

Essential Hospitals

VITAL DATA

*Results of America's Essential Hospitals' Annual Hospital
Characteristics Survey, FY 2012*

Published: July 2014



AMERICA'S
ESSENTIAL
HOSPITALS

ABOUT AMERICA'S ESSENTIAL HOSPITALS

America’s Essential Hospitals, formerly the National Association of Public Hospitals and Health Systems, is the leading association and champion for hospitals and health systems dedicated to high-quality care for all, including the most vulnerable. Since 1981, America’s Essential Hospitals has initiated, advanced, and preserved programs and policies that help these hospitals ensure access to care. We support members with advocacy, policy development, research, and education.

Our nearly 250 members are vital to their communities, providing primary care through trauma care, disaster response, health professional training, research, public health programs, and other services. They innovate and adapt to lead the broader health care community toward more effective and efficient care.

ABOUT ESSENTIAL HOSPITALS INSTITUTE

Essential Hospitals Institute, first established in 1988 as the National Public Health and Hospital Institute, is the private, nonprofit research arm of America’s Essential Hospitals. The Institute researches and promotes best practices in health care, especially for vulnerable populations and underserved communities. We use data analysis and lessons learned to help members of America’s Essential Hospitals and the larger industry improve quality and efficiency.

The Institute, which also educates and trains senior administrators and clinical leaders, comprises a Research Center and the Transformation Center, a catalyst for innovative change to improve quality and safety.

METHODOLOGY

This report is an update on the status of short-term, acute care hospitals within America’s Essential Hospitals’ membership. The report is based on data collected for fiscal year (FY) 2012 through America’s Essential Hospitals’ Annual Hospital Characteristics Survey. Of the 96 members to which this year’s survey was distributed, 83 members responded, a response rate of 86 percent. These 83 members, some multihospital systems, represent 99 acute care hospitals across the United States. The annual survey is sent by email to members of America’s Essential Hospitals, and responses are submitted via spreadsheet. Some members are excluded due to missing or incomplete data. The Essential Hospitals Institute’s analytics team provides technical support and analysis of survey results.

To compare our members to other acute care hospitals nationally, America’s Essential Hospitals relies on data from the American Hospital Association’s (AHA’s) Annual Survey of Hospitals. AHA has conducted this survey since 1946, collecting data on organizational structure, facilities, services, community orientation, utilization, finances, and staffing. National comparison statistics for this report were calculated using data from the 2012 AHA Annual Survey of Hospitals.

ABOUT THE AUTHORS

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WE ARE ESSENTIAL

Members of America’s Essential Hospitals or, essential hospitals, share five fundamental characteristics.

First and foremost, they care for the vulnerable, particularly the uninsured and Medicaid recipients. They also train the next generation of clinicians; deliver comprehensive, coordinated care to communities; provide specialized, lifesaving services, such as trauma and neonatal intensive care; and advance public and population health. [These characteristics are demonstrated in the following statistics from FY 2012.](#)

1=Our Care for the Vulnerable

Essential hospitals’ patients are generally sicker and more **complex** than those served at other hospitals nationwide.

Roughly half of patients discharged by members of America’s Essential Hospitals were racial or ethnic **minorities**.

More than half of all inpatient discharges and outpatient visits were for **uninsured or Medicaid** patients. Medicare patients accounted for 28 percent of inpatient and 18 percent of outpatient visits.

Commercially insured patients accounted for 16 percent of inpatient and 20 percent of outpatient visits.

Member hospitals delivered nearly 204,000 babies in 2012, 71 percent of which were paid for by Medicaid.

4=Our Place in the Community

Essential hospitals provided **non-emergency outpatient care** to 41 million patients, averaging 494,054 non-emergency outpatient visits per hospital.

Essential hospitals treated more than 7.2 million patients in their **emergency departments**, averaging 87,047 visits per hospital.

Inpatient admissions averaged nearly 22,000 per hospital, roughly three times the inpatient volume of other acute-care hospitals nationwide.

Essential hospitals **trained** an average of 219 physicians (defined as U.S. medical and dental residents) per hospital, 12 times as many as those trained at other U.S. teaching hospitals.

Essential hospitals operated nearly one-third of all **level I trauma** centers and **psychiatric care** beds as well as 38 percent of the **burn care** beds available to treat the critically injured in the nation’s 10 largest cities.¹

1+4=Our Value Equation

Essential hospitals provided more than \$7.7 billion in **uncompensated care**, nearly 17 percent of all uncompensated care provided nationwide.²

Essential hospitals continue to have **lower operating margins** than the rest of the hospital industry. The aggregate operating margin for members was -0.4 percent, compared to 6.5 percent for all hospitals nationwide.³

Without Medicaid disproportionate share hospital (DSH) payments, aggregate member operating margins would drop to -8.0 percent.

Patients at essential hospitals have consistently **increased their satisfaction** ratings of their care experience. Member scores on all 10 of the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) measures of patient experience and satisfaction have increased steadily each year since 2010.⁴

Member hospitals recognize the importance of delivering recommended care to all patients, matching or **outperforming** other hospitals nationally for treating heart failure and heart attacks.⁵

Members deliver care at **better cost efficiency** than other hospitals nationwide, scoring slightly below the national median (0.97 versus 0.98 nationally) on the Medicare spending per beneficiary measure of efficiency.⁶

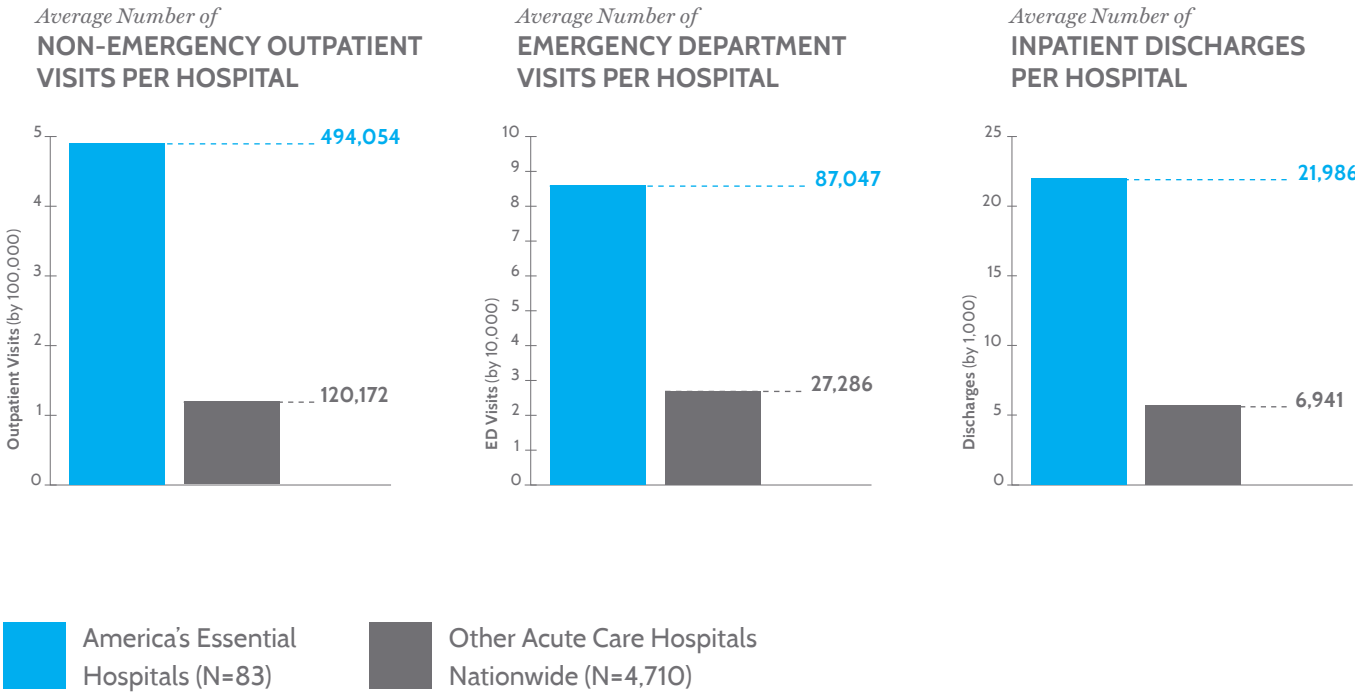
OUR VALUE IN DATA

FIGURE 1
Average Inpatient and Outpatient Utilization

Members of America’s Essential Hospitals
Versus Other Acute Care Hospitals Nationwide, FY 2012

In 2012, members of America’s Essential Hospitals provided non-emergency **outpatient care** to 41 million patients and treated more than 7.2 million patients in their **emergency departments (EDs)**.

Our members averaged nearly 22,000 inpatient discharges per hospital, roughly **three times the inpatient volume** of other acute care hospitals nationwide.



Source: America’s Essential Hospitals. Annual Hospital Characteristics Survey. 2012; American Hospital Association. Annual Survey of Hospitals. 2012.

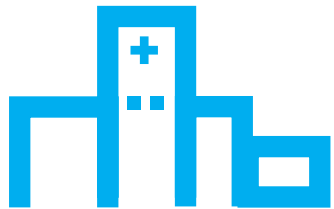
FIGURE 2

Number of Physicians Trained

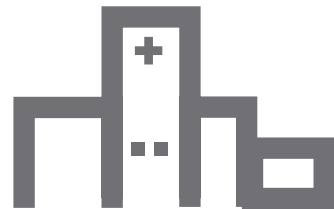
Members of America's Essential Hospitals
Versus Other Acute Care Hospitals Nationwide, FY 2012

On average, essential hospitals **trained 12 times as many** physicians* as other U.S. teaching hospitals.

Each member teaching hospital trained an average of 219 physicians in 2012.



Other U.S. teaching hospitals each trained an average of 18 physicians.



* Physicians is defined as U.S. medical and dental residents.

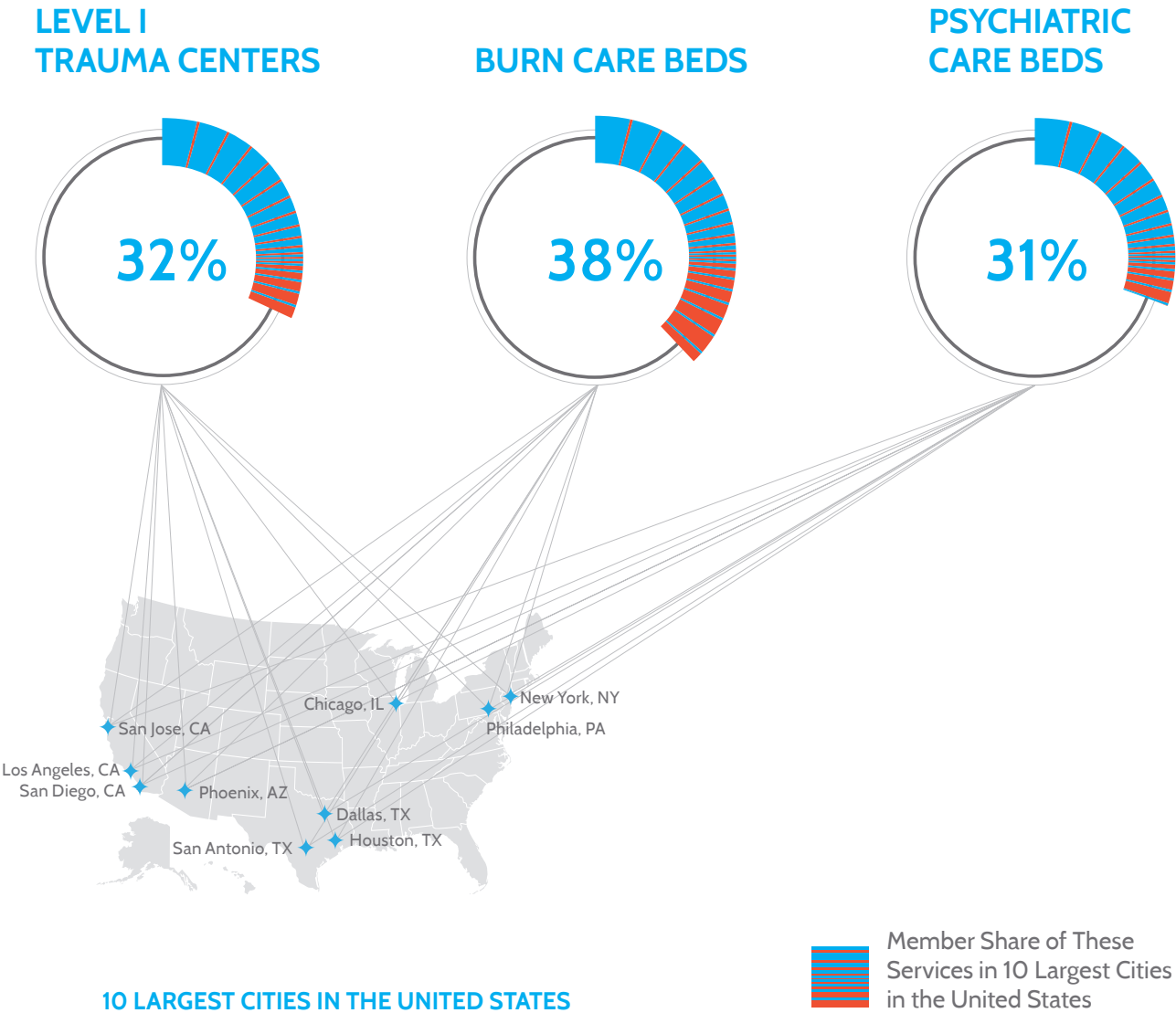
Note: Numbers are rounded to the nearest whole number.
Source: American Hospital Association. Annual Survey of Hospitals. 2012.

FIGURE 3

Share of Critical and Specialty Services in the 10 Largest Cities in the United States

Members of America's Essential Hospitals, FY 2012

The 10 largest cities in the United States are home to **more than 25 million people**. Within these cities, our member hospitals provide roughly **one-third of critical and speciality services**.



Source: United States Census Bureau. American FactFinder. <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>. Accessed July 2014.

Source: American Hospital Association. Annual Survey of Hospitals. 2012.

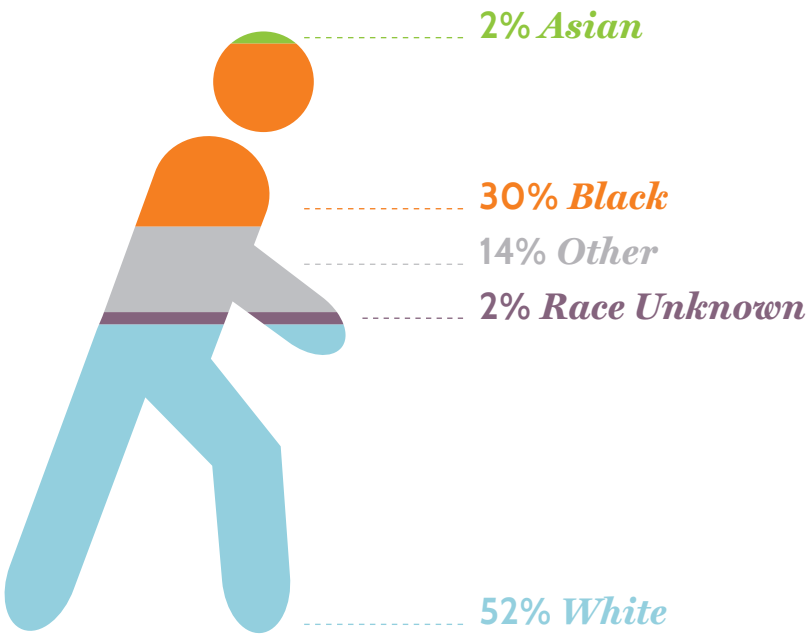
FIGURE 4

Inpatient Discharges by Race and Ethnicity

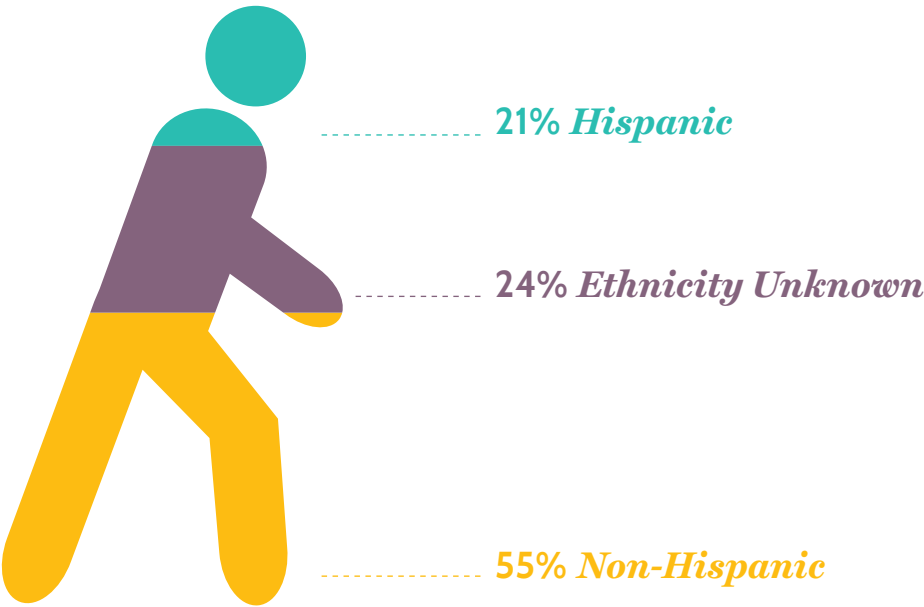
Members of America's Essential Hospitals, FY 2012

Roughly **half of patients** discharged by members of America's Essential Hospitals were **racial or ethnic minorities**.

RACE



ETHNICITY



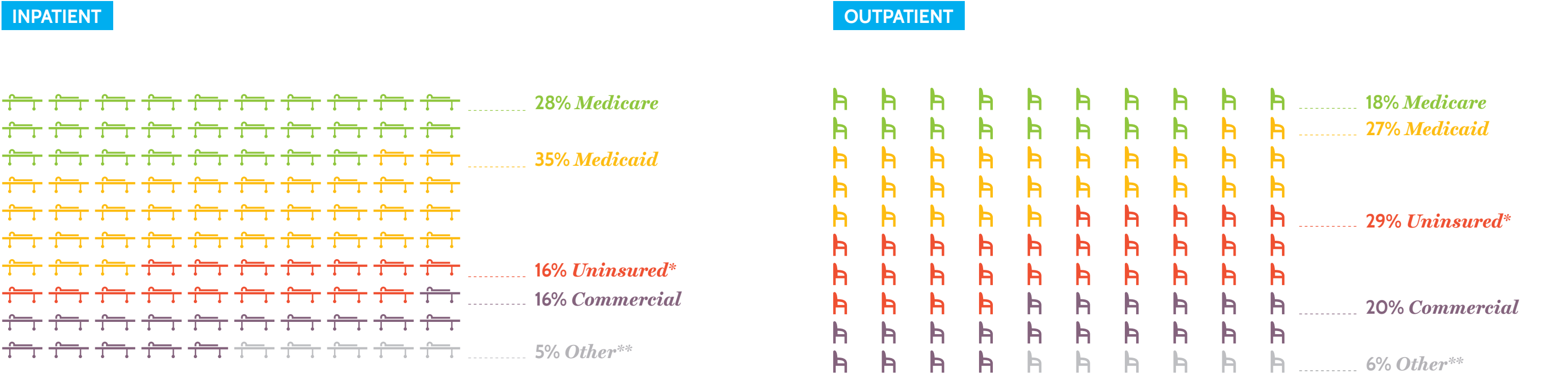
Source: America's Essential Hospitals. Annual Hospital Characteristics Survey. 2012.

FIGURE 5

Inpatient and Outpatient Utilization by Payer Mix

Members of America's Essential Hospitals, FY 2012

More than half of all inpatient discharges and outpatient visits were for uninsured or Medicaid patients.



* Uninsured patients are those considered self pay or those covered by a hospital's charity care program or a state/local indigent care program.
** Other payers include veterans care, workman's compensation, and prison care.

Note: In this figure, outpatient includes emergency department visits.
Source: America's Essential Hospitals. Annual Hospital Characteristics Survey. 2012.

FIGURE 6

Share of National Uncompensated Care

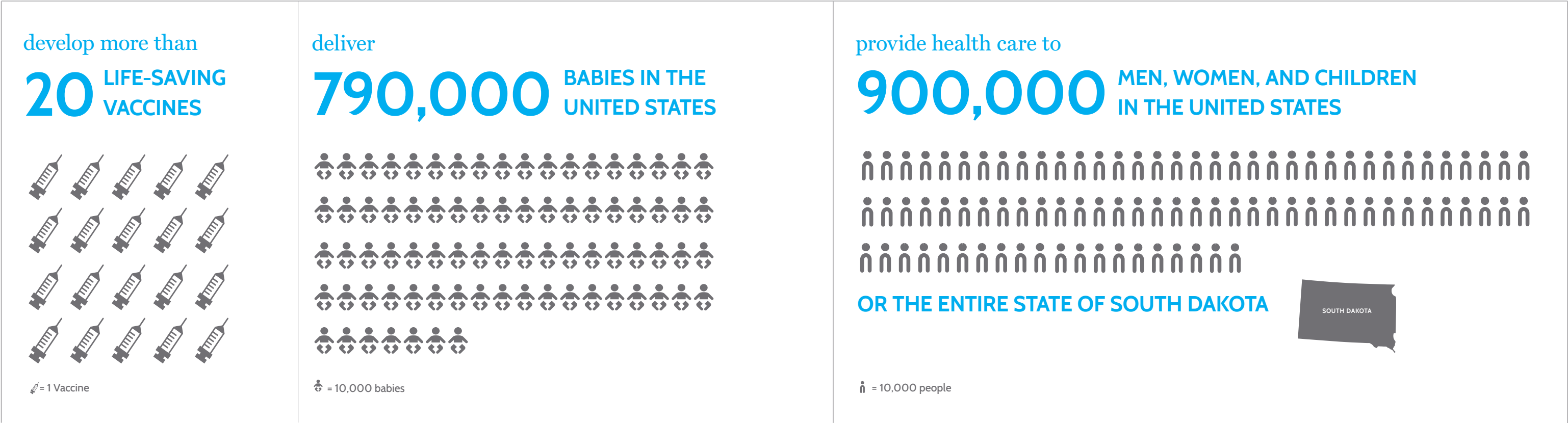
Members of America's Essential Hospitals, FY 2012

Members of America's Essential Hospitals provided more than



This is enough money to

Source: America's Essential Hospitals. Annual Hospital Characteristics Survey. 2012; American Hospital Association. Uncompensated Hospital Care Cost Fact Sheet. January 2014.



Source: PATH. Investing in Vaccines for the Developing World. http://www.ghcoalition.org/files/VAC_vacc_invst_fs.pdf. Accessed June 2014.

Source: Young J. Six Charts That Illustrate Just How Much Higher Health Care Costs Are for Americans. March 26, 2013. http://www.huffingtonpost.com/2013/03/26/charts-health-care-costs-americans_n_2957266.html. Accessed June 2014.

Source: The Centers for Medicare & Medicaid Services. National Health Expenditures 2012 Highlights. <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/highlights.pdf>. Accessed June 2014.

FIGURE 7

National Operating Margins

Members of America's Essential Hospitals Versus All Hospitals Nationwide, FY 2012

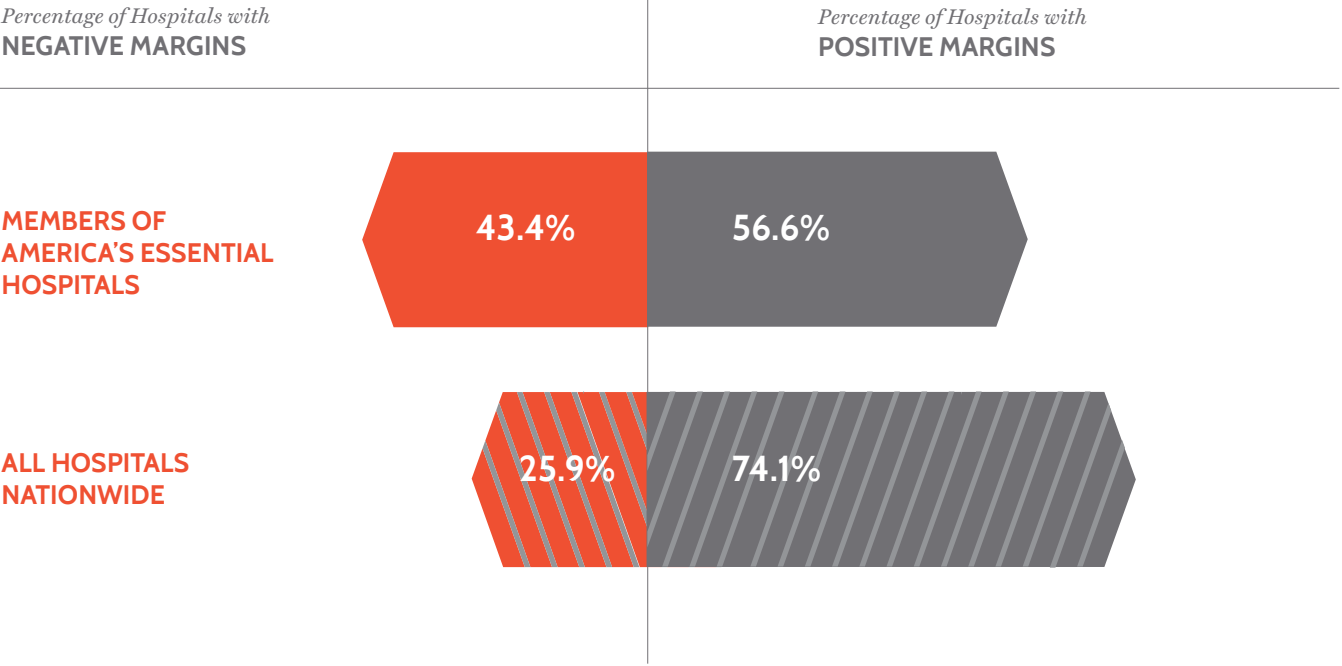
With many essential hospitals operating at a loss, innovation and efficiency are crucial. In fact, essential hospitals deliver more **cost-efficient care** than

other hospitals nationwide, scoring slightly below the national median on the Medicare spending per beneficiary measure.

AGGREGATE



PROPORTION



Source: America's Essential Hospitals. Annual Hospital Characteristics Survey. 2012; American Hospital Association. Trendwatch Chartbook 2012: Trends Affecting Hospitals and Health Systems, Table 4.1.

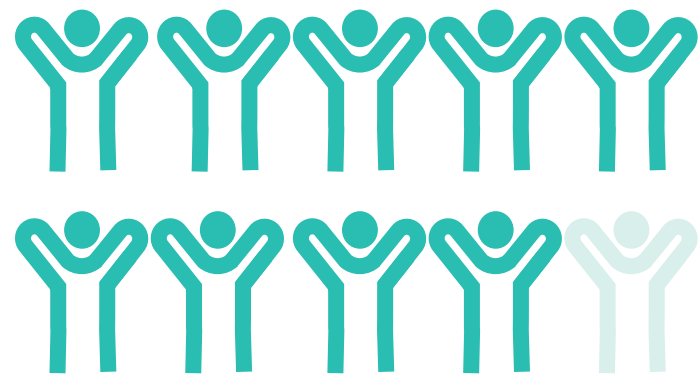
FIGURE 8

Performance on HCAHPS Patient Experience and Satisfaction Measures

Members of America’s Essential Hospitals, FY 2012

Member scores on all 10 of the **HCAHPS** measures of patient experience and satisfaction have **increased steadily each year** since 2010.

SATISFACTION



9 out of 10
patients were “satisfied” or
“highly satisfied” with the care
they received at their hospital.

RECOMMENDATION



9.5 out of 10
patients would “probably” or
“definitely” recommend their
hospital to family and friends.

Source: Hospital Compare. Q1-Q4 2012 Data. Centers for Medicare & Medicaid Services. <https://data.medicare.gov/data/hospital-compared>. Accessed May 2014.



FIGURE 9

Performance on Selected Process of Care Measures

Members of America's Essential Hospitals, FY 2012

Member hospitals recognize the importance of **delivering recommended care** to all patients, **matching or outperforming other hospitals** nationally for treating heart attacks and heart failures.

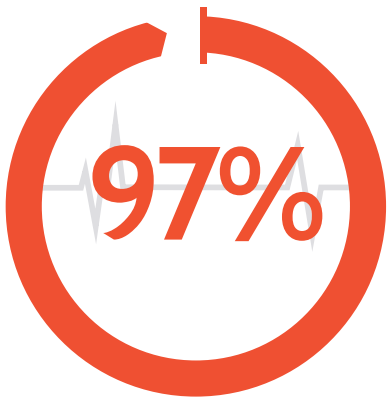
Members delivered

all of the recommended care for heart failure patients given



of the time

all of the recommended care for heart attack patients given



of the time

Source: Centers for Medicare and Medicaid Services' Hospital Compare Database, Q1-Q4 2012 Data.

GLOSSARY OF TERMS

Bad Debt: The unpaid obligation for care provided to patients who are considered able to pay but who do not pay. Bad debt includes unpaid deductibles, coinsurance, and copayments from insured patients.

Charity Care: Care provided to individuals who are determined to be unable to pay. Charity care comes from providers who offer services at a discount or free of charge to individuals who meet certain financial criteria.

Cost-to-Charge Ratio: The ratio of total expenses to gross patient and other operating revenue.

Disproportionate Share Hospital (DSH) Payments: Payments made by Medicare or a state’s Medicaid Program to hospitals that serve a disproportionate share of low-income patients. These payments are in addition to the regular payments such hospitals receive for providing care to Medicare and Medicaid beneficiaries. Medicare DSH payments are based on a federal statutory qualifying formula and payment methodology. Medicaid DSH payments are based on certain minimum federal criteria, but qualifying formulas and payment methodologies are largely determined by states.

Hospital Operating Margin: A measure of the financial condition of a hospital. It is calculated as the difference between the total operating revenues and total operating expenses divided by total operating expenses.

Medicaid: A program jointly funded by the federal and state governments to provide health coverage to those who qualify on the basis of income and eligibility, e.g., low-income families with children, low-income elderly, and people with disabilities. Many states also extend coverage to groups that meet higher income limits or to certain medically needy populations. Through waivers, some states have expanded coverage even further. In 2010, the Affordable Care Act gave states the additional option to expand their Medicaid Program to everyone at or below 138 percent of the federal poverty level.

Medicare: A federal program that provides health coverage for individuals 65 and older, for certain disabled individuals younger than 65, and for people with end-stage renal disease. Medicare has four main components. Medicare Part A provides payments for inpatient hospital care, skilled nursing care, some home-health services, and hospice care. Medicare Part B provides payments for physician services, outpatient hospital care, and other medical services not covered by Part A. Medicare Part A and Part B together are known as “original Medicare.” Medicare Part C, also known as Medicare Advantage, is offered by private health care organizations. Medicare Advantage plans cover all services under Parts A and B and usually offer additional benefits. Medicare Part D provides payments for prescription drugs and is offered by private health care organizations. Medicare Part C plans often include coverage for Medicare Part D.

Outpatient Visits: Can include emergency department (ED) visits, clinic visits, outpatient surgery, and ancillary visits such as labs and radiology.

Uncompensated Care Charges: The sum of charity care charges and bad debt.

Uncompensated Care Costs: Losses on patient care. Uncompensated care costs are calculated by multiplying the uncompensated care charges by the cost-to-charge ratio.

ENDNOTES

1. The cities are New York City, Los Angeles, Chicago, Houston, Phoenix, Philadelphia, San Antonio, San Diego, Dallas, and San Jose, California.

Source: The United States Census Bureau. Annual Estimates of the Resident Population for Incorporated Places Over 50,000, Ranked by July 1, 2012 Population. <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>. Accessed May 2014.

2. Uncompensated care costs are equal to the uncompensated care charges multiplied by the cost-to-charge ratio. See the Glossary of Terms for additional information and formulas.

Source: American Hospital Association. Uncompensated Hospital Care Cost Fact Sheet. January 2014. <http://www.aha.org/content/14/14uncompensatedcare.pdf>. Accessed May 2014.

3. The aggregate operating margin for members of America's Essential Hospitals is calculated using the following formula:

Aggregate Operating Margin =
$$\frac{\sum \text{Total Member Operating Revenues} - \sum \text{Total Member Operating Expenses}}{\sum \text{Total Member Operating Revenues}} \times 100$$

This is the same method used by AHA when calculating the aggregate national operating margin.

Source: American Hospital Association. Trendwatch Chartbook 2013: Trends Affecting Hospitals and Health Systems. Washington, DC: American Hospital Association; 2013. <http://www.aha.org/research/reports/tw/chartbook/2013/13chartbook-full.pdf>. Accessed May 2014.

4. The Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey measures patients' perspectives on hospital care. The survey collects information on communication with physicians and nurses, hospital staff responsiveness, pain management, explanation of medications, discharge information, cleanliness and quietness of the hospital environment, overall satisfaction, and whether or not the patient would recommend the hospital to others.

5. Recommended care is a term used to describe scientifically based, appropriate, and timely treatment for specific medical conditions including heart failure, heart attack (or acute myocardial infarction), and pneumonia. Core quality measures are used to evaluate the percentage of patients who are receiving the recommended courses of treatment for the particular condition. The core measures do not include clinical outcomes but are used to improve treatment processes for patients. The measures do not include treatment for cases in which the recommended care is contraindicated.

Source: Hospital Compare. Q1-Q4 2012 Data. Centers for Medicare & Medicaid Services. <https://data.medicare.gov/data/hospital-compare>. Accessed May 2014.

6. The Medicare spending per beneficiary measure uses the cost of services performed by hospitals and other health care providers during the period immediately prior to, during, and following a beneficiary's hospital stay. The measure is an indicator of a hospital's efficiency relative to the efficiency of the national median hospital.



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