

COMMUNITY, DISPROPORTIONATE SHARE HOSPITALS

Community-Disproportionate Share Hospitals (DSH) are a subset of community hospitals that receive 63% or more of their business from Medicare, Medicaid, and other government programs. Community-DSH hospitals treat a disproportionate number of low-severity, routine cases (i.e., low casemix index). There are 23 community-DSH hospitals in Massachusetts (there were 24 in FY12, including Saints Medical Center, which merged with another hospital), ranging from 25 staffed beds to 575 staffed beds. Collectively, community-DSH hospitals represented nearly 30% of all staffed hospital beds statewide in FY12.

INPATIENT SERVICES Compared with other acute hospitals, the community-DSH hospitals as a group treat more low-severity cases. Only about one out of every ten cases treated at community-DSH hospitals is of higher severity. Relative to their size, community-DSH hospitals are the site of disproportionately more COPD cases (over forty percent of statewide cases), as well as cases related to various types of infections. As a group, community-DSH hospitals have the lowest cost[†] per inpatient case (\$9,180 per CMAD) of all cohorts, slightly lower than that of the teaching and community hospital groups, and a considerable 20% lower than AMCs.

FINANCIAL PERFORMANCE Total community-DSH revenue in FY12 was \$4.2 billion. These 23 hospitals accounted for 16% of total acute hospital revenue statewide. Community-DSH hospitals tend to have the greatest proportion of business from public payers, relative to other hospitals, with 68% of their business derived from Medicaid, Medicare, and other government programs. Community-DSH hospitals tend to have the lowest price levels relative to other hospitals. While there was some variation between hospitals, community-DSH hospitals collectively earned a surplus each year from FY08 to FY12, with an aggregate surplus of \$198 million in FY12.

AT A GLANCE

TOTAL STAFFED BEDS: 4,172 in cohort, 28% of Statewide

TOTAL DISCHARGES: 222,589 in cohort, 27% of Statewide

AVERAGE % OCCUPANCY: 61%

TOTAL REVENUE IN FY12: \$4,155 million, 16% of Statewide

AVERAGE PUBLIC PAYER MIX: 68%

AVERAGE CY12 COMMERCIAL PAYER PRICE LEVEL: 41st Percentile

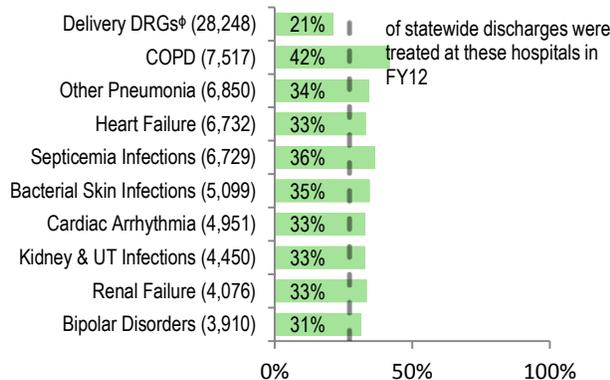
CASE MIX INDEX in FY12: 0.90, less than CMI of other hospitals* (1.09)

INPATIENT:OUTPATIENT REVENUE in FY12: 34%:66%

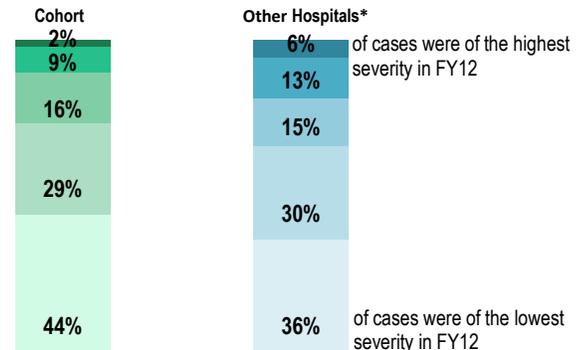
MEDIAN TOTAL MARGIN in FY12: 5.6%

SERVICES

What were the most common inpatient cases (DRGs) treated at the cohort hospitals? What proportion of statewide DRGs did this cohort treat for each service?

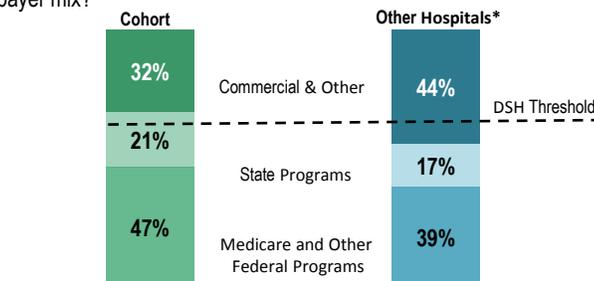


What was the inpatient severity distribution in this cohort? How does this compare to the inpatient severity distribution of other hospitals?

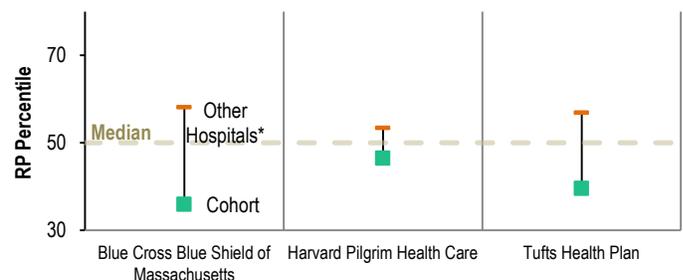


PAYER MIX

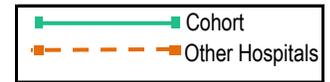
What was the average cohort hospital's payer mix (gross charges) in FY12, and how does this compare to the average of other acute hospitals' payer mix?



As a group, what were the cohort's average CY12 payer-specific relative price levels for the top three commercial payers in Massachusetts? How do these compare to the average relative price levels of other acute hospitals?

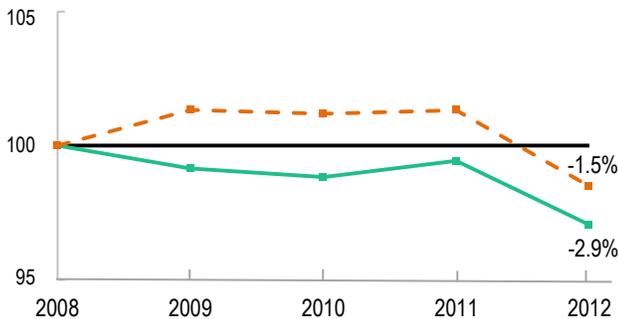


For descriptions of the metrics, please see Technical Appendix.

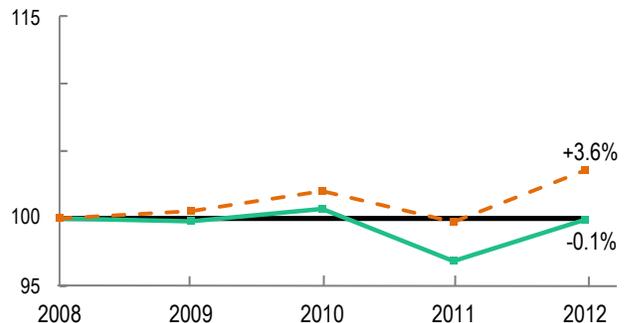


UTILIZATION TRENDS

As a group, how has the volume of the cohort's total inpatient discharges changed compared to FY08, and how does this compare to the volume of other acute hospitals? (FY08=100)

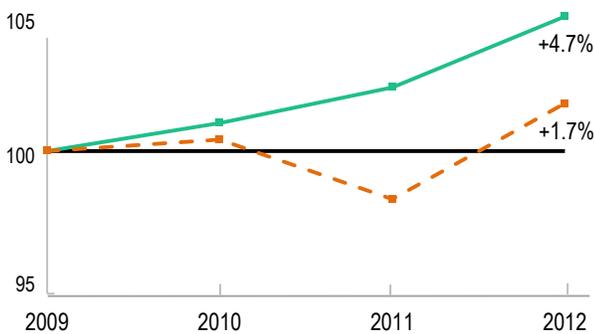


How has the volume of the average cohort hospital's outpatient visits changed compared to FY08, and how does this compare to the average of other hospitals' change in outpatient visits? (FY08=100)

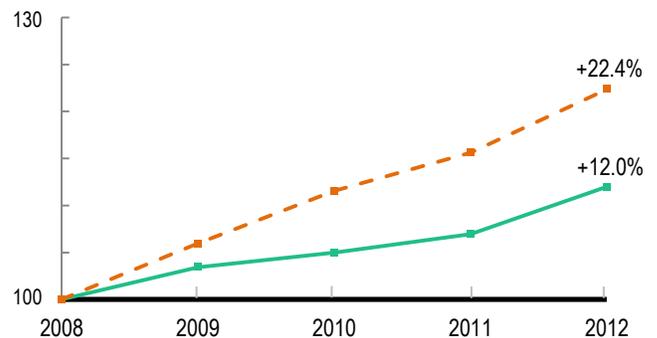


COST TRENDS

As a group, how has the cohort's inpatient cost[‡] per case mix adjusted discharge changed compared to FY09, and how does this compare to those of other acute hospitals? (FY09=100)



As a group, how have the cohort's total outpatient costs changed compared to FY08, and how does this compare to the total outpatient costs of other acute hospitals? (FY08=100)

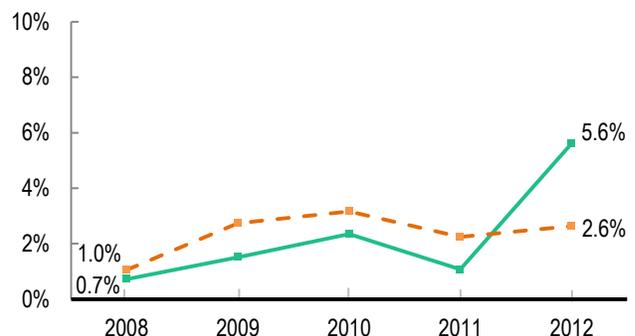


FINANCIAL PERFORMANCE

As a group, how have the cohort hospitals' aggregate revenues and costs changed between FY08 and FY12?

Revenue, Cost & Profit/Loss (in millions)					
FY	Total Revenue	% Change	Total Cost	% Change	Total Profit/Loss
2008	\$3,700		\$3,694		\$6
2009	\$3,778	2.1%	\$3,673	(0.6%)	\$105
2010	\$3,859	2.1%	\$3,755	2.2%	\$105
2011	\$3,943	2.2%	\$3,860	2.8%	\$83
2012	\$4,155	5.4%	\$3,956	2.5%	\$198

What was the cohort's median total margin between FY08 and FY12? How does this compare to the median of other acute hospitals?



For descriptions of the metrics, please see Technical Appendix.

[‡] Costs were adjusted to exclude direct medical education costs and physician compensation.

[‡] Delivery DRG includes Cesarean and Vaginal Deliveries, and Neonate DRG.

* Other hospitals comparative does not include Specialty hospitals.

For more information, please contact:

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