



The Economic Crisis and Its Impact on Pennsylvania Hospitals



Findings from a quarterly member survey
The Hospital & Healthsystem Association of Pennsylvania

First Quarter Update, March 2009



Executive Summary

Pennsylvania hospitals have been affected significantly by the nation's economic crisis.

- Investment income has declined dramatically.
- Increased cost of borrowing.
- Decreased access to capital financing.

The economic crisis is affecting patients in need of care.

- Admissions and elective procedures have declined.
- Increases in emergency visits and patients with behavioral health care needs.
- Increases in patients without health care coverage and needing financial help.

Source: HAP member survey, Impact of Economic Crisis on PA Hospitals, March 2009



Executive Summary

Access to physician care is further threatened.

- More physicians are seeking financial support from hospitals.
- More physicians are seeking employment.

Hospitals are taking steps to address the financial impact.

- Reducing administrative expenses.
- Reducing staff.
- Postponing or reducing capital investment in building renovation and information technology.
- Considering cutting services.

Executive Summary

Hospitals are critical to Pennsylvania's economy.

- Contribute \$84 billion to the state's economy.
- Support the employment of approximately 625,000 Pennsylvanians.
- Often one of the largest employers in a community, particularly in rural Pennsylvania.

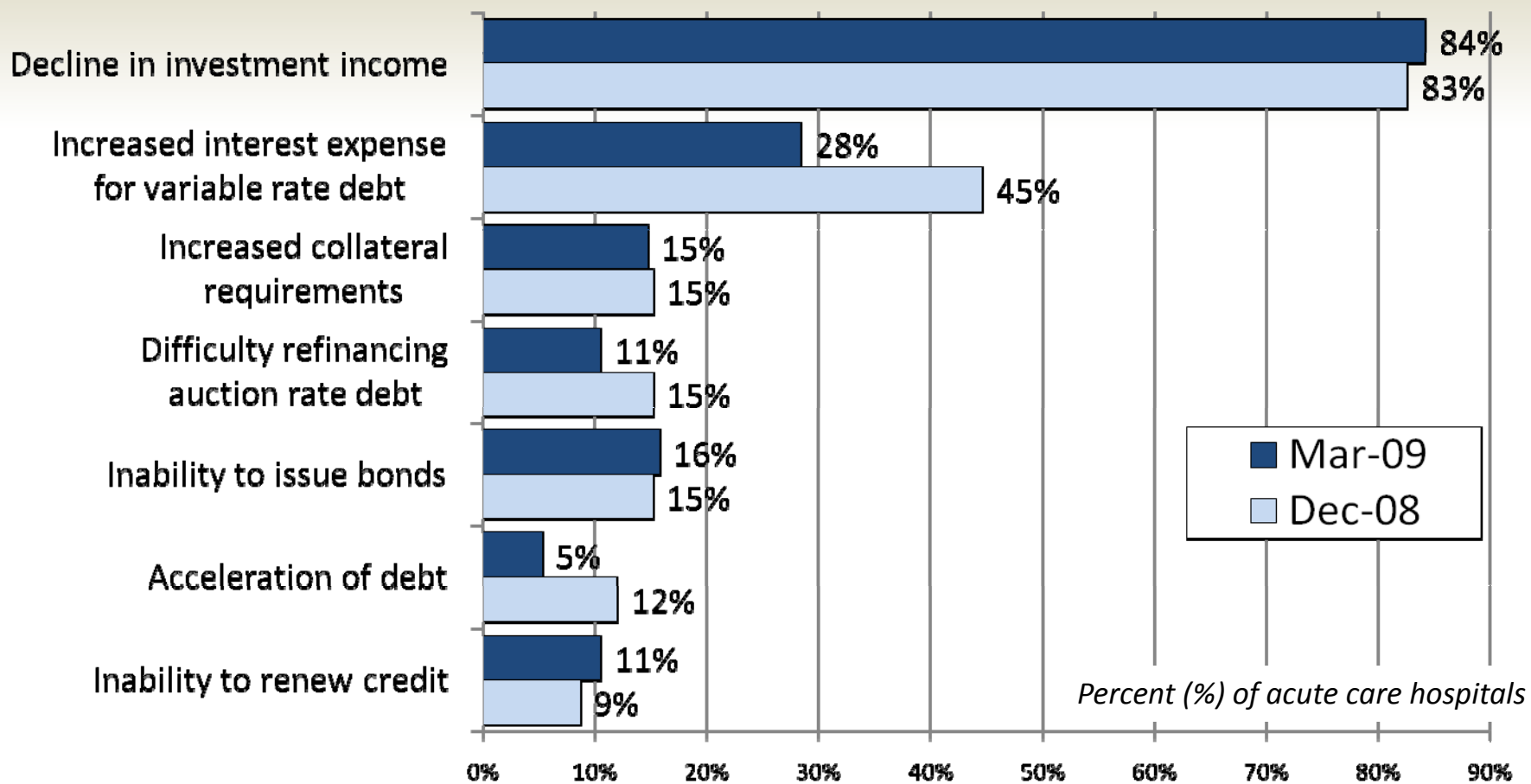


Data Source

HAP Member Survey, Economic Crisis: Impact on PA Hospitals

- Online survey was provided to all HAP acute care hospital CEOs in January 2009 via Survey Monkey.
- Data was collected through March 5, 2009.
- A total of 95 surveys were returned, representing 126 hospitals (79% response rate).
- Sample is broadly representative of PA-licensed acute care hospital universe.

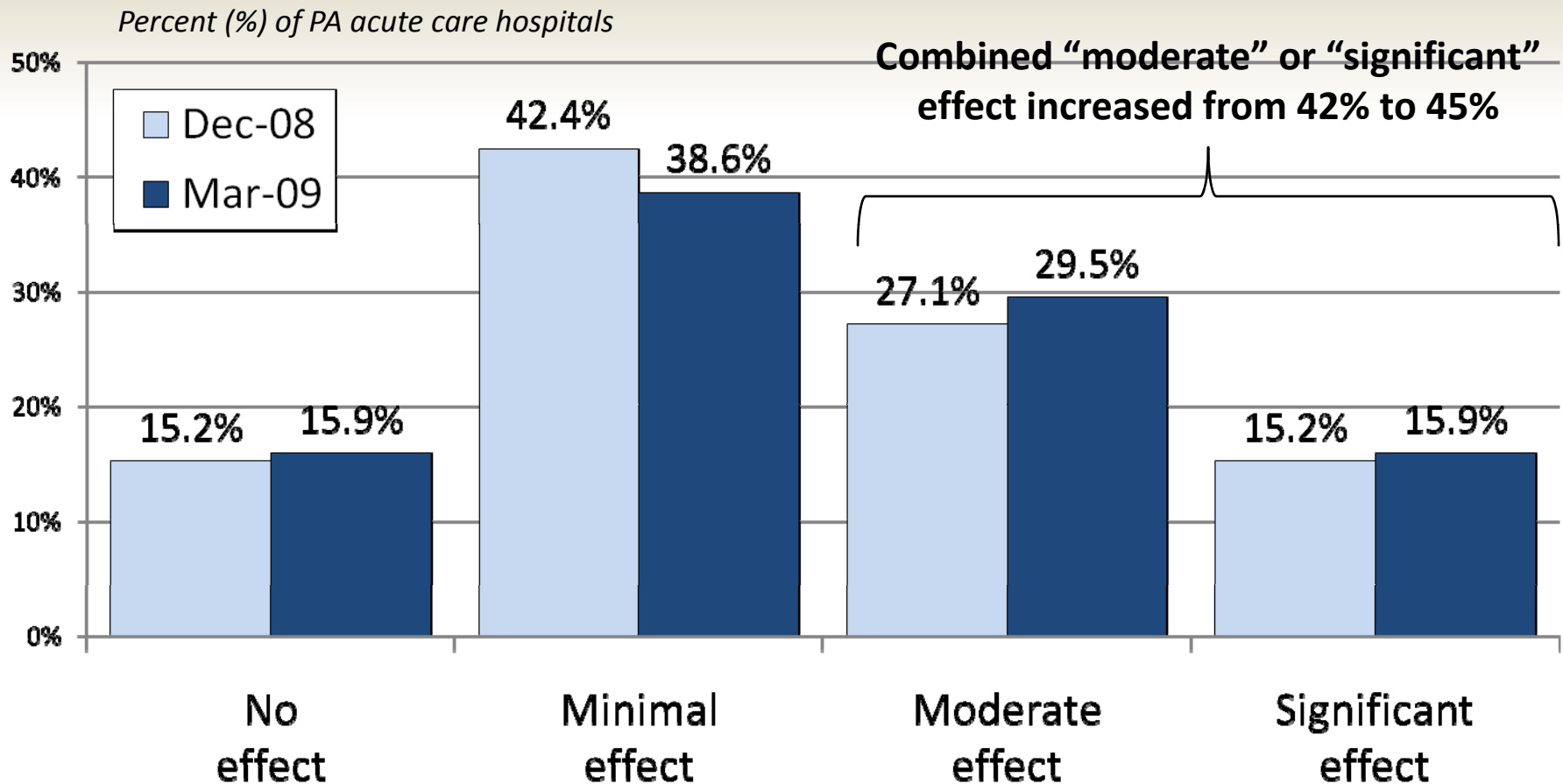
Adverse Effects of the Economic Crisis Experienced by Hospitals



Source: HAP member survey, *Impact of Economic Crisis on PA Hospitals, Dec 2008 and March 2009*



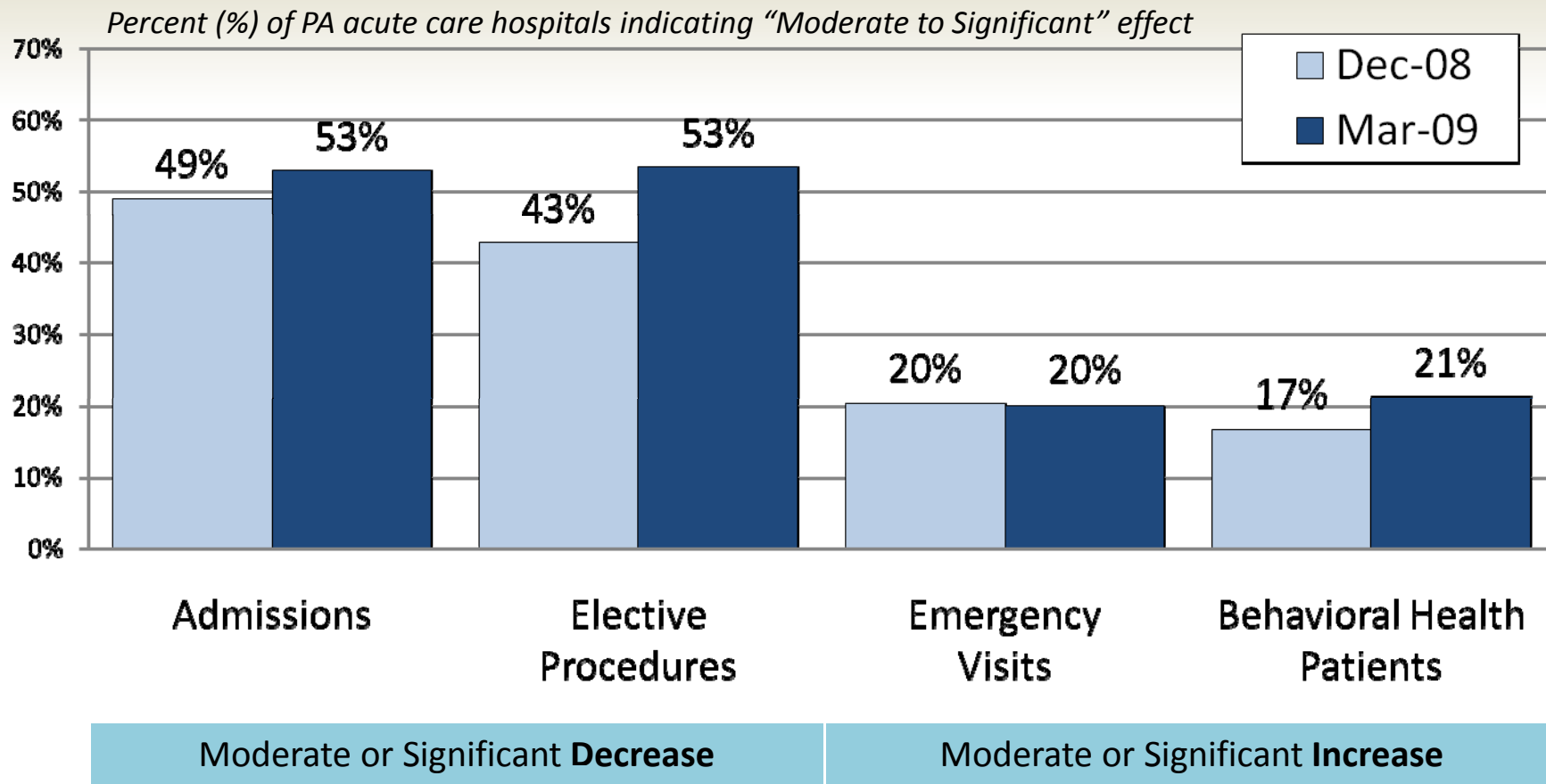
Effect of Economic Crisis on Ability to Meet Day-to-Day Operating Expenses



Source: HAP member survey, *Impact of Economic Crisis on PA Hospitals*, Dec 2008 and March 2009



Impact of Economic Crisis on Patient Care

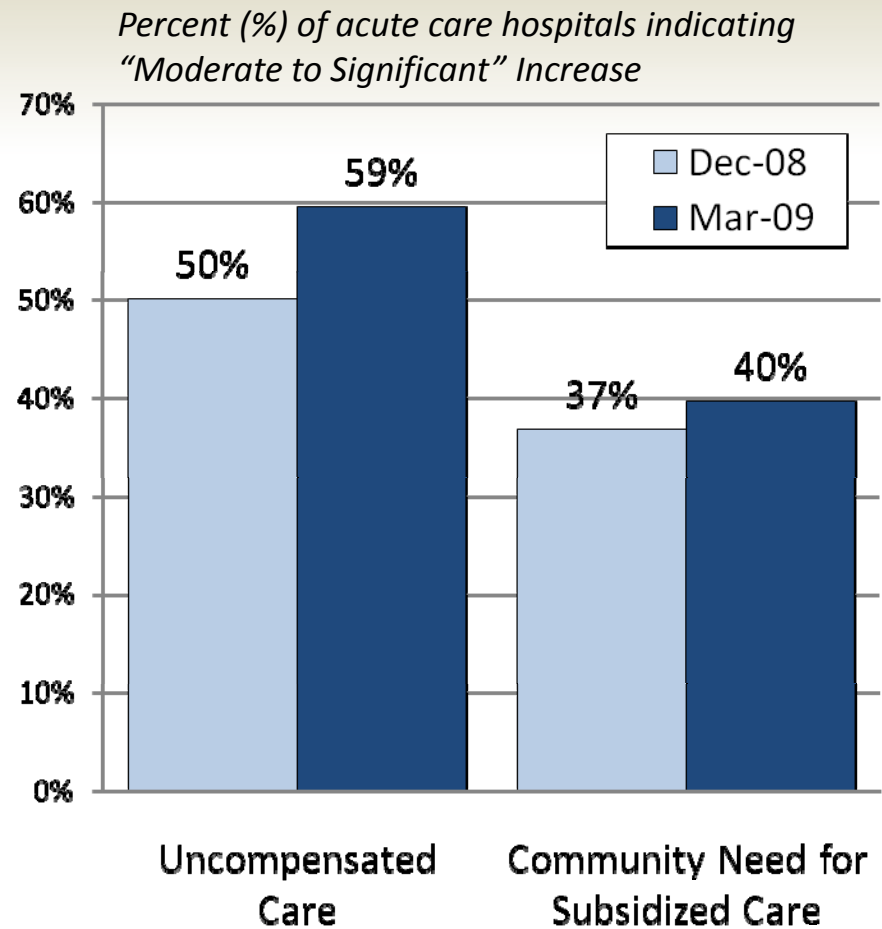
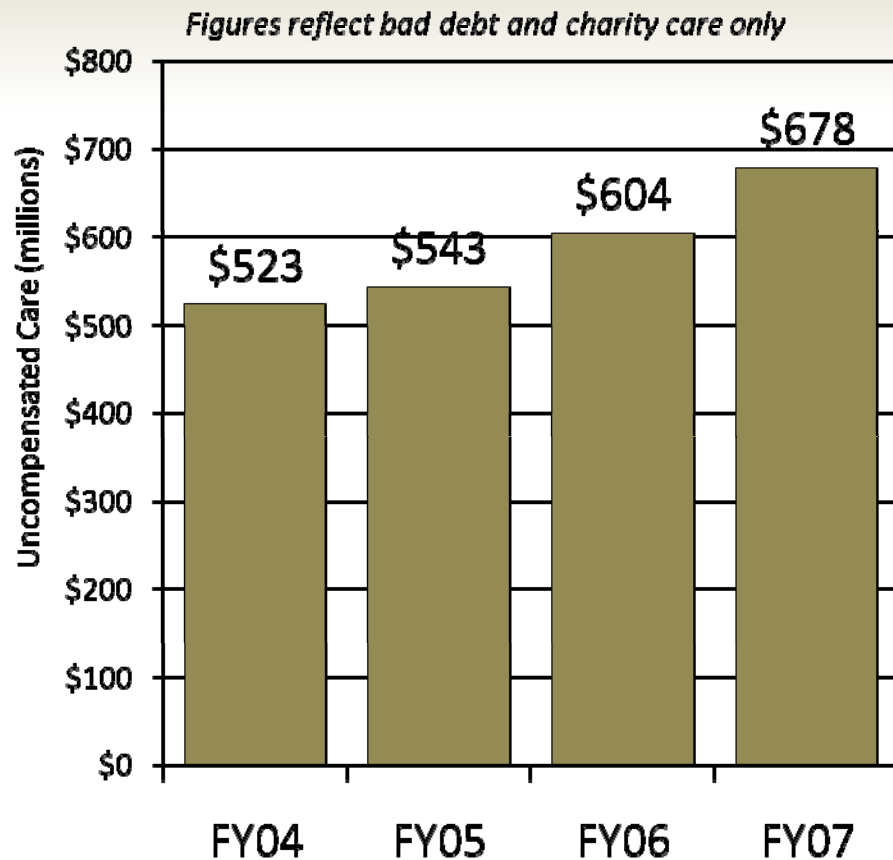


Source: HAP member survey, Impact of Economic Crisis on PA Hospitals, Dec 2008 and March 2009



Trend in Uncompensated Care

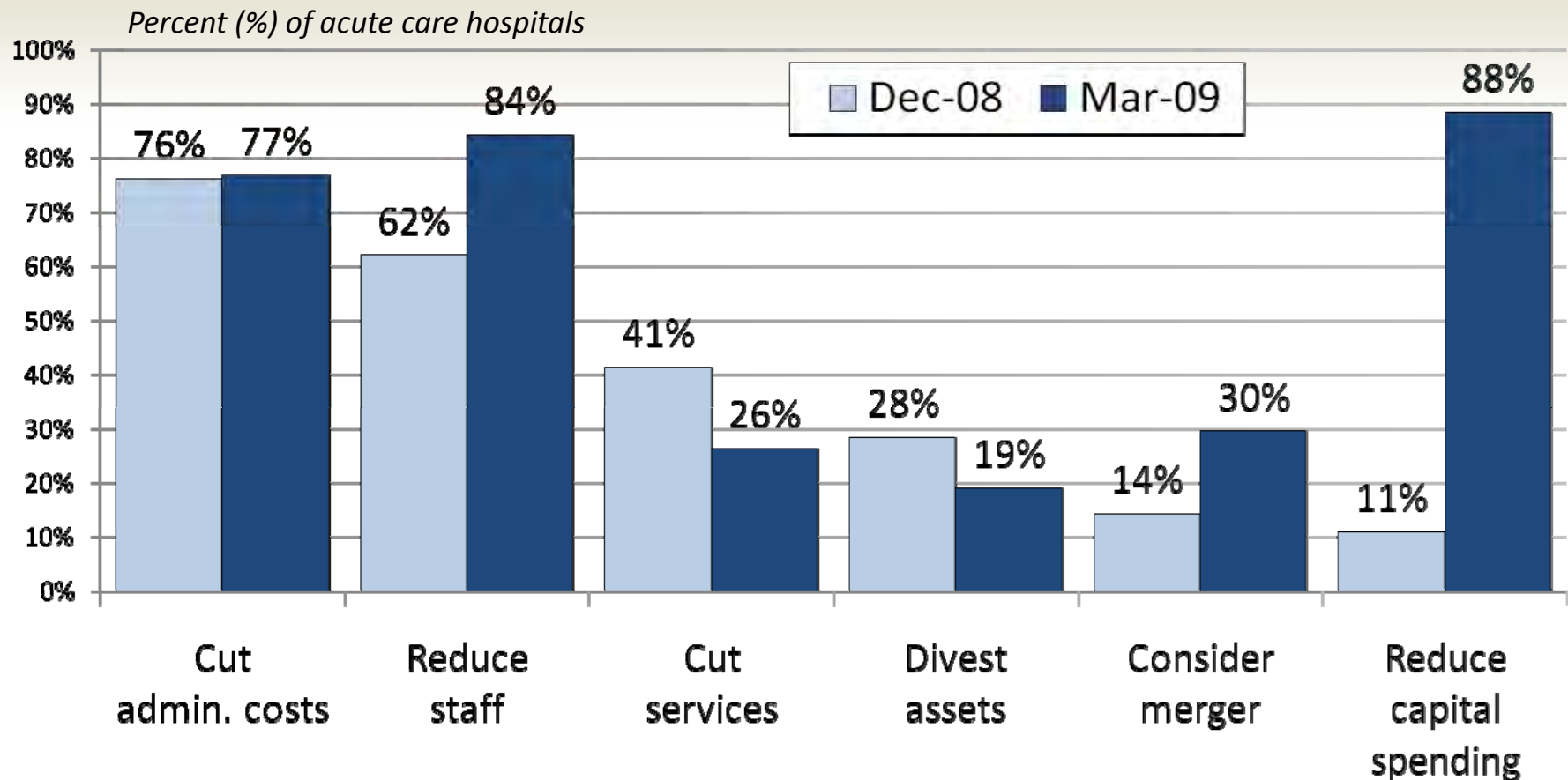
Pennsylvania Hospitals



Source: HAP analysis of Pennsylvania Health Care Cost Containment Council data and HAP member survey, *Impact of Economic Crisis on PA Hospitals*, Dec 2008 and March 2009



Changes Hospitals Have Made or Will Make to Weather Economic Crisis

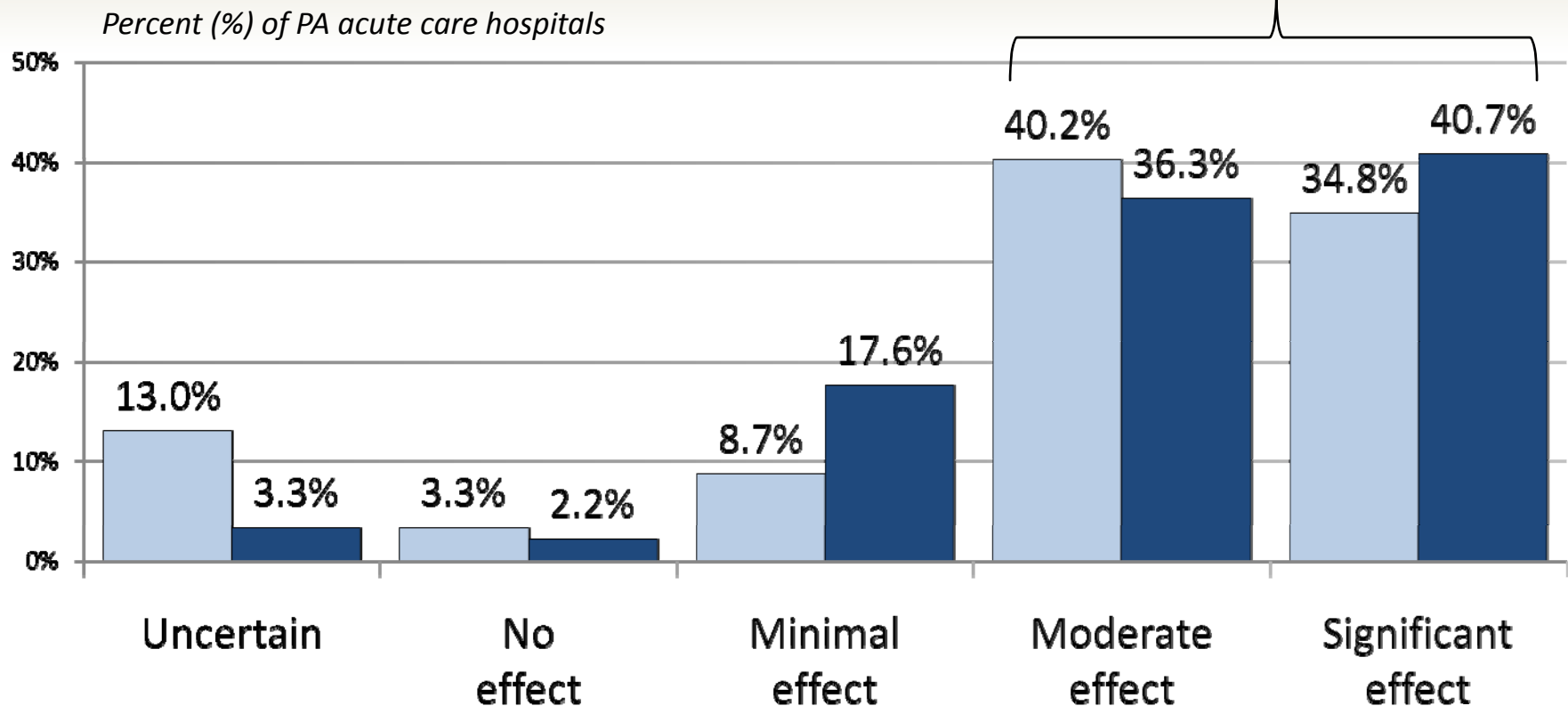


Source: HAP member survey, *Impact of Economic Crisis on PA Hospitals*, Dec 2008 and March 2009



Effect of Economic Crisis on Hospitals' Forecasted* Financial Performance

Combined "moderate" or "significant" effect increased from 75% to 77%.



Source: HAP member survey, *Impact of Economic Crisis on PA Hospitals*, Dec 2008 and March 2009

