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**Trends Affecting Hospitals
and Health Systems**

*TrendWatch
Chartbook*

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TrendWatch Chartbook 2005

Trends Affecting
Hospitals and Health Systems

May 2005

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.



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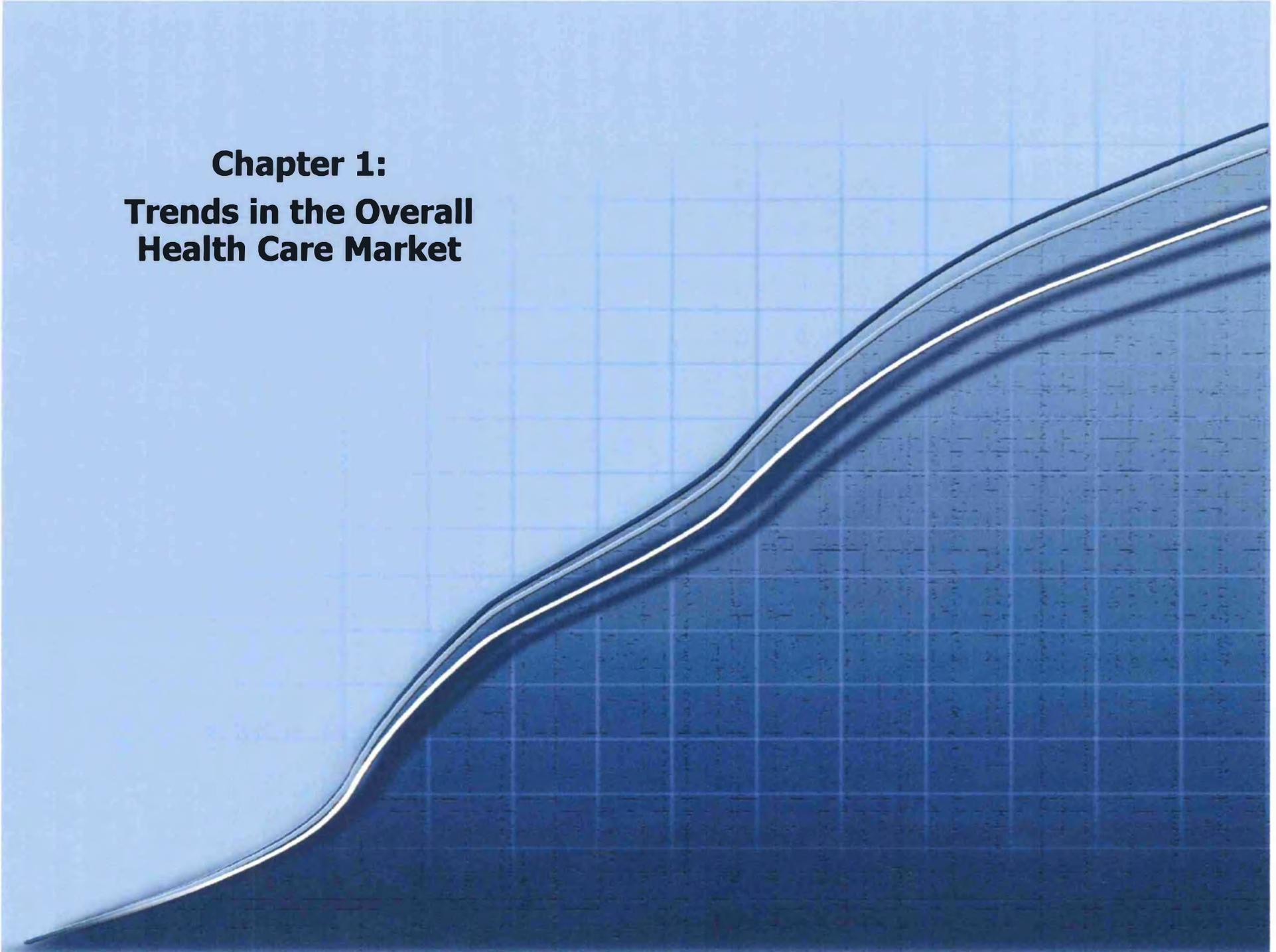
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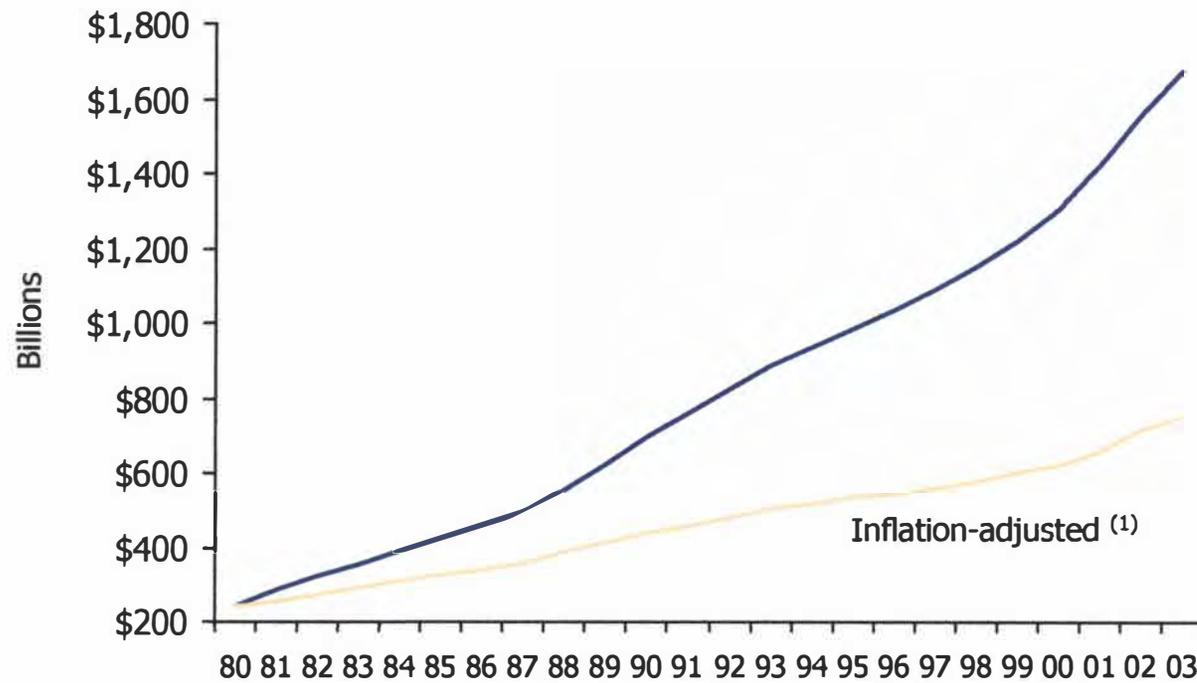
**Chapter 1:
Trends in the Overall
Health Care Market**





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**Chart 1.1:
Total National Health Expenditures
1980 - 2003**

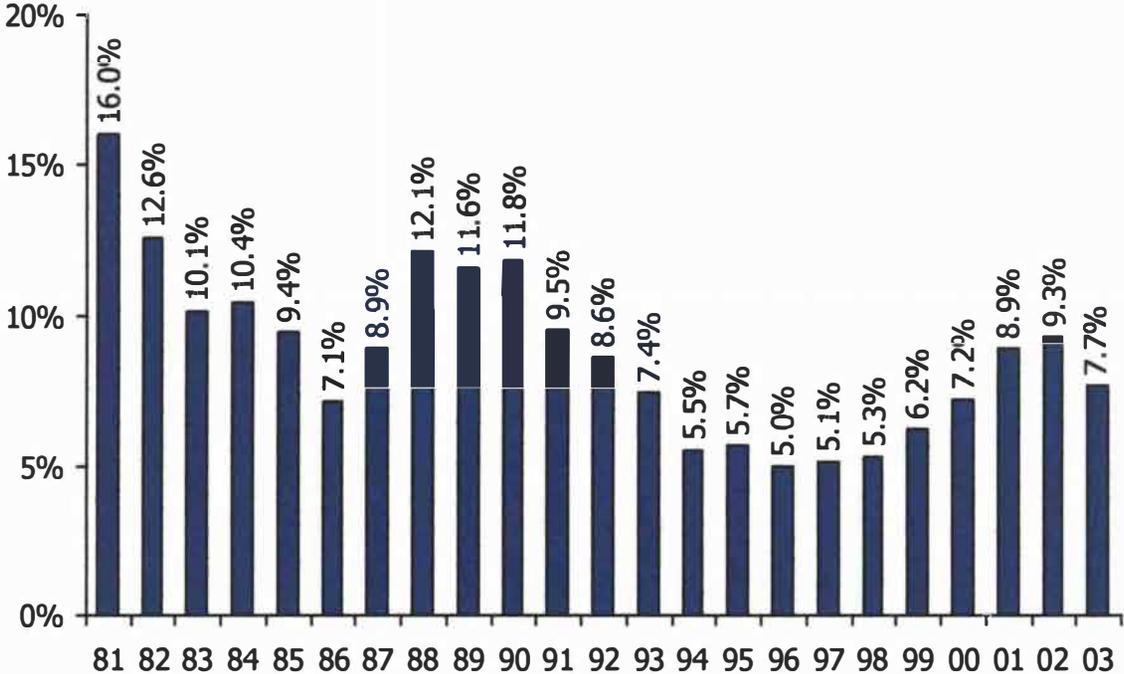


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

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



Chart 1.2: Percent Change in Total National Health Expenditures 1981 - 2003

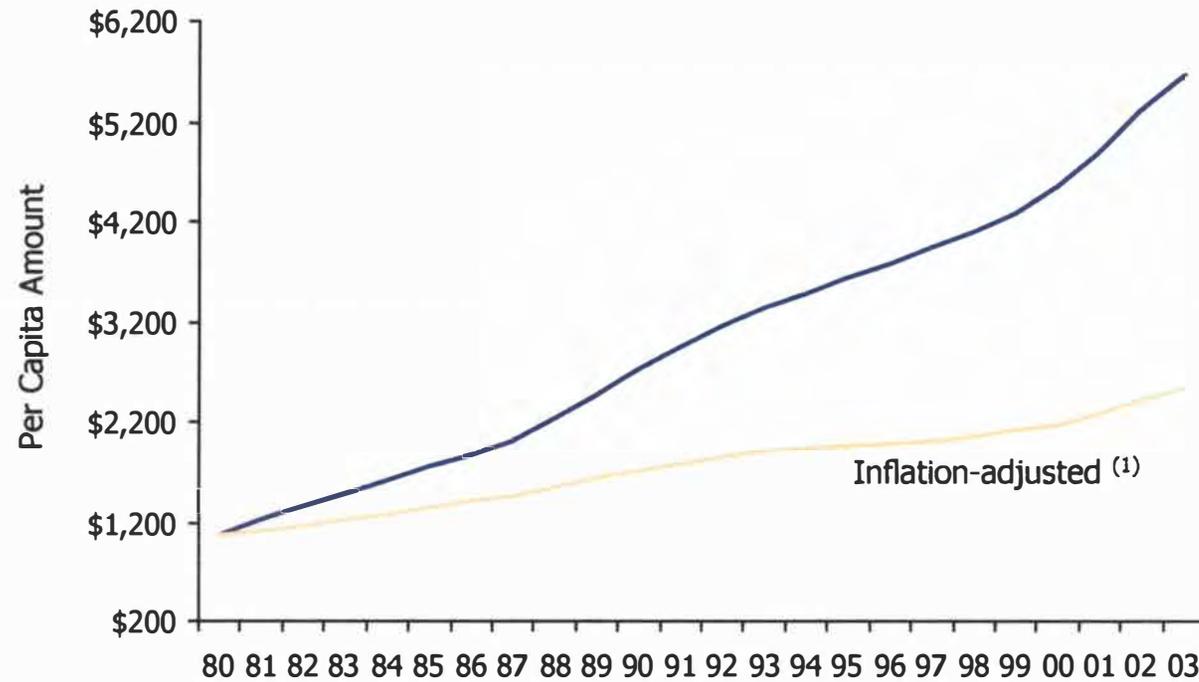


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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**Chart 1.3:
Per Capita National Health Expenditures
1980 - 2003**



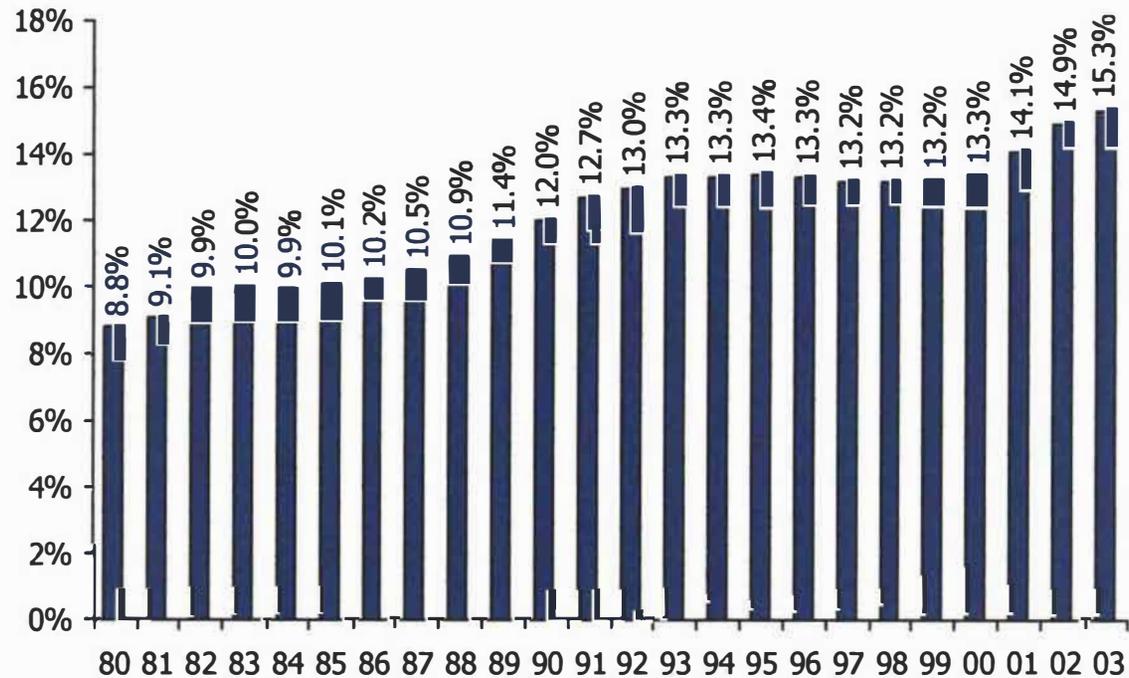
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

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



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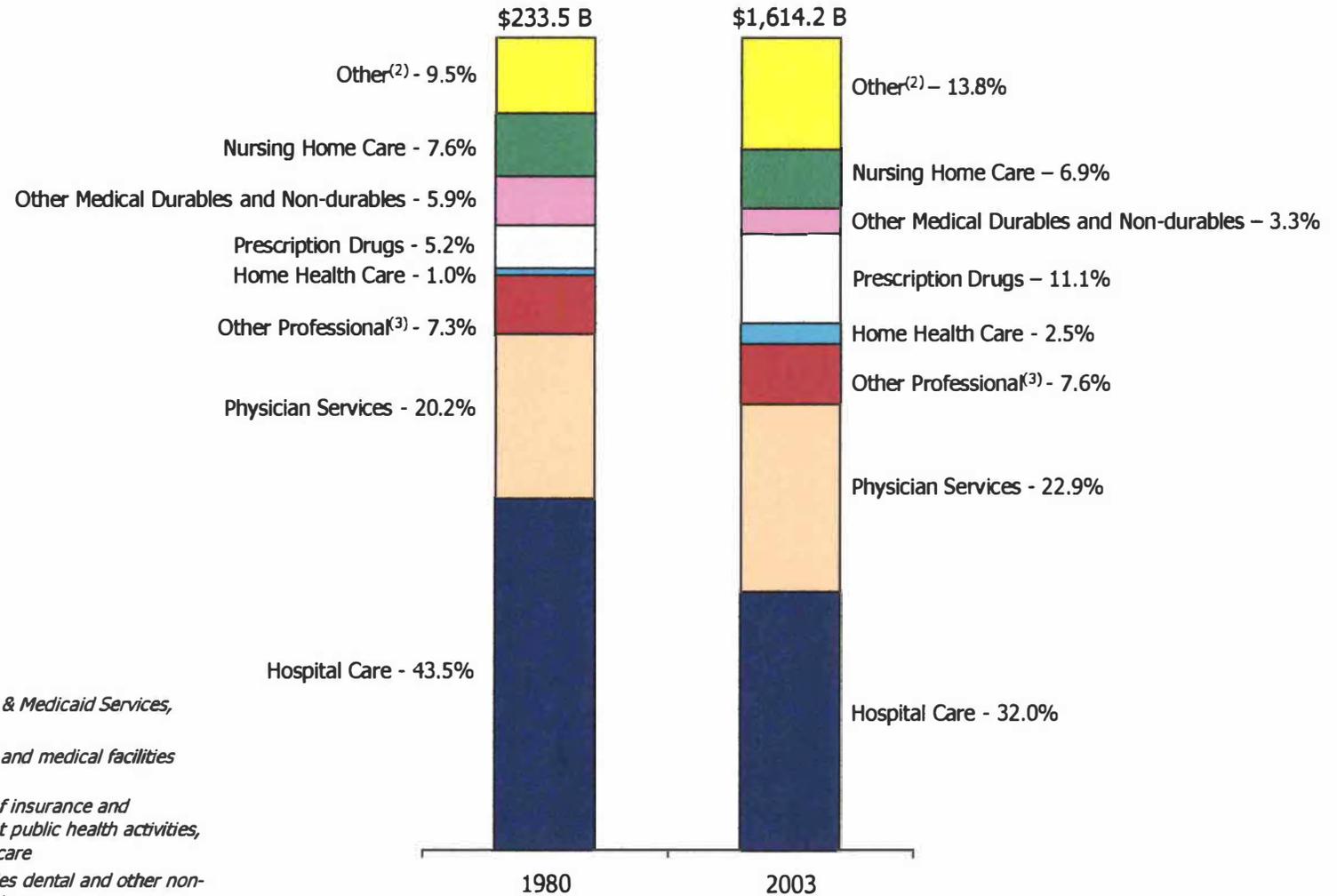
**Chart 1.4:
National Health Expenditures
as a Percentage of Gross Domestic Product
1980 - 2003**



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



Chart 1.5:
National Expenditures for Health Services and Supplies⁽¹⁾ by Category
1980 and 2003



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

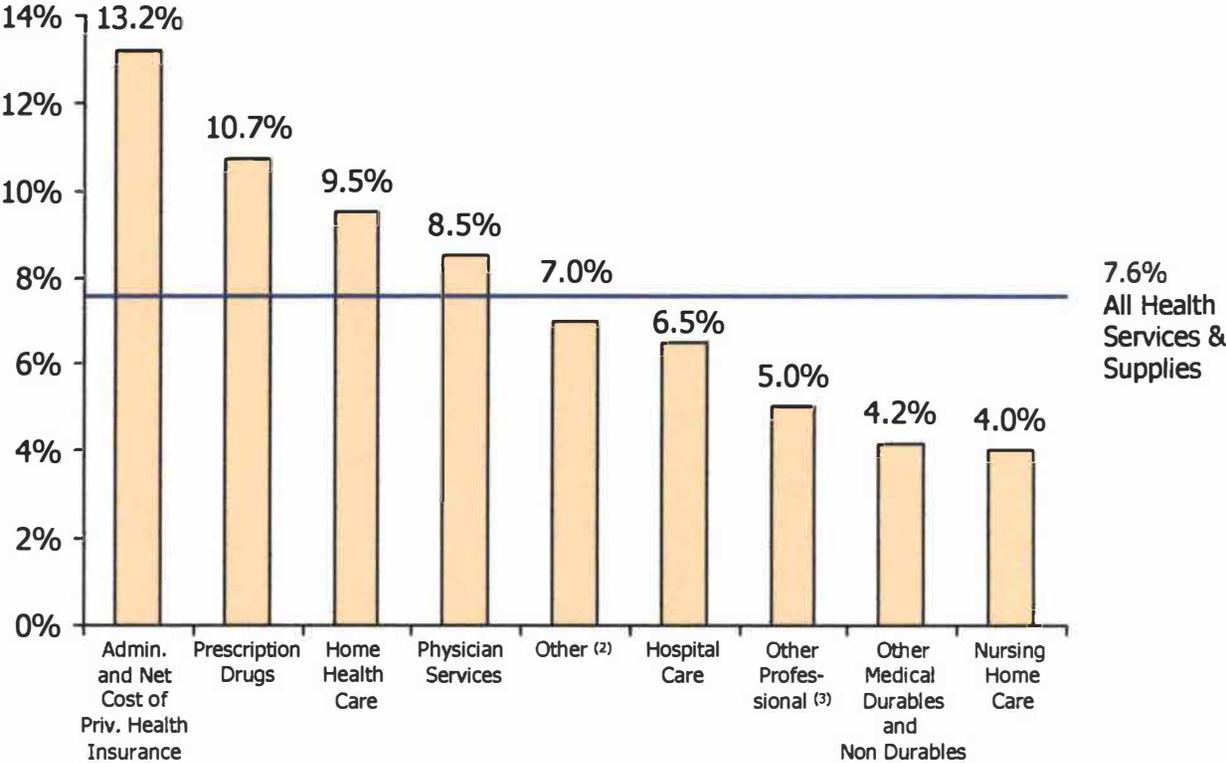
⁽¹⁾ Excludes medical research and medical facilities construction

⁽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



**Chart 1.6:
Percent Change in National Expenditures for Health
Services and Supplies⁽¹⁾ by Category
2002 - 2003**

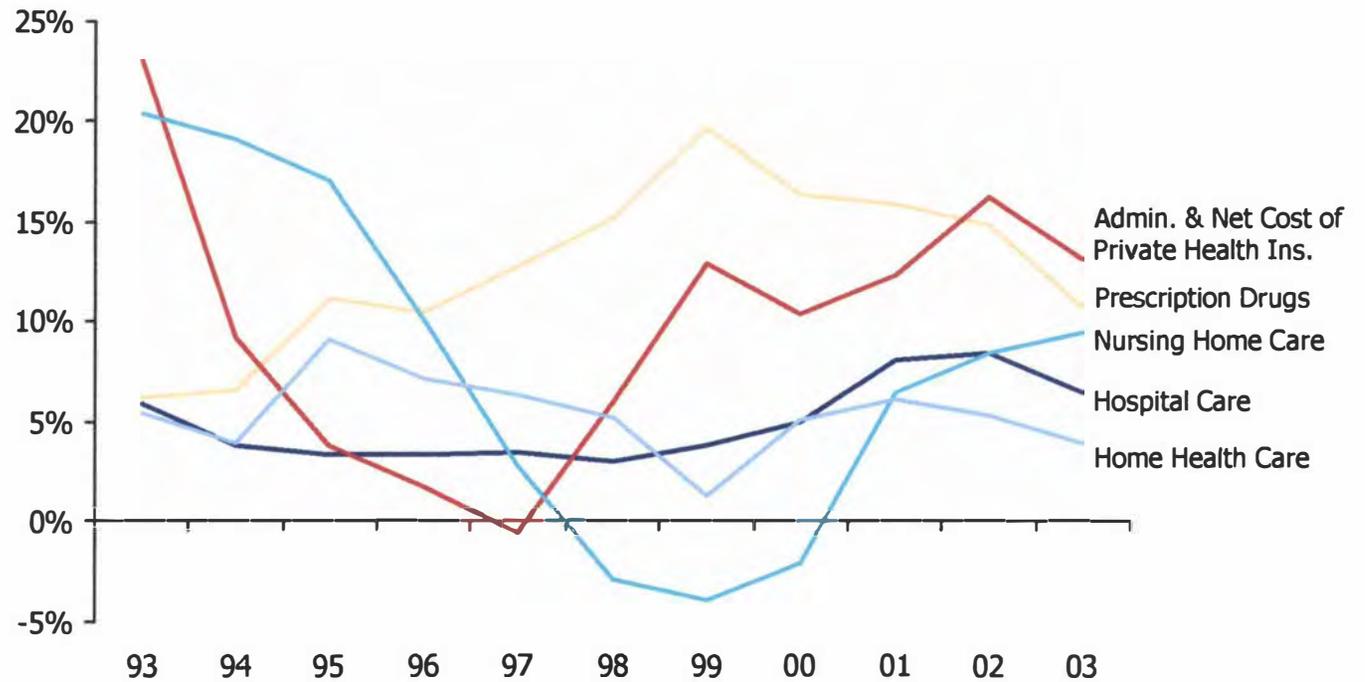


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

⁽¹⁾ Excludes medical research and medical facilities construction
⁽²⁾ "Other" includes government public health activities and other personal health care
⁽³⁾ "Other professional" includes dental and other non-physician professional services



Chart 1.7:
Percent Change in National Expenditures for
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1993 - 2003

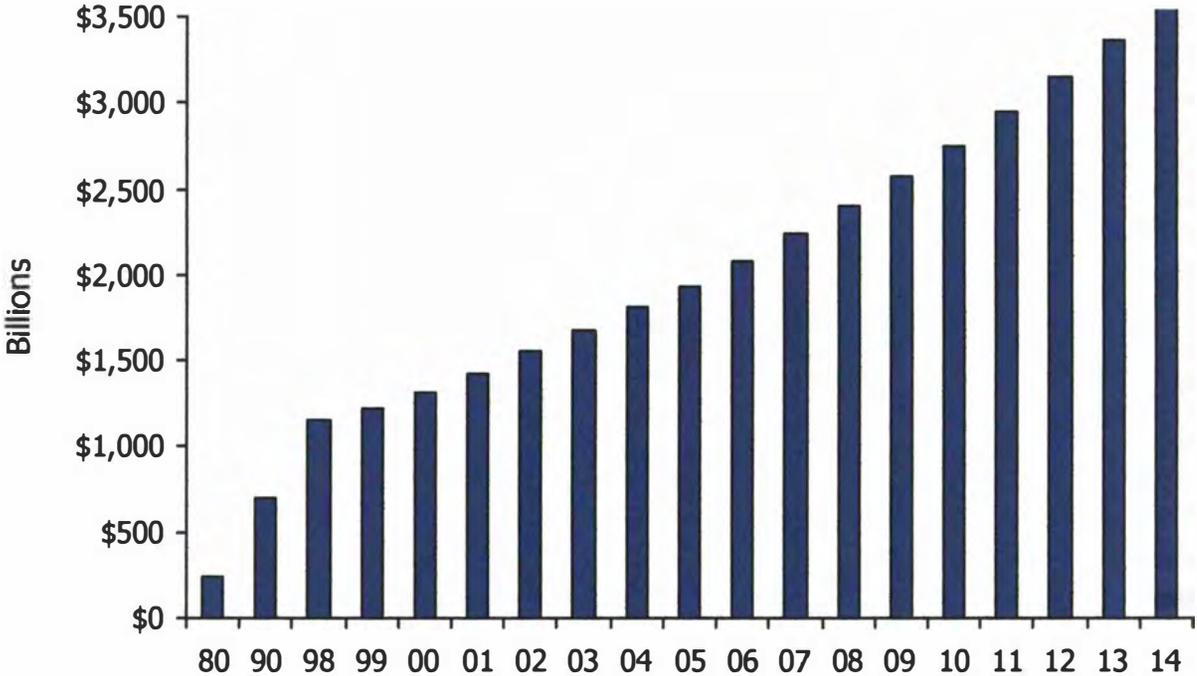


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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Chart 1.8:
National Health Expenditures⁽¹⁾
1980 - 2014



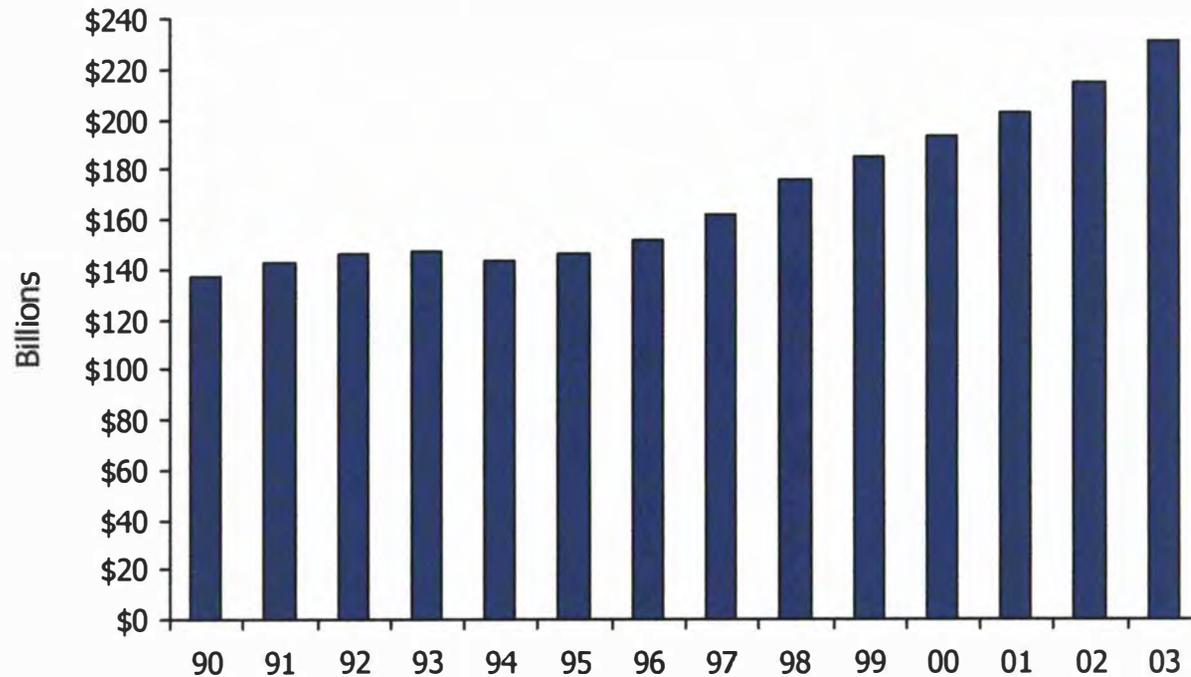
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

⁽¹⁾ Years 2004 – 2014 are projections



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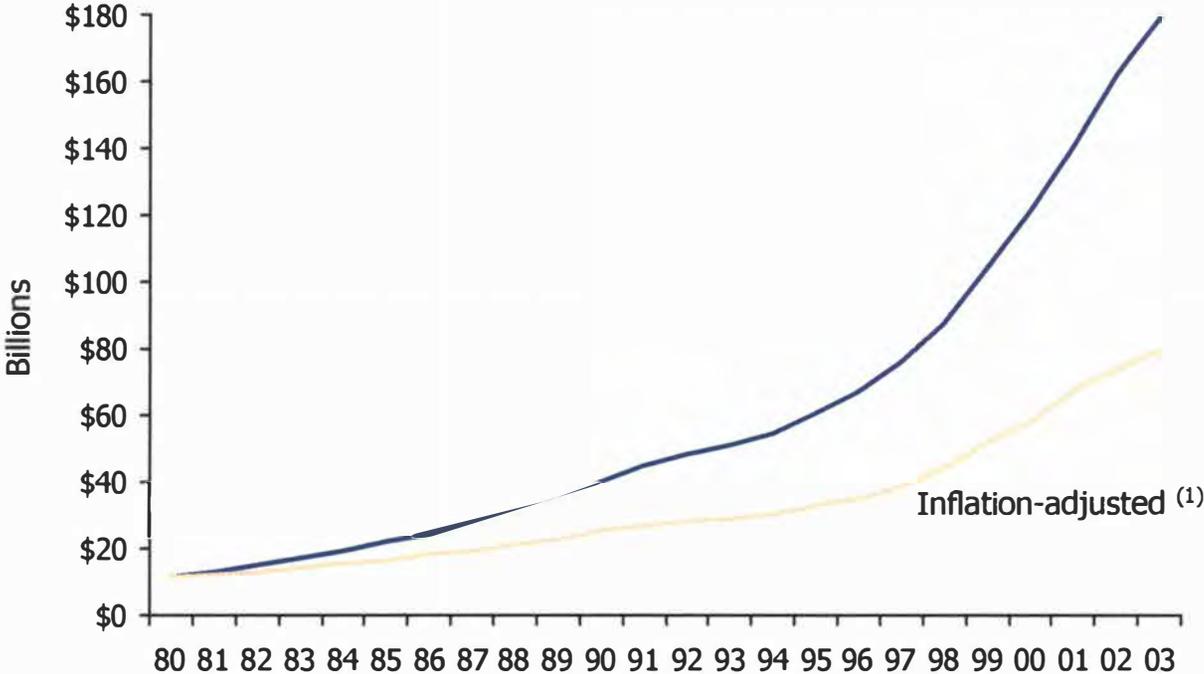
**Chart 1.9:
Consumer Out-of-Pocket Payments for
National Health Expenditures
1990 - 2003**



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



Chart 1.10: Total Prescription Drug Spending 1980 - 2003



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 1.11:
Growth in Total Prescription Drug Spending as a Percentage of Total
Growth in National Health Expenditures
1980 - 2003**

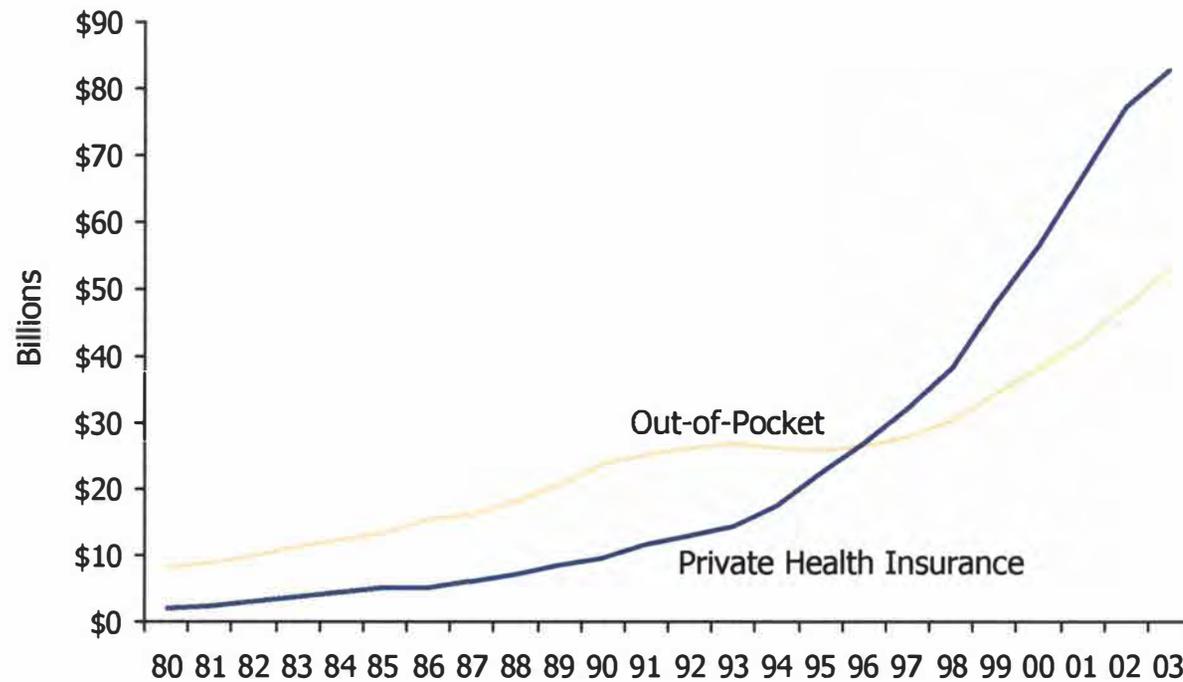


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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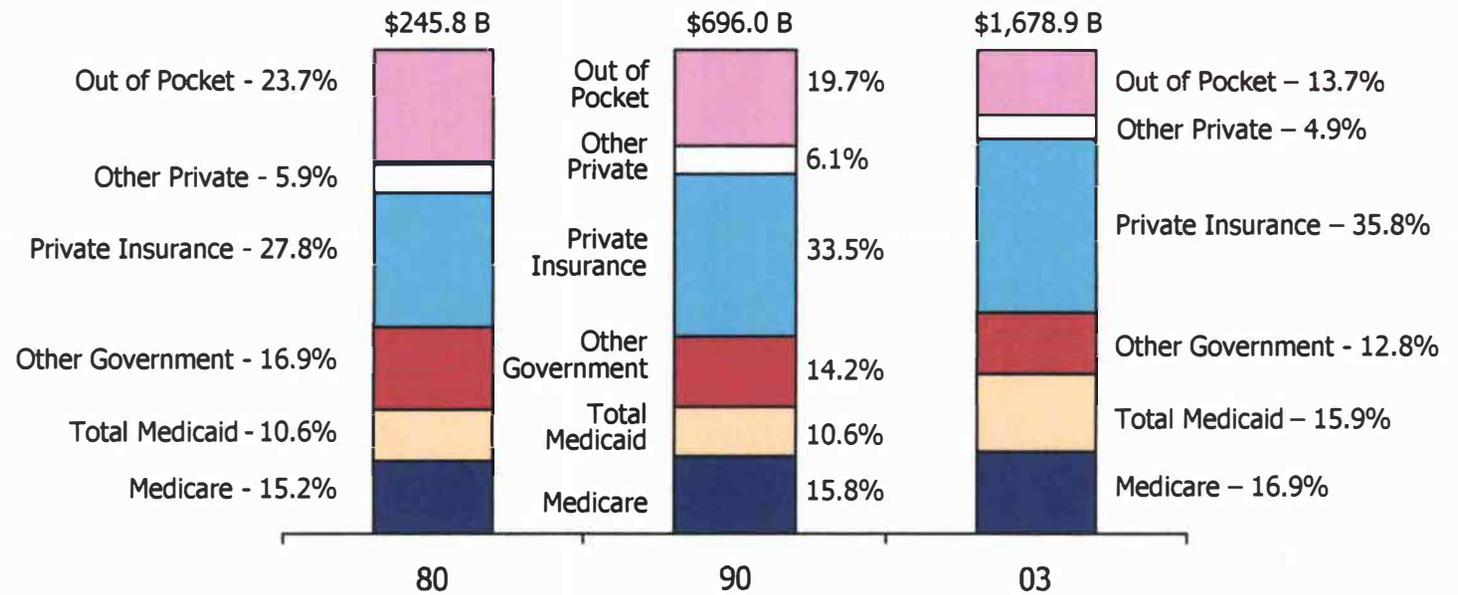
**Chart 1.12:
Consumer Out-of-Pocket Spending vs. Private Health Insurance Spending for Prescription Drugs
1980 - 2003**



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



**Chart 1.13:
Distribution of National Health Expenditures by Source of Payment
1980, 1990, and 2003**

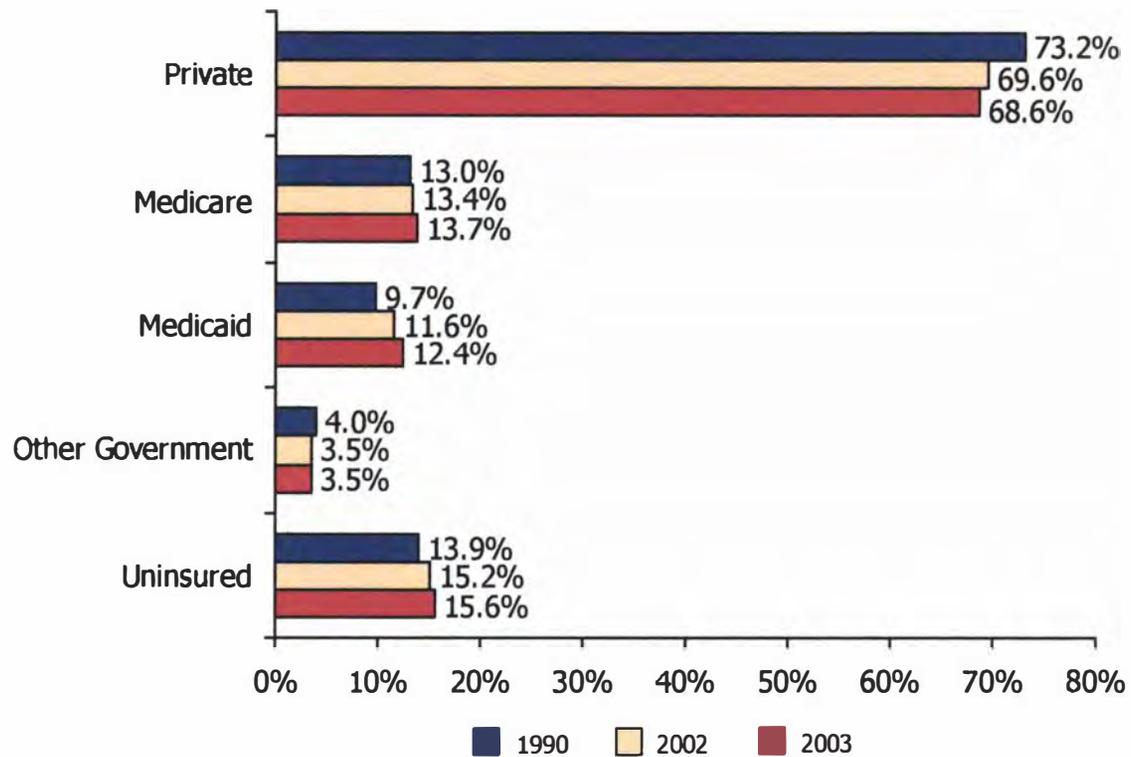


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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Chart 1.14:
Distribution of Health Insurance Coverage
Percentage of Population Covered by Payer
1990, 2002, and 2003⁽¹⁾



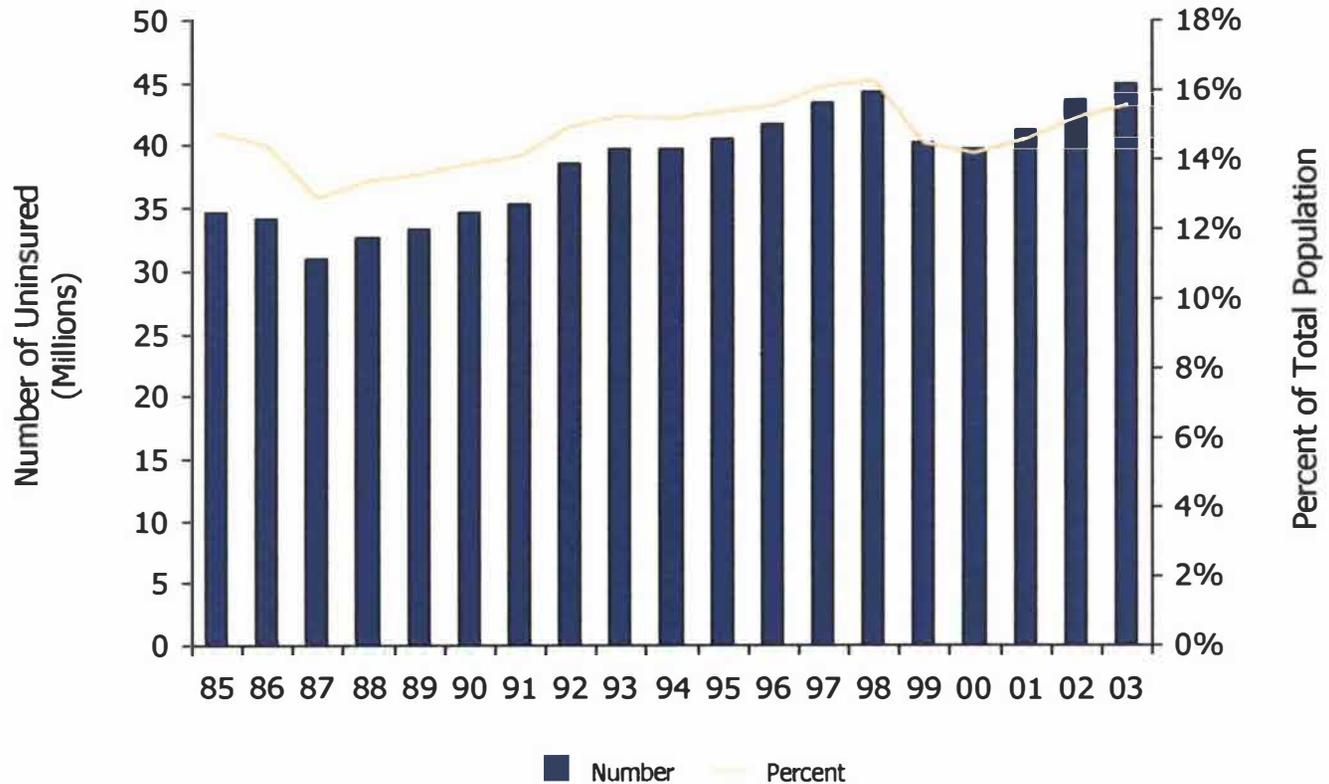
Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*

⁽¹⁾ 2002 and 2003 data use population estimates based on Census 2000.



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**Chart 1.15:
Number and Percent Uninsured⁽¹⁾
1985 - 2003**



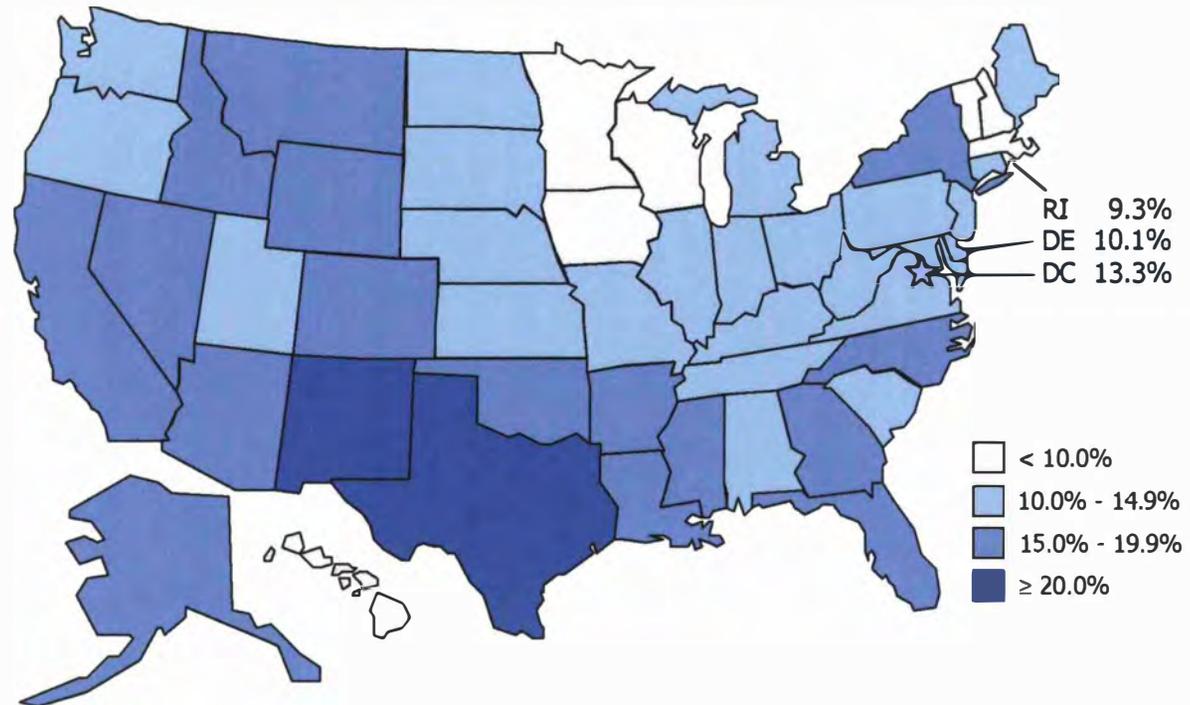
Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*

⁽¹⁾ 1999 - 2003 data use population estimates based on Census 2000



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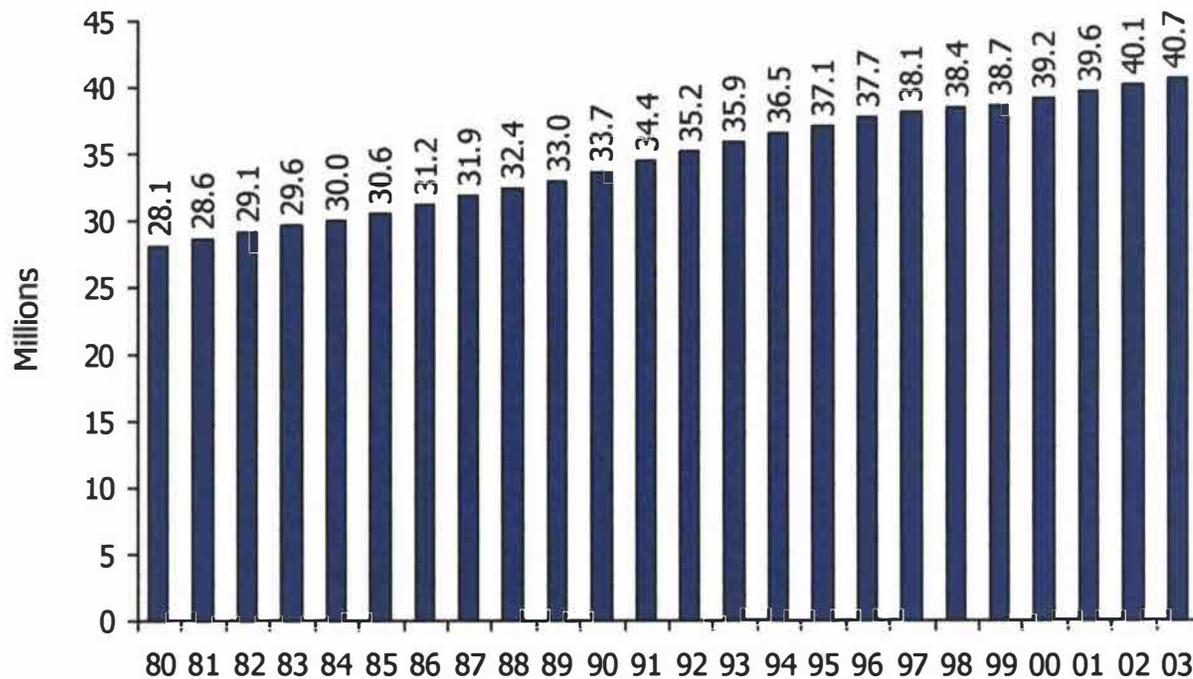
**Chart 1.16:
Average Percent Uninsured by State
2001-2003**



Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*



**Chart 1.17:
Medicare Enrollees⁽¹⁾
1980 - 2003**



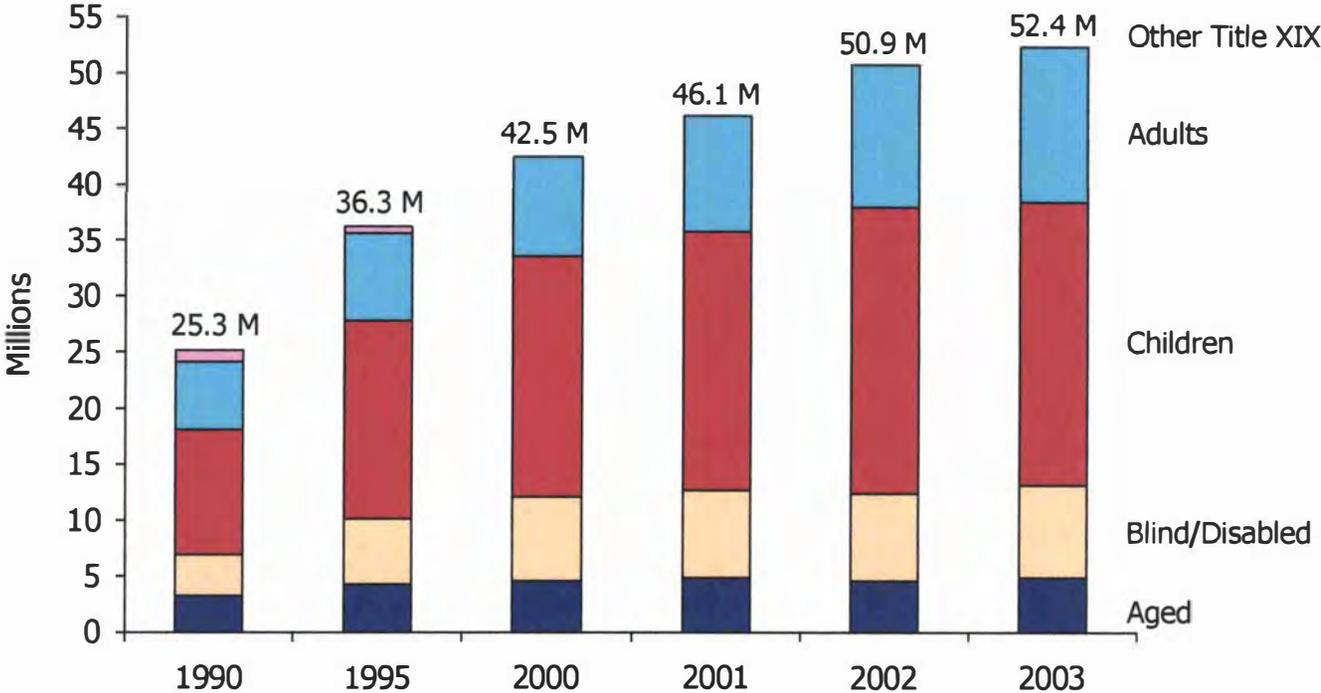
Source: Centers for Medicare & Medicaid Services

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



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**Chart 1.18:
Medicaid Enrollees⁽¹⁾
1990, 1995, 2000 - 2003**



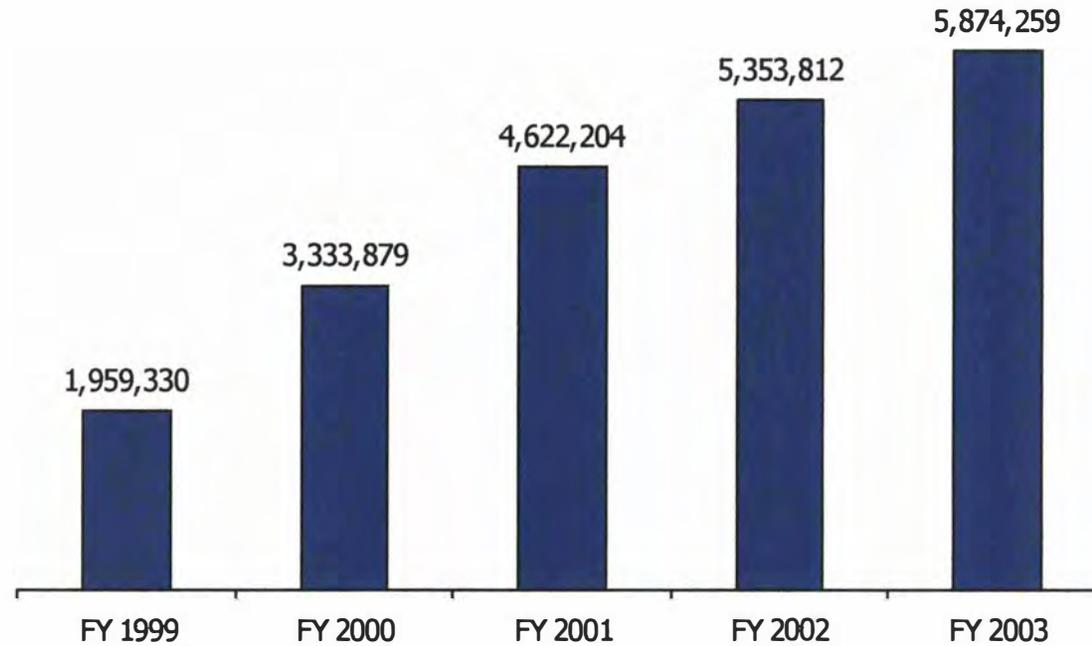
Source: Centers for Medicare & Medicaid Services; 2002 data, CBO March 2003 Baseline; 2003 data, CBO March 2004 Baseline

⁽¹⁾ Does not include S-CHIP Enrollees



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



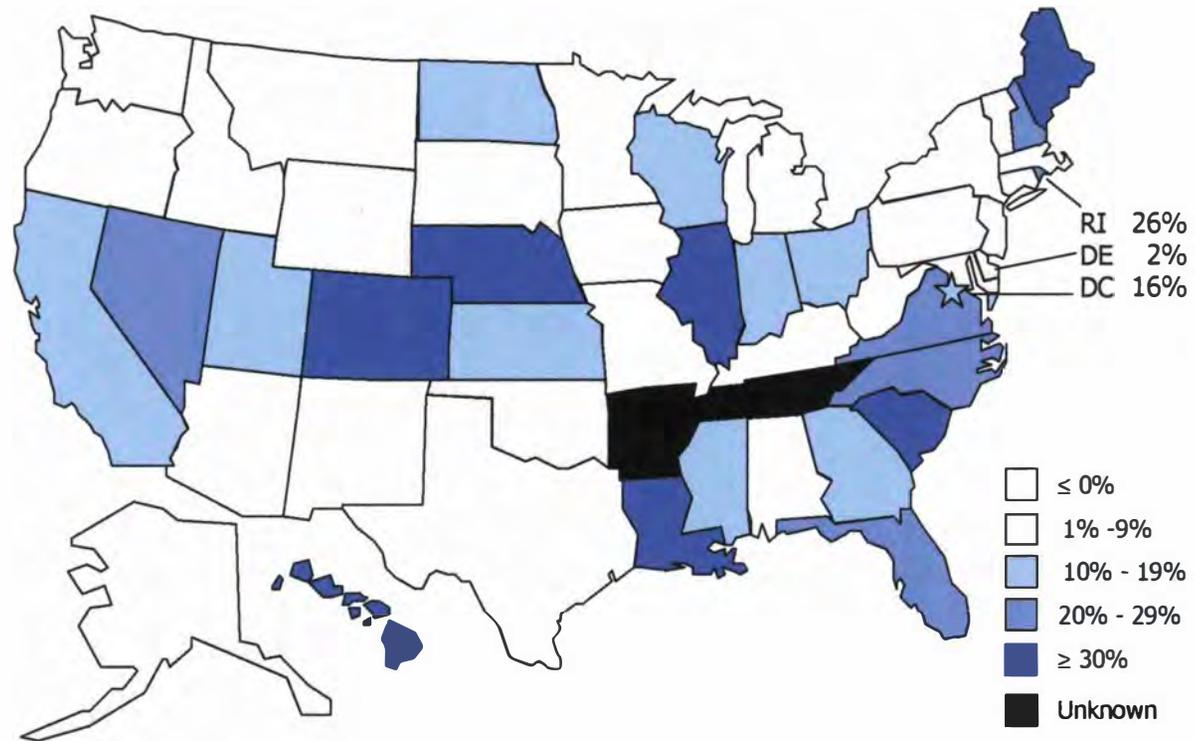
Source: Centers for Medicare & Medicaid Services

⁽¹⁾ Number of children enrolled at any point in the year



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

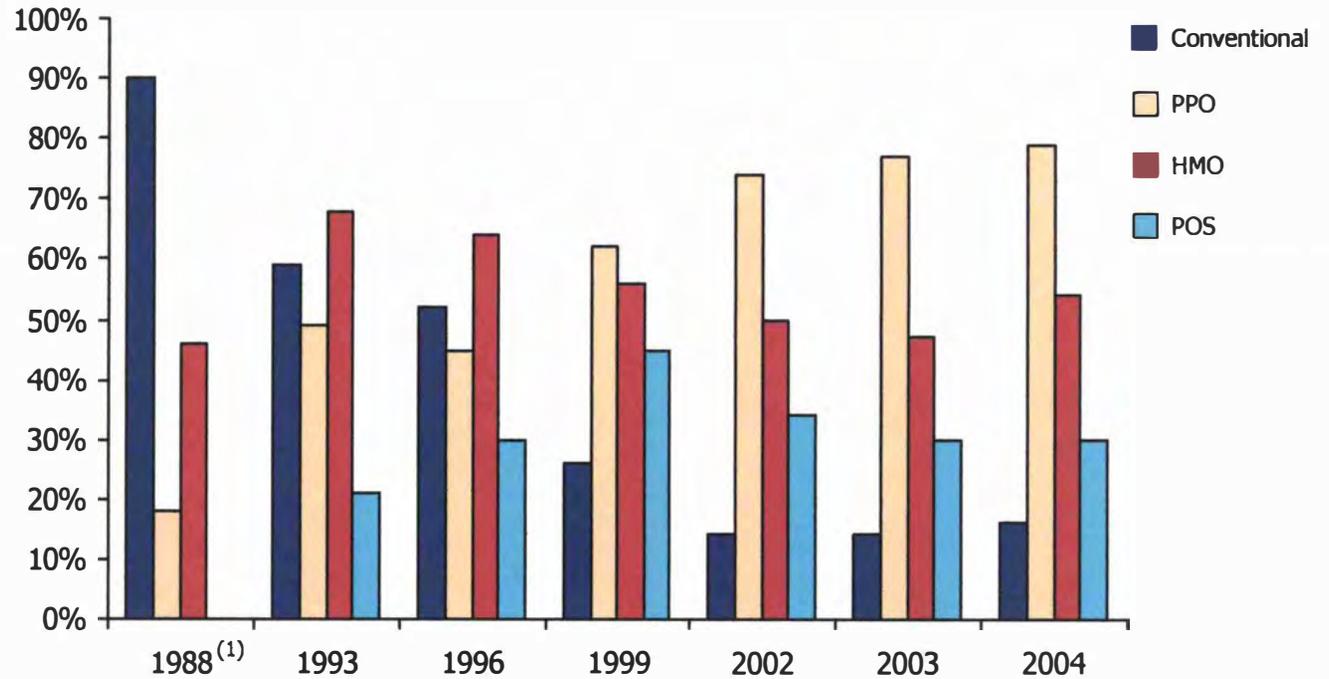


Source: Centers for Medicare & Medicaid Services, Revised FY 2003 Number of Children Ever Enrolled in SCHIP by Program Type, August 5, 2004



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Chart 1.21:
Percentage of Employees with Employer-based Coverage Who Can Choose Conventional, PPO, HMO and POS Plans 1988 - 2004



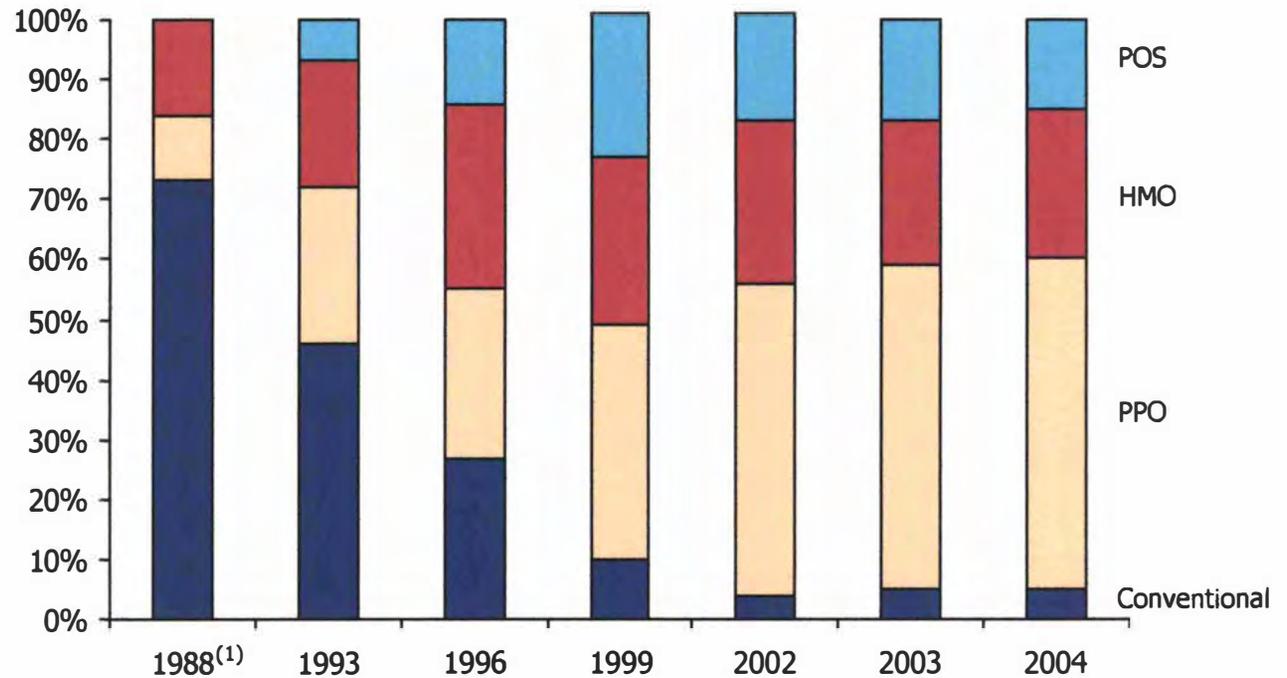
Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 2002, 2003, 2004; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

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



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**Chart 1.22:
Distribution of Employer-sponsored Health Insurance
Enrollment by Type of Plan
1988 - 2004**

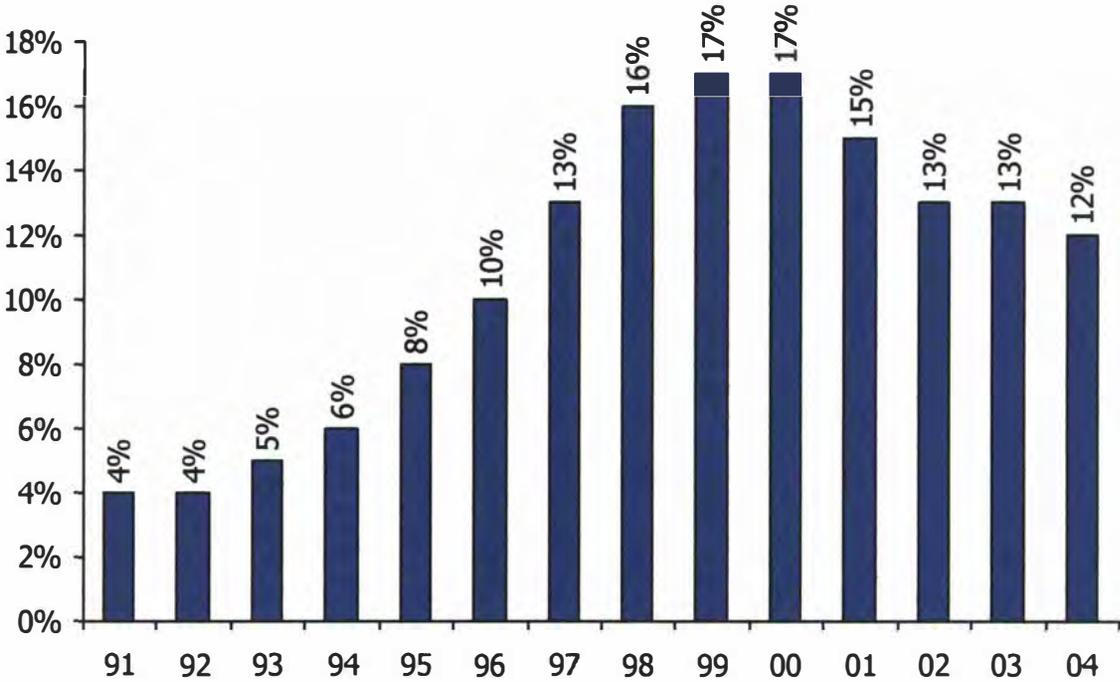


Source: The Kaiser Family Foundation and Health Research and Educational Trust, *Survey of Employer-Sponsored Health Benefits: 1999, 2002, 2003, 2004*; KPMG *Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996*

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



Chart 1.23: Percentage of Medicare Beneficiaries Enrolled in Medicare Managed Care(1) 1991 - 2004



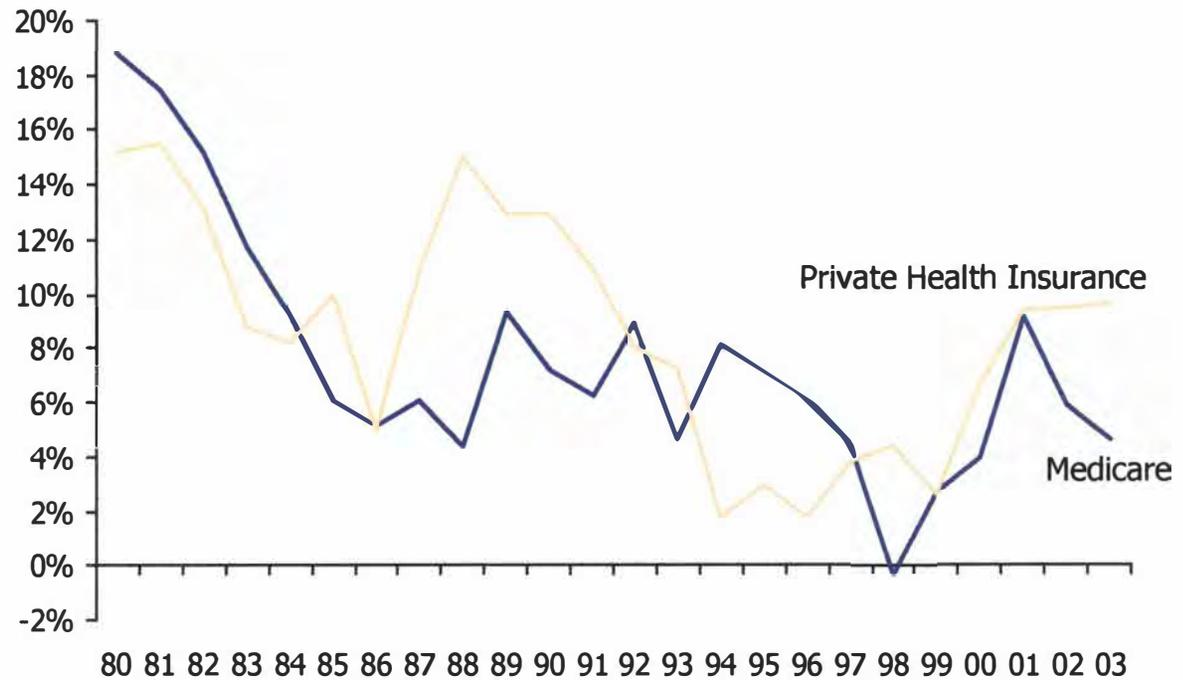
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

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



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**Chart 1.24:
Percent Growth in Medicare Spending per Beneficiary vs.
Private Health Insurance Spending per Enrollee
1980 - 2003**

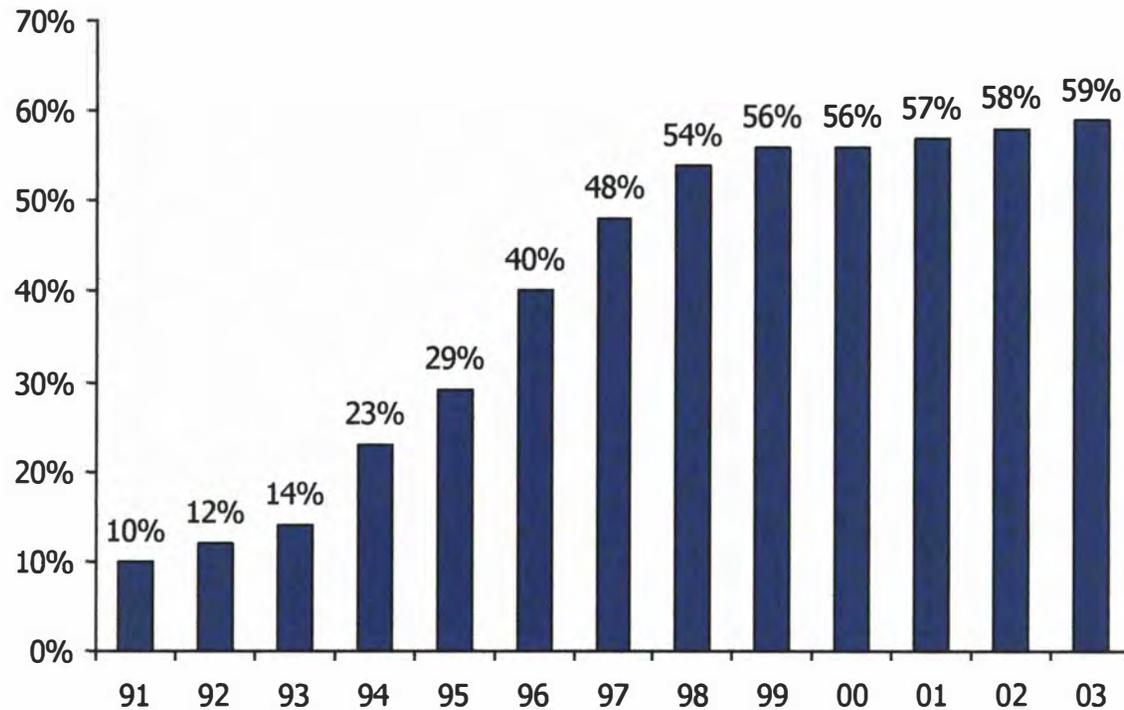


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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**Chart 1.25:
Percentage of Medicaid Beneficiaries Enrolled
in Medicaid Managed Care
1991 - 2003**

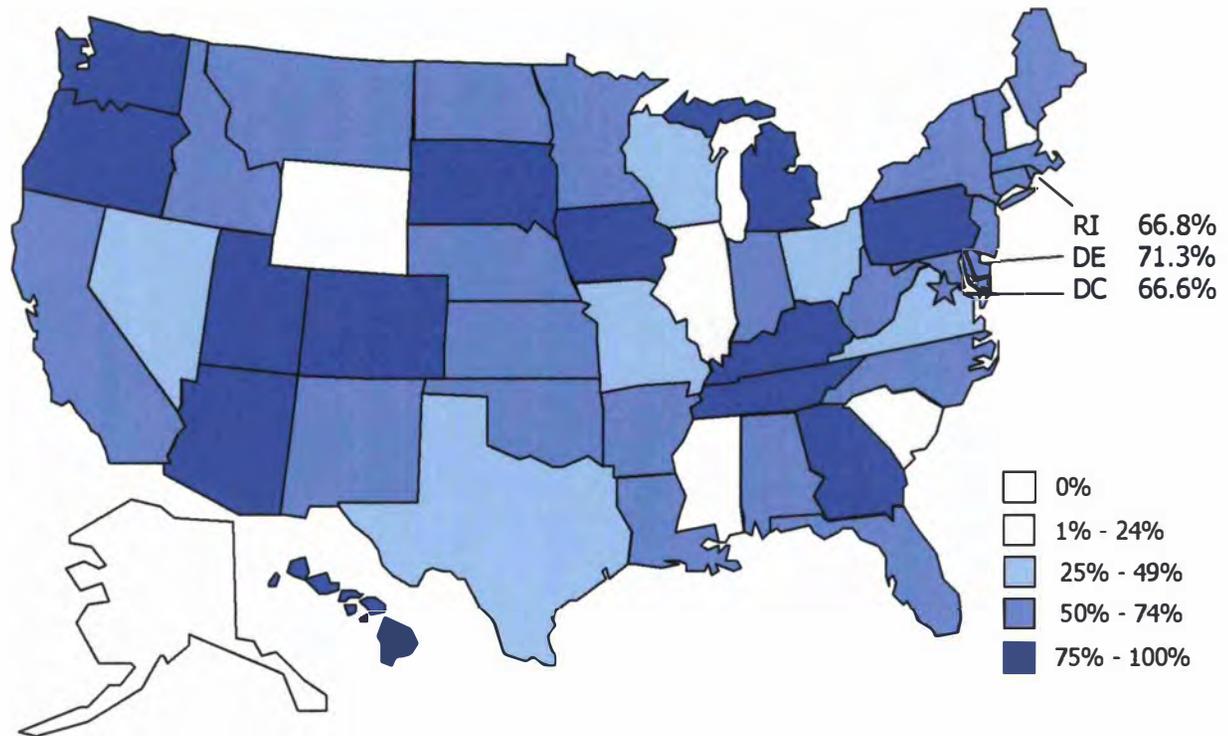


Source: Centers for Medicare & Medicaid Services, Office of the Actuary



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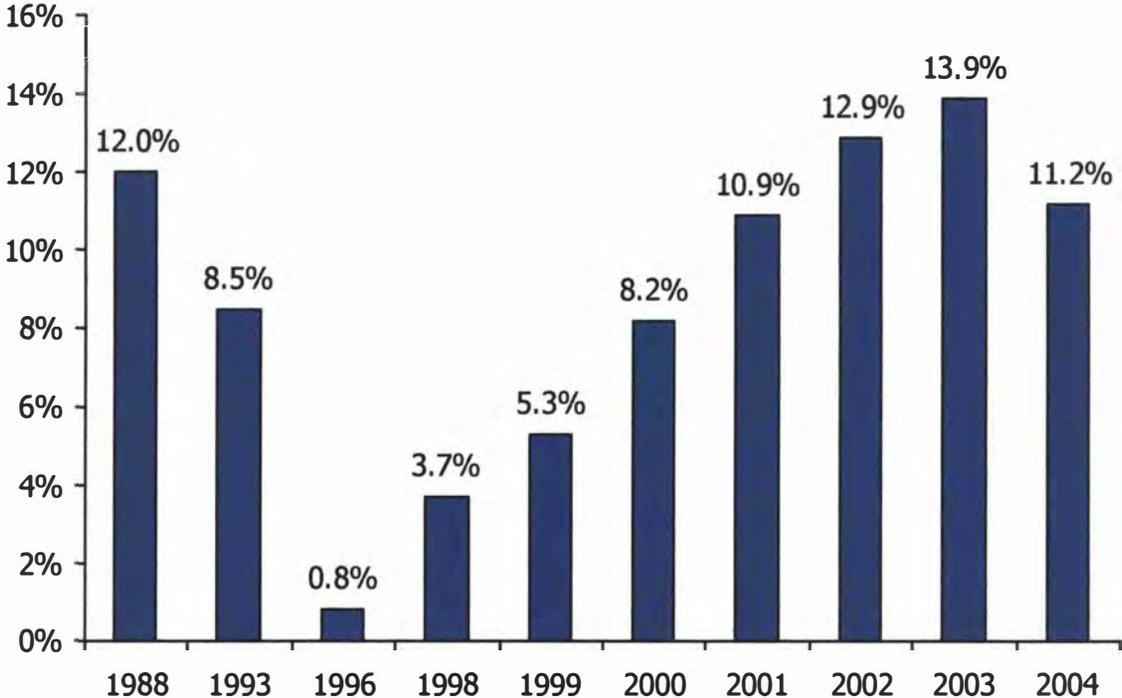
**Chart 1.26:
Percentage of Medicaid Beneficiaries Enrolled
in Medicaid Managed Care by State
2003**



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



**Chart 1.27:
Annual Change in Health Insurance Premiums
1988 - 2004**

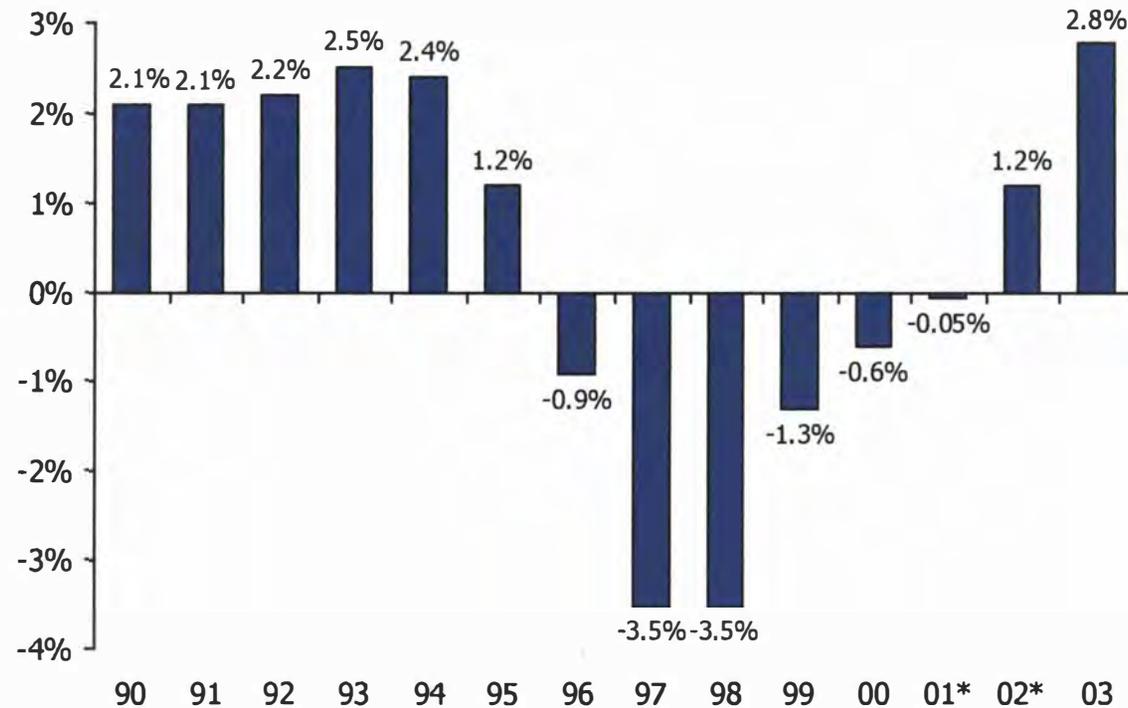


Source: *The Kaiser Family Foundation and Health Research and Educational Trust, Employer Health Benefits 2000, 2001, 2002, 2003, 2004 Annual Surveys; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996*



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**Chart 1.28:
HMO Plan Median Operating Margins
1990 - 2003**



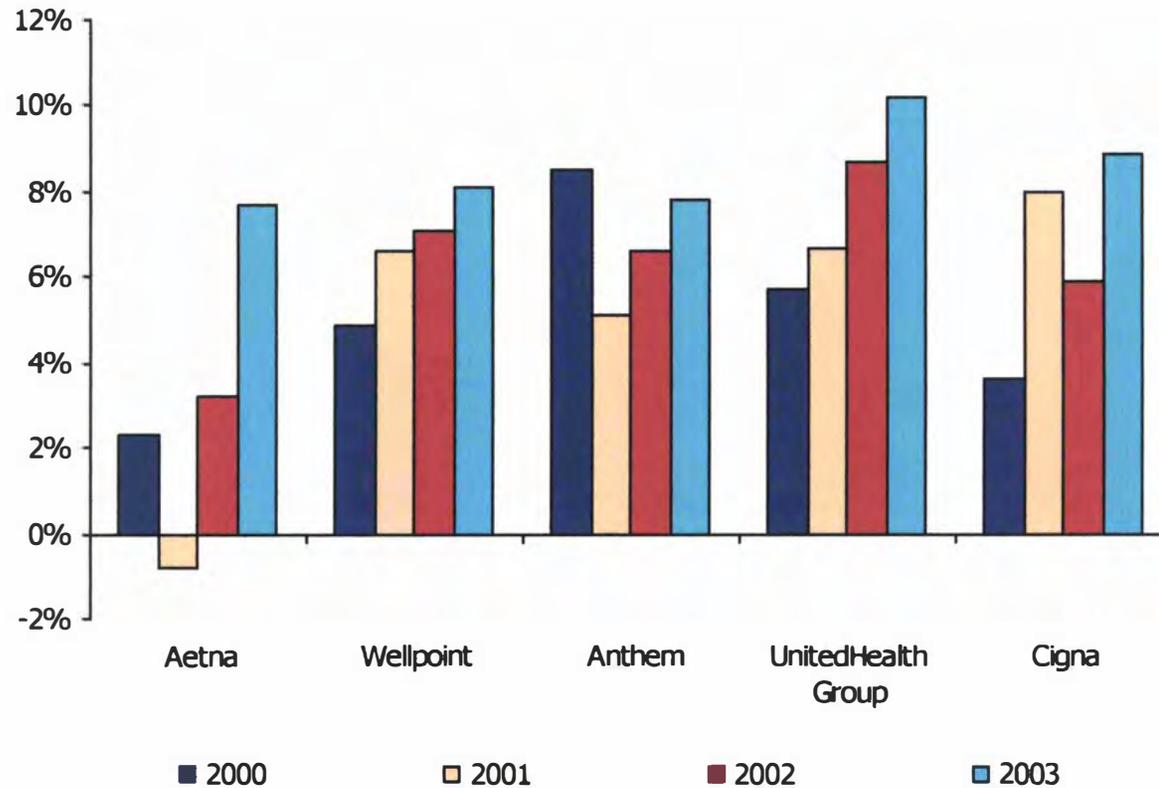
Source: Interstudy Competitive Edge: Part II: Managed Care Industry Report, using data as of January 1, 2004

* Due to changes in the financial reporting requirements that took effect in many states in 2001, Interstudy recalculated the ratios for 2001 and 2002 according to the formulas used with the current HMO Financial Database, to ensure that data over the past three years is trended according to a consistent methodology



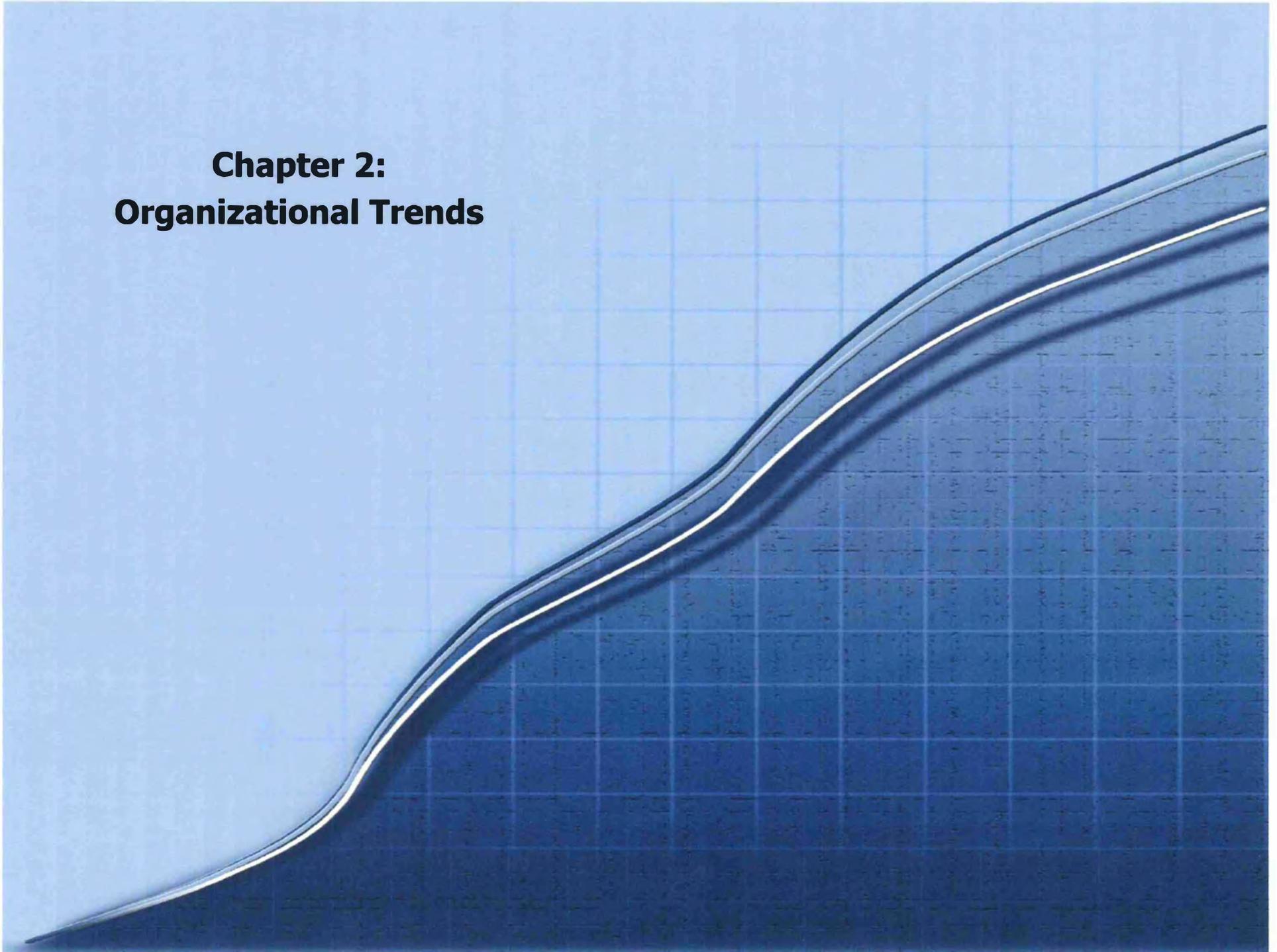
American Hospital Association

**Chart 1.29:
Operating Margins of the Top Insurers
2000 - 2003**



Source: Robinson J. Consolidation and the transformation of competition in health insurance. *Health Affairs* 2004;23(6):11-24.

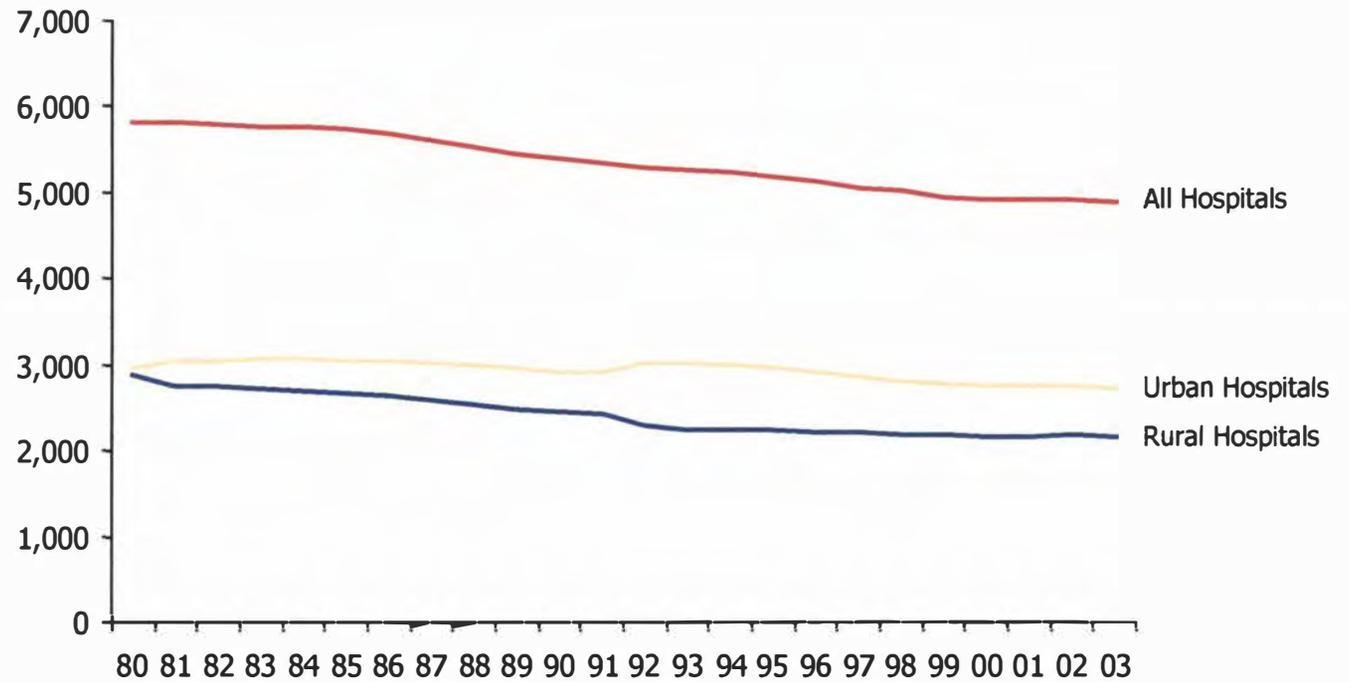
Chapter 2: Organizational Trends





American Hospital Association

**Chart 2.1:
Number of Community Hospitals⁽¹⁾
1980 - 2003**



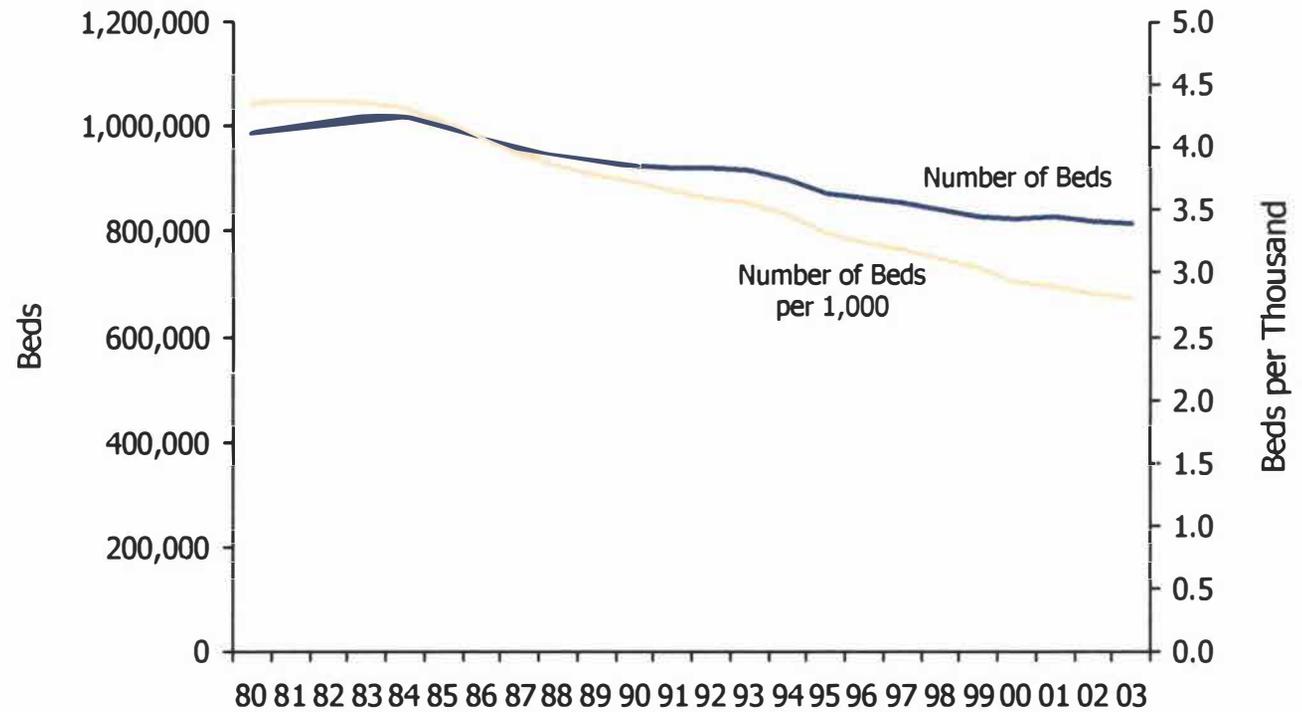
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals

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



American Hospital Association

**Chart 2.2:
Number of Beds and
Number of Beds per 1,000 Persons
1980 - 2003**

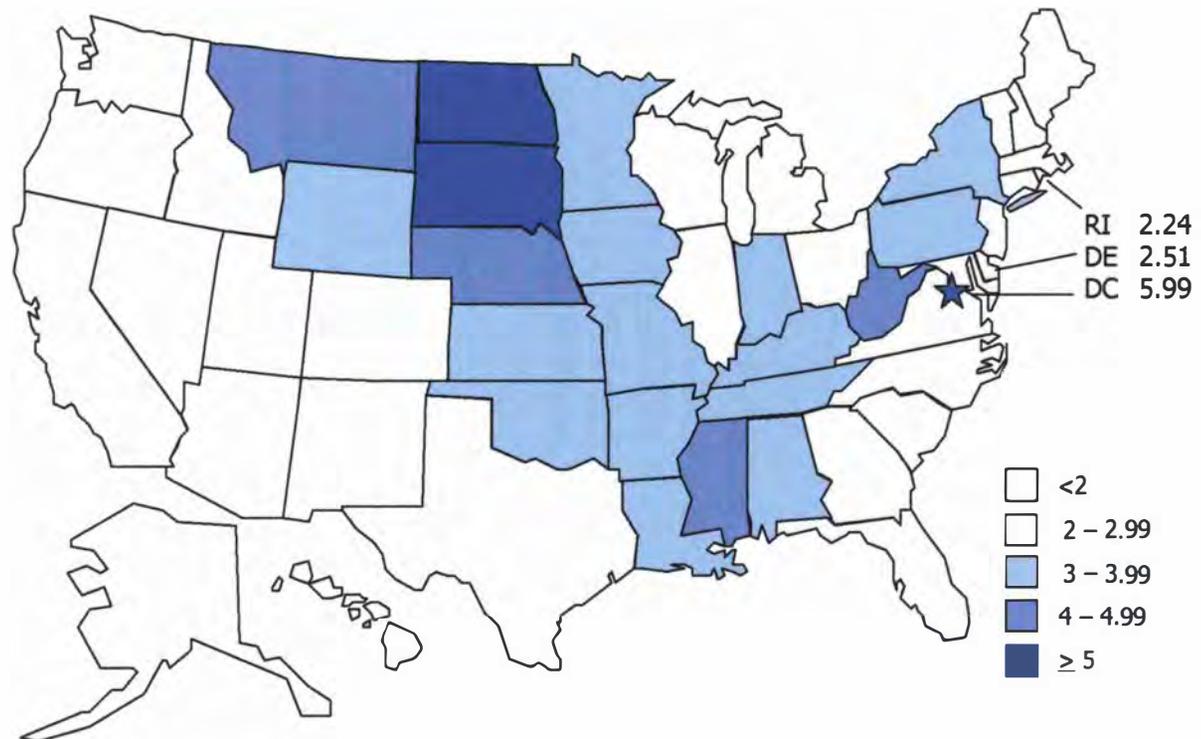


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2003, for community hospitals



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**Chart 2.3:
Beds per 1,000 by State
2003**

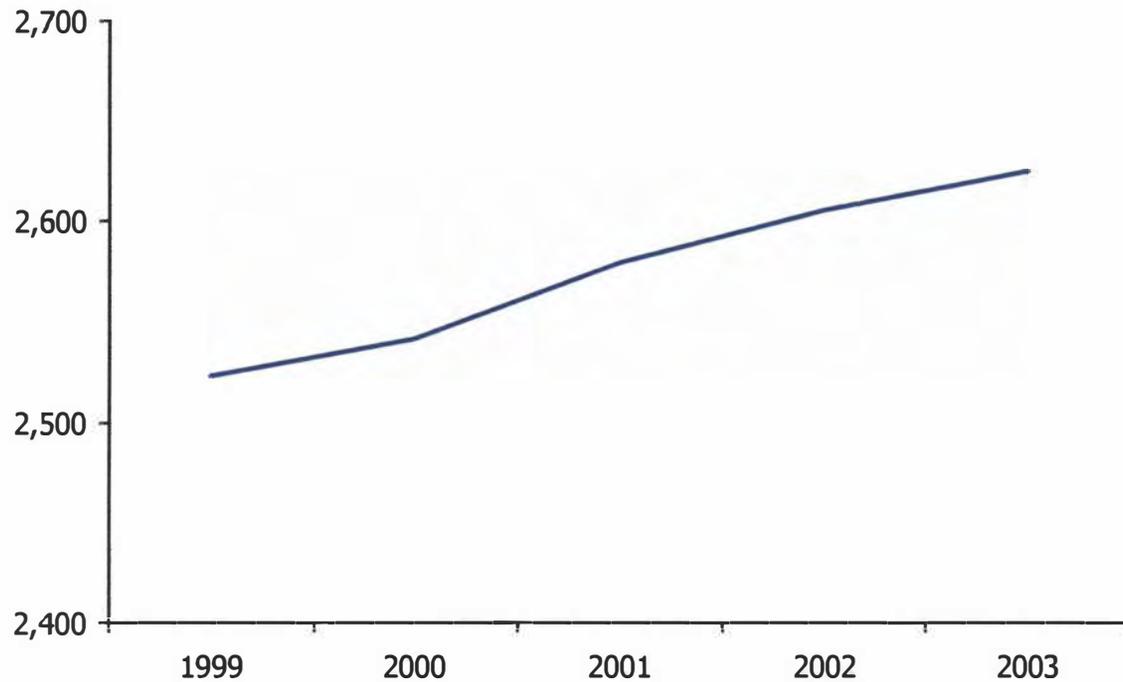


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2003 for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing



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**Chart 2.4:
Number of Hospitals in Health Systems⁽¹⁾
1999 - 2003**



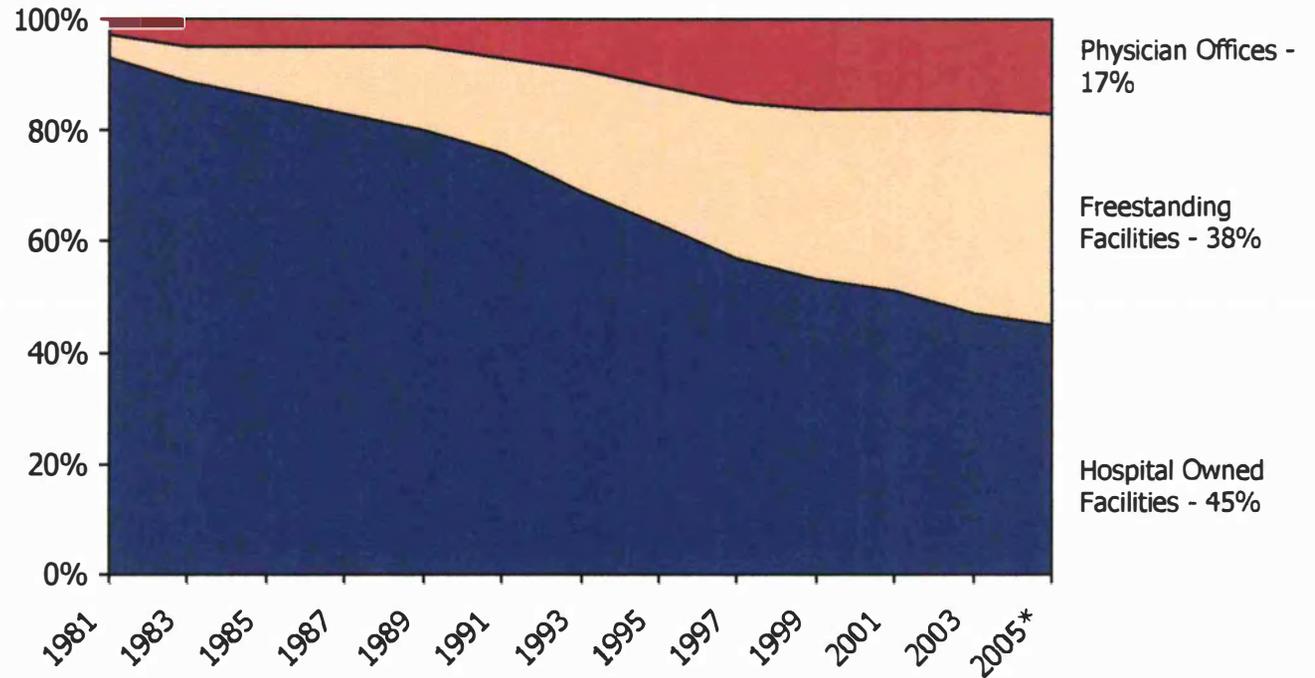
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1999 – 2003, for community hospitals

⁽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 – 2005**



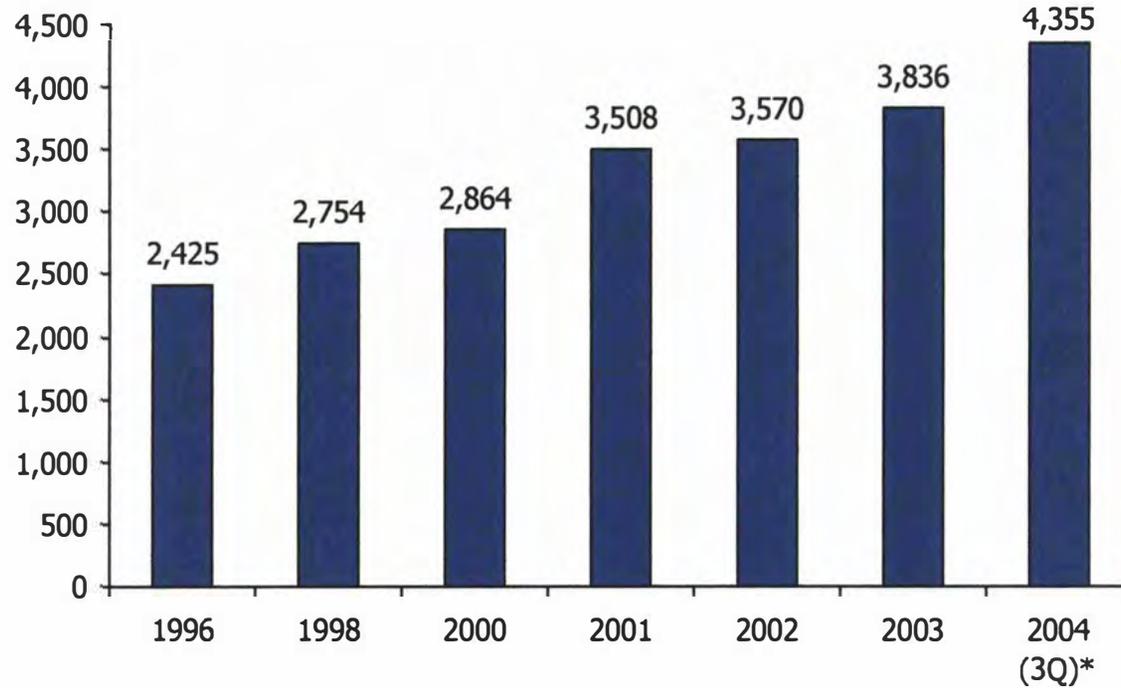
Source: Verispan's Diagnostic Imaging Center Profiling Solution, 2004.

*2005 values are estimated based upon current trends.



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**Chart 2.6:
Number of Freestanding Ambulatory Care Surgery Centers
1996, 1998, and 2000 – 2004 (3Q)**



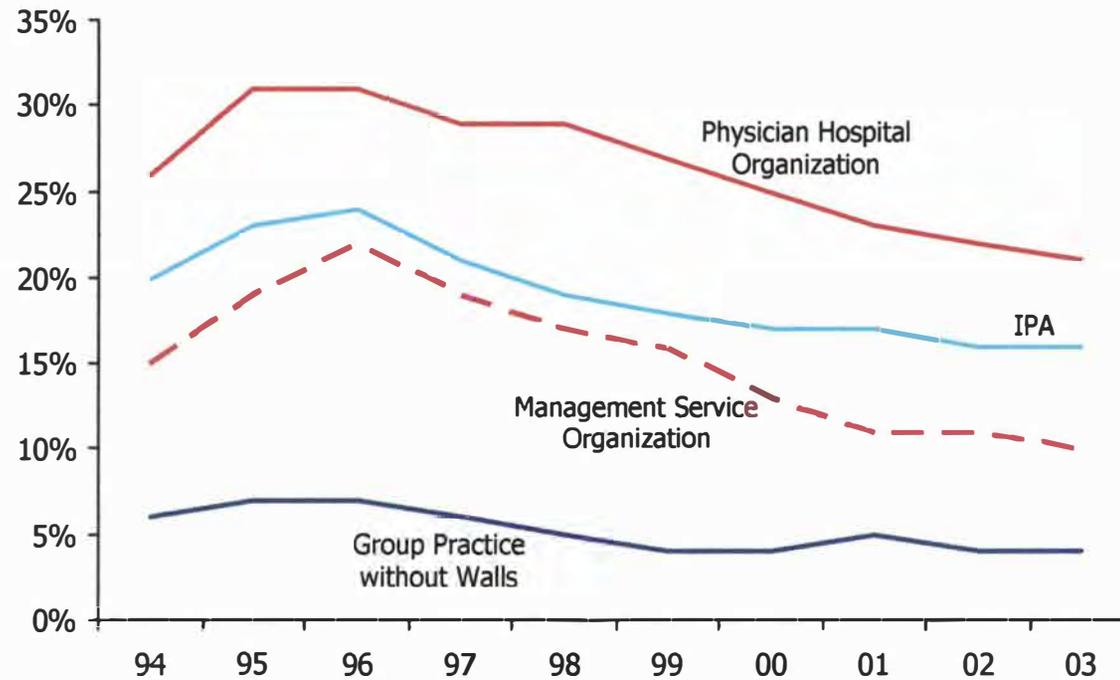
Source: Verispan's Diagnostic Imaging Center Profiling Solution, 2004.

*2004 values are currently available only through the 3rd Quarter



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**Chart 2.7:
Percentage of Hospitals with Physician Affiliates⁽¹⁾
by Type of Relationship
1994 - 2003**



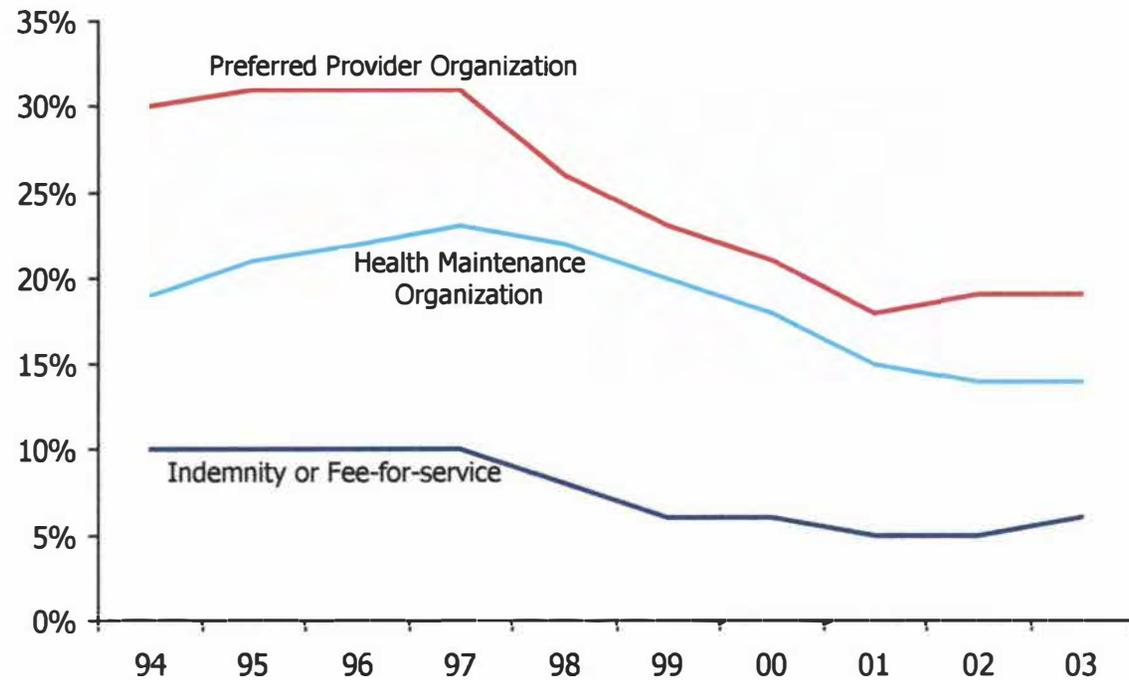
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994 – 2003, for community hospitals

⁽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



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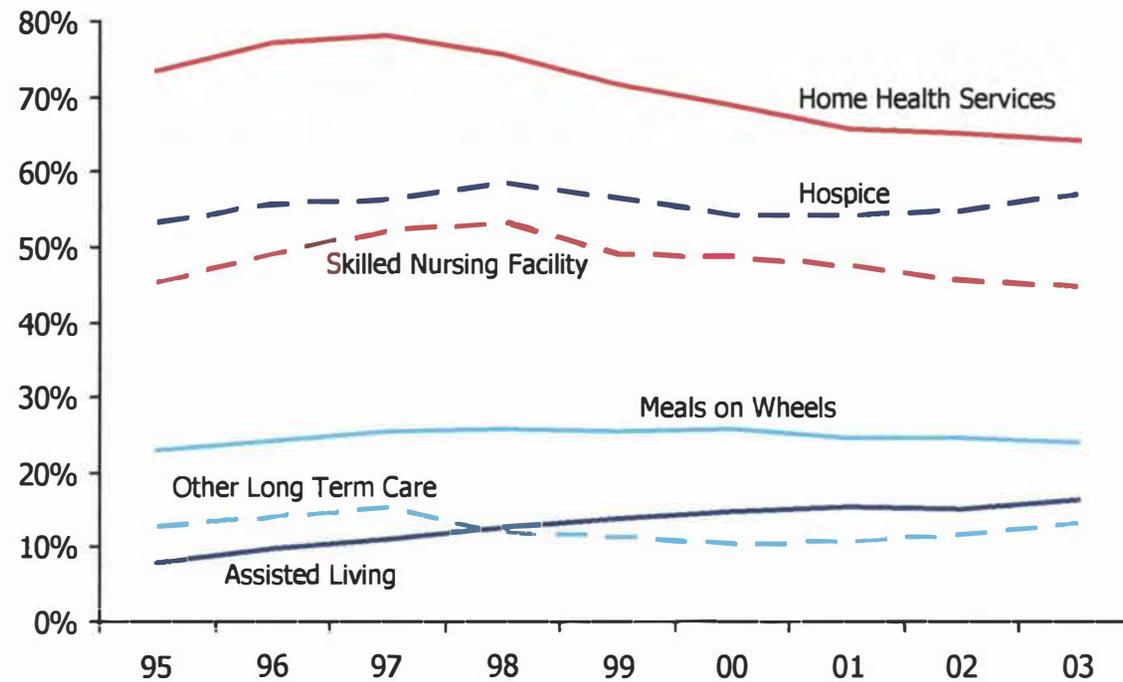
**Chart 2.8:
Percentage of Hospitals with Insurance Products
by Type of Insurance
1994 - 2003**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994 – 2003, for community hospitals



Chart 2.9:
Percentage of Hospitals Offering “Non-hospital” Services⁽¹⁾
1995 - 2003



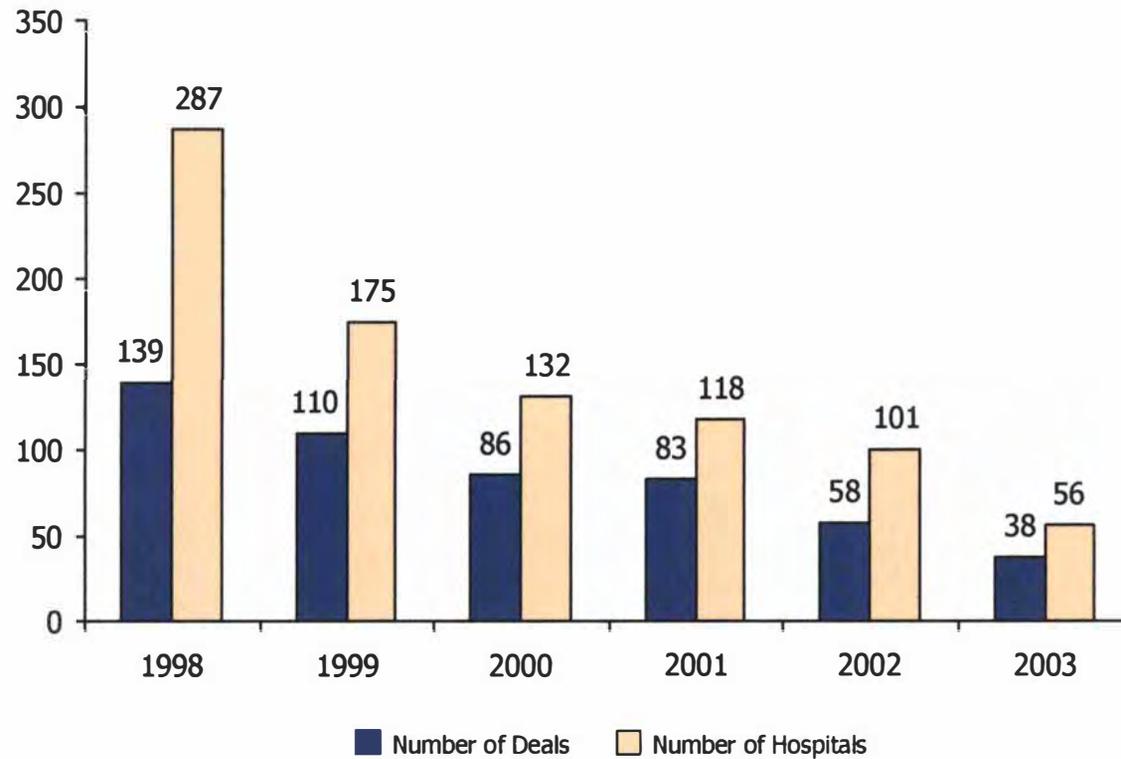
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 – 2003, for community hospitals

⁽¹⁾ Includes services offered in hospital, health system, network or joint venture



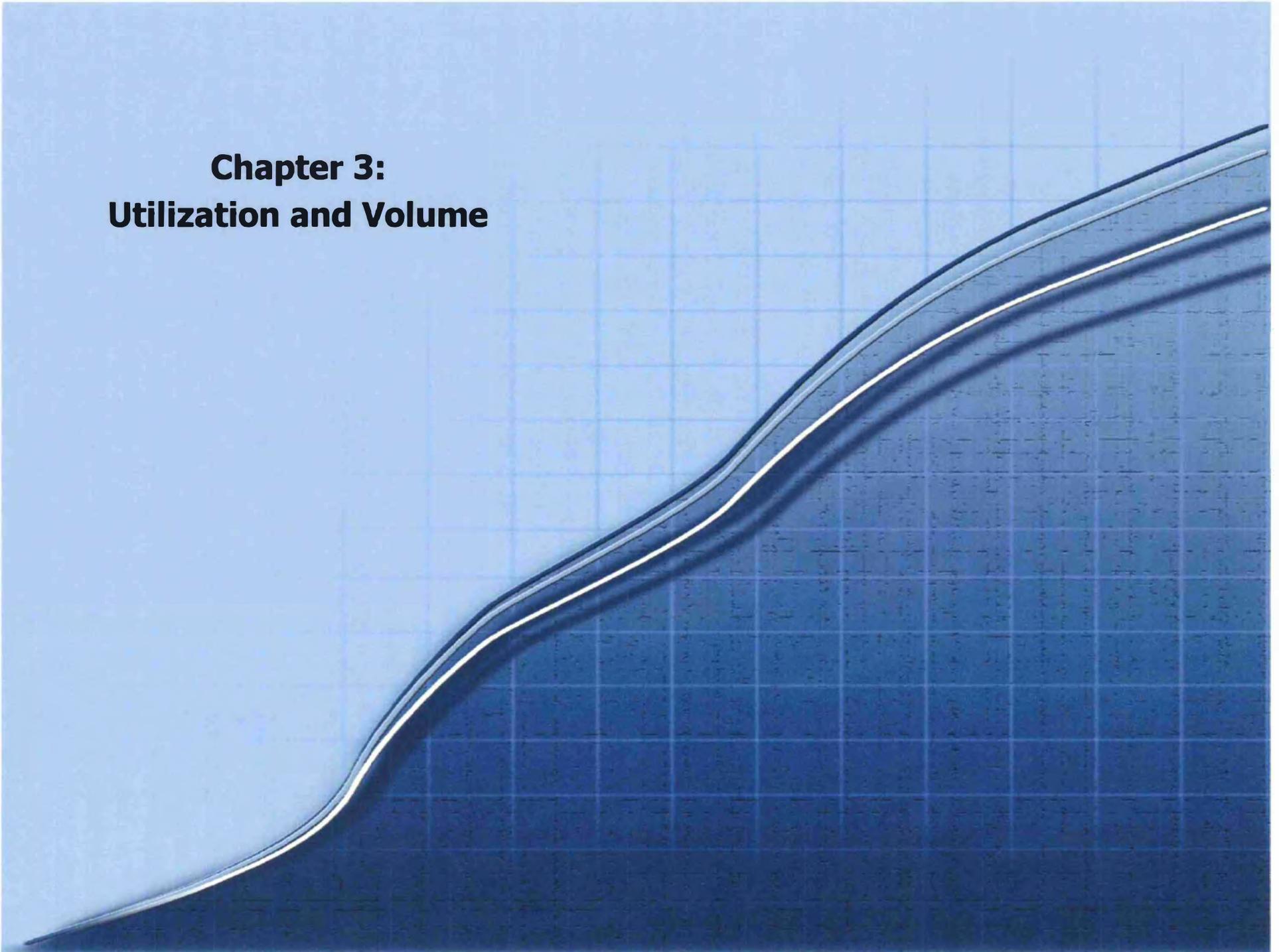
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**Chart 2.10:
Announced Hospital Mergers and Acquisitions
1998 - 2003**



Source: *The Health Care Acquisition Report by Irving Levin Associates, Inc., Tenth Edition, 2004*

**Chapter 3:
Utilization and Volume**





**Chart 3.1:
Inpatient Admissions in Community Hospitals
1980 - 2003**

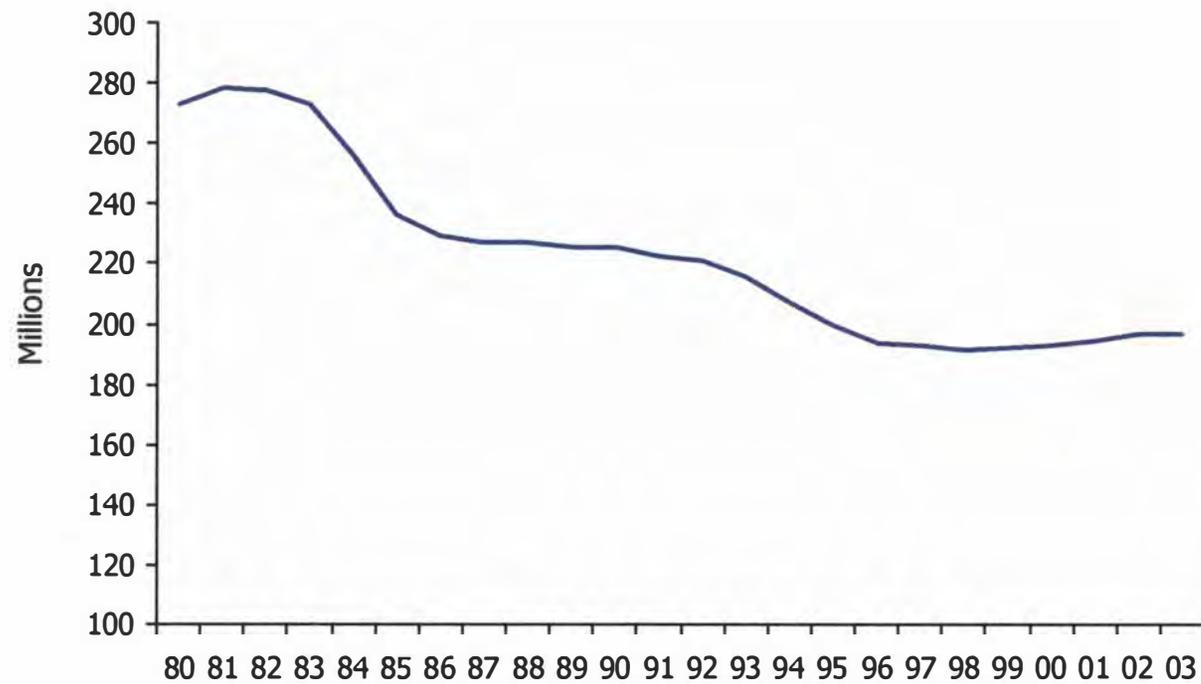


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals.



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Chart 3.2:
Total Inpatient Days in Community Hospitals
1980 - 2003

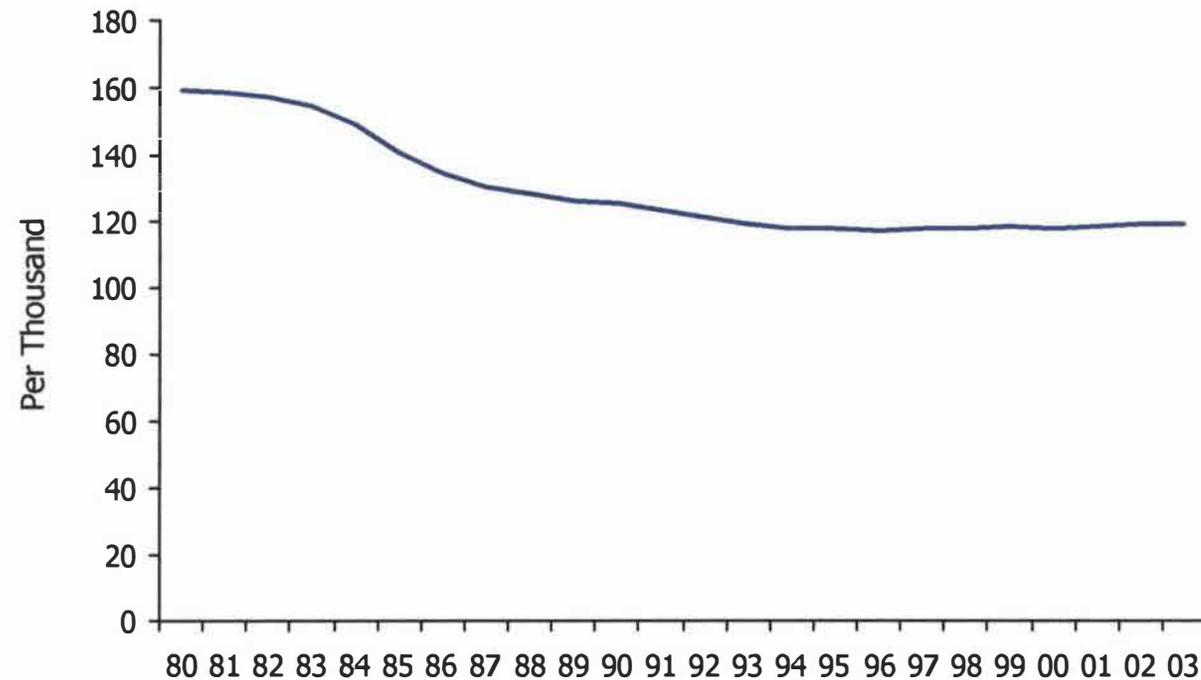


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2003, for community hospitals.



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Chart 3.3:
Inpatient Admissions per 1,000 Persons
1980 - 2003

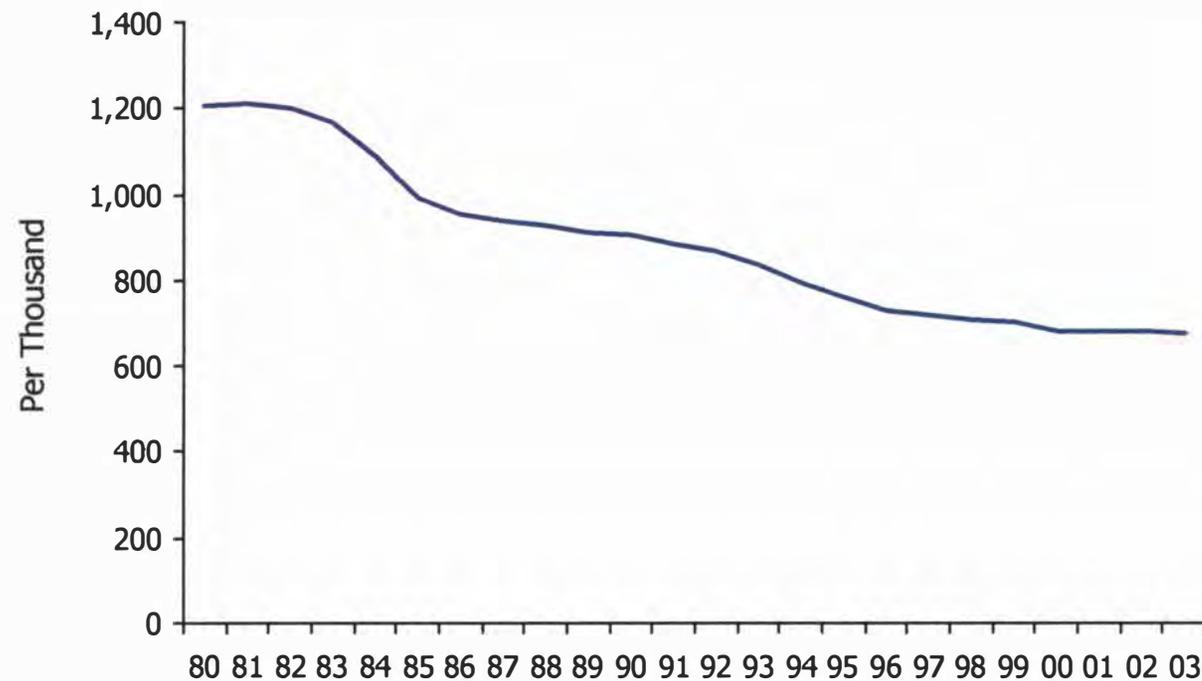


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing



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Association

Chart 3.4:
Inpatient Days per 1,000 Persons
1980 - 2003

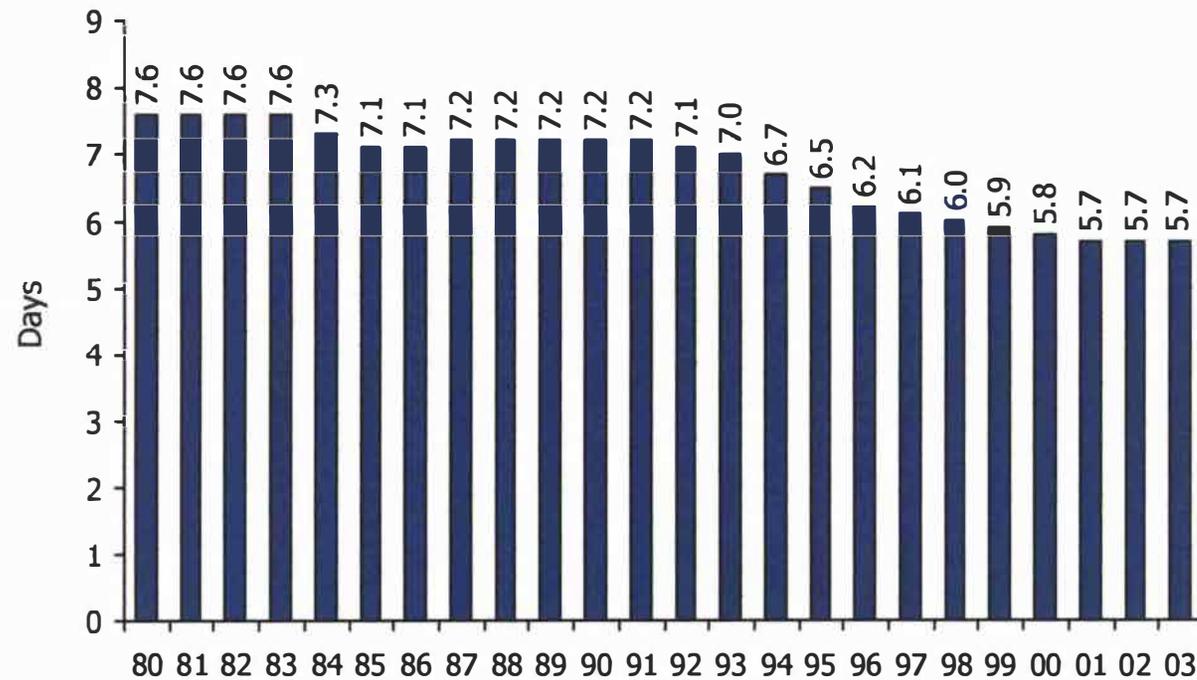


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing



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**Chart 3.5:
Average Length of Stay in Community Hospitals
1980 - 2003**

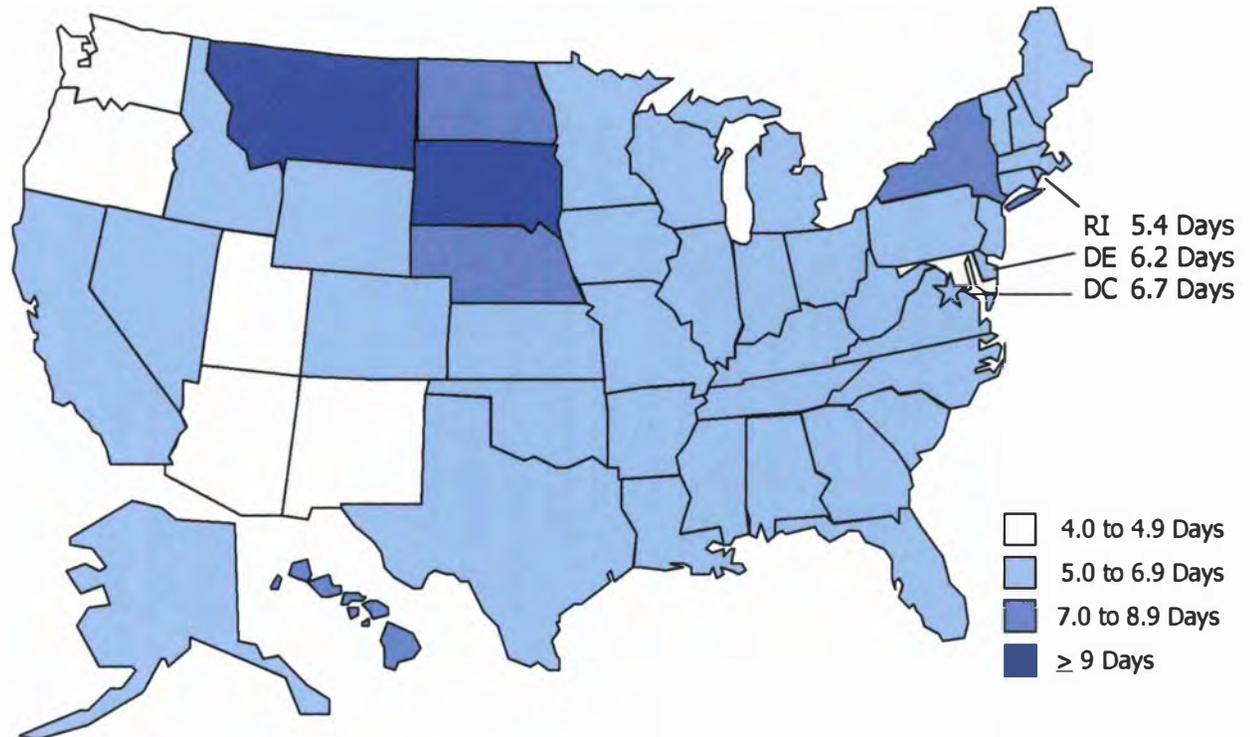


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals



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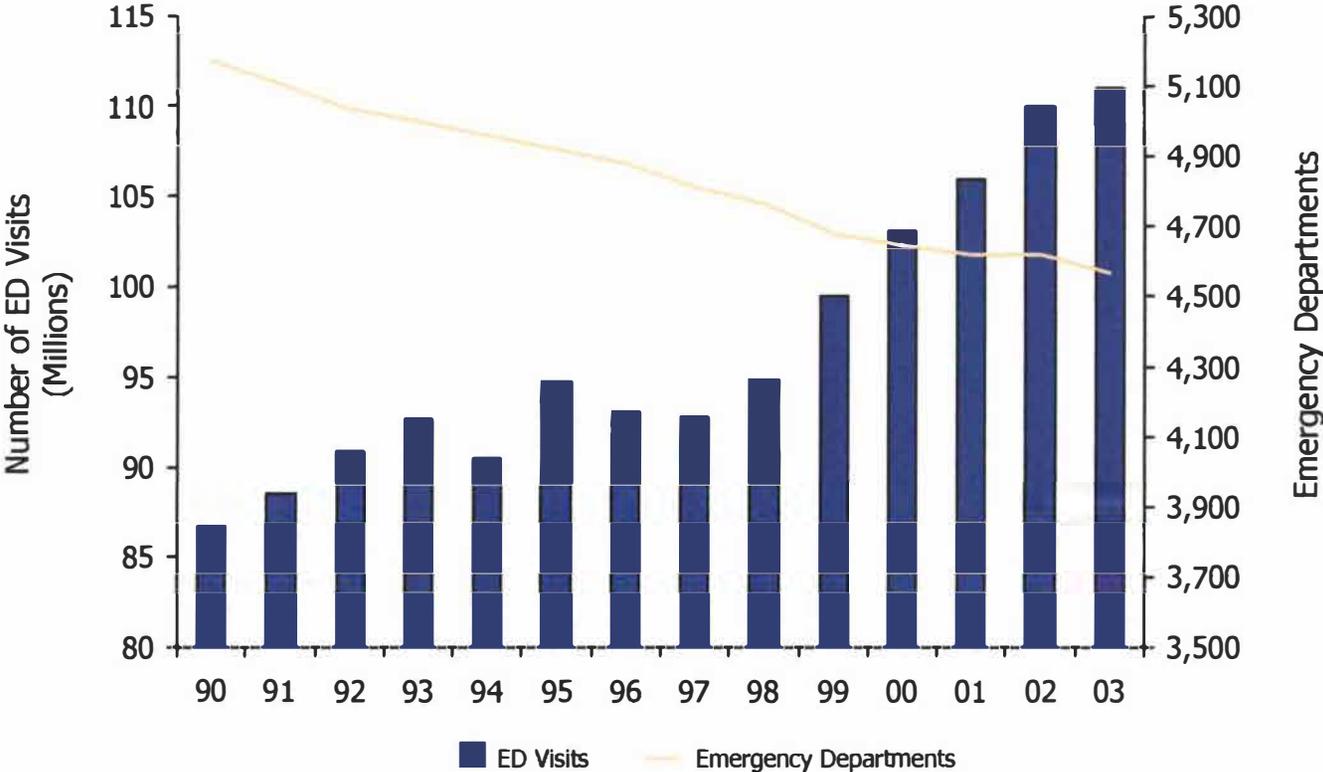
**Chart 3.6:
Average Length of Stay in Community Hospitals by State
2003**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2003, for community hospitals



Chart 3.7: Emergency Department Visits and Emergency Departments(1) in Community Hospitals 1990 - 2003



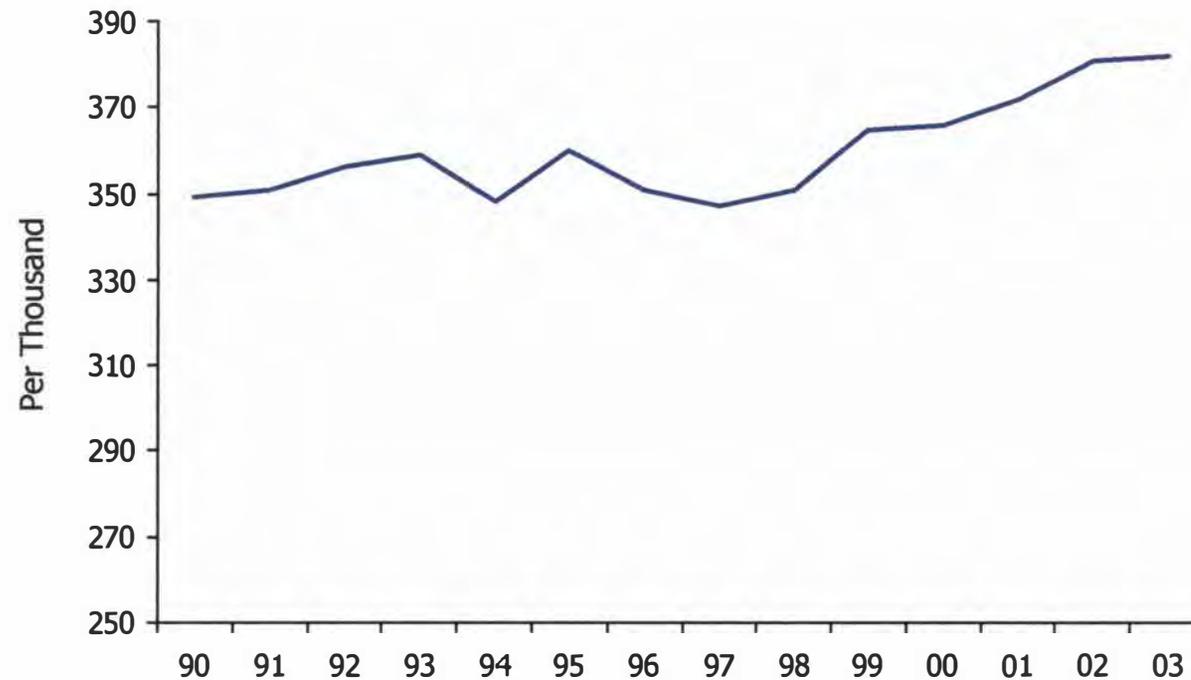
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990 - 2003, for community hospitals

(1) Defined as hospitals reporting ED visits



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Chart 3.8:
Hospital Emergency Department Visits
per 1,000 Persons
1990 - 2003

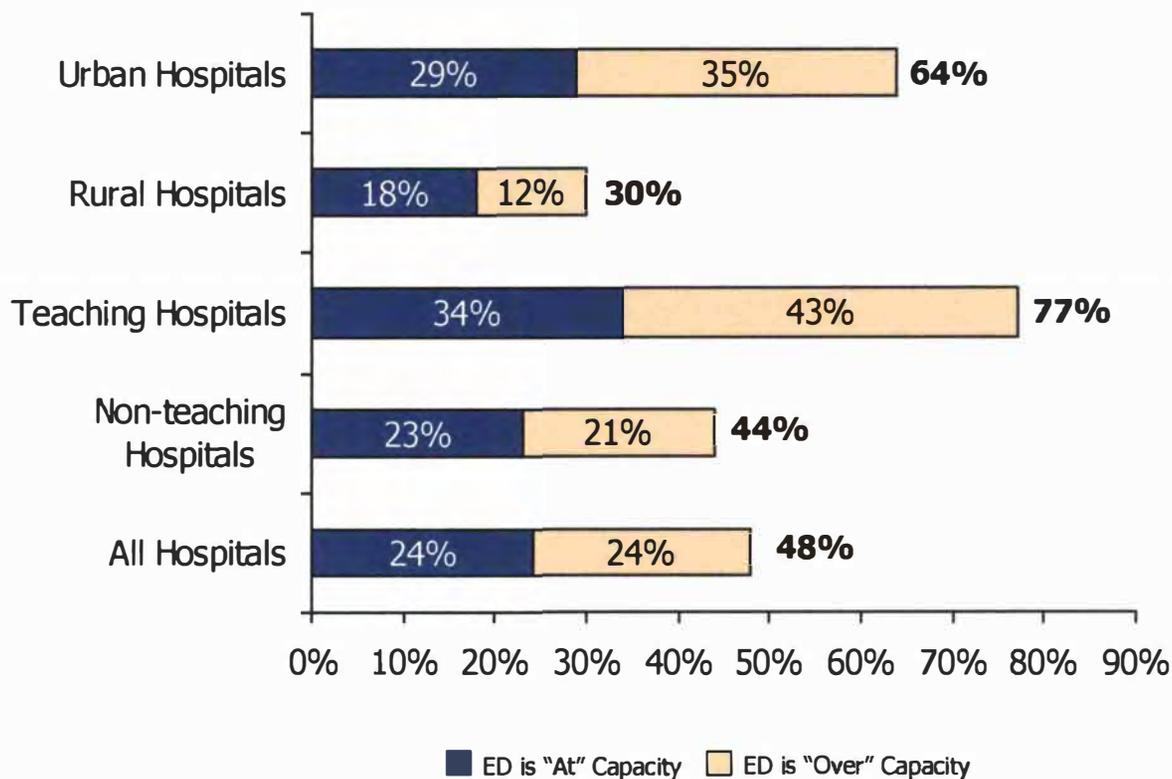


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990 – 2003, for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing



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

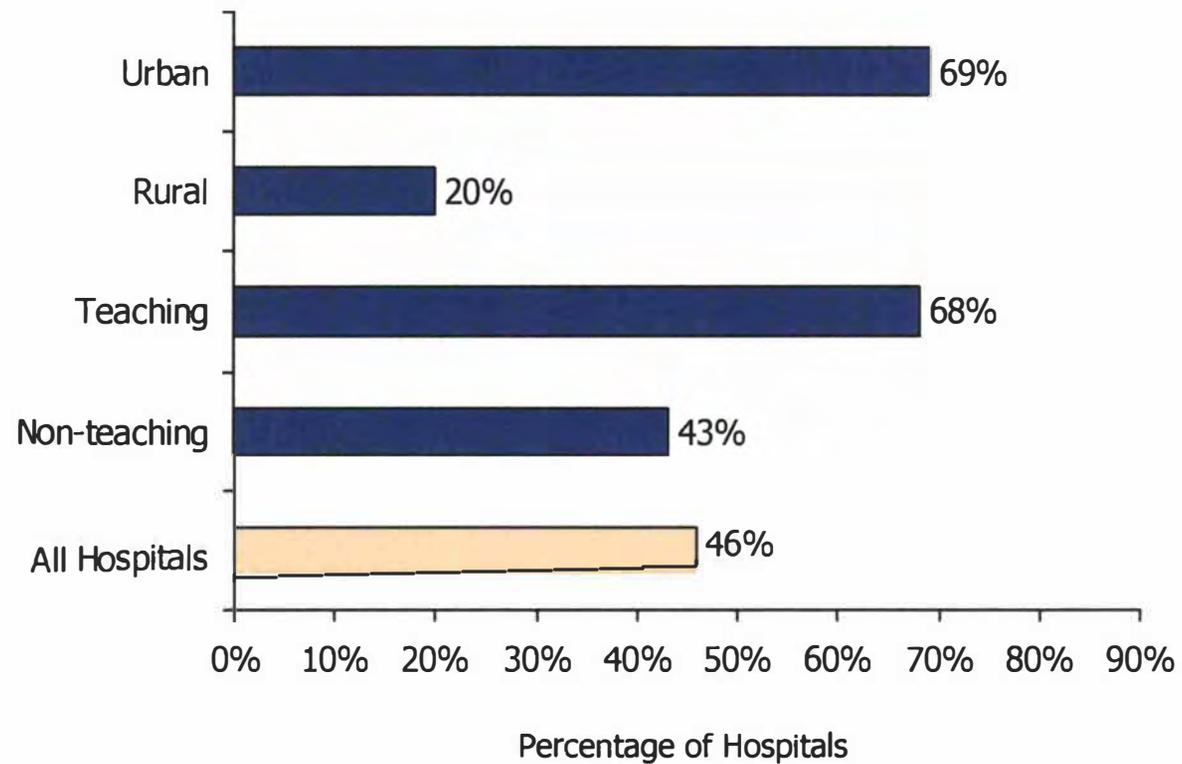


Source: American Hospital Association 2004 Survey of Hospital Leaders



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Association

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

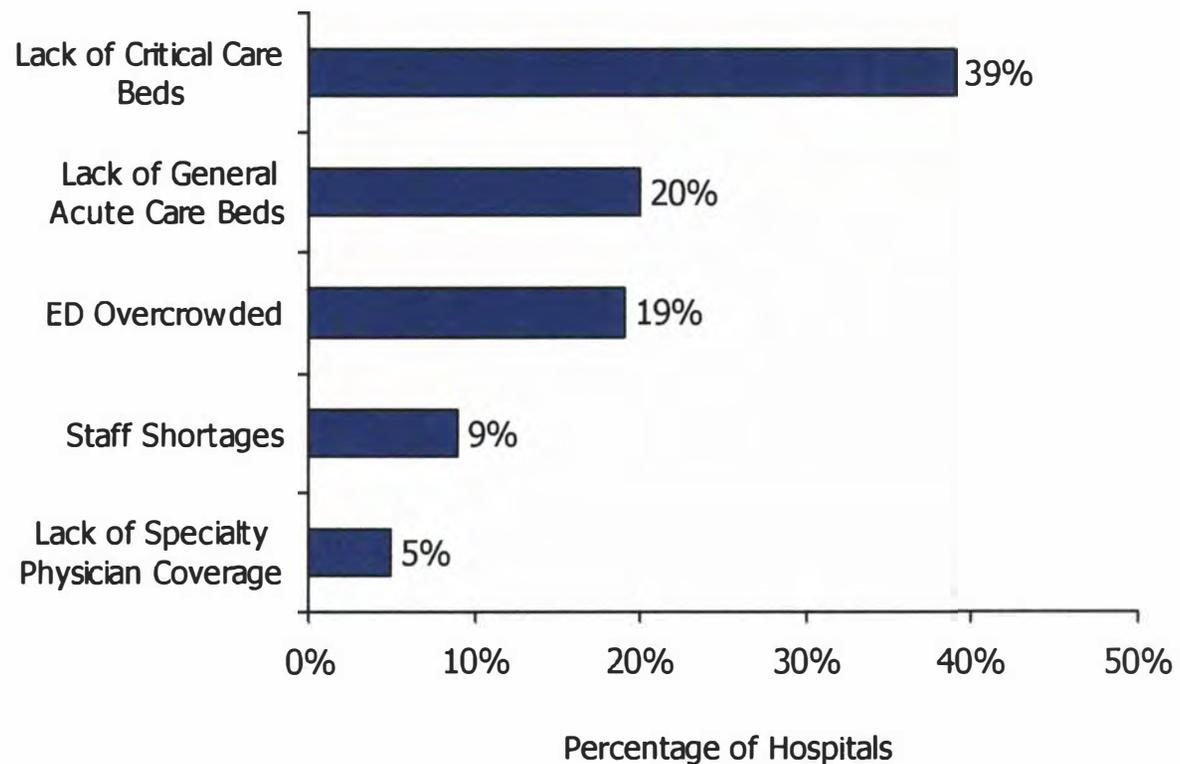


Source: American Hospital Association 2004 Survey of Hospital Leaders



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Association

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

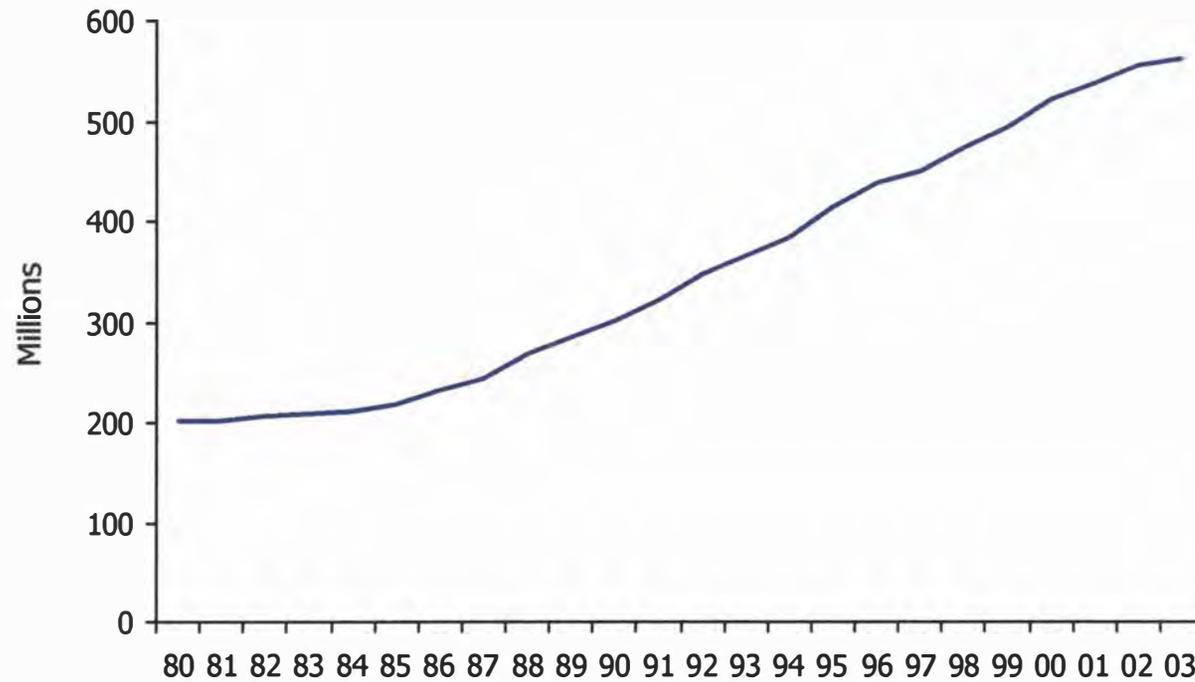


Source: American Hospital Association 2004 Survey of Hospital Leaders



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**Chart 3.12:
Total Hospital Outpatient Visits in Community Hospitals
1980 - 2003**

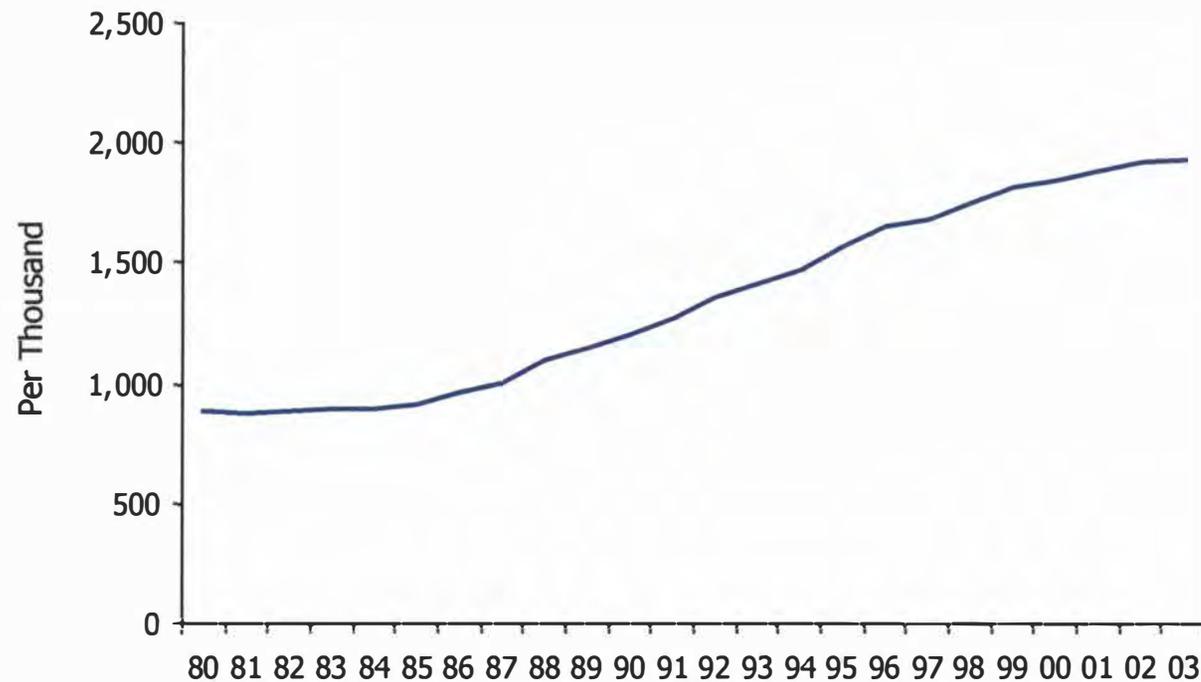


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals



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Association

Chart 3.13:
Hospital Outpatient Visits per 1,000 Persons
1980 - 2003

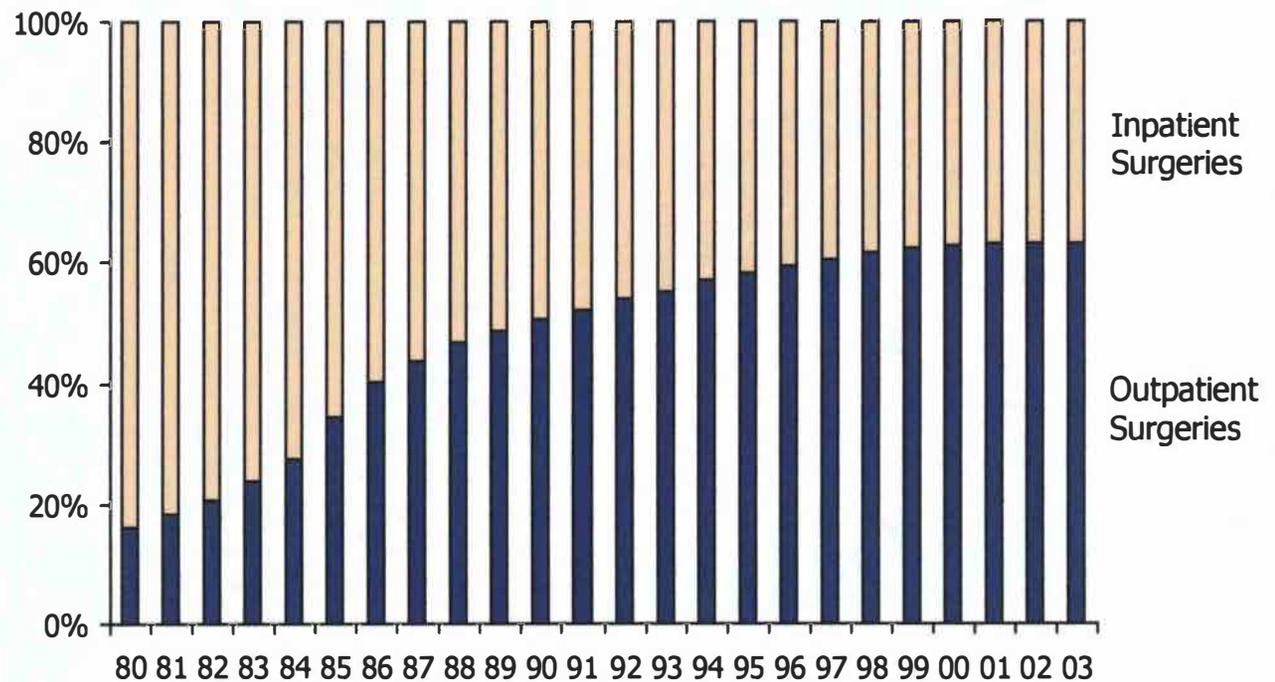


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990-2003, for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing



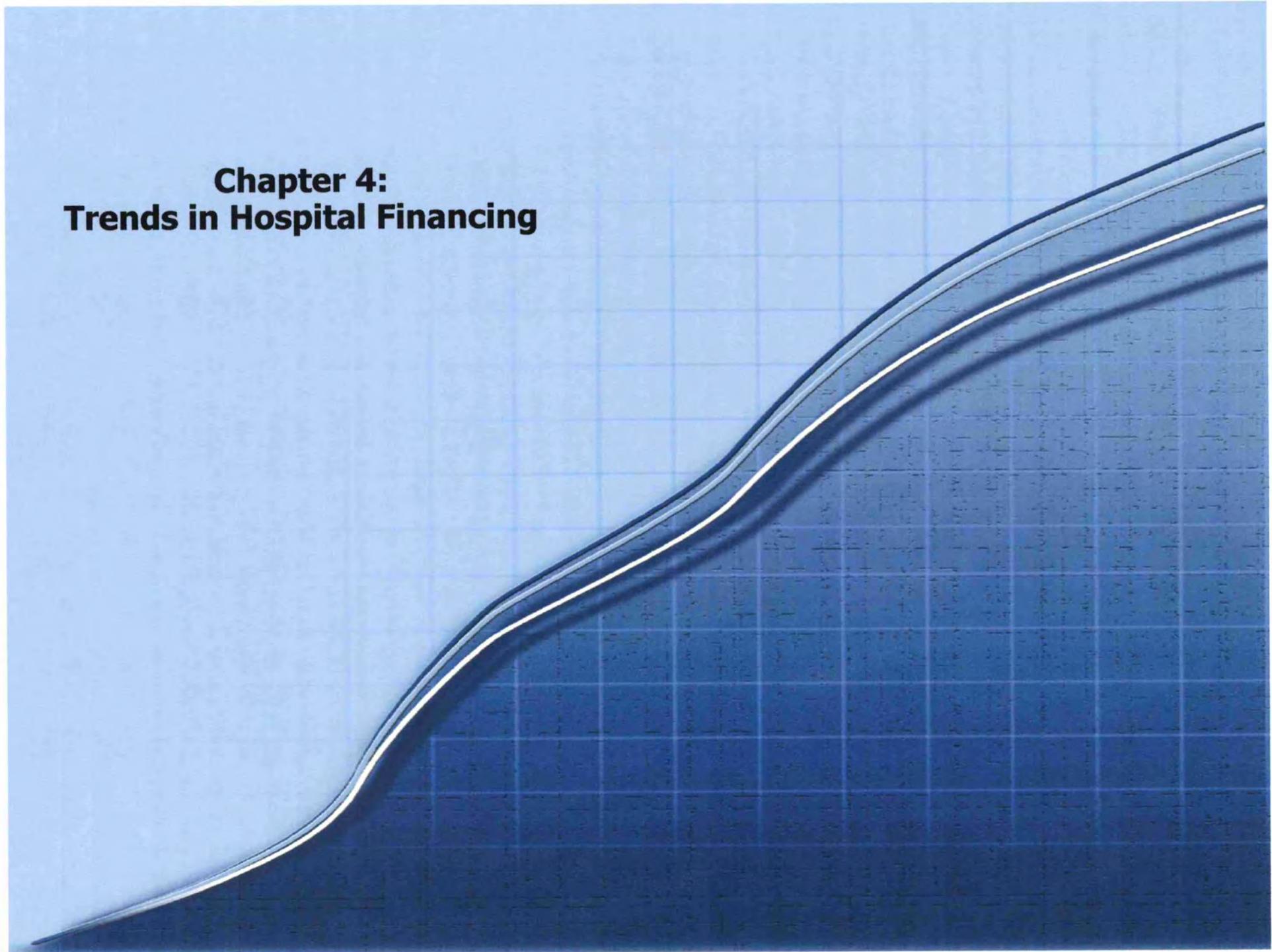
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**Chart 3.14:
Percentage Share of Inpatient vs. Outpatient Surgeries
1980 - 2003**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals

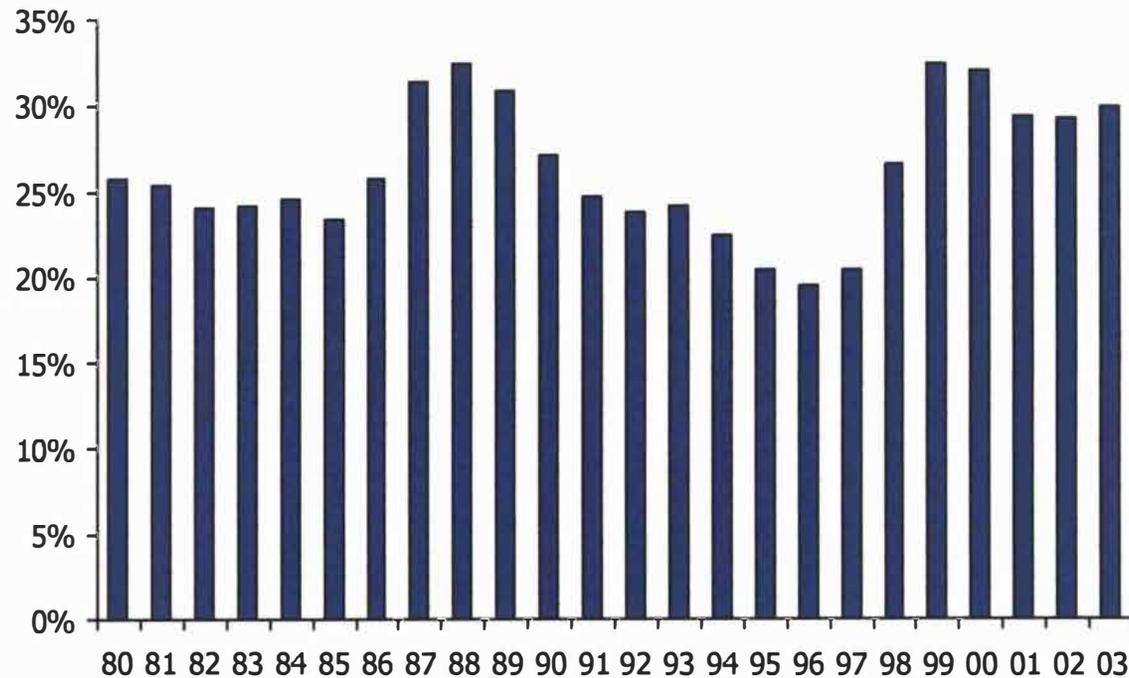
Chapter 4: Trends in Hospital Financing





American Hospital Association

**Chart 4.1:
Percentage of Hospitals with Negative Total Margins
1980 - 2003**

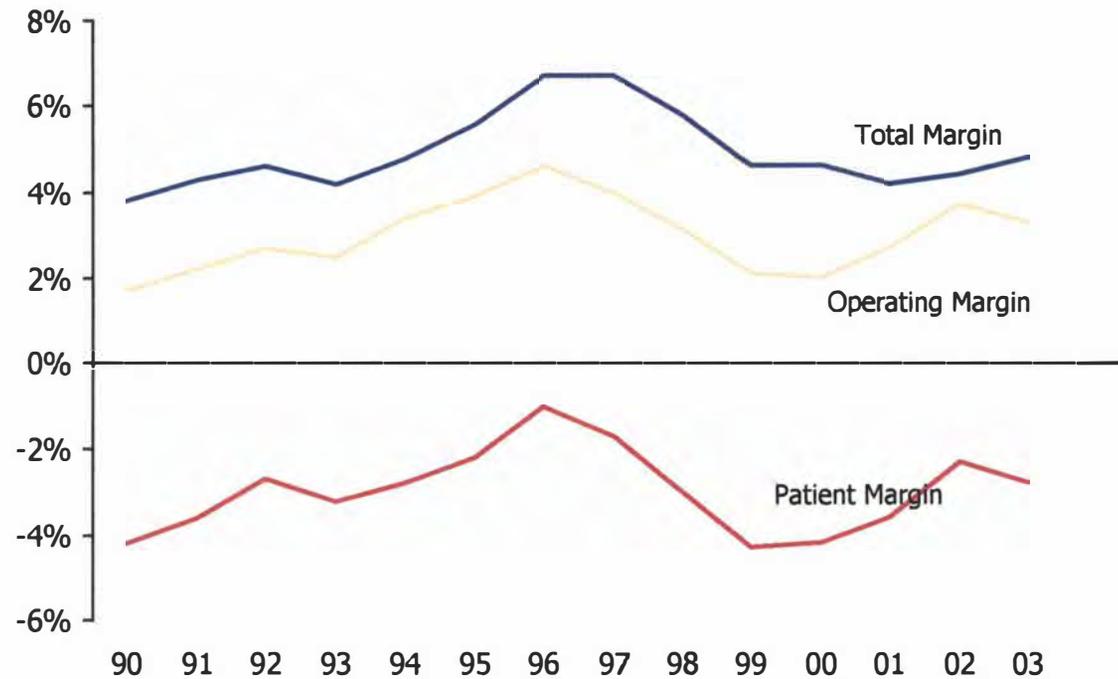


Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals



American Hospital Association

**Chart 4.2:
Aggregate Total Hospital Margins⁽¹⁾, Operating Margins⁽²⁾, and Patient Margins⁽³⁾
1990 - 2003**



Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1990 - 2003, for community hospitals

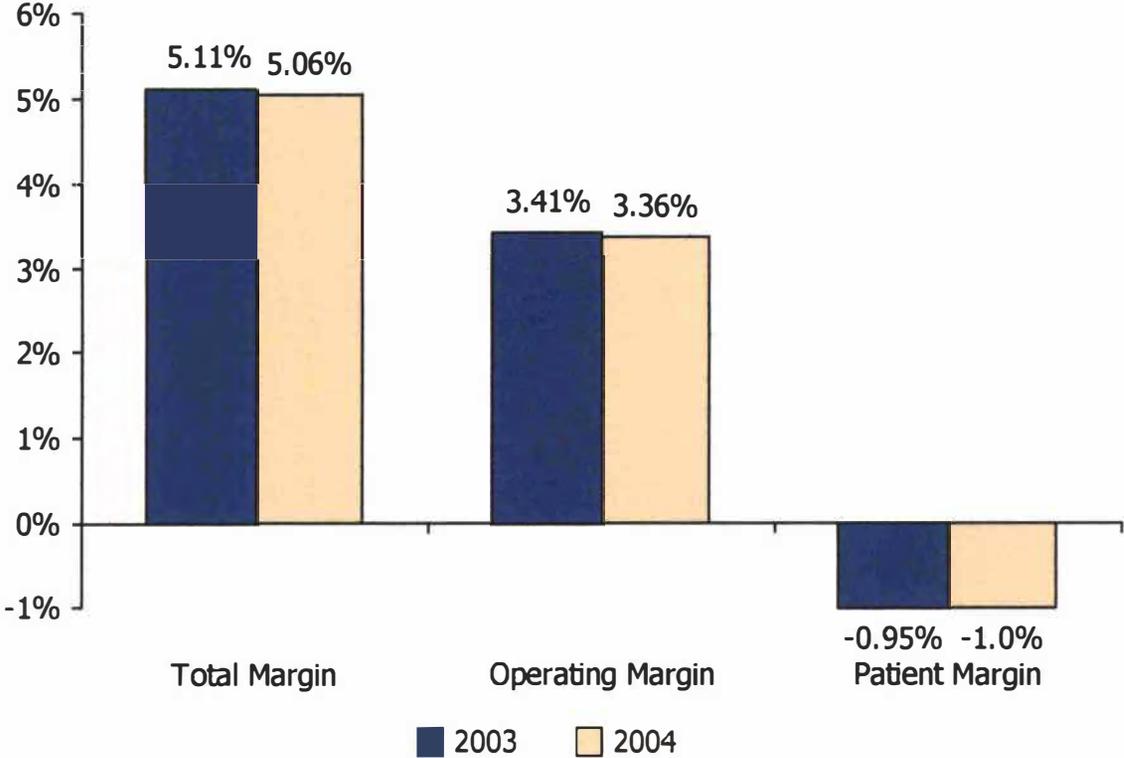
⁽¹⁾ Total Hospital Margin is calculated as the difference between total net revenue and total expenses divided by total net revenue

⁽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



Chart 4.3: Hospital Margins Reported to DATABANK(1) 2003 vs. 2004



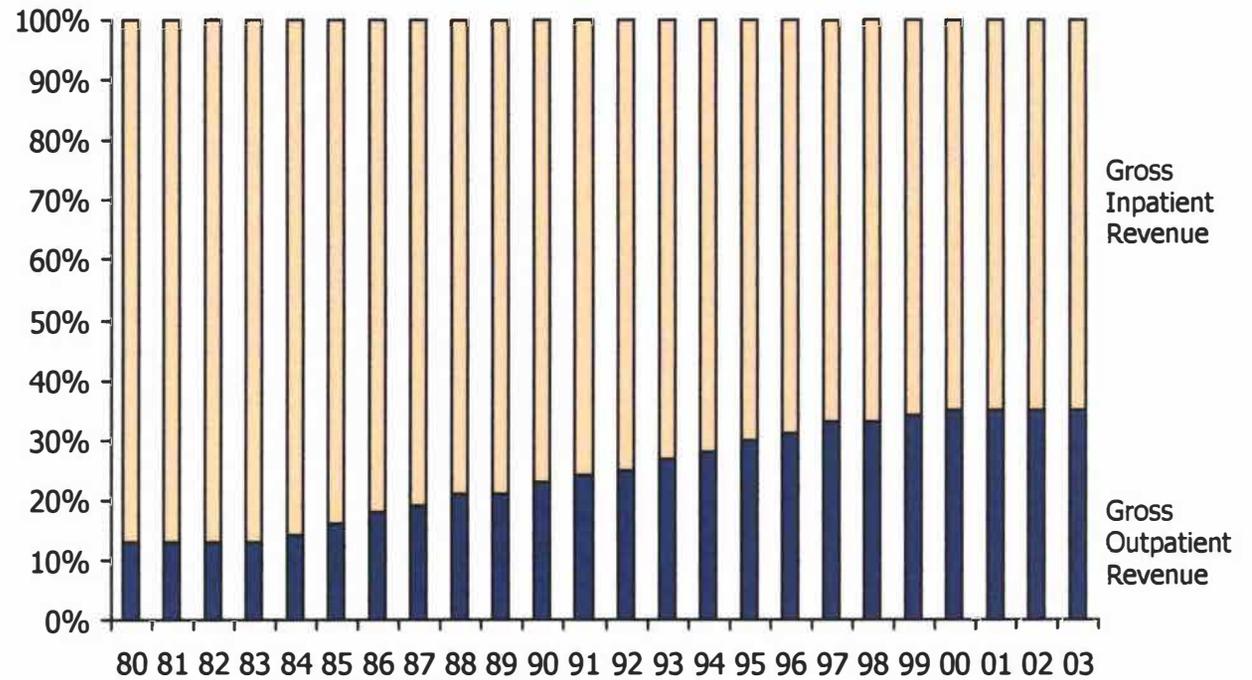
Source: DATABANK data.

(1) Data represent the experience of 884 hospitals that consistently reported to DATABANK in 2003 and 2004. 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.



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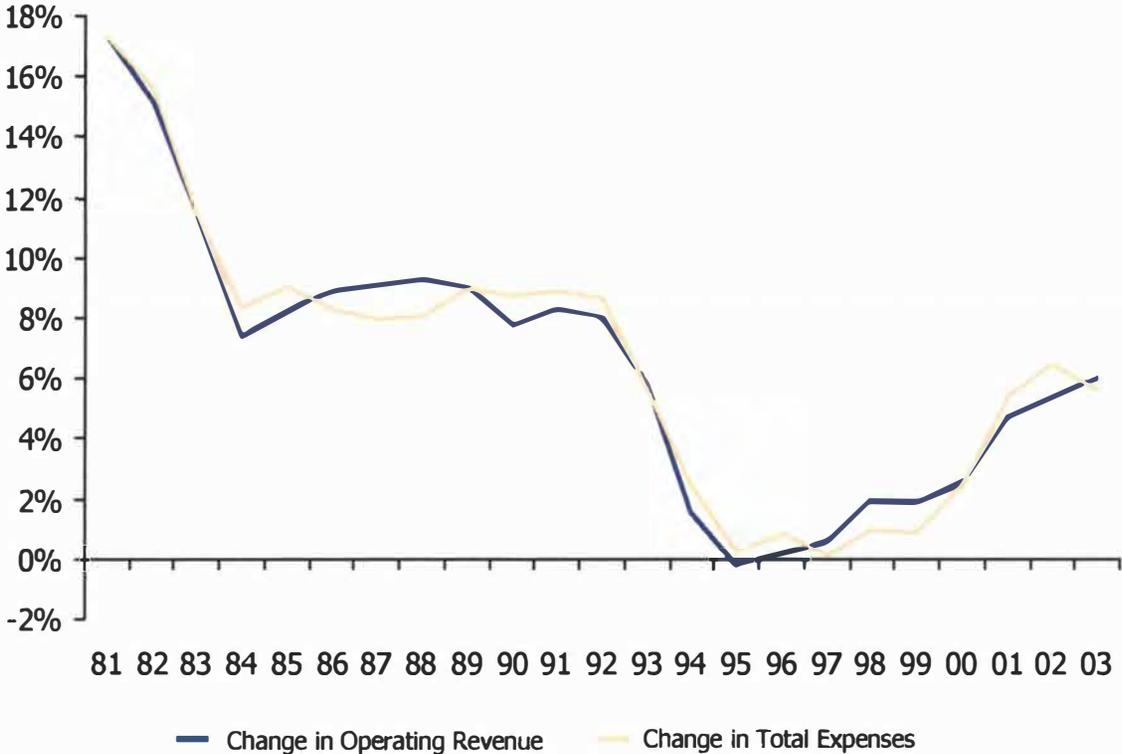
**Chart 4.4:
Distribution of Outpatient vs. Inpatient Revenues
1980 - 2003**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2003, for community hospitals



Chart 4.5: Annual Change in Hospital Operating Revenue and Expenses per Adjusted Admission⁽¹⁾ 1981 - 2003

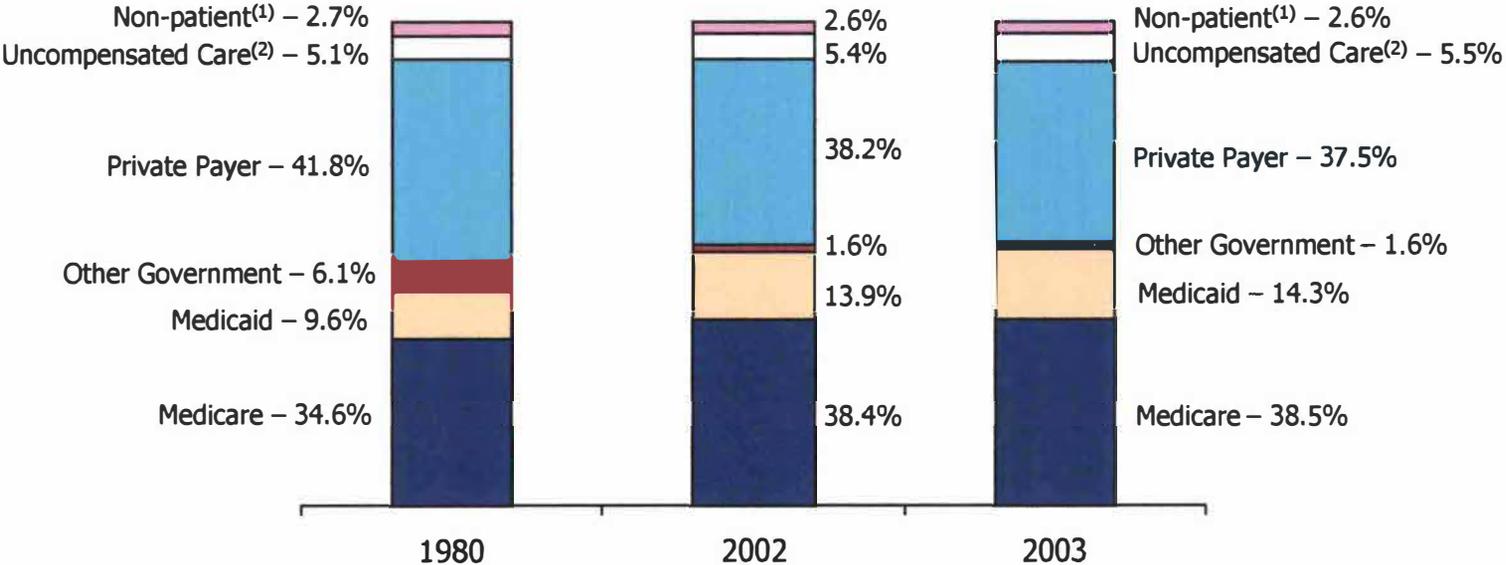


Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1981 - 2003, for community hospitals

⁽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, 2002, and 2003**



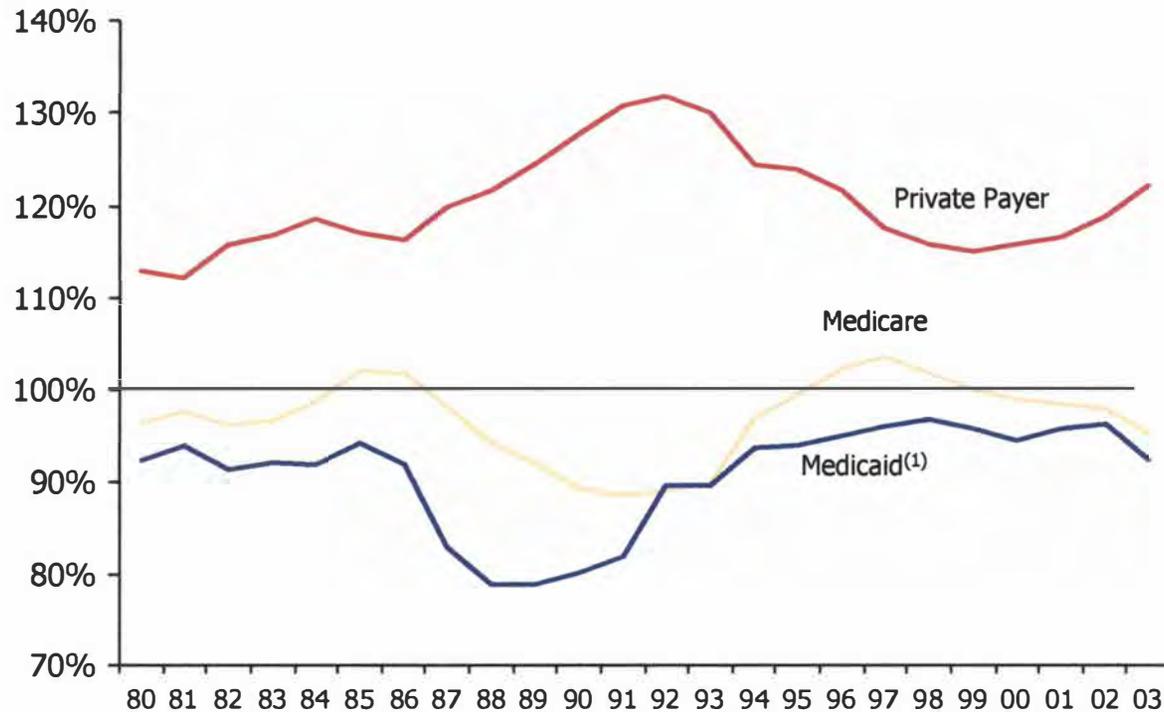
Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1980, 2002, and 2003, for community hospitals

⁽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



Chart 4.7:
Aggregate Hospital Payment-to-Cost Ratios
for Private Payers, Medicare, and Medicaid
1980 - 2003

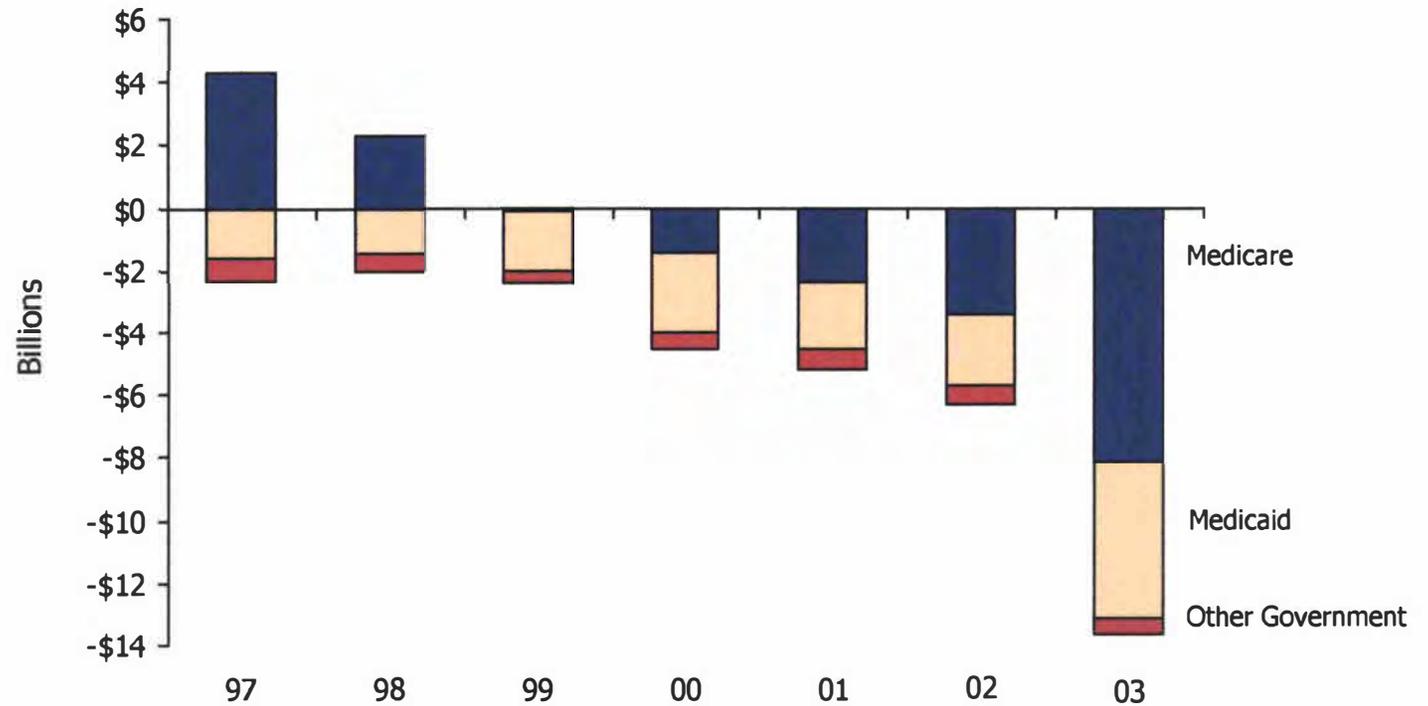


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals

⁽¹⁾ Includes Medicaid Disproportionate Share payments



Chart 4.8:
Hospital Payment Shortfall Relative to Costs
Medicare, Medicaid, and Other Government
1997 - 2003

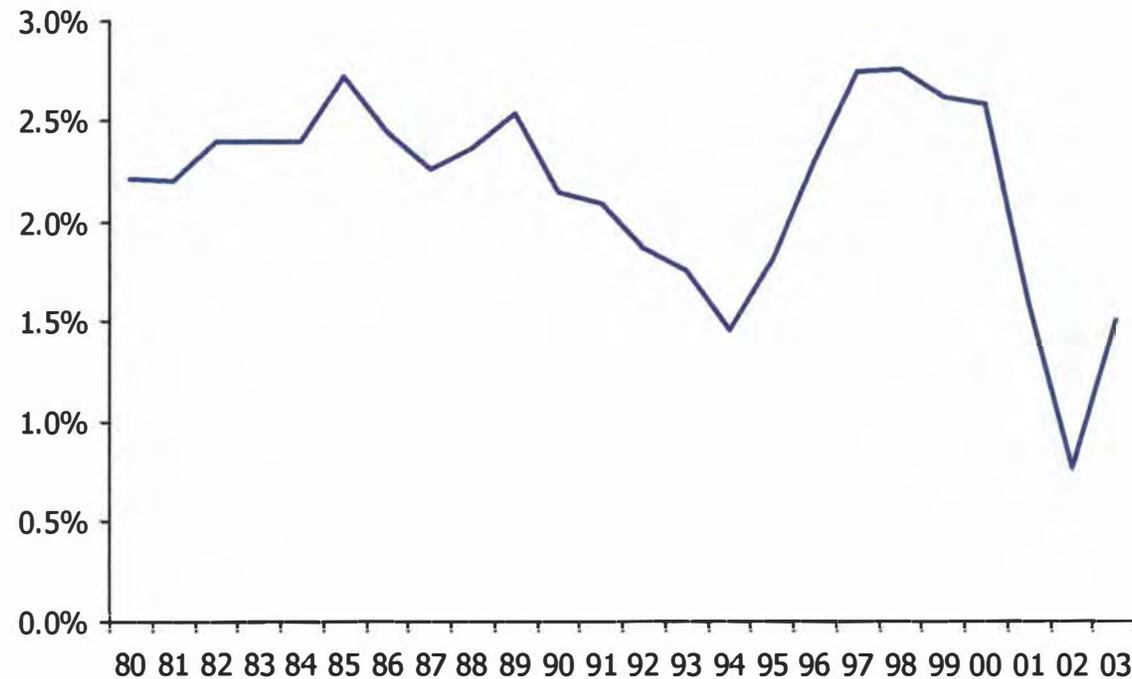


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1997 – 2003, for community hospitals



American Hospital
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Chart 4.9:
Income from Investments and Other Non-operating Gains⁽¹⁾
as a Percentage of Total Net Revenue
1980 - 2003

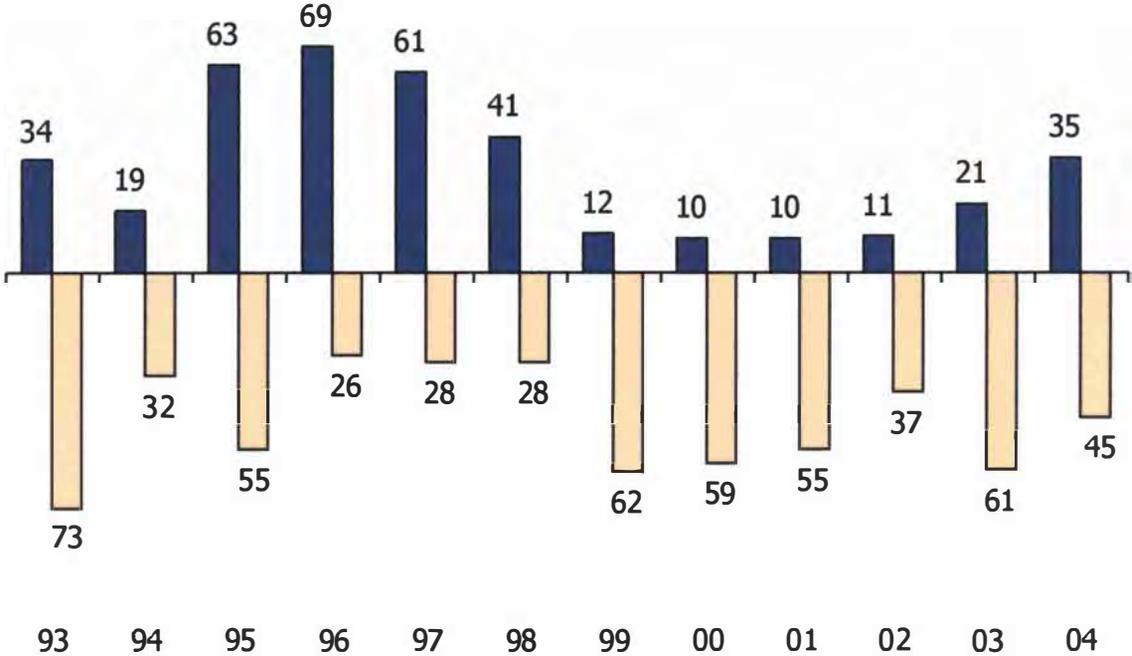


Source: The Lewin Group analysis of the American Hospital Association Annual Survey data, 1980 - 2003, for community hospitals

⁽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



Chart 4.10:
Number of Bond Rating Upgrades and Downgrades of
Non-profit Hospitals
1993 - 2004

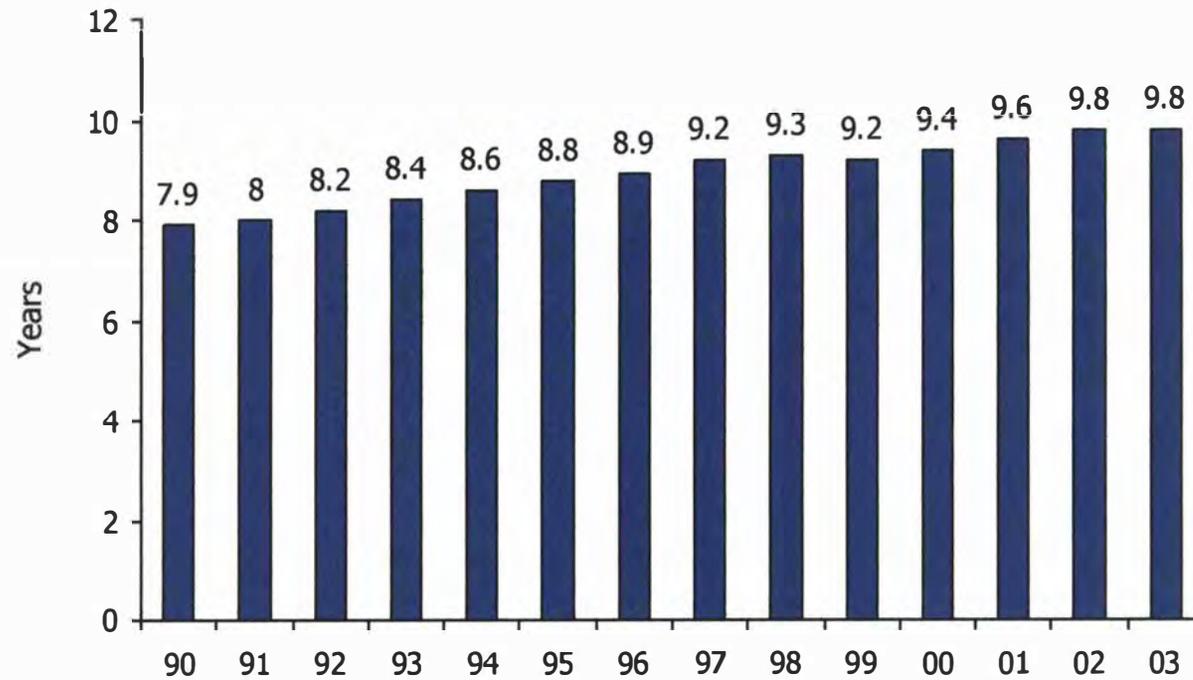


Source: Standard & Poor's, 2005



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**Chart 4.11:
Median Average Age of Plant
1990 - 2003**

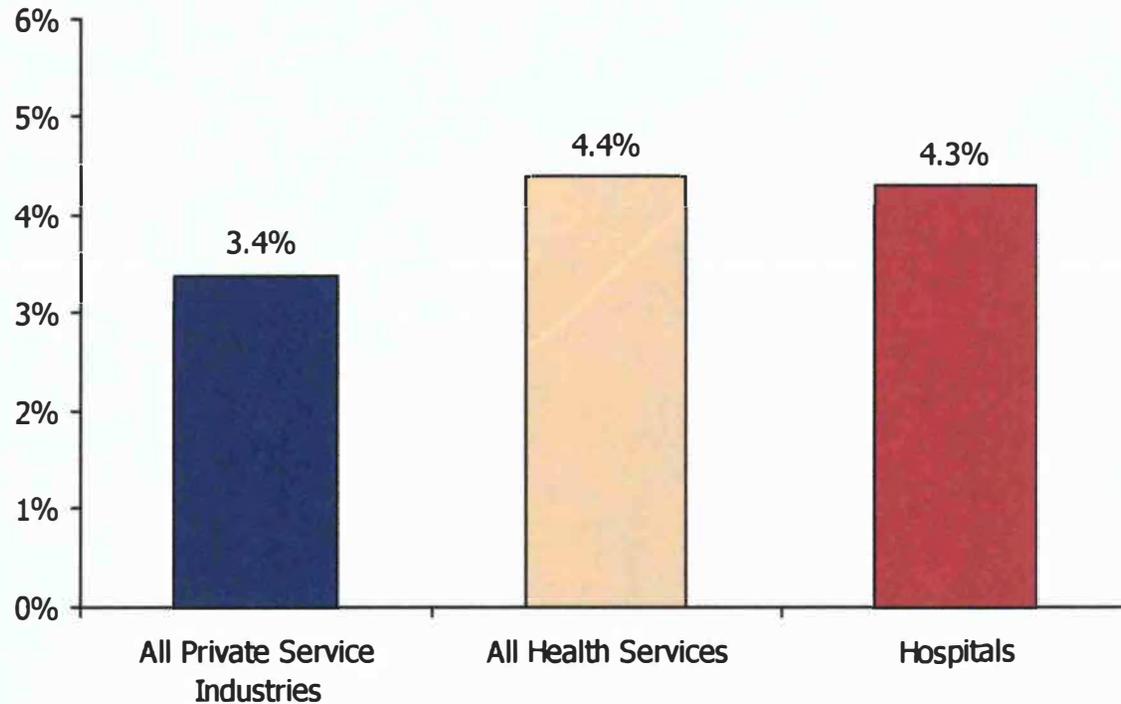


Source: CHIPS: The 1994 Almanac of Hospital and Financial Operating Indicators, The 1996-7 Almanac of Hospital and Operating Indicators, and 1998-2003 data from Ingenix: Almanac of Hospital Financial and Operating Indicators 2005



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Chart 4.12:
Percent Change in Employment Cost Index⁽¹⁾, All Private Service Industries, All Health Services, and Hospitals
September 2004⁽²⁾

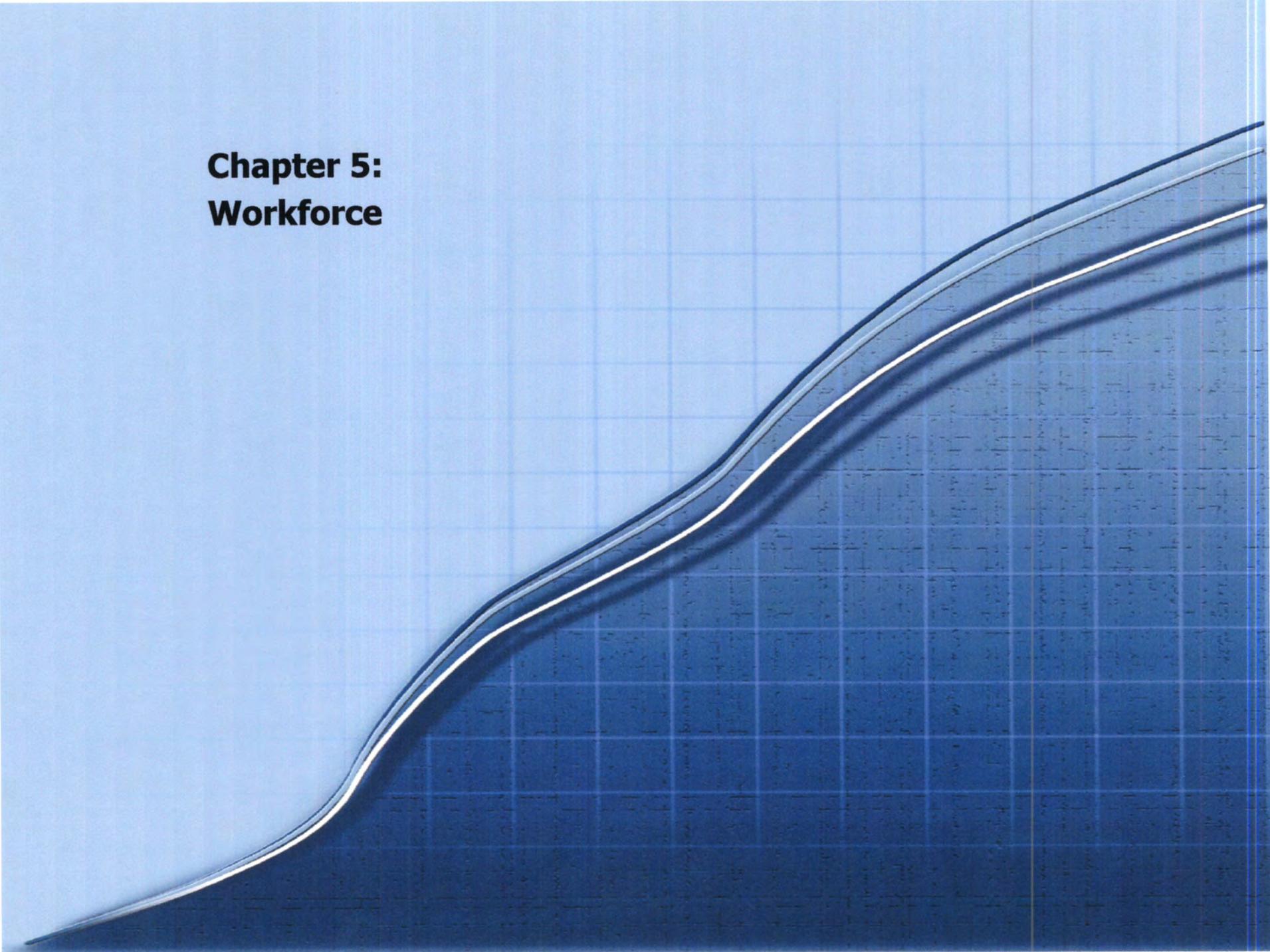


Source: Bureau of Labor Statistics, Employment Cost Index, 12 Months Ending September, 2004; www.bls.gov

⁽¹⁾ Total compensation

⁽²⁾ Data is for 12 months ending September 2004; December 2004 data has not been published as of yet

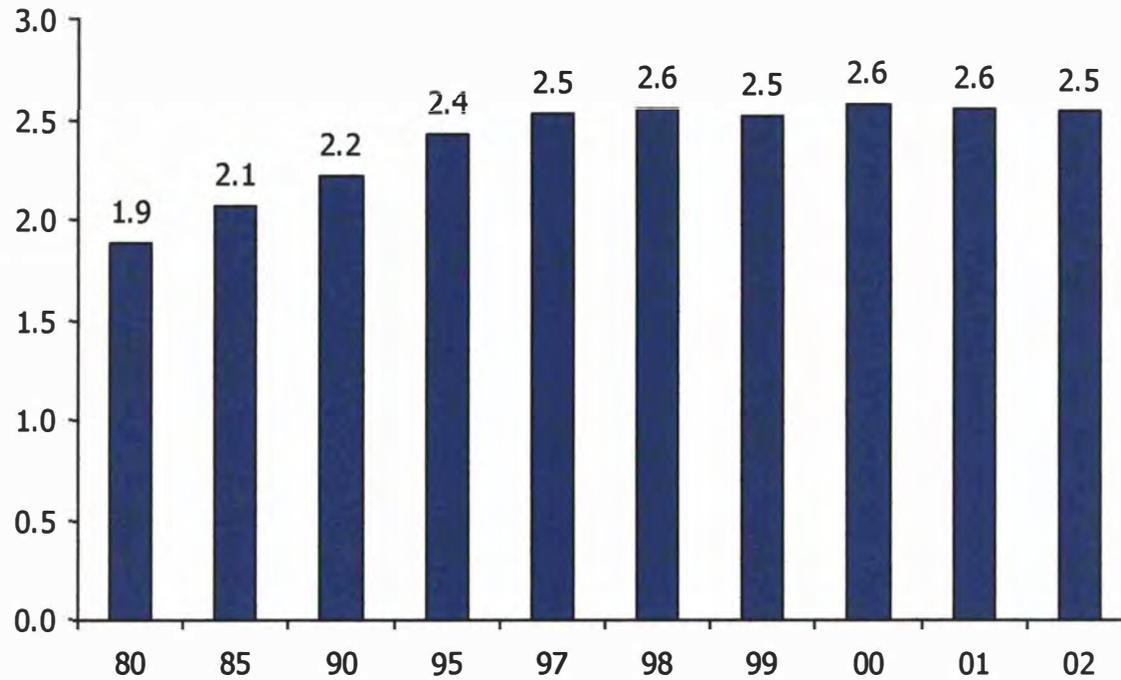
**Chapter 5:
Workforce**





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Chart 5.1:
Total Number of Active Physicians
per 1,000 Persons
1980 – 2002

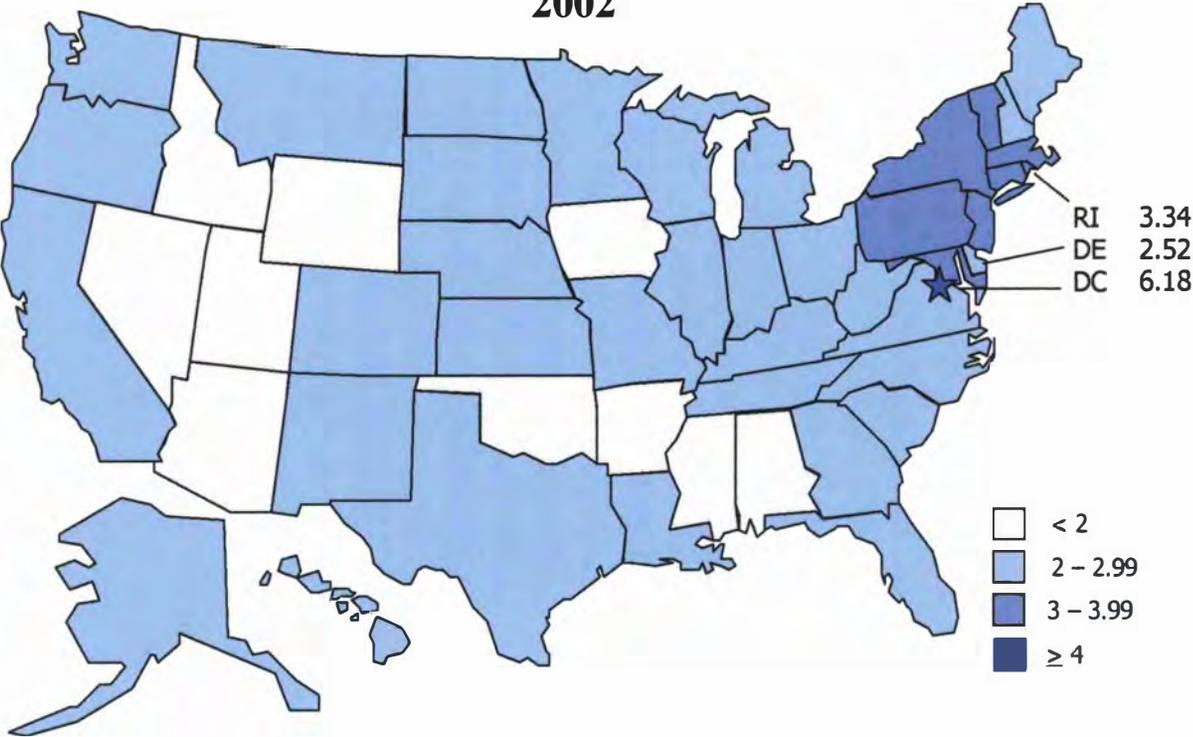


Source: CDC, NCHS Health United States, 1982, 1996-97, 1999, 2000, 2001, 2002, 2003, 2004

(1) 1980 does not include doctors of osteopathy



Chart 5.2:
Total Number of Active Physicians⁽¹⁾
per 1,000 Persons by State
2002



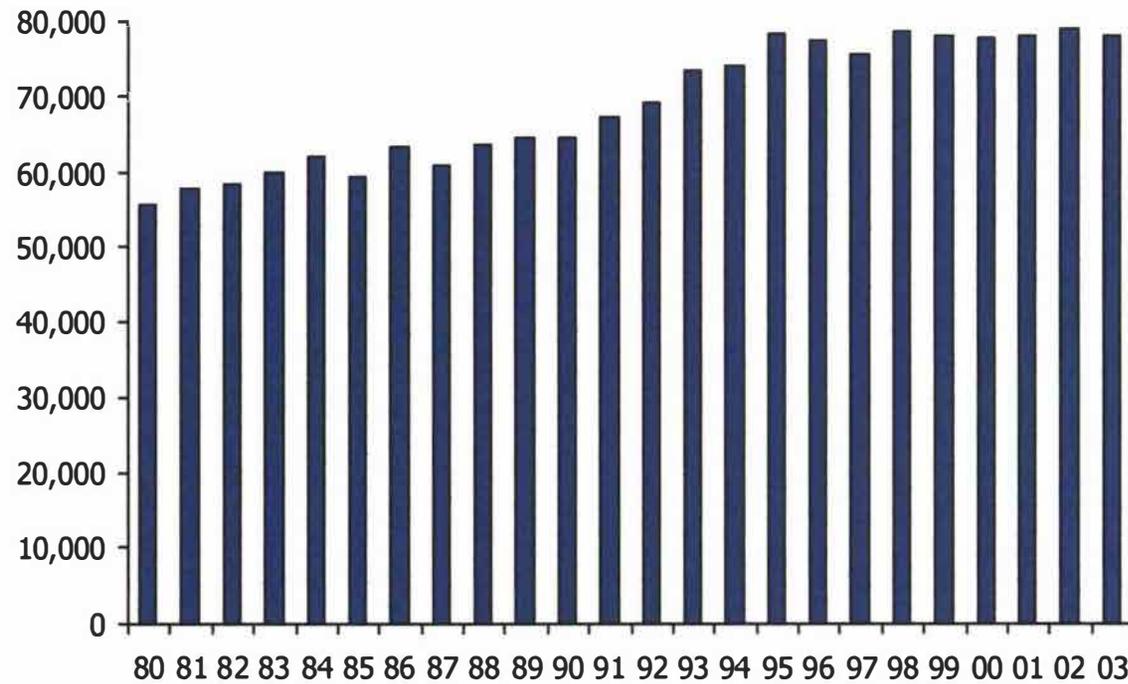
Source: CDC, NCHS Health United States 2004

⁽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 - 2003**

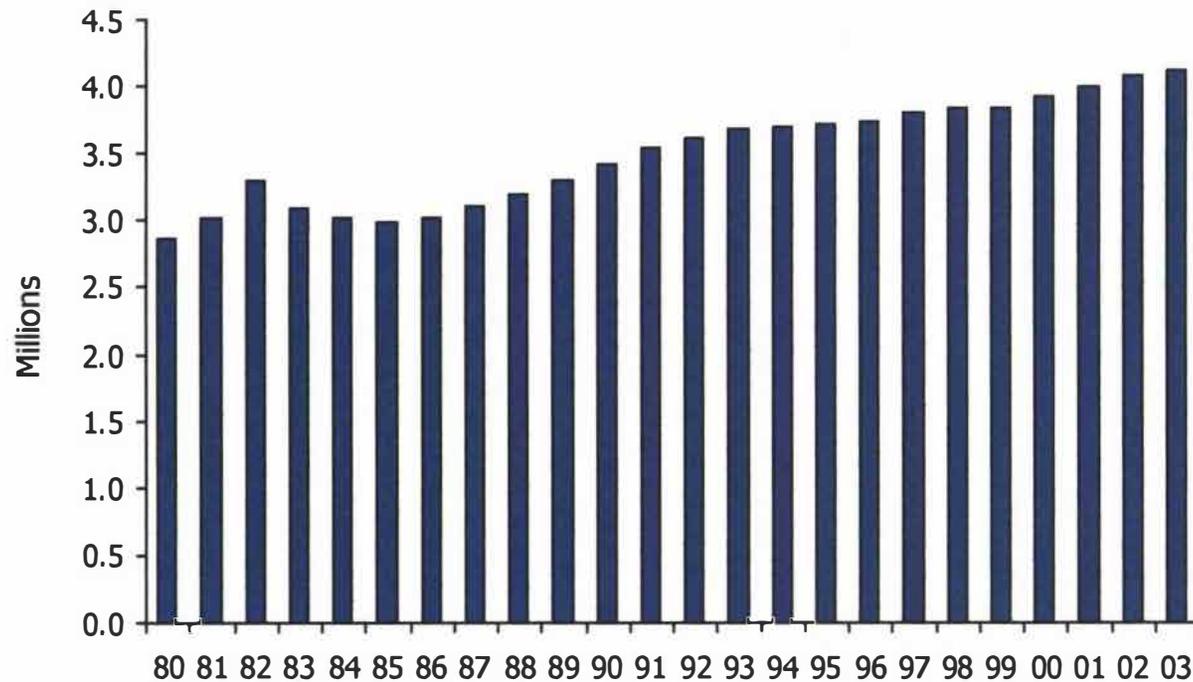


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals



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**Chart 5.4:
Total Full-Time Equivalent Employees
Working in Hospitals
1980 - 2003**

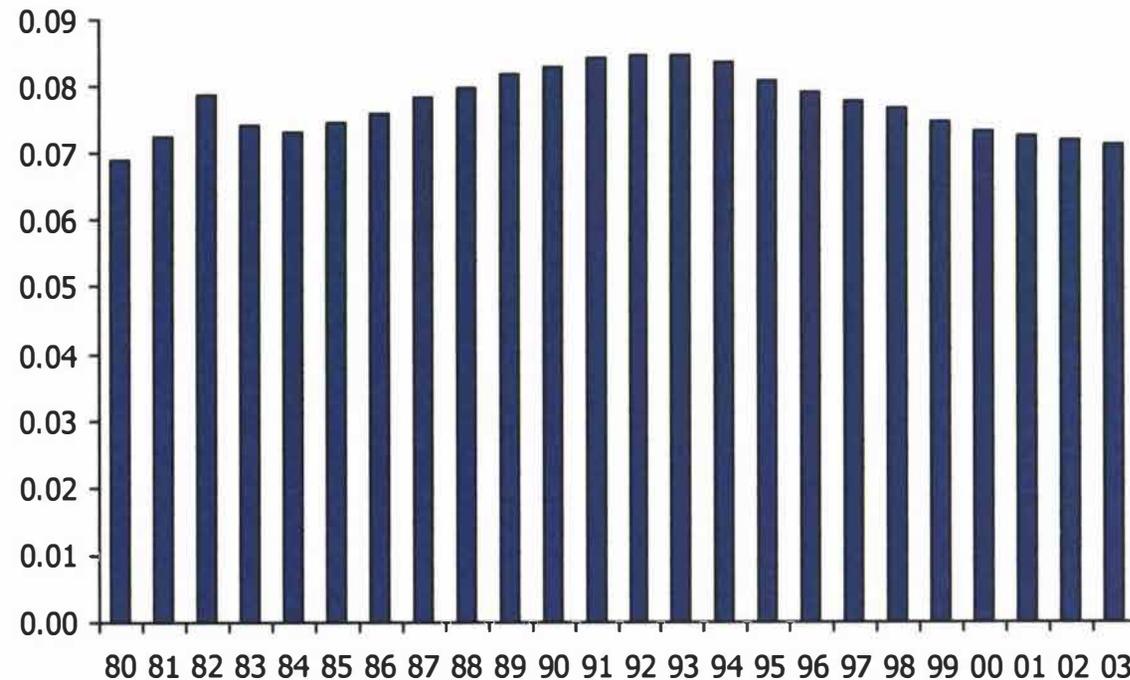


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2003, for community hospitals



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Association

Chart 5.5:
Full-Time Equivalent Employees
per Adjusted Admission⁽¹⁾
1980 - 2003



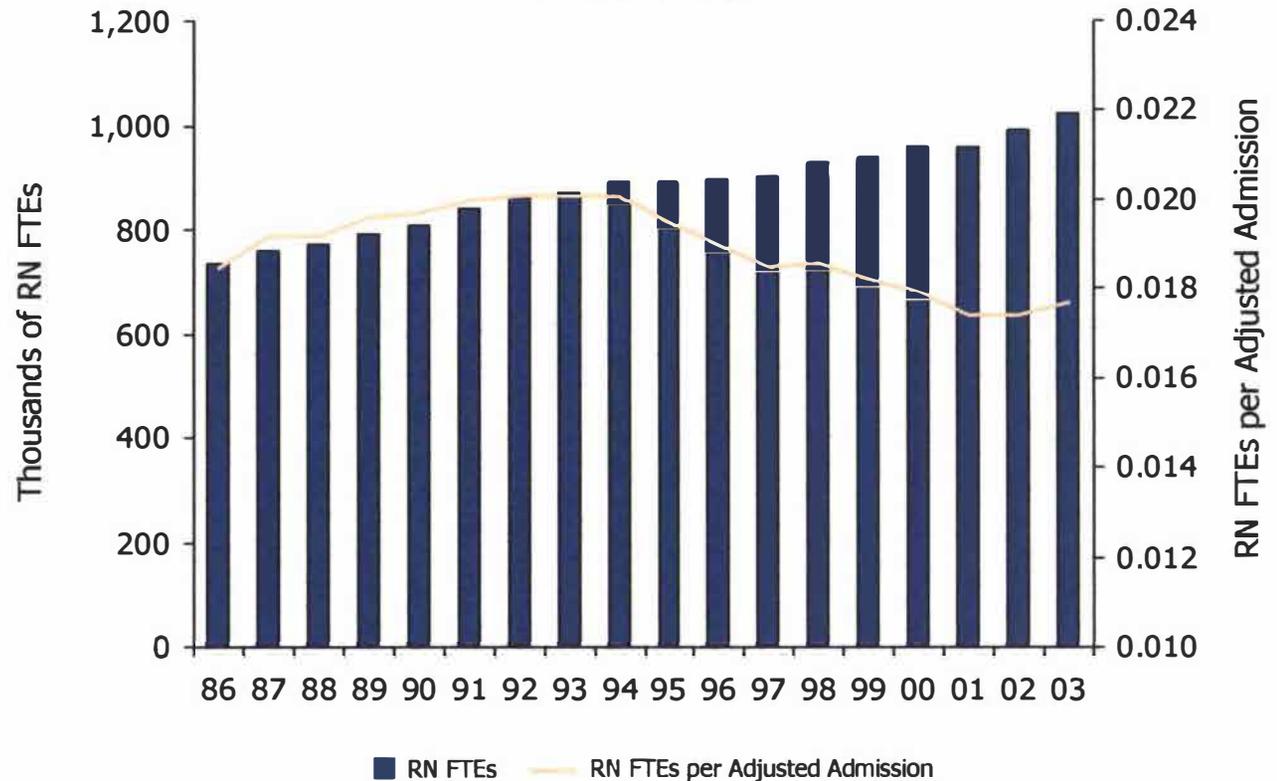
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2003, for community hospitals

⁽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



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**Chart 5.6:
Number of RN Full-Time Equivalent Employees
and RN FTEs per Adjusted Admission
1986 - 2003**

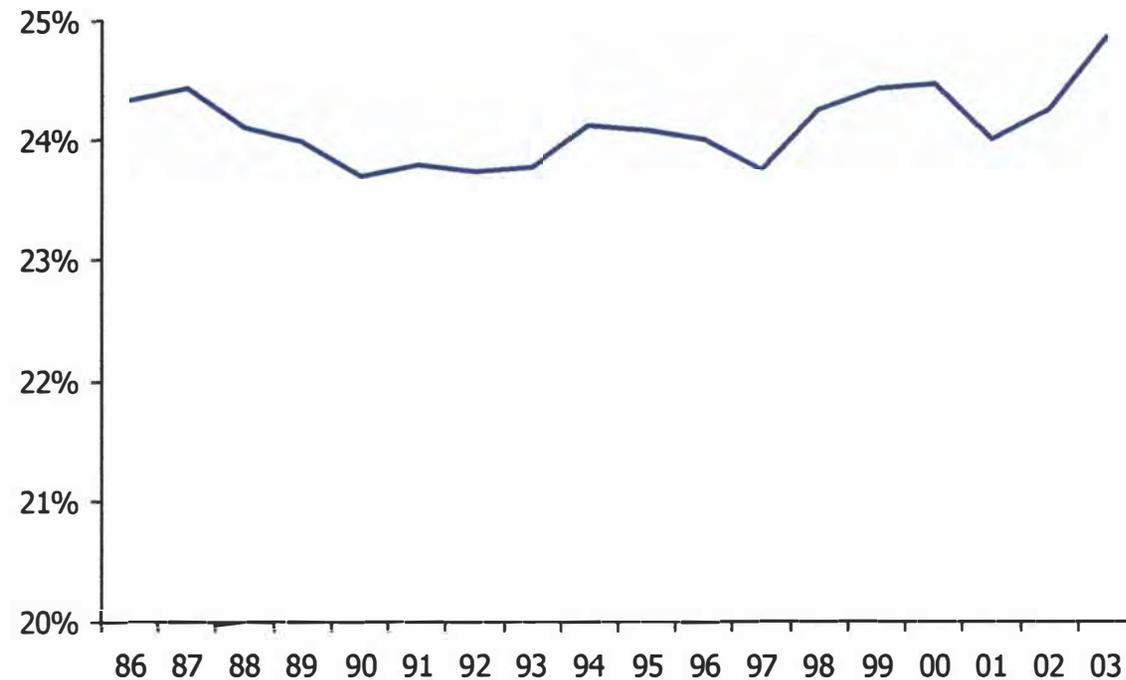


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1986 – 2003, for community hospitals



American Hospital
Association

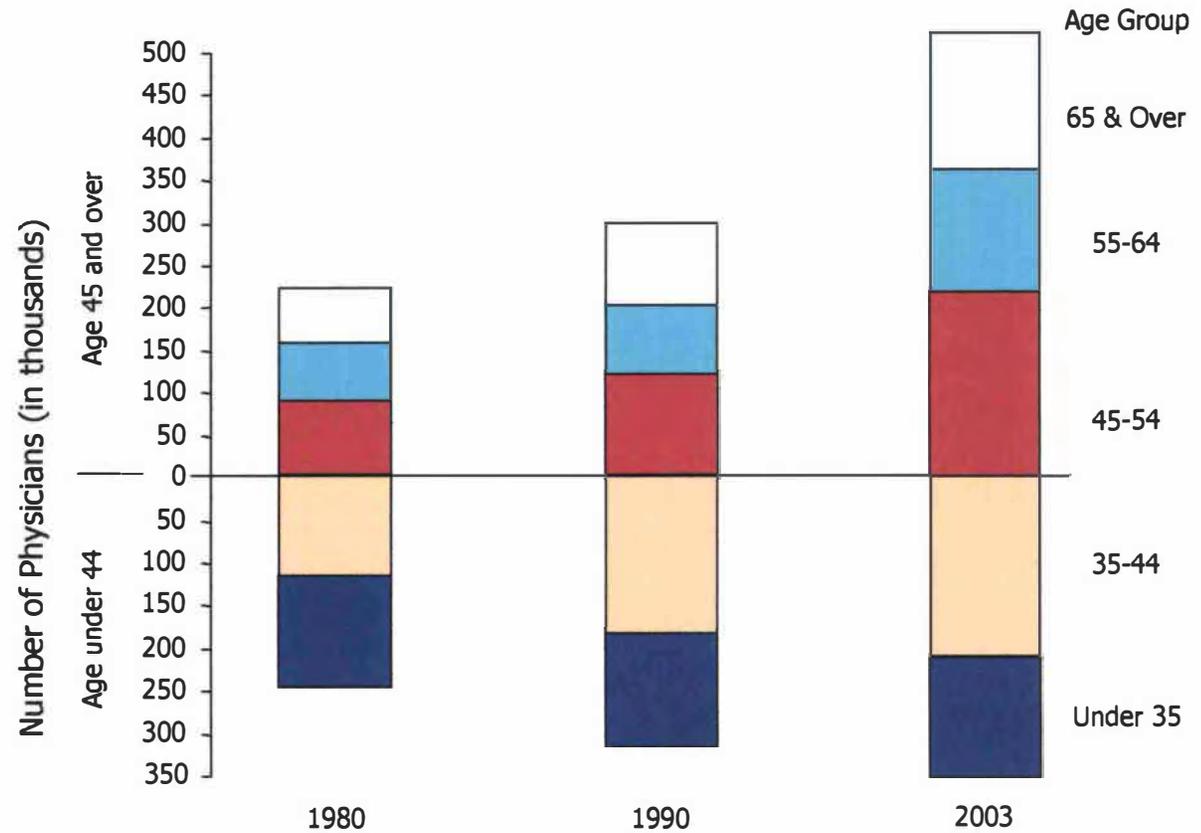
Chart 5.7:
RN Full-Time Equivalents as a Percentage of
Total Hospital Full-Time Equivalents
1986 - 2003



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1986 - 2003, for community hospitals



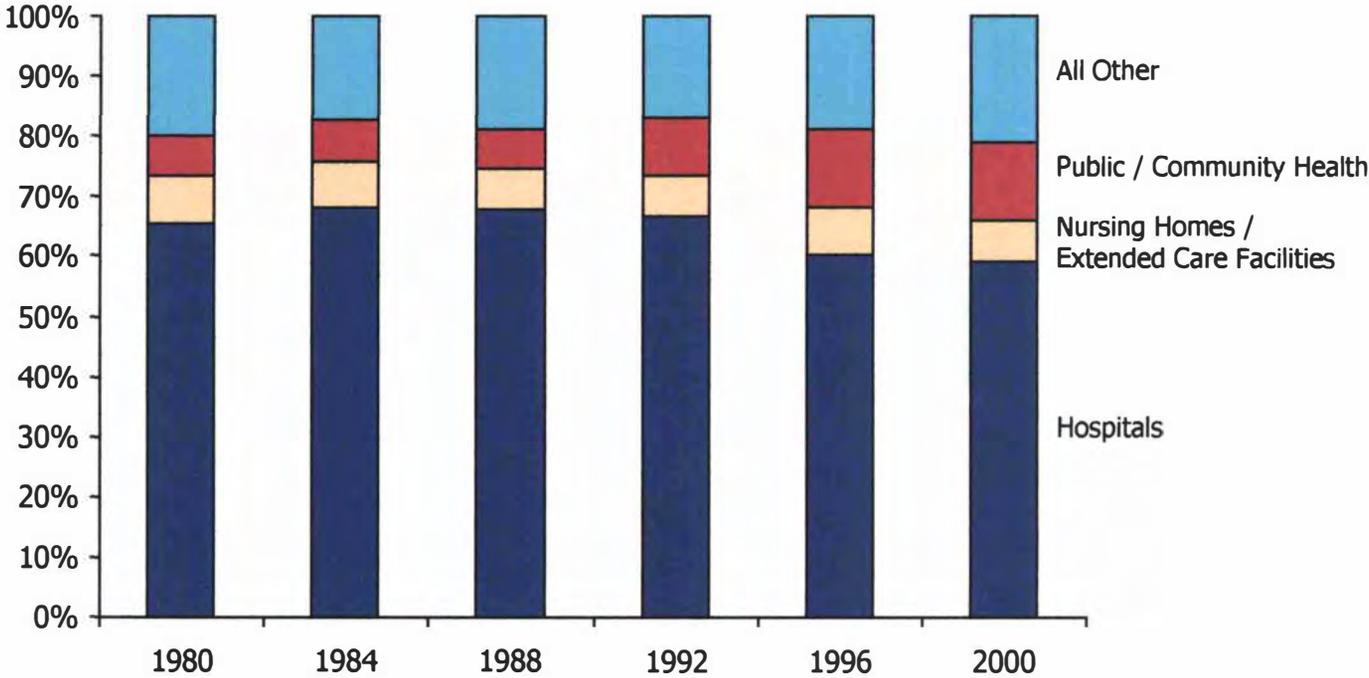
Chart 5.8:
Number of Physicians by Age
1980, 1990, and 2003



Source: American Medical Association, *Physician Characteristics and Distribution in the US, 2005 Edition*



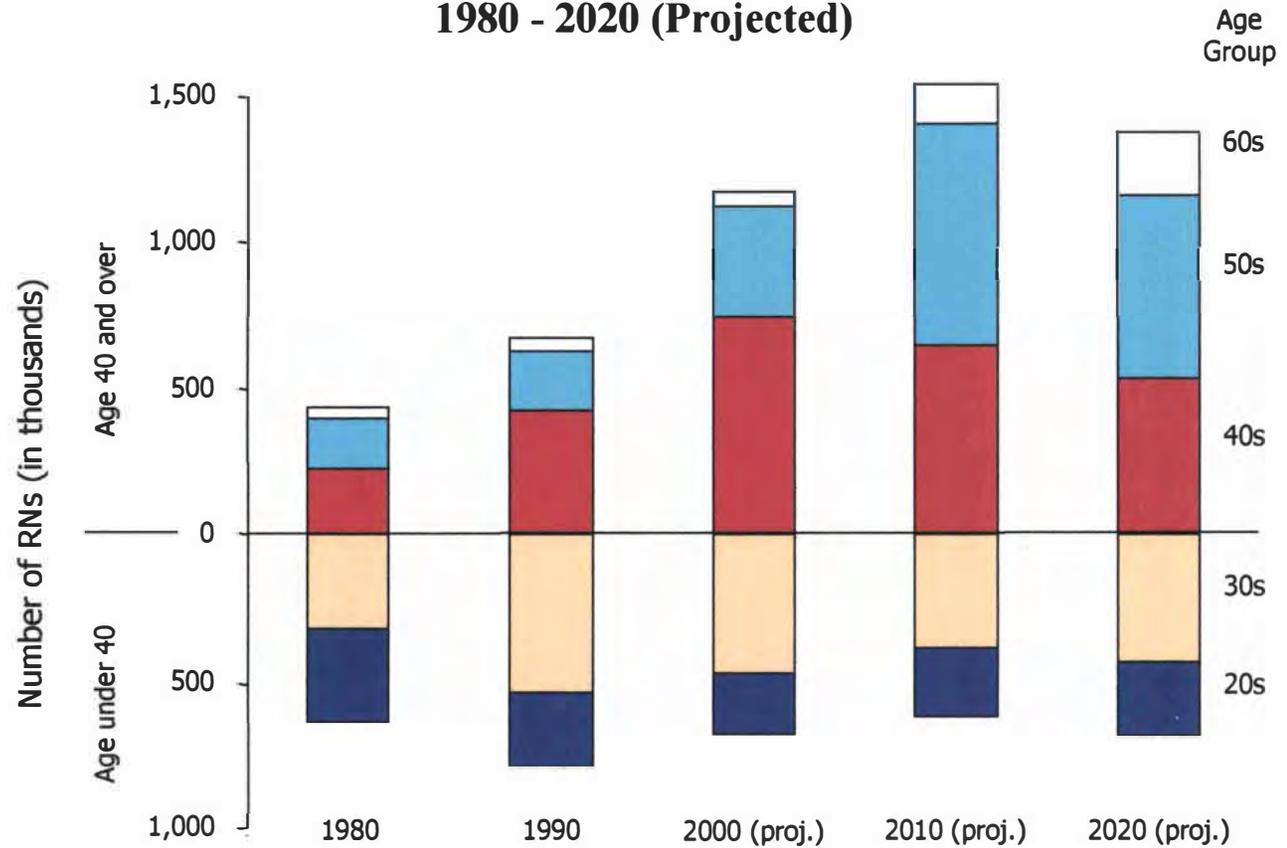
Chart 5.9: RN Employment by Type of Provider 1980 - 2000



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)

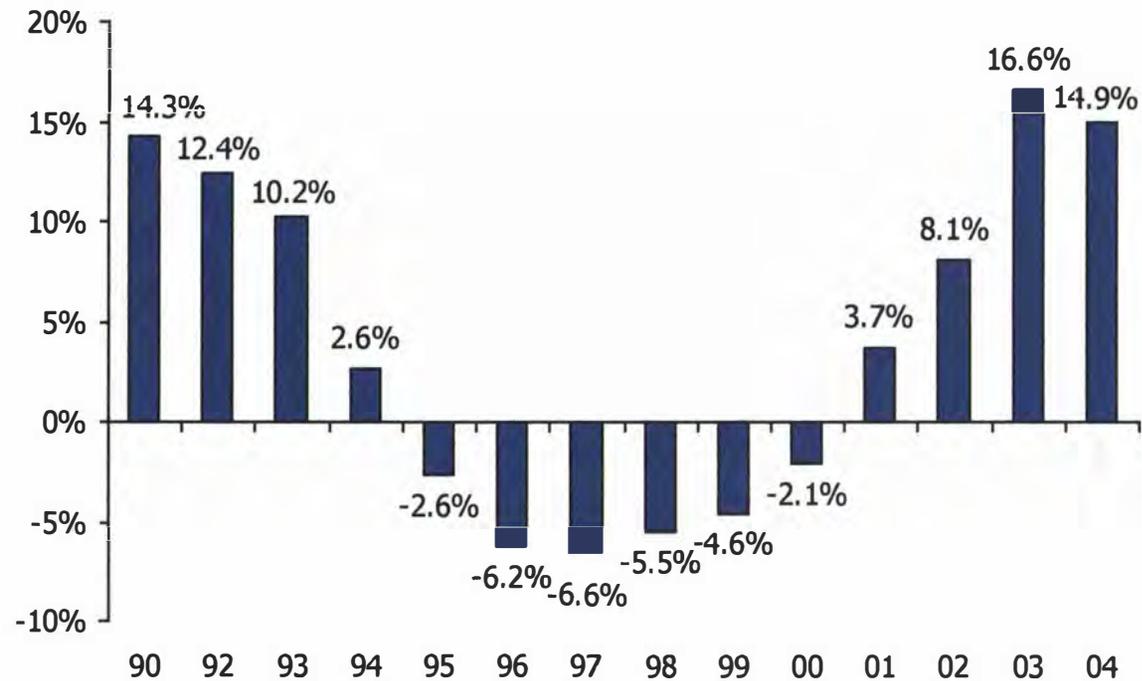


Source: Buerhaus, P.I. et al. Implications of an Aging Registered Nurse Workforce. JAMA: 2000: 283: 2948-2954



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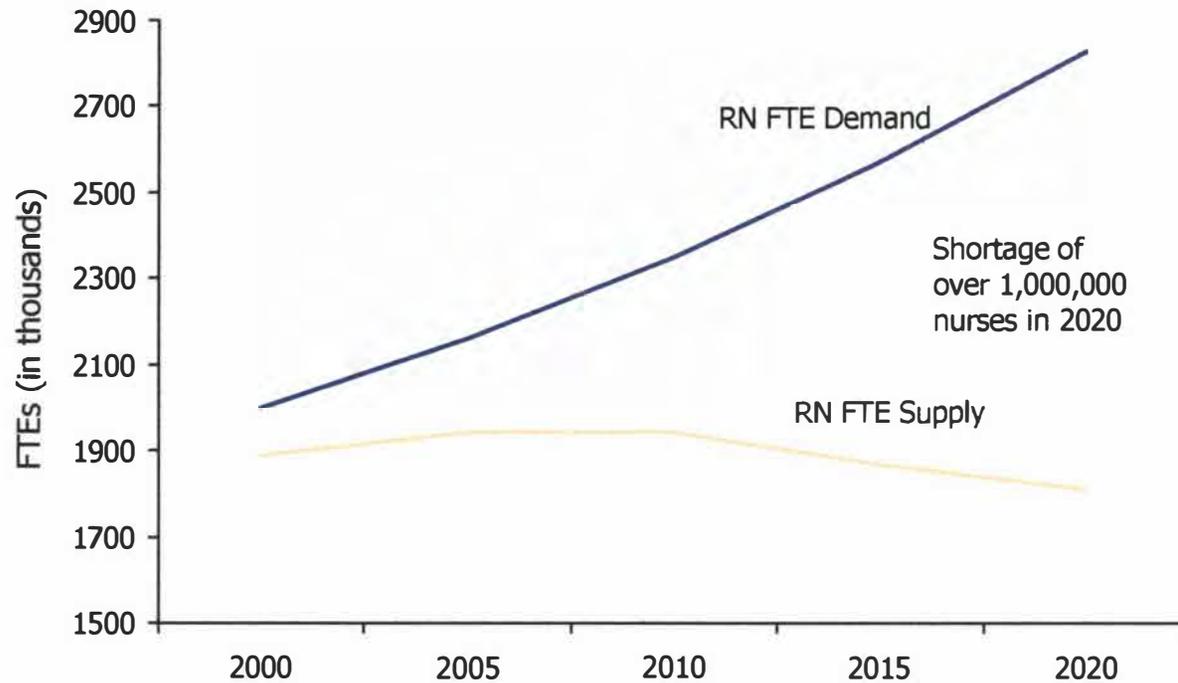
**Chart 5.11:
Annual Percentage Change in Entry Level
Baccalaureate Nursing Enrollment
1990 - 2004**



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, 2004.

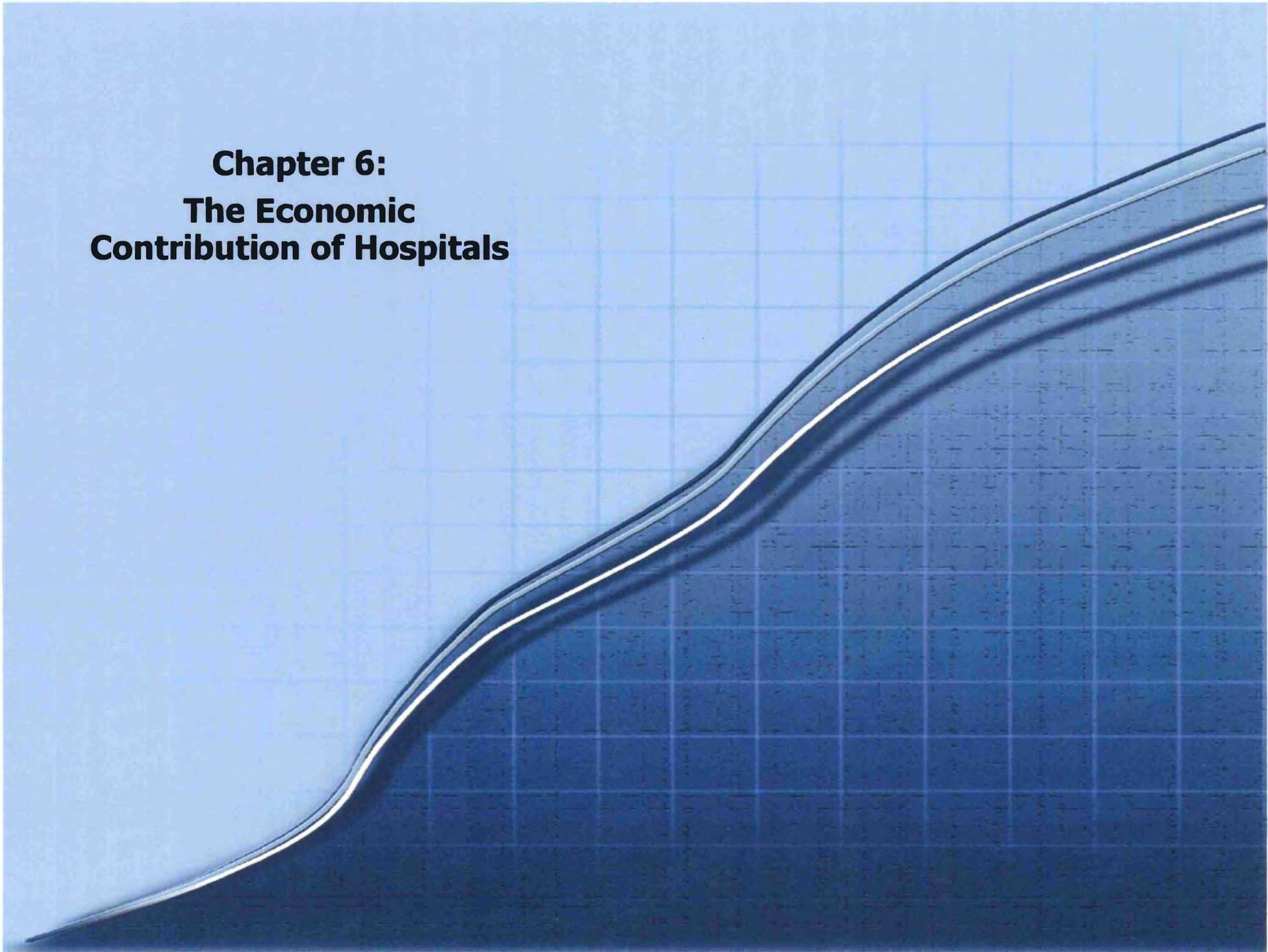


**Chart 5.12:
National Supply and Demand Projections for FTE RNs
2000 - 2020**



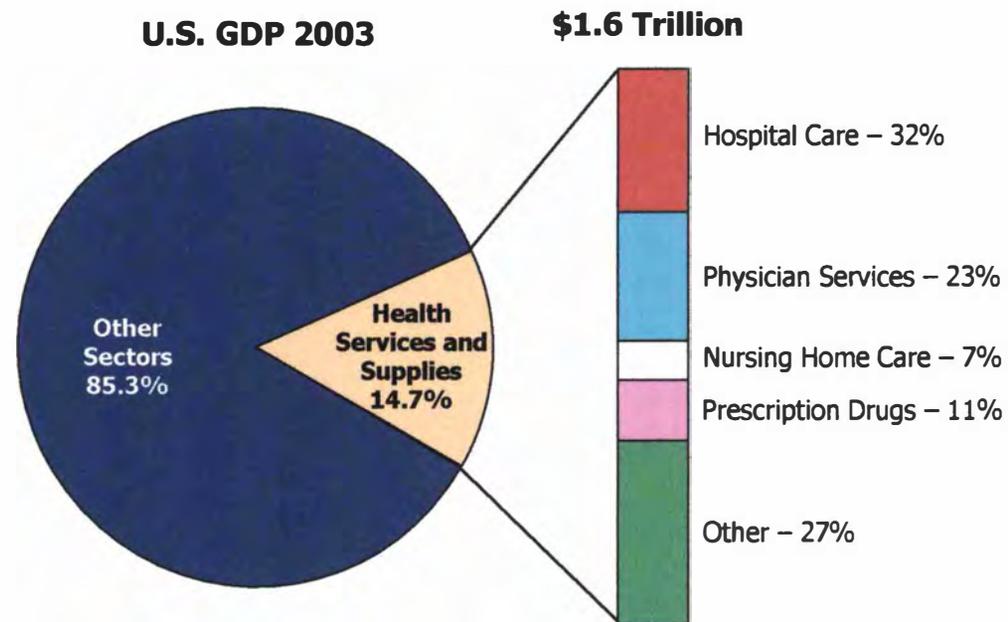
Source: National Center For Health Workforce Analysis, Bureau of Health Professions, Health Resources and Services Administration, 2004

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





**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
2003**

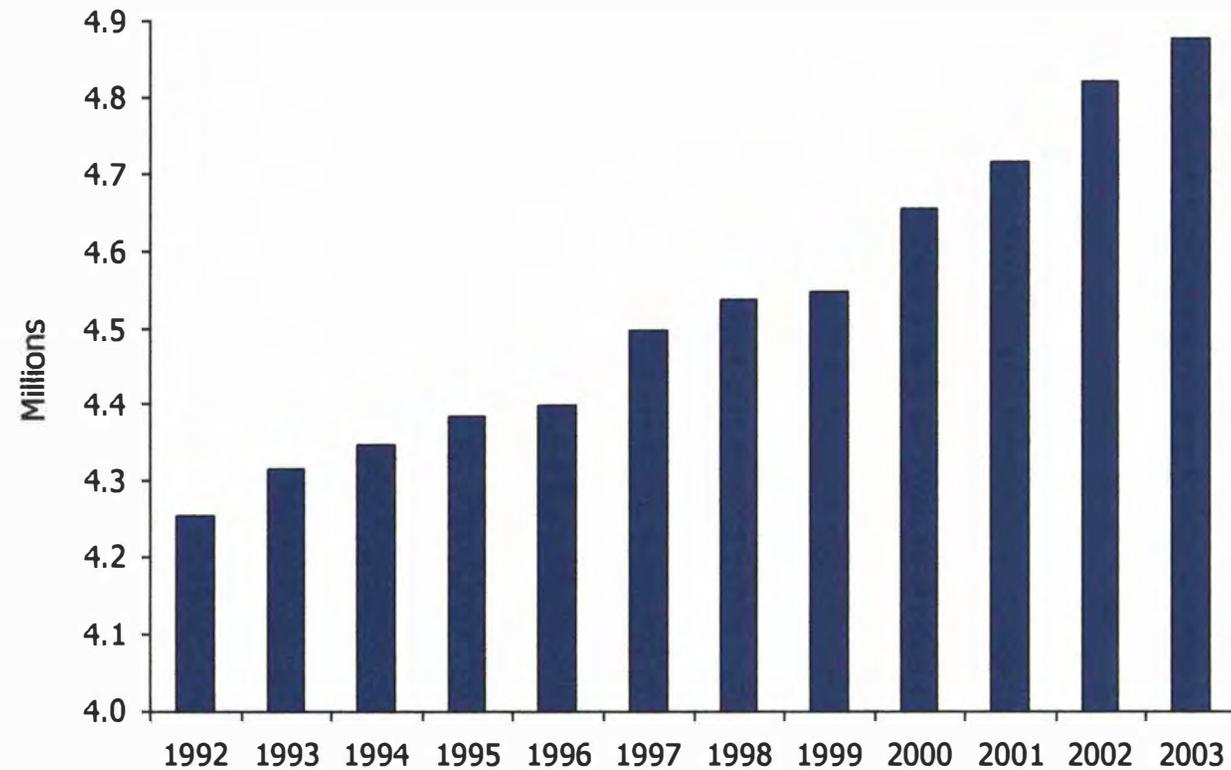


Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group



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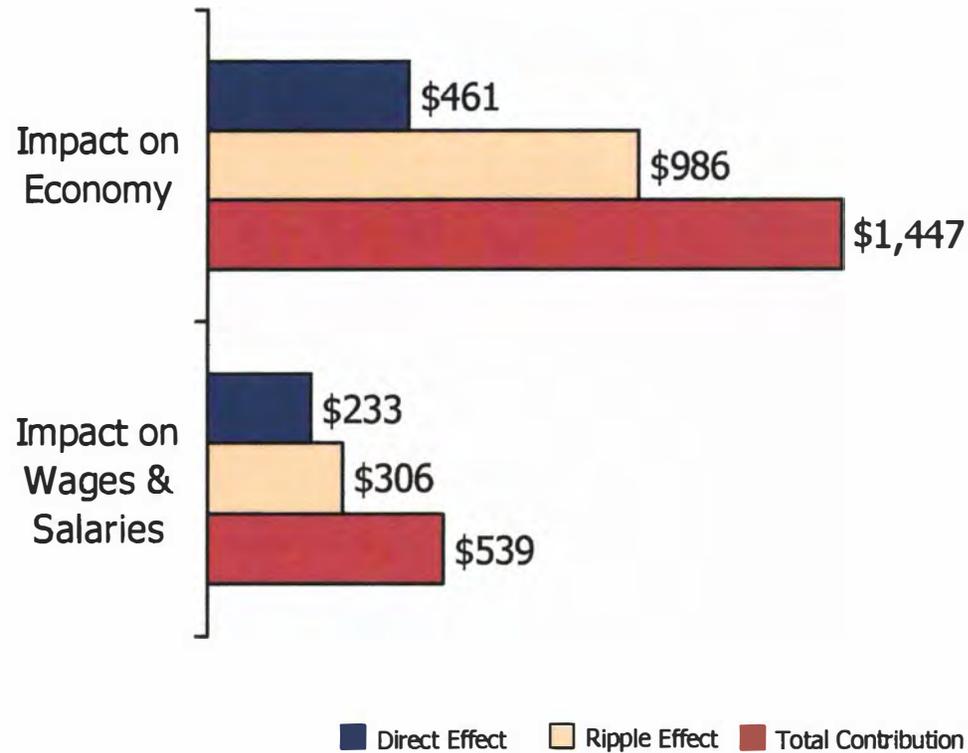
Chart 6.2:
Number of Full-Time and Part-Time Hospital Employees
1992 - 2003



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1992 - 2003, for community hospitals



Chart 6.3:
Impact of Community Hospitals on U.S. Economy (in \$ billions)
2003

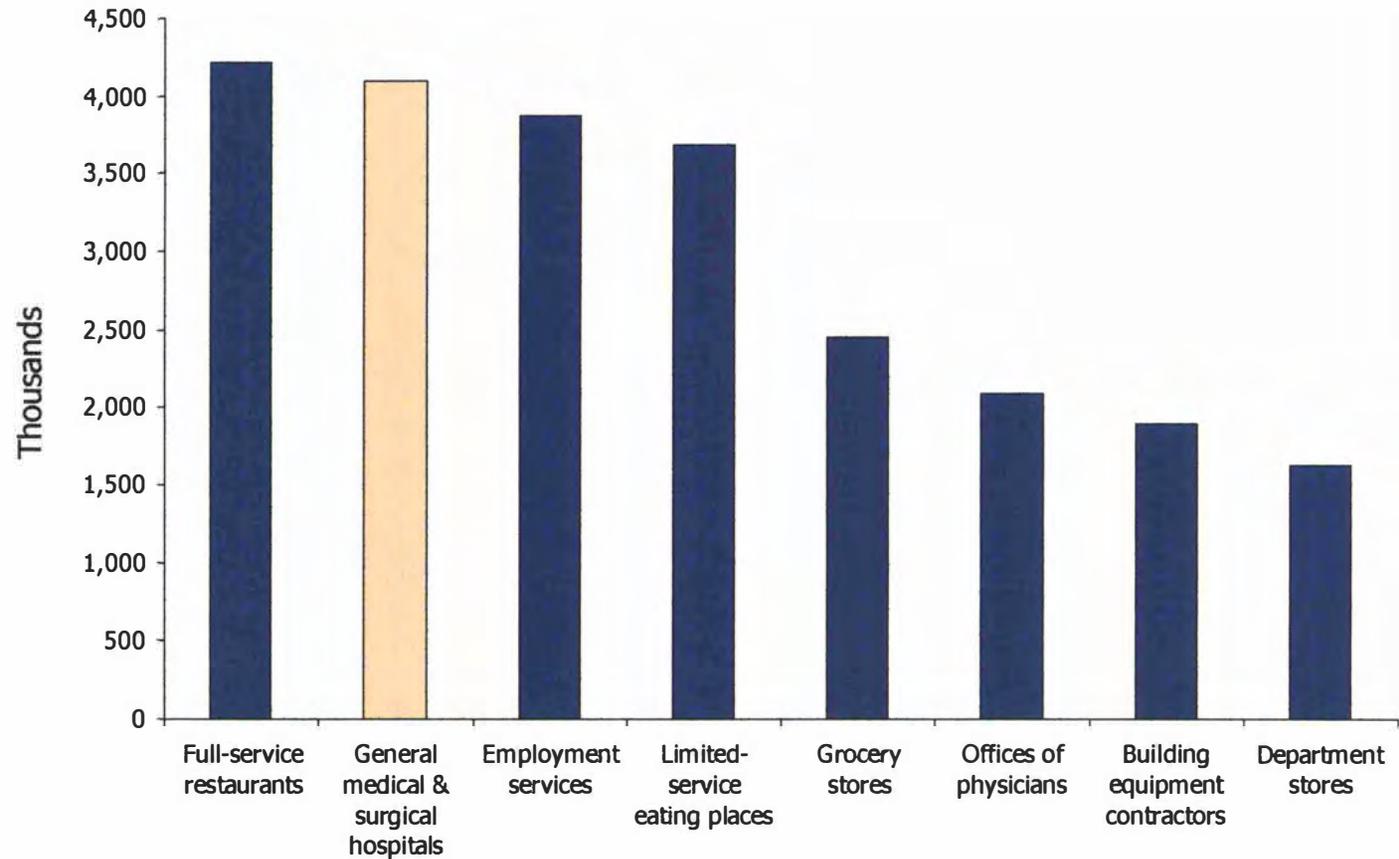


Source: The Lewin Group, using BEA RIMS-II multipliers applied to 2003 American Hospital Association Annual Survey data



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Chart 6.4:
Hospital Employment vs. Employment in Other Industries
2004⁽¹⁾



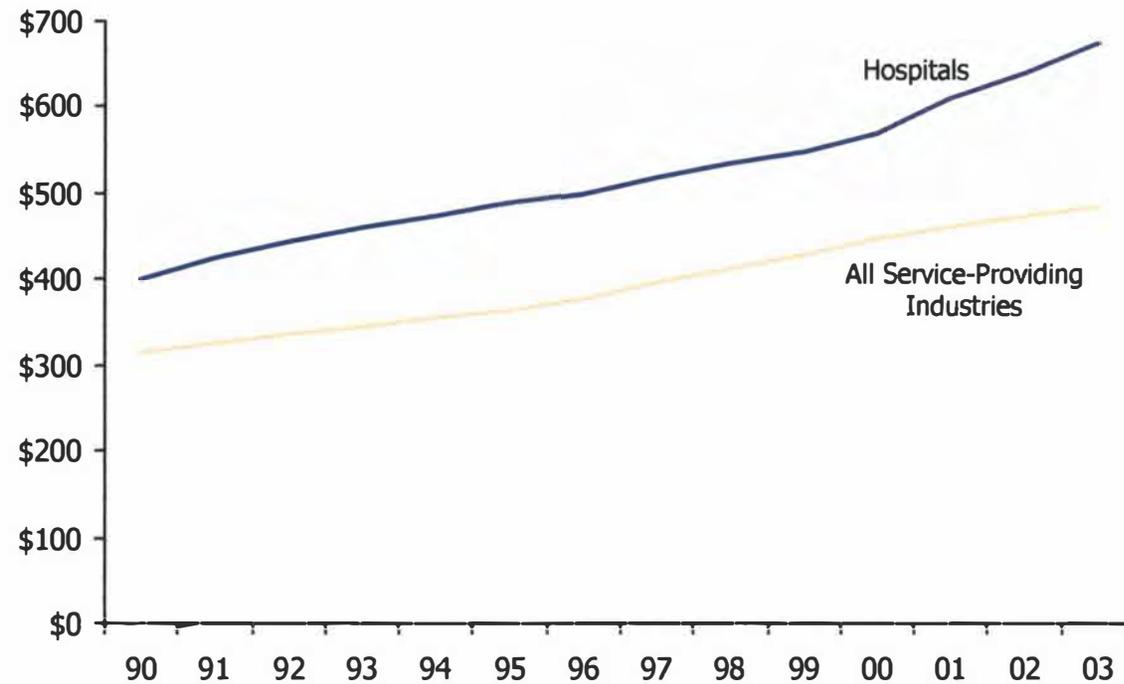
Source: Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey, custom data request

⁽¹⁾ Data is as of October 2004



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Chart 6.5:
Average Weekly Earnings of Workers, Hospitals⁽¹⁾ vs.
All Service-Providing Industries
1990 - 2003

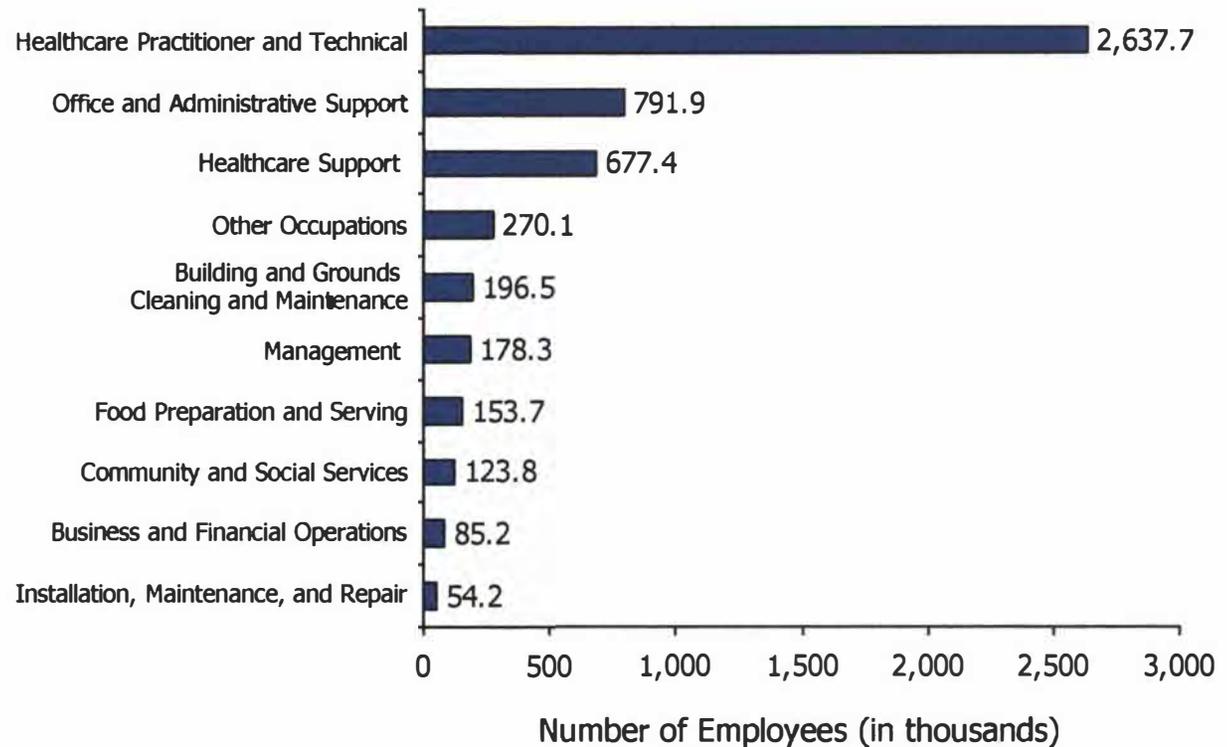


Source: Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey

⁽¹⁾ Includes physicians employed by hospitals.



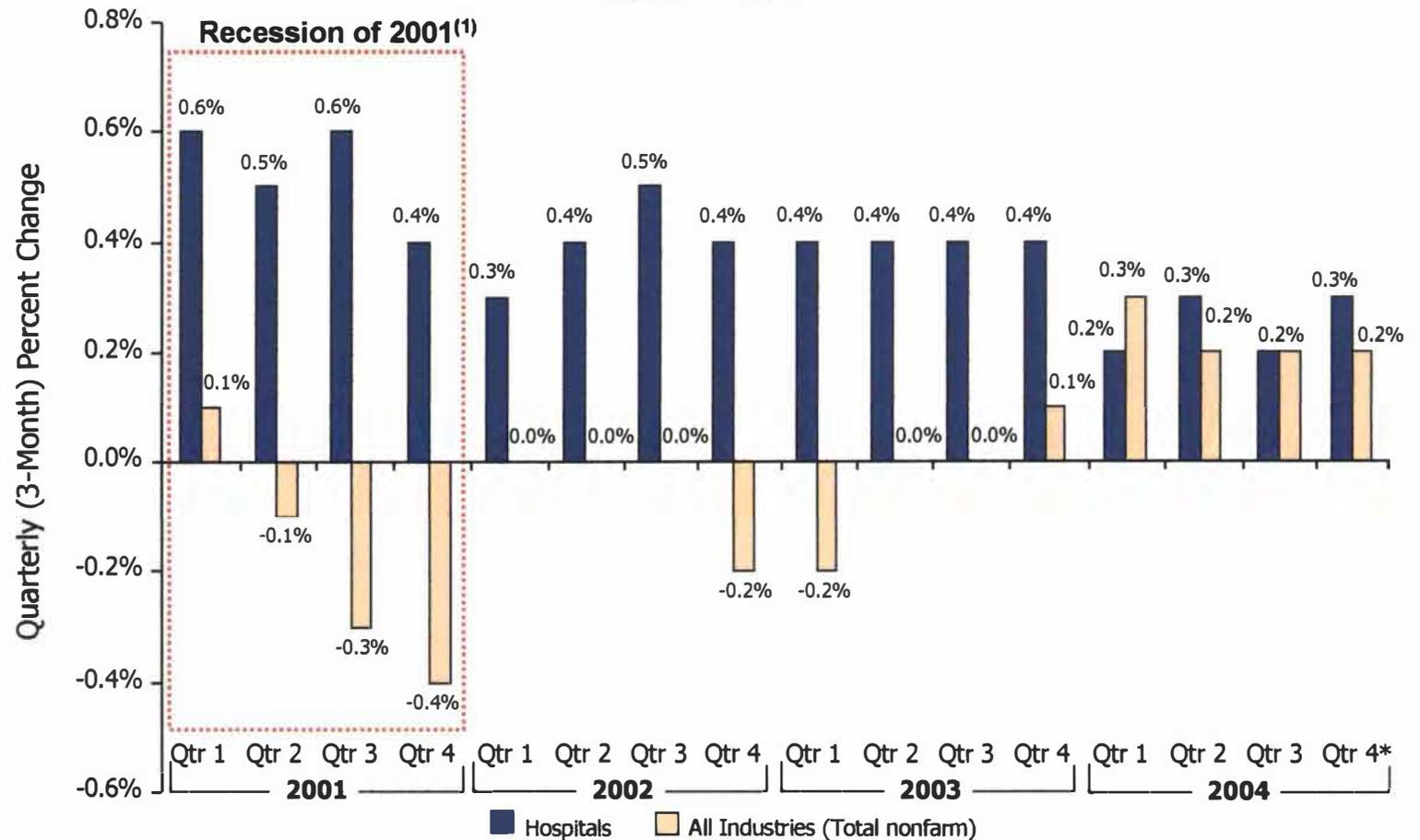
**Chart 6.6:
Hospital Employment by Occupation Type
2003**



Source: Department of Labor, Bureau of Labor Statistics, 2003 National Industry-Specific Occupational Employment and Wage Estimates



**Chart 6.7:
Percent Change in Employment, Seasonally-Adjusted:
Hospital vs. All Industries (Total nonfarm)
2001 – 2004**



Source: Department of Labor, Bureau of Labor Statistics; Recession period defined by National Bureau of Economic Research

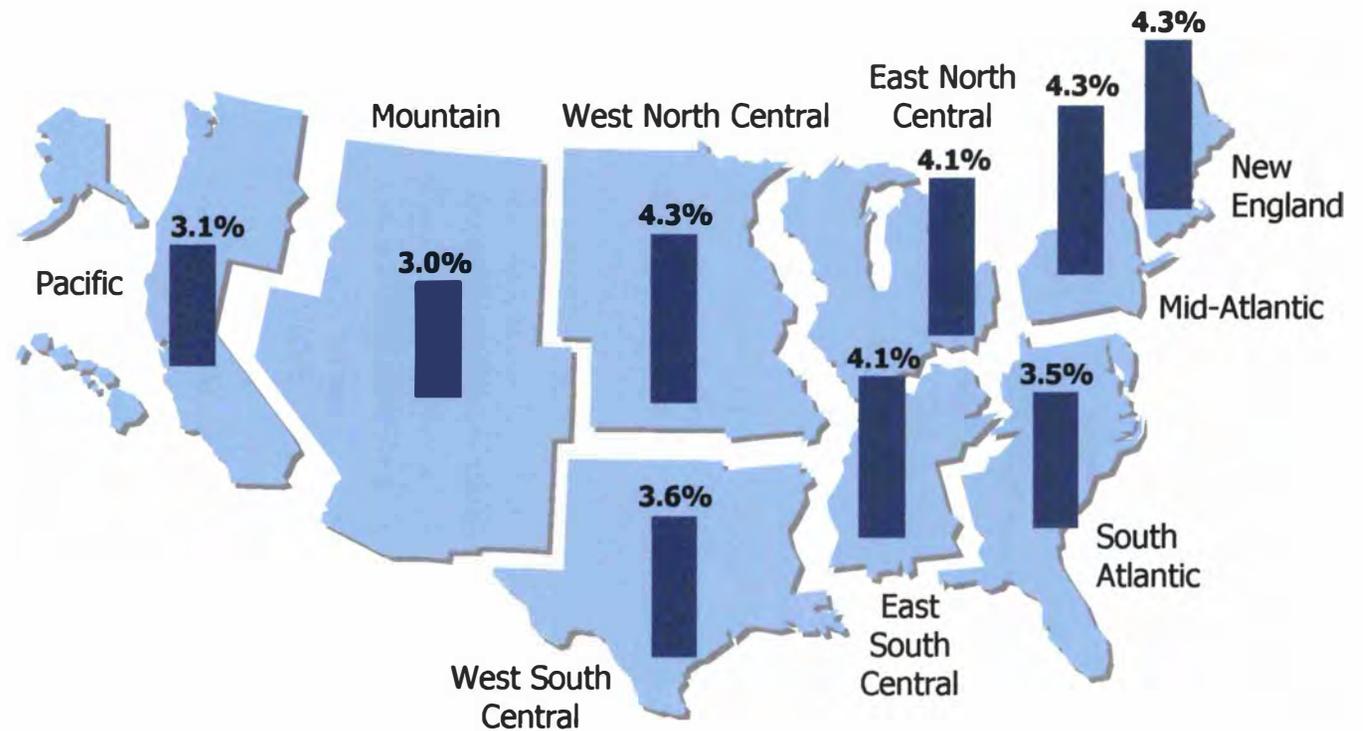
*Note: Qtr 4 data is preliminary.

⁽¹⁾ Recession period defined as March 2001 – November 2001 by National Bureau of Economic Research



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Chart 6.8:
Percent of Total Regional Employment⁽¹⁾ by Hospitals
2003



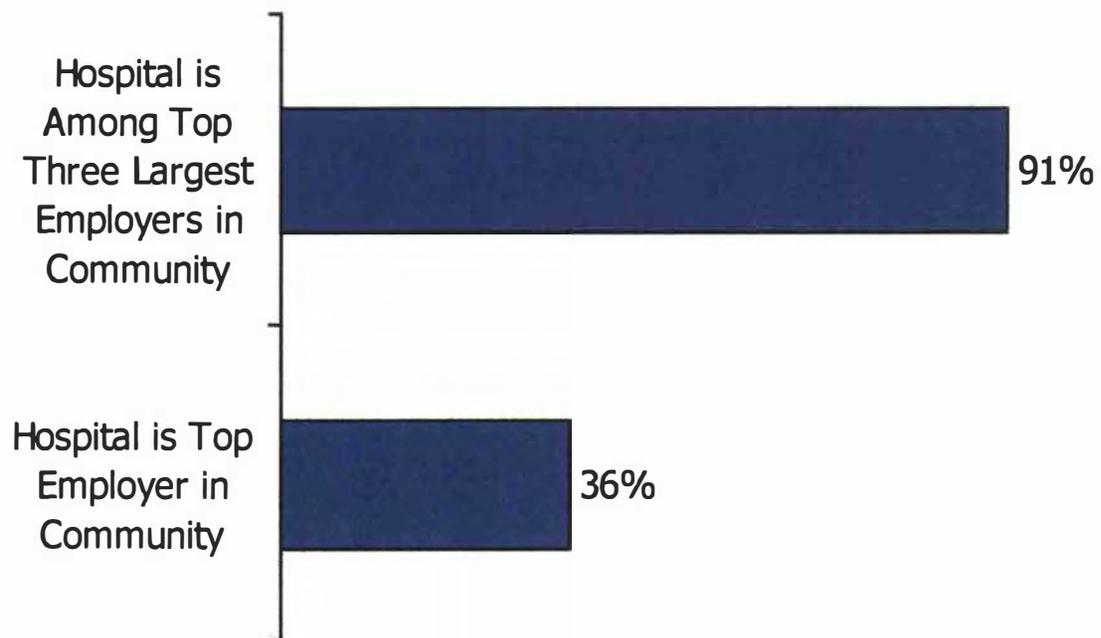
Source: The Lewin Group analysis of American Hospital Association 2003 Annual Survey data and 2003 total nonfarm employment data from the Bureau of Labor Statistics

⁽¹⁾ Does not include farm employment.



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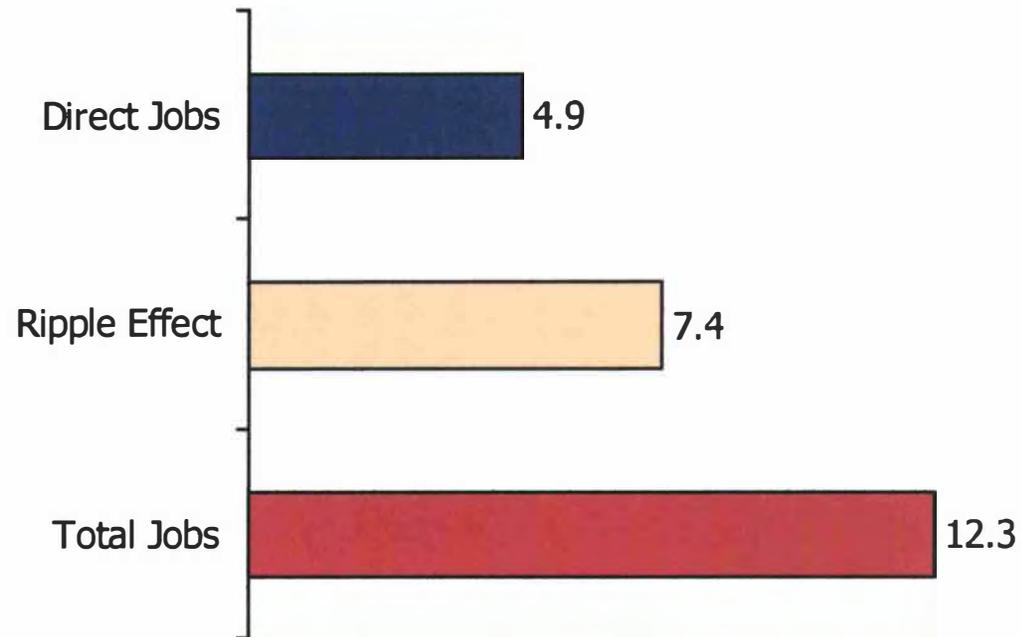
**Chart 6.9:
Hospital Ranking Among Employers in
Rural Communities
2003**



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



**Chart 6.10:
Impact of Community Hospitals on
U.S. Jobs (in millions)
2003**

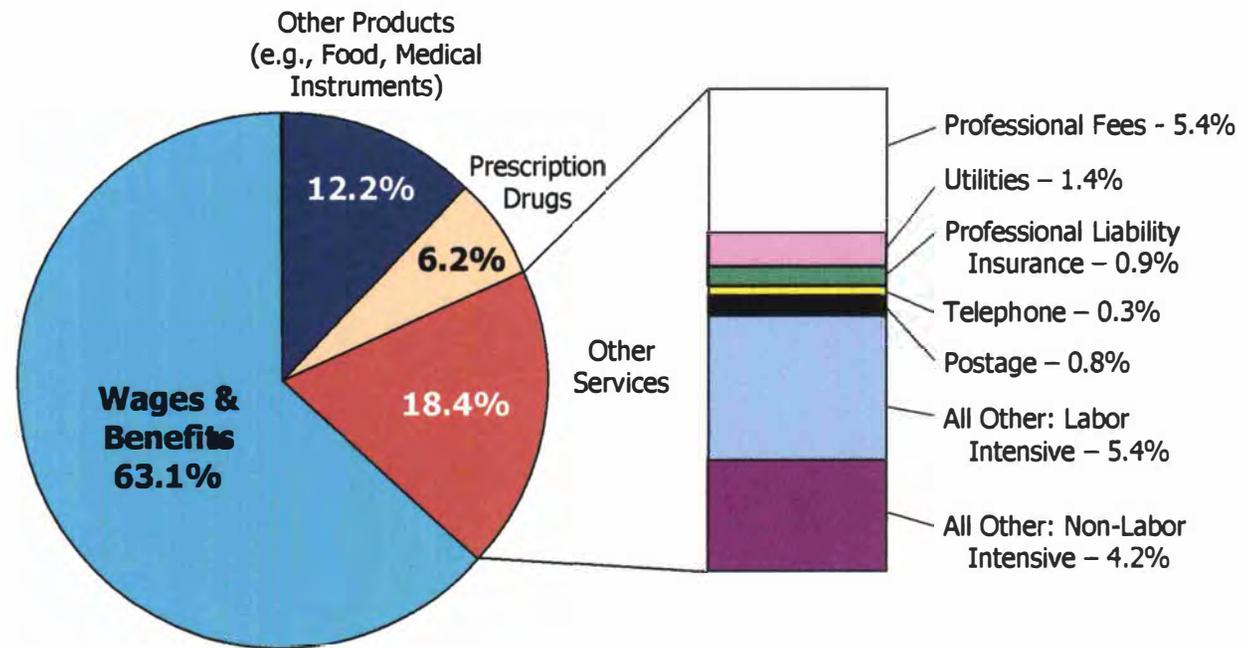


Source: The Lewin Group, using BEA RIMS-II multipliers applied to 2003 American Hospital Association Annual Survey data



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Chart 6.11:
Percent of Hospital Costs⁽¹⁾ by Type of Expense
3Q04



Source: Centers for Medicare and Medicaid Services, September 2004

⁽¹⁾ Does not include capital.



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Chart 6.12:
Hospital Impact on Sectors of the U.S. Economy (in \$ billions)
2003

Industry	Economic Impact
Health Care and Social Assistance	\$527.0
Manufacturing	213.9
Real Estate and Rental & Leasing	134.5
Finance and Insurance	89.8
Professional, Scientific, and Technical Services	60.0
Retail Trade	56.4
Wholesale Trade	46.4
Information	46.1
Administrative and Waste Management Services	45.2
Transportation and Warehousing	44.6
Accommodation and Food Services	35.9
Other Services	35.1
Management of Companies and Enterprises	29.1
Utilities	25.2
Agriculture, Forestry, Fishing, and Hunting	20.7
Educational Services	11.2
Arts, Entertainment, and Recreation	9.9
Mining	9.0
Construction	7.2
Total	\$1,447.4

Source: The Lewin Group analysis of American Hospital Association 2003 Annual Survey data using BEA industry multipliers for the hospital sector.



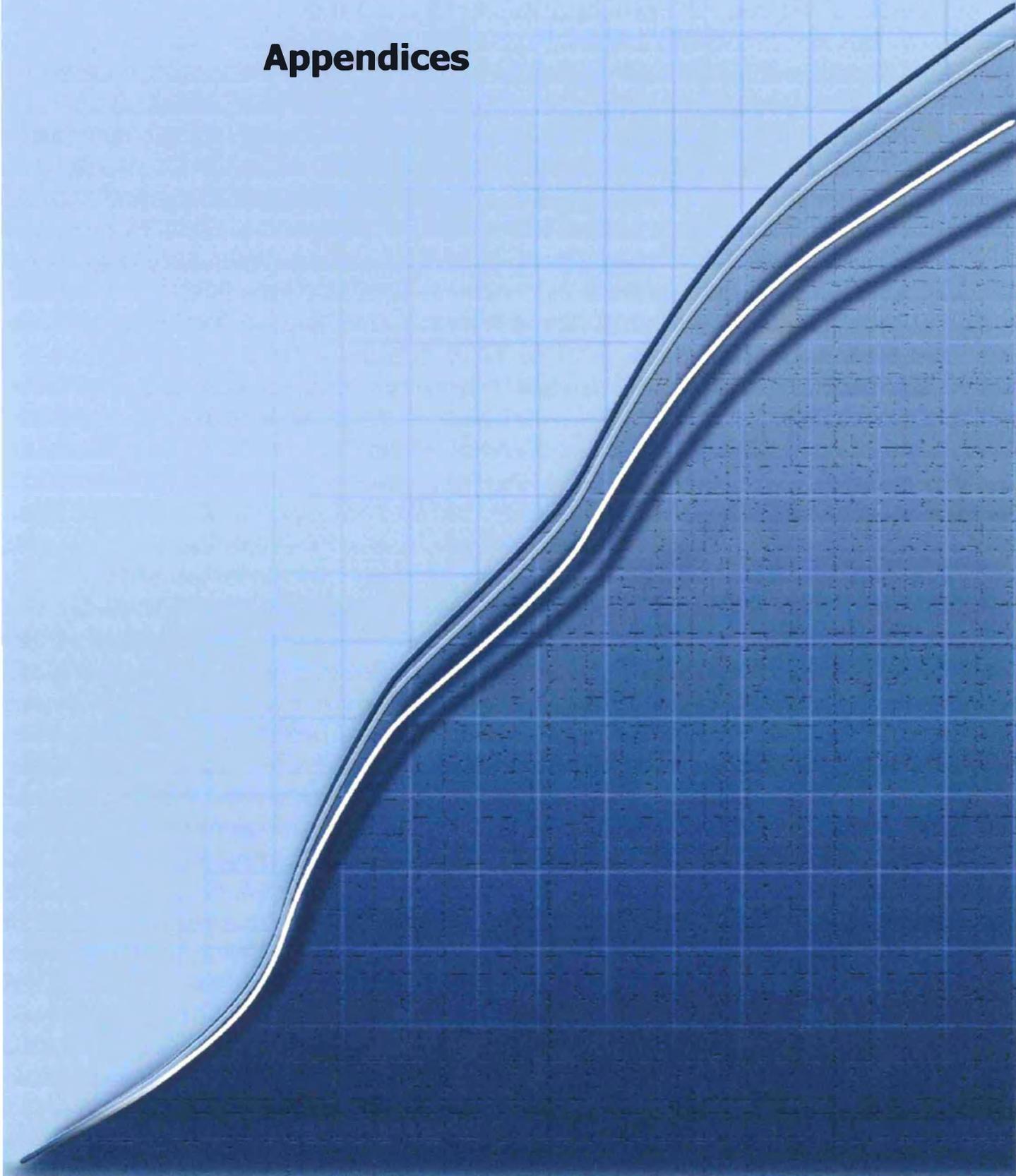
Chart 6.13:
**Impact of Community Hospitals on U.S. Economy, All States and Total U.S.,
 2003**

State Name	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* (\$ millions)	Multiplier for Output	Effect of Hospital Expenditures on Total Output in State Economy (\$ millions)
Alabama	81,379	1.9114	155,548	8.3%	\$3,126	1.6802	\$5,253	\$6,584	2.0889	\$13,752
Alaska	9,256	1.8507	17,130	5.7%	\$526	1.5134	\$796	\$941	1.8103	\$1,704
Arizona	61,823	1.9380	119,813	5.2%	\$3,034	1.7461	\$5,298	\$6,816	2.1508	\$14,661
Arkansas	49,556	1.8293	90,653	7.9%	\$1,957	1.6212	\$3,173	\$4,036	1.9860	\$8,016
California	430,810	2.1380	921,072	6.4%	\$24,580	1.9020	\$46,751	\$47,407	2.4108	\$114,290
Colorado	59,829	2.0101	120,262	5.6%	\$3,059	1.8568	\$5,680	\$6,412	2.3369	\$14,984
Connecticut	58,932	1.7850	105,194	6.4%	\$3,116	1.7073	\$5,320	\$5,558	2.1249	\$11,811
Delaware	17,356	1.8669	32,402	7.8%	\$822	1.5890	\$1,306	\$1,448	1.9317	\$2,798
District of Columbia	22,074	1.4667	32,376	4.9%	\$1,307	1.3590	\$1,776	\$2,385	1.3856	\$3,305
Florida	251,644	1.9789	497,978	6.8%	\$12,319	1.7846	\$21,985	\$25,516	2.2046	\$56,254
Georgia	131,740	1.9943	262,729	6.8%	\$5,839	1.8816	\$10,987	\$11,832	2.3930	\$28,315
Hawaii	16,958	1.9867	33,690	5.9%	\$952	1.6685	\$1,589	\$1,709	2.0329	\$3,475
Idaho	20,018	1.9315	38,665	6.8%	\$850	1.6355	\$1,390	\$1,706	1.9566	\$3,339
Illinois	234,089	2.0112	470,800	8.1%	\$10,650	1.9395	\$20,656	\$20,638	2.5037	\$51,671
Indiana	114,628	1.9300	221,232	7.6%	\$5,133	1.7147	\$8,802	\$10,577	2.1640	\$22,889
Iowa	65,710	1.8213	119,678	8.3%	\$2,558	1.6140	\$4,129	\$4,872	1.9827	\$9,659
Kansas	48,758	1.8268	89,071	6.8%	\$2,031	1.6444	\$3,339	\$3,946	2.0638	\$8,144
Kentucky	75,348	1.8775	141,466	7.9%	\$3,246	1.6590	\$5,384	\$6,900	2.0637	\$14,240
Louisiana	86,868	1.8565	161,270	8.5%	\$3,565	1.6565	\$5,905	\$7,449	2.0000	\$14,898
Maine	28,479	1.9332	55,056	9.1%	\$1,229	1.6433	\$2,020	\$2,362	1.9862	\$4,692
Maryland	84,010	1.9427	163,206	6.6%	\$3,914	1.7535	\$6,864	\$7,737	2.1888	\$16,935
Massachusetts	152,626	1.9286	294,355	9.2%	\$6,993	1.7837	\$12,474	\$14,775	2.2166	\$32,750
Michigan	186,484	1.8953	353,443	8.0%	\$8,628	1.7237	\$14,872	\$16,604	2.1321	\$35,402
Minnesota	102,572	1.9786	202,949	7.7%	\$4,812	1.8151	\$8,734	\$8,865	2.2793	\$20,207
Mississippi	52,902	1.8213	96,350	8.6%	\$2,089	1.5996	\$3,342	\$4,280	1.9610	\$8,393
Missouri	124,867	2.0106	251,058	9.4%	\$5,437	1.7868	\$9,715	\$11,239	2.2603	\$25,404
Montana	18,669	1.8139	33,864	8.5%	\$792	1.5669	\$1,241	\$1,466	1.8664	\$2,737
Nebraska	39,187	1.9070	74,730	8.3%	\$1,581	1.6731	\$2,645	\$3,305	2.0571	\$6,798
Nevada	21,038	1.8186	38,260	3.5%	\$1,228	1.6178	\$1,986	\$2,624	1.9501	\$5,117
New Hampshire	22,947	1.8555	42,578	6.9%	\$1,107	1.7051	\$1,887	\$2,113	2.0311	\$4,292
New Jersey	133,940	1.9320	258,772	6.5%	\$7,485	1.8391	\$13,765	\$13,721	2.3484	\$32,224
New Mexico	31,249	2.0041	62,626	8.1%	\$1,168	1.6369	\$1,912	\$2,012	1.9631	\$3,950
New York	382,229	1.7575	671,767	8.0%	\$22,224	1.6747	\$37,219	\$38,848	2.1093	\$81,942
North Carolina	141,824	2.0244	287,109	7.5%	\$6,624	1.7888	\$11,850	\$12,920	2.2547	\$29,131
North Dakota	19,128	1.7602	33,669	10.1%	\$740	1.5468	\$1,144	\$1,356	1.8364	\$2,490
Ohio	237,629	2.0212	480,296	8.9%	\$10,643	1.8116	\$19,281	\$21,072	2.2897	\$48,248
Oklahoma	54,590	2.0192	110,228	7.6%	\$2,171	1.7402	\$3,777	\$4,632	2.1665	\$10,036
Oregon	51,898	2.0370	105,716	6.8%	\$2,570	1.7162	\$4,411	\$5,052	2.1301	\$10,761
Pennsylvania	259,371	1.9961	517,730	9.2%	\$11,211	1.8559	\$20,806	\$23,116	2.3787	\$54,985
Rhode Island	19,301	1.8677	36,048	7.5%	\$1,070	1.6492	\$1,765	\$1,944	1.9841	\$3,857
South Carolina	68,415	1.9653	134,456	7.4%	\$3,090	1.7127	\$5,292	\$6,542	2.1771	\$14,244
South Dakota	18,718	1.7931	33,563	8.9%	\$750	1.5668	\$1,175	\$1,428	1.8835	\$2,689
Tennessee	101,530	2.1358	216,848	8.1%	\$4,585	1.8066	\$8,283	\$9,586	2.3112	\$22,154
Texas	309,388	2.2784	704,910	7.5%	\$14,999	1.8958	\$28,436	\$31,307	2.4539	\$76,825
Utah	33,453	2.0808	69,609	6.5%	\$1,363	1.8268	\$2,490	\$2,947	2.3063	\$6,796
Vermont	12,201	1.8181	22,183	7.4%	\$649	1.5525	\$1,008	\$1,042	1.8268	\$1,903
Virginia	98,225	1.8831	184,967	5.3%	\$4,566	1.7388	\$7,939	\$9,805	2.2114	\$21,683
Washington	86,383	2.0506	177,137	6.7%	\$4,515	1.7294	\$7,808	\$8,746	2.1614	\$18,904
West Virginia	39,013	1.7669	68,932	9.5%	\$1,700	1.5170	\$2,578	\$3,341	1.7821	\$5,953
Wisconsin	99,954	1.8913	189,043	6.8%	\$4,323	1.7002	\$7,351	\$9,287	2.1109	\$19,605
Wyoming	7,669	1.7078	13,097	5.2%	\$335	1.4466	\$485	\$657	1.6897	\$1,111
U.S.	4,876,665	2.5168	12,273,590	9.5%	\$233,261	2.3098	\$538,787	\$461,468	3.1365	\$1,447,395

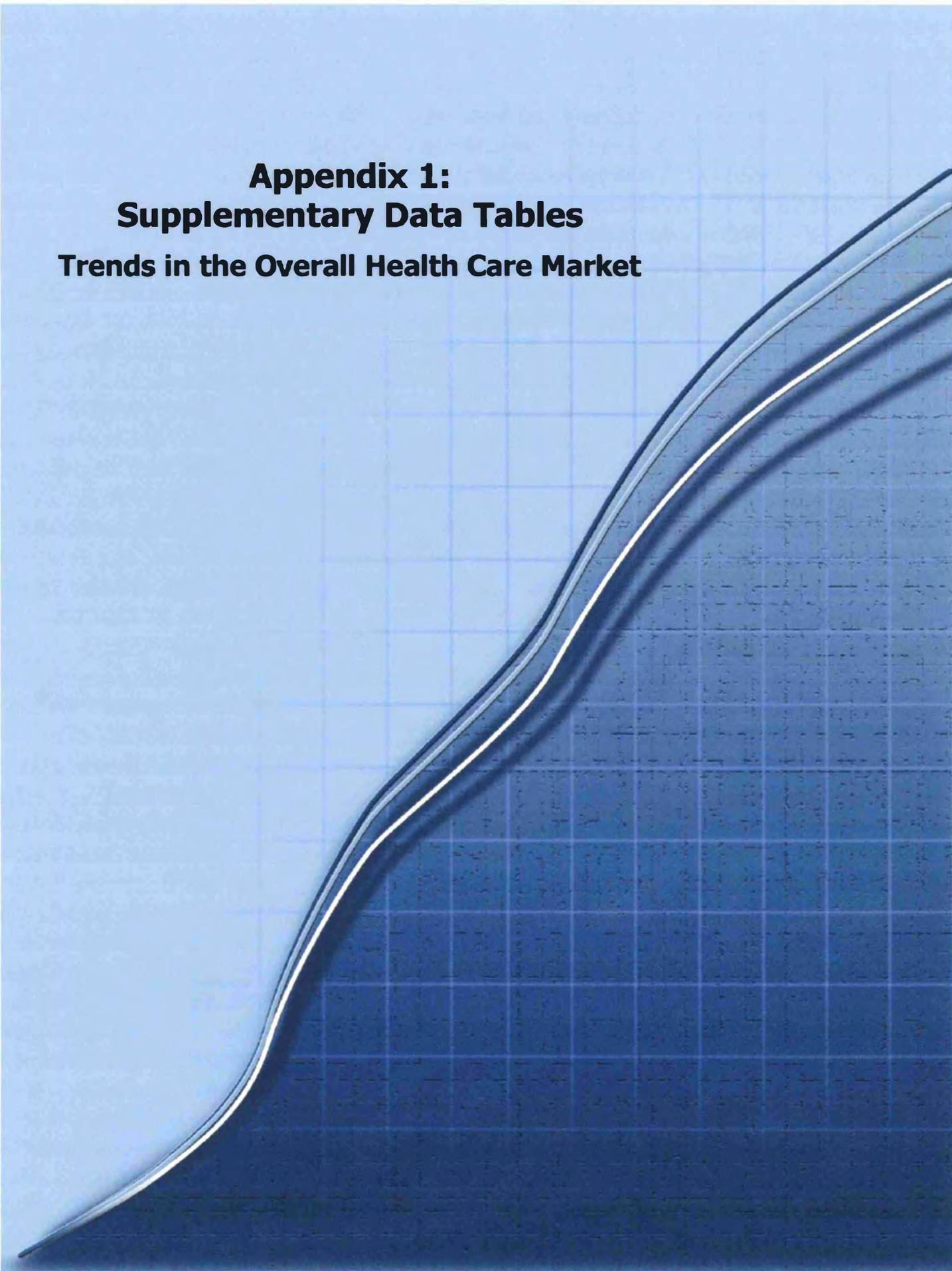
*Expenditures are defined as net patient revenue + other operating revenue

Source: The Lewin Group using BEA RIMS-II multipliers for hospital NAICS Code 622, released May 2004, applied to American Hospital Association Annual Survey data for 2003. 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 2003 BLS data.

Appendices



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





American Hospital Association

**Table 1.1:
National Health Expenditures
1980 - 2003**

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	\$1,351	\$21.8	\$16.7
1986	\$457.2	\$343.8	\$1,872	\$1,408	\$24.3	\$18.3
1987	\$498.0	\$361.2	\$2,020	\$1,466	\$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	\$2,737	\$1,725	\$40.3	\$25.4
1991	\$761.8	\$460.9	\$2,956	\$1,788	\$44.9	\$27.2
1992	\$827.0	\$485.7	\$3,165	\$1,859	\$48.2	\$28.3
1993	\$888.1	\$506.4	\$3,354	\$1,913	\$51.3	\$29.2
1994	\$937.2	\$521.1	\$3,497	\$1,944	\$54.6	\$30.4
1995	\$990.2	\$535.4	\$3,650	\$1,974	\$60.8	\$32.9
1996	\$1,039.9	\$546.1	\$3,791	\$1,991	\$67.2	\$35.3
1997	\$1,093.1	\$561.2	\$3,938	\$2,022	\$75.7	\$38.9
1998	\$1,150.9	\$581.8	\$4,098	\$2,072	\$87.3	\$44.1
1999	\$1,222.2	\$604.5	\$4,302	\$2,128	\$104.4	\$51.6
2000	\$1,309.9	\$626.8	\$4,560	\$2,182	\$121.5	\$58.2
2001	\$1,426.4	\$663.7	\$4,914	\$2,286	\$140.8	\$67.8
2002	\$1,559.0	\$714.1	\$5,317	\$2,436	\$161.8	\$74.1
2003	\$1,678.9	\$751.8	\$5,671	\$2,539	\$179.2	\$80.3

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



American Hospital
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Table 1.2:
Percent Change in National Expenditures for
Selected Health Services and Supplies
1993 - 2003

Year	Hospital Care	Prescription Drugs	Admin. & Net Cost of Priv. Health Insurance	Home Health Care	Nursing Home Care
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%	3.9%	17.1%	9.1%
1996	3.4%	10.5%	1.8%	10.1%	7.2%
1997	3.5%	12.8%	-0.5%	2.8%	6.4%
1998	3.0%	15.2%	6.0%	-2.8%	5.2%
1999	3.9%	19.7%	12.9%	-3.9%	1.3%
2000	5.0%	16.4%	10.4%	-2.0%	5.1%
2001	8.1%	15.9%	12.3%	6.5%	6.2%
2002	8.5%	14.9%	16.3%	8.5%	5.3%
2003	6.5%	10.7%	13.2%	9.5%	4.0%

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

Data for Chart 1.7



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Table 1.3:
National Health Expenditures⁽¹⁾
1980 - 2014

Year	Expenditures (billions)
1980	\$246
1990	\$696
1998	\$1,151
1999	\$1,222
2000	\$1,310
2001	\$1,426
2002	\$1,559
2003	\$1,679
2004	\$1,805
2005	\$1,937
2006	\$2,078
2007	\$2,233
2008	\$2,399
2009	\$2,574
2010	\$2,754
2011	\$2,944
2012	\$3,146
2013	\$3,361
2014	\$3,586

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

⁽¹⁾ Years 2004 - 2014 are projections

Data for Chart 1.8



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Table 1.4:
Consumer Out-of-Pocket Payments for
National Health Expenditures
1990 - 2003

Year	Payment (billions)
1990	\$137.3
1991	\$142.1
1992	\$145.9
1993	\$146.9
1994	\$143.8
1995	\$146.4
1996	\$151.8
1997	\$162.0
1998	\$175.6
1999	\$184.7
2000	\$193.1
2001	\$202.0
2002	\$214.2
2003	\$230.5

*Source: Centers for Medicare & Medicaid
Services, Office of the Actuary
Data for Chart 1.9*



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Table 1.5:
**Growth in Total Prescription Drug Spending as a
Percentage of Total Growth in National Health Expenditures
1980 - 2003**

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	12.85%
1997	16.14%
1998	19.93%
1999	24.05%
2000	19.52%
2001	16.54%
2002	15.86%
2003	14.48%

*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 - 2003

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	\$16.366	\$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	\$25.969	\$22.565
1996	\$26.497	\$26.853
1997	\$27.880	\$32.156
1998	\$30.510	\$38.379
1999	\$34.376	\$47.878
2000	\$38.319	\$56.549
2001	\$42.577	\$66.828
2002	\$47.663	\$77.163
2003	\$53.151	\$82.891

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



American Hospital
Association

**Table 1.7:
Number and Percent Uninsured⁽¹⁾
1985 - 2003**

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%
2003	45.0	15.6%

Source: US Census Bureau

⁽¹⁾ 1999 - 2003 data use population estimates based on Census 2000.

Data for Chart 1.15



American Hospital Association

**Table 1.8:
Average Percent Uninsured by State
2001 - 2003**

State	Average Percent Uninsured	State	Average Percent Uninsured
Alabama	13.3%	Montana	16.1%
Alaska	17.8%	Nebraska	10.3%
Arizona	17.3%	Nevada	18.3%
Arkansas	16.6%	New Hampshire	9.9%
California	18.7%	New Jersey	13.7%
Colorado	16.3%	New Mexico	21.3%
Connecticut	10.4%	New York	15.5%
Delaware	10.1%	North Carolina	16.1%
District of Columbia	13.3%	North Dakota	10.5%
Florida	17.6%	Ohio	11.7%
Georgia	16.4%	Oklahoma	18.7%
Hawaii	9.9%	Oregon	14.8%
Idaho	17.5%	Pennsylvania	10.7%
Illinois	14.0%	Rhode Island	9.3%
Indiana	12.9%	South Carolina	13.1%
Iowa	9.5%	South Dakota	11.0%
Kansas	10.9%	Tennessee	11.8%
Kentucky	13.3%	Texas	24.6%
Louisiana	19.4%	Utah	13.6%
Maine	10.7%	Vermont	9.9%
Maryland	13.2%	Virginia	12.5%
Massachusetts	9.6%	Washington	14.3%
Michigan	11.0 %	West Virginia	14.8%
Minnesota	8.2%	Wisconsin	9.5%
Mississippi	17.0%	Wyoming	16.5%
Missouri	10.9%		

Source: US Census Bureau
Data for Chart 1.16



American Hospital
Association

**Table 1.9:
Medicaid Enrollees
1990, 1995, 2000 - 2003**

(in millions)	1990	1995	2000	2001	2002	2003
Aged	3.2	4.2	4.5	4.8	4.5	4.8
Blind/Disabled	3.7	6.0	7.5	7.9	7.9	8.3
Children	11.2	17.6	21.5	23.1	25.5	25.3
Adults	6.0	7.8	9.0	10.4	12.9	14.0
Other Title XIX	1.1	0.6				
Total	25.3	36.3	42.5	46.1	50.9	52.4

*Source: Centers for Medicare & Medicaid Services; 2002 data, CBO March 2003 Baseline; 2003 data, CBO March 2004 Baseline
Data for Chart 1.18*



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	2%	New York	-1%
Delaware	2%	North Carolina	25%
District of Columbia	16%	North Dakota	11%
Florida	20%	Ohio	14%
Georgia	14%	Oklahoma	9%
Hawaii	42%	Oregon	4%
Idaho	0%	Pennsylvania	8%
Illinois	99%	Rhode Island	26%
Indiana	11%	South Carolina	36%
Iowa	7%	South Dakota	9%
Kansas	12%	Tennessee	Unknown
Kentucky	-1%	Texas	0%
Louisiana	41%	Utah	12%
Maine	30%	Vermont	5%
Maryland	4%	Virginia	23%
Massachusetts	8%	Washington	9%
Michigan	8%	West Virginia	-2%
Minnesota	-2%	Wisconsin	15%
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 - 2004**

	1988	1993	1996	1999	2002	2003	2004
Conventional	90%	59%	52%	26%	14%	14%	16%
PPO	18%	49%	45%	62%	74%	77%	79%
HMO	46%	68%	64%	56%	50%	47%	54%
POS	N/A ⁽¹⁾	21%	30%	45%	34%	30%	30%

Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 2002, 2003, 2004; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

⁽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 - 2004**

	1988	1993	1996	1999	2002	2003	2004
POS	N/A ⁽¹⁾	7%	14%	24%	18%	17%	15%
HMO	16%	21%	31%	28%	27%	24%	25%
PPO	11%	26%	28%	39%	52%	54%	55%
Conventional	73%	46%	27%	10%	4%	5%	5%

Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 1999, 2002, 2003, 2004; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

⁽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 - 2003**

Year	Growth in Medicare Spending per Beneficiary	Growth in Private Health Insurance Spending per Enrollee
1980	18.8%	15.2%
1981	17.5%	15.5%
1982	15.2%	13.2%
1983	11.7%	8.8%
1984	9.2%	8.2%
1985	6.1%	10.0%
1986	5.2%	5.0%
1987	6.1%	10.9%
1988	4.4%	15.0%
1989	9.3%	12.9%
1990	7.2%	12.9%
1991	6.3%	10.9%
1992	8.9%	8.0%
1993	4.7%	7.3%
1994	8.1%	1.8%
1995	7.2%	3.0%
1996	6.2%	1.8%
1997	4.5%	3.8%
1998	-0.3%	4.4%
1999	2.7%	2.6%
2000	4.0%	6.7%
2001	9.1%	9.4%
2002	5.9%	9.5%
2003	4.7%	9.6%

*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
2002 and 2003

State	% Enrolled		State	% Enrolled	
	02	03		02	03
Alabama	55.4%	53.2%	Montana	66.8%	68.9%
Alaska	0.0%	0.0%	Nebraska	77.8%	72.1%
Arizona	94.4%	89.7%	Nevada	38.8%	45.7%
Arkansas	66.2%	67.2%	New Hampshire	10.1%	14.7%
California	52.5%	52.0%	New Jersey	65.1%	67.2%
Colorado	92.9%	79.4%	New Mexico	65.5%	64.5%
Connecticut	74.5%	72.7%	New York	35.1%	52.5%
Delaware	77.1%	71.3%	North Carolina	70.5%	69.7%
District of Columbia	63.2%	66.6%	North Dakota	64.5%	66.0%
Florida	63.8%	61.2%	Ohio	25.4%	28.8%
Georgia	72.1%	83.7%	Oklahoma	70.5%	68.0%
Hawaii	78.8%	78.8%	Oregon	86.7%	77.7%
Idaho	39.6%	64.5%	Pennsylvania	79.7%	79.9%
Illinois	8.9%	8.7%	Rhode Island	68.2%	66.8%
Indiana	70.4%	71.0%	South Carolina	8.6%	8.3%
Iowa	86.9%	91.5%	South Dakota	95.4%	97.3%
Kansas	57.2%	57.3%	Tennessee	100.0%	100.0%
Kentucky	84.3%	92.3%	Texas	38.0%	41.7%
Louisiana	25.4%	58.7%	Utah	100.0%	86.5%
Maine	54.0%	59.3%	Vermont	64.1%	65.4%
Maryland	68.8%	68.5%	Virginia	65.2%	45.0%
Massachusetts	64.0%	62.6%	Washington	90.2%	80.7%
Michigan	100.0%	99.4%	West Virginia	50.7%	51.2%
Minnesota	68.6%	65.6%	Wisconsin	54.2%	47.2%
Mississippi	0.0%	0.0%	Wyoming	0.0%	0.0%
Missouri	45.6%	44.7%	Nation	57.6%	59.1%

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



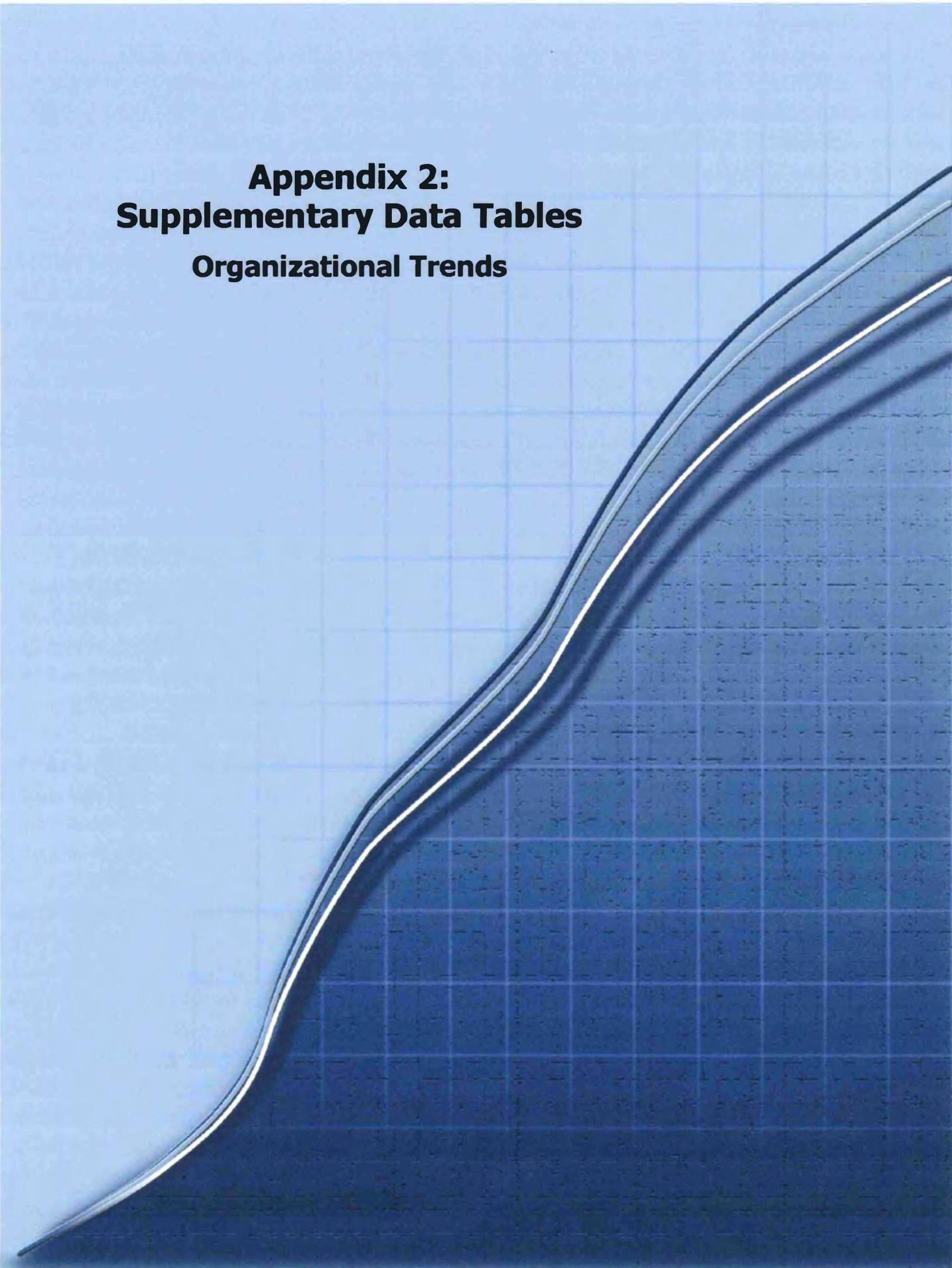
**Table 1.15:
Operating Margins of the Top Insurers
2000 - 2003**

	2000	2001	2002	2003
Aetna	2.3	-0.8	3.2	7.7
Wellpoint	4.9	6.6	7.1	8.1
Anthem	8.5	5.1	6.6	7.8
UnitedHealthcare	5.7	6.7	8.7	10.2
Cigna	3.6	8.0	5.9	8.9

Source: Robinson J. Consolidation and the transformation of competition in health insurance. Health Affairs 2004;23(6):11-24.

Data for Chart 1.29

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





American Hospital
Association

Table 2.1:
Number of Community Hospitals⁽¹⁾
1980 - 2003

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	-
1986	5,678	3,040	2,638	-
1987	5,611	3,012	2,599	-
1988	5,533	2,984	2,549	-
1989	5,455	2,958	2,497	-
1990	5,384	2,924	2,460	-
1991	5,342	2,921	2,421	-
1992	5,292	3,007	2,285	-
1993	5,261	3,012	2,249	-
1994	5,229	2,993	2,236	-
1995	5,194	2,958	2,236	-
1996	5,134	2,908	2,226	-
1997	5,057	2,852	2,205	-
1998	5,015	2,816	2,199	-
1999	4,956	2,767	2,189	2,524
2000	4,915	2,740	2,175	2,542
2001	4,908	2,742	2,166	2,580
2002	4,927	2,749	2,178	2,606
2003	4,895	2,729	2,166	2,626

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, 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 collected on health systems before 1999 are not comparable and are therefore not presented.

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 - 2003

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	2.85
2002	820,653	2.85
2003	813,307	2.80

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, for community hospitals
Data for Chart 2.2



American Hospital
Association

Table 2.3:
Beds per 1,000 Persons
by State
2002 and 2003

State	Beds per 1,000 Persons		State	Beds per 1,000 Persons	
	02	03		02	03
Alabama	3.56	3.48	Montana	4.68	4.71
Alaska	2.15	2.24	Nebraska	4.69	4.29
Arizona	2.01	1.94	Nevada	2.07	1.91
Arkansas	3.67	3.64	New Hampshire	2.26	2.17
California	2.12	2.09	New Jersey	2.81	2.64
Colorado	2.13	2.08	New Mexico	1.94	1.96
Connecticut	2.23	2.06	New York	3.43	3.37
Delaware	2.50	2.51	North Carolina	2.84	2.77
District of Columbia	5.89	5.99	North Dakota	6.12	5.67
Florida	3.07	2.98	Ohio	2.95	2.88
Georgia	2.87	2.84	Oklahoma	3.19	3.14
Hawaii	2.57	2.48	Oregon	1.93	1.90
Idaho	2.49	2.50	Pennsylvania	3.29	3.31
Illinois	2.88	2.77	Rhode Island	2.27	2.24
Indiana	3.08	3.06	South Carolina	2.71	2.68
Iowa	3.84	3.74	South Dakota	6.08	5.78
Kansas	4.00	3.88	Tennessee	3.53	3.48
Kentucky	3.68	3.63	Texas	2.61	2.59
Louisiana	3.99	3.97	Utah	1.90	1.87
Maine	2.85	2.84	Vermont	2.56	2.43
Maryland	2.09	2.11	Virginia	2.37	2.33
Massachusetts	2.50	2.49	Washington	1.87	1.83
Michigan	2.60	2.56	West Virginia	4.33	4.30
Minnesota	3.32	3.25	Wisconsin	2.69	2.71
Mississippi	4.59	4.53	Wyoming	3.77	3.54
Missouri	3.33	3.39			

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2002 and 2003 for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing

Data for Chart 2.3



American Hospital Association

Table 2.4:
Percent of Outpatient Surgeries by Facility Type
1981 - 2005

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%
2005	45%	38%	17%

Source: Verispan's Diagnostic Imaging Center Profiling Solution, 2004.
*2005 values are estimated based upon current trends.
Data for Chart 2.5

Table 2.5:
Percentage of Hospitals with Physician Affiliates⁽¹⁾
by Type of Relationship
1994 - 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Physician Hospital Organization	26%	31%	31%	29%	29%	27%	25%	23%	22%	21%
IPA	20%	23%	24%	21%	19%	18%	17%	17%	16%	16%
Management Service Organization	15%	19%	22%	19%	17%	16%	13%	11%	11%	10%
Group Practice without Walls	6%	7%	7%	6%	5%	4%	4%	5%	4%	4%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994-2003, 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 - 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Preferred Provider Organization	30%	31%	31%	31%	26%	23%	21%	18%	19%	19%
Health Maintenance Organization	19%	21%	22%	23%	22%	20%	18%	15%	14%	14%
Indemnity or Fee-for-service	10%	10%	10%	10%	8%	6%	6%	5%	5%	6%

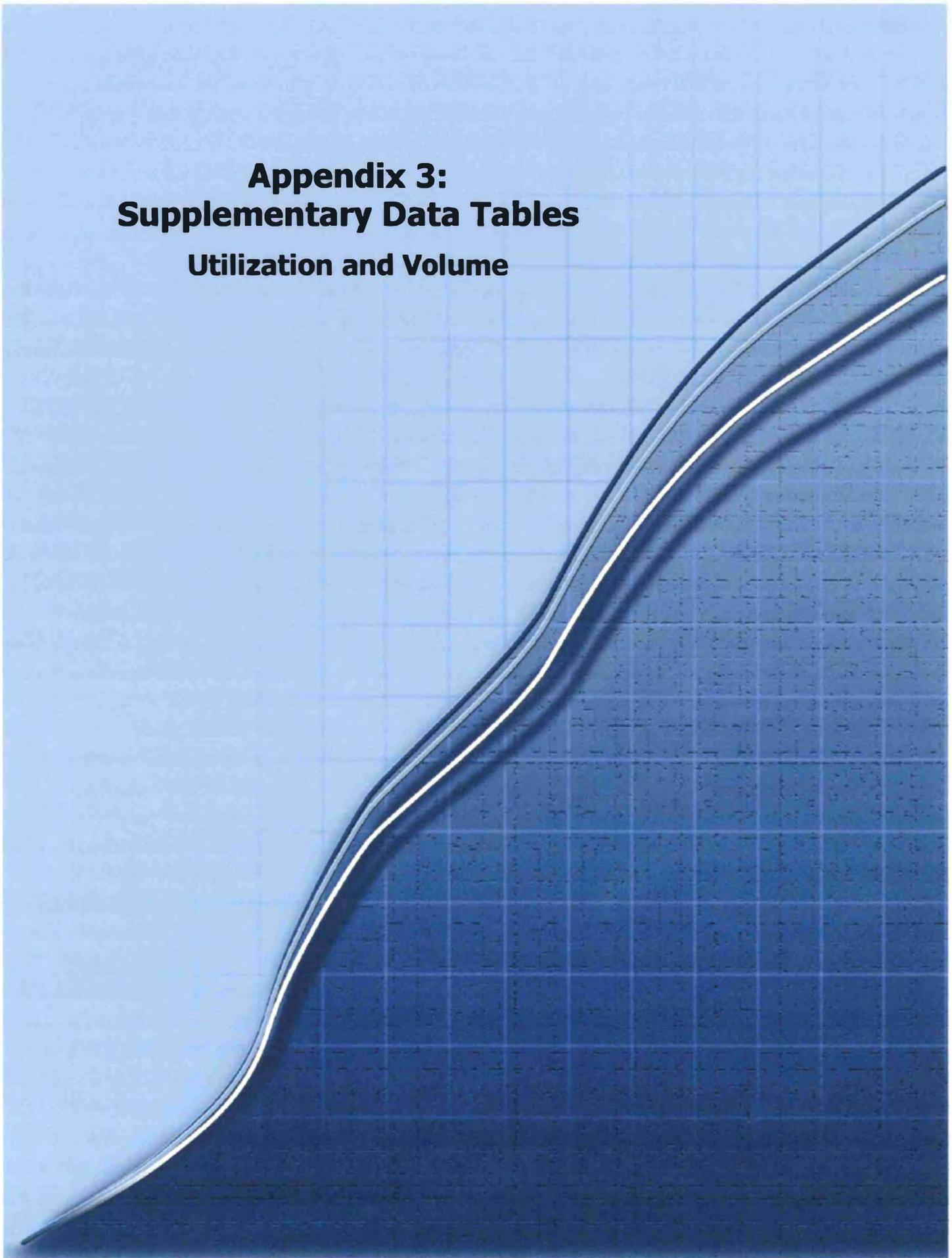
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1994-2003, for community hospitals
 Data for Chart 2.8

Table 2.7:
Percentage of Hospitals Offering “Non-hospital” Services⁽¹⁾
1995 - 2003

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Home Health Service	74%	77%	78%	76%	72%	69%	66%	65%	64%
Skilled Nursing Facility	45%	49%	52%	53%	49%	49%	47%	46%	45%
Other Long-term Care	13%	14%	15%	12%	11%	11%	11%	11%	13%
Assisted Living	8%	10%	11%	13%	14%	15%	15%	15%	16%
Hospice	53%	56%	56%	59%	56%	54%	54%	55%	57%
Meals on Wheels	23%	24%	25%	26%	25%	26%	25%	24%	24%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995-2003, for community hospitals
⁽¹⁾ Includes services offered in hospital, health system, network or joint venture
 Data for Chart 2.9

**Appendix 3:
Supplementary Data Tables
Utilization and Volume**





American Hospital
Association

Table 3.1:
Trends in Inpatient Utilization
in Community Hospitals
1980 - 2003

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
2003	34,782,742	119.6	196,649,769	676.2	9,940,922	5.7

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing

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
2002 and 2003

State	Average Length of Stay		State	Average Length of Stay	
	02	03		02	03
Alabama	4.8	5.0	Montana	10.0	9.8
Alaska	6.3	6.2	Nebraska	8.4	7.5
Arizona	4.3	4.4	Nevada	5.2	5.2
Arkansas	5.5	5.4	New Hampshire	5.5	5.4
California	5.4	5.4	New Jersey	5.7	5.6
Colorado	5.1	5.1	New Mexico	4.7	4.7
Connecticut	6.0	5.4	New York	7.5	7.4
Delaware	5.9	6.2	North Carolina	6.1	6.1
District of Columbia	6.8	6.7	North Dakota	8.9	8.8
Florida	5.3	5.2	Ohio	5.2	5.1
Georgia	6.5	6.5	Oklahoma	5.3	5.3
Hawaii	7.8	7.3	Oregon	4.4	4.3
Idaho	5.3	5.1	Pennsylvania	5.8	5.6
Illinois	5.2	5.1	Rhode Island	5.3	5.4
Indiana	5.7	5.6	South Carolina	5.7	5.8
Iowa	6.6	6.5	South Dakota	10.0	9.7
Kansas	6.6	6.5	Tennessee	5.6	5.6
Kentucky	5.6	5.7	Texas	5.2	5.2
Louisiana	5.6	5.6	Utah	4.2	4.3
Maine	6.1	5.5	Vermont	6.7	6.6
Maryland	4.8	4.9	Virginia	5.7	5.8
Massachusetts	5.7	5.6	Washington	4.8	4.8
Michigan	5.4	5.3	West Virginia	6.0	6.0
Minnesota	7.0	6.7	Wisconsin	5.9	5.7
Mississippi	6.6	6.5	Wyoming	7.5	6.5
Missouri	5.2	5.2			

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2002 and 2003, 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 - 2003**

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
2003	111.0	382	4,570

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990-2003, for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing

⁽¹⁾ *Defined as hospitals that reported ED visits
Data for Charts 3.7 and 3.8*



American Hospital
Association

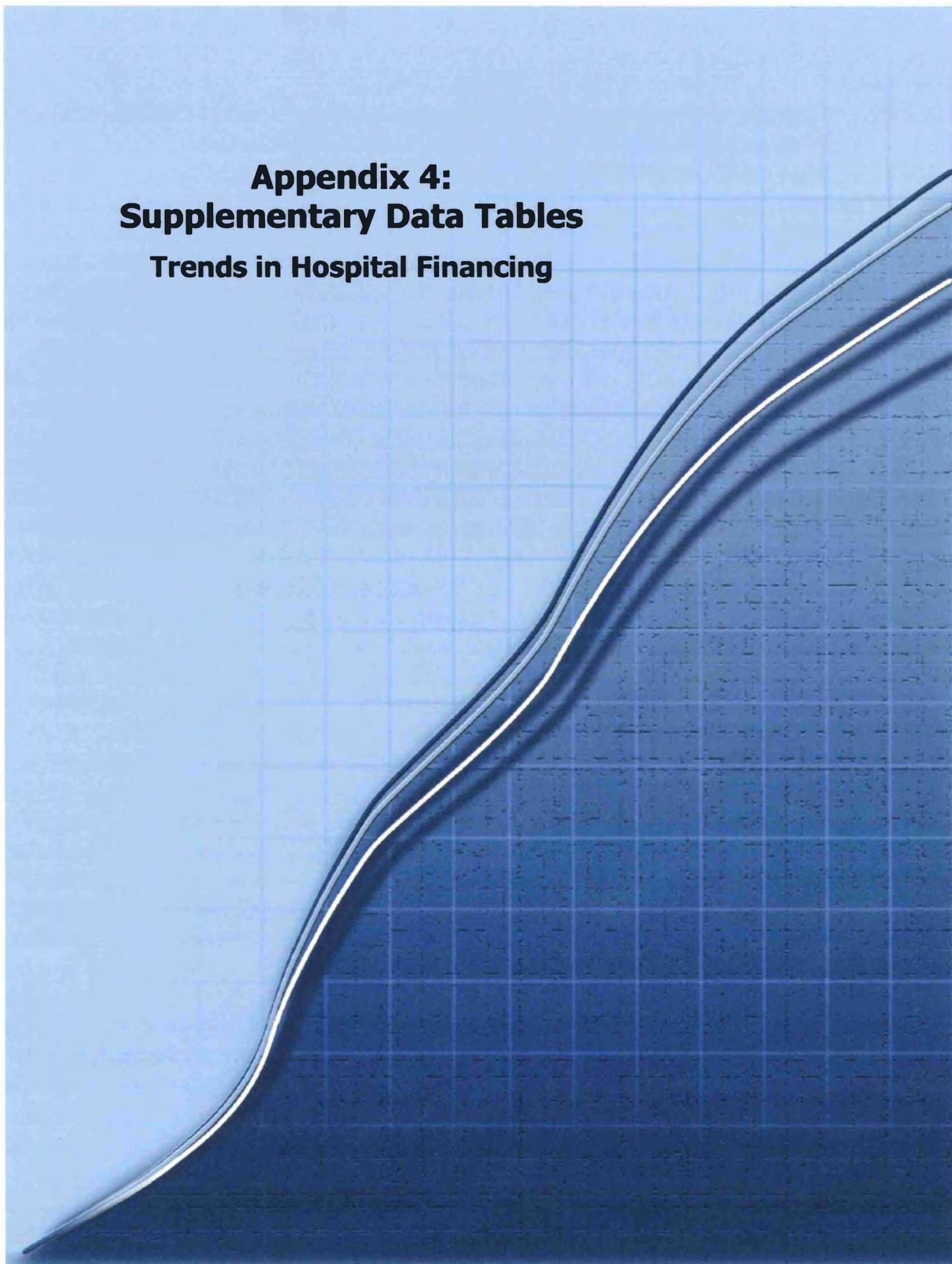
Table 3.4:
Outpatient Utilization in Community Hospitals
1980 - 2003

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	17,361,176
2003	563,186,046	1,936.6	17,165,616

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1990-2003, for community hospitals and US Census Bureau: State and County QuickFacts, 2003 population estimate data derived from Population Estimates, 2000 Census of Population and Housing

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 Total Hospital Margins⁽¹⁾, Operating Margins⁽²⁾, and Patient Margins⁽³⁾; Percentage of Hospitals with Negative Total Margins; and Aggregate Non-operating Gains as a Percentage of Total Net Revenue 1980-2003

Year	Aggregate Total Hospital Margins	Aggregate Operating Margins	Aggregate Patient 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	3.9%	1.7%	-4.2%	27.1%	2.1%
1991	4.3%	2.2%	-3.6%	24.7%	2.1%
1992	4.6%	2.7%	-2.7%	23.8%	1.9%
1993	4.2%	2.5%	-3.2%	24.2%	1.8%
1994	4.8%	3.4%	-2.8%	22.4%	1.5%
1995	5.6%	3.9%	-2.2%	20.4%	1.8%
1996	6.7%	4.6%	-1.0%	19.4%	2.3%
1997	6.7%	4.0%	-1.7%	20.4%	2.7%
1998	5.8%	3.1%	-3.0%	26.6%	2.8%
1999	4.6%	2.1%	-4.3%	32.5%	2.6%
2000	4.6%	2.0%	-4.2%	32.0%	2.6%
2001	4.2%	2.7%	-3.6%	29.4%	1.6%
2002	4.4%	3.7%	-2.3%	29.3%	0.8%
2003	4.8%	3.3%	-2.8%	29.9%	1.5%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, for community hospital

⁽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

Data for Charts 4.1, 4.2, and 4.9



American Hospital Association

**Table 4.2:
Distribution of Inpatient vs. Outpatient Revenues
1980 - 2003**

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%
2003	35%	65%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, 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 - 2003

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%
2003	\$7,796	\$8,065	6.0%	5.6%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, 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 - 2003

Year	Medicare	Medicaid ⁽¹⁾	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%
2003	95.3%	92.3%	122.3%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, for community hospitals

⁽¹⁾ Includes Medicaid Disproportionate Share payments

Data for Chart 4.7



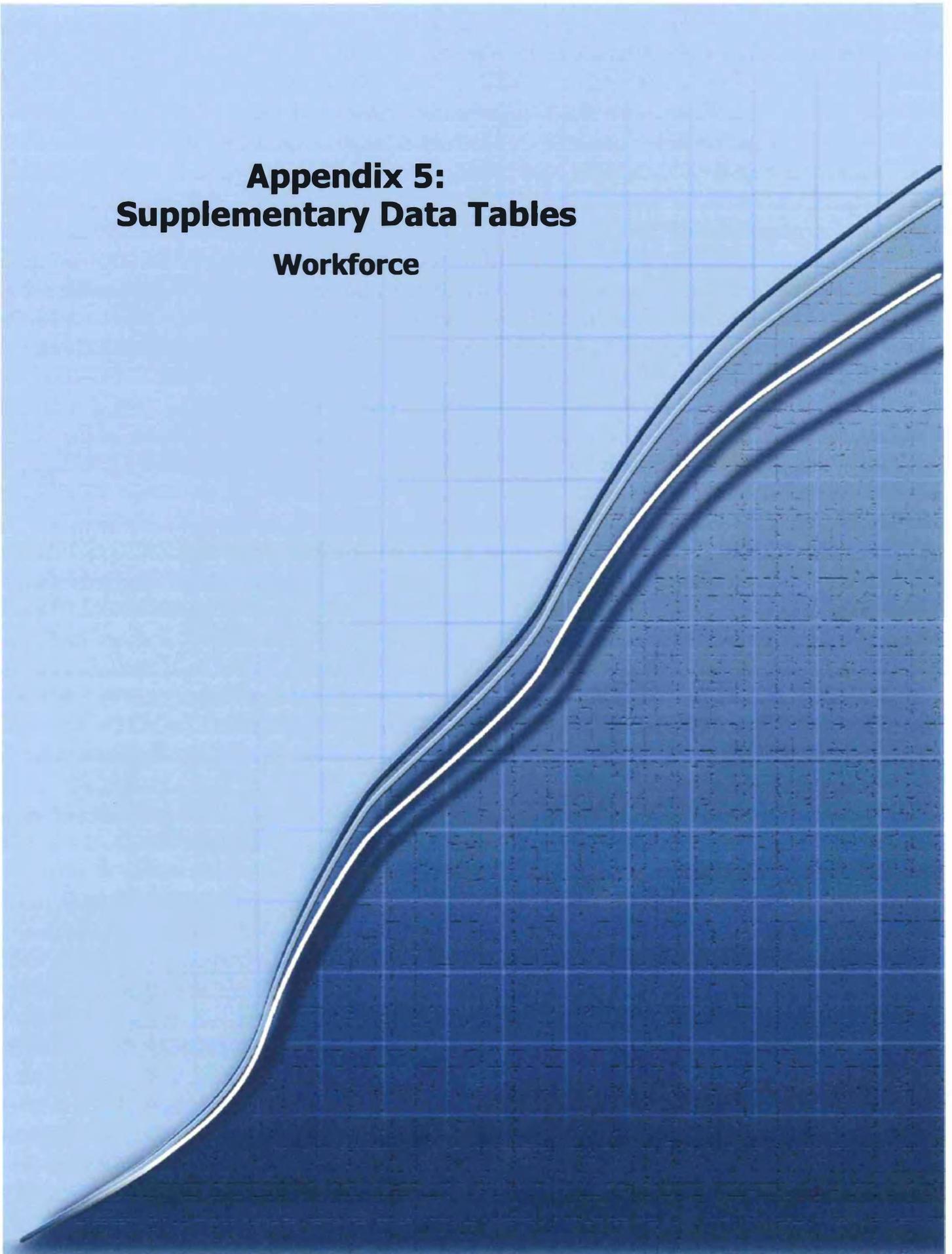
American Hospital
Association

Table 4.5:
Hospital Payment Shortfall Relative to Costs
Medicare, Medicaid, and Other Government
1997 - 2003

Year	Medicare (billions)	Medicaid (billions)	Other Government (billions)
1997	\$-4.3	\$1.6	\$0.7
1998	\$-2.3	\$1.4	\$0.6
1999	\$0.1	\$1.9	\$0.4
2000	\$1.4	\$2.6	\$0.5
2001	\$2.4	\$2.1	\$0.7
2002	\$3.4	\$2.3	\$0.6
2003	\$8.1	\$5.0	\$0.5

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1997 - 2003, for community hospitals
Data for Chart 4.8

**Appendix 5:
Supplementary Data Tables
Workforce**





American Hospital
Association

Table 5.1:
Total Number of Active Physicians per 1,000 Persons
by State
2001 and 2002

State	Physicians per 1,000 Persons		State	Physicians per 1,000 Persons	
	01	02		01	02
Alabama	2.00	1.99	Montana	2.14	2.19
Alaska	1.93	2.00	Nebraska	2.24	2.26
Arizona	2.07	1.89	Nevada	1.80	1.79
Arkansas	1.90	1.92	New Hampshire	2.47	2.52
California	2.40	2.40	New Jersey	3.14	3.14
Colorado	2.41	2.40	New Mexico	2.13	2.20
Connecticut	3.44	3.44	New York	3.67	3.65
Delaware	2.51	2.52	North Carolina	2.30	2.33
District of Columbia	6.25	6.18	North Dakota	2.21	2.25
Florida	2.40	2.41	Ohio	2.58	2.60
Georgia	2.04	2.04	Oklahoma	1.92	1.92
Hawaii	2.74	2.77	Oregon	2.37	2.41
Idaho	1.61	1.66	Pennsylvania	3.16	3.15
Illinois	2.62	2.60	Rhode Island	3.34	3.34
Indiana	2.06	2.09	South Carolina	2.15	2.15
Iowa	2.00	1.99	South Dakota	1.98	2.01
Kansas	2.19	2.17	Tennessee	2.40	2.42
Kentucky	2.10	2.13	Texas	2.04	2.03
Louisiana	2.44	2.44	Utah	1.99	1.98
Maine	2.73	2.71	Vermont	3.32	3.37
Maryland	3.59	3.53	Virginia	2.44	2.45
Massachusetts	3.93	3.92	Washington	2.44	2.47
Michigan	2.62	2.58	West Virginia	2.37	2.37
Minnesota	2.57	2.53	Wisconsin	2.36	2.41
Mississippi	1.71	1.71	Wyoming	1.80	1.82
Missouri	2.49	2.48			

Source: CDC, NCHS Health United States, 2003 and 2004; 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 - 2003**

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
2003	77,813

*Source: The Lewin Group
analysis of American Hospital
Association Annual Survey data,
1980-2003, 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 – 2003

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
2003	4,108,628	0.071

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2003, 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 - 2003**

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%
2003	1,021.3	0.0177	24.9%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1986-2003, for community hospitals
Data for Charts 5.6 and 5.7*

Table 5.5:
**Number of Physicians by Age
1980, 1990, and 2003**

Age Group	1980	1990	2003
Under 35	128,506	134,872	139,867
35-44	118,840	184,743	210,226
45-54	88,063	116,803	216,801
55-64	68,239	83,614	142,468
65 & Over	64,031	95,389	162,173
Total # of Physicians	467,679	615,421	871,535

*Source: American Medical Association, Physician Characteristics and Distribution in the US, 2005 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
Total # of RNs	1,073,841	1,462,117	1,853,033	2,159,720	2,063,357

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



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Association

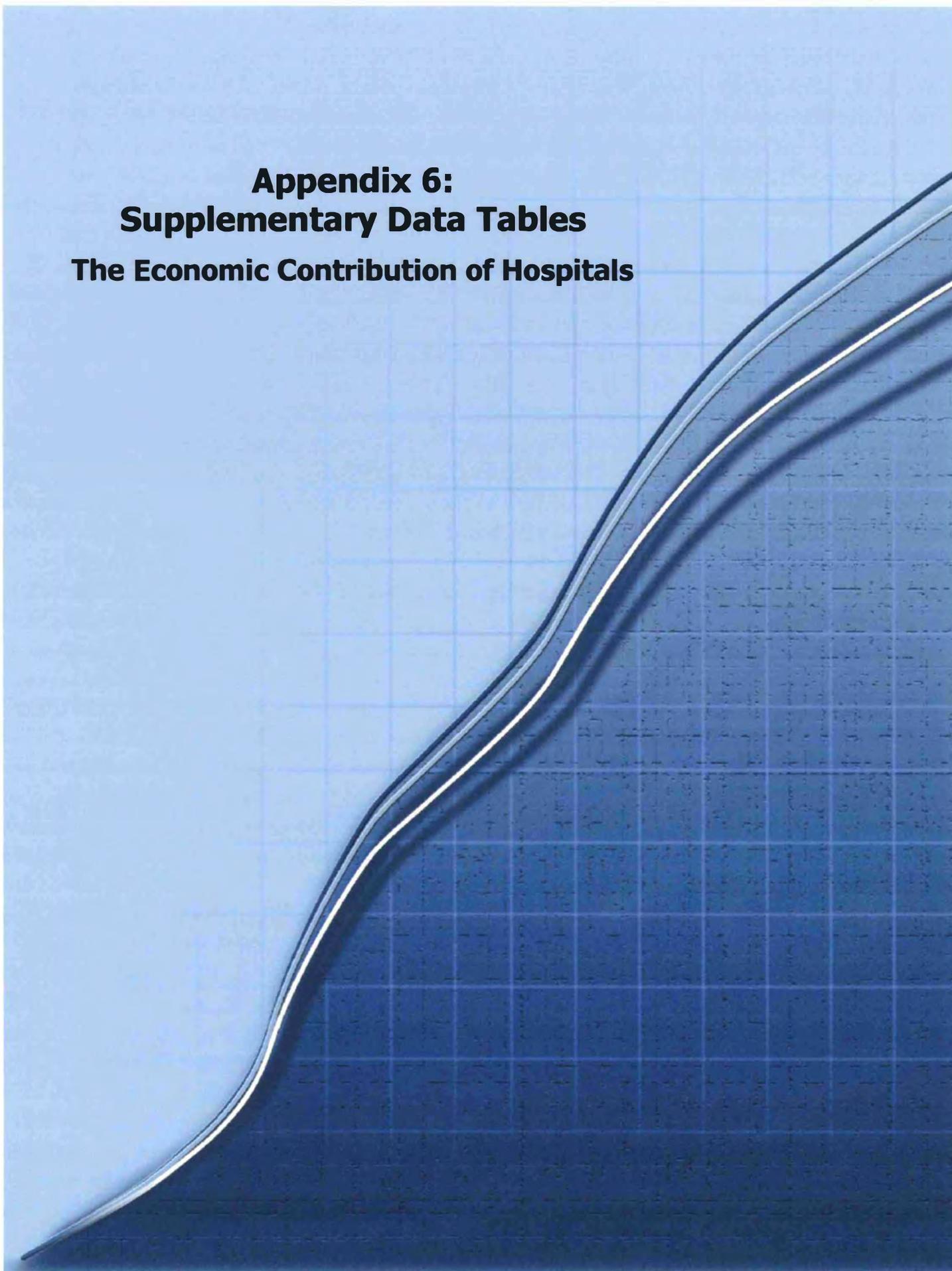
Table 5.8:
National Supply and Demand Projections for FTE RNs
2005 - 2020

Year	RN FTE Supply	RN FTE Demand
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 - 2003**

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
2003	4,876.7

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1992-2003, for community hospitals
Data for Chart 6.2

**Table 6.2:
Hospital Employment vs.
Employment in Other Industries
2004⁽¹⁾**

Title	Employment (thousands)
Full-service Restaurants	4,215.8
General Medical & Surgical Hospitals	4,091.1
Employment Services	3,865.6
Limited-service Eating Places	3,677.7
Grocery Stores	2,446.0
Offices of Physicians	2,078.6
Building Equipment Contractors	1,886.5
Department Stores	1,622.1

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

⁽¹⁾ Data is as of October 2004

Data for Chart 6.4



American Hospital
Association

Table 6.3:
Average Weekly Earnings of Workers, Hospitals⁽¹⁾ vs.
All Service-Providing industries
1990 - 2003

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
2003	\$674.39	\$484.00

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

⁽¹⁾ Includes physicians employed by hospitals.

Data for Chart 6.5



Glossary

Adjusted Admissions – An aggregate measure of services, reflecting the admission and equivalent admissions attributed to inpatient services. Equivalent admissions are attributed to inpatient services as derived from the ratio of inpatient to-day to equivalent services.

Assisted Living – Special combination of housing, services, assistance and health care designed to respond to the individual requirements of daily living. Supported services include meal, medical and unskilled nursing care, and other services that are not directly for acute medical and encourage the individual's independence and health.

Average Age of Patient – Accumulated days of patient care divided by the number of inpatient days.

Community Hospitals – Nonfederal, voluntary hospitals and services are available to the general public and (may include ambulatory, long-term care services).

FTE per Adjusted Admissions – Full-time equivalent employees per number of admissions.

Group Practice with Administrative Services – A group of physicians who share administrative services.

Health System – A group of related health care provider facilities and related facilities.

Home Health – Health care services provided in the patient's home or other non-hospital setting.



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Association

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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