

A P P E N D I X

B

**A data book on hospital
financial performance**

A data book on hospital financial performance

This appendix provides detail on Chapter 5, which covers financial performance and the payment update for hospitals covered by prospective payment. The analyses and data in this section were used to support our update recommendation for inpatient prospective payment system (PPS) payments, and other MedPAC recommendations.

Tables in this data book provide variables by hospital group and are presented for 10 years (1990-1999) unless otherwise noted below. Hospitals are grouped by several attributes, including location (urban and rural), teaching status (major teaching, other teaching, nonteaching), receipt of disproportionate share payments, census region, and ownership status. All measures are national aggregates, not the averages of individual facilities; this provides an overview of the industry as a whole. Definitions of the variables included in these tables can be found in the table notes.

The data book starts with case-based variables:

- Table B-1 shows trends in hospital payment per case, cost per case and length of stay.

- Table B-2 shows the trend in Medicare cost per discharge.
- Table B-3 shows the trend in Medicare inpatient length of stay.

Further tables present data on a number of margin measures for PPS hospitals, based on Medicare Cost Report data. This analysis features our overall Medicare margin, which incorporates payments and costs for inpatient and outpatient services, as well as hospital-based home health, skilled nursing and PPS-exempt units. Margins for each of these components and the overall Medicare margin (which includes graduate medical education and Medicare bad debt) are presented by hospital group.

- Table B-4 shows the trend in Medicare inpatient margins.
- Table B-5 shows the distribution of Medicare inpatient margins for 1999.
- Table B-6 shows the trend in Medicare outpatient margins for 1996 through 1999.
- Table B-7 shows the trend in hospital-based Medicare skilled nursing facility margins for 1996 through 1999.

- Table B-8 shows the trend in hospital-based Medicare home health agency margins for 1996 through 1999.
- Table B-9 shows the trend in Medicare PPS-exempt unit margins for 1996 through 1999.
- Table B-10 shows the trend in the overall Medicare margins for 1996 through 1999.

The analysis is then expanded from Medicare to comparative tables among payers, both by hospital group and by state. These tables contain aggregate values for all short-term non-federal hospitals, which includes all PPS hospitals and most PPS-exempt facilities.

- Table B-11 shows the trend in payment-to-cost ratio by payer.
- Table B-12 shows the trend in gains or losses by payer.
- Table B-13 shows the payment-to-cost ratio by payer and hospital group for 1999.
- Table B-14 shows cost share by payer and hospital group for 1999.

- Table B-15 shows gains and losses by payer and hospital group for 1999.
- Table B-16 shows the payment-to-cost ratio by payer and state for 1999.
- Table B-17 shows gains and losses by payer and state for 1999. The appendix concludes with data on hospital total margin.
- Table B-18 shows the trend in hospital total margins.
- Table B-19 shows the distribution of hospital total margins for 1999.

**TABLE
B-1**

Change in hospital payment, cost, and length of stay indicators, 1990–1999

| Year | Medicare operating update | Market basket | Medicare payments per case | Medicare costs per case | Medicare length of stay | Total length of stay | Costs per adjusted admission | Implicit price deflator* |
|------|---------------------------|---------------|----------------------------|-------------------------|-------------------------|----------------------|------------------------------|--------------------------|
| 1990 | 4.7% | 4.5% | 6.1% | 8.2% | -1.4% | -1.0% | 5.1% | 3.8% |
| 1991 | 3.4 | 4.4 | 6.1 | 7.0 | -2.7 | -1.3 | 5.5 | 3.7 |
| 1992 | 3.0 | 3.2 | 6.2 | 4.6 | -3.3 | -1.6 | 5.7 | 2.3 |
| 1993 | 2.7 | 3.1 | 3.5 | 1.2 | -5.5 | -2.3 | 3.4 | 2.5 |
| 1994 | 2.0 | 2.6 | 3.1 | -1.1 | -6.0 | -3.8 | -0.1 | 2.3 |
| 1995 | 2.0 | 3.2 | 4.9 | -1.2 | -6.2 | -4.3 | -0.5 | 2.1 |
| 1996 | 1.5 | 2.4 | 5.4 | -0.4 | -5.5 | -3.5 | 0.4 | 1.9 |
| 1997 | 2.0 | 2.0 | 1.9 | 0.8 | -3.4 | -1.9 | -1.5 | 1.7 |
| 1998 | 0.0 | 2.9 | -2.1 | 1.5 | -2.4 | -0.9 | -2.3 | 1.3 |
| 1999 | 1.1 | 2.5 | 0.7 | 2.3 | -1.6 | -1.8 | 2.7 | 1.4 |

Note: *The implicit price deflator is a measure of general inflation in the economy. Implicit price deflator base 1989=100. Calculated from quarterly data.

Source: MedPAC analysis of Medicare Cost Report data from HCFA, data from the American Hospital Association Annual Survey of Hospitals, and Bureau of Economic Analysis data from BEA web site.

**TABLE
B-2****Change in Medicare inpatient cost per discharge, 1990–1999**

| Hospital group | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|------|------|------|------|-------|-------|-------|------|------|------|
| All hospitals | 8.2% | 7.0% | 4.6% | 1.2% | -1.1% | -1.2% | -0.4% | 0.8% | 1.5% | 2.3% |
| Urban | 7.8 | 6.7 | 4.4 | 1.1 | -1.5 | -1.4 | -0.6 | 0.7 | 1.4 | 2.1 |
| Rural | 9.8 | 8.7 | 5.9 | 2.1 | 0.8 | 0.1 | 1.2 | 1.8 | 2.4 | 3.9 |
| Large urban | 7.4 | 6.1 | 3.4 | 1.3 | -2.0 | -1.5 | -0.6 | 0.8 | 1.6 | 2.1 |
| Other urban | 8.4 | 7.6 | 6.1 | 0.8 | -0.6 | -1.2 | -0.4 | 0.7 | 1.2 | 2.2 |
| Rural referral | 9.2 | 8.7 | 5.6 | 2.1 | 0.2 | -0.4 | -0.1 | 1.2 | 2.6 | 4.4 |
| Sole community | 9.1 | 8.6 | 4.8 | 2.5 | 1.1 | 1.6 | 1.9 | 2.0 | 2.6 | 3.0 |
| Small rural Medicare-dependent | 10.1 | 9.2 | 4.7 | 1.8 | 1.5 | -2.5 | 4.8 | 1.3 | 2.0 | 1.6 |
| Other rural < 50 beds | 13.7 | 6.8 | 6.3 | 2.2 | 2.3 | 2.1 | 3.3 | 1.4 | 4.4 | 1.7 |
| Other rural ≥ 50 beds | 9.3 | 8.7 | 7.0 | 1.5 | 0.8 | -0.3 | 0.5 | 2.7 | 1.5 | 4.2 |
| Major teaching | 7.8 | 6.9 | 3.7 | 2.0 | -2.5 | -1.1 | 1.1 | 1.5 | 0.5 | 2.1 |
| Other teaching | 8.3 | 6.8 | 4.5 | 0.8 | -1.2 | -0.8 | -0.7 | 0.7 | 1.6 | 1.3 |
| Non-teaching | 8.0 | 7.2 | 4.8 | 1.1 | -0.7 | -1.8 | -0.8 | 0.7 | 1.7 | 3.0 |
| Major teaching | | | | | | | | | | |
| Public | 5.9 | 7.3 | 5.6 | 0.3 | -3.5 | -1.8 | 5.1 | 0.8 | 1.5 | 10.6 |
| Private | 8.3 | 6.8 | 3.3 | 2.3 | -2.4 | -0.9 | 0.1 | 1.5 | 0.4 | 0.9 |
| Other teaching | | | | | | | | | | |
| Public | 9.4 | 8.6 | 5.2 | 0.4 | -1.1 | -1.9 | -2.4 | 0.8 | 3.6 | 1.3 |
| Private | 8.3 | 6.6 | 4.5 | 0.9 | -1.2 | -0.7 | -0.6 | 0.8 | 1.4 | 1.2 |
| Non-teaching | | | | | | | | | | |
| Public | 9.3 | 9.0 | 5.6 | 2.1 | 0.8 | -1.0 | 0.9 | 1.0 | 2.4 | 2.9 |
| Private | 7.7 | 6.8 | 4.7 | 0.9 | -1.0 | -1.9 | -1.1 | 0.7 | 1.6 | 3.1 |
| DSH | | | | | | | | | | |
| Large urban | 7.2 | 6.2 | 3.0 | 0.9 | -2.1 | -1.4 | -0.4 | 1.2 | 1.5 | 1.6 |
| Other urban | 8.4 | 7.9 | 6.5 | 0.8 | -0.4 | -1.4 | -0.3 | 0.9 | 1.0 | 2.0 |
| Rural | 9.8 | 9.4 | 7.1 | 2.3 | 0.1 | -1.4 | 0.1 | 2.4 | 2.7 | 3.9 |
| Non-DSH | 8.6 | 7.1 | 4.8 | 1.5 | -0.9 | -0.9 | -0.4 | 0.4 | 1.7 | 2.8 |
| Teaching and DSH | 8.1 | 7.0 | 4.3 | 0.9 | -1.7 | -1.0 | 0.2 | 1.3 | 1.1 | 1.1 |
| Teaching and non-DSH | 8.6 | 6.5 | 4.5 | 2.1 | -1.4 | -0.6 | -0.9 | 0.2 | 1.7 | 2.0 |
| Non-teaching and DSH | 7.4 | 7.0 | 4.8 | 0.8 | -0.8 | -2.4 | -1.8 | 0.8 | 1.7 | 2.8 |
| Non-teaching and non-DSH | 8.4 | 7.4 | 4.9 | 1.2 | -0.6 | -1.3 | 0.0 | 0.7 | 1.7 | 3.2 |
| New England | 6.6 | 2.7 | 4.3 | 2.6 | 0.9 | -0.5 | -1.4 | -0.4 | 0.0 | 2.2 |
| Middle Atlantic | 8.4 | 6.7 | 4.7 | 2.2 | -0.7 | 0.1 | -0.9 | 1.7 | 0.0 | 1.2 |
| South Atlantic | 9.2 | 6.8 | 4.6 | 1.0 | -1.8 | -2.1 | -0.6 | 0.6 | 1.9 | 2.7 |
| East North Central | 7.8 | 7.5 | 5.0 | 1.0 | -0.6 | -0.2 | -0.3 | -0.1 | 1.9 | 2.4 |
| East South Central | 10.4 | 10.2 | 7.3 | 0.1 | -3.2 | -1.9 | 1.3 | 1.4 | 2.1 | 4.3 |
| West North Central | 10.6 | 6.3 | 4.9 | 1.4 | 0.1 | -0.6 | 3.3 | 2.6 | 2.7 | 2.9 |
| West South Central | 8.6 | 8.5 | 3.9 | 1.9 | -1.6 | -3.4 | -1.9 | 0.2 | 0.9 | 1.8 |
| Mountain | 7.7 | 6.4 | 5.4 | -0.3 | 0.4 | -1.4 | 0.2 | 0.8 | 3.2 | 1.8 |
| Pacific | 5.0 | 6.9 | 3.0 | 0.2 | -1.7 | -1.5 | 0.1 | 1.8 | 2.5 | 4.2 |
| Voluntary | 8.2 | 6.9 | 4.6 | 1.4 | -1.0 | -0.9 | -0.2 | 0.8 | 1.4 | 1.9 |
| Proprietary | 7.7 | 6.2 | 3.6 | -0.7 | -3.0 | -3.6 | -4.0 | 1.0 | 1.3 | 3.6 |
| Urban government | 7.2 | 7.9 | 5.5 | 0.8 | -1.5 | -2.0 | 1.4 | 0.2 | 2.1 | 3.6 |
| Rural government | 10.5 | 9.5 | 6.3 | 3.1 | 2.0 | 0.1 | 2.1 | 1.9 | 2.5 | 3.5 |

Note: DSH=disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-3****Change in Medicare inpatient length of stay, 1990–1999**

| Hospital group | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All hospitals | -1.5% | -2.7% | -3.3% | -5.5% | -6.0% | -6.2% | -5.5% | -3.4% | -2.4% | -1.6% |
| Urban | -1.8 | -3.0 | -3.4 | -5.9 | -6.3 | -6.6 | -5.9 | -3.4 | -2.4 | -1.6 |
| Rural | -0.2 | -1.3 | -3.1 | -3.5 | -4.3 | -4.7 | -3.8 | -3.0 | -2.5 | -1.3 |
| Large urban | -2.1 | -3.5 | -3.8 | -5.7 | -6.7 | -6.4 | -5.8 | -3.3 | -2.2 | -0.9 |
| Other urban | -1.3 | -2.3 | -2.8 | -6.0 | -5.8 | -6.7 | -5.9 | -3.6 | -2.5 | -2.6 |
| Rural referral | -1.0 | -1.8 | -3.8 | -4.6 | -6.3 | -5.9 | -5.7 | -3.5 | -1.6 | -1.0 |
| Sole community | -0.6 | -1.0 | -2.4 | -2.9 | -2.9 | -3.5 | -3.0 | -2.5 | -3.3 | -0.5 |
| Small rural Medicare-dependent | 0.0 | -0.5 | -2.7 | -2.2 | -2.1 | -4.1 | 0.1 | -2.0 | -3.2 | -2.7 |
| Other rural < 50 beds | 2.1 | -2.0 | -2.4 | -1.9 | -3.3 | -1.4 | -1.8 | -3.7 | -3.0 | -0.8 |
| Other rural ≥ 50 beds | 0.2 | -1.2 | -3.1 | -3.3 | -3.7 | -5.3 | -3.7 | -2.9 | -2.6 | -2.0 |
| Major teaching | -2.3 | -3.1 | -3.5 | -5.5 | -7.2 | -6.7 | -6.5 | -4.1 | -3.1 | -1.0 |
| Other teaching | -1.5 | -3.0 | -3.4 | -6.3 | -6.3 | -6.3 | -6.1 | -3.6 | -2.5 | -2.7 |
| Non-teaching | -1.3 | -2.4 | -3.4 | -4.9 | -5.4 | -6.1 | -4.9 | -2.9 | -2.2 | -1.0 |
| Major teaching | | | | | | | | | | |
| Public | -3.1 | -1.7 | -3.4 | -5.6 | -5.4 | -6.7 | -5.0 | -3.8 | -1.8 | 1.2 |
| Private | -2.2 | -3.5 | -3.4 | -5.5 | -7.5 | -6.8 | -6.8 | -4.1 | -3.2 | -1.2 |
| Other teaching | | | | | | | | | | |
| Public | 0.2 | 23.4 | 22.3 | 27.2 | 26.1 | 26.6 | 27.4 | 24.3 | 21.7 | 23.5 |
| Private | -1.6 | -3.0 | -3.5 | -6.2 | -6.3 | -6.2 | -6.0 | -3.6 | -2.6 | -2.6 |
| Non-teaching | | | | | | | | | | |
| Public | -0.9 | -1.0 | -3.1 | -3.5 | -3.4 | -5.0 | -3.6 | -2.8 | -2.1 | -1.6 |
| Private | -1.4 | -2.6 | -3.4 | -5.2 | -5.8 | -6.3 | -5.1 | -2.9 | -2.2 | -0.9 |
| DSH | | | | | | | | | | |
| Large urban | -2.1 | -3.6 | -3.7 | -5.8 | -6.4 | -6.4 | -6.1 | -3.1 | -2.2 | -1.1 |
| Other urban | -1.1 | -2.3 | -2.6 | -6.1 | -5.8 | -6.7 | -5.9 | -3.6 | -2.3 | -3.1 |
| Rural | 0.3 | -1.4 | -2.8 | -3.7 | -4.8 | -5.8 | -5.5 | -3.9 | -2.4 | -1.7 |
| Non-DSH | -1.4 | -2.4 | -3.5 | -5.1 | -5.9 | -5.9 | -4.9 | -3.3 | -2.5 | -1.1 |
| Teaching and DSH | -1.7 | -3.1 | -3.1 | -6.1 | -6.6 | -6.4 | -6.4 | -3.7 | -2.5 | -2.7 |
| Teaching and non-DSH | -1.7 | -3.0 | -3.9 | -5.8 | -6.6 | -6.3 | -5.8 | -4.0 | -3.0 | -1.2 |
| Non-teaching and DSH | -1.3 | -2.7 | -3.4 | -5.2 | -5.3 | -6.6 | -5.4 | -2.9 | -2.1 | -1.1 |
| Non-teaching and non-DSH | -1.3 | -2.1 | -3.4 | -4.7 | -5.5 | -5.8 | -4.5 | -2.9 | -2.3 | -1.0 |
| New England | -2.5 | -7.8 | -4.3 | -5.4 | -7.5 | -8.6 | -7.8 | -6.2 | -3.5 | -0.8 |
| Middle Atlantic | -1.2 | -2.8 | -2.2 | -5.8 | -6.3 | -6.7 | -6.7 | -3.1 | -4.9 | -1.9 |
| South Atlantic | -1.2 | -2.6 | -4.2 | -5.0 | -6.1 | -6.6 | -5.7 | -3.4 | -1.6 | -1.9 |
| East North Central | -1.5 | -2.8 | -3.9 | -6.0 | -6.5 | -5.8 | -6.0 | -3.6 | -2.2 | -1.1 |
| East South Central | 0.2 | -0.5 | -2.5 | -5.4 | -6.1 | -6.4 | -4.4 | -4.0 | -2.0 | -1.2 |
| West North Central | -2.0 | -2.7 | -3.8 | -5.6 | -4.9 | -5.0 | -2.3 | -1.8 | -2.4 | -1.1 |
| West South Central | -1.2 | -1.3 | -3.4 | -4.4 | -5.4 | -6.8 | -4.9 | -3.0 | -1.2 | -1.4 |
| Mountain | -0.8 | -3.2 | -2.7 | -6.7 | -5.1 | -5.7 | -3.8 | -1.5 | -1.6 | -1.7 |
| Pacific | -4.3 | -3.1 | -4.8 | -6.2 | -4.8 | -3.2 | -3.1 | -0.6 | 0.3 | -0.3 |
| Voluntary | -1.5 | -2.9 | -3.3 | -5.6 | -6.3 | -6.3 | -5.6 | -3.6 | -2.7 | -1.7 |
| Proprietary | -1.7 | -2.5 | -3.8 | -5.2 | -5.9 | -6.7 | -5.9 | -2.3 | -1.3 | -0.3 |
| Urban government | -1.9 | -2.1 | -3.0 | -5.8 | -5.2 | -6.5 | -5.4 | -3.6 | -1.8 | -1.7 |
| Rural government | -0.1 | -0.7 | -3.0 | -2.5 | -2.6 | -4.2 | -3.0 | -2.7 | -2.3 | -1.8 |

Note: DSH=disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-4****Hospital Medicare inpatient margin excluding graduate
medical education, by hospital group, 1990-1999**

| Hospital group | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|-------|-------|-------|------|------|-------|-------|-------|-------|-------|
| All hospitals | -1.5% | -2.4% | -0.9% | 1.3% | 5.6% | 11.1% | 15.9% | 16.9% | 13.7% | 12.0% |
| Urban | -1.2 | -2.2 | -0.8 | 1.6 | 6.4 | 11.8 | 16.7 | 18.0 | 15.0 | 13.2 |
| Rural | -3.7 | -3.7 | -1.4 | -0.5 | 0.6 | 6.1 | 10.2 | 9.5 | 5.3 | 3.4 |
| Large urban | -0.9 | -1.6 | 0.4 | 3.0 | 8.6 | 13.9 | 18.9 | 20.4 | 17.2 | 15.8 |
| Other urban | 1.7 | -3.3 | -2.9 | -0.8 | 2.7 | 8.3 | 13.4 | 14.4 | 11.5 | 8.4 |
| Rural referral | -3.6 | -3.7 | -1.0 | -1.1 | 0.0 | 5.8 | 10.2 | 10.3 | 5.8 | 3.9 |
| Sole community | -0.9 | -0.9 | 2.1 | 4.1 | 5.2 | 8.6 | 12.2 | 10.5 | 6.6 | 4.5 |
| Small rural/Medicare-dependent | -1.2 | 1.2 | 3.3 | 2.4 | -0.6 | 6.7 | 9.7 | 10.3 | 8.1 | 7.8 |
| Other rural < 50 beds | -3.9 | -5.4 | -4.2 | -1.2 | -0.8 | 4.5 | 8.7 | 8.0 | 3.3 | 1.3 |
| Other rural ≥ 50 beds | -6.8 | -7.1 | -5.7 | -3.8 | -1.8 | 4.6 | 9.2 | 7.5 | 3.3 | 1.3 |
| Major teaching | 6.5 | 6.8 | 8.7 | 10.9 | 16.8 | 21.5 | 25.4 | 27.9 | 24.2 | 24.0 |
| Other teaching | -1.5 | -2.8 | -1.7 | 0.7 | 4.8 | 10.0 | 14.8 | 15.9 | 13.3 | 11.8 |
| Non-teaching | -5.2 | -6.4 | -5.0 | -3.0 | 0.6 | 6.6 | 11.7 | 12.1 | 9.1 | 6.5 |
| Major teaching | | | | | | | | | | |
| Public | 10.7 | 10.8 | 11.4 | 14.4 | 21.0 | 26.1 | 28.2 | 30.4 | 26.3 | 20.7 |
| Private | 5.6 | 5.9 | 8.2 | 10.1 | 15.8 | 20.3 | 24.7 | 27.5 | 23.7 | 24.3 |
| Other teaching | | | | | | | | | | |
| Public | -0.6 | -1.5 | -0.4 | 1.9 | 4.9 | 10.4 | 14.9 | 17.2 | 12.3 | 12.2 |
| Private | -1.5 | -2.9 | -1.7 | 0.7 | 4.8 | 10.1 | 14.9 | 15.9 | 13.4 | 12.1 |
| Non-teaching | | | | | | | | | | |
| Public | -4.5 | -6.3 | -5.1 | -3.5 | -2.0 | 3.9 | 8.0 | 7.4 | 4.6 | 2.3 |
| Private | -5.3 | -6.4 | -4.9 | -2.9 | 1.0 | 7.1 | 12.3 | 13.0 | 10.0 | 7.3 |
| DSH | | | | | | | | | | |
| Large urban | 2.3 | 2.2 | 4.6 | 7.7 | 13.6 | 18.5 | 23.0 | 24.1 | 21.2 | 20.8 |
| Other urban | 0.2 | -1.4 | -0.9 | 1.2 | 4.8 | 10.7 | 15.7 | 16.7 | 13.5 | 9.8 |
| Rural | -3.0 | -2.7 | -1.1 | -0.4 | 0.1 | 7.3 | 12.4 | 11.3 | 7.1 | 5.5 |
| Non-DSH | -5.5 | -6.7 | -5.4 | -3.9 | -0.4 | 5.2 | 10.4 | 11.4 | 8.1 | 6.4 |
| Teaching and DSH | 3.7 | 3.1 | 4.7 | 7.4 | 12.5 | 17.3 | 21.5 | 22.8 | 19.8 | 18.7 |
| Teaching and non-DSH | -3.7 | -4.6 | -3.2 | -1.8 | 2.2 | 7.7 | 13.4 | 14.8 | 11.7 | 10.9 |
| Non-teaching and DSH | -3.3 | -4.2 | -2.5 | -0.1 | 3.9 | 10.3 | 15.7 | 15.8 | 12.9 | 10.4 |
| Non-teaching and non-DSH | -6.8 | -8.1 | -7.0 | -5.3 | -2.2 | 3.5 | 8.3 | 9.0 | 5.7 | 3.5 |
| New England | -5.7 | -2.1 | 0.0 | 1.3 | 5.3 | 10.0 | 16.6 | 18.7 | 16.4 | 16.2 |
| Middle Atlantic | 1.7 | 1.1 | 2.3 | 4.5 | 8.9 | 12.7 | 17.7 | 19.9 | 18.9 | 17.4 |
| South Atlantic | -6.9 | -5.9 | -4.3 | -2.3 | 2.7 | 9.5 | 14.2 | 15.4 | 12.2 | 9.0 |
| East North Central | -2.5 | -5.1 | -3.4 | -1.2 | 2.2 | 7.1 | 12.0 | 13.8 | 9.3 | 4.3 |
| East South Central | -1.3 | -3.7 | -4.4 | -1.9 | 4.0 | 11.2 | 15.8 | 15.2 | 12.1 | 9.8 |
| West North Central | -1.2 | -3.0 | -2.7 | -1.2 | 2.4 | 7.1 | 10.8 | 11.0 | 6.6 | 6.9 |
| West South Central | -2.8 | -4.5 | -2.3 | -0.6 | 4.0 | 11.4 | 17.7 | 17.5 | 14.5 | 12.4 |
| Mountain | 2.2 | 1.7 | 3.4 | 6.5 | 8.4 | 13.1 | 16.9 | 16.9 | 12.1 | 8.0 |
| Pacific | 2.9 | 1.4 | 4.3 | 7.9 | 13.2 | 18.9 | 22.7 | 21.8 | 17.6 | 15.1 |
| Voluntary | -1.3 | -2.4 | -1.0 | 1.0 | 5.1 | 10.1 | 14.9 | 16.3 | 13.1 | 11.8 |
| Proprietary | -5.4 | -4.7 | -2.4 | 1.2 | 7.8 | 15.5 | 21.5 | 21.0 | 18.7 | 16.8 |
| Urban government | 2.7 | 1.5 | 2.5 | 5.3 | 1.3 | 16.1 | 19.6 | 20.5 | 16.9 | 12.0 |
| Rural government | -4.1 | -4.6 | -3.1 | -2.2 | -2.7 | 3.0 | 7.0 | 5.7 | 1.8 | 0.2 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. The 1999 data have been weighted by teaching status to improve predictive accuracy.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-5**
**Number of hospitals and distribution of Medicare inpatient margins
excluding graduate medical education, by hospital group, 1999**

| Hospital group | Number of hospitals | | Percentile | | | | | Percent with negative margins |
|--------------------------------|---------------------|--------|------------|-------|------|------|------|-------------------------------|
| | Total | Sample | 10th | 25th | 50th | 75th | 90th | |
| All hospitals | 4,883 | 2,137 | -15.6 | -4.0 | 6.1 | 17.1 | 27.5 | 34.1 |
| Urban | 2,707 | 1,194 | -8.9 | -0.4 | 8.5 | 18.7 | 30.1 | 26.3 |
| Rural | 2,176 | 929 | -21.9 | -8.7 | 2.3 | 14.3 | 24.8 | 43.9 |
| Large urban | 1,545 | 713 | -7.8 | 1.3 | 10.7 | 21.5 | 32.2 | 22.9 |
| Other urban | 1,162 | 481 | -11.7 | -2.2 | 6.2 | 14.8 | 23.3 | 31.4 |
| Rural referral | 230 | 112 | -10.9 | -4.4 | 3.8 | 10.9 | 18.8 | 33.0 |
| Sole community | 659 | 258 | -18.6 | -8.1 | 3.6 | 17.6 | 28.0 | 42.2 |
| Small rural Medicare-dependent | 353 | 133 | -15.9 | -5.7 | 6.2 | 17.2 | 25.9 | 36.1 |
| Other rural < 50 beds | 523 | 233 | -30.3 | -15.2 | -1.8 | 12.9 | 22.9 | 54.5 |
| Other rural ≥ 50 beds | 411 | 193 | -21.7 | -8.2 | 0.9 | 10.2 | 19.0 | 45.1 |
| Major teaching | 302 | 108 | 6.6 | 15.3 | 25.1 | 32.9 | 40.3 | 2.8 |
| Other teaching | 805 | 353 | -4.1 | 2.4 | 10.6 | 20.4 | 29.5 | 20.4 |
| Non-teaching | 3,776 | 1,662 | -17.8 | -6.5 | 3.9 | 14.7 | 24.4 | 38.9 |
| Major teaching | | | | | | | | |
| Public | 86 | 19 | 6.6 | 14.9 | 23.7 | 33.4 | 35.4 | 5.3 |
| Private | 211 | 87 | 6.0 | 15.3 | 25.6 | 33.3 | 41.2 | 2.3 |
| Other teaching | | | | | | | | |
| Public | 70 | 34 | -2.8 | -1.8 | 8.5 | 14.3 | 26.1 | 29.4 |
| Private | 731 | 320 | -4.4 | 2.6 | 10.8 | 20.8 | 30.2 | 19.4 |
| Non-teaching | | | | | | | | |
| Public | 1,120 | 489 | -23.8 | -10.1 | 0.6 | 12.2 | 22.8 | 48.1 |
| Private | 2,527 | 1,158 | -15.4 | -4.1 | 5.3 | 15.7 | 25.3 | 34.8 |
| DSH | | | | | | | | |
| Large urban | 809 | 343 | -0.9 | 7.2 | 17.9 | 28.2 | 35.2 | 11.4 |
| Other urban | 605 | 244 | -7.1 | 0.5 | 8.7 | 17.6 | 25.3 | 22.1 |
| Rural | 416 | 198 | -17.0 | -4.7 | 6.8 | 18.5 | 27.5 | 32.3 |
| Non-DSH | 3,053 | 1,338 | -19.4 | -7.6 | 2.7 | 12.7 | 22.3 | 42.2 |
| Teaching and DSH | 735 | 284 | 0.3 | 7.5 | 16.4 | 27.9 | 35.0 | 9.9 |
| Teaching and non-DSH | 372 | 177 | -8.6 | -1.1 | 7.9 | 19.1 | 30.1 | 26.6 |
| Non-teaching and DSH | 1,095 | 501 | -10.0 | -0.2 | 9.2 | 20.0 | 28.2 | 25.7 |
| Non-teaching and non-DSH | 2,681 | 1,161 | -20.4 | -8.2 | 1.8 | 11.9 | 21.2 | 44.6 |
| New England | 198 | 143 | -16.6 | -4.9 | 7.8 | 19.0 | 30.2 | 33.6 |
| Middle Atlantic | 501 | 243 | -8.2 | -0.9 | 7.4 | 20.7 | 33.5 | 27.6 |
| South Atlantic | 682 | 365 | -8.9 | -2.5 | 6.0 | 16.1 | 22.8 | 28.8 |
| East North Central | 746 | 278 | -23.6 | -11.1 | -0.1 | 8.6 | 17.4 | 50.4 |
| East South Central | 428 | 164 | -8.1 | -0.3 | 9.9 | 20.2 | 28.6 | 26.2 |
| West North Central | 690 | 267 | -18.2 | -8.0 | 1.8 | 13.4 | 22.7 | 45.3 |
| West South Central | 697 | 296 | -15.6 | -1.4 | 9.2 | 20.5 | 30.5 | 30.4 |
| Mountain | 355 | 135 | -18.1 | -7.2 | 4.2 | 15.9 | 24.1 | 38.5 |
| Pacific | 586 | 232 | -13.7 | 0.4 | 10.9 | 22.1 | 32.0 | 24.1 |
| Voluntary | 2,773 | 1,297 | -14.2 | -2.7 | 6.3 | 16.6 | 27.0 | 31.7 |
| Proprietary | 696 | 268 | -8.1 | 2.6 | 14.3 | 22.9 | 33.2 | 20.9 |
| Urban government | 379 | 149 | -12.6 | -2.8 | 6.4 | 16.1 | 26.9 | 32.2 |
| Rural government | 897 | 393 | -25.5 | -10.5 | -0.1 | 11.9 | 24.1 | 50.4 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. Some records omitted due to editing procedures.

Source: MedPAC analysis of Medicare Cost Report and Impact File data from HCFA.

**TABLE
B-6****Hospital Medicare outpatient margin
excluding graduate medical education,
by hospital group, 1996-1999**

| Hospital group | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|-------|-------|--------|--------|
| All hospitals | -7.8% | -6.7% | -16.7% | -15.4% |
| Urban | -8.0 | -6.9 | -16.7 | -15.2 |
| Rural | -6.7 | -5.9 | -16.4 | -16.0 |
| Large urban | -8.4 | -7.1 | -17.4 | -15.5 |
| Other urban | -7.4 | -6.6 | -15.8 | -14.6 |
| Rural referral | -5.4 | -5.1 | -15.0 | -13.9 |
| Sole community | -4.5 | -2.8 | -14.2 | -15.0 |
| Small rural Medicare-dependent | -10.3 | -8.8 | -19.8 | -19.4 |
| Other rural < 50 beds | -10.6 | -9.4 | -18.9 | -19.3 |
| Other rural ≥ 50 beds | -7.9 | -7.5 | -18.0 | -17.7 |
| Major teaching | -10.7 | -10.0 | -20.3 | -17.7 |
| Other teaching | -7.1 | -6.4 | -15.5 | -14.1 |
| Non-teaching | -7.1 | -5.7 | -16.1 | -15.3 |
| Major teaching | | | | |
| Public | -12.7 | -13.1 | -21.6 | -16.4 |
| Private | -10.1 | -9.3 | -19.8 | -18.2 |
| Other teaching | | | | |
| Public | -7.7 | -7.5 | -13.9 | -11.8 |
| Private | -7.0 | -6.3 | -15.6 | -14.3 |
| Non-teaching | | | | |
| Public | -7.4 | -7.5 | -16.7 | -16.0 |
| Private | -7.1 | -5.3 | -15.9 | -15.2 |
| DSH | | | | |
| Large urban | -8.9 | -8.0 | -18.3 | -14.8 |
| Other urban | -7.6 | -6.6 | -16.1 | -14.6 |
| Rural | -5.3 | -4.0 | -15.0 | -14.6 |
| Non-DSH | -7.4 | -6.2 | -16.1 | -16.1 |
| Teaching and DSH | -9.0 | -8.4 | -17.8 | -15.1 |
| Teaching and non-DSH | -7.3 | -6.4 | -16.1 | -15.9 |
| Non-teaching and DSH | -6.6 | -5.1 | -16.1 | -14.1 |
| Non-teaching and non-DSH | -7.4 | -6.1 | -16.1 | -16.1 |
| New England | -8.1 | -7.4 | -14.5 | -14.3 |
| Middle Atlantic | -10.8 | -9.2 | -18.6 | -17.3 |
| South Atlantic | -6.4 | -5.3 | -14.3 | -12.4 |
| East North Central | -7.8 | -7.9 | -17.7 | -18.0 |
| East South Central | -6.7 | -6.4 | -17.3 | -15.2 |
| West North Central | -7.0 | -5.6 | -15.4 | -15.8 |
| West South Central | -6.9 | -4.3 | -15.1 | -15.0 |
| Mountain | -6.4 | -4.3 | -14.6 | -13.4 |
| Pacific | -8.1 | -6.6 | -19.2 | -15.8 |
| Voluntary | -7.8 | -6.6 | -16.5 | -15.5 |
| Proprietary | -6.4 | -4.3 | -16.2 | -14.2 |
| Urban government | -9.9 | -9.7 | -17.9 | -14.5 |
| Rural government | -7.2 | -7.6 | -17.3 | -16.2 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. The 1999 data have been weighted by teaching status to improve predictive accuracy.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-7****Hospital-based Medicare skilled nursing facility
margin excluding graduate medical
education, by hospital group, 1996-1999**

| Hospital group | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|--------|--------|--------|--------|
| All hospitals | -11.8% | -14.5% | -25.9% | -51.4% |
| Urban | -11.6 | -14.3 | -25.5 | -48.8 |
| Rural | -12.9 | -15.4 | -27.5 | -63.7 |
| Large urban | -11.6 | -14.1 | -24.5 | -44.1 |
| Other urban | -11.6 | -14.6 | -27.2 | -57.1 |
| Rural referral | -11.7 | -15.0 | -29.7 | -68.1 |
| Sole community | -16.8 | -20.8 | -26.9 | -55.8 |
| Small rural Medicare-dependent | -16.5 | -19.3 | -45.3 | -66.5 |
| Other rural < 50 beds | -9.0 | -10.3 | -17.1 | -30.0 |
| Other rural ≥ 50 beds | -12.2 | -12.9 | -24.7 | -72.9 |
| Major teaching | -15.0 | -12.9 | -24.3 | -43.1 |
| Other teaching | -12.3 | -15.1 | -27.0 | -46.3 |
| Non-teaching | -11.2 | -14.4 | -25.5 | -54.9 |
| Major teaching | | | | |
| Public | -22.9 | -24.3 | -27.8 | -76.6 |
| Private | -14.5 | -12.0 | -23.9 | -42.4 |
| Other teaching | | | | |
| Public | -8.9 | -13.9 | -27.5 | -50.5 |
| Private | -12.5 | -15.2 | -27.0 | -45.9 |
| Non-teaching | | | | |
| Public | -12.3 | -13.1 | -23.0 | -64.6 |
| Private | -11.0 | -14.6 | -26.0 | -53.1 |
| DSH | | | | |
| Large urban | -12.7 | -14.5 | -24.2 | -45.9 |
| Other urban | -12.3 | -15.2 | -29.0 | -49.9 |
| Rural | -10.3 | -12.7 | -25.4 | -68.9 |
| Non-DSH | -11.3 | -14.4 | -25.7 | -53.3 |
| Teaching and DSH | -14.0 | -15.3 | -26.8 | -45.6 |
| Teaching and non-DSH | -10.8 | -13.5 | -25.8 | -45.9 |
| Non-teaching and DSH | -10.8 | -14.0 | -25.3 | -53.3 |
| Non-teaching and non-DSH | -11.5 | -14.7 | -25.7 | -56.2 |
| New England | -21.4 | -21.6 | -31.2 | -53.3 |
| Middle Atlantic | -8.0 | -4.5 | -28.0 | -33.8 |
| South Atlantic | -8.5 | -11.5 | -22.4 | -58.6 |
| East North Central | -12.9 | -18.3 | -24.8 | -64.0 |
| East South Central | -5.9 | -8.8 | -27.9 | -72.6 |
| West North Central | -15.5 | -19.2 | -29.7 | -50.8 |
| West South Central | -13.4 | -16.7 | -26.2 | -52.8 |
| Mountain | -10.9 | -14.2 | -28.0 | -42.5 |
| Pacific | -12.6 | -16.6 | -23.8 | -38.4 |
| Voluntary | -12.6 | -14.9 | -27.2 | -49.7 |
| Proprietary | -9.1 | -13.6 | -21.4 | -50.1 |
| Urban government | -11.9 | -14.8 | -26.1 | -54.7 |
| Rural government | -12.8 | -12.2 | -20.1 | -72.2 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. The 1999 data have been weighted by teaching status to improve predictive accuracy.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-8****Hospital-based Medicare home health agency
margin excluding graduate medical
education, by hospital group, 1996-1999**

| Hospital group | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|-------------|-------------|-------------|-------------|
| All hospitals | -4.5% | -4.5% | -24.8% | -13.9% |
| Urban | -4.6 | -4.4 | -23.1 | -12.3 |
| Rural | -4.2 | -4.6 | -30.3 | -18.4 |
| Large urban | -4.7 | -3.9 | -20.8 | -11.0 |
| Other urban | -4.5 | -5.2 | -26.8 | -14.8 |
| Rural referral | -4.5 | -4.5 | -32.4 | -17.7 |
| Sole community | -5.6 | -6.8 | -36.2 | -23.5 |
| Small rural Medicare-dependent | -2.9 | -3.5 | -27.7 | -13.9 |
| Other rural < 50 beds | -2.2 | -3.9 | -25.0 | -15.8 |
| Other rural ≥ 50 beds | -4.3 | -3.7 | -27.7 | -18.5 |
| Major teaching | -5.7 | -4.2 | -18.2 | -12.4 |
| Other teaching | -4.7 | -4.8 | -22.0 | -9.9 |
| Non-teaching | -4.2 | -4.4 | -27.2 | -16.0 |
| Major teaching | | | | |
| Public | -3.0 | -3.9 | -20.7 | -18.1 |
| Private | -6.2 | -4.2 | -17.7 | -12.2 |
| Other teaching | | | | |
| Public | -4.9 | -2.2 | -25.2 | -14.0 |
| Private | -4.7 | -4.9 | -21.7 | -9.4 |
| Non-teaching | | | | |
| Public | -3.7 | -4.6 | -30.9 | -20.7 |
| Private | -4.3 | -4.3 | -26.4 | -14.8 |
| DSH | | | | |
| Large urban | -4.7 | -4.2 | -22.6 | -11.7 |
| Other urban | -4.6 | -5.3 | -25.6 | -15.1 |
| Rural | -2.3 | -2.6 | -30.9 | -17.1 |
| Non-DSH | -4.6 | -4.5 | -24.9 | -13.8 |
| Teaching and DSH | -5.3 | -5.1 | -20.8 | -11.7 |
| Teaching and non-DSH | -4.4 | -3.6 | -21.1 | -8.3 |
| Non-teaching and DSH | -3.6 | -3.9 | -28.5 | -15.6 |
| Non-teaching and non-DSH | -4.7 | -4.8 | -26.2 | -16.2 |
| New England | -1.8 | -0.6 | -12.9 | -6.3 |
| Middle Atlantic | -4.4 | -2.8 | -17.6 | -9.9 |
| South Atlantic | -3.6 | -3.0 | -25.3 | -12.9 |
| East North Central | -4.8 | -5.3 | -21.0 | -12.8 |
| East South Central | -1.8 | -2.4 | -23.0 | -11.6 |
| West North Central | -5.2 | -4.8 | -32.2 | -16.5 |
| West South Central | -5.7 | -7.9 | -36.8 | -24.4 |
| Mountain | -7.1 | -7.5 | -32.5 | -25.6 |
| Pacific | -6.7 | -7.2 | -27.5 | -14.9 |
| Voluntary | -4.6 | -4.6 | -21.5 | -12.4 |
| Proprietary | -4.6 | -4.4 | -39.8 | -18.8 |
| Urban government | -3.7 | -3.4 | -25.9 | -18.4 |
| Rural government | -3.8 | -4.9 | -32.4 | -19.8 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. The 1999 data have been weighted by teaching status to improve predictive accuracy.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-9****Hospital Medicare PPS-exempt unit margin
excluding graduate medical education,
by hospital group, 1996-1999**

| Hospital group | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|------|------|-------|------|
| All hospitals | 6.2% | 4.4% | 0.7% | 4.0% |
| Urban | 6.0 | 4.3 | 0.6 | 4.0 |
| Rural | 7.7 | 4.9 | 1.2 | 3.2 |
| Large urban | 6.4 | 4.2 | -0.5 | 2.3 |
| Other urban | 5.2 | 4.3 | 2.5 | 7.2 |
| Rural referral | 11.7 | 8.2 | 7.2 | 11.6 |
| Sole community | -0.2 | -1.7 | -8.4 | -2.4 |
| Small rural Medicare-dependent | 6.3 | 2.3 | -6.9 | -2.5 |
| Other rural < 50 beds | 1.2 | 3.0 | -3.1 | -3.8 |
| Other rural ≥ 50 beds | 8.0 | 5.1 | 0.0 | -5.7 |
| Major teaching | 3.1 | 1.5 | -3.6 | 2.5 |
| Other teaching | 6.7 | 4.2 | 2.0 | 2.9 |
| Non-teaching | 7.2 | 5.6 | 1.4 | 5.3 |
| Major teaching | | | | |
| Public | -0.9 | 0.4 | -12.8 | 7.5 |
| Private | 5.2 | 2.8 | 0.8 | 3.5 |
| Other teaching | | | | |
| Public | 3.5 | -0.4 | -5.4 | -2.8 |
| Private | 6.5 | 4.2 | 2.5 | 2.8 |
| Non-teaching | | | | |
| Public | 6.1 | 4.8 | 0.0 | 7.8 |
| Private | 7.3 | 5.8 | 1.7 | 4.8 |
| DSH | | | | |
| Large urban | 6.0 | 3.8 | -0.7 | 3.0 |
| Other urban | 5.3 | 3.1 | 2.5 | 5.3 |
| Rural | 11.1 | 9.2 | 5.1 | 10.2 |
| Non-DSH | 6.4 | 5.1 | 0.6 | 3.4 |
| Teaching and DSH | 4.6 | 2.8 | -1.0 | 3.3 |
| Teaching and non-DSH | 7.3 | 4.5 | 2.7 | 1.5 |
| Non-teaching and DSH | 8.7 | 5.8 | 3.6 | 6.1 |
| Non-teaching and non-DSH | 5.8 | 5.5 | -0.6 | 4.6 |
| New England | 1.9 | 0.2 | 3.1 | 5.4 |
| Middle Atlantic | 4.9 | 4.3 | -2.9 | 4.6 |
| South Atlantic | 5.6 | 5.4 | 3.7 | 8.0 |
| East North Central | 5.6 | 3.4 | -0.1 | 2.0 |
| East South Central | 6.4 | 3.3 | 1.4 | -3.3 |
| West North Central | 5.6 | 2.6 | -1.7 | 0.7 |
| West South Central | 6.1 | 5.0 | 0.7 | 5.6 |
| Mountain | 10.2 | 5.6 | 2.9 | 8.4 |
| Pacific | 11.5 | 7.6 | 2.9 | -0.7 |
| Voluntary | 5.9 | 3.9 | 1.9 | 4.3 |
| Proprietary | 9.6 | 7.6 | 1.5 | 1.8 |
| Urban government | 2.4 | 2.2 | -6.1 | 4.7 |
| Rural government | 5.7 | 2.5 | -3.4 | 3.9 |

Note: DSH = disproportionate share hospital. PPS-exempt units include inpatient psychiatric and rehabilitation services. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. The 1999 data have been weighted by teaching status to improve predictive accuracy.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-10****Hospital overall Medicare margin including graduate
medical education, by hospital group, 1996–1999**

| Hospital group | 1996 | 1997 | 1998 | 1999 |
|--------------------------------|------|-------|------|------|
| All hospitals | 9.9% | 10.4% | 6.0% | 5.6% |
| Urban | 10.7 | 11.5 | 7.4 | 6.8 |
| Rural | 5.0 | 4.1 | -2.1 | -2.9 |
| Large urban | 12.3 | 13.2 | 9.1 | 8.9 |
| Other urban | 8.2 | 8.8 | 4.7 | 3.1 |
| Rural referral | 5.9 | 5.4 | -0.6 | -1.3 |
| Sole community | 6.1 | 4.8 | -1.5 | -2.7 |
| Small rural Medicare-dependent | 3.2 | 3.3 | -2.8 | -1.3 |
| Other rural < 50 beds | 2.4 | 1.7 | -5.4 | -5.6 |
| Other rural ≥ 50 beds | 4.2 | 2.9 | -3.7 | -5.0 |
| Major teaching | 17.2 | 19.0 | 14.6 | 15.4 |
| Other teaching | 9.6 | 10.1 | 6.5 | 6.1 |
| Non-teaching | 6.5 | 6.7 | 1.8 | 0.7 |
| Major teaching | | | | |
| Public | 18.3 | 19.5 | 14.6 | 11.6 |
| Private | 16.8 | 18.9 | 14.6 | 15.6 |
| Other teaching | | | | |
| Public | 9.5 | 11.0 | 5.5 | 6.9 |
| Private | 9.7 | 10.1 | 6.7 | 6.3 |
| Non-teaching | | | | |
| Public | 3.6 | 2.9 | -2.1 | -3.1 |
| Private | 7.1 | 7.4 | 2.6 | 1.4 |
| DSH | | | | |
| Large urban | 15.5 | 16.1 | 12.3 | 13.0 |
| Other urban | 10.0 | 10.5 | 6.4 | 4.4 |
| Rural | 7.5 | 6.4 | 0.0 | -0.3 |
| Non-DSH | 5.6 | 6.2 | 1.2 | 0.6 |
| Teaching and DSH | 14.4 | 15.2 | 11.5 | 11.5 |
| Teaching and non-DSH | 8.4 | 9.4 | 5.2 | 5.1 |
| Non-teaching and DSH | 10.0 | 9.8 | 5.3 | 4.3 |
| Non-teaching and non-DSH | 3.8 | 4.2 | -1.2 | -2.0 |
| New England | 10.4 | 11.7 | 7.9 | 8.5 |
| Middle Atlantic | 12.0 | 13.7 | 10.9 | 10.9 |
| South Atlantic | 9.1 | 9.7 | 5.3 | 4.2 |
| East North Central | 6.7 | 7.3 | 2.3 | -1.5 |
| East South Central | 10.2 | 9.4 | 4.8 | 3.6 |
| West North Central | 5.5 | 5.5 | -0.1 | 0.4 |
| West South Central | 10.1 | 10.1 | 5.5 | 4.7 |
| Mountain | 10.5 | 10.5 | 4.5 | 2.5 |
| Pacific | 15.1 | 14.4 | 9.2 | 7.4 |
| Voluntary | 9.3 | 10.2 | 5.9 | 5.5 |
| Proprietary | 13.6 | 13.0 | 9.3 | 9.7 |
| Urban government | 12.3 | 12.6 | 8.0 | 5.7 |
| Rural government | 2.6 | 1.4 | -5.0 | -5.4 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. The 1999 data have been weighted by teaching status to improve predictive accuracy.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-11****Hospital payment-to-cost ratios,
by source of revenue, 1990–1999**

| Year | Medicare | Medicaid | Uncompensated care | Private payers |
|------|----------|----------|--------------------|----------------|
| 1990 | 89.2% | 79.7% | 21.0% | 126.8% |
| 1991 | 88.4 | 81.6 | 19.6 | 129.7 |
| 1992 | 88.8 | 90.9 | 18.9 | 131.3 |
| 1993 | 89.4 | 93.1 | 19.5 | 129.3 |
| 1994 | 96.9 | 93.7 | 19.3 | 124.4 |
| 1995 | 99.3 | 93.8 | 18.0 | 123.9 |
| 1996 | 102.4 | 94.8 | 17.3 | 121.5 |
| 1997 | 103.6 | 95.9 | 14.1 | 117.6 |
| 1998 | 102.6 | 97.9 | 13.2 | 113.6 |
| 1999 | 101.1 | 96.7 | 13.2 | 112.3 |

Note: Payment-to-cost ratios cannot be used to compare payment levels because the mix of services and cost per unit of service vary across payers. They do, however, indicate the relative degree to which payments from each payer cover the costs of treating its patients. Operating subsidies from state and local governments are considered payments for uncompensated care, up to the level of each hospital's uncompensated care costs. Data are for community hospitals and reflect both inpatient and outpatient services. Imputed values were used for missing data (about 35 percent of observations), which corrects for under-representation of proprietary and public hospitals relative to voluntary institutions. Most Medicare and Medicaid managed care patients are included in the private payers category. The costs allocated to Medicare and Medicaid include HCFA's allowed and non-allowed costs.

Source: MedPAC analysis of data from the American Hospital Association Annual Survey of Hospitals.

**TABLE
B-12****Gains or losses as a percent of total hospital costs, by source of revenue, 1990–1999**

| Year | Medicare | Medicaid | Other government payers and subsidies | Uncompensated care | Private payers | Non-patient | Total gains |
|------|----------|----------|---------------------------------------|--------------------|----------------|-------------|-------------|
| 1990 | -4.1 | -2.3 | 0.4 | -4.7 | 10.8 | 3.4 | 3.4 |
| 1991 | -4.4 | -2.3 | 0.4 | -4.8 | 11.6 | 3.5 | 4.0 |
| 1992 | -4.4 | -1.2 | 0.2 | -4.9 | 11.8 | 3.3 | 4.8 |
| 1993 | -4.1 | -0.9 | 0.2 | -4.8 | 10.9 | 3.3 | 4.4 |
| 1994 | -1.2 | -0.9 | 0.2 | -4.9 | 8.7 | 3.1 | 5.0 |
| 1995 | -0.3 | -0.9 | -0.1 | -5.0 | 8.5 | 3.7 | 6.0 |
| 1996 | 0.9 | -0.7 | -0.1 | -5.1 | 7.9 | 4.3 | 7.2 |
| 1997 | 1.4 | -0.5 | -0.1 | -5.2 | 6.7 | 4.9 | 7.2 |
| 1998 | 1.0 | -0.2 | 0.0 | -5.2 | 5.5 | 5.1 | 6.1 |
| 1999 | 0.4 | -0.4 | 0.1 | -5.4 | 5.2 | 5.1 | 4.9 |

Note: Gains or losses are the difference between the cost of providing care (or operating a non-patient service) and the payment received. Operating subsidies from state and local governments are considered payments for uncompensated care, up to the level of each hospital's uncompensated care costs. Subsidies in excess of uncompensated care costs are combined with revenue from other government payers. Non-patient reflects both other operating and non-operating revenue. Data are for community hospitals and reflect both inpatient and outpatient services. Imputed values were used for missing data (about 35 percent of observations), which corrects for under-representation of proprietary and public hospitals relative to voluntary institutions. Most Medicare and Medicaid managed care patients are included in the private payers category. Gains and losses from the sources shown sum to total gains (except due to rounding). The costs allocated to Medicare and Medicaid include HCFA's allowed and non-allowed costs.

Source: MedPAC analysis of data from the American Hospital Association Annual Survey of Hospitals.

**TABLE
B-13****Hospital payment-to-cost ratios, by source
of revenue and hospital group, 1999**

| Hospital group | Medicare | Medicaid | Uncompensated care | Private payers |
|--------------------------------|-----------------|-----------------|-------------------------------|---------------------------|
| All hospitals | 101.1% | 96.7% | 13.2% | 112.3% |
| Urban | 99.7 | 93.8 | 15.5 | 113.0 |
| Rural | 90.4 | 87.7 | 7.9 | 134.2 |
| Large urban | 101.2 | 96.5 | 16.9 | 108.1 |
| Other urban | 97.8 | 89.1 | 12.7 | 120.5 |
| Rural referral | 91.4 | 84.5 | 2.7 | 139.6 |
| Sole community | 90.6 | 91.1 | 14.1 | 128.8 |
| Small rural Medicare-dependent | 88.7 | 87.0 | 18.1 | 126.3 |
| Other rural < 50 beds | 85.8 | 94.9 | 19.5 | 124.1 |
| Other rural ≥ 50 beds | 92.0 | 85.7 | 3.5 | 136.0 |
| Major teaching | 104.8 | 99.8 | 25.5 | 106.0 |
| Other teaching | 98.7 | 89.9 | 5.4 | 114.7 |
| Non-teaching | 94.7 | 85.6 | 5.0 | 123.5 |
| Major teaching | | | | |
| Public | 106.4 | 110.3 | 37.0 | 132.7 |
| Private | 104.3 | 89.1 | 4.6 | 100.6 |
| Other teaching | | | | |
| Public | 101.8 | 104.2 | 27.6 | 121.5 |
| Private | 98.5 | 87.8 | 1.2 | 114.4 |
| Non-teaching | | | | |
| Public | 92.0 | 87.9 | 18.4 | 126.8 |
| Private | 95.3 | 85.0 | 1.3 | 122.9 |
| DSH | | | | |
| Large urban | 103.6 | 98.1 | 18.9 | 108.1 |
| Other urban | 99.6 | 90.3 | 15.2 | 121.8 |
| Rural | 93.3 | 91.9 | 5.9 | 143.8 |
| Non-DSH | 94.1 | 83.7 | 4.1 | 117.1 |
| Teaching and DSH | 102.5 | 97.6 | 20.3 | 110.6 |
| Teaching and non-DSH | 97.2 | 81.3 | 0.3 | 112.1 |
| Non-teaching and DSH | 98.1 | 86.4 | 3.8 | 127.5 |
| Non-teaching and non-DSH | 92.2 | 84.7 | 6.3 | 120.9 |
| New England | 98.4 | 78.4 | -0.3 | 103.6 |
| Middle Atlantic | 100.3 | 100.3 | 11.2 | 100.8 |
| South Atlantic | 101.1 | 91.1 | 14.2 | 125.9 |
| East North Central | 94.0 | 86.7 | 8.1 | 116.1 |
| East South Central | 99.0 | 86.8 | 12.1 | 121.5 |
| West North Central | 90.1 | 86.3 | 25.8 | 120.5 |
| West South Central | 100.2 | 99.5 | 28.1 | 127.1 |
| Mountain | 101.1 | 91.9 | 7.1 | 116.1 |
| Pacific | 101.5 | 93.0 | 5.4 | 111.5 |
| Voluntary | 97.2 | 86.4 | 2.2 | 112.1 |
| Proprietary | 110.6 | 95.9 | 1.4 | 134.9 |
| Urban government | 101.0 | 107.2 | 35.1 | 125.0 |
| Rural government | 89.1 | 90.0 | 22.7 | 131.9 |

Note: DSH = disproportionate share hospital. Payment-to-cost ratios cannot be used to compare payment levels because the mix of services and cost per unit of service vary across payers. They do, however, indicate the relative degree to which payments from each payer cover the costs of treating its patients. Operating subsidies from state and local governments are considered payments for uncompensated care, up to the level of each hospital's uncompensated care costs. Totals for all hospitals are calculated using reported as well as imputed data (about 35 percent of observations), which corrects for under-representation of proprietary and public hospitals relative to voluntary institutions. Values for hospital groups reflect reported data only. Most Medicare and Medicaid managed care patients are included in the private payers category. The costs allocated to Medicare and Medicaid include HCFA's allowed and non-allowed costs.

Source: MedPAC analysis of data from the American Hospital Association Annual Survey of Hospitals.

**TABLE
B-14****Costs as a percent of total hospital costs,
by payer and hospital group, 1999**

| Hospital group | Medicare | Medicaid | Other government payers | Uncompensated care | Private payers |
|--------------------------------|----------|----------|-------------------------|--------------------|----------------|
| All hospitals | 36.1% | 11.3% | 1.5% | 6.2% | 42.0% |
| Urban | 34.0 | 11.2 | 1.7 | 6.5 | 43.6 |
| Rural | 45.4 | 10.8 | 1.1 | 5.2 | 35.5 |
| Large urban | 31.0 | 12.1 | 1.7 | 6.9 | 44.8 |
| Other urban | 38.8 | 9.4 | 1.6 | 5.9 | 42.0 |
| Rural referral | 46.4 | 10.0 | 0.9 | 5.2 | 35.4 |
| Sole community | 44.1 | 11.6 | 1.5 | 5.2 | 35.5 |
| Small rural Medicare-dependent | 51.0 | 8.9 | 0.4 | 4.2 | 32.7 |
| Other rural < 50 beds | 43.8 | 11.4 | 1.1 | 4.9 | 36.5 |
| Other rural ≥ 50 beds | 44.3 | 11.4 | 1.0 | 5.9 | 35.9 |
| Major teaching | 26.7 | 17.3 | 2.9 | 9.7 | 39.2 |
| Other teaching | 37.2 | 8.7 | 1.2 | 5.0 | 45.5 |
| Non-teaching | 41.4 | 8.7 | 1.0 | 5.0 | 42.1 |
| Major teaching | | | | | |
| Public | 18.9 | 28.4 | 7.2 | 20.3 | 21.7 |
| Private | 30.2 | 12.4 | 0.9 | 4.9 | 46.9 |
| Other teaching | | | | | |
| Public | 28.8 | 18.6 | 6.0 | 13.1 | 30.9 |
| Private | 37.7 | 8.0 | 0.9 | 4.5 | 46.5 |
| Non-teaching | | | | | |
| Public | 42.4 | 10.9 | 1.3 | 6.2 | 37.4 |
| Private | 41.2 | 8.2 | 0.9 | 4.7 | 43.1 |
| DSH | | | | | |
| Large urban | 28.9 | 16.0 | 2.3 | 8.3 | 41.1 |
| Other urban | 37.7 | 11.1 | 1.9 | 6.8 | 40.0 |
| Rural | 44.4 | 15.5 | 1.3 | 7.2 | 29.9 |
| Non-DSH | 40.7 | 5.8 | 0.8 | 3.9 | 46.5 |
| Teaching and DSH | 30.3 | 15.2 | 2.4 | 8.3 | 40.4 |
| Teaching and non-DSH | 38.8 | 4.6 | 0.7 | 3.5 | 49.6 |
| Non-teaching and DSH | 40.7 | 11.4 | 1.2 | 6.0 | 39.1 |
| Non-teaching and non-DSH | 41.9 | 6.7 | 0.8 | 4.3 | 44.4 |
| New England | 33.6 | 7.7 | 0.6 | 4.8 | 47.8 |
| Middle Atlantic | 34.0 | 14.7 | 0.8 | 5.5 | 41.0 |
| South Atlantic | 38.2 | 10.7 | 2.4 | 7.4 | 39.2 |
| East North Central | 37.3 | 8.5 | 0.6 | 4.6 | 46.1 |
| East South Central | 39.8 | 11.2 | 0.7 | 6.9 | 39.4 |
| West North Central | 39.7 | 8.3 | 0.8 | 3.5 | 45.2 |
| West South Central | 33.9 | 11.6 | 1.8 | 11.6 | 38.7 |
| Mountain | 28.4 | 8.8 | 2.3 | 6.4 | 51.9 |
| Pacific | 26.8 | 17.7 | 4.3 | 5.8 | 42.9 |
| Voluntary | 37.1 | 9.1 | 0.9 | 4.7 | 45.2 |
| Proprietary | 37.0 | 10.2 | 1.0 | 4.2 | 46.6 |
| Urban government | 24.5 | 22.3 | 5.5 | 16.1 | 28.2 |
| Rural government | 45.0 | 12.1 | 1.6 | 6.0 | 33.4 |

Note: DSH = disproportionate share hospital. Data reflect inpatient and outpatient services for community hospitals. Operating subsidies from state and local governments are considered payments for uncompensated care, up to the level of each hospital's uncompensated care costs. Most Medicare and Medicaid managed care patients are included in the private payers category. Totals for all hospitals are calculated using reported as well as imputed data (about 35 percent of observations), which corrects for under-representation of proprietary and public hospitals relative to voluntary institutions. Values for hospital groups reflect reported data only.

Source: MedPAC analysis of data from the American Hospital Association Annual Survey of Hospitals.

**TABLE
B-15****Gains and losses as a percent of total hospital costs, by payer and hospital group, 1999**

| Hospital group | Medicare | Medicaid | Other government payers and subsidies | Uncompensated care | Private payers | Non-patient | Total gains or losses |
|--------------------------------|----------|----------|---------------------------------------|--------------------|----------------|-------------|-----------------------|
| All hospitals | -0.4% | -0.4% | -0.1% | -5.4% | 5.2% | 5.1% | 4.9% |
| Urban | -0.1 | -0.7 | 0.0 | -5.5 | 5.7 | 5.0 | 4.3 |
| Rural | -4.3 | -1.3 | 0.3 | -4.8 | 12.1 | 4.1 | 6.1 |
| Large urban | 0.4 | -0.4 | -0.2 | -5.7 | 3.6 | 5.2 | 2.9 |
| Other urban | -0.9 | -1.0 | 0.1 | -5.2 | 8.6 | 4.7 | 6.4 |
| Rural referral | -4.0 | -1.6 | 0.1 | -5.0 | 14.0 | 5.2 | 8.7 |
| Sole community | -4.1 | -1.0 | 0.5 | -4.5 | 10.3 | 3.6 | 4.7 |
| Small rural Medicare-dependent | -5.8 | -1.2 | 0.8 | -3.5 | 8.6 | 3.4 | 2.4 |
| Other rural < 50 beds | -6.2 | -0.6 | 1.0 | -3.9 | 8.8 | 3.0 | 2.1 |
| Other rural ≥ 50 beds | -3.5 | -1.6 | 0.1 | -5.7 | 12.9 | 3.3 | 5.4 |
| Major teaching | 1.3 | 0.0 | -0.7 | -7.2 | 2.4 | 5.8 | 1.6 |
| Other teaching | -0.5 | -0.9 | 0.2 | -4.7 | 6.7 | 4.8 | 5.5 |
| Non-teaching | -2.2 | -1.2 | 0.2 | -4.8 | 9.9 | 4.1 | 6.0 |
| Major teaching | | | | | | | |
| Public | 1.2 | 2.9 | -2.5 | -12.8 | 7.1 | 4.6 | 0.6 |
| Private | 1.3 | -1.4 | 0.2 | -4.7 | 0.3 | 6.3 | 2.0 |
| Other teaching | | | | | | | |
| Public | 0.5 | 0.8 | -1.5 | -9.5 | 6.6 | 5.3 | 2.2 |
| Private | -0.6 | -1.0 | 0.3 | -4.4 | 6.7 | 4.7 | 5.7 |
| Non-teaching | | | | | | | |
| Public | -3.4 | -1.3 | 0.6 | -5.1 | 10.0 | 3.6 | 4.4 |
| Private | -2.0 | -1.2 | 0.1 | -4.7 | 9.9 | 4.3 | 6.4 |
| DSH | | | | | | | |
| Large urban | 1.0 | -0.3 | -0.5 | -6.8 | 3.3 | 5.3 | 2.1 |
| Other urban | -0.1 | -1.1 | 0.2 | -5.8 | 8.7 | 4.8 | 6.7 |
| Rural | -3.0 | -1.3 | 0.2 | -6.8 | 13.1 | 3.7 | 6.0 |
| Non-DSH | -2.4 | -1.0 | 0.2 | -3.8 | 7.9 | 4.5 | 5.5 |
| Teaching and DSH | 0.8 | -0.4 | -0.3 | -6.6 | 4.3 | 5.4 | 3.1 |
| Teaching and non-DSH | -1.1 | -0.9 | 0.1 | -3.5 | 6.0 | 4.9 | 5.5 |
| Non-teaching and DSH | -0.8 | -1.6 | 0.1 | -5.8 | 10.7 | 4.0 | 6.8 |
| Non-teaching and non-DSH | -3.3 | -1.0 | 0.3 | -4.0 | 9.3 | 4.3 | 5.5 |
| New England | -0.5 | -1.7 | 0.3 | -4.8 | 1.7 | 7.1 | 2.1 |
| Middle Atlantic | 0.1 | 0.0 | 0.6 | -4.9 | 0.3 | 4.7 | 0.8 |
| South Atlantic | 0.4 | -0.9 | -0.3 | -6.4 | 10.1 | 4.8 | 7.8 |
| East North Central | -2.2 | -1.1 | 0.1 | -4.2 | 7.4 | 6.0 | 6.0 |
| East South Central | -0.4 | -1.5 | 0.4 | -6.1 | 8.5 | 4.5 | 5.4 |
| West North Central | -3.9 | -1.1 | 0.2 | -2.6 | 9.2 | 4.3 | 6.0 |
| West South Central | 0.1 | -0.1 | 0.6 | -8.3 | 10.5 | 4.2 | 6.9 |
| Mountain | 0.3 | -0.7 | 0.5 | -5.9 | 8.4 | 3.3 | 5.8 |
| Pacific | 0.4 | -1.2 | -1.7 | -5.5 | 4.9 | 4.8 | 1.7 |
| Voluntary | -1.1 | -1.2 | 0.1 | -4.6 | 5.5 | 5.2 | 3.9 |
| Proprietary | 3.9 | -0.4 | 0.7 | -4.2 | 16.2 | 1.7 | 18.0 |
| Urban government | 0.2 | 1.6 | -1.2 | -10.4 | 7.1 | 4.7 | 1.9 |
| Rural government | -4.9 | -1.2 | 0.9 | -4.6 | 10.7 | 3.3 | 4.1 |

Note: DSH = disproportionate share hospital. Gains and losses cannot be used to compare payment levels because the mix of services and cost per unit of service vary across payers. They do, however, indicate the relative degree to which payments from each payer cover the costs of treating its patients. Operating subsidies from state and local governments are considered payments for uncompensated care, up to the level of each hospital's uncompensated care costs. Non-patient reflects both other operating and non-operating revenue. Data reflect inpatient and outpatient services for community hospitals. Most Medicare and Medicaid managed care patients are included in the private payers category. Totals for all hospitals are calculated using reported as well as imputed data (about 35 percent of observations), which corrects for underrepresentation of proprietary and public hospitals relative to voluntary institutions. The costs allocated to Medicare and Medicaid include HCFA's allowed and non-allowed costs.

Source: MedPAC analysis of data from the American Hospital Association Annual Survey of Hospitals.

**TABLE
B-16****Hospital payment-to-cost ratios,
by payer and state, 1999**

| State | Medicaid | Uncompensated care | Private payers |
|----------------------|----------|--------------------|----------------|
| All hospitals | 96.7% | 13.2% | 112.3% |
| Alabama | 96.2 | 24.3 | 110.8 |
| Alaska | 83.3 | 12.2 | 143.2 |
| Arizona | 78.6 | 1.3 | 108.3 |
| Arkansas | 86.0 | 4.1 | 133.9 |
| California | 93.1 | 2.8 | 112.6 |
| Colorado | 94.9 | 2.3 | 112.8 |
| Connecticut | 69.8 | -4.6 | 106.9 |
| Delaware | 87.8 | 0.0 | 120.7 |
| Florida | 83.3 | 24.8 | 122.1 |
| Georgia | 91.1 | 12.7 | 133.7 |
| Hawaii | 78.8 | 0.0 | 115.3 |
| Idaho | 90.5 | 2.7 | 131.0 |
| Illinois | 74.6 | 7.8 | 119.9 |
| Indiana | 98.0 | 15.7 | 128.7 |
| Iowa | 90.3 | 53.5 | 129.4 |
| Kansas | 64.5 | 6.0 | 129.9 |
| Kentucky | 84.5 | 4.6 | 125.6 |
| Louisiana | 89.0 | 0.9 | 166.5 |
| Maine | 94.2 | 0.0 | 139.1 |
| Maryland | 103.9 | 0.0 | 109.0 |
| Massachusetts | 75.0 | 0.6 | 96.4 |
| Michigan | 99.8 | 0.8 | 106.2 |
| Minnesota | 88.4 | 29.1 | 114.9 |
| Mississippi | 107.2 | 3.6 | 147.2 |
| Missouri | 85.8 | 23.5 | 111.4 |
| Montana | 85.0 | 2.8 | 133.0 |
| Nebraska | 97.1 | 3.3 | 130.1 |
| Nevada | 100.6 | 3.5 | 120.4 |
| New Hampshire | 73.9 | 1.4 | 122.5 |
| New Jersey | 90.0 | 19.1 | 114.1 |
| New Mexico | 111.0 | 30.0 | 113.9 |
| New York | 104.6 | 11.7 | 96.9 |
| North Carolina | 93.0 | 8.5 | 124.8 |
| North Dakota | 95.6 | 0.0 | 127.5 |
| Ohio | 93.6 | 10.8 | 112.6 |
| Oklahoma | 70.2 | 2.4 | 122.3 |
| Oregon | 92.8 | 15.3 | 109.9 |
| Pennsylvania | 77.2 | 0.0 | 100.9 |
| Rhode Island | 104.6 | 0.0 | 92.4 |
| South Carolina | 91.1 | 18.8 | 142.6 |
| South Dakota | 90.9 | 1.0 | 136.6 |
| Tennessee | 74.0 | 13.0 | 117.5 |
| Texas | 106.1 | 39.4 | 121.9 |
| Utah | 110.4 | 5.9 | 120.3 |
| Vermont | 86.7 | 0.8 | 122.4 |
| Virginia | 102.0 | 1.4 | 131.4 |
| Washington | 95.5 | 22.6 | 105.2 |
| West Virginia | 89.2 | 0.1 | 133.6 |
| Wisconsin | 77.6 | 0.0 | 125.4 |
| Wyoming | 86.8 | 17.0 | 143.4 |
| District of Columbia | 109.2 | 29.1 | 114.0 |

Note: Payment-to-cost ratios cannot be used to compare payment levels because the mix of services and cost per unit of service vary across payers. They do, however, indicate the relative degree to which payments from each payer cover the costs of treating its patients. Operating subsidies from state and local governments are considered payment for uncompensated care, up to the level of each hospital's uncompensated care costs. Data are for community hospitals and reflect both inpatient and outpatient services. Values for individual states reflect reported data only. Totals for all hospitals are calculated using reported as well as imputed data (about 35 percent of observations), which corrects for underrepresentation of proprietary and public hospitals relative to voluntary institutions. Most Medicare and Medicaid managed care patients are included in the private payers category. The costs allocated to Medicare and Medicaid include HCFA's allowed and non-allowed costs.

Source: MedPAC analysis of data from the American Hospital Association Annual Survey of Hospitals.

**TABLE
B-17**

Gains and losses as a percent of total hospital costs, by payer and state, 1999

| State | Medicare | Medicaid | Other government payers and subsidies | Uncompensated care | Private payers | Non-patient | Total gains or losses |
|----------------------|----------|----------|---------------------------------------|--------------------|----------------|-------------|-----------------------|
| All hospitals | 0.4% | -0.4% | 0.1% | -5.4% | 5.2% | 5.1% | 4.9% |
| Alabama | 3.1 | -0.4 | 0.4 | -6.6 | 4.3 | 7.8 | 8.7 |
| Alaska | -2.3 | -3.0 | 1.6 | -4.8 | 17.8 | 4.3 | 13.5 |
| Arizona | 2.9 | -2.3 | 0.4 | -6.3 | 4.5 | 3.8 | 3.1 |
| Arkansas | 1.1 | -1.5 | 0.1 | -9.6 | 11.3 | 2.6 | 4.1 |
| California | 1.0 | -1.4 | -2.6 | -6.7 | 4.9 | 5.0 | 0.2 |
| Colorado | 0.3 | -0.4 | 0.7 | -6.8 | 7.0 | 4.0 | 4.8 |
| Connecticut | -0.3 | -2.3 | 0.3 | -4.0 | 3.4 | 5.2 | 2.3 |
| Delaware | -3.9 | -0.6 | 0.1 | -5.2 | 9.3 | 7.0 | 6.7 |
| Florida | 1.6 | -1.6 | -1.2 | -6.5 | 9.3 | 5.4 | 6.9 |
| Georgia | -0.1 | -1.1 | -0.1 | -6.5 | 12.9 | 4.5 | 9.5 |
| Hawaii | -6.0 | -1.5 | 0.0 | -2.8 | 6.7 | 5.0 | 1.5 |
| Idaho | -4.8 | -0.9 | 0.0 | -4.2 | 12.5 | 4.2 | 6.8 |
| Illinois | -3.1 | -2.9 | 0.3 | -4.4 | 8.7 | 7.7 | 6.4 |
| Indiana | -3.7 | -0.2 | 0.0 | -5.1 | 12.2 | 5.8 | 9.0 |
| Iowa | -6.5 | -0.6 | -0.5 | -1.9 | 12.3 | 4.2 | 6.9 |
| Kansas | -3.4 | -2.6 | 0.6 | -3.7 | 12.5 | 4.3 | 7.8 |
| Kentucky | -1.6 | -1.7 | 0.0 | -6.0 | 10.2 | 3.8 | 4.6 |
| Louisiana | 0.0 | -1.6 | 2.3 | -17.1 | 21.9 | 3.5 | 9.0 |
| Maine | -5.5 | -0.7 | -0.1 | -5.0 | 14.2 | 5.2 | 8.0 |
| Maryland | 3.6 | 0.1 | 0.0 | -6.3 | 4.3 | 2.1 | 3.9 |
| Massachusetts | 0.5 | -1.9 | 0.4 | -5.3 | -1.8 | 8.6 | 0.5 |
| Michigan | -0.8 | 0.0 | 0.0 | -3.3 | 3.1 | 6.2 | 5.2 |
| Minnesota | -3.6 | -1.1 | 0.4 | -1.4 | 7.9 | 4.0 | 6.2 |
| Mississippi | -1.8 | 1.0 | 0.0 | -9.7 | 14.4 | 2.8 | 6.8 |
| Missouri | -2.2 | -1.3 | 0.4 | -3.5 | 5.1 | 4.7 | 3.1 |
| Montana | -4.1 | -1.5 | 0.1 | -4.2 | 11.9 | 4.6 | 6.8 |
| Nebraska | -5.0 | -0.2 | 0.1 | -2.3 | 13.5 | 3.5 | 9.6 |
| Nevada | 3.4 | 0.1 | 1.2 | -7.0 | 10.3 | 1.1 | 9.1 |
| New Hampshire | -2.3 | -1.7 | 0.1 | -5.2 | 10.6 | 8.6 | 10.1 |
| New Jersey | -3.4 | -0.8 | -0.1 | -6.7 | 5.6 | 5.0 | -0.4 |
| New Mexico | -0.2 | 0.9 | 0.3 | -6.0 | 8.0 | 2.0 | 5.1 |
| New York | 0.5 | 1.0 | 1.0 | -5.6 | -1.0 | 4.4 | 0.3 |
| North Carolina | 0.3 | -0.9 | 0.1 | -6.0 | 8.7 | 5.5 | 7.8 |
| North Dakota | -5.0 | -0.4 | -0.1 | -2.0 | 10.5 | 3.7 | 6.6 |
| Ohio | -0.9 | -0.6 | 0.2 | -5.2 | 6.0 | 4.8 | 4.3 |
| Oklahoma | 1.5 | -2.8 | 0.4 | -7.7 | 8.4 | 5.6 | 5.4 |
| Oregon | -1.1 | -0.5 | 0.3 | -2.5 | 5.9 | 4.0 | 6.0 |
| Pennsylvania | 0.9 | -1.3 | 0.0 | -2.9 | 0.5 | 5.0 | 2.3 |
| Rhode Island | 1.1 | 0.3 | 0.1 | -3.9 | -4.1 | 4.8 | -1.7 |
| South Carolina | -2.0 | -1.7 | -0.5 | -6.3 | 12.7 | 3.2 | 5.6 |
| South Dakota | -6.2 | -0.8 | -0.1 | -2.6 | 14.4 | 5.1 | 9.9 |
| Tennessee | -1.1 | -2.9 | 0.9 | -4.5 | 7.4 | 3.6 | 3.4 |
| Texas | -0.2 | 0.7 | 0.4 | -6.8 | 8.8 | 4.2 | 7.1 |
| Utah | -0.2 | 0.7 | 0.1 | -4.8 | 11.5 | 2.1 | 9.3 |
| Vermont | -5.4 | -1.1 | 0.0 | -4.0 | 9.6 | 3.6 | 2.6 |
| Virginia | 0.3 | 0.2 | 1.2 | -7.0 | 14.0 | 4.5 | 13.2 |
| Washington | 0.6 | -0.6 | 0.1 | -2.6 | 2.5 | 4.1 | 4.1 |
| West Virginia | -2.4 | -1.3 | 0.6 | -5.4 | 9.2 | 3.8 | 4.6 |
| Wisconsin | -4.5 | -1.6 | -0.2 | -2.8 | 11.3 | 4.2 | 6.5 |
| Wyoming | -3.2 | -1.1 | 0.7 | -5.3 | 17.1 | 3.8 | 12.0 |
| District of Columbia | 0.9 | 0.9 | -3.1 | -7.3 | 5.7 | 9.7 | 6.7 |

Note: Gains and losses cannot be used to compare payment levels because the mix of services and cost per unit of services and cost per unit of service vary across payers. They do, however, indicate the relative degree to which payments from each payer cover the costs of treating their patients. Operating subsidies from state and local governments are considered payments for uncompensated care, up to the level of each hospital's uncompensated care costs. Data reflect inpatient and outpatient services for community hospitals. Most Medicare and Medicaid managed care patients are included in the private payers category. Values for individual states reflect reported data only. Totals for all hospitals are calculated using reported as well as imputed data (about 35 percent of observations), which corrects for under-representation of proprietary and public hospitals relative to voluntary institutions. The costs allocated to Medicare and Medicaid include HCFA's allowed and non-allowed costs.

Source: MedPAC analysis of data from the American Hospital Association Annual Survey of Hospitals

**TABLE
B-18****Hospital total margin, by hospital group, 1990–1999**

| Hospital group | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|
| All hospitals | 3.6% | 4.4% | 4.4% | 4.4% | 5.0% | 5.8% | 6.1% | 5.9% | 4.3% | 2.8% |
| Urban | 3.5 | 4.3 | 4.3 | 4.3 | 4.9 | 5.6 | 5.9 | 5.8 | 4.2 | 2.5 |
| Rural | 4.6 | 5.2 | 5.3 | 5.2 | 5.6 | 6.6 | 7.1 | 6.6 | 4.8 | 4.9 |
| Large urban | 2.5 | 3.7 | 3.7 | 3.9 | 4.3 | 4.9 | 5.1 | 5.1 | 3.7 | 2.0 |
| Other urban | 5.2 | 5.5 | 5.2 | 5.2 | 6.0 | 6.9 | 7.2 | 6.9 | 5.0 | 3.7 |
| Rural referral | 6.4 | 6.7 | 6.9 | 6.3 | 6.8 | 8.4 | 9.2 | 9.3 | 7.1 | 7.6 |
| Sole community | 4.1 | 5.1 | 5.1 | 5.1 | 5.6 | 5.7 | 6.2 | 5.5 | 4.2 | 3.2 |
| Small rural Medicare- dependent | 3.7 | 3.1 | 2.4 | 3.9 | 3.3 | 3.9 | 4.0 | 3.4 | 1.5 | 2.4 |
| Other rural < 50 beds | 1.4 | 2.2 | 2.3 | 2.5 | 2.1 | 2.8 | 3.8 | 2.4 | 0.8 | 2.1 |
| Other rural ≥ 50 beds | 4.0 | 4.5 | 4.8 | 4.7 | 5.6 | 6.7 | 6.9 | 6.0 | 4.3 | 3.9 |
| Major teaching | 1.1 | 3.7 | 3.4 | 3.4 | 3.3 | 4.0 | 3.5 | 4.8 | 3.1 | 0.2 |
| Other teaching | 4.6 | 4.6 | 4.5 | 4.6 | 5.3 | 6.3 | 7.0 | 6.1 | 4.2 | 3.7 |
| Non-teaching | 4.3 | 4.8 | 5.0 | 4.9 | 5.9 | 6.5 | 7.0 | 6.3 | 5.1 | 3.6 |
| Major teaching | | | | | | | | | | |
| Public | -0.6 | 4.5 | 4.2 | 4.5 | 2.8 | 3.1 | 2.5 | 4.4 | 2.9 | -0.1 |
| Private | 1.7 | 3.3 | 3.0 | 3.0 | 3.4 | 4.3 | 3.8 | 4.9 | 3.1 | 0.3 |
| Other teaching | | | | | | | | | | |
| Public | 4.8 | 5.4 | 4.2 | 4.4 | 3.8 | 4.9 | 6.1 | 3.9 | 3.3 | 2.1 |
| Private | 4.5 | 4.6 | 4.5 | 4.7 | 5.5 | 6.4 | 7.0 | 6.3 | 4.3 | 3.8 |
| Non-teaching | | | | | | | | | | |
| Public | 4.1 | 4.3 | 4.6 | 4.2 | 4.7 | 5.5 | 5.8 | 5.4 | 4.1 | 3.5 |
| Private | 4.3 | 4.8 | 5.0 | 5.1 | 6.1 | 6.7 | 7.3 | 6.5 | 5.3 | 3.6 |
| DSH | | | | | | | | | | |
| Large urban | 1.7 | 3.2 | 3.4 | 3.6 | 3.9 | 4.4 | 4.3 | 4.6 | 3.2 | 1.2 |
| Other urban | 5.3 | 5.9 | 5.6 | 5.5 | 6.3 | 6.9 | 7.3 | 6.8 | 4.8 | 3.3 |
| Rural | 5.4 | 7.2 | 7.5 | 5.8 | 6.1 | 7.2 | 8.0 | 7.3 | 4.9 | 4.8 |
| Non-DSH | 4.5 | 4.6 | 4.5 | 4.6 | 5.3 | 6.3 | 6.9 | 6.4 | 5.0 | 4.0 |
| Teaching and DSH | 2.6 | 4.0 | 4.0 | 4.0 | 4.2 | 4.8 | 4.8 | 5.2 | 3.3 | 1.5 |
| Teaching and non-DSH | 4.5 | 4.9 | 4.0 | 4.5 | 4.9 | 6.5 | 7.1 | 6.7 | 4.9 | 4.3 |
| Non-teaching and DSH | 4.2 | 5.1 | 5.2 | 5.3 | 6.3 | 6.7 | 7.4 | 6.3 | 5.1 | 3.4 |
| Non-teaching and non-DSH | 4.4 | 4.5 | 4.7 | 4.6 | 5.5 | 6.2 | 6.7 | 6.3 | 5.1 | 3.8 |
| New England | 2.0 | 2.2 | 2.2 | 3.1 | 2.6 | 3.0 | 4.0 | 4.6 | 2.3 | 1.5 |
| Middle Atlantic | 0.3 | 1.4 | 0.9 | 1.9 | 2.6 | 3.0 | 3.0 | 3.8 | 1.2 | -1.5 |
| South Atlantic | 4.6 | 6.0 | 6.2 | 5.7 | 6.6 | 7.5 | 8.4 | 7.6 | 5.8 | 5.3 |
| East North Central | 4.7 | 4.8 | 4.8 | 4.8 | 5.6 | 6.3 | 6.3 | 6.9 | 4.8 | 5.2 |
| East South Central | 6.4 | 6.4 | 5.6 | 4.9 | 5.2 | 6.6 | 7.2 | 4.6 | 3.6 | 3.2 |
| West North Central | 5.0 | 4.9 | 4.5 | 4.7 | 6.6 | 7.3 | 7.3 | 7.6 | 6.1 | 4.2 |
| West South Central | 4.3 | 5.8 | 7.4 | 6.2 | 6.7 | 7.4 | 7.2 | 6.4 | 5.9 | 3.2 |
| Mountain | 5.3 | 5.5 | 5.4 | 7.0 | 7.4 | 7.7 | 8.1 | 4.5 | 5.1 | 4.1 |
| Pacific | 2.8 | 4.7 | 4.1 | 4.1 | 3.6 | 4.4 | 4.4 | 5.1 | 4.3 | 3.2 |
| Voluntary | 3.8 | 4.3 | 4.1 | 4.1 | 4.7 | 5.7 | 5.8 | 6.2 | 4.2 | 2.4 |
| Proprietary | 4.0 | 5.0 | 6.3 | 6.9 | 8.9 | 8.3 | 10.1 | 5.5 | 6.7 | 8.2 |
| Urban government | 1.8 | 4.6 | 4.2 | 4.3 | 3.5 | 4.0 | 3.9 | 4.7 | 3.4 | 1.5 |
| Rural government | 3.8 | 4.6 | 5.0 | 4.5 | 4.7 | 5.8 | 6.0 | 4.8 | 3.5 | 4.0 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

**TABLE
B-19****Number of hospitals and distribution of hospital total margins, by hospital group, 1999**

| Hospital group | Number of hospitals | | Percentile | | | | | Percent with negative margins |
|--------------------------------|---------------------|--------|------------|------|------|------|------|-------------------------------|
| | Total | Sample | 10th | 25th | 50th | 75th | 90th | |
| All hospitals | 4,883 | 2,081 | -8.9 | -2.5 | 2.2 | 6.8 | 12.0 | 36.7 |
| Urban | 2,707 | 1,155 | -9.3 | -2.8 | 2.0 | 6.7 | 12.5 | 38.2 |
| Rural | 2,176 | 918 | -8.0 | -2.0 | 2.5 | 7.0 | 11.2 | 34.4 |
| Large urban | 1,545 | 682 | -11.1 | -4.0 | 1.3 | 6.2 | 12.7 | 42.2 |
| Other urban | 1,162 | 473 | -7.0 | -1.4 | 2.7 | 7.3 | 12.3 | 32.3 |
| Rural referral | 230 | 112 | -1.9 | 3.2 | 5.9 | 10.1 | 14.9 | 15.2 |
| Sole community | 659 | 254 | -6.9 | -1.6 | 1.9 | 7.0 | 10.9 | 37.0 |
| Small rural Medicare-dependent | 353 | 130 | -7.9 | -3.6 | 1.2 | 5.4 | 8.7 | 39.2 |
| Other rural <50 beds | 523 | 233 | -11.7 | -2.9 | 1.8 | 5.4 | 10.8 | 39.9 |
| Other rural ≥ 50 beds | 411 | 189 | -8.1 | -1.8 | 2.7 | 7.7 | 11.4 | 32.3 |
| Major teaching | 302 | 102 | -7.9 | -3.3 | 0.1 | 3.2 | 7.4 | 48.0 |
| Other teaching | 805 | 332 | -7.0 | -2.2 | 2.4 | 6.4 | 12.4 | 34.6 |
| Non-teaching | 3,776 | 1,639 | -9.2 | -2.5 | 2.4 | 7.1 | 12.2 | 36.2 |
| Major teaching | | | | | | | | |
| Public | 86 | 18 | -10.2 | -5.7 | 0.5 | 4.4 | 6.8 | 50.0 |
| Private | 211 | 82 | -5.6 | -2.9 | 0.1 | 2.5 | 8.2 | 47.6 |
| Other teaching | | | | | | | | |
| Public | 70 | 34 | -7.3 | -1.1 | 3.2 | 6.2 | 9.3 | 32.4 |
| Private | 731 | 299 | -6.9 | -2.2 | 2.1 | 6.4 | 12.9 | 35.1 |
| Non-teaching | | | | | | | | |
| Public | 1,120 | 490 | -8.1 | -2.8 | 2.0 | 6.5 | 10.9 | 37.6 |
| Private | 2,527 | 1,137 | -9.7 | -2.2 | 2.5 | 7.4 | 12.7 | 35.6 |
| DSH | | | | | | | | |
| Large urban | 809 | 336 | -12.2 | -4.3 | 0.9 | 5.6 | 10.9 | 44.6 |
| Other urban | 605 | 243 | -7.3 | -0.9 | 2.8 | 8.0 | 12.0 | 31.3 |
| Rural | 416 | 195 | -9.9 | -2.2 | 3.5 | 8.0 | 13.0 | 34.4 |
| Non-DSH | 3,053 | 1,299 | -8.0 | -2.4 | 2.2 | 6.7 | 12.2 | 35.7 |
| Teaching and DSH | 735 | 280 | -7.8 | -3.2 | 1.4 | 5.6 | 10.9 | 40.7 |
| Teaching and non-DSH | 372 | 154 | -5.2 | -1.5 | 2.7 | 6.6 | 12.4 | 32.5 |
| Non-teaching and DSH | 1,095 | 494 | -12.2 | -2.4 | 2.7 | 7.7 | 12.4 | 36.2 |
| Non-teaching and non-DSH | 2,681 | 1,145 | -8.4 | -2.5 | 2.2 | 6.7 | 11.9 | 36.2 |
| New England | 198 | 142 | -7.4 | -1.4 | 2.3 | 5.1 | 10.1 | 33.1 |
| Middle Atlantic | 501 | 239 | -12.4 | -5.0 | -0.6 | 1.5 | 4.6 | 56.1 |
| South Atlantic | 682 | 364 | -8.6 | -1.3 | 4.1 | 9.2 | 15.4 | 30.8 |
| East North Central | 746 | 272 | -6.1 | -0.3 | 3.5 | 7.8 | 12.5 | 27.2 |
| East South Central | 428 | 164 | -9.3 | -3.7 | 1.1 | 6.0 | 13.0 | 41.5 |
| West North Central | 690 | 260 | -6.0 | -1.8 | 2.7 | 6.7 | 9.6 | 34.2 |
| West South Central | 697 | 291 | -12.1 | -3.6 | 2.1 | 7.6 | 12.6 | 39.2 |
| Mountain | 355 | 132 | -5.7 | -1.5 | 4.3 | 8.5 | 13.3 | 31.1 |
| Pacific | 586 | 209 | -8.3 | -1.9 | 2.0 | 7.1 | 12.3 | 37.3 |
| Voluntary | 2,773 | 1,258 | -8.7 | -1.9 | 2.1 | 6.3 | 10.7 | 35.8 |
| Proprietary | 696 | 260 | -13.4 | -3.3 | 3.3 | 12.7 | 22.0 | 38.1 |
| Urban government | 379 | 151 | -7.6 | -2.9 | 2.1 | 5.9 | 9.3 | 37.1 |
| Rural government | 897 | 391 | -8.2 | -2.7 | 2.0 | 6.5 | 10.8 | 37.9 |

Note: DSH = disproportionate share hospital. Data for 1999 are preliminary, based on 50 percent of all hospitals covered by prospective payment. Some records omitted due to editing procedures.

Source: MedPAC analysis of Medicare Cost Report data from HCFA.

