



*Advising the Congress on Medicare issues*

# Hospitals' capacity to serve Medicare patients

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# Payment adequacy indicators

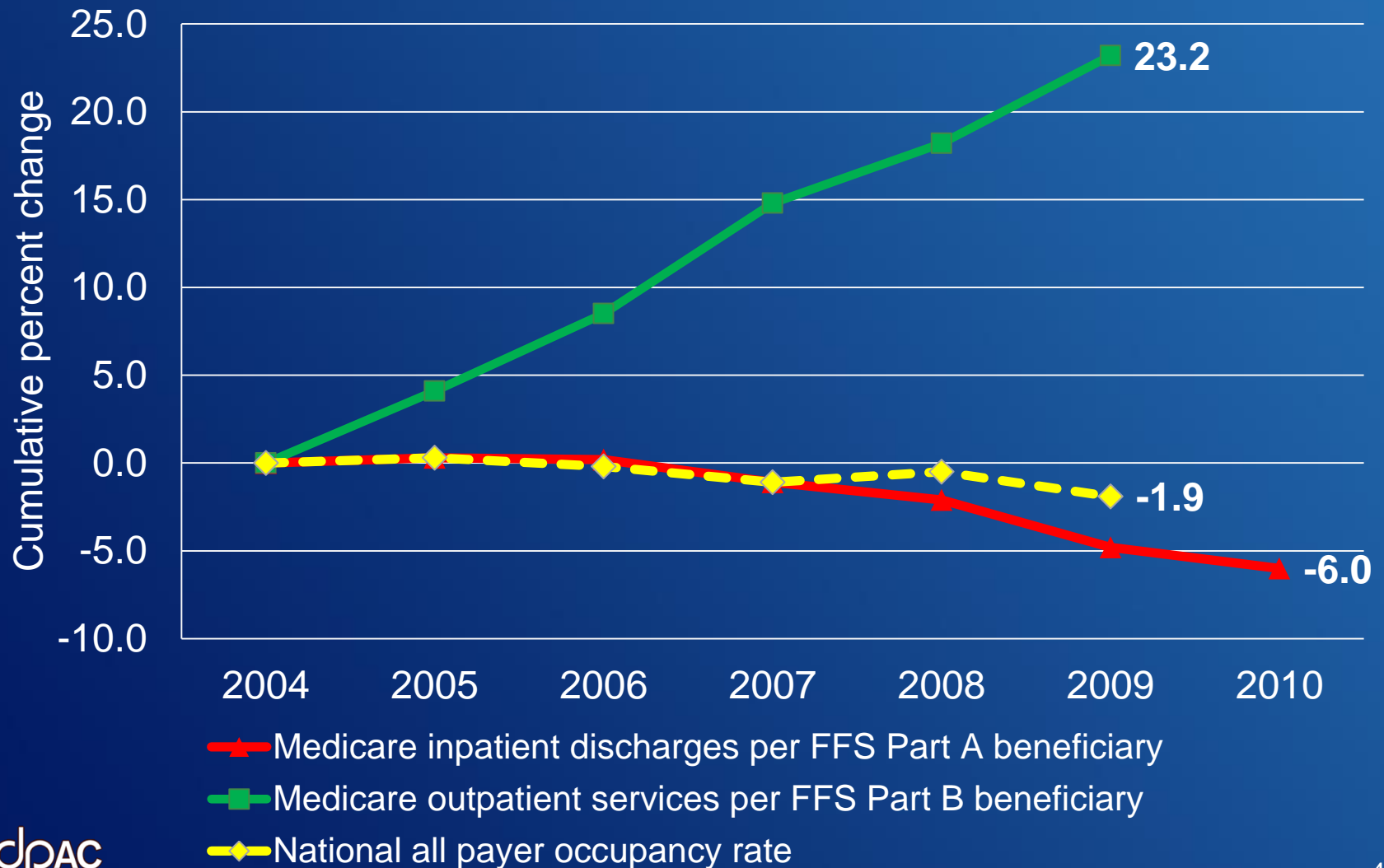
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- Beneficiaries' access to care
  - Capacity and supply of providers
  - Volume of services
- Access to capital
- Quality of care
- Payments and costs

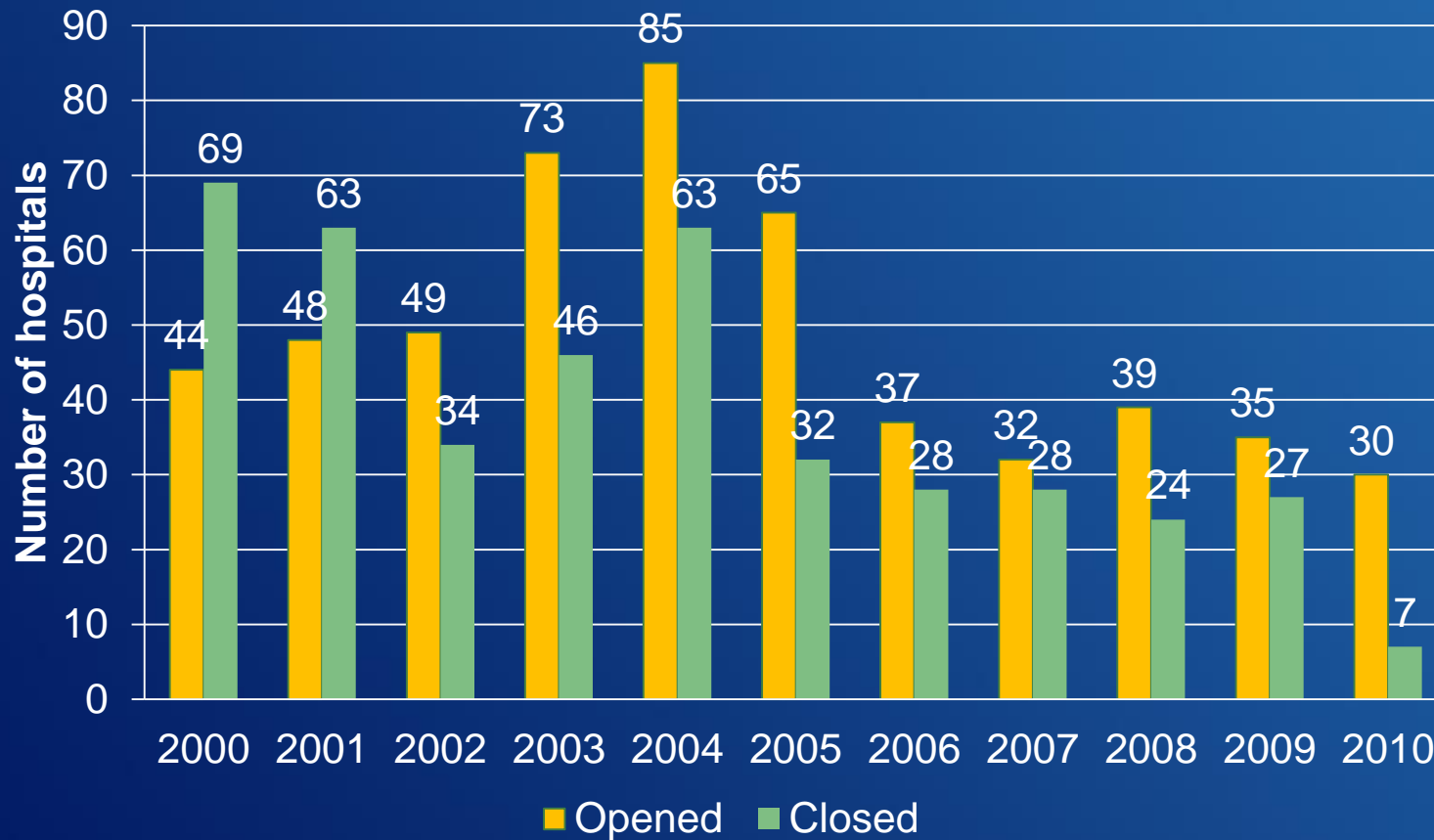
# Summary: Hospitals' capacity to serve Medicare patients

| Measure                    | Status   |
|----------------------------|--|
| Utilization and occupancy  | <b>Inpatient: Decrease<br/>Outpatient : Increase</b> |
| Number of facilities       | <b>Slight increase</b>                               |
| Bed capacity (per capita)  | <b>Flat</b>  |
| Scope of service offerings | <b>Increase</b>                                      |
| Consolidation              | <b>Increase</b>                                      |
| Employees                  | <b>Increase</b>                                      |
| Borrowing                  | <b>Moderated</b>                                     |
| Construction               | <b>Moderated</b>                                     |

# Medicare utilization and all-payer occupancy rate trends



# More hospitals opened than closed each year from 2002 to 2010



Source: MedPAC analysis of CMS Provider of Services file, IPPS Final Rule Impact file, and Hospital Cost Reports

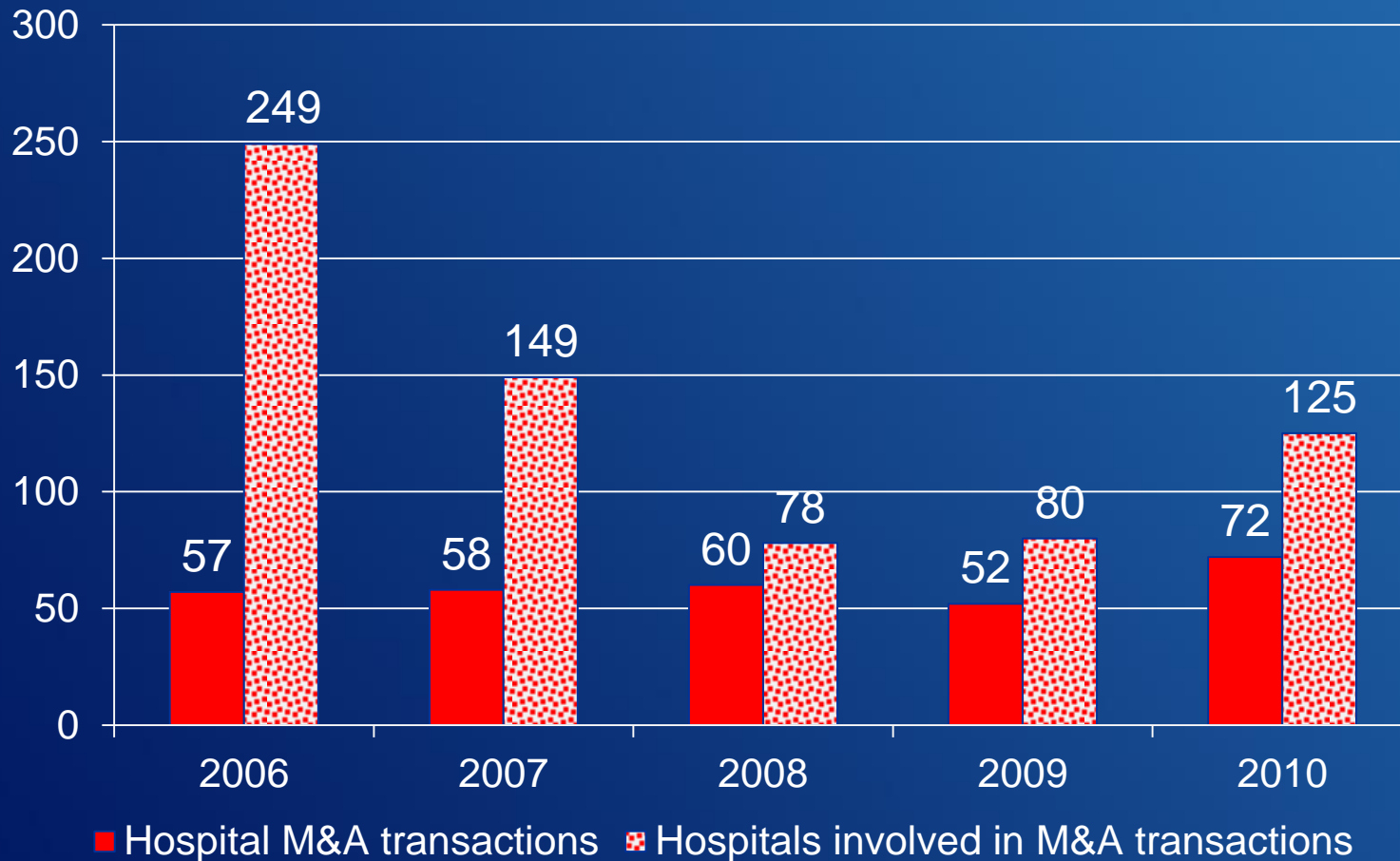
# Share of hospitals offering specialized services grew from 2005 to 2009

| Service                  | 2005 | 2009 | Percentage point change from 2005 to 2009 |
|--------------------------|------|------|---|
| Robotic surgery          | 11   | 24   | 13  |
| Translation              | 67   | 76   | 9   |
| PET or PET/CT scanner    | 41   | 49   | 8   |
| Bariatric/weight control | 28   | 35   | 7   |
| Indigent care clinic     | 22   | 29   | 7   |
| Assisted living          | 16   | 15   | -1  |
| Home health              | 63   | 61   | -2  |
| Skilled nursing          | 42   | 40   | -2  |

Note: Services listed represent the 5 most rapidly growing services and the 3 most rapidly declining services of the 50 services we studied. Response rates vary by service. PET (positron emission tomography). CT (computed tomography).

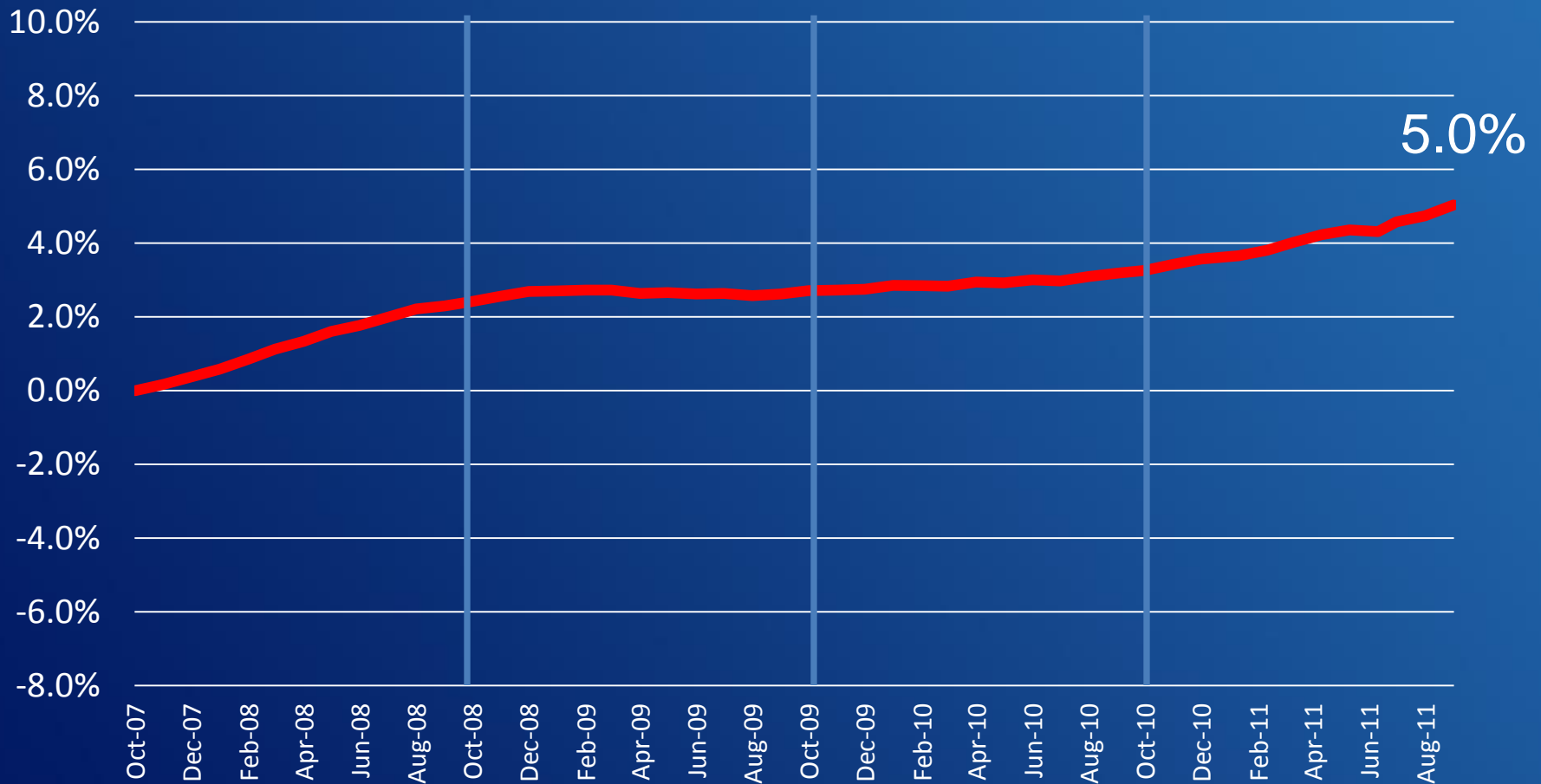
Source: American Hospital Association annual survey of hospitals

# Hospital merger and acquisition activity increased in 2010



Source: Irving Levin Associates, Inc.

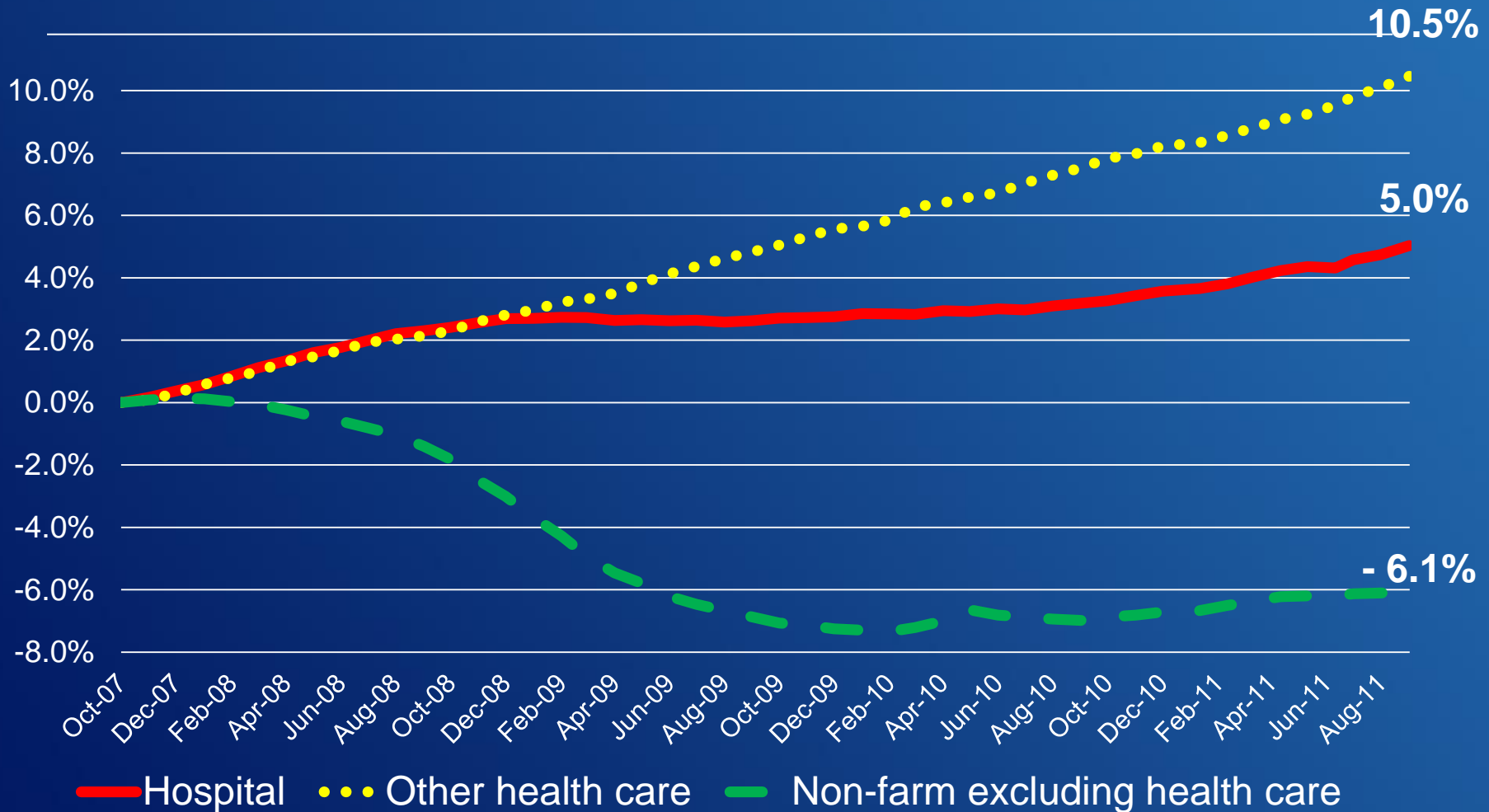
# Hospital employment growing again after economic downturn



Source: Bureau of Labor Statistics

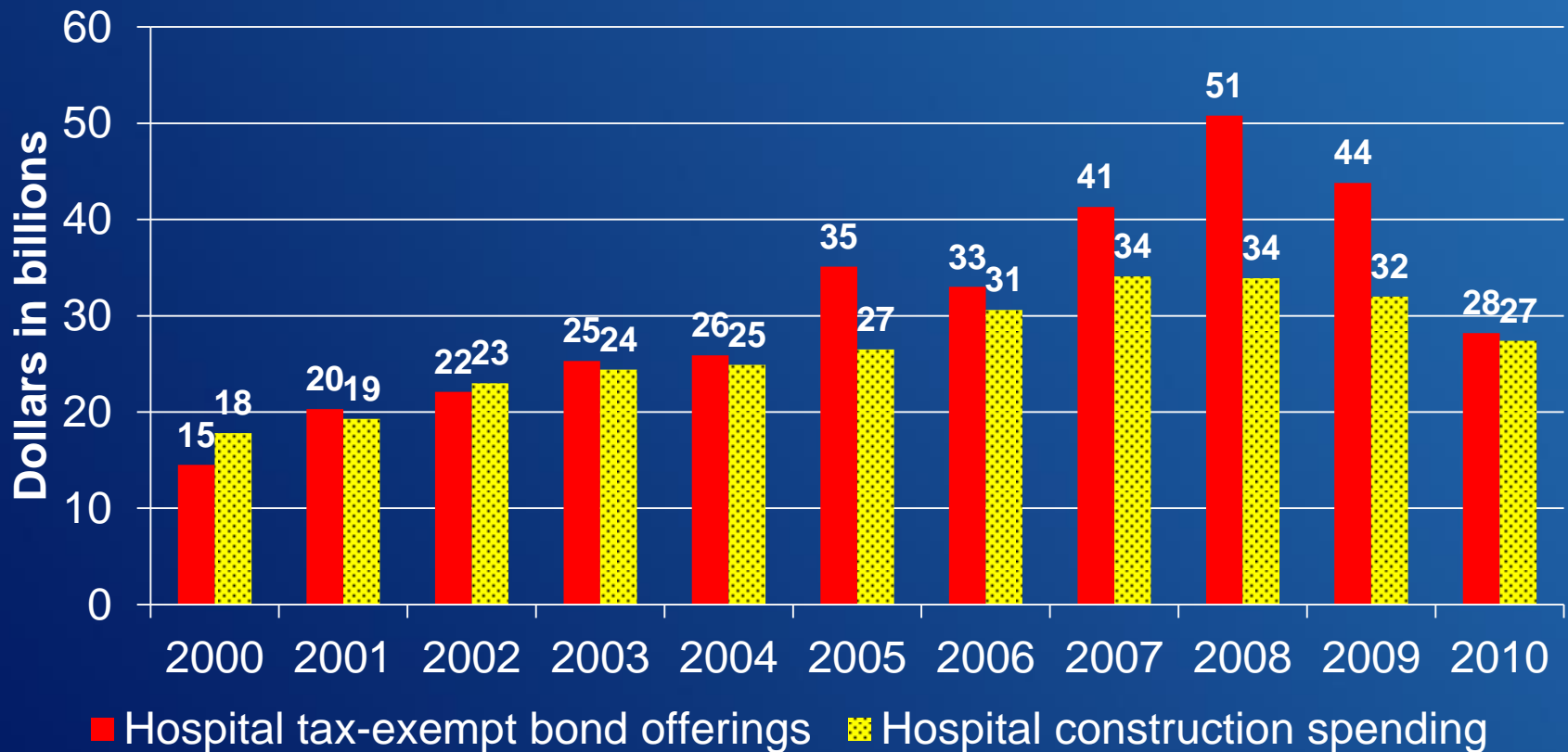


# Health care employment increased as other sectors declined



Source: Bureau of Labor Statistics

# Hospital borrowing and construction spending moderated



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# Discussion: Hospital payment update

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- Questions
- Feedback on the measures presented
- Other measures we should examine?
- Discussion: Implications of the site of service shift from the inpatient to the outpatient setting