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**Trends Affecting Hospitals  
and Health Systems**

*TrendWatch  
Chartbook*

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American Hospital  
Association



The LEWIN GROUP

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**American Hospital  
Association**

## *TrendWatch Chartbook 2006*

Trends Affecting  
Hospitals and Health Systems

March 2006

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

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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.

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



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





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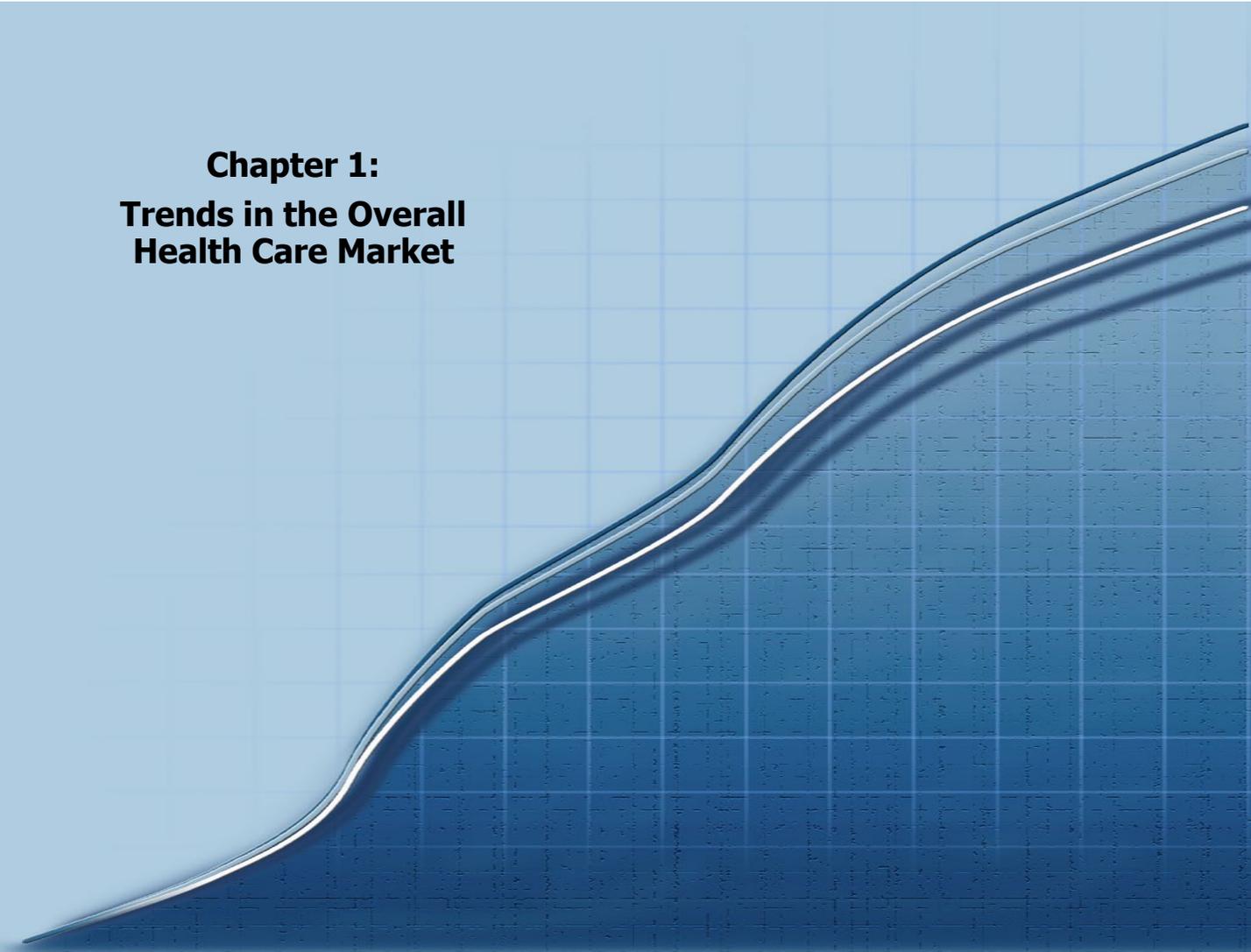


## ACKNOWLEDGEMENTS

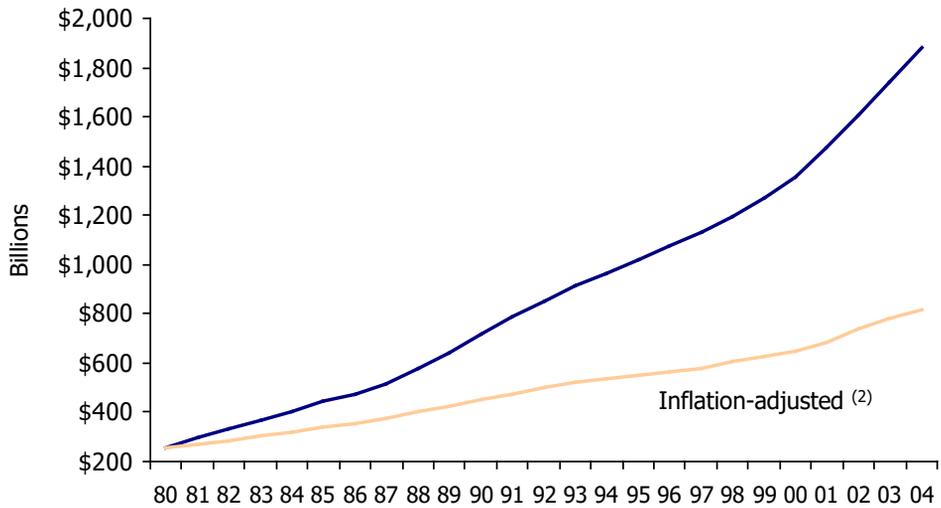
There are many people who made significant contributions toward the completion of this report. Presented below is a list of the staff of The Lewin Group and The American Hospital Association who were actively involved in the production of the *TrendWatch Chartbook 2006*.

Debjani Bhaumik  
Carmela Coyle  
Debbie Faulk  
Erin Karnes  
Traci Padgett  
Caroline Steinberg

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



**Chart 1.1:  
Total National Health Expenditures  
1980 – 2004<sup>(1)</sup>**

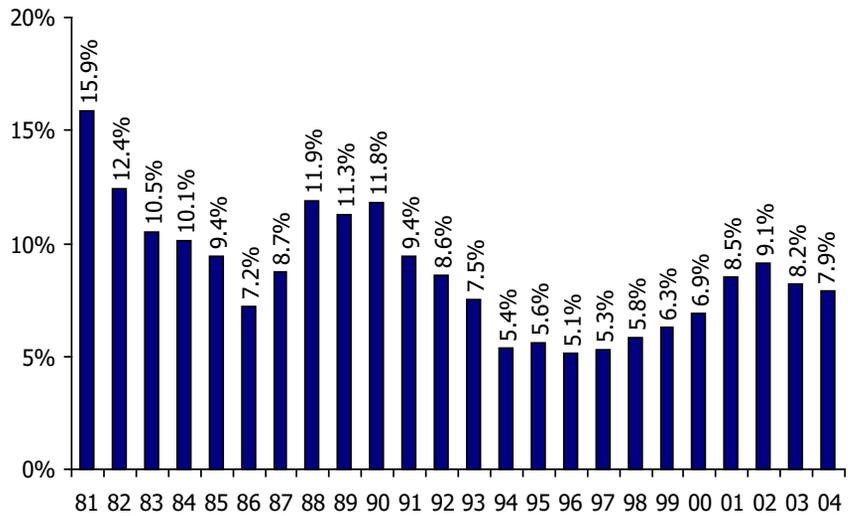


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

<sup>(2)</sup> Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for Urban Consumers

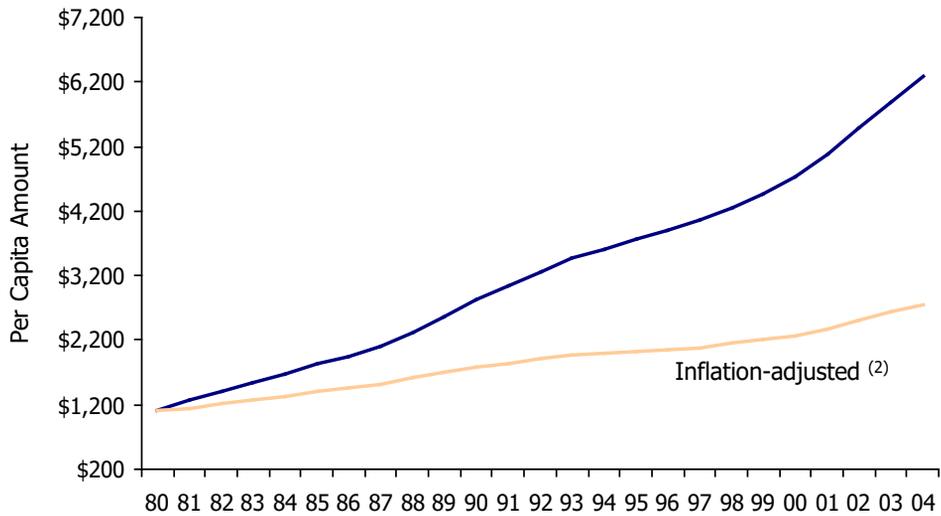
**Chart 1.2:  
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Source: Centers for Medicare & Medicaid Services, Office of the Actuary

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

**Chart 1.3:  
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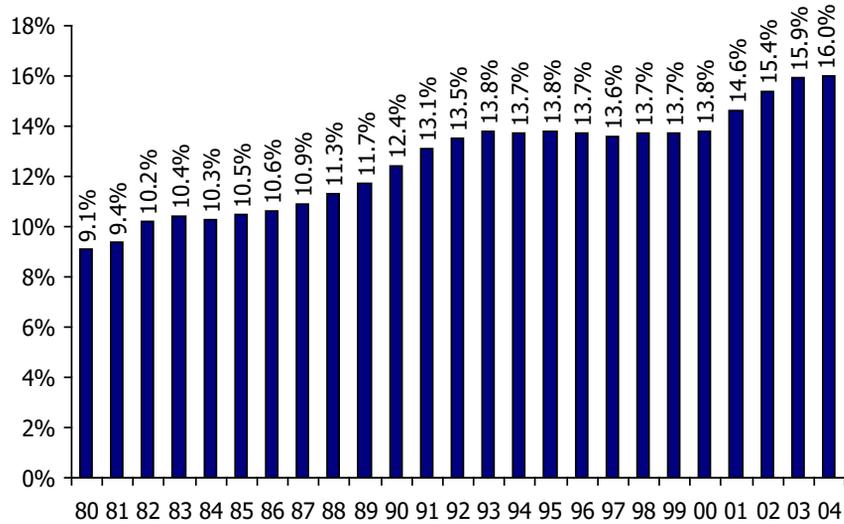


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

<sup>(2)</sup> Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for Urban Consumers

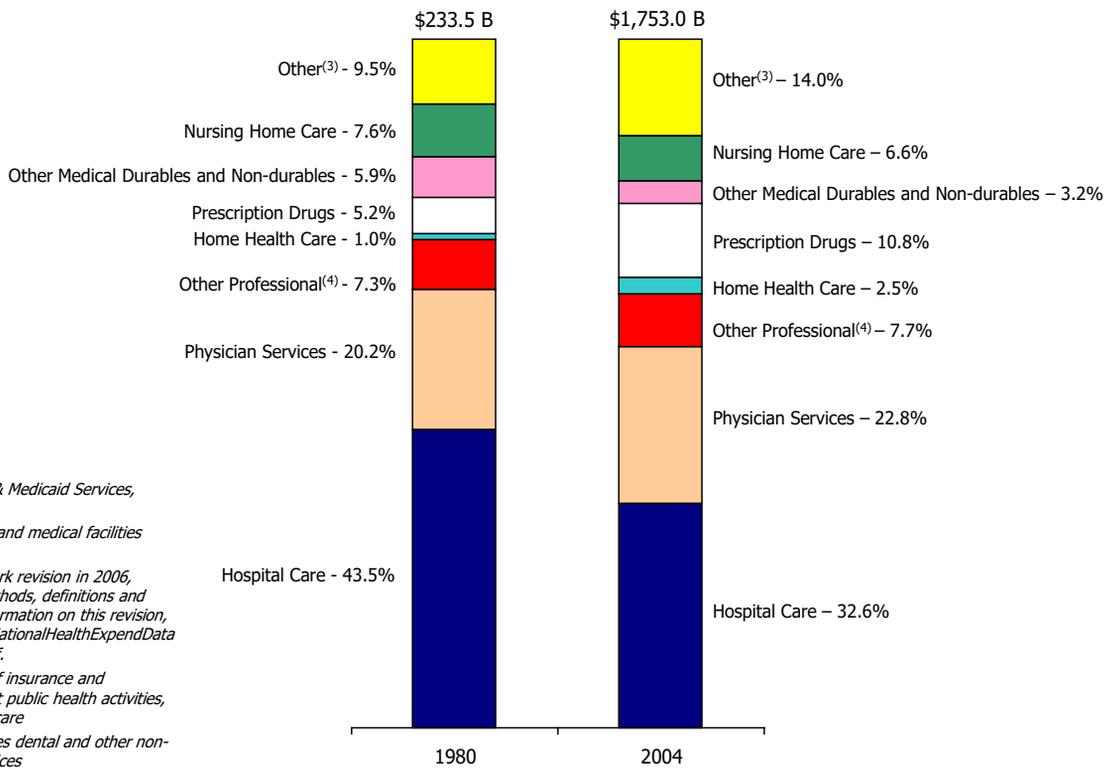
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1980 – 2004<sup>(1)</sup>**



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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

**Chart 1.5:  
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1980 and 2004<sup>(2)</sup>**



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

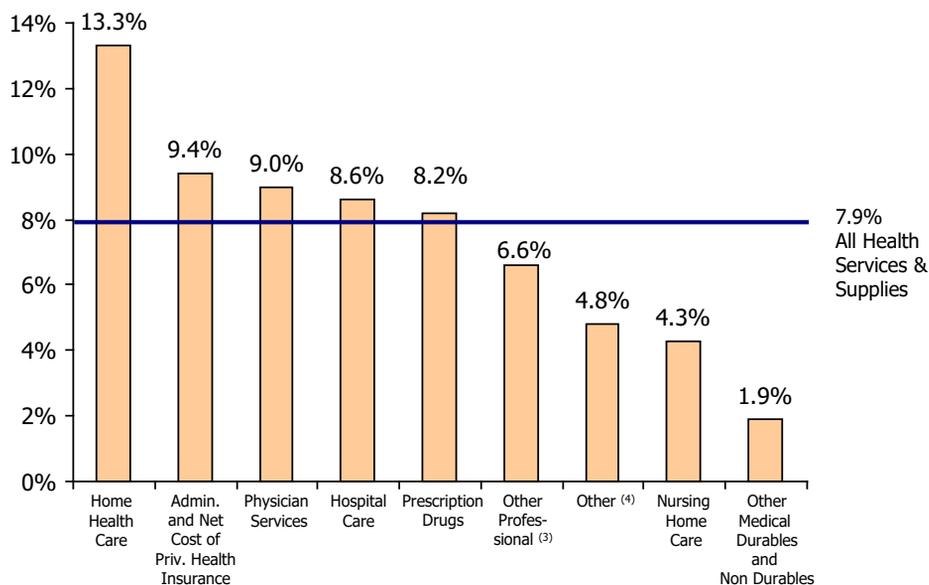
<sup>(1)</sup> Excludes medical research and medical facilities construction

<sup>(2)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

<sup>(3)</sup> "Other" includes net cost of insurance and administration, government public health activities, and other personal health care

<sup>(4)</sup> "Other professional" includes dental and other non-physician professional services

**Chart 1.6:  
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Source: Centers for Medicare & Medicaid Services, Office of the Actuary

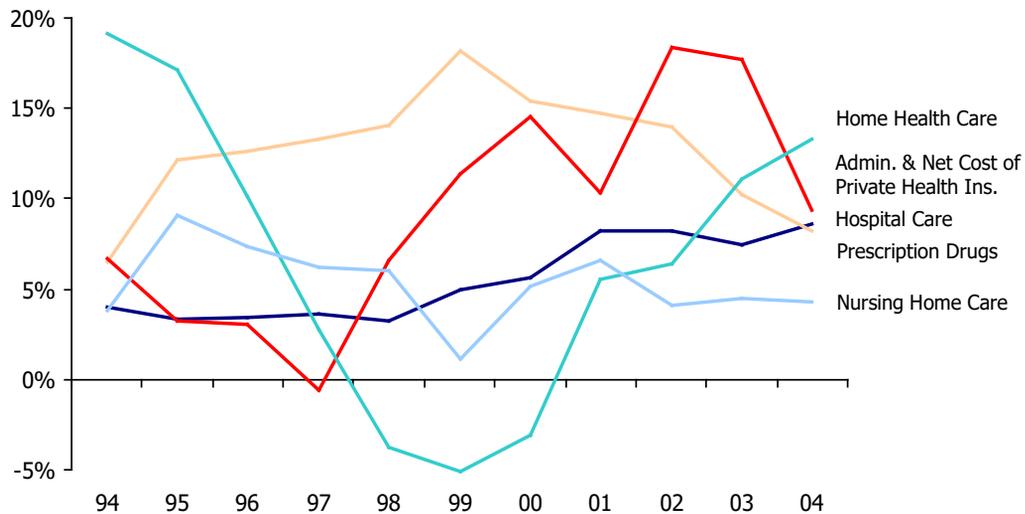
<sup>(1)</sup> Excludes medical research and medical facilities construction

<sup>(2)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

<sup>(3)</sup> "Other" includes government public health activities and other personal health care

<sup>(4)</sup> "Other professional" includes dental and other non-physician professional services

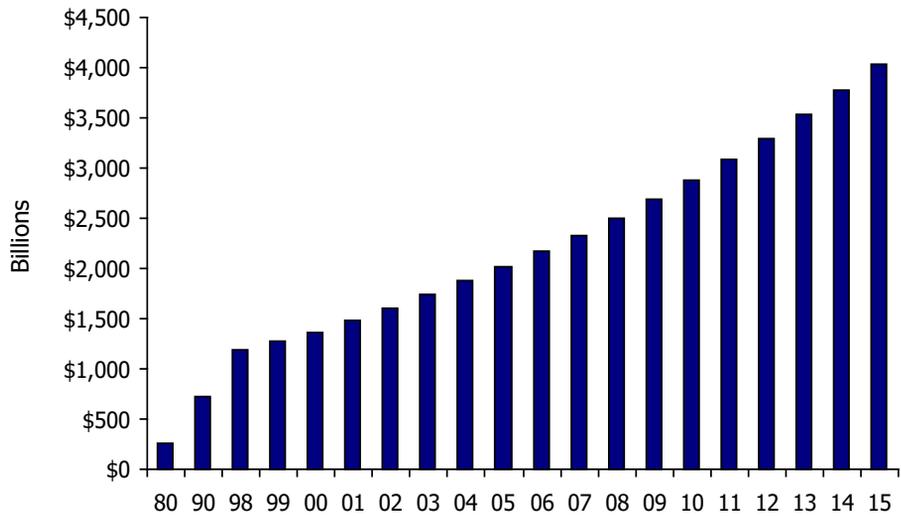
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Source: Centers for Medicare & Medicaid Services, Office of the Actuary

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

**Chart 1.8:  
National Health Expenditures<sup>(1)</sup>  
1980 – 2015<sup>(2)</sup>**

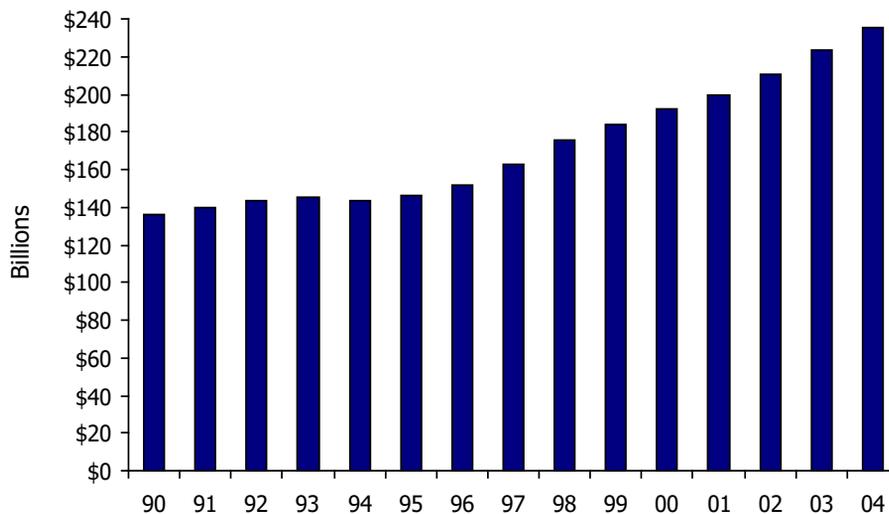


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

<sup>(1)</sup> Years 2005 – 2015 are projections

<sup>(2)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

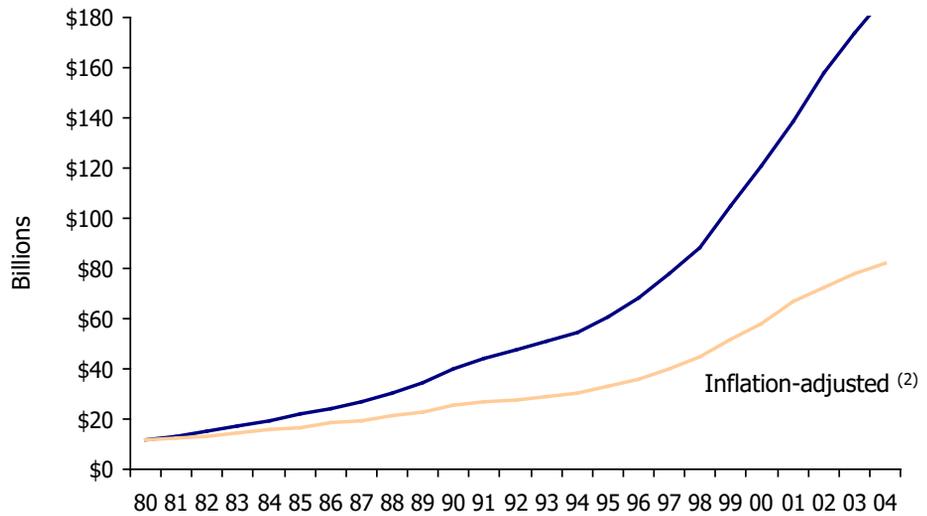
**Chart 1.9:  
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1990 – 2004<sup>(1)</sup>**



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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

**Chart 1.10:  
Total Prescription Drug Spending  
1980 – 2004<sup>(1)</sup>**

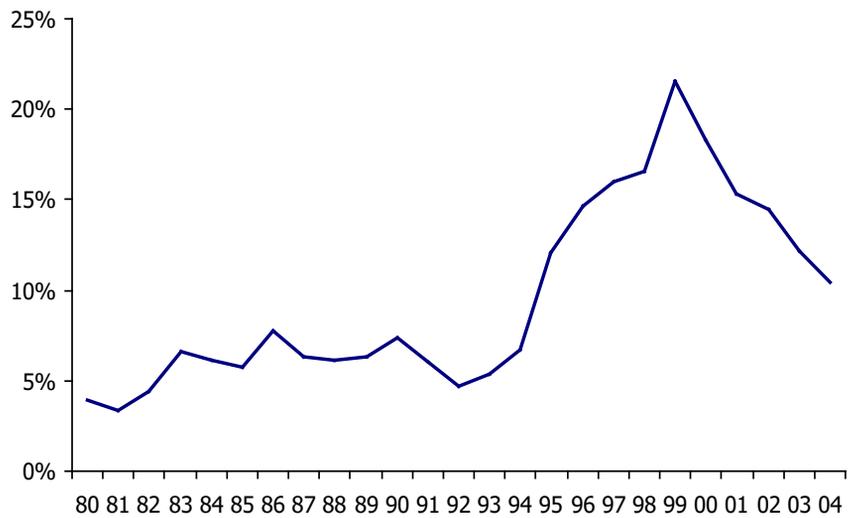


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

<sup>(2)</sup> Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for All Urban Consumers

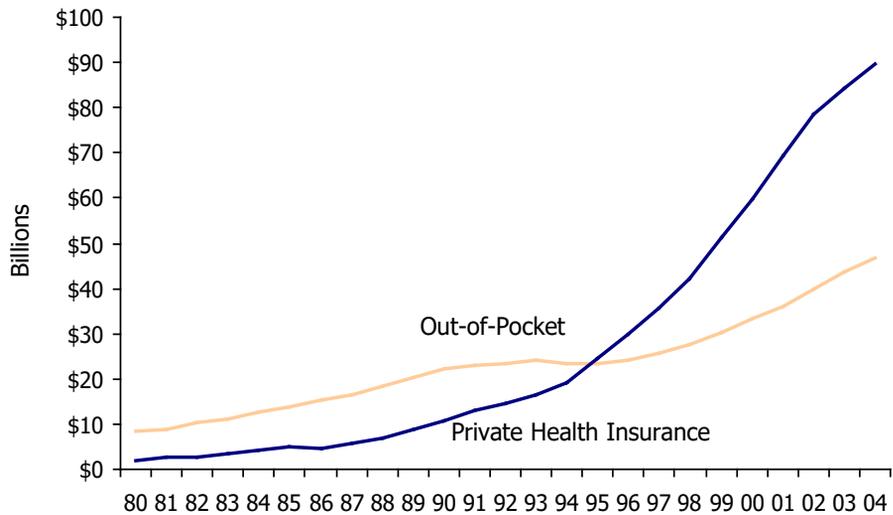
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1980 – 2004<sup>(1)</sup>**



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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

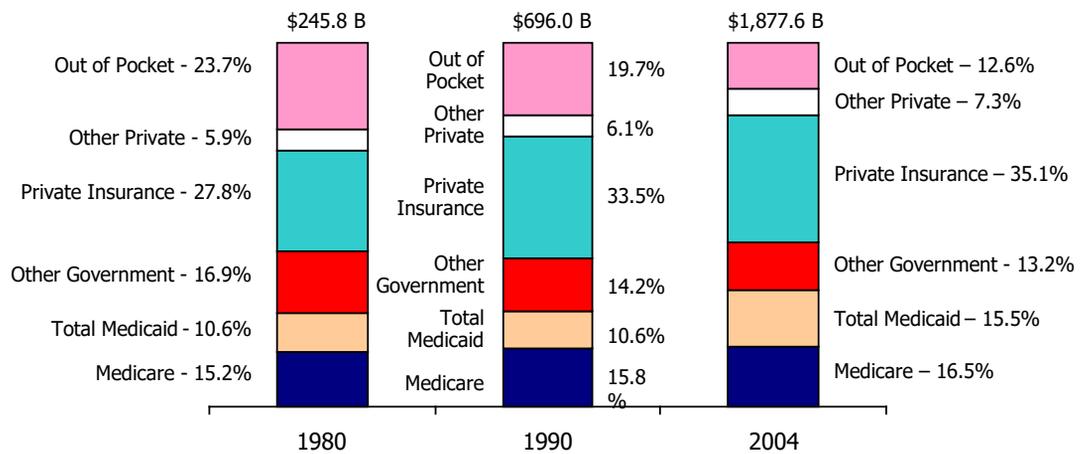
**Chart 1.12:  
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Insurance Spending for Prescription Drugs  
1980 – 2004<sup>(1)</sup>**



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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

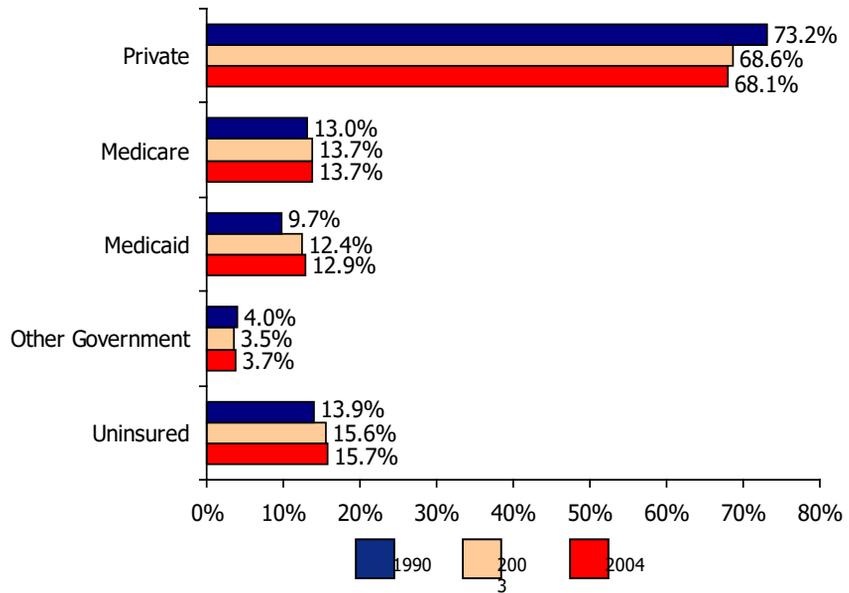
**Chart 1.13:  
Distribution of National Health Expenditures by Source of Payment  
1980, 1990, and 2004<sup>(1)</sup>**



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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

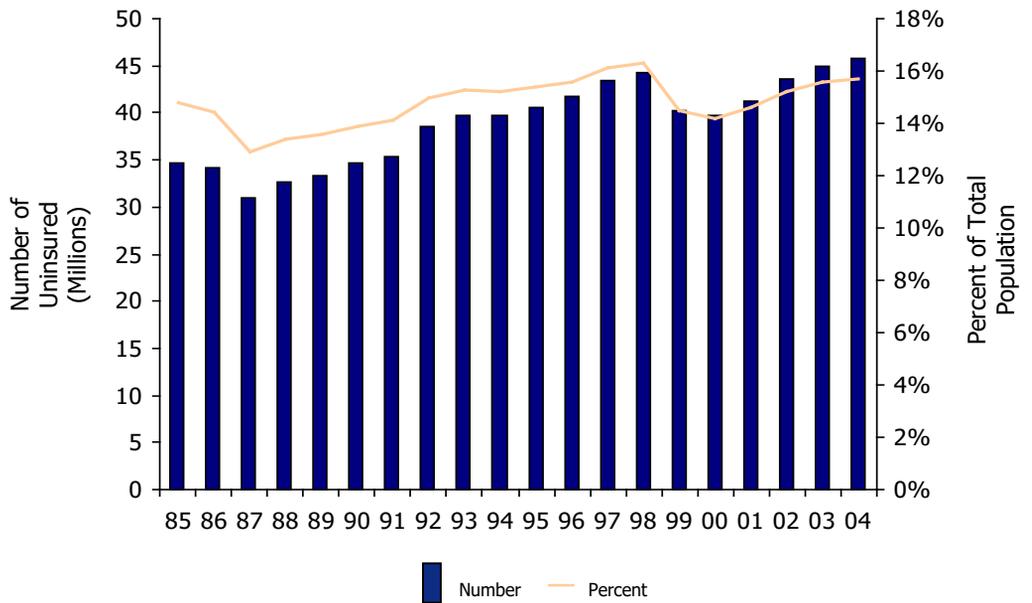
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**Percentage of Population Covered by Payer**  
**1990, 2003, and 2004<sup>(1)</sup>**



Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2004*

<sup>(1)</sup> 2003 and 2004 data use population estimates based on Census 2000

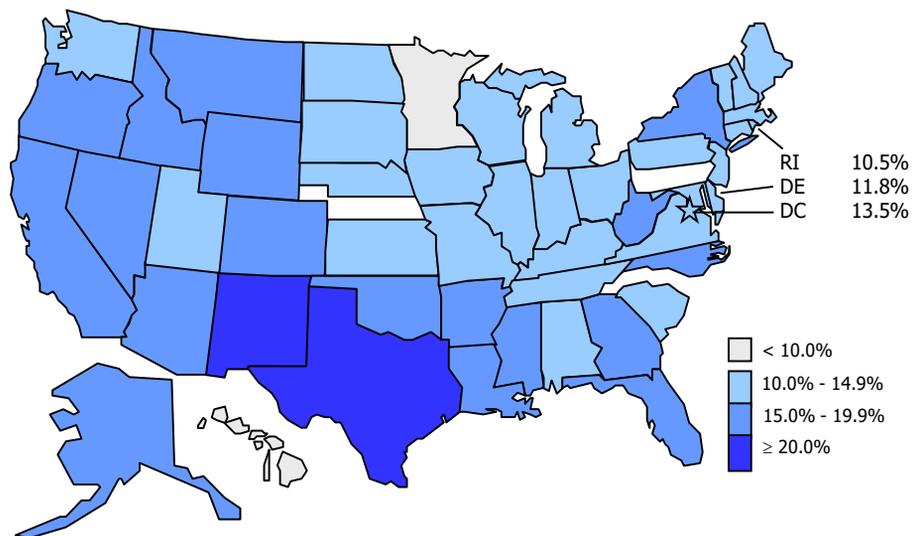
**Chart 1.15:  
Number and Percent Uninsured  
1985 - 2004<sup>(1)</sup>**



Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2004*

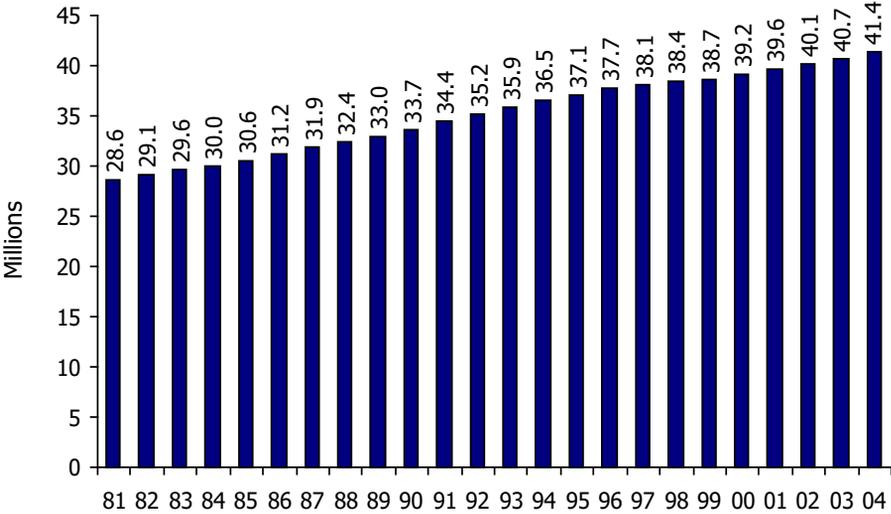
<sup>(1)</sup> 1999 - 2004 data use population estimates based on Census 2000

**Chart 1.16:  
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2002-2004**



Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2004*

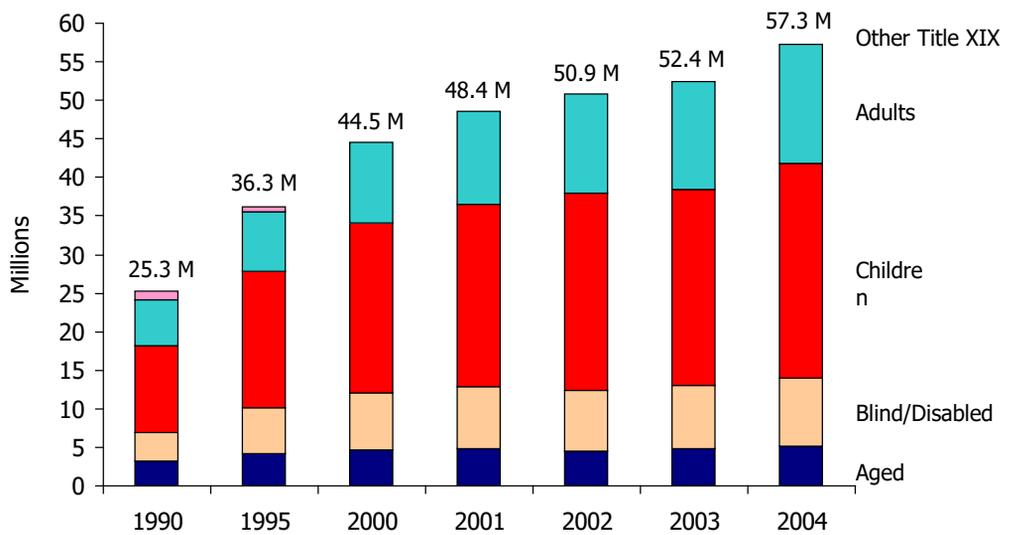
**Chart 1.17:**  
**Medicare Enrollees<sup>(1)</sup>**  
**1981 - 2004**



Source: Centers for Medicare & Medicaid Services

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

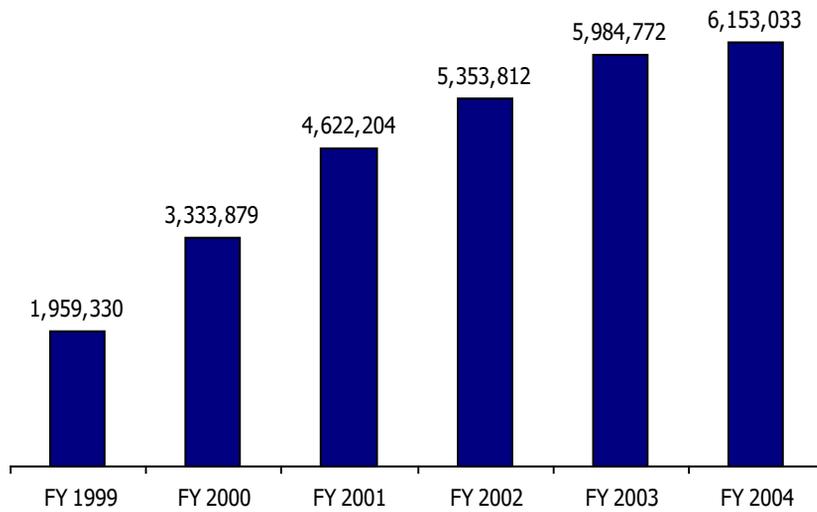
**Chart 1.18:  
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1990, 1995, 2000 - 2004**



Source: Centers for Medicare & Medicaid Services; 2002 Baseline; 2002 data, CBO March 2003 Baseline; 2003 data, CBO March 2004 Baseline; 2004 data, CBO March 2005 Baseline

<sup>(1)</sup> Does not include S-CHIP Enrollees

**Chart 1.19:  
National SCHIP Enrollment<sup>(1)</sup>  
FY 1999 - FY 2004**

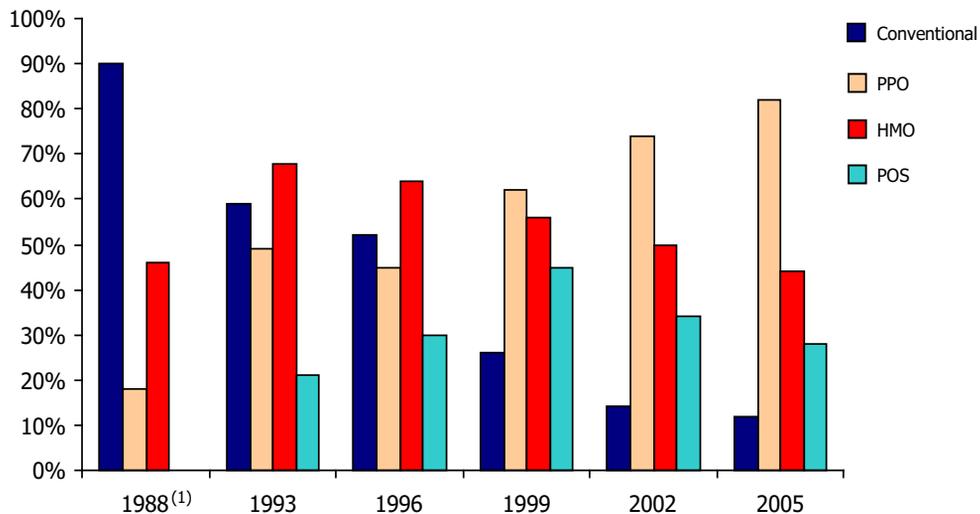


*Source: Centers for Medicare & Medicaid Services*

<sup>(1)</sup> *Number of children enrolled at any point in the year*



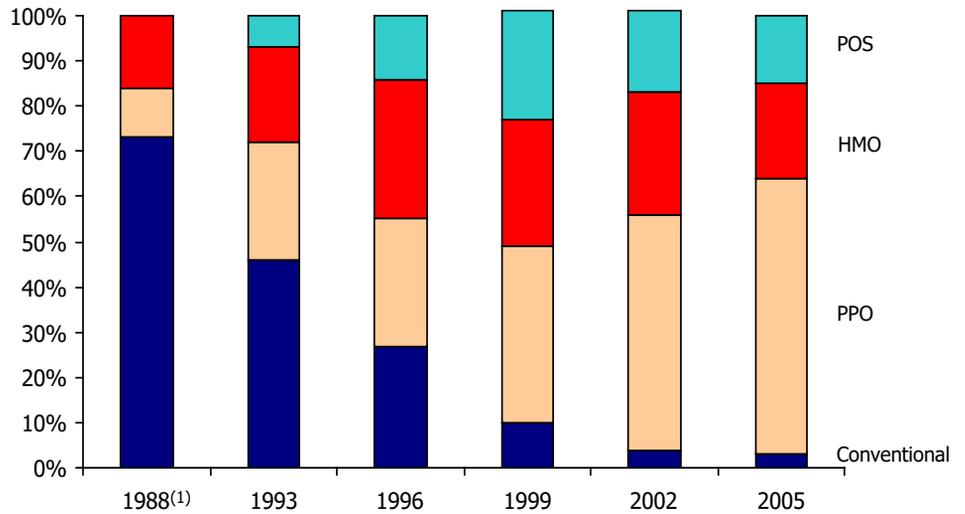
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Percentage of Employees with Employer-based Coverage  
Who Can Choose Conventional, PPO, HMO and POS Plans  
1988 - 2005**



*Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 1999, 2002, 2005; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996*

<sup>(1)</sup> Point-of-service plans not separately identified

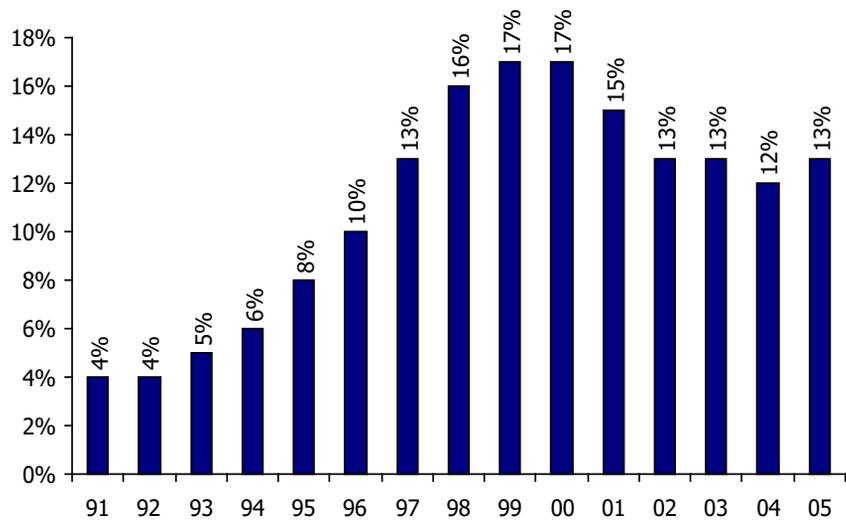
**Chart 1.22:  
Distribution of Employer-sponsored Health Insurance  
Enrollment by Type of Plan  
1988 - 2005**



Source: The Kaiser Family Foundation and Health Research and Educational Trust, *Survey of Employer-Sponsored Health Benefits: 1999, 2002, 2005*; KPMG *Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996*

<sup>(1)</sup> Point-of-service plans not separately identified

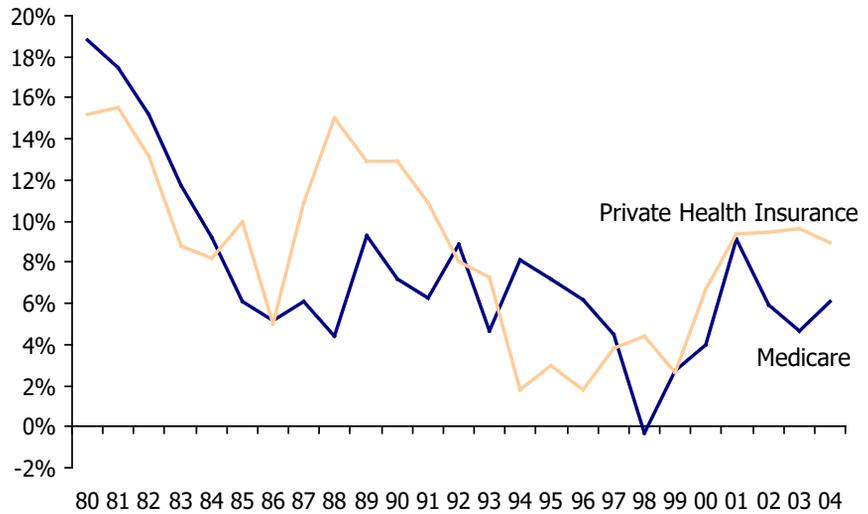
**Chart 1.23:  
Percentage of Medicare Beneficiaries Enrolled  
in Medicare Managed Care<sup>(1)</sup>  
1991 - 2005**



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

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

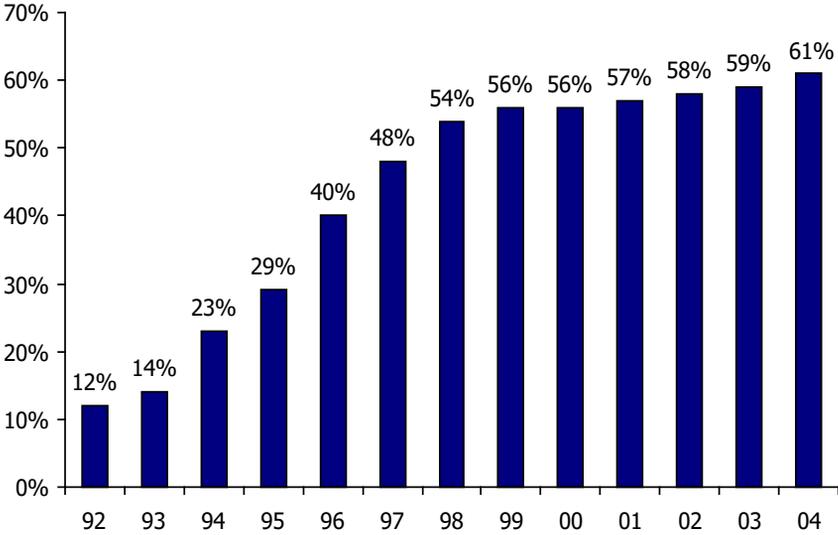
**Chart 1.24:  
Percent Growth in Medicare Spending per Beneficiary vs.  
Private Health Insurance Spending per Enrollee  
1980 – 2004<sup>(1)</sup>**



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

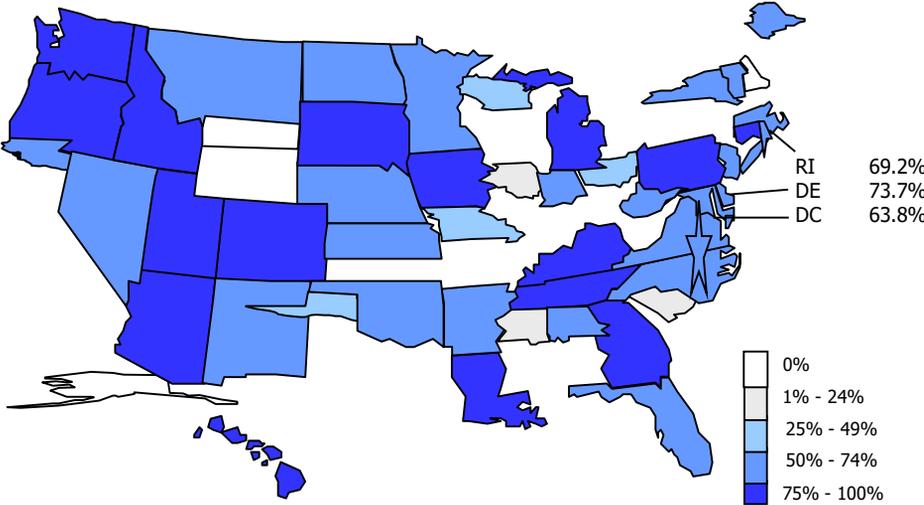
<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

**Chart 1.25:  
Percentage of Medicaid Beneficiaries Enrolled  
in Medicaid Managed Care  
1992 - 2004**



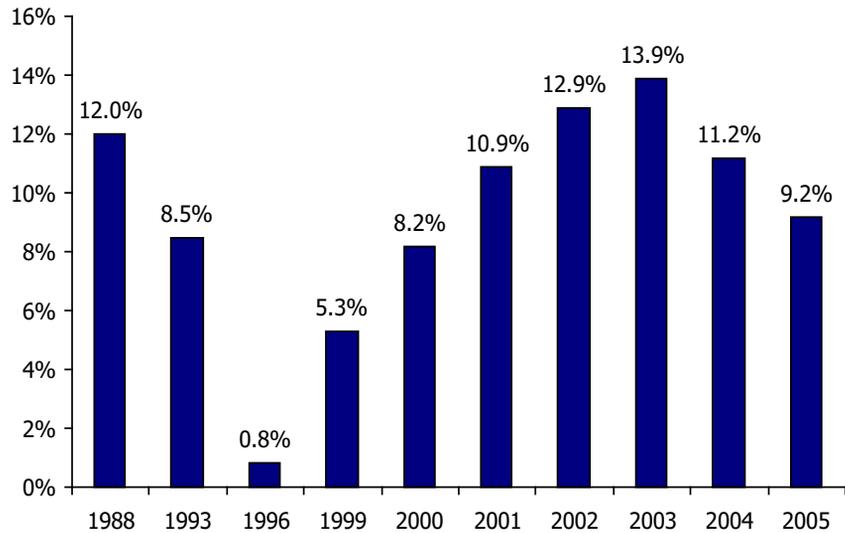
*Source: Centers for Medicare & Medicaid Services, Office of the Actuary*

**Chart 1.26:  
 Percentage of Medicaid Beneficiaries Enrolled  
 in Medicaid Managed Care by State  
 2004**



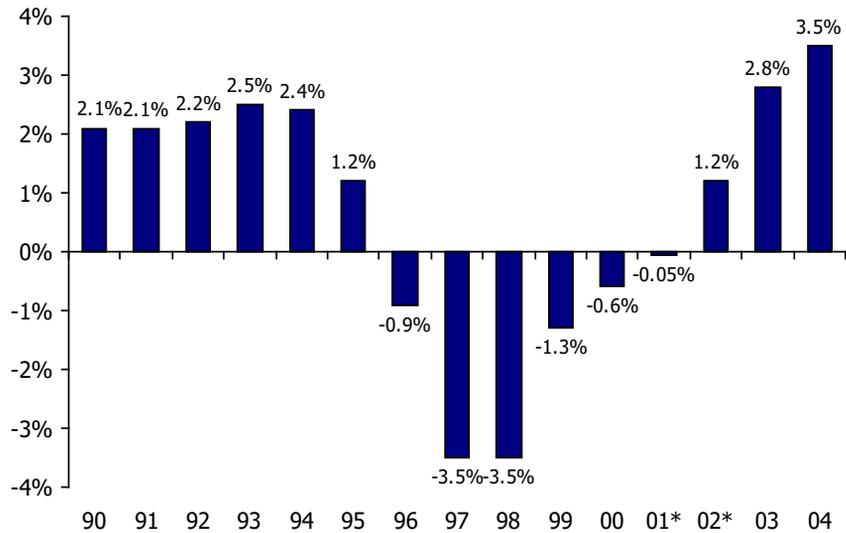
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

**Chart 1.27:  
Annual Change in Health Insurance Premiums  
1988 - 2005**



*Source: The Kaiser Family Foundation and Health Research and Educational Trust, Employer Health Benefits 2000, 2001, 2002, 2003, 2004, 2005 Annual Surveys; KPMG Survey of Employer -Sponsored Health Benefits: 1988, 1993, 1996*

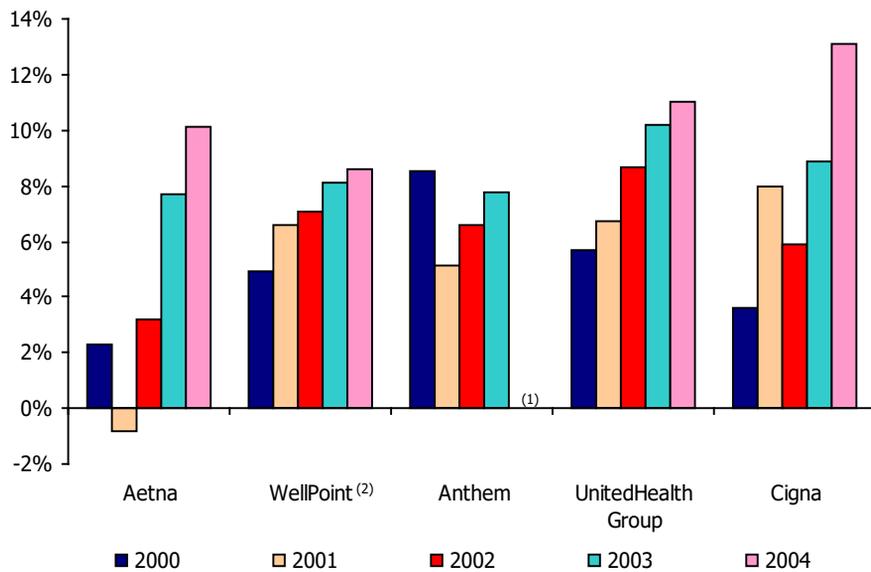
**Chart 1.28:  
HMO Plan Median Operating Margins  
1990 - 2004**



Source: Interstudy Competitive Edge: Part II: Managed Care Industry Report, using data as of January 1, 2005

\* 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

**Chart 1.29:  
Operating Margins of the Top Insurers  
2000 - 2004**

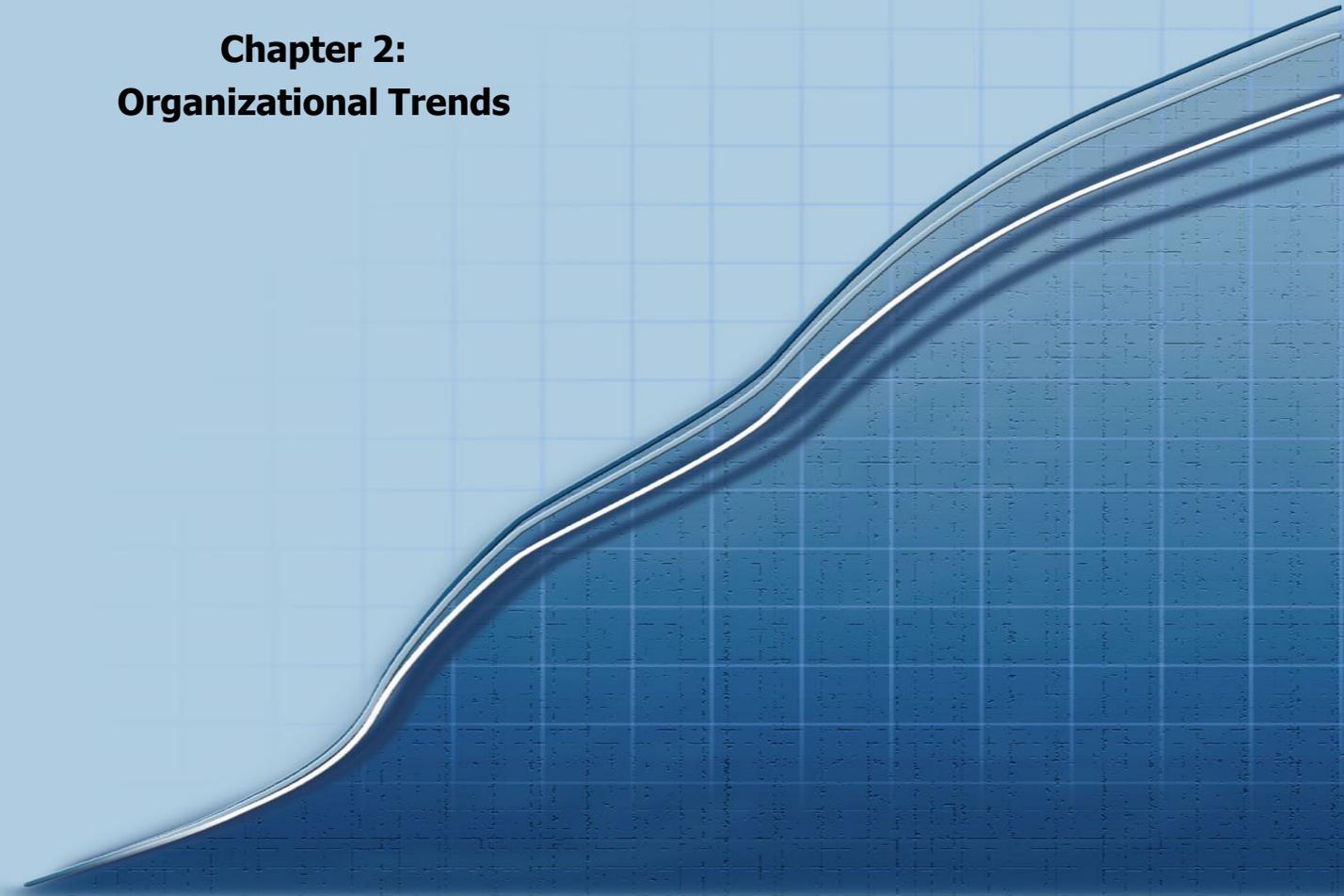


Source: Robinson J. Consolidation and the transformation of competition in health insurance. *Health Affairs* 2004;23(6):11-24 for 2000 – 2003 data and Hoover's Annual Income Statement for 2004 data.

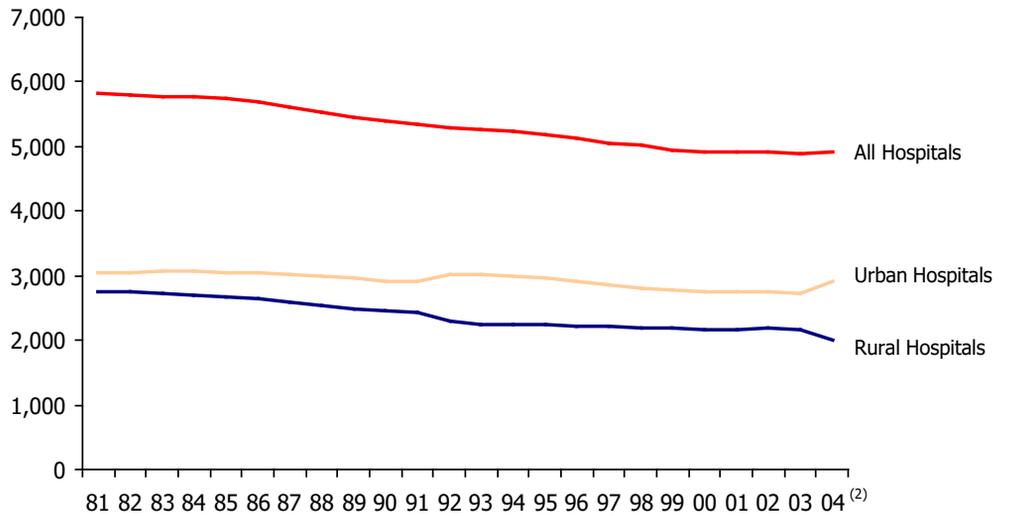
(1) 2004 operating margin data for Anthem are not available due to the merger of Anthem with WellPoint in November 2004

(2) 2004 operating margin data for WellPoint include both pre- and post-merger data for the merger with Anthem in November 2004

## **Chapter 2: Organizational Trends**



**Chart 2.1:  
Number of Community Hospitals<sup>(1)</sup>  
1981 - 2004**

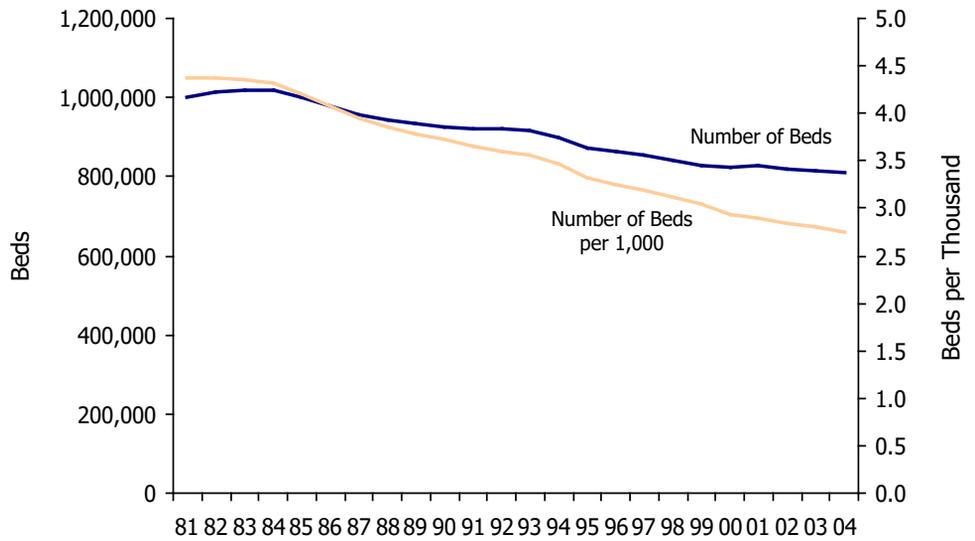


Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals

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

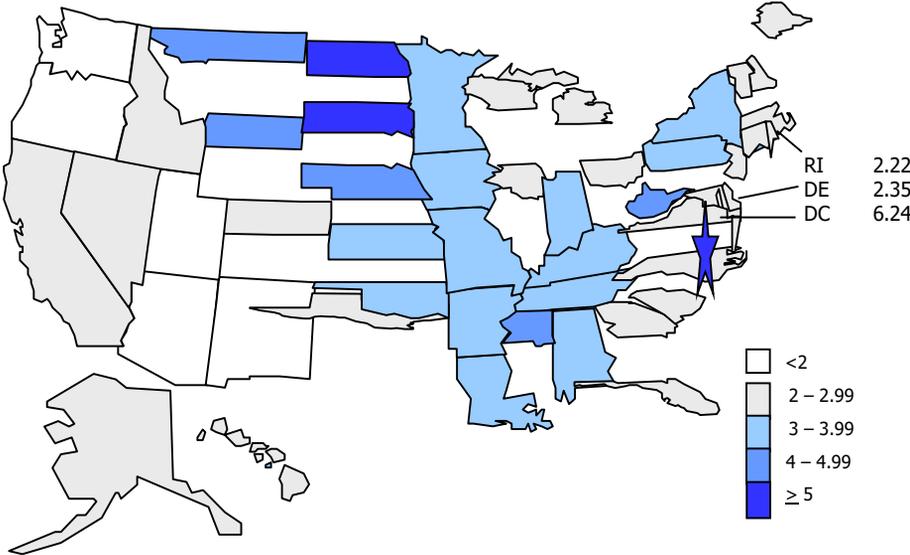
<sup>(2)</sup> Data on the number of urban and rural hospitals in 2004 were collected using coding different from previous years to reflect new Centers for Medicare and Medicaid Services wage area designations

**Chart 2.2:  
Number of Beds and  
Number of Beds per 1,000 Persons  
1981 - 2004**



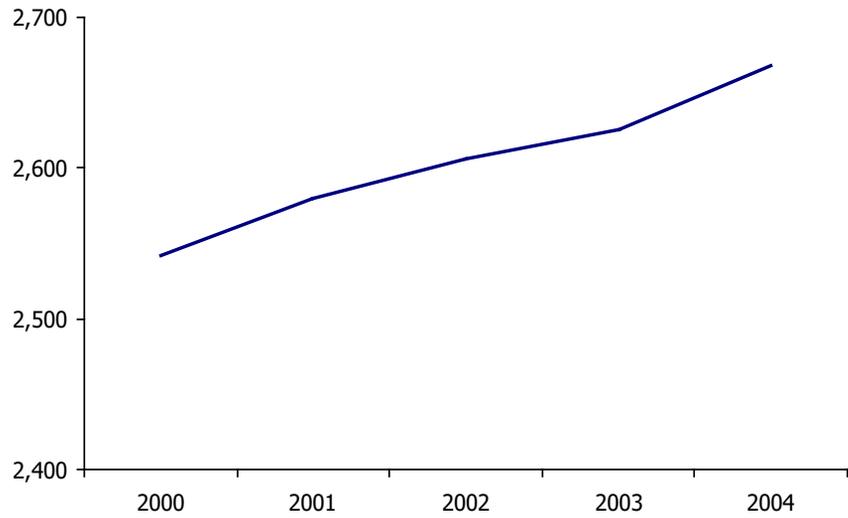
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 - 2004, for community hospitals*

**Chart 2.3:  
Beds per 1,000 by State  
2004**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2004 for community hospitals and US Census Bureau: State and County QuickFacts, 2004 population estimate data derived from Population Estimates, 2000 Census of Population and Housing

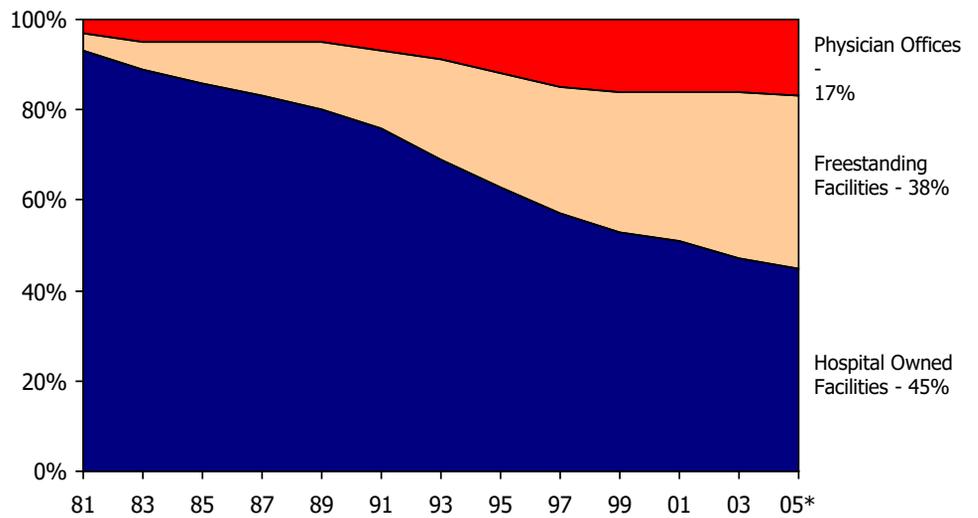
**Chart 2.4:  
Number of Hospitals in Health Systems<sup>(1)</sup>  
2000 - 2004**



*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2000 – 2004, for community hospitals*

<sup>(1)</sup> *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*

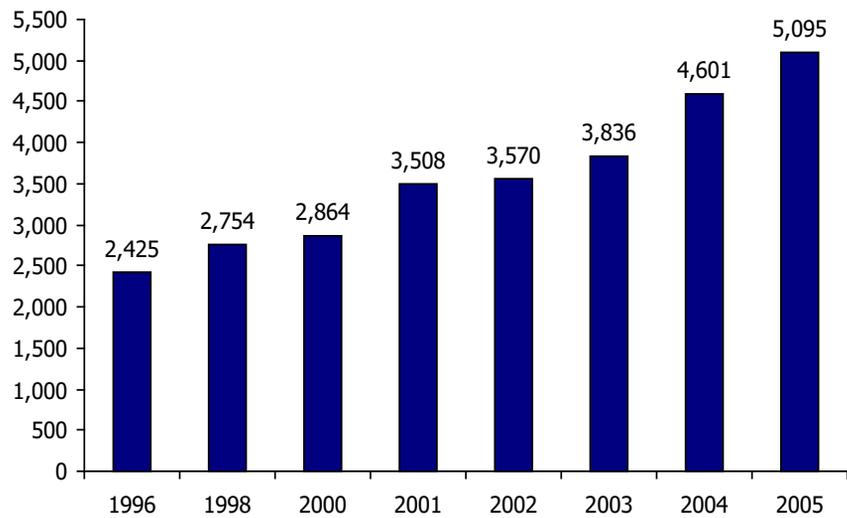
**Chart 2.5:  
Percent of Outpatient Surgeries by Facility Type  
1981 – 2005**



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

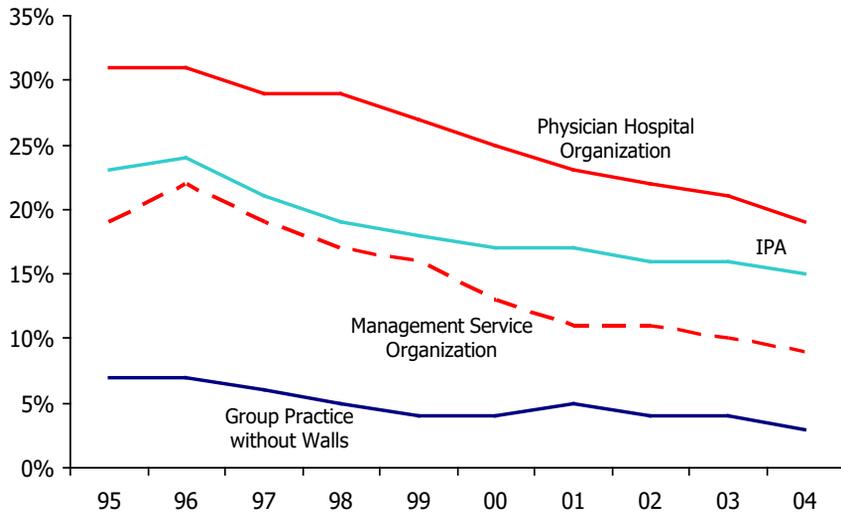
\*2005 values are estimated based upon current trends.

**Chart 2.6:**  
**Number of Freestanding Ambulatory Care Surgery Centers**  
**1996, 1998, and 2000 – 2005**



*Source: Verispan's Diagnostic Imaging Center Profiling Solution*

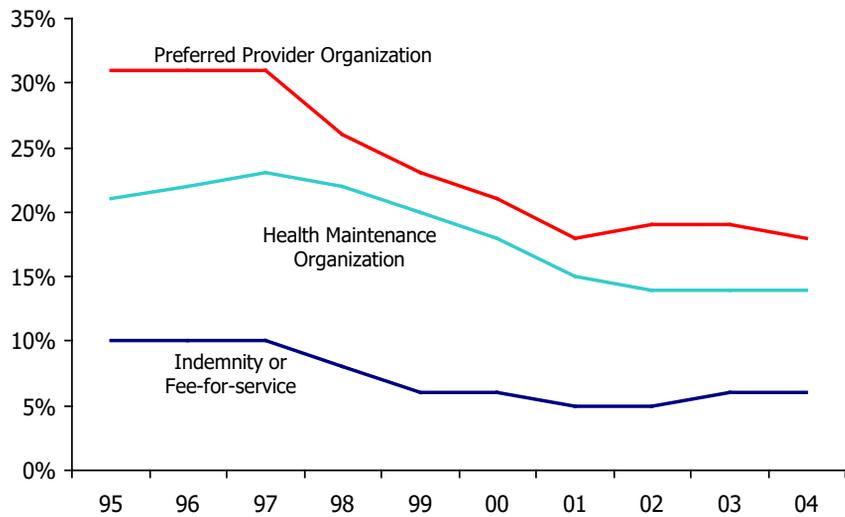
**Chart 2.7:  
Percentage of Hospitals with Physician Affiliates<sup>(1)</sup>  
by Type of Relationship  
1995 - 2004**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 – 2004, for community hospitals

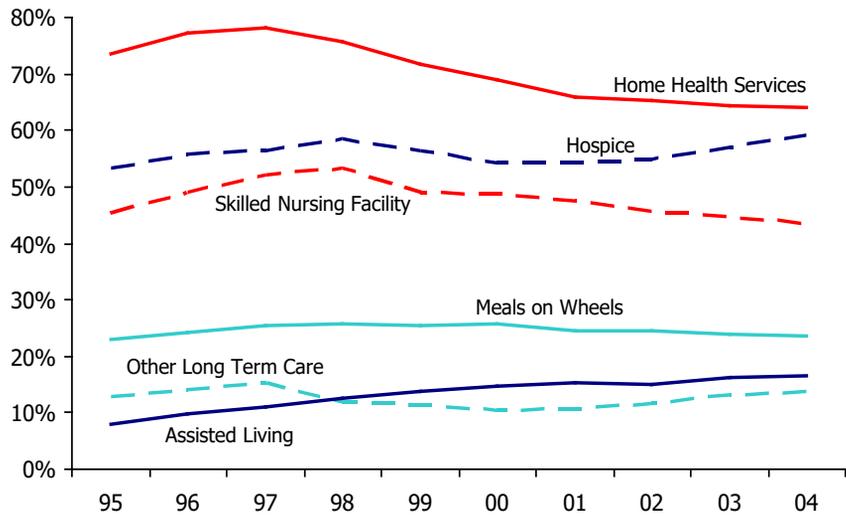
<sup>(1)</sup> A hospital is considered to have a physician relationship if the relationship exists as part of the hospital or a system or network of which the hospital is a part

**Chart 2.8:  
Percentage of Hospitals with Insurance Products  
by Type of Insurance  
1995 - 2004**



*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 - 2004, for community hospitals*

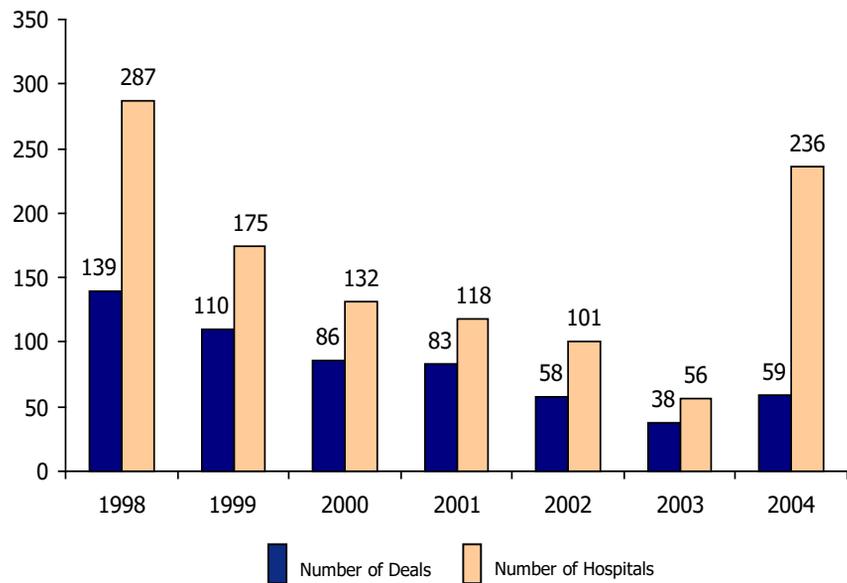
**Chart 2.9:  
Percentage of Hospitals Offering “Non-hospital” Services<sup>(1)</sup>  
1995 - 2004**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 – 2004, for community hospitals

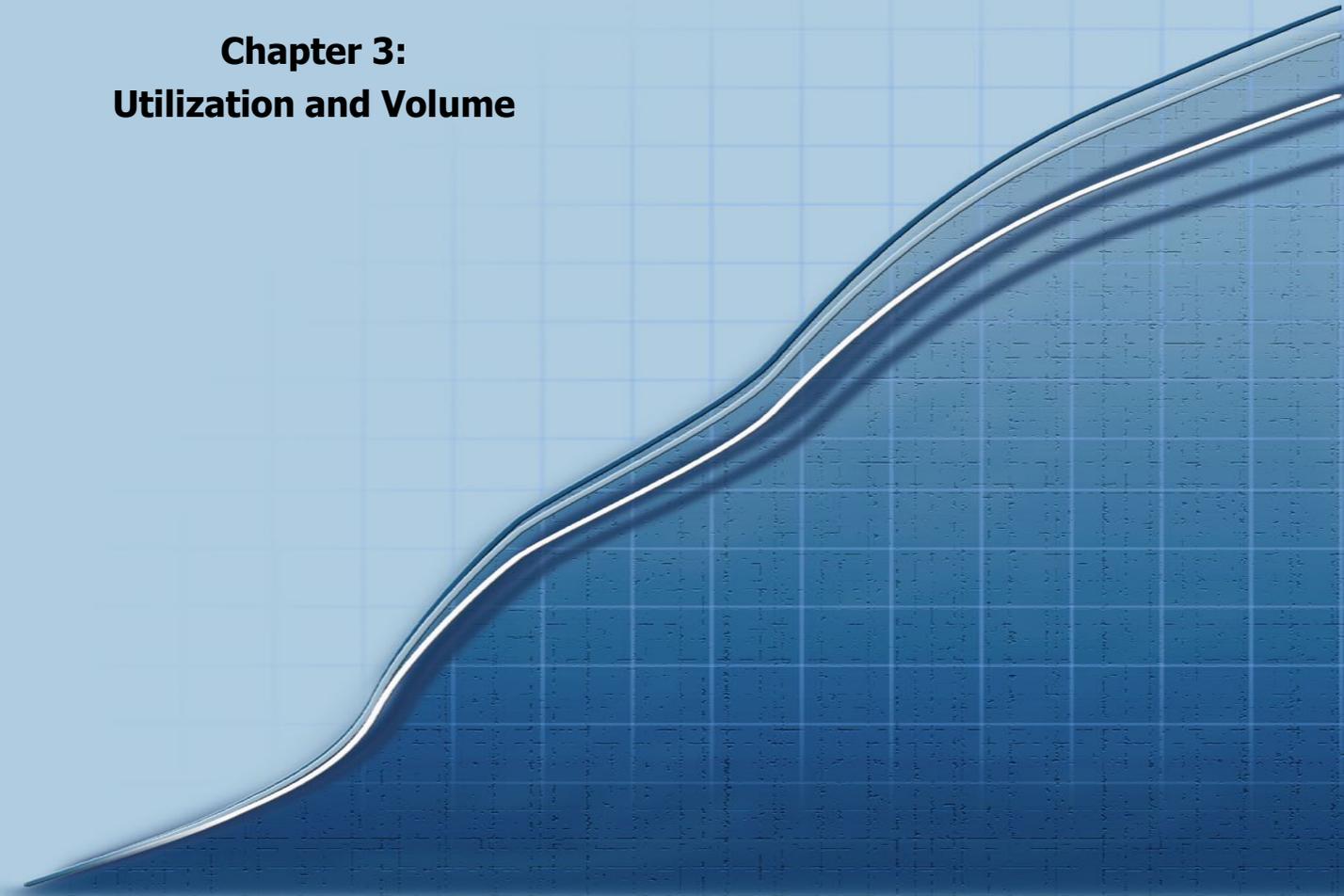
<sup>(1)</sup> Includes services offered in hospital, health system, network or joint venture

**Chart 2.10:  
Announced Hospital Mergers and Acquisitions  
1998 - 2004**

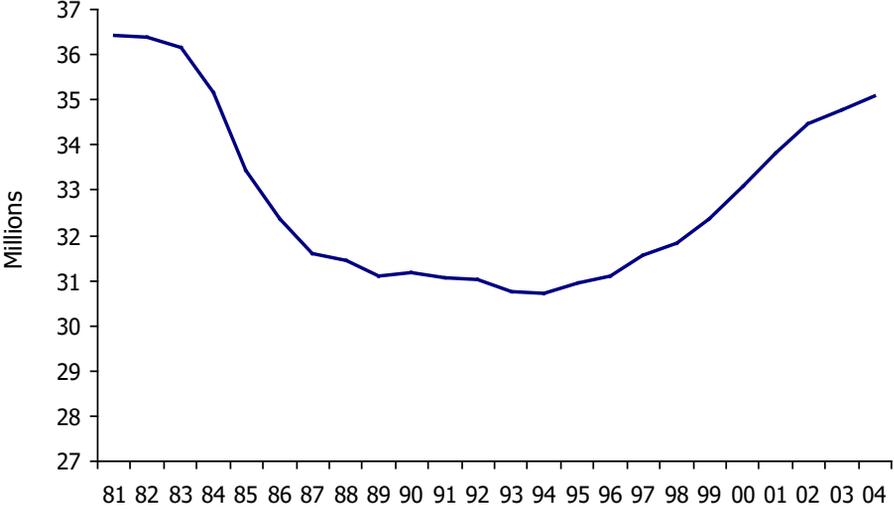


*Source: The Health Care Acquisition Report by Irving Levin Associates, Inc., Eleventh Edition, 2005*

## **Chapter 3: Utilization and Volume**

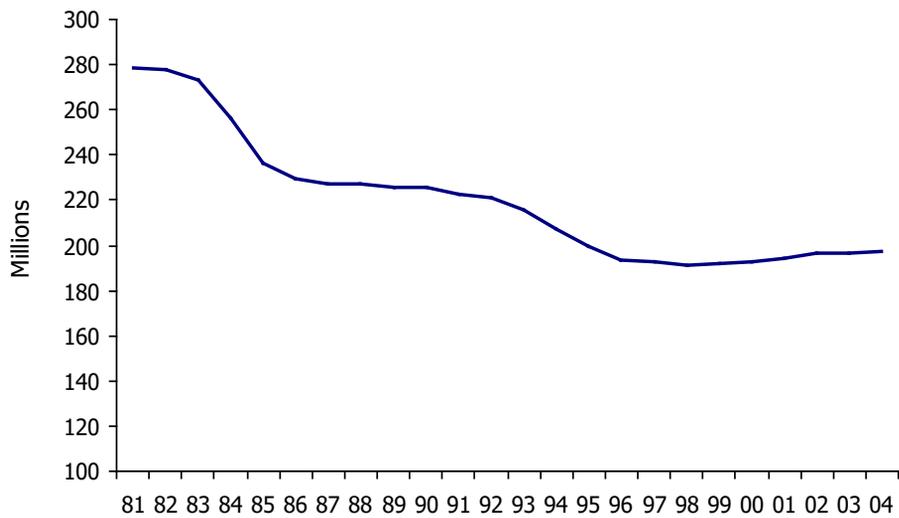


**Chart 3.1:  
Inpatient Admissions in Community Hospitals  
1981 - 2004**



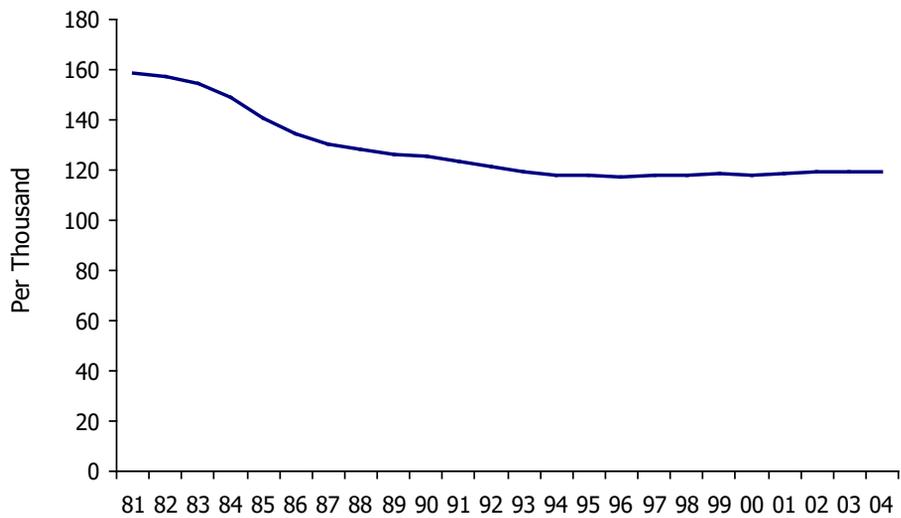
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 - 2004, for community hospitals.*

**Chart 3.2:  
Total Inpatient Days in Community Hospitals  
1981 - 2004**



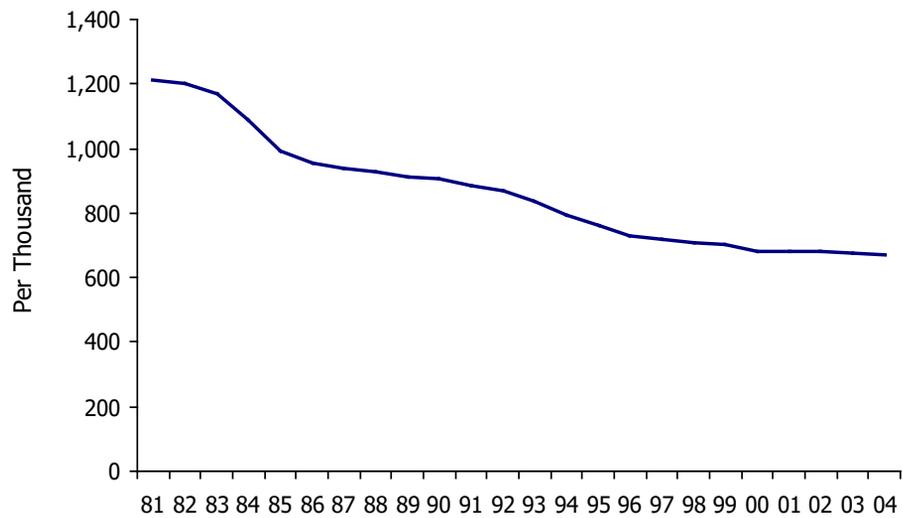
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals.*

**Chart 3.3:  
Inpatient Admissions per 1,000 Persons  
1981 - 2004**



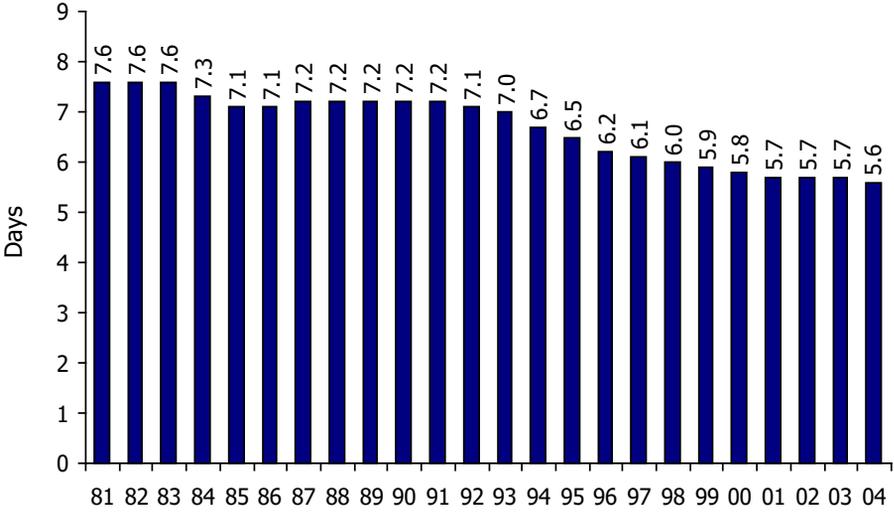
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals and US Census Bureau: State and County QuickFacts, 2004 population estimate data derived from Population Estimates, 2000 Census of Population and Housing*

**Chart 3.4:  
Inpatient Days per 1,000 Persons  
1981 - 2004**



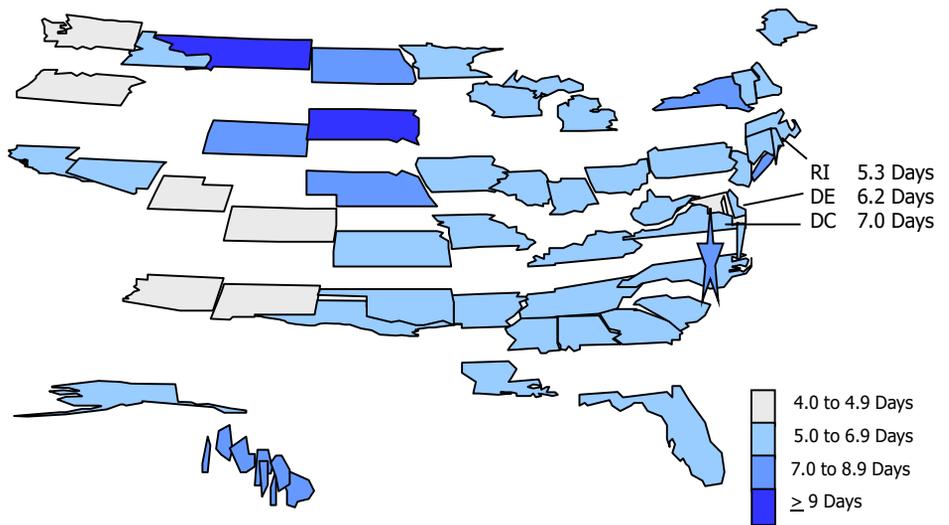
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals and US Census Bureau: State and County QuickFacts, 2004 population estimate data derived from Population Estimates, 2000 Census of Population and Housing*

**Chart 3.5:**  
**Average Length of Stay in Community Hospitals**  
**1981 - 2004**



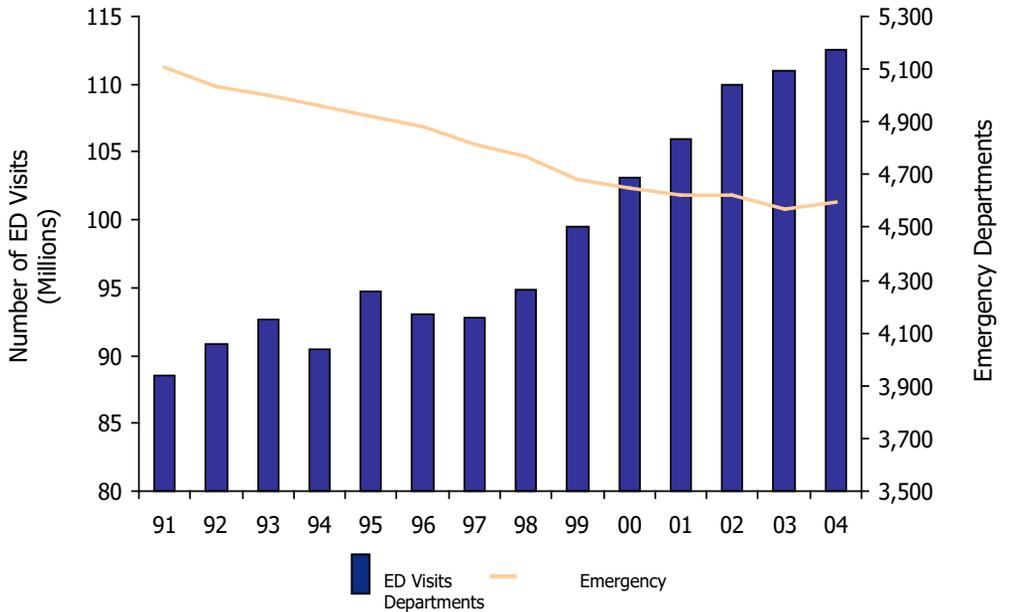
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals*

**Chart 3.6:**  
**Average Length of Stay in Community Hospitals by State**  
**2004**



*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2004, for community hospitals*

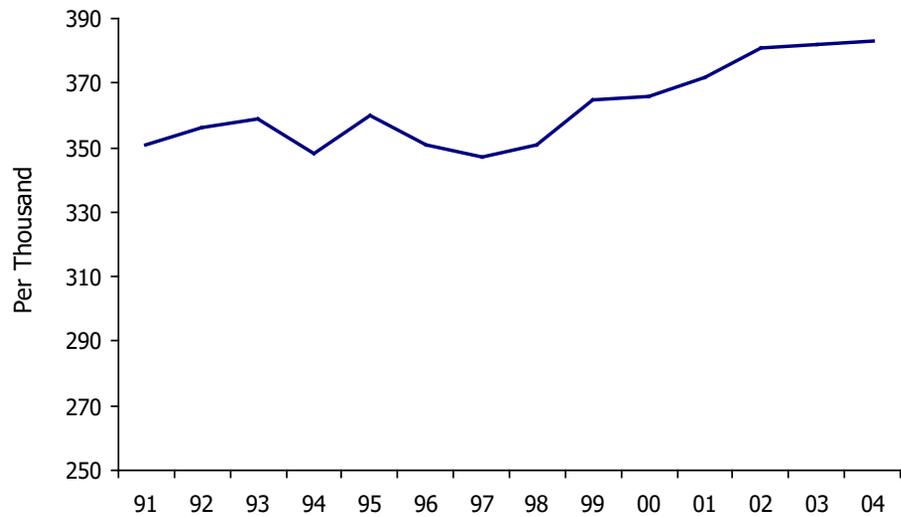
**Chart 3.7:  
Emergency Department Visits  
and Emergency Departments<sup>(1)</sup> in Community Hospitals  
1991 - 2004**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1991 – 2004, for community hospitals

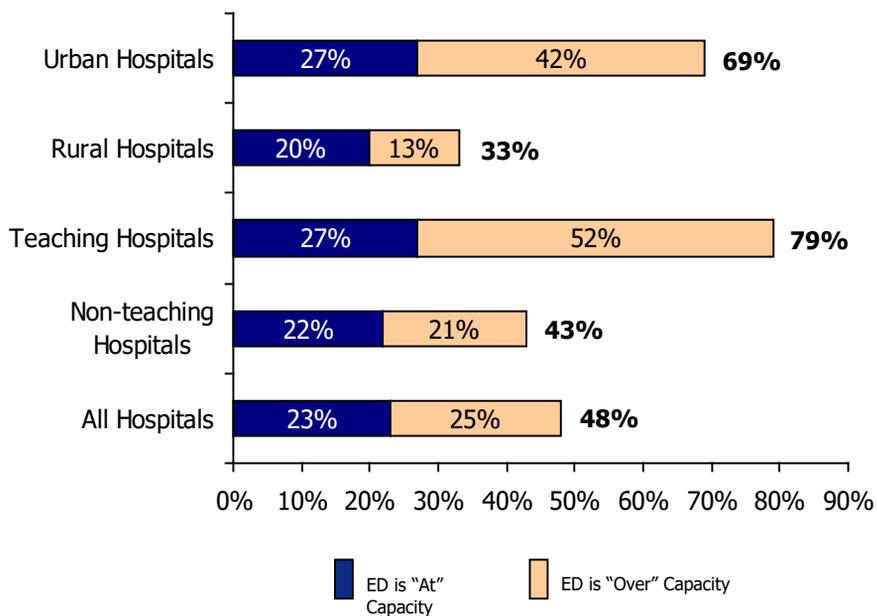
<sup>(1)</sup> Defined as hospitals reporting ED visits

**Chart 3.8:  
Hospital Emergency Department Visits  
per 1,000 Persons  
1991 - 2004**



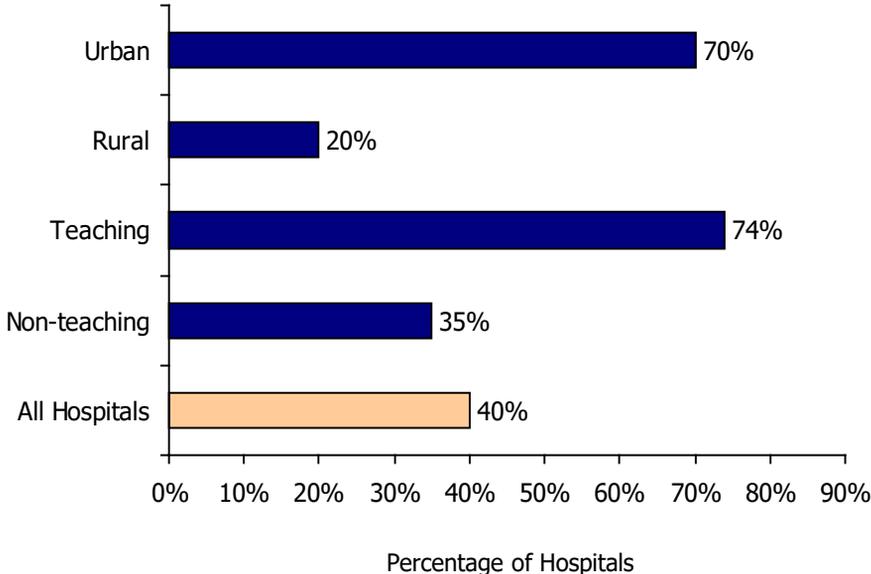
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1991 – 2004, for community hospitals and US Census Bureau: State and County QuickFacts, 2004 population estimate data derived from Population Estimates, 2000 Census of Population and Housing*

**Chart 3.9:  
Percent of Hospitals Reporting Emergency  
Department Capacity Issues by Type of Hospital  
2005**



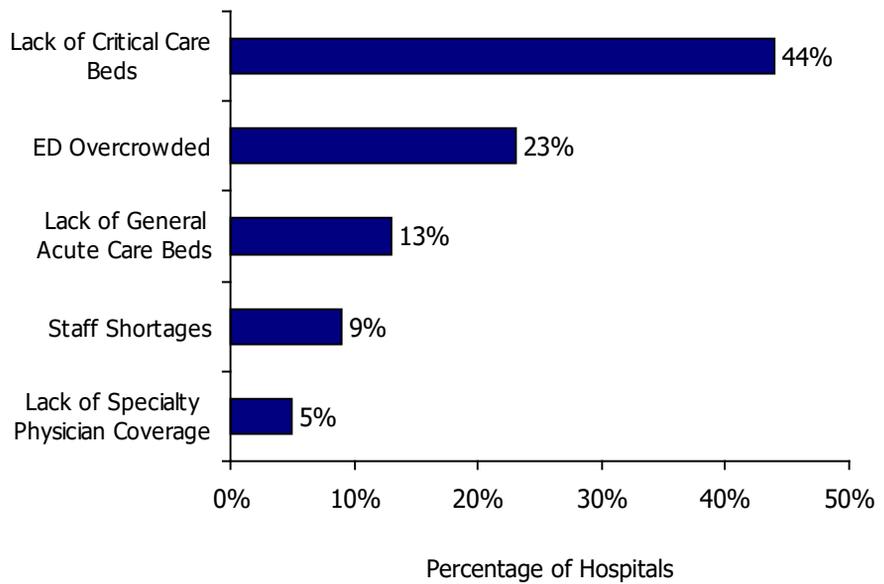
*Source: American Hospital Association 2005 Survey of Hospital Leaders*

**Chart 3.10:  
Percent of Hospitals Reporting Time on  
Ambulance Diversion in Last 12 Months  
January 2005**



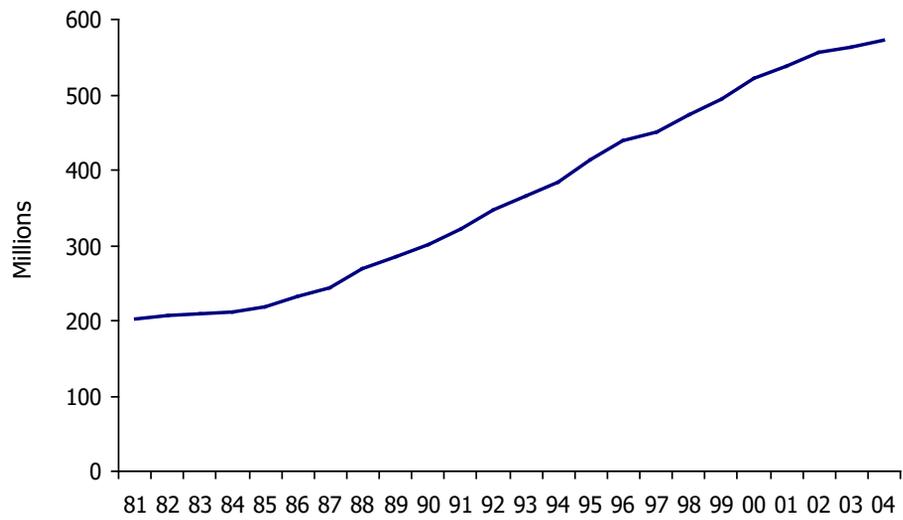
*Source: American Hospital Association 2005 Survey of Hospital Leaders*

**Chart 3.11:**  
**Conditions Hospitals Reported as Number One**  
**Factor Contributing to Ambulance Diversions**  
**January 2005**



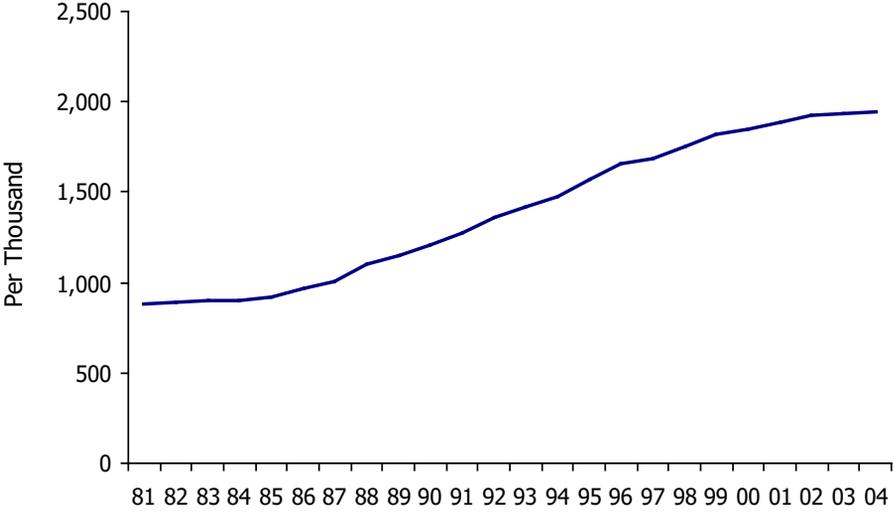
*Source: American Hospital Association 2005 Survey of Hospital Leaders*

**Chart 3.12:**  
**Total Hospital Outpatient Visits in Community Hospitals**  
**1981 - 2004**



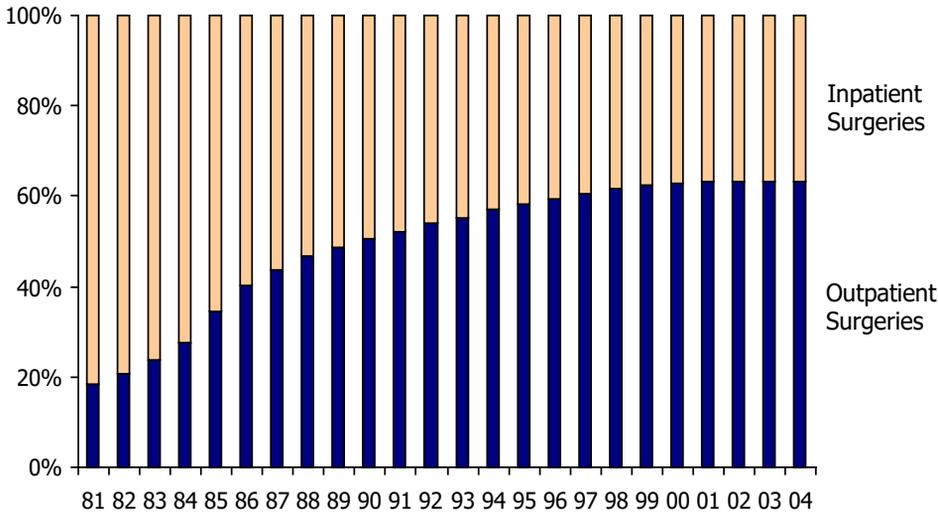
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals*

**Chart 3.13:**  
**Hospital Outpatient Visits per 1,000 Persons**  
**1981 - 2004**



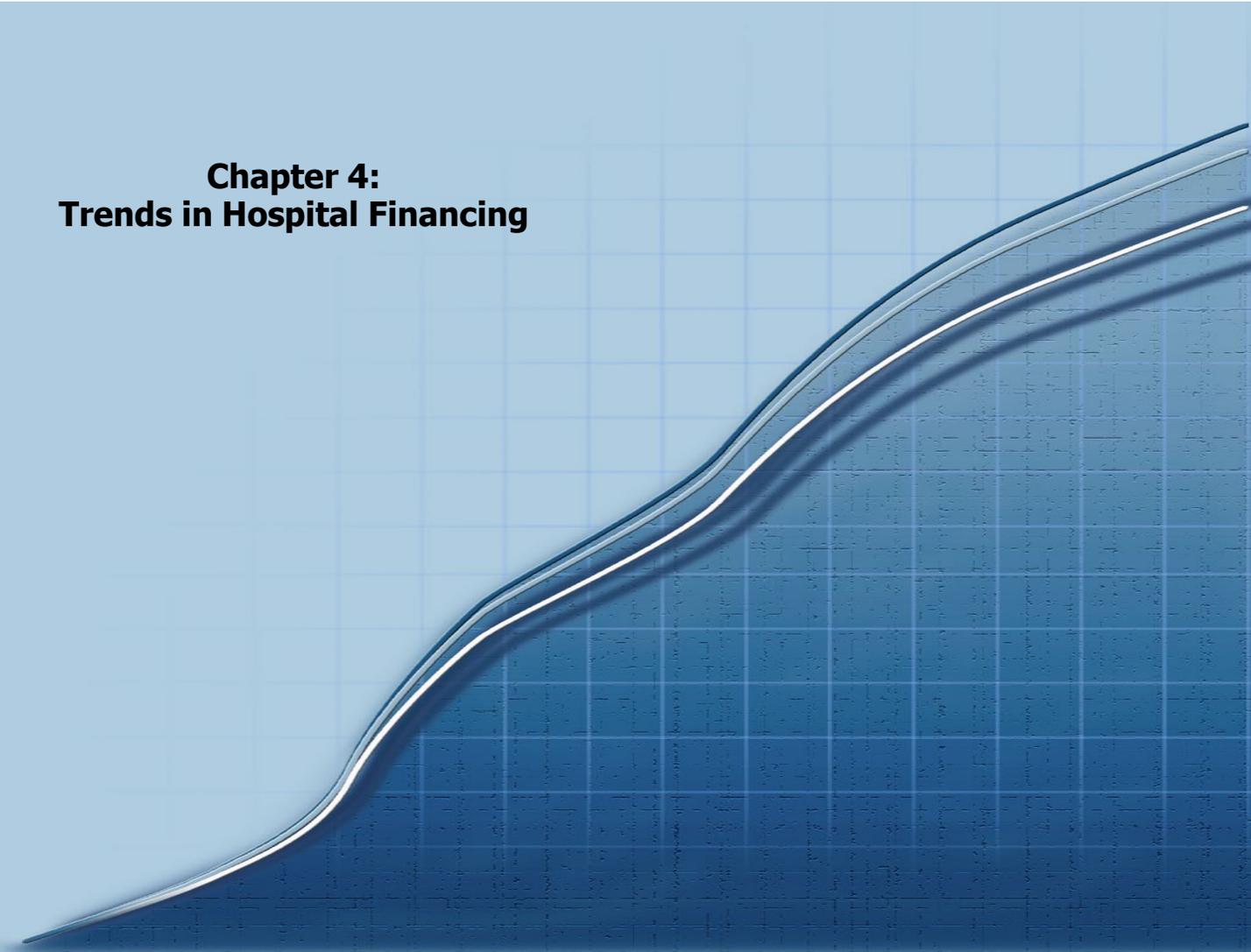
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981-2004, for community hospitals and US Census Bureau: State and County QuickFacts, 2004 population estimate data derived from Population Estimates, 2000 Census of Population and Housing*

**Chart 3.14:  
Percentage Share of Inpatient vs. Outpatient Surgeries  
1981 - 2004**

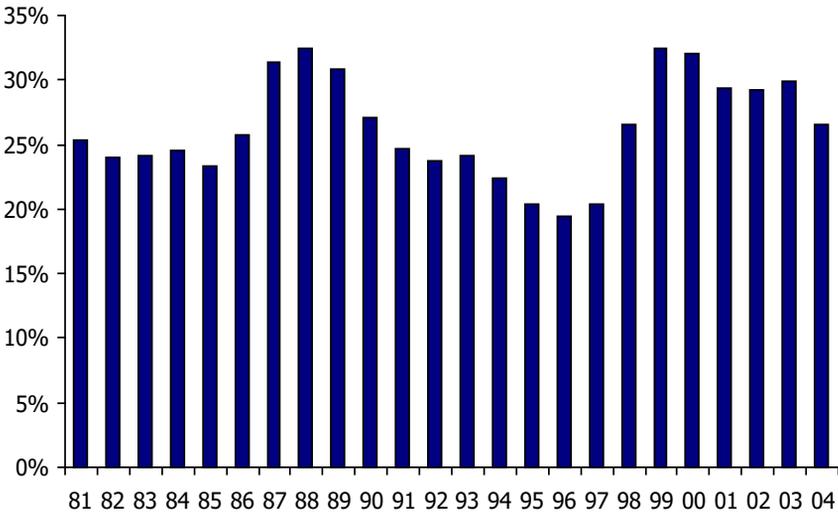


*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 - 2004, for community hospitals*

## **Chapter 4: Trends in Hospital Financing**

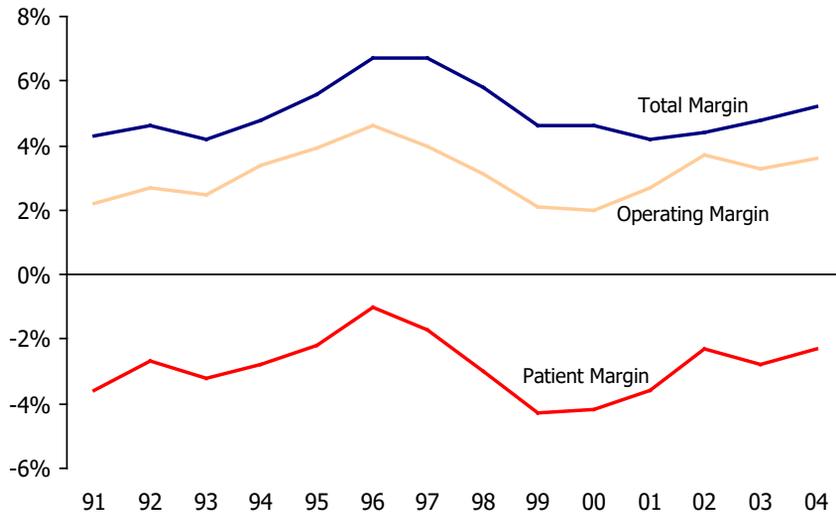


**Chart 4.1:  
Percentage of Hospitals with Negative Total Margins  
1981 - 2004**



*Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals*

**Chart 4.2:**  
**Aggregate Total Hospital Margins<sup>(1)</sup>, Operating**  
**Margins<sup>(2)</sup>, and Patient Margins<sup>(3)</sup>**  
**1991 - 2004**



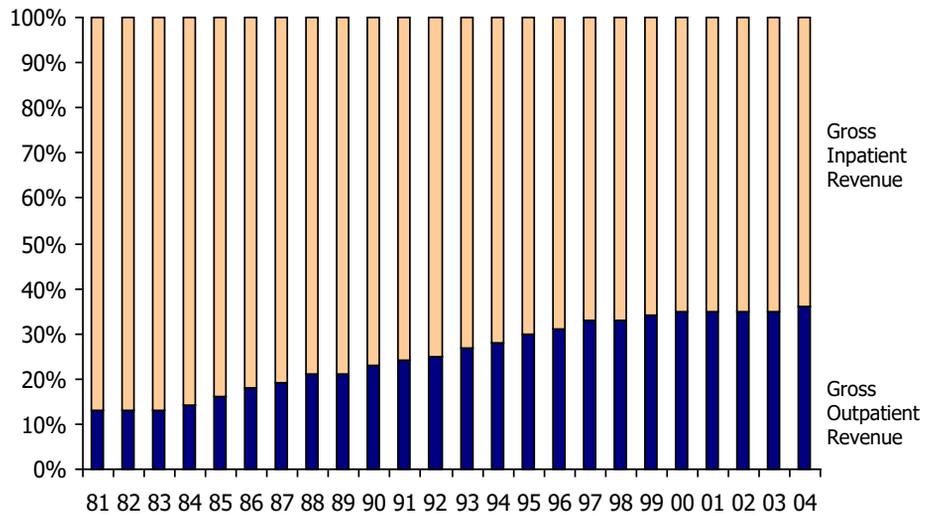
Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1991 - 2004, for community hospitals

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

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

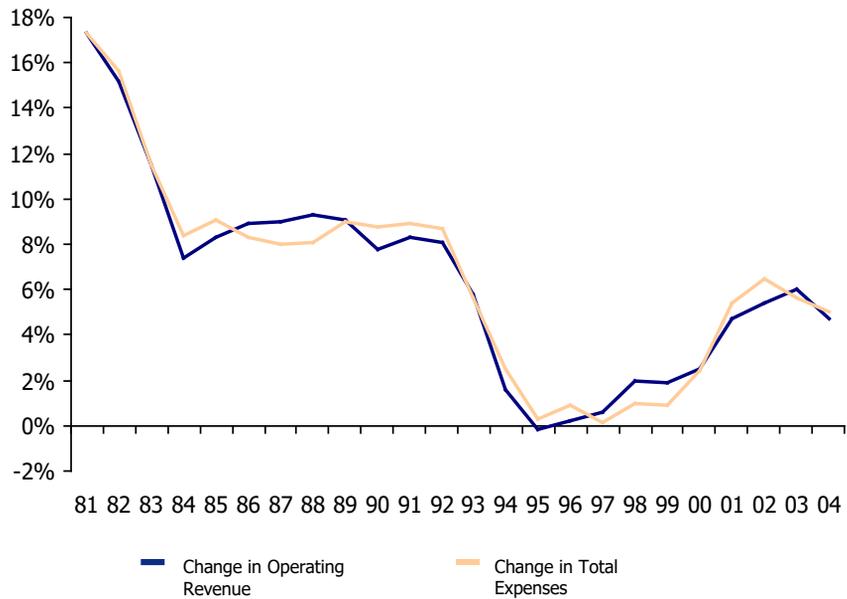
<sup>(3)</sup> Patient Margin is calculated as the difference between net patient revenue and total expenses divided by net patient revenue

**Chart 4.3:  
Distribution of Outpatient vs. Inpatient Revenues  
1981 - 2004**



*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals*

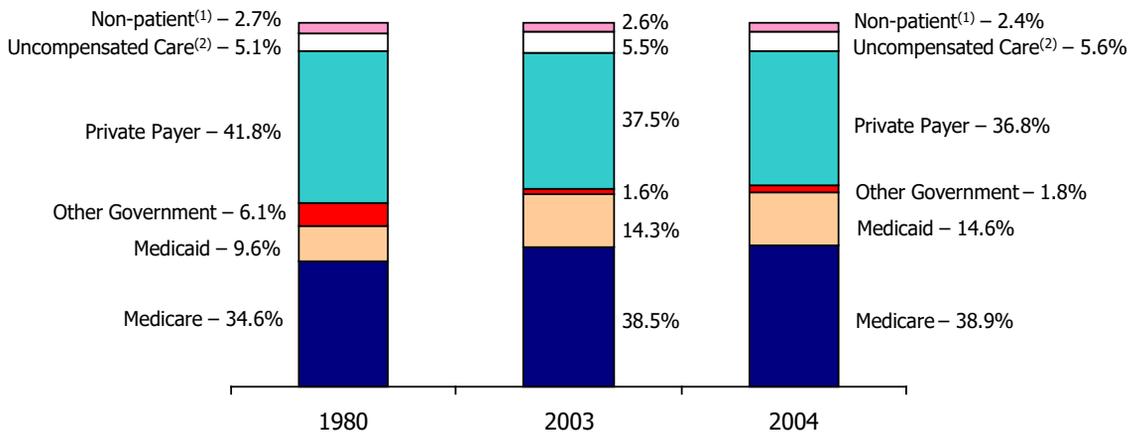
**Chart 4.4:**  
**Annual Change in Hospital Operating Revenue and**  
**Expenses per Adjusted Admission<sup>(1)</sup>**  
**1981 - 2004**



Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1981 - 2004, for community hospitals

<sup>(1)</sup> 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 4.5:  
Distribution of Hospital Cost by Payer Type  
1980, 2003, and 2004**

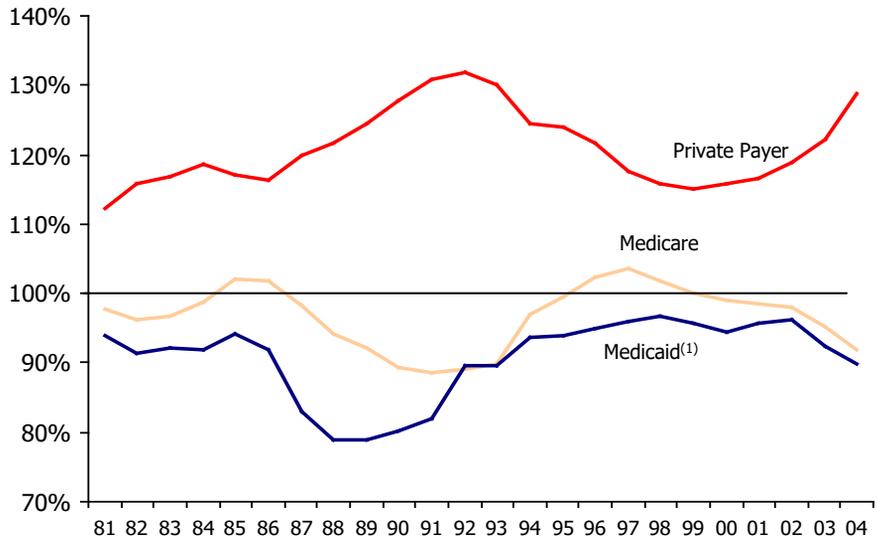


Source: The Lewin Group Analysis of the American Hospital Association Annual Survey data, 1980, 2003, and 2004, for community hospitals

<sup>(1)</sup> 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

<sup>(2)</sup> Uncompensated care represents bad debt expense, at cost, and charity care

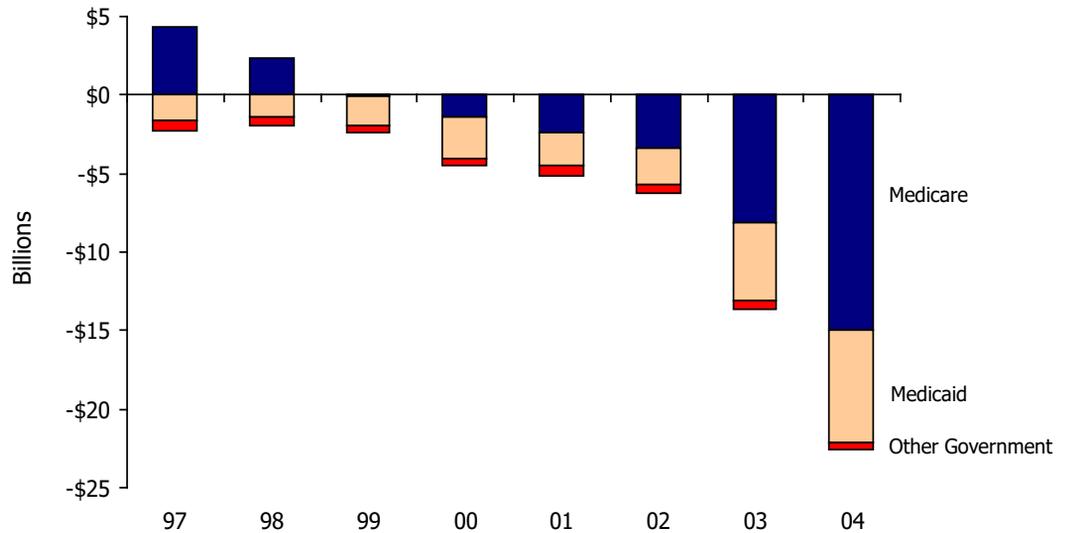
**Chart 4.6:  
Aggregate Hospital Payment-to-cost Ratios  
for Private Payers, Medicare, and Medicaid  
1981 - 2004**



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals

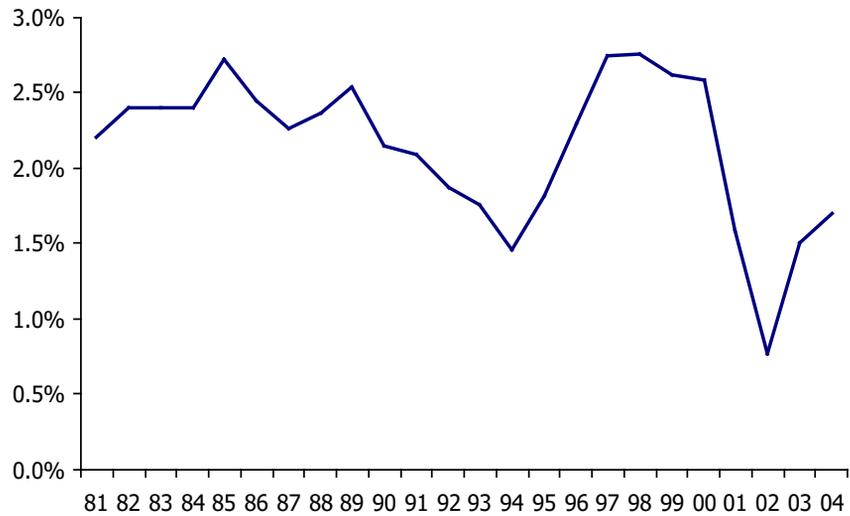
<sup>(1)</sup> Includes Medicaid Disproportionate Share payments

**Chart 4.7:  
Hospital Payment Shortfall Relative to Costs  
Medicare, Medicaid, and Other Government  
1997 - 2004**



*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1997 - 2004, for community hospitals*

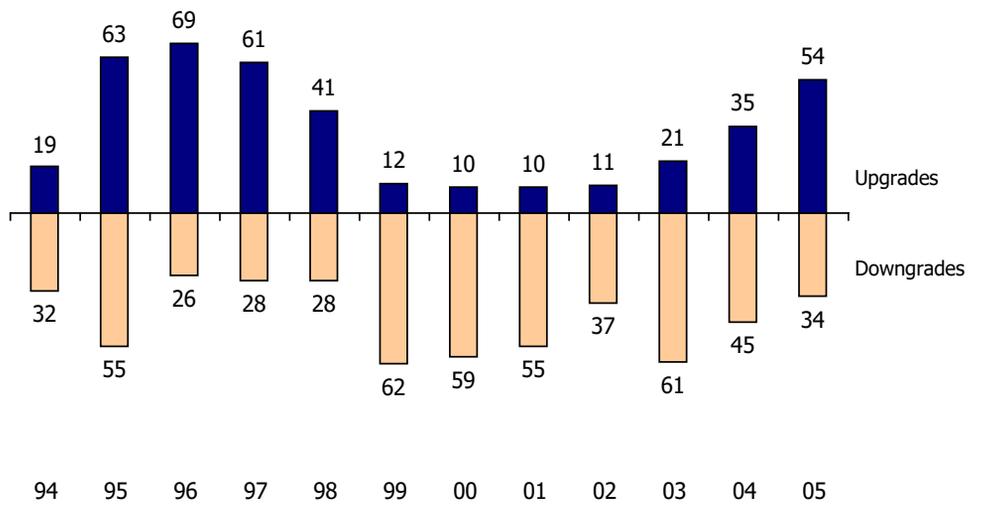
**Chart 4.8:**  
**Income from Investments and Other Non-operating Gains<sup>(1)</sup>**  
**as a Percentage of Total Net Revenue**  
**1981 - 2004**



*Source: The Lewin Group analysis of the American Hospital Association Annual Survey data, 1981 - 2004, for community hospitals*

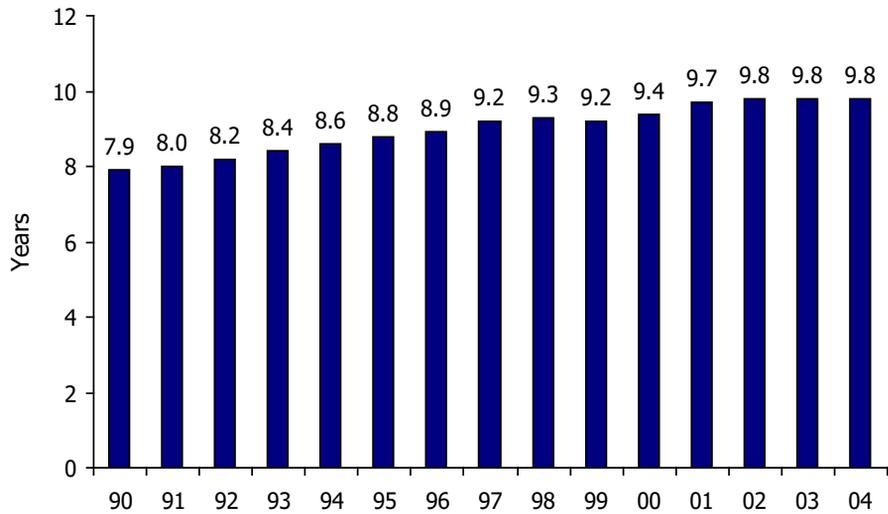
<sup>(1)</sup> *Non-operating gains include income from non-operating activities, including investments, endowments and extraordinary gains, as well as the value of non-realized gains from investments*

**Chart 4.9:  
Number of Bond Rating Upgrades and Downgrades of  
Non-profit Hospitals  
1994 - 2005**



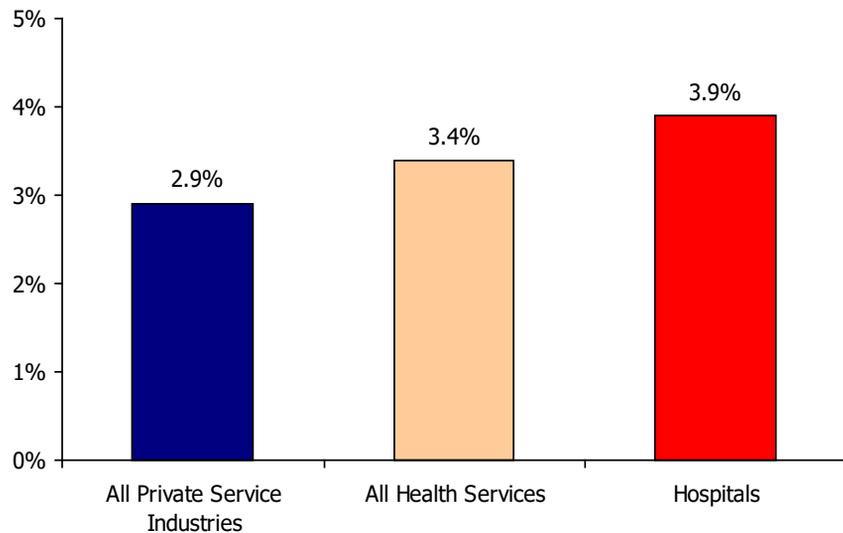
Source: Standard & Poor's, 2006

**Chart 4.10:  
Median Average Age of Plant  
1990 - 2004**



*Source: CHIPS: The 1994 Almanac of Hospital and Financial Operating Indicators, The 1996-7 Almanac of Hospital and Operating Indicators, and 1998-2004 data from Ingenix: Almanac of Hospital Financial and Operating Indicators, 2006*

**Chart 4.11:**  
**Percent Change in Employment Cost Index<sup>(1)</sup>, All Private Service Industries, All Health Services, and Hospitals**  
**September 2005<sup>(2)</sup>**

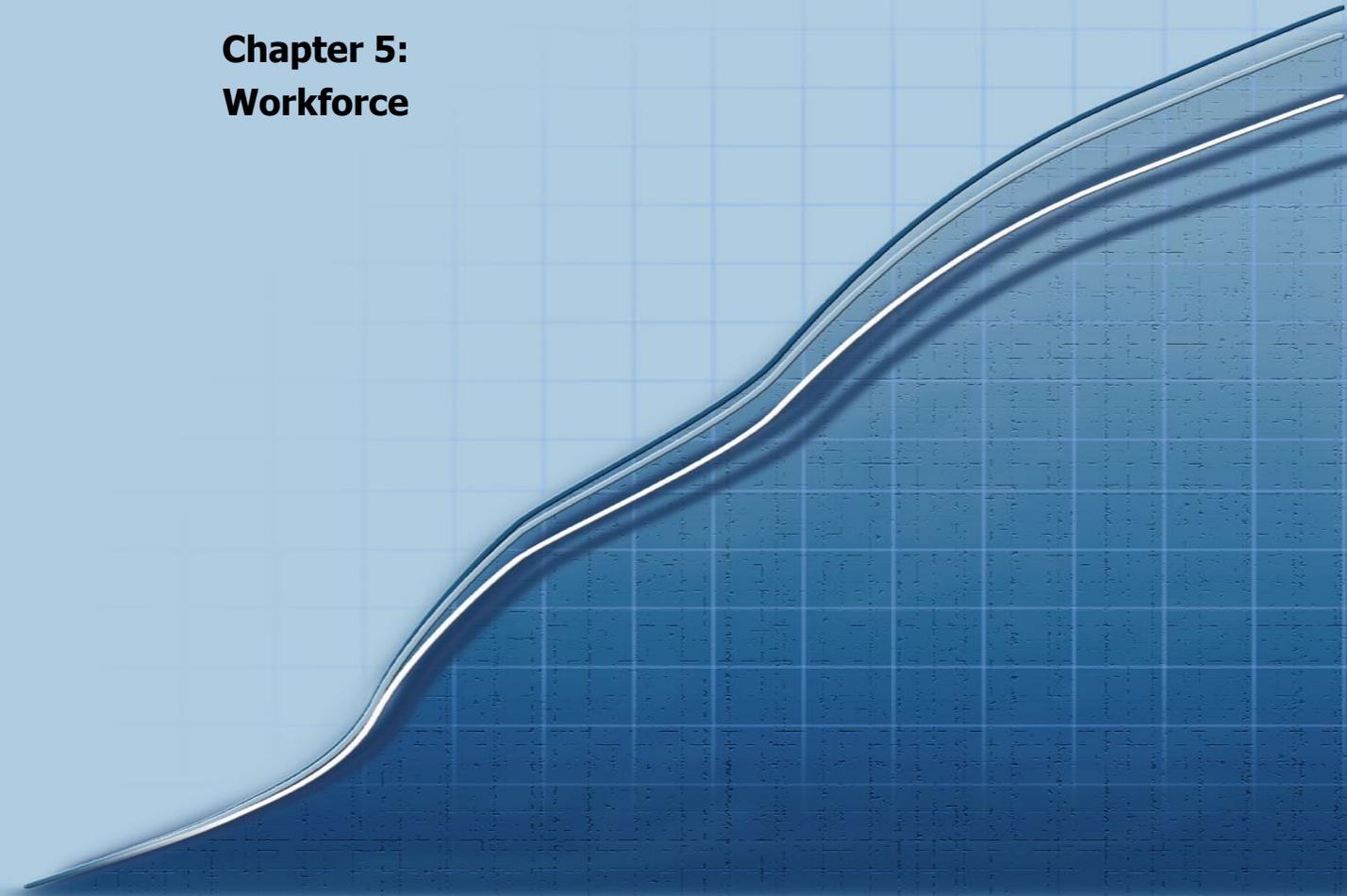


Source: Bureau of Labor Statistics, *Employment Cost Index, 12 months ending September 2005*; [www.bls.gov](http://www.bls.gov)

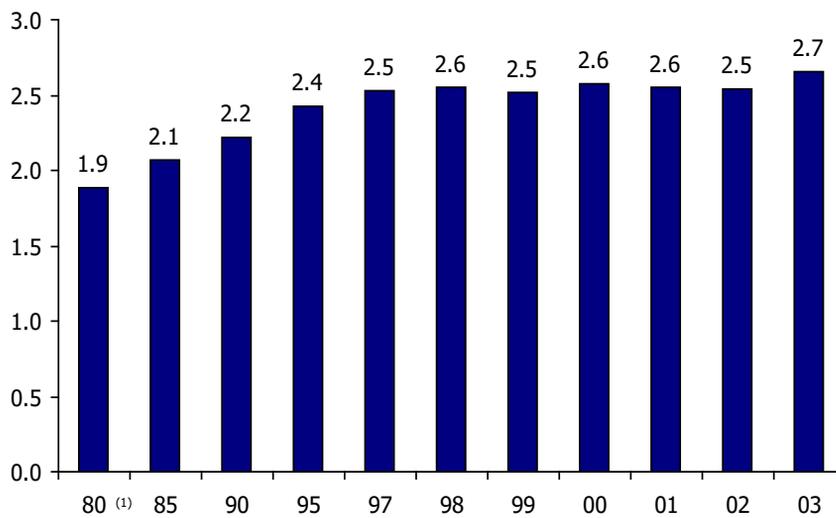
<sup>(1)</sup> Total compensation

<sup>(2)</sup> Data are for 12 months ending September 2005; December 2005 data have not been published as of yet

**Chapter 5:  
Workforce**



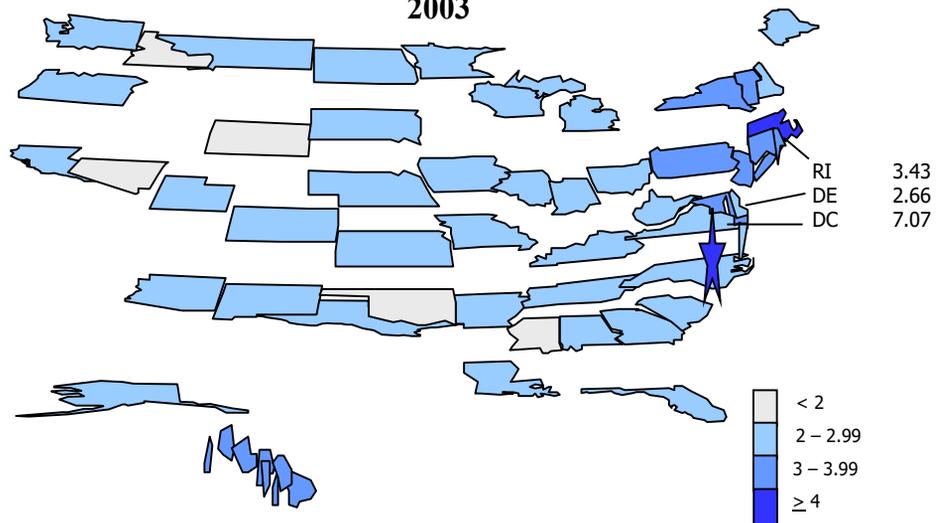
**Chart 5.1:  
Total Number of Active Physicians  
per 1,000 Persons  
1980 – 2003**



Source: CDC, NCHS Health United States, 1982, 1996-97, 1999, 2000, 2001, 2002, 2003, 2004, 2005

<sup>(1)</sup> 1980 does not include doctors of osteopathy

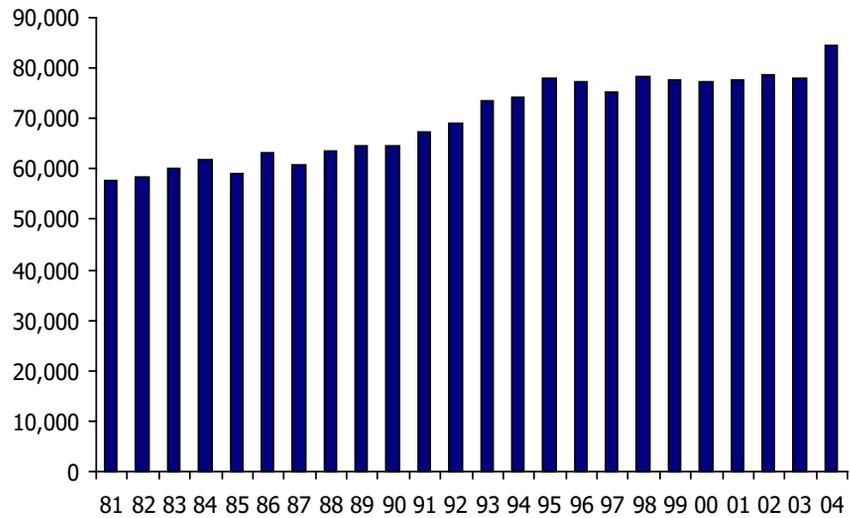
**Chart 5.2:**  
**Total Number of Active Physicians<sup>(1)</sup>**  
**per 1,000 Persons by State**  
**2003**



Source: CDC, NCHS Health United States 2005

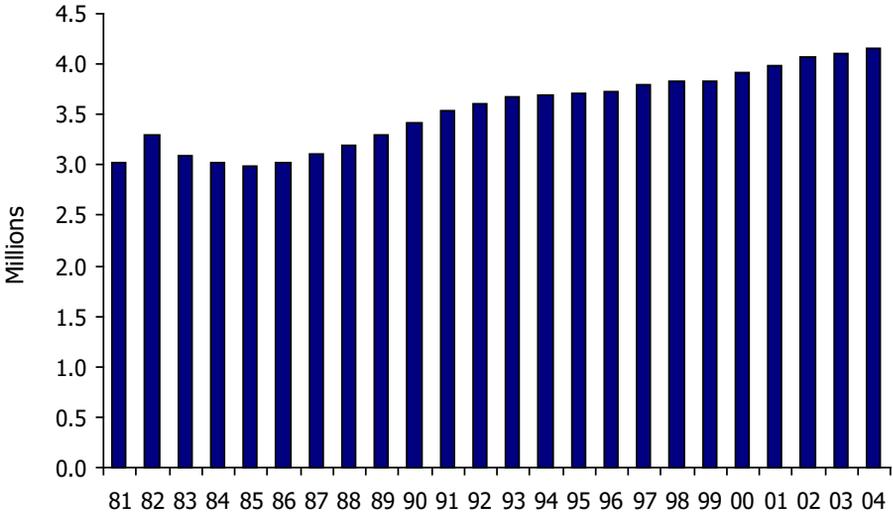
<sup>(1)</sup> Includes active non-federal doctors of medicine and active doctors of osteopathy

**Chart 5.3:  
Medical and Dental Residents in Training  
in Community Hospitals  
1981 - 2004**



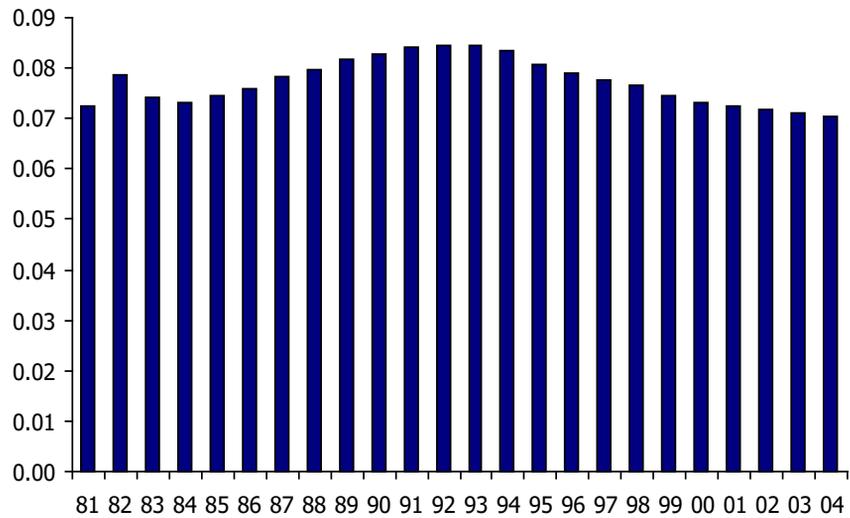
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals*

**Chart 5.4:**  
**Total Full-time Equivalent Employees**  
**Working in Hospitals**  
**1981 - 2004**



*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals*

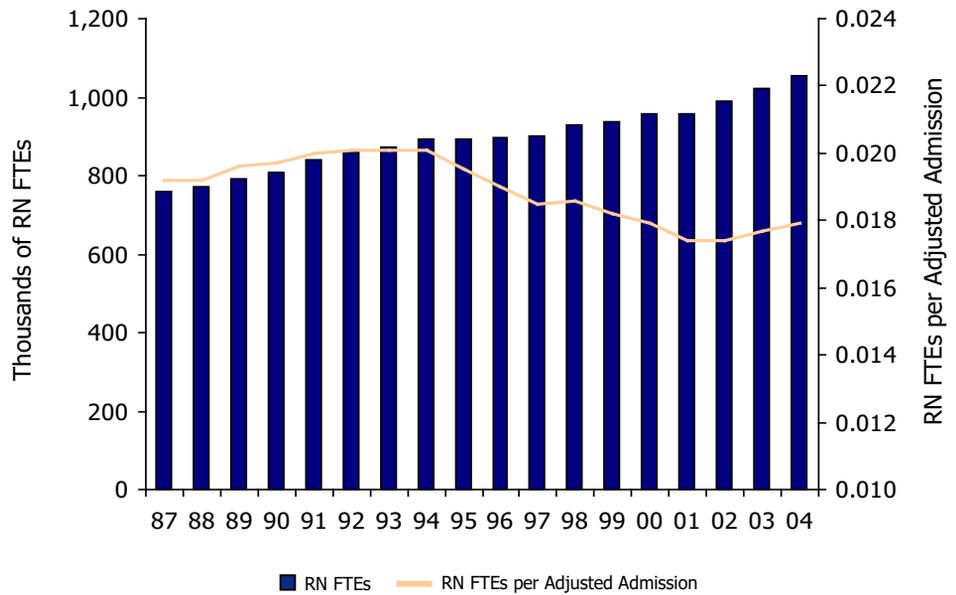
**Chart 5.5:  
Full-time Equivalent Employees  
per Adjusted Admission<sup>(1)</sup>  
1981 - 2004**



*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1981 – 2004, for community hospitals*

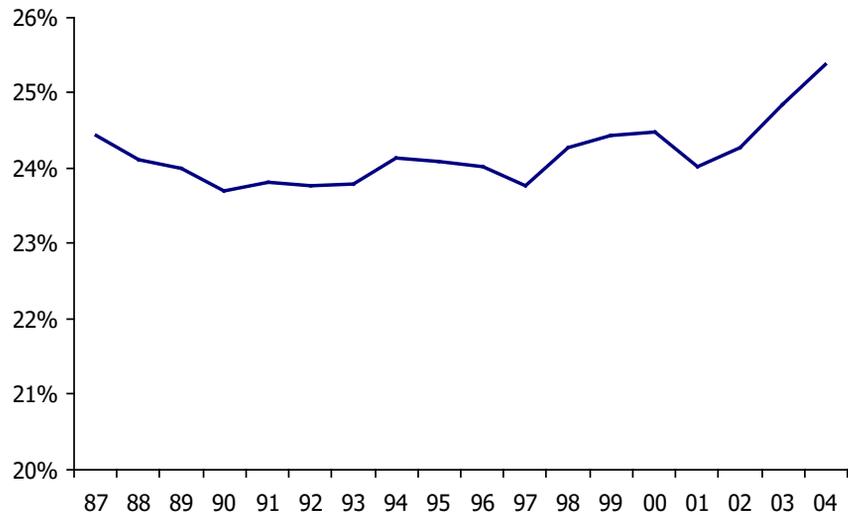
<sup>(1)</sup> *An aggregate measure of workload reflecting the number of inpatient admissions, plus an estimate of the volume of outpatient services, expressed in units equivalent to an inpatient admission in terms of level of effort*

**Chart 5.6:  
Number of RN Full-time Equivalent Employees  
and RN FTEs per Adjusted Admission  
1987 - 2004**



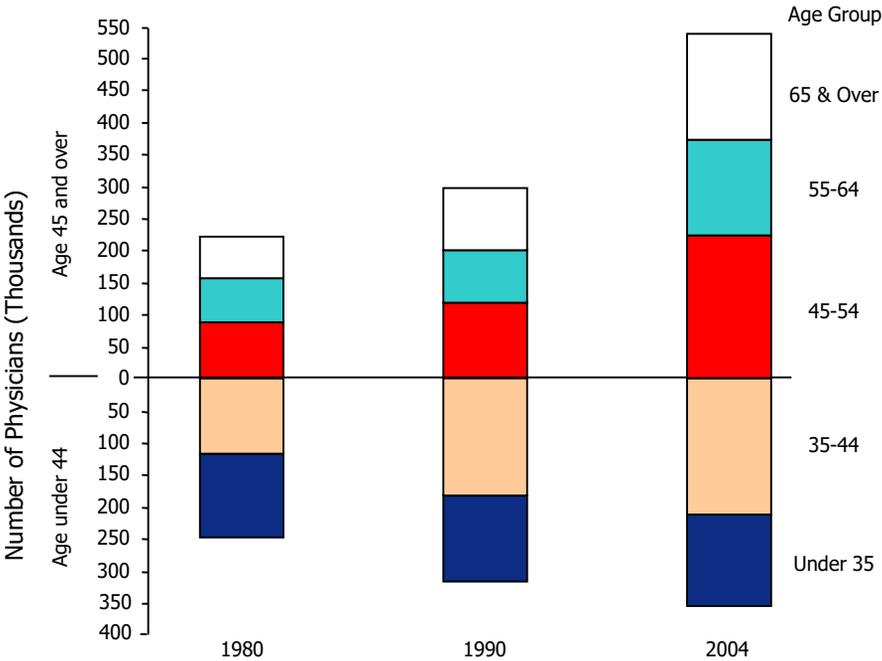
Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1987 – 2004, for community hospitals

**Chart 5.7:  
RN Full-time Equivalents as a Percentage of  
Total Hospital Full-time Equivalents  
1987 - 2004**



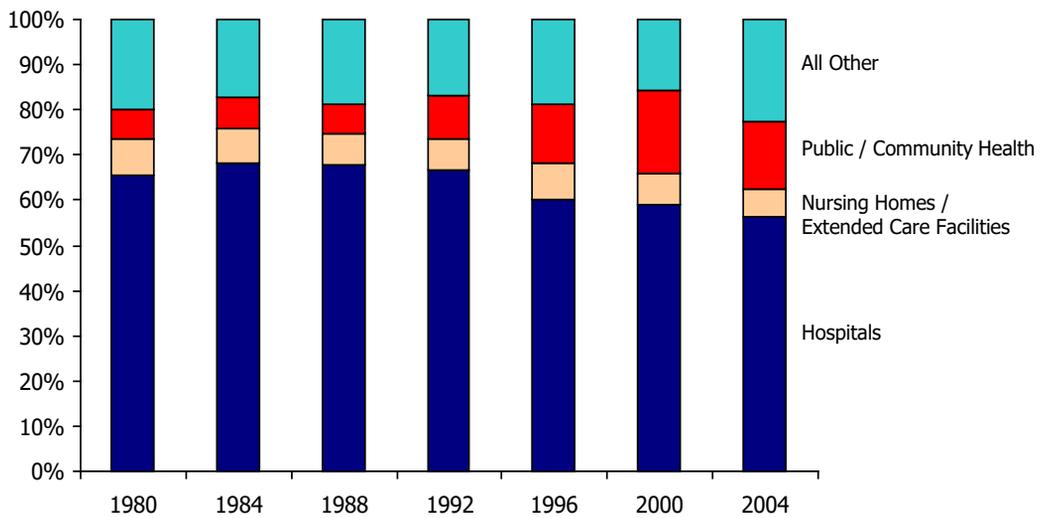
*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1987 – 2004, for community hospitals*

**Chart 5.8:  
Number of Physicians by Age  
1980, 1990, and 2004**



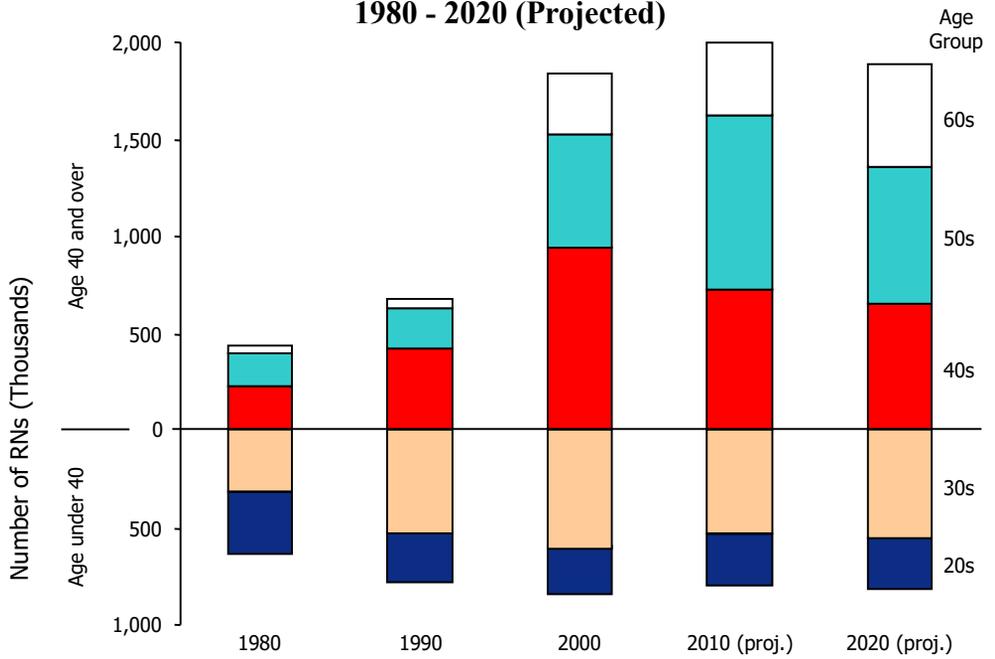
Source: American Medical Association, *Physician Characteristics and Distribution in the US, 2006 Edition*

**Chart 5.9:  
RN Employment by Type of Provider  
1980 - 2004**



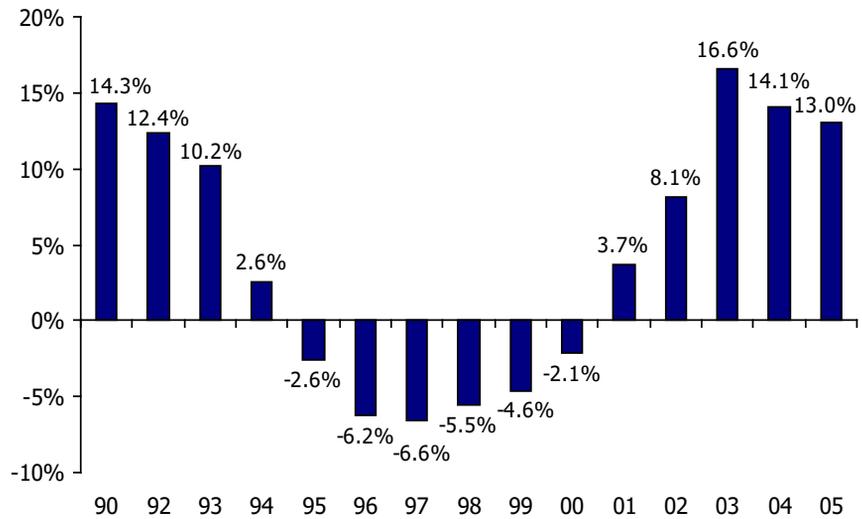
*Source: 2000 & 2004 preliminary findings from The Registered Nurse Population: National Sample Survey of Registered Nurses March 2004; 1980-1996 findings from the National Sample Survey of Registered Nurses, 1980-2000, National Center for Health Workforce Analysis, Bureau of Health Professions, Health Resources and Services Administration*

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



*Source: 2010 & 2020 projections derived from The Lewin Group analysis of National Sample Survey of Registered Nurses, 2000; 1980, 1990, and 2000 estimates from National Sample Survey of Registered Nurses, National Center for Health Workforce Analysis, Bureau of Health Professions, Health Resources and Services Administration*

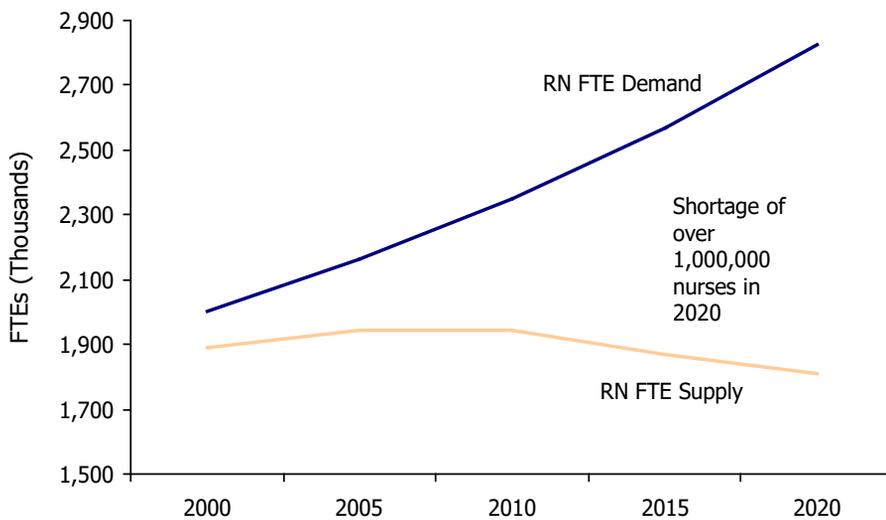
**Chart 5.11:  
Annual Percentage Change in Entry Level  
Baccalaureate Nursing Enrollment  
1990 - 2005**



*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, 1994 - 2005.*

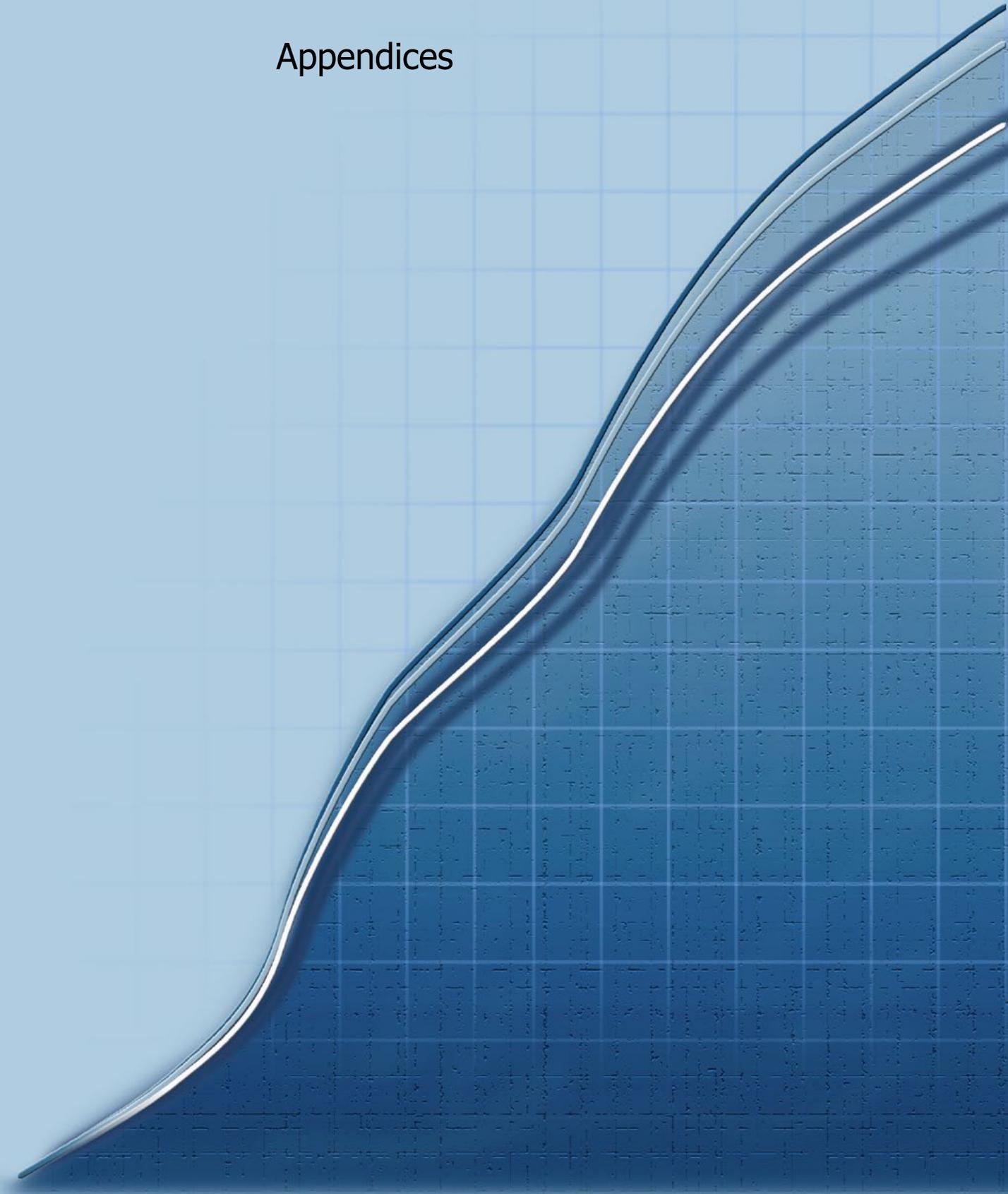
*Note: 2005 data are preliminary as of December 2005*

**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*

# Appendices





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

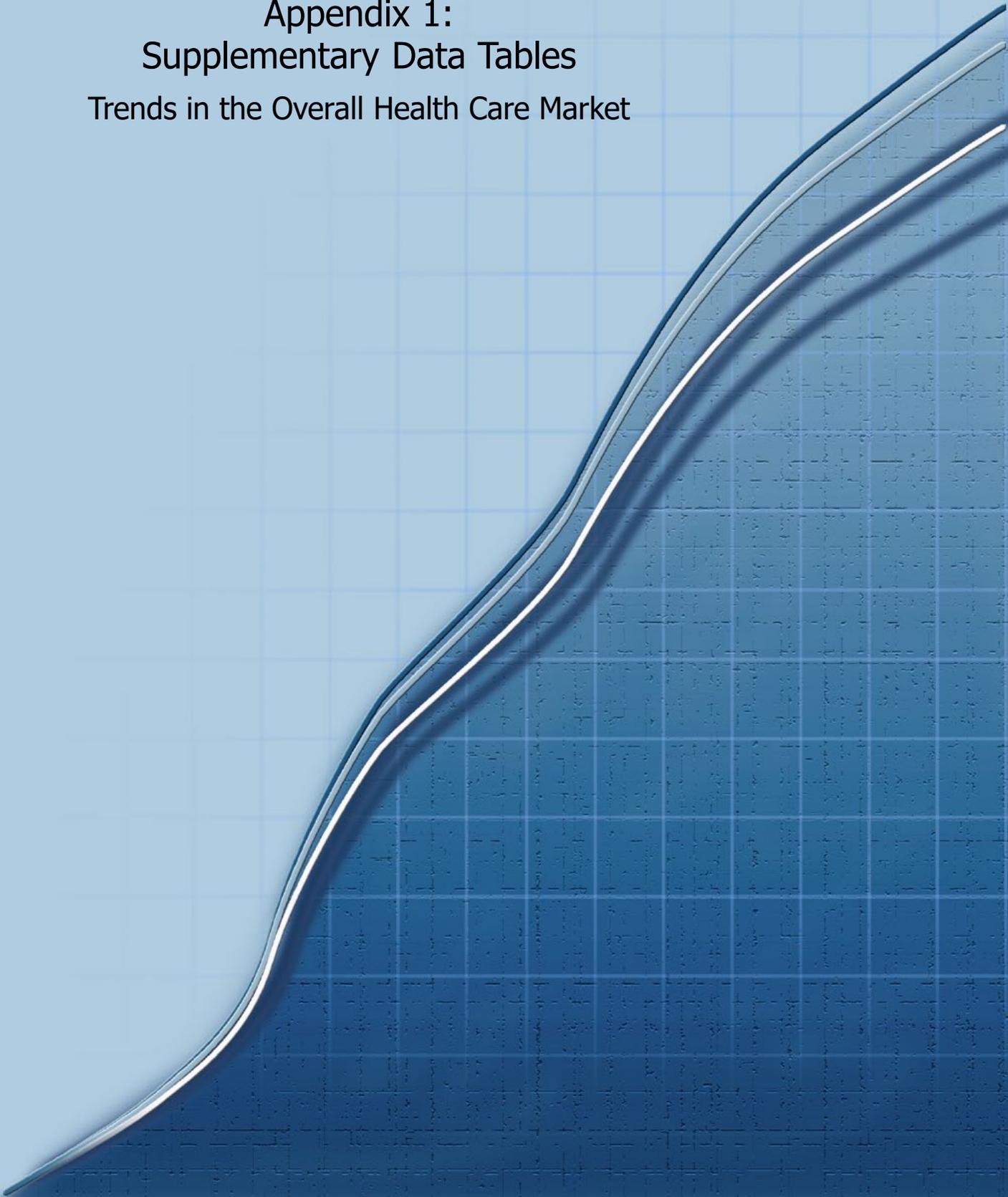


Table 1.1:  
National Health Expenditures  
1980 – 2004<sup>(1)</sup>

Year	Total National Health Expenditures				Prescription Drugs Total	
	Total		Per Capita		Nominal Dollars (billions)	Real Dollars <sup>(2)</sup> (billions)
	Nominal Dollars (billions)	Real Dollars <sup>(2)</sup> (billions)	Nominal Dollars	Real Dollars <sup>(2)</sup>		
1980	\$254.9	\$254.9	\$1,106	\$1,106	\$12.0	\$12.0
1981	\$295.3	\$267.7	\$1,269	\$1,150	\$13.4	\$12.1
1982	\$332.1	\$283.5	\$1,413	\$1,207	\$15.0	\$12.8
1983	\$366.8	\$303.5	\$1,545	\$1,278	\$17.3	\$14.3
1984	\$404.0	\$320.4	\$1,686	\$1,337	\$19.6	\$15.6
1985	\$441.9	\$338.4	\$1,827	\$1,399	\$21.8	\$16.7
1986	\$473.9	\$356.3	\$1,941	\$1,459	\$24.3	\$18.3
1987	\$515.3	\$373.8	\$2,091	\$1,517	\$26.9	\$19.5
1988	\$576.6	\$401.6	\$2,317	\$1,614	\$30.6	\$21.3
1989	\$641.8	\$426.5	\$2,554	\$1,697	\$34.8	\$23.1
1990	\$717.3	\$452.2	\$2,821	\$1,779	\$40.3	\$25.4
1991	\$785.0	\$474.9	\$3,046	\$1,843	\$44.4	\$26.9
1992	\$852.5	\$500.7	\$3,263	\$1,916	\$47.6	\$27.9
1993	\$916.5	\$522.6	\$3,461	\$1,974	\$51.0	\$29.1
1994	\$966.0	\$537.1	\$3,604	\$2,004	\$54.3	\$30.2
1995	\$1,020.4	\$551.7	\$3,762	\$2,034	\$60.9	\$32.9
1996	\$1,072.6	\$563.3	\$3,910	\$2,053	\$68.5	\$36.0
1997	\$1,129.7	\$580.0	\$4,070	\$2,090	\$77.7	\$39.9
1998	\$1,195.6	\$604.4	\$4,257	\$2,152	\$88.6	\$44.8
1999	\$1,270.3	\$628.3	\$4,472	\$2,212	\$104.7	\$51.8
2000	\$1,358.5	\$650.1	\$4,729	\$2,263	\$120.8	\$57.8
2001	\$1,474.2	\$685.9	\$5,079	\$2,363	\$138.6	\$66.7
2002	\$1,607.9	\$736.5	\$5,485	\$2,512	\$157.9	\$72.3
2003	\$1,740.6	\$779.5	\$5,879	\$2,633	\$174.1	\$78.0
2004	\$1,877.6	\$819.0	\$6,280	\$2,739	\$188.5	\$82.2

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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>

<sup>(2)</sup> Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for Urban Consumers

Data for Charts 1.1, 1.3, and 1.10

Table 1.2:  
Percent Change in National Expenditures for  
Selected Health Services and Supplies  
1994 – 2004<sup>(1)</sup>

<b>Year</b>	<b>Hospital Care</b>	<b>Prescription Drugs</b>	<b>Admin. &amp; Net Cost of Priv. Health Insurance</b>	<b>Home Health Care</b>	<b>Nursing Home Care</b>
1994	4.0%	6.5%	6.7%	19.1%	3.8%
1995	3.3%	12.1%	3.2%	17.1%	9.1%
1996	3.4%	12.6%	3.0%	10.1%	7.4%
1997	3.6%	13.3%	-0.6%	2.8%	6.2%
1998	3.2%	14.1%	6.6%	-3.8%	6.0%
1999	5.0%	18.2%	11.4%	-5.1%	1.1%
2000	5.6%	15.4%	14.5%	-3.1%	5.2%
2001	8.2%	14.7%	10.3%	5.5%	6.6%
2002	8.2%	14.0%	18.4%	6.4%	4.1%
2003	7.5%	10.2%	17.7%	11.1%	4.5%
2004	8.6%	8.2%	9.4%	13.3%	4.3%

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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>

Data for Chart 1.7

Table 1.3:  
National Health Expenditures<sup>(1)</sup>  
1980 – 2015<sup>(2)</sup>

<b>Year</b>	<b>Expenditures (billions)</b>
1980	\$255
1990	\$717
1998	\$1,196
1999	\$1,270
2000	\$1,359
2001	\$1,474
2002	\$1,608
2003	\$1,741
2004	\$1,878
2005	\$2016
2006	\$2,164
2007	\$2,320
2008	\$2,498
2009	\$2,689
2010	\$2,879
2011	\$3,078
2012	\$3,298
2013	\$3,533
2014	\$3,776
2015	\$4,032

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

<sup>(1)</sup> Years 2005 – 2015 are projections

<sup>(2)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>

Data for Chart 1.8

Table 1.4:  
Consumer Out-of-Pocket Payments for  
National Health Expenditures  
1990 – 2004<sup>(1)</sup>

<b>Year</b>	<b>Payment (billions)</b>
1990	\$136.1
1991	\$140.1
1992	\$143.3
1993	\$145.3
1994	\$143.0
1995	\$146.4
1996	\$151.9
1997	\$162.4
1998	\$175.2
1999	\$183.9
2000	\$192.6
2001	\$199.8
2002	\$210.8
2003	\$223.5
2004	\$235.7

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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>

*Data for Chart 1.9*

Table 1.5:  
Growth in Total Prescription Drug Spending as a  
Percentage of Total Growth in National Health Expenditures  
1980 – 2004<sup>(1)</sup>

<b>Year</b>	<b>Percentage</b>
1980	3.88%
1981	3.34%
1982	4.44%
1983	6.60%
1984	6.17%
1985	5.75%
1986	7.79%
1987	6.28%
1988	6.13%
1989	6.30%
1990	7.33%
1991	6.05%
1992	4.72%
1993	5.34%
1994	6.69%
1995	12.08%
1996	14.68%
1997	16.00%
1998	16.59%
1999	21.52%
2000	18.27%
2001	15.35%
2002	14.49%
2003	12.19%
2004	10.47%

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

<sup>(1)</sup> CMS completed a benchmark revision in  
2006, introducing changes in methods,  
definitions and source data. For more  
information on this revision, see  
[http://www.cms.hhs.gov/  
NationalHealthExpendData/downloads/  
benchmark.pdf](http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf)

Data for Chart 1.11

Table 1.6:  
 Consumer Out-of-Pocket Spending vs. Private Health Insurance  
 Spending for Prescription Drugs  
 1980 – 2004<sup>(1)</sup>

<b>Year</b>	<b>Out-of-Pocket Payment (billions)</b>	<b>Private Health Insurance (billions)</b>
1980	\$8.466	\$1.783
1981	\$8.844	\$2.494
1982	\$10.272	\$2.568
1983	\$11.254	\$3.554
1984	\$12.503	\$4.168
1985	\$13.609	\$4.957
1986	\$15.451	\$4.746
1987	\$16.406	\$5.855
1988	\$18.335	\$6.990
1989	\$20.153	\$8.678
1990	\$22.376	\$10.627
1991	\$23.047	\$12.904
1992	\$23.417	\$14.654
1993	\$24.097	\$16.379
1994	\$23.384	\$19.269
1995	\$23.349	\$24.441
1996	\$24.180	\$29.694
1997	\$25.670	\$35.574
1998	\$27.477	\$42.112
1999	\$30.410	\$51.187
2000	\$33.444	\$59.722
2001	\$36.205	\$69.336
2002	\$40.002	\$78.710
2003	\$43.748	\$84.247
2004	\$46.855	\$89.728

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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>

Data for Chart 1.12

Table 1.7:  
Number and Percent Uninsured<sup>(1)</sup>  
1985 - 2004

<b>Year</b>	<b>Number (millions)</b>	<b>Percent</b>
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%
2004	45.8	15.7%

*Source: US Census Bureau*

<sup>(1)</sup> 1999 - 2004 data use population estimates based on Census 2000.

*Data for Chart 1.15*

Table 1.8:  
Average Percent Uninsured by State  
2002 - 2004

<b>State</b>	<b>Average Percent Uninsured</b>	<b>State</b>	<b>Average Percent Uninsured</b>
Alabama	13.5%	Montana	17.9%
Alaska	18.2%	Nebraska	11%
Arizona	17.0%	Nevada	19.1%
Arkansas	16.7%	New Hampshire	10.6%
California	18.4%	New Jersey	14.4%
Colorado	16.8%	New Mexico	21.4%
Connecticut	10.9%	New York	15.0%
Delaware	11.8%	North Carolina	16.6%
District of Columbia	13.5%	North Dakota	11.0%
Florida	18.5%	Ohio	11.8%
Georgia	16.6%	Oklahoma	19.2%
Hawaii	9.9%	Oregon	16.1%
Idaho	17.3%	Pennsylvania	11.5%
Illinois	14.2%	Rhode Island	10.5%
Indiana	13.7%	South Carolina	13.8%
Iowa	10.1%	South Dakota	11.9%
Kansas	10.8%	Tennessee	12.7%
Kentucky	13.9%	Texas	25.1%
Louisiana	18.8%	Utah	13.4%
Maine	10.6%	Vermont	10.5%
Maryland	14.0%	Virginia	13.6%
Massachusetts	10.8%	Washington	14.2%
Michigan	11.4%	West Virginia	15.9%
Minnesota	8.5%	Wisconsin	10.4%
Mississippi	17.2%	Wyoming	15.9%
Missouri	11.7%		

Source: US Census Bureau  
Data for Chart 1.16

Table 1.9:  
Medicaid Enrollees<sup>(1)</sup>  
1990, 1995, 2000 - 2004

<b>(in millions)</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Aged	3.2	4.2	4.5	4.8	4.5	4.8	5.1
Blind/Disabled	3.7	6.0	7.5	8.0	7.9	8.3	8.9
Children	11.2	17.6	21.5	23.7	25.5	25.3	27.8
Adults	6.0	7.8	9.0	12.0	12.9	14.0	15.4
Other Title XIX	1.1	0.6					
<b>Total</b>	<b>25.3</b>	<b>36.3</b>	<b>44.5</b>	<b>48.4</b>	<b>50.9</b>	<b>52.4</b>	<b>57.3</b>

*Source: Centers for Medicare & Medicaid Services; 2002 data, CBO March 2003 Baseline; 2003 data, CBO March 2004 Baseline; 2004 data, CBO March 2005 Baseline*

<sup>(1)</sup> *Does not include SCHIP Enrollees*

*Data for Chart 1.18*

Table 1.10:  
Percent Change in  
SCHIP Enrollment by State  
FY 2003 – FY 2004

State	Percent Change FY 03 – FY 04	State	Percent Change FY 03 – FY 04
Alabama	1%	Montana	17%
Alaska	-4%	Nebraska	-27%
Arizona	-3%	Nevada	-18%
Arkansas	Unknown	New Hampshire	11%
California	8%	New Jersey	7%
Colorado	Unknown	New Mexico	10%
Connecticut	2%	New York	-8%
Delaware	4%	North Carolina	16%
District of Columbia	4%	North Dakota	4%
Florida	-5%	Ohio	6%
Georgia	11%	Oklahoma	10%
Hawaii	16%	Oregon	4%
Idaho	13%	Pennsylvania	11%
Illinois	73%	Rhode Island	4%
Indiana	9%	South Carolina	-17%
Iowa	12%	South Dakota	9%
Kansas	-3%	Tennessee	Unknown
Kentucky	0%	Texas	-10%
Louisiana	1%	Utah	2%
Maine	-1%	Vermont	2%
Maryland	-14%	Virginia	19%
Massachusetts	29%	Washington	78%
Michigan	13%	West Virginia	4%
Minnesota	10%	Wisconsin	-1%
Mississippi	11%	Wyoming	5%
Missouri	17%		

Source: Centers for Medicare & Medicaid Services, Revised FY 2004 Number of Children Ever Enrolled in SCHIP by Program Type, May 23, 2005

Note: Due to a new system, Colorado was only able to provide CMS with accurate data for 10.5 months of FY2004; therefore a percent change was not calculated and Colorado is being reported as "Unknown". Arkansas did not report data to CMS via the Statistical Enrollment Data System in FY 2003, therefore a percent change could not be calculated so it is being reported as "Unknown". Tennessee has not reported data to CMS via the Statistical Enrollment Data System, therefore a percent change could not be calculated so it is being reported as "Unknown".

Data for Chart 1.20

Table 1.11:  
Percentage of Employees with Employer-based Coverage Who Can  
Choose Conventional, PPO, HMO and POS Plans  
1988 - 2005

	1988	1993	1996	1999	2002	2004	2005
<b>Conventional</b>	90%	59%	52%	26%	14%	16%	12%
<b>PPO</b>	18%	49%	45%	62%	74%	79%	82%
<b>HMO</b>	46%	68%	64%	56%	50%	54%	44%
<b>POS</b>	N/A <sup>(1)</sup>	21%	30%	45%	34%	30%	28%

Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 2002, 2004, 2005; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

<sup>(1)</sup> 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 - 2005

	1988	1993	1996	1999	2002	2004	2005
<b>POS</b>	N/A <sup>(1)</sup>	7%	14%	24%	18%	15%	15%
<b>HMO</b>	16%	21%	31%	28%	27%	25%	21%
<b>PPO</b>	11%	26%	28%	39%	52%	55%	61%
<b>Conventional</b>	73%	46%	27%	10%	4%	5%	3%

Source: The Kaiser Family Foundation and Health Research and Educational Trust, Survey of Employer-Sponsored Health Benefits: 1999, 2002, 2004, 2005; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

<sup>(1)</sup> Point-of-service plans not separately identified

Data for Chart 1.22

Table 1.13:  
Growth in Medicare Spending per Beneficiary vs. Private  
Health Insurance Spending per Enrollee  
1980 – 2004<sup>(1)</sup>

<b>Year</b>	<b>Growth in Medicare Spending per Beneficiary</b>	<b>Growth in Private Health Insurance Spending per Enrollee</b>
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%
2004	6.1%	9.0%

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

<sup>(1)</sup> CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data. For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>

Data for Chart 1.24

Table 1.14:  
 Percentage of Medicaid Beneficiaries Enrolled  
 in Medicaid Managed Care by State  
 2003 and 2004

State	% Enrolled		State	% Enrolled	
	03	04		03	04
Alabama	53.2%	54.9%	Montana	68.9%	67.1%
Alaska	0.0%	0.0%	Nebraska	72.1%	72.3%
Arizona	89.7%	89.1%	Nevada	45.7%	53.1%
Arkansas	67.2%	65.0%	New Hampshire	14.7%	0.0%
California	52.0%	50.4%	New Jersey	67.2%	67.9%
Colorado	79.4%	97.6%	New Mexico	64.5%	64.9%
Connecticut	72.7%	75.4%	New York	52.5%	58.2%
Delaware	71.3%	73.7%	North Carolina	69.7%	70.9%
District of Columbia	66.6%	63.8%	North Dakota	66.0%	63.0%
Florida	61.2%	65.7%	Ohio	28.8%	30.8%
Georgia	83.7%	96.2%	Oklahoma	68.0%	68.2%
Hawaii	78.8%	78.0%	Oregon	77.7%	80.9%
Idaho	64.5%	79.3%	Pennsylvania	79.9%	79.1%
Illinois	8.7%	9.1%	Rhode Island	66.8%	69.2%
Indiana	71.0%	63.4%	South Carolina	8.3%	8.3%
Iowa	91.5%	92.1%	South Dakota	97.3%	97.8%
Kansas	57.3%	57.0%	Tennessee	100.0%	100.0%
Kentucky	92.3%	92.2%	Texas	41.7%	42.8%
Louisiana	58.7%	78.8%	Utah	86.5%	88.6%
Maine	59.3%	59.8%	Vermont	65.4%	66.0%
Maryland	68.5%	67.5%	Virginia	45.0%	65.7%
Massachusetts	62.6%	61.4%	Washington	80.7%	77.3%
Michigan	99.4%	89.0%	West Virginia	51.2%	52.5%
Minnesota	65.6%	63.5%	Wisconsin	47.2%	47.2%
Mississippi	0.0%	11.5%	Wyoming	0.0%	0.0%
Missouri	44.7%	44.4%	<b>Nation</b>	59.1%	60.7%

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 - 2004

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Aetna	2.3	-0.8	3.2	7.7	10.1
Wellpoint <sup>(2)</sup>	4.9	6.6	7.1	8.1	8.6
Anthem	8.5	5.1	6.6	7.8	<sup>(1)</sup>
UnitedHealthcare	5.7	6.7	8.7	10.2	11.0
Cigna	3.6	8.0	5.9	8.9	13.1

Source: Robinson J. Consolidation and the transformation of competition in health insurance. *Health Affairs* 2004;23(6):11-24 for 2000 – 2003 data and Hoover's Annual Income Statement for 2004 data

<sup>(1)</sup> 2004 operating margin data for Anthem are not available due to the merger of Anthem with WellPoint in November 2004

<sup>(2)</sup> 2004 operating margin data for WellPoint include both pre- and post-merger data for the merger with Anthem in November 2004

Data for Chart 1.29



Appendix 2:  
Supplementary Data Tables  
Organizational Trends



Table 2.1:  
Number of Community Hospitals<sup>(1)</sup>  
1980 - 2004

Year	All Hospitals	Urban	Rural	In Health System <sup>(2)</sup>
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
2004	4,919	2,916 <sup>(3)</sup>	2,003 <sup>(3)</sup>	2,668

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2004, for community hospitals

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

<sup>(2)</sup> 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

<sup>(3)</sup> Data on the number of urban and rural hospitals in 2004 were collected using coding different from previous years to reflect new Centers for Medicare and Medicaid Services wage area designations

Data for Charts 2.1 and 2.4

Table 2.2:  
Number of Beds and  
Number of Beds per 1,000 Persons  
1980 - 2004

<b>Year</b>	<b>Number of Beds</b>	<b>Beds per 1,000</b>
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
2004	808,127	2.75

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980-2004, for community hospitals*  
*Data for Chart 2.2*

Table 2.3:  
Beds per 1,000 Persons  
by State  
2003 and 2004

State	Beds per 1,000 Persons		State	Beds per 1,000 Persons	
	03	04		03	04
Alabama	3.48	3.38	Montana	4.71	4.68
Alaska	2.24	2.18	Nebraska	4.29	4.20
Arizona	1.94	1.94	Nevada	1.91	2.04
Arkansas	3.64	3.48	New Hampshire	2.17	2.16
California	2.09	2.00	New Jersey	2.64	2.52
Colorado	2.08	2.01	New Mexico	1.96	1.93
Connecticut	2.06	2.23	New York	3.37	3.34
Delaware	2.51	2.35	North Carolina	2.77	2.75
District of Columbia	5.99	6.24	North Dakota	5.67	5.62
Florida	2.98	2.87	Ohio	2.88	2.91
Georgia	2.84	2.80	Oklahoma	3.14	3.07
Hawaii	2.48	2.49	Oregon	1.90	1.81
Idaho	2.50	2.46	Pennsylvania	3.31	3.23
Illinois	2.77	2.74	Rhode Island	2.24	2.22
Indiana	3.06	3.01	South Carolina	2.68	2.67
Iowa	3.74	3.70	South Dakota	5.78	5.98
Kansas	3.88	3.79	Tennessee	3.48	3.45
Kentucky	3.63	3.68	Texas	2.59	2.58
Louisiana	3.97	3.81	Utah	1.87	1.89
Maine	2.84	2.69	Vermont	2.43	2.37
Maryland	2.11	2.07	Virginia	2.33	2.32
Massachusetts	2.49	2.53	Washington	1.83	1.77
Michigan	2.56	2.57	West Virginia	4.30	4.08
Minnesota	3.25	3.16	Wisconsin	2.71	2.65
Mississippi	4.53	4.53	Wyoming	3.54	4.04
Missouri	3.39	3.32			

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2003 and 2004 for community hospitals and US Census Bureau: State and County QuickFacts, 2004 population estimate data derived from Population Estimates, 2000 Census of Population and Housing

Data for Chart 2.3

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<sup>(1)</sup>  
by Type of Relationship  
1995 - 2004

	95	96	97	98	99	00	01	02	03	04
Physician Hospital Organization	31%	31%	29%	29%	27%	25%	23%	22%	21%	19%
IPA	23%	24%	21%	19%	18%	17%	17%	16%	16%	15%
Management Service Organization	19%	22%	19%	17%	16%	13%	11%	11%	10%	9%
Group Practice without Walls	7%	7%	6%	5%	4%	4%	5%	4%	4%	3%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 – 2004, for community hospitals

<sup>(1)</sup> 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

Table 2.6:  
Percentage of Hospitals with Insurance Products by Type of  
Insurance  
1995 - 2004

	<b>95</b>	<b>96</b>	<b>97</b>	<b>98</b>	<b>99</b>	<b>00</b>	<b>01</b>	<b>02</b>	<b>03</b>	<b>04</b>
Preferred Provider Organization	31%	31%	31%	26%	23%	21%	18%	19%	19%	18%
Health Maintenance Organization	21%	22%	23%	22%	20%	18%	15%	14%	14%	14%
Indemnity or Fee-for-service	10%	10%	10%	8%	6%	6%	5%	5%	6%	6%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 – 2004, for community hospitals  
Data for Chart 2.8

Table 2.7:  
Percentage of Hospitals Offering  
“Non-hospital” Services<sup>(1)</sup>  
1995 - 2004

	<b>95</b>	<b>96</b>	<b>97</b>	<b>98</b>	<b>99</b>	<b>00</b>	<b>01</b>	<b>02</b>	<b>03</b>	<b>04</b>
Home Health Service	74%	77%	78%	76%	72%	69%	66%	65%	64%	64%
Skilled Nursing Facility	45%	49%	52%	53%	49%	49%	47%	46%	45%	43%
Other Long-term Care	13%	14%	15%	12%	11%	11%	11%	11%	13%	14%
Assisted Living	8%	10%	11%	13%	14%	15%	15%	15%	16%	16%
Hospice	53%	56%	56%	59%	56%	54%	54%	55%	57%	59%
Meals on Wheels	23%	24%	25%	26%	25%	26%	25%	24%	24%	24%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1995 – 2004, for community hospitals

<sup>(1)</sup> Includes services offered in hospital, health system, network or joint venture

Data for Chart 2.9

Appendix 3:  
Supplementary Data Tables  
Utilization and Volume

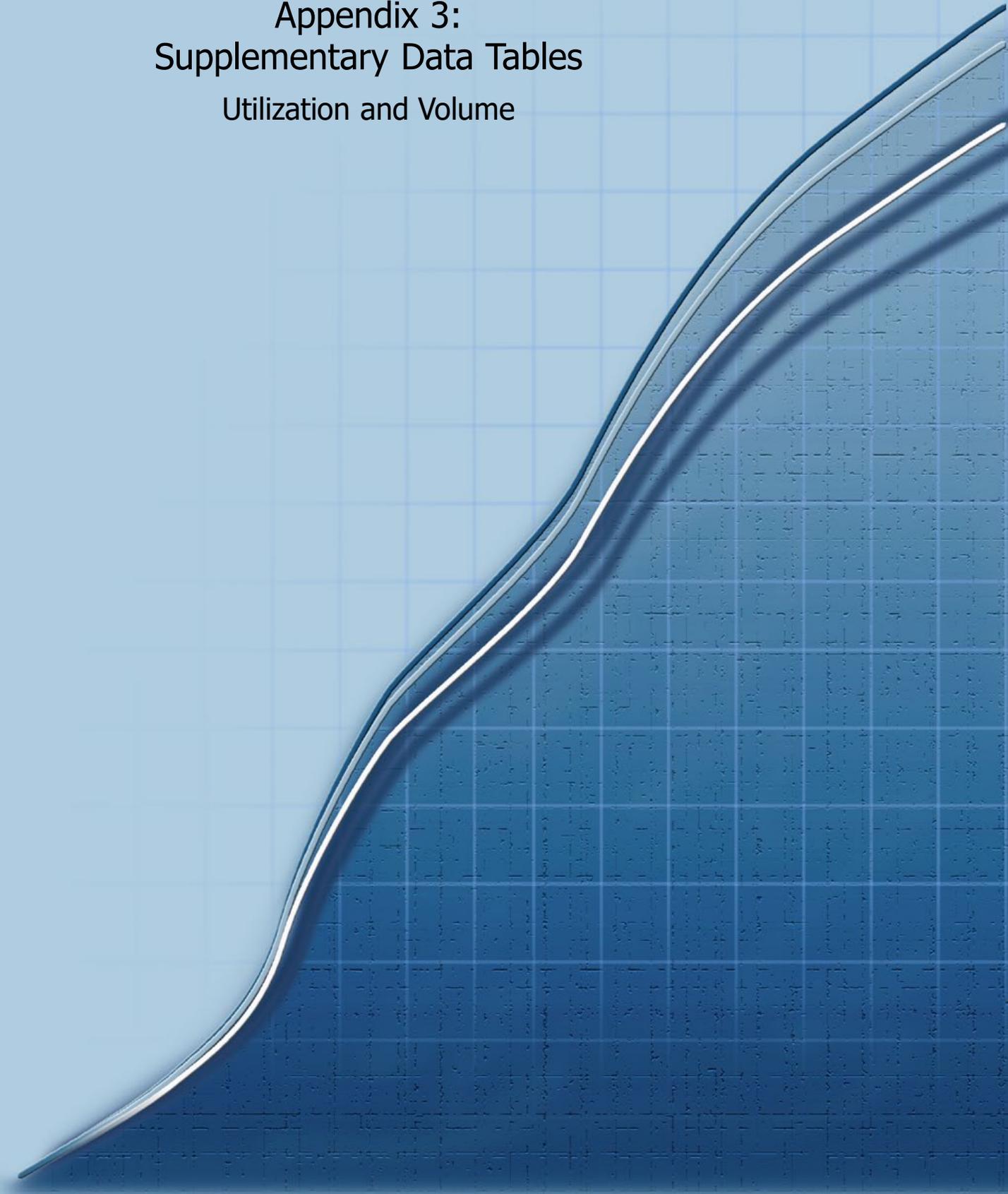


Table 3.1:  
Trends in Inpatient Utilization  
in Community Hospitals  
1980 - 2004

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
2004	35,086,061	119.5	197,564,172	672.8	10,050,346	5.6

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2004, for community hospitals and US Census Bureau: State and County QuickFacts, 2004 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

Table 3.2:  
Average Length of Stay in Community Hospitals  
by State  
2003 and 2004

State	Average Length of Stay		State	Average Length of Stay	
	03	04		03	04
Alabama	5.0	5.1	Montana	9.8	9.8
Alaska	6.2	6.3	Nebraska	7.5	7.6
Arizona	4.4	4.5	Nevada	5.2	5.4
Arkansas	5.4	5.4	New Hampshire	5.4	5.5
California	5.4	5.3	New Jersey	5.6	5.4
Colorado	5.1	4.9	New Mexico	4.7	4.8
Connecticut	5.4	5.8	New York	7.4	7.3
Delaware	6.2	6.2	North Carolina	6.1	6.1
District of Columbia	6.7	7.0	North Dakota	8.8	8.7
Florida	5.2	5.2	Ohio	5.1	5.2
Georgia	6.5	6.5	Oklahoma	5.3	5.2
Hawaii	7.3	7.7	Oregon	4.3	4.3
Idaho	5.1	5.2	Pennsylvania	5.6	5.6
Illinois	5.1	5.3	Rhode Island	5.4	5.3
Indiana	5.6	5.6	South Carolina	5.8	5.7
Iowa	6.5	6.6	South Dakota	9.7	10.0
Kansas	6.5	6.4	Tennessee	5.6	5.7
Kentucky	5.7	5.6	Texas	5.2	5.2
Louisiana	5.6	5.5	Utah	4.3	4.4
Maine	5.5	5.4	Vermont	6.6	6.6
Maryland	4.9	4.8	Virginia	5.8	5.8
Massachusetts	5.6	5.5	Washington	4.8	4.7
Michigan	5.3	5.3	West Virginia	6.0	5.7
Minnesota	6.7	6.4	Wisconsin	5.7	5.6
Mississippi	6.5	6.5	Wyoming	6.5	7.8
Missouri	5.2	5.3			

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 2003 and 2004, for community hospitals  
Data for Chart 3.6

Table 3.3:  
Emergency Department Visits, Emergency Department Visits per  
1,000, and Number of Emergency Departments  
1991 - 2004

<b>Year</b>	<b>ED Visits (millions)</b>	<b>ED Visits per 1,000</b>	<b>Emergency Departments<sup>(1)</sup></b>
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
2004	112.6	383	4,595

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1991 – 2004, for community hospitals and US Census Bureau: State and County QuickFacts, 2004 population estimate data derived from Population Estimates, 2000 Census of Population and Housing*

<sup>(1)</sup> *Defined as hospitals that reported ED visits*

*Data for Charts 3.7 and 3.8*

Table 3.4:  
 Outpatient Utilization in Community Hospitals  
 1980 - 2004

<b>Year</b>	<b>Total Outpatient Visits</b>	<b>Outpatient Visits per 1,000</b>	<b>Outpatient Surgeries</b>
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
2004	571,569,334	1,946.4	17,351,490

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2004, for community hospitals and US Census Bureau: State and County QuickFacts, 2004 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

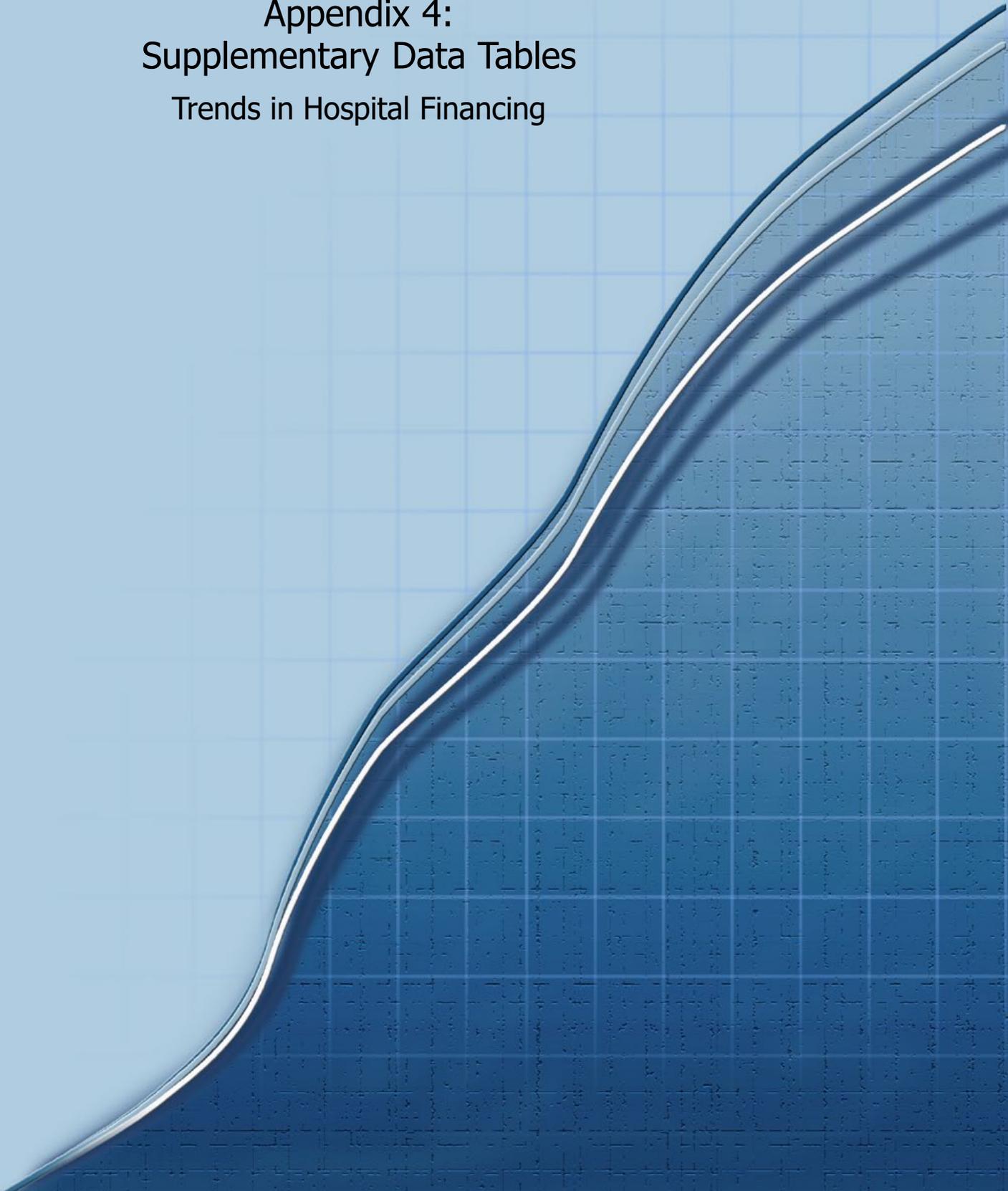


Table 4.1:  
Aggregate Total Hospital Margins<sup>(1)</sup>, Operating Margins<sup>(2)</sup>, and Patient Margins<sup>(3)</sup>; Percentage of Hospitals with Negative Total Margins; and Aggregate Non-operating Gains as a Percentage of Total Net Revenue 1980 - 2004

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%
2004	5.2%	3.6%	-2.3%	26.5%	1.7%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2004, for community hospitals

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

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

<sup>(3)</sup> 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 4.8

Table 4.2:  
Distribution of Inpatient vs. Outpatient Revenues  
1980 - 2004

<b>Year</b>	<b>Gross Outpatient Revenue</b>	<b>Gross Inpatient Revenue</b>
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%
2004	36%	64%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2004, for community hospitals*

*Data for Chart 4.3*

Table 4.3:  
Annual Change in Hospital Operating Revenue and Expenses  
per Adjusted Admission<sup>(1)</sup>  
1980 - 2004

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%
2004	\$8,166	\$8,469	4.7%	5.0%

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2004, for community hospitals

<sup>(1)</sup> 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 4.4

Table 4.4:  
 Aggregate Hospital Payment-to-cost Ratios  
 for Private Payers, Medicare and Medicaid  
 1980 - 2004

<b>Year</b>	<b>Medicare</b>	<b>Medicaid<sup>(1)</sup></b>	<b>Private Payer</b>
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%
2004	91.9%	89.9%	128.9%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2004, for community hospitals*

<sup>(1)</sup> Includes Medicaid Disproportionate Share payments

Data for Chart 4.6

Table 4.5:  
Hospital Payment Shortfall Relative to Costs  
Medicare, Medicaid, and Other Government  
1997 - 2004

<b>Year</b>	<b>Medicare (billions)</b>	<b>Medicaid (billions)</b>	<b>Other Government (billions)</b>
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
2004	\$15.0	\$7.1	\$0.5

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1997 - 2004, for community hospitals*

*Data for Chart 4.7*

Appendix 5:  
Supplementary Data Tables  
Workforce

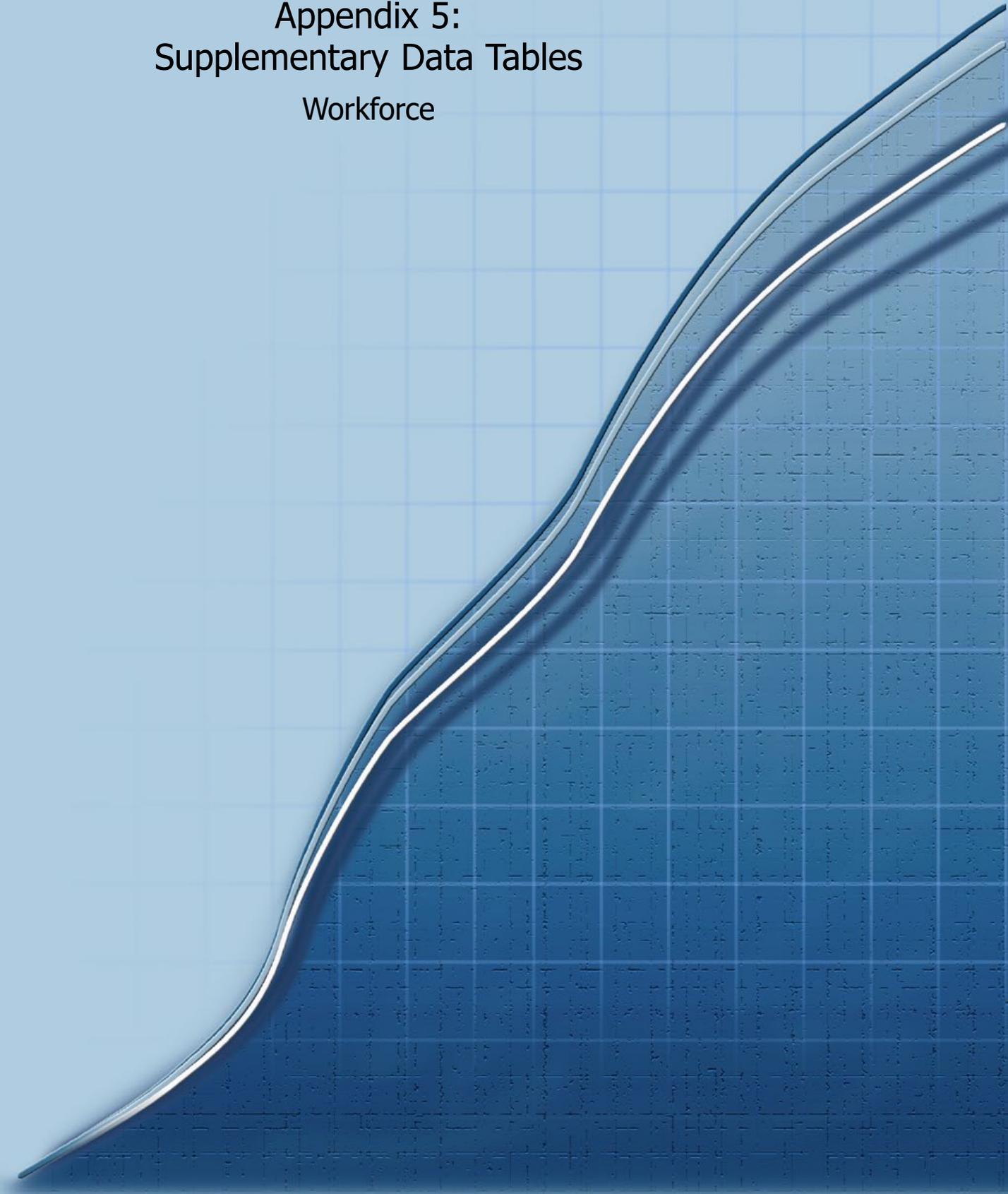


Table 5.1:  
Total Number of Active Physicians per 1,000 Persons  
by State  
2002 and 2003

State	Physicians per 1,000 Persons		State	Physicians per 1,000 Persons	
	02	03		02	03
Alabama	1.99	2.11	Montana	2.19	2.30
Alaska	2.00	2.32	Nebraska	2.26	2.36
Arizona	1.89	2.27	Nevada	1.79	1.90
Arkansas	1.92	2.02	New Hampshire	2.52	2.63
California	2.40	2.52	New Jersey	3.14	3.21
Colorado	2.40	2.62	New Mexico	2.20	2.35
Connecticut	3.44	3.49	New York	3.65	3.71
Delaware	2.52	2.66	North Carolina	2.33	2.45
District of Columbia	6.18	7.07	North Dakota	2.25	2.35
Florida	2.41	2.54	Ohio	2.60	2.65
Georgia	2.04	2.18	Oklahoma	1.92	1.99
Hawaii	2.77	3.09	Oregon	2.41	2.59
Idaho	1.66	1.77	Pennsylvania	3.15	3.15
Illinois	2.60	2.71	Rhode Island	3.34	3.43
Indiana	2.09	2.18	South Carolina	2.15	2.25
Iowa	1.99	2.16	South Dakota	2.01	2.13
Kansas	2.17	2.30	Tennessee	2.42	2.51
Kentucky	2.13	2.24	Texas	2.03	2.10
Louisiana	2.44	2.51	Utah	1.98	2.08
Maine	2.71	2.99	Vermont	3.37	3.50
Maryland	3.53	3.91	Virginia	2.45	2.64
Massachusetts	3.92	4.08	Washington	2.47	2.61
Michigan	2.58	2.67	West Virginia	2.37	2.42
Minnesota	2.53	2.70	Wisconsin	2.41	2.48
Mississippi	1.71	1.83	Wyoming	1.82	1.94
Missouri	2.48	2.57			

Source: CDC, NCHS Health United States, 2004 and 2005; includes active non-federal doctors of medicine and active doctors of osteopathy

Data for Chart 5.2

Table 5.2:  
 Medical and Dental Residents in Training  
 in Community Hospitals  
 1980 - 2004

<b>Year</b>	<b>Residents</b>
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
2004	84,628

*Source: The Lewin Group analysis  
 of American Hospital Association  
 Annual Survey data, 1980 – 2004,  
 for community hospitals*

*Data for Chart 5.3*

Table 5.3:  
Total Full-time Equivalent Employees Working in Hospitals  
and Full-time Equivalents per Adjusted Admission<sup>(1)</sup>  
1980 – 2004

<b>Year</b>	<b>FTE Personnel</b>	<b>FTE per Adjusted Admission</b>
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
2004	4,147,941	0.070

Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 – 2004, for community hospitals

<sup>(1)</sup> 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

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  
 1987 - 2004

<b>Year</b>	<b>RN FTEs (thousands)</b>	<b>RN FTEs per Adjusted Admission</b>	<b>RN FTEs as a Percent of Total FTEs</b>
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%
2004	1,053.1	0.0179	25.4%

*Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1987 – 2004, for community hospitals*

*Data for Charts 5.6 and 5.7*

Table 5.5:  
Number of Physicians by Age  
1980, 1990, and 2004

<b>Age Group</b>	<b>1980</b>	<b>1990</b>	<b>2004</b>
Under 35	128,506	134,872	142,328
35-44	118,840	184,743	210,967
45-54	88,063	116,803	219,579
55-64	68,239	83,614	149,736
65 & Over	64,031	95,389	162,364
<b>Total # of Physicians</b>	<b>467,679</b>	<b>615,421</b>	<b>884,974</b>

*Source: American Medical Association, Physician Characteristics and Distribution in the US, 2006 Edition*

*Data for Chart 5.8*

Table 5.6:  
RN Employment by Type of Provider  
1980 - 2004

	<b>1980</b>	<b>1984</b>	<b>1988</b>	<b>1992</b>	<b>1996</b>	<b>2000</b>	<b>2004</b>
Percent Employed by Hospitals	65.7%	68.1%	67.9%	66.5%	60.1%	59.1%	56.2%
Percent Employed by Nursing Homes/Extended Care Facilities	8.0%	7.8%	6.6%	7.0%	8.1%	6.9%	6.3%
Percent Employed by Public/Community Health	6.6%	6.8%	6.8%	9.7%	13.2%	18.3%	14.9%
All Other	19.8%	17.3%	18.7%	16.8%	18.7%	15.7%	22.6%

*Source: 2000 & 2004 preliminary findings from The Registered Nurse Population: National Sample Survey of Registered Nurses March 2004; 1980-1996 findings from the National Sample Survey of Registered Nurses, 1980-2000, Bureau of Health Professions, Division of Nursing*

*Data for Chart 5.9*

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

<b>Age Group</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010 (proj.)</b>	<b>2020 (proj.)</b>
20s	321,316	252,890	247,123	261,672	266,514
30s	320,101	536,442	614,728	539,981	554,090
40s	224,468	419,766	935,866	723,147	651,459
50s	171,240	206,647	585,497	896,206	697,039
60s	36,716	46,372	313,675	373,573	535,371
<b>Total # of RNs</b>	<b>1,073,841</b>	<b>1,462,116</b>	<b>2,696,890</b>	<b>2,794,580</b>	<b>2,704,473</b>

*Source: 2010 & 2020 projections derived from The Lewin Group analysis of National Sample Survey of Registered Nurses, 2000; 1980, 1990, and 2000 estimates from National Sample Survey of Registered Nurses, National Center for Health Workforce Analysis, Bureau of Health Professions, Health Resources and Services Administration*

*Data for Chart 5.10*

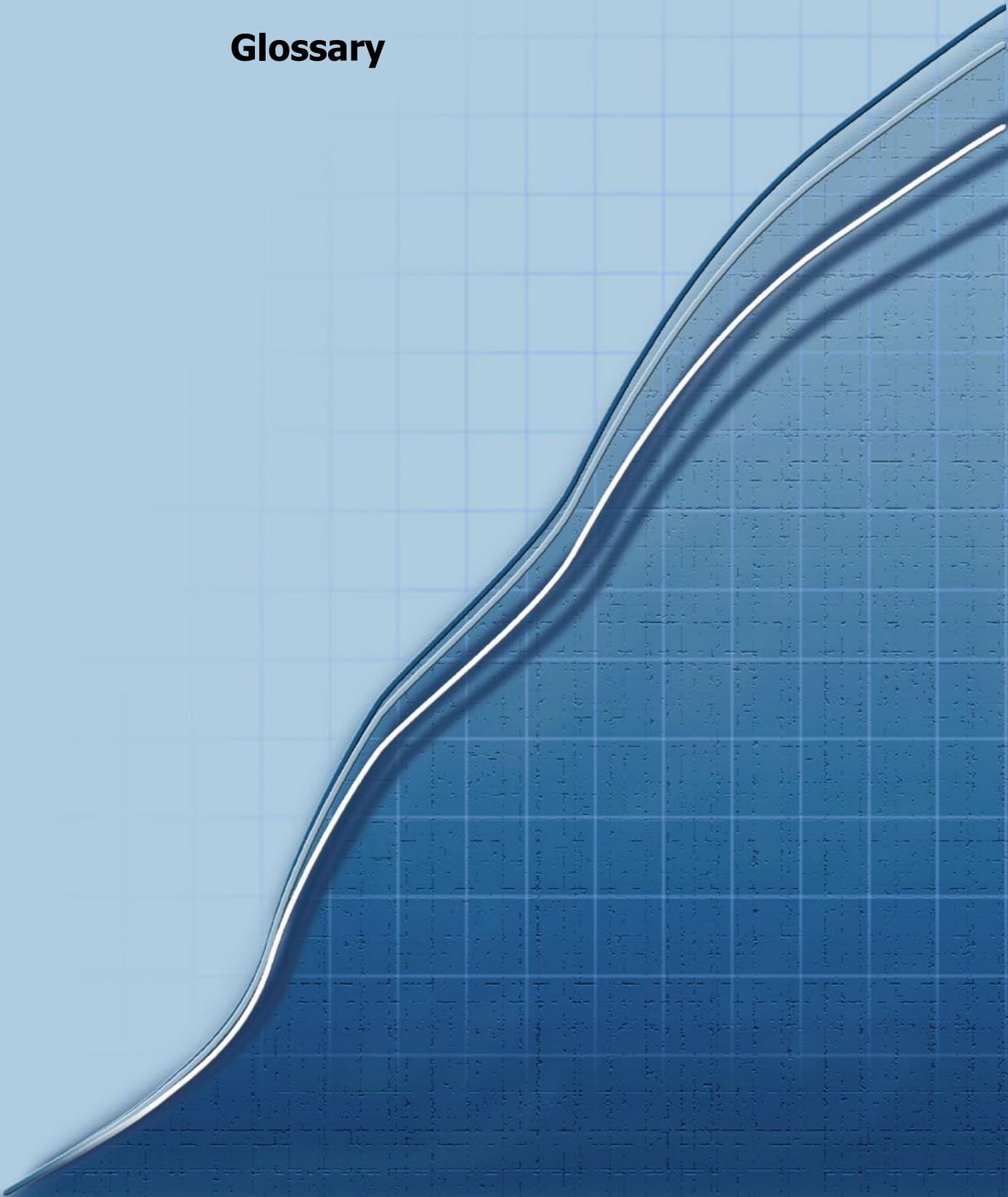
Table 5.8:  
National Supply and Demand Projections for FTE RNs  
2000 - 2020

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

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

*Data for Chart 5.12*

# Glossary



# Glossary

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

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

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

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

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

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

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

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

**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.

