

Hospital Finance

Hospitals Provide Economic Stability:

- Oregon's 58 acute care hospitals employed in excess of 55,836 workers in 2007, up 22 percent from 1997.
- Hospital industry jobs pay an average of \$49,400 in annual wages.
- Oregon's community hospitals generated combined revenue of \$7.8 billion in 2008, and provided care for about 8.8 million patient visits.

Source: AHA Annual Survey

Types of Hospitals in Oregon:

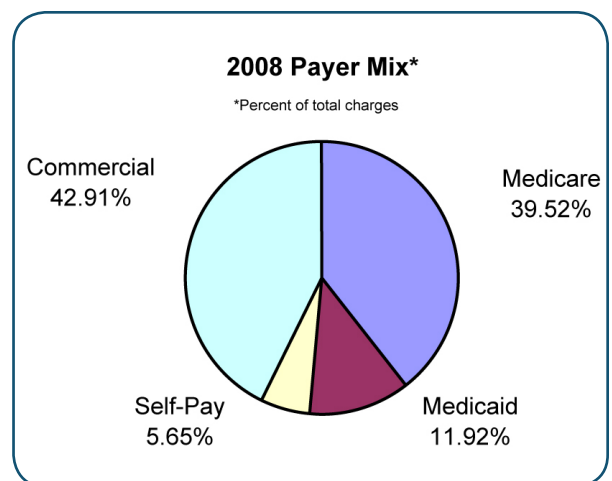
- Type A hospitals = 12 in Oregon
 - 50 beds or fewer and are greater than 30 miles from another acute care medical facility
 - Reimbursed at 100 percent of reasonable cost by Medicaid
- Type B = 20 in Oregon
 - 50 or fewer beds and are located 30 miles or less from another acute care facility
 - Reimbursed at 100 percent of reasonable cost by Medicaid
- Critical Access Hospitals (CAH) = 25 in Oregon (11, A and 14, B)
 - Federal designation
 - Rural hospitals that have 25 or fewer beds
 - Offer 24-hour emergency services and
 - Typically 35 miles or more from another hospital
 - Reimbursed by Medicare at 101 percent of reasonable cost for inpatient, outpatient and laboratory services
- DRG hospitals: Diagnostic Related Group = 25 in Oregon
 - Located in urban areas and have more than 50 beds.
 - Reimbursed at a flat rate under the DRG model, which is based on a patient's diagnosis and treatment.

How Hospitals are Paid for Service:

- Government programs
 - Medicare, which finances care for the elderly and disabled (currently pays 86 cents per dollar of cost)
 - Medicaid (OHP), a state and federal program that pays for care for the poor and disabled. (currently pays 77 cents per dollar of cost)
- Commercial insurance is a significant source of hospital payments.
- Self-pay patients comprise the smallest share of hospital revenue.

The cost shift: Occurs when premiums for the commercial insurance market are increased to cover the underpayment of government-sponsored health care insurance programs. In this way, provider underpayments and cuts to Medicaid and Medicare drive up health care costs for everyone.

The total cost shift for 2007 was more than \$1.7 billion in Oregon.



Source: DATABANK