

## EXHIBIT 1.1 Characteristics of U.S. Community Hospitals

### Characteristics of U.S. Community Hospitals, 1997 and 2009

UTILIZATION, CHARGES, AND COSTS	1997	2009
<b>Stays</b>		
Total stays in millions	34.7	39.4
Number of stays per 10,000 population*	1,278	1,284
Total days of care in millions	168.1	180.6
Average length of stay in days	4.8	4.6
<b>Percent of discharges from:</b>		
Metropolitan hospitals	84%	86%
Teaching hospitals	47%	46%
<b>Hospital ownership</b>		
Non-Federal government hospitals	14%	13%
Private not-for-profit hospitals	73%	71%
Private for-profit hospitals	13%	14%
<b>Charges and costs †</b>		
<b>Charges</b>		
Average charges per stay	\$11,300	\$30,700
Average inflation-adjusted charges per stay in 2009 dollars**	\$14,600	\$30,700
<b>Costs</b>		
Total aggregate costs in billions	\$177.1	\$361.5
Average costs per stay	\$5,100	\$9,200
Inflation-adjusted costs in 2009 dollars**		
Total aggregate costs in billions	\$229.6	\$361.5
Average costs per stay	\$6,600	\$9,200

\* Calculated using resident population for July 2009 from the U.S. Bureau of the Census, retrieved on June 27, 2011 (<http://www.census.gov/popest/national/asrh/2009-nat-res.html>).

† Charges represent amounts billed by hospitals. These amounts are seldom paid in full by insurers or patients. Costs are calculated from charges using reported cost-to-charge ratios calculated from information on Medicare Cost Reports, submitted by hospitals to the Centers for Medicare and Medicaid Services (CMS).

\*\* Adjusted for inflation using the GDP deflator (<http://www.bea.gov/national/nipaweb/SelectTable.asp>, Table 1.1.4. Price Indexes for Gross Domestic Product).

Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1997 and 2009.

Hospital costs rose rapidly and hospital characteristics changed slowly over time.

- The number of hospital stays increased from 34.7 million in 1997 to 39.4 million in 2009, a 14-percent increase overall, or an average annual increase of 1.1 percent. However, the rate of hospitalizations remained unchanged between 1997 and 2009: there were 1,278 hospital stays for every 10,000 persons in the United States in 1997 and 1,284 stays per 10,000 persons in 2009.
- The percent of community hospital stays changed little in terms of metropolitan location, teaching status, and type of ownership between 1997 and 2009. Most hospital stays (86 percent) were in facilities located in metropolitan areas, nearly half were in teaching hospitals, and almost three-quarters were in private not-for-profit facilities.

- Average inflation-adjusted charges per stay—what patients are billed for their rooms, nursing care, diagnostic tests, procedures, and other services—rose from \$14,600 in 1997 to \$30,700 in 2009. Few patients or insurers paid those amounts because of discounts negotiated with hospitals.
- Between 1997 and 2009, the aggregate inflation-adjusted costs for hospitalizations—the actual costs of producing hospital services—increased 57 percent. Costs rose from \$229.6 billion to \$361.5 billion—an average annual increase of 3.9 percent.