

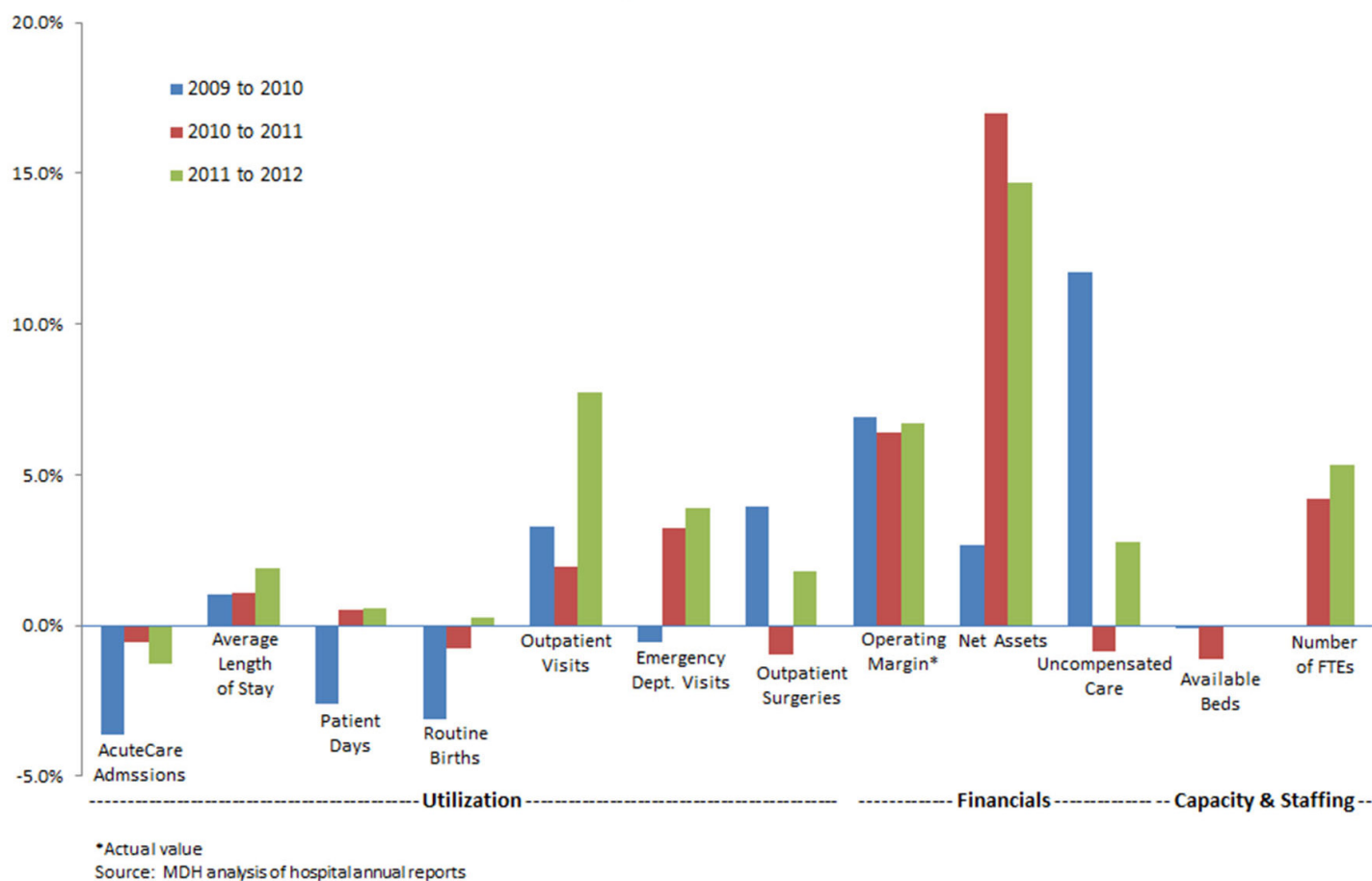
# Trends at Minnesota's Community Hospitals 2009 to 2012

### Introduction

This issue brief continues the analysis of trends and selected indicators at Minnesota's 133 community hospitals, expanded to include the most current four-year period of available data (2009 to 2012). This analysis focuses on trends in utilization, financial performance and health care workforce, drawing on data annually submitted to the Minnesota Department of Health (MDH) by currently operating hospitals in Minnesota.

Figure 1

Trends at Minnesota Community Hospitals, 2009 to 2012  
Percent Change from Previous Year



# Trends at Minnesota Community Hospitals, 2009 to 2012

Table 1

## Trends at Minnesota Community Hospitals, 2009 to 2012

	2009	2010	2011	2012
<b><i>Inpatient Utilization</i></b>				
Acute Care Admissions	592,828	571,371	568,059	560,679
Average Length of Stay (days)	4.17	4.21	4.26	4.34
Patient Days	2,470,578	2,405,989	2,418,312	2,432,198
Routine Births	68,823	66,691	66,171	66,331
<b><i>Outpatient Utilization</i></b>				
Outpatient Visits	9,811,142	10,134,992	10,331,967	11,132,096
Emergency Dept. Visits	1,702,789	1,692,875	1,747,963	1,816,217
Outpatient Surgeries	402,943	418,936	414,931	422,320
<b><i>Financials</i></b>				
Operating Margin*	7.1%	6.9%	6.4%	6.7%
Net Assets (millions)	\$8,406.6	\$8,630.5	\$10,097.1	\$11,581.9
Uncompensated Care (millions)	\$278.1	\$310.8	\$308.1	\$316.7
<b><i>Capacity &amp; Staffing</i></b>				
Available Beds	11,872	11,858	11,724	11,721
Number of FTEs	78,208	78,174	81,458	85,800
<b><u>Growth to Previous Year</u></b>				
	2010	2011	2012	
<b><i>Inpatient Utilization</i></b>				
Acute Care Admissions	-3.6%	-0.6%	-1.3%	
Average Length of Stay	1.0%	1.1%	1.9%	
Patient Days	-2.6%	0.5%	0.6%	
Routine Births	-3.1%	-0.8%	0.2%	
<b><i>Outpatient Utilization</i></b>				
Outpatient Visits	3.3%	1.9%	7.7%	
Emergency Dept. Visits	-0.6%	3.3%	3.9%	
Outpatient Surgeries	4.0%	-1.0%	1.8%	
<b><i>Financials</i></b>				
Operating Margin*	6.9%	6.4%	6.7%	
Net Assets	2.7%	17.0%	14.7%	
Uncompensated Care	11.7%	-0.9%	2.8%	
<b><i>Capacity &amp; Staffing</i></b>				
Available Beds	-0.1%	-1.1%	0.0%	
Number of FTEs	0.0%	4.2%	5.3%	

\*Actual value

Source: MDH analysis of hospital annual reports

### Utilization

There were approximately 561,000 hospitalizations at Minnesota community hospitals in 2012, or about 10,423 hospitalizations for every 100,000 Minnesota residents.<sup>1</sup> Minnesota hospitals saw inpatient admissions continue to decrease in 2012, by 1.3 percent (see Figure 1). The change in admissions largely mirrors national trends of declining inpatient admissions and patient days.<sup>2</sup> In contrast, the total number of patient days and the average length of stay continued to rise in Minnesota in 2012. One aspect of hospital utilization that has recovered since the recession is routine births, which increased by 0.2 percent in 2012 after two years of decline.

Hospital-based outpatient visits remained a strong factor of growth for Minnesota hospitals in aggregate in 2012, rising more than three times faster (7.7 percent) than in the preceding year (1.9 percent). This, along with the observed increase in outpatient surgical cases 2011 to 2012 (2.8 percent, almost 3 times greater) might suggest that there is a shift of less complex care from inpatient to outpatient settings contributing to hospital outpatient growth. This is consistent with the rising length of stay for inpatient admissions, potentially resulting from more complicated care that requires longer stays. Recent evidence from research on the Medicare program also suggests that administrative practices of classifying certain patients in an observation admission status might contribute to the increasing volume of outpatient hospital care and higher acuity of admissions. National Medicare data 2007 to 2009 shows that Minnesota's observation admissions increased 120 percent, while increases in national observation admission rates varied up to 288%.<sup>3</sup>

Minnesota hospital data illustrates that emergency departments were increasingly becoming an important source of Minnesota's hospital admissions accounting for 53.7 percent of all 2012 hospital admissions, up from 49.8 percent in 2009; a growth of 3.9 percent. For the second year in a row, emergency department visits increased in 2012 adding 68,000 more visits, to total over 1.8 million. Again, Minnesota trends somewhat mirror national dynamics; nationally, emergency department visits increased 1.7 percent between 2009 and 2011, compared with 2.7 percent in Minnesota.<sup>4</sup>

### Financials

In aggregate, 2012 again presented a favorable financial picture for Minnesota's hospitals, with an average operating margin of 6.7 percent and a median operating margin of 6.1 percent.<sup>5</sup> During the most recent reported four-year period, the average operating margin peaked at 7.1 percent in 2009. Minnesota hospitals were reportedly more profitable than the nation's hospitals as a whole. Aggregate operating margins for the nation's hospitals were 4.4 percent in 2009 and 5.5 percent in 2010 and 2011.<sup>6</sup>

Net assets also continued to grow in 2012 with Minnesota hospitals holding assets of \$11.6 billion; an increase of 14.7 percent over 2011.<sup>7</sup> Net assets stagnated somewhat during the recession growing only 2.7 percent between 2009 and 2010. Net asset growth then quickly recovered increasing 17.0 percent between 2010 and 2011.

Hospital uncompensated care rose by 2.8 percent in 2012, following a 0.9 percent decline in 2011, and a jump to 11.7 percent in 2010 immediately following the recession.

### Capacity and Staffing

Bed capacity, as in previous years, remained virtually unchanged for Minnesota's hospitals in 2012, with the total number of available beds dropping minimally to 11,721.<sup>8</sup>

Employment at hospitals continued to grow in 2012; hospitals added about 4,342 new full time positions (FTEs), a 5.3 percent increase relative to the previous year. Of this growth in hospital employment, 43% is attributed to increased FTEs in professional medical positions. Registered nurse positions increased by 988 FTEs, followed by mid-level practitioners with 447 FTEs, and 415 new FTEs were added for physicians.

The Health Economics Program conducts research and applied policy analysis to monitor changes in the health care marketplace; to understand factors influencing health care cost, quality and access; and to provide technical assistance in the development of state health care policy.

For more information, contact the Health Economics Program at (651) 201-3550. This issue brief, as well as other Health Economics Program publications, can be found on our website at <http://www.health.state.mn.us/healthconomics>.

## Endnotes

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<sup>1</sup>This includes hospitalizations for individuals who are not residents of Minnesota.

<sup>2,4</sup> "Trendwatch Chartbook 2013", Table 3.3 Appendix 3; American Hospital Association, 2013

<sup>3</sup> "Sharp Rise in Medicare Enrollees Being Held in Hospitals for Observation Raises Concerns About Causes and Consequences", Zhanlian Feng, Brad Wright, and Vincent Mor; Health Affairs, June 2012; Minnesota data in the study reported by Kaiser Health News article titled "Study: Hospital Observation Stays Increase 25 Percent In 3 Years"

<sup>5</sup> Operating margins for Minnesota hospitals during 2012 varied from a negative 28.5% to a high of 27.5%. As in previous years, MDH will be releasing more detailed financial data by hospital as part of its online health care marketplace updates: <http://www.health.state.mn.us/divs/hpsc/hep/chartbook/index.html>

<sup>6</sup> "Trendwatch Chartbook 2013", Table 4.1 Appendix 4; American Hospital Association, 2013

<sup>7</sup>"Net assets" is an accounting term defining the total assets minus the total liabilities, and describes the hospital's financial position.

<sup>8</sup> Available beds are acute care beds that are immediately available for use or could be brought online within a short period of time.

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