



Arizona Hospital and Healthcare Association

June 13, 2014

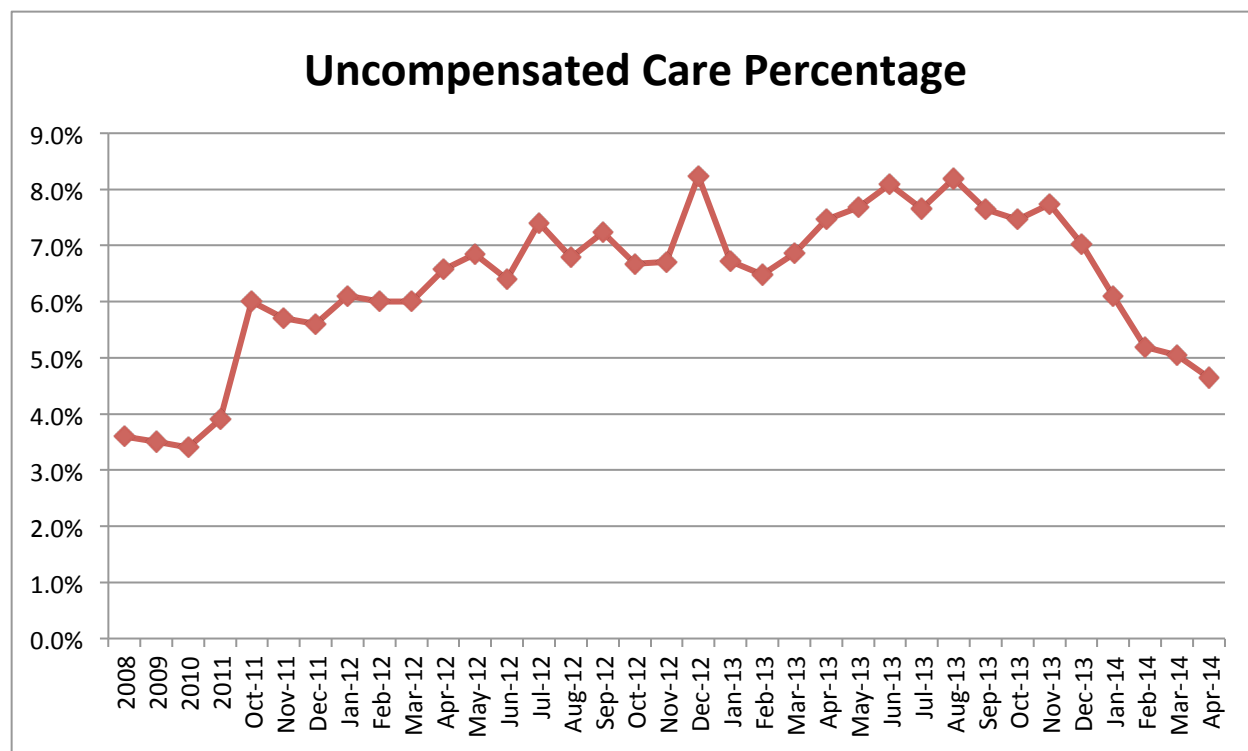
MEMORANDUM

TO: Chief Executive Officers
Hospital Administrators
Chief Financial Officers
Council on Government Relations
Public Relations Executives

FROM: Jim Haynes
Senior Vice President and COO

SUBJECT: April 2014 Hospital Financial Results

The hospital financial survey results for April show a continuation of the trend starting in January of a significant drop in uncompensated care as shown in the graph below:



This increase and subsequent reduction in uncompensated care (combination of bad debt write-offs and charity) reflects the following changes in AHCCCS coverage:

- May 1, 2011 – freeze on enrollment in the medical spend down program.
- July 8, 2011 – freeze on enrollment in the childless adult program.
- January 1, 2014 – restoration of the Prop. 204 program and adult expansion to 133 percent of the federal poverty level.

Other Key Results

- For the month, over 75 percent of the hospitals, based on inpatient cases, responded to the survey. The cost of uncompensated care for the month and year to date compared to prior periods is illustrated below:

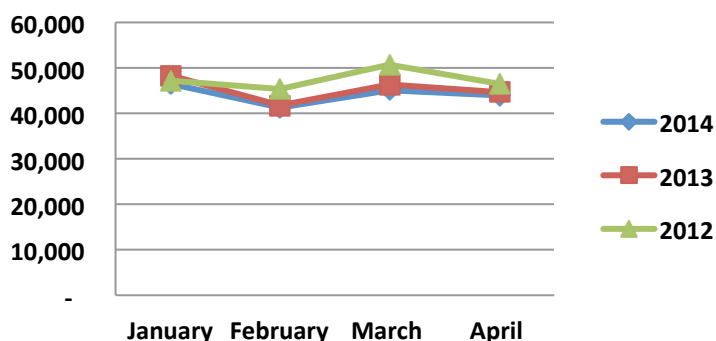
	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Month</u>			
<i>Cost of Uncompensated Care in Millions</i>	\$38	\$64	\$51
<i>Uncompensated Care Percentage</i>	4.6%	8.1%	6.9%
<u>Year to Date</u>			
<i>Cost of Uncompensated Care in Millions</i>	\$170	\$246	\$216
<i>Uncompensated Care Percentage</i>	5.3%	6.9%	6.3%

- The operating margins for reporting hospitals as a percentage have increased as illustrated below.

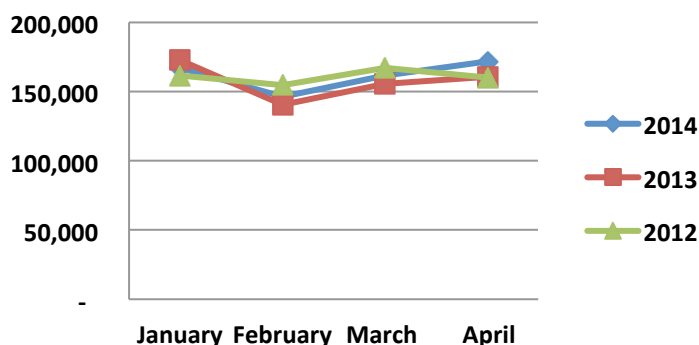
	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Month</u>			
<i>Operating margins in millions</i>	\$44	\$37	\$38
<i>Operating margin percentage</i>	5.0%	4.4%	4.8%
<u>Year to Date</u>			
<i>Operating margins in millions</i>	\$184	\$140	\$162
<i>Operating margin percentage</i>	5.2%	4.0%	5.0%

- Some hospitals are still losing money from operations. In April, 30 percent of the reporting hospitals incurred a loss from operations.
- Volume has changed as illustrated in the patient discharge and emergency room visit charts below:

MONTHLY DISCHARGES



MONTHLY ED VISITS



For your information, I have attached a schedule showing the results for April 2014, along with a comparison of results to the same group of hospitals reporting in 2013 and 2012.

If you have any questions, please feel free to send me an e-mail, or call me directly at 602-445-4308.