

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 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-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.

