ESSENTIAL DATA
Our Hospitals, Our Patients

Results of America’s Essential Hospitals
2017 Annual Member Characteristics Survey
PUBLISHED APRIL 2019
FOREWORD

Our more than 300 member hospitals share a mission to ensure all people, regardless of their social and economic circumstances, can access high-quality health care. We proudly share this annual snapshot of our members’ work and the people and communities they serve as they fill this vital role.

Members’ responses to our annual survey tell a story about the vital role our hospitals play in communities nationwide. This report, *Essential Data*, is more than a collection of numbers—it illustrates the social and economic challenges those communities face. While the details vary from year to year, the big picture remains the same: Millions of Americans and their families rely on essential hospitals for routine care, lifesaving services, and everything in between.

Our members share a common mission and set of attributes. First and most important, they commit to serving all people, regardless of financial or social status. Everyone can count on care at an essential hospital.

But our members’ work extends far beyond the walls of the hospital, touching every life in a community. In addition to their commitment to health care access for all, essential hospitals fill four other key roles:

- providing specialized, lifesaving services, such as level I trauma and neonatal intensive care, emergency psychiatric services, and burn treatment;
- training the next generation of health care professionals to ensure the community’s supply of doctors, nurses, and other caregivers meets demand;
- delivering comprehensive, coordinated care across large ambulatory networks to bring services to where patients live and work; and
- filling a public health role by improving population health and preparing for and responding to natural disasters and other crises.

Essential hospitals do all this while operating with limited means—their operating margins are about a fifth that of other hospitals, and they shoulder a disproportionate share of the nation’s uncompensated care costs. These financial challenges drive our hospitals to accomplish more with less. As a result, their innovative programs elevate quality, add value, reduce disparities, and improve population health.

Thank you for letting us share with you this story of what makes our hospitals essential: the people and communities they serve and services they provide.

BRUCE SIEGEL, MD, MPH
President and CEO
America’s Essential Hospitals

ABOUT AMERICA’S ESSENTIAL HOSPITALS

America’s Essential Hospitals is the leading champion for hospitals and health systems dedicated to high-quality care for all, including the vulnerable. We support our 300 members with advocacy, policy development, research, and education. Communities depend on essential hospitals to provide specialized, lifesaving services; train the health care workforce; advance public health and health equity; and coordinate care. Essential hospitals innovate and adapt to lead the way to more effective and efficient care.

ABOUT ESSENTIAL HOSPITALS INSTITUTE

Essential Hospitals Institute is the research and education arm of America’s Essential Hospitals. The Institute supports the nation’s essential hospitals as they provide high-quality, equitable, and affordable care to their communities. Working with members of America’s Essential Hospitals, we identify promising practices from the field, conduct research, disseminate innovative strategies, and help our members improve their organizational performance. We do all this with an eye toward improving individual and population health, especially for vulnerable people.

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METHODOLOGY

This report offers a snapshot of America’s Essential Hospitals members. The report primarily features data collected through the association’s 2017 Annual Member Characteristics Survey, which was sent to 86 health systems representing 168 member hospitals, with responses from 75 systems representing 151 hospitals. The survey excluded hospitals that joined the membership after the survey’s launch. Essential Hospitals Institute, the research and education arm of the association, provided technical support and analysis of survey results. Additional data from the American Hospital Association’s 2017 Annual Survey of Hospitals, the Centers for Medicare & Medicaid Services’ fiscal year 2017 Hospital Cost Report, and the American Community Survey were used to support this report’s findings.
We are **ESSENTIAL**

Essential hospitals—our members—share five fundamental characteristics:

- **Caring for THE VULNERABLE**
  - PAGE 2
- **Providing COMPREHENSIVE, COORDINATED CARE**
  - PAGE 10
- **Training FUTURE HEALTH CARE PROFESSIONALS**
  - PAGE 14
- **Providing SPECIALIZED, LIFESAVING SERVICES**
  - PAGE 18
- **Advancing PUBLIC HEALTH AND HEALTH EQUITY**
  - PAGE 22
ESSENTIAL PEOPLE

Our member hospitals are vital components of their communities, ensuring that all people have affordable access to high-quality care—from basic services to high-intensity, lifesaving treatment.

Their patients are essential—to their family, friends, and community—regardless of their social or financial status. From the very beginning of their lives, many Americans have a relationship with our member hospitals—one in 10 U.S. residents are born at an essential hospital, and Medicaid covers nearly two-thirds of live-birth deliveries at these hospitals.1

Essential hospitals are a reliable source of care for all people, including the vulnerable, making them providers of choice for patients of virtually every ethnicity and language. Racial and ethnic minorities accounted for 53 percent of member discharges in 2017.

In 2017, three-quarters of essential hospitals’ patients were uninsured or covered by Medicaid or Medicare. Only about one in four inpatient discharges and outpatient visits at essential hospitals were covered by commercial insurance.

This disparity between commercially insured patients and those covered by public programs—or not covered at all—presents severe financial challenges for essential hospitals. These hospitals cannot offset losses from public program underpayments and charity care with commercial payments, which track closer to costs. In 2017, the American Hospital Association (AHA) estimates U.S. hospitals received nearly $54 billion less than the cost of the care they provided to Medicare and Medicaid beneficiaries.2 Proposals to reduce Medicaid funding and policy changes in the private insurance market compound this problem, threatening to expand the ranks of the uninsured and erode support for essential hospitals. A swelling uninsured population coupled with less support puts health care access at risk for patients across the country.

Note: Numbers might not add up to 100 percent due to rounding.

* Includes both managed care and fee-for-service.

FIGURE 1
Births
Members of America’s Essential Hospitals, 2017

TOTAL BIRTHS AT ESSENTIAL HOSPITALS

393,119

FIGURE 2
Inpatient Discharges by Race and Ethnicity
Members of America’s Essential Hospitals, 2017

Note: Numbers might not add up to 100 percent due to rounding.

FIGURE 3
Inpatient and Outpatient Utilization by Payer Mix
Members of America’s Essential Hospitals, 2017

Note: Numbers might not add up to 100 percent due to rounding.

20.2% COMMERCIAL INSURANCE
29.7% COMMERCIAL INSURANCE
11.4% SELF-PAY
26.4% MEDICARE*
29.7% COMMERCIAL INSURANCE
25.8% MEDICAID*
Our hospitals are committed to serving the vulnerable—this motivates them to operate where need is greatest, in communities that might otherwise lack access to care. They provide services in a wide variety of communities, from broad rural regions to the nation’s largest cities—areas with high rates of poverty, homelessness, food insecurity, and other socioeconomic barriers to good health. Regardless of size and makeup, these communities each make essential contributions to the social fabric and economic prosperity of their states and the nation.

U.S. Department of Housing and Urban Development data show that essential hospitals serve communities in which more than 360,000 individuals struggle with homelessness. Homeless patients might be predisposed to worse health outcomes, as lack of stable housing is a significant social determinant of health. To address this, many essential hospitals offer medical respite or permanent housing assistance programs that are critical to improving the health of these people.

In addition, many of our members’ communities face inadequate access to nutritious food, which has been linked to poor physical and mental health outcomes. In 2017, 10 million people in our members’ communities had only limited access to healthy food. To combat food insecurity, essential hospitals often partner with community organizations to create food pantries, community gardens, and meal delivery services.

In communities served by essential hospitals, an estimated 23.9 million individuals live below the federal poverty line and more than 17.1 million are uninsured. Without our hospitals’ commitment to these patients, many would have nowhere to turn for critical health care needs.

Providing care to vulnerable patients might not always be within the hospital walls. It could be a visit to a patient’s home, calling them after visits, reminding them when they have appointments, even providing transportation to and from appointments.

SAMUEL ROSS, MD, MS
PRESIDENT, BON SECOURS BALTIMORE HEALTH SYSTEM
**ESSENTIAL HOSPITALS**

Our members have a unique relationship with the vulnerable people and communities they serve. Without our hospitals, vulnerable patients and underserved communities across the country would have limited access to both routine care and lifesaving services, such as level I trauma care, burn units, and neonatal intensive care services.

As part of their mission to ensure access for people who face severe financial challenges, essential hospitals provide high levels of uncompensated and unreimbursed care. Nearly 40 percent of essential hospitals support a charitable foundation. In 2017, our members provided nearly $6.7 billion in uncompensated care—or nearly 17.4 percent of all uncompensated care provided at hospitals nationwide. Of this total, $5.5 billion represents care provided under formal charity care policies—just one part of the larger uncompensated care picture.¹ ²

Shouldering this high level of uncompensated care can lead to financial challenges. In 2017, members of America’s Essential Hospitals continued to operate with margins significantly lower than the rest of the hospital industry. Member hospitals had an average aggregate margin of 1.6 percent, which was a fifth of the 7.8 percent margin for all hospitals nationwide. Without Medicaid disproportionate share hospital (DSH) payments, overall member margins would have sunk to a 3 percent loss.¹

Even as they deal with these financial struggles, our hospitals continue to build up their local economies. The average essential hospital employed 3,072 people in 2017. Together, our hospitals accounted for 681,901 jobs nationwide and contributed to nearly $116 billion in economic activity. On average, member hospitals report $527.2 million in yearly expenditures, stimulating $1.1 billion in economic activity in their respective states.⁸

**FIGURE 6**

Average Uncompensated Care

*Members of America’s Essential Hospitals Versus All Hospitals Nationwide, 2017*

- **$7,297,605 U.S. HOSPITALS**
- **$68,045,760 ESSENTIAL HOSPITALS**

**FIGURE 7**

Share of National Uncompensated Care

*Members of America’s Essential Hospitals, 2017*

- **$6.7B = 17.4%**
  - IN UNCOMPENSATED CARE
  - OF ALL UNCOMPENSATED CARE NATIONWIDE

- **$5.5B = 23.0%**
  - IN CHARITY CARE
  - OF ALL CHARITY CARE NATIONWIDE

**FIGURE 8**

National Operating Margins

*Members of America’s Essential Hospitals Versus All Hospitals Nationwide, 2017*

- **7.8%**
  - U.S. Hospital Aggregate
- **1.6%**
  - Member Aggregate
- **-3.0%**
  - Member Aggregate Without Medicaid DSH Payments

**FIGURE 9**

Employment and Economic Impact

*Members of America’s Essential Hospitals, 2017*

- **3,072**
  - AVERAGE EMPLOYED BY EACH ESSENTIAL HOSPITAL

- **$527 MILLION**
  - AVERAGE EXPENDITURES PER ESSENTIAL HOSPITAL

- **$1.1 BILLION**
  - AVERAGE EFFECT OF EXPENDITURES ON TOTAL OUTPUT IN STATE ECONOMY PER HOSPITAL
Providing COMPREHENSIVE, COORDINATED CARE
MEETING PATIENTS WHERE THEY ARE

In 2017, members of America’s Essential Hospitals provided non-emergency outpatient care to 80 million patients and treated 15 million patients in their emergency departments. Our members have a median of nine ambulatory care locations, half of which are off campus. This underscores the extent to which essential hospitals reach outside their walls and into the community, expanding access to care where none would exist otherwise.

On the inpatient side, our members averaged nearly 17,000 discharges per hospital—3.1 times more than the inpatient volume of other acute-care hospitals nationwide. About half our members participate in accountable care organizations (ACOs) and two-thirds participate in alternative payment models (APMs). ACO participants agree to be accountable for the quality, cost, and overall care of beneficiaries assigned to them, while an APM is a payment approach that provides incentives for high-quality, cost-efficient care. The high rate of essential hospital participation in these models shows a strong commitment to coordinating care among providers to improve quality and lower costs.

“Patient and family engagement and investment is vital, but barriers to care and confusing, sometimes conflicting, information can derail a health care journey. Care coordination is essential to helping patients understand their options, improving outcomes, and reducing costs.”

ROY GILBREATH, MD
SENIOR VICE PRESIDENT AND CHIEF SYSTEM OF CARE INTEGRATION OFFICER, THE MEDICAL CENTER, NAVICENT HEALTH

Essential hospitals, such as Howard University Hospital, in Washington, D.C., provide comprehensive, coordinated services to ensure all patients receive the care they need.
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TRAINING FUTURE HEALTH CARE PROFESSIONALS

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NEXT GENERATION ESSENTIAL PROVIDERS

America’s Essential Hospitals members are dedicated to training the next generation of health care professionals. Three-quarters of America’s Essential Hospitals members are teaching institutions.

On average, essential hospitals trained three times as many physicians as other U.S. teaching hospitals. Essential hospitals also trained 21 percent more physicians beyond their federal funding cap than other U.S. teaching hospitals. Nearly one in 10 allied health professionals trained in an acute-care facility did so at a member hospital.

Allied health professionals—such as medical technologists, occupational and physical therapists, radiographers, and speech language pathologists—use evidence-based practices to diagnose and treat acute and chronic diseases; promote preventive medicine and wellness; and support health care systems in various settings.

FIGURE 12

Number of Physicians Trained
Members of America’s Essential Hospitals Versus Other Acute-Care Hospitals, 2017

<table>
<thead>
<tr>
<th>Members of America’s Essential Hospitals</th>
<th>Other U.S. Teaching Hospitals</th>
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<tbody>
<tr>
<td>Of Members Are Teaching Institutions</td>
<td>Of Members Are Academic Medical Centers As Defined by the Council of Teaching Hospitals and Health Systems</td>
</tr>
<tr>
<td>76%</td>
<td>33%</td>
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Each member teaching hospital trained an average of 239 physicians in 2017.

Other U.S. teaching hospitals each trained an average of 77 physicians.

Of the 239 physicians, 41 were trained beyond supported federal graduate medical education (GME) funding.

Other U.S. teaching hospitals trained less than one quarter of that number—9 were trained beyond supported federal GME funding.
Providing SPECIALIZED, LIFESAVING SERVICES
When devastating natural disasters, violent acts, and other traumatic events rock communities, they rely on the lifesaving services offered by essential hospitals.

In 2017, our members responded to disasters across the country, from the Las Vegas Strip shooting to historic flooding and wildfires in California and a rash of tornadoes affecting the Midwest and Southeast.

Essential hospitals lead the field in trauma and intensive care, including burn, psychiatric, emergency psychiatric, pediatric, and neonatal intensive care. Our members are community resources for highly specialized emergency and intensive care. Essential hospitals house a third of the nation’s Level I trauma centers, which care for every aspect of severe injury and play a leading role in trauma research and education. In addition, more than two-thirds of our members provide emergency psychiatric services, compared with a third of nonmembers that provide such care.

Like many essential hospitals, Boston Medical Center, in Boston, provides lifesaving services for even the youngest patients.

“People don’t realize how important essential hospitals are to a community—what they do, how many lives they touch, and how many they save.”

LOUIS MAPP
NICU VOLUNTEER, UNIVERSITY OF SOUTH ALABAMA CHILDREN’S AND WOMEN’S HOSPITAL

ESSENTIAL HOSPITALS OPERATE MORE THAN 6,200 PSYCHIATRIC CARE BEDS AND 3,500 NEONATAL INTENSIVE CARE BEDS

39% of the nation’s burn care beds are operated by essential hospitals.

31% of the nation’s Level I trauma centers are at essential hospitals.

19% of pediatric intensive care beds are at essential hospitals.

FIGURE 13
Specialty Care Services
Members of America’s Essential Hospitals, 2017

FIGURE 14
Hospitals Providing Emergency Psychiatric Services
Members of America’s Essential Hospitals Versus Other Acute-Care Hospitals Nationwide, 2017

67% MEMBERS
34% OTHER ACUTE-CARE HOSPITALS NATIONWIDE
BUILDING HEALTHY COMMUNITIES

As anchors in their communities—central sources of care, jobs, and services—essential hospitals can influence patients’ social, economic, and environmental circumstances. These factors can account for up to half of what determines their health.

Essential hospitals use their innovative population health programs to change the course of upstream factors, improving the overall health of a population. Thirty-two percent of our members have a formal relationship with a local health department—further, some essential hospitals are the health department in their community. A formal relationship also could entail a contractual agreement and sharing personnel and resources with a local health department. An additional 55 percent of our members informally meet or share information with a health department.

Given their diverse patient populations, essential hospitals prioritize the collection of race, ethnicity, and language information during care delivery and use this data to reduce health disparities.

Eight of 10 member hospitals offer linguistic services. Patients at essential hospitals rely on the culturally and linguistically appropriate care that only our members can provide.

FIGURE 15
Relationships with Local Health Departments
Members of America’s Essential Hospitals, 2017

87%
OF MEMBERS HAVE A RELATIONSHIP WITH THEIR LOCAL HEALTH DEPARTMENT

FIGURE 16
Linguistic Services
Members of America’s Essential Hospitals Versus Other Acute-Care Hospitals Nationwide, 2017

85%
MEMBERS
56%
OTHER ACUTE-CARE HOSPITALS NATIONWIDE

“Health extends beyond the body, to the mind and soul. We are located at the edge of the Navajo and Hopi Indian Reservations, and we must care for not only the bodies, but the minds and souls of these community members who are so important to our mission. Our active and diverse interpreter and spiritual services programs help us do this.”

FLO SPYROW
CEO AND PRESIDENT, NORTHERN ARIZONA HEALTHCARE

Northern Arizona Healthcare, in Flagstaff, Arizona, provides culturally sensitive care to its large Native American population.
9. Physicians is defined as U.S. medical and dental residents; Teaching hospitals are defined as having at least one resident in training.

FIGURE SOURCES
Figure 1: American Hospital Association. 2017 AHA Annual Survey. Health Forum LLC. 2018.
Figure 2: America’s Essential Hospitals. 2017 America’s Essential Hospitals Characteristics Survey. 2018.
Figure 3: America’s Essential Hospitals. 2017 America’s Essential Hospitals Characteristics Survey. 2018.
Figure 6: Limited access to healthy food was defined as low-income individuals who live more than one mile from a supermarket in urban areas and more than 10 miles in rural areas.
Figure 8: U.S. Census Bureau. Selected Characteristics of the Uninsured in the United States. 2013-2017 American Community Survey 5-year Estimates. 2017.

ENDNOTES, FIGURE SOURCES, AND GLOSSARY
GLOSSARY

Charity Care: The amount of care provided under hospital-defined policies to offer services at no cost to individuals who meet predetermined financial criteria and are unable to pay.

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.

Economic Impact: The economic impact analysis measures the effect of essential hospital spending and employment on their local and state communities. Using Bureau of Economic Analysis economic multipliers, we measure how every dollar spent by an essential hospital and every employee results in additional spending and employment in local and state economies.

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 expenses divided by total operating revenue.

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 residents at or below 138 percent of the federal poverty level.

Medicare: A federal program that provides health coverage for individuals age 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 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.

Essential hospital programs, such as Carelink CareNow at Christiana Care Health System, ensure patients have access to necessary care when and where they need it.