



Q3 2018 HOSPITAL UTILIZATION AND FINANCIAL ANALYSIS



November 19, 2018



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Q3 2018 HOSPITAL UTILIZATION AND FINANCIAL ANALYSIS

ABOUT THIS REPORT

This report aims to provide a quarterly analysis of the utilization and financial data submitted by Oregon's hospitals to the DATABANK program.

DATABANK is a state-mandated monthly hospital data program administered by Apprise Health Insights in collaboration with the Office for Oregon Health Policy and Research (OHPR). Please note that all DATABANK data are self-reported by the hospital and represent a twelve-month calendar year. Accuracy is the responsibility of the reporting hospitals.

Because this report's objective is to provide a complex dive into the data, the graphs and methods may change between reports. This forces only the most compelling stories to be exhibited. The determination of which graphs and stories to focus on is evaluated by hospital finance and data experts at Apprise.

Note: Kaiser Sunnyside and Kaiser Westside hospitals are excluded from this analysis due to the lack of financial data available in DATABANK.

LAYOUT INFORMATION

Aggregate vs Median

This report uses two statistics to report statewide hospital data: median and aggregate. Aggregate numbers sum up the entire amount for all hospitals into one number, where median only takes the number from the middle of the pack. Aggregate is useful when looking at the industry as a whole, such as the percent of Medicaid charges or the total number of patients visiting Emergency Departments in the state. Median is useful when outliers can be highly-influential on a statistic, such as a large hospital having a significant negative margin dragging down the statistic for the whole state. Apprise tries to conform to the Oregon Health Authority's Office of Health Analytics on the subject as much as possible: <https://www.oregon.gov/oha/analytics/Pages/Hospital-Reporting.aspx>

Trend vs Seasonal-Adjusted

Each metric in this report contains two graphs: a trend analysis and a seasonal-adjusted graph. The trend analysis is a simple line graph that shows how the metric has changed over time linearly. However, because many of these metrics tend to be affected largely by seasonal influences, the seasonal-adjusted graph shows a comparison of each quarter to the same quarter in the previous two years.



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QUICK STATS

1. **Operating Margins** decreased from Q2, but remain highly seasonal
2. **Commercial & Other Payer Mix** is showing a slight downward trend
3. **Medicaid Payer Mix** continues to decrease
4. **Medicare Payer Mix** continues to increase
5. **Charity Care** continues to increase

Notes for the Q3 2018 Report

-The numbers and figures in this report are based on a DATABANK download from November 15, 2018.

-Lower Umpqua Hospital has been excluded from this report due to unavailable data.

-Kaiser Sunnyside and Westside Medical Centers have been excluded from this report due to only having three quarters of financial data available. They will be added to the Q4 2018 report.

-Shriners Hospital for Children is automatically excluded from this report because of their unique status. They often have margins of $\leq 100\%$ and wildly fluctuating payer mixes that make them difficult to compare with traditional hospitals.



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OPERATING MARGIN

Measure of profitability from the reporting entity's operations

Median Operating Margin continues to follow its recent pattern of seasonal swings, with highs in Q2 and lows in Q4 of each year. (Figures 1 & 2).

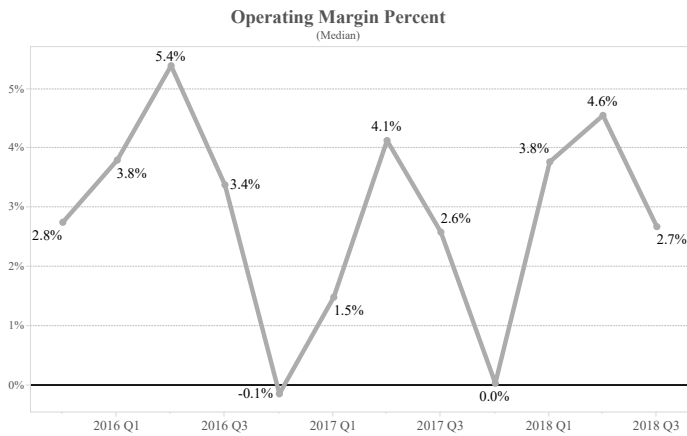


Figure 1

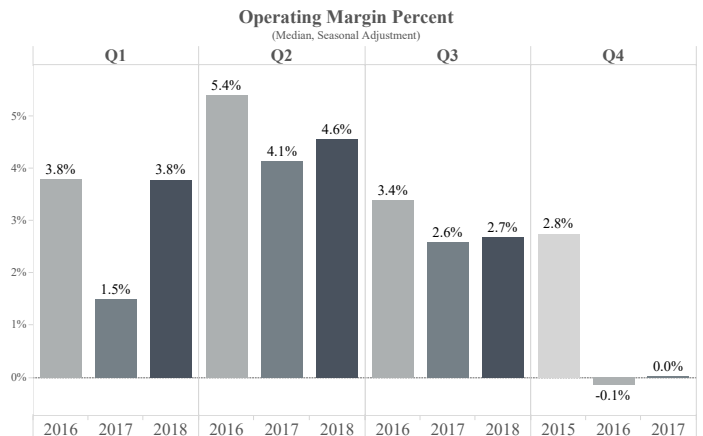


Figure 2

NET PATIENT REVENUE

The revenue the reporting entity generates from patient care

Aggregate Net Patient Revenue (NPR) saw a decrease this quarter in overall trend. However, the past eight quarters have seen increases in seasonally-adjusted NPR, with an average increase each quarter of approximately 4.1% (Figures 3 & 4).

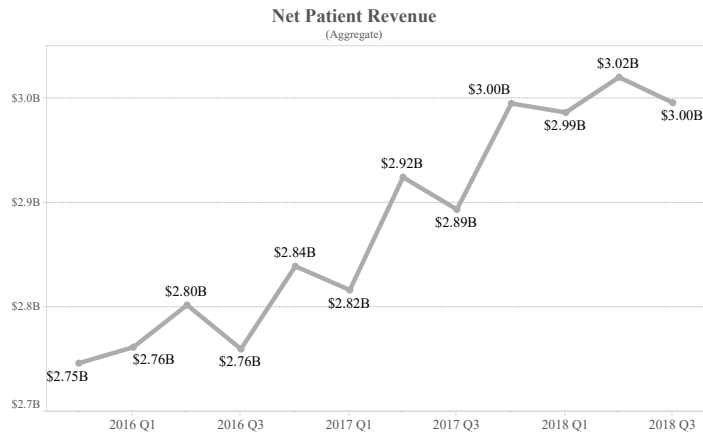


Figure 3

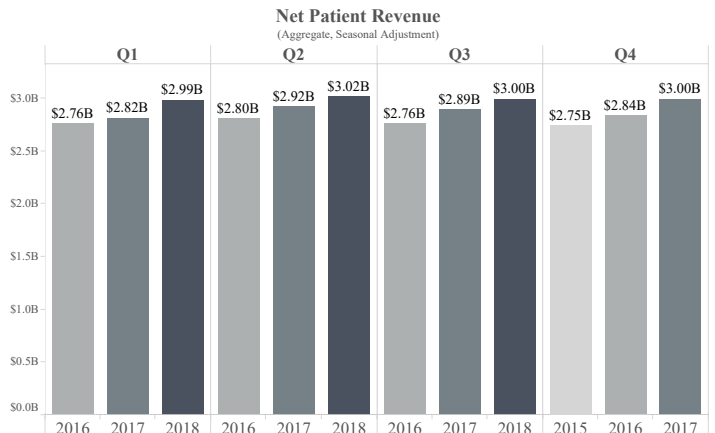


Figure 4

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MEDICAID PAYER MIX

The amount of total charges that were attributable to Medicaid

Aggregate Medicaid Payer Mix continues to decrease (Figures 5 & 6). The past eight quarters have all seen decreases in seasonally-adjusted Medicaid payments.

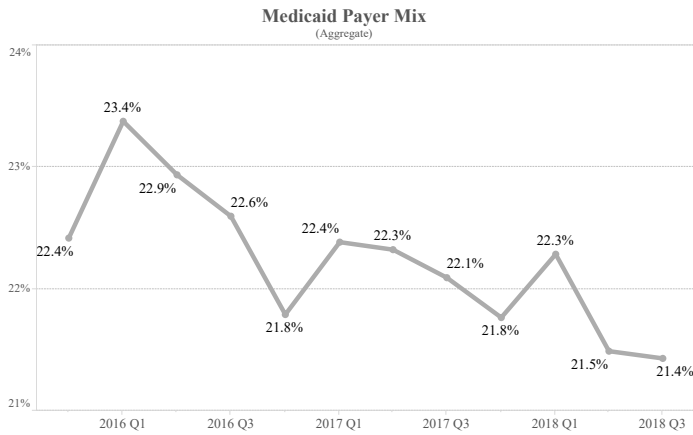


Figure 5

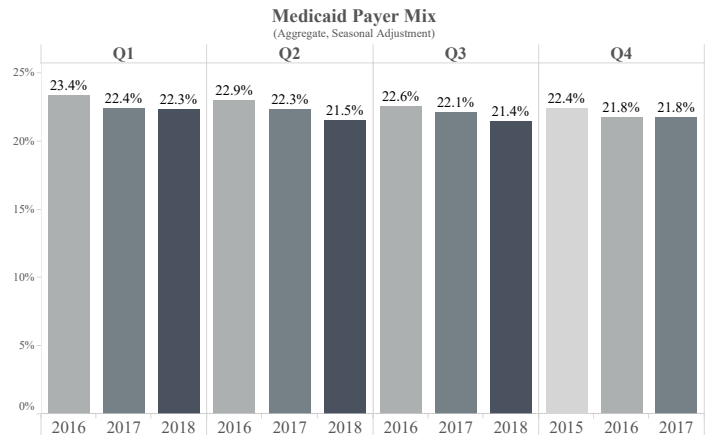


Figure 6

MEDICARE PAYER MIX

The amount of total charges that were attributable to Medicare

Aggregate Medicare Payer Mix saw a decrease this quarter in overall trend. However, the past eight quarters have seen increases in seasonally-adjusted Medicare payments (Figures 7 & 8).

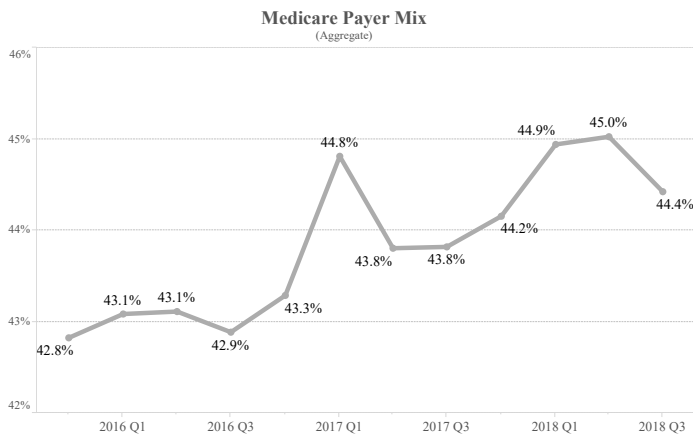


Figure 7

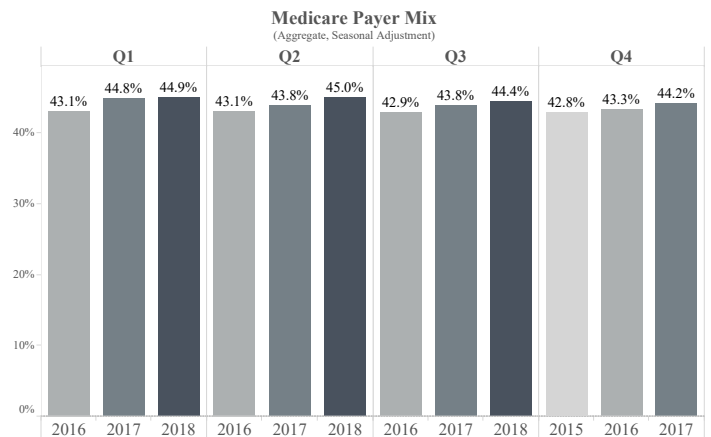


Figure 8

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COMMERCIAL & OTHER PAYER MIX

The amount of total charges that were attributable to a commercial insurer or other payer

Aggregate Commercial & Other Payer Mix is showing a slight downward trend. Five of the past seven quarters have seen decreases in seasonally-adjusted Aggregate Commercial & Other Payer Mix (Figures 9 & 10).

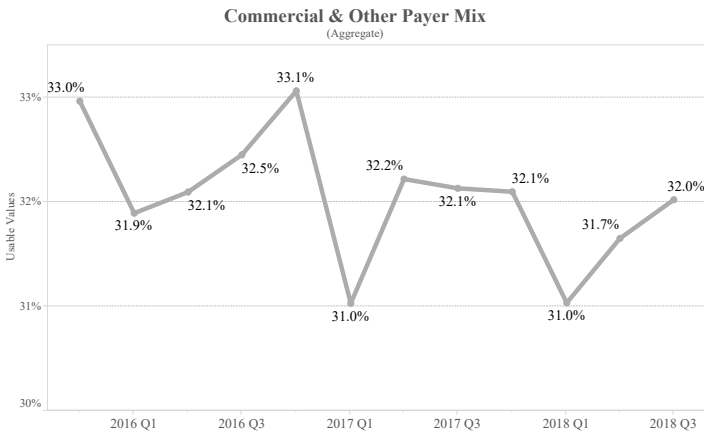


Figure 9

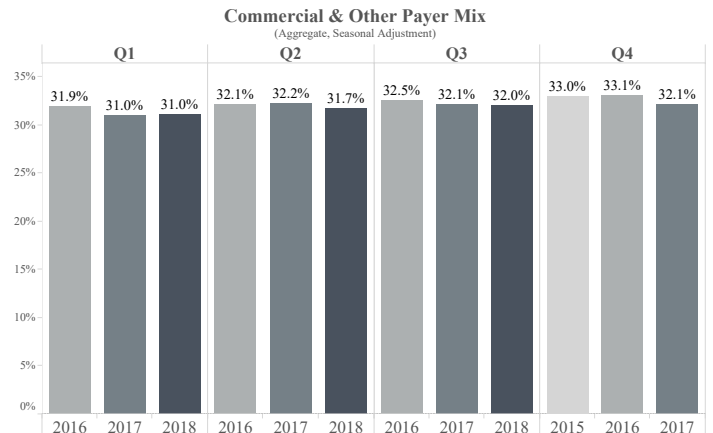


Figure 10

SELF PAY PAYER MIX

The amount of total charges that were attributable to patients paying primarily out-of-pocket

Although Aggregate Self Pay Payer Mix saw a slight increase from previous quarters, it remains fairly stable at approximately 1-2% (Figures 11 & 12)

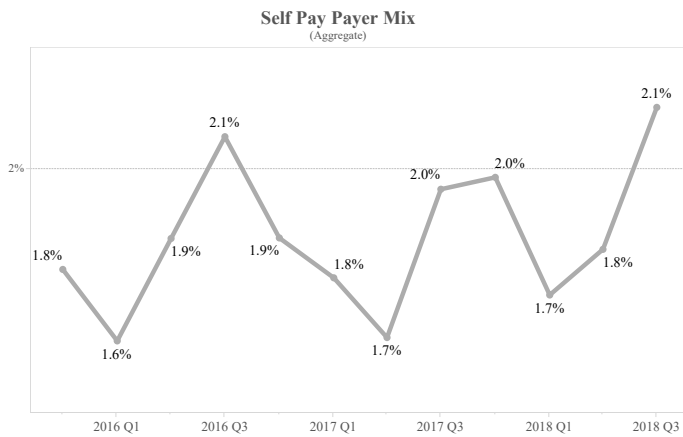


Figure 11

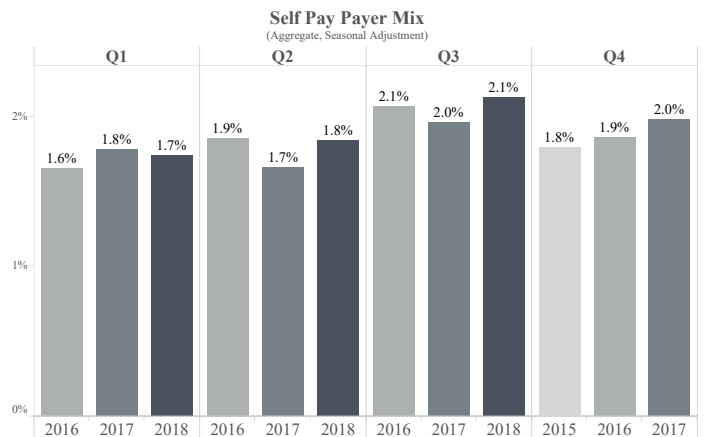


Figure 12

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CHARITY CARE PERCENTAGE

The amount of free care provided to patients who are determined by the hospital to be unable to pay their bill

Median Charity Care as a percentage of Total Charges has been steadily increasing (Figures 13 & 14). The past seven quarters have seen increases in seasonally-adjusted Charity Care.

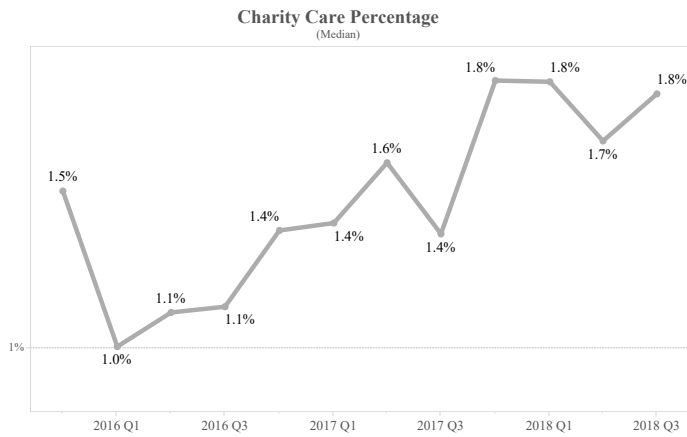


Figure 13

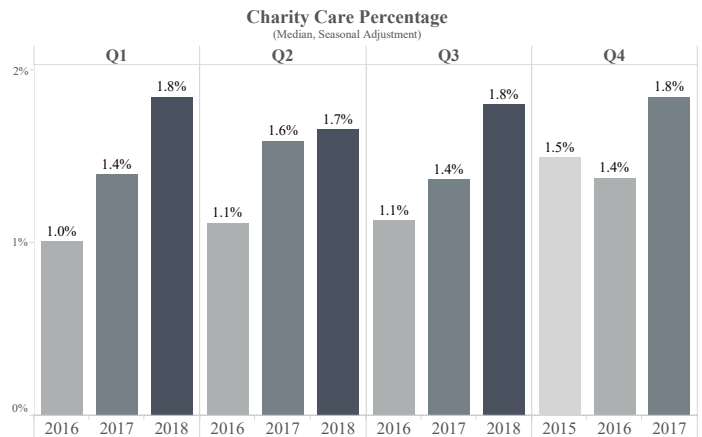


Figure 14

BAD DEBT PERCENTAGE

Unpaid obligation for care from patients who have not requested or do not qualify for financial assistance and have been unwilling to pay their bill

Median Bad Debt remains fairly stable at approximately 1% (Figures 15 & 16).

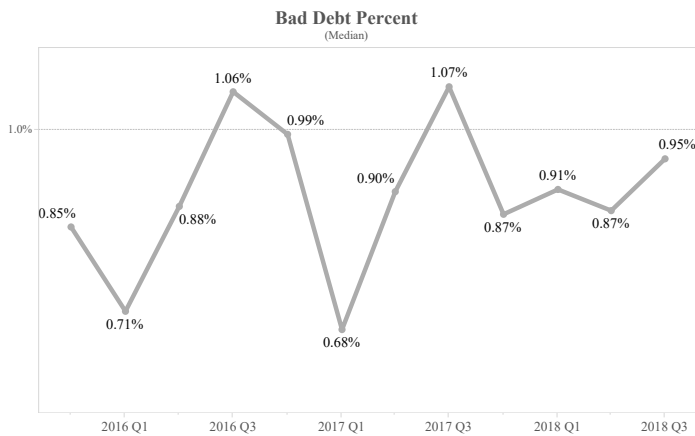


Figure 15

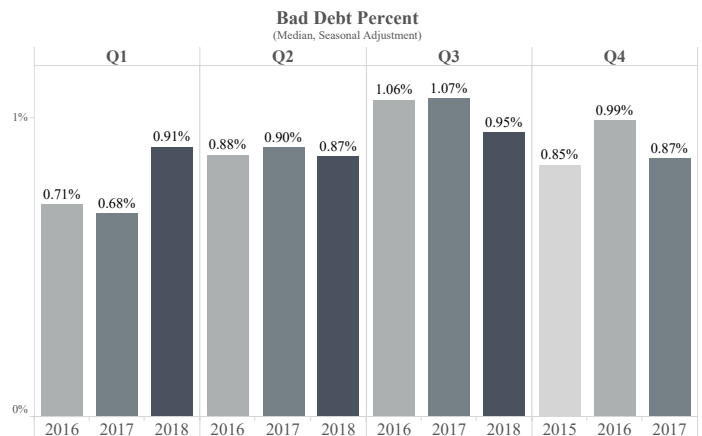


Figure 16

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TOTAL DISCHARGES

The total number of inpatient discharges during the reporting period

Aggregate Inpatient Discharges remain highly seasonal, with highs in Q1 and lows in Q3. The past five quarters have seen slight decreases in seasonally-adjusted Aggregate Inpatient Discharges (Figures 17 & 18).

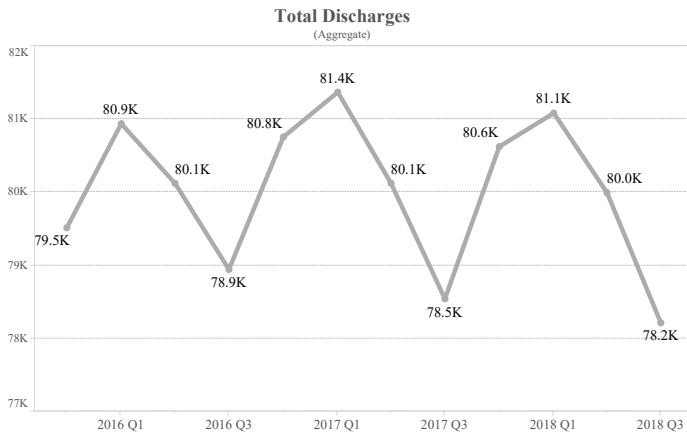


Figure 17

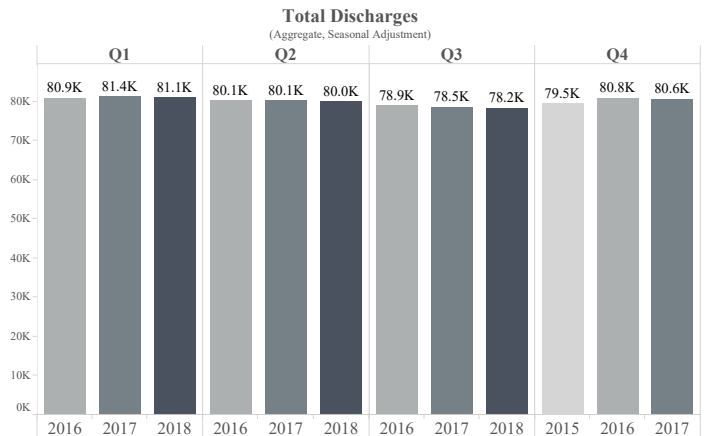


Figure 18

TOTAL OUTPATIENT VISITS

The total number of outpatient visits during the reporting period

Aggregate Total Outpatient Visits decreased this quarter in both overall trend and seasonally-adjusted (Figures 19 & 20). It is unusual that the past two quarters have both seen decreases in seasonally-adjusted Total Outpatient Visits. However, the decrease from Q2 2018 was expected as most Q3's have shown decreases from Q2.

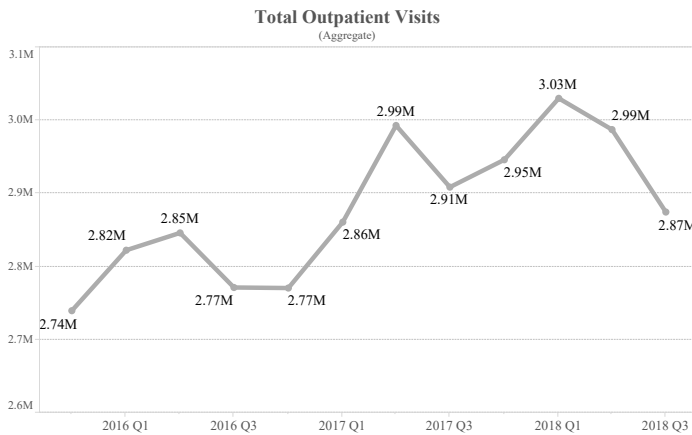


Figure 19

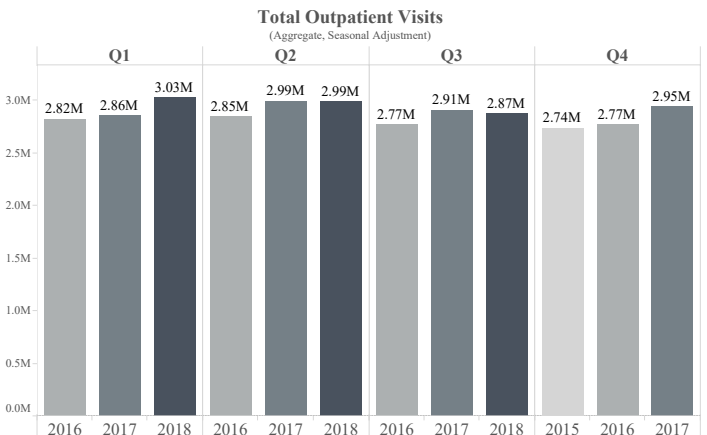


Figure 20

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AMBULATORY SURGERY VISITS

The total number of ambulatory surgery visits during the reporting period

Aggregate Ambulatory Surgery Visits are highly seasonal, with counts typically much higher in Q2 and Q4 (Figures 21 & 22). The overall trend seems to be stable at 45-50K.

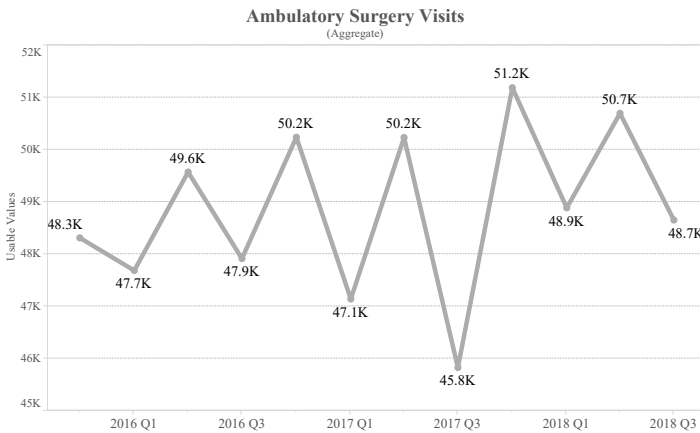


Figure 21

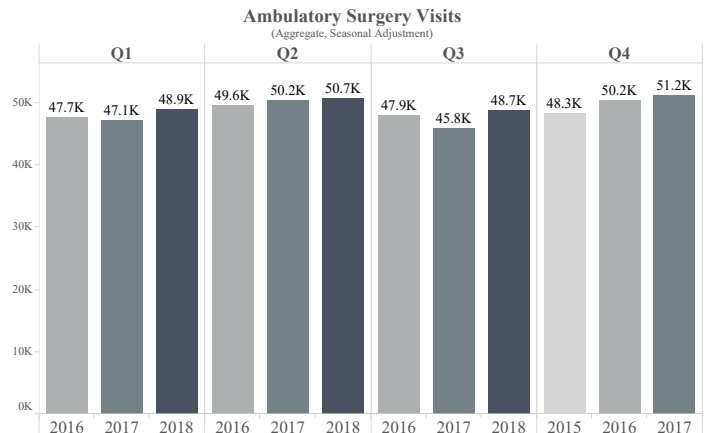


Figure 22

EMERGENCY DEPARTMENT VISITS

The total number of patients seen in the emergency department who are not later admitted as inpatients

Aggregate Emergency Department Visits decreased this quarter, both in overall trend and seasonally-adjusted (Figures 23 & 24). The overall trend seems to be stable at 320-345K.

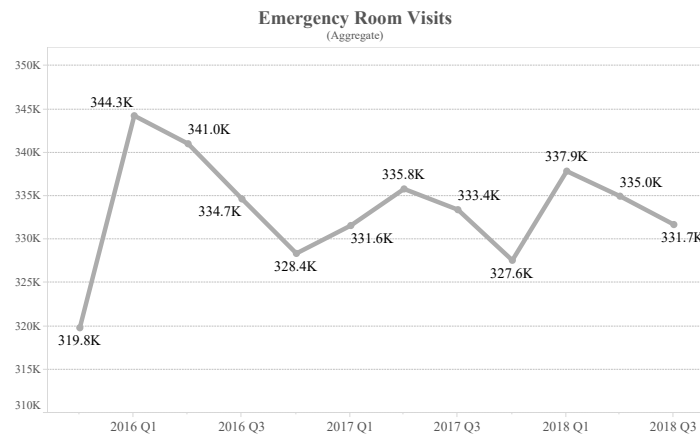


Figure 23

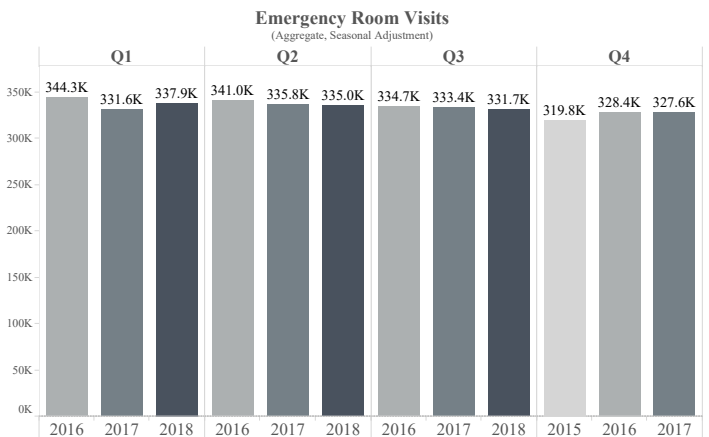
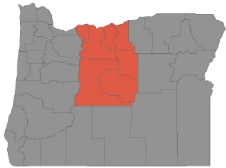


Figure 24

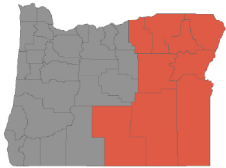


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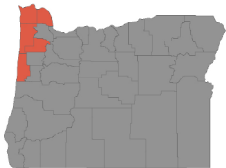
APPENDIX A: REGIONS



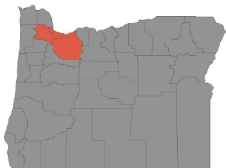
Central Oregon: Mid-Columbia Medical Center, Providence Hood River Memorial Hospital, St. Charles Bend, St. Charles Madras, St. Charles Prineville, St. Charles Redmond



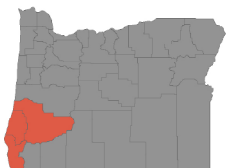
Eastern Oregon: Blue Mountain Hospital, CHI St. Anthony Hospital, Good Shepherd Health Care System, Grande Ronde Hospital, Harney District Hospital, Lake District Hospital, Pioneer Memorial Hospital-Heppner, St. Alphonsus Medical Center-Baker City, St. Alphonsus Medical Center-Ontario, Wallowa Memorial Hospital



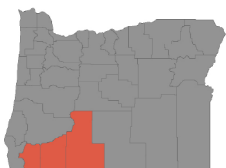
Northwest Oregon: Columbia Memorial Hospital, Providence Newberg Medical Center, Providence Seaside Hospital, Samaritan North Lincoln Hospital, Samaritan Pacific Communities Hospital, Tillamook Regional Medical Center, Willamette Valley Medical Center



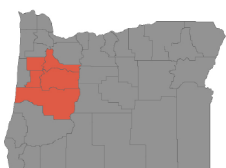
Portland Metro Area: Adventist Health Portland, Legacy Emanuel Medical Center, Legacy Good Samaritan Medical Center, Legacy Meridian Park Medical Center, Legacy Mount Hood Medical Center, Kaiser Sunnyside Medical Center, Kaiser Westside Medical Center, OHSU, Providence Milwaukie Medical Center, Providence Portland Medical Center, Providence St. Vincent Medical Center, Providence Willamette Falls Medical Center, Shriners Hospital-Portland, Tuality Healthcare



Southern Coast: Bay Area Hospital, Coquille Valley Hospital, Curry General Hospital, Lower Umpqua Hospital, Southern Coos Hospital & Health Center



Southern Oregon: Asante Ashland Community Hospital, Asante Rogue Regional Medical Center, Asante Three Rivers Medical Center, Mercy Medical Center, Providence Medford Medical Center, Sky Lakes Medical Center



Valley: Good Samaritan Regional Medical Center, Legacy Silverton Medical Center, McKenzie-Willamette Medical Center, PeaceHealth Cottage Grove Community Hospital, PeaceHealth Peace Harbor Hospital, PeaceHealth Sacred Heart Medical Center at RiverBend, PeaceHealth Sacred Heart Medical Center University District, Salem Health West Valley, Salem Hospital, Samaritan Albany General Hospital, Samaritan Lebanon Community Hospital, Santiam Memorial Hospital



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APPENDIX B: HOSPITAL TYPES

Urban	Rural	
DRG Hospitals	Type A Hospitals	Type B Hospitals
<ul style="list-style-type: none"> • Adventist Health Portland • Asante Rogue Regional Medical Center • Asante Three Rivers Medical Center • Bay Area Hospital • Good Samaritan Regional Medical Center • Kaiser Sunnyside Medical Center • Kaiser Westside Medical Center • Legacy Emanuel Medical Center • Legacy Good Samaritan Medical Center • Legacy Meridian Park Medical Center • Legacy Mount Hood Medical Center • McKenzie-Willamette Medical Center • Mercy Medical Center • OHSU Hospital • PeaceHealth Sacred Heart Medical Center at RiverBend • PeaceHealth Sacred Heart Medical Center University District • Providence Medford Medical Center • Providence Milwaukie Hospital • Providence Portland Medical Center • Providence St. Vincent Medical Center • Providence Willamette Falls Medical Center • Salem Hospital • Samaritan Albany General Hospital • Shriners Hospital-Portland • Sky Lakes Medical Center • St. Charles Bend • Tuality Healthcare 	<ul style="list-style-type: none"> • Blue Mountain Hospital* • CHI St. Anthony Hospital* • Curry General Hospital* • Good Shepherd Health Care System* • Grande Ronde Hospital* • Harney District Hospital* • Lake District Hospital* • Pioneer Memorial Hospital-Heppner* • St. Alphonsus Medical Center-Baker City* • St. Alphonsus Medical Center-Ontario • Tillamook Regional Medical Center* • Willowa Memorial Hospital* 	<ul style="list-style-type: none"> • Asante Ashland Community Hospital • Columbia Memorial Hospital* • Coquille Valley Hospital* • Legacy Silverton Medical Center • Lower Umpqua Hospital* • Mid-Columbia Medical Center • PeaceHealth Cottage Grove Community Hospital* • PeaceHealth Peace Harbor Medical Center* • Providence Hood River Memorial Hospital* • Providence Newberg Medical Center • Providence Seaside Hospital* • Salem Health West Valley* • Samaritan Lebanon Community Hospital* • Samaritan North Lincoln Hospital* • Samaritan Pacific Communities Hospital* • Santiam Memorial Hospital • Southern Coos Hospital & Health Center* • St. Charles Prineville* • St. Charles Madras* • St. Charles Redmond • Willamette Valley Medical Center

Type A Hospitals are small and remote and have 50 or fewer beds. Type A hospitals are located more than 30 miles from another acute care, inpatient facility.

Type B Hospitals are small and rural and have 50 or fewer beds. Type B Hospitals are located 30 miles or less from another acute care facility

*Designates a CAH facility (more information in Appendix C: Definitions)



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APPENDIX C: DEFINITIONS

Bad Debt: Bad debt is the unpaid obligation for care, based on a hospital's full established rates, for patients who are unwilling to pay their bill. Unlike charity care, bad debt arises in situations where the patient has either not requested financial assistance or does not qualify for financial assistance. In these cases the hospital will generate a bill for services provided. For uninsured patients, the amount of bad debt can pertain to all or any portion of the bill that is not paid. For patients with insurance, certain amounts that are the patient's responsibility—such as deductibles and coinsurance—are expensed as bad debt if not paid.

Charity Care: The dollar amount of free care, based on a hospital's full established rates, provided to patients who are determined by the hospital to be unable to pay their bill. The determination of a patient's ability to pay is based on the hospital's charity care policy. Hospitals will typically determine a patient's inability to pay by examining a variety of factors such as individual and family income, assets, employment status, or availability of alternative sources of funds. Determination of charity care status is made prior to admission if the patient has requested and applied for financial assistance. Charity care status may be granted at a later date depending on the circumstances of the admission, such as an emergency admission, no request for financial assistance prior to admission, or lack of information about the patient's financial status at the time of admission. Financial assistance provided by the hospital may pertain to all or a portion of the patient's bill.

Critical Access Hospitals (CAHs): A designation given to certain rural hospitals by the Centers for Medicare and Medicaid Services. Created by Congress in the 1997 Balanced Budget Act, the CAH designation is designed to reduce the financial vulnerability of rural hospitals and improve access to healthcare in those areas. A CAH must have no more than 25 inpatient beds, maintain an annual average length of stay of less than 96 hours, offer 24/7 emergency care, and be located at least 35 miles away from another hospital.

Emergency Department Visits: The total number of patients seen in the emergency department who are not later admitted as inpatients.

Net Nonoperating Gains: Amount of income or loss after expenses which result from the hospital's peripheral or incidental transactions and from other events stemming from the environment that may be largely beyond the control of the reporting entity and its management. An example would be sale of investments in marketable securities.

Net Patient Revenue: The revenue the reporting entity generates from patient care.

Operating Margin Percent: Measure of profitability from the reporting entity's operations.

Other Operating Revenue: Revenue derived from the reporting entity's operations other than direct patient care. Examples are revenue generated from operation of the cafeteria and gift shop.

Outpatient Surgeries: A planned operation for which the patient is not expected to be admitted to the hospital.

Outpatient Visits: Total number of outpatient visits reported during the reporting period. This includes emergency room visits, ambulatory surgery visits, observation visits, home health visits, and all other visits.

Payer Mix: The amount of total charges that were attributable to one of four payer categories: Medicaid, Medicare, commercial, and self pay.

Reporting Entity: A hospital and any additional consolidated entities that are included in the Income Statement at the front of the audited financial statement. The only exceptions are foundations that the hospital does not want included in its financial reporting.



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APPENDIX C: DEFINITIONS (CONT.)

Tax Subsidies: Tax revenues from cities, counties or special hospital districts, which assess levies to subsidize the reporting entity.

Total Charges: Amount billed for services at full established rates.

Total Contractuals: The amount of total charges that have been negotiated away by payers. This is the difference between what the hospital bills for and what it expects to receive as revenue.

Total Discharges: The termination of the granting of lodging in the hospital and the formal release of the patient (includes patients admitted and discharged the same day). When a mother and her newborn are discharged at the same time, they count as one discharge. When the baby stays beyond the mother's discharge (boarder baby), it counts as one discharge for the mother and one discharge for the boarder baby.

Total Margin Percent: Measure of profitability from all sources of the reporting entity's income.

Total Operating Expenses: All expenses incurred from the reporting entity. Examples are salaries and benefits, purchased services, professional fees, supplies, interest expense, depreciation, and amortization and rent and utilities.

Total Operating Revenue: All revenue derived from the reporting entity's operations directly related to patient care. Includes net patient revenue and other operating revenue.

Uncompensated Care: The total amount of health care services, based on full established rates, provided to patients who are either unable or unwilling to pay. Uncompensated care includes both charity care and bad debt.