

# Non-General Acute Care Facilities Volume Two

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Rehabilitation Care  
Long Term Acute Care  
Psychiatric Care  
Specialty Care  
Ambulatory Surgery Center Care

98

**Financial Analysis**

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The Pennsylvania Health Care  
Cost Containment Council's  
Annual Report on the  
Financial Health of  
Pennsylvania's Hospitals and  
Ambulatory Surgery Centers

## Foreword

The Pennsylvania Health Care Cost Containment Council is an independent state agency charged with addressing the cost and quality of health care in Pennsylvania. The Council 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, the Council 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 report is the second volume of a two-volume set that reviews the financial health of Pennsylvania's hospitals and surgery centers and the utilization of their services. Volume 1 was released in October 1999 and focused on the income levels realized by general acute care (GAC) hospitals and some of the factors that affect income. This second volume provides a profile of the non-GAC hospitals and surgery centers, as well as an overview of the hospital-based health care industry in Pennsylvania.*

For the first time, this report couples utilization information from the subunits of other hospitals with the data from the freestanding non-GAC hospitals. As a result, this report provides some perspectives on the total long term acute, rehabilitation, and psychiatric care provided in Pennsylvania.

The information contained in this report was derived from financial statements of the hospitals and surgery centers, where applicable the Medicare cost report, the Council's inpatient and outpatient databases and the Council's annual financial survey. Hospitals and centers are required by law, under ACT 89 of 1986, to submit this financial and utilization information to the Council. Every reasonable effort has been made by the Council to ensure the accuracy of the information herein. Each facility had the opportunity to review their data and to make corrections. The ultimate responsibility for data accuracy lies with the individual facility.

January 2000

Report Number: 2000-01/02-00

# ***PHC4 1998 Financial Analysis: Volume Two***

## **Pennsylvania's Non-General Acute Care Facilities**

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## Overview

This report presents an analysis of the non-general acute care (non-GAC) hospitals (rehabilitation, long term acute, psychiatric and specialty) and ambulatory surgery centers (ASC) that are under the Council's purview. Individual profiles of each of the provider categories are presented in the following five sections. In addition to the non-GAC hospitals, the sections addressing psychiatric, rehabilitation and long term acute care (LTAC) incorporate information from the corresponding subunits of all hospitals to provide a perspective on the total statewide care rendered for each type of care.

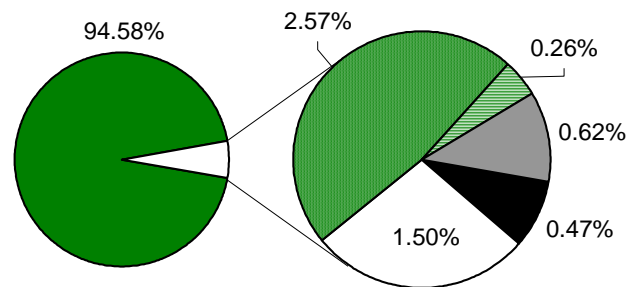
The information and analysis presented in each of the following sections vary considerably for two principal reasons. First, the scope of the analysis presented in each section was constrained to different degrees by the quantity and quality of data provided by the facilities in each category. Second, the unique nature of each of these five categories requires an analysis specific to each category.

The individual hospital and surgery center data presented in each section are captured based on the individual licenses issued by the Pennsylvania Department of Health. If a health system

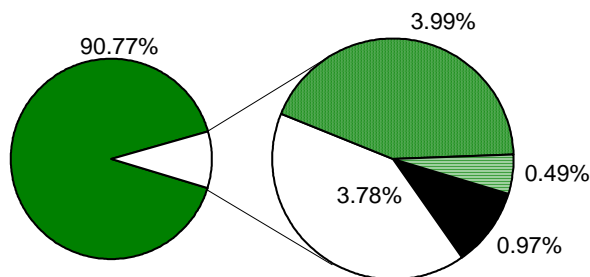
**TABLE 1**  
Licensed Facilities by Category in Pennsylvania

| Facility Category                | Number of Facilities |
|----------------------------------|----------------------|
| General Acute Care (GAC)         | 198                  |
| Rehabilitation                   | 18                   |
| Long Term Acute Care (LTAC)      | 5                    |
| Psychiatric                      | 21                   |
| State Psychiatric                | 10                   |
| Specialty                        | 7                    |
| Ambulatory Surgery Centers (ASC) | 49                   |
| <b>Total</b>                     | <b>308</b>           |

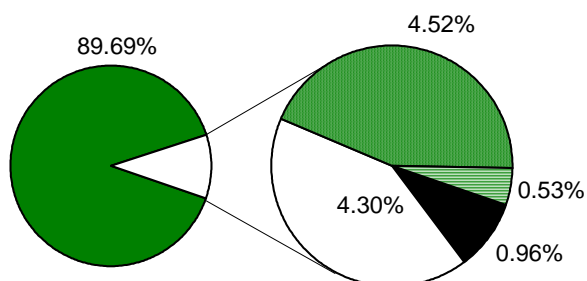
**FIGURE 1**  
Net Patient Revenue by Facility Category, FY98



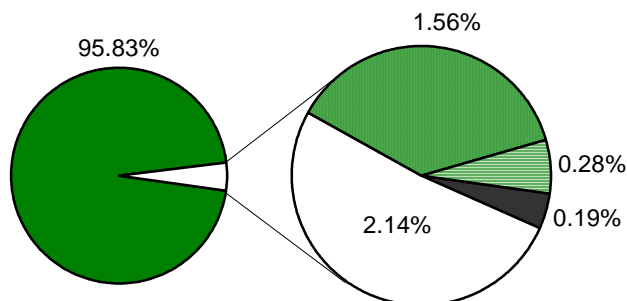
**FIGURE 2**  
Total Staffed Beds by Facility Category, FY98



**FIGURE 3**  
Patient Days by Facility Category, FY98



**FIGURE 4**  
Discharges by Facility Category, FY98

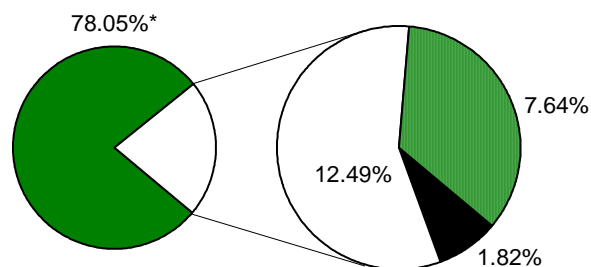


operates multiple facilities under a single license, the entire health system will be reported as a single entity. Table 1 lists the number of licensed facilities in each facility category.

Figures 1 through 4 clearly demonstrate that GAC hospitals are the predominate providers of hospital-based health care in Pennsylvania. The data used to create Figures 1 through 5 are presented on Tables 3 and 4 at the end of this section.

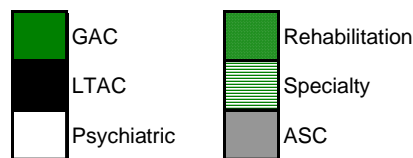
As discussed above, information from psychiatric, rehabilitation and LTAC hospitals were coupled with information from the corresponding subunits of other hospitals to provide a perspective on the total levels of inpatient care provided in these categories. Figure 5 compares the state-wide total of inpatient psychiatric, rehabilitation, LTAC and medical/surgical care. Figure 5 reveals that on a patient day basis, medical/surgi-

**FIGURE 5**  
Patient Days by Type of Care, FY98



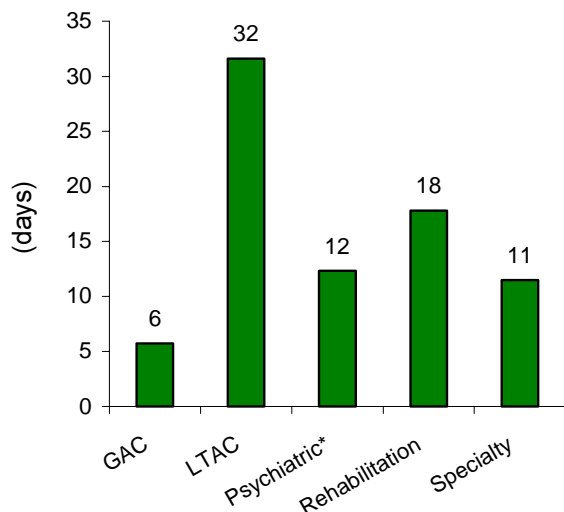
\*Medical/Surgical care at GAC hospitals.

**Key for Figures**



Note: None of these figures include state psychiatric hospitals.

**FIGURE 6**  
Average Length of Stay by Facility Category, FY98



\* Does not include state psychiatric hospitals.

cal care provided at GAC hospitals is the largest type of inpatient care followed by psychiatric care.

Skilled nursing in all settings and the psychiatric care provided by state hospitals are two major types of care that were not included on Figure 5. Skilled nursing is not within the Council's purview and the Council does not capture a significant amount of data on skilled nursing. The duration and nature of care provided at the state psychiatric hospitals are very different from the other types of inpatient care.

The variation in the average length of an inpatient stay at the five facility categories shown on Figure 6 reflects the variation in the nature of care provided at these facilities. The average 12-day stay at psychiatric hospitals does not include the state psychiatric hospitals.

Table 2 reflects that during FY98, there were about 1.1 million outpatient visits to the 85 non-GAC hospitals and surgery centers reporting out-

**TABLE 2**  
Outpatient Care by Facility Category, FY98

| Facility Categories           | Number of Reporting Facilities | Visits     | Outpatient Revenue | Outpatient Revenue per Visit |
|-------------------------------|--------------------------------|------------|--------------------|------------------------------|
| General Acute Care Hospital   | 139                            | 21,842,965 | \$3,756,438,646    | \$172                        |
| Long Term Acute Care Hospital | 3                              | 26,373     | \$9,158,229        | \$347                        |
| Psychiatric Hospital          | 4                              | 179,569    | \$9,407,268        | \$52                         |
| Rehabilitation Hospital       | 15                             | 708,031    | \$71,800,803       | \$101                        |
| Specialty Hospital            | 4                              | 68,627     | \$6,087,524        | \$89                         |
| Ambulatory Surgery Center     | 36                             | 133,906    | \$110,659,601      | \$826                        |

patient visits. In contrast, 139 of the 198 GAC hospitals report outpatient visits totaling over 21.8 million visits. The other 60 GAC hospitals did not provide data on their outpatient visits.

Table 2 also reveals a wide variation in the average revenue per visit for the six facility categories. One reason for the variation in revenue per visit is the variation in the intensity of care provided per visit. For example, a psychiatric patient may receive a series of relatively short treatments while a patient at an ASC may be subject to a complete surgical procedure. The average revenue per visit at GAC hospitals reflects the average reimbursements for a wide range of outpatient services performed at GAC hospitals.

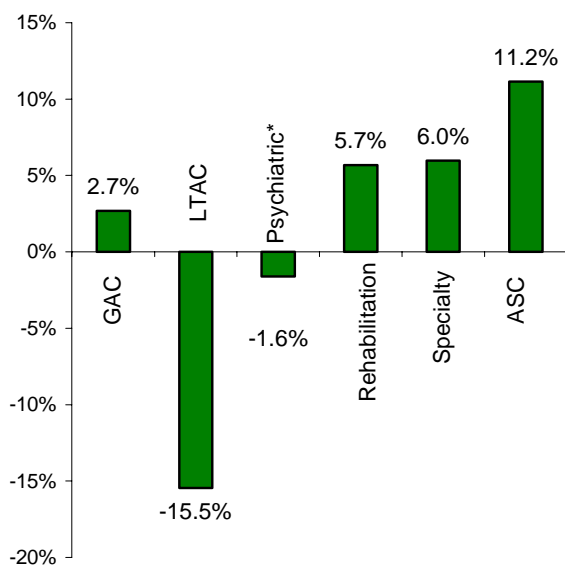
Figure 7 shows the average total margins for six of the facility categories. As indicated on Table L-5 on page 22, the large negative average total margin for the five LTAC hospitals is the result of a single hospital experiencing a negative total margin of almost 50%. Excluding this single

LTAC hospital would give the remaining hospitals a positive average total margin of about 2% for fiscal year 1998 (FY98).

Similarly, the small negative average total margin for psychiatric hospitals is the result of two hospitals that experienced large losses during FY98. Only three of the 21 psychiatric hospitals realized negative total margins during FY98.

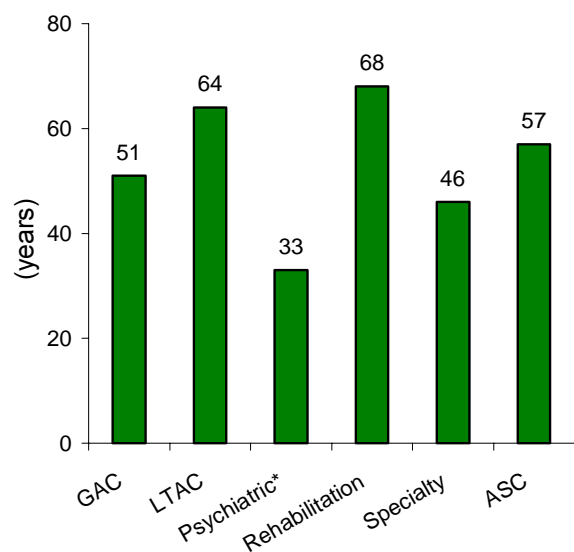
Figure 8 indicates that GAC hospitals, rehabilitation hospitals, LTAC hospitals and ASCs have an average patient age over 50 years. In contrast, 68% of patients at psychiatric hospitals and GAC psychiatric units are under the age of 45. The average patient age of 46 at specialty hospitals is a reflection of the diversity of the hospitals in that category. For example, included in the specialty hospital category is Children's Hospital of Pittsburgh and Hospital for the Home of the Jewish Aged.

**FIGURE 7**  
Average Total Margin by Facility Category, FY98



\* Does not include state psychiatric hospitals.

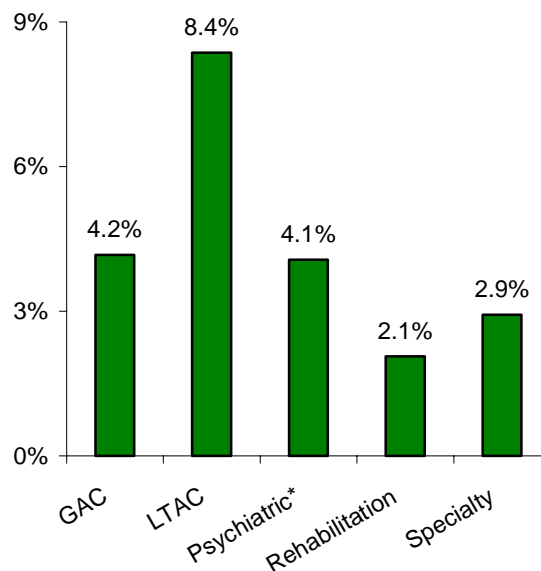
**FIGURE 8**  
Average Patient Age by Facility Category, FY98



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Figure 9 compares the levels of uncompensated care among the facility categories. The higher uncompensated care rate for LTAC hospitals may be a result of the relatively high average length of stay and corresponding relatively high cost per discharge associated with this type of care. For example, the average net patient revenue (NPR) per discharge at LTAC hospitals was \$24,646 during FY98 compared to \$9,715 at GAC hospitals. With these higher average costs, it is more likely that patient resources and health insurance may not be sufficient to completely cover the cost of LTAC care.

**FIGURE 9**  
Uncompensated Care to Net Patient Revenue by Facility Category, FY98



\* Does not include state psychiatric hospitals.

**TABLE 3**  
Patient Days by Type of Care for Figure 5, FY98

| Type of Care         | Patient Days<br>(thousands) |
|----------------------|-----------------------------|
| GAC Med/Surg         | 7,664                       |
| Long Term Acute Care | 179                         |
| Psychiatric          | 1,226                       |
| Rehabilitation       | 751                         |
| State Psychiatric    | 1,168                       |

**TABLE 4**  
Facility Category Data for Figures 1 through 4, FY98

| Facility Category    | Net Patient Revenue<br>(\$ million) | Staffed Beds | Patient Days<br>(thousand) | Discharges |
|----------------------|-------------------------------------|--------------|----------------------------|------------|
| General Acute Care   | 16,868                              | 44,340       | 10,040                     | 1,745,931  |
| Long Term Acute Care | 84                                  | 475          | 108                        | 3,410      |
| Psychiatric          | 268                                 | 1,848        | 481                        | 38,930     |
| Rehabilitation       | 459                                 | 1,948        | 506                        | 28,427     |
| Specialty            | 46                                  | 239          | 59                         | 5,166      |
| Ambulatory Surgery   | 111                                 | NA           | NA                         | NA         |
| State Psychiatric    | 97                                  | 4,083        | 1,184                      | 2,752      |

NA - Not Applicable



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# Highlights: Rehabilitation Care

- Compared to fiscal year 1994 (FY94), there were 21% more patients receiving rehabilitation care on an inpatient basis during FY98.
- The average inpatient stay declined by 3.4 days since FY94. The average stay in FY98 was almost 15 days.
- The average length of stay can vary by as much as nine days depending on whether the patient is covered by commercial insurance, Medicare, or Medical Assistance and whether they participate in a managed care or indemnity program.
- The average revenue received per inpatient discharge by rehabilitation hospitals varied from \$10,199 for Medicare managed care participants to \$16,592 for Medical Assistance indemnity patients.
- The average revenue received for an outpatient visit by rehabilitation hospitals ranged from \$48 for Medical Assistance indemnity patients to \$129 for commercial managed care participants.
- After three years of relatively consistent average operating margins for non-profit rehabilitation hospitals, this margin fell from 0.59% during FY97 to -4.86% during FY98. Total margin fell to 5.69% from 7.53% during the same period of time.

## Rehabilitation Care

During fiscal year 1998 (FY98) there were 18 free-standing rehabilitation hospitals (rehabilitation hospitals) and 51 general acute care (GAC) hospitals operating rehabilitation units (rehabilitation units).

Two specialty hospitals operated rehabilitation units through FY97 and only one specialty hospital operated a rehabilitation unit during FY98. Because these units represent less than 2% of total rehabilitation patient days in FY94 and about 0.2% of patient days in FY98, the data for these units has been included with the GAC rehabilitation units.

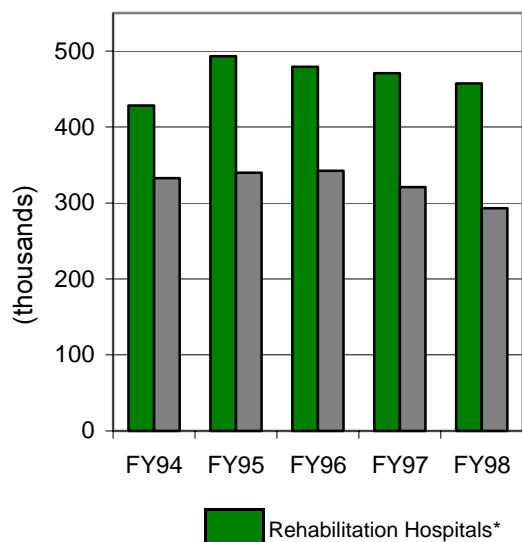
As indicated on Table R-1, the total number of days of inpatient rehabilitation care provided in the Commonwealth peaked in FY95 at 833,267 days and has steadily declined through FY98. Figure R-1 shows that the number of patient days

of care at rehabilitation hospitals has declined almost 7% during the three years following FY95. Over the same period, rehabilitation units experienced a 14% decline in the number of patient days.

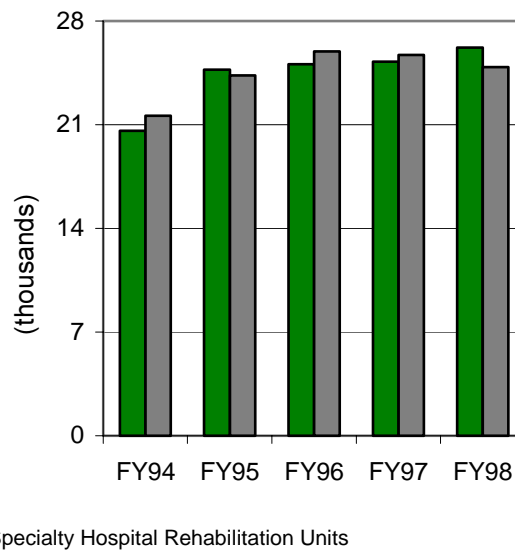
Seven rehabilitation hospitals also provided skilled nursing care during FY98. Table R-2 shows that skilled nursing care totaled 48,692 patient days, or about 10% of all care provided at rehabilitation hospitals.

While patient days of rehabilitation care are declining, Figure R-2 and Table R-1 show that the number of rehabilitation patients discharged from rehabilitation hospitals continues to grow. In contrast, after a steady growth between FY94 through FY96, rehabilitation units have experienced a slight decline in discharges during FY97 and FY98.

**FIGURE R-1**  
Statewide Patient Days



**FIGURE R-2**  
Statewide Discharges



\*Only includes rehabilitation care and does not include other care provided at rehabilitation hospitals such as skilled nursing.

**TABLE R-1**  
 Rehabilitaton Utilization by Facility Category

|   | <i>Patient Days</i> |         |         |         |         | <i>Discharges</i> |        |        |        |        |
|---|---------------------|---------|---------|---------|---------|-------------------|--------|--------|--------|--------|
|   | FY94                | FY95    | FY96    | FY97    | FY98    | FY94              | FY95   | FY96   | FY97   | FY98   |
| <i>Rehabilitation Hospitals</i>                 | 428,238             | 493,332 | 479,299 | 470,707 | 457,332 | 20,571            | 24,699 | 25,087 | 25,235 | 26,200 |
| <i>GAC &amp; Specialty Hospital Rehab Units</i> | 332,950             | 339,935 | 342,450 | 321,122 | 293,180 | 21,595            | 24,322 | 25,947 | 25,706 | 24,891 |
| <i>Total Rehabilitation Care</i>                | 761,188             | 833,267 | 821,749 | 791,829 | 750,512 | 42,166            | 49,021 | 51,034 | 50,941 | 51,091 |

**TABLE R-2**  
 Total Utilization and Capacity at Rehabilitation Hospitals

|                           | FY94    | FY95    | FY96    | FY97    | FY98    |
|---------------------------|---------|---------|---------|---------|---------|
| <b>Patient Days</b>       |         |         |         |         |         |
| Rehabilitation Care       | 428,238 | 493,332 | 479,299 | 470,707 | 457,332 |
| Skilled Nursing Care      | 13,494  | 19,645  | 45,365  | 42,733  | 48,692  |
| Long Term Care & Other    | 2,412   | 0       | 36,314  | 0       | 0       |
| Total                     | 444,144 | 512,977 | 560,978 | 513,440 | 506,024 |
| <b>Patient Discharges</b> |         |         |         |         |         |
| Rehabilitation Care       | 20,571  | 24,699  | 25,087  | 25,235  | 26,200  |
| Skilled Nursing Care      | 265     | 625     | 1,604   | 1,956   | 2,227   |
| Long Term Care & Other    | 0       | 0       | 0       | 0       | 0       |
| Total                     | 20,836  | 25,324  | 26,691  | 27,191  | 28,427  |
| <b>Patient Beds</b>       |         |         |         |         |         |
| Rehabilitation Care       | 1,830   | 1,785   | 1,775   | 1,774   | 1,771   |
| Skilled Nursing Care      | 58      | 117     | 198     | 165     | 177     |
| Long Term Care & Other    | 15      | 0       | 102     | 0       | 0       |
| Total                     | 1,903   | 1,902   | 2,075   | 1,939   | 1,948   |

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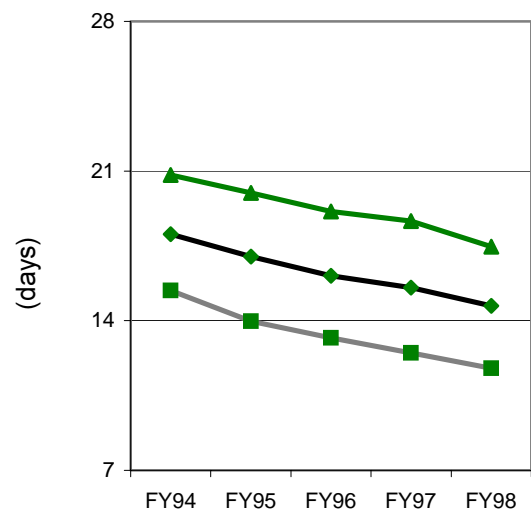
With more rehabilitation patients spending fewer total days in all rehabilitation facilities, Figure R-3 reveals that the average length of stay at rehabilitation hospitals has declined from 21 days in FY94 to just under 18 days in FY98. Rehabilitation units have also seen the average length of stay decline from over 15 days to less than 12 days during the same period.

The average length of stay at rehabilitation hospitals during FY98 can vary by as much as nine days for patients with different types of medical insurance. Figure R-4 reveals that patients participating in Medicare managed care plans have the lowest average length of stay of about 15 days during FY98. In contrast, the patients covered by the traditional Medical Assistance (MA) indemnity program have average stays of almost 24 days.

Figure R-4 also illustrates that the average length of stay varies considerably between managed care and indemnity plans offered by the three major categories of third-party payors. For example, patients enrolled in MA-funded managed care programs stay an average of 16.8 days in rehabilitation facilities compared to 23.8 days for MA recipients covered by the indemnity program. This is a difference of seven days.

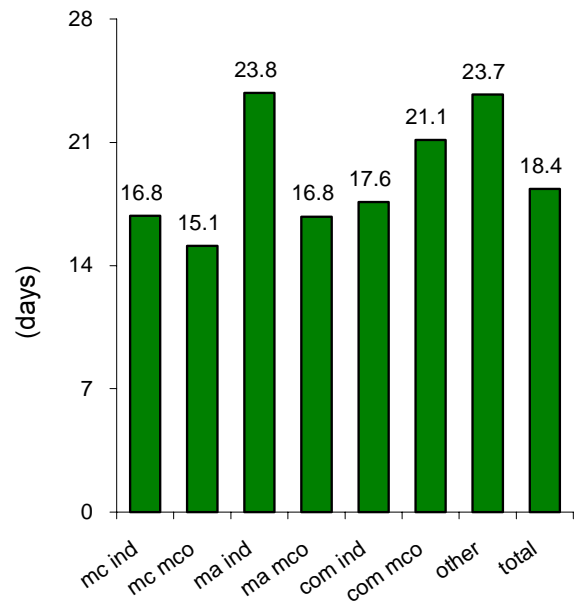
Table R-3 illustrates that the occupancy rate at rehabilitation hospitals has remained relatively constant around 74% since FY94. Rehabilitation units at GAC and specialty hospitals saw their occupancy rates erode from about 75% during FY94 to about 67% during FY98.

**FIGURE R-3**  
Statewide Average Length Of Stay by Facility Category



▲ Rehabilitation Hospitals\*  
■ GAC and Specialty Hospital Rehab Units  
◆ Total

**FIGURE R-4**  
Average Length of Stay at Rehabilitation Hospitals by Third-Party Payor, FY98



mc ind Medicare Indemnity  
ma ind Medical Assistance Indemnity  
com ind Commercial Indemnity  
mc mco Medicare Managed Care  
ma mco Medical Assistance Managed Care  
com mco Commercial Managed Care

\*Only includes rehabilitation care and does not include other care provided at rehabilitation hospitals such as skilled nursing.

**TABLE R-3**  
 Rehabilitation Capacity and Occupancy Rate by Facility Category

|   | <i>Beds</i> |       |       |       |       | <i>Occupancy Rate</i> |        |        |        |        |
|---|-------------|-------|-------|-------|-------|-----------------------|--------|--------|--------|--------|
|   | FY94        | FY95  | FY96  | FY97  | FY98  | FY94                  | FY95   | FY96   | FY97   | FY98   |
| <i>Rehabilitation Hospitals</i>                 | 1,830       | 1,785 | 1,775 | 1,774 | 1,771 | 74.14%                | 74.92% | 74.33% | 72.65% | 73.65% |
| <i>GAC &amp; Specialty Hospital Rehab Units</i> | 1,224       | 1,296 | 1,334 | 1,318 | 1,220 | 75.32%                | 71.83% | 69.96% | 67.00% | 66.65% |
| <i>Total Rehabilitation Care</i>                | 3,054       | 3,081 | 3,109 | 3,092 | 2,991 | 74.65%                | 73.63% | 72.44% | 70.25% | 70.75% |

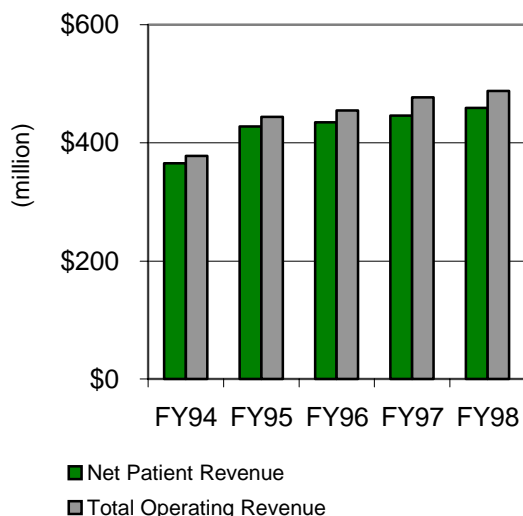
Consistent with the relatively flat occupancy rates, the number of rehabilitation beds statewide has fallen by only 2% between FY94 and FY98.

On the outpatient side, patient visits to rehabilitation hospitals appear to be increasing dramatically. For the 12 rehabilitation hospitals that the Council has consistent data for FY96 through FY98, visits increased by 83% over the three-

year period. GAC hospitals do not report outpatient visits on an individual-unit basis.

Figure R-5 and Table R-4 illustrate that statewide operating revenue and net patient revenue (NPR) have increased steadily at rehabilitation hospitals since FY94. NPR has grown an average of 6% per year during FY95 through FY98.

**FIGURE R-5**  
 Net Patient Revenue and Total Operating Revenue at Rehabilitation Hospitals



**TABLE R-4**  
 Net Patient Revenue and Total Operating Revenue at Rehabilitation Hospitals

|             | Net Patient Revenue | Total Operating Revenue |
|-------------|---------------------|-------------------------|
| <i>FY94</i> | \$365,328,180       | \$377,743,502           |
| <i>FY95</i> | \$427,831,487       | \$444,290,089           |
| <i>FY96</i> | \$434,726,188       | \$455,043,404           |
| <i>FY97</i> | \$446,228,628       | \$477,146,341           |
| <i>FY98</i> | \$459,151,121       | \$487,704,825           |

**FIGURE R-6**  
Average Net Inpatient Revenue per Patient Day by Payor at Rehabilitation Hospitals, FY98

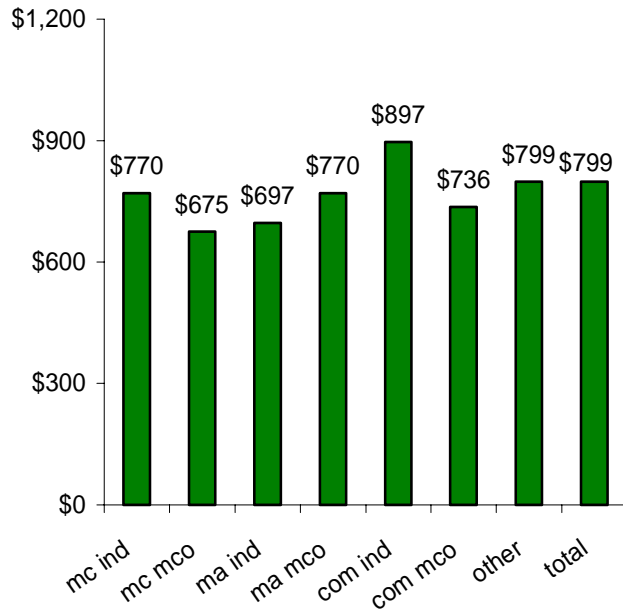


Figure R-6 reveals that the net inpatient revenue per patient day for rehabilitation hospitals varies considerably by third-party payors. For example, during FY98 rehabilitation hospitals received 14% or \$95 more per day for Medicare participants with traditional indemnity coverage than for those patients participating in a Medicare funded managed care plan. Similarly, there is a 22% or \$161 difference in the average daily rates paid by commercial indemnity and commercial managed care plans.

The variation in average length of stay combined with the variation in NPR per day among third-party payors has resulted in dramatic variations in the reimbursement rates per discharge. For example, Figure R-7 illustrates that the average inpatient revenue per discharge is 22% less for Medicare managed care participants than for Medicare patients with indemnity coverage.

**Key for Figures**

- mc ind Medicare Indemnity
- ma ind Medical Assistance Indemnity
- com ind Commercial Indemnity
- mc mco Medicare Managed Care
- ma mco Medical Assistance Managed Care
- com mco Commercial Managed Care

**FIGURE R-7**  
Average Net Inpatient Revenue per Discharge by Payor at Rehabilitation Hospitals, FY98

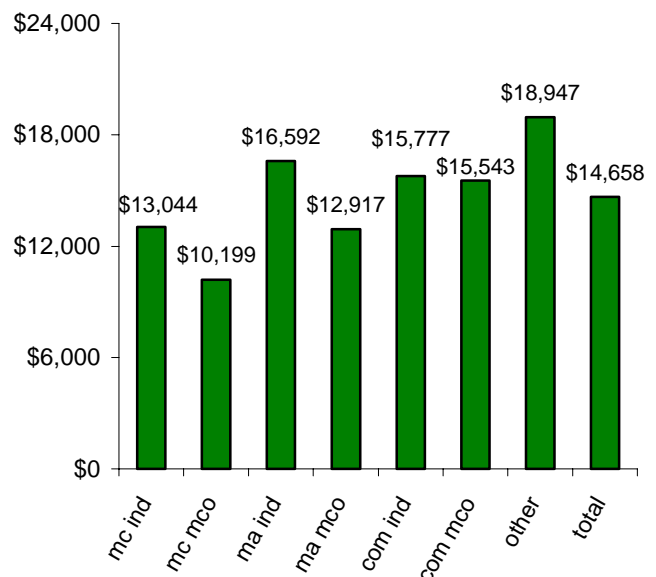
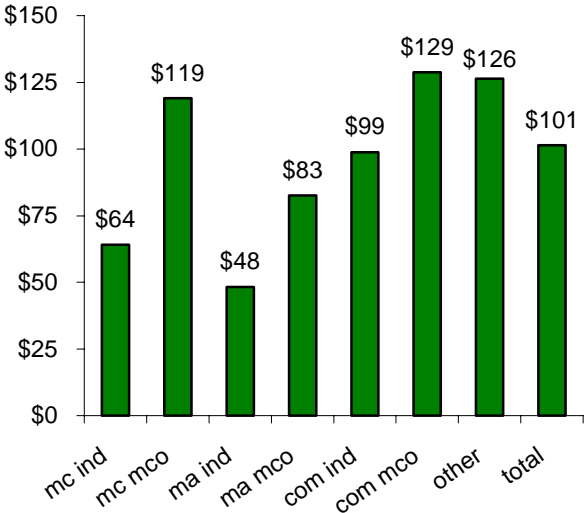


Figure R-8 reveals a wide variation in the average net outpatient revenue that rehabilitation hospitals receive per outpatient visit. The average revenue received for patients with MA indemnity coverage is about one-third of the average revenue for patients covered by commercial managed care plans.

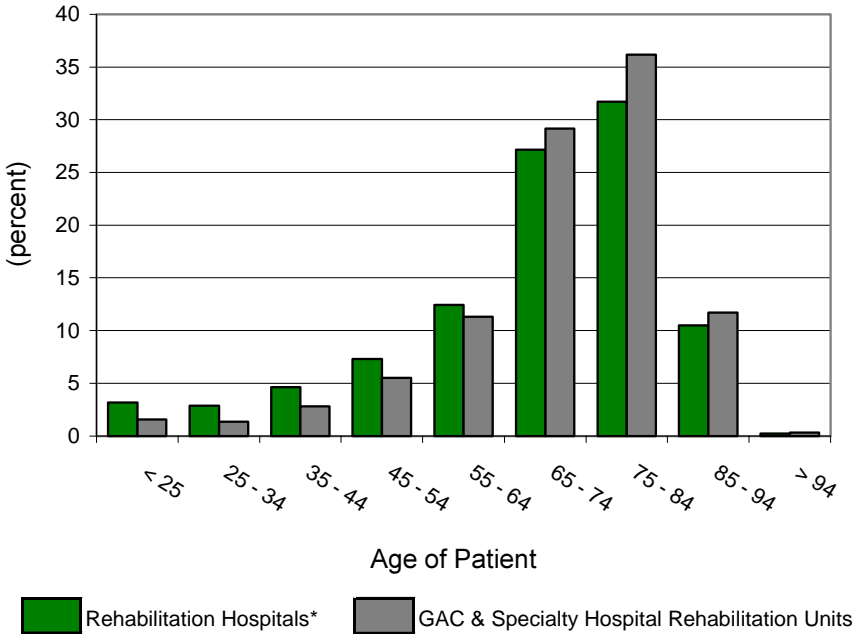
The Medicare, Medical Assistance and commercial insurers serve different patient populations with different medical needs. The variation in the average reimbursements provided by the seven categories of third-party payors is likely to be a function of both the diversity in the medical needs of the patient services by each payor category and the reimbursement rates provided by each payor.

Figure R-9 illustrates that 70% of rehabilitation hospital patients were age 65 or over and 77% of

**FIGURE R-8**  
Average Net Outpatient Revenue per Visit by Payor at Rehabilitation Hospitals, FY98



**FIGURE R-9**  
Age Distribution of Rehabilitation Patients by Facility Category, FY98



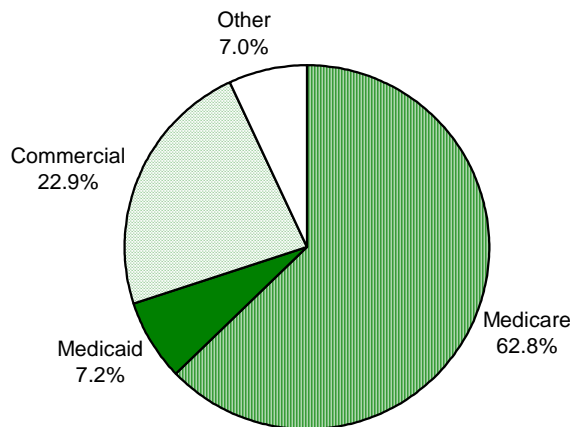
rehabilitation unit patients were age 65 or over during FY98. Consistent with this large portion of elderly patients, Figure R-10 reveals that almost 63% of the total patient days of in-hospital rehabilitation were for patients participating in the Medicare program.

For-profit hospitals received an average of \$730 per day of inpatient care during FY98 compared to \$872 per day for non-profit hospitals. The average length of stay at for-profit hospitals was about 20 days compared to the 17 day average stay at non-profit hospitals. Both for-profit and non-profit hospitals received about the same revenue per discharge. Therefore, on average, for-profit hospitals provided three additional days of care for the same revenue as non-profit hospitals.

While total operating revenue and NPR continued to increase for rehabilitation hospitals during FY98, Figure R-11 shows that average operating margin for the 11 non-profit rehabilitation hospitals fell from 0.59% in FY97 to -4.86% in FY98. This dramatic decline in operating income is the result of operating expenses increasing more quickly than operating revenue.

Despite decreasing operating margins, the decline in the average total margin for non-profit rehabilitation hospitals was less dramatic during FY98. Some rehabilitation hospitals were able to preserve their total income as a result of growing proceeds from investments and other non-operating income such as contributions. Information to calculate comparable operating and total margins was not available for the seven for-profit hospitals.

**FIGURE R-10**  
Payor Share of Patient Days at Rehabilitation Hospitals, FY98



**FIGURE R-11**  
Operating and Total Margin at Rehabilitation Hospitals (non-profit)

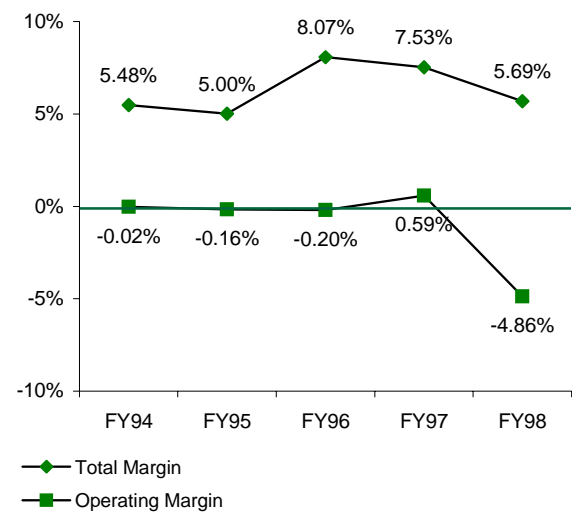




TABLE R-5

| Rehabilitation Hospital                  | Region | Net Patient Revenue NPR (million) |             |             |             | 3-yr Avg Change in NPR FY95-FY98 | Total Operating Expenses TOE (million) |             |             |             | 3-yr Avg Change in TOE FY95-FY98 |
|--|--------|-----------------------------------|-------------|-------------|-------------|----------------------------------|--|-------------|-------------|-------------|----------------------------------|
|  |        | FY98                              | FY97        | FY96        | FY95        |                                  | FY98                                   | FY97        | FY96        | FY95        |                                  |
| <b>Weighted Average</b>                  |        | <b>\$26</b>                       | <b>\$23</b> | <b>\$23</b> | <b>\$21</b> | <b>2.44%</b>                     | <b>\$26</b>                            | <b>\$23</b> | <b>\$23</b> | <b>\$21</b> | <b>3.58%</b>                     |
| D. T. Watson Rehab <sup>6, 15</sup>      | 1      | \$12                              | \$11        | \$9         | \$8         | 15.16%                           | \$13                                   | \$12        | \$11        | \$10        | 10.38%                           |
| Harmarville Rehab <sup>6, 12, 15</sup>   | 1      | \$38                              | \$35        | \$38        | \$39        | -1.12%                           | \$32                                   | \$33        | \$41        | \$39        | -6.50%                           |
| Healthsouth Grtr Pgh <sup>1, 12</sup>    | 1      | \$27                              | \$25        | \$25        | \$24        | 3.82%                            | \$23                                   | \$20        | \$20        | \$21        | 3.60%                            |
| UPMC, Rehabilitation <sup>15</sup>       | 1      | \$24                              | \$24        | \$27        | \$26        | -3.36%                           | \$29                                   | \$30        | \$28        | \$29        | 0.76%                            |
| Healthsouth Erie <sup>1, 6, 10, 12</sup> | 2      | \$30                              | \$12        | \$13        | \$16        | 28.15%                           | \$28                                   | \$10        | \$11        | \$12        | 43.36%                           |
| Healthsouth Altoona <sup>1, 12</sup>     | 3      | \$19                              | \$17        | \$18        | \$18        | 3.19%                            | \$17                                   | \$15        | \$15        | \$16        | 1.49%                            |
| Healthsouth Nittany <sup>1, 12</sup>     | 4      | \$18                              | \$16        | \$15        | \$15        | 7.84%                            | \$17                                   | \$14        | \$14        | \$14        | 6.51%                            |
| Healthsouth Mech <sup>1, 12, 13</sup>    | 5      | \$28                              | \$26        | \$25        | \$21        | 11.14%                           | \$22                                   | \$19        | \$19        | \$20        | 4.56%                            |
| Healthsouth York <sup>1, 12</sup>        | 5      | \$23                              | \$21        | \$20        | \$18        | 9.54%                            | \$19                                   | \$16        | \$16        | \$16        | 5.46%                            |
| Allied Services Medicine <sup>15</sup>   | 6      | \$32                              | \$30        | \$25        | \$22        | 14.69%                           | \$31                                   | \$29        | \$24        | \$21        | 15.21%                           |
| John Heinz Medicine <sup>15</sup>        | 6      | \$34                              | \$32        | \$26        | \$22        | 16.97%                           | \$35                                   | \$33        | \$27        | \$22        | 18.74%                           |
| Good Shepherd <sup>6</sup>               | 7      | \$29                              | \$30        | \$28        | \$26        | 2.90%                            | \$31                                   | \$28        | \$27        | \$25        | 7.18%                            |
| Reading Rehab <sup>1, 3, 6, 13, 14</sup> | 7      | \$18                              | \$17        | \$17        | \$17        | 2.25%                            | \$19                                   | \$17        | \$17        | \$17        | 2.09%                            |
| Bryn Mawr Rehabilitation <sup>6</sup>    | 8      | \$32                              | \$31        | \$31        | \$29        | 3.47%                            | \$32                                   | \$32        | \$31        | \$29        | 3.09%                            |
| Chestnut Hill Rehab <sup>6, 14</sup>     | 8      | \$13                              | \$12        | \$10        | \$12        | 5.06%                            | \$19                                   | \$17        | \$12        | \$12        | 17.65%                           |
| Children's Seashore <sup>14</sup>        | 9      | \$25                              | \$29        | \$28        | \$29        | -4.51%                           | \$45                                   | \$38        | \$35        | \$35        | 9.08%                            |
| Magee Rehabilitation                     | 9      | \$26                              | \$27        | \$28        | \$27        | -1.72%                           | \$30                                   | \$30        | \$31        | \$30        | -0.28%                           |
| Moss Rehabilitation <sup>15</sup>        | 9      | \$32                              | \$33        | \$34        | \$36        | -3.73%                           | \$35                                   | \$36        | \$38        | \$38        | -2.26%                           |

See Footnotes on Page 43.

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TABLE R-5 (cont.)

| Rehabilitation Hospital                    | Region | Operating Margin FY98 | Total Margin FY98 | 3-yr Average Total Margin FY96-FY98 | Uncompensated Care to NPR FY98 | Medicare Share of NPR FY98 | Medical Assistance Share of NPR FY98 |
|--|--------|-----------------------|-------------------|-------------------------------------|--------------------------------|----------------------------|--------------------------------------|
| <b>Weighted Average*</b>                   |        | <b>-4.86%</b>         | <b>5.69%</b>      | <b>7.06%</b>                        | <b>2.06%</b>                   | <b>56.39%</b>              | <b>6.66%</b>                         |
| D. T. Watson Rehab <sup>6, 15</sup>        | 1      | -4.92%                | -4.49%            | -12.31%                             | 8.66%                          | 67.16%                     | 6.58%                                |
| **Harmarville Rehab <sup>6, 12, 15</sup>   | 1      | 18.24%                | 18.24%            | 6.87%                               | NR                             | 44.41%                     | 4.81%                                |
| **Healthsouth Grtr Pgh <sup>1, 12</sup>    | 1      | 15.16%                | 15.16%            | 13.99%                              | 1.20%                          | 65.34%                     | 2.75%                                |
| UPMC, Rehabilitation <sup>15</sup>         | 1      | 1.25%                 | 12.35%            | 16.25%                              | 2.32%                          | 51.60%                     | 10.40%                               |
| **Healthsouth Erie <sup>1, 6, 10, 12</sup> | 2      | 5.23%                 | 5.23%             | 7.24%                               | 0.00%                          | 57.87%                     | 10.23%                               |
| **Healthsouth Altoona <sup>1, 12</sup>     | 3      | 12.14%                | 12.14%            | 6.72%                               | 2.92%                          | 68.91%                     | 1.99%                                |
| **Healthsouth Nittany <sup>1, 12</sup>     | 4      | 9.09%                 | 9.09%             | 9.20%                               | 0.00%                          | 61.52%                     | 3.49%                                |
| **Healthsouth Mech <sup>1, 12, 13</sup>    | 5      | 19.86%                | 19.86%            | 17.26%                              | 2.92%                          | 54.13%                     | 2.76%                                |
| **Healthsouth York <sup>1, 12</sup>        | 5      | 18.27%                | 18.27%            | 17.22%                              | 1.82%                          | 55.54%                     | 4.45%                                |
| Allied Services Medicine <sup>15</sup>     | 6      | 4.01%                 | 9.18%             | 9.39%                               | 1.47%                          | NR                         | 2.21%                                |
| John Heinz Medicine <sup>15</sup>          | 6      | 0.37%                 | 1.63%             | 2.56%                               | 0.75%                          | NR                         | 3.81%                                |
| Good Shepherd <sup>6</sup>                 | 7      | -6.45%                | -2.38%            | 3.78%                               | 2.84%                          | 64.04%                     | 6.11%                                |
| Reading Rehab <sup>1, 3, 6, 13, 14</sup>   | 7      | 2.59%                 | -0.13%            | 0.54%                               | 0.80%                          | NR                         | NR                                   |
| Bryn Mawr Rehabilitation <sup>6</sup>      | 8      | 3.15%                 | 7.24%             | 8.29%                               | 0.69%                          | 62.00%                     | 3.19%                                |
| Chestnut Hill Rehab <sup>6, 14</sup>       | 8      | -7.91%                | -5.60%            | -7.31%                              | NR                             | NR                         | NR                                   |
| Children's Seashore <sup>14</sup>          | 9      | -43.63%               | -4.13%            | 4.30%                               | 8.18%                          | NR                         | NR                                   |
| Magee Rehabilitation                       | 9      | -3.19%                | 25.11%            | 20.19%                              | 1.61%                          | 45.57%                     | 15.46%                               |
| Moss Rehabilitation <sup>15</sup>          | 9      | 4.47%                 | 4.91%             | 3.03%                               | 0.20%                          | 45.98%                     | 12.34%                               |

NR - Information necessary to report or calculate this measure was not provided by facility.

\*Weighted average for operating, total and three-year average total margins include non-profit hospitals only.

\*\*Based on pre-tax income. Income levels may not include all expenses and non-operating income experienced by parent organization.

See Footnotes on Page 43.

## *Highlights: Long Term Acute Care*

- Freestanding long term acute care hospitals (LTAC hospitals) comprise a relatively new sector of Pennsylvania's health care industry. Beginning with one hospital in fiscal year 1994 (FY94) this number grew to five hospitals in FY98.
- The number of general acute care (GAC) hospitals operating LTAC units (LTAC units) has declined from the peak of eight units in FY95 to three units in FY98.
- The state psychiatric hospitals phased out all of their LTAC units during FY98.
- The number of patient days of LTAC care has declined by 44% since FY94.
- Only one of the three non-profit LTAC hospitals had a positive operating margin during FY98. The two for-profit LTAC hospitals reported pre-tax operating margins over 13%.

## Long Term Acute Care

Freestanding long term acute care hospitals (LTAC) comprise a relatively new sector of Pennsylvania's health care industry. Beginning with one hospital in fiscal year 1994 (FY94), there were five LTAC hospitals operating in FY98.

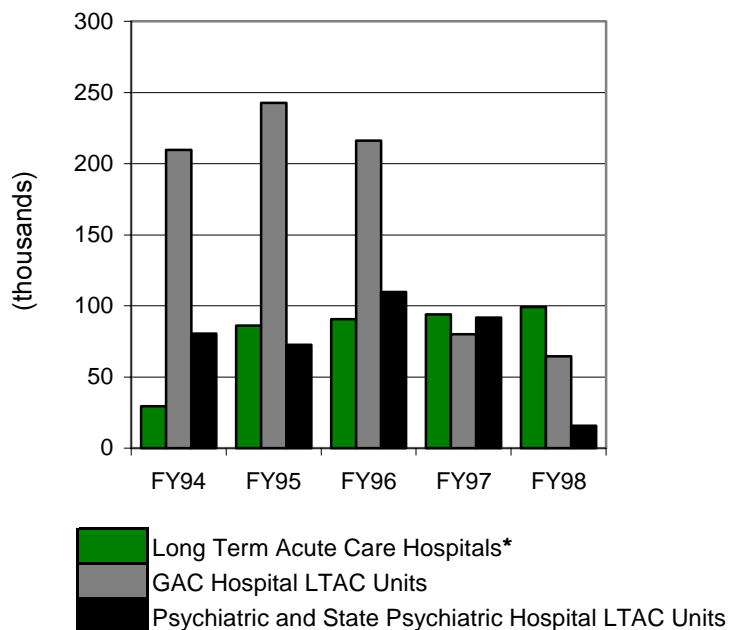
While the number of LTAC hospitals has increased, the number of general acute care (GAC) hospitals operating LTAC units has declined from a peak of eight units in FY95 to three units in FY98.

Three state psychiatric hospitals operated LTAC units during FY98. These facilities completely phased out their LTAC operations during that fiscal year. Figure L-1 and Table L-1 reflect the decline in LTAC patient days at state hospitals and increase in discharges during FY97 and

FY98 as LTAC patients were transferred to other facilities. The Department of Public Welfare explains that its LTAC population was transferred to either local skilled nursing facilities, the psychiatric units of the state hospitals or the Department's South Mountain Restoration Center.

Figure L-1 and Table L-1 show that the volume of total LTAC care provided in Pennsylvania (as measured by patient days) has declined 44% since FY94. This decline is largely the result of a phase out of LTAC units at GAC hospitals, psychiatric and state psychiatric hospitals. In contrast, patient days have increased by 33% at LTAC hospitals during the same fiscal year period.

FIGURE L-1  
Statewide Patient Days



\*Only includes long term acute care and does not include other care provided at LTAC hospitals such as skilled nursing.

**TABLE L-1**  
Long Term Acute Utilization by Facility Category

|  | <i>Patient Days</i> |         |         |         |         | <i>Discharges</i> |       |       |       |       |
|--|---------------------|---------|---------|---------|---------|-------------------|-------|-------|-------|-------|
|  | FY94                | FY95    | FY96    | FY97    | FY98    | FY94              | FY95  | FY96  | FY97  | FY98  |
| <i>Long Term Acute Care Hospitals</i>        | 29,485              | 86,058  | 90,651  | 93,997  | 98,999  | 901               | 2,923 | 3,089 | 3,263 | 3,159 |
| <i>GAC Hospital LTAC Units</i>               | 209,632             | 242,734 | 216,212 | 80,007  | 64,395  | 453               | 558   | 599   | 374   | 291   |
| <i>State Psychiatric Hospital LTAC Units</i> | 80,141              | 67,189  | 101,367 | 83,380  | 15,673  | 45                | 30    | 44    | 94    | 157   |
| <i>Psychiatric Hospital LTAC Units</i>       | 379                 | 5,327   | 8,345   | 8,345   | 0       | 6                 | 33    | 70    | 70    | 0     |
| <i>Total LTAC Care</i>                       | 319,637             | 401,308 | 416,575 | 265,729 | 179,067 | 1,405             | 3,544 | 3,802 | 3,801 | 3,607 |

**TABLE L-2**  
Long Term Acute Capacity and Occupancy Rate by Facility Category

|  | <i>Beds</i> |       |       |      |      | <i>Occupancy Rate</i> |        |        |        |        |
|--|-------------|-------|-------|------|------|-----------------------|--------|--------|--------|--------|
|  | FY94        | FY95  | FY96  | FY97 | FY98 | FY94                  | FY95   | FY96   | FY97   | FY98   |
| <i>Long Term Acute Care Hospitals</i>        | 130         | 402   | 351   | 389  | 400  | 62.14%                | 58.65% | 76.13% | 70.62% | 68.29% |
| <i>GAC Hospital LTAC Units</i>               | 590         | 642   | 599   | 228  | 183  | 93.96%                | 96.41% | 95.92% | 96.14% | 96.41% |
| <i>State Psychiatric Hospital LTAC Units</i> | 237         | 212   | 366   | 305  | 295  | 92.39%                | 86.83% | 80.38% | 74.87% | 18.79% |
| <i>Psychiatric Hospital LTAC Units</i>       | 13          | 23    | 32    | 32   | 0    | 29.75%                | 63.95% | 73.67% | 73.67% | 0.00%  |
| <i>Total LTAC Care</i>                       | 970         | 1,279 | 1,348 | 954  | 878  | 89.14%                | 82.88% | 80.23% | 78.38% | 60.67% |

Table L-2 illustrates that the decline in the number of staffed LTAC beds has followed the trend in patient days between FY94 and FY98. However, the steady decline in occupancy rates reveals that the number of LTAC beds is not declining as fast as patient days (9% vs. 44%).

Given that some LTAC patients spend more than one year in LTAC facilities, the number of patients receiving care and the average length of stay at LTAC facilities cannot be derived from annual utilization data. As an alternative, Table L-3 presents a turnover rate that reflects the extent to which the patient population is discharged dur-

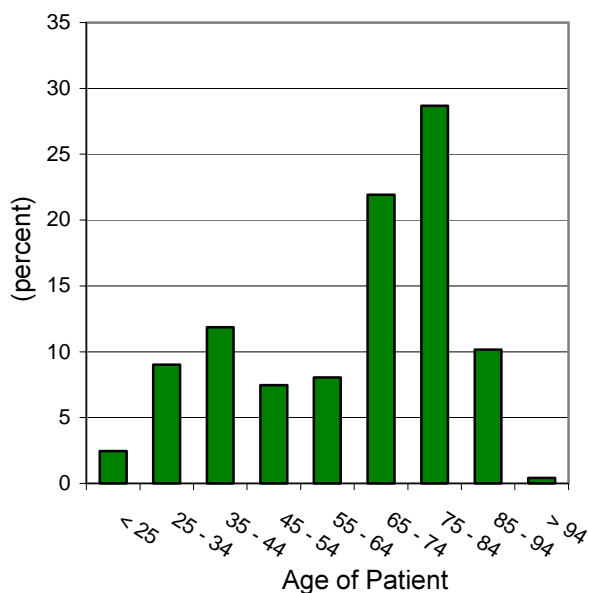
ing the fiscal year. For example, the Fulton County Medical Center had a turnover rate of .36 which indicates that only about a third of its patients were discharged during FY98. Alternatively, the Forbes Metropolitan Hospital had a turnover rate of 12.72 which indicates that its entire patient population turned over the equivalent of about 13 times during the year. More information on turnover rate is presented in the Glossary on page 45.

Differences in turnover rates illustrate a wide variation in the type of care provided at the 11 facilities providing LTAC during FY98. Turnover

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**FIGURE L-2**

Age Distribution at Long Term Care Hospital\*, FY98



rates are not presented for the three state hospitals because they were in a phase-out mode during FY98.

Figure L-2 shows the age distribution of LTAC patients. About 61% of all LTAC patients were over age 65.

Two of the five LTAC hospitals also provide skilled nursing care. Table L-4 presents the patient days, discharges and beds allocated to skilled nursing care and total care provided by LTAC hospitals during FY97 and FY98. There were no skilled nursing units at LTAC hospitals prior to FY97.

In FY96 two LTAC hospitals began to provide outpatient care. While LTAC patients may utilize some of the services of the outpatient units (e.g., radiology), the outpatient units of these facilities primarily provide care to the general population of the community.

**TABLE L-3**

Utilization and Capacity at Long Term Acute Care Hospitals and Units

| Hospital                               | Patient Days | Bed Days Available | Occupancy Rate | Discharges | Beds | Turnover Rate |
|--|--------------|--------------------|----------------|------------|------|---------------|
| <b>Long Term Acute Care Hospitals*</b> |              |                    |                |            |      |               |
| Forbes Metropolitan Hospital           | 35,270       | 49,275             | 71.58%         | 1,229      | 135  | 12.72         |
| Girard Medical Center                  | 26,611       | 41,975             | 63.40%         | 995        | 115  | 13.65         |
| Mercy Special Care Hospital            | 11,609       | 13,870             | 83.70%         | 365        | 38   | 11.48         |
| Vencor Hospital /Philadelphia          | 13,324       | 17,420             | 76.49%         | 276        | 52   | 6.94          |
| Vencor Hospital /Pittsburgh            | 12,185       | 22,428             | 54.33%         | 294        | 60   | 9.02          |
| <b>Long Term Acute Care Units</b>      |              |                    |                |            |      |               |
| Clarks Summit State Hospital           | 8,755        | 60,955             | 14.36%         | 68         | 167  | 2.83          |
| Danville State Hospital                | 5,635        | 9,940              | 56.69%         | 33         | 40   | 1.46          |
| Fulton County Medical Center           | 15,155       | 15,330             | 98.86%         | 15         | 42   | 0.36          |
| Lock Haven Hospital                    | 20,196       | 21,900             | 92.22%         | 76         | 60   | 1.37          |
| Mayview State Hospital                 | 1,283        | 12,496             | 10.27%         | 56         | 88   | 6.20          |
| UPMC, Shadyside                        | 29,044       | 29,565             | 98.24%         | NR         | 81   | NR            |

NR - Not Reported

\*LTAC patients only.

**TABLE L-4**

Total Utilization and Capacity at Long Term Acute Care Hospitals

|                           | FY94   | FY95   | FY96   | FY97    | FY98    |
|---------------------------|--------|--------|--------|---------|---------|
| <b>Patient Days</b>       |        |        |        |         |         |
| Long Term Care            | 29,485 | 86,058 | 90,651 | 93,997  | 98,999  |
| Skilled Nursing Care      | 0      | 0      | 0      | 10,574  | 8,734   |
| Total                     | 29,485 | 86,058 | 90,651 | 104,571 | 107,733 |
| <b>Patient Discharges</b> |        |        |        |         |         |
| Long Term Care            | 901    | 2,923  | 3,089  | 3,263   | 3,159   |
| Skilled Nursing Care      | 0      | 0      | 0      | 337     | 251     |
| Total                     | 901    | 2,923  | 3,089  | 3,600   | 3,410   |
| <b>Patient Beds</b>       |        |        |        |         |         |
| Long Term Care            | 130    | 402    | 351    | 389     | 400     |
| Skilled Nursing Care      | 0      | 0      | 0      | 75      | 75      |
| Total                     | 130    | 402    | 351    | 464     | 475     |
| <b>Outpatient Visits</b>  | NC     | NC     | 65,170 | 50,309  | 46,243  |

NC - Not Captured by PHC4

Table L-5 illustrates that only one of the three non-profit LTAC hospitals had positive operating and total margins during FY98. Only the Girard Medical Center had a positive three-year average total margin. The remaining two non-profit LTAC hospitals, Forbes Metropolitan Hospital and the Mercy Special Care Hospital, had negative FY98 operating, total and three-year average total margins.

Forbes Metropolitan was a unit of the Allegheny University Medical Centers (AUMC). At the end of FY98, AUMC had a total negative margin of 8.3%.

Mercy Special Care Hospital is a member of Mercy Health Care Partners. During FY98, Mercy

Special Care received a transfer of funds from Mercy Health Care Partners that partially offset the effect of the losses at Mercy Special Care Hospital.

Vencor, Inc. operates the two for-profit LTAC hospitals. These hospitals reported pre-tax operating margins in excess of 13% during FY98. The Council has not captured the information necessary to estimate the post-tax operating and total margins for these facilities.

TABLE L-5

| Long Term Acute Care Hospital           | Region | Net Patient Revenue NPR (million) |      |      |      | 3-yr Avg Change in NPR FY95-FY98 | Total Operating Expenses TOE (million) |      |      |      | 3-yr Avg Change in TOE FY95-FY98 |
|---|--------|-----------------------------------|------|------|------|----------------------------------|--|------|------|------|----------------------------------|
|   |        | FY98                              | FY97 | FY96 | FY95 |                                  | FY98                                   | FY97 | FY96 | FY95 |                                  |
| Weighted Average                        |        | \$17                              | \$16 | \$19 | \$24 | 5.09%                            | \$19                                   | \$17 | \$20 | \$27 | 5.93%                            |
| Forbes Metro <sup>6, 13, 15</sup>       | 1      | \$22                              | \$30 | \$33 | \$31 | -9.79%                           | \$33                                   | \$33 | \$35 | \$34 | -0.81%                           |
| Vencor Pgh <sup>1, 3, 12, 14</sup>      | 1      | \$12                              | \$2  | NA   | NA   | NA                               | \$10                                   | \$4  | NA   | NA   | NA                               |
| Mercy Special Care <sup>1, 15</sup>     | 6      | \$7                               | \$7  | \$7  | \$6  | 7.53%                            | \$8                                    | \$8  | \$8  | \$8  | 1.97%                            |
| Girard Medical Ctr <sup>6, 15</sup>     | 9      | \$31                              | \$33 | \$33 | \$36 | -4.67%                           | \$33                                   | \$33 | \$34 | \$39 | -5.08%                           |
| Vencor Philadelphia <sup>1, 3, 12</sup> | 9      | \$12                              | \$9  | \$3  | NA   | NA                               | \$10                                   | \$8  | \$4  | NA   | NA                               |



TABLE L-5 (cont.)

| Long Term Acute Care Hospital             | Region | Operating Margin FY98 | Total Margin FY98 | 3-yr Average Total Margin FY96-FY98 | Uncompensated Care to NPR FY98 | Medicare Share of NPR FY98 | Medical Assistance Share of NPR FY98 |
|---|--------|-----------------------|-------------------|-------------------------------------|--------------------------------|----------------------------|--------------------------------------|
| <b>Weighted Average *</b>                 |        | <b>-15.60%</b>        | <b>-15.46%</b>    | <b>-6.37%</b>                       | <b>8.37%</b>                   | <b>ID</b>                  | <b>ID</b>                            |
| ***Forbes Metro <sup>6, 13, 15</sup>      | 1      | -48.97%               | -48.97%           | -15.41%                             | 5.74%                          | 99.35%                     | 5.85%                                |
| **Vencor Pgh <sup>1, 3, 12, 14</sup>      | 1      | 13.97%                | 13.97%            | NA                                  | 1.16%                          | NR                         | NR                                   |
| Mercy Special Care <sup>1, 15</sup>       | 6      | -12.04%               | -10.88%           | -9.21%                              | 4.02%                          | NR                         | NR                                   |
| Girard Medical Ctr <sup>6, 15</sup>       | 9      | 5.01%                 | 5.01%             | 1.99%                               | 13.19%                         | NR                         | NR                                   |
| **Vencor Philadelphia <sup>1, 3, 12</sup> | 9      | 13.32%                | 13.32%            | 4.81%                               | 10.42%                         | 82.05%                     | 0.10%                                |

NR - Information necessary to report or calculate this measure was not provided by facility.

NA - Not Applicable.

ID - Insufficient data to compute a statewide average.

\*Weighted average for operating, total and three-year average total margins include non-profit hospitals only.

\*\*Margins based on pre-tax income.

\*\*\*Reported payor data provided by the facility exceeds 100% of their NPR.

See Footnotes on Page 43.

## *Highlights: Psychiatric Care*

- The Commonwealth is the largest provider of inpatient psychiatric care through the Pennsylvania Department of Public Welfare (DPW). The DPW provided 49% of statewide inpatient care during fiscal year 1998 (FY98). The DPW underwrites about 76% of the cost of this care.
- Almost half (47%) of all general acute care hospitals (GAC) operate inpatient psychiatric units.
- Nine percent more patients were discharged from psychiatric settings during FY98 than during FY94. However, patients are spending less time in the hospital. As a result, the number of statewide patient days of psychiatric care has declined by 22% from FY94 to FY98.
- With the declining number of patient days, the number of staffed beds has declined 15% between FY94 and FY98, and the statewide average occupancy rate has declined from 82% to 72% over the period.
- As a group, psychiatric hospitals have experienced financial losses every year since FY95. Operating expenses have not fallen as fast as revenues.
- Drug and alcohol related disorders represent about 17% of all inpatient psychiatric care.

## Psychiatric Care

The Commonwealth is the largest provider of psychiatric care through the Pennsylvania Department of Public Welfare (DPW). Figure P-1 and Table P-1 show the DPW's ten psychiatric hospitals (state hospitals) provided about 49% of all inpatient psychiatric care during fiscal year 1998 (FY98), as measured by patient days.

Almost half of all general acute care (GAC) hospitals operate psychiatric units. These 93 psychiatric units provided about 31% of inpatient psychiatric care during FY98.

The remaining 20% of inpatient psychiatric care in FY98 was provided by the 21 freestanding psychiatric hospitals.

Table P-1 also reveals that the annual statewide total number of patient days of care has declined by 22% between FY94 and FY98. Table P-1 and Figure P-2 show that patient days have declined much faster at the state hospitals than for the other three categories of psychiatric care providers.

While statewide patient days are declining, the statewide annual number of psychiatric discharges has increased by almost 9% between FY94 and FY98. Table P-1 and Figure P-3 illustrate that the discharges at psychiatric hospitals have increased by 24% over the period compared to the 4% increase experienced by psychiatric units.

**TABLE P-1**  
Psychiatric Utilization by Facility Category

|  | <i>Patient Days</i> |           |           |           |           |
|--|---------------------|-----------|-----------|-----------|-----------|
|  | FY94                | FY95      | FY96      | FY97      | FY98      |
| <i>Psychiatric Hospitals</i>           | 561,668             | 540,706   | 517,750   | 479,187   | 480,765   |
| <i>GAC Hospitals Psych Units</i>       | 959,335             | 872,548   | 836,877   | 802,244   | 745,345   |
| <i>State Psychiatric Hospitals</i>     | 1,529,803           | 1,433,590 | 1,447,964 | 1,272,597 | 1,168,093 |
| <i>Specialty Hospitals Psych Units</i> | 15,773              | 15,218    | 16,109    | 17,470    | 0         |
| <i>Total Psychiatric Care</i>          | 3,066,579           | 2,862,062 | 2,818,700 | 2,571,498 | 2,394,203 |

|  | <i>Discharges</i> |         |         |         |         |
|--|-------------------|---------|---------|---------|---------|
|  | FY94              | FY95    | FY96    | FY97    | FY98    |
| <i>Psychiatric Hospitals</i>           | 31,300            | 33,893  | 34,742  | 35,502  | 38,930  |
| <i>GAC Hospitals Psych Units</i>       | 69,843            | 69,965  | 71,532  | 72,897  | 72,961  |
| <i>State Psychiatric Hospitals</i>     | 3,137             | 2,813   | 2,421   | 2,366   | 2,595   |
| <i>Specialty Hospitals Psych Units</i> | 1,050             | 952     | 996     | 997     | 0       |
| <i>Total Psychiatric Care</i>          | 105,330           | 107,623 | 109,691 | 111,762 | 114,486 |

**FIGURE P-1**  
Patient Days by Facility Category, FY98

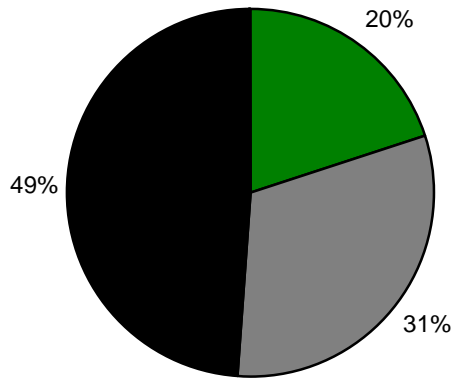
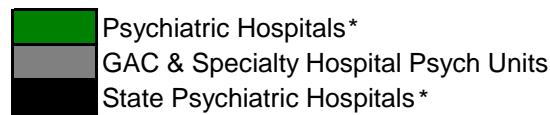


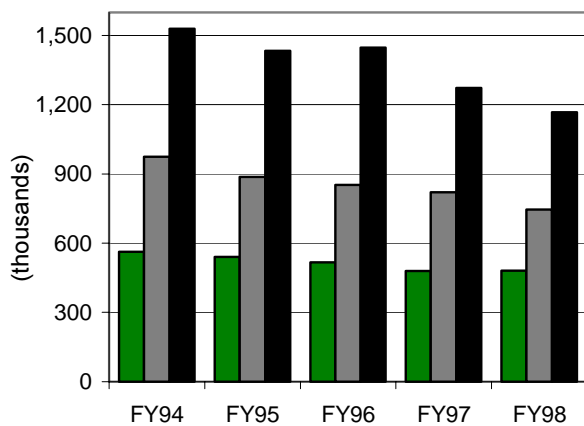
Figure P-4 shows that the combination of declining inpatient days and increasing discharges at psychiatric hospitals and units has resulted in a decline in the average length of stay.

Since a substantial number of patients in state psychiatric hospitals stay longer than one year, average length of stay cannot be calculated from annual data. While patient days at state hospitals have been declining steadily, discharges increased by 10% during FY98. According to DPW this increase in discharges is largely the result of a decline in patient population. When appropriate, patients have been transferred to other settings closer to the community, such as group homes.

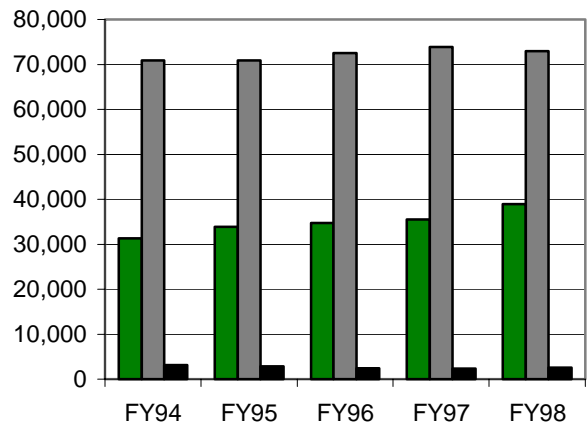
**Key for Figures**



**FIGURE P-2**  
Statewide Patient Days



**FIGURE P-3**  
Statewide Discharges

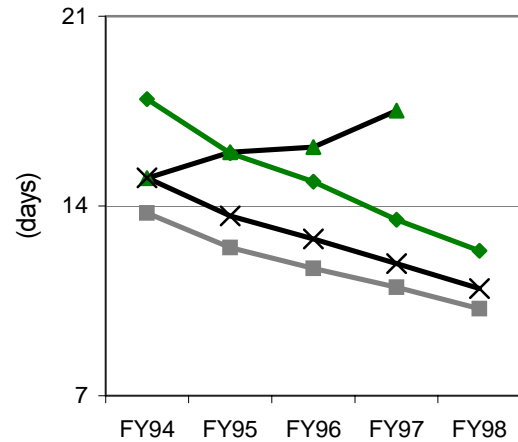


\*Only includes psychiatric care and does not include other care provided at psychiatric and state hospitals such as long term care.

Consistent with the decline in patient days of care, Table P-2 reveals that the number of staffed psychiatric beds has declined by 15% between FY94 and FY98. The reduction in staffed beds has lagged behind the decline in patient days, which has resulted in a decrease in the statewide average occupancy rate from about 82% to 72% over the period.

One state psychiatric hospital also provided skilled nursing care and three provided long term care in FY98. Table P-3 indicates that skilled nursing and long term care represent only a small portion of all care provided at state and psychiatric hospitals.

**FIGURE P-4**  
Statewide Average Length of Stay for Psychiatric Care



- ◆ Psychiatric Hospitals\*\*
- GAC Hospital Psych Units
- ▲ Specialty Hospital Psych Units
- ✕ Total\*\*

\*\* Does not include state psychiatric hospitals.

**TABLE P-2**  
Psychiatric Capacity and Occupancy Rate by Facility Category

|                                       | <i>Beds</i>   |               |              |              |              |
|---------------------------------------|---------------|---------------|--------------|--------------|--------------|
|                                       | FY94          | FY95          | FY96         | FY97         | FY98         |
| <i>Psychiatric Hospitals</i>          | 1,991         | 1,950         | 1,942        | 1,847        | 1,848        |
| <i>GAC Hospital Psych Units</i>       | 4,866         | 4,673         | 4,063        | 3,925        | 3,783        |
| <i>State Psychiatric Hospitals</i>    | 3,475         | 3,375         | 3,233        | 3,290        | 3,193        |
| <i>Specialty Hospital Psych Units</i> | 50            | 50            | 50           | 55           | 0            |
| <b>Total Psychiatric Care</b>         | <b>10,382</b> | <b>10,048</b> | <b>9,288</b> | <b>9,117</b> | <b>8,824</b> |

|                                       | <i>Occupancy Rate</i> |               |               |               |               |
|---------------------------------------|-----------------------|---------------|---------------|---------------|---------------|
|                                       | FY94                  | FY95          | FY96          | FY97          | FY98          |
| <i>Psychiatric Hospitals</i>          | 77.10%                | 78.70%        | 77.92%        | 73.60%        | 73.69%        |
| <i>GAC Hospital Psych Units</i>       | 87.55%                | 85.67%        | 90.21%        | 87.33%        | 76.31%        |
| <i>State Psychiatric Hospitals</i>    | 75.84%                | 71.30%        | 70.77%        | 67.57%        | 65.61%        |
| <i>Specialty Hospital Psych Units</i> | 86.43%                | 83.39%        | 88.03%        | 88.10%        | 0.00%         |
| <b>Total Psychiatric Care</b>         | <b>81.58%</b>         | <b>79.45%</b> | <b>81.22%</b> | <b>77.56%</b> | <b>72.13%</b> |

**FIGURE P-5**  
Psychiatric Discharges by Major Diagnostic Category, FY98

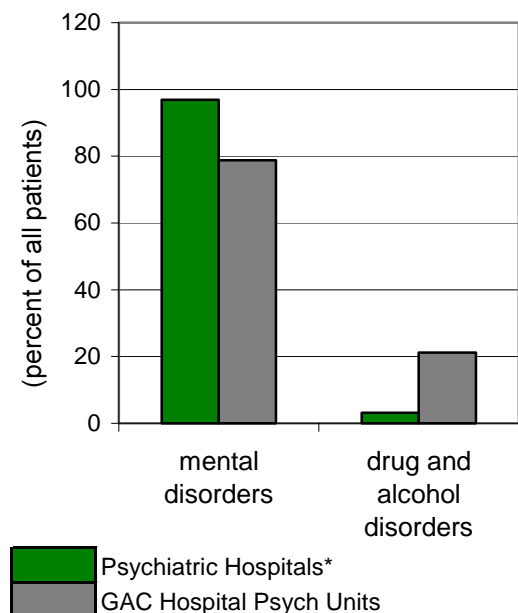


Figure P-5 illustrates that 3% of the care provided at freestanding psychiatric hospitals was for drug and alcohol related treatment (Major Diagnostic Category 20). In contrast, drug and alcohol treatment comprised 21% of the care at the psychiatric units of GAC hospitals.

Figure P-6 shows that patients in the 35 to 44 year age group make up the largest component of inpatient psychiatric care at psychiatric hospitals and units. Figure P-7 reveals that there are more patients receiving care for both drug and alcohol disorders and mental diseases (Major Diagnostic Category 19) in this age group.

At least 16 of the 21 psychiatric hospitals provide care on an outpatient basis. However, most psychiatric hospitals have not provided sufficient data to assess the level of outpatient care. Addi-

\*Does not include state psychiatric hospitals.

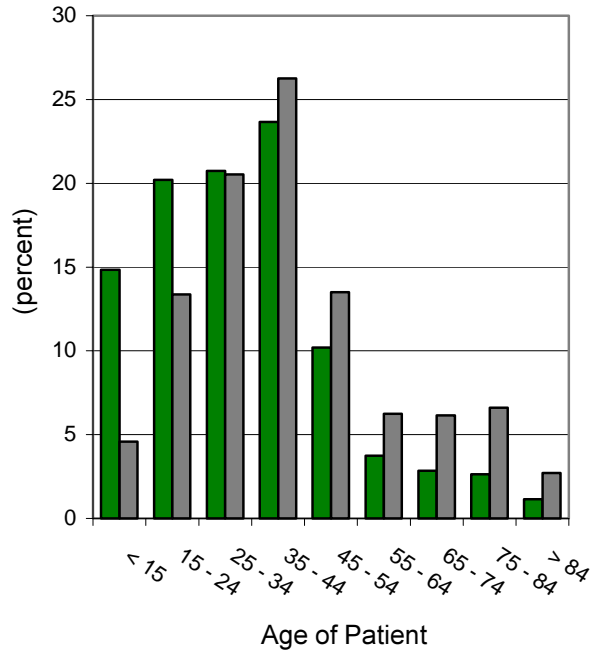
**TABLE P-3**  
Total Utilization and Capacity at Psychiatric and State Psychiatric Hospitals

|                           | FY94             | FY95             | FY96             | FY97             | FY98             |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Patient Days</b>       |                  |                  |                  |                  |                  |
| Psychiatric Care          | 2,091,471        | 1,974,296        | 1,965,714        | 1,751,784        | 1,648,858        |
| Skilled Nursing Care      | 83,015           | 72,111           | 13,096           | 3,531            | 72               |
| Long Term Care & Other    | 96,710           | 72,516           | 109,712          | 91,725           | 15,673           |
| <b>Total</b>              | <b>2,271,196</b> | <b>2,118,923</b> | <b>2,088,522</b> | <b>1,847,040</b> | <b>1,664,603</b> |
| <b>Patient Discharges</b> |                  |                  |                  |                  |                  |
| Psychiatric Care          | 34,437           | 36,706           | 37,163           | 37,868           | 41,525           |
| Skilled Nursing Care      | 50               | 14               | 15               | 0                | 0                |
| Long Term Care & Other    | 51               | 63               | 114              | 164              | 157              |
| <b>Total</b>              | <b>34,538</b>    | <b>36,783</b>    | <b>37,292</b>    | <b>38,032</b>    | <b>41,682</b>    |
| <b>Patient Beds</b>       |                  |                  |                  |                  |                  |
| Psychiatric Care          | 6,857            | 6,623            | 6,005            | 5,772            | 5,631            |
| Skilled Nursing Care      | 310              | 297              | 131              | 15               | 5                |
| Long Term Care & Other    | 301              | 235              | 398              | 337              | 295              |
| <b>Total</b>              | <b>7,468</b>     | <b>7,155</b>     | <b>6,534</b>     | <b>6,124</b>     | <b>5,931</b>     |

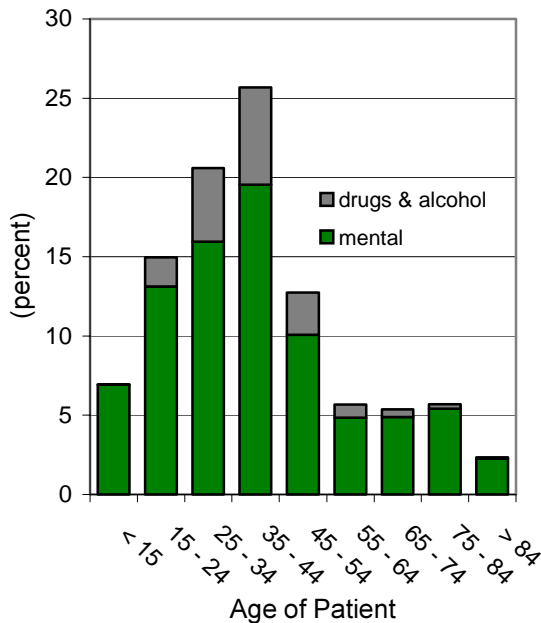
tionally, the Council does not capture data on outpatient visits from GAC hospital units attributable to psychiatric care. The only available data are the gross charges billed for outpatient care by 16 of the psychiatric hospitals. For these hospitals, outpatient care represents about 18% of the charges for all services. Charges represent the amount billed for care based on the hospitals' schedule of fees, not what hospitals were reimbursed for care.

Providing accurate estimates of the statewide operating and total margins for psychiatric hospitals is difficult for two primary reasons. First, five of the hospitals have not supplied sufficient data. Second, eight of the psychiatric hospitals operate as for-profit entities and are subject to income taxes. The Council has not captured the income tax expenses incurred by two of the eight

**FIGURE P-6**  
Age Distribution of Psychiatric Patients by Facility Category, FY98

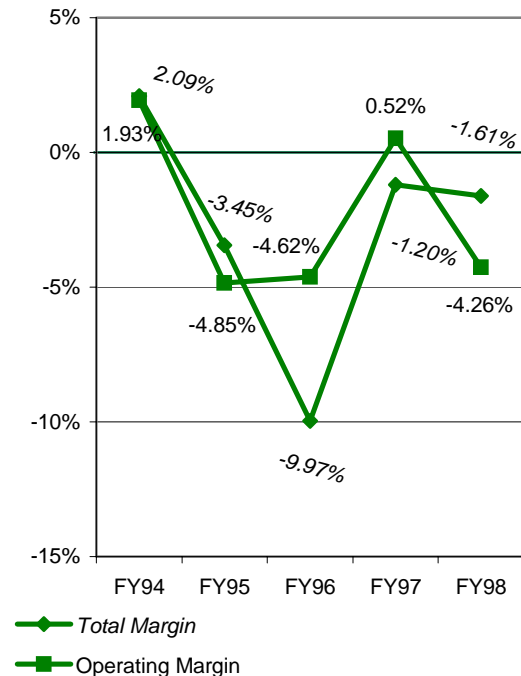


**FIGURE P-7**  
Age Distribution of Psychiatric Patients by Major Diagnostic Category, FY98\*



\*Does not include state psychiatric hospitals.

**FIGURE P-8**  
Operating & Total Margin at Psychiatric Hospitals\*



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for-profit hospitals. In order to provide a range of estimated hospital income, operating and total margins have been presented in two ways. Table P-4 reflects hospital income using estimated data where data was not supplied by hospitals, and pre-tax income has been utilized for two of the hospitals. Alternatively, the operating and total margins presented in Figure P-8 and Table P-6 exclude the two hospitals where tax expenses were not captured.

Table P-4 illustrates that statewide net patient revenue (NPR) for psychiatric hospitals has declined 15% between FY94 and FY98 and operating revenues have fallen by 14% over the same period. As a group, psychiatric hospitals have experienced operating losses every year beginning in

FY95. These losses have occurred because operating and total revenues have fallen 12% while operating expenses have only declined 6% since FY94.

The abnormally large decline in revenue over expenses and total margin shown for FY96 on Table P-4 and Figure P-8 is largely the result of the \$-15.7 million extraordinary item reported by the Institute of the Pennsylvania Hospital, which has since closed as of February 1997.

Table P-7 shows the Commonwealth underwrites 76% of the cost of the care provided at the ten state psychiatric hospitals. Of the 24% of the total expenses that are covered by patient revenue, 79% of that revenue comes from the Medicare and Medical Assistance programs.

**TABLE P-4**

Statewide Revenue, Expenses and Income at Psychiatric Hospitals\*

|                          | FY94          | FY95          | FY96           | FY97          | FY98           |
|--------------------------|---------------|---------------|----------------|---------------|----------------|
| Net Patient Revenue      | \$316,596,623 | \$297,639,125 | \$282,033,613  | \$270,339,422 | \$267,620,871  |
| Total Operating Revenue  | \$329,739,622 | \$312,193,926 | \$309,844,398  | \$288,628,845 | \$283,524,723  |
| Total Operating Expenses | \$319,388,471 | \$318,006,681 | \$321,636,123  | \$294,638,677 | \$298,736,032  |
| Operating Income         | \$10,351,151  | (\$5,812,755) | (\$11,791,725) | (\$6,009,832) | (\$15,211,309) |
| Revenue over Expenses    | \$10,835,357  | (\$4,680,951) | (\$24,871,046) | (\$9,232,638) | (\$8,636,394)  |

\*Does not include state psychiatric hospitals.



TABLE P-5

Utilization and Capacity by Psychiatric Hospitals, FY98

| Hospital                                   | Patient Days | Bed Days Available | Occupancy Rate | Discharges | Beds | Average Length of Stay |
|--|--------------|--------------------|----------------|------------|------|------------------------|
| Belmont Center for Comprehensive Treatment | 43,762       | 53,655             | 81.56%         | 4,114      | 147  | 10.64                  |
| Charter Fairmount Institute                | 37,411       | 51,100             | 73.21%         | 4,624      | 146  | 8.09                   |
| Clarion Psychiatric Center                 | 11,586       | 19,604             | 59.10%         | 984        | 52   | 11.77                  |
| Delaware Valley Mental Health Foundation   | 15,403       | 18,250             | 84.40%         | 265        | 50   | 58.12                  |
| Edgewater Psychiatric Center               | 13,914       | 18,980             | 73.31%         | 427        | 52   | 32.59                  |
| Eugenia Hospital                           | 22,237       | 51,100             | 43.52%         | 1,953      | 140  | 11.39                  |
| First Hospital of Wyoming Valley           | 29,363       | 35,040             | 83.80%         | 2,174      | 96   | 13.51                  |
| Friends Hospital                           | 54,421       | 70,080             | 77.66%         | 4,882      | 192  | 11.15                  |
| Horsham Hospital                           | 44,993       | 55,042             | 81.74%         | 3,171      | 146  | 14.19                  |
| Huntington Hospital                        | NR           | NR                 | NR             | NR         | NR   | NR                     |
| Kirkbride Center                           | 15,188       | 37,080             | 40.96%         | 1,721      | 120  | 8.83                   |
| Lakewood Psychiatric Hospital              | NR           | NR                 | NR             | NR         | NR   | NR                     |
| Mapleton Psychiatric Institute             | NR           | NR                 | NR             | NR         | NR   | NR                     |
| Meadows Psychiatric Center                 | 31,189       | 38,077             | 81.91%         | 1,655      | 101  | 18.85                  |
| Montgomery County MH/MR Emergency Service  | 15,665       | 19,345             | 80.98%         | 1,951      | 53   | 8.03                   |
| National Hospital for Kids in Crisis       | 18,249       | 26,280             | 69.44%         | 908        | 72   | 20.10                  |
| Northwestern Institute of Psychiatry       | 50,620       | 53,290             | 94.99%         | 4,852      | 146  | 10.43                  |
| Philhaven Hospital                         | 17,851       | 30,295             | 58.92%         | 1,592      | 83   | 11.21                  |
| Southwood Psychiatric Hospital             | NR           | NR                 | NR             | NR         | NR   | NR                     |
| The Child Guidance Center of the CHP       | 3,814        | 8,760              | 43.54%         | 405        | 24   | 9.42                   |
| Villa Saint John Vianney Hospital          | NR           | NR                 | NR             | NR         | NR   | NR                     |

NR - Not Reported

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TABLE P-6

| Psychiatric Hospital                    | Region | Net Patient Revenue<br>NPR (million) |             |             |             | 3-yr Avg<br>Change in<br>NPR<br>FY95-FY98 | Total Operating Expenses<br>TOE (million) |             |             |             | 3-yr Avg<br>Change in<br>TOE<br>FY95-FY98 |
|---|--------|--------------------------------------|-------------|-------------|-------------|---|---|-------------|-------------|-------------|---|
|   |        | FY98                                 | FY97        | FY96        | FY95        |   | FY98                                      | FY97        | FY96        | FY95        |   |
| <b>Weighted Average</b>                 |        | <b>\$13</b>                          | <b>\$13</b> | <b>\$13</b> | <b>\$14</b> | <b>-3.36%</b>                             | <b>\$14</b>                               | <b>\$14</b> | <b>\$15</b> | <b>\$14</b> | <b>-2.02%</b>                             |
| Lakewood Psych <sup>12, 14</sup>        | 1      | \$3                                  | \$3         | \$4         | \$5         | -13.10%                                   | \$3                                       | \$3         | \$4         | \$6         | -14.10%                                   |
| Southwood Psych <sup>2, 12, 14</sup>    | 1      | \$9                                  | \$6         | \$5         | \$6         | 13.41%                                    | \$8                                       | \$7         | \$6         | \$7         | 7.63%                                     |
| Clarion Psych Ctr <sup>1, 12, 14</sup>  | 2      | \$7                                  | \$7         | \$8         | \$7         | -1.07%                                    | \$5                                       | \$5         | \$6         | \$5         | -5.69%                                    |
| Meadows Psych <sup>1, 12, 15</sup>      | 4      | \$15                                 | \$17        | \$15        | \$12        | 7.62%                                     | \$13                                      | \$13        | \$13        | \$12        | 5.42%                                     |
| Edgewater Psych Ctr <sup>14</sup>       | 5      | \$16                                 | \$13        | \$10        | \$9         | 26.62%                                    | \$16                                      | \$13        | \$10        | \$9         | 26.41%                                    |
| Philhaven Hospital <sup>14</sup>        | 5      | \$21                                 | \$21        | \$20        | \$23        | -2.02%                                    | \$23                                      | \$23        | \$22        | \$23        | 0.58%                                     |
| First Hospital <sup>9, 14</sup>         | 6      | \$12                                 | \$11        | \$11        | \$10        | 4.44%                                     | \$11                                      | \$11        | \$11        | \$10        | 4.28%                                     |
| Kids in Crisis <sup>1, 2, 3</sup>       | 7      | \$15                                 | \$11        | \$8         | NA          | NA  | \$13                                      | \$12        | \$11        | NA          | NA  |
| Delaware Valley Ment <sup>14</sup>      | 8      | \$8                                  | \$8         | \$6         | \$5         | 18.85%                                    | \$7                                       | \$7         | \$6         | \$6         | 10.69%                                    |
| Eugenia Hospital <sup>12, 14</sup>      | 8      | NR                                   | \$20        | \$20        | \$20        | NR  | NR  | \$19        | \$18        | \$17        | NR  |
| Horsham Hospital <sup>1, 12, 14</sup>   | 8      | \$22                                 | \$26        | \$20        | \$20        | 2.52%                                     | \$27                                      | \$18        | \$20        | \$20        | 10.71%                                    |
| Huntington Hospital <sup>13, 14</sup>   | 8      | NR                                   | \$4         | \$4         | \$4         | NR  | NR  | \$4         | \$4         | \$4         | NR  |
| Mapleton Psych Inst <sup>2, 9, 14</sup> | 8      | NR                                   | \$6         | \$6         | \$7         | NR  | NR  | \$7         | \$7         | \$7         | NR  |
| Montgomery County <sup>1, 14</sup>      | 8      | \$5                                  | \$5         | \$7         | \$7         | -7.42%                                    | \$8                                       | \$7         | \$7         | \$8         | -2.13%                                    |
| Northwestern Inst <sup>5, 12, 14</sup>  | 8      | NR                                   | \$11        | NR          | \$30        | NR  | NR  | \$15        | NR          | \$26        | NR  |
| Villa St John Vianney <sup>2, 14</sup>  | 8      | \$3                                  | \$4         | \$4         | \$4         | -5.26%                                    | \$3                                       | \$4         | \$4         | \$4         | -7.94%                                    |
| Belmont Center <sup>15</sup>            | 9      | \$24                                 | \$23        | \$21        | \$22        | 2.37%                                     | \$25                                      | \$24        | \$23        | \$24        | 1.81%                                     |
| Charter Fairmount <sup>1, 3, 14</sup>   | 9      | NR                                   | \$15        | \$14        | \$16        | NR  | NR  | \$16        | \$18        | \$21        | NR  |
| Friends Hospital <sup>14</sup>          | 9      | \$32                                 | \$31        | \$35        | \$37        | -4.75%                                    | \$35                                      | \$33        | \$37        | \$39        | -3.10%                                    |
| Kirkbride Center <sup>1, 12, 15</sup>   | 9      | \$8                                  | NA          | NA          | NA          | NA  | \$8                                       | NA          | NA          | NA          | NA  |
| Child Guidance Center <sup>2, 14</sup>  | 9      | \$2                                  | \$6         | \$8         | \$7         | -24.31%                                   | \$15                                      | \$17        | \$16        | \$14        | 3.90%                                     |

TABLE P-6 (cont.)

| Psychiatric Hospital                    | Region | Operating Margin FY98 | Total Margin FY98 | 3-yr Average Total Margin FY96-FY98 | Uncompensated Care to NPR FY98 | Medicare Share of NPR FY98 | Medical Assistance Share of NPR FY98 |
|---|--------|-----------------------|-------------------|-------------------------------------|--------------------------------|----------------------------|--------------------------------------|
| Weighted Average *                      |        | -4.26%                | -1.61%            | -4.45%                              | 4.07%                          | ID                         | ID                                   |
| **Lakewood Psych <sup>12, 14</sup>      | 1      | 6.13%                 | 6.42%             | 2.47%                               | 5.10%                          | NR                         | NR                                   |
| **Southwood Psych <sup>2, 12, 14</sup>  | 1      | 3.90%                 | 6.97%             | 2.64%                               | 6.70%                          | NR                         | NR                                   |
| Clarion Psych Ctr <sup>1, 12, 14</sup>  | 2      | 36.75%                | 36.95%            | 27.06%                              | NR                             | NR                         | NR                                   |
| Meadows Psych <sup>1, 12, 15</sup>      | 4      | 9.09%                 | 13.60%            | 9.39%                               | NR                             | 6.30%                      | 59.52%                               |
| Edgewater Psych Ctr <sup>14</sup>       | 5      | 2.31%                 | 2.31%             | 2.06%                               | 5.28%                          | NR                         | NR                                   |
| Philhaven Hospital <sup>14</sup>        | 5      | -7.06%                | -2.65%            | -1.09%                              | 1.78%                          | NR                         | NR                                   |
| First Hospital <sup>9, 14</sup>         | 6      | 7.25%                 | 7.25%             | 3.07%                               | 2.13%                          | NR                         | NR                                   |
| Kids in Crisis <sup>1, 2, 3</sup>       | 7      | 8.49%                 | 8.49%             | -9.37%                              | 0.52%                          | 0.00%                      | 67.20%                               |
| Delaware Valley Ment <sup>14</sup>      | 8      | 4.18%                 | 7.14%             | 5.41%                               | 0.14%                          | NR                         | NR                                   |
| Eugenia Hospital <sup>12, 14</sup>      | 8      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Horsham Hospital <sup>1, 12, 14</sup>   | 8      | -23.54%               | -22.23%           | 0.22%                               | NR                             | NR                         | NR                                   |
| Huntington Hospital <sup>13, 14</sup>   | 8      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Mapleton Psych Inst <sup>2, 9, 14</sup> | 8      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Montgomery County <sup>1, 14</sup>      | 8      | 2.74%                 | 2.74%             | 2.77%                               | 5.34%                          | NR                         | NR                                   |
| Northwestern Inst <sup>5, 12, 14</sup>  | 8      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Villa St John Vianney <sup>2, 14</sup>  | 8      | 5.08%                 | 14.74%            | 14.64%                              | NR                             | NR                         | NR                                   |
| Belmont Center <sup>15</sup>            | 9      | 2.96%                 | 2.99%             | 2.73%                               | 3.20%                          | 28.51%                     | 48.75%                               |
| Charter Fairmount <sup>1, 3, 14</sup>   | 9      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Friends Hospital <sup>14</sup>          | 9      | -7.24%                | 1.84%             | 1.70%                               | 7.07%                          | NR                         | NR                                   |
| Kirkbride Center <sup>1, 12, 15</sup>   | 9      | 4.02%                 | 4.02%             | NA                                  | 0.00%                          | 28.62%                     | 32.25%                               |
| Child Guidance Center <sup>2, 14</sup>  | 9      | -74.00%               | -73.42%           | -29.15%                             | 0.00%                          | NR                         | NR                                   |

NR - Information necessary to report or calculate this measure was not provided by facility.

NA - Not Applicable.

ID - Insufficient data to compute a statewide average.

\*Weighted average for operating, total and three-year average total margins include non-profit hospitals and only the for-profit hospitals providing an after tax income.

\*\*Margins based on pre-tax income.

See Footnotes on Page 43.

TABLE P-7

| State Psychiatric Hospital       | Region | Net Patient Revenue NPR (million) |             |             |             | 3-yr Avg Change in NPR FY95-FY98 | Total Operating Expenses TOE (million) |             |             |             | 3-yr Avg Change in TOE FY95-FY98 |
|----------------------------------|--------|-----------------------------------|-------------|-------------|-------------|----------------------------------|--|-------------|-------------|-------------|----------------------------------|
|                                  |        | FY98                              | FY97        | FY96        | FY95        |                                  | FY98                                   | FY97        | FY96        | FY95        |                                  |
| <b>Weighted Average</b>          |        | <b>\$10</b>                       | <b>\$11</b> | <b>\$12</b> | <b>\$13</b> | <b>-10.79%</b>                   | <b>\$40</b>                            | <b>\$40</b> | <b>\$40</b> | <b>\$41</b> | <b>-3.43%</b>                    |
| Mayview State <sup>6</sup>       | 1      | \$ 11                             | \$ 19       | \$ 25       | \$ 27       | -19.97%                          | \$ 60                                  | \$ 62       | \$ 70       | \$ 76       | -7.07%                           |
| Torrance State                   | 1      | \$ 11                             | \$ 12       | \$ 12       | \$ 14       | -7.37%                           | \$ 35                                  | \$ 35       | \$ 35       | \$ 32       | 2.91%                            |
| Warren State                     | 2      | \$ 9                              | \$ 10       | \$ 10       | \$ 12       | -8.27%                           | \$ 34                                  | \$ 34       | \$ 38       | \$ 40       | -4.75%                           |
| Danville State                   | 4      | \$ 11                             | \$ 13       | \$ 15       | \$ 16       | -9.84%                           | \$ 31                                  | \$ 31       | \$ 33       | \$ 35       | -3.62%                           |
| Harrisburg State                 | 5      | \$ 8                              | \$ 8        | \$ 9        | \$ 10       | -5.93%                           | \$ 38                                  | \$ 35       | \$ 36       | \$ 38       | -0.29%                           |
| Clarks Summit State <sup>6</sup> | 6      | \$ 13                             | \$ 12       | \$ 17       | \$ 17       | -6.18%                           | \$ 35                                  | \$ 32       | \$ 38       | \$ 36       | -1.25%                           |
| Allentown State                  | 7      | \$ 8                              | \$ 9        | \$ 9        | \$ 9        | -0.56%                           | \$ 35                                  | \$ 35       | \$ 36       | \$ 35       | 0.08%                            |
| Wernersville State               | 7      | \$ 8                              | \$ 8        | \$ 10       | \$ 11       | -8.17%                           | \$ 35                                  | \$ 33       | \$ 34       | \$ 36       | -1.55%                           |
| Haverford State <sup>13</sup>    | 8      | \$ 4                              | \$ 6        | \$ 5        | \$ 7        | -13.39%                          | \$ 26                                  | \$ 32       | \$ 33       | \$ 32       | -6.13%                           |
| Norristown State                 | 8      | \$ 12                             | \$ 12       | \$ 12       | \$ 13       | -2.76%                           | \$ 74                                  | \$ 68       | \$ 70       | \$ 68       | 3.05%                            |

TABLE P-7 (cont.)

| State Psychiatric Hospital       | Region | Percent of Expenses not covered by NPR FY98 | Medicare Share of NPR FY98 | Medical Assistance Share of NPR FY98 |
|----------------------------------|--------|---|----------------------------|--------------------------------------|
| <b>Weighted Average</b>          |        | <b>75.90%</b>                               | <b>20.61%</b>              | <b>58.21%</b>                        |
| Mayview State <sup>6</sup>       | 1      | 81.48%                                      | 25.84%                     | 60.70%                               |
| Torrance State                   | 1      | 67.83%                                      | 16.07%                     | 13.20%                               |
| Warren State                     | 2      | 73.88%                                      | 22.08%                     | 61.53%                               |
| Danville State                   | 4      | 63.84%                                      | 15.17%                     | 73.72%                               |
| Harrisburg State                 | 5      | 78.34%                                      | 26.15%                     | 53.84%                               |
| Clarks Summit State <sup>6</sup> | 6      | 61.52%                                      | 15.76%                     | 75.36%                               |
| Allentown State                  | 7      | 75.83%                                      | 24.45%                     | 59.77%                               |
| Wernersville State               | 7      | 76.51%                                      | 26.00%                     | 56.29%                               |
| Haverford State <sup>13</sup>    | 8      | 83.72%                                      | 24.29%                     | 56.69%                               |
| Norristown State                 | 8      | 83.67%                                      | 18.06%                     | 65.34%                               |

See Footnotes on Page 43.

## Specialty Care

Specialty hospitals are those hospitals that provide unique types of patient care that do not fall under the other categories of non-general acute care (GAC) hospitals presented in this report. There are seven hospitals in this category. Three of the hospitals are not in compliance with the Council's filing requirements and are not addressed in this section.

In lieu of an analysis of the trends in utilization and financial health of this very diverse category of hospitals, this section presents a brief summary of each of the four compliant hospitals, based on data available at the end of fiscal year 1998 (FY98).

Children's Home of Pittsburgh is a 235-bed inpatient non-profit transitional infant care facility that provides an intermediate level of medical care for infants who have passed the life-threatening stage of their illness and continue to require medical monitoring, care and supervision.

Table S-1 shows that Children's Home has experienced relatively steady revenue and expenses over the past three years. During this period the hospital has experienced average operating losses of 4% (operating margin) and average total margin of about 25%. The Home has been able to finance its operating losses through contributions, interest and dividend income and the sale of assets.

The Podiatry Hospital of Pittsburgh is primarily an outpatient podiatry hospital realizing 2,289 visits during FY98 (data reported are calendar year 1997). Although the hospital reports 13 staffed beds, it only provided 182 days of inpatient care during FY98. Table S-1 reveals that the Podiatry

Hospital has experienced an average annual decline from FY95 in net patient revenue (NPR) of about 20% and its FY98 operating and total margins were -65% and -64%, respectively.

Eagleview Hospital is a 126-bed inpatient drug and alcohol treatment facility. Table S-1 reveals that Eagleview has experienced an 8% decline in annual NPR between FY95 and FY98. However, Eagleview has been able to reduce annual operating expenses by almost 11%, resulting in an average three-year operating margin of about a negative 2%. As a result of state grants, investment income and contributions, Eagleview has been able to realize a three-year average total margin of over 6%. During FY98, almost 43% of its NPR came from the Medical Assistance program.

Hospital of the Home for the Jewish Aged (Hospital) is a 28-bed unit of the Philadelphia Geriatric Center that provides acute and rehabilitation care for residents of the Center. The entire Center had 566 beds in FY98 and provided a broad spectrum of care including skilled nursing and long term care.

Table S-1 illustrates that the Hospital has experienced about a 10% increase in annual NPR between FY95 and FY98. The hospital has managed to keep expenses in line with the increase in revenues so that it has experienced a relatively modest 1.7% three-year average operating loss. The Hospital's total margin averaged about 2% during FY96 through FY98 primarily as a result of income from investments and contributions. As expected, 94% of its NPR came from the Medicare program.

TABLE S-1

| Specialty Hospital                       | Region | Net Patient Revenue NPR (million) |             |             |             | 3-yr Avg Change in NPR FY95-FY98 | Total Operating Expenses TOE (million) |             |             |             | 3-yr Avg Change in TOE FY95-FY98 |
|--|--------|-----------------------------------|-------------|-------------|-------------|----------------------------------|--|-------------|-------------|-------------|----------------------------------|
|  |        | FY98                              | FY97        | FY96        | FY95        |                                  | FY98                                   | FY97        | FY96        | FY95        |                                  |
| <b>Weighted Average</b>                  |        | <b>\$7</b>                        | <b>\$10</b> | <b>\$11</b> | <b>\$11</b> | <b>-15.20%</b>                   | <b>\$7</b>                             | <b>\$11</b> | <b>\$11</b> | <b>\$12</b> | <b>-16.47%</b>                   |
| Children's Home of Pgh                   | 1      | \$2                               | \$2         | \$2         | \$2         | 5.69%                            | \$3                                    | \$2         | \$2         | \$2         | 3.50%                            |
| Podiatry Pittsburgh <sup>1, 13, 15</sup> | 1      | \$2                               | NA          | \$5         | \$6         | -20.35%                          | \$4                                    | NA          | \$6         | \$6         | -11.48%                          |
| Warren Dental Arts <sup>1, 14</sup>      | 2      | NR                                | NR          | \$2         | \$2         | NR                               | NR                                     | NR          | \$2         | \$2         | NR                               |
| Eagleville Hospital                      | 8      | \$13                              | \$12        | \$16        | \$17        | -8.09%                           | \$13                                   | \$12        | \$16        | \$18        | -10.57%                          |
| Malvern Institute <sup>2, 12, 14</sup>   | 8      | NR                                | \$2         | NR          | \$3         | NR                               | NR                                     | \$1         | NR          | \$3         | NR                               |
| Valley Forge Medical <sup>1, 14</sup>    | 8      | NR                                | NR          | NR          | \$10        | NR                               | NR                                     | NR          | NR          | \$10        | NR                               |
| Home Jewish Age <sup>2, 6, 7, 9</sup>    | 9      | \$14                              | \$12        | \$11        | \$11        | 9.86%                            | \$14                                   | \$12        | \$11        | \$11        | 9.48%                            |

| Specialty Hospital                       | Region | Operating Margin FY98 | Total Margin FY98 | 3-yr Average Total Margin FY96-FY98 | Uncompensated Care to NPR FY98 | Medicare Share of NPR FY98 | Medical Assistance Share of NPR FY98 |
|--|--------|-----------------------|-------------------|-------------------------------------|--------------------------------|----------------------------|--------------------------------------|
| <b>Weighted Average</b>                  |        | <b>-0.77%</b>         | <b>5.99%</b>      | <b>-0.27%</b>                       | <b>2.92%</b>                   | <b>54.63%</b>              | <b>ID</b>                            |
| Children's Home of Pgh                   | 1      | -11.98%               | 20.42%            | 25.24%                              | 0.23%                          | 0.00%                      | 19.98%                               |
| Podiatry Pittsburgh <sup>1, 13, 15</sup> | 1      | -65.50%               | -63.75%           | NA                                  | 2.62%                          | 39.04%                     | NR                                   |
| Warren Dental Arts <sup>1, 14</sup>      | 2      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Eagleville Hospital                      | 8      | 0.72%                 | 11.31%            | 6.34%                               | 4.13%                          | 30.63%                     | 43.40%                               |
| Malvern Institute <sup>2, 12, 14</sup>   | 8      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Valley Forge Medical <sup>1, 14</sup>    | 8      | NR                    | NR                | NR                                  | NR                             | NR                         | NR                                   |
| Home Jewish Age <sup>2, 6, 7, 9</sup>    | 9      | -0.44%                | 3.56%             | 2.02%                               | 2.80%                          | 94.48%                     | 0.90%                                |

NR - Information necessary to report or calculate this measure was not provided by facility.

NA - Not Applicable.

ID - Insufficient data to compute a statewide average.

See Footnotes on Page 43.

## *Ambulatory Surgery Center Care*

During fiscal year 1998 (FY98) there were 49 free-standing ambulatory surgery centers (ASC) that were required to file data with the Council. Since FY95, the number of freestanding ASCs has increased by nine facilities.

The Council estimates that there were about 133,900 patient visits to ASCs during FY98. Figure A-1 shows that the number of patient visits has increased by 30% since FY95 from 103,329. Despite this steady growth, ASC visits represent less than one percent (about 0.6%) of all outpatient visits reported to the Council for FY98.

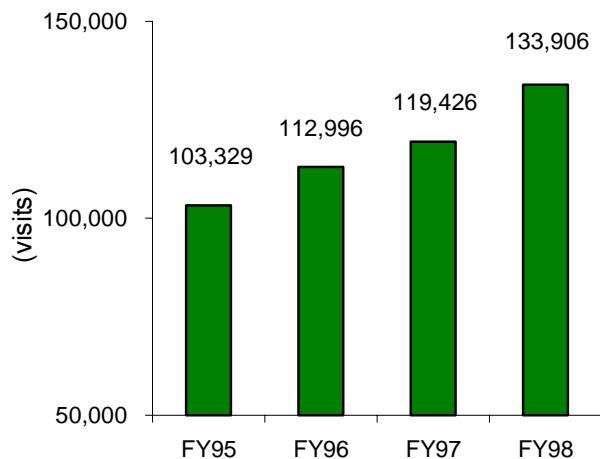
Figure A-2 reveals that net patient revenue (NPR) per visit received by ASCs has remained relatively constant, ranging between \$811 and \$843 from FY95 through FY98.

Figure A-3 shows the NPR by payor for ASCs and general acute care (GAC) hospitals. Compared to GAC hospitals, ASCs receive a larger portion of their NPR from commercial insurers and a much smaller portion of their revenue from the Medicare and Medical Assistance programs.

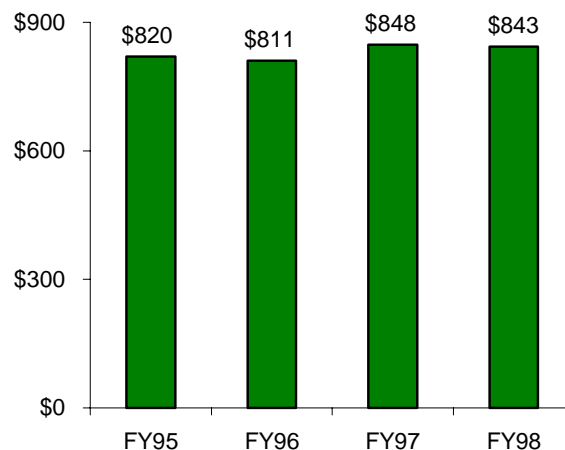
With the exception of commercial indemnity insurers and "other" payors, Figure A-4 illustrates that the NPR per visit ASCs received from the other five third-party payors are relatively similar.

Table A-1 presents the top six principal diagnoses for outpatients receiving treatment at GAC hospitals and ASCs during each facility's FY98. Table A-1 reveals that five out of six most frequent diagnoses are common for both GAC hospitals and ASCs.

**FIGURE A-1**  
Statewide Patient Visits at ASCs

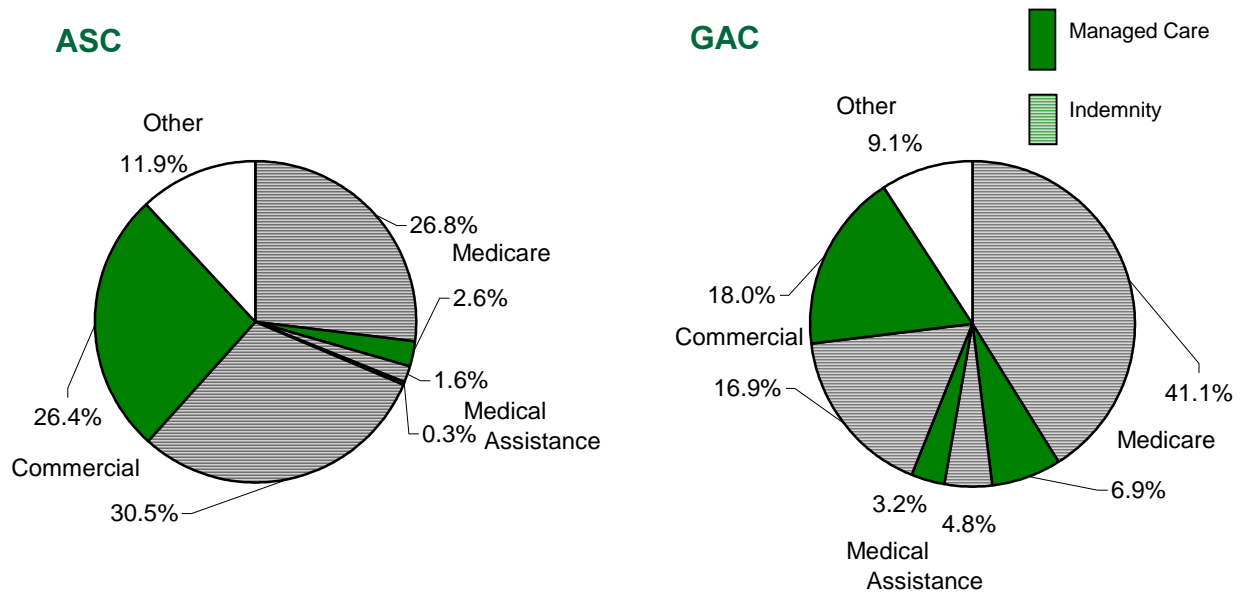


**FIGURE A-2**  
Average Net Patient Revenue per Visit at ASCs

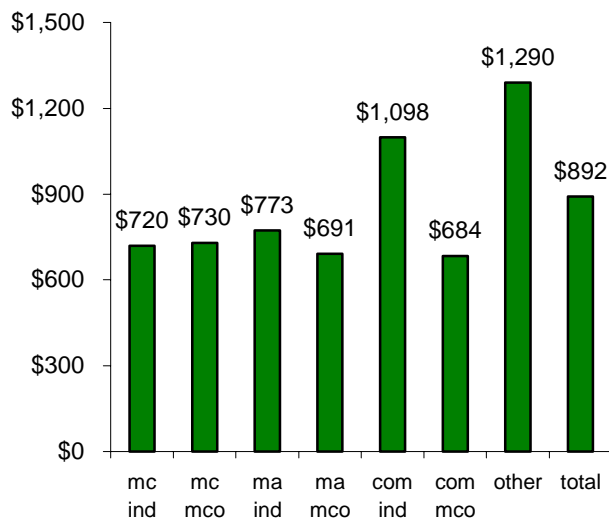




**FIGURE A-3**  
ASC versus GAC Net Patient Revenue by Payor Type, FY98



**FIGURE A-4**  
Average Net Patient Revenue per Visit at ASCs by Payor Type, FY98



mc ind Medicare Indemnity  
 ma ind Medical Assistance Indemnity  
 com ind Commercial Indemnity  
 mc mco Medicare Managed Care  
 ma mco Medical Assistance Managed Care  
 com mco Commercial Managed Care

**TABLE A-1**  
Top Six Principle Diagnoses for Outpatients, FY98

|                        | GAC Outpatient | ASC    |
|------------------------|----------------|--------|
| Cataract Disorders     | 8.63%          | 26.27% |
| Neoplasm               | 3.86%          | 4.86%  |
| Esophagitis            | 2.53%          | 3.28%  |
| Carpul Tunnel Syndrome | *              | 2.41%  |
| Back Disorders         | 2.22%          | *      |
| Diverticulosis         | 2.12%          | 2.21%  |
| Hernia                 | 1.96%          | 2.18%  |

\* Not among the top six diagnoses.

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TABLE A-2

| Ambulatory Surgery Centers               | Region | Net Patient Revenue NPR (thousand) |                 |                 |                 | 3-yr Avg Change in NPR FY95-FY98 | Total Operating Expenses TOE (thousand) |                 |                 |                 | 3-yr Avg Change in TOE FY95-FY98 |
|--|--------|------------------------------------|-----------------|-----------------|-----------------|----------------------------------|---|-----------------|-----------------|-----------------|----------------------------------|
|  |        | FY98                               | FY97            | FY96            | FY95            |                                  | FY98                                    | FY97            | FY96            | FY95            |                                  |
| <b>Weighted Average</b>                  |        | <b>\$ 2,552</b>                    | <b>\$ 2,503</b> | <b>\$ 2,251</b> | <b>\$ 2,394</b> | <b>24.83%</b>                    | <b>\$ 2,271</b>                         | <b>\$ 2,231</b> | <b>\$ 1,950</b> | <b>\$ 2,021</b> | <b>27.99%</b>                    |
| Aestique Ambulatory <sup>1, 15</sup>     | 1      | \$1,566                            | \$1,498         | \$1,479         | \$1,298         | 6.88%                            | \$1,502                                 | \$1,539         | \$1,464         | \$1,182         | 9.03%                            |
| Hlthsth Mt Pleasant <sup>1, 15</sup>     | 1      | \$1,505                            | \$1,531         | \$1,477         | \$1,495         | 0.24%                            | \$1,556                                 | \$1,203         | \$4,183         | \$1,603         | -0.97%                           |
| Jefferson Surgery Center                 | 1      | \$4,565                            | \$4,641         | \$4,370         | \$4,234         | 2.60%                            | \$3,911                                 | \$3,815         | \$3,673         | \$3,450         | 4.46%                            |
| John A. Zitelli Amb <sup>1, 14, 15</sup> | 1      | \$655                              | \$653           | \$592           | \$592           | 3.54%                            | \$655                                   | \$653           | \$587           | \$592           | 3.54%                            |
| Lowry SurgiCenter <sup>1, 14</sup>       | 1      | \$582                              | \$631           | \$532           | \$407           | 14.35%                           | \$574                                   | \$636           | \$597           | \$522           | 3.31%                            |
| Mt Lebanon Surgical <sup>14</sup>        | 1      | \$1,558                            | \$1,891         | \$1,590         | \$1,313         | 6.23%                            | \$1,645                                 | \$1,559         | \$1,469         | \$1,380         | 6.39%                            |
| North Shore Surgi <sup>1, 14</sup>       | 1      | \$651                              | NR              | \$403           | \$466           | 13.30%                           | \$620                                   | NR              | \$539           | \$578           | 2.43%                            |
| Shadyside Surgi <sup>1, 14</sup>         | 1      | NR                                 | \$489           | \$393           | \$344           | NR                               | NR                                      | \$511           | \$385           | \$458           | NR                               |
| Southwestern Amb <sup>1, 14</sup>        | 1      | \$2,594                            | NR              | \$2,144         | \$1,506         | 24.07%                           | \$2,403                                 | NR              | \$1,570         | \$1,336         | 26.63%                           |
| Southwestern PA Eye <sup>1, 14</sup>     | 1      | \$2,418                            | \$417           | NR              | NR              | NR                               | \$1,003                                 | \$167           | NR              | NR              | NR                               |
| Surgi Center at Ligonier <sup>15</sup>   | 1      | \$875                              | \$869           | \$993           | \$1,121         | -7.31%                           | \$693                                   | \$631           | \$712           | \$817           | -5.07%                           |
| Three River Endoscopy <sup>1, 14</sup>   | 1      | \$813                              | NA              | NA              | NA              | NA                               | \$757                                   | NA              | NA              | NA              | NA                               |
| UPMC Monroeville Surgery <sup>14</sup>   | 1      | \$3,535                            | \$3,930         | \$4,813         | \$5,701         | -12.66%                          | \$6,095                                 | \$5,867         | \$4,215         | \$4,601         | 10.82%                           |
|  |        |                                    |                 |                 |                 |                                  |   |                 |                 |                 |                                  |
| Saint Vincent Surgery <sup>1, 15</sup>   | 2      | \$6,160                            | \$6,229         | \$6,602         | \$7,517         | -6.02%                           | \$5,255                                 | \$5,397         | \$5,698         | \$5,878         | -3.53%                           |
| Zitelli South Amb <sup>1, 5, 14</sup>    | 2      | \$150                              | NA              | NA              | NA              | NA                               | \$150                                   | NA              | NA              | NA              | NA                               |
|  |        |                                    |                 |                 |                 |                                  |   |                 |                 |                 |                                  |
| Centre Community <sup>15</sup>           | 4      | \$4,682                            | \$4,238         | \$3,670         | \$3,400         | 12.56%                           | \$3,775                                 | \$3,288         | \$2,938         | \$2,614         | 14.81%                           |
| Endoscopy Center PA <sup>1, 15</sup>     | 4      | \$728                              | \$140           | NA              | NA              | NA                               | \$761                                   | \$564           | NA              | NA              | NA                               |
|  |        |                                    |                 |                 |                 |                                  |   |                 |                 |                 |                                  |
| Aesthetic Reconstruct <sup>1, 14</sup>   | 5      | \$91                               | NR              | \$80            | \$46            | 32.92%                           | \$92                                    | NR              | \$55            | \$27            | 80.93%                           |
| Apple Hill Surgical Center               | 5      | \$6,712                            | \$6,029         | \$5,704         | \$4,984         | 11.56%                           | \$4,035                                 | \$3,728         | \$3,716         | \$3,481         | 5.30%                            |
| Digestive Disease Inst <sup>1, 15</sup>  | 5      | NR                                 | \$341           | \$255           | \$227           | NR                               | NR                                      | \$302           | \$259           | \$252           | NR                               |
| Grandview Surgery <sup>1, 15</sup>       | 5      | \$4,959                            | \$5,266         | \$4,884         | \$4,141         | 6.58%                            | \$3,178                                 | \$3,012         | \$2,769         | \$2,648         | 6.68%                            |
| Hanover SurgiCenter                      | 5      | \$1,849                            | \$1,822         | \$1,585         | \$1,848         | 0.03%                            | \$2,064                                 | \$2,115         | \$2,018         | \$1,607         | 9.49%                            |
| Healthsouth Lancaster <sup>1, 15</sup>   | 5      | \$5,607                            | \$5,642         | \$6,853         | \$6,632         | -5.15%                           | \$5,118                                 | \$4,282         | \$5,009         | \$4,663         | 3.25%                            |
| Lebanon Outpatient <sup>1, 15</sup>      | 5      | \$3,365                            | \$3,148         | \$3,224         | \$2,519         | 11.20%                           | \$2,784                                 | \$2,738         | \$2,806         | \$2,464         | 4.34%                            |
| Pennsylvania Eye Surgery <sup>1</sup>    | 5      | \$1,541                            | NR              | NR              | NR              | NR                               | \$1,175                                 | NR              | \$726           | \$681           | 24.20%                           |
| Premier Ophthalmology <sup>1, 4</sup>    | 5      | \$1,549                            | \$1,351         | \$1,351         | \$601           | 52.63%                           | \$1,446                                 | \$1,132         | \$1,132         | \$534           | 56.91%                           |
| Surgical Center of York <sup>15</sup>    | 5      | \$2,892                            | \$2,446         | \$2,109         | \$2,454         | 5.95%                            | \$2,543                                 | \$2,434         | \$2,302         | \$2,421         | 1.69%                            |
| West Shore Endoscopy <sup>1, 15</sup>    | 5      | \$1,128                            | \$1,048         | \$1,314         | \$1,093         | 1.07%                            | \$612                                   | \$613           | \$865           | \$785           | -7.34%                           |

TABLE A-2 (cont.)

| Ambulatory Surgery Centers               | Region | Operating Margin FY98 | Total Margin FY98 | 3-yr Average Total Margin FY96-FY98 | Medicare Share of NPR FY98 | Medical Assistance Share of NPR FY98 | Visits FY98  |
|--|--------|-----------------------|-------------------|-------------------------------------|----------------------------|--------------------------------------|--------------|
| <b>Weighted Average</b>                  |        | <b>11.42%</b>         | <b>11.16%</b>     | <b>13.28%</b>                       | <b>ID</b>                  | <b>ID</b>                            | <b>3,431</b> |
| Aestique Ambulatory <sup>1, 15</sup>     | 1      | 4.06%                 | 5.13%             | 1.86%                               | 43.85%                     | NR                                   | 2,125        |
| Hlthsth Mt Pleasant <sup>1, 15</sup>     | 1      | -3.13%                | -3.13%            | -53.39%                             | 39.72%                     | 3.22%                                | 1,782        |
| Jefferson Surgery Center                 | 1      | 15.42%                | 21.24%            | 21.39%                              | 36.10%                     | 1.55%                                | 7,097        |
| John A. Zitelli Amb <sup>1, 14, 15</sup> | 1      | 0.00%                 | 0.00%             | 0.25%                               | NR                         | NR                                   | NR           |
| Lowry SurgiCenter <sup>1, 14</sup>       | 1      | 1.43%                 | 1.43%             | -3.44%                              | NR                         | NR                                   | NR           |
| Mt Lebanon Surgical <sup>14</sup>        | 1      | -5.58%                | -5.09%            | 7.58%                               | NR                         | NR                                   | NR           |
| North Shore Surgi <sup>1, 14</sup>       | 1      | 4.78%                 | 4.78%             | NR                                  | NR                         | NR                                   | NR           |
| Shadyside Surgi <sup>1, 14</sup>         | 1      | NR                    | NR                | NR                                  | NR                         | NR                                   | NR           |
| Southwestern Amb <sup>1, 14</sup>        | 1      | 7.37%                 | 7.43%             | NR                                  | NR                         | NR                                   | NR           |
| Southwestern PA Eye <sup>1, 14</sup>     | 1      | 58.52%                | 58.52%            | NR                                  | NR                         | NR                                   | NR           |
| Surgi Center at Ligonier <sup>15</sup>   | 1      | 20.82%                | 21.63%            | 28.33%                              | NR                         | NR                                   | 1,341        |
| Three River Endoscopy <sup>1, 14</sup>   | 1      | 6.91%                 | 6.91%             | NA                                  | NR                         | NR                                   | NR           |
| UPMC Monroeville Surgery <sup>14</sup>   | 1      | -72.19%               | -72.19%           | -31.37%                             | NR                         | NR                                   | NR           |
|  |        |                       |                   |                                     |                            |                                      |              |
| Saint Vincent Surgery <sup>1, 15</sup>   | 2      | 14.69%                | 16.03%            | 14.89%                              | NR                         | NR                                   | 6,381        |
| Zitelli South Amb <sup>1, 5, 14</sup>    | 2      | 0.00%                 | 0.00%             | NA                                  | NR                         | NR                                   | NR           |
|  |        |                       |                   |                                     |                            |                                      |              |
| Centre Community <sup>15</sup>           | 4      | 19.57%                | 19.57%            | 20.76%                              | NR                         | NR                                   | 5,401        |
| Endoscopy Center PA <sup>1, 15</sup>     | 4      | 12.84%                | 12.84%            | NA                                  | NR                         | NR                                   | 2,124        |
|  |        |                       |                   |                                     |                            |                                      |              |
| Aesthetic Reconstruct <sup>1, 14</sup>   | 5      | -0.74%                | -0.74%            | NR                                  | NR                         | NR                                   | NR           |
| Apple Hill Surgical Center               | 5      | 39.88%                | 40.44%            | 38.48%                              | 26.55%                     | 1.02%                                | 9,385        |
| Digestive Disease Inst <sup>1, 15</sup>  | 5      | NR                    | NR                | NR                                  | NR                         | NR                                   | 1,270        |
| Grandview Surgery <sup>1, 15</sup>       | 5      | 36.20%                | 36.20%            | 41.04%                              | 14.35%                     | 0.39%                                | 3,554        |
| Hanover SurgiCenter                      | 5      | -11.63%               | -11.63%           | -17.87%                             | 38.16%                     | 2.39%                                | 2,305        |
| Healthsouth Lancaster <sup>1, 15</sup>   | 5      | 10.29%                | 10.29%            | 21.12%                              | 17.26%                     | 0.98%                                | 5,620        |
| Lebanon Outpatient <sup>1, 15</sup>      | 5      | 17.45%                | 17.45%            | 15.03%                              | 56.39%                     | NR                                   | 4,653        |
| Pennsylvania Eye Surgery <sup>1</sup>    | 5      | 23.73%                | 24.31%            | NR                                  | NR                         | NR                                   | NR           |
| Premier Ophthalmology <sup>1, 4</sup>    | 5      | 6.70%                 | 6.70%             | 12.75%                              | 69.40%                     | 2.86%                                | 2,026        |
| Surgical Center of York <sup>15</sup>    | 5      | 12.14%                | 12.14%            | 2.33%                               | NR                         | NR                                   | 3,661        |
| West Shore Endoscopy <sup>1, 15</sup>    | 5      | 45.72%                | 45.72%            | 40.23%                              | 33.03%                     | 0.52%                                | NR           |

See Footnotes on Page 43.

FINANCIAL ANALYSIS '98: VOLUME TWO

TABLE A-2 (cont.)

| Ambulatory Surgery Centers                  | Region | Net Patient Revenue<br>NPR (thousand) |         |         |         | 3-yr Avg<br>Change<br>in NPR<br>FY95-FY98 | Total Operating Expenses<br>TOE (thousand) |         |         |         | 3-yr Avg<br>Change<br>in TOE<br>FY95-FY98 |
|---|--------|---------------------------------------|---------|---------|---------|---|--|---------|---------|---------|---|
|   |        | FY98                                  | FY97    | FY96    | FY95    |   | FY98                                       | FY97    | FY96    | FY95    |   |
| Eye Clinic Ambulatory <sup>1, 4, 14</sup>   | 6      | NR                                    | \$1,272 | \$1,109 | \$1,003 | NR  | NR   | \$991   | \$1,056 | \$939   | NR  |
| Healthsouth Scranton <sup>1, 15</sup>       | 6      | \$3,196                               | \$2,809 | \$2,954 | \$2,509 | 9.14%                                     | \$2,599                                    | \$1,913 | \$2,244 | \$2,126 | 7.41%                                     |
| NEI Ambulatory Surgery <sup>1, 14</sup>     | 6      | \$3,328                               | \$2,683 | \$2,422 | \$2,271 | 15.52%                                    | \$2,455                                    | \$2,183 | \$1,900 | \$1,912 | 9.47%                                     |
| Pocono Ambulatory Surgery <sup>1</sup>      | 6      | \$2,092                               | \$1,998 | \$1,960 | \$1,842 | 4.53%                                     | \$1,634                                    | \$1,574 | \$1,493 | \$1,512 | 2.68%                                     |
| Wyoming Valley Surgery Ctr                  | 6      | \$2,170                               | \$1,902 | \$359   | NA      | NA  | \$2,616                                    | \$2,389 | \$571   | NA      | NA  |
| Exeter Surgery Ctr <sup>1, 12, 15</sup>     | 7      | \$995                                 | NA      | NA      | NA      | NA  | \$1,119                                    | NA      | NA      | NA      | NA  |
| Fairgrounds Surgical Ctr <sup>1, 15</sup>   | 7      | \$5,430                               | \$5,319 | \$5,865 | \$5,425 | 0.03%                                     | \$5,253                                    | \$5,342 | \$5,056 | \$4,986 | 1.79%                                     |
| Northwood Surgery Ctr <sup>1, 14</sup>      | 7      | NR                                    | NR      | NA      | NA      | NA  | NR   | NR      | NA      | NA      | NA  |
| Twin Rivers Endoscopy <sup>5, 14</sup>      | 7      | \$53                                  | NA      | NA      | NA      | NA  | \$141                                      | NA      | NA      | NA      | NA  |
| Abington Surgical Center <sup>15</sup>      | 8      | \$7,572                               | \$6,329 | \$5,526 | \$5,106 | 16.10%                                    | \$5,425                                    | \$5,031 | \$4,297 | \$3,999 | 11.89%                                    |
| Delaware Valley Laser <sup>1, 12</sup>      | 8      | \$1,812                               | \$1,644 | \$1,577 | NA      | NA  | \$1,084                                    | \$1,097 | \$1,122 | NA      | NA  |
| Dermatolog Drexel Hill <sup>1, 12, 14</sup> | 8      | NR                                    | NR      | \$157   | NR      | NR  | NR   | NR      | \$177   | NR      | NR  |
| Ft Washington Surgery <sup>1, 14</sup>      | 8      | NR                                    | NA      | NA      | NA      | NA  | NR   | NA      | NA      | NA      | NA  |
| Paoli Surgery Center <sup>1</sup>           | 8      | \$4,377                               | \$4,048 | \$4,163 | \$1,526 | 62.30%                                    | \$4,010                                    | \$3,557 | \$3,949 | \$1,563 | 52.20%                                    |
| Surgery Center Bucks <sup>14</sup>          | 8      | \$1,479                               | \$397   | \$88    | NA      | NA  | \$2,002                                    | \$1,352 | \$644   | NA      | NA  |
| Surgery Center Chester <sup>1, 15</sup>     | 8      | \$1,461                               | \$1,330 | \$1,411 | \$1,385 | 1.82%                                     | \$1,613                                    | \$1,570 | \$1,604 | \$1,699 | -1.70%                                    |
| The Eye Surgery Center <sup>1, 14</sup>     | 8      | \$5,191                               | \$4,459 | NR      | \$3,882 | 11.24%                                    | \$5,629                                    | \$3,879 | NR      | \$4,082 | 12.63%                                    |
| Wills Eye Surgery Plymouth <sup>14</sup>    | 8      | \$1,431                               | \$479   | NA      | NA      | NA  | \$1,778                                    | \$1,221 | NA      | NA      | NA  |
| Chestnut Hill Outpatient <sup>5</sup>       | 9      | NR                                    | \$3,015 | \$3,443 | \$3,396 | NR  | NR   | \$3,076 | \$3,481 | \$3,448 | NR  |
| Dermatologic Phil <sup>1, 12, 14</sup>      | 9      | NR                                    | NR      | \$105   | NR      | NR  | NR   | NR      | \$145   | NR      | NR  |
| Wills Eye Surgery NE <sup>14</sup>          | 9      | \$1,296                               | \$669   | \$125   | NA      | NA  | \$1,363                                    | \$1,182 | \$495   | NA      | NA  |

TABLE A-2 (cont.)

| Ambulatory Surgery Centers                  | Region | Operating Margin FY98 | Total Margin FY98 | 3-yr Average Total Margin FY96-FY98 | Medicare Share of NPR FY98 | Medical Assistance Share of NPR FY98 | Visits FY98 |
|---|--------|-----------------------|-------------------|-------------------------------------|----------------------------|--------------------------------------|-------------|
| Eye Clinic Ambulatory <sup>1, 4, 14</sup>   | 6      | NR                    | NR                | NR                                  | NR                         | NR                                   | NR          |
| Healthsouth Scranton <sup>1, 15</sup>       | 6      | 20.11%                | 20.11%            | 25.43%                              | NR                         | NR                                   | NR          |
| NEI Ambulatory Surgery <sup>1, 14</sup>     | 6      | 26.55%                | 26.55%            | 22.72%                              | NR                         | NR                                   | NR          |
| Pocono Ambulatory Surgery <sup>1</sup>      | 6      | 21.91%                | 21.95%            | 22.39%                              | 29.74%                     | 3.09%                                | 2,403       |
| Wyoming Valley Surgery Ctr                  | 6      | -19.80%               | -19.80%           | -24.94%                             | 40.62%                     | 1.60%                                | 2,206       |
|   |        |                       |                   |                                     |                            |                                      |             |
| Exeter Surgery Ctr <sup>1, 12, 15</sup>     | 7      | -12.49%               | -12.49%           | NA                                  | NR                         | NR                                   | 838         |
| Fairgrounds Surgical Ctr <sup>1, 15</sup>   | 7      | 3.25%                 | 3.36%             | 5.39%                               | 26.87%                     | 0.91%                                | 5,934       |
| Northwood Surgery Ctr <sup>1, 14</sup>      | 7      | NR                    | NR                | NA                                  | NR                         | NR                                   | NR          |
| Twin Rivers Endoscopy <sup>5, 14</sup>      | 7      | -167.11%              | -167.11%          | NA                                  | NR                         | NR                                   | NR          |
|   |        |                       |                   |                                     |                            |                                      |             |
| Abington Surgical Center <sup>15</sup>      | 8      | 28.73%                | 28.73%            | 25.30%                              | NR                         | NR                                   | 9,105       |
| Delaware Valley Laser <sup>1, 12</sup>      | 8      | 40.15%                | 40.15%            | 34.35%                              | 52.80%                     | 4.71%                                | 2,011       |
| Dermatolog Drexel Hill <sup>1, 12, 14</sup> | 8      | NR                    | NR                | NR                                  | NR                         | NR                                   | 729         |
| Ft Washington Surgery <sup>1, 14</sup>      | 8      | NR                    | NR                | NA                                  | NR                         | NR                                   | 209         |
| Paoli Surgery Center <sup>1</sup>           | 8      | 8.48%                 | 8.48%             | 8.73%                               | NR                         | NR                                   | 4,661       |
| Surgery Center Bucks <sup>14</sup>          | 8      | -35.39%               | -81.91%           | -152.13%                            | NR                         | NR                                   | NR          |
| Surgery Center Chester <sup>1, 15</sup>     | 8      | -10.39%               | -9.37%            | -13.33%                             | NR                         | NR                                   | 1,876       |
| The Eye Surgery Center <sup>1, 14</sup>     | 8      | -8.44%                | -7.99%            | NR                                  | NR                         | NR                                   | NR          |
| Wills Eye Surgery Plymouth <sup>14</sup>    | 8      | -24.22%               | -24.22%           | NA                                  | NR                         | NR                                   | NR          |
|   |        |                       |                   |                                     |                            |                                      |             |
| Chestnut Hill Outpatient <sup>5</sup>       | 9      | NR                    | NR                | NR                                  | NR                         | NR                                   | NR          |
| Dermatologic Phil <sup>1, 12, 14</sup>      | 9      | NR                    | NR                | NR                                  | NR                         | NR                                   | 517         |
| Wills Eye Surgery NE <sup>14</sup>          | 9      | -5.20%                | -70.39%           | 49.96%                              | NR                         | NR                                   | NR          |

NR - Information necessary to report or calculate this measure was not provided by facility.

NA - Not Applicable.

ID - Insufficient data to compute a statewide average.

See Footnotes on Page 43.

## *Footnotes*

1. The end of the fiscal year is other than June 30; the data reflect the fiscal year that ended prior to June 30.
2. Not a Medicare provider.
3. Medicare cost report and audited financial statements cover different 12-month periods.
4. Medicare cost report is combined with another facility.
5. Less or more than 12 months of data.
6. The hospital has specialty units such as psychiatric, rehabilitation, long term care, skilled nursing facilities, etc.
7. The hospital has a home health agency.
8. Extraordinary item reported on audited financial statement.
9. Balance sheet ratios are for the parent organization.
10. Acquired or merged with another licensed hospital during the FY98 reporting period.
11. Acquired or merged with another licensed hospital during the FY96 or FY97 reporting periods.
12. For-profit facility; no for-profit GAC hospitals existed in FY98.
13. Facility is referred to as a different name after FY98 reporting period.
14. Not in compliance with one or more of the Council financial document requirements.
15. Incomplete data.

***Non-GAC Hospitals and Ambulatory Surgery Centers  
not in compliance with one or more of the  
Council's financial filing requirements.***

|   |  |
|---|--|
| Charter Fairmount Institute               | Aesthetic & Reconstructive Surgery                       |
| Chestnut Hill Rehabilitation Hospital     | Dermatologic Surgi Center /Drexel Hill                   |
| Children's Seashore House                 | Dermatologic Surgi Center /Philadelphia                  |
| Clarion Psychiatric Center                | Eye Clinic Ambulatory Surgical Center, Inc               |
| Delaware Valley Mental Health Foundation  | Fort Washington Surgery Center                           |
| Edgewater Psychiatric Center              | John A. Zitelli, M.D., P.C., Ambulatory Surgery Facility |
| Eugenia Hospital                          | Lowry SurgiCenter  |
| First Hospital of Wyoming Valley          | Mt. Lebanon Surgical Center                              |
| Friends Hospital                          | NEI Ambulatory Surgery                                   |
| Horsham Hospital                          | North Shore Surgi-Center                                 |
| Huntington Hospital                       | Northwood Surgery Center                                 |
| Lakewood Psychiatric Hospital             | Shadyside Surgi-Center, Inc.                             |
| Malvern Institute                         | Southwestern Ambulatory Surgery Center                   |
| Mapleton Psychiatric Institute            | Southwestern Pennsylvania Eye Surgery Center             |
| Montgomery County MH/MR Emergency Service | Surgery Center of Bucks County                           |
| Northwestern Institute of Psychiatry      | The Eye Surgery Center                                   |
| Philhaven Hospital                        | Three Rivers Endoscopy Center                            |
| Reading Rehabilitation Hospital           | Twin Rivers Endoscopy Center                             |
| Southwood Psychiatric Hospital            | UPMC Monroeville Surgery Center                          |
| The Child Guidance Center of the CHP      | Wills Eye Surgery Center of Plymouth Meeting             |
| Valley Forge Medical Center & Hospital    | Wills Eye Surgery Center of the Northeast                |
| Vencor Hospital /Pittsburgh               | Zitelli South Ambulatory Surgical Center                 |
| Villa Saint John Vianney Hospital         |  |
| Warren Dental Arts Hospital               |  |

## Glossary

**Ambulatory Surgery Center (ASC):** A facility, not located on the premises of a hospital, that provides outpatient surgery to patients who do not require overnight hospitalization but who do require medical supervision following the procedure. An ambulatory surgical facility does not include individual or group practice offices of private physicians or dentists, unless such offices have a distinct part used for outpatient surgical treatment on a regular basis.

**Commercial Third-Party Payor:** Commercial insurers encompass all indemnity and managed care health insurance plans, including Blue Cross and Blue Shield plans, and hospital and healthcare system plans. Medical Assistance and Medicare reimbursements administered by a commercial insurer are included under the Medicare and Medical Assistance payor type.

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

**Long Term Acute Care (LTAC) Hospital:** An acute care facility where the average length of stay is typically over 30 days.

**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 is the estimated actual revenue received by the hospital or surgery center for patient care. Estimates include retroactive adjustments for care provided during the fiscal year under reimbursement agreements with third-party payors. Corrections to revenue estimates are made in future periods as settlements are made with third-party payors.

**Occupancy Rate:** The average daily inpatient occupancy rate for staffed beds. The occupancy rate reflects what percent of the staffed beds are occupied on the average day. (patient days / bed days available)

**Operating Income:** The amount by which total operating revenue exceeds operating expenses. (total operating revenue – 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. (operating income / total operating revenue)

**Outpatient Visits:** The number of visits to the individual outpatient units of a hospital or ambulatory surgery center during the fiscal year. Visits do not reflect the visits made by hospital staff to a patient's home.

**Patient Days:** Each day a patient stays in an inpatient facility is considered a patient day.

**Psychiatric Hospital:** An institution, other than a GAC hospital, engaged in providing acute short-term psychiatric services on an inpatient basis and may also offer long term residential programs. Acute psychiatric care is rendered in response to severe psychiatric conditions requiring intervention to bring the patient's symptoms under control.

**Rehabilitation Hospitals:** An inpatient facility, other than a GAC hospital, which is operated for the primary purpose of assisting in the rehabilitation of disabled persons through an integrated program of medical and other services. Rehabilitation facilities do not include freestanding facilities for the treatment of drug and alcohol related conditions.



**Staffed Beds:** Number of beds that are set up and staffed at the end of the hospital's fiscal year.

**Total Income (Revenue over Expenses):** Total income reflects the sum of operating income and nonoperating income. Total income may also include an extraordinary item such as the gain or loss from the sale of a security.

**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. (revenue over expenses / 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 acquisitions of durable equipment and other property are not considered expenses but 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:** All revenues allocated by the hospital to meet operating expenses. Includes revenue sources such as: net patient revenue, investment income, grants, and revenue from other operations such as the cafeteria, parking, rent, research and educational activities. Individual hospitals may also allocate investment income, grants, etc. as nonoperating income.

**Total Revenue:** Operating revenue plus nonoperating income. The nonoperating income component typically includes unrestricted contributions and investment income.

**Turnover Rate:** The number of times that the average patient population is discharged from a facility during the fiscal year. Turnover rate is calculated by dividing the number of discharges during the fiscal year by the average daily patient population. Average daily patient population can be calculated by multiplying the occupancy rate by the number of staffed beds. Turnover rate provides some insight into the length of stay for hospital categories where some patients may stay longer than one year, and average length of stay cannot be calculated from annual patient day and discharge data.

**Uncompensated Care Share to NPR:** The ratio of uncompensated care (charity care and bad debt) to net patient revenue. This measure puts the foregone revenue resulting from the care a hospital provides without compensation in perspective with net patient revenue. Charity care is the care a hospital provides without charges because the patient is unable to compensate the hospital either through third-party coverage or the patient's own resources. Bad debt expense represents the foregone revenue for care in which the hospital initially anticipated payment, extended credit to the patient, and later determined to be uncollectable. Annual charity care amounts reported as charges or costs have been adjusted to a revenue (NPR) basis. (foregone revenue of charity care + bad debt) / NPR

**Weighted Average:** Three-year average change in Net Patient Revenue (NPR) and three-year average change in Total Operating Expenses (TOE) were calculated by summing FY98 figures and FY95 figures, then placing sums in the following equation:  $((NPR_{98} - NPR_{95}) / NPR_{95}) / 3$  or  $((TOE_{98} - TOE_{95}) / TOE_{95}) / 3$ . Weighted averages were similarly calculated for Operating Margin, Total Margin, Three-Year Average Total Margin, Uncompensated Care to NPR, Medicare Share of NPR, and Medical Assistance Share of NPR. Averages include estimated data for facilities not reporting.

NOTE: All utilization data excludes routine newborn/nursery.

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