



The Economic Crisis: The Toll on the Patients and Communities Hospitals Serve

Survey conducted by:
American Hospital Association and
New Hampshire Hospital Association
January – March 2009

May 15, 2009

Executive Summary

- **The economy is taking its toll on the patients and communities hospitals serve. For the majority of hospitals:**
 - The proportion of emergency department patients without insurance is increasing.
 - A higher proportion of patients are unable to pay for care and many hospitals are seeing more patients covered by Medicaid and other public programs for low income populations.
 - Community need for subsidized services such as clinics, screenings and outreach is increasing even as charitable contributions are down for many hospitals.
- **Almost all of the hospitals in NH have made cutbacks to address economic concerns.**
 - Most have made cuts to administrative expenses.
 - Half have reduced staff.



Executive Summary

- **Despite these actions, 85% of the hospitals in NH are seeing a decline in overall financial health.**
 - In addition, hospitals have seen a dramatic impact on how they operate as system to support critical community services such as clinics and physician practices
 - Collectively, the NH health system has lost over \$400 million in investments since January 2008.
- **Nearly all hospitals report that the capital situation has not improved or is still deteriorating since December 2008.**
 - Hospitals have cut capital spending for new construction or renovations, clinical technology and/or information technology.
- **Stress on physicians is evident as more are seeking the financial support of hospitals (including selling their practices or seeking hospital employment), both in NH and nationally.**

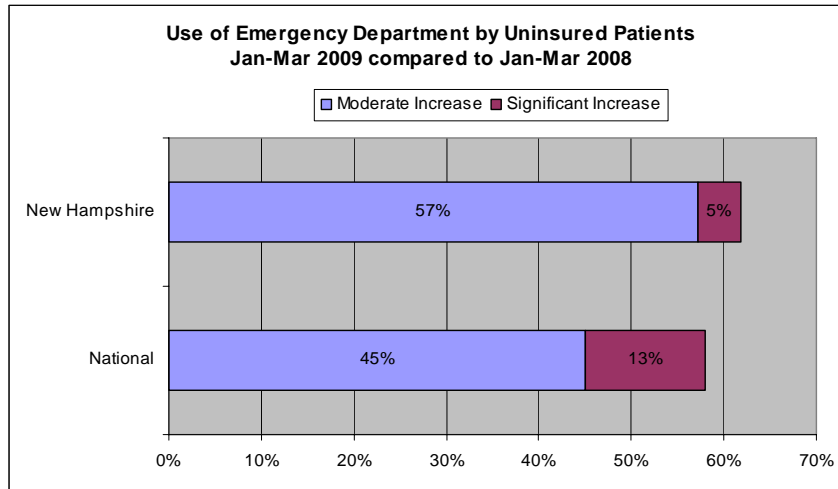


Methodology

- **AHA Survey, The Economic Crisis: Ongoing Monitoring of Impact on Hospitals**
 - Survey was sent to all community hospital CEOs on March 5, 2009 via fax and email.
 - Data was collected through March 27, 2009
 - 1,078 responses were received
 - Respondents were broadly representative of universe of community hospitals
- **NHHA Survey**
 - Utilized the same AHA Survey (as above) and asked all 26 community hospitals CEOs for their participation
 - Data was collected through May 1, 2009
 - 21 responses were received
 - Respondents were broadly representative of community hospitals in New Hampshire
 - Additional financial measures were collected for Jan 2008 – Jan 2009 with 26 hospitals reporting.

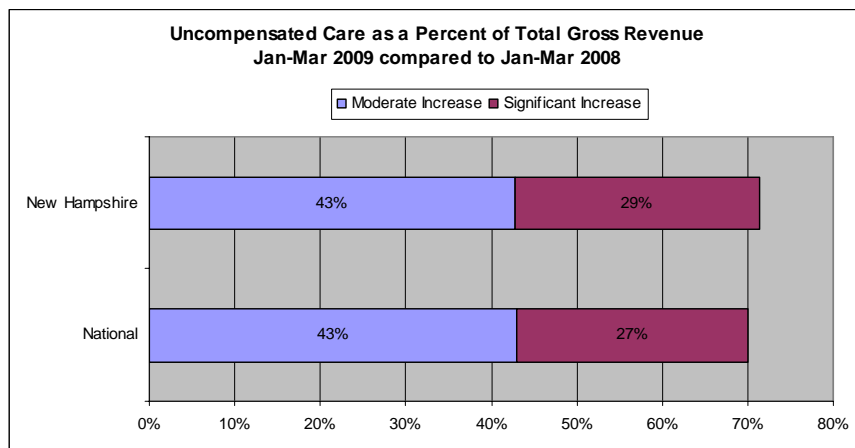


The proportion of emergency department patients without insurance is increasing for 60% of hospitals in NH and nationally



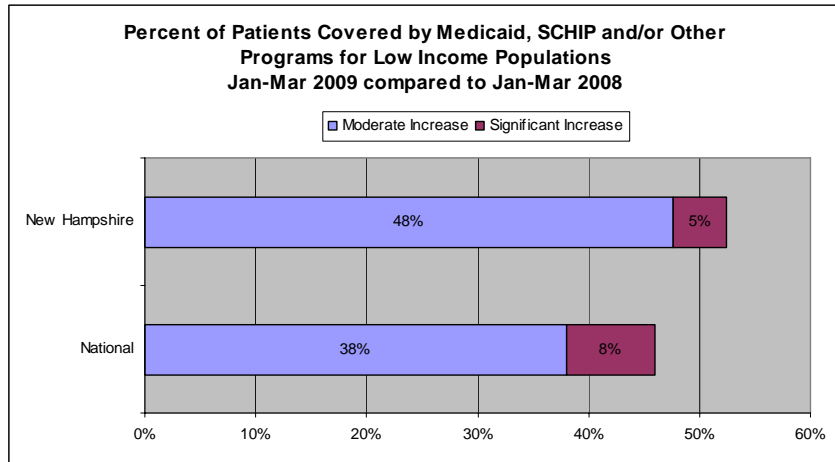
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The proportion of patients unable to pay for care is increasing for many hospitals....



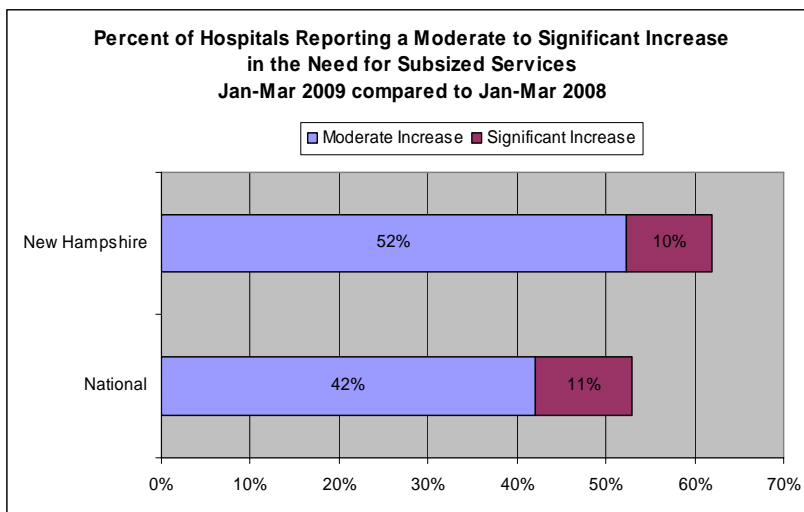
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... as well as the proportion of patients covered by Medicaid or other public programs for low income populations.



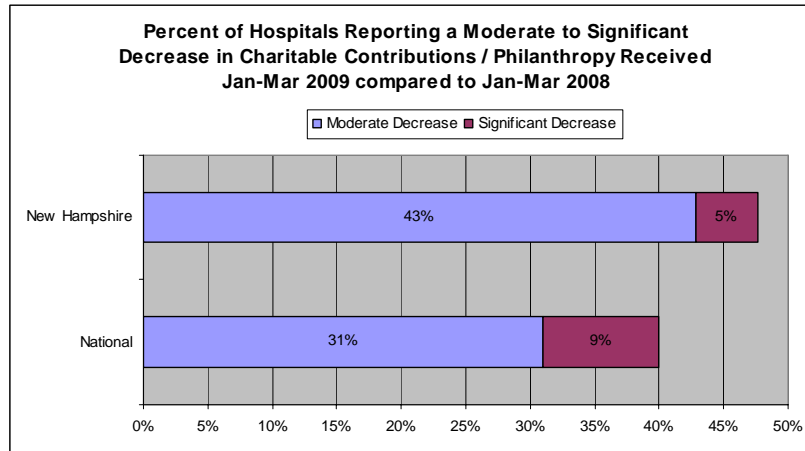
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Over 60% of hospitals in NH are seeing an increased need for subsidized services such as clinics, screenings and outreach...

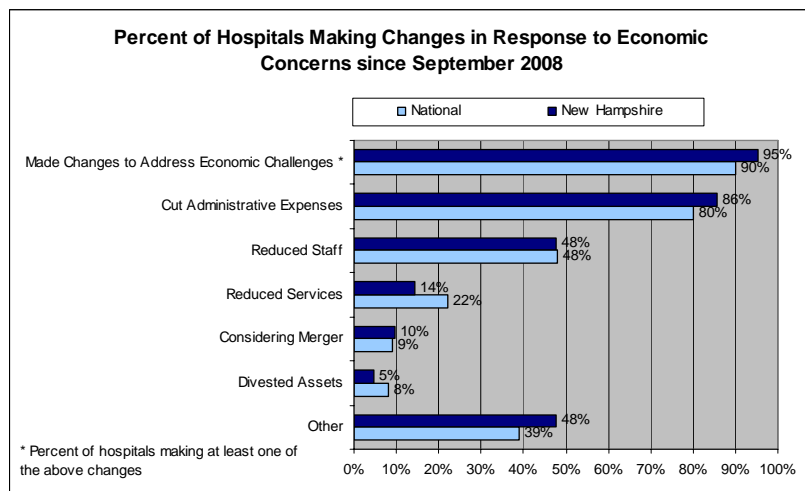


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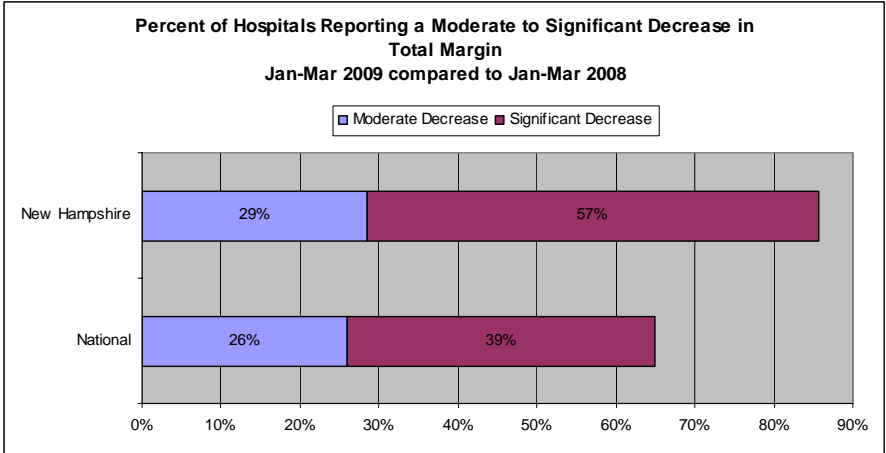
...even while many are receiving less philanthropic support.



95% of hospitals in NH and 9 out of 10 nationally have made cutbacks to address economic challenges.

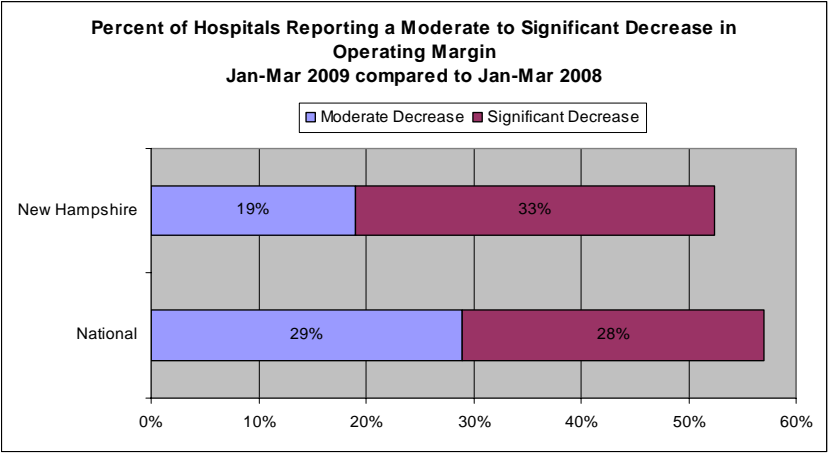


Over 85% of the hospitals in NH are seeing a decline in overall financial health...



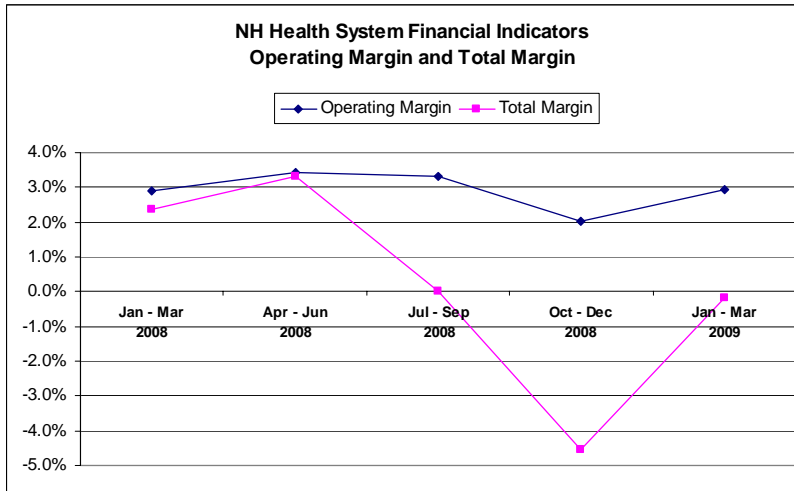
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...and over half have seen a decline in operations.



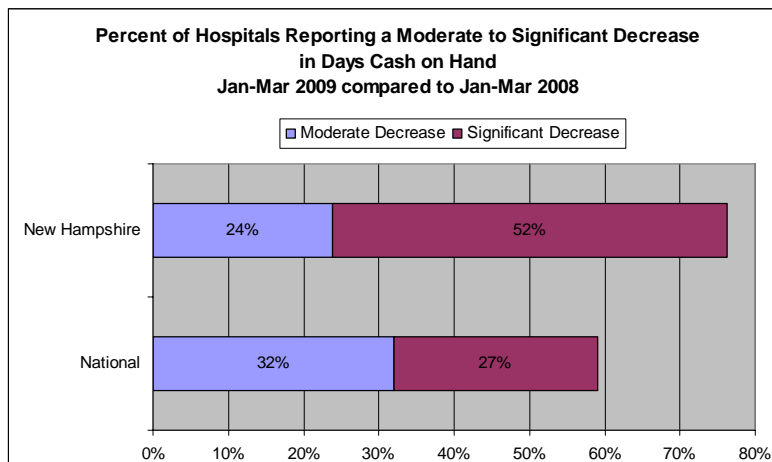
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Hospitals in NH have seen a dramatic impact on how they operate as a system to support critical community services, such as clinics and physician practices.



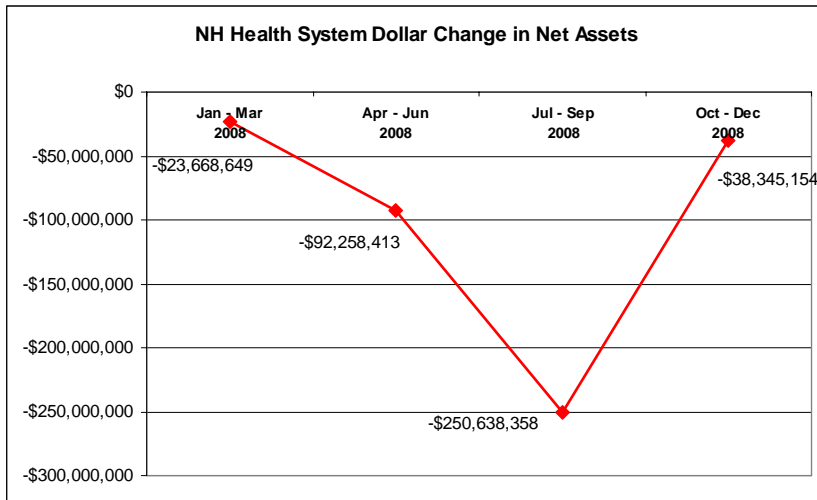
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Financial measures, such as Days Cash on Hand, important to creditors, are slipping. If key measures fall below a certain level, creditors can require immediate repayment of borrowed money....



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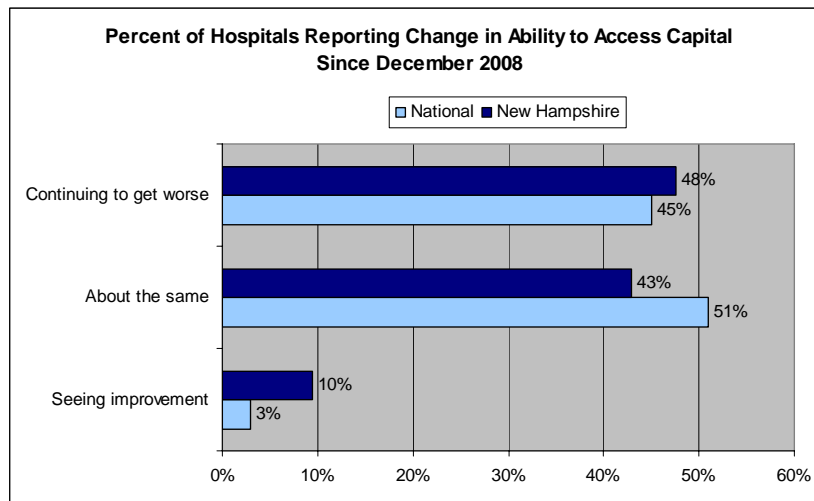
...and NH's health system has lost over \$400 million in investments since Jan. 2008.



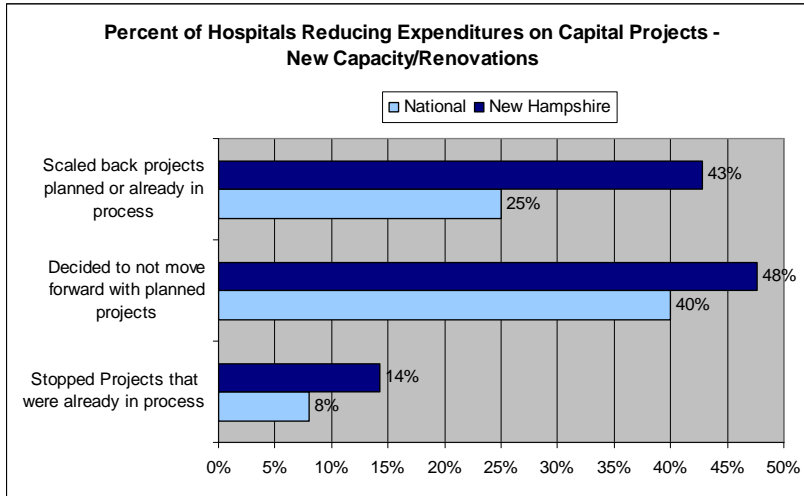
Cumulative loss of \$404 million in Net Assets since Jan 2008



Nearly all hospitals report that the capital situation is either not improving or getting worse.

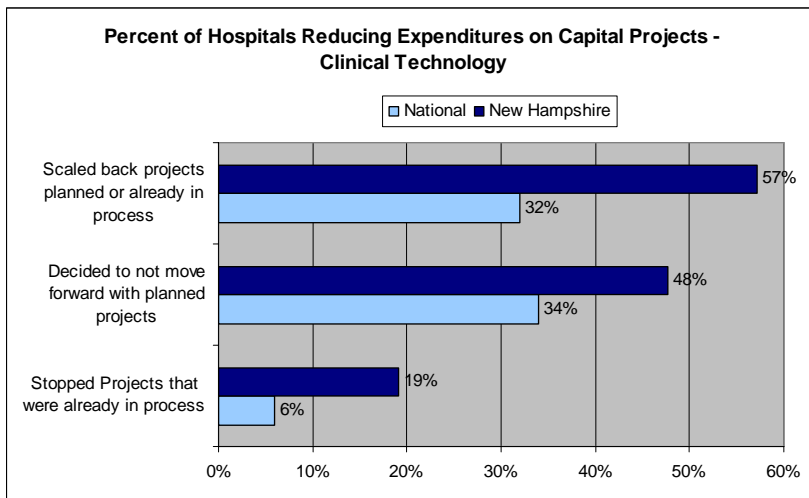


Hospitals have stopped, postponed or scaled back projects planned or already in progress, including new construction or renovations...



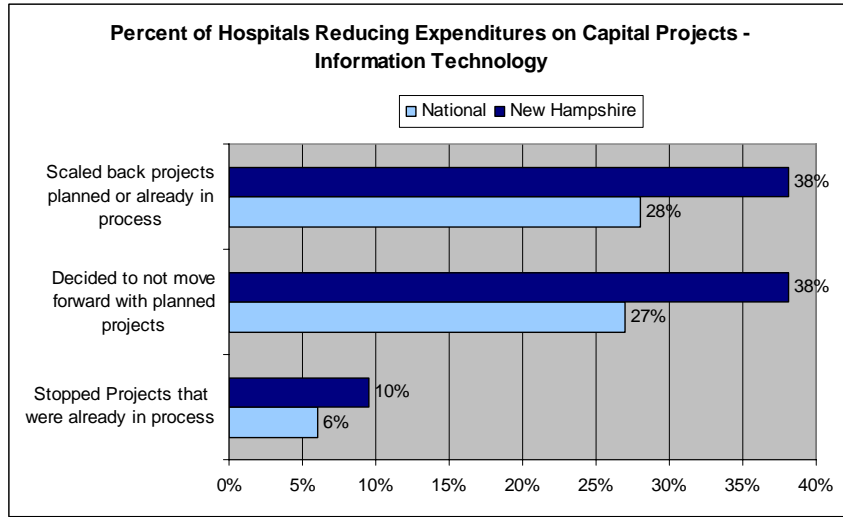
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...clinical technology projects...



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...and information technology projects.



Stress on physicians is evident as more are seeking the financial support of hospitals, both in NH and nationally.

