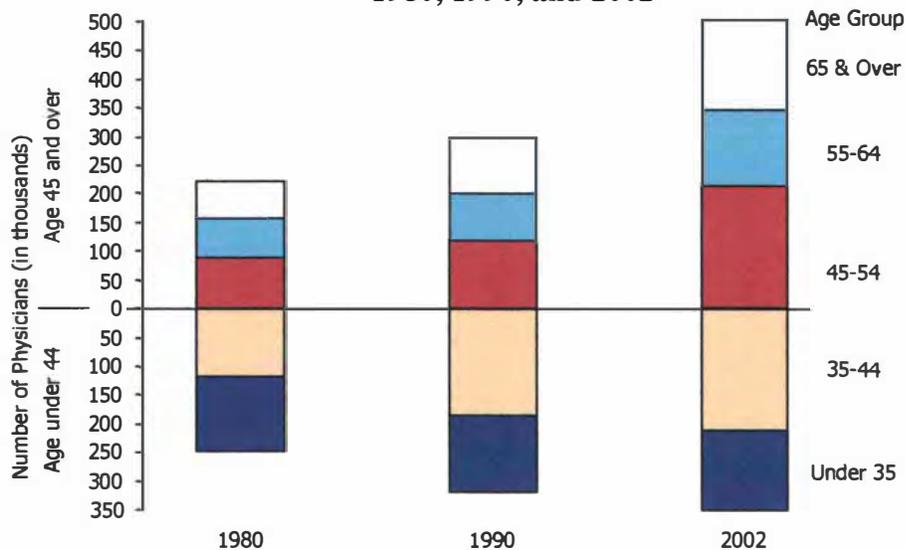
American Hospital Association

Chart 5.7:
RN Full Time Equivalents
as a Percentage of Total Hospital Full Time Equivalents
1986 - 2002



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1986 - 2002, for community hospitals

Chart 5.8:
Number of Physicians by Age
1980, 1990, and 2002

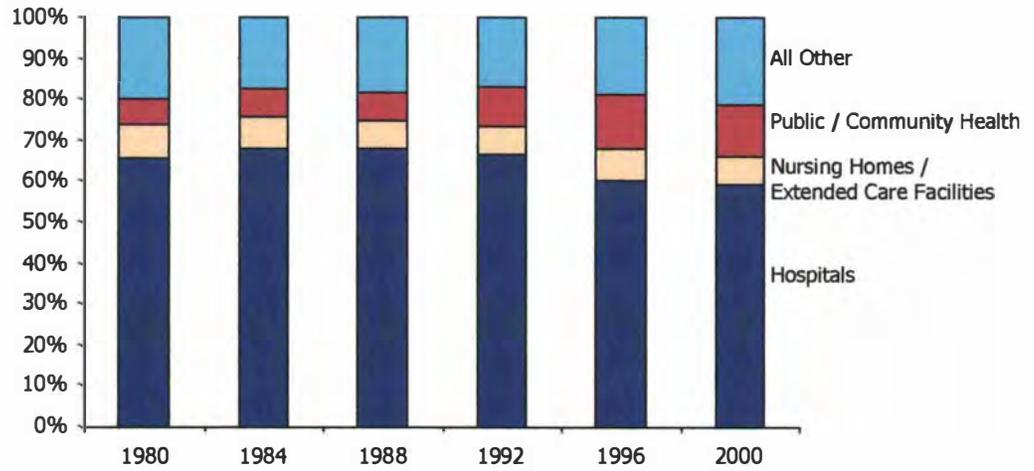


Source: American Medical Association, Physician Characteristics and Distribution in the US, 2003-2004 Edition



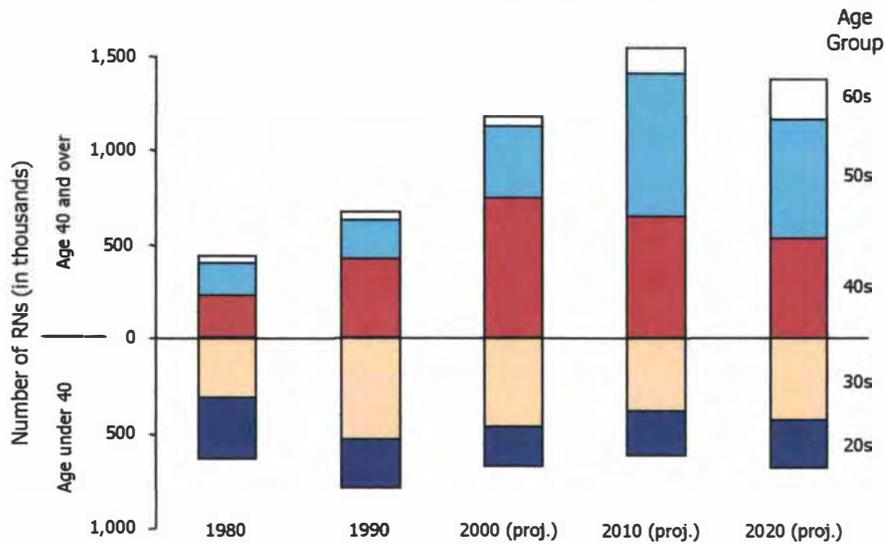
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**Chart 5.9:
RN Employment by Type of Provider
1980 - 2000**



Source: Findings from the National Sample Survey of Registered Nurses, 1980-2000, Bureau of Health Professions, Division of Nursing

**Chart 5.10:
Distribution of RN Workforce by Age Group
1980 - 2020 (Projected)**

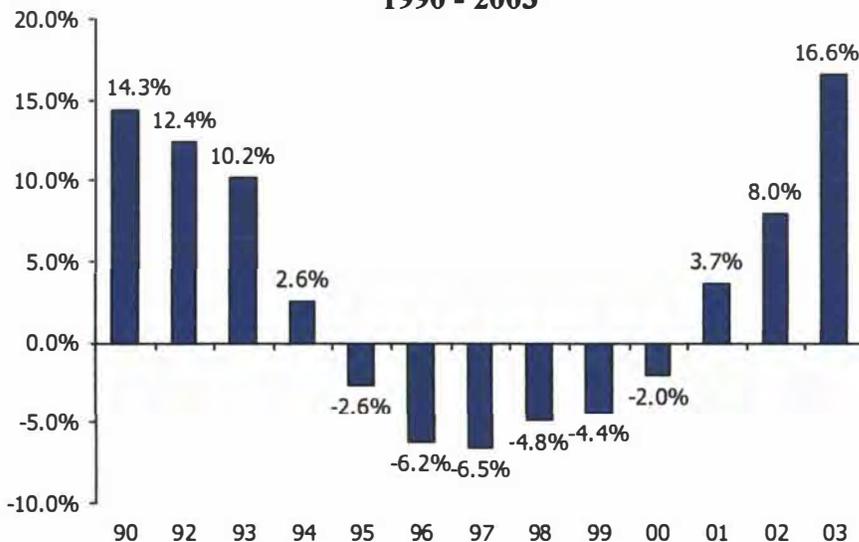


Source: Buerhaus, P.I. et al. Implications of an Aging Registered Nurse Workforce. JAMA: 2000: 283: 2948-2954



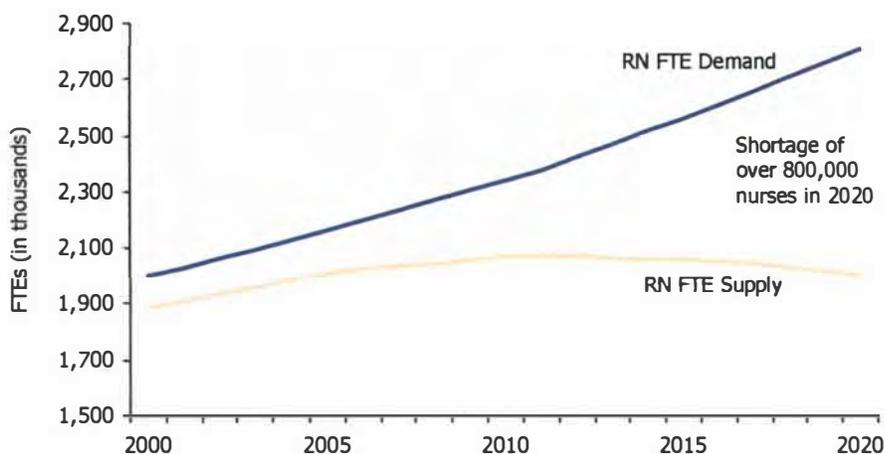
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Chart 5.11:
Annual Percentage Change in Entry Level Baccalaureate Nursing Enrollment 1990 - 2003



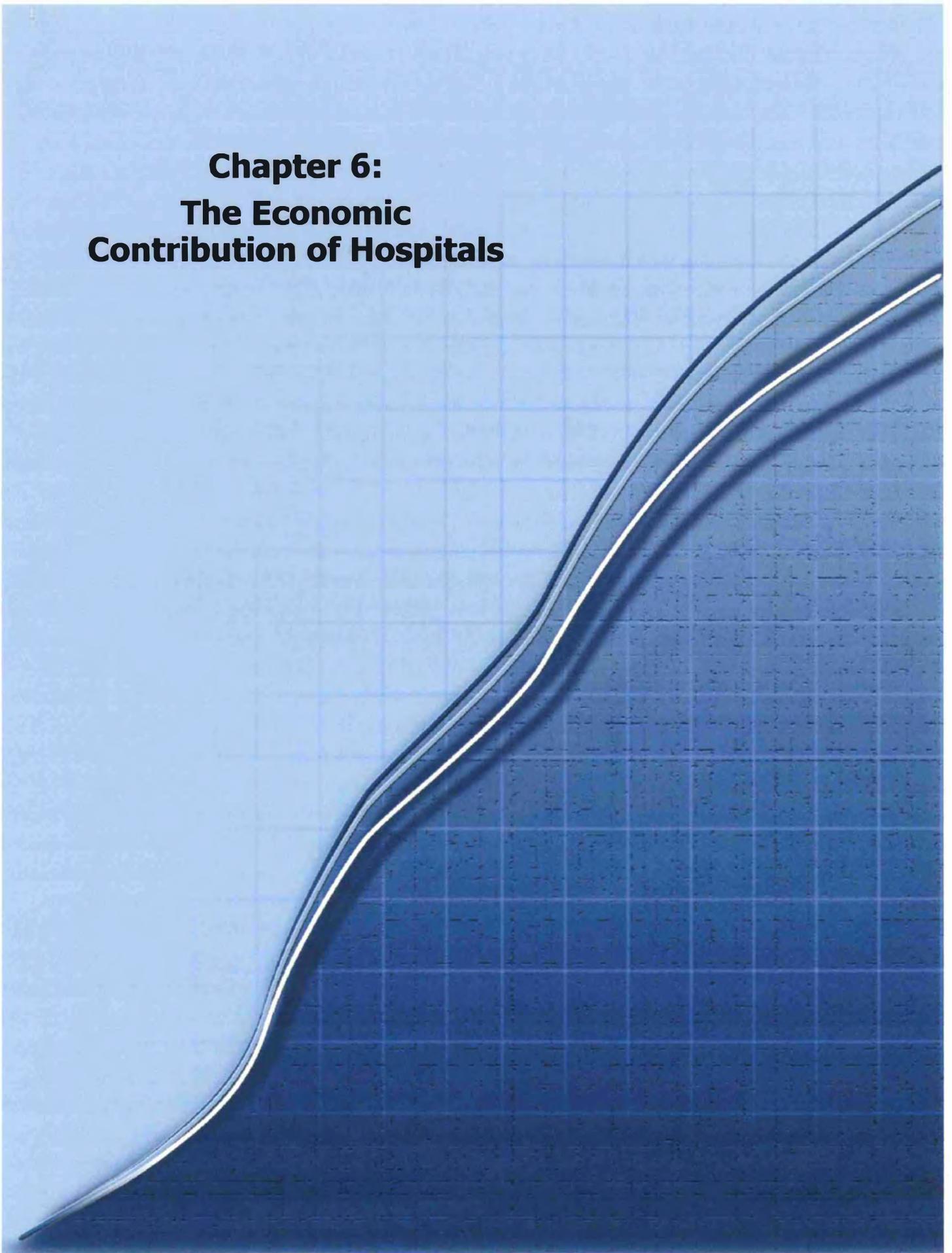
Source: Berlin LE et al. Enrollment and Graduations in Baccalaureate and Graduate Programs in Nursing. Washington, DC: American Association of Colleges of Nursing, 1990-1991 - 1996-1997. American Association of Colleges of Nursing, 2003.

Chart 5.12:
National Supply and Demand Projections for FTE RNs 2000 - 2020



Source: National Center For Health Workforce Analysis, Bureau of Health Professions, Health Resources and Services Administration, 2002

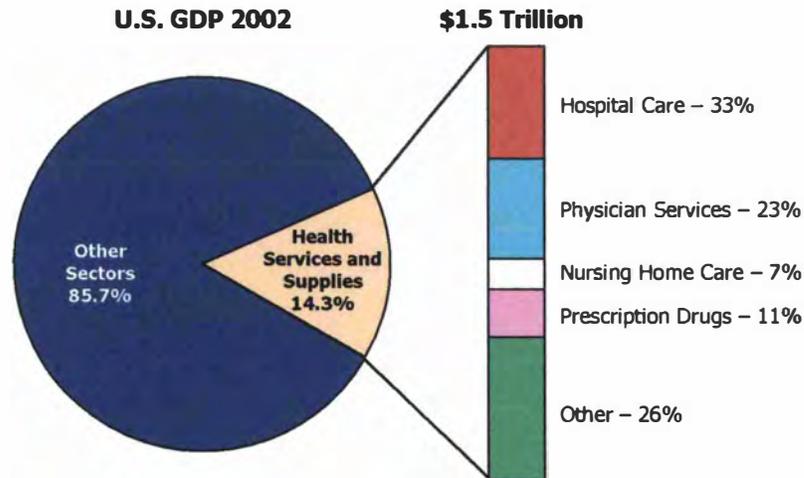
**Chapter 6:
The Economic
Contribution of Hospitals**





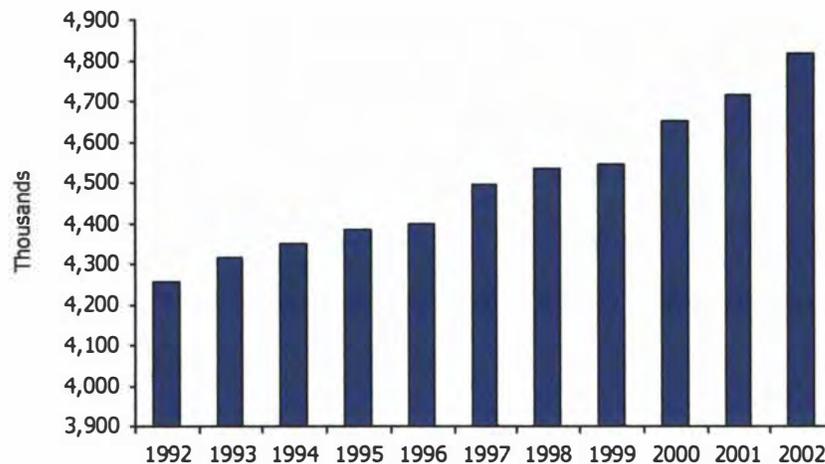
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Chart 6.1:
National Expenditures on Health Services and Supplies as a Percentage of Gross Domestic Product and Breakdown of National Expenditures on Health Services and Supplies 2002



Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

Chart 6.2:
Number of Full Time and Part Time Hospital Employees 1992 - 2002

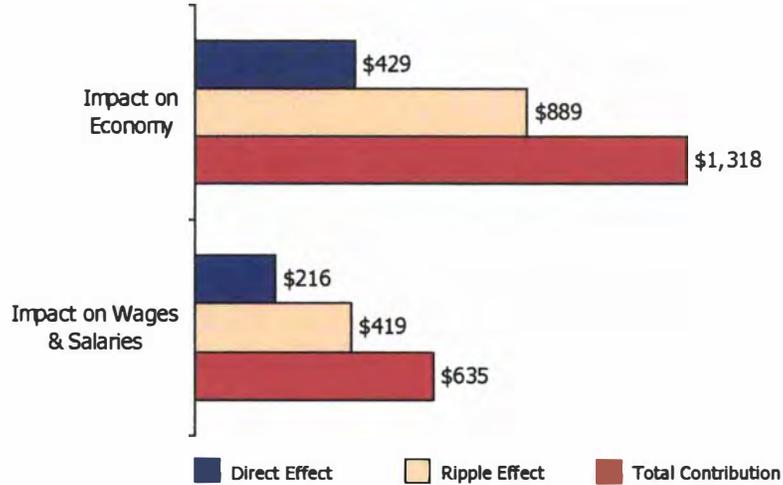


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1992 - 2002, for community hospitals



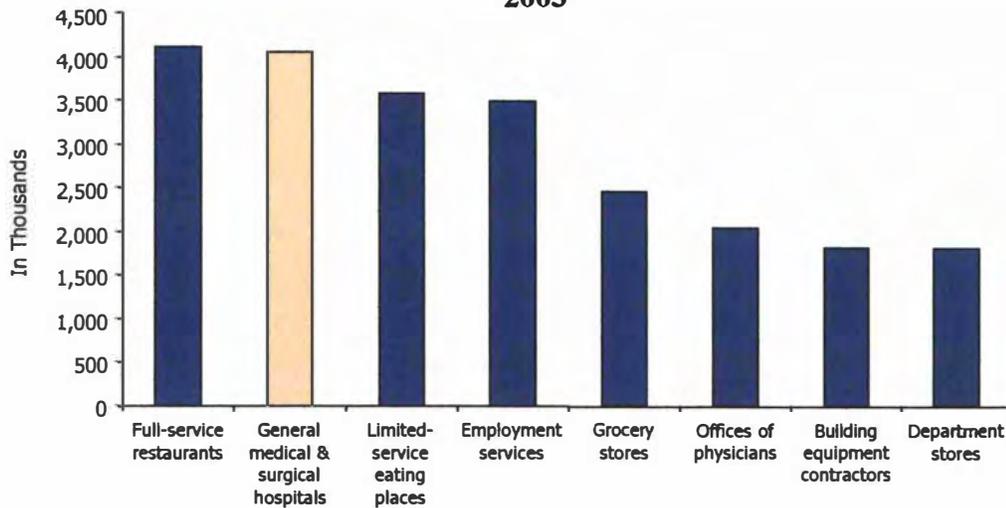
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Chart 6.3:
Impact of Community Hospitals on U.S. Economy (in \$ billions), 2002



Source: The Lewin Group, using BEA RIMS-II multipliers applied to 2002 American Hospital Association Annual Survey data

Chart 6.4:
Hospital Employment vs. Employment in Other Industries (in thousands) 2003

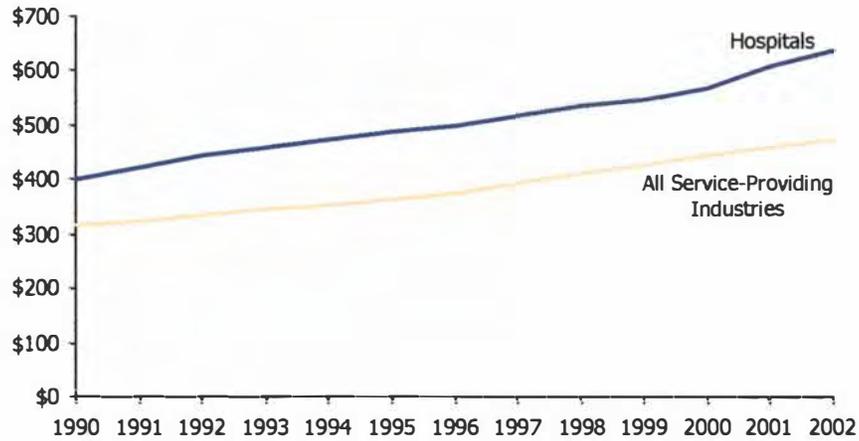


Source: Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey, custom data request



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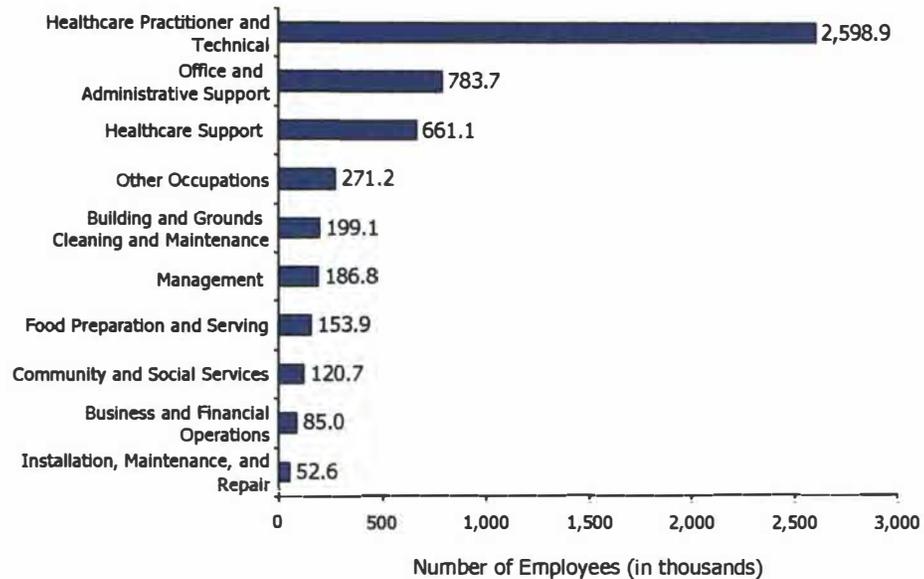
Chart 6.5:
Average Weekly Earnings, Hospitals⁽¹⁾ vs.
All Service-Providing Industries
1990 - 2002



Source: Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey

⁽¹⁾ Includes physicians employed by hospitals.

Chart 6.6:
Hospital Employment by Occupation Type
2002

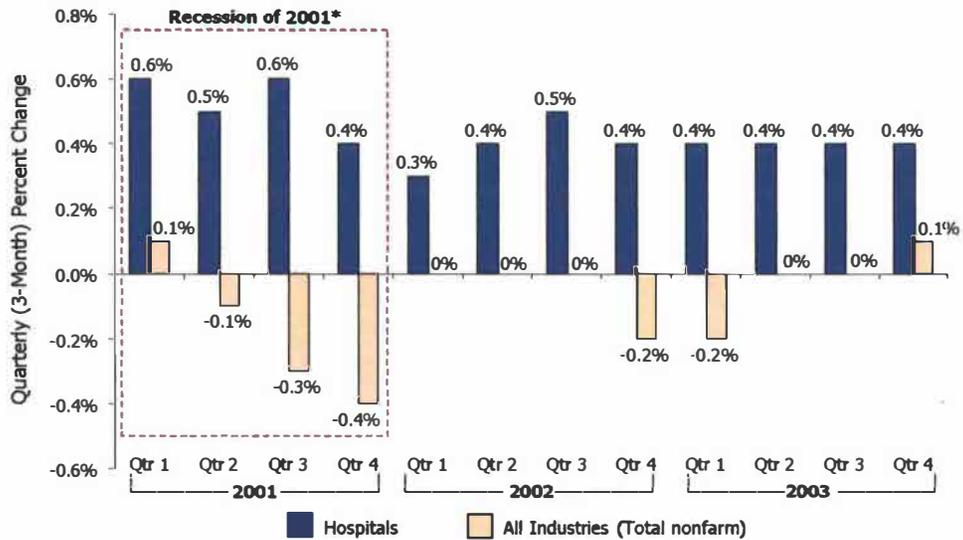


Source: Department of Labor, Bureau of Labor Statistics, 2002 National Industry-Specific Occupational Employment and Wage Estimates



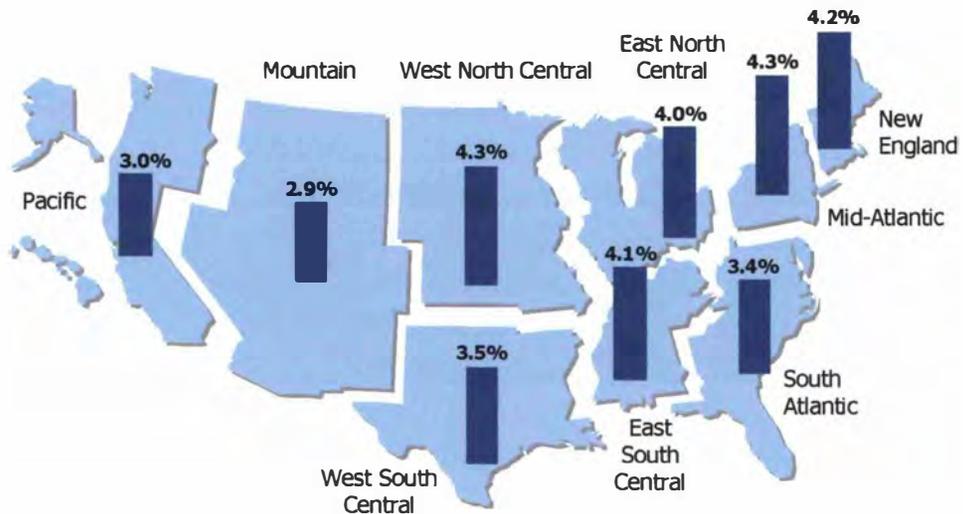
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Chart 6.7:
Percent Change in Employment, Seasonally-Adjusted:
Hospital vs. All Industries
2001 – 2003



Source: Department of Labor, Bureau of Labor Statistics; Recession period defined by National Bureau of Economic Research
 (1) Recession period defined as March 2001 – November 2001 by National Bureau of Economic Research

Chart 6.8:
Percent of Total Regional Employment⁽¹⁾ by Hospitals
2002

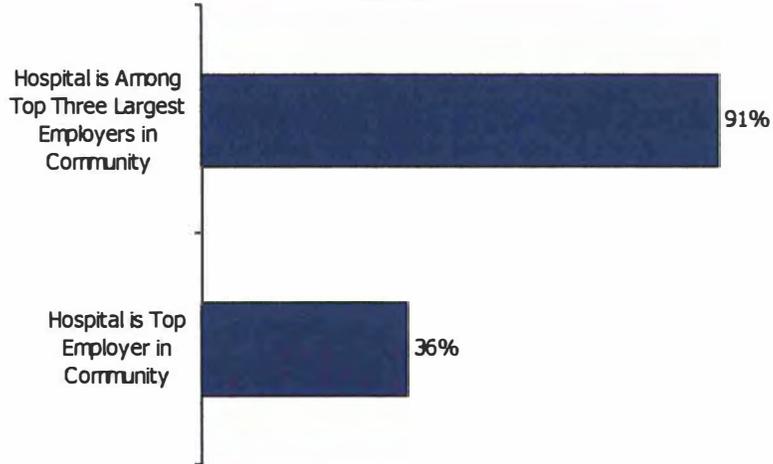


Source: The Lewin Group analysis of American Hospital Association 2002 Annual Survey data and 2002 total nonfarm employment data from the Bureau of Labor Statistics
 (1) Does not include farm employment.



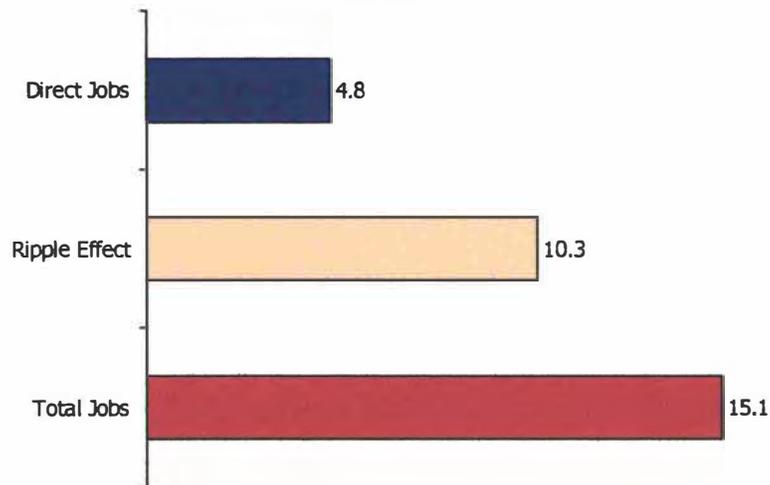
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**Chart 6.9:
Hospital Ranking Among Employers in
Rural Communities
2003**



Source: American Hospital Association Survey of Rural Hospitals, October 2003

**Chart 6.10:
Impact of Community Hospitals on
U.S. Jobs (in millions)
2002**

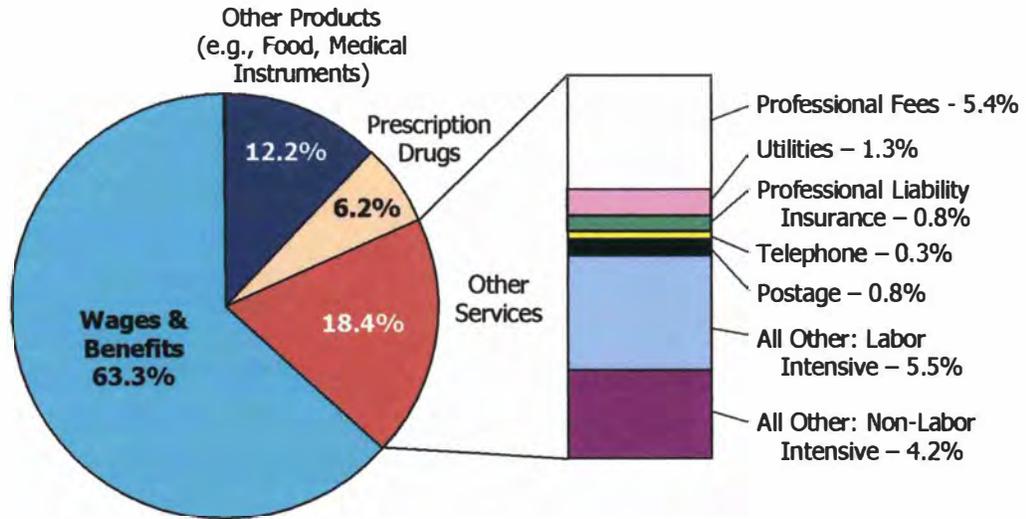


Source: The Lewin Group, using BEA RIMS-II multipliers applied to 2002 American Hospital Association Annual Survey data



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Chart 6.11:
Percent of Hospital Costs⁽¹⁾ by Type of Expense
4Q03



Source: Centers for Medicare and Medicaid Services, 2003
⁽¹⁾ Does not include capital.



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Chart 6.12:
Hospital Impact on Sectors of the
U.S. Economy (in \$ billions)
2002

Industry	Economic Impact
Health Services	\$476.7
Finance, Insurance, and Real Estate	174.2
Business Services	112.6
Wholesale and Retail Trade	95.2
Other Services	88.4
Other Manufacturing	58.5
Chemicals & Allied Products and Petroleum & Coal Products	53.8
Transportation	35.5
Food products	32.3
Communications	26.4
Utilities	22.5
Construction	17.2
Farm Products & Agricultural, Forestry, and Fishing Services	16.6
Printing and Publishing	15.1
Paper and Allied Products	12.0
Mining	8.3
Electronic and Other Electric Equipment	6.9
Industrial Machinery and Equipment	5.4
Lumber & Wood Products and Furniture & Fixtures	5.0
Apparel and Other Textile Products	4.5
Forestry and Fishing Products	0.5
Total	\$1,267.5

Source: The Lewin Group analysis of American Hospital Association 2002 Annual Survey data using BEA industry multipliers for the hospital sector.



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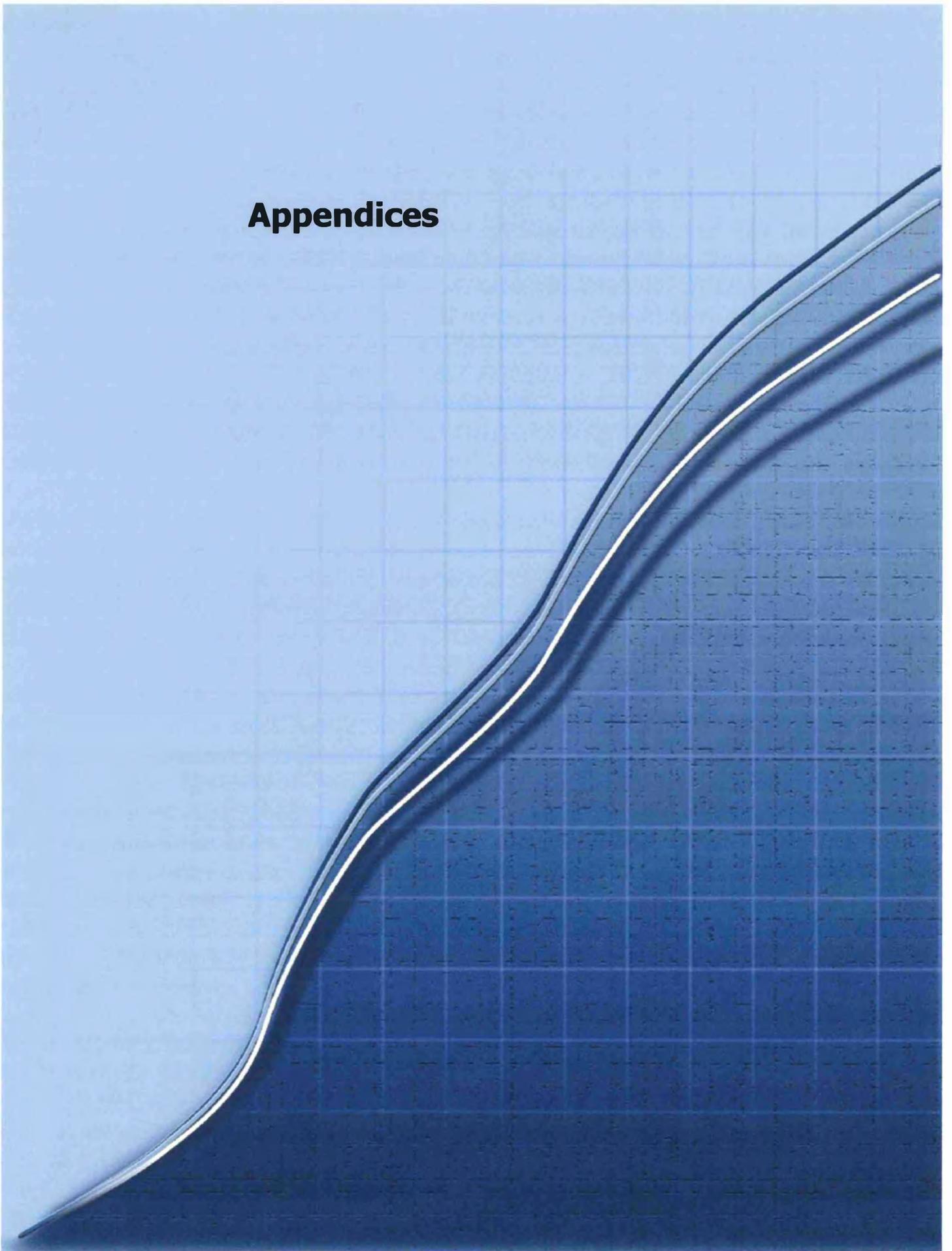
Chart 6.13:
Impact of Community Hospitals on
U.S. Economy, All States and Total U.S.,
2002

State	Number of Hospital Jobs (FT and PT)	Multiplier for Employment	Effect of Hospital Jobs on Total Jobs in State Economy	Percent of Total (Nonfarm) Employment Supported By Hospital Employment	Hospital Payroll and Benefits (\$ millions)	Multiplier for Earnings	Effect of Hospital Payroll and Benefits on Total Labor Income (\$ millions)	Hospital Expenditures ⁽¹⁾ (\$ millions)	Multiplier for Output	Effect of Hospital Expenditures on Total Output in State Economy (\$ millions)
Alabama	77,935	2.3302	181,604	9.6%	\$2,913	2.0288	\$5,911	\$6,162	2.0866	\$12,857
Alaska	9,668	2.2421	21,677	7.3%	510	1.7678	902	907	1.8256	1,656
Arizona	60,731	2.4154	146,690	6.5%	2,747	2.1776	5,982	5,931	2.2057	13,083
Arkansas	48,810	2.1443	104,663	9.1%	1,796	1.8387	3,303	3,827	1.8926	7,243
California	412,412	2.5807	1,064,312	7.4%	22,092	2.3499	51,914	42,907	2.3988	102,926
Colorado	58,357	2.4685	144,054	6.6%	2,851	2.2688	6,469	6,020	2.3000	13,847
Connecticut	58,434	2.1879	127,848	7.7%	2,972	2.1016	6,246	5,235	2.1719	11,370
Delaware	16,803	2.256	37,908	9.2%	720	1.8547	1,336	1,214	1.9525	2,371
District of Columbia	24,260	1.6756	40,650	6.1%	1,283	1.5922	2,042	2,260	1.4970	3,383
Florida	252,351	2.4289	612,935	8.5%	11,560	2.188	25,293	24,268	2.2024	53,447
Georgia	130,764	2.4382	318,829	8.2%	5,502	2.3072	12,695	11,017	2.3566	25,963
Hawaii	17,055	2.3827	40,637	7.3%	864	1.9415	1,679	1,576	1.9913	3,138
Idaho	20,543	2.2717	46,668	8.2%	776	1.8818	1,460	1,532	1.8953	2,904
Illinois	237,124	2.4889	590,178	10.0%	10,213	2.4473	24,994	19,737	2.5310	49,954
Indiana	115,284	2.2852	263,447	9.1%	4,883	2.0193	9,860	9,994	2.0991	20,979
Iowa	66,827	2.2197	148,336	10.3%	2,395	1.9282	4,619	4,525	1.9671	8,900
Kansas	48,080	2.2086	106,189	7.9%	1,894	1.9593	3,711	3,673	2.0650	7,585
Kentucky	76,715	2.2514	172,716	9.7%	3,034	1.9544	5,930	6,534	2.0307	13,269
Louisiana	89,241	2.1914	195,563	10.3%	3,373	1.9325	6,518	7,044	1.9686	13,867
Maine	27,719	2.3211	64,339	10.6%	1,119	1.9371	2,168	2,171	1.9624	4,261
Maryland	80,672	2.4734	199,534	8.1%	3,517	2.247	7,904	7,129	2.3076	16,452
Massachusetts	150,185	2.2847	343,128	10.6%	6,400	2.2033	14,100	12,980	2.2473	29,170
Michigan	185,084	2.2366	413,959	9.2%	8,054	2.0283	16,336	15,570	2.0735	32,284
Minnesota	101,609	2.3362	237,379	9.0%	4,390	2.1472	9,426	8,269	2.1867	18,082
Mississippi	51,585	2.1672	111,795	9.9%	1,969	1.874	3,689	4,170	1.9244	8,025
Missouri	121,160	2.4375	295,328	11.0%	4,834	2.1941	10,607	9,983	2.2853	22,815
Montana	18,727	2.2361	41,875	10.6%	738	1.8398	1,357	1,371	1.8607	2,550
Nebraska	39,182	2.267	88,826	9.8%	1,490	1.9616	2,922	3,107	1.9989	6,211
Nevada	20,137	2.1443	43,180	4.1%	1,180	1.9159	2,261	2,539	1.9418	4,931
New Hampshire	23,179	2.233	51,759	8.4%	1,009	2.057	2,076	1,894	2.0148	3,816
New Jersey	136,785	2.3345	319,325	8.0%	6,926	2.274	15,749	13,072	2.3632	30,892
New Mexico	27,247	2.4257	66,093	8.6%	1,095	1.9952	2,186	2,133	2.0185	4,305
New York	377,136	2.1114	796,285	9.4%	20,590	2.0144	41,477	35,890	2.1198	76,080
North Carolina	139,268	2.4969	347,738	9.0%	6,159	2.1946	13,516	12,051	2.2626	27,267
North Dakota	21,055	2.0815	43,826	13.3%	748	1.7502	1,308	1,405	1.7791	2,501
Ohio	227,791	2.4549	559,204	10.3%	10,055	2.1576	21,695	19,639	2.2289	43,773
Oklahoma	54,575	2.4659	134,576	9.1%	1,953	2.0903	4,083	4,269	2.1608	9,224
Oregon	55,717	2.3621	131,609	8.4%	2,391	1.9584	4,683	4,747	2.0343	9,657
Pennsylvania	260,255	2.4275	631,769	11.2%	10,304	2.3226	23,931	21,443	2.3864	51,170
Rhode Island	19,511	2.1919	42,766	8.9%	995	1.9338	1,925	1,728	1.9570	3,382
South Carolina	64,017	2.3889	152,930	8.5%	2,783	2.0589	5,730	6,136	2.1503	13,195
South Dakota	18,969	2.1193	40,201	10.6%	652	1.7886	1,167	1,269	1.8320	2,324
Tennessee	101,956	2.4318	247,937	9.3%	4,076	2.2153	9,031	8,841	2.2661	20,035
Texas	301,909	2.5395	766,698	8.1%	14,000	2.4039	33,655	30,020	2.4733	74,249
Utah	31,627	2.6135	82,657	7.7%	1,243	2.2228	2,763	2,707	2.2733	6,154
Vermont	13,570	2.2583	30,645	10.2%	449	1.8404	826	820	1.8430	1,511
Virginia	95,720	2.2902	219,218	6.3%	4,375	2.1508	9,410	9,018	2.2640	20,417
Washington	86,370	2.4317	210,026	7.9%	4,269	2.0552	8,774	8,007	2.1043	16,849
West Virginia	39,424	2.1005	82,810	11.3%	1,593	1.7576	2,800	3,125	1.7796	5,560
Wisconsin	96,563	2.202	212,632	7.7%	3,949	1.9358	7,645	8,401	1.9698	16,548
Wyoming	8,022	1.9632	15,749	6.4%	324	1.6365	530	612	1.6704	1,021
U.S.	4,818,120	3.1326	15,093,243	11.6%	\$216,011	2.9401	\$635,094	\$428,881	3.0728	\$1,317,867

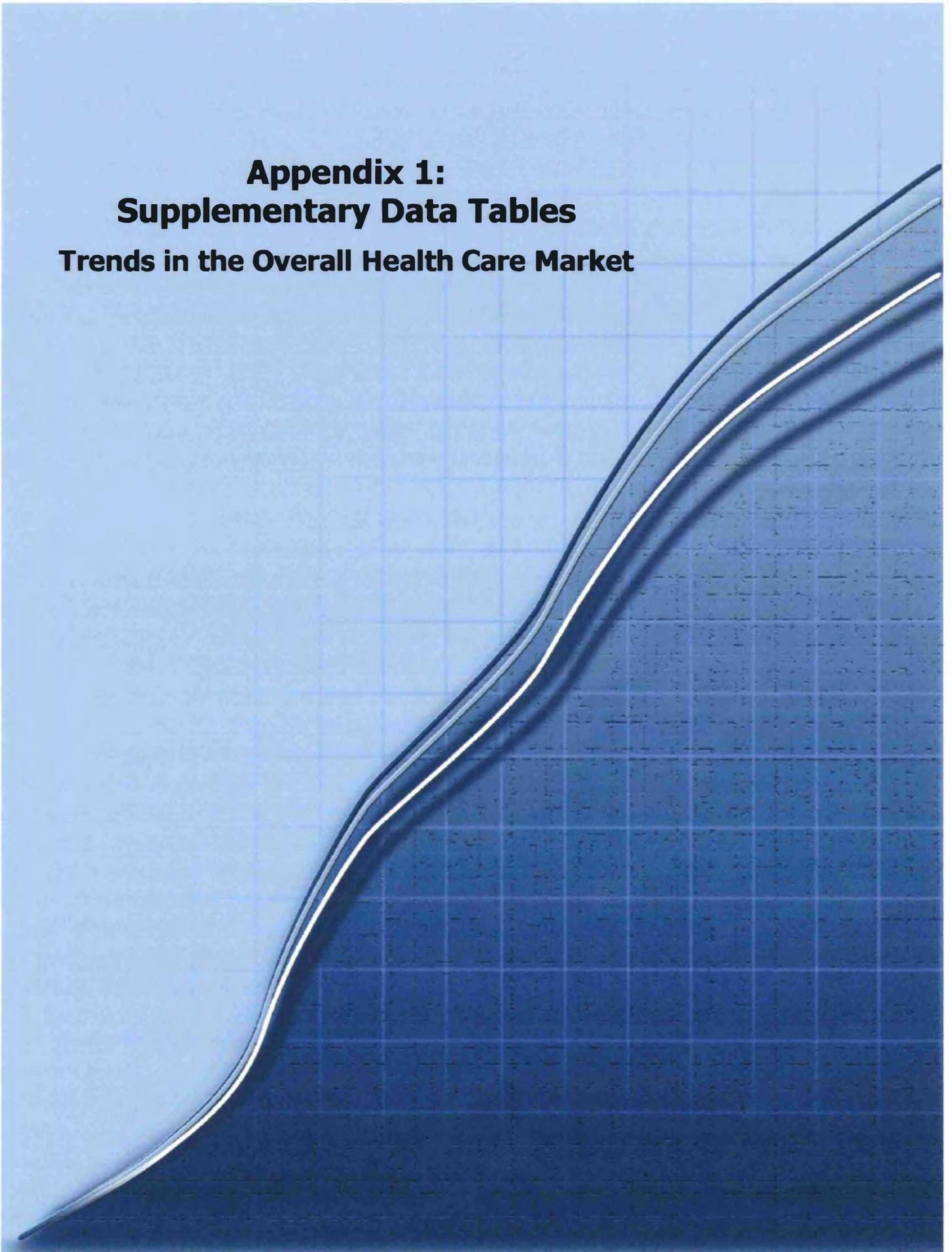
Source: The Lewin Group using BEA RIMS-II multipliers for hospital SIC Code 806 applied to American Hospital Association Annual Survey data for 2002. Expenditures are defined as net patient revenues and other operating revenues. Hospital jobs are total part time and full time jobs. Hospital labor income is defined as payroll plus benefits. The percent of total employment supported by direct and indirect hospital employment is based on BLS data.

(1) Expenditures are defined as net patient revenue + other operating revenue.

Appendices



**Appendix 1:
Supplementary Data Tables
Trends in the Overall Health Care Market**





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**Table 1.1:
National Health Expenditures
1980 - 2002**

Year	Total National Health Expenditures				Prescription Drugs Total	
	Total		Per Capita		Nominal Dollars (billions)	Real Dollars ⁽¹⁾ (billions)
	Nominal Dollars (billions)	Real Dollars ⁽¹⁾ (billions)	Nominal Dollars	Real Dollars ⁽¹⁾		
1980	\$245.8	\$245.8	\$1,067	\$1,067	\$12.0	\$12.0
1981	\$285.1	\$258.4	\$1,225	\$1,110	\$13.4	\$12.1
1982	\$321.0	\$274.1	\$1,366	\$1,166	\$15.0	\$12.8
1983	\$353.5	\$292.5	\$1,489	\$1,232	\$17.3	\$14.3
1984	\$390.1	\$309.4	\$1,628	\$1,291	\$19.6	\$15.6
1985	\$426.8	\$326.9	\$1,765	\$1,352	\$21.8	\$16.7
1986	\$457.2	\$343.8	\$1,872	\$1,407	\$24.3	\$18.3
1987	\$498.0	\$361.2	\$2,020	\$1,465	\$26.9	\$19.5
1988	\$558.1	\$388.7	\$2,243	\$1,562	\$30.6	\$21.3
1989	\$622.7	\$413.8	\$2,477	\$1,646	\$34.8	\$23.1
1990	\$696.0	\$438.8	\$2,738	\$1,726	\$40.3	\$25.4
1991	\$761.8	\$460.9	\$2,966	\$1,794	\$44.9	\$27.2
1992	\$827.0	\$485.7	\$3,184	\$1,870	\$48.2	\$28.3
1993	\$888.1	\$506.4	\$3,381	\$1,928	\$51.3	\$29.2
1994	\$937.2	\$521.1	\$3,534	\$1,965	\$54.6	\$30.4
1995	\$990.2	\$535.4	\$3,698	\$1,999	\$60.8	\$32.9
1996	\$1,039.3	\$545.8	\$3,847	\$2,020	\$67.2	\$35.3
1997	\$1,092.8	\$561.0	\$4,007	\$2,057	\$75.7	\$38.9
1998	\$1,150.3	\$581.5	\$4,179	\$2,113	\$87.3	\$44.1
1999	\$1,222.6	\$604.7	\$4,402	\$2,177	\$104.4	\$51.6
2000	\$1,309.4	\$626.6	\$4,670	\$2,235	\$121.5	\$58.2
2001	\$1,420.7	\$661.0	\$5,021	\$2,336	\$140.8	\$67.8
2002	\$1,553.0	\$711.3	\$5,440	\$2,492	\$162.4	\$74.4

Source: Centers for Medicare & Medicaid Services, Office of the Actuary: National Health Statistics Group

⁽¹⁾ Expressed in 1980 dollars; adjusted using the overall consumer price index for urban consumers

Data for Charts 1.1, 1.3, and 1.10



**Table 1.2:
Percent Change in National Expenditures for Selected
Health Services and Supplies
1992 - 2002**

Year	Hospital Care	Prescription Drugs	Admin. & Net Cost of Priv. Health Insurance	Home Health Care	Nursing Home Care
1992	8.2%	7.4%	8.1%	22.1%	6.8%
1993	5.9%	6.3%	23.0%	20.4%	5.5%
1994	3.9%	6.6%	9.2%	19.1%	4.0%
1995	3.4%	11.2%	4.0%	17.1%	9.1%
1996	3.4%	10.5%	0.9%	10.1%	7.2%
1997	3.5%	12.8%	-0.3%	2.8%	6.4%
1998	3.0%	15.2%	5.9%	-2.8%	4.7%
1999	3.9%	19.7%	13.2%	-3.7%	0.5%
2000	5.0%	16.4%	10.0%	-1.8%	4.7%
2001	7.5%	15.9%	12.5%	6.2%	5.7%
2002	9.5%	15.3%	16.2%	7.2%	4.1%

Source: Centers for Medicare and Medicaid Services, Office of the Actuary

Data for Chart 1.7

**Table 1.3:
Consumer Out-of-Pocket Payments for National Health
Expenditures
1990 - 2002**

Year	Payment (billions)
1990	\$137.3
1991	\$142.1
1992	\$145.9
1993	\$146.9
1994	\$143.8
1995	\$146.5
1996	\$151.9
1997	\$162.1
1998	\$175.3
1999	\$184.5
2000	\$192.6
2001	\$200.5
2002	\$212.5

Source: Centers for Medicare & Medicaid Services, Office of the Actuary

Data for Chart 1.9



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Table 1.4:
National Health Expenditures⁽¹⁾
1980 - 2013

Year	Expenditures (billions)
1980	\$246
1990	\$696
1998	\$1,150
1999	\$1,223
2000	\$1,309
2001	\$1,421
2002	\$1,553
2003	\$1,674
2004	\$1,794
2005	\$1,921
2006	\$2,064
2007	\$2,219
2008	\$2,388
2009	\$2,565
2010	\$2,751
2011	\$2,946
2012	\$3,146
2013	\$3,358

Source: Centers for Medicare & Medicaid Services, Office of the Actuary

⁽¹⁾ Years 2003 – 2013 are projections

Data for Chart 1.8



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Table 1.5:
**Growth in Total Prescription Drug Spending as a
Percentage of Total Growth in National Health Expenditures
1980 - 2002**

Year	Percentage
1980	4.10%
1981	3.43%
1982	4.54%
1983	7.05%
1984	6.27%
1985	5.93%
1986	8.20%
1987	6.37%
1988	6.26%
1989	6.37%
1990	7.54%
1991	6.99%
1992	5.11%
1993	4.96%
1994	6.90%
1995	11.58%
1996	12.99%
1997	16.07%
1998	20.03%
1999	23.72%
2000	19.71%
2001	17.33%
2002	16.32%

*Source: Centers for Medicare & Medicaid Services, Office of the Actuary
Data for Chart 1.11*



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Table 1.6:
Consumer Out-of-Pocket Spending vs. Private Health Insurance
Spending for Prescription Drugs
1980 - 2002

Year	Out-of-Pocket Payment (billions)	Private Health Insurance (billions)
1980	\$8.364	\$2.012
1981	\$9.123	\$2.362
1982	\$10.032	\$2.985
1983	\$11.332	\$3.691
1984	\$12.546	\$4.389
1985	\$13.617	\$5.237
1986	\$15.440	\$5.085
1987	\$16.365	\$6.213
1988	\$18.427	\$7.310
1989	\$20.595	\$8.750
1990	\$23.794	\$9.815
1991	\$25.241	\$11.895
1992	\$26.377	\$13.148
1993	\$27.031	\$14.606
1994	\$26.315	\$17.524
1995	\$25.970	\$22.564
1996	\$26.497	\$26.853
1997	\$27.874	\$32.150
1998	\$30.485	\$38.347
1999	\$34.361	\$47.858
2000	\$38.324	\$56.555
2001	\$42.503	\$66.820
2002	\$48.605	\$77.569

*Source: Centers for Medicare & Medicaid Services, Office of the Actuary
Data for Chart 1.12*



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**Table 1.7:
Number and Percent Uninsured⁽¹⁾
1985 - 2002**

Year	Number (millions)	Percent
1985	34.6	14.8%
1986	34.2	14.4%
1987	31.0	12.9%
1988	32.7	13.4%
1989	33.4	13.6%
1990	34.7	13.9%
1991	35.4	14.1%
1992	38.6	15.0%
1993	39.7	15.3%
1994	39.7	15.2%
1995	40.6	15.4%
1996	41.7	15.6%
1997	43.4	16.1%
1998	44.3	16.3%
1999	40.2	14.5%
2000	39.8	14.2%
2001	41.2	14.6%
2002	43.6	15.2%

Source: US Census Bureau

(1) 1999 - 2002 data use population estimates based on Census 2000.

Data for Chart 1.15

**Table 1.8:
Medicaid Enrollees
1990, 1995, 2000, and 2001**

(in millions)	1990	1995	2000	2001
Aged	3.2	4.2	4.5	4.8
Blind/Disabled	3.7	6.0	7.5	7.9
Children	11.2	17.6	21.5	23.1
Adults	6.0	7.8	9.0	10.4
Other Title XIX	1.1	0.6		
Total	25.3	36.3	42.5	46.1

Source: Centers for Medicare & Medicaid Services

Data for Chart 1.18



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**Table 1.9:
Average Percent Uninsured by State
2000 - 2002**

State	Average Percent Uninsured	State	Average Percent Uninsured
Alabama	13.0%	Montana	15.2%
Alaska	17.8%	Nebraska	9.6%
Arizona	17.1%	Nevada	17.5%
Arkansas	15.6%	New Hampshire	9.2%
California	18.7%	New Jersey	13.1%
Colorado	15.3%	New Mexico	22.0%
Connecticut	10.2%	New York	15.8%
Delaware	9.5%	North Carolina	14.9%
District of Columbia	13.2%	North Dakota	10.7%
Florida	17.5%	Ohio	11.4%
Georgia	15.7%	Oklahoma	18.2%
Hawaii	9.7%	Oregon	13.3%
Idaho	16.4%	Pennsylvania	9.7%
Illinois	13.9%	Rhode Island	8.3%
Indiana	12.0%	South Carolina	12.3%
Iowa	8.6%	South Dakota	10.6%
Kansas	10.9%	Tennessee	11.0%
Kentucky	13.2%	Texas	24.1%
Louisiana	18.6%	Utah	13.6%
Maine	10.8%	Vermont	9.6%
Maryland	12.0%	Virginia	12.0%
Massachusetts	9.0%	Washington	13.6%
Michigan	10.4%	West Virginia	14.0%
Minnesota	8.0%	Wisconsin	8.4%
Mississippi	15.6%	Wyoming	16.4%
Missouri	10.4%		

Source: US Census Bureau
Data for Chart 1.16



American Hospital
Association

**Table 1.10:
Percent Change in
SCHIP Enrollment by State
FY 2002 – FY 2003**

State	Percent Change FY 02 – FY 03	State	Percent Change FY 02 – FY 03
Alabama	-6%	Montana	-6%
Alaska	3%	Nebraska	180%
Arizona	-2%	Nevada	25%
Arkansas	Unknown	New Hampshire	22%
California	11%	New Jersey	2%
Colorado	43%	New Mexico	-6%
Connecticut	5%	New York	-1%
Delaware	1%	North Carolina	25%
District of Columbia	16%	North Dakota	11%
Florida	20%	Ohio	12%
Georgia	14%	Oklahoma	9%
Hawaii	42%	Oregon	4%
Idaho	0%	Pennsylvania	8%
Illinois	86%	Rhode Island	26%
Indiana	11%	South Carolina	14%
Iowa	7%	South Dakota	1%
Kansas	12%	Tennessee	Unknown
Kentucky	-1%	Texas	0%
Louisiana	40%	Utah	12%
Maine	30%	Vermont	5%
Maryland	4%	Virginia	23%
Massachusetts	5%	Washington	9%
Michigan	8%	West Virginia	-2%
Minnesota	-2%	Wisconsin	14%
Mississippi	16%	Wyoming	4%
Missouri	0%		

Source: Center for Medicare and Medicaid Services
Data for Chart 1.20



American Hospital Association

Table 1.11:
Percentage of Employees with Employer-based Coverage Who Can Choose Conventional, PPO, HMO and POS Plans 1988 - 2003

	1988	1993	1996	1999	2000	2001	2002	2003
Conventional	90%	59%	52%	26%	21%	21%	14%	14%
PPO	18%	49%	45%	62%	65%	71%	74%	77%
HMO	46%	68%	64%	56%	53%	46%	50%	47%
POS	N/A ⁽¹⁾	21%	30%	45%	41%	37%	34%	30%

Source: The Kaiser Family Foundation and Health Research and Educational Trust, *Employer Health Benefits 2003 Annual Survey*

⁽¹⁾ Point-of-service plans not separately identified

Data for Chart 1.21

Table 1.12:
Percent Distribution of Employer-sponsored Health Insurance Enrollment by Type of Plan 1988 - 2003

	1988	1993	1996	1998	1999	2000	2001	2002	2003
POS	N/A ⁽¹⁾	7%	14%	24%	24%	21%	23%	18%	17%
HMO	16%	21%	31%	27%	28%	29%	24%	27%	24%
PPO	11%	26%	28%	35%	39%	42%	46%	52%	54%
Conventional	73%	46%	27%	14%	10%	8%	7%	4%	5%

Source: The Kaiser Family Foundation and Health Research and Educational Trust, *Employer Health Benefits 2003 Annual Survey*

⁽¹⁾ Point-of-service plans not separately identified

Data for Chart 1.22



American Hospital
Association

**Table 1.13:
Growth in Medicare Spending per Beneficiary vs. Private
Health Insurance Spending per Enrollee
1980 - 2002**

Year	Growth in Medicare Spending per Beneficiary	Growth in Private Health Insurance Spending per Enrollee
1980	18.7%	15.9%
1981	17.7%	16.3%
1982	15.4%	14.0%
1983	11.9%	9.9%
1984	9.4%	9.4%
1985	6.0%	10.9%
1986	5.0%	5.3%
1987	6.0%	11.9%
1988	4.8%	15.1%
1989	11.6%	12.9%
1990	7.1%	12.7%
1991	7.5%	11.1%
1992	10.7%	8.5%
1993	6.5%	7.4%
1994	10.4%	3.6%
1995	8.4%	5.8%
1996	6.6%	4.1%
1997	4.4%	5.3%
1998	-0.7%	5.4%
1999	0.3%	5.1%
2000	4.2%	7.6%
2001	8.9%	10.3%
2002	6.7%	10.1%

*Source: Centers for Medicare & Medicaid Services, Office of the Actuary
Data for Chart 1.24*



American Hospital Association

**Table 1.14:
Percentage of Medicaid Beneficiaries Enrolled
in Medicaid Managed Care by State
2001 and 2002**

State	% Enrolled		State	% Enrolled	
	01	02		01	02
Alabama	53.7%	55.4%	Montana	64.2%	66.8%
Alaska	0.0%	0.0%	Nebraska	74.8%	77.8%
Arizona	96.1%	94.4%	Nevada	38.2%	38.8%
Arkansas	58.1%	66.2%	New Hampshire	7.9%	10.1%
California	52.3%	52.5%	New Jersey	60.5%	65.1%
Colorado	92.0%	92.9%	New Mexico	64.0%	65.5%
Connecticut	72.4%	74.5%	New York	26.0%	35.1%
Delaware	81.8%	77.1%	North Carolina	70.3%	70.5%
District of Columbia	64.4%	63.2%	North Dakota	58.3%	64.5%
Florida	61.6%	63.8%	Ohio	21.5%	25.4%
Georgia	84.4%	72.1%	Oklahoma	67.7%	70.5%
Hawaii	78.3%	78.8%	Oregon	87.4%	86.7%
Idaho	28.4%	39.6%	Pennsylvania	75.8%	79.7%
Illinois	9.4%	8.9%	Rhode Island	68.5%	68.2%
Indiana	70.2%	70.4%	South Carolina	6.5%	8.6%
Iowa	88.6%	86.9%	South Dakota	97.4%	95.4%
Kansas	57.6%	57.2%	Tennessee	100.0%	100.0%
Kentucky	80.6%	84.3%	Texas	41.4%	38.0%
Louisiana	6.9%	25.4%	Utah	93.0%	100.0%
Maine	43.2%	54.0%	Vermont	60.8%	64.1%
Maryland	68.3%	68.8%	Virginia	61.3%	65.2%
Massachusetts	64.5%	64.0%	Washington	100.0%	90.2%
Michigan	90.0%	100.0%	West Virginia	46.3%	50.7%
Minnesota	64.3%	68.6%	Wisconsin	51.8%	54.2%
Mississippi	50.8%	0.0%	Wyoming	0.0%	0.0%
Missouri	45.1%	45.6%	Nation	56.8%	57.6%

Source: Centers for Medicare & Medicaid Services, Office of the Actuary
Data for Chart 1.26



American Hospital
Association

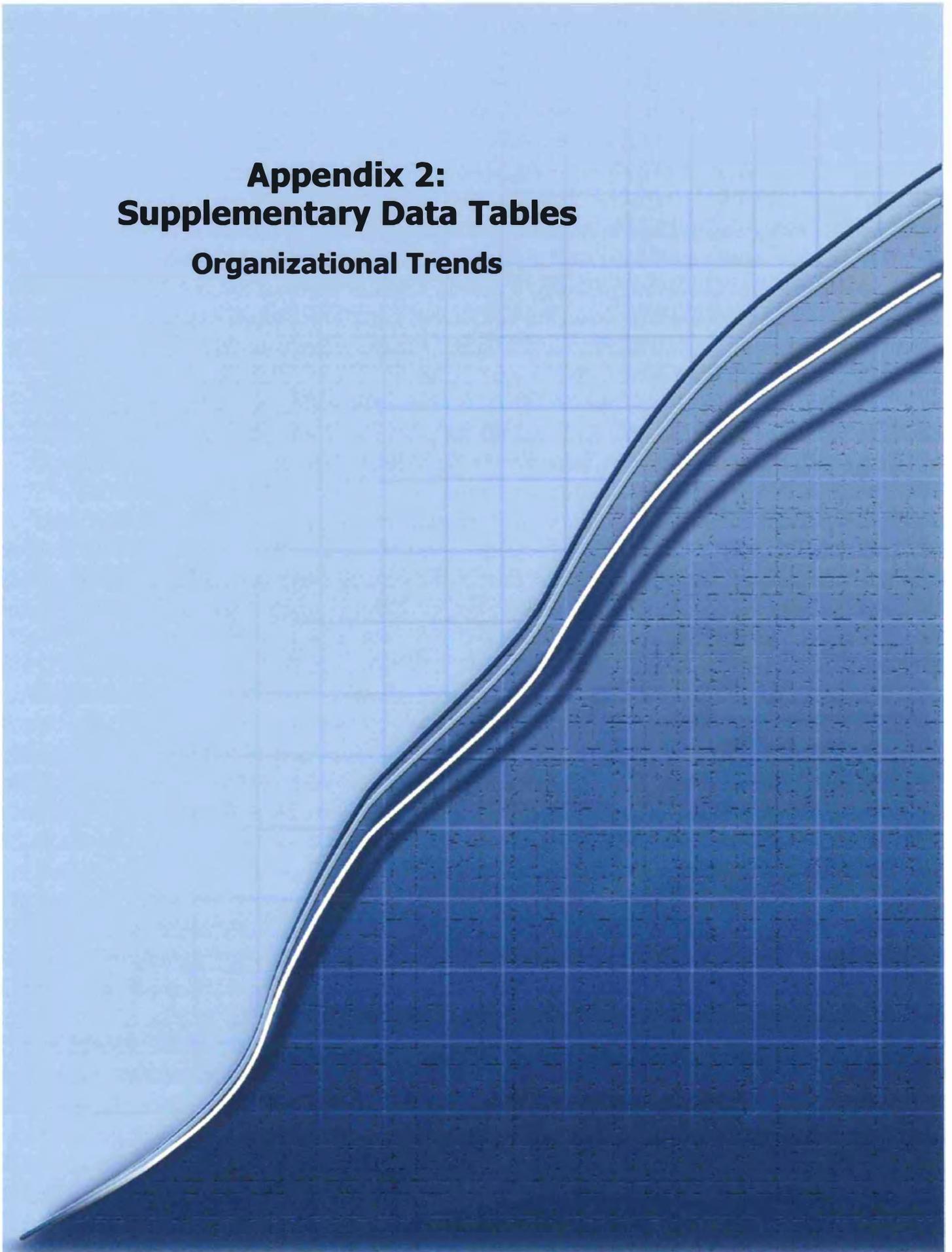
Table 1.15:
Blue Cross/Blue Shield
Underwriting Gain/Loss
1965 - 2002

Year	Percent Gain/Loss	Year	Percent Gain/Loss
1965	0.4%	1984	2.6%
1966	1.8%	1985	0.6%
1967	3.5%	1986	-2.9%
1968	-0.6%	1987	-5.9%
1969	-3.3%	1988	-3.4%
1970	-3.0%	1989	0.3%
1971	0.3%	1990	1.5%
1972	2.5%	1991	1.1%
1973	2.5%	1992	1.1%
1974	-1.5%	1993	2.2%
1975	-5.6%	1994	1.3%
1976	-0.9%	1995	-0.2%
1977	3.3%	1996	-1.0%
1978	3.2%	1997	-1.2%
1979	0.2%	1998	-1.0%
1980	-4.1%	1999	0.1%
1981	-3.9%	2000	0.6%
1982	-1.5%	2001	1.3%
1983	0.8%	2002	2.1%

Source: Milliman USA

Data for Chart 1.29

**Appendix 2:
Supplementary Data Tables
Organizational Trends**





American Hospital
Association

**Table 2.1:
Number of Community Hospitals⁽¹⁾
1980 - 2002**

Year	All Hospitals	Urban	Rural	In Health System⁽²⁾
1980	5,830	2,955	2,875	-
1981	5,813	3,048	2,765	-
1982	5,801	3,041	2,760	-
1983	5,783	3,070	2,713	-
1984	5,759	3,063	2,696	-
1985	5,732	3,058	2,674	1,579
1986	5,678	3,040	2,638	1,735
1987	5,611	3,012	2,599	1,781
1988	5,533	2,984	2,549	1,857
1989	5,455	2,958	2,497	1,835
1990	5,384	2,924	2,460	1,822
1991	5,342	2,921	2,421	1,827
1992	5,292	3,007	2,285	1,814
1993	5,261	3,012	2,249	1,829
1994	5,229	2,993	2,236	1,956
1995	5,194	2,958	2,236	1,990
1996	5,134	2,908	2,226	2,058
1997	5,057	2,852	2,205	2,222
1998	5,015	2,816	2,199	2,176
1999	4,956	2,767	2,189	2,238
2000	4,915	2,740	2,175	2,217
2001	4,908	2,742	2,166	2,260
2002	4,927	2,749	2,178	2,261

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2002, for community hospitals

⁽¹⁾ All nonfederal, short-term general, and special hospitals whose facilities and services are available to the public

⁽²⁾ Hospitals that are part of a corporate body that may own and/or manage health provider facilities or health-related subsidiaries as well as non-health-related facilities including freestanding and/or subsidiary corporations

Data for Charts 2.1 and 2.4



American Hospital
Association

**Table 2.2:
Number of Beds and
Number of Beds per 1,000 Persons
1980 - 2002**

Year	Number of Beds	Beds per 1,000
1980	988,287	4.36
1981	1,001,801	4.37
1982	1,011,989	4.37
1983	1,018,452	4.36
1984	1,016,987	4.31
1985	1,000,598	4.21
1986	978,283	4.07
1987	956,529	3.95
1988	944,276	3.86
1989	932,185	3.78
1990	926,436	3.72
1991	922,822	3.66
1992	919,505	3.61
1993	917,847	3.56
1994	901,056	3.46
1995	871,976	3.32
1996	862,352	3.25
1997	853,287	3.19
1998	839,988	3.11
1999	829,575	3.04
2000	823,560	2.93
2001	825,966	2.90
2002	820,653	2.85

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2002, for community hospitals
Data for Chart 2.2*



American Hospital
Association

Table 2.3:
Beds per 1,000 Persons
by State
2001 and 2002

State	Beds per 1,000 Persons		State	Beds per 1,000 Persons	
	01	02		01	02
Alabama	3.72	3.56	Montana	4.93	4.68
Alaska	2.28	2.15	Nebraska	4.84	4.69
Arizona	2.02	2.01	Nevada	1.95	2.07
Arkansas	3.54	3.67	New Hampshire	2.27	2.26
California	2.12	2.12	New Jersey	2.89	2.81
Colorado	2.13	2.13	New Mexico	1.96	1.94
Connecticut	2.34	2.23	New York	3.53	3.43
Delaware	2.33	2.50	North Carolina	2.89	2.84
District of Columbia	5.88	5.89	North Dakota	5.84	6.12
Florida	3.16	3.07	Ohio	2.92	2.95
Georgia	2.87	2.87	Oklahoma	3.23	3.19
Hawaii	2.64	2.57	Oregon	1.92	1.93
Idaho	2.60	2.49	Pennsylvania	3.42	3.29
Illinois	2.94	2.88	Rhode Island	2.31	2.27
Indiana	3.11	3.08	South Carolina	2.78	2.71
Iowa	3.94	3.84	South Dakota	5.89	6.08
Kansas	4.15	4.00	Tennessee	3.58	3.53
Kentucky	3.69	3.68	Texas	2.64	2.61
Louisiana	4.02	3.99	Utah	1.95	1.90
Maine	2.99	2.85	Vermont	2.76	2.56
Maryland	2.09	2.09	Virginia	2.33	2.37
Massachusetts	2.58	2.50	Washington	1.90	1.87
Michigan	2.56	2.60	West Virginia	4.39	4.33
Minnesota	3.31	3.32	Wisconsin	2.89	2.69
Mississippi	4.78	4.59	Wyoming	3.89	3.77
Missouri	3.42	3.33			

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2001 and 2002 for community hospitals and State Population Estimates from US Census Bureau

Data for Chart 2.3



American Hospital
Association

Table 2.4:
Percent of Outpatient Surgeries by Facility Type
1981 - 2003

Year	Hospital Owned Facilities	Freestanding Facilities	Physician Offices
1981	93%	4%	3%
1983	89%	6%	5%
1985	86%	9%	5%
1987	83%	12%	5%
1989	80%	15%	5%
1991	76%	17%	7%
1993	69%	22%	9%
1995	63%	25%	12%
1997	57%	28%	15%
1999	53%	31%	16%
2001	51%	33%	16%
2003	47%	37%	16%

Source: Verispan
Data for Chart 2.5

Table 2.5:
Percentage of Hospitals with Physician Affiliates⁽¹⁾
by Type of Relationship
1994 - 2002

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Physician Hospital Organization	26%	31%	31%	29%	29%	27%	25%	23%	22%
IPA	20%	23%	24%	21%	19%	18%	17%	17%	16%
Management Service Organization	15%	19%	22%	19%	17%	16%	13%	11%	11%
Group Practice without Walls	6%	7%	7%	6%	5%	4%	4%	5%	4%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994-2002, for community hospitals

⁽¹⁾ A hospital is considered to have a physician relationship if the relationship exists as part of the hospital or a system or network of which the hospital is a part

Data for Chart 2.7



American Hospital
Association

Table 2.6:
**Percentage of Hospitals with Insurance Products by Type
of Insurance
1994 - 2002**

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Health Maintenance Organization	19%	21%	22%	23%	22%	20%	18%	15%	14%
Preferred Provider	30%	31%	31%	31%	26%	23%	21%	18%	19%
Indemnity Fee-for-service	10%	10%	10%	10%	8%	6%	6%	5%	5%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994-2002, for community hospitals
Data for Chart 2.8*

Table 2.7:
**Percentage of Hospitals Offering
“Non-hospital” Services
1995 - 2002**

	1995	1996	1997	1998	1999	2000	2001	2002
Home Health Service	74%	77%	78%	76%	72%	69%	66%	65%
Skilled Nursing Facility	45%	49%	52%	53%	49%	49%	47%	46%
Long-term Care	13%	14%	15%	12%	11%	11%	11%	11%
Assisted Living	8%	10%	11%	13%	14%	15%	15%	15%
Hospice	53%	56%	56%	59%	56%	54%	54%	55%
Meals on Wheels	23%	24%	25%	26%	25%	26%	25%	24%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995-2002, for community hospitals
Data for Chart 2.9*



Table 3.1a

Trends in Hospital Utilization

Appendix 3: Supplementary Data Tables

Utilization and Volume

Year	Inpatient Discharges	Outpatient Visits	Total Discharges
1980	46,243,445	151.3	20,983,280
1981	46,278,333	151.8	21,493,242
1982	46,379,443	152.2	21,943,792
1983	46,233,720	152.6	22,394,342
1984	47,153,497	153.0	22,844,892
1985	48,042,671	153.4	23,295,442
1986	48,978,749	153.8	23,745,992
1987	49,900,827	154.2	24,196,542
1988	50,822,905	154.6	24,647,092
1989	51,744,983	155.0	25,097,642
1990	52,667,061	155.4	25,548,192
1991	53,589,139	155.8	26,000,742
1992	54,511,217	156.2	26,453,292
1993	55,433,295	156.6	26,905,842
1994	56,355,373	157.0	27,358,392
1995	57,277,451	157.4	27,810,942
1996	58,199,529	157.8	28,263,492
1997	59,121,607	158.2	28,716,042
1998	60,043,685	158.6	29,168,592
1999	60,965,763	159.0	29,621,142
2000	61,887,841	159.4	30,073,692
2001	62,809,919	159.8	30,526,242
2002	63,731,997	160.2	30,978,792
2003	64,654,075	160.6	31,431,342
2004	65,576,153	161.0	31,883,892
2005	66,498,231	161.4	32,336,442
2006	67,420,309	161.8	32,788,992
2007	68,342,387	162.2	33,241,542
2008	69,264,465	162.6	33,694,092
2009	70,186,543	163.0	34,146,642
2010	71,108,621	163.4	34,599,192
2011	72,030,699	163.8	35,051,742
2012	72,952,777	164.2	35,504,292
2013	73,874,855	164.6	35,956,842
2014	74,796,933	165.0	36,409,392
2015	75,719,011	165.4	36,861,942
2016	76,641,089	165.8	37,314,492
2017	77,563,167	166.2	37,767,042
2018	78,485,245	166.6	38,219,592
2019	79,407,323	167.0	38,672,142
2020	80,329,401	167.4	39,124,692
2021	81,251,479	167.8	39,577,242
2022	82,173,557	168.2	40,029,792
2023	83,095,635	168.6	40,482,342
2024	84,017,713	169.0	40,934,892
2025	84,939,791	169.4	41,387,442
2026	85,861,869	169.8	41,839,992
2027	86,783,947	170.2	42,292,542
2028	87,706,025	170.6	42,745,092
2029	88,628,103	171.0	43,197,642
2030	89,550,181	171.4	43,650,192

Source: American Hospital Association, Hospital Statistics, 2024



American Hospital
Association

**Table 3.1:
Trends in Inpatient Utilization
in Community Hospitals
1980 - 2002**

Year	Inpatient Admissions in Community Hospitals	Inpatient Admissions per 1,000	Total Inpatient Days in Community Hospitals	Inpatient Days per 1,000	Inpatient Surgeries	Average Length of Stay
1980	36,143,445	159.5	273,085,130	1,205.4	15,714,062	7.6
1981	36,438,232	158.8	278,405,882	1,213.3	15,674,633	7.6
1982	36,379,446	157.0	278,043,093	1,200.2	15,532,578	7.6
1983	36,151,780	154.6	273,196,906	1,168.5	15,130,404	7.6
1984	35,155,462	149.1	256,603,081	1,088.1	14,378,580	7.3
1985	33,448,631	140.6	236,619,446	994.5	13,161,996	7.1
1986	32,378,796	134.8	229,447,826	955.5	12,222,470	7.1
1987	31,600,817	130.4	227,014,903	937.0	11,691,429	7.2
1988	31,452,835	128.6	226,875,042	927.9	11,383,578	7.2
1989	31,116,048	126.1	225,436,505	913.4	10,989,409	7.2
1990	31,181,046	125.3	225,971,653	908.4	10,844,916	7.2
1991	31,064,283	123.2	222,858,470	883.9	10,693,243	7.2
1992	31,033,557	121.7	221,047,104	866.8	10,552,378	7.1
1993	30,748,051	119.3	215,888,741	837.6	10,181,703	7.0
1994	30,718,136	118.0	207,180,278	796.0	9,833,938	6.7
1995	30,945,357	117.8	199,876,367	760.7	9,700,613	6.5
1996	31,098,959	117.2	193,747,004	730.4	9,545,612	6.2
1997	31,576,960	118.0	192,504,015	719.2	9,509,081	6.1
1998	31,811,673	117.8	191,430,450	709.0	9,735,705	6.0
1999	32,359,042	118.7	191,884,270	703.7	9,539,593	5.9
2000	33,089,467	117.6	192,420,368	683.7	9,729,336	5.8
2001	33,813,589	118.7	194,106,316	681.6	9,779,583	5.7
2002	34,478,280	119.6	196,690,099	682.1	10,105,010	5.7

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2002, for community hospitals
Data for Charts 3.1, 3.2, 3.3, 3.4, 3.5, and 3.14



American Hospital
Association

Table 3.2:
Average Length of Stay in Community Hospitals
by State
2001 and 2002

State	Average Length of Stay		State	Average Length of Stay	
	01	02		01	02
Alabama	5.2	4.8	Montana	10.2	10.0
Alaska	6.2	6.3	Nebraska	8.8	8.4
Arizona	4.5	4.3	Nevada	4.9	5.2
Arkansas	5.5	5.5	New Hampshire	5.5	5.5
California	5.4	5.4	New Jersey	5.7	5.7
Colorado	5.1	5.1	New Mexico	4.6	4.7
Connecticut	6.1	6.0	New York	7.9	7.5
Delaware	6.0	5.9	North Carolina	6.1	6.1
District of Columbia	6.8	6.8	North Dakota	8.6	8.9
Florida	5.2	5.3	Ohio	5.2	5.2
Georgia	6.1	6.5	Oklahoma	5.4	5.3
Hawaii	8.1	7.8	Oregon	4.3	4.4
Idaho	5.6	5.3	Pennsylvania	5.7	5.8
Illinois	5.3	5.2	Rhode Island	5.3	5.3
Indiana	5.5	5.7	South Carolina	5.8	5.7
Iowa	6.7	6.6	South Dakota	10.1	10.0
Kansas	6.8	6.6	Tennessee	5.5	5.6
Kentucky	5.6	5.6	Texas	5.1	5.2
Louisiana	5.5	5.6	Utah	4.4	4.2
Maine	6.0	6.1	Vermont	7.4	6.7
Maryland	4.9	4.8	Virginia	5.7	5.7
Massachusetts	5.7	5.7	Washington	4.8	4.8
Michigan	5.4	5.4	West Virginia	6.1	6.0
Minnesota	7.0	7.0	Wisconsin	6.0	5.9
Mississippi	6.9	6.6	Wyoming	8.0	7.5
Missouri	5.3	5.2			

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2001 and 2002, for community hospitals
Data for Chart 3.6



American Hospital
Association

Table 3.3:
**Emergency Department Visits, Emergency Department Visits
per 1,000, and Number of Emergency Departments
1990 - 2002**

Year	ED Visits (millions)	ED Visits per 1,000	Emergency Departments⁽¹⁾
1990	86.7	349	5,172
1991	88.5	351	5,108
1992	90.8	356	5,035
1993	92.6	359	4,998
1994	90.5	348	4,960
1995	94.7	360	4,923
1996	93.1	351	4,884
1997	92.8	347	4,813
1998	94.8	351	4,771
1999	99.5	365	4,679
2000	103.1	366	4,650
2001	106.0	372	4,621
2002	110.0	381	4,620

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990-2002, for community hospitals

⁽¹⁾ *Defined as hospitals that reported ED visits*

Data for Charts 3.7 and 3.8



American Hospital
Association

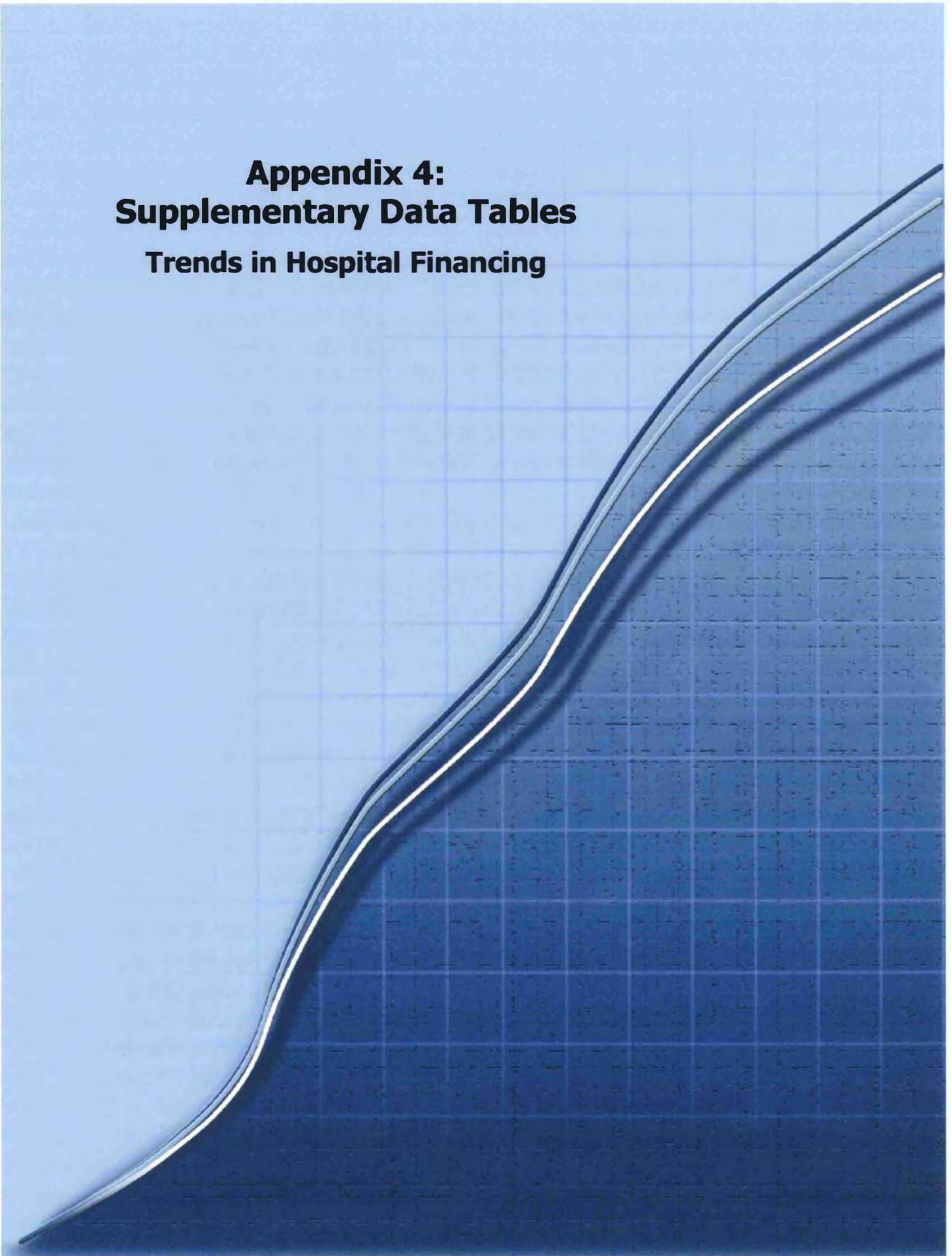
Table 3.4:
Outpatient Utilization in Community Hospitals
1980 - 2002

Year	Total Outpatient Visits	Outpatient Visits per 1,000	Outpatient Surgeries
1980	202,274,528	892.9	3,053,604
1981	202,554,317	882.7	3,561,573
1982	247,930,332	1,070.2	4,061,061
1983	210,038,878	898.4	4,714,504
1984	211,941,487	898.7	5,529,661
1985	218,694,236	919.2	6,951,359
1986	231,853,914	965.5	8,246,665
1987	244,495,134	1,009.1	9,126,205
1988	268,290,801	1,097.3	10,027,560
1989	284,815,681	1,153.9	10,350,871
1990	300,514,516	1,208.0	11,069,952
1991	321,044,324	1,273.4	11,711,808
1992	347,847,202	1,364.1	12,307,594
1993	366,533,432	1,422.0	12,624,292
1994	382,780,358	1,470.6	13,154,838
1995	413,748,403	1,574.6	13,462,304
1996	439,863,107	1,658.3	14,023,651
1997	450,140,010	1,681.8	14,678,290
1998	474,193,468	1,756.3	15,593,614
1999	495,346,286	1,816.5	15,845,492
2000	521,404,976	1,852.8	16,383,374
2001	538,480,378	1,890.8	16,684,726
2002	556,404,212	1,929.5	17,471,665

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2002, for community hospitals

Data for Charts 3.12, 3.13, and 3.14

**Appendix 4:
Supplementary Data Tables
Trends in Hospital Financing**





American Hospital
Association

Table 4.1:
**Aggregate Operating⁽¹⁾, Patient⁽²⁾, and Total⁽³⁾ Hospital Margins,
Percentage of Hospitals with Negative Total Margins, and
Aggregate Non-operating Gains
as a Percentage of Total Net Revenue
1980-2002**

Year	Aggregate Operating Margins	Aggregate Patient Margins	Aggregate Total Hospital Margins	Percent of Hospitals with Negative Total Margins	Aggregate Non-Operating Gains as a Percentage of Total Net Revenue
1980			3.6%	25.7%	2.2%
1981			3.6%	25.4%	2.2%
1982			4.2%	24.0%	2.4%
1983			4.2%	24.1%	2.4%
1984			5.1%	24.6%	2.4%
1985			6.0%	23.3%	2.7%
1986			5.3%	25.7%	2.4%
1987			4.2%	31.4%	2.3%
1988			3.3%	32.5%	2.4%
1989			3.4%	30.8%	2.5%
1990	1.7%	-4.2%	3.9%	27.1%	2.1%
1991	2.2%	-3.6%	4.3%	24.7%	2.1%
1992	2.7%	-2.7%	4.6%	23.8%	1.9%
1993	2.5%	-3.2%	4.2%	24.2%	1.8%
1994	3.4%	-2.8%	4.8%	22.4%	1.5%
1995	3.9%	-2.2%	5.6%	20.4%	1.8%
1996	4.6%	-1.0%	6.7%	19.4%	2.3%
1997	4.0%	-1.7%	6.7%	20.4%	2.7%
1998	3.1%	-3.0%	5.8%	26.6%	2.8%
1999	2.1%	-4.3%	4.6%	32.5%	2.6%
2000	2.0%	-4.2%	4.6%	32.0%	2.6%
2001	2.7%	-3.6%	4.2%	29.4%	1.6%
2002	3.7%	-2.3%	4.4%	29.3%	0.8%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2002, for community hospitals

⁽¹⁾ Operating Margin is calculated as the difference between operating revenue and total expenses divided by operating revenue

⁽²⁾ Patient Margin is calculated as the difference between net patient revenue and total expenses divided by net patient revenue

⁽³⁾ Total Hospital Margin is calculated as the difference between total net revenue and total expenses divided by total net revenue

Data for Charts 4.1, 4.2, and 4.8



American Hospital
Association

Table 4.2:
Distribution of Inpatient vs. Outpatient Revenues
1980 - 2002

Year	Gross Outpatient Revenue	Gross Inpatient Revenue
1980	13%	87%
1981	13%	87%
1982	13%	87%
1983	13%	87%
1984	14%	86%
1985	16%	84%
1986	18%	82%
1987	19%	81%
1988	21%	79%
1989	21%	79%
1990	23%	77%
1991	24%	76%
1992	25%	75%
1993	27%	73%
1994	28%	72%
1995	30%	70%
1996	31%	69%
1997	33%	67%
1998	33%	67%
1999	34%	66%
2000	35%	65%
2001	35%	65%
2002	35%	65%

*Source: The Lewin Group analysis of American
Hospital Association Annual Survey data, 1980-2002,
for community hospitals*

Data for Chart 4.4



American Hospital
Association

Table 4.3:
Annual Change in Hospital Operating Revenue and Expenses
per Adjusted Admission⁽¹⁾
1980 - 2002

Year	Expenses per Adjusted Admission	Operating Revenue per Adjusted Admission	Percent Change Expenses	Percent Change Operating Revenue
1980	\$1,851	\$1,878		
1981	\$2,171	\$2,203	17.3%	17.3%
1982	\$2,501	\$2,547	15.2%	15.6%
1983	\$2,789	\$2,841	11.5%	11.5%
1984	\$2,995	\$3,080	7.4%	8.4%
1985	\$3,245	\$3,359	8.3%	9.1%
1986	\$3,533	\$3,639	8.9%	8.3%
1987	\$3,850	\$3,929	9.0%	8.0%
1988	\$4,207	\$4,245	9.3%	8.1%
1989	\$4,588	\$4,628	9.1%	9.0%
1990	\$4,947	\$5,034	7.8%	8.8%
1991	\$5,360	\$5,481	8.3%	8.9%
1992	\$5,794	\$5,958	8.1%	8.7%
1993	\$6,132	\$6,290	5.8%	5.6%
1994	\$6,230	\$6,446	1.6%	2.5%
1995	\$6,216	\$6,466	-0.2%	0.3%
1996	\$6,225	\$6,522	0.2%	0.9%
1997	\$6,262	\$6,526	0.6%	0.1%
1998	\$6,386	\$6,589	2.0%	1.0%
1999	\$6,509	\$6,647	1.9%	0.9%
2000	\$6,668	\$6,806	2.5%	2.4%
2001	\$6,980	\$7,172	4.7%	5.4%
2002	\$7,355	\$7,636	5.4%	6.5%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2002, for community hospitals

⁽¹⁾ An aggregate measure of workload reflecting the number of inpatient admissions, plus an estimate of the volume of outpatient services, expressed in units equivalent to an inpatient admission in terms of level of effort

Data for Chart 4.5



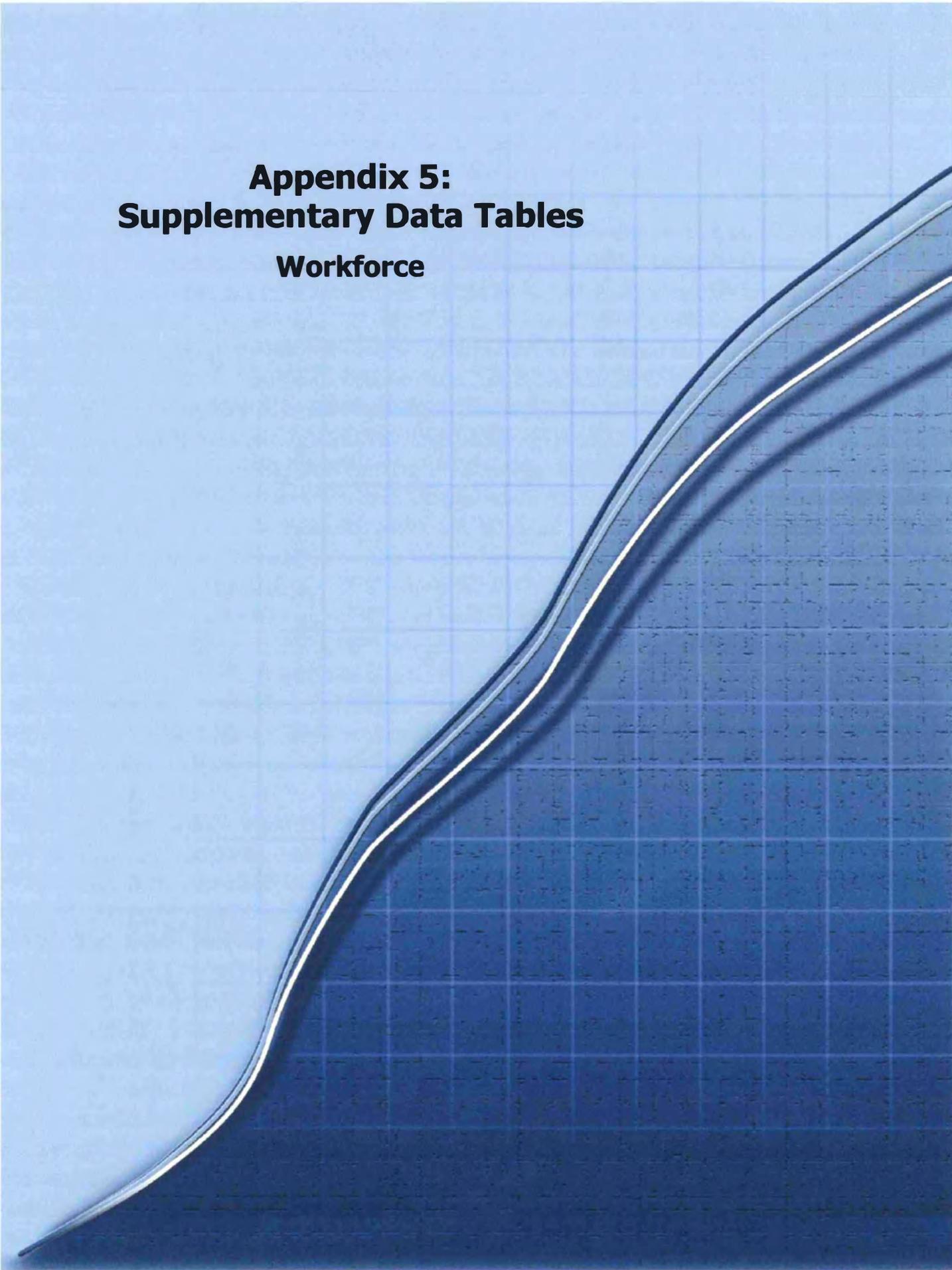
American Hospital
Association

Table 4.4:
Aggregate Hospital Payment-to-Cost Ratios
for Private Payers, Medicare and Medicaid
1980 - 2002

Year	Medicare	Medicaid	Private Payer
1980	96.5%	92.3%	112.9%
1981	97.8%	94.0%	112.2%
1982	96.1%	91.5%	115.8%
1983	96.8%	92.1%	116.8%
1984	98.7%	91.9%	118.5%
1985	102.0%	94.3%	117.1%
1986	101.7%	91.8%	116.3%
1987	98.3%	83.0%	119.8%
1988	94.2%	79.0%	121.7%
1989	92.1%	78.8%	124.4%
1990	89.4%	80.1%	127.8%
1991	88.5%	81.9%	130.8%
1992	89.0%	89.5%	131.8%
1993	89.9%	89.6%	130.1%
1994	96.9%	93.7%	124.4%
1995	99.4%	94.0%	124.0%
1996	102.4%	94.9%	121.6%
1997	103.7%	96.0%	117.5%
1998	101.9%	96.6%	115.8%
1999	100.0%	95.7%	115.1%
2000	99.1%	94.5%	115.7%
2001	98.4%	95.8%	116.5%
2002	97.9%	96.1%	119.0%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2001, for community hospitals
Data for Chart 4.7*

**Appendix 5:
Supplementary Data Tables
Workforce**





American Hospital
Association

Table 5.1:
Total Number of Active Physicians per 1,000 Persons
by State
2000 and 2001

State	Physicians per 1,000 Persons		State	Physicians per 1,000 Persons	
	00	01		00	01
Alabama	1.98	2.00	Montana	2.04	2.14
Alaska	1.85	1.93	Nebraska	2.17	2.24
Arizona	2.09	2.07	Nevada	1.80	1.80
Arkansas	1.88	1.90	New Hampshire	2.38	2.47
California	2.38	2.40	New Jersey	3.11	3.14
Colorado	2.40	2.41	New Mexico	2.09	2.13
Connecticut	3.37	3.44	New York	3.62	3.67
Delaware	2.47	2.51	North Carolina	2.23	2.30
District of Columbia	6.25	6.25	North Dakota	2.15	2.21
Florida	2.41	2.40	Ohio	2.54	2.58
Georgia	2.04	2.04	Oklahoma	1.94	1.92
Hawaii	2.64	2.74	Oregon	2.29	2.37
Idaho	1.58	1.61	Pennsylvania	3.16	3.16
Illinois	2.61	2.62	Rhode Island	3.25	3.34
Indiana	2.00	2.06	South Carolina	2.10	2.15
Iowa	1.98	2.00	South Dakota	1.92	1.98
Kansas	2.18	2.19	Tennessee	2.36	2.40
Kentucky	2.06	2.10	Texas	2.03	2.04
Louisiana	2.38	2.44	Utah	1.96	1.99
Maine	2.68	2.73	Vermont	3.2	3.32
Maryland	3.54	3.59	Virginia	2.39	2.44
Massachusetts	3.86	3.93	Washington	2.37	2.44
Michigan	2.63	2.62	West Virginia	2.35	2.37
Minnesota	2.49	2.57	Wisconsin	2.31	2.36
Mississippi	1.66	1.71	Wyoming	1.73	1.80
Missouri	2.47	2.49			

*Source: Health United States, 2002 and 2003; includes active non-federal doctors of medicine and active doctors of osteopathy
Data for Chart 5.2*



American Hospital
Association

**Table 5.2:
Medical and Dental Residents in Training
in Community Hospitals
1980 - 2002**

Year	Residents
1980	55,572
1981	57,776
1982	58,439
1983	59,990
1984	61,888
1985	59,171
1986	63,200
1987	60,909
1988	63,608
1989	64,478
1990	64,530
1991	67,189
1992	69,111
1993	73,377
1994	74,027
1995	78,137
1996	77,160
1997	75,398
1998	78,345
1999	77,796
2000	77,411
2001	77,731
2002	78,715

*Source: The Lewin Group
analysis of American Hospital
Association Annual Survey data,
1980-2002, for community
hospitals*

Data for Chart 5.3



American Hospital
Association

Table 5.3:
Total Full Time Equivalent Employees Working in Hospitals
and Full Time Equivalents per Adjusted Admission⁽¹⁾
1980 - 2002

Year	FTE Personnel	FTE per Adjusted Admission
1980	2,872,772	0.069
1981	3,028,154	0.073
1982	3,305,136	0.079
1983	3,095,579	0.074
1984	3,016,665	0.073
1985	2,996,846	0.075
1986	3,024,320	0.076
1987	3,106,082	0.078
1988	3,195,168	0.080
1989	3,297,947	0.082
1990	3,415,622	0.083
1991	3,530,623	0.084
1992	3,615,145	0.084
1993	3,674,250	0.085
1994	3,690,905	0.083
1995	3,707,958	0.081
1996	3,724,843	0.079
1997	3,789,752	0.078
1998	3,831,068	0.077
1999	3,837,964	0.075
2000	3,911,412	0.073
2001	3,987,274	0.073
2002	4,069,495	0.072

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2002, for community hospitals

⁽¹⁾ *An aggregate measure of workload reflecting the number of inpatient admissions, plus an estimate of the volume of outpatient services, expressed in units equivalent to an inpatient admission in terms of level of effort*

Data for Charts 5.4 and 5.5



American Hospital
Association

Table 5.4:
**Number of RN Full Time Equivalent Employees,
RN Full Time Equivalent Employees per Adjusted Admission,
and RN Full Time Equivalents as a Percentage of Total FTEs
1986 - 2002**

Year	RN FTEs (thousands)	RN FTEs per Adjusted Admission	RN FTEs as a Percent of Total FTEs
1986	736.3	0.0185	24.3%
1987	759.0	0.0192	24.4%
1988	770.6	0.0192	24.0%
1989	791.5	0.0196	24.0%
1990	809.9	0.0197	23.7%
1991	840.5	0.0200	23.8%
1992	858.9	0.0201	23.7%
1993	874.1	0.0201	23.8%
1994	890.9	0.0201	24.1%
1995	893.7	0.0195	24.1%
1996	895.1	0.0190	24.0%
1997	901.2	0.0185	23.8%
1998	929.6	0.0186	24.3%
1999	938.0	0.0182	24.4%
2000	957.6	0.0179	24.5%
2001	958.0	0.0174	24.0%
2002	988.1	0.0174	24.3%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1986-2002, for community hospitals

Data for Charts 5.6 and 5.7

Table 5.5:
**Number of Physicians by Age
1980, 1990, and 2002**

Age Group	1980	1990	2002
Under 35	128,506	134,872	139,208
35-44	118,840	184,743	210,052
45-54	88,063	116,803	212,844
55-64	68,239	83,614	134,666
65 & Over	64,031	95,389	156,417

Source: American Medical Association, Physician Characteristics and Distribution in the US, 2004 Edition

Data for Chart 5.8



American Hospital
Association

Table 5.6:
RN Employment by Type of Provider
1980 - 2000

	1980	1984	1988	1992	1996	2000
Percent Employed by Hospitals	65.7%	68.1%	67.9%	66.5%	60.1%	59.1%
Percent Employed by Nursing Homes/Extended Care Facilities	8.0%	7.7%	6.6%	7.0%	8.1%	6.9%
Percent Employed by Public/Community Health	6.6%	6.8%	6.8%	9.7%	13.1%	12.8%
All Other	19.8%	17.3%	18.6%	16.8%	18.7%	21.2%

Source: Findings from the National Sample Survey of Registered Nurses, 1980 - 2000; Bureau of Health Professionals, Division of Nursing Data for Chart 5.9

Table 5.7:
Distribution of RN Workforce by Age Group
1980 - 2020 (projected)

Age Group	1980	1990	2000 (proj.)	2010 (proj.)	2020 (proj.)
20s	321,316	252,890	208,591	234,034	253,068
30s	320,101	536,442	470,960	386,827	435,348
40s	224,468	419,766	741,546	642,122	525,704
50s	171,240	206,647	375,708	760,379	631,796
60s	36,716	46,372	56,228	136,358	217,441

*Source: Buerhaus, P.I. et al. Implications of an Aging Registered Nurse Workforce. JAMA: 2000;283:2948-2954
Data for Chart 5.10*



American Hospital
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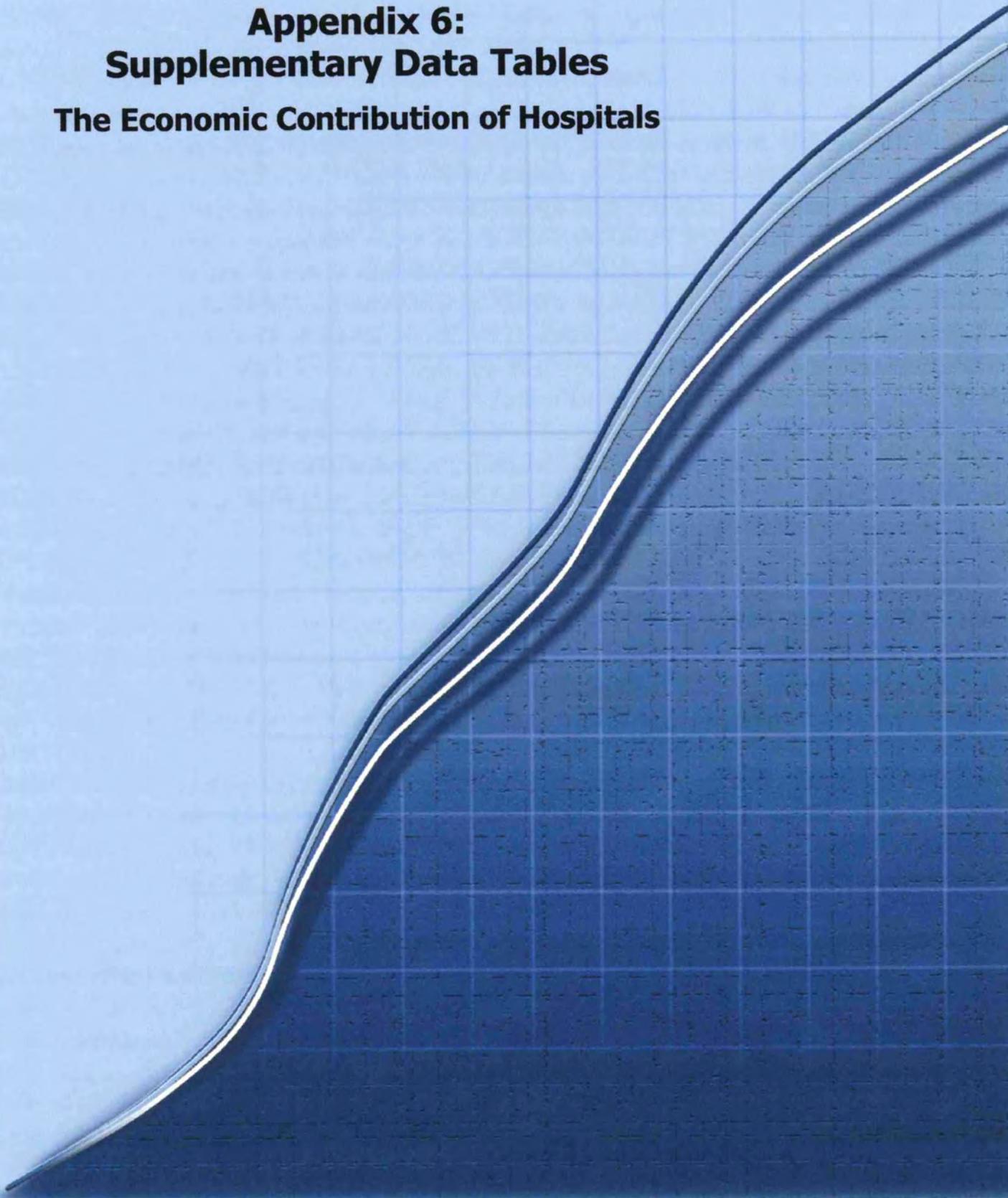
Table 5.8:
National Supply and Demand Projections for FTE RNs
2000 - 2020

Year	RN FTE Supply	RN FTE Demand
2000	1,889,243	1,999,950
2001	1,912,667	2,030,971
2002	1,937,336	2,062,556
2003	1,959,192	2,095,514
2004	1,989,329	2,128,142
2005	2,012,444	2,161,831
2006	2,028,548	2,196,904
2007	2,039,772	2,232,516
2008	2,047,729	2,270,890
2009	2,059,099	2,307,236
2010	2,069,369	2,344,584
2011	2,075,891	2,379,719
2012	2,075,218	2,426,741
2013	2,068,256	2,472,072
2014	2,061,348	2,516,827
2015	2,055,491	2,562,554
2016	2,049,318	2,609,081
2017	2,041,321	2,656,886
2018	2,032,230	2,708,241
2019	2,017,100	2,758,089
2020	2,001,998	2,810,414

*Source: National Center For Health Workforce Analysis,
Bureau of Health Professions, Health Resources and Services
Administration, 2002*

Data for Chart 5.12

**Appendix 6:
Supplementary Data Tables
The Economic Contribution of Hospitals**





American Hospital Association

**Table 6.1:
Number of Full Time and
Part Time Hospital Employees
1992 - 2002**

Year	Employees (thousands)
1992	4,254.3
1993	4,315.7
1994	4,347.8
1995	4,384.8
1996	4,397.9
1997	4,495.5
1998	4,536.4
1999	4,544.4
2000	4,652.9
2001	4,713.4
2002	4,818.1

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1992-2002, for community hospitals

Data for Chart 6.2

**Table 6.2:
Hospital Employment vs.
Employment in Other Industries
2003**

Title	Employment (thousands)
Full-service Restaurants	4,104.6
General Medical & Surgical Hospitals	4,048.3
Limited-service Eating Places	3,573.1
Employment Services	3,495.5
Grocery Stores	2,461.7
Offices of Physicians	2,036.8
Building Equipment Contractors	1,815.2
Department Stores	1,799.5

Source: Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey – custom data request

Data for Chart 6.4



American Hospital
Association

Table 6.3:
Average Weekly Earnings, Hospitals⁽¹⁾ vs.
All Service-Providing industries
1990 - 2002

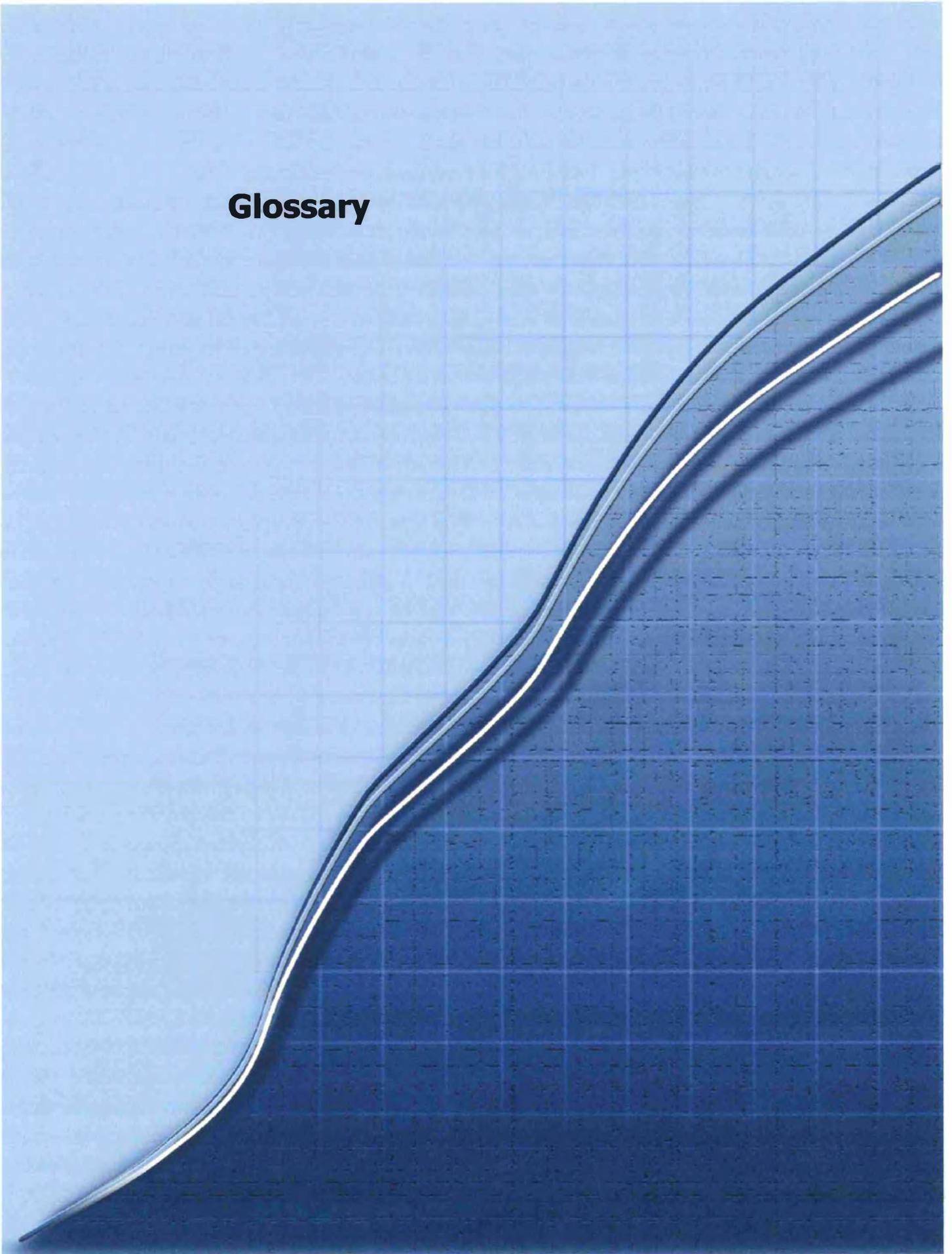
Year	Hospitals	All Service-Providing Industries
1990	\$399.45	\$315.49
1991	\$423.51	\$325.31
1992	\$443.18	\$335.46
1993	\$460.29	\$345.03
1994	\$473.34	\$354.97
1995	\$488.68	\$364.14
1996	\$499.54	\$376.72
1997	\$518.48	\$394.77
1998	\$535.47	\$412.78
1999	\$547.33	\$427.30
2000	\$569.90	\$445.00
2001	\$608.41	\$460.32
2002	\$638.25	\$473.10

Source: Department of Labor, Bureau of Labor, Current Employment Statistics Survey

(1) Includes physicians employed by hospitals.

Data for Chart 6.5

Glossary





Glossary

Adjusted Admission – An aggregate measure of workload reflecting the sum of admissions and equivalent admissions attributed to outpatient services. The number of equivalent admissions attributed to outpatient services is derived by multiplying admissions by the ratio of outpatient revenue to inpatient revenue.

Assisted Living – Special combination of housing, supportive services, personalized assistance and health care designed to respond to the individual needs of those who require assistance in activities of daily living. Supportive services are available, 24 hours a day, to meet scheduled and unscheduled needs, in a way that promotes maximum independence and dignity for each resident and encourages the involvement of a resident's family, neighbors and friends.

Average Age of Plant – Accumulated depreciation divided by current depreciation expense.

Community Hospitals – Nonfederal, short-term general, and special hospitals whose facilities and services are available to the public (e.g., obstetrics and gynecology; eye; ear, nose, and throat; rehabilitation; orthopedic; and other individually described specialty services).

FTE per Adjusted Admission – The number of full-time equivalent staff, converted to the number of employees who work full-time divided by the number of adjusted admissions.

Group Practice without Walls – Hospital sponsored physician group. The group shares administrative expenses, although the physicians remain independent practitioners.

Health System – Hospitals belonging to a corporate body that owns and/or manages health provider facilities or health-related subsidiaries. The system may also own non-health-related facilities.

Home Health Service – Service providing nursing, therapy, and health-related home-maker or social services in the patient's home.



American Hospital
Association

Horizontal Integration – Merging of two or more firms at the same level of production in some formal, legal relationship. In hospital networks, this may refer to the grouping of several hospitals, outpatient clinics with the hospital, or a geographic network of various health care services.

Hospice – Program providing palliative care, chiefly medical relief of pain and supportive services, addressing the emotional, social, financial, and legal needs of terminally ill patients and their families. This care can be provided in a variety of settings, both inpatient and at home.

Hospital Income from Investments and Other Non-Operating Gains – Income not associated with the central operations of the hospital facility. Non-operating gains include income from non-operating activities, including investments, endowments and extraordinary gains, as well as the value of non-realized gains from investments.

Hospital Total Net Revenue – Net patient revenue plus all other revenue, including contributions, endowment revenue, governmental grants, and all other payments not made on behalf of individual patients.

Hospital Operating Margin – Difference between operating revenue and operating expenses divided by operating revenue; excludes non-operating revenue.

Hospital Patient Margin – Difference between net patient revenue and total expenses divided by net patient revenue.

Hospital Total Margin – Difference between total net revenue and total expenses divided by total net revenue.

Independent Practice Association (IPA) – Legal entity that holds managed care contracts and contracts with physicians to provide care either on a fee-for-service or capitated basis.

Inpatient Surgery – Surgical services provided to patients who remain in the hospital overnight.

Long Term Care – Package of services provided to those who are aged, chronically ill or disabled. Services are delivered for a sustained period to individuals who have a demonstrated need, usually measured by functional dependency.



Management Services Organization (MSO) – Corporation often owned by the hospital or a physician/hospital joint venture that provides management services to one or more medical group practices. As part of a full-services management agreement, the MSO purchases the tangible assets of the practices and leases them back, employs all non-physician staff, and provides all supplies/administrative systems for a fee.

Meals on Wheels – Hospital sponsored program which delivers meals to people, usually the elderly, who are unable to prepare their own meals. Low cost, nutritional meals are delivered to individuals' homes on a regular basis.

Medicaid Margin – Difference between revenue from Medicaid and expenses associated with treating Medicaid patients divided by revenue from Medicaid.

Medicare Margin – Difference between revenue from Medicare and expenses associated with treating Medicare patients divided by revenue from Medicare.

Niche Providers – Providers that focus on a specific set of medical services, a particular population, or a limited set of medical conditions.

Non-Patient Hospital Costs – Costs not associated with direct patient care, such as the costs of running cafeterias, parking lots, and gift shops.

Outpatient Surgery – Scheduled surgical services provided to patients who do not remain in the hospital overnight. In the AHA Annual Survey, outpatient surgery may be performed in operating suites also used for inpatient surgery, specially designated surgical suites for outpatient surgery, or procedure rooms within an outpatient care facility.

Outpatient Visit – Visit by a patient not lodged in the hospital while receiving medical, dental, or other services. Each visit an outpatient department makes to a discrete unit constitutes one visit regardless of the number of diagnostic and / or therapeutic treatments that the patient receives. Total outpatient visits should include all clinic visits, referred visits, observation services, outpatient surgeries, and emergency room visits.

Payment-to-Cost Ratio – Ratio illustrating the relationship between hospital payments and costs; a ratio equal to “1” reflects payments at 100 percent of costs.



Physician Hospital Organization (PHO)

- **Closed PHO** – Joint venture between a hospital and physicians who have been selected on the basis of cost-effectiveness and/or high quality. The PHO can act as a unified agent in managed care contracting, own a managed care plan, own and operate ambulatory care centers or ancillary services projects, or provide administrative services to physician members.
- **Open PHO** – Joint venture between a hospital and all members of the medical staff who wish to participate. The open PHO can act as a unified agent in managed care contracting, own a managed care plan, own and operate ambulatory care centers or ancillary services projects, or provide administrative services to physician members.

Private Pay Margin – Difference between revenue from non-government payers and expenses associated with treating private pay patients divided by revenue from non-government payers.

Skilled Nursing Facility – Institution, or part of an institution, which is primarily engaged in providing to residents a certain level of skilled nursing care and/or rehabilitation services for the injured, disabled, or sick.

Uncompensated Care – Care provided by hospitals for which hospitals do not receive payment.

Underwriting – A health insurer or health plan accepts responsibility for paying the health care services of covered individuals in exchange for dollars, usually referred to as premiums. When a health insurer collects more in premiums than it pays in claim costs and administrative expenses, an underwriting gain is said to occur. If the total expenses exceed the premium dollars collected, an underwriting loss occurs.

Underwriting Cycle – Repeating pattern of gains and losses within the insurance industry.

Vertical Integration – Organization of production whereby one business entity controls or owns all stages of the production and distribution of goods or services. In health care, vertical integration can take different forms but most often refers to physicians, hospitals, and health plans combining their organizations or processes in some manner to increase efficiencies and competitive strength or to improve quality of care. Integrated delivery systems or healthcare networks are generally vertically integrated.

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