

A P P E N D I X

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**A data book on hospital  
financial performance**

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## A data book on hospital financial performance

This appendix provides detail on Chapter 5, which covers financial performance for hospitals covered by prospective payment, and Chapter 6, which covers financial performance for hospitals exempt from 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.

Most tables in this data book provide variables by hospital group and are presented for 10 years (1989-1998). Hospitals are grouped by several attributes, including location (urban and rural), teaching status (major, other, and nonteaching), receipt of disproportionate share payments, census region, and ownership status. All measures are national aggregates, not the averages of individual facility values; this provides an overview of the industry as a whole. Definitions of the variables included in these tables are found in table notes or in the “Terms” section of this report.

The data book starts with case-level variables (based on data from the Medicare Cost Report).

- Table C-1 shows trends in hospital payment per case, costs per case and length of stay.
- Table C-2 shows the trend in Medicare costs per discharge.

Further tables present data on a number of margin measures for PPS hospitals, based on Medicare Cost Report data. The margins presented are Medicare inpatient, Medicare outpatient, and the total hospital margin. The Medicare margin presented in Chapter 5 (which incorporates payments and costs for inpatient and outpatient services, along with home health, skilled nursing and PPS-exempt units) is not available by hospital group, and thus is not included in the data book (in future iterations of the Medicare margin, hospital group data will be available). Medicare inpatient margins are projected for 1999–2002 to measure the impact of the Balanced Budget Act of 1997 and the Balanced Budget Refinement Act of 1999 (for a discussion of the model and our findings, see Chapter 5. For a summary of the model methodology, see Appendix D). Seven tables have PPS-hospital margins data.

- Table C-3 shows the trend in Medicare inpatient margin for 1989–1998.
- Table C-4 shows the distribution of Medicare inpatient margins for 1998.
- Table C-5 shows the Medicare inpatient margin for 1997–1998 and projected for 1999–2002.
- Table C-6 shows the trend in Medicare outpatient margin for 1996–1998.

- Table C-7 shows the distribution of Medicare outpatient margins for 1998.
- Table C-8 shows the trend in hospital total margin for 1989–1998.
- Table C-9 shows the distribution of hospital total margins for 1998.

The next set of tables contains data for PPS-exempt facilities. These facilities, which include rehabilitation and psychiatric hospitals and units and long-term, cancer, and children’s hospitals, are reimbursed on a cost basis, subject to facility-specific limits. Total margin data are not available for exempt facilities because these facilities are not required to include such data in their Medicare Cost Reports. Two tables have PPS-exempt hospital data.

- Table C-10 shows trends in length of stay, costs per case, and Medicare operating margin.
- Table C-11 shows the distribution of inpatient operating margins.

The analysis is then expanded from Medicare and total facility performance to comparative tables among payers, both by group and by state. These tables contain aggregate values for all short-term non-federal hospitals, a group that includes all PPS hospitals and most PPS-exempt facilities. These tables are based on data

from the American Hospital Association Annual Survey of Hospitals.

- Table C-12 shows the trend in payment-to-cost ratio by payer for 1989–1998.
- Table C-13 shows the trend in gains or losses by payer for 1989–1998.
- Table C-14 shows the trend in gains or losses for the public and private sectors for 1989–1998.
- Table C-15 shows the payment-to-cost ratio by payer and hospital group, 1998.
- Table C-16 shows costs shares by payer and hospital group for 1998.
- Table C-17 shows gains and losses by payer and hospital group for 1998.
- Table C-18 shows payment-to-cost ratios by payer and state for 1998.
- Table C-19 shows gains and losses by payer and state for 1998.

**TABLE  
C-1**

**Change in hospital payment, cost, and length of stay indicators, 1989–1998**

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
1989	3.3%	5.5%	6.8%	9.5%	1.0%	0.1%	9.4%	3.9%
1990	4.7	4.5	6.1	8.1	-1.4	-1.0	9.1	3.8
1991	3.4	4.4	6.1	7.0	-2.7	-1.3	9.4	3.7
1992	3.0	3.2	6.2	4.6	-3.3	-1.6	8.1	2.3
1993	2.7	3.1	3.5	1.2	-5.5	-2.3	6.0	2.5
1994	2.0	2.6	3.1	-1.1	-6.0	-3.8	2.2	2.3
1995	2.0	3.2	4.9	-1.2	-6.3	-4.3	1.6	2.1
1996	1.5	2.4	4.6	-1.1	-5.5	-3.5	2.3	1.9
1997	2.0	2.0	1.7	0.5	-3.4	-1.9	0.2	1.3
1998	0.0	2.9	-2.3	1.5	-2.7	-0.9	0.3	1.4

Note: Implicit price deflator base fiscal year 1988 = 100. Calculated from quarterly data.

Source: MedPAC analysis of Medicare Cost Report data from HCFA and Bureau of Economic Analysis data.

**TABLE  
C-2****Change in Medicare inpatient costs per discharge, 1989–1998**

Hospital group	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
All hospitals	9.5%	8.1%	7.0%	4.6%	1.2%	-1.1%	-1.2%	-1.1%	0.5%	1.5%
Urban	9.7	7.7	6.7	4.4	1.1	-1.5	-1.4	-1.4	0.4	1.5
Rural	7.9	9.9	8.7	5.9	2.1	0.8	0.1	0.9	1.9	2.2
Large urban	9.5	7.2	6.1	3.4	1.3	-2.0	-1.5	-1.4	0.3	1.7
Other urban	10.1	8.4	7.6	6.1	0.8	-0.6	-1.2	-1.2	0.6	1.2
Rural referral	9.5	9.2	8.7	5.6	2.1	0.2	-0.4	-0.3	1.1	2.1
Sole community	7.0	9.1	8.6	4.8	2.6	1.1	1.6	1.6	2.1	2.0
Small rural Medicare-dependent	3.3	10.9	9.2	4.7	1.8	1.5	-2.5	4.3	1.8	1.4
Other rural <50 beds	6.9	13.7	6.8	6.3	2.2	2.3	2.1	2.9	1.3	4.7
Other rural ≥50 beds	8.1	9.3	8.7	7.0	1.5	0.8	-0.3	0.3	3.0	1.8
Major teaching	11.4	7.4	6.9	3.7	2.0	-2.5	-1.1	-0.7	-0.1	0.6
Other teaching	9.1	8.3	6.7	4.5	0.8	-1.2	-0.8	-1.5	0.7	1.7
Nonteaching	9.1	8.0	7.2	4.8	1.1	-0.7	-1.8	-1.0	0.8	1.7
Major teaching										
Public	11.8	3.6	7.3	5.6	0.3	-2.9	-1.9	1.1	-0.5	2.1
Private	11.4	8.3	6.8	3.3	2.3	-2.4	-0.9	-1.1	-0.1	0.3
Other teaching										
Public	10.0	9.4	8.6	5.2	0.4	-1.1	-1.9	-2.7	0.8	3.2
Private	9.0	8.3	6.6	4.5	0.9	-1.2	-0.7	-1.4	0.7	1.6
Nonteaching										
Public	7.9	9.5	9.0	5.6	2.1	0.8	-1.0	0.8	1.4	2.5
Private	9.2	7.7	6.8	4.7	0.9	-1.0	-1.9	-1.3	0.7	1.6
DSH										
Large urban	10.0	7.0	6.2	3.0	0.9	-2.1	-1.4	-1.5	0.7	1.4
Other urban	10.0	8.4	7.9	6.5	0.8	-0.4	-1.4	-1.2	0.9	1.1
Rural	8.5	9.8	9.4	7.1	2.3	0.0	-1.4	0.0	2.4	2.6
Non-DSH	9.1	8.6	7.1	4.8	1.5	-0.9	-0.9	-0.8	0.3	1.7
Teaching and DSH	10.0	7.9	7.0	4.3	0.9	-1.7	-1.0	-1.1	0.6	1.4
Teaching and non-DSH	9.3	8.6	6.5	4.5	2.2	-1.4	-0.6	-1.6	-0.2	1.3
Nonteaching and DSH	9.4	7.4	7.0	4.8	0.8	-0.8	-2.4	-2.0	1.1	1.3
Nonteaching and non-DSH	8.9	8.4	7.4	4.9	1.2	-0.6	-1.3	-0.3	0.6	1.9
New England	10.7	6.6	2.7	4.3	2.6	0.9	-0.5	-2.1	-0.6	-0.1
Middle Atlantic	11.8	8.4	6.7	4.7	2.2	-0.7	0.1	-1.4	0.8	0.7
South Atlantic	11.0	9.2	6.8	4.6	1.0	-1.8	-2.1	-1.4	0.5	3.8
East North Central	7.7	7.8	7.5	5.0	1.0	-0.6	-0.2	-1.0	-0.6	1.3
East South Central	9.3	10.4	10.2	7.3	0.1	-3.2	-1.9	0.6	1.2	2.5
West North Central	6.9	10.8	6.3	4.9	1.4	0.1	-0.6	2.4	2.9	0.7
West South Central	9.5	7.8	8.5	3.9	1.9	-1.6	-3.4	-2.7	0.2	0.8
Mountain	8.9	7.7	6.4	5.4	-0.3	0.4	-1.4	-0.6	0.6	3.9
Pacific	9.2	5.0	6.9	3.0	0.2	-1.7	-1.5	-0.7	2.4	1.2
Voluntary	9.4	8.2	6.9	4.6	1.4	-1.0	-0.9	-0.9	0.4	1.5
Proprietary	9.9	7.7	6.2	3.6	-0.7	-3.0	-3.6	-4.2	1.5	0.7
Urban government	10.7	6.3	7.9	5.5	0.8	-1.4	-2.0	-0.4	-0.1	2.2
Rural government	6.3	10.7	9.5	6.3	3.1	2.0	0.1	1.9	2.0	2.6

Note: DSH (disproportionate share hospital). Data for 1998 are preliminary, based on 56 percent of all hospitals covered by prospective payment.

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

**TABLE  
C-3****Hospital Medicare inpatient margin, excluding graduate medical education, by hospital group, 1989–1998**

Hospital group	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
All hospitals	0.3%	-1.5%	-2.4%	-0.9%	1.3%	5.6%	11.1%	15.8%	17.0%	14.4%
Urban	0.8	-1.2	-2.2	-0.8	1.6	6.4	11.8	16.6	18.1	15.8
Rural	-3.0	-3.7	-3.7	-1.4	-0.5	0.6	6.1	10.2	9.5	5.2
Large urban	0.6	-0.9	-1.6	0.4	3.0	8.6	13.9	18.7	20.5	18.1
Other urban	1.2	-1.7	-3.3	-2.9	-0.8	2.7	8.3	13.4	14.5	11.8
Rural referral	-1.4	-3.6	-3.7	-1.0	-1.1	0.0	5.8	10.2	10.3	6.1
Sole community	-2.8	-0.9	-0.9	2.1	4.1	5.2	8.6	12.2	10.3	5.7
Small rural Medicare-dependent	-4.3	-1.2	1.2	3.3	2.4	-0.6	6.7	9.2	10.3	3.2
Other rural <50 beds	-1.4	-3.9	-5.4	-4.2	-1.2	-0.8	4.5	9.7	7.9	9.3
Other rural ≥50 beds	-5.5	-6.8	-7.1	-5.7	-3.8	-1.8	4.6	8.7	7.8	2.6
Academic medical center	6.8	7.6	7.4	9.6	11.7	17.7	22.4	26.0	28.6	24.6
Major teaching (non-AMC)	8.0	5.3	6.1	7.9	10.1	15.8	20.5	24.1	28.2	26.2
Other teaching	1.0	-1.5	-2.8	-1.7	0.7	4.8	10.0	14.7	16.2	13.8
Nonteaching	-3.3	-5.2	-6.4	-5.0	-3.0	0.6	6.6	11.7	12.3	9.3
Major teaching										
Public	10.6	10.7	10.8	11.4	14.4	21.0	26.1	27.9	31.1	26.4
Private	6.8	5.6	5.9	8.2	10.1	15.8	20.3	24.3	27.8	25.3
Other teaching										
Public	0.4	-0.6	-1.5	-0.4	1.9	4.9	10.4	14.9	17.7	13.6
Private	-3.2	-1.5	-2.9	-1.7	0.7	4.8	10.1	14.9	16.1	13.9
Nonteaching										
Public	-3.2	-4.5	-6.3	-5.1	-3.5	-2.0	3.9	8.0	7.8	4.0
Private	-3.3	-5.3	-6.4	-4.9	-2.9	1.0	7.1	12.3	13.1	10.2
DSH										
Large urban	3.0	2.3	2.2	4.6	7.7	13.6	18.5	22.8	24.4	22.3
Other urban	2.0	0.2	-1.4	-0.9	1.2	4.8	10.7	15.6	16.6	13.6
Rural	-3.1	-3.0	-2.7	-1.1	-0.4	0.1	7.3	12.4	11.7	7.7
Non-DSH	-2.7	-5.5	-6.7	-5.4	-3.9	-0.4	5.2	10.4	11.8	8.7
Teaching and DSH	4.9	3.7	3.1	4.7	7.4	12.5	17.3	21.3	23.0	20.7
Teaching and non-DSH	-0.2	-3.7	-4.6	-3.2	-1.8	2.2	7.7	13.3	15.6	12.6
Nonteaching and DSH	-2.0	-3.3	-4.2	-2.5	-0.1	3.9	10.3	15.7	15.9	13.2
Nonteaching and non-DSH	-4.4	-6.8	-8.1	-7.0	-5.3	-2.2	3.5	8.3	9.2	5.8
New England	-7.9	-5.7	-2.1	0.0	1.3	5.3	10.0	16.6	18.6	16.3
Middle Atlantic	4.5	1.7	1.1	2.3	4.5	8.9	12.7	17.7	20.0	18.3
South Atlantic	-5.3	-6.9	-5.9	-4.3	-2.3	2.7	9.5	14.2	15.6	10.7
East North Central	-0.5	-2.5	-5.1	-3.4	-1.2	2.2	7.1	12.0	13.9	9.7
East South Central	0.5	-1.3	-3.7	-4.4	-1.9	4.0	11.2	15.8	15.3	13.1
West North Central	1.7	-1.2	-3.0	-2.7	-1.2	2.4	7.1	10.7	11.1	7.1
West South Central	-0.2	-2.8	-4.5	-2.3	-0.6	4.0	11.4	17.6	17.5	14.3
Mountain	2.7	2.2	1.7	3.4	6.5	8.4	13.1	16.8	17.0	13.6
Pacific	4.0	2.9	1.4	4.3	7.9	13.2	18.9	22.7	22.0	19.8
Voluntary	0.8	-1.3	-2.4	-1.0	1.0	5.1	10.1	14.8	16.4	14.2
Proprietary	-3.5	-5.4	-4.7	-2.4	1.2	7.8	15.5	21.5	21.2	18.6
Urban government	3.7	2.7	1.5	2.5	5.3	1.3	16.1	19.5	20.8	16.1
Rural government	-3.8	-4.1	-4.6	-3.1	-2.2	-2.7	3.0	7.0	6.2	1.8

Note: AMC (academic medical center), DSH (disproportionate share hospital). Data for 1998 are preliminary, based on 56 percent of all hospitals covered by prospective payment. The 1998 data have been weighted by teaching status to improve predictive accuracy.

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

**TABLE  
C-4****Distribution of hospital Medicare inpatient margins, excluding graduate medical education, by hospital group, 1998**

Hospital group	Percentile					Percent with negative margin
	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	
All hospitals	-14.4%	-2.1%	8.8%	19.3%	28.7%	28.9%
Urban	-7.4	1.8	11.8	21.3	30.7	20.6
Rural	-21.6	-7.0	4.3	16.3	25.7	39.4
Large urban	-6.6	3.7	14.3	23.7	34.0	17.8
Other urban	-8.4	0.1	8.3	17.6	26.2	24.6
Rural referral	-8.4	-3.8	4.3	11.6	23.2	31.7
Sole community	-19.7	-6.1	6.1	18.7	28.2	36.6
Small rural Medicare-dependent	-26.0	-6.7	6.6	19.3	26.7	35.2
Other rural <50 beds	-29.4	-14.5	1.8	14.7	25.5	46.3
Other rural ≥50 beds	-17.6	-7.2	1.9	14.2	21.7	43.2
Academic medical center	15.3	19.0	24.1	33.7	39.4	0.0
Major teaching (non-AMC)	8.1	17.7	26.7	35.0	42.8	3.3
Other teaching	-2.8	4.4	13.1	20.0	29.8	15.1
Nonteaching	-17.6	-4.5	6.4	17.6	26.5	33.5
Major teaching						
Public	15.3	19.5	30.9	37.2	41.9	3.0
Private	9.2	17.6	25.9	33.2	40.5	1.8
Other teaching						
Public	-6.1	2.1	11.0	20.5	27.0	22.5
Private	-2.6	4.6	13.3	20.1	30.5	14.3
Nonteaching						
Public	-24.8	-8.3	2.5	13.5	23.7	42.7
Private	-13.7	-2.5	8.2	18.9	27.4	29.5
DSH						
Large urban	-0.2	10.5	20.3	29.6	38.4	10.2
Other urban	-3.6	3.1	12.5	20.2	27.8	16.3
Rural	-11.9	-3.3	8.4	19.2	30.3	30.2
Non-DSH	-19.4	-5.5	4.9	15.4	23.6	36.4
Teaching and DSH	1.0	10.6	19.3	29.1	38.3	8.2
Teaching and non-DSH	-5.5	3.0	9.9	18.2	24.6	18.7
Nonteaching and DSH	-8.0	1.2	12.2	22.3	31.0	22.0
Nonteaching and non-DSH	-21.1	-6.6	4.0	14.4	23.6	38.8
New England	-22.2	-8.2	5.6	17.7	29.4	37.6
Middle Atlantic	-8.1	1.2	11.8	21.5	31.7	23.1
South Atlantic	-11.9	-3.2	7.3	17.0	25.5	31.3
East North Central	-17.8	-6.3	3.1	13.1	21.9	38.9
East South Central	-6.7	2.5	12.8	22.0	32.4	18.8
West North Central	-25.4	-8.1	2.1	13.7	22.9	42.4
West South Central	-15.5	-0.2	10.7	21.5	29.4	25.6
Mountain	-16.7	-4.0	9.8	20.8	31.5	27.7
Pacific	-5.0	5.2	15.5	25.6	34.5	15.9
Voluntary	-11.8	-1.2	9.1	18.8	27.7	27.3
Proprietary	-3.7	5.7	16.7	25.8	34.1	15.0
Urban government	-11.9	0.3	9.2	20.2	32.0	23.7
Rural government	-26.0	-9.2	2.0	13.5	23.7	45.7

Note: AMC (academic medical center), DSH (disproportionate share hospital). Data for 1998 are preliminary, based on 56 percent of all hospitals covered by prospective payment. The 1998 data have been weighted by teaching status to improve predictive accuracy.

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

**TABLE  
C-5****Medicare inpatient margin, excluding graduate medical education, by urban and rural location and teaching status, 1997–1998 actual and 1999–2002 projected**

<b>Hospital group</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
All hospitals	17.0%	14.4%	12.6%	11.5%	11.5%	11.2%
Urban	18.1	15.8	13.3	12.0	11.9	11.4
Rural	9.5	5.2	4.7	4.1	4.1	4.0
Major teaching	28.5	25.5	23.0	21.9	21.5	20.0
Urban	28.5	25.5	23.0	21.9	21.5	20.0
Rural	27.6	24.4	24.4	22.7	22.1	20.6
Other teaching	16.2	13.8	11.4	10.0	10.0	9.6
Urban	16.4	14.2	11.7	10.2	10.2	9.8
Rural	10.2	4.8	4.5	4.0	4.0	3.7
Nonteaching	12.3	9.3	7.4	6.2	6.3	6.3
Urban	13.5	10.9	8.6	7.1	7.3	7.4
Rural	9.0	4.8	4.2	3.7	3.7	3.6

Note: Values for 1999 to 2002 are based on payments and costs from actual 1998 data. The “all hospitals” group, as well as the urban and rural groups, are weighted by teaching status to improve predictive accuracy.

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

**TABLE  
C-6****Hospital Medicare outpatient margin, excluding  
graduate medical education, by  
hospital group, 1996-1998**

<b>Hospital group</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
All hospitals	-8.0%	-7.4%	-15.9%
Urban	-8.1	-7.4	-15.9
Rural	-7.3	-7.1	-15.7
Large urban	-8.4	-7.6	-16.2
Other urban	-7.7	-7.3	-15.5
Rural referral	-6.0	-6.2	-14.4
Sole community	-4.9	-4.9	-13.6
Small rural Medicare-dependent	-8.5	-7.9	-17.0
Other rural <50 beds	-11.2	-10.0	-19.1
Other rural ≥50 beds	-11.1	-10.5	-18.6
Academic medical center	-10.4	-10.4	-19.4
Major teaching (non-AMC)	-10.8	-9.7	-19.4
Other teaching	-7.3	-7.1	-14.6
Nonteaching	-7.4	-6.7	-15.5
Major teaching			
Public	-12.4	-12.2	-24.7
Private	-10.2	-9.5	-18.4
Other teaching			
Public	-8.2	-7.5	-12.7
Private	-7.3	-7.1	-14.8
Nonteaching			
Public	-7.8	-8.1	-16.2
Private	-7.3	-6.4	-15.2
DSH			
Large urban	-8.9	-8.2	-16.5
Other urban	-7.9	-7.6	-15.7
Rural	-6.1	-5.7	-13.8
Non-DSH	-7.6	-7.0	-15.8
Teaching and DSH	-9.2	-8.7	-16.9
Teaching and non-DSH	-7.3	-6.9	-15.2
Nonteaching and DSH	-6.8	-6.1	-14.5
Nonteaching and non-DSH	-7.7	-7.0	-16.1
New England	-8.2	-7.5	-12.8
Middle Atlantic	-10.8	-10.1	-18.1
South Atlantic	-6.7	-6.1	-14.5
East North Central	-7.8	-8.0	-16.9
East South Central	-6.9	-7.3	-15.0
West North Central	-7.5	-6.3	-15.1
West South Central	-7.6	-5.9	-14.5
Mountain	-6.5	-4.8	-14.0
Pacific	-8.1	-7.3	-15.2
Voluntary	-7.9	-7.3	-15.8
Proprietary	-6.8	-5.6	-14.2
Urban government	-9.8	-9.5	-18.0
Rural government	-7.9	-8.4	-16.1

Note: AMC (academic medical center), DSH (disproportionate share hospital). Data for 1998 are preliminary, based on 56 percent of all hospitals covered by prospective payment. The 1998 data have been weighted by teaching status to improve predictive accuracy.

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



**TABLE  
C-7****Distribution of hospital Medicare outpatient margins, excluding graduate medical education, by hospital group, 1998**

Hospital group	Percentile					Percent with negative margin
	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	
All hospitals	-27.1%	-21.2%	-16.3%	-11.8%	-8.2%	98.8%
Urban	-26.7	-20.8	-15.9	-11.5	-8.0	98.3
Rural	-27.4	-21.6	-16.6	-12.3	-8.3	99.4
Large urban	-27.6	-20.7	-15.4	-11.2	-7.5	98.1
Other urban	-26.2	-21.0	-16.4	-11.9	-8.4	98.5
Rural referral	-23.9	-18.5	-14.8	-9.1	-7.1	97.5
Sole community	-25.5	-19.6	-14.0	-9.5	-6.2	99.7
Small rural Medicare-dependent	-26.3	-20.7	-17.1	-13.3	-9.8	100.0
Other rural <50 beds	-30.0	-22.9	-18.2	-14.8	-11.8	99.4
Other rural ≥50 beds	-29.7	-23.1	-18.8	-14.3	-11.1	99.2
Academic medical center	-35.0	-24.8	-17.8	-13.1	-9.7	100.0
Major teaching (non-AMC)	-30.8	-24.4	-18.8	-13.1	-7.4	96.8
Other teaching	-25.3	-19.8	-14.6	-11.0	-7.2	98.3
Nonteaching	-27.0	-21.3	-16.4	-11.9	-8.2	98.9
Major teaching						
Public	-37.1	-28.1	-19.8	-13.5	-8.7	100.0
Private	-29.9	-24.0	-18.0	-12.7	-8.8	97.3
Other teaching						
Public	-28.5	-20.4	-14.4	-11.1	-4.5	97.4
Private	-25.3	-19.8	-14.8	-11.0	-7.3	98.4
Nonteaching						
Public	-28.0	-22.2	-17.1	-12.9	-8.7	99.2
Private	-26.2	-20.7	-16.0	-11.7	-8.1	98.8
DSH						
Large urban	-28.1	-20.8	-15.0	-11.2	-7.9	97.6
Other urban	-25.2	-20.5	-15.9	-11.8	-8.7	98.1
Rural	-24.6	-19.0	-14.2	-10.0	-6.9	98.8
Non-DSH	-27.6	-21.8	-16.7	-12.4	-8.3	99.3
Teaching and DSH	-27.2	-21.2	-15.7	-11.7	-8.5	97.5
Teaching and non-DSH	-27.6	-20.0	-15.1	-10.7	-6.9	99.5
Nonteaching and DSH	-25.5	-19.5	-14.8	-10.7	-7.6	98.3
Nonteaching and non-DSH	-27.6	-21.9	-16.9	-12.7	-8.7	99.2
New England	-24.3	-18.0	-14.2	-10.5	-7.0	100.0
Middle Atlantic	-29.5	-22.2	-16.9	-12.2	-8.3	98.7
South Atlantic	-26.0	-19.9	-15.7	-11.8	-8.0	97.9
East North Central	-26.4	-21.7	-17.2	-13.2	-10.5	100.0
East South Central	-27.6	-19.1	-14.5	-11.1	-8.4	98.6
West North Central	-27.1	-21.5	-17.2	-13.3	-9.9	99.6
West South Central	-27.6	-22.1	-15.3	-10.5	-7.2	98.3
Mountain	-26.2	-21.2	-15.8	-10.2	-7.3	99.0
Pacific	-27.4	-22.3	-16.2	-11.4	-7.7	97.7
Voluntary	-26.0	-20.7	-16.1	-11.8	-8.4	99.0
Proprietary	-27.8	-20.6	-14.6	-10.6	-6.9	97.3
Urban government	-29.6	-22.6	-17.0	-13.2	-9.3	99.0
Rural government	-28.5	-22.0	-17.1	-12.6	-8.2	99.2

Note: AMC (academic medical center), DSH (disproportionate share hospital). Data for 1998 are preliminary, based on 56 percent of all hospitals covered by prospective payment. The 1998 data have been weighted by teaching status to improve predictive accuracy.

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

**TABLE  
C-8****Hospital total margin, by hospital group, 1989-1998**

Hospital group	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
All hospitals	3.6%	3.6%	4.4%	4.4%	4.4%	5.0%	5.8%	6.1%	6.0%	3.9%
Urban	3.6	3.5	4.3	4.3	4.3	4.9	5.6	5.9	5.9	3.8
Rural	4.2	4.6	5.2	5.3	5.2	5.6	6.6	7.1	6.6	4.7
Large urban	2.9	2.5	3.7	3.7	3.9	4.3	4.9	5.1	5.2	3.3
Other urban	4.7	5.2	5.5	5.2	5.2	6.0	6.9	7.3	7.1	4.7
Rural referral	6.3	6.4	6.7	6.9	6.3	6.8	8.4	9.2	9.5	7.4
Sole community	3.1	4.1	5.1	5.1	5.1	5.6	5.7	6.2	5.6	4.2
Small rural Medicare-dependent	2.3	3.7	3.1	2.4	3.9	3.3	3.9	4.0	3.4	1.1
Other rural <50 beds	1.5	1.4	2.2	2.3	2.5	2.1	2.8	3.8	2.4	0.4
Other rural ≥50 beds	3.6	4.0	4.5	4.8	4.7	5.6	6.7	6.9	6.0	4.2
Major teaching	2.0	1.1	3.6	3.3	3.4	3.2	3.9	3.4	5.1	2.3
Other teaching	4.6	4.6	4.6	4.5	4.6	5.3	6.3	7.0	6.3	4.1
Nonteaching	3.8	4.3	4.8	5.0	4.9	5.9	6.5	7.0	6.4	4.6
Major teaching										
Public	1.4	-0.6	4.5	4.2	4.5	2.8	3.1	2.5	4.6	0.6
Private	2.2	1.7	3.3	3.0	3.0	3.4	4.3	3.8	5.3	2.8
Other teaching										
Public	5.7	4.8	5.4	4.2	4.4	3.8	4.9	6.2	4.0	4.4
Private	4.5	4.5	4.6	4.5	4.7	5.5	6.4	7.1	6.5	4.1
Nonteaching										
Public	3.2	4.1	4.3	4.6	4.2	4.7	5.5	5.8	5.4	3.9
Private	3.9	4.3	4.8	5.0	5.1	6.1	6.7	7.3	6.5	4.7
DSH										
Large urban	2.2	1.7	3.2	3.4	3.6	3.9	4.4	4.3	4.8	2.5
Other urban	4.9	5.3	5.9	5.6	5.5	6.3	6.9	7.3	7.1	4.7
Rural	4.2	5.4	7.2	7.5	5.8	6.1	7.2	8.0	7.4	5.2
Non-DSH	4.3	4.5	4.6	4.5	4.6	5.3	6.3	6.9	6.4	4.7
Teaching and DSH	3.1	2.6	4.0	4.0	4.0	4.2	4.8	4.8	5.4	3.0
Teaching and non-DSH	4.7	4.5	4.9	4.0	4.5	4.9	6.5	7.1	6.7	4.4
Nonteaching and DSH	3.5	4.2	5.1	5.2	5.3	6.3	6.7	7.4	6.5	4.4
Nonteaching and non-DSH	4.1	4.4	4.5	4.7	4.6	5.5	6.2	6.7	6.3	4.8
New England	1.5	2.0	2.2	2.2	3.1	2.6	3.0	4.0	4.7	3.1
Middle Atlantic	0.7	0.3	1.4	0.9	1.9	2.6	3.0	3.0	3.8	0.9
South Atlantic	4.1	4.6	6.0	6.2	5.7	6.6	7.5	8.4	7.6	5.6
East North Central	4.7	4.7	4.8	4.8	4.8	5.6	6.3	6.3	7.3	5.5
East South Central	7.3	6.4	6.4	5.6	4.9	5.2	6.6	7.5	5.5	3.6
West North Central	4.8	5.0	4.9	4.5	4.7	6.6	7.3	7.3	7.6	4.7
West South Central	4.1	4.3	5.8	7.4	6.2	6.7	7.4	7.2	6.4	5.9
Mountain	4.3	5.3	5.5	5.4	7.0	7.4	7.7	8.1	4.7	6.2
Pacific	3.5	2.8	4.7	4.1	4.1	3.6	4.4	4.4	5.2	4.0
Voluntary	3.9	3.8	4.3	4.1	4.1	4.7	5.7	5.9	6.4	3.8
Proprietary	3.0	4.0	5.0	6.3	6.9	8.9	8.3	10.1	5.6	6.5
Urban government	2.7	1.8	4.6	4.2	4.3	3.5	4.0	3.9	4.9	2.7
Rural government	3.2	3.8	4.6	5.0	4.5	4.7	5.8	6.0	4.8	3.5
Percent with negative margins	31.9	28.5	26.4	26.3	24.1	21.8	20.7	21.7	25.8	34.2

Note: DSH (disproportionate share hospital). Data for 1998 are preliminary, based on 56 percent of all hospitals covered by prospective payment.

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

**TABLE  
C-9**

**Distribution of hospital total margins, by hospital group, 1998**

Hospital group	Percentile					Percent with negative margin
	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	
All hospitals	-9.1%	-2.2%	2.7%	7.4%	12.6%	34.2%
Urban	-9.1	-1.9	3.0	7.9	13.5	32.1
Rural	-9.0	-2.6	2.3	6.9	11.6	36.8
Large urban	-10.7	-2.4	2.5	7.4	13.3	34.2
Other urban	-7.4	-1.3	3.7	8.5	13.8	29.2
Rural referral	-0.5	2.5	6.0	10.1	16.0	10.1
Sole community	-7.8	-2.1	2.4	7.3	12.4	36.2
Small rural Medicare-dependent	-12.0	-5.2	-0.4	4.5	8.1	52.0
Other rural <50 beds	-11.6	-5.3	0.8	5.2	9.0	44.4
Other rural ≥50 beds	-7.1	-1.5	3.0	7.4	12.6	31.4
Major teaching	-5.7	-2.1	1.0	5.6	11.2	42.5
Other teaching	-7.6	-1.6	2.8	7.6	12.1	29.6
Nonteaching	-9.4	-2.5	2.7	7.4	12.8	34.5
Major teaching						
Public	-4.9	-2.4	0.9	5.7	7.4	40.0
Private	-6.2	-2.1	1.1	5.5	11.5	43.3
Other teaching						
Public	-7.2	0.5	3.7	8.2	11.2	17.5
Private	-7.6	-1.7	2.7	7.5	12.3	30.9
Nonteaching						
Public	-8.9	-3.0	2.5	6.4	10.6	37.2
Private	-10.0	-2.2	2.9	8.0	13.7	33.3
DSH						
Large urban	-12.0	-2.9	1.5	6.4	11.9	38.4
Other urban	-6.2	-0.3	4.6	9.4	14.3	25.8
Rural	-8.2	-2.5	3.1	7.4	13.0	33.1
Non-DSH	-9.2	-2.2	2.5	7.2	12.4	34.8
Teaching and DSH	-8.0	-1.9	2.0	7.1	11.2	35.2
Teaching and non-DSH	-5.3	-0.9	3.9	8.1	12.8	28.2
Nonteaching and DSH	-9.0	-2.3	3.6	8.3	13.8	32.1
Nonteaching and non-DSH	-9.6	-2.5	2.4	7.1	12.4	35.6
New England	-4.4	-0.1	3.5	7.9	14.4	25.5
Middle Atlantic	-11.4	-4.2	0.3	3.3	6.8	46.3
South Atlantic	-11.0	-2.2	4.1	9.4	15.1	31.5
East North Central	-4.1	0.0	4.6	8.6	12.9	24.3
East South Central	-9.3	-3.6	2.1	5.7	9.6	39.6
West North Central	-8.7	-2.1	2.1	6.7	10.2	36.0
West South Central	-11.9	-3.1	3.3	8.1	14.8	34.7
Mountain	-5.7	-1.2	3.7	8.8	13.6	32.1
Pacific	-9.6	-2.1	2.7	7.5	13.0	33.3
Voluntary	-7.5	-1.7	2.7	7.1	11.5	32.7
Proprietary	-17.9	-6.4	3.8	13.0	20.3	36.6
Urban government	-5.4	-0.8	3.3	6.8	9.7	28.3
Rural government	-9.1	-3.6	1.8	6.3	11.1	39.4

Note: DSH (disproportionate share hospital). Data for 1998 are preliminary, based on 56 percent of all hospitals covered by prospective payment.

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

**TABLE  
C-10****Change in Medicare length of stay and real costs per discharge, percent of facilities above payment limit, and Medicare operating margin for facilities exempt from prospective payment, 1990-1998**

Type of facility	1990	1991	1992	1993	1994	1995	1996	1997	1998
<b>Subject to cap on target amount*</b>									
Rehabilitation hospitals and units									
Change in length of stay**	—	-5.5%	-4.8%	-6.4%	-5.9%	-4.9%	-5.1%	-3.3%	-2.7%
Change in cost per discharge**	—	-1.8	-0.5	-4.7	-6.0	-5.5	-5.8	-2.8	-3.7
Percent of facilities cost > target	45.5%	36.1	29.8	24.9	18.0	14.4	12.2	9.8	9.5
Medicare margin	-4.1	-2.2	1.4	2.4	4.3	5.2	5.9	6.3	1.8
Psychiatric hospitals and units									
Change in length of stay**	—	-3.5	-3.7	-6.2	-7.5	-7.2	-6.0	-4.4	-3.8
Change in cost per discharge**	—	-6.9	-5.9	-8.6	-9.6	-9.1	-7.7	-6.0	-5.1
Percent of facilities cost > target	58.4	52.8	47.9	42.7	32.0	28.8	24.6	21.9	20.7
Medicare margin	-15.2	-11.6	-4.9	-3.3	-0.6	0.9	2.5	2.6	-2.3
Long-term hospitals									
Change in length of stay**	—	-18.0	-2.5	0.6	-3.7	-2.6	0.0	-3.3	0.0
Change in cost per discharge**	—	-9.2	-0.7	2.9	-1.6	-0.8	-1.4	0.0	-2.6
Percent of facilities cost > target	54.0	50.6	44.3	37.6	20.3	18.2	11.6	12.1	24.3
Medicare margin	-16.3	-15.1	-6.1	-3.5	0.3	2.8	3.9	4.9	-1.8
<b>Not subject to cap on target amount*</b>									
Children's hospitals									
Change in length of stay**	—	-1.4	7.6	-14.3	2.2	-0.3	11.4	-0.9	-3.4
Change in cost per discharge**	—	6.9	4.0	-5.1	-1.6	-1.4	0.1	-5.6	-3.7
Percent of facilities cost > target	46.7	57.5	47.1	48.1	42.9	37.5	27.1	28.1	11.5
Medicare margin	-16.8	-24.4	-22.8	-20.0	-11.4	-11.4	-6.3	-2.7	-0.8
Cancer hospitals									
Change in length of stay**	—	0.3	-5.4	-4.4	-3.6	-3.1	10.0	3.3	-0.1
Change in cost per discharge**	—	9.3	1.3	2.5	0.1	-4.1	-3.3	9.1	0.8
Percent of facilities cost > target	60.0	60.0	60.0	60.0	40.0	40.0	40.0	60.0	57.1
Medicare margin	-3.4	-8.6	-2.6	-3.2	-2.1	-0.1	0.1	-3.1	-3.5

Note: Data for 1998 are preliminary, based on approximately 50 percent of facilities.

\* Rehabilitation, psychiatric, and long-term facilities will be subject to prospective payment systems in future years.

\*\* Change in length of stay and costs per discharge are based on a series of two-year periods (same facilities compared for 1990 and 1991, 1991 and 1992, and so forth). Cost per discharge is adjusted for inflation using the gross domestic product implicit price deflator, base fiscal year 1988 = 100. See Table C-1 for deflator values.

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

**TABLE  
C-11****Distribution of inpatient operating margins, facilities exempt from prospective payment system, 1998**

Facility type	Percentile				
	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Rehabilitation facilities	0.0%	2.3%	2.8%	3.4%	4.1%
Psychiatric facilities	-20.6	0.2	2.2	2.8	3.6
Long-term hospitals	-29.1	-8.6	1.9	2.5	3.5
Children's hospitals	-15.2	2.4	2.7	3.3	5.8
Cancer hospitals	-18.4	-15.1	-2.2	1.7	2.4

Note: Data for 1998 are preliminary, based on approximately 50 percent of facilities.

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

**TABLE  
C-12****Hospital payment-to-cost ratio, by payer, 1989-1998**

Year	Medicare	Medicaid	Uncompensated care	Private payers
1989	91.4%	75.8%	19.3%	121.6%
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

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); the imputing process attempts to correct 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.

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

**TABLE  
C-13****Gains or losses by payer as a percent of total hospital costs, 1989–1998**

Year	Medicare	Medicaid	Other government payers and subsidies	Uncompensated care	Private payers	Non-patient care	Total gains
1989	-3.3%	-2.5%	0.2%	-4.8%	8.9%	3.6%	1.9%
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

Note: Gains or losses are the difference between the cost of providing care (or operating a non-patient care 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. Data are for community hospitals and reflect both inpatient and outpatient services. Imputed values were used for missing data (about 35 percent of observations); the imputing process attempts to correct 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. Gains and losses from the sources shown sum to total gains (except due to rounding).

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

**TABLE  
C-14****Patient care gains and losses as a percent of total hospital costs, public sector and private payers, 1989–1998**

Years	Public sector	Private payers	Total patient care gains
1989	-10.5%	8.9%	-1.7%
1990	-10.7	10.8	0.1
1991	-11.1	11.6	0.5
1992	-10.3	11.8	1.5
1993	-9.7	10.9	1.1
1994	-6.9	8.7	1.9
1995	-6.3	8.5	2.3
1996	-5.0	7.9	3.0
1997	-4.4	6.7	2.2
1998	-4.5	5.5	1.0

Note: Gains or losses are the difference between the cost of providing care (or operating a non-patient care service) and the payment received. The public sector column includes Medicare, Medicaid, other government payers, uncompensated care, and operating subsidies from state and local governments. Totals are calculated using reported as well as imputed data (about 35 percent of observations); the imputing process attempts to correct 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. Gains and losses from the sources shown sum to total patient care gains or losses (except due to rounding).

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

**TABLE  
C-15****Hospital payment-to-cost ratio, by payer and hospital group, 1998**

<b>Hospital group</b>	<b>Medicare</b>	<b>Medicaid</b>	<b>Uncompensated care</b>	<b>Private payers</b>
All hospitals	102.6%	97.9%	13.2%	113.6%
Urban	101.9	94.7	14.5	115.0
Rural	93.6	90.1	7.7	134.5
Large urban	103.9	96.6	15.0	110.3
Other urban	99.3	91.0	13.3	122.6
Rural referral	95.5	87.0	0.8	139.6
Sole community	93.6	92.8	15.7	130.2
Small rural Medicare-dependent	91.4	91.9	19.3	125.9
Other rural < 50 beds	88.9	96.1	19.2	125.6
Other rural ≥ 50 beds	94.0	87.8	4.2	134.8
Academic medical center	108.1	98.8	28.7	115.0
Major teaching (non-AMC)	104.8	100.7	13.8	105.3
Other teaching	100.1	91.3	6.9	116.2
Nonteaching	97.8	87.3	5.2	122.9
Major teaching				
Public	113.1	110.4	36.0	138.8
Private	104.3	89.3	2.8	103.2
Other teaching				
Public	101.6	107.8	25.1	128.8
Private	101.0	88.8	1.7	115.4
Nonteaching				
Public	94.5	91.9	18.6	126.7
Private	98.3	85.6	1.4	121.9
DSH				
Large urban	107.2	97.8	17.6	111.4
Other urban	101.2	93.4	15.8	123.7
Rural	95.7	94.5	6.2	144.0
Non-DSH	96.5	85.6	6.1	116.9
Teaching and DSH	105.1	98.8	19.5	114.2
Teaching and non-DSH	99.0	85.1	0.1	112.5
Nonteaching and DSH	101.2	87.8	5.2	126.1
Nonteaching and non-DSH	95.0	85.8	9.1	120.0
New England	99.9	82.5	1.1	103.2
Middle Atlantic	101.6	94.6	7.8	102.2
South Atlantic	102.3	94.5	13.8	126.2
East North Central	96.0	83.8	7.4	117.8
East South Central	105.2	91.7	13.6	121.2
West North Central	92.8	91.4	22.4	121.7
West South Central	102.8	103.6	28.2	127.6
Mountain	103.1	99.8	7.8	120.0
Pacific	105.3	94.6	7.4	117.1
Voluntary	99.7	86.8	2.0	113.9
Proprietary	107.8	97.2	0.1	130.2
Urban government	105.2	107.8	32.6	131.5
Rural government	92.3	92.8	19.6	131.6

Note: AMC (academic medical center), DSH (disproportionate share hospital). 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); the imputing process attempts to correct 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.

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

**TABLE  
C-16****Costs by payer as a percent of total hospital costs, by hospital group, 1998**

Hospital group	Medicare	Medicaid	Other government payers	Uncompensated care	Private payers	Other operating
All hospitals	37.5%	11.6%	1.6%	6.0%	40.5%	2.8%
Urban	35.8	11.2	1.8	6.3	41.8	3.0
Rural	46.7	10.9	1.0	5.2	34.4	1.9
Large urban	33.1	12.0	1.8	6.6	43.1	3.5
Other urban	40.1	9.8	1.7	5.9	40.0	2.4
Rural referral	47.0	10.0	1.2	5.0	34.9	1.9
Sole community	44.4	11.9	1.3	5.4	34.9	2.0
Small rural Medicare-dependent	52.8	9.5	0.4	4.3	31.1	1.9
Other rural < 50 beds	46.0	11.3	0.7	5.3	34.7	2.1
Other rural ≥ 50 beds	46.5	11.2	1.0	5.4	34.4	1.6
Academic medical center	26.2	17.2	3.9	11.0	37.4	4.3
Major teaching (non-AMC)	32.5	12.7	1.8	6.3	42.0	4.7
Other teaching	38.5	9.4	1.3	5.0	42.9	2.8
Nonteaching	42.8	8.7	1.0	4.9	40.9	1.8
Major teaching						
Public	19.7	25.2	8.2	18.8	24.9	3.2
Private	32.3	12.3	1.0	5.1	44.1	5.2
Other teaching						
Public	34.8	15.9	4.7	10.7	31.1	2.7
Private	39.1	8.2	1.0	4.2	44.9	2.6
Nonteaching						
Public	43.8	11.0	1.0	6.3	36.2	1.7
Private	42.4	8.1	0.9	4.6	41.9	2.1
DSH						
Large urban	30.4	16.8	2.6	8.3	38.6	3.4
Other urban	38.7	11.7	2.2	6.8	38.3	2.4
Rural	45.9	15.0	1.6	6.7	29.2	1.6
Non-DSH	41.7	5.8	0.7	4.0	45.0	2.9
Teaching and DSH	31.4	16.0	2.8	8.4	38.0	3.4
Teaching and non-DSH	39.9	4.8	0.5	3.4	47.8	3.6
Nonteaching and DSH	41.9	11.6	1.2	5.8	37.8	1.6
Nonteaching and non-DSH	42.8	6.4	0.7	4.4	43.3	2.4
New England	34.9	7.7	0.8	4.6	45.8	6.2
Middle Atlantic	37.0	13.6	0.7	5.2	39.8	3.7
South Atlantic	38.9	10.8	2.5	7.6	38.1	2.2
East North Central	38.4	8.8	0.5	4.2	45.1	3.0
East South Central	41.8	11.3	1.2	6.6	37.4	1.8
West North Central	41.2	8.3	0.8	3.7	43.2	2.7
West South Central	36.5	12.0	1.9	10.6	36.4	2.4
Mountain	30.6	9.4	2.5	6.1	48.8	2.5
Pacific	27.3	19.5	4.8	6.0	39.9	2.5
Voluntary	38.9	9.0	0.9	4.6	43.4	3.1
Proprietary	39.6	9.9	1.1	4.2	44.2	1.0
Urban government	27.2	20.0	5.9	14.6	29.5	2.8
Rural government	46.5	11.8	1.1	5.8	33.1	1.7

Note: AMC (academic medical center), 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); the imputing process attempts to correct 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  
C-17**
**Gains and losses by payer as a percent of total hospital costs, by hospital group, 1998**

Hospital group	Medicare	Medicaid	Other government payers	Uncompensated care	Private payers	Other operating
All hospitals	1.0%	-0.2%	-0.2%	-5.2%	5.5%	2.2%
Urban	0.7	-0.6	-0.4	-5.4	6.3	2.3
Rural	-3.0	-1.1	0.1	-4.8	11.8	1.2
Large urban	1.3	-0.4	-0.5	-5.6	4.4	2.6
Other urban	-0.3	-0.9	-0.2	-5.1	9.1	1.8
Rural referral	-2.1	-1.3	0.1	-5.0	13.8	1.3
Sole community	-2.8	-0.9	0.1	-4.5	10.5	1.1
Small rural Medicare-dependent	-4.6	-0.8	0.0	-3.5	8.0	1.0
Other rural < 50 beds	-5.1	-0.4	0.1	-4.3	8.9	1.0
Other rural ≥ 50 beds	-2.8	-1.4	0.1	-5.2	12.0	1.1
Academic medical center	2.1	-0.2	-1.9	-7.8	5.6	2.7
Major teaching (non-AMC)	1.6	0.1	-0.6	-5.4	2.2	3.1
Other teaching	0.0	-0.8	-0.3	-4.6	7.0	2.1
Nonteaching	-1.0	-1.1	0.1	-4.6	9.4	1.6
Major teaching						
Public	2.6	2.6	-5.3	-12.0	9.7	1.9
Private	1.4	-1.3	0.1	-5.0	1.4	3.5
Other teaching						
Public	0.6	1.2	-2.3	-8.0	9.0	1.9
Private	0.4	-0.9	0.1	-4.2	6.9	2.1
Nonteaching						
Public	-2.4	-0.9	0.1	-5.1	9.7	1.2
Private	-0.7	-1.2	0.1	-4.5	9.2	1.7
DSH						
Large urban	2.2	-0.4	-0.9	-6.8	4.4	2.5
Other urban	0.4	-0.8	-0.3	-5.7	9.1	1.8
Rural	-2.0	-0.8	0.1	-6.3	12.9	1.2
Non-DSH	-1.5	-0.8	0.1	-3.7	7.6	2.1
Teaching and DSH	1.6	-0.2	-0.9	-6.7	5.4	2.4
Teaching and non-DSH	-0.4	-0.7	0.1	-3.4	6.0	2.6
Nonteaching and DSH	0.5	-1.4	0.1	-5.5	9.9	1.6
Nonteaching and non-DSH	-2.2	-0.9	0.1	-4.0	8.7	1.7
New England	-0.1	-1.3	0.1	-4.5	1.5	3.2
Middle Atlantic	0.6	-0.7	0.5	-4.8	0.9	2.6
South Atlantic	0.9	-0.6	-0.4	-6.5	10.0	1.6
East North Central	-1.5	-1.4	0.1	-3.9	8.0	2.0
East South Central	2.2	-0.9	-0.3	-5.7	7.9	1.7
West North Central	-3.0	-0.7	-0.1	-2.9	9.4	1.9
West South Central	1.0	0.4	-0.4	-7.6	10.1	2.0
Mountain	1.0	0.0	0.1	-5.6	9.7	2.0
Pacific	1.5	-1.1	-3.0	-5.6	6.8	2.5
Voluntary	-0.1	-1.2	0.1	-4.5	6.0	2.3
Proprietary	3.1	-0.3	0.2	-4.2	13.3	1.4
Urban government	1.4	1.6	-3.5	-9.8	9.3	1.8
Rural government	-3.6	-0.8	0.0	-4.7	10.4	1.0

Note: AMC (academic medical center), DSH (disproportionate share hospital). 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. 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); the imputing process attempts to correct for under representation of proprietary and public hospitals relative to voluntary institutions.

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

**TABLE  
C-18****Hospital payment-to-cost ratio,  
by payer and state, 1998**

<b>State</b>	<b>Medicaid</b>	<b>Uncompensated care</b>	<b>Private payers</b>
U.S. total	97.9%	13.2%	113.6%
Alabama	90.5	21.5	111.5
Alaska	75.6	4.5	139.6
Arizona	97.9	0.3	107.5
Arkansas	77.9	4.2	135.5
California	95.6	5.1	120.8
Colorado	103.2	1.6	120.6
Connecticut	69.2	0.0	110.0
Delaware	86.8	0.0	119.7
Dist. of Columbia	100.7	58.7	104.4
Florida	86.2	23.7	123.2
Georgia	99.4	9.9	129.7
Hawaii	74.0	0.0	115.6
Idaho	89.7	4.7	136.8
Illinois	70.4	13.0	121.3
Indiana	91.6	0.3	130.5
Iowa	93.0	55.5	130.6
Kansas	82.1	5.7	127.3
Kentucky	95.7	5.0	116.9
Louisiana	99.9	0.8	149.8
Maine	115.1	11.0	136.2
Maryland	109.3	0.0	111.4
Massachusetts	77.2	0.0	93.2
Michigan	99.2	1.4	108.8
Minnesota	91.2	0.8	118.3
Mississippi	104.3	4.6	148.3
Missouri	92.5	23.2	112.8
Montana	81.4	3.2	135.7
Nebraska	98.8	3.9	131.7
Nevada	93.8	1.9	123.2
New Hampshire	77.4	1.3	121.1
New Jersey	97.9	13.2	109.7
New Mexico	123.9	36.5	129.2
New York	97.3	7.1	100.6
North Carolina	92.9	5.8	129.7
North Dakota	99.8	0.0	125.2
Ohio	92.6	9.7	114.4
Oklahoma	58.2	2.1	123.9
Oregon	88.2	19.3	107.3
Pennsylvania	77.5	0.0	100.5
Rhode Island	108.4	0.0	98.9
South Carolina	95.5	12.4	158.8
South Dakota	86.1	1.6	130.6
Tennessee	80.8	20.1	120.3
Texas	110.7	38.6	124.1
Utah	105.2	5.3	118.2
Vermont	91.3	1.6	135.1
Virginia	104.5	0.0	128.5
Washington	91.7	25.9	109.5
West Virginia	91.0	0.0	137.2
Wisconsin	78.4	0.0	123.7
Wyoming	91.2	23.8	141.2

Note: 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. Totals for all hospitals are calculated using reported as well as imputed data (about 35 percent of observations); the imputing process attempts to correct for underrepresentation of proprietary and public hospitals relative to voluntary institutions. Values for individual states reflect reported data only. Most Medicare and Medicaid managed care patients are included in the private payers category.

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

**TABLE  
C-19****Gains and losses by payer as a percent of total hospital costs, by state, 1998**

State	Medicare	Medicaid	Uncompensated care	Private payers	All other*	Total gains
U.S. total	1.0%	-0.2%	-5.2%	5.5%	4.9%	6.1%
Alabama	2.9	-0.9	-6.0	4.0	5.4	5.4
Alaska	-4.1	-4.1	-5.3	16.8	5.1	8.3
Arizona	3.1	-0.2	-4.1	3.8	3.8	6.3
Arkansas	3.2	-2.6	-8.4	11.9	2.6	6.8
California	2.2	-1.0	-6.7	7.4	2.0	3.8
Colorado	1.6	0.3	-7.5	10.9	4.4	9.7
Connecticut	0.0	-2.3	-3.3	4.6	5.1	4.1
Delaware	-2.0	-0.7	-5.3	9.2	6.0	7.3
Dist. of Columbia	0.8	0.1	-4.1	1.9	5.8	4.4
Florida	1.1	-1.2	-6.4	9.5	3.6	6.6
Georgia	1.5	-0.1	-6.9	10.8	5.0	10.3
Hawaii	-6.6	-2.0	-2.5	7.6	4.1	0.5
Idaho	0.3	-1.0	-3.7	16.4	4.3	16.3
Illinois	-2.2	-3.5	-4.0	9.2	8.4	7.9
Indiana	-2.5	-0.6	-5.1	12.9	5.6	10.3
Iowa	-5.0	-0.5	-2.0	11.8	3.4	7.7
Kansas	-1.9	-1.3	-4.1	11.9	5.2	9.8
Kentucky	0.7	-0.5	-4.8	6.5	4.9	6.8
Louisiana	2.4	0.0	-13.6	15.5	1.8	6.0
Maine	-6.3	1.7	-4.2	13.1	4.6	8.9
Maryland	4.3	0.5	-7.2	5.2	2.3	5.1
Massachusetts	0.9	-1.7	-5.1	-3.2	8.8	-0.3
Michigan	0.2	-0.1	-2.6	4.3	5.6	7.4
Minnesota	-3.3	-0.9	-2.1	9.2	5.0	7.8
Mississippi	-1.4	0.6	-8.5	14.5	2.6	7.8
Missouri	-1.3	-0.6	-3.6	5.5	6.5	6.4
Montana	-3.4	-1.9	-4.4	12.1	7.8	10.2
Nebraska	-3.6	-0.1	-2.3	13.9	5.3	13.2
Nevada	0.5	-0.4	-5.5	11.9	3.2	9.8
New Hampshire	-2.0	-1.5	-5.1	9.7	5.9	6.9
New Jersey	-1.5	-0.1	-7.5	3.9	5.1	-0.1
New Mexico	2.6	3.0	-8.6	10.2	4.5	11.6
New York	1.1	-0.6	-5.2	0.2	5.7	1.2
North Carolina	0.4	-0.9	-5.4	10.6	6.1	10.7
North Dakota	-3.3	0.0	-2.4	9.6	5.2	9.1
Ohio	-1.2	-0.6	-5.0	6.6	5.7	5.5
Oklahoma	0.7	-3.3	-7.2	8.9	3.8	2.9
Oregon	0.4	-0.7	-2.5	4.3	4.8	6.4
Pennsylvania	1.0	-1.4	-2.6	0.3	6.1	3.4
Rhode Island	3.8	0.5	-4.0	-0.5	5.5	5.3
South Carolina	0.0	-0.8	-9.2	15.2	3.3	8.4
South Dakota	-6.7	-1.1	-2.4	11.8	4.8	6.4
Tennessee	5.1	-2.2	-4.4	8.1	3.7	10.3
Texas	0.6	1.3	-6.6	9.0	3.9	8.2
Utah	-0.5	0.4	-4.7	10.0	2.9	8.1
Vermont	-6.7	-1.1	-4.2	13.0	3.0	4.0
Virginia	0.7	0.4	-7.4	11.9	3.3	9.0
Washington	0.5	-1.0	-2.5	4.6	3.9	5.4
West Virginia	-1.8	-1.2	-5.3	10.0	4.4	6.1
Wisconsin	-3.1	-1.7	-2.7	10.3	4.5	7.4
Wyoming	-2.9	-0.9	-4.8	16.0	5.5	12.9

Note: Gains or losses are the difference between the cost of providing care and the payment received. 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. 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); the imputing process attempts to correct for under representation of proprietary and public hospitals relative to voluntary institutions. Values for individual states reflect reported data only.

\*Includes other government payers and non-patient business.

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