FACTFILE

Hospital Performance

The annual Truven Health 100 Top Hospitals® identifies U.S. hospitals with the best overall performance across multiple organizational metrics, including clinical, operational, and financial. The ability of some hospitals to adapt as the industry is changing demonstrates leadership as the winners set the standards their peers seek to achieve. Study projections indicate that if the new national benchmarks of high performance were achieved by all hospitals in the United States, nearly 126,500 additional lives could be saved, almost 109,000 additional patients could be complication-free, and $1.8 billion in inpatient costs could be saved.

Better Patient Outcomes

The 100 Top Hospital winners posted better patient outcomes and survival rates. Overall, winners had 6% fewer deaths and 6% fewer complications than expected, considering patient severity, while their nonwinning peers had as many deaths as would be expected and just 2% fewer complications than expected. A patient safety index of 0.84 tells us that the winning hospitals had 16% fewer adverse patient safety events than expected, while their peers had 6% fewer adverse events than expected.

Better Efficiency

Patients treated at 100 Top Hospitals returned home sooner and at lower costs. Winning hospitals had a median average length of stay more than half a day shorter than their peers’ median: 4.3 days compared to 4.9 days. Similarly, the expense per discharge averaged $199 less at winning hospitals: $6,341 vs. $6,540 per inpatient stay.

Distribution of Health Care Expenditures

The share of expenditures that goes to hospital care is about 36.3% of all healthcare expenditures in the United States, or nearly $759 billion. By state, the dollar amounts range from a high of nearly $77 billion in California to a low of about $1.6 billion in Wyoming.

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Notes: Hospital care covers all services provided by hospitals to patients. These include room and board, ancillary charges, services of resident physicians, inpatient pharmacy, hospital-based nursing home and home healthcare, and any other services billed by hospitals in the United States. The value of hospital services is measured by total net revenue, which equals gross patient revenues (charges) less contractual adjustments, bad debts, and charity care. It also includes government tax appropriations as well as nonpatient and nonoperating revenues.


Upcoming Topic:
Revenue Cycle Management

Facts File Partner:
LIMITED PERFORMANCE IMPROVEMENT OVER TIME

In recent years, U.S. hospitals overall (winners and nonwinners) have not been able to significantly improve performance across the entire balanced scorecard. However, over the years studied (2009–2013), there were a few noteworthy performance improvements for specific measures. Nearly 59% of hospitals had significant improvement in adherence to mean core measures, and almost 44% significantly improved their 30-day readmission rates, likely a result of the attention these measures are getting in payment systems. And while nearly 10% of hospitals significantly improved their inpatient mortality rates, more than 11% had statistically significant worsening of their 30-day mortality rates. On the operating efficiency front, nearly 21% of hospitals had a significant increase in expense per discharge, while less than 3% were able to drive significant decreases in expenses per discharge.

LOWER MEDICARE COST PER EPISODE

Medicare spend per beneficiary is a CMS metric and a proxy for the cost of an episode of care for Medicare patients (including indemnity-type Medicare episodes only and not Medicare Advantage). Winning hospitals had a MSPB index 2 percentage points lower than nonwinning hospitals, -3% compared to -1%.

BETTER 30-DAY READMISSIONS

Winning hospitals had lower 30-day readmission rates for heart attack, heart failure, pneumonia, and hip and/or knee arthroplasty. These measures are part of CMS’ value-based purchasing program and are watched closely in the industry. Hospitals with lower rates appear to be providing care with better medium-term results for these conditions. The greatest difference, 0.7 points, was recorded in the heart failure category.

HEALTHIER OPERATING MARGINS

Overall, winning hospitals had a median operating margin that was nearly 11 percentage points higher than nonwinning hospitals (14.4% versus 3.6%). This positive financial performance was most dramatic in the small and medium community hospital groups, where winners had margins that were 15.4 and 13.5 percentage points higher than nonwinners, respectively. Major teaching hospital winners had the lowest median operating margin of any winning group at 9.5%.