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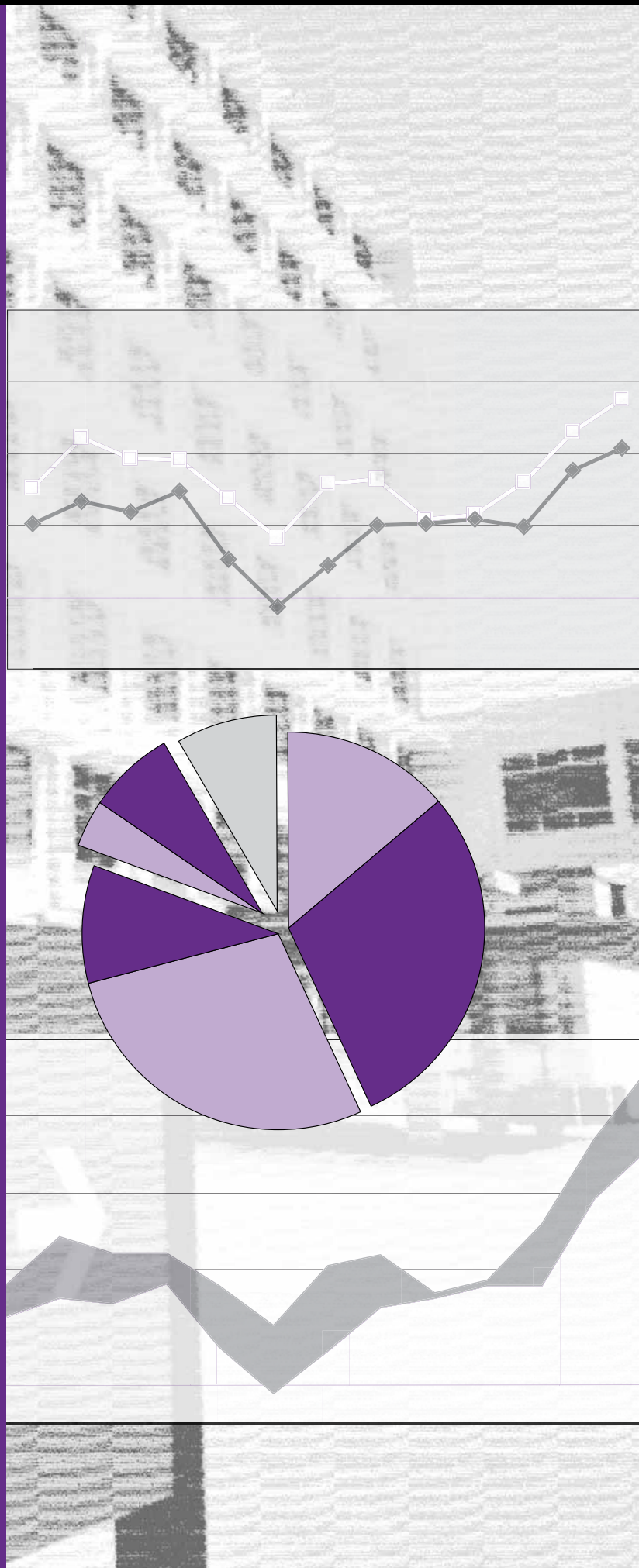
# FINANCIAL ANALYSIS 2007

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Volume One • General Acute Care Hospitals



Pennsylvania Health Care Cost Containment Council  
June 2008



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

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

This is the second report in PHC4's Financial Analysis 2007 series. This volume presents a profile of the financial health of Pennsylvania's 170 General Acute Care (GAC) hospitals. The Preview of statewide financial trends was released in April 2008. A subsequent volume will report on the non-GAC hospitals (rehabilitation, long-

term acute, psychiatric and specialty) as well as ambulatory surgery centers.

This report focuses primarily on fiscal year 2007 (FY07). For most GAC hospitals, FY07 began on July 1, 2006 and ended June 30, 2007. For those hospitals that utilize a different fiscal year, the data presented in this report reflect the fiscal year that ended prior to June 30, 2007. Hospitals with a fiscal year end other than June 30 are listed on the last page of this report.

The information contained in this report was derived from annual hospital financial statements supplemented with additional data supplied by each hospital. By law, hospitals are required to submit this financial and utilization information to PHC4. Every reasonable effort has been made to ensure the accuracy of the information contained herein. Each facility had the opportunity to review its data and to make corrections. The ultimate responsibility for data accuracy lies with each individual facility.

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## HOSPITAL INCOME

### Pennsylvania's GAC Hospitals

General Acute Care (GAC) hospitals include all non-federal, short-term general and specialty acute care hospitals open to the public. Many GAC hospitals operate subunits, such as skilled nursing, psychiatric, rehabilitation, and long-term acute care. Generally, all of the activities of a hospital and any of its subunits are included in the information presented in this report.

Ancillary operations, such as physician practice groups, have been excluded whenever possible.

There were 170 licensed GAC hospitals that operated during at least some portion of fiscal year 2007 (FY07). This is a net decline of five hospitals from the 175 licensed hospitals that operated during FY06. There were two hospitals that merged under the license of another hospital during FY06; Wills Eye Hospital merged under Thomas Jefferson University Hospital and Hazelton St. Joseph Medical Center merged under Hazelton General Hospital. Monsour Medical Center, Phillipsburg Area Hospital, and Tara Hospital closed during FY06.

All but 23 of the 170 GAC hospitals functioned solely as non-profit organizations or as components of larger non-profit organizations. All income or "profit" from their operations is retained within the organization. The primary uses of income are to fund capital improvements, retire outstanding debt, and to provide a reserve in the event revenues do not cover expenses in the future.

For-profit hospitals may distribute a portion of their income to shareholders as dividends. In FY07, five publicly traded for-profit corporations operated 19 of the 23 for-profit GAC hospitals in Pennsylvania. The remaining four for-profit

hospitals were privately held companies.

Four of the five publicly traded corporations made a profit during FY07 (calendar year 2006, CY06) and two of these corporations paid regular dividends to its shareholders. Universal Health Systems (UHS) paid dividends that were equal to 6.7% of the company's profit. As a result, 93.3% of UHS's profit was retained within the company. Health Management Associates (HMA) paid dividends equal to 31.7% of the Company's CY06 profit, so 68.3% of the company's earnings were retained within the company. Since Community Health Systems and Life Point Hospitals made a profit and did not pay dividends, 100% of their income was retained within the corporations.

### Why is Income Important?

Hospitals need a positive total income (total margin) to operate effectively. Those that have a negative total margin (deficit) are not receiving sufficient revenue to pay all of their expenses. Hospitals operating at a deficit must use other sources of funds, such as cash reserves or the liquidation of assets, to pay their expenses. Unless these hospitals can alleviate the deficit by increasing revenues and/or cutting expenses, they can stay in business only as long as they have assets to liquidate.

Earning a positive total margin alone may not be enough to remain viable. Hospitals need to earn sufficient income to make improvements to their facilities and equipment. These investments are necessary to replace worn out or obsolete buildings and equipment, keep pace with changes in medical technology, and meet the changing health care needs of the community.

In addition to using their own funds, hospitals finance improvements to facilities and equipment by issuing bonds or entering

into other debt financing. However, financial institutions and potential bondholders must be convinced that a hospital is capable of repaying its debt. Therefore, it may be difficult for hospitals that are projected to have low or negative income to borrow money.

It is very important to closely monitor hospital income levels because relatively small changes in revenues or expenses can make a large difference in the financial health of a hospital. For example, a hospital realizing an average 5% operating margin one year can have an operating deficit the following year if revenues fall by 3% and expenses rise at the rate of inflation (e.g., 3%).

### What is an “Appropriate” Income Level?

The “appropriate” level of income needed to keep a hospital viable will be different for each individual hospital or health system. The precise amount of income a hospital needs depends on several factors, including, but not limited to: the condition of its plant and equipment, amount of

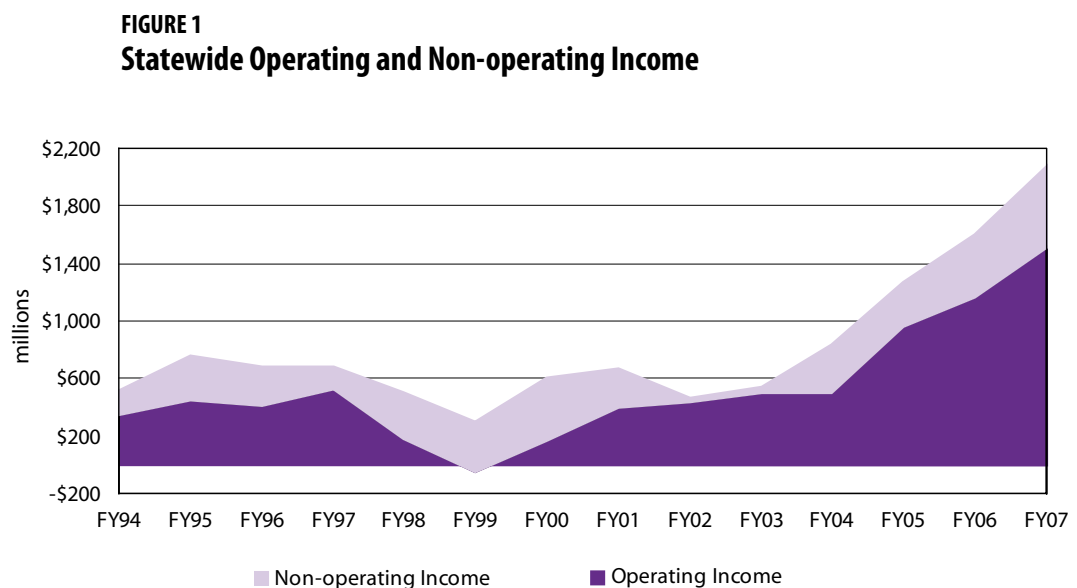
debt, assets available for capital improvements, the mix of care provided by the hospital, the level of payment risk, and the current and future needs of the market a hospital serves.

For example, a hospital that has experienced low or negative income levels for a number of years may need to realize an above average income level if it is to make overdue capital improvements, reduce outstanding debts, and replenish its capital reserves. Alternatively, a hospital with a history of continuous moderate income levels can probably remain viable with a lower income level if it has kept pace with needed improvements and has not depleted its capital reserves or acquired debt in order to meet expenses in the past.

### Operating Margin vs. Total Margin

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

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



patient care, as well as a variety of other related functions, such as medical education, cafeterias, office space, and parking. A positive operating margin indicates that operating revenues are greater than operating expenses. Alternatively, a negative operating margin indicates that revenues are not covering costs. Hospitals with a negative operating margin may be using funds that should be dedicated to replacing obsolete or worn out facilities and equipment to pay their operating expenses.

Total margin includes both operating income and income from all other sources. The income from sources other than operations is called “non-operating income.” Examples of non-operating income are investment gains, trust income and contributions. However, some hospitals include all or part of investment and trust income in operating revenue, particularly when the funds have been designated to support specific operations of a hospital.

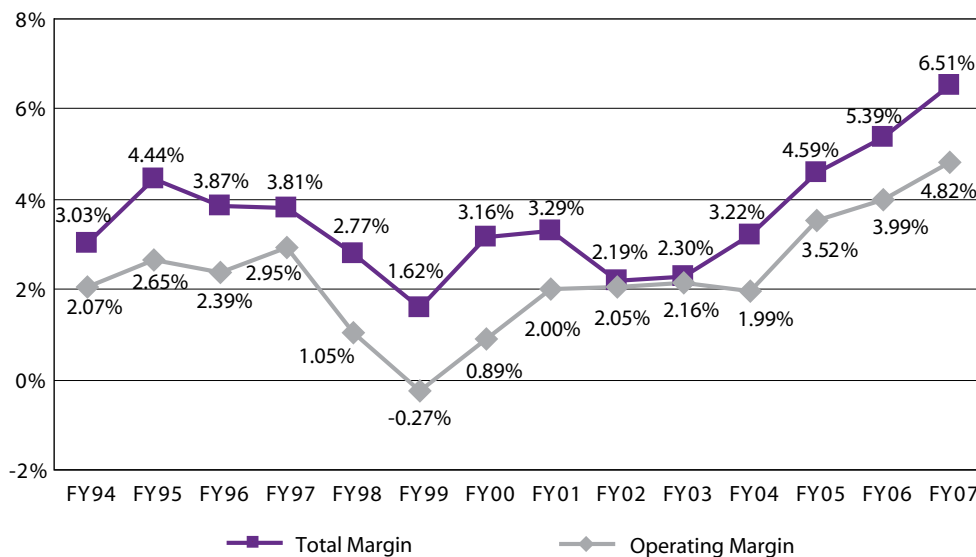
Total margin reveals the composite financial health of a facility during the year. If total margin is negative, the hospital is losing money after all sources of revenue and income have been considered.

Some hospitals have endowments that enable them to provide care beyond the level of operating revenue they receive. For those hospitals, a negative operating margin may not be that critical as long as they can realize a healthy positive total margin.

Other hospitals may not have large endowments or other sources of non-operating income and their operating margin and total margin will be very similar. In these instances, a low or negative operating and/or total margin may reveal the hospital is under financial stress.

Unlike non-profit hospitals, the income realized by for-profit hospitals is subject to income tax. PHC4 reflects income taxes as a non-operating expense. Consequently, the oper-

**FIGURE 2**  
**Statewide Average Total and Operating Margins**



ating margins for both non-profit and for-profit hospitals are comparable.

Since for-profit hospitals typically have little or no non-operating income, the difference between the operating and non-operating income of for-profit hospitals is primarily the effect of income taxes.

If a for-profit hospital had a positive operating margin and its parent corporation paid income taxes, the hospital will have an income tax expense. This tax expense will cause the hospital's total margin to be lower than the operating margin.

If a for-profit hospital lost money and its parent corporation was subject to income taxes or the parent posted a tax credit, a tax credit is posted for the facility. The tax credit is an estimate of how much the parent's tax expense was affected because the hospital's loss reduced the parent's net income. In these circumstances, the tax credit will make the hospital's total margin greater than the operating margin.

Three of the for-profit hospitals, Barix Clinics, Edgewood Surgical Hospital, and St. Catherine were operated as Limited Liability Corporations (LLCs) during FY07. LLCs are not directly subject to income tax, and their total margin is not affected by tax expenses.

### **For-Profit Taxes**

Of the 20 for-profit hospitals operated by multi-state corporations in Pennsylvania, nine hospitals had positive operating margins and reported federal income tax expenses totaling \$41.2 million during FY07. As a group, federal taxes for these nine hospitals were equal to about 4.6% of their total operating revenue. For these hospitals, 4.6 cents of every dollar of revenue was used to pay federal income taxes.

Eleven of the 20 hospitals had negative operating margins during FY07. Because their losses either reduced the overall tax expense or increased the tax credit posted by the parent corporations, tax credits of \$61.5 million were recorded for these hospitals.

The net effect of the nine for-profit hospitals that generated positive operating income and the eleven hospitals that operated at a loss was an overall net federal tax credit of \$20.3 million for the 20 for-profit hospitals.

### **Statewide Total Margin Rises for Fifth Consecutive Year, Driven by Increases in both Operating and Non-operating Income**

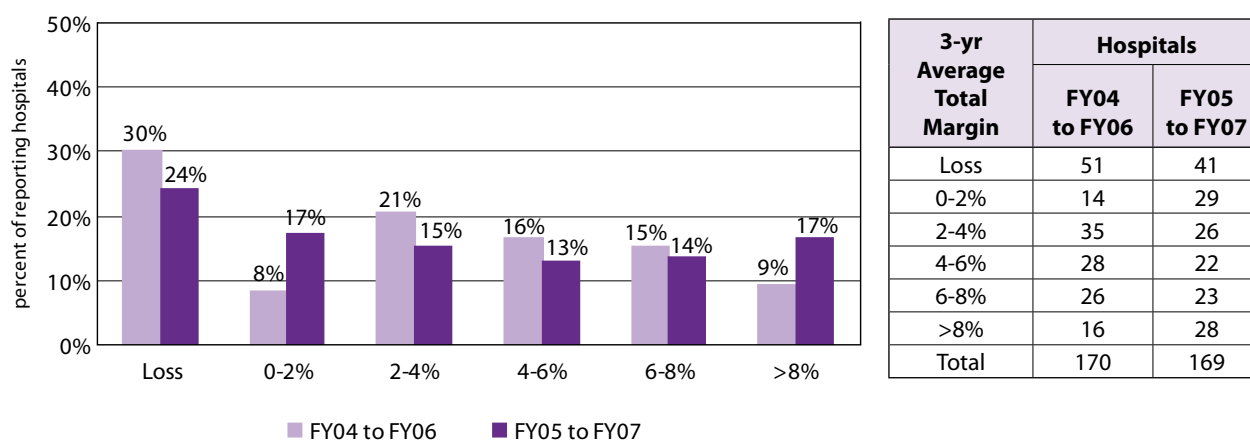
The overall net income or total margin realized by GAC hospitals grew by more than a full point, rising from 5.39% in FY06 to 6.51% in FY07. This is the fifth consecutive year of growth in statewide GAC hospital income. Over the last four years, the average total margin increased 4.2 points from the 2.30% total margin posted for FY03.

Similar to FY06, the improvement in the FY07 statewide total margin was the product of increases in both operating income and non-operating gains.

Nearly three-fourths (73%) of the \$468 million increase in the statewide net income was the result of a \$341 million growth in operating income. As a result, the statewide average operating margin grew from 3.99% in FY06 to 4.82% in FY07.

The other one-fourth (27%) of the increase in the statewide total margin was the result of \$127 million growth in non-operating income. The primary components to non-operating income are net investment gains, contributions and the net effect of federal taxes on for-profit hospitals.

**FIGURE 3**  
**Statewide Distribution of 3-year Average Total Margin**



With these increases in operating and non-operating income, FY07 statewide net income (revenue over expenses) grew to \$2.074 billion. Operating income contributed about 73% or \$1.511 billion of the total net income and the remaining 27% or \$563 million came from non-operating sources.

Statewide operating income improved because operating revenue grew more than operating expenses. GAC hospitals collectively posted an increase in operating revenue of about 6.9% or \$2.014 billion, while operating expenses grew about 5.9% or \$1.673 billion. Total operating revenue rose to \$31.337 billion, and the hospitals posted operating expenses totaling \$29.826 billion. The revenue hospitals received for patient care, net patient revenue (NPR), grew 6.9%, nearly the same rate as overall operating revenue during FY07. Statewide NPR was \$29.788 billion, making up 95% of statewide operating revenue in FY07.

**Despite Statewide Gains, 25% of GAC Hospitals Still Lost Money in FY07**

While the statewide average total margin grew more than full point to 6.51%, 42 or 25% of the 170 reporting GAC hospitals posted a negative total margin in FY07. The number of hospitals with a negative total margin in FY07 was one hospital greater than the 41 hospitals (out of 175) that reported negative total margins in FY06.

The number of hospitals with negative operating margins declined from 61 in FY06 to 52 in FY07. For these hospitals, revenue from patient care and other operations was not sufficient to cover operating expenses.

The hospitals with an operating loss were more likely to be smaller community hospitals. Only 15% (8 out of 52) of the hospitals with negative operating margins had annual net patient revenues above \$150 million. These 52 hospitals had an average FY07 net patient revenue of approximately \$86 million.

**TABLE 1**  
**Statewide Ratio of Charges to Net Patient Revenue (NPR)**

	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Charges to NPR	222%	231%	243%	255%	274%	294%	329%	348%	352%	356%	364%

In contrast, the distribution of hospitals with a positive operating margin in FY07 was almost evenly split between hospitals with annual net patient revenue above and below \$150 million. Approximately half or 46% (54 out of 118) of the hospitals reporting positive operating margins had net patient revenues above \$150 million and 54% or (64 out of 118 hospitals) had annual net patient revenue below \$150 million. The average net patient revenue for the hospitals with positive operating margins was about \$214 million.

Since extraordinary or short-term events can have a significant impact on a hospital's annual total margin, a 3-year average total margin often provides a better perspective on a hospital's medium-term financial health. Overall, there was a general improvement in 3-year average total margin among the 168 hospitals that operated from FY04 through FY07. Two-thirds (66%) or 111 of the 168 hospitals experienced an increase in their 3-year average total margin during FY07.

Ten fewer hospitals had a negative three-year average total margin at the end of FY07. There were 41 hospitals that realized average losses

over the three-year period between FY05 and FY07 compared to the 51 hospitals that reported average losses in the prior 3-year period between FY04 and FY06. The number of hospitals that posted three-year average total margins above 8% grew by 12, from 16 at the end of FY06 to 28 at the end of FY07.

### **The Growth in Hospital Charges Continues to Outpace the Growth in Net Patient Revenue**

Hospitals maintain a schedule of charges or "charge master" for all of the services they provide. Table 1 reveals that charges are much higher than the payments hospitals actually receive (NPR) and that charges have been growing at a faster rate than payments. For example, in FY97, statewide hospital charges were 2.2 times greater than total net patient revenue (NPR). By the end of FY07, statewide charges were over 3.6 times greater than statewide NPR. During FY07, statewide charges increased 9.3%, compared to the 6.9% increase in total net patient revenue.



## STATEWIDE UTILIZATION

### Inpatient Care Remains Relatively Constant

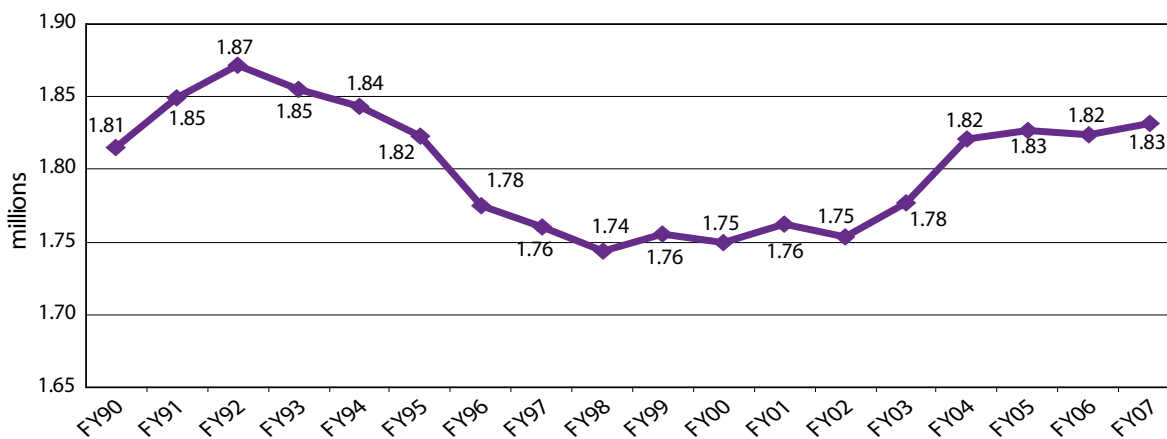
After two years of significant growth in the number of inpatient discharges during FY03 and FY04, statewide discharges have remained in the 1.82 to 1.83 million range over the past four years between FY04 and FY07.

Although very slight, the average length of stay (ALOS) increased for the first time in at

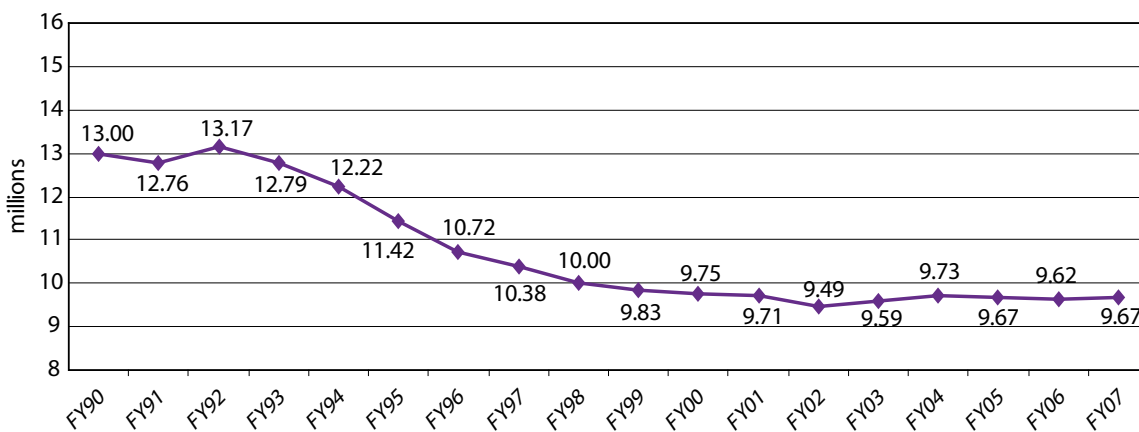
least 15 years. The average length of an inpatient stay (ALOS) has declined every year since at least FY92 with the rate of decline waning in recent years. Figure 6 reveals that this trend ended in FY07 when the statewide ALOS increased by 0.01 of a day from 5.27 days in FY06 to 5.28 days in FY07.

The combination of the slight increases in both ALOS and total discharges has resulted in a small increase in total patient days from 9.62 million in FY06 to 9.67 million in FY07.

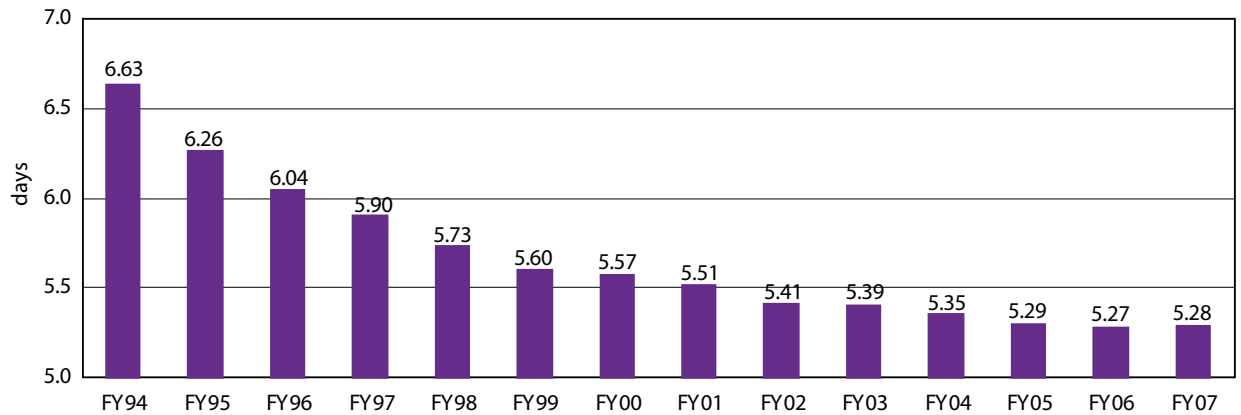
**FIGURE 4**  
**Statewide Inpatient Discharges**



**FIGURE 5**  
**Statewide Inpatient Days**



**FIGURE 6**  
**Statewide Average Length of Stay**



Of the \$29.8 billion in statewide net patient revenue (NPR), 61.5% or \$18.3 billion was derived from inpatient care. Statewide inpatient revenue grew a full point slower than overall net patient revenue. Statewide inpatient revenue increased 5.9% during FY07 compared to the 6.9% growth in the total NPR for all hospital care.

Statewide outpatient revenue reported by GAC hospitals increased 8.7% during FY07, rising to \$11.2 billion. Outpatient revenue made up 37.7% of total NPR in FY07. Hospitals reported 36.9 million outpatient visits during

FY07, a 4.0% increase over the 35.5 million visits during FY06.

The remaining 0.8% of statewide NPR was generated by home health care provided by hospitals. Fifty-nine (59) of the 170 GAC hospitals offered home health services, generating a total \$239 million in patient revenue during FY07. Statewide home health revenue generated by hospitals grew 3.5% from the \$231 million reported for FY06. The number of visits to patients' homes by hospital home health staff remained relatively constant at 1.8 million visits.

## UTILIZATION AND REVENUE BY PAYOR

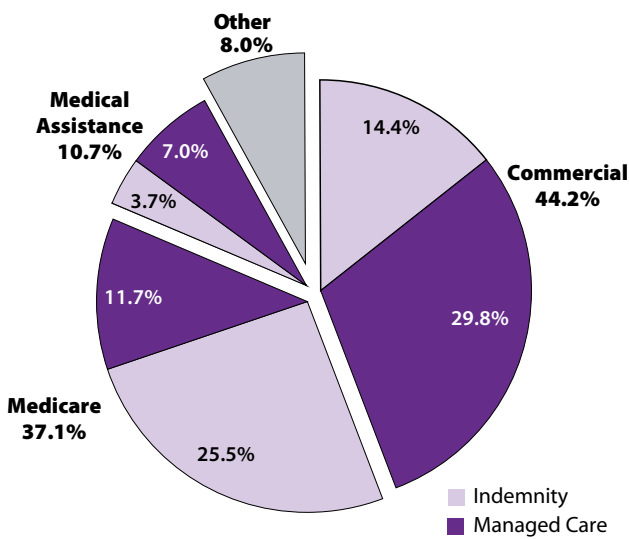
Hospitals received 92.0% of their net patient revenue (NPR) from third-party health care insurers in FY07. These third-party health insurers include the federal Medicare program, the state and federally-funded Medical Assistance (MA) program, and commercial managed care and indemnity companies. The remaining 8.0% came from patients and other insurers, such as auto insurance and workers compensation.

### Revenue from Commercial Insurers Continues to Outpace Medicare

During FY07, total net patient revenue (NPR) from commercial health insurers grew 9.4% or \$1.131 billion dollars compared to the 6.0% or \$623 million growth in Medicare NPR.

Commercial health insurers now provide 44.2% or \$13.164 billion of statewide net patient revenue (NPR) at GAC hospitals. Since

**FIGURE 7**  
**Statewide Net Patient Revenue by Payor, FY07**



**TABLE 2**  
**Net Patient Revenue by Payor (millions)**

	FY06	FY07	Percent Change FY06 to FY07
<b>Commercial</b>	\$12,033	\$13,164	9.40%
Indemnity	\$3,772	\$4,277	13.38%
Managed Care	\$8,261	\$8,887	7.58%
<b>Medicare</b>	\$10,436	\$11,060	5.97%
Indemnity	\$7,637	\$7,584	-0.69%
Managed Care	\$2,799	\$3,475	24.14%
<b>Medical Assistance</b>	\$3,059	\$3,189	4.26%
Indemnity	\$1,059	\$1,092	3.08%
Managed Care	\$2,000	\$2,097	4.88%
<b>Other</b>	\$2,327	\$2,375	2.08%
<b>STATEWIDE</b>	<b>\$27,855</b>	<b>\$29,788</b>	<b>6.94%</b>

hospitals reported slight declines in the statewide number of commercial discharges (-0.8%) and patient days (-0.1%), the increase in NPR from commercial insurers was the result of higher average reimbursement rates. Hospitals reported an 8.6% increase in the average revenue per discharge and 7.9% increase in average revenue per day in FY07.

After a 2.2% decline in Medicare discharges during FY06, there was a 1.0% increase in Medicare discharges reported for FY07. This 1.0% increase in discharges coupled with a 4.5% increase in the average revenue per discharge resulted in a 5.5% increase in statewide inpatient NPR from Medicare patients. During FY07, Medicare funded 37.1% of GAC hospital inpatient and outpatient care in Pennsylvania.

**TABLE 3**  
**Discharges by Payor**

	Discharges			Inpatient Revenue per Discharge		
	FY06	FY07	Percent Change FY06 to FY07	FY06	FY07	Percent Change FY06 to FY07
<b>Commercial</b>	<b>585,440</b>	<b>580,932</b>	<b>-0.77%</b>	<b>\$10,299</b>	<b>\$11,184</b>	<b>8.60%</b>
Indemnity	170,564	169,658	-0.53%	\$10,890	\$11,821	8.55%
Managed Care	414,877	411,273	-0.87%	\$10,056	\$10,921	8.61%
<b>Medicare</b>	<b>850,809</b>	<b>859,164</b>	<b>0.98%</b>	<b>\$9,398</b>	<b>\$9,821</b>	<b>4.50%</b>
Indemnity	635,864	599,780	-5.67%	\$9,366	\$9,861	5.29%
Managed Care	214,945	259,384	20.67%	\$9,493	\$9,727	2.46%
<b>Medical Assistance</b>	<b>292,313</b>	<b>296,418</b>	<b>1.40%</b>	<b>\$7,835</b>	<b>\$8,003</b>	<b>2.15%</b>
Indemnity	108,536	107,607	-0.86%	\$8,300	\$8,477	2.14%
Managed Care	183,777	188,810	2.74%	\$7,561	\$7,733	2.28%
<b>Other</b>	<b>95,653</b>	<b>94,714</b>	<b>-0.98%</b>	<b>\$10,231</b>	<b>\$10,680</b>	<b>4.39%</b>
<b>STATEWIDE</b>	<b>1,824,216</b>	<b>1,831,227</b>	<b>0.38%</b>	<b>\$9,480</b>	<b>\$10,004</b>	<b>5.52%</b>

## Growing Migration to Medicare Managed Care

Consistent with the national trend in rising Medicare managed care enrollment\*, the annual payor data from Pennsylvania GAC hospitals reflects a migration from Medicare indemnity to Medicare-funded managed care plans. While Medicare indemnity discharges still outnumber Medicare managed care discharges by a ratio of 2.3:1, there was an increase of 44,439 discharges by Medicare managed care participants, compared to a 36,084 discharge decline for Medicare indemnity participants in FY07. This 20.7% one-year growth in FY07 Medicare managed care discharges was considerably larger than the 11.6% growth reported for FY06 and the 2.4% and 5.0% growth rates in Medicare managed care discharges reported for FY05 and FY04. The average revenue per discharge was \$135 or 1.38% greater for Medicare indemnity patients than Medicare managed care patients during FY07.

## Are Some Payors Contributing More to Hospital Income than Others?

Comparing the statewide case mix index for the three principal payor types with the average inpatient revenue per discharge may provide insight into how revenue from each payor type compares to the costs of inpatient care. The comparisons presented on Table 6 show that the average revenue per discharge that hospitals received from commercial payors is about 12% greater than the all-payor average, while the case mix index for commercial payors is 6% lower than the statewide average. The commercial case mix index of 0.94 indicates that the cost to treat the average patient covered by commercial insurance is lower than the statewide average.

In contrast, the average revenue per discharge received for Medicare patients in Pennsylvania is two percent less than the statewide average, while the case mix index is 15% greater than the

\* Medicare Payment Advisory Committee (Medpac). *A Data Book: Healthcare Spending and the Medicare Program*. June 2007.

**TABLE 4**  
**Patient Days by Payor**

	Patient Days			Inpatient Revenue per Day		
	FY06	FY07	Percent Change FY06 to FY07	FY06	FY07	Percent Change FY06 to FY07
<b>Commercial</b>	<b>2,349,074</b>	<b>2,345,763</b>	<b>-0.14%</b>	<b>\$2,567</b>	<b>\$2,770</b>	<b>7.91%</b>
Indemnity	697,456	669,001	-4.08%	\$2,663	\$2,998	12.56%
Managed Care	1,651,618	1,676,762	1.52%	\$2,526	\$2,679	6.05%
<b>Medicare</b>	<b>5,071,529</b>	<b>5,106,362</b>	<b>0.69%</b>	<b>\$1,577</b>	<b>\$1,652</b>	<b>4.81%</b>
Indemnity	3,827,762	3,604,088	-5.84%	\$1,556	\$1,641	5.48%
Managed Care	1,243,767	1,502,274	20.78%	\$1,641	\$1,679	2.37%
<b>Medical Assistance</b>	<b>1,739,510</b>	<b>1,758,541</b>	<b>1.09%</b>	<b>\$1,317</b>	<b>\$1,349</b>	<b>2.46%</b>
Indemnity	841,027	839,471	-0.18%	\$1,071	\$1,087	1.45%
Managed Care	898,483	919,070	2.29%	\$1,547	\$1,589	2.73%
<b>Other</b>	<b>459,080</b>	<b>458,201</b>	<b>-0.19%</b>	<b>\$2,132</b>	<b>\$2,208</b>	<b>3.56%</b>
<b>STATEWIDE</b>	<b>9,619,192</b>	<b>9,668,867</b>	<b>0.52%</b>	<b>\$1,798</b>	<b>\$1,895</b>	<b>5.38%</b>

statewide average. This relatively large difference reveals that Medicare reimbursements are not covering hospital costs of treating Medicare patients in Pennsylvania.

The inpatient revenue index for MA patients of 0.80 is about three points greater than the case mix index of 0.77, which suggests that MA payments are in line with or exceed the costs of providing inpatient care to MA recipients.

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

The case mix index utilizes charges, instead of costs, to assess the monetary value of the treatment patients receive. Hospitals routinely track the charges incurred by each patient,

**TABLE 5**  
**Average Length of Stay by Payor**

	FY06	FY07	Percent Change FY06 to FY07
<b>Commercial</b>	<b>4.01</b>	<b>4.04</b>	<b>0.63%</b>
Indemnity	4.09	3.94	-3.57%
Managed Care	3.98	4.08	2.41%
<b>Medicare</b>	<b>5.96</b>	<b>5.94</b>	<b>-0.29%</b>
Indemnity	6.02	6.01	-0.18%
Managed Care	5.79	5.79	0.09%
<b>Medical Assistance</b>	<b>5.95</b>	<b>5.93</b>	<b>-0.31%</b>
Indemnity	7.75	7.80	0.68%
Managed Care	4.89	4.87	-0.44%
<b>Other</b>	<b>4.80</b>	<b>4.84</b>	<b>0.80%</b>
<b>STATEWIDE</b>	<b>5.27</b>	<b>5.28</b>	<b>0.13%</b>

providing a comprehensive database of charges.

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

The case mix index for commercial and MA patients is typically lower than for Medicare patients because commercial insurers and MA serve a younger clientele that, on average, require less costly treatment. MA also funds the majority of psychiatric care in Pennsylvania. Inpatient

psychiatric care at GAC hospitals tends to be less costly than most other inpatient care.

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

The reimbursement hospitals receive from most insurers and managed care organizations is derived through a contract negotiation process between the hospital and the third-party payor. Figure 8 shows that hospitals receive a substantial portion of their revenue from just two or three commercial payors.

For this analysis, the revenue from the commercial payors includes all health insurance plans offered by that insurer, including managed care plans funded by the Medicare and MA programs. With the addition of Medicare and MA managed care, commercial insurers administer 62.9% of statewide net patient revenue.

Pennsylvania hospitals, on average, receive 20.9% of their total annual NPR from their largest single commercial payor. This percentage has increased steadily since FY03 when hospitals reported 19.1% of total NPR from the top commercial insurer.

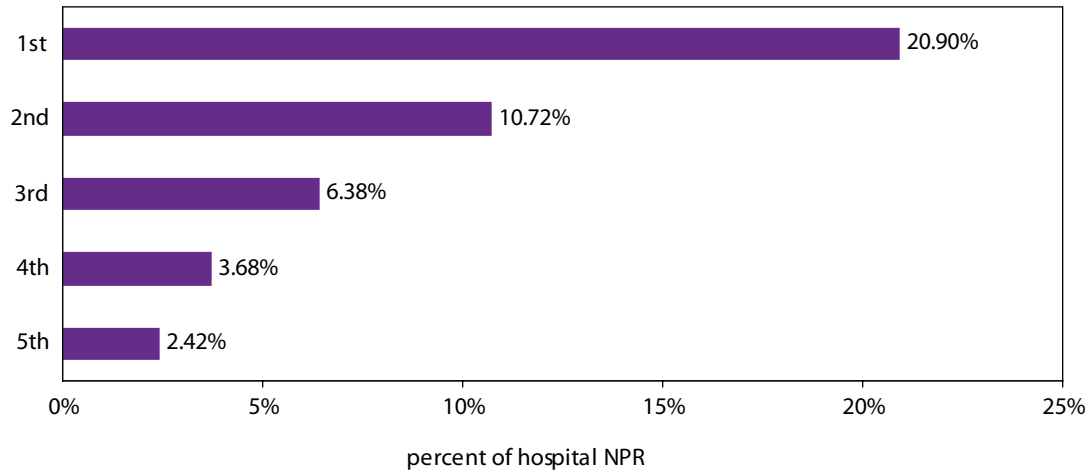
A hospital may have leverage in negotiating reimbursement rates by exercising its option not to enter contractual arrangements with a specific payor. However, since the average operating margin during FY07 was 4.82%, hospitals with an average operating margin might face operating losses, at least in the short-run, if the revenue from the third-highest commercial payor were lost.

**TABLE 6**  
**Inpatient Revenue Index and Case Mix Index by Payor, FY07**

Payor	Average Inpatient Revenue per Discharge	Inpatient Revenue Index	FY06* Case Mix Index
Commercial	\$11,184	1.12	0.94
Medicare	\$9,821	0.98	1.15
Medical Assistance	\$8,003	0.80	0.77
<b>Total Payors</b>	<b>\$10,004</b>	<b>1.00</b>	<b>1.00</b>

\* As a result of the transition of the uniform billing format from UB-92 to UB-04, there is a temporary delay in the availability of the data necessary to generate case mix index (CMI) calculations for FY07. Since the CMI calculations for the three payor categories have remained relatively constant over the four prior years (FY03 - FY06), the FY06 CMI still provides a useful comparison of estimated costs to average revenue by payor category. For example, the CMI for commercial payors has been the same at 0.94 for FY06 and FY05 and increased from the 0.91 index for FY03. The Medicare CMI has only declined from 1.16 to 1.15 over the four-year period and the Medical Assistance CMI has been either 0.77 or 0.76 over the period.

**FIGURE 8**  
**Top Five Commercial Payors\* Average Contribution to Individual Hospital NPR, FY07**



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

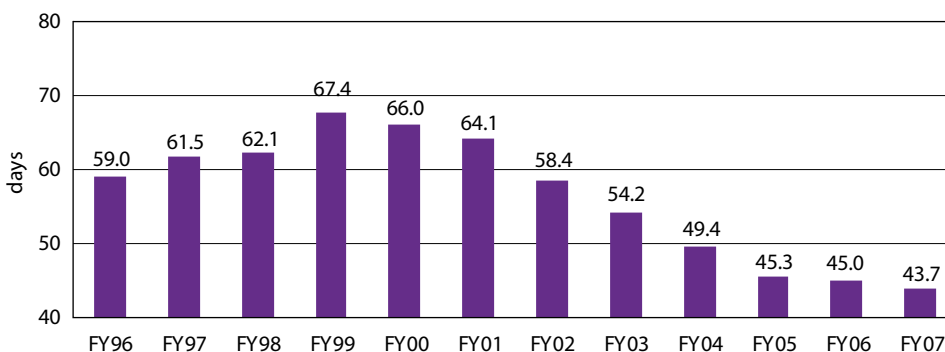
**The Average Days in Patient Accounts Receivable Continue to Fall**

During the period between when hospital services to a patient are concluded and when a hospital receives the payment for those services, the amount the hospital expects to receive is booked as patient accounts receivable (AR). AR can be affected by a number of factors including: the efficiency of hospital billing and claims systems, the time it takes third-party payors and

individuals to pay bills, communications between hospitals and payors, and the time it takes hospitals to remove uncollectible accounts from accounts receivable.

On a statewide basis, the amount of time the average bill remained in AR declined another 1.3 days to 43.7 days during FY07. Figure 9 shows that statewide average days in patient accounts receivable declined for the eighth straight year for a total of more than 23.9 days since the peak of 67.4 days in FY99.

**FIGURE 9**  
**Statewide Average Days in Patient Accounts Receivable**



## UNCOMPENSATED CARE

### Uncompensated Care Levels Increase

The dollar value of uncompensated care or “uncompensated care revenue” grew by 12.2% or about \$74 million from \$604 million during FY06 to \$678 million during FY07. Since statewide net patient revenue grew faster than the 6.9% increase in statewide net patient revenue (NPR), uncompensated care as a percent of NPR rose from 2.17% in FY06 to 2.27% in FY07, the highest percentage since FY02.

Sixty-two percent (62%) of uncompensated care was categorized as bad debt during FY07. This indicates that Pennsylvania hospitals as a group attempted to collect for about two-thirds of the care that was ultimately determined to be uncompensated care. Alternatively, about 38% of unreimbursed care was provided as charity care to patients that met the individual hospital’s charity care guidelines.

### How Uncompensated Care is Calculated

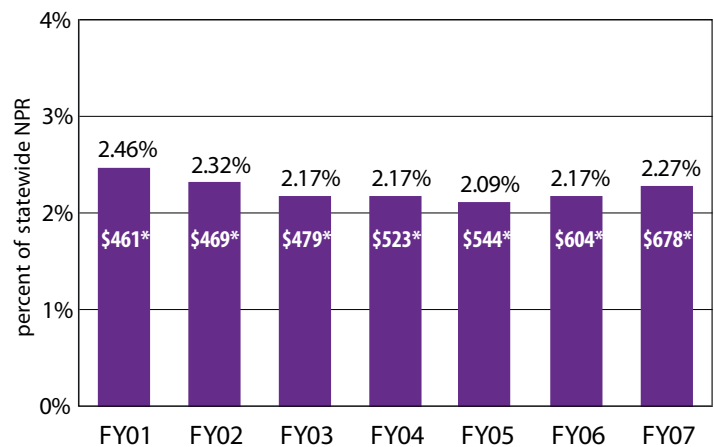
Hospitals report bad debt and charity care as charges. Each hospital’s bad debt charges and charity care charges are converted to a revenue basis using each hospital’s revenue-to-charge ratio. This “uncompensated care revenue” provides an estimate of the amount of revenue hospitals lost due to bad debt and charity care. This foregone revenue reflects what hospitals would have received if they had been reimbursed for uncompensated care from all payors, including

commercial health insurers, Medicare, Medical Assistance, and patients.

All services and materials that are provided to the general public under an established fee are eligible to be included in uncompensated care. Consequently, some of the costs of important public health programs may not be included. Hospitals frequently report these activities separately.

A few hospitals include the difference between the reimbursement they receive from government-funded programs, such as Medical Assistance, and their customary fees or charges as a component of charity care in their audited financial statements. These differences are NOT included in the uncompensated care levels reported to PHC4. However, if a patient fails to pay a required co-payment, or receives care beyond the range of services covered by a third-party payor, these foregone revenues may be included in charity care or bad debt.

**FIGURE 10**  
**Statewide Uncompensated Care**



\* Statewide Uncompensated Care Revenue in millions.



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

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

For some hospitals, a negative 3-year average total margin may only indicate a cyclical downturn or the need to make adjustments in hospital operations and the sources of revenues. Hospitals that have undertaken aggressive turn-around programs may experience a further decline in the annual total margin as they implement initiatives to reduce costs and improve revenue. For example, hospitals may take one-time restructuring charges related to severance and early-retirement programs. Hospitals that develop new or enhanced clinical operations will incur operating losses until new revenues catch up to the incremental expenses.

Some hospitals have available assets that enable them to operate for a period of time while sustaining annual losses. Available assets are those that can be liquidated by the hospital or its board of directors to fund operating deficits. Some of the hospitals with a negative 3-year average total margin have diverted funds earmarked for capital replacement or improvement to pay expenses not covered by revenue.

Some hospitals with persistent small negative margins may be able to function for

an extended period of time because they are generating positive cash flow. For example, if a hospital's annual operating loss is less than its annual depreciation expense, its net assets may actually increase even though it operated at a loss. However, hospitals in this situation are using a portion of the funds that should be dedicated to replacing obsolete or worn out facilities and equipment to pay their operating expenses.

Hospitals cannot utilize available assets or divert depreciation funds to pay operating expenses indefinitely. Eventually, the hospital's inability to replace or upgrade facilities and equipment will have an effect on their ability to provide quality health care.

A few hospitals may be able to function with persistent losses because they are part of a larger health system that can underwrite the hospital's operating loss. A hospital with a negative margin may be an important source of patients to a health system; losses incurred by one facility may be at least partially offset by the overall economic benefit to the entire system.

Tables 8 and 9 present the three hospitals where the 3-year average total margin became negative during FY07 and the 38 hospitals where the 3-year average total margin remained negative. The "Notes" presented in those tables provide some information on why the hospitals' income level has changed and, where possible, some insights on the future solvency of the hospitals. The information for these "Notes" was derived from each facility's financial statements, communication with hospital financial officers, and public information made available by the hospitals and their parent organizations.

Table 7 highlights the eleven hospitals that have made recent recoveries.

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

TABLE 7

### Hospitals' 3-Year Average Total Margin was Negative in FY06 and Became Positive in FY07

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
Barnes Kasson County / 6	0.55%	7.63%	-2.87%	-3.72%	FY07 (FYE9/06) operating revenue increased 10.4% while operating expenses were held near the FY06 level. As a result, the FY07 total margin improved by 10.5 points.
Community/Scranton / 6	1.25%	5.48%	-2.75%	0.67%	The Medical Center reported an 8.8% increase in FY07 NPR while operating expenses were held near the FY06 level. As a result, the total margin increased 8.2 points during FY07.
Frick / 1	0.51%	2.79%	0.64%	-2.00%	While the Hospital reported eliminating 20 staffed beds and terminating home health services in FY06, NPR for FY07 remained at the FY06 level. The 1.8% decline in FY07 operating expenses contributed to the 2.2 point improvement in the total margin. The Hospital is part of the three-hospital non-profit Excelsa Health, which posted a 5.20% total margin in FY07.
Hazleton General / 6	0.78%	1.88%	4.10%	-5.95%	An extraordinary pension curtailment loss was the primary factor in the decline in the FY07 (CY06) total margin. Similarly, extraordinary restructuring expenses were the major contributor to the FY05 (CY04) negative total margin.
Holy Redeemer / 8	0.57%	3.53%	1.03%	-3.43%	With the exception of FY04 and FY05, the Hospital has a continuous history of positive total margins.
J C Blair Memorial / 5	0.85%	0.39%	2.23%	-0.16%	An increase in bad debt expenses and a decline in investment income were the leading factors in the decline in the FY07 total margin.
Mercy Pittsburgh / 1	1.86%	5.97%	0.41%	-1.04%	The combination of a 4.3% increase in operating revenue and a 1.5% decline in operating expenses led to the 5.6 point improvement in the Hospital's FY07 (CY06) total margin. Effective 1/08 (FY08), the Hospital merged with UPMC. UPMC posted a FY07 total margin of 9.14%.
Mercy/Scranton / 6	1.20%	0.75%	1.89%	0.98%	The Hospital has posted three consecutive positive annual total margins between FY05 and FY07 (CY04 - CY06) after experiencing four consecutive negative total margins between FY01 and FY04 (CY00 - CY03). The Hospital is part of Catholic Health Partners (CHP) which operates 34 GAC hospitals and other facilities. CHP reported a CY06 total margin of 3.94%.

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

TABLE 7 (CONTINUED)

### Hospitals' 3-Year Average Total Margin was Negative in FY06 and Became Positive in FY07

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
Moses Taylor / 6	0.36%	0.41%	-0.82%	1.51%	Excluding extraordinary bad debt adjustments in FY06, the growth in operating revenue has been keeping pace with the growth in operating expenses over the past two years.
St Joseph's/Philadelphia / 9	0.73%	1.32%	0.43%	0.41%	A 3.7% increase in NPR during FY07 and continued support from the Department of Public Welfare have enabled the Hospital to post a positive total margin for the third consecutive year (FY05 - FY07) after three years of consecutive losses (FY02 - FY04).
Windber / 3	1.68%	3.54%	-0.01%	0.78%	Effective 7/07 (FY08), the Medical Center ended its affiliation agreement with the Connemaugh Health System.

TABLE 8

### Hospitals' 3-Year Average Total Margin Became Negative in FY07

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
Edgewood Surgical / 2	-22.12%	7.63%	2.30%	-159.93%	The Hospital opened during FY05 (CY04). The FY05 loss reflects the first ten months of operation when expenses typically outpace growing revenues.
Nason / 3	-5.32%	-21.55%	2.77%	4.35%	The large FY07 negative total margin was caused by a one-time \$7.4 million settlement loss associated with the Hospital's transition from a defined benefit pension program to a defined contribution program during 2006. Excluding the pension settlement loss, the Hospital's FY07 total margin would be above (positive) 5%.
Lower Bucks Hospital / 8	-1.08%	-1.95%	-2.64%	1.39%	The growth in bad debt expenses from \$3.8 million in FY05 to \$9.5 million in FY07 was a major contributor to the negative margins in FY06 and FY07.

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

**TABLE 9**  
**Hospitals' 3-Year Average Total Margin Remained Negative in FY07**

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
Aliquippa Community / 1	-26.00%	-35.45%	-50.58%	0.52%	Effective 1/08 (FY08), the Hospital is operating as the for-profit Commonwealth Medical Center owned by an LLC.
Barix Clinics of PA / 8	-17.81%	-0.60%	-15.87%	-45.64%	FY07 (CY06) was the facility's fourth full year of operation. The FY07 total margin improved concurrent with increasing annual operating revenue.
Bloomsburg / 4	-3.88%	-3.67%	-6.67%	-1.25%	The Hospital has posted a negative total margin since FY99. The 1.8% reduction in operating expenses contributed to the 3.0 point improvement in the FY07 total margin. Available assets make solvency not a concern.
Bradford Regional / 2	-3.06%	-3.96%	-9.43%	4.38%	The primary factor in the 5.5 point improvement in the FY07 total margin was the 7.9% increase in operating revenue which outpaced the 3.4% growth in expenses.
Brookville / 2	-5.85%	-4.66%	-4.66%	-8.18%	The Hospital has posted negative total margins since FY03. The Hospital reports that it signed a management agreement with Dubois Regional Medical Center in 9/07 and has experienced improved financial performance during the first three quarters of FY08.
Bucktail / 4	-2.36%	2.10%	-11.12%	1.06%	A 6.2% increase in patient days during FY07 contributed to a 14.4% increase in operating revenue. The growth in operating expenses was held to 2.8% resulting in a 13.2 point swing in the FY07 total margin.
Central Montgomery / 8	-1.95%	0.49%	-1.72%	-5.04%	Since FY99, FY07 (CY06) was only the second year the hospital reported a positive total margin. The Hospital is part of the for-profit Universal Health Services which posted a 3.59% total margin in CY07.
Charles Cole Memorial / 2	-1.30%	-1.74%	-2.61%	0.54%	Effective 8/07(FY08), the Hospital was designated as a Critical Access Hospital which is expected to increase Medicare reimbursements. Medicare provided 38.2% of the Hospital's FY07 NPR.
Chestnut Hill / 9	-1.55%	-5.23%	0.17%	2.01%	The FY05 margin reflects the final eight months as a non-profit hospital. The FY06 (CY05) margin reflects the first ten months of operation by the partnership of majority owner CHS (see Sunbury Community) and minority owner University of Pennsylvania Health System.

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

TABLE 9 (CONTINUED)

### Hospitals' 3-Year Average Total Margin Remained Negative in FY07

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
Corry Memorial / 2	-2.80%	-0.34%	-3.58%	-4.70%	Growth in outpatient and home health revenue contributed to the 3.2 point improvement in the FY07 total margin.
Geisinger Wilkes-Barre / 6	-9.21%	-13.15%	-17.74%	-1.28%	The FY06 total margin reflects the first seven months the Hospital was part of the Geisinger Health System (GHS). The GHS posted a FY07 consolidated total margin of 8.74%.
Gnaden Huettgen Memorial / 7	-4.26%	-3.25%	-8.98%	-0.38%	Beginning in 1/06 (FY06), the Hospital initiated a "financial recovery and transition plan." The Hospital reduced FY07 operating expenses below the FY06 level. About 58% of the FY07 net loss was attributable to restructuring costs. The Hospital does not have the resources to continue to sustain similar losses for an extended period of time.
Good Samaritan/Lebanon / 5	-1.92%	0.16%	-3.41%	-2.71%	FY05 and FY06 were the only years the hospital reported negative total margins since FY94. The Hospital held the increase in FY07 operating expenses to 1.0% while operating revenue grew 4.5%.
Graduate / 9	-16.51%	-29.63%	-13.38%	-8.64%	Tenet Healthcare sold and closed the hospital in 3/07. The facility is expected to reopen as a rehabilitation center during 2008.
Hahnemann University / 9	-7.12%	-11.20%	-5.72%	-4.73%	The Hospital is part of the for-profit Tenet Healthcare which posted a consolidated CY07 total margin of -1.00%.
Heart of Lancaster / 5	-4.48%	-5.03%	-1.25%	-7.81%	The primary contributor to the 3.8 point decline in the FY07 (CY06) total margin was a \$4.1 million increase in interest expenses. The Hospital is part of the for-profit Health Management Associates which posted a CY07 total margin of 2.73%.
Highlands / 1	-1.00%	2.64%	-3.34%	-2.55%	Operating revenue increased 6.2% during FY07 while operating expenses were held to their FY06 level. As a result, the total margin improved 6.0 points during FY07.
Holy Spirit / 5	-0.55%	2.72%	-1.25%	-3.33%	With the exception of FY05 and FY06, the Hospital has a continuous history of positive total margins.
Kane Community / 2	-0.07%	-1.88%	1.76%	0.19%	The Hospital has only posted negative total margins in two of the last 12 years. However, the Hospital reports a decline in the consolidated net asset balance and has implemented a financial recovery plan.

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

TABLE 9 (CONTINUED)

### Hospitals' 3-Year Average Total Margin Remained Negative in FY07

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
Marian Community / 6	-2.51%	-4.41%	-2.50%	-0.56%	About half (59.1%) of the FY07 (CY06) net loss was the result of restructuring costs. The Hospital is part of Catholic Health East (CHE) which posted a CY06 total margin of 4.77%. CHE operates 33 GAC hospitals and numerous other healthcare facilities.
Mercy Fitzgerald / 8	-2.28%	-3.69%	0.57%	-3.83%	A combination of a 2.8% decline in operating revenue and a 1.3% increase in operating expenses led to the 4.3 point decline in the FY07 (CY06) total margin. The Hospital is part of the Mercy Health System of Southeastern Pennsylvania (MHSSP) which reported a CY06 total margin of 2.50%. MHSSP is part of CHE (see Marian Community).
Mercy Jeannette / 1	-2.31%	-1.35%	-1.37%	-4.35%	The Hospital has reported negative total margins since FY00. The Hospital is part of the Pittsburgh Mercy Health System (PMHS) which realized a CY06 total margin of 7.43%. PMHS is part of CHE (see Marian Community).
Mercy Philadelphia / 9	-0.16%	-0.38%	1.82%	-2.05%	The FY06 (CY05) total margin was the first positive total margin since FY01 (CY00). The Hospital is part of MHSSP & CHE (see Mercy Fitzgerald).
Mid-Valley / 6	-8.25%	-6.75%	-5.19%	-13.02%	The Hospital has reported negative total margins since at least FY93. Transfers from its affiliate, Moses Taylor Hospital, have enabled the Hospital to preserve its net assets.
Miners / 3	-1.85%	-3.93%	-0.89%	-0.74%	Under an affiliation agreement with the Connemaugh Health System (CHS), the Medical Center has received funding from CHS which has prevented deterioration of the Center's negative net asset balance. Beginning with FY08, the Medical Center will be incorporated into the financial statements of CHS.
Montrose General / 6	-0.34%	3.02%	-4.81%	-0.61%	The Hospital reported increases in utilization and average reimbursements that led to a 41.2% increase in operating revenue during FY07 (CY06). The Hospital has been fluctuating between positive and negative margins since it became a non-profit hospital in FY98 (CY97).

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

TABLE 9 (CONTINUED)

### Hospitals' 3-Year Average Total Margin Remained Negative in FY07

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
Palmerton / 7	-13.54%	-13.01%	-24.37%	-5.56%	Beginning in 1/06 (FY06), the Hospital initiated a "financial recovery and transition plan." The Hospital was able to hold the FY07 operating expenses to the FY06 level. About 37% of the FY07 net loss was attributable to restructuring costs. The Hospital does not have the resources to continue to sustain similar losses for an extended period of time.
Roxborough Memorial / 9	-13.94%	-10.93%	-23.29%	-7.72%	Tenet Healthcare sold the hospital in 7/07 (FY08) to Solis Healthcare a Pennsylvania LLC who continues to operate the facility as a GAC hospital.
Saint Catherine / 7	-7.82%	-10.25%	-8.48%	-5.43%	The FY07 (CY06) total margin reflects the Medical Center's first eight months of operation as a Pennsylvania LLC. The FY06 (CY05) margin reflects a combination of the hospital's operation under Providence Healthcare and LifePoint Hospitals, both multi-state for-profit health systems.
Southwest Regional MC / 1	-6.14%	-8.01%	-0.78%	-8.26%	The FY06 total margin reflects the first eight months and FY07 total margin reflects the first full year of ownership by the for-profit Essent Healthcare. The FY05 total margin reflects the last full year of the non-profit Greene County Memorial. Essent operates five hospitals in four states.
Sunbury Community / 4	-10.47%	-8.85%	-7.83%	-14.41%	The Hospital is owned by the for-profit Community Health Systems (CHS) which reported a CY07 total margin of 0.42%.
Temple East / 9	-0.01%	5.89%	-7.83%	0.72%	The 19.9% growth in operating revenue during FY07 was the primary factor in the 13.7 point improvement in the total margin. FY06 was the first year the Hospital posted a net loss since FY00.
Temple Univ Children's / 9	-24.96%	-24.40%	-37.64%	-13.31%	The Children's Medical Center will cease its operations during FY08.
Titusville Area / 2	-2.09%	-1.82%	-7.98%	2.95%	The 10.5% growth in operating revenue outpaced the 4.7% increase in operating expenses during FY07 resulting in a 6.2 point improvement in the total margin.
Tyrone / 3	-13.77%	-4.07%	-28.78%	-8.66%	The 14.0% reduction in operating expenses and the 5.5% increase in operating revenue during FY07 brought the hospital to its best total margin since FY01. The Hospital does not have the available assets to continue to sustain net losses for an extended period of time.

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

TABLE 9 (CONTINUED)

### Hospitals' 3-Year Average Total Margin Remained Negative in FY07

Name / Region	3-yr Avg Total Margin FY05-FY07	Total Margin			Notes
		FY07	FY06	FY05	
UPMC Braddock / 1	-5.65%	-3.16%	-6.18%	-7.93%	The Hospital reported negative total margins for the last four years between FY04 and FY07, preceded by six years of positive margins between FY98 to FY03. The Hospital is part of UPMC, which posted a FY07 total margin of 9.14%.
UPMC McKeesport / 1	-0.66%	-1.15%	0.15%	-0.94%	After a history of mostly positive margins, the Hospital has posted negative total margins in four of the last five years. The Hospital is part of UPMC (see UPMC Braddock).
Warminster / 8	-15.46%	-16.72%	-15.19%	-14.49%	Tenet Healthcare sold the hospital in 7/07(FY08) to Solis Healthcare. The facility was subsequently sold to Abington Hospital which is currently using the facility as an outpatient unit.



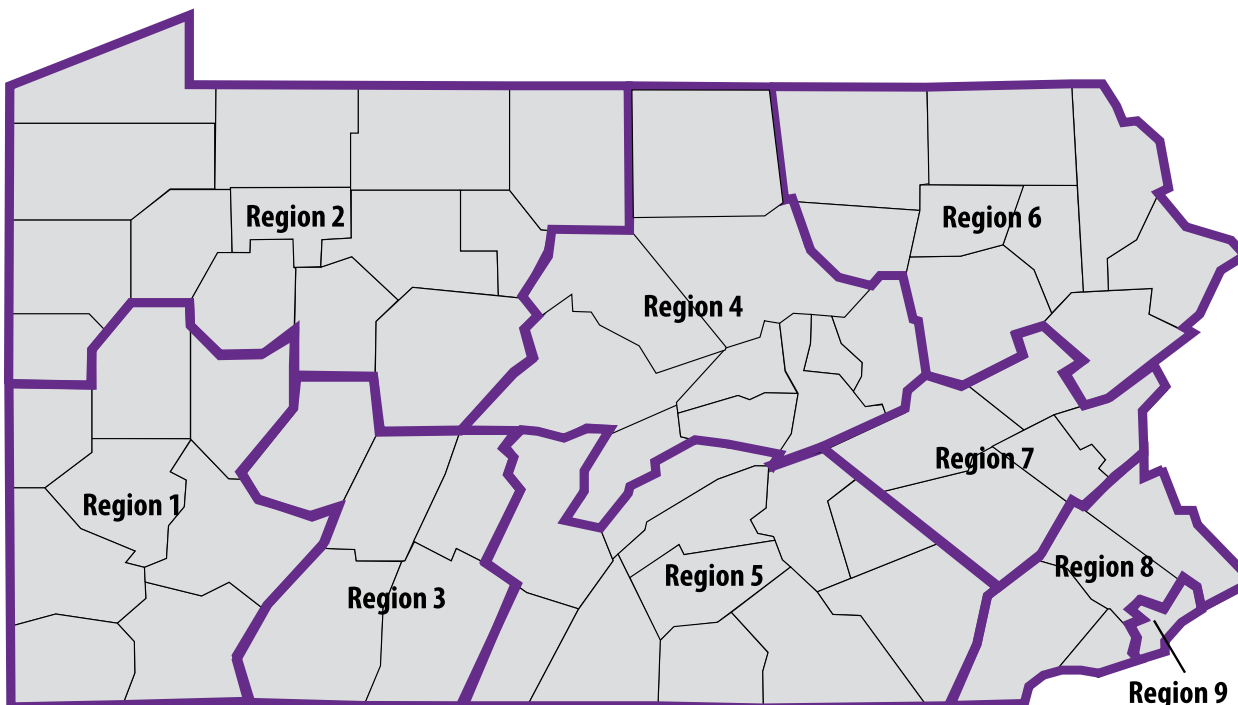
## INDIVIDUAL HOSPITAL DATA

The tables on the following pages provide hospital-specific financial data for the 170 general acute care hospitals that operated for some period of time during fiscal year 2007 (FY07). The hospitals have been arranged by PHC4's nine regions.

Included in these tables are the FY07 operating and total margins for each individual hospital. The corresponding operating income and total income expressed in dollars, as well as each hospital's total operating revenue, can be found on PHC4's Web site at [www.phc4.org](http://www.phc4.org). (Note: Comparing net patient revenue to total operating expenses will not provide operating income or operating margin. Operating revenue from the PHC4 Web site must be used to compute operating income.)

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

In calculating the regional averages, estimated data was used for hospitals that reported less than a full year of data due to a change in the fiscal year, usually caused by a change in ownership. No estimated data was used for the individual hospital data.



# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 1</b>	<b>\$199</b>	<b>\$179</b>	<b>\$161</b>	<b>\$143</b>	<b>6.71%</b>	<b>\$206</b>	<b>\$183</b>	<b>\$166</b>	<b>\$150</b>	<b>6.06%</b>
ACMH Hospital <sup>5</sup>	\$76	\$72	\$68	\$67	4.87%	\$77	\$72	\$69	\$68	4.49%
Aliquippa Community <sup>11,12,13,14</sup>	\$20	\$21	\$24	\$22	-2.65%	\$28	\$32	\$27	\$26	2.04%
Allegheny General <sup>5,9</sup>	\$566	\$557	\$536	\$485	5.54%	\$595	\$570	\$545	\$496	6.63%
Alle-Kiskj <sup>5,7</sup>	\$107	\$103	\$98	\$93	4.66%	\$107	\$97	\$93	\$88	7.10%
Butler Memorial <sup>5</sup>	\$160	\$149	\$140	\$130	7.69%	\$152	\$142	\$135	\$126	6.84%
Canonsburg General <sup>5</sup>	\$47	\$44	\$44	\$44	2.39%	\$51	\$47	\$44	\$43	5.87%
Children's Hosp Pgh <sup>7</sup>	\$323	\$300	\$273	\$244	10.72%	\$387	\$354	\$314	\$288	11.54%
Frick <sup>5</sup>	\$46	\$45	\$44	\$43	2.42%	\$45	\$46	\$46	\$45	-0.06%
Highlands <sup>5</sup>	\$24	\$23	\$23	\$21	4.60%	\$25	\$25	\$24	\$24	1.04%
Jefferson Regional <sup>5,6</sup>	\$182	\$175	\$165	\$157	5.24%	\$191	\$184	\$173	\$171	3.85%
Latrobe Area <sup>5</sup>	\$110	\$108	\$108	\$110	-0.18%	\$115	\$114	\$114	\$122	-1.78%
Magee-Womens <sup>5</sup>	\$301	\$259	\$210	\$190	19.64%	\$263	\$234	\$195	\$183	14.63%
Medical Center Beaver <sup>5</sup>	\$190	\$177	\$175	\$167	4.74%	\$192	\$180	\$178	\$171	4.15%
Mercy Jeannette <sup>1,3,5,7</sup>	\$52	\$50	\$47	\$44	NA	\$53	\$51	\$50	\$45	NA
Mercy Pittsburgh <sup>1,5,9,11</sup>	\$270	\$262	\$260	\$239	4.31%	\$282	\$287	\$286	\$271	1.40%
Monongahela Valley <sup>5</sup>	\$107	\$102	\$97	\$94	4.70%	\$108	\$103	\$98	\$95	4.65%
Ohio Valley General <sup>1,5,13</sup>	\$56	\$54	\$51	\$49	4.23%	\$57	\$54	\$52	\$51	3.83%
Sewickley Valley <sup>5,7</sup>	\$110	\$100	\$95	\$92	6.35%	\$118	\$111	\$107	\$105	4.20%
Southwest Regional MC <sup>3,5,10,13</sup>	\$29	\$19	\$23	\$24	7.37%	\$34	\$20	\$25	\$26	10.14%
St Clair Memorial <sup>5</sup>	\$167	\$159	\$152	\$143	5.38%	\$176	\$173	\$160	\$151	5.53%
Uniontown <sup>5</sup>	\$112	\$99	\$94	\$88	9.02%	\$112	\$100	\$94	\$89	8.40%
UPMC Braddock <sup>5</sup>	\$58	\$53	\$51	\$46	8.18%	\$61	\$58	\$56	\$53	5.09%
UPMC McKeesport <sup>5</sup>	\$107	\$102	\$100	\$87	7.59%	\$115	\$108	\$105	\$96	6.70%
UPMC Passavant <sup>5,9</sup>	\$238	\$208	\$154	\$138	24.04%	\$215	\$190	\$145	\$136	19.33%
UPMC Presby Shadyside <sup>5</sup>	\$1,645	\$1,615	\$1,414	\$1,285	9.35%	\$1,732	\$1,611	\$1,442	\$1,360	9.12%
UPMC South Side <sup>5,9</sup>	\$81	\$78	\$60	\$57	14.17%	\$81	\$78	\$60	\$57	13.47%
UPMC St Margaret <sup>5</sup>	\$203	\$188	\$172	\$152	11.22%	\$195	\$179	\$169	\$152	9.43%
Washington <sup>5</sup>	\$192	\$180	\$172	\$161	6.47%	\$208	\$196	\$183	\$175	6.30%
Western PA Hosp/Forbes <sup>5</sup>	\$131	\$125	\$119	\$114	5.00%	\$126	\$121	\$116	\$111	4.67%
Western Pennsylvania <sup>5</sup>	\$303	\$309	\$313	\$294	1.04%	\$326	\$324	\$315	\$308	1.96%
Westmoreland Regional <sup>5</sup>	\$163	\$155	\$150	\$139	5.93%	\$161	\$154	\$150	\$140	5.04%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 1</b>	<b>4.25%</b>	<b>6.14%</b>	<b>6.20%</b>	<b>1.78%</b>	<b>41.21%</b>	<b>10.44%</b>
ACMH Hospital <sup>5</sup>	1.62%	3.06%	3.25%	1.80%	46.64%	8.44%
Aliquippa Community <sup>11,12,13,14</sup>	-35.45%	-35.45%	-26.00%	2.18%	NR	NR
Allegheny General <sup>5,9</sup>	-1.66%	-0.28%	1.54%	1.30%	41.07%	10.90%
Alle-Kiski <sup>5,7</sup>	3.33%	3.33%	5.69%	1.31%	60.25%	6.05%
Butler Memorial <sup>5</sup>	7.28%	9.95%	8.61%	1.73%	48.10%	7.78%
Canonsburg General <sup>5</sup>	-1.20%	-1.20%	1.47%	1.31%	58.50%	3.44%
Children's Hosp Pgh <sup>7</sup>	5.40%	13.40%	9.91%	1.36%	3.16%	32.18%
Frick <sup>5</sup>	2.73%	2.79%	0.51%	2.60%	53.01%	6.72%
Highlands <sup>5</sup>	0.67%	2.64%	-1.00%	2.81%	45.36%	18.70%
Jefferson Regional <sup>5,6</sup>	4.57%	6.64%	6.12%	1.59%	60.75%	3.82%
Latrobe Area <sup>5</sup>	-0.10%	3.86%	5.17%	1.99%	47.77%	9.96%
Magee-Womens <sup>5</sup>	17.58%	16.78%	14.72%	2.31%	13.04%	15.82%
Medical Center Beaver <sup>5</sup>	2.96%	8.24%	6.64%	1.42%	50.07%	6.43%
Mercy Jeannette <sup>1,3,5,7</sup>	-1.69%	-1.35%	-2.31%	1.57%	55.70%	5.66%
Mercy Pittsburgh <sup>1,5,9,11</sup>	5.97%	5.97%	1.86%	3.07%	44.33%	11.07%
Monongahela Valley <sup>5</sup>	0.45%	2.59%	3.07%	2.13%	61.58%	9.42%
Ohio Valley General <sup>1,5,13</sup>	1.23%	5.79%	7.02%	2.65%	56.52%	7.66%
Sewickley Valley <sup>5,7</sup>	4.16%	7.87%	5.49%	1.52%	45.10%	5.60%
Southwest Regional MC <sup>3,5,10,13</sup>	-11.94%	-8.01%	-6.14%	3.06%	54.12%	10.53%
St Clair Memorial <sup>5</sup>	2.97%	7.20%	4.61%	1.37%	51.43%	2.86%
Uniontown <sup>5</sup>	2.02%	4.25%	3.48%	3.05%	52.72%	14.14%
UPMC Braddock <sup>5</sup>	-3.16%	-3.16%	-5.65%	4.50%	51.27%	17.95%
UPMC McKeesport <sup>5</sup>	-1.15%	-1.15%	-0.66%	2.91%	62.83%	10.18%
UPMC Passavant <sup>5,9</sup>	12.25%	16.07%	13.35%	1.18%	44.63%	1.72%
UPMC Presby Shadyside <sup>5</sup>	4.97%	5.72%	8.54%	1.77%	35.56%	10.60%
UPMC South Side <sup>5,9</sup>	2.93%	2.93%	3.25%	2.49%	46.96%	7.49%
UPMC St Margaret <sup>5</sup>	7.38%	7.40%	6.90%	1.32%	48.10%	3.51%
Washington <sup>5</sup>	0.17%	4.86%	4.04%	1.99%	45.43%	8.93%
Western PA Hosp/Forbes <sup>5</sup>	7.83%	7.83%	6.42%	1.34%	52.43%	8.52%
Western Pennsylvania <sup>5</sup>	2.96%	2.96%	5.31%	1.16%	45.25%	11.77%
Westmoreland Regional <sup>5</sup>	3.47%	6.64%	6.52%	1.46%	51.67%	6.45%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 2</b>	<b>\$77</b>	<b>\$73</b>	<b>\$70</b>	<b>\$68</b>	<b>6.06%</b>	<b>\$78</b>	<b>\$74</b>	<b>\$70</b>	<b>\$68</b>	<b>6.35%</b>
Bradford Regional <sup>5,13</sup>	\$61	\$56	\$55	\$52	5.84%	\$66	\$64	\$55	\$55	6.52%
Brookville <sup>5</sup>	\$24	\$24	\$24	\$24	-0.46%	\$25	\$26	\$27	\$25	-0.30%
Charles Cole Memorial <sup>5</sup>	\$53	\$53	\$51	\$48	3.54%	\$57	\$58	\$54	\$50	4.83%
Clarion <sup>5,14</sup>	\$42	\$39	\$40	\$39	3.02%	\$42	\$41	\$40	\$39	2.57%
Clearfield <sup>5</sup>	\$66	\$60	\$56	\$53	8.46%	\$68	\$62	\$56	\$53	9.54%
Corry Memorial <sup>1,5,13,14</sup>	\$19	\$19	\$18	\$19	0.48%	\$21	\$20	\$20	\$20	1.61%
DuBois Regional <sup>5</sup>	\$158	\$151	\$136	\$119	10.87%	\$152	\$146	\$131	\$116	10.49%
Edgewood Surgical <sup>1,3,10</sup>	\$6	\$6	\$2	NA	NA	\$5	\$6	\$6	NA	NA
Elk Regional <sup>5,13</sup>	\$57	\$56	\$53	\$46	7.73%	\$58	\$57	\$52	\$49	5.56%
Ellwood City <sup>5</sup>	\$28	\$27	\$28	\$27	1.54%	\$33	\$30	\$29	\$28	5.27%
Grove City <sup>5</sup>	\$39	\$36	\$37	\$35	3.97%	\$38	\$36	\$36	\$34	4.44%
Hamot	\$275	\$257	\$247	\$204	11.50%	\$268	\$249	\$232	\$202	10.97%
Jameson Memorial <sup>5</sup>	\$107	\$108	\$104	\$101	2.23%	\$107	\$108	\$106	\$103	1.39%
Kane Community	\$18	\$15	\$15	\$16	5.44%	\$19	\$16	\$16	\$18	2.40%
Meadville <sup>5</sup>	\$108	\$90	\$82	\$81	11.01%	\$102	\$90	\$84	\$82	7.90%
Millcreek Community <sup>5</sup>	\$32	\$29	\$28	\$30	2.37%	\$33	\$30	\$28	\$28	5.38%
Punxsutawney Area	\$30	\$28	\$27	\$26	5.07%	\$30	\$28	\$27	\$26	5.23%
Saint Vincent Health <sup>5,14</sup>	\$229	\$227	\$226	\$217	1.78%	\$231	\$226	\$218	\$208	3.81%
Sharon Regional <sup>5</sup>	\$130	\$132	\$129	\$123	1.95%	\$137	\$138	\$132	\$127	2.60%
Titusville Area	\$30	\$27	\$30	\$27	3.15%	\$31	\$30	\$29	\$28	3.09%
UPMC Horizon <sup>5</sup>	\$107	\$105	\$101	\$96	4.06%	\$114	\$109	\$102	\$97	5.71%
UPMC Northwest <sup>5</sup>	\$86	\$80	\$72	\$68	8.81%	\$87	\$80	\$71	\$66	10.82%
Warren General <sup>5</sup>	\$62	\$54	\$51	\$45	12.26%	\$62	\$54	\$51	\$47	11.12%

See footnotes on pages 36 and 37.

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 2</b>	<b>1.42%</b>	<b>3.54%</b>	<b>3.82%</b>	<b>2.20%</b>	<b>45.53%</b>	<b>8.75%</b>
Bradford Regional <sup>5,13</sup>	-6.47%	-3.96%	-3.06%	1.74%	40.65%	15.84%
Brookville <sup>5</sup>	-5.07%	-4.66%	-5.85%	3.89%	55.87%	4.02%
Charles Cole Memorial <sup>5</sup>	-5.97%	-1.74%	-1.30%	1.81%	38.23%	12.34%
Clarion <sup>5,14</sup>	4.23%	6.21%	4.78%	2.82%	46.75%	11.96%
Clearfield <sup>5</sup>	0.15%	3.02%	2.40%	2.04%	51.21%	6.33%
Corry Memorial <sup>1,5,13,14</sup>	-0.03%	-0.34%	-2.80%	4.30%	43.83%	8.39%
DuBois Regional <sup>5</sup>	5.36%	7.79%	6.95%	1.61%	43.93%	8.70%
Edgewood Surgical <sup>1,3,10</sup>	7.47%	7.63%	-22.12%	0.24%	23.57%	5.51%
Elk Regional <sup>5,13</sup>	2.07%	3.32%	6.05%	2.34%	43.58%	13.52%
Ellwood City <sup>5</sup>	-12.84%	1.93%	3.59%	2.19%	53.91%	6.38%
Grove City <sup>5</sup>	4.24%	8.29%	7.67%	1.55%	40.36%	0.67%
Hamot	4.93%	5.95%	6.81%	2.15%	41.06%	7.44%
Jameson Memorial <sup>5</sup>	2.95%	3.57%	2.77%	2.12%	58.93%	6.70%
Kane Community	-2.67%	-1.88%	-0.07%	3.09%	47.42%	6.30%
Meadville <sup>5</sup>	7.15%	8.74%	5.34%	1.82%	39.44%	11.06%
Millcreek Community <sup>5</sup>	4.50%	13.54%	11.11%	5.08%	38.39%	21.19%
Punxsutawney Area	0.87%	2.49%	2.64%	3.35%	47.55%	9.73%
Saint Vincent Health <sup>5,14</sup>	1.02%	2.56%	3.88%	1.79%	46.29%	10.06%
Sharon Regional <sup>5</sup>	1.39%	4.79%	4.73%	1.67%	47.64%	10.18%
Titusville Area	-3.69%	-1.82%	-2.09%	4.18%	51.59%	10.65%
UPMC Horizon <sup>5</sup>	-4.64%	-2.77%	0.69%	2.65%	47.82%	5.94%
UPMC Northwest <sup>5</sup>	-0.75%	-1.86%	3.12%	2.74%	48.09%	5.44%
Warren General <sup>5</sup>	0.37%	3.18%	2.54%	2.19%	45.54%	5.09%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 3</b>	<b>\$90</b>	<b>\$78</b>	<b>\$70</b>	<b>\$66</b>	<b>4.68%</b>	<b>\$93</b>	<b>\$81</b>	<b>\$71</b>	<b>\$69</b>	<b>3.91%</b>
Altoona Regional <sup>5,13</sup>	\$288	\$269	\$244	\$184	18.80%	\$289	\$279	\$241	\$191	17.15%
Conemaugh Valley Memorial <sup>5,7,9</sup>	\$305	\$310	\$242	\$216	13.66%	\$323	\$320	\$242	\$230	13.49%
Indiana Regional <sup>5</sup>	\$109	\$99	\$90	\$81	11.73%	\$106	\$97	\$88	\$83	8.93%
Meysersdale Community	\$9	\$8	\$7	\$7	9.86%	\$9	\$8	\$8	\$7	9.24%
Miners	\$16	\$17	\$15	\$15	3.07%	\$17	\$17	\$16	\$15	4.22%
Nason	\$26	\$25	\$23	\$21	7.73%	\$33	\$25	\$23	\$21	17.80%
Somerset Hospital <sup>5</sup>	\$57	\$52	\$52	\$48	5.87%	\$57	\$54	\$51	\$49	6.03%
Tyrone	\$13	\$12	\$12	\$11	6.42%	\$15	\$18	\$14	\$14	3.04%
UPMC Bedford	\$36	\$33	\$29	\$27	9.96%	\$35	\$32	\$29	\$27	9.34%
Windber <sup>5</sup>	\$39	\$27	\$25	\$24	21.58%	\$44	\$33	\$30	\$30	15.35%

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 4</b>	<b>\$94</b>	<b>\$84</b>	<b>\$76</b>	<b>\$68</b>	<b>9.81%</b>	<b>\$94</b>	<b>\$83</b>	<b>\$76</b>	<b>\$67</b>	<b>10.01%</b>
Berwick <sup>1,5,10,13</sup>	\$60	\$60	\$54	\$40	16.65%	\$50	\$51	\$47	\$37	12.37%
Bloomsburg <sup>5</sup>	\$32	\$32	\$31	\$26	7.73%	\$35	\$36	\$33	\$30	5.95%
Bucktail <sup>5</sup>	\$6	\$5	\$5	\$5	4.92%	\$6	\$6	\$5	\$5	7.06%
Evangelical Community <sup>5</sup>	\$100	\$96	\$88	\$79	8.92%	\$100	\$102	\$92	\$80	8.16%
Geisinger/Danville <sup>5,7</sup>	\$572	\$540	\$462	\$397	14.65%	\$560	\$513	\$449	\$380	15.72%
Jersey Shore <sup>13</sup>	\$21	\$21	\$19	\$19	4.89%	\$21	\$21	\$19	\$18	6.51%
Lewistown <sup>5</sup>	\$80	\$78	\$74	\$66	7.28%	\$82	\$78	\$71	\$64	8.89%
Lock Haven <sup>1,5,10</sup>	\$34	\$31	\$30	\$28	7.26%	\$34	\$32	\$29	\$26	10.21%
Mount Nittany <sup>5</sup>	\$128	\$117	\$110	\$95	11.80%	\$127	\$117	\$107	\$92	12.69%
Muncy Valley <sup>5</sup>	\$32	\$31	\$26	\$28	5.42%	\$30	\$28	\$28	\$26	4.71%
Shamokin Area Community <sup>5</sup>	\$33	\$31	\$29	\$28	5.93%	\$32	\$31	\$28	\$26	7.74%
Soldiers & Sailors <sup>5,13</sup>	\$37	\$35	\$32	\$31	5.77%	\$37	\$35	\$34	\$32	4.84%
Sunbury Community <sup>1,5,10,13</sup>	\$29	\$27	\$28	\$31	-2.88%	\$33	\$32	\$35	\$35	-1.35%
Williamsport <sup>5</sup>	\$153	\$144	\$136	\$129	6.12%	\$166	\$160	\$152	\$142	5.71%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 3</b>	<b>0.98%</b>	<b>4.24%</b>	<b>4.22%</b>	<b>2.30%</b>	<b>47.19%</b>	<b>7.07%</b>
Altoona Regional <sup>5,13</sup>	1.62%	3.50%	3.25%	2.24%	41.99%	7.46%
Conemaugh Valley Memorial <sup>5,7,9</sup>	0.99%	5.42%	7.07%	2.19%	52.67%	7.74%
Indiana Regional <sup>5</sup>	5.08%	10.23%	9.41%	2.31%	42.88%	5.76%
Meyersdale Community	0.87%	1.73%	2.16%	3.55%	63.62%	1.01%
Miners	-4.03%	-3.93%	-1.85%	2.38%	43.68%	5.33%
Nason	-24.73%	-21.55%	-5.32%	2.33%	45.47%	7.31%
Somerset Hospital <sup>5</sup>	0.83%	4.10%	4.21%	2.69%	44.06%	8.38%
Tyrone	-9.54%	-4.07%	-13.77%	4.38%	47.79%	7.17%
UPMC Bedford	5.22%	7.47%	6.84%	2.16%	41.36%	5.88%
Windber <sup>5</sup>	3.36%	3.54%	1.68%	2.13%	63.24%	3.59%

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 4</b>	<b>6.11%</b>	<b>6.96%</b>	<b>6.02%</b>	<b>2.19%</b>	<b>35.01%</b>	<b>5.42%</b>
Berwick <sup>1,5,10,13</sup>	17.07%	9.56%	9.10%	1.61%	40.79%	3.86%
Bloomsburg <sup>5</sup>	-4.66%	-3.67%	-3.88%	2.72%	35.78%	6.08%
Bucktail <sup>5</sup>	-0.01%	2.10%	-2.36%	1.47%	30.50%	34.77%
Evangelical Community <sup>5</sup>	4.12%	12.98%	6.87%	4.13%	33.37%	3.52%
Geisinger/Danville <sup>5,7</sup>	9.05%	9.06%	9.01%	1.19%	31.16%	3.91%
Jersey Shore <sup>13</sup>	0.52%	0.73%	1.29%	2.64%	42.10%	2.27%
Lewistown <sup>5</sup>	1.08%	1.15%	4.14%	3.18%	44.83%	6.10%
Lock Haven <sup>1,5,10</sup>	0.86%	0.50%	1.07%	2.75%	27.76%	11.38%
Mount Nittany <sup>5</sup>	2.27%	2.69%	3.15%	2.39%	32.18%	3.13%
Muncy Valley <sup>5</sup>	8.49%	10.34%	7.30%	2.41%	27.02%	25.89%
Shamokin Area Community <sup>5</sup>	6.36%	7.30%	7.29%	3.18%	56.12%	3.29%
Soldiers & Sailors <sup>5,13</sup>	4.11%	4.87%	3.80%	3.85%	38.44%	8.44%
Sunbury Community <sup>1,5,10,13</sup>	-15.12%	-8.85%	-10.47%	2.71%	51.64%	8.66%
Williamsport	5.82%	7.26%	4.86%	3.19%	39.21%	7.15%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 5</b>	<b>\$218</b>	<b>\$203</b>	<b>\$185</b>	<b>\$166</b>	<b>10.32%</b>	<b>\$205</b>	<b>\$195</b>	<b>\$179</b>	<b>\$161</b>	<b>9.08%</b>
Carlisle Regional <sup>1,5,10,13</sup>	\$101	\$99	\$98	\$88	4.85%	\$88	\$75	\$78	\$67	10.00%
Chambersburg <sup>5</sup>	\$203	\$190	\$173	\$156	10.09%	\$193	\$183	\$165	\$150	9.70%
Ephrata Community <sup>5</sup>	\$144	\$135	\$122	\$113	9.09%	\$137	\$129	\$117	\$109	8.64%
Fulton County <sup>5</sup>	\$22	\$22	\$21	\$20	4.43%	\$23	\$22	\$20	\$20	4.89%
Gettysburg <sup>5</sup>	\$93	\$81	\$76	\$67	12.84%	\$81	\$73	\$69	\$60	11.56%
Good Samaritan/Lebanon <sup>5</sup>	\$135	\$131	\$111	\$106	9.24%	\$143	\$141	\$120	\$107	11.14%
Hanover <sup>5</sup>	\$107	\$99	\$93	\$82	10.03%	\$106	\$98	\$91	\$81	10.08%
Heart of Lancaster <sup>1,10</sup>	\$45	\$43	\$34	\$37	7.05%	\$48	\$43	\$38	\$35	12.51%
Holy Spirit <sup>5</sup>	\$202	\$196	\$193	\$178	4.47%	\$208	\$206	\$208	\$186	3.98%
J C Blair Memorial <sup>5,13</sup>	\$34	\$33	\$32	\$29	5.53%	\$37	\$36	\$34	\$35	1.92%
Lancaster General <sup>5</sup>	\$688	\$633	\$542	\$478	14.62%	\$587	\$560	\$493	\$461	9.10%
Lancaster Regional <sup>1,5,10,13</sup>	\$89	\$107	\$111	\$109	-6.08%	\$90	\$103	\$104	\$89	0.45%
Memorial York	\$88	\$82	\$75	\$62	13.80%	\$90	\$83	\$75	\$64	13.66%
Milton S Hershey <sup>5</sup>	\$618	\$548	\$507	\$442	13.31%	\$604	\$539	\$490	\$431	13.39%
Pinnacle Health <sup>5</sup>	\$487	\$480	\$453	\$409	6.36%	\$477	\$480	\$451	\$416	4.92%
Waynesboro	\$58	\$50	\$46	\$42	12.85%	\$51	\$47	\$44	\$40	9.39%
York <sup>5</sup>	\$586	\$517	\$456	\$407	14.65%	\$530	\$489	\$437	\$394	11.46%

See footnotes on pages 36 and 37.



Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 5</b>	<b>8.44%</b>	<b>10.01%</b>	<b>8.72%</b>	<b>2.77%</b>	<b>34.12%</b>	<b>6.56%</b>
Carlisle Regional <sup>1,5,10,13</sup>	11.50%	7.19%	11.16%	2.57%	34.95%	4.25%
Chambersburg <sup>5</sup>	6.73%	9.13%	8.71%	3.80%	38.06%	4.18%
Ephrata Community <sup>5</sup>	7.84%	7.93%	7.29%	2.87%	29.87%	2.93%
Fulton County <sup>5</sup>	2.39%	5.75%	7.46%	3.65%	38.13%	15.11%
Gettysburg <sup>5</sup>	13.87%	19.20%	16.49%	4.92%	28.76%	3.85%
Good Samaritan/Lebanon <sup>5</sup>	-1.06%	0.16%	-1.92%	4.14%	44.84%	5.14%
Hanover <sup>5</sup>	1.86%	3.85%	3.66%	2.99%	33.42%	1.67%
Heart of Lancaster <sup>1,10</sup>	-8.18%	-5.03%	-4.48%	2.02%	27.05%	3.78%
Holy Spirit <sup>5</sup>	0.78%	2.72%	-0.55%	1.76%	41.16%	4.24%
J C Blair Memorial <sup>5,13</sup>	-1.04%	0.39%	0.85%	2.49%	37.73%	11.09%
Lancaster General <sup>5</sup>	18.12%	18.79%	16.23%	1.45%	29.99%	4.77%
Lancaster Regional <sup>1,5,10,13</sup>	-0.42%	-0.24%	1.99%	2.78%	41.93%	6.47%
Memorial York	0.67%	1.16%	2.52%	5.15%	36.39%	5.83%
Milton S Hershey <sup>5</sup>	7.01%	7.59%	8.00%	1.78%	26.52%	11.70%
Pinnacle Health <sup>5</sup>	4.46%	6.04%	5.66%	3.16%	40.67%	7.85%
Waynesboro	12.93%	14.84%	10.63%	4.12%	31.46%	5.88%
York <sup>5</sup>	11.32%	15.28%	12.54%	3.87%	36.05%	6.53%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 6</b>	<b>\$90</b>	<b>\$78</b>	<b>\$74</b>	<b>\$69</b>	<b>7.93%</b>	<b>\$92</b>	<b>\$81</b>	<b>\$77</b>	<b>\$72</b>	<b>6.90%</b>
Barnes Kasson County <sup>1,5</sup>	\$18	\$16	\$16	\$13	12.02%	\$18	\$18	\$19	\$15	6.44%
Community/Scranton <sup>5</sup>	\$151	\$139	\$142	\$129	5.71%	\$152	\$152	\$150	\$140	2.99%
Geisinger Wilkes-Barre <sup>3,5</sup>	\$75	\$40	\$81	\$75	0.08%	\$88	\$47	\$83	\$77	4.87%
Geisinger Wyoming Valley <sup>5,7</sup>	\$156	\$134	\$114	\$100	18.68%	\$159	\$139	\$114	\$101	18.79%
Hazleton General <sup>1,5,9</sup>	\$91	\$72	\$49	\$44	35.86%	\$92	\$64	\$49	\$47	31.57%
Marian Community <sup>1,5,13</sup>	\$35	\$35	\$34	\$33	2.20%	\$38	\$37	\$36	\$34	4.15%
Memorial/Towanda <sup>5</sup>	\$32	\$32	\$36	\$31	0.79%	\$32	\$32	\$33	\$29	3.26%
Mercy/Scranton <sup>1,5</sup>	\$137	\$127	\$122	\$117	5.72%	\$141	\$129	\$125	\$125	4.30%
Mid-Valley	\$11	\$10	\$10	\$10	3.23%	\$12	\$11	\$12	\$11	2.33%
Montrose General <sup>1,14</sup>	\$13	\$9	\$10	\$9	16.34%	\$13	\$10	\$10	\$9	15.25%
Moses Taylor <sup>5</sup>	\$117	\$109	\$105	\$100	5.69%	\$122	\$117	\$112	\$108	4.39%
Pocono <sup>5</sup>	\$187	\$157	\$145	\$134	13.12%	\$178	\$154	\$142	\$132	11.78%
Robert Packer <sup>5</sup>	\$192	\$186	\$170	\$156	7.64%	\$190	\$171	\$163	\$158	6.65%
Troy Community	\$11	\$10	\$10	\$9	8.80%	\$11	\$10	\$10	\$9	6.21%
Tyler Memorial	\$27	\$26	\$26	\$24	5.44%	\$28	\$27	\$27	\$23	6.59%
Wayne Memorial <sup>5,13,14</sup>	\$64	\$52	\$50	\$48	10.63%	\$62	\$60	\$53	\$53	5.96%
WVHCS <sup>5</sup>	\$211	\$202	\$185	\$169	8.26%	\$232	\$221	\$205	\$189	7.56%

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 7</b>	<b>\$211</b>	<b>\$191</b>	<b>\$175</b>	<b>\$161</b>	<b>10.46%</b>	<b>\$204</b>	<b>\$188</b>	<b>\$172</b>	<b>\$160</b>	<b>9.23%</b>
Easton <sup>1,5,10</sup>	\$201	\$185	\$180	\$174	5.20%	\$163	\$158	\$158	\$159	0.83%
Gnaden Huetten Memorial <sup>5,6</sup>	\$49	\$49	\$48	\$47	1.39%	\$51	\$53	\$49	\$48	1.82%
Good Samaritan Regional <sup>5</sup>	\$66	\$65	\$62	\$60	3.23%	\$70	\$70	\$67	\$63	3.52%
Lehigh Valley <sup>5</sup>	\$717	\$668	\$606	\$532	11.60%	\$708	\$659	\$584	\$536	10.71%
Lehigh Valley/Muhlenberg <sup>7</sup>	\$170	\$155	\$129	\$105	20.43%	\$160	\$147	\$121	\$105	17.43%
Palmerton <sup>5,6</sup>	\$21	\$21	\$24	\$25	-5.08%	\$24	\$24	\$28	\$30	-6.84%
Pottsville Warne Clinic <sup>5</sup>	\$82	\$74	\$67	\$65	9.12%	\$83	\$76	\$69	\$66	8.29%
Reading <sup>5</sup>	\$591	\$513	\$450	\$416	14.01%	\$544	\$495	\$436	\$404	11.54%
Sacred Heart/Allentown <sup>5</sup>	\$115	\$110	\$104	\$104	3.67%	\$118	\$117	\$108	\$106	3.82%
Saint Catherine <sup>1,2,5,10,13</sup>	\$12	\$19	\$18	\$15	-6.99%	\$13	\$21	\$19	\$18	-8.90%
St Joseph/Reading <sup>5</sup>	\$163	\$154	\$152	\$146	3.88%	\$171	\$149	\$147	\$144	6.08%
St Luke's Miners <sup>5</sup>	\$42	\$37	\$35	\$31	10.82%	\$41	\$37	\$34	\$32	9.65%
St Luke's/Bethlehem <sup>5</sup>	\$512	\$433	\$405	\$370	12.72%	\$503	\$441	\$416	\$367	12.38%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 6</b>	<b>1.88%</b>	<b>3.96%</b>	<b>3.46%</b>	<b>2.70%</b>	<b>43.35%</b>	<b>7.16%</b>
Barnes Kasson County <sup>1,5</sup>	7.63%	7.63%	0.55%	4.42%	43.55%	23.65%
Community/Scranton <sup>5</sup>	3.34%	5.48%	1.25%	3.04%	36.22%	8.92%
Geisinger Wilkes-Barre <sup>3,5</sup>	-15.12%	-13.15%	-9.21%	1.46%	55.89%	8.08%
Geisinger Wyoming Valley <sup>5,7</sup>	1.94%	2.31%	1.88%	1.38%	40.14%	6.17%
Hazleton General <sup>1,5,9</sup>	3.76%	1.88%	0.78%	3.02%	45.98%	8.07%
Marian Community <sup>1,5,13</sup>	-5.43%	-4.41%	-2.51%	2.98%	48.76%	8.47%
Memorial/Towanda <sup>5</sup>	1.24%	4.17%	6.32%	3.30%	26.67%	17.70%
Mercy/Scranton <sup>1,5</sup>	-0.49%	0.75%	1.20%	2.83%	50.79%	4.46%
Mid-Valley	-6.83%	-6.75%	-8.25%	2.91%	40.87%	2.98%
Montrose General <sup>1,14</sup>	2.93%	3.02%	-0.34%	3.29%	41.45%	14.77%
Moses Taylor <sup>5</sup>	0.28%	0.41%	0.36%	1.92%	43.71%	8.22%
Pocono <sup>5</sup>	6.61%	7.05%	5.81%	4.54%	36.70%	5.40%
Robert Packer <sup>5</sup>	6.04%	14.08%	16.34%	2.81%	45.61%	5.12%
Troy Community	8.24%	9.46%	7.53%	3.49%	47.00%	11.31%
Tyler Memorial	1.06%	1.67%	1.57%	3.06%	35.49%	4.81%
Wayne Memorial <sup>5,13,14</sup>	10.86%	13.45%	8.47%	3.14%	40.67%	2.85%
WVHCS <sup>5</sup>	-1.39%	0.99%	1.18%	1.83%	46.62%	7.54%

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 7</b>	<b>7.58%</b>	<b>7.84%</b>	<b>6.55%</b>	<b>2.81%</b>	<b>38.70%</b>	<b>7.12%</b>
Easton <sup>1,5,10</sup>	19.24%	11.27%	8.83%	1.13%	40.32%	3.82%
Gnaden Huetten Memorial <sup>5,6</sup>	-2.49%	-3.25%	-4.26%	3.90%	48.93%	16.31%
Good Samaritan Regional <sup>5</sup>	-4.39%	5.27%	1.61%	2.23%	59.62%	1.99%
Lehigh Valley <sup>5</sup>	9.70%	9.68%	9.19%	2.61%	35.28%	9.33%
Lehigh Valley/Muhlenberg <sup>7</sup>	11.24%	11.17%	10.37%	2.25%	39.63%	3.06%
Palmerton <sup>5,6</sup>	-10.76%	-13.01%	-13.54%	2.02%	51.13%	4.30%
Pottsville Warne Clinic <sup>5</sup>	2.09%	2.09%	1.07%	3.15%	45.10%	8.77%
Reading <sup>5</sup>	10.38%	11.10%	8.47%	3.20%	32.77%	4.57%
Sacred Heart/Allentown <sup>5</sup>	3.72%	3.72%	1.29%	2.66%	47.29%	10.24%
Saint Catherine <sup>1,2,5,10,13</sup>	-10.25%	-10.25%	-7.82%	5.39%	35.27%	14.38%
St Joseph/Reading <sup>5</sup>	-3.17%	-2.21%	2.92%	3.30%	40.55%	15.55%
St Luke's Miners <sup>5</sup>	1.85%	1.87%	1.59%	3.32%	39.98%	11.17%
St Luke's/Bethlehem <sup>5</sup>	4.96%	7.36%	5.41%	3.17%	41.50%	5.55%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 8</b>	<b>\$174</b>	<b>\$162</b>	<b>\$150</b>	<b>\$135</b>	<b>8.04%</b>	<b>\$173</b>	<b>\$162</b>	<b>\$151</b>	<b>\$138</b>	<b>6.60%</b>
Abington Memorial <sup>5</sup>	\$531	\$482	\$439	\$416	9.26%	\$535	\$490	\$451	\$423	8.86%
Barix Clinics of PA <sup>1,10,13,14</sup>	\$14	\$13	\$10	\$11	7.80%	\$14	\$15	\$14	\$13	2.88%
Brandywine <sup>1,5,10,13</sup>	\$109	\$104	\$106	\$105	1.39%	\$114	\$101	\$99	\$95	6.49%
Central Montgomery <sup>1,5,10,13</sup>	\$65	\$61	\$57	\$58	3.71%	\$65	\$65	\$62	\$62	1.37%
Chester County	\$169	\$159	\$150	\$125	11.84%	\$174	\$162	\$147	\$130	11.52%
Crozer-Chester <sup>5</sup>	\$589	\$539	\$495	\$470	8.46%	\$599	\$546	\$503	\$479	8.37%
Delaware County Memorial <sup>5</sup>	\$178	\$165	\$152	\$141	8.81%	\$182	\$165	\$153	\$141	9.67%
Doylestown <sup>5</sup>	\$176	\$174	\$172	\$157	4.10%	\$177	\$180	\$167	\$158	4.20%
Grand View <sup>5,7</sup>	\$153	\$139	\$125	\$112	12.34%	\$153	\$138	\$124	\$112	12.03%
Holy Redeemer <sup>5,7</sup>	\$163	\$148	\$142	\$137	6.23%	\$171	\$160	\$155	\$153	3.93%
Jennersville Regional <sup>1,10,13</sup>	\$47	\$47	\$43	\$39	6.25%	\$46	\$43	\$41	\$41	4.22%
Lower Bucks Hospital <sup>5,13</sup>	\$110	\$107	\$107	\$104	1.95%	\$117	\$114	\$109	\$106	3.62%
Main Line Bryn Mawr <sup>5,13</sup>	\$249	\$230	\$200	\$185	11.64%	\$219	\$216	\$199	\$197	3.80%
Main Line Lankenau <sup>5,13</sup>	\$319	\$303	\$287	\$266	6.64%	\$308	\$312	\$296	\$276	3.95%
Main Line Paoli <sup>13</sup>	\$190	\$172	\$142	\$123	18.29%	\$151	\$141	\$125	\$115	10.42%
Mercy Fitzgerald <sup>1,5</sup>	\$156	\$158	\$152	\$144	2.66%	\$170	\$168	\$166	\$160	2.12%
Mercy Suburban <sup>1,5</sup>	\$100	\$97	\$90	\$81	7.71%	\$99	\$93	\$88	\$81	7.46%
Montgomery <sup>5</sup>	\$98	\$96	\$93	\$84	5.55%	\$103	\$102	\$96	\$87	5.98%
Phoenixville <sup>1,10,13</sup>	\$131	\$122	\$108	\$96	12.43%	\$121	\$114	\$104	\$97	8.10%
Pottstown Memorial <sup>1,5,10,13</sup>	\$153	\$134	\$121	\$115	11.24%	\$134	\$120	\$111	\$109	7.43%
Riddle Memorial <sup>5</sup>	\$131	\$117	\$110	\$102	9.64%	\$136	\$125	\$114	\$108	8.80%
St Luke's Quakertown <sup>5</sup>	\$43	\$38	\$35	\$30	15.04%	\$43	\$38	\$36	\$31	12.44%
St Mary <sup>1,5</sup>	\$264	\$235	\$222	\$195	11.74%	\$251	\$224	\$208	\$185	11.97%
Warminster <sup>1,5,10,13</sup>	\$48	\$46	\$50	\$54	-3.75%	\$62	\$58	\$62	\$60	1.28%

See footnotes on pages 36 and 37.

## INDIVIDUAL HOSPITAL DATA

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 8</b>	<b>4.28%</b>	<b>5.52%</b>	<b>4.52%</b>	<b>1.88%</b>	<b>38.95%</b>	<b>7.23%</b>
Abington Memorial <sup>5</sup>	2.82%	3.73%	2.90%	1.92%	43.58%	3.92%
Barix Clinics of PA <sup>1,10,13,14</sup>	-0.59%	-0.60%	-17.81%	-1.10%	0.05%	0.00%
Brandywine <sup>1,5,10,13</sup>	-2.59%	-1.54%	2.06%	1.29%	25.73%	6.21%
Central Montgomery <sup>1,5,10,13</sup>	1.85%	0.49%	-1.95%	1.93%	44.70%	2.68%
Chester County	0.60%	1.30%	3.37%	1.80%	31.36%	7.04%
Crozer-Chester <sup>5</sup>	0.71%	1.03%	1.18%	3.01%	30.06%	15.23%
Delaware County Memorial <sup>5</sup>	-1.06%	-0.18%	1.01%	2.79%	37.14%	10.92%
Doylestown <sup>5</sup>	1.99%	4.22%	3.84%	0.87%	40.68%	2.05%
Grand View <sup>5,7</sup>	2.69%	13.59%	9.94%	2.43%	40.50%	3.84%
Holy Redeemer <sup>5,7</sup>	-1.07%	3.53%	0.57%	0.46%	51.11%	2.95%
Jennersville Regional <sup>1,10,13</sup>	2.45%	1.43%	3.36%	2.12%	38.19%	9.07%
Lower Bucks Hospital <sup>5,13</sup>	-2.64%	-1.95%	-1.08%	2.95%	37.23%	11.08%
Main Line Bryn Mawr <sup>5,13</sup>	15.48%	17.38%	11.99%	1.08%	41.46%	2.88%
Main Line Lankenau <sup>5,13</sup>	10.13%	12.83%	9.82%	1.63%	43.13%	7.88%
Main Line Paoli <sup>13</sup>	23.71%	25.61%	22.01%	1.08%	34.06%	1.37%
Mercy Fitzgerald <sup>1,5</sup>	-3.69%	-3.69%	-2.28%	1.92%	44.68%	17.27%
Mercy Suburban <sup>1,5</sup>	3.42%	3.42%	4.32%	2.40%	41.22%	10.84%
Montgomery <sup>5</sup>	1.80%	3.34%	3.34%	3.05%	44.30%	7.74%
Phoenixville <sup>1,10,13</sup>	9.20%	4.75%	4.25%	1.61%	38.47%	2.77%
Pottstown Memorial <sup>1,5,10,13</sup>	13.57%	7.94%	6.79%	1.69%	35.11%	12.57%
Riddle Memorial <sup>5</sup>	2.90%	2.38%	1.61%	0.90%	36.76%	3.45%
St Luke's Quakertown <sup>5</sup>	1.63%	2.85%	2.11%	3.38%	36.23%	2.47%
St Mary <sup>1,5</sup>	6.66%	7.21%	7.56%	1.52%	42.83%	3.40%
Warminster <sup>1,5,10,13</sup>	-26.97%	-16.72%	-15.46%	0.39%	49.19%	6.32%

See footnotes on pages 36 and 37.

# INDIVIDUAL HOSPITAL DATA

Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY04-FY07	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY04-FY07
	FY07	FY06	FY05	FY04		FY07	FY06	FY05	FY04	
<b>Region 9</b>	<b>\$356</b>	<b>\$314</b>	<b>\$296</b>	<b>\$257</b>	<b>7.00%</b>	<b>\$359</b>	<b>\$326</b>	<b>\$312</b>	<b>\$278</b>	<b>4.41%</b>
Albert Einstein <sup>5,9</sup>	\$522	\$463	\$454	\$406	9.50%	\$528	\$479	\$466	\$425	8.06%
Cancer Treatment Centers <sup>3,10,11</sup>	\$101	\$20	NA	NA	NA	\$101	\$36	NA	NA	NA
Chestnut Hill <sup>1,3,5,10</sup>	\$100	\$86	\$61	\$91	3.36%	\$110	\$86	\$62	\$115	-1.68%
Children's Hosp Phila <sup>7</sup>	\$892	\$823	\$743	\$647	12.65%	\$1,040	\$940	\$837	\$758	12.35%
Frankford <sup>5</sup>	\$421	\$394	\$348	\$316	11.14%	\$394	\$378	\$340	\$314	8.57%
Graduate <sup>1,10,11,13</sup>	\$99	\$107	\$121	\$118	-5.25%	\$149	\$132	\$142	\$197	-8.09%
Hahnemann University <sup>1,5,9,10</sup>	\$338	\$360	\$375	\$361	-2.10%	\$426	\$418	\$422	\$423	0.17%
Hospital Fox Chase Cancer <sup>1,13</sup>	\$191	\$166	\$146	\$127	16.84%	\$172	\$157	\$138	\$120	14.24%
Hospital University PA <sup>5</sup>	\$1,507	\$1,374	\$1,212	\$1,103	12.21%	\$1,289	\$1,291	\$1,191	\$1,152	3.95%
Jeanes <sup>5</sup>	\$127	\$118	\$114	\$112	4.76%	\$138	\$126	\$117	\$112	7.50%
Mercy Philadelphia <sup>1,5</sup>	\$127	\$124	\$116	\$112	4.41%	\$135	\$129	\$124	\$121	3.96%
Nazareth <sup>1,5,6</sup>	\$130	\$122	\$118	\$107	7.21%	\$129	\$120	\$116	\$105	7.55%
Penn Presby Medical Ctr. <sup>5</sup>	\$416	\$398	\$350	\$300	12.94%	\$408	\$393	\$379	\$332	7.56%
Pennsylvania <sup>5</sup>	\$377	\$338	\$322	\$306	7.75%	\$376	\$358	\$331	\$314	6.66%
Roxborough Memorial <sup>1,5,10,13</sup>	\$55	\$53	\$54	\$44	7.83%	\$66	\$77	\$64	\$47	13.84%
St Christopher's Children <sup>1,10</sup>	\$195	\$190	\$153	\$160	7.47%	\$219	\$209	\$146	\$138	19.41%
St Joseph's/Philadelphia <sup>13</sup>	\$59	\$57	\$57	\$54	3.52%	\$59	\$58	\$58	\$55	2.43%
Temple East <sup>5</sup>	\$111	\$93	\$98	\$99	4.10%	\$107	\$103	\$100	\$97	3.66%
Temple Univ Children's <sup>11</sup>	\$50	\$47	\$49	\$50	-0.25%	\$66	\$68	\$58	\$59	4.09%
Temple University <sup>5</sup>	\$626	\$605	\$619	\$578	2.72%	\$608	\$614	\$610	\$568	2.35%
Thomas Jefferson Univ <sup>5,8</sup>	\$1,023	\$942	\$902	\$812	8.66%	\$1,029	\$945	\$918	\$840	7.50%

## Footnotes

1. The end of the fiscal year is not June 30. The data reflects the fiscal year that ended prior to June 30.
2. FY07 data is less than 12 months; therefore, a 3-year comparison is not appropriate for some of the measures.
3. Prior year(s) reflect less than 12 months of data; therefore, a 3-year comparison is not appropriate for some of the measures.
4. This facility began operating during this reporting year. Typically, total operating expenses are high compared to operating revenue during the start-up period.
5. The hospital has specialty units such as psychiatric, rehabilitation, long-term care, skilled nursing, home health, etc., which are included in the data presented for the facility.
6. Extraordinary item(s) reported on audited financial statement was included in the calculation of total margin.
7. Balance sheet ratios are for the parent organization.
8. Acquired or merged with another licensed hospital during the FY07 reporting period.
9. Acquired or merged with another licensed hospital during the FY05 or FY06 reporting periods.

Hospital	Operating Margin FY07	Total Margin FY07	3-yr Average Total Margin FY05-FY07	Percent of Uncompensated Care FY07	Medicare Share of NPR FY07	Medical Assistance Share of NPR FY07
<b>Region 9</b>	<b>4.46%</b>	<b>6.58%</b>	<b>4.57%</b>	<b>2.41%</b>	<b>29.67%</b>	<b>18.75%</b>
Albert Einstein <sup>5,9</sup>	3.83%	6.81%	4.99%	3.34%	43.97%	26.69%
Cancer Treatment Centers <sup>3,10,11</sup>	1.26%	1.05%	NA	5.81%	6.32%	0.00%
Chestnut Hill <sup>1,3,5,10</sup>	-8.08%	-5.23%	-1.55%	1.61%	38.90%	7.37%
Children's Hosp Phila <sup>7</sup>	4.12%	4.81%	5.62%	2.28%	2.36%	27.35%
Frankford <sup>5</sup>	9.36%	10.63%	8.55%	3.17%	45.72%	12.06%
Graduate <sup>1,10,11,13</sup>	-47.84%	-29.63%	-16.51%	1.04%	42.96%	17.59%
Hahnemann University <sup>1,5,9,10</sup>	-18.06%	-11.20%	-7.12%	2.18%	36.15%	25.98%
Hospital Fox Chase Cancer <sup>1,13</sup>	11.07%	11.47%	8.76%	1.14%	32.45%	0.32%
Hospital University PA <sup>5</sup>	14.28%	17.28%	12.94%	2.16%	25.94%	8.69%
Jeanes <sup>5</sup>	-4.27%	1.10%	0.86%	0.56%	43.22%	7.80%
Mercy Philadelphia <sup>1,5</sup>	-0.38%	-0.38%	-0.16%	4.61%	42.22%	33.69%
Nazareth <sup>1,5,6</sup>	3.17%	3.76%	3.55%	2.34%	55.40%	5.82%
Penn Presby Medical Ctr. <sup>5</sup>	7.45%	7.94%	4.04%	2.36%	35.65%	12.45%
Pennsylvania <sup>5</sup>	7.15%	9.83%	6.03%	1.61%	34.14%	11.19%
Roxborough Memorial <sup>1,5,10,13</sup>	-17.64%	-10.93%	-13.94%	0.82%	66.26%	9.00%
St Christopher's Children <sup>1,10</sup>	-1.36%	-0.84%	1.22%	1.31%	4.11%	44.97%
St Joseph's/Philadelphia <sup>13</sup>	0.82%	1.32%	0.73%	10.37%	38.40%	50.39%
Temple East <sup>5</sup>	5.29%	5.89%	-0.01%	2.83%	36.49%	40.91%
Temple Univ Children's <sup>11</sup>	-24.77%	-24.40%	-24.96%	2.39%	2.27%	61.19%
Temple University <sup>5</sup>	5.39%	6.76%	5.06%	2.35%	31.89%	39.87%
Thomas Jefferson Univ <sup>5,8</sup>	5.08%	5.49%	4.90%	2.39%	33.72%	12.03%

10. For-profit facility; total margin includes pro rata share of taxes, other gains and/or expenses experienced by the parent organization.

11. Facility is referred to by a different name, or it closed after the FY07 reporting period.

12. Facility failed to satisfy the financial filing requirements.

13. One or more of the required financial submissions was filed late.

14. Facility submitted incomplete or inaccurate data.

NR Information necessary to report or calculate this measure was not reported by the hospital.

NA Not applicable.

## EXPLANATION OF TERMS

*NOTE: Utilization and financial data include subunits of a hospital such as skilled nursing, long-term care, rehabilitation and psychiatric. Utilization data excludes routine newborn care; the mother and routine newborn are presented as a single patient.*

**3-year Average Change in Net Patient Revenue (NPR) or Total Operating Expenses (TOE):** The average annual change in the hospital's NPR or TOE that occurred from the end of FY04 through FY07.

$$(((\text{NPR}_{07} - \text{NPR}_{04}) / \text{NPR}_{04}) / 3) \text{ or } (((\text{TOE}_{07} - \text{TOE}_{04}) / \text{TOE}_{04}) / 3)$$

**3-year Average Total Margin:** The average total margin realized by the hospital during FY05 through FY07.

$$(\sum \text{revenue over expenses}_{07,06,05} / \sum \text{total revenue}_{07,06,05})$$

**Commercial Third-Party Payors:** Commercial insurers encompass all indemnity and managed care health insurance plans, including Blue Cross and Blue Shield plans, and hospital and health care system plans. Commercial insurers do not include government-funded programs such as Medicare or Medical Assistance sponsored managed care.

**Discharges:** The total inpatient discharges that occurred during the fiscal year.

**Managed Care:** Managed care includes all licensed HMO, PPO, and POS plans that require some form of pre-authorization or limit care to in-network providers.

**Net Patient Revenue (NPR):** Net patient revenue reflects revenue for patient care only and does not include revenue from other operations such as the cafeteria, parking, rent, research and educational activities. Revenue from those operations is included in total operating revenue. NPR may include retroactive adjustments from third-party payors for care provided during a prior fiscal year.

**Other Third-Party Payors:** Third-party payors other than health insurance companies and managed care organizations. These include direct payments by employers or associations, auto insurance, workers' compensation, and government programs (other than Medicare and Medical Assistance).

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

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

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

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

**Patient Day:** Each day a patient stays in an inpatient facility.

**Percent of Uncompensated Care:** This is the ratio of uncompensated care (charity care and bad debt) to the total care provided by the hospital. Charity care is the care a hospital provides without charge because the patient is unable to compensate the hospital through third-party coverage or the patient's own resources. Bad debt represents the foregone revenue for care in which the hospital initially anticipated payment, extended credit to the patient, but was later determined to be uncollectable. This rate can be used to express uncompensated care as a percent of total charges or as an estimate of the percent of total net patient revenue.

$$(\text{charity care charges} + \text{bad debt charges}) / \text{total charges}$$

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

For the for-profit hospitals, total net income is net of a pro rata share of income taxes, gains and non-operating expenses incurred by the parent corporation.

**Total Margin:** The ratio of total income to total revenue. This measure puts income from all sources in perspective with all revenues received by a hospital.

$$(\text{revenue over expenses} / \text{total revenue})$$

**Total Operating Expenses (TOE):** All costs associated with operating the entire facility such as salaries, professional fees, supplies, depreciation, interest, insurance, and bad debts. The acquisition of durable equipment and other property are not considered expenses and are reflected on the hospital's balance sheet as assets. However, the cost to finance equipment (interest) as well as the depreciation, operation and maintenance costs of capital equipment are operating expenses.

**Total Operating Revenue (TOR):** All revenues allocated by the hospital to meet operating expenses. Includes revenue sources such as net patient revenue, investment income, contributions, and revenue from other operations (e.g., cafeteria, parking, rent, research and educational activities). Individual hospitals may also allocate investment income, contributions, etc., as non-operating income.

**Total Revenue:** Operating revenue plus non-operating income. The non-operating income component typically includes unrestricted contributions, investment income, and net investment gains and losses on marketable securities.



## Non- Compliant Hospitals

### Partial Submission

The following hospital did not meet a substantial portion of PHC4's filing requirements.

Aliquippa Community

### Late Submission

The following hospitals submitted their annual data and/or the supporting audited financial statements after the filing deadline.

Aliquippa Community  
Altoona Regional  
Barix Clinics of PA  
Berwick  
Bradford Regional  
Brandywine  
Carlisle Regional  
Central Montgomery  
Corry Memorial  
Elk Regional  
Graduate  
Hospital Fox Chase Cancer  
J C Blair Memorial  
Jennersville Regional  
Jersey Shore  
Lancaster Regional  
Lower Bucks Hospital  
Main Line Bryn Mawr  
Main Line Lankenau  
Main Line Paoli  
Marian Community  
Ohio Valley General  
Phoenixville  
Pottstown Memorial  
Roxborough Memorial  
Saint Catherine  
St Joseph's/Philadelphia  
Soldiers & Sailors  
Southwest Regional MC  
Sunbury Community  
Warminster  
Wayne Memorial

## Hospitals with Fiscal Year-End other than 6/30/07

Barix Clinics of PA .....	12/31/2006
Barnes Kasson County .....	9/30/2006
Berwick.....	12/31/2006
Brandywine.....	12/31/2006
Carlisle Regional .....	12/31/2006
Central Montgomery .....	12/31/2006
Chestnut Hill.....	12/31/2006
Easton .....	12/31/2006
Edgewood Surgical.....	12/31/2006
Graduate.....	12/31/2006
Hahnemann University .....	12/31/2006
Hazleton General.....	12/31/2006
Heart of Lancaster .....	12/31/2006
Jennersville Regional .....	12/31/2006
Lancaster Regional.....	12/31/2006
Lock Haven .....	12/31/2006
Marian Community.....	12/31/2006
Mercy Fitzgerald .....	12/31/2006
Mercy Jeannette .....	12/31/2006
Mercy Philadelphia .....	12/31/2006
Mercy Pittsburgh .....	12/31/2006
Mercy Suburban .....	12/31/2006
Mercy/Scranton .....	12/31/2006
Montrose General .....	12/31/2006
Nazareth .....	12/31/2006
Phoenixville.....	12/31/2006
Pottstown Memorial.....	12/31/2006
Roxborough Memorial .....	12/31/2006
Saint Catherine .....	12/31/2006
St Christopher's Children.....	12/31/2006
St Mary .....	12/31/2006
Sunbury Community.....	12/31/2006
Warminster .....	12/31/2006







## **Pennsylvania Health Care Cost Containment Council**

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### **FOR MORE INFORMATION**

Additional financial and utilization data for Fiscal Year 2007 and prior years may be purchased. For more information, contact PHC4's Special Requests Unit. The information contained in this report and other PHC4 publications is available on our Web site [www.phc4.org](http://www.phc4.org).