

Financial Analysis 2008

Volume Two

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

Fiscal Year 2008

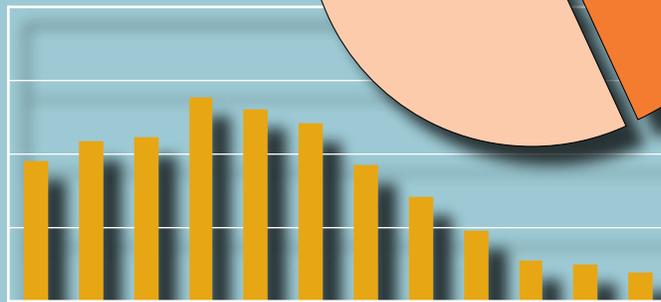
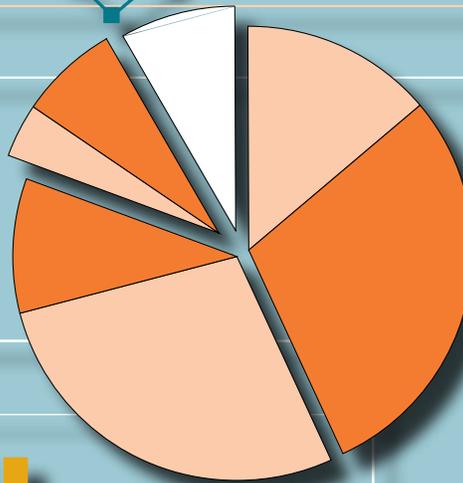


Table of Contents

Key Findings	1
Overview	2
Ambulatory Surgery Center Care	8
Rehabilitation Care	22
Psychiatric Care	34
Long-Term Acute Care	46
Specialty Care	56
Footnotes and Regional Map.....	58
Explanation of Terms and Measures.	59

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

TABLE 1
Number of Facilities, FY08
by Facility Type

Facility Type	Number of Facilities
General Acute Care Hospitals	170
Rehabilitation Hospitals	21
Psychiatric Hospitals	17
State Psychiatric Hospitals	8
Long-Term Acute Care Hospitals	26
Specialty Hospitals	6
Ambulatory Surgery Centers	244
Total	492

Introduction

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

This is the second volume of a two-volume series. *Volume One*, released in June 2009, focused on the financial health of Pennsylvania's general acute care (GAC) hospitals. This report, *Volume Two*, addresses Pennsylvania's freestanding ambulatory surgery centers and other non-general acute care (non-GAC) hospitals (rehabilitation, psychiatric, long-term acute and specialty).

This report provides individual profiles of each of the provider categories for freestanding non-GAC facilities, as well as subunits of GAC hospitals that provide care in those categories. For example, the psychiatric subunits of GAC hospitals are addressed in the Psychiatric Care section along with the freestanding psychiatric hospitals.

Table 1 lists the number of licensed facilities in each category that operated for more than six months during the fiscal year 2008 (FY08).

The FY08 reporting year for this report is each facility's accounting year that ended during 2008. For most of the non-GAC facilities, the reporting year is the calendar year ending December 31, 2008. For those facilities that do not utilize a calendar year, the reporting year typically ended on June 30, 2008.

This report presents statewide data on utilization and capacity. While the statewide data on utilization generally reflects the overall trends in the level of patient care and staffed beds in Pennsylvania, statewide utilization and capacity data must be viewed as a compilation of often unrelated local markets. For example, the addition or removal of LTAC staffed beds in one region of the Commonwealth may have little or no effect on the availability of LTAC care in the other regions of Pennsylvania.

Information in this report was derived from annual financial statements and data submissions, quarterly inpatient discharge and ambulatory/outpatient procedure filings and supplemental information supplied by each facility. Every reasonable effort has been made to ensure the accuracy of the information. Each facility had the opportunity to review its data and make corrections. The ultimate responsibility for data accuracy lies with the individual facility.

Key Findings

- The number of licensed ambulatory surgery centers (ASCs) in Pennsylvania continues to grow. As of May 2009, there were 261 ASCs in the state; ten years ago, there were only 61 ASCs. The number of reporting ASCs in this fiscal year 2008 (FY08) analysis is 226.
- The statewide average total margin for the ASCs increased 1.75 points in FY08, from 24.31% in FY07 to 26.06% in FY08. The statewide average operating margin for the ASCs increased 1.94 points from 24.11% in FY07 to 26.05% in FY08. The FY08 statewide average total margin for the ASCs is the highest average total margin in ten years.
- There has been a 65.1% growth in the total number of outpatient diagnostic and surgical (D&S) procedures performed in Pennsylvania between FY00 and FY08. Over 62.8% of that growth has occurred at the ASCs.
- The statewide average total margin for the 21 rehabilitation hospitals improved 1.17 points in FY08, from 10.32% in FY07 to 11.49% in FY08. The statewide average operating margin fell 0.13 point from 9.03% in FY07 to 8.90% in FY08.
- Although the total number of discharges receiving rehabilitation care at both rehabilitation hospitals and GAC rehabilitation units decreased 0.5% during FY08, the number of discharges at the rehabilitation hospitals increased during FY08 – the first time in six years.
- For the fourth consecutive year, the 17 freestanding psychiatric hospitals as a group have posted an increase in the statewide average operating margin. The statewide average operating margin grew another 0.27 point in FY08, from 5.69% in FY07 to 5.96% in FY08. The statewide average total margin increased 0.75 point from 3.80% in FY07 to 4.55% in FY08.
- The statewide average operating margin for the 26 long-term acute care (LTAC) hospitals fell 0.78 point in FY08, from 3.09% in FY07 to 2.31% in FY08. The statewide average total margin decreased 1.13 points from 3.20% in FY07 to 2.07% in FY08.
- During FY08, LTAC discharges remained relatively similar for all payors except for Medicare. While overall Medicare discharges increased 1.6%, the Medicare indemnity discharges decreased 2.7%, and the discharges for Medicare managed care increased 11.1%.

Overview

Overview

General acute care (GAC) hospitals (including GAC sub-units) clearly are the predominate providers of hospital-based health care in Pennsylvania. The 170 GAC hospitals received 93.2% of statewide net patient revenue and treated 95.2% of patients receiving inpatient care (discharges) during fiscal year 2008 (FY08). Similarly, the 39.3 million outpatient visits reported by the GAC hospitals represent 92.7% of the total visits to all hospitals and ambulatory surgery centers (ASCs).

All of the figures and tables in this section, except Figure O-1 and Table O-3, present a variety of information by facility type. These figures and tables reflect all care provided at each type of facility. For example, the patient days for long-term acute care (LTAC) hospitals include “medical-surgical” (med-surg) plus the psychiatric and the relatively small amount of skilled nursing care provided at the LTAC hospitals. In contrast, Figure O-1 and Table O-3 present patient days by type of care (e.g., psychiatric care), regardless of where that care was delivered. For example, statewide psychiatric

care includes services provided at freestanding psychiatric, GAC, LTAC, and specialty hospitals.

Table O-1 displays the differences in the average revenue per day and discharge at the five types of facilities. While a number of factors affect the revenue that hospitals receive, the variation in the average revenue per day provides some indication of the differences in resources required to treat patients in the different facility categories. For example, the revenue per day at rehabilitation hospitals is more than double the average for psychiatric hospitals. This disparity exists, in large part,

TABLE O-1
Net Inpatient Revenue, Beds, Days, and Discharges, FY08
by Facility Type

Facility Type	Staffed Beds	Patient Days	Discharges	Net Inpatient Revenue (thousands)	Average Inpatient Revenue per Day	Average Inpatient Revenue per Discharge
General Acute Care Hospitals	37,468	9,650,783	1,827,169	\$19,182,494	\$1,988	\$10,498
Rehabilitation Hospitals	1,766	417,077	27,270	\$454,142	\$1,089	\$16,654
Psychiatric Hospitals*	2,055	591,751	44,592	\$317,329	\$536	\$7,116
Long-term Acute Care Hospitals	1,316	302,594	10,527	\$408,559	\$1,350	\$38,811
Specialty Hospitals	536	152,417	10,835	\$53,258	\$349	\$4,915
Total	43,141	11,114,622	1,920,393	\$20,415,781	\$1,837	\$10,631

* Excludes state psychiatric hospitals

Overview

TABLE 0-2
Net Outpatient Revenue and Visits, FY08
 by Facility Type

Facility Type	Visits	Outpatient Revenue (thousands)	Average Outpatient Revenue per Visit
General Acute Care Hospitals	39,286,391	\$12,399,145	\$316
Total Non-GAC	3,098,256	\$1,071,851	\$346
Rehabilitation Hospitals	1,272,480	\$111,001	\$87
Psychiatric Hospitals*	567,215	\$55,783	\$98
Long-Term Acute Care Hospitals	96,084	\$13,441	\$140
Specialty Hospitals	226,395	\$71,814	\$317
Ambulatory Surgery Centers	936,082	\$819,811	\$876
Total	42,384,647	\$13,470,996	\$318

* Excludes state psychiatric hospitals

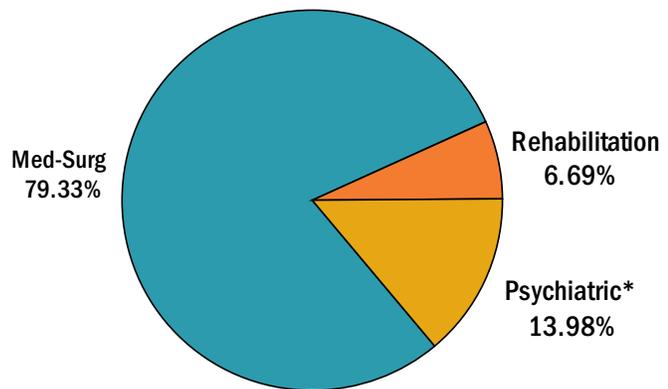
TABLE 0-3
Patient Days, FY08
 by Type of Care

Type of Services	Patient Days
Med-Surg **	8,229,687
Rehabilitation	694,203
Psychiatric *	1,450,173
Total	10,374,063

* Excludes state psychiatric hospitals

** Includes acute non-psychiatric care from LTAC hospitals

FIGURE 0-1
Patient Days, FY08
 by Type of Care



* Excludes state psychiatric hospitals

Overview

because rehabilitation hospitals generally provide care that is more resource intensive than psychiatric hospitals. In addition, Figure O-7 reveals that the average age of patients treated at rehabilitation facilities is more than twice the average age of patients at psychiatric hospitals.

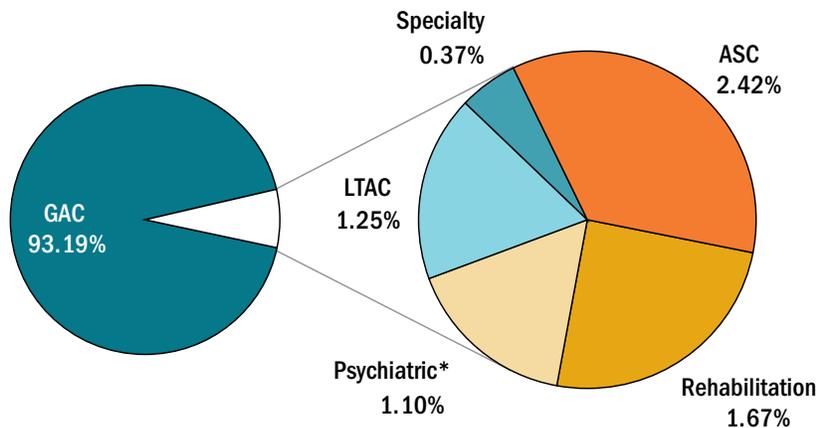
Typically, older patients require more resources than younger patients being treated for the same condition.

Applying the differences in the average lengths of stay presented in Figure O-6 to the variations in the average revenue per day result in large differences in

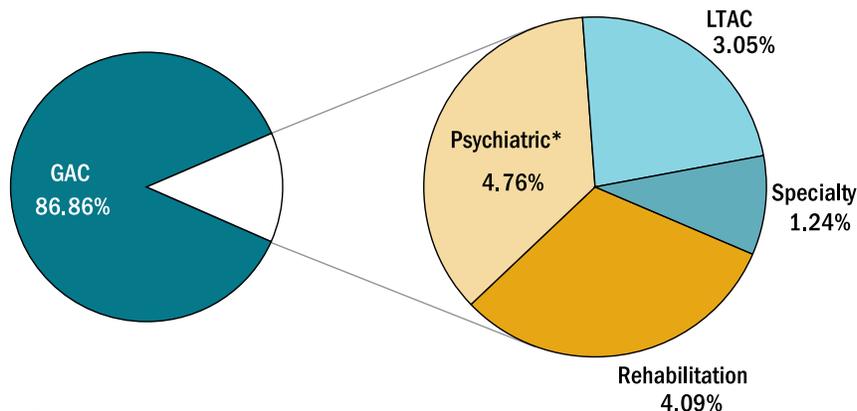
the average revenue per discharge across the different hospital settings. Table O-1 shows that the average revenue per discharge during FY08 ranges from \$4,915 at the specialty hospitals to \$38,811 at the LTAC hospitals.

During FY08, there were 3.1

**FIGURE O-2
Net Patient Revenue, FY08
by Facility Type**



**FIGURE O-3
Staffed Beds, FY08
by Facility Type**



* Excludes state psychiatric hospitals

Overview

million outpatient visits reported from the ASCs and the rehabilitation, psychiatric, long-term acute and specialty hospitals. Table O-2 shows a wide variation in the average outpatient revenue per visit across all facility categories. Like inpatient care, a primary reason for the diversity in revenue per visit among the facility

types is the variation in level of resources provided per visit. A psychiatric patient may receive care as a series of visits comprised of relatively short treatments while a patient at an ASC may be subject to an entire surgical procedure during a single visit. The average revenue per visit at GAC hospitals reflects re-

imbursements for a wide range of outpatient services.

The FY08 statewide average total margins for ASCs and psychiatric hospitals are the highest average margins that each of these two facility categories have posted in over ten years. The GAC hospitals operating and total margins peaked at

FIGURE O-4
Patient Days, FY08
by Facility Type

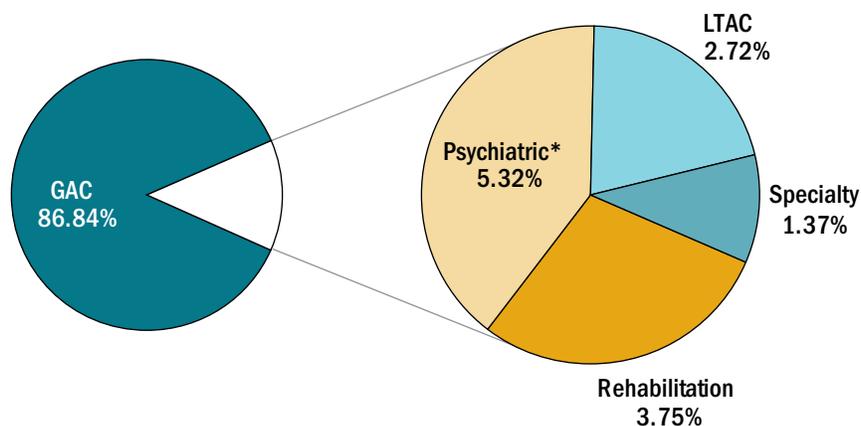
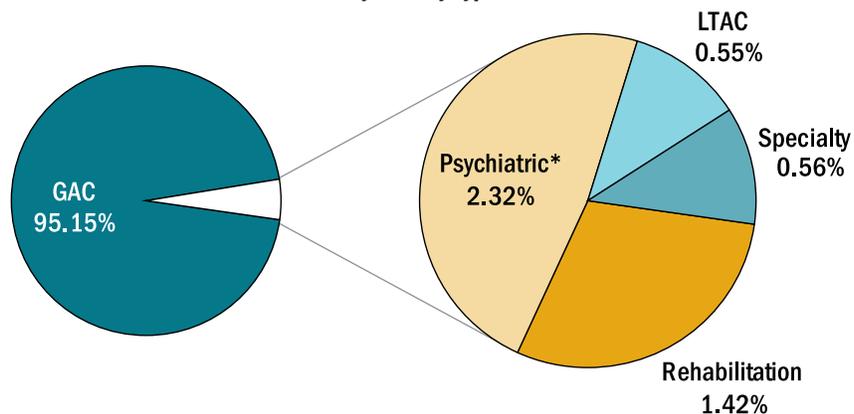


FIGURE O-5
Discharges, FY08
by Facility Type



* Excludes state psychiatric hospitals

their highest levels in FY07 and declined in FY08. The operating and total margins of LTAC facilities as a group have declined from their peak in FY04. Similarly, the FY08 statewide total and operating margins for rehabilitation hospitals have declined from the FY06 peak for total margin and FY05 peak for operating margin.

At 26.06%, the ASCs continue to have the highest average total margin among the six categories of health care facilities. In the seven years between FY01 and FY08, the statewide total margin for ASCs increased 14.64 points or an average of about 2.09 points per year. Contributing to the large difference between the average ASC total margin and the average total margin for the other facility types is that most of the facilities in the largely for-profit ASC sector report their net income on a pre-tax basis. The net income reported for the for-profit hospitals in the other facility categories is reported net of federal income taxes.

FIGURE O-6
Average Length of Stay, FY08
by Facility Type

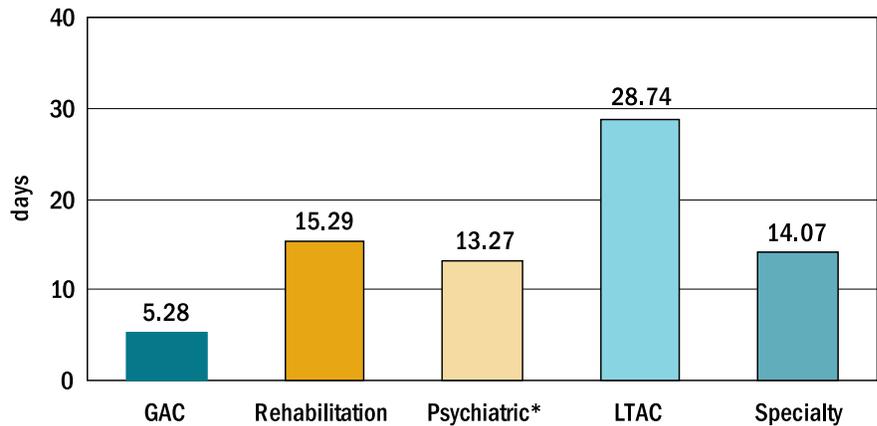
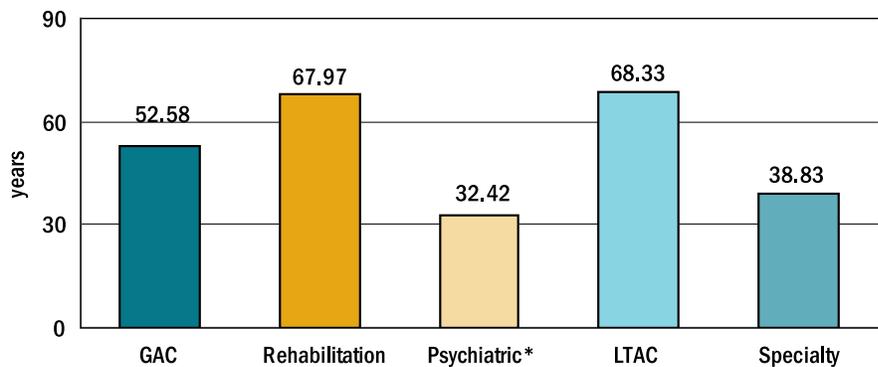


FIGURE O-7
Average Inpatient Patient Age, FY08
by Facility Type



* Excludes state psychiatric hospitals

Note: Information on the average age of patients receiving outpatient care at the GAC hospitals and the ASCs is presented in the text of the following Ambulatory Surgery Center Care Section.

FIGURE 0-8
Average Total Margin, FY08
by Facility Type

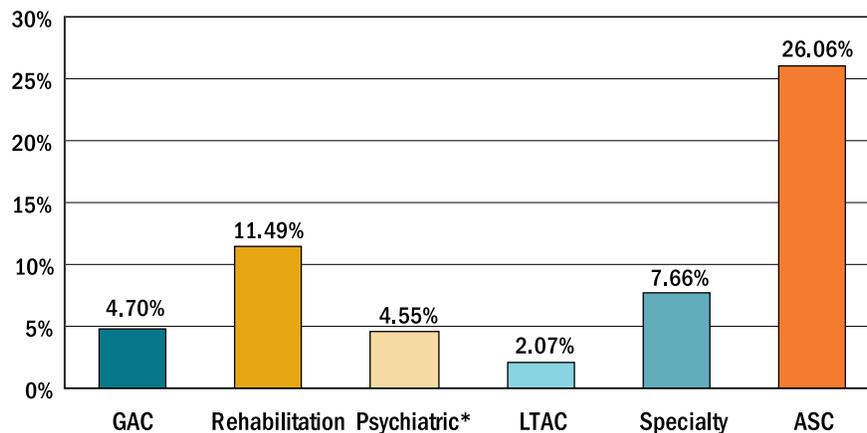
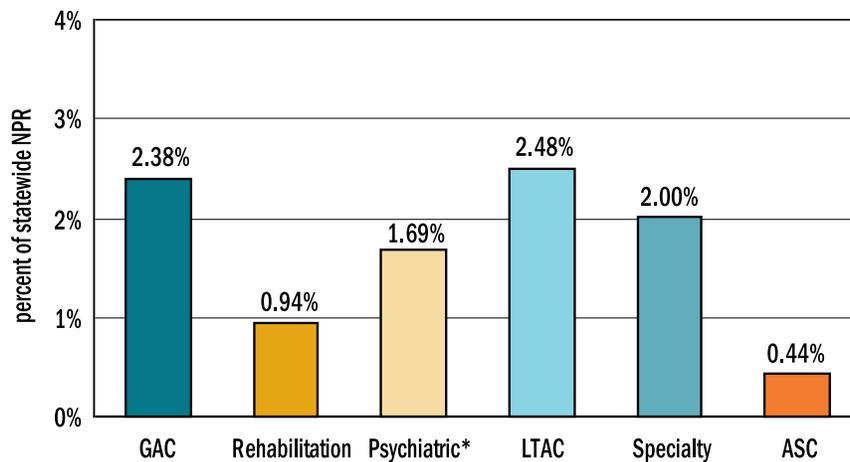


FIGURE 0-9
Percent of Uncompensated Care, FY08
by Facility Type



* Excludes state psychiatric hospitals

Ambulatory Surgery Center Care

Highlights

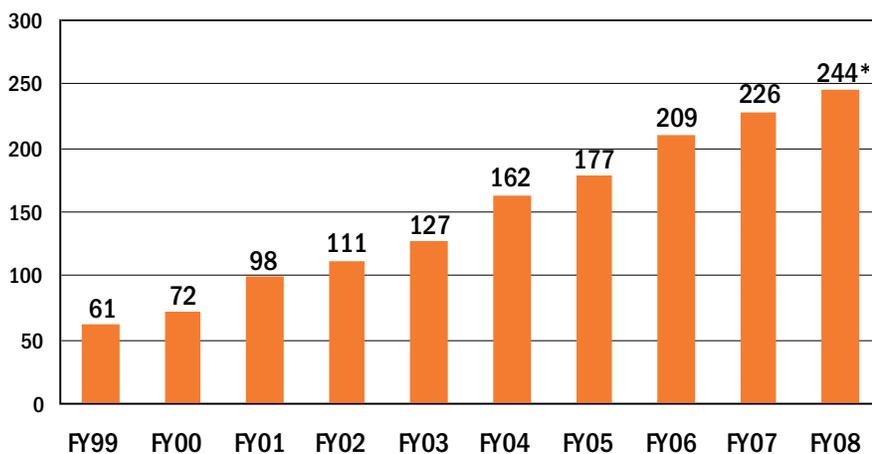
- The number of licensed ambulatory surgery centers (ASCs) in Pennsylvania continues to grow. Seventeen (17) new ASCs opened and three ASCs closed between June 2008 and May 2009, bringing the total to 261.
- GAC outpatient units reported a 13.7% increase in the number of outpatient diagnostic and surgical (D&S) procedures performed during FY08, and the ASCs reported a 14.5% increase in the number of D&S procedures performed during FY08.
- There has been a 65.1% growth in the total number of outpatient D&S procedures performed in Pennsylvania between FY00 and FY08. Over 62.8% of that growth has occurred at the ASCs.
- The statewide average total margin for the ASCs increased 1.75 points in FY08, from 24.31% in FY07 to 26.06% in FY08. The statewide average operating margin for the ASCs increased 1.94 points from 24.11% in FY07 to 26.05% in FY08.

The number of ambulatory surgery centers (ASCs) continues to grow, with 17 new facilities opening between June 2008 and May 2009. Three ASCs closed during the period, resulting in a net increase of 14 facilities. This brings the total to 261 licensed facilities. There were 226 ASCs that operated for more than six months during fiscal year 2008 (FY08) and submitted financial data to PHC4.

The \$819.8 million in net patient revenue reported by the 226 ASCs during FY08 is equal to only about 6.6% of the outpatient revenue received by the 170 general acute care (GAC) hospitals.

While the 6.6% increase in overall outpatient revenue is relatively modest, there has been a significant shift in the diagnostic and surgical (D&S) procedures¹ performed in an outpatient setting. During FY08, 30.9% or 824,921 of the total 2.7 million outpatient D&S procedures statewide were performed at the ASCs. This reflects more than a 20-point increase in the ASC share of total D&S procedures in eight years. In FY00, ASCs

FIGURE A-1
Statewide Ambulatory Surgery Centers



¹ The procedure codes for the D&S procedures captured by PHC4 are available on the PHC4 Web site at <http://www.phc4.org/services/datarequests/procedures.htm>

* Eighteen ASCs are not included in this report because they did not submit data to PHC4 for FY08. The number of reporting ASCs in this report is 226.

Ambulatory Surgery Center Care

performed 10.2% or 164,690 of the total 1.6 million outpatient D&S procedures performed in Pennsylvania.

During FY08, the net growth in the number of D&S procedures performed at outpatient units of GAC hospitals and ASCs combined increased 13.8%. GAC outpatient units had a 13.7% increase from FY07, and ASCs had a 14.5% increase from FY07.

Most of the growth in outpatient D&S procedures over the last eight years has occurred at ASCs. In Pennsylvania, there

has been a 65.1% growth in the total number of outpatient D&S procedures performed at ASCs and outpatient units of GACs between FY00 and FY08. Over 62.8% of that growth has occurred at the ASCs.

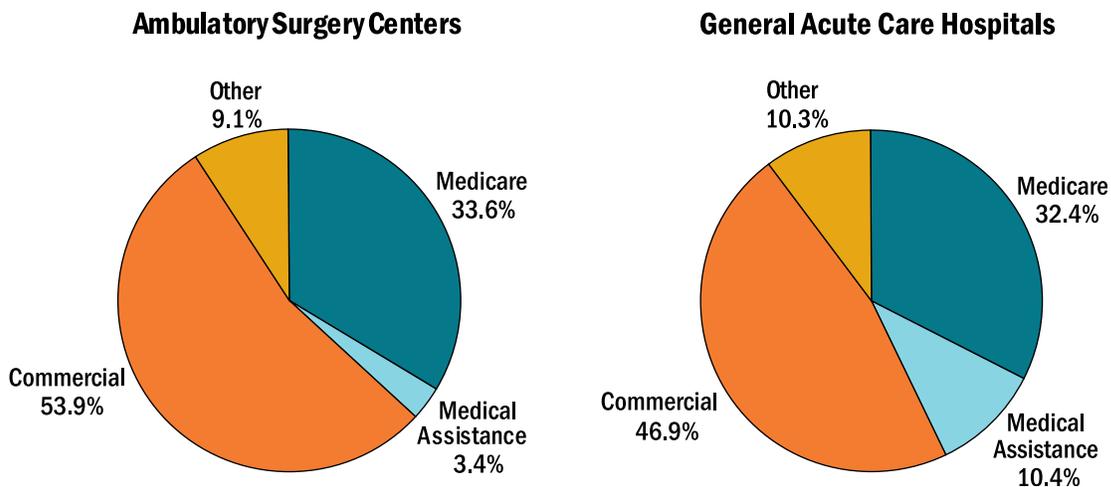
Payor Mix

Figure A-2 presents a comparison of the payor mix for the D&S procedures performed at both the ASCs and GAC outpatient units. The greatest differences in the payor mix between the two facility types are in the portion of patients participating in the Medical Assistance (MA)

program and patients covered by commercial health insurance plans. The GAC hospitals reported that 10.4% of their outpatients undergoing an outpatient D&S procedure were MA participants. Only 3.4% of ASC patients were covered by MA. The ASCs reported 53.9% of their patients were covered by commercial health insurance plans, and the GAC hospitals reported 46.9% of their outpatients were covered by commercial plans.

The mean age for ASC patients was 56.7 years in FY08, almost five years older than the

FIGURE A-2
Statewide Diagnostic and Surgical Procedures¹ at Ambulatory Surgery Centers and General Acute Care Hospitals, FY08
 by Payor



¹ The procedure codes for the D&S procedures captured by PHC4 are available on the PHC4 Web site at <http://www.phc4.org/services/datarequests/procedures.htm>

Ambulatory Surgery Center Care

mean age of 51.8 years for D&S outpatients at the GAC hospitals. Consistent with the older patient population, the portion of ASC patients covered by Medicare is 1.2 points greater than the percentage of Medicare D&S outpatients at GAC hospitals.

Financial Profile

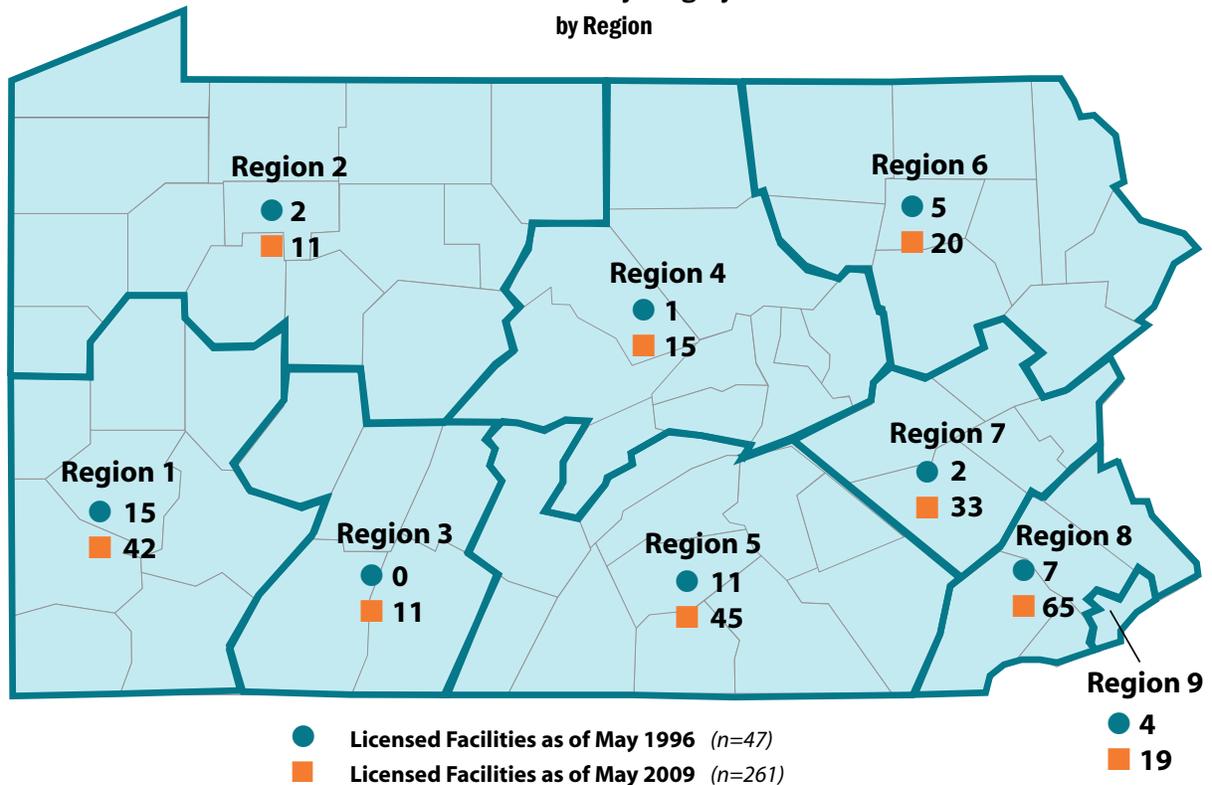
The statewide average total and operating margins increased

1.75 and 1.94 points, respectively, in FY08. The statewide average total margin rose from 24.31% in FY07 to 26.06% in FY08. The statewide average operating margin increased from 24.11% in FY07 to 26.05% in FY08. In the seven years between FY01 and FY08, the statewide total margin increased almost 14.64 points or an average of about 2.09 points per year.

The statewide average margins for the ASCs cannot be directly compared to the average margins for the hospital categories for two reasons.

First, the majority of the ASCs are limited liability partnerships or Sub-Chapter S corporations that are not subject to income taxes. Income taxes are often paid as personal income tax by the owners, which are usually physicians. Consequently,

FIGURE A-3
Growth in Ambulatory Surgery Centers
by Region



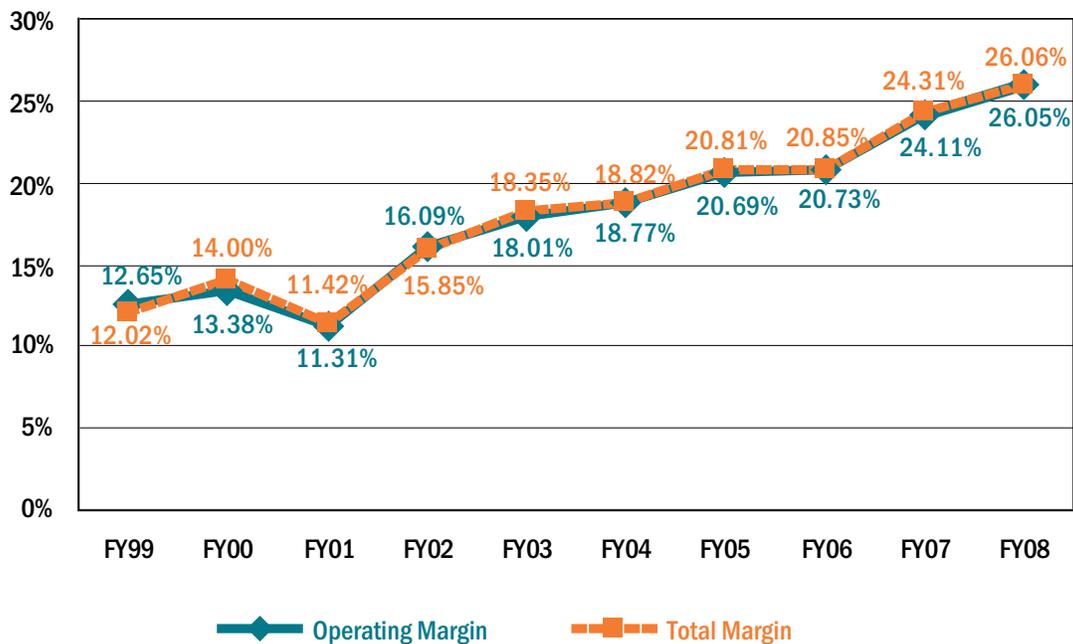
Ambulatory Surgery Center Care

the total margin for most of the for-profit ASCs does not reflect any income tax expenses. In contrast, the total margins for the for-profit hospitals are calculated after the tax expense is deducted.

Second, some physician-owners of surgery centers may receive all or part of their compensation as net income, instead of salaries or fees. Consequently,

salaries and professional fees are included in the net income that is used to calculate total margin, instead of being reported as an operating expense that would reduce operating and total margins. In contrast, physician compensation paid by other categories of health care facilities, such as GAC hospitals, is almost exclusively reported as salary or professional service expenses.

FIGURE A-4
Statewide Operating and Total Margins at Ambulatory Surgery Centers



Ambulatory Surgery Center Care

Region/Ambulatory Surgery Center	Net Patient Revenue NPR (thousands)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (thousands)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$3,627	\$3,358	\$2,987	\$2,982	7.22%	\$2,698	\$2,557	\$2,387	\$2,387	4.35%
1 20/20 SC ^{1,10}	\$2,020	\$1,760	\$702	NA	NA	\$1,313	\$902	\$464	NA	NA
1 Aestique ASC ^{1,10}	\$2,053	\$1,934	\$1,747	\$1,747	5.85%	\$2,014	\$1,950	\$1,740	\$1,882	2.33%
1 Associates SC ^{1,4,10}	\$4,824	NA	NA	NA	NA	\$3,986	NA	NA	NA	NA
1 Butler ASC ^{1,3,10}	\$7,461	\$6,655	\$3,912	NA	NA	\$4,841	\$4,298	\$2,942	NA	NA
1 CHP North SC ⁷	\$9,690	\$8,683	\$7,660	\$7,280	11.04%	\$6,086	\$4,995	\$4,939	\$4,620	10.58%
1 CHP South SC ^{3,7}	\$4,146	\$3,532	\$1,858	NA	NA	\$2,419	\$1,744	\$777	NA	NA
1 Dermatology & Cosmetic SC ^{1,10}	\$1,405	\$920	\$758	\$819	23.83%	\$1,545	\$915	\$754	\$746	35.71%
1 Digestive Hlth Endoscopy ^{1,10}	\$2,474	\$2,488	\$2,395	\$2,242	3.45%	\$1,221	\$1,358	\$1,209	\$1,132	2.61%
1 Excela Health Norwin ^{2,7}	\$228	NR	\$1,557	\$1,459	NA	\$335	NR	\$1,414	\$1,347	NA
1 Four Seasons Endoscopy ^{1,10}	\$3,149	\$2,942	\$2,877	\$2,959	2.13%	\$1,381	\$1,245	\$1,252	\$1,391	-0.23%
1 Gamma SC ^{1,10}	\$1,746	\$1,656	NA	NA	NA	\$2,119	\$1,993	NA	NA	NA
1 Heritage Valley SC	\$4,998	\$5,119	\$4,920	\$5,716	-4.18%	\$5,233	\$4,818	\$4,653	\$5,269	-0.23%
1 Laurel Surgical Center ^{1,10}	\$4,948	\$4,840	\$4,607	\$2,664	28.57%	\$3,938	\$3,161	\$2,874	\$2,424	20.82%
1 Leo R. McCafferty Plastic ^{1,10}	\$380	\$308	\$252	\$232	21.13%	\$281	\$312	\$339	\$284	-0.29%
1 Lowry SC ^{1,10}	\$982	\$1,136	\$1,135	\$894	3.26%	\$983	\$1,160	\$1,136	\$957	0.90%
1 Mt Lebanon SC	\$2,221	\$2,208	\$2,024	\$1,959	4.46%	\$1,887	\$2,074	\$1,928	\$1,754	2.51%
1 Mt Pleasant SC ^{1,10}	\$1,535	\$1,088	\$1,143	\$1,501	0.75%	\$2,008	\$1,808	\$1,865	\$1,903	1.84%
1 North Shore Endoscopy ^{1,10}	\$2,446	\$2,003	\$1,446	\$1,146	37.83%	\$1,280	\$1,240	\$1,044	\$871	15.67%
1 Radiance ^{1,10}	\$3,487	\$2,720	\$1,597	NA	NA	\$2,899	\$2,472	\$1,658	NA	NA
1 SC Cranberry ^{1,10}	\$2,220	\$2,105	\$2,050	\$1,959	4.44%	\$2,134	\$2,042	\$1,996	\$1,798	6.23%
1 SC Ligonier	\$761	\$690	\$743	\$786	-1.06%	\$713	\$678	\$695	\$735	-1.01%
1 Shadyside SC ^{1,10}	\$428	\$396	\$381	\$451	-1.65%	\$398	\$289	\$378	\$387	0.95%
1 South Hills Endoscopy Ctr ^{1,10}	\$2,744	\$2,456	\$1,879	NA	NA	\$1,620	\$1,702	\$1,325	NA	NA
1 Southwestern Endoscopy ^{1,10}	\$3,966	\$3,744	\$3,252	\$3,446	5.03%	\$2,189	\$2,133	\$1,899	\$1,719	9.12%
1 Southwestern PA Eye SC ^{1,10}	\$2,976	\$2,949	\$2,921	\$2,809	1.98%	\$2,083	\$1,979	\$1,876	\$1,711	7.24%
1 Spartan Health SC ^{1,10}	\$2,225	\$1,592	\$819	NA	NA	\$2,129	\$1,649	\$1,749	NA	NA
1 Three Rivers Endoscopy ^{1,10}	\$4,717	\$3,888	\$3,782	\$3,686	9.32%	\$2,543	\$2,186	\$2,141	\$2,164	5.84%
1 Tri County Surgical ^{1,10}	\$1,098	\$979	\$755	\$562	31.76%	\$1,031	\$925	\$754	\$564	27.61%
1 Tri-State SC ^{1,10}	\$7,979	\$5,279	\$4,785	\$5,144	18.37%	\$4,943	\$4,391	\$4,460	\$4,395	4.15%
1 UPMC Monroeville SC ¹⁰	\$6,179	\$8,262	\$8,095	\$6,913	-3.54%	\$6,797	\$7,468	\$7,112	\$5,506	7.82%
1 UPMC South SC ³	\$5,037	\$5,055	\$2,836	NA	NA	\$3,751	\$3,587	\$1,833	NA	NA
1 Waterfront SC ^{1,10}	\$5,172	\$5,061	\$4,579	\$3,568	14.98%	\$3,580	\$3,717	\$3,445	\$3,271	3.15%
1 Western PA SC ^{1,10}	\$7,187	\$7,303	\$6,825	\$6,153	5.60%	\$5,733	\$5,423	\$5,152	\$5,222	3.26%
1 Zitelli Brodland Central ^{1,10}	\$878	\$806	\$819	\$766	4.89%	\$878	\$806	\$818	\$766	4.88%
1 Zitelli Brodland South ^{1,10}	\$859	\$788	\$701	\$652	10.59%	\$859	\$787	\$701	\$651	10.64%
2 Community SC ^{4,10}	\$826	NA	NA	NA	NA	\$709	NA	NA	NA	NA
2 Hamot SC ¹⁰	\$11,882	\$10,707	\$9,557	\$7,924	16.65%	\$9,593	\$8,637	\$7,520	\$6,667	14.63%
2 Laurel Laser & SC ^{1,7,10}	\$2,552	\$2,755	\$3,382	\$2,815	-3.11%	\$2,119	\$2,161	\$2,231	\$1,924	3.37%
2 Lawrence County SC ^{1,10}	\$909	\$1,159	\$1,047	\$1,145	-6.87%	\$827	\$1,080	\$1,042	\$1,105	-8.39%
2 Pine Grove ASC ^{1,2,4,10}	\$1,297	NA	NA	NA	NA	\$1,911	NA	NA	NA	NA
2 Regional ASC ^{1,10}	\$3,065	\$2,569	\$2,229	\$2,111	15.08%	\$1,938	\$1,682	\$1,780	\$1,680	5.11%
2 Saint Vincent SC Erie ¹	\$10,835	\$9,990	\$10,103	\$9,382	5.16%	\$8,552	\$8,151	\$7,990	\$7,631	4.03%
2 Surgery & Laser ^{1,10}	\$2,991	\$3,427	\$3,468	\$3,223	-2.40%	\$1,914	\$2,032	\$1,921	\$2,005	-1.51%
2 Village SC ^{1,10}	\$6,598	\$7,112	\$7,076	\$6,937	-1.63%	\$5,386	\$5,479	\$5,582	\$5,439	-0.33%
3 Allegheny Reg Endoscopy ^{1,3,10}	\$3,616	\$3,320	\$2,102	NA	NA	\$1,692	\$1,722	\$1,470	NA	NA

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Ambulatory Surgery Center	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08	Visits
Statewide Average	26.05%	26.06%	23.99%	25.05%	3.30%	4,142
20/20 SC ^{1, 10}	35.01%	35.01%	40.22%	60.43%	0.60%	2,015
Aestique ASC ^{1, 10}	1.94%	2.32%	1.24%	15.25%	0.54%	1,598
Associates SC ^{1, 4, 10}	17.36%	17.36%	NA	55.83%	2.96%	7,542
Butler ASC ^{1, 3, 10}	35.12%	35.30%	NA	24.30%	3.09%	8,848
CHP North SC ⁷	37.19%	37.19%	38.46%	0.00%	14.84%	5,454
CHP South SC ^{3, 7}	41.65%	41.65%	NA	0.00%	10.28%	2,302
Dermatology & Cosmetic SC ^{1, 10}	0.01%	0.01%	0.26%	43.65%	0.16%	3,969
Digestive Hlth Endoscopy ^{1, 10}	50.73%	50.73%	48.62%	22.03%	0.04%	4,383
Excela Health Norwin ^{2, 7}	-46.93%	-46.93%	NA	34.65%	3.29%	419
Four Seasons Endoscopy ^{1, 10}	56.14%	56.23%	56.82%	27.64%	0.34%	5,632
Gamma SC ^{1, 10}	-15.51%	-15.47%	NA	8.20%	0.22%	2,610
Heritage Valley SC ⁷	-4.70%	-4.70%	2.22%	45.88%	4.18%	3,679
Laurel Surgical Center ^{1, 10}	20.41%	20.48%	30.84%	18.55%	2.04%	5,697
Leo R. McCafferty Plastic ^{1, 10}	26.01%	26.01%	0.79%	1.78%	0.00%	348
Lowry SC ^{1, 10}	-0.10%	0.09%	-0.67%	47.66%	0.70%	1,613
Mt Lebanon SC	15.05%	15.69%	9.14%	72.80%	0.00%	2,805
Mt Pleasant SC ^{1, 10}	-1.58%	-1.58%	-16.90%	78.22%	2.18%	1,698
North Shore Endoscopy ^{1, 10}	47.65%	47.65%	39.53%	12.62%	3.25%	4,165
Radiance ^{1, 10}	17.58%	17.61%	10.30%	2.21%	0.00%	1,994
SC Cranberry ^{1, 10}	3.89%	3.89%	3.19%	81.40%	0.14%	2,744
SC Ligonier	8.94%	8.94%	8.47%	70.70%	4.20%	1,077
Shadyside SC ^{1, 10}	7.14%	7.14%	15.79%	13.24%	0.00%	361
South Hills Endoscopy Ctr ^{1, 10}	40.98%	41.14%	34.67%	21.54%	0.00%	7,844
Southwestern Endoscopy ^{1, 10}	44.80%	44.80%	43.24%	24.52%	16.34%	9,709
Southwestern PA Eye SC ^{1, 10}	29.99%	29.99%	32.86%	66.68%	3.50%	3,111
Spartan Health SC ^{1, 10}	4.56%	4.56%	-19.04%	48.60%	5.54%	3,080
Three Rivers Endoscopy ^{1, 10}	46.23%	46.38%	44.79%	31.61%	0.63%	8,302
Tri County Surgical ^{1, 10}	6.13%	6.13%	4.33%	33.81%	0.00%	907
Tri-State SC ^{1, 10}	38.23%	38.27%	23.81%	17.76%	7.21%	5,146
UPMC Monroeville SC ¹⁰	-10.00%	-10.00%	5.14%	39.11%	2.60%	6,724
UPMC South SC ³	30.78%	30.78%	NA	14.07%	22.79%	3,067
Waterfront SC ^{1, 10}	30.79%	31.01%	27.86%	17.50%	1.50%	5,508
Western PA SC ^{1, 10}	20.47%	20.48%	23.89%	22.65%	1.28%	5,419
Zitelli Brodland Central ^{1, 10}	0.03%	0.03%	0.04%	54.74%	0.24%	2,232
Zitelli Brodland South ^{1, 10}	0.02%	0.02%	0.03%	63.06%	0.61%	2,075
Community SC ^{4, 10}	17.64%	17.64%	NA	74.64%	8.71%	1,059
Hamot SC ¹⁰	19.30%	19.67%	20.83%	21.69%	6.59%	16,083
Laurel Laser & SC ^{1, 7, 10}	16.99%	17.50%	25.21%	57.49%	2.11%	2,760
Lawrence County SC ^{1, 10}	9.10%	9.11%	5.61%	80.79%	0.38%	953
Pine Grove ASC ^{1, 2, 4, 10}	-47.36%	-47.36%	NA	55.00%	2.81%	2,465
Regional ASC ^{1, 10}	36.79%	36.92%	31.52%	28.25%	2.03%	2,850
Saint Vincent SC Erie ¹	21.07%	21.47%	20.53%	31.49%	13.11%	8,558
Surgery & Laser ^{1, 10}	36.00%	36.00%	40.65%	29.12%	2.85%	3,175
Village SC ^{1, 10}	18.37%	18.54%	21.19%	20.39%	7.65%	6,825
Allegheny Reg Endoscopy ^{1, 3, 10}	53.21%	53.35%	NA	34.37%	4.66%	7,022

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Region/Ambulatory Surgery Center	Net Patient Revenue NPR (thousands)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (thousands)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$3,627	\$3,358	\$2,987	\$2,982	7.22%	\$2,698	\$2,557	\$2,387	\$2,387	4.35%
3 Allegheny SC ^{1,3,10}	\$2,589	\$2,059	\$1,948	\$769	78.90%	\$1,269	\$997	\$931	\$623	34.62%
3 Altoona Regional SC	\$10,453	\$10,974	\$9,015	\$5,628	28.57%	\$8,307	\$8,764	\$7,981	\$4,674	25.91%
3 Altoona Specialty Center ^{1,3,10}	\$5	NR	\$1	\$1	NA	\$38	NR	\$19	\$44	NA
3 Center for Surgical Arts ^{1,10}	\$1,121	\$869	\$717	\$475	45.31%	\$1,030	\$918	\$719	\$473	39.20%
3 Digestive Health/Indiana ^{1,3,10}	\$1,544	\$1,468	\$976	NA	NA	\$1,218	\$1,168	\$105	NA	NA
3 Indiana AS Associates ^{1,10}	\$3,643	\$3,691	\$3,909	\$3,574	0.64%	\$2,273	\$2,165	\$2,172	\$2,239	0.50%
3 Laurel Laser & SC/Altoona ^{1,4,7,10}	\$1,908	NA	NA	NA	NA	\$1,529	NA	NA	NA	NA
3 Lee ASC ^{3,7}	\$5,065	\$4,559	NA	NA	NA	\$5,827	\$4,848	NA	NA	NA
3 Ophthalmic Associates SC ^{1,3,10}	\$1,885	\$2,146	NA	NA	NA	\$1,510	\$1,971	NA	NA	NA
3 Plastic Surgical Assoc ^{1,10}	\$3,705	\$3,731	\$3,980	NA	NA	\$3,712	\$3,736	\$3,998	NA	NA
4 Betz Ophthalmology ^{1,10}	\$916	\$621	NA	NA	NA	\$298	\$262	NA	NA	NA
4 Central PA Endoscopy Ctr ^{1,10}	\$2,040	\$1,583	NA	NA	NA	\$2,040	\$1,424	NA	NA	NA
4 Endoscopy PA ^{1,10}	\$1,678	\$1,739	\$2,024	\$1,883	-3.64%	\$1,843	\$1,968	\$2,351	\$2,243	-5.95%
4 Evangelical ASC ^{1,10}	\$5,891	\$5,810	\$6,703	\$6,613	-3.64%	\$5,339	\$5,279	\$5,564	\$5,284	0.35%
4 Geisinger Endoscopy ^{3,7,11}	\$2,522	\$1,574	NA	NA	NA	\$1,217	\$1,173	NA	NA	NA
4 Geisinger OP Woodbine	\$19,805	\$13,512	\$9,779	NA	NA	\$13,613	\$11,242	\$9,538	NA	NA
4 Lewisburg Plastic & Laser ^{1,10}	\$335	\$341	\$312	\$277	6.94%	\$277	\$360	\$332	\$445	-12.58%
4 Mifflin County Com SC ^{1,10}	\$948	\$850	\$808	\$952	-0.14%	\$825	\$863	\$830	\$841	-0.65%
4 Mount Nittany SC	\$9,814	\$7,928	\$8,249	\$7,887	8.15%	\$6,885	\$6,195	\$6,346	\$6,168	3.87%
4 SC Central PA ^{1,10}	\$3,565	\$2,766	\$2,243	\$1,807	32.43%	\$2,563	\$1,775	\$1,276	\$1,000	52.06%
4 Susquehanna SC ¹⁰	\$996	\$868	\$684	\$735	11.82%	\$911	\$792	\$800	\$742	7.62%
4 UOC Surgical Services ^{1,10}	\$3,852	\$4,453	\$4,195	\$3,443	3.96%	\$3,111	\$3,072	\$2,933	\$2,749	4.40%
5 Apple Hill SC ¹⁰	\$11,084	\$11,029	\$12,335	\$11,875	-2.22%	\$8,982	\$8,546	\$9,131	\$8,817	0.62%
5 Carlisle Endoscopy ^{1,10}	\$2,351	\$2,330	\$2,249	\$2,229	1.82%	\$2,357	\$2,313	\$2,252	\$2,232	1.87%
5 Carlisle HMA SC ^{1,2,10,11}	\$2,046	\$3,868	\$2,266	\$3,176	-11.86%	\$1,163	\$3,701	\$1,918	\$2,551	-18.14%
5 Center for Spine Care ^{1,7,10}	\$963	\$1,067	\$991	NA	NA	\$797	\$836	\$737	NA	NA
5 Center Reproductive ^{1,10}	\$1,346	\$1,313	\$1,295	\$869	18.31%	\$1,091	\$1,065	\$977	\$532	35.01%
5 Chambersburg Endoscopy ^{1,3,10}	\$2,426	\$2,338	\$861	NA	NA	\$1,533	\$1,590	\$1,254	NA	NA
5 Cumberland SC ^{1,10}	\$1,125	\$1,081	\$1,466	\$1,149	-0.70%	\$579	\$952	\$1,423	\$1,094	-15.69%
5 Digestive Disease Inst ^{1,10}	\$2,633	\$2,455	\$2,398	\$2,374	3.64%	\$2,698	\$2,429	\$2,388	\$2,392	4.27%
5 East York Eye SC ^{1,2,4,10}	\$45	NA	NA	NA	NA	\$302	NA	NA	NA	NA
5 Elmwood Endoscopy Center ^{1,10}	\$715	\$669	\$281	NA	NA	\$724	\$726	\$546	NA	NA
5 Endoscopy Ctr/Central PA ^{1,10}	\$1,273	\$1,147	\$1,137	\$708	26.59%	\$1,074	\$995	\$1,012	\$770	13.19%
5 Eyes of York SC ^{1,10}	\$1,092	\$998	\$651	NA	NA	\$1,027	\$917	\$766	NA	NA
5 Foot and Ankle SC ^{1,10}	\$3,645	\$2,156	\$1,850	\$1,064	80.83%	\$1,607	\$1,318	\$918	\$869	28.31%
5 Gettysburg ASC ^{1,4,10,11}	\$1,997	NA	NA	NA	NA	\$2,541	NA	NA	NA	NA
5 Grandview Surgery & Laser ^{1,10}	\$6,838	\$5,910	\$4,921	\$2,641	52.99%	\$4,820	\$4,180	\$4,213	\$3,791	9.04%
5 GSH Outpatient SC ⁷	\$2,799	\$1,059	\$2,425	\$4,128	-10.73%	\$1,733	\$1,857	\$2,835	\$3,592	-17.25%
5 Hanover SC ^{1,10}	\$3,438	\$2,938	\$2,839	\$2,433	13.77%	\$3,196	\$2,948	\$2,483	\$2,122	16.88%
5 Harrisburg Endoscopy & SC ^{1,10}	\$3,748	\$3,753	\$3,704	\$3,165	6.15%	\$3,748	\$3,752	\$3,704	\$3,163	6.16%
5 Harrisburg Pain Mgmt ^{1,3,10}	\$2,895	\$2,318	\$1,219	\$217	NA	\$2,602	\$2,042	\$814	\$332	NA
5 Hershey Endoscopy Center ^{1,10}	\$2,844	\$2,414	\$2,399	\$1,958	15.09%	\$1,946	\$1,685	\$1,587	\$1,454	11.29%
5 Hershey Outpatient SC ^{1,10}	\$7,829	\$7,016	NR	\$4,077	30.67%	\$7,270	\$7,031	NR	\$4,976	15.37%
5 Lancaster Gastro Center ^{1,10}	\$5,022	\$4,564	\$4,084	\$3,238	18.37%	\$2,047	\$1,923	\$1,782	\$1,262	20.74%
5 Leader SC ^{1,10}	\$1,330	\$1,119	\$1,150	\$783	23.30%	\$687	\$597	\$600	\$558	7.70%

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Ambulatory Surgery Center	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08	Visits
Statewide Average	26.05%	26.06%	23.99%	25.05%	3.30%	4,142
Allegheny SC ^{1, 3, 10}	50.98%	51.19%	51.81%	20.35%	7.76%	4,596
Altoona Regional SC	20.53%	20.53%	17.70%	13.78%	4.04%	5,067
Altoona Specialty Center ^{1, 3, 10}	-21.41%	-21.41%	NR	0.00%	0.00%	10
Center for Surgical Arts ^{1, 10}	8.15%	8.15%	1.52%	0.84%	0.03%	287
Digestive Health/Indiana ^{1, 3, 10}	21.12%	21.78%	NA	12.47%	0.00%	1,519
Indiana AS Associates ^{1, 10}	42.37%	42.37%	45.86%	23.22%	1.53%	3,371
Laurel Laser & SC/Altoona ^{1, 4, 7, 10}	19.84%	19.84%	NA	39.37%	2.58%	2,050
Lee ASC ^{3, 7}	-15.04%	-15.04%	NA	24.94%	10.01%	3,196
Ophthalmic Associates SC ^{1, 3, 10}	19.89%	20.26%	NA	71.73%	2.45%	4,081
Plastic Surgical Assoc ^{1, 10}	-0.20%	-0.13%	-0.06%	13.77%	1.34%	12,903
Betz Ophthalmology ^{1, 10}	67.49%	67.49%	NA	48.70%	0.00%	795
Central PA Endoscopy Ctr ^{1, 10}	0.03%	0.03%	NA	30.44%	0.00%	4,439
Endoscopy PA ^{1, 10}	2.11%	2.56%	-1.93%	39.53%	4.03%	3,473
Evangelical ASC ^{1, 10}	9.36%	9.75%	12.78%	10.53%	1.88%	5,257
Geisinger Endoscopy ^{3, 7, 11}	52.68%	52.68%	NA	18.31%	1.74%	4,253
Geisinger OP Woodbine	31.26%	31.26%	20.19%	20.06%	0.67%	8,753
Lewisburg Plastic & Laser ^{1, 10}	17.36%	17.36%	1.97%	12.42%	0.00%	314
Mifflin County Com SC ^{1, 10}	13.00%	11.11%	2.62%	55.28%	8.07%	1,513
Mount Nittany SC	29.87%	29.87%	25.27%	19.30%	1.90%	5,844
SC Central PA ^{1, 10}	35.85%	35.85%	39.42%	53.65%	0.00%	6,080
Susquehanna SC ¹⁰	8.47%	8.47%	1.72%	24.86%	1.83%	1,628
UOC Surgical Services ^{1, 10}	19.27%	19.27%	27.09%	8.63%	1.35%	4,886
Apple Hill SC ¹⁰	18.96%	19.03%	22.96%	24.93%	2.46%	10,369
Carlisle Endoscopy ^{1, 10}	-0.16%	0.00%	0.25%	24.51%	0.15%	5,920
Carlisle HMA SC ^{1, 2, 10, 11}	43.17%	43.17%	16.47%	23.31%	3.22%	962
Center for Spine Care ^{1, 7, 10}	17.23%	17.23%	21.52%	13.41%	4.38%	6,654
Center Reproductive ^{1, 10}	18.95%	18.95%	20.78%	0.00%	0.00%	1,761
Chambersburg Endoscopy ^{1, 3, 10}	36.84%	36.84%	NA	24.69%	2.37%	5,498
Cumberland SC ^{1, 10}	48.91%	48.91%	21.00%	1.89%	0.00%	630
Digestive Disease Inst ^{1, 10}	-2.29%	-2.29%	-0.28%	7.68%	0.68%	5,344
East York Eye SC ^{1, 2, 4, 10}	-574.78%	-574.78%	NA	87.79%	0.00%	91
Elmwood Endoscopy Center ^{1, 10}	-1.22%	-1.22%	-19.91%	24.20%	0.27%	1,549
Endoscopy Ctr/Central PA ^{1, 10}	15.58%	15.58%	13.35%	22.05%	0.00%	2,782
Eyes of York SC ^{1, 10}	5.95%	5.95%	1.00%	64.97%	0.00%	1,395
Foot and Ankle SC ^{1, 10}	55.90%	55.90%	49.76%	5.46%	1.46%	1,366
Gettysburg ASC ^{1, 4, 10, 11}	-27.21%	-27.17%	NA	30.29%	0.00%	2,283
Grandview Surgery & Laser ^{1, 10}	29.89%	30.24%	29.52%	11.27%	1.22%	5,296
GSH Outpatient SC ⁷	38.11%	38.11%	-1.35%	26.92%	2.97%	2,342
Hanover SC ^{1, 10}	7.03%	7.10%	6.69%	34.20%	0.96%	2,782
Harrisburg Endoscopy & SC ^{1, 10}	0.02%	0.02%	0.02%	23.45%	0.96%	9,055
Harrisburg Pain Mgmt ^{1, 3, 10}	10.12%	10.12%	15.15%	25.01%	2.64%	5,462
Hershey Endoscopy Center ^{1, 10}	31.57%	31.57%	31.86%	17.53%	0.00%	3,754
Hershey Outpatient SC ^{1, 10}	7.15%	7.21%	NR	18.25%	12.78%	6,810
Lancaster Gastro Center ^{1, 10}	59.24%	59.24%	57.92%	18.13%	0.05%	7,411
Leader SC ^{1, 10}	48.39%	48.39%	47.65%	20.63%	0.00%	1,453

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Region/Ambulatory Surgery Center	Net Patient Revenue NPR (thousands)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (thousands)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$3,627	\$3,358	\$2,987	\$2,982	7.22%	\$2,698	\$2,557	\$2,387	\$2,387	4.35%
5 Ludwick Laser & SC ^{1,4,10}	\$1,314	NA	NA	NA	NA	\$1,073	NA	NA	NA	NA
5 Mid-Atlantic Gastro Ctr ^{1,10}	\$2,972	\$3,064	\$2,727	\$2,428	7.47%	\$1,415	\$1,652	\$1,894	\$1,778	-6.81%
5 Mid-Atlantic Gastro II ^{1,3,10}	\$2,384	\$872	NA	NA	NA	\$1,518	\$632	NA	NA	NA
5 North Pointe SC ^{1,4,10}	\$2,426	NA	NA	NA	NA	\$2,744	NA	NA	NA	NA
5 Ophthalmology & Surgical ^{1,10}	\$3,398	\$2,771	\$1,573	NA	NA	\$2,491	\$1,908	\$1,278	NA	NA
5 Ophthalmology SC ^{1,10}	\$2,411	\$3,153	\$2,428	\$1,921	8.51%	\$2,514	\$2,562	\$2,221	\$1,912	10.49%
5 OSS Ambulatory SC ^{1,7,10}	\$12,556	\$8,223	\$2,320	NA	NA	\$7,346	\$4,949	\$3,137	NA	NA
5 PA Eye SC ^{1,10}	\$1,874	\$1,844	\$1,600	\$2,099	-3.57%	\$1,438	\$1,372	\$1,011	\$1,076	11.23%
5 Physicians SC ^{1,10,11}	\$8,355	\$7,092	\$5,004	NA	NA	\$3,986	\$4,195	\$3,737	NA	NA
5 Physicians' SC Lancaster ^{1,4,10}	\$8,638	NA	NA	NA	NA	\$6,798	NA	NA	NA	NA
5 PRISM Center ^{1,3,7,10}	\$1,841	\$1,514	\$138	NA	NA	\$1,540	\$1,304	\$375	NA	NA
5 SC Lancaster ^{1,10}	\$10,236	\$9,445	\$8,016	NA	NA	\$7,225	\$6,896	\$5,981	NA	NA
5 SC York	\$4,158	\$4,548	\$5,788	\$5,889	-9.80%	\$4,104	\$4,242	\$5,443	\$5,405	-8.02%
5 Summit SC ¹⁰	\$4,274	\$4,577	\$4,081	\$3,775	4.40%	\$3,890	\$3,989	\$3,903	\$3,801	0.78%
5 Susquehanna Valley SC ^{1,10}	\$10,207	\$9,615	\$9,496	\$8,828	5.21%	\$8,120	\$8,271	\$7,468	\$6,711	7.00%
5 Valley View SC ^{1,10}	\$1,159	\$1,017	\$993	\$1,087	2.21%	\$1,133	\$1,015	\$933	\$1,049	2.70%
5 Wellspan Endoscopy Center ^{7,11}	\$973	\$1,401	\$1,527	\$1,420	-10.51%	\$815	\$1,055	\$1,014	\$904	-3.31%
5 West Shore Endoscopy ^{1,10}	\$11,500	\$11,767	\$9,555	\$8,790	10.28%	\$7,758	\$7,230	\$6,279	\$5,101	17.37%
5 West Shore SC ^{1,10}	\$8,002	\$8,294	\$9,220	\$8,419	-1.65%	\$5,950	\$6,014	\$6,528	\$6,025	-0.41%
5 York Endoscopy ^{1,10}	\$2,985	\$2,287	\$2,587	\$2,151	12.92%	\$2,017	\$1,728	\$1,637	\$1,489	11.83%
6 Angelina Theresa Bucci SC ^{1,10}	\$1,308	\$1,308	\$1,376	\$1,319	-0.27%	\$1,061	\$1,123	\$1,180	\$1,087	-0.80%
6 Center for Advanced Surg ^{1,3,10}	\$3,504	\$1,464	NA	NA	NA	\$3,067	\$1,700	NA	NA	NA
6 Center Same Day Surgery ^{1,10}	\$4,313	\$4,339	\$4,872	\$4,150	1.30%	\$3,182	\$3,185	\$3,454	\$3,281	-1.01%
6 Endoscopy Ctr at Gateway ^{1,4,10,14}	\$3,559	NA	NA	NA	NA	\$1,211	NA	NA	NA	NA
6 Geisinger Wyoming Vly Sur ¹¹	\$5,212	\$5,043	\$4,561	\$1,999	53.58%	\$4,054	\$4,070	\$4,314	\$2,721	16.33%
6 Guthrie Clinic ⁷	\$3,633	\$3,418	\$3,168	\$3,161	4.98%	\$2,971	\$2,580	\$2,383	\$2,269	10.32%
6 Hazleton ASC ^{1,10}	\$1,740	\$1,514	\$1,612	\$1,643	1.96%	\$736	\$1,243	\$1,601	\$1,607	-18.06%
6 Hazleton Endoscopy ^{1,10}	\$851	\$913	\$912	\$831	0.80%	\$851	\$914	\$914	\$833	0.74%
6 Kingston Ophthalmology ^{1,10}	\$4,730	\$4,323	\$4,423	\$4,143	4.72%	\$2,589	\$2,249	\$2,306	\$2,099	7.77%
6 Mountain Laurel SC ^{1,10}	\$1,936	\$1,225	NA	NA	NA	\$1,429	\$818	NA	NA	NA
6 NEI AS ^{1,10}	\$6,238	\$4,551	\$4,569	\$4,293	15.10%	\$5,385	\$3,899	\$3,813	\$3,513	17.76%
6 North East SC ^{1,10}	\$6,914	\$6,679	\$4,863	\$4,604	16.73%	\$5,395	\$4,916	\$4,452	\$4,155	9.95%
6 Northeast Regional SC ^{1,10}	\$4,614	\$5,122	\$3,647	\$3,873	6.38%	\$1,630	\$1,611	\$1,515	\$1,456	4.00%
6 Pocono ASC ^{1,10}	\$5,402	\$4,975	\$4,504	\$4,343	8.12%	\$3,945	\$3,685	\$3,622	\$3,321	6.25%
6 Renaissance Center ^{1,10}	\$948	\$661	\$564	NA	NA	\$968	\$822	\$770	NA	NA
6 Riverview ASC ^{1,10}	\$4,411	\$4,262	\$4,420	\$4,225	1.47%	\$2,890	\$2,618	\$2,583	\$2,654	2.97%
6 Scranton Endoscopy ^{1,10}	\$4,913	\$4,825	\$4,376	\$4,222	5.46%	\$1,732	\$1,664	\$1,548	\$1,276	11.92%
6 Surgical Specialty NE PA ^{1,10}	\$3,147	\$3,444	\$3,512	\$3,438	-2.82%	\$2,680	\$2,668	\$2,699	\$2,708	-0.35%
7 Berks Ambulatory SC ^{1,10}	\$1,232	\$1,191	NA	NA	NA	\$900	\$948	NA	NA	NA
7 Berks Digestive Health ^{1,10}	\$5,855	\$5,590	\$4,941	\$5,162	4.47%	\$2,919	\$2,949	\$2,711	\$2,655	3.31%
7 Berks Urologic SC ¹⁰	\$2,582	\$2,859	\$3,078	\$3,232	-6.70%	\$1,651	\$1,825	\$1,787	\$1,583	1.44%
7 Berkshire Eye SC ^{1,10}	\$3,036	\$2,754	\$2,543	\$2,640	4.99%	\$1,772	\$1,682	\$1,786	\$1,690	1.62%
7 Bethlehem Endoscopy ^{1,10}	\$1,872	\$2,072	\$2,005	\$1,827	0.82%	\$1,208	\$1,124	\$1,035	\$1,009	6.55%
7 Center for Specialized ^{1,3,10}	\$6,937	\$4,846	\$1,093	NA	NA	\$4,090	\$3,265	\$1,540	NA	NA
7 College Heights Endoscopy ^{1,10}	\$5,188	\$4,693	\$3,944	\$3,650	14.04%	\$2,178	\$2,182	\$2,039	\$1,828	6.37%

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Ambulatory Surgery Center	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08	Visits
Statewide Average	26.05%	26.06%	23.99%	25.05%	3.30%	4,142
Ludwick Laser & SC ^{1,4,10}	18.35%	18.35%	NA	80.51%	1.20%	1,435
Mid-Atlantic Gastro Ctr ^{1,10}	52.41%	52.41%	43.39%	22.06%	0.04%	5,388
Mid-Atlantic Gastro II ^{1,3,10}	36.34%	36.34%	NA	20.00%	0.00%	4,405
North Pointe SC ^{1,4,10}	-11.25%	-11.25%	NA	6.50%	2.20%	978
Ophthalmology & Surgical ^{1,10}	26.67%	26.67%	26.66%	43.98%	1.11%	3,948
Ophthalmology SC ^{1,10}	-4.25%	-3.80%	8.89%	46.00%	1.60%	2,508
OSS Ambulatory SC ^{1,7,10}	41.50%	41.50%	33.19%	11.64%	2.98%	11,849
PA Eye SC ^{1,10}	23.25%	23.61%	28.51%	59.26%	1.00%	2,236
Physicians SC ^{1,10,11}	52.29%	52.32%	41.77%	23.46%	3.74%	5,792
Physicians' SC Lancaster ^{1,4,10}	21.41%	21.41%	NA	53.30%	1.56%	4,967
PRISM Center ^{1,3,7,10}	16.34%	16.34%	NA	22.50%	0.50%	2,454
SC Lancaster ^{1,10}	29.64%	29.64%	27.60%	29.58%	9.35%	6,668
SC York	1.29%	1.88%	5.50%	31.27%	7.47%	4,301
Summit SC ¹⁰	8.97%	9.08%	9.04%	18.43%	4.48%	3,420
Susquehanna Valley SC ^{1,10}	20.45%	20.66%	18.93%	18.82%	1.31%	11,104
Valley View SC ^{1,10}	2.22%	2.29%	2.83%	61.17%	0.00%	1,457
Wellspring Endoscopy Center ^{7,11}	16.25%	16.25%	26.07%	13.80%	1.80%	1,476
West Shore Endoscopy ^{1,10}	32.53%	32.57%	35.31%	12.26%	0.86%	9,142
West Shore SC ^{1,10}	25.64%	25.85%	27.83%	22.75%	2.66%	8,989
York Endoscopy ^{1,10}	32.42%	32.42%	31.58%	26.89%	1.61%	6,579
Angelina Theresa Bucci SC ^{1,10}	18.92%	18.92%	15.82%	46.26%	1.58%	1,587
Center for Advanced Surg ^{1,3,10}	12.47%	13.29%	NA	11.45%	3.86%	2,421
Center Same Day Surgery ^{1,10}	26.23%	26.69%	27.85%	7.66%	6.02%	3,859
Endoscopy Ctr at Gateway ^{1,4,10,14}	65.98%	65.98%	NA	17.80%	0.00%	6,964
Geisinger Wyoming Vly Sur ¹¹	22.22%	22.22%	16.05%	23.74%	6.40%	3,819
Guthrie Clinic ⁷	23.58%	24.24%	27.23%	29.52%	7.82%	6,623
Hazleton ASC ^{1,10}	57.68%	57.68%	26.43%	41.41%	2.52%	2,059
Hazleton Endoscopy ^{1,10}	0.00%	0.00%	-0.13%	25.26%	0.72%	2,015
Kingston Ophthalmology ^{1,10}	45.27%	45.28%	46.96%	58.81%	3.09%	5,208
Mountain Laurel SC ^{1,10}	26.18%	26.39%	NA	34.48%	4.93%	4,327
NEI AS ^{1,10}	13.75%	13.75%	14.87%	77.46%	2.63%	6,949
North East SC ^{1,10}	22.07%	22.07%	23.80%	10.53%	3.70%	7,052
Northeast Regional SC ^{1,10}	64.72%	64.72%	64.52%	30.67%	5.48%	7,917
Pocono ASC ^{1,10}	26.98%	27.14%	24.58%	25.19%	1.11%	6,827
Renaissance Center ^{1,10}	-2.04%	-2.04%	-17.77%	8.59%	0.00%	363
Riverview ASC ^{1,10}	34.48%	34.60%	38.41%	16.92%	3.00%	6,008
Scranton Endoscopy ^{1,10}	64.74%	64.76%	65.00%	18.50%	0.00%	9,065
Surgical Specialty NE PA ^{1,10}	14.86%	14.86%	20.36%	23.35%	10.24%	3,772
Berks Ambulatory SC ^{1,10}	26.95%	26.95%	NA	2.45%	0.00%	574
Berks Digestive Health ^{1,10}	51.25%	51.29%	49.78%	28.06%	0.17%	13,035
Berks Urologic SC ¹⁰	36.85%	36.85%	38.73%	38.72%	0.00%	5,637
Berkshire Eye SC ^{1,10}	41.79%	41.79%	37.29%	36.96%	0.61%	2,925
Bethlehem Endoscopy ^{1,10}	35.47%	35.22%	43.42%	28.63%	1.64%	3,908
Center for Specialized ^{1,3,10}	41.05%	41.05%	NA	20.44%	1.84%	5,775
College Heights Endoscopy ^{1,10}	58.02%	58.02%	53.72%	20.04%	0.19%	7,126

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Region/Ambulatory Surgery Center	Net Patient Revenue NPR (thousands)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (thousands)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$3,627	\$3,358	\$2,987	\$2,982	7.22%	\$2,698	\$2,557	\$2,387	\$2,387	4.35%
7 Eastern PA Endoscopy ^{1,10}	\$4,394	\$4,402	\$4,317	\$4,003	3.26%	\$2,101	\$1,933	\$1,945	\$1,856	4.40%
7 Fairgrounds SC ^{1,10}	\$5,827	\$6,854	\$8,726	\$9,534	-12.96%	\$6,348	\$7,705	\$8,933	\$9,141	-10.18%
7 Keystone SC ^{1,10}	\$489	\$484	\$437	\$422	5.32%	\$424	\$453	\$443	\$412	1.00%
7 Mahoning Valley ASC ^{1,10}	\$1,064	\$1,068	\$1,270	\$1,232	-4.54%	\$628	\$648	\$705	\$730	-4.66%
7 PA Eye & Ear SC ¹⁰	\$4,554	\$3,942	\$3,600	\$3,864	5.95%	\$3,444	\$2,976	\$2,818	\$3,238	2.12%
7 Progressive Laser Surgi ^{1,10}	\$714	\$586	\$530	\$364	31.95%	\$570	\$546	\$577	\$559	0.60%
7 Progressive Surgical Inst ^{1,10}	\$1,456	\$1,462	\$1,513	\$1,420	0.83%	\$799	\$786	\$826	\$695	4.99%
7 Proserpi-Schlechter ^{1,3,10}	\$251	\$382	\$261	NR	NR	\$253	\$396	\$267	NR	NR
7 Reading ASC ^{1,10}	\$8,951	\$9,766	\$9,386	\$7,432	6.81%	\$4,591	\$4,566	\$4,516	\$4,219	2.94%
7 Reading Endoscopy Center ^{1,3,10}	\$1,530	\$1,553	\$1,423	\$420	NA	\$1,200	\$1,244	\$1,136	\$731	NA
7 Reading SC/Spring Ridge ^{1,10}	\$14,059	\$13,064	\$9,591	\$8,988	18.81%	\$10,194	\$9,558	\$9,402	\$8,431	6.97%
7 SC of Allentown ^{1,3,10}	\$17,735	\$8,080	NA	NA	NA	\$9,890	\$5,900	NA	NA	NA
7 Schuylkill Endoscopy ^{1,10}	\$3,648	\$3,407	\$3,257	\$2,858	9.22%	\$1,975	\$2,025	\$1,850	\$1,670	6.09%
7 Surgery Center Pottsville ^{1,3,10}	\$3,977	\$2,762	NA	NA	NA	\$3,165	\$2,945	NA	NA	NA
7 Twin Rivers Endoscopy ^{1,10}	\$3,060	\$2,355	\$1,564	\$1,198	51.79%	\$1,689	\$1,177	\$992	\$972	24.56%
7 Valley Eye SC ^{1,10}	\$4,651	\$3,833	\$2,174	NA	NA	\$3,808	\$3,576	\$2,687	NA	NA
7 Valley Surgical Center ^{1,3,10}	\$2,284	\$1,889	\$224	NA	NA	\$1,499	\$1,063	\$215	NA	NA
7 Westfield SC ^{1,10}	\$3,321	\$4,198	\$4,474	\$3,733	-3.68%	\$2,989	\$3,225	\$3,047	\$2,841	1.74%
7 Wyomissing Hills SC ^{1,3,10,11}	\$456	\$381	\$234	NA	NA	\$402	\$337	\$224	NA	NA
7 Wyomissing Surgical Serv ^{1,10}	\$2,275	\$2,031	\$1,941	\$1,947	5.62%	\$1,264	\$1,230	\$1,240	\$1,160	2.97%
8 Abington SC ¹⁰	\$13,301	\$12,733	\$12,676	\$11,786	4.29%	\$11,550	\$10,583	\$10,163	\$9,139	8.80%
8 AFP SC ^{1,3,10}	\$1,319	\$1,429	\$505	\$2,685	-16.95%	\$1,137	\$1,381	\$507	\$2,661	-19.10%
8 Ambulatory Endo SC/Bucks ^{1,10}	\$2,057	\$1,826	\$1,609	\$1,478	13.06%	\$1,684	\$1,294	\$1,266	\$1,219	12.74%
8 ASC Bucks County	\$9,051	\$4,309	\$4,592	\$4,028	41.57%	\$5,801	\$2,853	\$2,776	\$2,754	36.88%
8 Best Impression SC ^{1,2,4,10}	\$21	NA	NA	NA	NA	\$53	NA	NA	NA	NA
8 Brandywine SC ^{1,10}	\$254	NR	\$260	\$366	-10.25%	\$257	NR	\$256	\$363	-9.75%
8 Brandywine Vly Endoscopy ^{1,3,10}	\$1,286	\$1,071	\$148	NA	NA	\$838	\$994	\$205	NA	NA
8 Bucks County GI Endo SC ^{1,3,10}	\$2,692	\$2,300	\$302	NA	NA	\$1,736	\$1,760	\$301	NA	NA
8 Del Valley Ortho/Spine SC ^{1,10}	\$3,435	\$3,791	\$3,476	\$4,146	-5.72%	\$3,011	\$3,131	\$2,923	\$3,393	-3.76%
8 Delaware Valley Laser ^{1,7,10}	\$2,481	\$2,196	\$2,377	\$2,239	3.60%	\$1,977	\$1,684	\$1,769	\$1,606	7.71%
8 Dermatologic/Drexel Hill ^{1,10}	\$1,001	\$958	\$995	\$891	4.11%	\$939	\$861	\$1,049	\$903	1.35%
8 Einstein SC ⁷	\$4,905	\$4,889	\$4,187	\$3,940	8.16%	\$4,355	\$4,444	\$3,810	\$3,223	11.71%
8 Endoscopic Associates ^{1,10}	\$3,961	\$4,296	\$4,399	\$4,462	-3.74%	\$3,969	\$4,290	\$4,399	\$2,023	32.06%
8 Endoscopy Center ^{1,10}	\$2,273	\$2,371	\$2,601	\$2,306	-0.48%	\$1,423	\$1,312	\$1,404	\$1,983	-9.41%
8 Endoscopy Center of Bucks ^{1,10}	\$3,030	\$2,679	NA	NA	NA	\$1,358	\$1,456	NA	NA	NA
8 Endoscopy St Mary ^{1,10}	\$8,967	\$3,526	NA	NA	NA	\$3,367	\$2,668	NA	NA	NA
8 Endoscopy/Delaware County ^{1,10,11,12}	\$248	\$689	\$840	\$601	-19.59%	\$618	\$756	\$779	\$697	-3.81%
8 Eye SC ^{1,3,10}	\$4,189	\$3,823	\$2,803	\$2,044	NA	\$2,988	\$2,653	\$2,491	\$1,743	NA
8 Eye SC Chester ^{1,10}	\$3,698	\$3,588	\$3,639	\$3,256	4.53%	\$2,588	\$2,425	\$2,192	\$2,129	7.19%
8 Foundation/Ft Washington ^{1,10}	\$2,958	\$2,439	\$1,614	\$1,863	19.58%	\$2,676	\$2,440	\$1,766	\$1,749	17.68%
8 Grand View Endoscopy Ctr ³	\$870	\$799	NA	NA	NA	\$743	\$710	NA	NA	NA
8 Holy Redeemer ASC ¹⁰	\$6,690	\$5,358	\$5,064	\$4,923	11.96%	\$4,601	\$4,195	\$4,290	\$4,199	3.19%
8 Huntingdon Valley SC ^{1,10}	\$9,137	\$7,756	\$5,724	\$5,641	20.65%	\$5,375	\$5,302	\$4,641	\$3,551	17.12%
8 Hypertension Nephrology ^{1,2,4,10}	\$1,357	NA	NA	NA	NA	\$845	NA	NA	NA	NA
8 Keystone Kidney Center ^{1,10}	\$1,674	\$1,662	\$1,718	\$2,495	-10.97%	\$934	\$967	\$959	\$1,260	-8.61%

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Ambulatory Surgery Center	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08	Visits
Statewide Average	26.05%	26.06%	23.99%	25.05%	3.30%	4,142
Eastern PA Endoscopy ^{1,10}	52.19%	52.28%	54.51%	24.04%	0.88%	5,869
Fairgrounds SC ^{1,10}	-8.95%	-8.85%	-7.20%	13.90%	2.73%	5,084
Keystone SC ^{1,10}	13.33%	13.33%	6.35%	11.18%	0.00%	515
Mahoning Valley ASC ^{1,10}	41.02%	41.02%	41.75%	74.16%	1.12%	1,799
PA Eye & Ear SC ¹⁰	24.37%	24.45%	23.76%	41.04%	1.35%	4,205
Progressive Laser Surgi ^{1,10}	20.19%	20.19%	7.48%	52.90%	14.62%	547
Progressive Surgical Inst ^{1,10}	45.11%	45.11%	45.89%	51.64%	6.14%	1,660
Proserpi-Schlechter ^{1,3,10}	-0.69%	-0.69%	NA	0.00%	0.00%	170
Reading ASC ^{1,10}	48.74%	48.74%	51.36%	13.06%	1.31%	6,874
Reading Endoscopy Center ^{1,3,10}	21.60%	21.60%	20.57%	26.06%	11.13%	2,622
Reading SC/Spring Ridge ^{1,10}	27.49%	27.68%	20.90%	10.53%	1.83%	7,760
SC of Allentown ^{1,3,10}	44.24%	41.83%	NA	10.55%	0.21%	8,915
Schuylkill Endoscopy ^{1,10}	45.86%	45.86%	43.28%	26.61%	1.85%	9,675
Surgery Center Pottsville ^{1,3,10}	20.41%	20.41%	NA	19.62%	4.23%	3,103
Twin Rivers Endoscopy ^{1,10}	44.81%	44.90%	46.88%	23.12%	0.00%	4,785
Valley Eye SC ^{1,10}	18.13%	18.55%	6.73%	67.64%	1.86%	4,411
Valley Surgical Center ^{1,3,10}	34.38%	34.86%	NA	27.95%	0.05%	3,344
Westfield SC ^{1,10}	10.00%	10.19%	23.04%	20.46%	3.26%	3,939
Wyomissing Hills SC ^{1,3,10,11}	11.91%	11.91%	10.09%	12.41%	0.00%	115
Wyomissing Surgical Serv ^{1,10}	44.49%	44.58%	40.44%	28.81%	0.04%	2,559
Abington SC ¹⁰	17.60%	17.60%	18.43%	19.25%	1.48%	18,806
AFP SC ^{1,3,10}	13.86%	13.87%	NA	18.72%	0.00%	1,641
Ambulatory Endo SC/Bucks ^{1,10}	18.13%	18.13%	22.72%	22.75%	1.47%	5,845
ASC Bucks County	35.91%	35.91%	36.33%	0.02%	9.08%	9,463
Best Impression SC ^{1,2,4,10}	-154.06%	-154.06%	NA	22.34%	0.00%	117
Brandywine SC ^{1,10}	-1.20%	-1.20%	NR	0.00%	0.00%	328
Brandywine Vly Endoscopy ^{1,3,10}	34.81%	34.86%	NA	10.56%	0.00%	2,300
Bucks County GI Endo SC ^{1,3,10}	35.52%	35.52%	NA	24.22%	7.95%	4,857
Del Valley Ortho/Spine SC ^{1,10}	12.36%	12.36%	15.30%	28.18%	0.78%	2,950
Delaware Valley Laser ^{1,7,10}	20.29%	20.29%	23.01%	41.17%	7.89%	3,220
Dermatologic/Drexel Hill ^{1,10}	6.15%	6.15%	3.55%	19.88%	0.00%	2,261
Einstein SC ⁷	17.52%	17.52%	15.26%	20.56%	18.85%	3,379
Endoscopic Associates ^{1,10}	-0.20%	0.47%	0.68%	15.34%	0.00%	8,031
Endoscopy Center ^{1,10}	37.37%	37.37%	42.87%	24.29%	0.78%	4,752
Endoscopy Center of Bucks ^{1,10}	55.18%	55.30%	NA	22.97%	0.00%	5,789
Endoscopy St Mary ^{1,10}	62.45%	62.54%	NA	29.07%	0.00%	5,917
Endoscopy/Delaware County ^{1,10,11,12}	0.02%	0.02%	-0.09%	30.39%	0.00%	408
Eye SC ^{1,3,10}	28.66%	28.81%	24.87%	76.05%	1.77%	4,098
Eye SC Chester ^{1,10}	30.01%	30.24%	34.26%	53.70%	1.67%	3,625
Foundation/Ft Washington ^{1,10}	9.52%	9.52%	2.88%	12.95%	0.00%	1,430
Grand View Endoscopy Ctr ³	14.61%	14.61%	NA	9.38%	0.00%	754
Holy Redeemer ASC ¹⁰	31.22%	31.51%	23.89%	11.88%	0.00%	6,974
Huntingdon Valley SC ^{1,10}	41.17%	41.17%	32.27%	12.18%	0.07%	7,025
Hypertension Nephrology ^{1,2,4,10}	37.73%	37.73%	NA	54.87%	0.45%	693
Keystone Kidney Center ^{1,10}	44.17%	44.17%	43.40%	9.01%	6.54%	397

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Region/Ambulatory Surgery Center	Net Patient Revenue NPR (thousands)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (thousands)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$3,627	\$3,358	\$2,987	\$2,982	7.22%	\$2,698	\$2,557	\$2,387	\$2,387	4.35%
8 Kole Plastic SC ^{1, 3, 10}	\$46	\$94	\$116	\$24	NA	\$30	\$94	\$117	\$23	NA
8 Leonard Dzubow ASC ^{1, 10}	\$777	\$687	\$794	\$527	15.80%	\$182	\$170	\$156	\$123	15.74%
8 Liberty Eye SC ¹⁰	\$3,303	\$3,207	\$3,612	\$4,272	-7.56%	\$2,578	\$2,524	\$2,629	\$3,958	-11.62%
8 Main Line Endoscopy/East ^{1, 10}	\$3,625	\$3,810	\$3,520	\$3,123	5.36%	\$1,698	\$1,659	\$1,576	\$1,480	4.89%
8 Main Line Endoscopy/West ^{1, 10}	\$5,012	\$4,990	\$3,681	\$3,328	16.87%	\$2,232	\$2,247	\$1,661	\$1,735	9.54%
8 Main Line SC ^{1, 10}	\$6,819	\$5,194	\$5,233	\$4,581	16.29%	\$4,786	\$3,885	\$3,764	\$3,495	12.31%
8 Main Line Spine SC ^{1, 10}	\$2,509	\$2,450	\$1,806	NA	NA	\$1,918	\$1,363	\$1,124	NA	NA
8 Montgomery SC ^{1, 10}	\$2,530	\$2,470	\$2,294	\$2,055	7.71%	\$2,496	\$2,553	\$2,341	\$2,348	2.10%
8 Pain & SC/Langhorne ^{1, 4, 10}	\$1,275	NA	NA	NA	NA	\$1,506	NA	NA	NA	NA
8 Paoli SC ^{1, 10}	\$4,474	\$4,894	\$4,379	\$4,162	2.50%	\$4,374	\$4,644	\$3,987	\$4,131	1.96%
8 Penn Medicine Radnor Endo ⁷	\$2,998	\$2,469	\$2,660	\$2,251	11.08%	\$3,267	\$2,881	\$2,517	\$2,333	13.35%
8 Phila Cosmetic Surgery ^{1, 10}	\$839	\$1,050	\$853	\$868	-1.10%	\$804	\$1,056	\$873	\$877	-2.78%
8 Plaza SC ^{1, 10}	\$346	\$297	\$309	\$192	26.70%	\$346	\$303	\$309	\$192	26.70%
8 PMA Gastroenterology ^{1, 4, 10}	\$379	NA	NA	NA	NA	\$927	NA	NA	NA	NA
8 Pottstown SC ^{1, 10}	\$1,694	\$1,627	\$1,480	\$547	69.90%	\$1,213	\$1,272	\$1,303	\$462	54.23%
8 Quality Vascular Access ^{1, 2, 4, 10}	\$1,454	NA	NA	NA	NA	\$858	NA	NA	NA	NA
8 Sally Balin ASC ^{1, 10}	\$721	\$603	\$603	\$634	4.56%	\$673	\$639	\$596	\$653	0.98%
8 SC at Brinton Lake ^{1, 3, 10}	\$5,784	\$4,076	\$2,543	NA	NA	\$5,654	\$4,769	\$4,172	NA	NA
8 SC Chester County ^{1, 10}	\$2,826	\$2,361	\$3,147	\$2,333	7.04%	\$2,831	\$2,089	\$2,769	\$2,083	11.98%
8 SC Limerick ^{1, 7, 10}	\$5,479	\$4,890	\$4,264	\$3,474	19.24%	\$3,312	\$2,912	\$2,428	\$1,786	28.49%
8 SC of the Main Line ^{1, 3, 10}	\$4,703	\$770	NA	NA	NA	\$4,772	\$1,714	NA	NA	NA
8 SC Pennsylvania ^{1, 10}	\$5,668	\$5,727	\$5,994	\$5,603	0.39%	\$5,221	\$5,283	\$5,260	\$5,084	0.90%
8 Springfield ASC ^{1, 10}	\$4,702	\$4,228	\$4,365	\$4,247	3.57%	\$3,197	\$2,976	\$2,557	\$2,313	12.74%
8 Tri-County Eye Surgery ^{1, 10}	\$2,451	\$2,840	\$2,310	NA	NA	\$1,673	\$1,714	\$1,334	NA	NA
8 Turk's Head SC ^{1, 3, 10}	\$4,675	\$3,519	\$3,292	\$1,045	NA	\$4,216	\$3,979	\$3,750	\$1,996	NA
8 Valley Forge SC ^{1, 10}	\$1,204	\$635	\$62	\$191	176.63%	\$959	\$574	\$49	\$28	1123.75%
8 Valley Pain Center ^{1, 10}	\$3,043	\$2,690	\$2,256	\$2,265	11.45%	\$2,781	\$2,393	\$2,655	\$2,771	0.12%
8 West Chester Endoscopy ^{1, 10}	\$4,551	\$3,632	\$1,275	NA	NA	\$2,052	\$1,757	\$1,411	NA	NA
8 Wills Eye SC Plymouth Mtg ¹⁰	\$4,354	\$4,163	\$3,999	\$3,930	3.60%	\$3,658	\$3,593	\$3,368	\$3,137	5.53%
8 Wills SC Bucks County ¹⁰	\$3,838	\$3,593	\$3,760	\$3,619	2.02%	\$3,499	\$3,497	\$3,268	\$3,001	5.53%
9 CHOP ASC Exton ⁷	\$8,685	\$4,734	\$4,727	\$3,963	39.72%	\$4,409	\$2,613	\$2,503	\$2,389	28.18%
9 Dermatologic/Philadelphia ^{1, 10}	\$732	\$910	\$837	\$1,039	-9.84%	\$637	\$751	\$861	\$1,044	-13.01%
9 Drexel Centers	\$1,098	\$1,040	\$910	\$550	33.25%	\$720	\$686	\$685	\$572	8.62%
9 Gastrointestinal Spec ^{1, 10}	\$2,371	\$2,372	\$2,130	\$1,612	15.69%	\$2,264	\$2,382	\$2,136	\$1,611	13.50%
9 HUP Reproductive Surgical	\$829	\$789	\$714	\$756	3.22%	\$973	\$673	\$701	\$509	30.40%
9 Mt Airy AESC ^{1, 10}	\$1,392	\$1,362	NA	NA	NA	\$1,547	\$1,380	NA	NA	NA
9 PGC Endoscopy ^{1, 4, 10}	\$1,624	NA	NA	NA	NA	\$1,539	NA	NA	NA	NA
9 Philadelphia SC ¹⁰	\$1,815	\$1,777	\$1,603	\$1,562	5.40%	\$1,779	\$1,885	\$1,586	\$1,778	0.03%
9 Red Lion SC ^{1, 4, 10}	\$1,996	NA	NA	NA	NA	\$1,864	NA	NA	NA	NA
9 Temple Univ/Podiatric ASC ⁷	\$29	(\$30)	\$164	\$38	-8.45%	\$297	\$307	\$277	\$224	10.98%
9 USVAC Ambulatory SC ^{1, 3, 10, 11}	\$247	\$87	NA	NA	NA	\$1,102	\$823	NA	NA	NA
9 Washington Endoscopy ^{1, 10}	\$4,249	\$5,190	\$4,079	\$3,236	10.43%	\$2,984	\$3,019	\$2,660	\$2,536	5.89%
9 Wills SC Northeast ¹⁰	\$3,154	\$2,796	\$2,479	\$1,347	44.72%	\$3,225	\$2,959	\$2,704	\$2,225	14.98%
9 Wills SC/Phila Stadium ¹⁰	\$5,386	\$4,605	\$3,820	\$3,388	19.66%	\$4,500	\$4,114	\$3,647	\$3,298	12.16%
9 Wills Surgical Ctr City	\$9,630	\$9,707	\$9,272	\$9,080	2.02%	\$9,709	\$9,574	\$8,914	\$8,112	6.56%

See footnotes and map of regions on page 58.

Ambulatory Surgery Center Care

Ambulatory Surgery Center	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08	Visits
Statewide Average	26.05%	26.06%	23.99%	25.05%	3.30%	4,142
Kole Plastic SC ^{1,3,10}	35.66%	35.66%	6.44%	0.00%	0.00%	51
Leonard Dzubow ASC ^{1,10}	76.61%	76.66%	77.66%	30.05%	0.00%	1,408
Liberty Eye SC ¹⁰	21.94%	22.22%	24.00%	62.03%	4.52%	3,099
Main Line Endoscopy/East ^{1,10}	53.17%	53.85%	56.25%	19.79%	-0.12%	7,126
Main Line Endoscopy/West ^{1,10}	55.47%	55.99%	56.17%	17.25%	-0.04%	9,611
Main Line SC ^{1,10}	29.81%	29.81%	27.91%	39.66%	2.30%	4,981
Main Line Spine SC ^{1,10}	23.57%	23.57%	34.90%	14.59%	0.06%	4,237
Montgomery SC ^{1,10}	1.35%	1.35%	-1.32%	62.13%	1.43%	2,062
Pain & SC/Langhorne ^{1,4,10}	-18.05%	-18.05%	NA	33.00%	4.00%	2,810
Paoli SC ^{1,10}	2.45%	2.54%	6.26%	13.29%	0.11%	4,253
Penn Medicine Radnor Endo ⁷	-8.84%	-8.84%	-6.03%	24.36%	0.92%	3,243
Phila Cosmetic Surgery ^{1,10}	4.22%	4.35%	0.49%	0.00%	0.00%	609
Plaza SC ^{1,10}	0.00%	0.00%	-0.64%	0.00%	0.00%	171
PMA Gastroenterology ^{1,4,10}	-142.73%	-142.73%	NA	36.68%	0.00%	1,227
Pottstown SC ^{1,10}	28.41%	28.41%	21.08%	27.10%	0.00%	3,480
Quality Vascular Access ^{1,2,4,10}	41.04%	41.04%	NA	47.79%	4.75%	684
Sally Balin ASC ^{1,10}	6.72%	6.72%	1.01%	40.42%	0.00%	884
SC at Brinton Lake ^{1,3,10}	2.26%	2.26%	NA	20.87%	2.75%	6,348
SC Chester County ^{1,10}	-0.19%	-0.19%	7.76%	9.28%	0.27%	3,107
SC Limerick ^{1,7,10}	39.55%	39.55%	40.87%	23.38%	2.34%	4,775
SC of the Main Line ^{1,3,10}	-1.46%	-1.46%	NA	9.06%	0.00%	3,882
SC Pennsylvania ^{1,10}	7.90%	8.03%	9.42%	21.93%	1.77%	7,011
Springfield ASC ^{1,10}	32.01%	32.01%	34.52%	20.22%	0.08%	8,378
Tri-County Eye Surgery ^{1,10}	31.73%	31.76%	37.94%	78.35%	1.39%	2,317
Turk's Head SC ^{1,3,10}	9.82%	10.36%	-4.34%	13.11%	1.35%	4,791
Valley Forge SC ^{1,10}	20.34%	20.34%	16.80%	0.00%	0.00%	2,351
Valley Pain Center ^{1,10}	10.51%	10.51%	10.51%	14.00%	0.00%	3,859
West Chester Endoscopy ^{1,10}	54.92%	54.92%	44.83%	12.99%	0.72%	6,960
Wills Eye SC Plymouth Mtg ¹⁰	16.64%	16.64%	15.90%	59.03%	1.61%	3,594
Wills SC Bucks County ¹⁰	11.10%	11.10%	10.77%	59.57%	9.00%	2,985
CHOP ASC Exton ⁷	49.23%	49.23%	47.51%	0.00%	8.33%	8,121
Dermatologic/Philadelphia ^{1,10}	13.05%	13.05%	9.28%	12.33%	0.00%	2,021
Drexel Centers	34.42%	34.42%	31.39%	18.63%	18.90%	2,650
Gastrointestinal Spec ^{1,10}	4.52%	4.52%	1.34%	27.72%	1.96%	4,759
HUP Reproductive Surgical	3.14%	3.14%	6.41%	0.00%	0.00%	491
Mt Airy AESC ^{1,10}	-11.19%	-11.19%	NA	7.69%	0.00%	2,218
PGC Endoscopy ^{1,4,10}	5.20%	5.20%	NA	17.53%	1.67%	3,377
Philadelphia SC ¹⁰	1.98%	1.98%	2.38%	7.75%	4.02%	5,122
Red Lion SC ^{1,4,10}	6.61%	6.61%	NA	0.00%	43.30%	1,320
Temple Univ/Podiatric ASC ⁷	-940.84%	-940.84%	-442.55%	43.96%	16.17%	86
USVAC Ambulatory SC ^{1,3,10,11}	-346.46%	-346.46%	NA	61.92%	2.92%	85
Washington Endoscopy ^{1,10}	29.87%	29.87%	36.04%	10.19%	5.72%	9,380
Wills SC Northeast ¹⁰	-1.36%	-2.89%	-3.06%	46.23%	5.21%	3,789
Wills SC/Phila Stadium ¹⁰	16.84%	16.43%	11.43%	34.29%	4.75%	6,050
Wills Surgical Ctr City	-0.64%	-0.64%	1.83%	43.78%	4.56%	6,787

See footnotes and map of regions on page 58.

Rehabilitation Care

Highlights

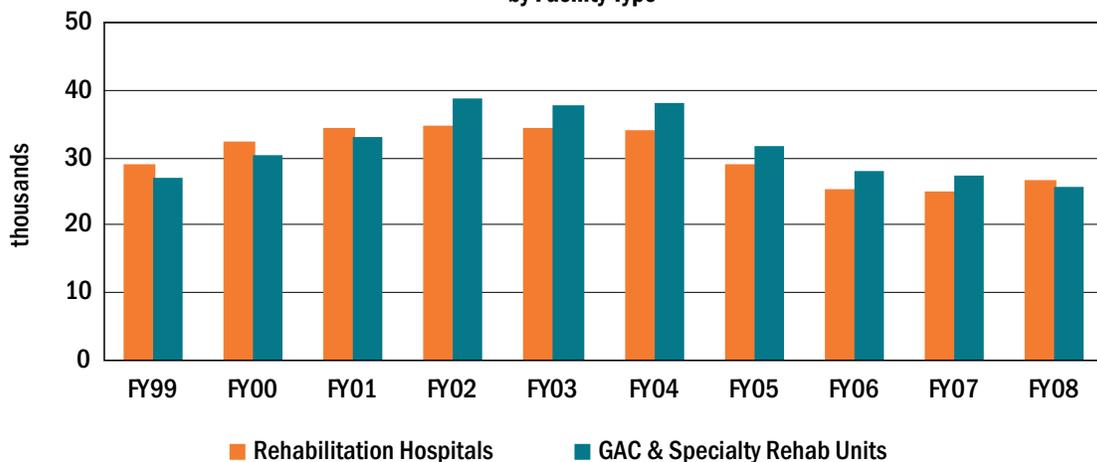
- The statewide average total margin for the 21 rehabilitation hospitals improved 1.17 points in FY08, from 10.32% in FY07 to 11.49% in FY08. The statewide average operating margin fell 0.13 point from 9.03% in FY07 to 8.90% in FY08.
- The increase in the statewide total margin during FY08 was driven by an increase in non-operating income at non-profit rehabilitation hospitals. Non-operating income at non-profit hospitals is comprised primarily of investment gains and contributions.
- Rehabilitation hospitals have the highest statewide average total and operating margins among all of the other categories of hospitals (excluding ambulatory surgery centers).
- Although the total number of discharges receiving rehabilitation care at both rehabilitation hospitals and GAC rehabilitation units decreased 0.5% during FY08, the number of discharges at the rehabilitation hospitals increased during FY08 – the first time in six years.

Hospital-based Rehabilitation Care

During fiscal year 2008 (FY08), there were 21 freestanding rehabilitation hospitals that provided care to 50.9% of the patients admitted for hospital-based inpatient rehabilitation care. The remaining 49.1% of rehabilitation patients received care at the rehabilitation units operated as part of general acute care and specialty hospitals (GAC rehabilitation units). Sixty-six (66) of Pennsylvania's 170 GAC hospitals operated rehabilitation units in FY08.

In FY08, rehabilitation hospitals treated more patients than the GAC rehabilitation units, and they had more patient days of care and a longer average length

FIGURE R-1
Rehabilitation Discharges
by Facility Type



Rehabilitation Care

TABLE R-1
Utilization and Capacity of Rehabilitation Care
by Facility Type

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Patient Days										
Rehabilitation Hospitals	497,761	529,817	530,434	516,620	485,098	474,804	434,219	389,451	380,679	401,255
GAC & Specialty Rehab Units	299,591	321,027	341,940	349,544	357,726	368,195	329,993	312,871	304,191	292,948
Statewide	797,352	850,844	872,374	866,164	842,824	842,999	764,212	702,322	684,870	694,203
Discharges										
Rehabilitation Hospitals	28,792	32,142	34,237	34,499	34,255	33,812	28,868	25,094	24,904	26,353
GAC & Specialty Rehab Units	26,718	30,101	32,845	38,684	37,713	37,899	31,577	27,942	27,097	25,386
Statewide	55,510	62,243	67,082	73,183	71,968	71,711	60,445	53,036	52,001	51,739
Beds										
Rehabilitation Hospitals	1,822	1,798	1,867	1,803	1,757	1,827	1,734	1,577	1,656	1,694
GAC & Specialty Rehab Units	1,241	1,318	1,373	1,429	1,478	1,543	1,391	1,411	1,306	1,281
Statewide	3,063	3,116	3,240	3,232	3,235	3,370	3,125	2,988	2,962	2,975
Occupancy Rate										
Rehabilitation Hospitals	74.85%	80.51%	79.22%	78.55%	76.56%	72.29%	67.51%	67.66%	63.68%	66.01%
GAC & Specialty Rehab Units	66.44%	67.20%	67.97%	66.92%	66.25%	66.11%	63.71%	62.95%	63.57%	64.14%
Statewide	71.45%	74.91%	74.39%	73.40%	71.82%	69.46%	65.82%	65.48%	63.63%	65.20%
Average Length of Stay										
Rehabilitation Hospitals	17.3	16.5	15.5	15.0	14.2	14.0	15.0	15.5	15.3	15.2
GAC & Specialty Rehab Units	11.2	10.7	10.4	9.0	9.5	9.7	10.5	11.2	11.2	11.5
Statewide	14.4	13.7	13.0	11.8	11.7	11.8	12.6	13.2	13.2	13.4

of stay (ALOS). The rehabilitation hospitals provided 57.8% of the patient days of acute rehabilitation care during FY08 compared to 42.2% for the GAC rehabilitation units. The ALOS at rehabilitation hospitals was 15.2 days compared to 11.5 days at the GAC rehabilitation units.

Trends in Hospital-based Rehabilitation Care

The number of patients receiving care at both the rehabilitation hospitals and GAC rehabilitation units peaked during FY02. Although the total number of rehabilitation care discharges statewide decreased 0.5% during FY08, the number

of discharges increased for the first time in six years at the rehabilitation hospitals. The number of discharges at rehabilitation hospitals declined 27.8% from FY02 to FY07, an average of 5.6% per year. During FY08, the number of discharges at rehabilitation hospitals increased 5.8%. However, the discharges

Rehabilitation Care

FIGURE R-2
Average Length of Stay for Rehabilitation Care
by Facility Type

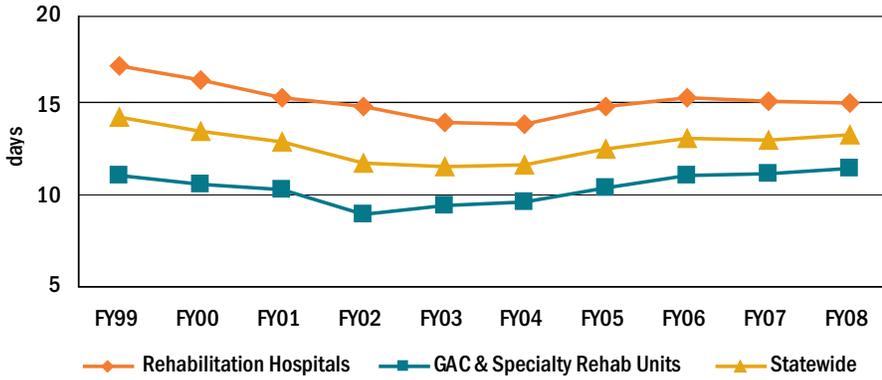
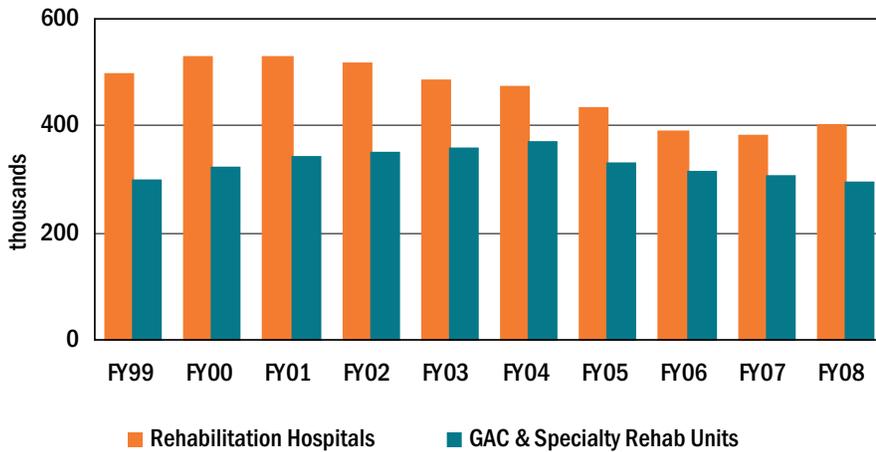


FIGURE R-3
Rehabilitation Patient Days
by Facility Type



at the GAC rehabilitation units continued to decline 6.3% during FY08. The discharges at the GAC rehabilitation units have declined 34.4% since FY02, an average decline of 5.7% per year.

Because the discharges at the rehabilitation hospitals increased 5.8% and the discharges at the GAC rehabilitation units decreased 6.3%, the overall net difference in FY08 is negligible with a 0.5% decline. The six-year annual average decline in the number of discharges between FY02 and FY08 was 3.9% at the rehabilitation hospitals and, as previously mentioned, 5.7% at the GAC rehabilitation units.

There was a net decline of 25 staffed beds (1.9%) at the GAC rehabilitation units and a net increase of 38 staffed beds (2.3%) at the rehabilitation hospitals. Overall, the number

TABLE R-2
Average Inpatient Age at
Rehabilitation Hospitals, FY08
by Payor

Commercial	52.37
Medical Assistance	43.25
Medicare	76.12
Other	68.84
Statewide	67.81

Rehabilitation Care

of staffed beds remained relatively similar with the addition of one rehabilitation hospital, Penn State Hershey Rehabilitation, LLC, which opened in FY08, and the merger of the Children's Seashore House with the Children's Hospital of Philadelphia. Of the 1,449 increase in the number of discharges at the rehabilitation hospitals during FY08, 1,224 (84.5%) can be attributed to Lancaster Rehabilitation Hospital, a new hospital that opened in FY07, and Penn State Hershey Rehabilitation, LLC.

One key factor in the decline in the utilization of inpatient rehabilitation care in prior years is the Medicare "75% Rule." In May 2004, the Centers for Medicare and Medicaid Services (CMS) published a final regulation which mandated that a minimum of 75% of a facility's inpatient rehabilitation patients must require treatment for one or more of 13 specific conditions in order for the facility to qualify for the higher Medicare inpatient rehabilitation facility prospective payment system (IRF PPS) rates. Facilities that did not meet the threshold were to be reimbursed at the lower general PPS rates. Initially, the minimum threshold was being phased in annual increments from 50% for

FIGURE R-4
Average Length of Stay at Rehabilitation Hospitals, FY08
by Age Group

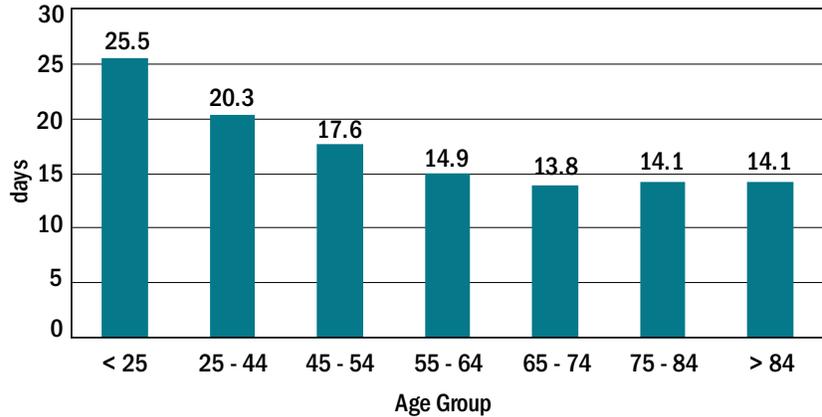
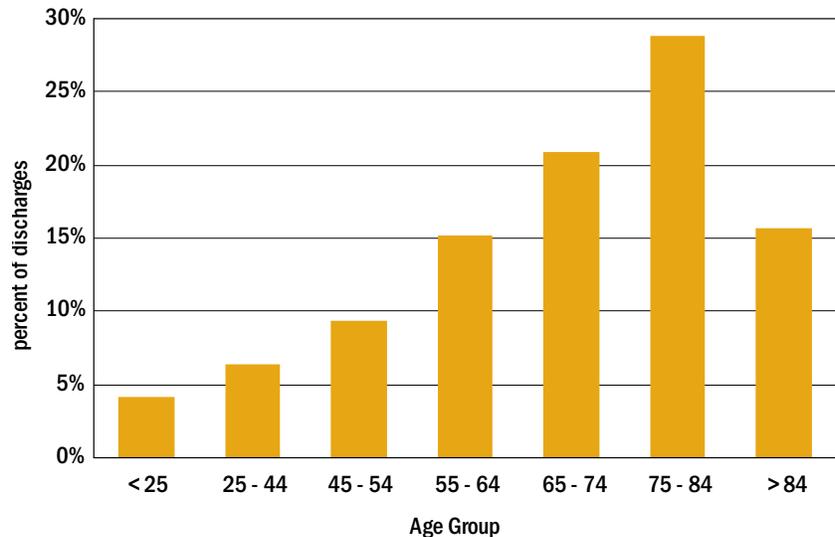


FIGURE R-5
Age Distribution at Rehabilitation Hospitals, FY08
by Age Group



Rehabilitation Care

TABLE R-3
Statewide Net Patient Revenue at Rehabilitation Hospitals
by Payor (thousands)

	FY07	FY08	Percent Change FY07 to FY08
Commercial			
Indemnity	\$65,664	\$75,479	14.95%
Managed Care	\$90,451	\$91,536	1.20%
Total	\$156,115	\$167,014	6.98%
Medicare			
Indemnity	\$235,699	\$245,953	4.35%
Managed Care	\$40,102	\$51,463	28.33%
Total	\$275,801	\$297,416	7.84%
Medical Assistance			
Indemnity	\$22,449	\$25,676	14.38%
Managed Care	\$22,377	\$22,037	-1.52%
Total	\$44,826	\$47,714	6.44%
Other	\$55,608	\$53,000	-4.69%
Statewide	\$532,349	\$565,143	6.16%

cost reporting years after July 2004 to 75% after July 2008. However, the federal Medicare, Medicaid and SCHIP Extension Act of 2007 limited the minimum threshold to 60% permanently and was retroactive to cost reporting periods after July 2005.

Rehabilitation hospitals serve a predominately elderly population. Figure R-5 reflects that 65.2% of rehabilitation patients discharged from rehabilitation

hospitals are 65 years or older. While care for elderly patients dominates the number of discharges at rehabilitation hospitals, younger patients experience much longer stays. Patients in the under-25 and the 25-44 age groups had an ALOS of 25.5 and 20.3 days, respectively, during FY08. In contrast, patients in the 65-74 age group had an ALOS of 13.8 days.

Utilization and Revenue by Payor

Figures R-6 and R-7 reveal that the revenue that the rehabilitation hospitals received per discharge and per day varies considerably by payor category. Part of this variation is attributable to the mix of patients and care covered by the different third-party payors and the variation of costs associated with treating those patients. The

Rehabilitation Care

**TABLE R-4
Utilization and Capacity, FY08
by Rehabilitation Hospital**

Hospital	Patient Days	Bed Days Available	Occupancy Rate	Discharges	Beds	Average Length of Stay
Allied Services	25,366	42,822	59.24%	2,340	117	10.8
Angela Jane Rehab	12,329	17,934	68.75%	832	49	14.8
Bryn Mawr Rehab	45,994	54,168	84.91%	2,816	148	16.3
Children's Inst Pgh	14,568	22,806	63.88%	477	69	30.5
Crichton Rehab Center	9,574	14,274	67.07%	605	39	15.8
Geisinger HealthSouth	10,912	14,640	74.54%	807	40	13.5
Good Shepherd Rehab	20,905	30,012	69.66%	1,563	82	13.4
HealthSouth Altoona	21,908	25,620	85.51%	1,538	70	14.2
HealthSouth Erie	16,920	39,528	42.81%	1,210	108	14.0
HealthSouth Harmarville	42,118	73,932	56.97%	2,397	202	17.6
HealthSouth Mechanicsburg	15,385	27,450	56.05%	1,132	75	13.6
HealthSouth Nittany	13,332	31,110	42.85%	1,005	85	13.3
HealthSouth Reading	13,916	21,960	63.37%	953	60	14.6
HealthSouth Sewickley	8,542	16,104	53.04%	611	44	14.0
HealthSouth York	19,264	26,162	73.63%	1,363	72	14.1
John Heinz Rehab	28,322	33,062	85.66%	2,228	92	12.7
Lancaster Rehab Hospital	15,129	18,300	82.67%	999	50	15.1
Magee Rehab	30,137	35,136	85.77%	1,220	96	24.7
Moss Rehab	43,372	72,102	60.15%	2,442	197	17.8
Penn State Hershey Rehab	6,835	11,712	58.36%	547	32	12.5

variation in the average patient age and the ALOS presented in Table R-2 and Figure R-8 are two indications of the differences in the average level of care among

the payors. Younger patients are more likely to be admitted for traumatic injuries, such as brain and spinal cord injuries, which

typically have longer recovery periods. As a result, younger patients, on average, require longer lengths of stay.

Rehabilitation Care

TABLE R-5
Statewide Revenue, Expenses, and Income at Rehabilitation Hospitals
 (thousands)

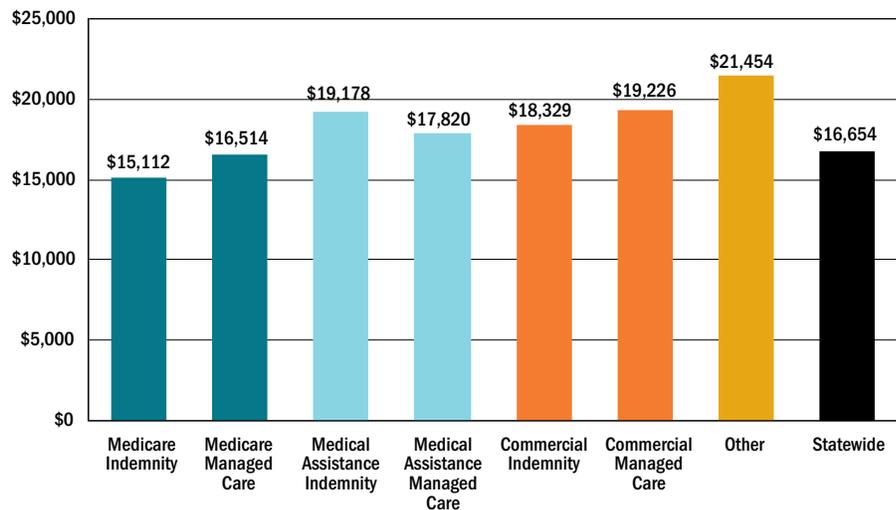
	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Net Patient Revenue	\$483,241	\$512,735	\$541,437	\$556,241	\$562,271	\$575,035	\$549,165	\$514,631	\$532,349	\$565,143
Total Operating Revenue	\$511,850	\$533,894	\$567,296	\$606,514	\$596,907	\$606,827	\$583,200	\$547,486	\$575,710	\$600,471
Total Operating Expenses	\$485,720	\$495,548	\$532,164	\$548,682	\$524,222	\$540,481	\$511,814	\$488,781	\$523,738	\$547,057
Operating Income	\$26,130	\$38,346	\$35,132	\$57,831	\$72,685	\$66,346	\$71,386	\$58,705	\$51,972	\$53,415
Non-operating Income Adjustments*	\$24,056	\$27,956	(\$5,140)	(\$34,715)	(\$17,553)	\$1,174	\$4,728	\$14,252	\$9,319	\$18,562
Revenue over Expenses	\$50,186	\$66,302	\$29,992	\$23,117	\$55,132	\$67,520	\$76,114	\$72,956	\$61,291	\$71,977

*Includes non-operating income, income taxes and extraordinary items.

Financial Profile

Table R-5 reveals that the 4.5% increase in total operating expenses for the rehabilitation hospitals outpaced the 4.3% increase in operating revenue during FY08. As a result, the statewide average operating margin declined 0.13 point from 9.03% in FY07 to 8.90% in FY08. This 0.13-point decline in FY08 follows a 1.69-point decline in the statewide operating margin in FY07, for a total two-year decline of 1.82 points.

FIGURE R-6
Average Net Inpatient Revenue per Discharge at Rehabilitation Hospitals, FY08
 by Payor



Rehabilitation Care

FIGURE R-7
Average Net Inpatient Revenue per Day
at Rehabilitation Hospitals, FY08
by Payor

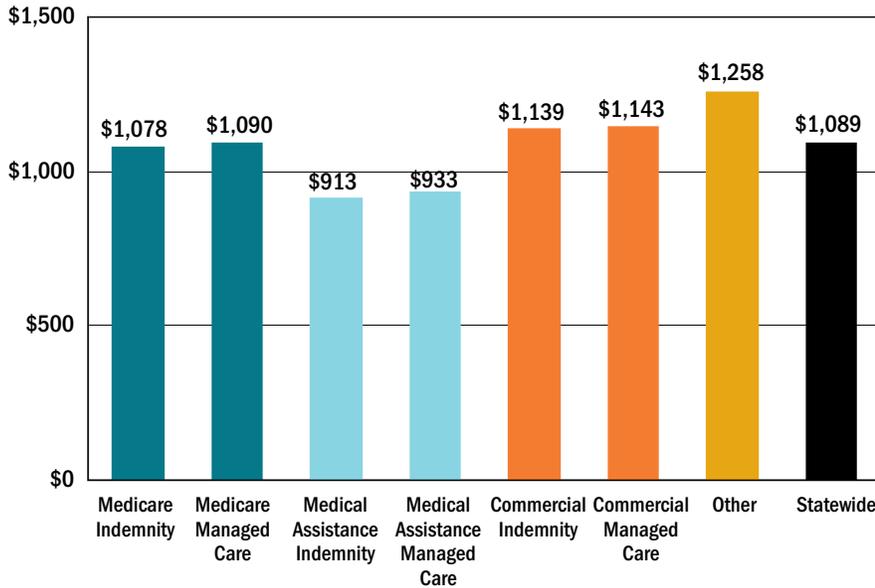
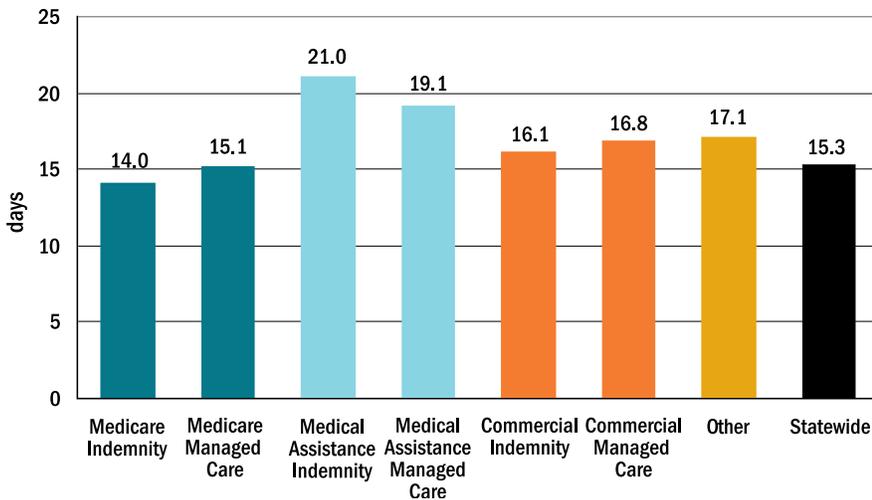


FIGURE R-8
Average Length of Stay at Rehabilitation Hospitals, FY08
by Payor



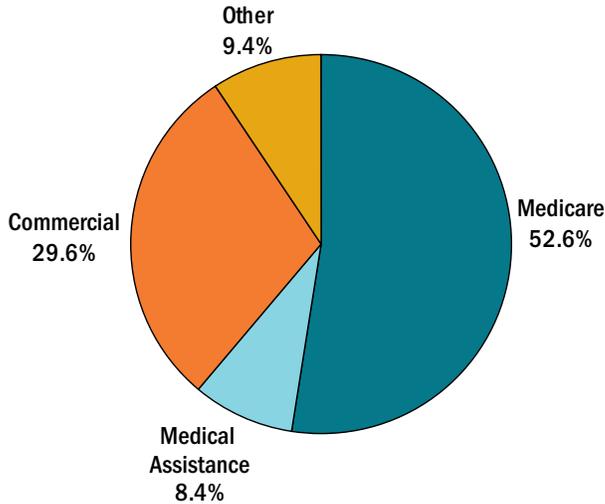
As the total discharges at the rehabilitation hospitals increased 5.8% during FY08, statewide operating revenue grew 4.3%. Statewide operating revenue increased, and rehabilitation hospitals reported higher average payments during FY08. The average inpatient revenue per discharge increased 2.2% from \$16,288 in FY07 to \$16,654 in FY08.

The leading contributors to the increase in operating revenue were the Medical Assistance (MA) indemnity plans and Medicare managed care plans. The average revenue per discharge grew 13.7% for MA indemnity patients and 8.4% for Medicare managed care patients receiving inpatient care at rehabilitation hospitals in FY08. The increase in the average Medicare managed care payment coupled with the 22.4% increase in Medicare managed care discharges was responsible for 36.8% of the net increase in total inpatient revenue and 34.6% of the net increase in total net patient revenue (NPR) during FY08.

Outpatient and home health care at rehabilitation hospi-

Rehabilitation Care

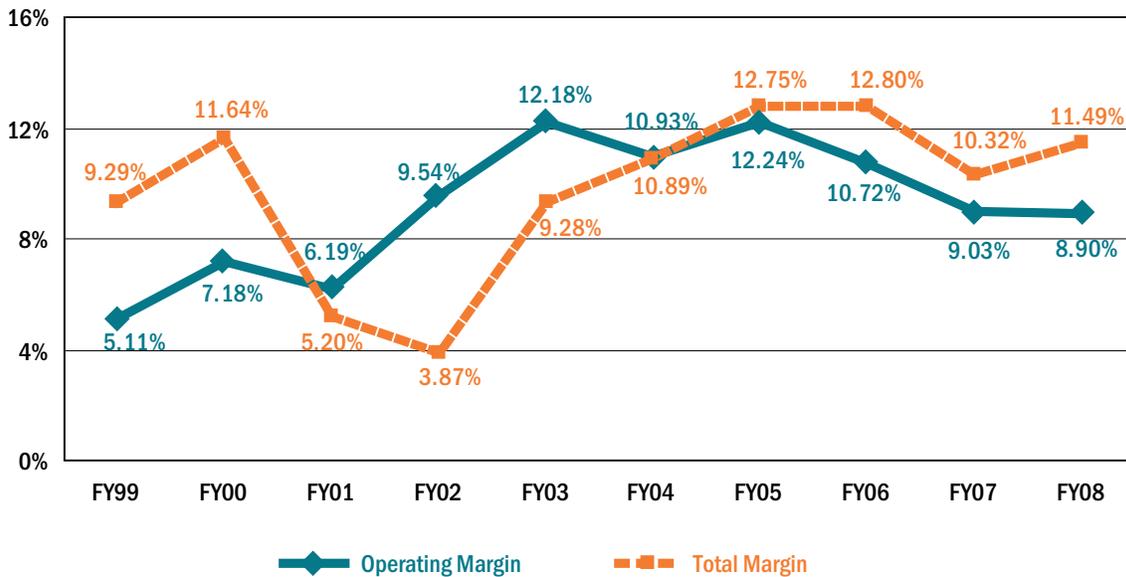
FIGURE R-9
Statewide Net Patient Revenue at Rehabilitation Hospitals, FY08
by Payor



tals generated about one-fifth (19.6%) or \$111.0 million of the \$565.1 million in total NPR reported by the rehabilitation hospitals for FY08.

The statewide average total margin improved 1.17 points during FY08, from 10.32% in FY07 to 11.49% in FY08. The increase in the statewide total margin during FY08 was greater than the decline in the statewide operating margin because of the increase in the non-operating income at the non-profit rehabilitation hospitals. Non-operating income at the non-profit hospi-

FIGURE R-10
Statewide Operating and Total Margins at Rehabilitation Hospitals



Rehabilitation Care

tals is primarily comprised of investment gains and contributions.

The 8.15% FY08 average operating margin for the eight non-profit rehabilitation hospitals was 1.95 points below the 10.10% FY08 average operating margin for the 13 for-profit hospitals. Investment proceeds and other non-operating gains generally drove the average total margin at the non-profit rehabilita-

tion hospitals 6.04 points above the average operating margin to 14.19%. For-profit hospitals are subject to income taxes; the 6.80% average total margin for the for-profit hospitals was 3.3 points below the average operating margin for the group. As a result, the average 14.19% total margin for the non-profit hospitals was 7.39 points higher than the 6.80% average total margin at the for-profit hospitals.

Rehabilitation Care

Region/Rehabilitation Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$27	\$25	\$27	\$26	0.97%	\$26	\$25	\$26	\$24	2.30%
Non-profit Rehabilitation Hospitals										
Statewide Average (non-profit)	\$43	\$36	\$39	\$33	9.64%	\$43	\$37	\$38	\$31	12.28%
6 Allied Services	\$37	\$37	\$38	\$38	-0.75%	\$37	\$36	\$37	\$35	1.99%
8 Bryn Mawr Rehab	\$65	\$64	\$60	\$59	3.20%	\$52	\$49	\$48	\$44	5.98%
1 Children's Inst Pgh	\$20	\$17	\$15	\$14	13.42%	\$41	\$36	\$30	\$29	13.99%
3 Crichton Rehab Center ⁷	\$9	\$8	NA	NA	NA	\$8	\$8	NA	NA	NA
7 Good Shepherd Rehab	\$46	\$41	\$41	\$36	8.71%	\$50	\$48	\$44	\$41	7.39%
6 John Heinz Rehab	\$33	\$31	\$32	\$32	1.51%	\$33	\$31	\$32	\$30	3.38%
9 Magee Rehab	\$52	\$43	\$41	\$41	8.50%	\$55	\$56	\$44	\$42	10.76%
9 Moss Rehab ⁷	\$78	\$73	\$71	\$73	2.42%	\$64	\$60	\$57	\$56	5.02%
For-profit Rehabilitation Hospitals										
Statewide Average (for-profit)	\$17	\$17	\$19	\$20	-4.40%	\$16	\$16	\$17	\$18	-4.32%
9 Angela Jane Rehab ^{1, 5, 10}	\$7	\$8	\$8	\$8	-2.91%	\$8	\$8	\$8	\$7	4.43%
4 Geisinger HealthSouth ^{1, 10}	\$16	\$14	\$13	\$14	4.40%	\$15	\$14	\$13	\$11	11.00%
3 HealthSouth Altoona ^{1, 10}	\$26	\$25	\$23	\$25	1.05%	\$24	\$23	\$22	\$24	0.27%
2 HealthSouth Erie ^{1, 10}	\$19	\$20	\$23	\$24	-7.60%	\$19	\$19	\$22	\$23	-5.87%
1 HealthSouth Harmarville ^{1, 5, 10}	\$39	\$39	\$41	\$42	-2.17%	\$36	\$34	\$34	\$34	1.23%
5 HealthSouth Mechanicsburg ^{1, 10}	\$22	\$23	\$22	\$25	-3.43%	\$20	\$20	\$20	\$23	-5.18%
4 HealthSouth Nittany ^{1, 10}	\$16	\$16	\$16	\$19	-4.75%	\$16	\$16	\$18	\$18	-3.77%
7 HealthSouth Reading ^{1, 10}	\$17	\$17	\$17	\$20	-5.11%	\$15	\$15	\$14	\$17	-5.19%
1 HealthSouth Sewickley ^{1, 10}	\$9	\$8	\$7	\$8	3.15%	\$8	\$7	\$7	\$8	0.53%
5 HealthSouth York ^{1, 10}	\$26	\$25	\$26	\$25	0.68%	\$22	\$22	\$23	\$24	-2.58%
5 Lancaster Rehab Hospital ^{1, 3, 10}	\$17	\$5	NA	NA	NA	\$14	\$7	NA	NA	NA
5 Penn State Hershey Rehab ^{1, 4, 10}	\$8	NA	NA	NA	NA	\$7	NA	NA	NA	NA

See footnotes and map of regions on page 58.

Rehabilitation Care

Rehabilitation Hospital	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Percent of Uncompensated Care FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08
Statewide Average	8.90%	11.49%	11.52%	0.94%	52.63%	8.44%
Non-profit Rehabilitation Hospitals						
Statewide Average (non-profit)	8.15%	14.19%	14.49%	0.94%	46.07%	11.14%
Allied Services	3.18%	4.80%	6.97%	0.74%	77.58%	2.83%
Bryn Mawr Rehab	22.85%	28.35%	28.70%	0.24%	51.95%	1.64%
Children's Inst Pgh	-17.33%	27.38%	21.31%	1.75%	3.25%	33.12%
Crichton Rehab Center ⁷	8.04%	8.04%	NA	0.83%	72.21%	7.01%
Good Shepherd Rehab	2.71%	2.71%	0.94%	2.41%	44.82%	8.38%
John Heinz Rehab	0.36%	0.94%	1.91%	0.57%	73.71%	2.78%
Magee Rehab	2.63%	0.22%	5.04%	0.63%	26.16%	19.20%
Moss Rehab ⁷	19.91%	19.93%	20.19%	0.91%	36.36%	17.60%
For-profit Rehabilitation Hospitals						
Statewide Average (for-profit)	10.10%	6.80%	6.31%	0.93%	62.70%	4.31%
Angela Jane Rehab ^{1, 5, 10}	-13.00%	-14.28%	-4.69%	0.14%	61.96%	0.00%
Geisinger HealthSouth ^{1, 10}	19.80%	16.11%	14.53%	1.52%	59.42%	2.17%
HealthSouth Altoona ^{1, 10}	7.03%	4.13%	3.99%	0.72%	66.86%	5.19%
HealthSouth Erie ^{1, 10}	1.32%	1.34%	3.24%	1.42%	73.82%	5.60%
HealthSouth Harmarville ^{1, 5, 10}	9.83%	5.77%	8.44%	0.97%	49.35%	6.70%
HealthSouth Mechanicsburg ^{1, 10}	12.19%	7.14%	7.03%	0.68%	58.20%	1.68%
HealthSouth Nittany ^{1, 10}	0.00%	0.01%	-1.84%	0.58%	69.57%	3.81%
HealthSouth Reading ^{1, 10}	14.75%	8.64%	9.03%	1.76%	57.47%	4.68%
HealthSouth Sewickley ^{1, 10}	9.57%	5.61%	4.39%	1.23%	82.49%	2.60%
HealthSouth York ^{1, 10}	16.41%	9.61%	8.23%	0.41%	63.06%	1.51%
Lancaster Rehab Hospital ^{1, 3, 10}	18.53%	18.53%	NA	0.64%	70.79%	6.30%
Penn State Hershey Rehab ^{1, 4, 10}	7.98%	7.98%	NA	0.99%	65.36%	9.30%

See footnotes and map of regions on page 58.

Psychiatric Care

Highlights

- For the fourth consecutive year, the 17 freestanding psychiatric hospitals as a group have posted an increase in the statewide average operating margin. The statewide average operating margin grew another 0.27 point in FY08, from 5.69% in FY07 to 5.96% in FY08. There was also a 0.75-point increase in the statewide average total margin from 3.80% in FY07 to 4.55% in FY08.
- While the operating margin for the 17 hospitals as a group has improved a total of 9.76 points over the past four years (FY04–FY08), the financial performance of the individual hospitals has been quite diverse. For example, the average operating margin for the ten for-profit psychiatric hospitals was 10.62% in FY08. Alternatively, the average operating margin for the seven non-profit hospitals was -1.55%.
- The Commonwealth, through the Pennsylvania Department of Public Welfare (DPW), is the largest provider of psychiatric care in the state. DPW's eight psychiatric hospitals (state hospitals) provided 30.7% of all patient days of psychiatric care during FY08. In addition, the Medical Assistance (MA) program administered by DPW provided 59.4% of the net patient revenue received by the 17 psychiatric hospitals in Pennsylvania during FY08. Some 24.3% of all patients receiving inpatient psychiatric care at GAC hospitals were MA participants.

Psychiatric Care is Provided in a Variety of Settings

Inpatient psychiatric care in Pennsylvania is provided in the following five facility categories: state psychiatric hospitals, free-standing psychiatric hospitals, general acute care (GAC) hospitals, specialty hospitals, and long-term acute care hospitals.

The state psychiatric hospitals provide long-term inpatient care for individuals that require intensive treatment. Although the state hospitals provided 30.7% of statewide psychiatric patient days, they only discharged 1,346 patients during FY08, which is about 1.0% of the total discharges of all facilities providing inpatient psychiatric care. The average length of stay (ALOS) at the state hospitals is well over one year.

In contrast, psychiatric units in GAC hospitals (GAC psychiatric units) provided relatively short-term acute care with an ALOS of 8.9 days during FY08. Fifty-five percent (55%) of the 170 GAC hospitals in Pennsylvania operated psychiatric units. These 93 GAC hospitals treated 58.7% of the patients admitted for inpatient psychiatric care and provided 33.5% of the total patient days of psychiatric care during FY08.

Psychiatric Care

TABLE P-1
Utilization and Capacity of Psychiatric Care
by Facility Type

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Patient Days										
Psychiatric	511,883	526,150	511,681	548,281	567,435	558,552	558,059	556,829	586,344	591,751
State Psychiatric	1,081,464	1,020,777	939,634	855,179	772,491	773,443	761,065	718,962	675,186	642,444
GAC	715,370	777,093	769,658	738,873	753,413	757,131	742,683	730,956	718,089	700,008
Specialty	102,204	124,811	141,783	139,380	145,703	149,446	155,908	151,878	124,008	128,898
LTAC	26,426	25,005	28,184	28,788	29,033	28,223	29,324	28,455	30,518	29,516
Statewide	2,437,347	2,473,836	2,390,940	2,310,501	2,268,075	2,266,795	2,247,039	2,187,080	2,134,145	2,092,617
Discharges										
Psychiatric	41,097	38,815	39,153	40,336	42,673	44,173	41,587	41,911	42,358	44,592
State Discharges	2,107	2,060	1,988	1,955	1,674	1,634	1,637	1,741	1,479	1,346
GAC	77,342	89,727	87,079	85,449	84,338	85,748	84,670	83,821	81,207	78,649
Specialty	5,324	6,705	10,142	9,381	9,396	9,430	9,886	9,387	7,983	8,387
LTAC	1,011	1,116	1,207	1,219	949	956	982	1,006	998	1,112
Statewide	126,881	138,423	139,569	138,340	139,030	141,941	138,762	137,866	134,025	134,086
Patient Population										
State Psychiatric	2,967	2,699	2,510	2,215	2,164	2,142	2,120	1,916	1,848	1,710
Beds										
Psychiatric	1,862	1,862	1,801	1,896	1,938	1,958	1,965	1,941	2,040	2,055
State Psychiatric	3,524	3,222	2,963	2,678	2,381	2,387	2,440	2,198	2,206	2,173
GAC	3,208	3,238	3,151	3,068	2,982	2,920	2,853	2,790	2,762	2,643
Specialty	389	463	531	524	531	550	558	545	455	453
LTAC	112	112	112	112	112	112	112	113	113	99
Statewide	9,095	8,897	8,558	8,278	7,944	7,927	7,928	7,587	7,576	7,423
Occupancy Rate										
Psychiatric	76.25%	77.46%	78.51%	79.76%	79.76%	78.55%	80.98%	81.71%	79.02%	78.98%
State Psychiatric	83.55%	85.77%	86.07%	87.02%	88.67%	88.73%	85.07%	87.67%	83.85%	80.78%
GAC	61.45%	64.93%	66.35%	65.88%	69.71%	72.13%	73.32%	72.46%	72.69%	72.88%
Specialty	71.98%	73.52%	77.41%	72.85%	75.75%	75.92%	76.55%	76.35%	69.58%	76.65%
LTAC	64.64%	61.17%	68.94%	70.42%	71.02%	68.90%	71.73%	69.55%	73.99%	81.46%
Statewide	73.58%	75.49%	76.45%	76.41%	78.30%	78.98%	79.09%	79.53%	77.47%	77.24%
Statewide w/o State*	67.18%	69.63%	71.29%	71.30%	73.84%	74.72%	76.34%	76.07%	74.84%	75.76%
Average Length of Stay										
Psychiatric	12.5	13.6	13.1	13.6	13.3	12.6	13.4	13.3	13.8	13.3
State Psychiatric	513.3	495.5	472.7	437.4	461.5	473.3	464.9	413.0	456.5	477.3
GAC	9.2	8.7	8.8	8.6	8.9	8.8	8.8	8.7	8.8	8.9
Specialty	19.2	18.6	14.0	14.9	15.5	15.8	15.8	16.2	15.5	15.4
LTAC	26.1	22.4	23.4	23.6	30.6	29.5	29.9	28.3	30.6	26.5
Statewide	19.2	17.9	17.1	16.7	16.3	16.0	16.2	15.9	15.9	15.6
Statewide w/o State*	10.9	10.7	10.5	10.7	10.9	10.6	10.8	10.8	11.0	10.9

* Excludes state psychiatric hospitals

Psychiatric Care

FIGURE P-1
Psychiatric Patient Days, FY08
 by Facility Type

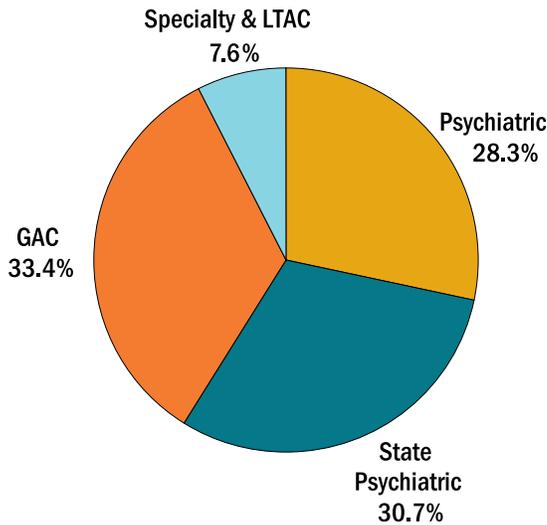
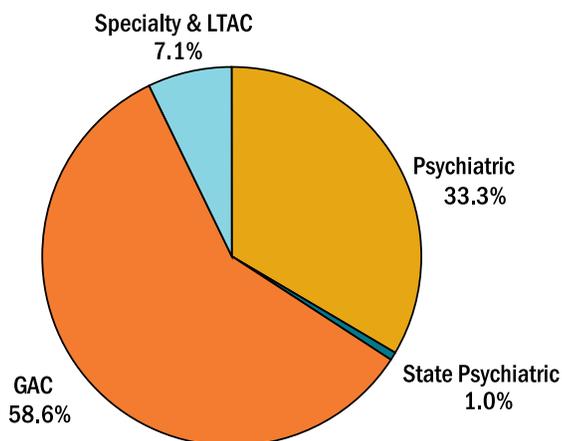


FIGURE P-2
Psychiatric Discharges, FY08
 by Facility Type



The 17 freestanding psychiatric hospitals accounted for 33.3% of patient discharges and provided 28.3% of the total days of psychiatric care in the Commonwealth during FY08. Excluding the long-term residential programs and drug and alcohol (D&A) care, the ALOS at these psychiatric hospitals was 11.0 days.

Six of the psychiatric hospitals provided residential care and three provided inpatient D&A care. Residential care is typically a less intensive treatment that often follows acute psychiatric hospital care. Residential treatment is often utilized when community or family-based options are not appropriate for the patient. The ALOS of the six residential programs was 122.8 days during FY08. The utilization and capacity of these programs are presented at the bottom of Table P-2.

Five of the six specialty hospitals in Pennsylvania provided some form of psychiatric care. Two facilities reported providing acute psychiatric care, which represented only 10.9% of the psychiatric care provided at specialty hospitals. The remaining 89.1% of psychiatric care

Psychiatric Care

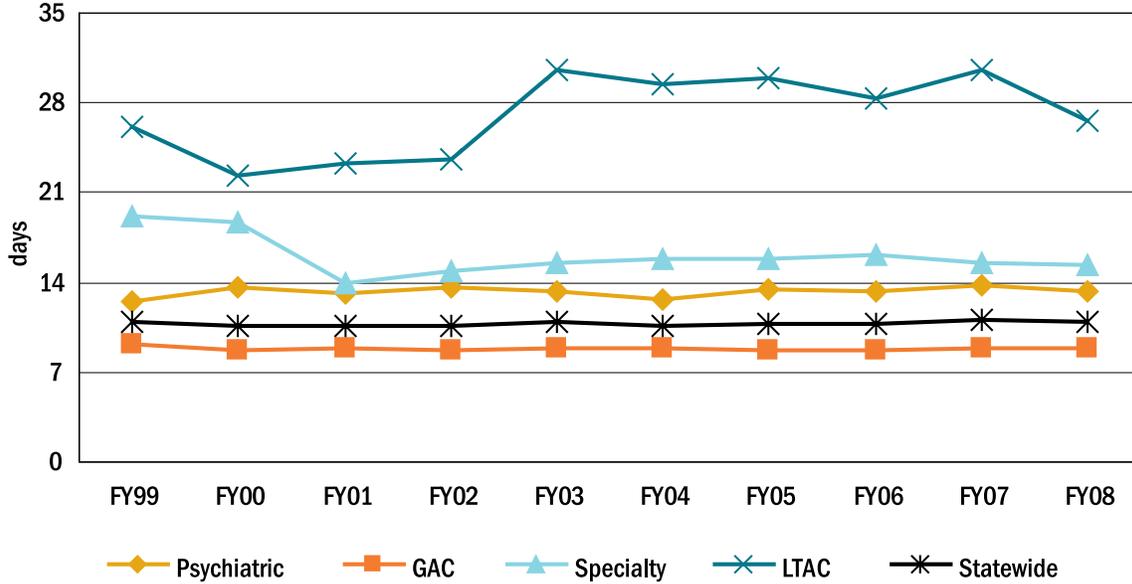
**TABLE P-2
Utilization and Capacity, FY08
by Psychiatric Hospital**

Hospital	Patient Days	Bed Days Available	Occupancy Rate	Discharges	Beds	Average Length of Stay (ALOS)	ALOS w/o Residential & D&A Treatment
All Hospital Services (including Residential and Drug & Alcohol Treatment)							
Belmont Center	48,640	53,802	90.41%	4,069	147	11.95	11.95
Brooke Glen Behavioral	44,166	53,436	82.65%	3,827	146	11.54	11.54
Clarion Psych	14,853	27,084	54.84%	2,000	74	7.43	7.43
Devereux Behavioral Hlth	8,317	12,078	68.86%	442	33	18.82	18.82
Fairmount Behavioral	63,226	67,255	94.01%	4,502	185	14.04	13.33
First Wyoming Valley	28,863	37,698	76.56%	3,071	103	9.40	9.40
Foundations Behavioral	23,535	38,674	60.85%	756	113	31.13	12.20
Friends	67,343	80,154	84.02%	5,975	219	11.27	10.02
Horsham Clinic	49,450	53,436	92.54%	4,970	146	9.95	9.95
KidsPeace	16,980	20,496	82.85%	1,174	56	14.46	14.46
Kirkbride Center	55,953	76,482	73.16%	3,658	209	15.30	9.28
Meadows Psych Center	29,984	36,966	81.11%	2,431	101	12.33	12.33
Montgomery Cty ES	23,354	29,646	78.78%	2,491	81	9.38	9.85
Philhaven	43,335	52,756	82.14%	2,192	140	19.77	12.32
Roxbury Treatment Center	24,913	29,466	84.55%	1,929	84	12.91	18.36
Southwood Psych	40,589	64,416	63.01%	1,049	176	38.69	8.07
St John Vianney	8,250	15,372	53.67%	56	42	147.32	3.00
Residential and Drug & Alcohol Treatment							
Fairmount Behavioral	14,667	16,015	91.58%	860	45	17.05	NA
Foundations Behavioral	15,542	18,910	82.19%	101	59	153.88	NA
Friends	7,480	9,882	75.69%	1	27	7,480.00	NA
Kirkbride Center	38,826	50,130	77.45%	1,812	137	21.43	NA
Montgomery Cty ES	2,004	2,928	68.44%	324	8	6.19	NA
Philhaven	17,197	19,450	88.42%	71	49	242.21	NA
Roxbury Treatment Center	16,836	19,950	84.39%	1,489	58	11.31	NA
Southwood Psych	33,164	51,606	64.26%	129	141	257.09	NA
St John Vianney	8,247	14,640	56.33%	55	40	149.95	NA

NA - Not Applicable

Psychiatric Care

FIGURE P-3
Average Length of Stay for Psychiatric Care*
by Facility Type



* Excludes state psychiatric hospitals

offered at specialty hospitals was provided by D&A programs at four hospitals. The 128,898 days of inpatient psychiatric care at specialty hospitals represented 6.2% of the patient days of statewide psychiatric care during FY08.

Three long-term acute care (LTAC) hospitals rendered 29,516 acute psychiatric patient days, or 1.4% of statewide inpatient psychiatric care during FY08. While this care represents only a small portion

of inpatient psychiatric care in Pennsylvania, it represents 9.8% of the total patient days provided by all LTAC hospitals.

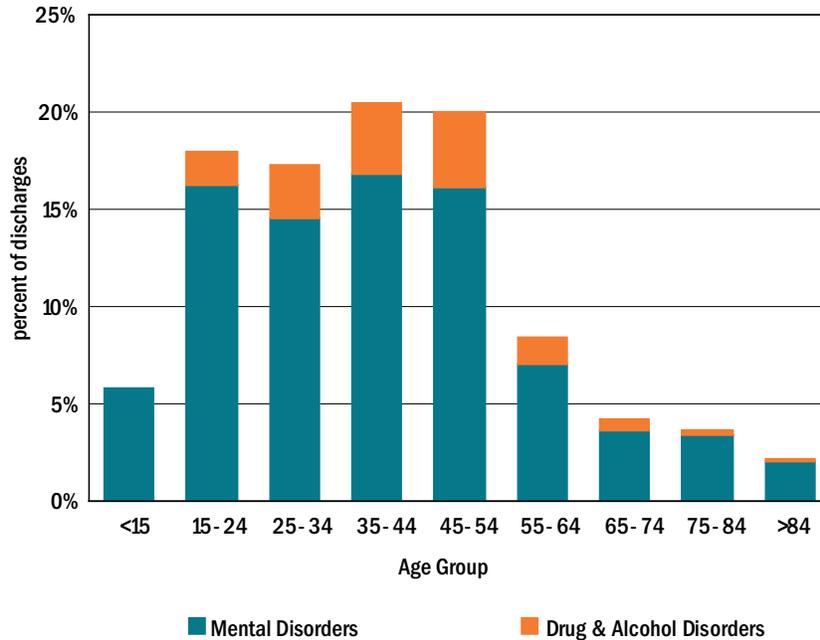
Trends in Hospital-based Psychiatric Care

Over the past nine years (FY99-FY08), total statewide patient days of psychiatric care provided at all facility categories declined an average of about 1.6% per year. The 1.9% decline in patient days during FY08 was largely driven by reductions in

utilization at the state psychiatric hospitals. The Pennsylvania Department of Public Welfare (DPW) reports that the patient population at the state hospitals declined by 138 patients, from 1,848 in July 2007 to 1,710 in July 2008 and that the patient days of care fell by 4.8% or 32,742 days during FY08.

Despite no change in statewide psychiatric patient discharges provided in all facility settings, there was a 5.3% increase in the

FIGURE P-4
Age Distribution of Inpatient Psychiatric Patients*, FY08
by Age Group



Mental disorders include all patients whose principal diagnoses were grouped into MDC19, and drug and alcohol disorders include patients grouped into MDC20.
 * Excludes state psychiatric hospitals

total patient discharges reported by the psychiatric hospitals. Because the 5.3% increase in patient discharges was greater than the 0.9% increase in patient days, there was a half-day decrease in the average length of stay from 13.8 days to 13.3 days at psychiatric hospitals.

The GAC psychiatric units reported a decline in total patient days and discharges for the fourth consecutive year. Total patient days for the GAC psychiatric units declined 2.5% or 18,081 days, and discharges fell 3.1% or by 2,558 discharges during FY08.

Inpatient psychiatric care has a younger age distribution than

the other categories of hospital-based care. The average age of inpatients treated at psychiatric hospitals was 32.4 years compared to a mean age of 52.6 years for all inpatients at GAC hospitals, 68.0 years at rehabilitation hospitals and 68.3 years at long-term acute care hospitals.

Psychiatric Care

Financial Profile

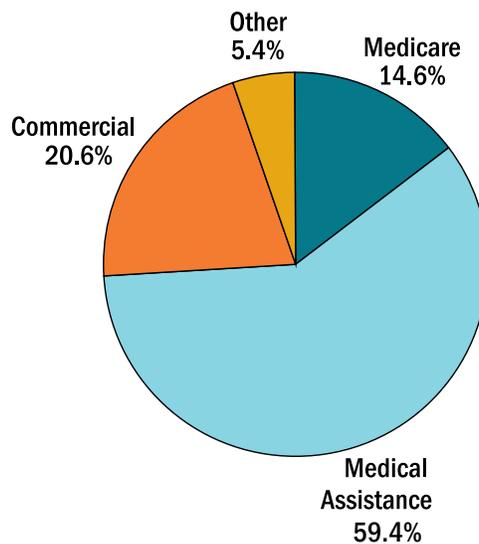
The Commonwealth, through DPW, is the largest provider of psychiatric care. DPW's eight state hospitals provided 30.7% of all patient days of psychiatric care during FY08. In addition, the Medical Assistance (MA) program administered by DPW provided 59.4% of the net patient revenue received by the 17 psychiatric hospitals in Pennsylvania during FY08. MA participants also comprised 24.3% of all patients receiving inpatient psychiatric care at GAC hospitals. DPW also sponsors psychiatric care in a variety of other settings.

The Commonwealth directly underwrites 81.0% of the cost of the care provided at the eight state psychiatric hospitals. Of the remaining 19.0% of total expenses covered by third-party payors, patients and other sources; 10.4% are covered by MA, 5.7% by Medicare, and about 2.9% are covered by private insurance, individuals and other sources.

Prior to FY05, the psychiatric hospitals as a group experienced a long history of negative or very small positive statewide average operating margins. However, during the two-year period

FY05 and FY06, the psychiatric hospitals experienced a dramatic 9.08-point improvement in their combined operating income. The statewide operating margin increased 4.99 points during FY05 and an additional 4.09 points during FY06. The statewide operating margins improved because operating revenue grew a total of 11.7% during FY05 and FY06 while the total growth in expenses was held to 1.9% over the two-year period. Since statewide utilization levels at the hospitals operating during FY05 and FY06 remained relatively constant, the

FIGURE P-5
Statewide Net Patient Revenue at Psychiatric Hospitals*, FY08
by Payor



* Excludes state psychiatric hospitals

Psychiatric Care

growth in operating revenue was primarily driven by increases in reimbursement rates. The hospitals reported a 13.0% increase in average revenue per day over the two-year period, 5.7% during FY05, and 6.9% during FY06.

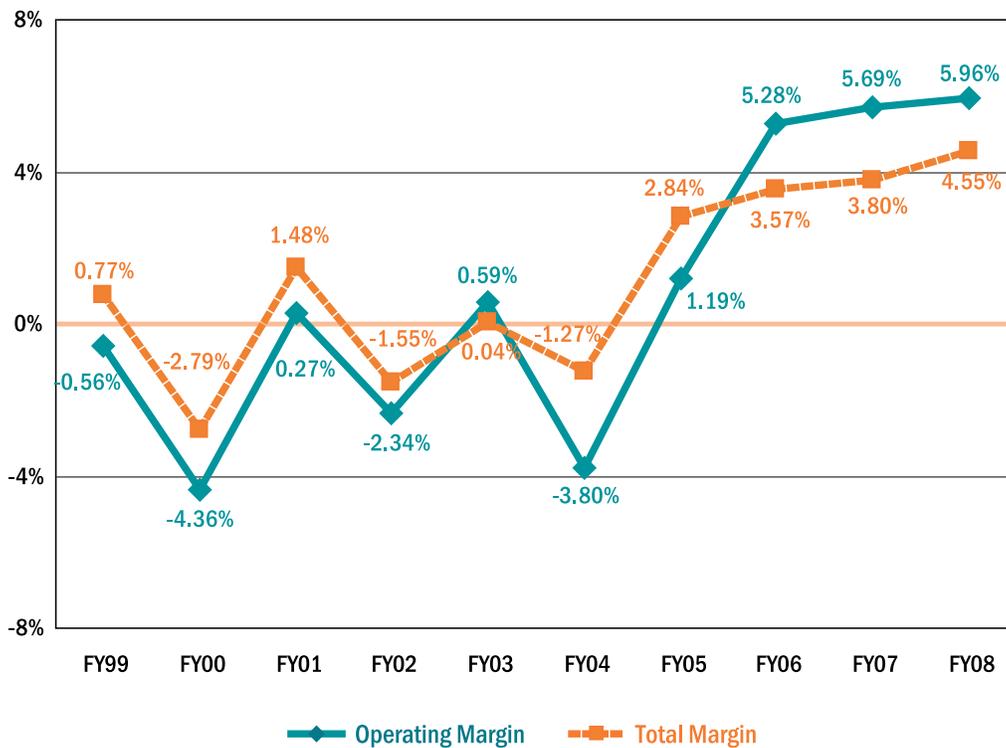
While not as large as the increases in FY05 and FY06, the statewide operating margin at psychiatric hospitals increased 0.41 point during FY07, from 5.28% in FY06 to 5.69% in FY07, and another 0.27 point during FY08 to 5.96%. The statewide operating margin

continued to grow because, as a group, the growth in operating revenue outpaced the increase in operating expenses. Statewide operating revenue increased 5.2% during FY08 while expenses rose 4.9%.

The disparity in the average operating and total margins between the for-profit and non-profit psychiatric hospitals continued in FY08. The ten for-profit hospitals posted an average operating margin of 10.62% compared to -1.55% for the seven non-profit hospitals. Since the for-profit

hospitals are subject to income taxes, the statewide average total margin for the for-profit facilities fell to 5.98%. For a few of the non-profit psychiatric hospitals, non-operating income from investment gains and contributions resulted in total margins above their operating margins. As a result, the average total margin for the non-profit hospitals was 2.35% or 3.90 points above the average operating margin of -1.55%.

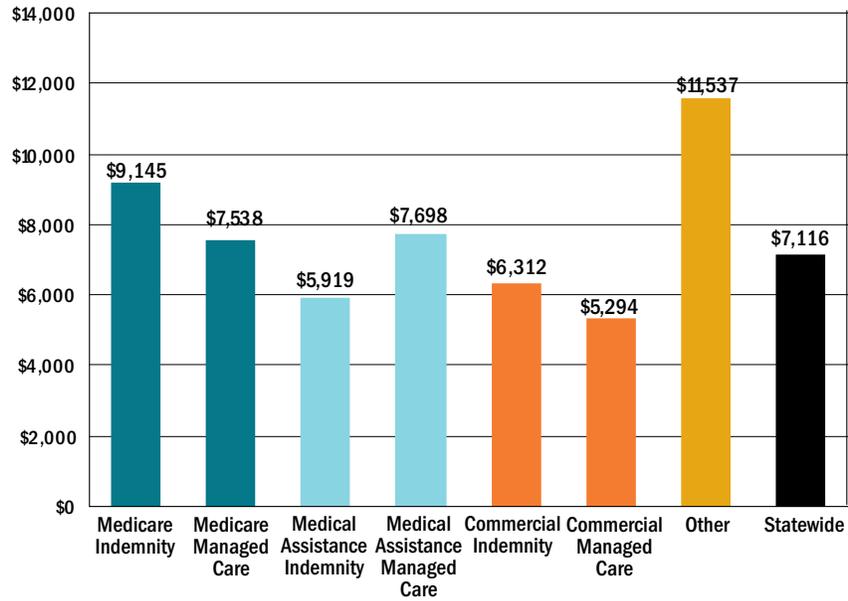
FIGURE P-6
Statewide Operating and Total Margins at Psychiatric Hospitals*



* Excludes state psychiatric hospitals

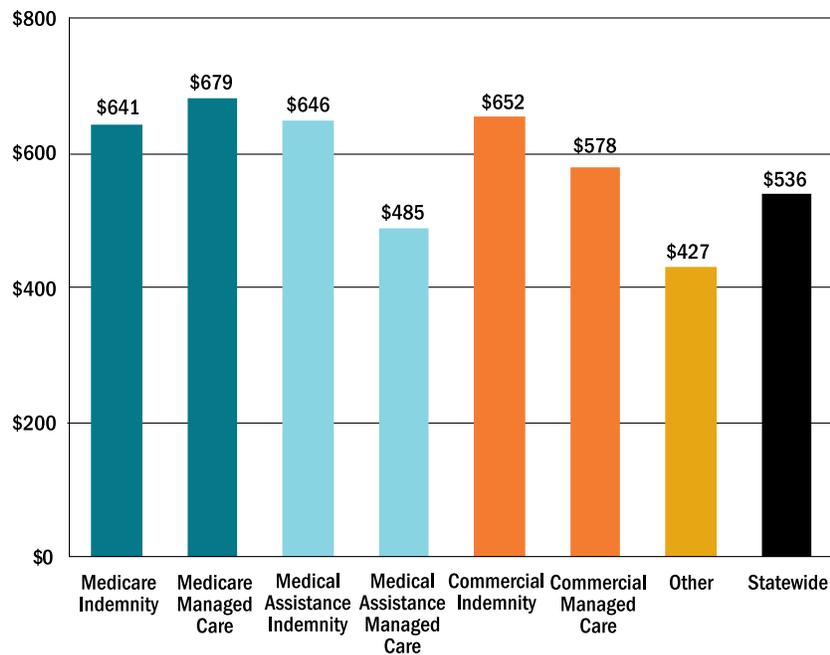
Psychiatric Care

FIGURE P-7
Average Net Inpatient Revenue per Discharge at Psychiatric Hospitals*, FY08
by Payor



* Excludes state psychiatric hospitals

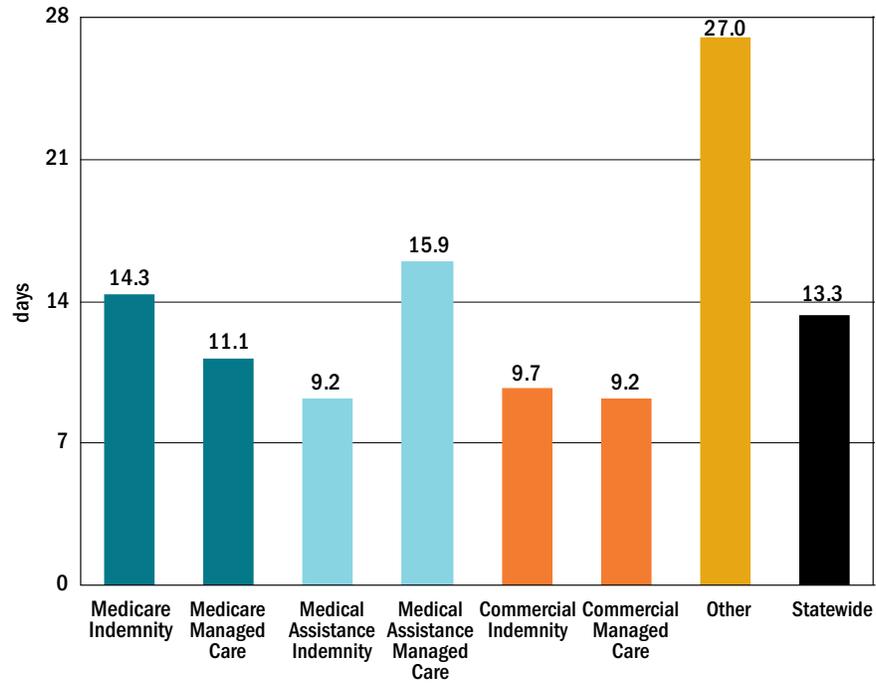
FIGURE P-8
Average Net Inpatient Revenue per Day at Psychiatric Hospitals*, FY08
by Payor



* Excludes state psychiatric hospitals

Psychiatric Care

FIGURE P-9
Average Length of Stay at Psychiatric Hospitals*, FY08
by Payor



* Excludes state psychiatric hospitals

Psychiatric Care

Region/Psychiatric Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$22	\$21	\$21	\$19	6.07%	\$21	\$20	\$20	\$19	4.16%
Non-profit Psychiatric Hospitals										
Statewide Average (non-profit)	\$20	\$20	\$18	\$17	6.13%	\$21	\$20	\$19	\$18	5.93%
9 Belmont Center	\$36	\$34	\$34	\$32	4.24%	\$37	\$36	\$34	\$33	4.18%
8 Devereux Behavioral Hlth ^{7,11}	\$5	\$5	\$3	\$3	20.82%	\$5	\$5	\$4	\$4	12.97%
6 First Wyoming Valley	\$17	\$16	\$14	\$14	6.25%	\$17	\$16	\$14	\$14	6.48%
7 KidsPeace ¹	\$18	\$18	\$18	\$16	2.38%	\$20	\$20	\$19	\$18	4.42%
8 Montgomery Cty ES ⁵	\$15	\$15	\$15	\$14	1.73%	\$16	\$16	\$16	\$15	1.62%
5 Philhaven ⁵	\$48	\$47	\$42	\$37	10.06%	\$50	\$47	\$43	\$40	8.30%
8 St John Vianney ⁵	\$3	\$3	\$3	\$3	4.29%	\$5	\$4	\$4	\$3	11.68%
For-profit Psychiatric Hospitals										
Statewide Average (for-profit)	\$23	\$22	\$22	\$20	6.04%	\$21	\$20	\$21	\$19	3.00%
8 Brooke Glen Behavioral ^{1,10}	\$28	\$27	\$22	\$18	18.97%	\$26	\$23	\$19	\$17	18.58%
2 Clarion Psych ^{1,10}	\$11	\$11	\$11	\$11	-0.37%	\$8	\$7	\$7	\$7	4.53%
9 Fairmount Behavioral ^{1,5,10}	\$35	\$33	\$30	\$28	7.12%	\$30	\$28	\$27	\$27	3.53%
8 Foundations Behavioral ^{1,5,10,11}	\$19	\$17	\$18	\$16	6.44%	\$19	\$18	\$18	\$17	4.44%
9 Friends ^{1,5,10}	\$44	\$39	\$37	\$37	6.53%	\$42	\$39	\$37	\$42	0.00%
8 Horsham Clinic ^{1,10}	\$32	\$33	\$32	\$29	3.53%	\$32	\$32	\$31	\$31	1.59%
9 Kirkbride Center ^{5,10}	\$19	\$21	\$23	\$20	-1.49%	\$17	\$18	\$20	\$19	-3.30%
4 Meadows Psych Center ^{1,10}	\$17	\$16	\$14	\$14	6.91%	\$14	\$13	\$13	\$11	6.41%
5 Roxbury Treatment ^{1,5,10}	\$11	\$8	NA	NA	NA	\$8	\$7	NA	NA	NA
1 Southwood Psych ^{1,5,10}	\$15	\$15	\$13	\$13	4.09%	\$16	\$16	\$14	\$13	7.31%

Region/State Psychiatric Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$9	\$9	\$8	\$8	5.74%	\$49	\$50	\$46	\$46	1.81%
7 Allentown State	\$8	\$7	\$6	\$5	18.94%	\$38	\$37	\$37	\$33	4.81%
6 Clark Summit State	\$11	\$8	\$8	\$8	13.07%	\$48	\$46	\$44	\$42	5.20%
4 Danville State	\$7	\$8	\$6	\$6	7.65%	\$34	\$37	\$35	\$30	4.56%
1 Mayview State ¹¹	\$8	\$10	\$10	\$9	-3.91%	\$59	\$66	\$69	\$67	-4.23%
8 Norristown State	\$10	\$11	\$11	\$11	-3.29%	\$81	\$83	\$85	\$80	0.34%
1 Torrance State	\$8	\$8	\$8	\$7	9.43%	\$42	\$43	\$42	\$42	-0.32%
2 Warren State	\$8	\$8	\$7	\$8	2.94%	\$44	\$44	\$42	\$40	2.82%
7 Wernersville State	\$11	\$12	\$11	\$9	7.27%	\$44	\$44	\$44	\$36	7.55%

See footnotes and map of regions on page 58.

Psychiatric Care

Psychiatric Hospital	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Percent of Uncompensated Care FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08
Statewide Average	5.96%	4.55%	4.00%	1.69%	14.63%	59.40%
Non-profit Psychiatric Hospitals						
Statewide Average (non-profit)	-1.55%	2.35%	1.38%	1.73%	14.52%	56.72%
Belmont Center	2.86%	2.88%	3.49%	1.11%	23.64%	52.46%
Devereux Behavioral Hlth ^{7, 11}	3.48%	3.48%	-2.55%	4.58%	0.00%	87.17%
First Wyoming Valley	6.25%	6.25%	5.30%	1.26%	19.16%	54.88%
KidsPeace ¹	-13.63%	-13.63%	-9.91%	0.46%	0.00%	73.80%
Montgomery Cty ES ⁵	0.41%	-0.35%	0.96%	5.37%	20.00%	53.69%
Philhaven ⁵	-2.79%	8.59%	4.13%	1.49%	12.10%	56.06%
St John Vianney ⁵	-25.00%	-28.09%	-12.16%	0.00%	0.00%	0.00%
For-profit Psychiatric Hospitals						
Statewide Average (for-profit)	10.62%	5.98%	5.70%	1.67%	14.70%	60.92%
Brooke Glen Behavioral ^{1, 10}	7.21%	4.40%	6.32%	2.05%	15.37%	61.80%
Clarion Psych ^{1, 10}	33.43%	18.50%	18.18%	1.64%	13.04%	61.42%
Fairmount Behavioral ^{1, 5, 10}	20.80%	9.88%	6.98%	0.58%	17.05%	68.57%
Foundations Behavioral ^{1, 5, 10, 11}	2.38%	1.55%	1.82%	0.82%	0.00%	71.15%
Friends ^{1, 5, 10}	6.75%	4.51%	3.24%	2.56%	25.27%	49.87%
Horsham Clinic ^{1, 10}	2.16%	1.38%	2.41%	1.55%	18.75%	50.31%
Kirkbride Center ^{5, 10}	10.88%	10.56%	13.02%	3.41%	5.39%	86.41%
Meadows Psych Center ^{1, 10}	23.99%	13.26%	10.44%	0.88%	15.37%	57.94%
Roxbury Treatment ^{1, 5, 10}	23.77%	12.85%	NA	1.41%	13.19%	35.71%
Southwood Psych ^{1, 5, 10}	-10.64%	-9.70%	-7.10%	1.08%	0.00%	73.21%

State Psychiatric Hospital	Percent of Expenses not covered by NPR FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08
Statewide Average	81.02%	30.57%	55.81%
Allentown State	79.14%	31.58%	53.18%
Clark Summit State	77.16%	19.64%	68.52%
Danville State	78.47%	34.93%	52.65%
Mayview State ¹¹	85.92%	31.95%	53.07%
Norristown State	87.19%	28.40%	61.01%
Torrance State	79.57%	31.01%	49.42%
Warren State	79.79%	34.83%	50.07%
Wernersville State	73.53%	35.01%	53.96%

See footnotes and map of regions on page 58.

Long-Term Acute Care

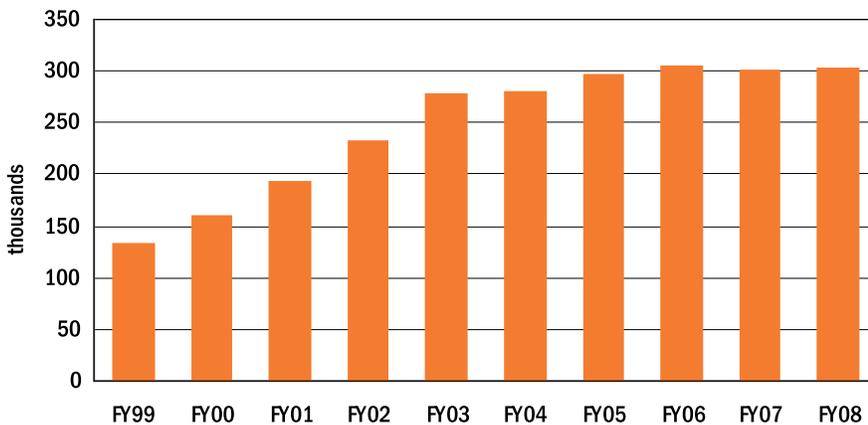
Highlights

- The statewide average operating margin for the 26 reporting long-term acute care (LTAC) hospitals fell 0.78 point in FY08, from 3.09% in FY07 to 2.31% in FY08. The statewide average total margin decreased 1.13 points from 3.20% in FY07 to 2.07% in FY08.
- LTAC hospitals received more than two-thirds (67.6%) of their patient revenue from Medicare patients during FY08.
- During FY08, LTAC discharges remained relatively similar for all payors except for Medicare. While overall Medicare discharges increased 1.6%, the Medicare indemnity discharges decreased 2.7%, and the discharges for Medicare managed care increased 11.1%.

Long-term acute care (LTAC) hospitals provide specialized acute care to medically complex patients. Patients are commonly admitted directly from a general acute care (GAC) hospital intensive care unit with complex medical conditions, such as dependency on mechanical ventilation, that require continuous acute care. LTAC patients are not medically ready for rehabilitation care, or they still need a higher level of care than can be provided by a skilled nursing facility or home health care. Excluding psychiatric and skilled nursing care, the average length of stay (ALOS) at LTAC hospitals was 29.0 days during fiscal year 2008 (FY08). In contrast, the ALOS at Pennsylvania's GAC hospitals was 5.3 days for all inpatient care during FY08.

Most (90.2%) of the patient days of care provided at LTAC hospitals during FY08 fell into the "medical-surgical" (med-surg) category. There are three facilities that provide inpatient psychiatric care, representing 9.8% of statewide LTAC patient days during FY08.

FIGURE L-1
Patient Days at Long-Term Acute Care Hospitals



Long-Term Acute Care

Trends in Long-Term Acute Care

The first LTAC hospital in Pennsylvania began operating during FY94. There were 28 licensed LTAC hospitals operating during FY08. Twenty-six

(26) of these 28 facilities are included in this analysis. Two new facilities not included in this analysis are Good Shepherd Penn Partners Specialty Hospital in Philadelphia that opened in

June 2008 and Select Specialty Hospital/Harrisburg that opened in October 2008. Each facility is licensed for 38 beds. Triumph Hospital Harrisburg, which closed in April 2008, is included

TABLE L-1
Utilization and Capacity, FY08
by Long-Term Acute Care Hospital

Hospital	Patient Days	Bed Days Available	Occupancy Rate	Discharges	Beds	Average Length of Stay (Days)
Girard	28,593	42,090	67.93%	883	115	32.38
Good Shepherd/Bethlehem	10,937	11,712	93.38%	413	32	26.48
HealthSouth Pittsburgh	17,707	31,842	55.61%	645	87	27.45
HealthSouth Specialty	14,188	24,888	57.01%	531	68	26.72
Kindred/Delaware County	8,094	14,274	56.70%	197	39	41.09
Kindred/Havertown	9,425	20,862	45.18%	342	57	27.56
Kindred/Heritage Valley	10,031	12,810	78.31%	383	35	26.19
Kindred/North Shore	8,599	11,712	73.42%	288	32	29.86
Kindred/Philadelphia	15,444	19,032	81.15%	428	52	36.08
Kindred/Pittsburgh	15,271	23,058	66.23%	447	63	34.16
Kindred/Wyoming Valley	7,892	13,176	59.90%	297	36	26.57
LifeCare/Chester County	8,848	14,274	61.99%	304	39	29.11
LifeCare/Pgh - North	7,871	15,006	52.45%	260	41	30.27
LifeCare/Pittsburgh	33,199	56,730	58.52%	1,185	155	28.02
Mercy Special Care	16,698	24,522	68.09%	601	67	27.78
Select Special/Mckeesport	6,788	10,980	61.82%	236	30	28.76
Select Specialty/Camp Hill	8,309	11,346	73.23%	311	31	26.72
Select Specialty/Danville	7,453	10,980	67.88%	308	30	24.20
Select Specialty/Erie	11,092	18,300	60.61%	457	50	24.27
Select Specialty/Johnstwn	8,571	14,274	60.05%	316	39	27.12
Select Specialty/Laurel	9,550	14,640	65.23%	434	40	22.00
Select Specialty/UPMC	8,145	11,712	69.54%	318	32	25.61
Select Specialty/York	5,916	8,418	70.28%	213	23	27.77
St Agnes Long Term Care	13,596	21,228	64.05%	367	58	37.05
Triumph/Easton	7,967	11,346	70.22%	256	31	31.12
Triumph/Harrisburg	2,410	4,114	58.58%	107	34	22.52

Long-Term Acute Care

in the FY08 analysis.

In the nine-year period between FY99 and FY08, the number of staffed LTAC med-surg beds grew from 459 to 1,217, an average growth rate of about 84 beds per year. Observing that the FY08 med-surg occupancy rate of 62.5% is slightly

lower than the FY99 occupancy rate of 64.9% reveals the growth in LTAC capacity (staffed beds) has trended with the 159.8% increase in the demand (patient days) for med-surg LTAC care over the nine-year period.

One factor that facilitated the fast growth in LTAC hospitals is

that many of the facilities utilize space within an existing GAC hospital. As reflected in Table L-3, 15 of the 26 reporting LTAC hospitals occupy space within a GAC hospital. Consequently, construction time is often limited to the time needed to renovate existing hospital space. More-

TABLE L-2
Utilization and Capacity at Long-Term Acute Care Hospitals
by Type of Care

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Patient Days										
Med-surg	105,121	135,363	163,913	204,031	248,835	250,617	263,586	272,568	269,318	273,078
Psychiatric	26,426	25,005	28,184	28,788	29,033	28,223	29,324	28,455	30,518	29,516
Skilled Nursing	0	0	0	0	0	0	3,284	4,068	0	0
Statewide	131,547	160,368	192,097	232,819	277,868	278,840	296,194	305,091	299,836	302,594
Discharges										
Med-surg	3,010	3,961	4,915	6,760	8,707	8,753	8,778	9,383	9,332	9,415
Psychiatric	1,011	1,116	1,207	1,219	949	956	982	1,006	998	1,112
Skilled Nursing	0	0	0	0	0	0	290	382	0	0
Statewide	4,021	5,077	6,122	7,979	9,656	9,709	10,050	10,771	10,330	10,527
Beds										
Med-surg	459	646	678	770	957	1,026	1,046	1,117	1,151	1,217
Psychiatric	112	112	112	112	112	112	112	113	113	99
Skilled Nursing	0	0	0	0	0	0	22	23	0	0
Statewide	571	758	790	882	1,069	1,138	1,180	1,253	1,264	1,316
Occupancy Rate										
Med-surg	64.90%	62.67%	67.73%	73.64%	73.51%	68.31%	70.29%	68.34%	64.61%	62.48%
Psychiatric	64.64%	61.17%	68.94%	70.42%	71.02%	68.90%	71.73%	69.55%	73.99%	81.46%
Skilled Nursing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	54.28%	77.92%	0.00%	0.00%
Statewide	64.85%	62.43%	67.90%	73.23%	73.24%	68.37%	70.20%	68.57%	65.46%	63.93%
Average Length of Stay										
Med-surg	34.9	34.2	33.3	30.2	28.6	28.6	30.0	29.1	28.9	29.0
Psychiatric	26.1	22.4	23.4	23.6	30.6	29.5	29.9	28.3	30.6	26.5
Skilled Nursing	0.0	0.0	0.0	0.0	0.0	0.0	11.3	10.6	0.0	0.0
Statewide	32.7	31.6	31.4	29.2	28.8	28.7	29.5	28.3	29.0	28.7
Visits										
Statewide	20,363	27,411	64,801	61,850	118,399	115,745	114,108	111,295	107,464	96,084

Long-Term Acute Care

over, since many new facilities lease space from a GAC hospital, capital requirements are considerably less than constructing a new freestanding facility.

Another reason for the growth in the number of LTAC facilities is that they provide a more cost-effective setting for the GAC hospitals to transfer Medicare patients that require extended acute care to LTAC hospitals. Under the Medicare Prospective Payment System, or PPS, GAC hospitals receive a predetermined fee based on the average cost to treat patients in a diagnosis-related group (DRG). If a patient requires acute care for an extended period of time, the GAC hospital can avoid the additional costs associated with the extended stay by discharging the patient to an LTAC hospital. As discussed later in this section, there have been some changes to the Medicare payment system which may reduce the incentive for LTAC hospitals to accept patients from their host GAC hospital.

The mean age of patients admitted to LTAC facilities during FY08 was 68.3 years. The age distribution of patients receiving care at LTAC hospitals presented in Figure L-2 is indicative of extended care facilities, which

FIGURE L-2
Age Distribution at Long-Term Acute Care Hospitals, FY08
by Age Group

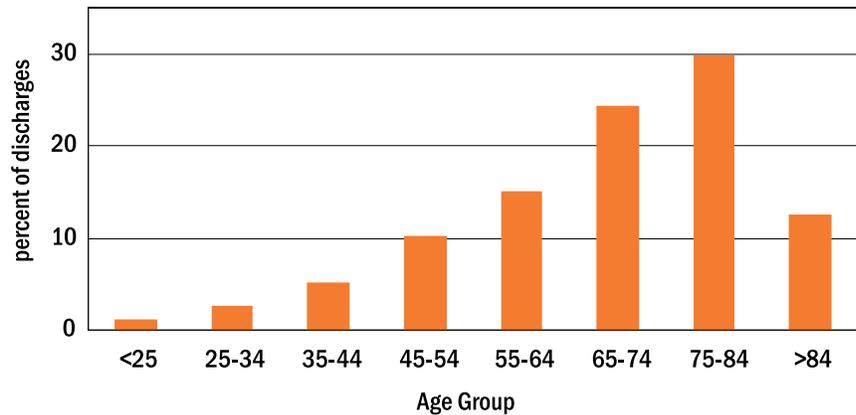


TABLE L-3
Long-Term Acute Care Hospitals Operating as a Hospital-within-a-Hospital*, FY08

LTAC Hospital	GAC Hospital
Good Shepherd	Lehigh Valley/Muhlenberg
Kindred/Delaware County	Mercy Fitzgerald
Kindred/Heritage Valley	Heritage Valley Beaver
Kindred/Wyoming Valley	Wilkes-Barre General
LifeCare Chester County	Chester County
Lifecare/Pgh - North	Allegheny General
Select Specialty/Camp Hill	Holy Spirit
Select Specialty/Danville	Geisinger/Danville
Select Specialty/Johnstown	Conemaugh Valley Memorial
Select Specialty/Laurel	Latrobe Area
Select Specialty/McKeesport	UPMC McKeesport
Select Specialty/UPMC	UPMC Presby Shadyside
Select Specialty/York	York
Triumph/Easton	Easton
Triumph/Harrisburg	Pinnacle Health

* A hospital-within-a-hospital is a licensed long-term acute care hospital that operates within a separately-licensed general acute care hospital.

Long-Term Acute Care

serve a predominately elderly population. Consistent with the age distribution of LTAC patients, Figure L-3 shows that 67.6% of net patient revenue (NPR) was received from Medicare patients during FY08. In contrast, the average age of inpatients at GAC hospitals in Pennsylvania was 52.6 years, and GAC hospitals received an average of 45.6% of their total inpatient NPR from Medicare.

Six of the LTAC hospitals reported a total of 96,084 outpatient visits combined during FY08. Three of the six facilities reported more than 99.2% of

the total outpatient visits. Most of the outpatient care is not directly related to the hospitals' inpatient LTAC services but reflects the broader spectrum of care provided by each facility's affiliated health system. For example, 72.9% of the outpatient visits to LTAC hospitals were reported by the Girard Medical Center. A large part of Girard's outpatient care is related to its drug and alcohol programs.

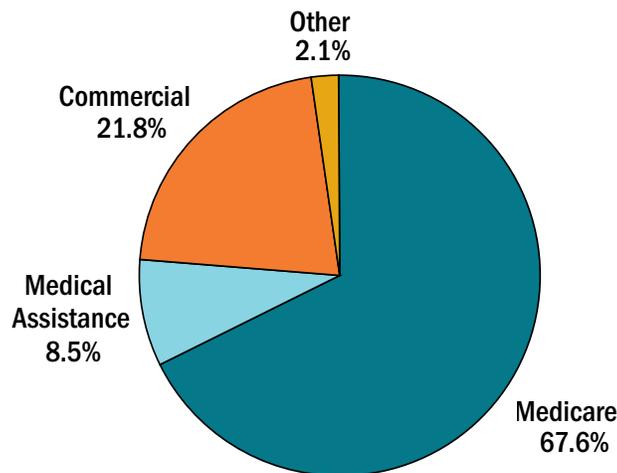
Financial Profile

LTAC hospitals have also transitioned from a cost-based Medicare reimbursement sys-

tem to a Long-Term Care Hospital Prospective Payment System (LTCH PPS). Changes to the Medicare reimbursement system have had a major effect on the financial health of Pennsylvania's LTAC hospitals. These hospitals received more than two-thirds (67.6%) of their patient revenue from treating Medicare patients during FY08.

Concurrent with the move to LTCH PPS in FY03, LTAC hospitals as a group began to post positive operating and total margins in FY03 after five consecutive years of negative margins. Not only did these margins move

FIGURE L-3
Statewide Net Patient Revenue at Long-Term Acute Care Hospitals, FY08
by Payor



Long-Term Acute Care

into positive territory in FY03, the statewide operating margin improved 5.43 points from -0.25% in FY02 to 5.18% in FY03. The statewide operating margin rose another 2.58 points in FY04 to 7.76% before falling for four consecutive years to 2.31% in FY08.

In its March 2008 Report to the Congress, the Medicare Payment Advisory Commission (MedPAC) estimated that under the pre-2003 cost-based Medicare reimbursement system, LTAC hospitals experienced negative or small positive margins from treating Medicare patients. Following the switch to the

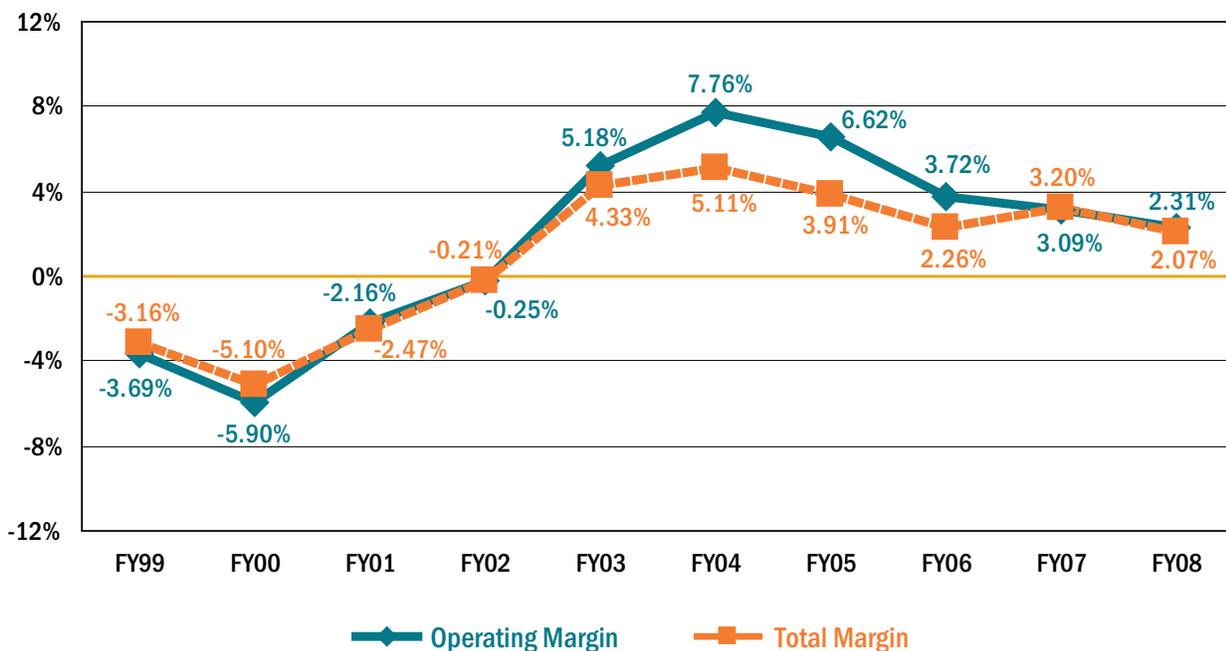
PPS system, national Medicare margins increased to 5.3% in 2003, 8.9% in 2004 and 11.8% in 2005. The national Medicare operating margin fell to 9.4% in 2006 and, according to MedPAC's March 2009 Report, it fell to 4.7% in 2007.

The Centers for Medicare and Medicaid Services (CMS) makes annual adjustments to the LTCH PPS reimbursement rates. After three consecutive annual increases in LTCH PPS Medicare rates for cost reporting years beginning after July 2003 through 2005, CMS began to tighten its payments to LTAC

hospitals in FY06. The base rates for the cost reporting years between July 2006 through June 2007 were held at the prior year level, and the base rates for the 12 months ending June 2008 increased less than one percent (0.71%). CMS announced that the LTAC hospitals would receive an inflation update in their payment rates of 2.5% for 2010, and a -0.5% adjustment to account for the effect of documentation and coding changes that occurred in 2007.

Medicare revenues and utilization will also be affected by regulatory changes that

FIGURE L-4
Statewide Operating and Total Margins at Long-Term Acute Care Hospitals



Long-Term Acute Care

establish limits on the percentage of a facility's patients that are reimbursed at the LTCH PPS rates. Patients admitted to LTAC facilities above those limits would be reimbursed at the generally lower PPS rates for GAC hospitals.

In August 2004, CMS published a final rule that would limit the percentage of patients that are eligible for LTAC PPS rates at facilities that operate as a hospital-within-a-hospital (an LTAC facility leasing space on the campus of a GAC hospital or "HWH"). The limit would apply to patients transferred from the host hospital to its tenant HWH. The limit was to be phased in over a three-year period from 75% after October 2005 to 25%

after October 2007. There are certain exceptions to the "25% Rule" that can increase the threshold to 50% for rural areas and markets dominated by a single GAC hospital.

In May 2007, CMS expanded the "25% Rule" to limit the percentage of discharges reimbursed under the LTCH PPS from any hospital transferring patients to a LTAC hospital, not just host GAC hospitals. This new layer of restrictions was to be phased in over three years starting with cost reporting years beginning after July 2007.

The Medicare, Medicaid, SCHIP Extension Act (MMSEA) of 2007 froze the implementation of the "25% Rule" for three years. Instead of transitioning

to 25%, CMS regulations set the limit for admissions from any single hospital at 50% for cost reporting years between December 29, 2007 and December 29, 2010. The MMSEA also prevented CMS from applying (extending) the "25% Rule" beyond HWH to freestanding LTAC hospitals for three years. Additionally, the MMSEA also imposed a three-year freeze on new LTAC beds.

During FY08, discharges remained relatively similar for all payors except for Medicare. The Medicare indemnity discharges decreased 2.7% while discharges for Medicare managed care increased 11.1%.

While overall Medicare discharges increased 1.6%, LTAC hospitals reported a 0.2%

TABLE L-4
Statewide Revenue, Expenses, and Income at Long-Term Acute Care Hospitals
(thousands)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Net Patient Revenue	\$231,795	\$310,147	\$341,561	\$384,488	\$397,337	\$403,658	\$422,000
Total Operating Revenue	\$233,428	\$313,135	\$344,141	\$385,991	\$398,515	\$405,257	\$423,762
Total Operating Expenses	\$234,012	\$296,900	\$317,451	\$360,440	\$383,704	\$392,744	\$413,957
Operating Income	(\$584)	\$16,235	\$26,690	\$25,551	\$14,811	\$12,513	\$9,805
Non-Operating Adjustments*	\$88	(\$2,662)	(\$9,085)	(\$10,392)	(\$5,758)	\$496	(\$990)
Revenue over Expenses	(\$497)	\$13,573	\$17,605	\$15,159	\$9,053	\$13,009	\$8,816

* Includes non-operating income, income taxes and extraordinary items.

Long-Term Acute Care

increase in the average revenue per discharge received for Medicare indemnity patients and an 8.6% increase in the average revenue per discharge for Medicare managed care patients. The combination of the increase in Medicare discharges and higher average Medicare managed care reimbursements per discharge resulted in a net increase in Medicare net inpatient revenue of 2.7% during

FY08. In FY08, 65.6% of Medicare net patient revenue (NPR) was received from the indemnity program.

Total discharges from all payors increased 1.9% for the LTAC hospitals. There also was an average 2.9% increase in the NPR per discharge. The LTAC hospitals' statewide NPR increased 4.5% while the total operating revenue increased 4.6%. Inpatient care generated 96.8% of

statewide NPR during FY08.

Because the 5.4% increase in statewide operating expenses outpaced the 4.6% increase in total operating revenue, the statewide average operating margin fell 0.78 point from 3.09% in FY07 to 2.31% in FY08. The statewide average total margin decreased 1.13 points from 3.20% in FY07 to 2.07% in FY08.

Long-Term Acute Care

Region/ Long-Term Acute Care Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$16	\$16	\$16	\$16	0.44%	\$16	\$16	\$15	\$15	2.00%
Non-profit LTAC Hospitals										
Statewide Average (non-profit)	\$27	\$27	\$24	\$22	7.57%	\$27	\$26	\$26	\$23	6.12%
9 Girard ⁵	\$52	\$50	\$49	\$49	2.22%	\$52	\$50	\$49	\$49	2.14%
7 Good Shepherd/Bethlehem ⁶	\$18	\$16	\$15	\$12	14.77%	\$15	\$15	\$15	\$12	8.69%
6 Mercy Special Care ^{1,5}	\$15	\$15	\$16	\$15	1.46%	\$16	\$15	\$15	\$14	5.97%
9 St Agnes Long Term Care ¹	\$23	\$27	\$15	\$12	29.18%	\$24	\$23	\$23	\$16	16.49%
For-profit LTAC Hospitals										
Statewide Average (for-profit)	\$14	\$14	\$14	\$15	-1.24%	\$14	\$14	\$13	\$13	1.11%
1 HealthSouth Pittsburgh ^{1,10}	\$22	\$21	\$24	\$24	-2.08%	\$23	\$23	\$22	\$22	1.77%
5 HealthSouth Specialty ^{1,10}	\$17	\$16	\$15	\$15	5.10%	\$16	\$14	\$14	\$13	7.31%
8 Kindred/Delaware County ^{1,10}	\$10	\$11	\$12	\$12	-5.90%	\$12	\$11	\$12	\$11	1.00%
8 Kindred/Havertown ^{1,4,10,11}	\$13	NA	NA	NA	NA	\$14	NA	NA	NA	NA
1 Kindred/Heritage Valley ^{1,10}	\$13	\$11	\$12	\$12	1.89%	\$11	\$10	\$10	\$10	2.91%
1 Kindred/North Shore ^{1,3,10}	\$11	\$2	NA	NA	NA	\$15	\$7	NA	NA	NA
9 Kindred/Philadelphia ^{1,10}	\$21	\$23	\$21	\$20	2.96%	\$20	\$20	\$18	\$17	6.02%
1 Kindred/Pittsburgh ^{1,10}	\$21	\$22	\$22	\$23	-3.20%	\$20	\$21	\$20	\$20	0.66%
6 Kindred/Wyoming Valley ^{1,10}	\$11	\$10	\$11	\$10	1.13%	\$10	\$10	\$10	\$9	4.15%
8 LifeCare/Chester County ^{1,10}	\$16	\$12	\$8	NA	NA	\$14	\$12	\$10	NA	NA
1 LifeCare/Pgh - North ^{1,10,14}	\$11	\$8	NA	NA	NA	\$9	\$9	NA	NA	NA
1 LifeCare/Pittsburgh ^{1,10,14}	\$38	\$37	\$41	\$44	-4.97%	\$35	\$37	\$38	\$35	0.11%
1 Select Special/Mckeesport ^{1,10}	\$10	\$8	\$6	\$5	27.94%	\$10	\$8	\$6	\$6	15.76%
5 Select Specialty/Camp Hill ^{1,10}	\$13	\$12	\$12	\$13	0.13%	\$10	\$10	\$9	\$9	5.43%
4 Select Specialty/Danville ^{1,10}	\$11	\$12	\$12	\$8	12.42%	\$11	\$11	\$12	\$10	3.71%
2 Select Specialty/Erie ^{1,10}	\$17	\$17	\$15	\$16	1.45%	\$17	\$17	\$16	\$15	5.72%
3 Select Specialty/Johnstwn ^{1,10}	\$11	\$14	\$14	\$15	-9.08%	\$11	\$12	\$12	\$14	-7.59%
1 Select Specialty/Laurel ^{1,10}	\$13	\$12	\$12	\$13	1.43%	\$12	\$11	\$10	\$11	1.99%
1 Select Specialty/UPMC ^{1,10}	\$12	\$12	\$13	\$12	-0.68%	\$11	\$12	\$13	\$12	-3.00%
5 Select Specialty/York ^{1,10}	\$9	\$10	\$9	\$9	2.85%	\$9	\$8	\$8	\$7	9.18%
7 Triumph/Easton ^{1,10}	\$13	\$12	\$12	\$12	2.57%	\$13	\$12	\$11	\$11	3.33%
5 Triumph/Harrisburg ^{1,2,10}	\$4	\$13	\$14	\$11	NA	\$5	\$13	\$13	\$10	NA

See footnotes and map of regions on page 58.

Long-Term Acute Care

Long-Term Acute Care Hospital	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Percent of Uncompensated Care FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08
Statewide Average	2.31%	2.07%	2.50%	2.48%	67.60%	8.50%
Non-profit LTAC Hospitals						
Statewide Average (non-profit)	0.51%	0.21%	-0.79%	6.95%	58.70%	29.54%
Girard ⁵	-0.09%	0.43%	0.74%	13.31%	38.42%	60.07%
Good Shepherd/Bethlehem ⁶	14.57%	13.24%	5.53%	0.73%	72.38%	0.00%
Mercy Special Care ^{1,5}	-5.23%	-4.42%	0.35%	0.73%	83.03%	1.74%
St Agnes Long Term Care ¹	-5.12%	-7.40%	-10.02%	1.55%	77.68%	1.94%
For-profit LTAC Hospitals						
Statewide Average (for-profit)	2.93%	2.71%	3.62%	0.95%	70.56%	1.27%
HealthSouth Pittsburgh ^{1,10}	-4.50%	-2.61%	-0.77%	2.25%	80.65%	0.00%
HealthSouth Specialty ^{1,10}	9.35%	5.49%	9.82%	0.81%	80.57%	0.00%
Kindred/Delaware County ^{1,10}	-14.73%	-9.00%	-3.44%	2.20%	64.06%	-0.62%
Kindred/Havertown ^{1,4,10,11}	-8.68%	-5.34%	NA	0.33%	58.65%	0.42%
Kindred/Heritage Valley ^{1,10}	14.25%	8.77%	7.71%	0.05%	80.46%	2.20%
Kindred/North Shore ^{1,3,10}	-32.19%	-19.80%	NA	0.98%	82.10%	0.00%
Kindred/Philadelphia ^{1,10}	5.71%	3.51%	6.36%	1.12%	52.90%	13.33%
Kindred/Pittsburgh ^{1,10}	3.39%	2.08%	3.71%	0.99%	69.15%	3.29%
Kindred/Wyoming Valley ^{1,10}	5.99%	3.70%	3.65%	0.51%	74.49%	0.00%
LifeCare/Chester County ^{1,10}	9.11%	8.38%	1.11%	0.65%	64.10%	0.00%
LifeCare/Pgh - North ^{1,10,14}	19.41%	16.24%	NA	0.56%	42.45%	0.00%
LifeCare/Pittsburgh ^{1,10,14}	7.22%	4.11%	2.98%	0.63%	60.38%	0.00%
Select Special/Mckeesport ^{1,10}	0.03%	0.05%	-2.32%	0.47%	83.33%	0.00%
Select Specialty/Camp Hill ^{1,10}	21.25%	21.33%	23.27%	0.54%	67.58%	0.00%
Select Specialty/Danville ^{1,10}	-2.00%	-0.96%	0.23%	1.24%	71.02%	0.00%
Select Specialty/Erie ^{1,10}	-3.82%	-1.24%	-1.22%	1.43%	82.31%	1.07%
Select Specialty/Johnstwn ^{1,10}	-2.05%	1.05%	8.25%	0.52%	83.95%	0.00%
Select Specialty/Laurel ^{1,10}	11.17%	9.48%	9.05%	-0.03%	86.82%	0.00%
Select Specialty/UPMC ^{1,10}	4.46%	3.56%	0.69%	2.78%	67.52%	0.00%
Select Specialty/York ^{1,10}	10.20%	11.64%	14.98%	0.61%	75.85%	0.00%
Triumph/Easton ^{1,10}	0.18%	-1.39%	2.06%	1.03%	73.47%	0.00%
Triumph/Harrisburg ^{1,2,10}	-12.12%	-12.70%	NA	0.65%	79.39%	0.00%

See footnotes and map of regions on page 58.

Specialty Care

Specialty Care

Specialty hospitals provide unique types or combinations of patient care that do not fall under the other categories of non-general acute care (GAC) hospitals. There were six hospitals in this category during fiscal year 2008 (FY08). In lieu of an analysis of the trends in utilization and financial health of this very diverse category of facilities, this section presents a brief summary of each of the facilities, based on data available at the end of FY08.

The Pediatric Specialty Hospital of the Children's Home of

Pittsburgh provides short-term transitional care from hospital to home for premature and high-risk infants who have passed the life-threatening stage of their illness, but continue to require medical monitoring, care and supervision. For FY08, the hospital reported 15 staffed medical-surgical beds and 245 discharges with an average length of stay (ALOS) of 14.1 days.

The Pediatric Specialty Hospital has a history of continuing operating losses due in part to lower than expected patient volumes and an increased cost structure after relocating to a new facility.

The hospital's operating expenses were up \$2.8 million, or 45% from the prior year.

Divine Providence is a non-profit hospital affiliated with the Susquehanna Health System in Lycoming County. The hospital operates a 31-bed inpatient psychiatric unit and provides outpatient diagnostic and treatment services and home health services. During FY08, Divine Providence reported 197,114 outpatient and home health care visits. Outpatient and home health care represented about 96% of the facility's net patient revenue in FY08.

Region/Specialty Hospital	Net Patient Revenue NPR (millions)				3-yr Avg Change in NPR FY05-FY08	Total Operating Expenses TOE (millions)				3-yr Avg Change in TOE FY05-FY08
	FY08	FY07	FY06	FY05		FY08	FY07	FY06	FY05	
Statewide Average	\$21	\$19	\$18	\$17	6.81%	\$20	\$19	\$19	\$19	3.31%
1 Children's Home Pgh	\$4	\$3	\$3	\$2	22.79%	\$9	\$6	\$3	\$5	24.58%
4 Divine Providence	\$71	\$64	\$62	\$55	9.34%	\$62	\$59	\$59	\$57	3.13%
8 Eagleville ⁵	\$26	\$25	\$24	\$23	5.23%	\$27	\$27	\$26	\$26	1.30%
9 Kensington ⁵	\$7	\$7	\$6	\$5	6.85%	\$8	\$8	\$7	\$7	4.74%
8 Malvern Inst ¹⁰	\$6	\$5	\$5	\$5	3.98%	\$6	\$5	\$5	\$5	6.98%
8 Valley Forge ^{1,5,10}	\$11	\$11	\$11	\$12	-3.48%	\$11	\$11	\$13	\$12	-2.85%

See footnotes and map of regions on page 58.

Specialty Care

Eagleville Hospital provides inpatient drug and alcohol (D&A) treatment as well as geriatric psychiatric services in Montgomery County. The hospital reported 308 staffed beds, 20 of which are acute psychiatric beds. The overall ALOS for Eagleville during FY08 was 17.5 days.

Eagleville Hospital reported an operating margin of -1.51% for FY08 but was able to realize a total margin of 12.11%, largely as a result of a \$2.4 million transition grant from the state and federal governments. The purpose of this grant is to offset reductions

in funding from the Medicaid program.

Kensington Hospital is a 38-bed hospital in Philadelphia that primarily provides D&A treatment. Not including state grants, Kensington receives about 95% of its patient revenue from the Medical Assistance (MA) program. The hospital reported 9,206 outpatient visits in FY08, and outpatient care represented about 27% of its patient revenue.

The Malvern Institute is a 58-bed for-profit D&A treatment hospital located in Chester County. Unlike the other inpatient D&A facilities that receive a majority

of their revenue from MA, 85% of Malvern Institute's patient revenue was remitted by commercial insurers and other non-government payors. While the hospital offers outpatient services, only about 17.7% of its revenue came from outpatient care in FY08.

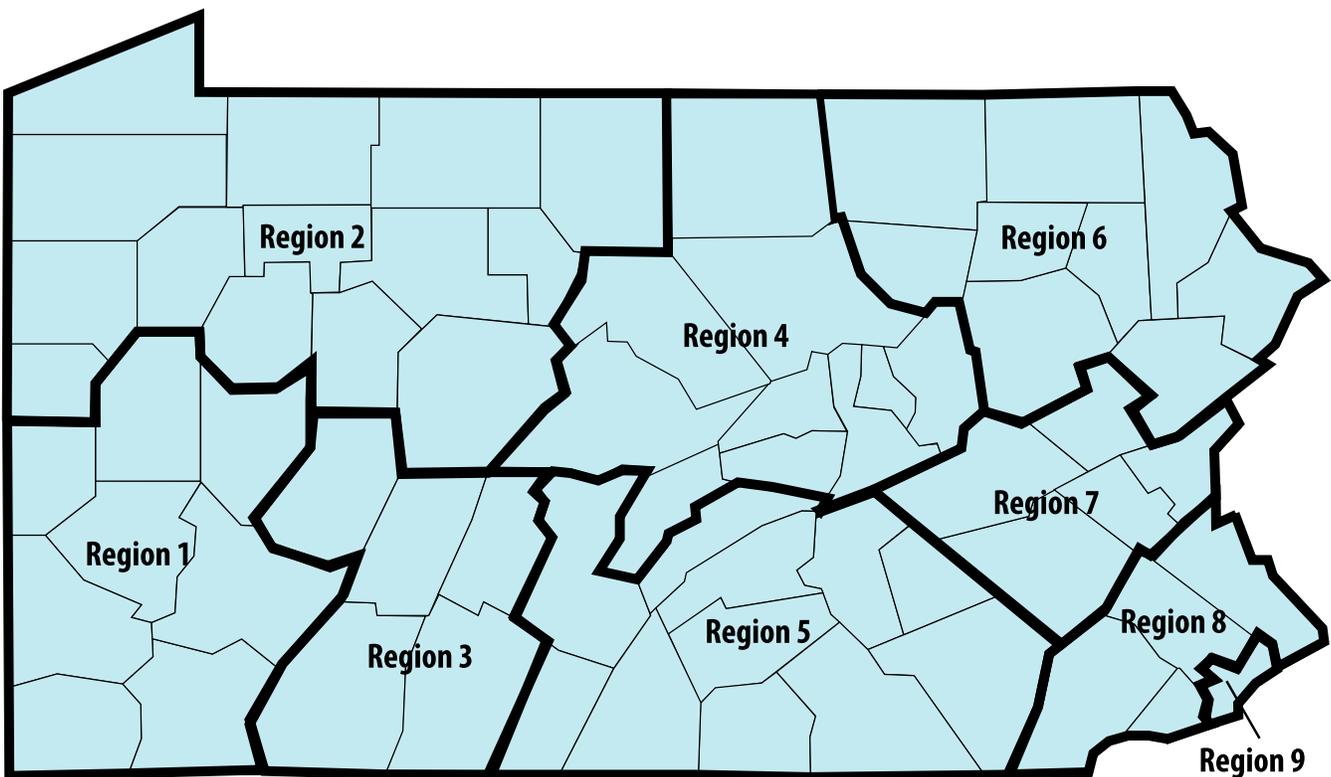
The Valley Forge Medical Center and Hospital is an 86-bed for-profit facility that provides inpatient rehabilitative programs to patients with D&A dependencies and other addictive illnesses. The hospital reported that during FY08, 58.8% of its patient revenue was received for patients participating in MA.

Specialty Hospital	Operating Margin FY08	Total Margin FY08	3-yr Average Total Margin FY06-FY08	Percent of Uncompensated Care FY08	Medicare Share of NPR FY08	Medical Assistance Share of NPR FY08
Statewide Average	3.84%	7.66%	6.74%	2.00%	22.57%	25.50%
Children's Home Pgh	-91.26%	-47.42%	-17.53%	3.94%	0.00%	70.49%
Divine Providence	13.07%	12.84%	12.27%	1.20%	29.15%	3.76%
Eagleville ⁵	-1.51%	12.11%	6.61%	1.46%	22.07%	48.47%
Kensington ⁵	0.02%	0.19%	-5.83%	6.24%	3.29%	94.96%
Malvern Inst ¹⁰	-1.60%	-1.52%	-0.12%	1.93%	0.00%	15.36%
Valley Forge ^{1, 5, 10}	2.56%	1.99%	-4.51%	5.23%	12.66%	58.81%

See footnotes and map of regions on page 58.

Footnotes

1. The end of the fiscal year is not June 30. The data reflects the fiscal year that ended prior to June 30.
 2. FY08 data is less than 12 months; therefore, a three-year comparison is not appropriate for some of the measures.
 3. Prior year(s) reflect less than 12 months of data; therefore, a three-year comparison is not appropriate for some of the measures.
 4. This is the first reporting year for this facility. Often expenses are higher than operating revenue during the start-up period. Three-year comparisons are not appropriate for this facility.
 5. The hospital has specialty units such as psychiatric, rehabilitation, long-term care, skilled nursing, home health, etc., which are included in the data presented for the facility.
 6. Extraordinary item(s) reported on audited financial statement was included in the calculation of total margin.
 7. Balance sheet ratios are for the parent organization.
 8. Acquired or merged with another licensed hospital during the FY08 reporting period.
 9. Acquired or merged with another licensed hospital during the FY06 or FY07 reporting periods.
 10. For-profit facility; total margin includes *pro rata* share of taxes, other gains and/or expenses experienced by the parent organization.
 11. Facility is referred to by a different name, or it closed after the FY08 reporting period.
 12. Facility did not provide annual financial and utilization data on the PHC4 Web site and/or did not provide financial statements to document the Web submission.
 13. One or more of the financial submissions was provided after the collection period had ended.
 14. Facility submitted incomplete or inaccurate data.
- NR Information necessary to report or calculate this measure was not reported by the facility.
- NA Not applicable.



Explanation of Terms and Measures

Ambulatory Surgery Center (ASC): A licensed facility, not located on the premises of a hospital (freestanding), that provides surgical care to patients who do not require overnight hospitalization, but who do require medical supervision following a procedure. An ASC does not include individual or group practice offices of private physicians or dentists, unless such offices have a distinct licensed outpatient surgical unit.

Commercial Third-Party Payors: Commercial insurers encompass all indemnity and managed care health insurance plans, including Blue Cross and Blue Shield plans, and hospital and health system plans. Government-funded programs, such as Medicare managed care, are not included even if a commercial insurer administers the program.

Discharges: The number of patients released from the hospital that occurred during the fiscal year.

Long-Term Acute Care (LTAC) Hospital: A separately licensed acute care facility where the average length of stay is typically over 25 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 may include retroactive adjustments from third-party payors for care provided during a previous fiscal year.

Occupancy Rate: The average daily inpatient occupancy rate for staffed beds. The occupancy rate reflects the percent of the staffed beds that are occupied on average, on a single day.

$$(\text{patient days} / \text{bed days available})$$

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

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

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

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

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

Outpatient Visits: The number of visits to the individual outpatient units of the hospital or surgery center during the fiscal year.

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

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

Rehabilitation Hospital: A licensed inpatient facility, other than a general acute care hospital, which is operated for the primary purpose of assisting in the physical rehabilitation of persons through an integrated program of medical and other services. Rehabilitation hospitals may also offer outpatient services.

Staffed Beds: The number of beds at the hospital that are set up and staffed at the end of the fiscal year.

Three-year Average Change in Net Patient Revenue (NPR) or Total Operating Expenses (TOE): The average annual change in the facility's NPR or TOE that occurred from the end of FY05 through FY08.

$$[(\text{NPR}_{08} - \text{NPR}_{05}) / \text{NPR}_{05} / 3] \text{ or } [(\text{TOE}_{08} - \text{TOE}_{05}) / \text{TOE}_{05} / 3]$$

Three-year Average Total Margin: The average total margin realized by the facility during FY06 through FY08.

$$(\sum_{06, 07, 08} \text{revenue over expenses} / \sum_{06, 07, 08} \text{total revenue})$$

Total Net Income (Revenue over Expenses):

Total net income reflects the sum of operating income and non-operating income. Total income may also include extraordinary items, such as the gain or loss from the sale of securities.

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 facility.

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

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

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

Total Revenue: Operating revenue plus non-operating income. The non-operating income component typically includes unrestricted contributions and investment income.

Percent of Uncompensated Care: This is the ratio of uncompensated care (charity care and bad debt) to the total care provided by the facility. Charity care is the care a facility provides without charge because the patient is unable to compensate the facility either through third-party coverage or the patient's own resources. Bad debt represents the foregone revenue for care in which the facility initially anticipated payment, extended credit to the patient, but later determined it not to be collectable.

Facilities report bad debt and charity care at full charges. The sum of bad debt charges and charity care charges (uncompensated care charges) is divided by total charges to yield an uncompensated care rate. This rate should be a close approximation of the percent of facility net patient revenue that was forgone due to uncompensated care.

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

The following facilities did not provide all-inclusive annual financial and utilization data to PHC4 for Fiscal Year 2008:

Brookpark SC
Bryn Mawr Med Specialists
Carbon-Schuylkill Endo
Doylestown SC
East Side SC
Eynon SC
Lackawanna SC
Manoa Diagnostic Center
Montgomery Rehab Hospital
North Shore SC
Northwood SC
Penn Surgery Inst
Rhawn Street Endoscopy
Ridley Crossing SC
SC Edgeworth Commons
Southwestern ASC
UPMC St. Margaret OP Ctr
Valley ASC
Williamsport SC
York Pain Specialists



Pennsylvania Health Care Cost Containment Council

Joe Martin, Executive Director

225 Market Street, Suite 400, Harrisburg, PA 17101

Phone: 717-232-6787 • Fax: 717-232-3821

www.phc4.org

FOR MORE INFORMATION

Additional financial and utilization data for Fiscal Year 2008 and prior years may be purchased. For more information, contact PHC4's Special Requests Unit. The information contained in this report and other PHC4 publications is available on our Web site at www.phc4.org.