



# CRC Memorandum

## MICHIGAN HOSPITAL FINANCES: FISCAL YEARS 1998-2002

### In Brief

- Michigan hospitals taken together showed revenues from all sources exceeding expenses resulting in surpluses of \$863.1 million in 1998, \$635.4 million in 2000, \$270.1 million in 2001 and \$169.7 million in 2002 and surplus as a percent of net patient revenue dropped from 6.3 percent to 1.1 percent. Of the 149 hospitals covered in this report, 65 showed a surplus in net income from patient care in 1998 compared with 45 in 2000, 51 in 2001 and 65 in 2002.
- Losses from net patient services income dropped from a high of \$821.8 million in 2000 to \$484.2 million in 2002 while income from other than patient services such as investment and contributions fell from a 2000 high of nearly \$1.5 billion to \$654.0 million in 2002.
- By and large, reimbursements for inpatient and outpatient care do not cover the costs of providing that care as reflected in net patient revenue from services. The deficit gap increased from \$355.4 million in 1998 to \$821.8 million in 2000 before lessening to \$484.2 million in 2002.
- When non-patient services income is added, 118 of the 149 hospitals showed surpluses in 1998, 100 showed surpluses in both 2000 and 2001, and 107 did so in 2002.
- With the exception of Genesee in 2001 and 2002 and Southeast Michigan in 2002, all health systems areas (see **Map 1** on page 15) experienced overall surpluses in each year in the aggregate.
- The City of Detroit health sub-area of the Southeast area, showed deficits each year – \$18.2 million in 1998, \$55.9 million in 2000, \$47.5 million in 2001, and \$71.4 million in 2002.

### Summary Financial Results

Summary financial results of Michigan hospitals for fiscal years ending in 1998, 2000, 2001 and 2002 are shown in **Table 1**:

**Table 1**  
**Summary Finances of Michigan Hospitals:**  
**Fiscal Years ending 1998, 2000, 2001 and 2002**  
 (Dollars in Millions)

	1998	2000	2001	2002	Cumulative Total 2000-2002	Difference 1998 vs. 2002		Difference 2000 vs. 2002		Difference 2001 vs. 2002	
						Amount	Percent	Amount	Percent	Amount	Percent
Inpatient revenue	\$13,509.5	\$14,526.1	\$15,382.2	\$16,893.6	\$46,801.9	\$3,384.1	25.0	\$2,367.5	16.3	\$1,511.4	9.8
Outpatient revenue	9,411.5	11,138.0	11,998.7	13,694.8	36,831.6	4,283.3	45.5	2,556.8	23.0	1,696.1	14.1
Total patient revenue	22,921.0	25,664.1	27,380.9	30,588.4	83,633.5	7,667.4	33.5	4,924.3	19.2	3,207.5	11.7
Contractual allowances & discounts	9,261.7	11,611.4	12,894.1	14,884.0	39,389.6	5,622.3	60.7	3,272.6	28.2	1,989.9	15.4
Net patient revenue (NPR)	13,659.3	14,052.7	14,486.8	15,704.4	44,243.9	2,045.1	15.0	1,651.7	11.8	1,217.6	8.4
Total operating expenses	14,014.8	14,874.4	15,152.5	16,188.6	46,215.6	2,173.9	15.5	1,314.2	8.8	1,036.1	6.8
Net patient revenue from services	(355.4)	(821.8)	(665.7)	(484.2)	(1,971.7)	(128.8)	36.2	337.5	(41.1)	181.5	(27.3)
Other income and expenses (OIE)	1,218.5	1,457.2	935.8	654.0	3,047.0	(564.5)	(46.3)	(803.2)	(55.1)	(281.9)	(30.1)
Surplus/deficit	863.1	635.4	270.1	169.7	1,075.2	(693.3)	(80.3)	(465.7)	(73.3)	(100.4)	(37.2)
Contractual allowance and discounts as a percent of total patient revenue	40.4%	45.2%	47.1%	48.7%							
Other income and expense as a percent of total revenue (NPR + OIE = Total)	8.2%	9.4%	6.1%	4.0%							
Surplus as percent of net patient revenue	6.3%	4.5%	1.9%	1.1%							
Surplus as a percent of total revenue	5.8%	4.1%	1.8%	1.0%							

All other income and expenses for 2000 includes a \$325.3 million amount recorded by the University Health System at the University of Michigan largely resulting from market value and investment adjustments.

Source: Medicaid cost reports filed with the Michigan Department of Community Health

## Citizens Research Council of Michigan

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Between 1998 and 2002 hospital net patient revenues grew by \$2.0 billion (15.0%) while patient service expenses rose \$2.2 billion

(15.5%). With revenue from other than patient services falling by \$564.5 over the period, the state-wide overall surplus declined by

\$693.6 million between 1998 and 2002 to \$169.7 million. The 2002 surplus represents 1.1% of state-wide net patient revenues.

### Income from Patient Services

The majority of hospitals in Michigan are losing money caring for patients but, taken together, hospitals have shown improvement in 2002 and 2001 compared with 2000. Still 2002 losses are \$128.8 million higher than they were in 1998. In total, hospital deficits from providing patient services, both inpatient and outpatient, went from \$355.4 million in 1998 to

\$821.8 million in 2000 before decreasing to \$665.7 million in 2001 and \$484.2 million in 2002.

In 1998, 65 hospitals showed surpluses from net patient services income totaling \$197.5 million while 84 hospitals had deficits totaling \$552.9 million. In 2000, 45 hospitals showed surpluses from net patient

services income totaling \$107.3 million while 104 hospitals had deficits totaling \$929.1 million. In 2001, 51 hospitals had surpluses in net patient services income of \$114.8 million and 95 hospitals had deficits totaling \$780.6 million. For 2002, 65 hospitals showed surpluses totaling \$181.0 million and 82 had deficits totaling \$665.3 million.

### About the Data

Each year hospitals participating in the Medicare and Medicaid programs file cost reports and supplemental data with the federal and state governments. These reports provide verification of past reimbursement amounts and are used by the state to set future payments for the Medicaid program. The following tables and analyses are based on information files for the years 1998, 2000, 2001 and 2002. This memorandum does not include psychiatric hospitals and reflects the closings, mergers and other organizational changes that occurred over the five years. Overall financial results for 149 hospitals are included for years 1998 and 2000 and for 147 hospitals in 2000 and 2001. Data for each year reflect results for individual hospitals fiscal years from October 1 through September 30 – the state fiscal year.

### Hospital Specific Data

Surplus/Deficit results for 149 individual hospitals are shown below in **Table 2** (two hospitals reflected in 2000 amounts are not shown for 2001 and 2002 due to a closing (Mercy Hospital Detroit) and an organizational change (NextCare Hospital of Muskegon)). Hospitals are those with a unique Medicare and Medicaid identification number. In some cases, separate facility locations are included in the data of the legal entity with the unique identifier.

### Data Characteristics

Hospital fiscal years end at different times (most are either December 31 or June 30) so that the impact of a particular federal or state policy change or reimbursement alteration or change in economic climate can be reflected unevenly in the data of different hospitals. Hospitals may also file amended reports and the data in this memorandum may not reflect these.

Certain hospital entities have merged, changed names and/or received new identification numbers between 1998 and 2002. In these cases, the 2002 name and identifier are used.

The data in this report are derived from cost reports that are audited for compliance to independent auditor statements.

One-time income and/or expense events occur. Reimbursement from Medicare and Medicaid are sometimes in dispute for a period of years with the final result being recorded in a single year. Large bequests are required to be recorded in their entirety in the year a hospital is given the commitment although actual receipts may be spread across future time periods. Bad debt write-offs may fluctuate from one year to the next.

While psychiatric hospitals are not included, many hospitals included do provide psychiatric services and those revenues and costs are reflected in the data.

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Table 2 sorted:
Alphabetically
Health Planning System Area

**Table 2**  
**Summary Finances of Individual Michigan Hospitals:**  
**Fiscal Years 1998, 2000, 2001 and 2002**

Hospital Name 2002	1998		2000		2001		2002		Cumulative Surplus (Deficit) 2000-2002	
	Surplus (Deficit)	Rank	Surplus (Deficit)	Rank	Surplus (Deficit)	Rank	Surplus (Deficit)	Rank	Surplus (Deficit)	Rank
Borgess Hospital (b)	\$21,264,000	16	\$25,665,658	7	\$22,798,838	4	\$55,878,861	1	\$104,343,357	3
Children's Hospital of Michigan (d)	31,732,997	10	37,019,811	5	22,957,962	3	29,130,028	2	89,107,801	4
Bronson Methodist Hospital (c)	30,991,516	11	23,789,328	8	20,056,135	5	22,663,000	3	66,508,463	8
St. John Hospital (l)	39,249,503	7	46,758,337	2	19,842,253	6	21,955,669	4	88,556,259	5
Spectrum Health (k)	65,053,482	2	36,876,905	6	51,425,160	1	20,636,062	5	108,938,127	2
St. Joseph Mercy Hospital - Ann Arbor (m)	48,841,000	3	20,042,095	10	7,234,429	20	18,427,922	6	45,704,446	10
Sinai-Grace Hospital (d)	(21,225,009)	147	(49,384,308)	148	(528,075)	117	16,850,000	7	(33,062,383)	146
North Oakland Medical Center	(2,612,829)	139	(1,208,798)	127	(4,414,891)	139	15,598,132	8	9,974,443	37
Lakeland Hospital - St. Joseph	16,392,204	19	15,195,051	12	19,495,167	9	14,993,095	9	49,683,313	9
Mt. Clemens General Osteopathic Hospital	7,003,381	31	5,271,538	28	5,494,853	24	12,099,398	10	22,865,789	17
St. Mary's Mercy Medical Center (Grand Rapids) (m)	18,871,160	18	13,523,165	14	10,385,126	14	12,017,479	11	35,925,770	13
Edward W. Sparrow Hospital (j)	13,188,788	21	(741,347)	118	7,866,690	19	10,503,882	12	17,629,225	24
Oakwood Hospital and Medical Center (i)	43,877,304	6	5,150,809	30	5,882,868	23	10,181,108	13	21,214,785	20
Forest Health Medical Center, Inc.	(1,623,917)	138	(17,296,594)	146	4,914,480	28	9,638,965	14	(2,743,149)	129
William Beaumont Hospital - Troy (n)	11,752,073	24	10,428,788	21	9,113,442	15	9,504,304	15	29,046,534	14
William Beaumont Hospital - Royal Oak (n)	44,892,185	5	41,221,002	4	26,987,731	2	9,449,039	16	77,657,772	6
Holland Community Hospital	12,635,385	22	12,173,590	19	823,247	73	6,561,553	17	19,558,390	21
St. Joseph Mercy Hospital & Health Services (m)	10,827,631	25	4,958,886	31	3,855,062	32	6,105,693	18	14,919,641	27
St. Mary's Medical Center - Saginaw	23,794,542	12	7,857,006	25	8,628,138	16	5,991,482	19	22,476,626	18
St. John Oakland Hospital (l)	5,562,129	36	13,937,250	13	4,772,604	29	5,689,450	20	24,399,304	16
Bay Medical Center (f)	5,499,425	37	(2,796,142)	135	(13,144,979)	142	5,409,849	21	(10,531,272)	140
McLaren General Hospital (f)	13,561,788	20	9,602,776	22	(13,264,614)	143	4,683,079	22	1,021,241	89
St. Joseph Mercy Saline Hospital (m)	5,851,000	34	7,874,000	24	5,255,035	26	4,599,765	23	17,728,800	23
Cottage Hospital of Grosse Pointe (a)	(3,039,420)	140	3,325,573	42	3,652,603	36	4,506,612	24	11,484,788	34
Battle Creek Health System (m)	12,408,483	23	(13,931,459)	144	1,633,274	57	4,370,064	25	(7,928,121)	137
Crittenton Hospital	22,941,296	14	13,505,926	15	19,531,094	8	4,361,436	26	37,398,456	12
Garden City Osteopathic Hospital	5,216,693	39	(4,821)	101	(3,728,012)	137	4,311,709	27	578,876	97
Rehabilitation Institute (d)	3,246,000	48	1,387,208	61	6,868,411	21	4,283,431	28	12,539,050	31
Huron Valley - Sinai Hospital (d)	7,078,187	30	(11,608,000)	143	(315,632)	108	4,235,000	29	(7,688,632)	136
Gratiot Community Hospital	2,904,395	53	2,938,565	46	4,124,412	31	4,174,397	30	11,237,374	35
Detroit Receiving Hospital (d)	37,105,640	8	45,630,000	3	19,202,267	10	4,154,894	31	68,987,161	7
St. John Macomb Hospital (l)	544,836	91	4,344,096	35	3,199,103	39	4,121,784	32	11,664,983	33
Dickinson County Memorial Hospital	(637,990)	132	1,750,952	56	3,538,688	38	4,117,959	33	9,407,599	38
Mercy Memorial Hospital	6,152,906	32	3,354,086	41	3,647,704	37	4,116,943	34	11,118,733	36
Henry Ford Wyandotte Hospital (e)	10,118,000	27	12,495,000	18	5,270,997	25	4,020,518	35	21,786,515	19
Bon Secours Hospital (a)	4,135,817	43	4,270,531	36	5,026,234	27	3,809,584	36	13,106,349	30
Genesys Regional Medical Ctr-Flint Osteo Campus	(27,935,592)	148	(10,532,973)	142	(26,883,130)	145	3,802,047	37	(33,614,056)	147
Marquette General Hospital	10,599,786	26	13,215,390	16	1,011,618	67	3,235,054	38	17,462,062	25
Hackley Hospital	5,105,341	40	1,653,659	57	(1,969,187)	129	3,121,080	39	2,805,552	71
Munson Medical Center (h)	34,716,290	9	13,082,694	17	8,525,610	18	3,112,832	40	24,721,136	15
Hayes Green Beach Memorial Hospital	1,037,443	77	(70,123)	104	1,998,690	49	2,918,075	41	4,846,642	53
Spectrum Health - Reed City Campus (k)	362,868	97	(2,243,941)	134	(438,586)	114	2,678,939	42	(3,588)	104
Zeeland Community Hospital	1,483,017	68	1,034,821	67	1,648,473	56	2,652,061	43	5,335,355	49
Grand View Hospital	297,396	102	192,902	92	2,075,419	47	2,619,163	44	4,887,484	52
Great Lakes Regional Rehab Hospital	275,631	104	(1,335,516)	129	(320,598)	110	2,603,717	45	947,603	90
Providence Hospital (l)	23,644,243	13	21,556,549	9	13,927,672	13	2,555,145	46	38,039,366	11
Metropolitan Hospital - Grand Rapids	(1,329,017)	137	3,769,617	38	6,066,427	22	2,508,979	47	12,345,023	32
Central Michigan Community Hospital (j)	898,647	79	(2,986,055)	136	(1,357,868)	125	2,504,153	48	(1,839,770)	125
Lake View Community Hospital	1,917,494	61	1,530,630	59	2,513,332	44	2,367,558	49	6,411,520	45
Mary Free Bed Guild	3,285,451	47	2,098,329	49	2,860,588	42	2,345,215	50	7,304,132	42
Ingham Regional Medical Center (f)	10,058,226	28	(6,708,582)	140	8,545,190	17	2,184,000	51	4,020,608	59
Mercy Hospital - Cadillac (m)	1,270,455	74	307,074	83	999,974	68	2,141,174	52	3,448,222	64
Port Huron Hospital	3,558,128	46	2,521,761	48	3,778,196	33	1,930,691	53	8,230,648	41
Mercy General Health Partners (m)	2,145,893	60	(7,133,521)	141	1,530,495	58	1,898,329	54	(3,704,697)	131
Oakwood Annapolis Hospital (i)	(3,210,784)	141	4,566,807	32	435,509	83	1,864,278	55	6,866,594	43

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**Table 2 (continued)**

<b>Hospital Name 2002</b>	<b>1998</b>		<b>2000</b>		<b>2001</b>		<b>2002</b>		<b>Cumulative</b>	
	<b>Surplus (Deficit)</b>	<b>Rank</b>	<b>Surplus (Deficit)</b>	<b>Rank</b>	<b>Surplus (Deficit)</b>	<b>Rank</b>	<b>Surplus (Deficit)</b>	<b>Rank</b>	<b>Surplus (Deficit)</b>	<b>Rank</b>
Chelsea Community Hospital	\$1,226,635	76	(\$ 676,004)	116	\$ 801,035	74	\$1,835,891	56	\$1,960,922	78
St. John River District Hospital (l)	701,954	85	650,046	78	823,575	72	1,781,653	57	3,255,274	65
West Shore Medical Center	1,599,902	65	3,882,158	37	3,084,375	40	1,773,301	58	8,739,834	39
Kalkaska Memorial Health Center (h)	433,828	96	91,365	94	1,239,255	63	1,764,306	59	3,094,926	67
Oaklawn Hospital	1,548,472	67	3,754,163	39	1,046,597	65	1,733,480	60	6,534,240	44
Mid Michigan Medical Center-Gladwin (g)	503,510	93	625,742	79	1,472,717	60	1,678,662	61	3,777,121	61
Gerber Memorial Hospital	3,006,319	50	1,833,339	55	(599,597)	119	1,566,612	62	2,800,354	72
Huron Memorial Hospital	2,422,724	56	(281,694)	109	674,968	77	1,528,312	63	1,921,586	80
Portage Health Systems	2,379,239	57	1,439,865	60	1,746,273	55	1,456,091	64	4,642,229	55
Scheurer Hospital	1,635,083	64	1,206,069	63	1,474,171	59	1,429,166	65	4,109,406	58
Allegan General Hospital	1,749,316	62	1,947,600	53	1,797,003	52	1,424,750	66	5,169,353	51
Harbor Beach Community Hospital	320,423	100	(403,783)	111	(1,134,602)	124	1,415,221	67	(123,164)	108
Charlevoix Area Hospital	477,794	95	971,858	69	1,191,941	64	1,406,131	68	3,569,930	63
Chippewa War Memorial Hospital	196,572	110	814,424	74	903,774	70	1,369,347	69	3,087,545	68
Tawas St. Joseph Hospital	(275,154)	123	125,167	93	1,752,859	54	1,361,553	70	3,239,579	66
Northern Michigan Hospitals, Inc.	4,655,938	41	(793,591)	119	(1,980,715)	130	1,357,255	71	(1,417,051)	121
Bronson Vicksburg Hospital (c)	1,382,484	72	1,227,376	62	1,427,383	61	1,310,306	72	3,965,065	60
Francis Bell Memorial Hospital	2,634,417	54	3,056,075	45	2,040,804	48	1,300,579	73	6,397,458	46
Otsego County Memorial Hospital	575,348	88	679,727	77	900,952	71	1,239,008	74	2,819,687	70
Hillsdale Community Health Center (b)	1,461,955	70	614,808	80	509,381	81	1,216,082	75	2,340,271	73
Community Hospital - Watervliet (b)	557,154	89	70,207	97	262,775	91	1,173,840	76	1,506,822	84
Community Health Center (b)	4,066,551	44	3,131,407	44	1,040,456	66	1,114,376	77	5,286,239	50
Mid-Michigan Medical Center-Clare (g)	604,368	87	1,162,263	64	1,911,881	50	1,095,349	78	4,169,493	57
South Haven Community Hospital	2,170,182	59	1,874,091	54	1,908,467	51	1,053,780	79	4,836,338	54
Three Rivers Area Hospital (b)	246,014	106	216,923	90	105,744	97	934,586	80	1,257,253	86
Straith Memorial Hospital	324,692	99	(111,950)	105	422,798	86	925,372	81	1,236,220	87
Marlette Community Hospital	1,558,220	66	1,010,286	68	(225,926)	107	832,402	82	1,616,762	82
Eaton Rapids Medical Center	539,201	92	809,493	75	587,598	80	759,701	83	2,156,792	74
Healthsource Saginaw	(976,414)	136	(1,264,512)	128	(368,200)	112	725,702	84	(907,010)	118
Keweenaw Memorial Medical Center	42,674	117	918,571	71	626,365	79	581,456	85	2,126,392	75
Caro Community Hospital	293,899	103	(501,814)	113	31,695	99	568,701	86	98,582	102
Sheridan Community Hospital	690,355	86	873,512	72	(108,248)	103	561,248	87	1,326,512	85
Sturgis Memorial Hospital	964,819	78	272,605	86	1,296,925	62	553,769	88	2,123,299	76
West Branch Regional Medical Center	2,374,133	58	(1,723,063)	132	(439,693)	115	452,793	89	(1,709,963)	124
Helen Newberry Joy Hospital	192,404	111	(43,078)	103	459,762	82	452,536	90	869,220	91
Iron County General Hospital	309,946	101	203,398	91	428,044	85	440,991	91	1,072,433	88
Southwestern Michigan Rehabilitation	(38,128)	119	90,914	95	(504,083)	116	407,633	92	(5,536)	105
Munising Memorial Hospital	239,091	107	241,998	87	(20,093)	101	407,253	93	629,158	94
St. John - North Shores Hospital (l)	(73,483)	121	282,161	85	(838,485)	123	370,260	94	(186,064)	109
Pontiac Osteopathic Hospital	484,565	94	(2,225,371)	133	(1,511,233)	126	331,347	95	(3,405,257)	130
Standish Community Hospital	872,827	81	1,094,436	65	289,156	89	329,055	96	1,712,647	81
Pennock Hospital	3,761,303	45	4,440,461	33	(1,815,035)	128	295,842	97	2,921,268	69
Schoolcraft Memorial Hospital	(252,658)	122	(173,801)	106	308,137	88	290,079	98	424,415	98
Cheboygan Memorial Hospital	352,381	98	219,629	89	(380,616)	113	282,829	99	121,842	101
Clinton Memorial Hospital (j)	(949,781)	134	20,109	99	(362,149)	111	219,621	100	(122,419)	107
Ionia County Memorial Hospital	1,463,485	69	943,441	70	435,435	84	210,494	101	1,589,370	83
Mercy Hospital - Port Huron (m)	5,393,463	38	5,855,000	26	2,684,000	43	191,328	102	8,730,328	40
Ontonagon Memorial Hospital	(417,222)	126	299,940	84	(207,859)	105	47,795	103	139,876	100
Lakeshore Community Hospital	177,514	112	364,357	82	230,210	93	31,046	104	625,613	95
Mackinac Straits Hospital	89,675	115	(262,824)	108	(577,778)	118	9,191	105	(831,411)	116
Rogers City Rehabilitation Hospital	(57,606)	120	(227,374)	107	(167,710)	104	8,336	106	(386,748)	111
Alpena General Hospital	2,909,277	52	1,983,086	52	1,783,166	53	8,255	107	3,774,507	62
Hills & Dales General Hospital	866,083	82	466,885	81	363,658	87	(49,706)	108	780,837	93
Mercy Hospital - Grayling (m)	(585,534)	130	(737,021)	117	(611,358)	120	(107,880)	109	(1,456,259)	122
St. Mary Mercy Hospital (m)	4,646,163	42	3,598,622	40	(3,955,299)	138	(114,376)	110	(471,053)	113
Paul Oliver Memorial Hospital (h)	68,036	116	16,069	100	110,866	96	(129,284)	111	(2,349)	103
Leelanau Memorial Hospital (h)	201,226	109	(407,246)	112	(213,015)	106	(146,070)	112	(766,331)	114
St. Francis Hospital	(3,645,756)	143	(20,560)	102	766,274	75	(155,568)	113	590,146	96
Mecosta County General Hospital	820,446	84	2,014,173	51	281,260	90	(256,635)	114	2,038,798	77
Kelsey Memorial Hospital	(606,529)	131	(1,028,010)	123	3,732	100	(271,244)	115	(1,295,522)	120

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**Table 2 (continued)**

Hospital Name 2002	1998		2000		2001		2002		Cumulative	
	Surplus (Deficit)	Rank	Surplus (Deficit)	Rank	Surplus (Deficit)	Rank	Surplus (Deficit)	Rank	Surplus (Deficit) 2000-2002	Rank
Doctors Hospital of Jackson (b)	\$ 258,396	105	(\$ 595,974)	115	\$19,837,696	7	(\$ 406,388)	116	\$18,835,334	22
McKenzie Memorial Hospital	150,343	114	75,581	96			(471,947)	117	(396,366)	112
Deckerville Community Hospital	(415,032)	125	(553,390)	114	(65,800)	102	(497,656)	118	(1,116,846)	119
Kern Hospital & Medical Center	(953,091)	135	(366,869)	110	(727,478)	122	(885,854)	119	(1,980,201)	128
North Ottawa Community Hospital	(789,684)	133	3,143,812	43	(2,305,627)	133	(912,361)	120	(74,176)	106
St. Joseph Mercy Livingston Hospital (m)	(420,946)	127	5,259,263	29	165,584	94	(1,009,913)	121	4,414,934	56
Mid Michigan Reg. Med. Center - Midland (g)	19,565,904	17	12,070,663	20	3,721,028	35	(1,060,004)	122	14,731,687	28
Carson City Osteopathic Hospital (j)	158,381	113	237,783	88	647,661	78	(1,196,109)	123	(310,665)	110
Madison Community Hospital	(389,504)	124	(3,015,067)	137	(2,270,040)	132	(1,331,809)	124	(6,616,916)	135
St. Joseph Mercy Oakland (m)	21,539,000	15	4,435,732	34	2,462,513	45	(1,410,450)	125	5,487,795	48
Lee Memorial Hospital (b)	216,989	108	(1,418,618)	130	(2,007,147)	131	(1,623,864)	126	(5,049,629)	134
Memorial Medical Center of West Michigan	1,736,249	63	1,631,051	58	259,201	92	(1,715,554)	127	174,698	99
Oakwood Southshore Medical Center (i)	(436,338)	128	(3,978,651)	138	(2,584,719)	134	(1,716,532)	128	(8,279,902)	138
St. John Northeast Community Hospital (l)	(7,699,183)	144	(978,576)	122	916,526	69	(1,893,677)	129	(1,955,727)	127
Herrick Memorial Hospital, Inc.	1,251,338	75	2,097,234	50	735,417	76	(2,038,475)	130	794,176	92
Emma L. Bixby Hospital	1,340,706	73	(5,791,299)	139	(1,543,940)	127	(2,224,951)	131	(9,560,190)	139
Memorial Healthcare	5,849,207	35	776,956	76	(3,272,090)	136	(2,382,609)	132	(4,877,743)	133
Trillium Hospital	(504,266)	129	(1,154,394)	126	(319,448)	109	(2,417,303)	133	(3,891,145)	132
Bi-County Community Hospital (e)	3,061,490	49	51,721	98	4,549,462	30	(2,659,656)	134	1,941,527	79
United Memorial Hospital	1,435,194	71	860,471	73	45,531	98	(2,750,723)	135	(1,844,721)	126
St. John Detroit Riverview Hospital (l)	544,836	90	2,777,955	47	165,510	95	(3,785,307)	136	(841,842)	117
Spectrum Health - Kent Community Campus (k)	879,664	80	(1,048,598)	124	18,713,541	11	(3,814,078)	137	13,850,865	29
Lapeer Regional Hospital (f)	2,585,325	55	8,702,381	23	16,551,507	12	(7,960,387)	138	17,293,501	26
W.A. Foote Memorial Hospital	46,077,900	4	18,897,483	11	(3,122,589)	135	(9,985,458)	139	5,789,436	47
Covenant Medical Center, Inc.	30,250	118	5,458,605	27	3,735,238	34	(10,696,926)	140	(1,503,083)	123
Oakwood Heritage Hospital (i)	826,114	83	(1,146,678)	125	(11,547,890)	141	(13,160,570)	141	(25,855,138)	145
Botsford General Osteopathic Hospital	6,050,828	33	1,038,517	66	3,033,942	41	(18,041,280)	142	(13,968,821)	141
Riverside Osteopathic Hospital (e)	2,931,930	51	(1,634,535)	131	(687,426)	121	(18,350,519)	143	(20,672,480)	143
University Health System	172,992,865	1	318,006,184	1	(6,628,754)	140	(23,588,615)	144	287,788,815	1
Hurley Medical Center	9,881,288	29	(876,281)	121	2,345,749	46	(24,748,073)	145	(23,278,605)	144
Harper University Hospital (d)	(20,127,487)	146	(32,607,000)	147	(18,976,001)	144	(27,191,524)	146	(78,774,525)	148
Henry Ford Hospital (e)	(72,525,705)	149	(91,118,290)	149	(97,967,835)	146	(114,913,104)	147	(303,999,229)	149
NextCare Hospital of Muskegon *	(3,610,139)	142	(824,340)	120					(824,340)	115
Mercy Hospital - Detroit (m) *	(8,459,000)	145	(15,433,581)	145					(15,433,581)	142
<b>TOTAL</b>	<b>\$863,083,114</b>		<b>\$635,387,359</b>		<b>\$270,098,723</b>		<b>\$169,736,869</b>		<b>\$ 1,075,222,951</b>	

\* See **Hospital Specific Data** in box on p. 2.

Source: Medicaid cost reports filed with the Michigan Department of Community Health

### Hospital Affiliation 2002

- (a) Bon Secours Cottage Health Services
- (b) Borgess Health Alliance
- (c) Bronson Healthcare Group
- (d) Detroit Medical Center
- (e) Henry Ford/Horizon Health System
- (f) McLaren Health Care Corp.
- (g) Mid-Michigan Regional Medical Center
- (h) Munson Healthcare
- (i) Oakwood Healthcare, Inc.
- (j) Sparrow Health System
- (k) Spectrum Health
- (l) St. John Health System
- (m) Trinity Health
- (n) William Beaumont Hospital Corp.

## Income from Non-patient Related Activities

The addition of income and expenses not directly related to patient care improves the overall picture. This is because many hospitals have significant income from contributions, investments and other income producing activities. Between 1998 and 2002, however, the amount of this income was reduced significantly (by 46% between 1998 and 2002) and

more than offset the reduced losses in net patient revenue. The result is that overall hospital surpluses went from \$863.1 in 1998 to \$169.7 in 2002. The combination of "Net Income from Services to Patients" and "Total Other Income and Expense" results in the overall surplus or deficit for each hospital in **Table 3**.

# CRC Memorandum

Table 3 sorted:  
Alphabetically  
Health Planning System Area

**Table 3**  
**Income and Expense data by Individual Michigan Hospitals:**  
**Fiscal Years Ending 1998, 2000, 2001 and 2002**

Hospital Name 2002	1998				2000			
	Net Income from Services to Patients		Total Other Income/Expense		Net Income from Services to Patients		Total Other Income/Expense	
	Rank		Rank		Rank		Rank	
Borgess Hospital (b)	(\$12,929,388)	141	\$34,193,388	11	(\$ 4,411,245)	109	\$30,076,903	14
North Oakland Medical Center	(2,267,702)	120	(345,127)	145	(2,220,247)	99	1,011,449	90
Spectrum Health (k)	18,257,566	1	46,795,916	4	(63,083,354)	147	99,960,259	3
Garden City Osteopathic Hospital	11,281,474	4	(6,064,781)	149	7,538,754	5	(7,543,575)	148
Lakeland Hospital - St. Joseph	8,958,524	8	7,433,680	38	9,633,209	2	5,561,842	41
Forest Health Medical Center, Inc.	(1,892,938)	115	269,021	127	(17,454,244)	135	157,650	138
William Beaumont Hospital - Troy (n)	3,433,417	20	8,318,656	32	4,228,121	11	6,200,667	37
Holland Community Hospital	(42,711)	69	12,678,096	24	1,044,007	22	11,129,583	26
Children's Hospital of Michigan (d)	(5,164,003)	136	36,897,000	10	(12,299,189)	131	49,319,000	6
Lapeer Regional Hospital (f)	1,186,164	33	1,399,161	73	6,677,647	6	2,024,734	65
Cottage Hospital of Grosse Pointe (a)	(3,511,506)	129	472,086	112	2,754,508	14	571,065	113
St. John Hospital (l)	7,811,467	10	31,438,036	12	(7,413,274)	125	54,171,611	5
St. John Oakland Hospital (l)	1,214,170	32	4,347,959	49	2,189,859	17	11,747,391	25
Sinai-Grace Hospital (d)	(41,245,989)	147	20,020,980	20	(58,734,644)	146	9,350,336	32
Memorial Healthcare	5,849,207	12	0	144	210,765	36	566,191	114
St. Joseph Mercy Saline Hospital (m)	3,967,500	18	1,883,500	66	5,922,000	7	1,952,000	67
Spectrum Health - Reed City Campus (k)	1,066,878	38	(704,010)	147	(2,420,098)	103	176,157	134
Crittenton Hospital	8,970,137	7	13,971,159	23	4,662,169	8	8,843,757	34
Dickinson County Memorial Hospital	(1,827,909)	114	1,189,919	81	1,031,566	23	719,386	102
St. Mary's Medical Center - Saginaw	11,501,667	3	12,292,875	25	(4,621,602)	111	12,478,608	24
Grand View Hospital	(6,191,638)	138	6,489,034	40	118,699	39	74,203	143
Hayes Green Beach Memorial Hospital	(209,184)	75	1,246,627	77	(1,160,895)	90	1,090,772	84
Huron Valley - Sinai Hospital (d)	4,527,187	15	2,551,000	60	(14,536,000)	133	2,928,000	57
Zeeland Community Hospital	1,081,350	36	401,667	120	419,264	31	615,557	111
St. John Macomb Hospital (l)	(1,532,829)	109	2,077,665	63	(2,292,192)	101	6,636,288	36
Tawas St. Joseph Hospital	(1,748,672)	111	1,473,518	72	(792,372)	77	917,539	96
Oaklawn Hospital	1,434,673	31	113,799	139	3,576,407	12	177,756	133
Lake View Community Hospital	896,192	43	1,021,302	85	285,657	32	1,244,973	79
Mt. Clemens General Osteopathic Hospital	(870,034)	102	7,873,415	35	(781,093)	75	6,052,631	38
Oakwood Annapolis Hospital (i)	(5,378,690)	137	2,167,906	61	4,243,654	10	323,153	126
Genesys Reg. Med Center - Flint Osteo Campus	(38,712,451)	146	10,776,859	26	(24,485,845)	141	13,952,872	22
Bronson Vicksburg Hospital (c)	554,763	48	827,721	91	998,145	25	229,231	129
Mercy Memorial Hospital	1,470,294	30	4,682,612	48	2,706,864	15	647,222	108
Harbor Beach Community Hospital	137,778	60	182,645	135	(313,137)	53	(90,646)	146
Mercy Hospital - Cadillac (m)	(118,287)	71	1,388,742	74	(617,009)	66	924,083	95
Gerber Memorial Hospital	(293,806)	79	3,300,125	53	64,370	43	1,768,969	70
Otsego County Memorial Hospital	169,766	57	405,582	119	77,685	41	602,042	112
Hackley Hospital	138,864	59	4,966,477	46	(3,316,479)	105	4,970,138	44
Straith Memorial Hospital	119,884	62	204,808	132	(272,836)	51	160,886	137
Pennock Hospital	2,681,837	22	1,079,466	84	1,005,128	24	3,435,333	54
Three Rivers Area Hospital (b)	48,812	64	197,202	134	(59,388)	47	276,311	127
West Shore Medical Center	646,727	47	953,175	87	2,534,579	16	1,347,579	77
Kalkaska Memorial Health Center (h)	(192,794)	74	626,622	104	(534,819)	62	626,184	110
Huron Memorial Hospital	1,682,187	28	740,537	97	(1,140,105)	88	858,411	97
Gratiot Community Hospital	1,179,086	34	1,725,309	70	70,957	42	2,867,608	58
Allegan General Hospital	1,067,295	37	682,021	102	984,383	26	963,217	93
Caro Community Hospital	227,876	55	66,023	141	(669,837)	69	168,023	136
St. John River District Hospital (l)	(551,473)	89	1,253,427	76	(758,432)	74	1,408,478	76
Charlevoix Area Hospital	(261,602)	77	739,396	98	(305,171)	52	1,277,029	78
Eaton Rapids Medical Center	255,712	54	283,489	124	584,445	29	225,048	130
Sheridan Community Hospital	169,696	58	520,659	110	226,721	35	646,791	109
Mid Michigan Medical Center-Gladwin (g)	(358,117)	83	861,627	90	(396,198)	56	1,021,940	86
Marlette Community Hospital	970,429	42	587,791	107	591,531	28	418,755	123
Francis Bell Memorial Hospital	2,039,228	25	595,189	106	508,211	30	2,547,864	60
Sturgis Memorial Hospital	439,846	49	524,973	109	(153,876)	49	426,481	122

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Table 3 (continued)

Hospital Name 2002	2001				2002			
	Net Income from Services to Patients	Rank	Total Other Income/Expense	Rank	Net Income from Services to Patients	Rank	Total Other Income/Expense	Rank
Borgess Hospital (b)	\$ 3,096,287	11	\$19,702,551	15	\$36,176,310	1	\$19,702,551	10
North Oakland Medical Center	(3,225,589)	111	(1,189,302)	140	18,839,173	2	(3,241,041)	142
Spectrum Health (k)	(72,041,509)	145	123,466,669	1	12,949,532	3	7,686,530	26
Garden City Osteopathic Hospital	4,537,799	7	(8,265,811)	146	12,528,329	4	(8,216,620)	144
Lakeland Hospital - St. Joseph	11,762,229	3	7,732,938	30	10,661,800	5	4,331,295	37
Forest Health Medical Center, Inc.	4,873,640	6	40,840	134	9,563,337	6	75,628	133
William Beaumont Hospital - Troy (n)	6,116,483	5	2,996,959	55	5,521,197	7	3,983,107	39
Holland Community Hospital	3,325,772	10	(2,502,525)	141	5,027,710	8	1,533,843	64
Children's Hospital of Michigan (d)	(9,101,038)	128	32,059,000	8	4,273,828	9	24,856,200	6
Lapeer Regional Hospital (f)	14,526,773	2	2,024,734	62	4,267,115	10	(12,227,502)	146
Cottage Hospital of Grosse Pointe (a)	3,355,297	9	297,306	118	4,257,280	11	249,332	121
St. John Hospital (l)	(6,472,039)	121	26,314,292	11	3,800,460	12	18,155,209	11
St. John Oakland Hospital (l)	976,286	24	3,796,318	49	3,700,559	13	1,988,891	59
Sinai-Grace Hospital (d)	(16,561,556)	135	16,033,481	18	3,634,490	14	13,215,510	15
Memorial Healthcare	(463,100)	67	(2,808,990)	142	3,235,111	15	(5,617,720)	143
St. Joseph Mercy Saline Hospital (m)	3,549,035	8	1,706,000	66	2,601,833	16	1,997,932	58
Spectrum Health - Reed City Campus (k)	(833,729)	79	395,143	116	2,485,698	17	193,241	128
Crittenton Hospital	1,617,231	14	17,913,863	17	2,222,039	18	2,139,397	57
Dickinson County Memorial Hospital	1,251,699	19	2,286,989	59	2,213,676	19	1,904,283	61
St. Mary's Medical Center - Saginaw	1,272,194	17	7,355,944	32	2,084,656	20	3,906,826	40
Grand View Hospital	1,214,117	20	861,302	93	1,904,328	21	714,835	98
Hayes Green Beach Memorial Hospital	845,846	27	1,152,844	82	1,888,857	22	1,029,218	83
Huron Valley - Sinai Hospital (d)	(2,969,632)	109	2,654,000	58	1,860,000	23	2,375,000	55
Zeeland Community Hospital	737,104	30	911,369	90	1,823,894	24	828,167	91
St. John Macomb Hospital (l)	(1,752,468)	94	4,951,571	42	1,567,219	25	2,554,565	51
Tawas St. Joseph Hospital	1,255,835	18	497,024	111	1,493,920	26	(132,367)	137
Oaklawn Hospital	855,973	26	190,624	126	1,421,065	27	312,415	116
Lake View Community Hospital	1,031,850	22	1,481,482	70	1,405,155	28	962,403	87
Mt. Clemens General Osteopathic Hospital	14,454	50	5,480,399	38	1,318,042	29	10,781,356	20
Oakwood Annapolis Hospital (i)	(105,536)	55	541,045	108	1,259,264	30	605,014	102
Genesys Reg. Med Ctr - Flint Osteo Campus	(40,836,002)	143	13,952,872	20	1,118,603	31	2,683,444	48
Bronson Vicksburg Hospital (c)	722,370	31	705,013	99	1,024,821	32	285,485	117
Mercy Memorial Hospital	(1,073,134)	86	4,720,838	43	944,861	33	3,172,082	42
Harbor Beach Community Hospital	(1,405,936)	89	271,334	120	916,312	34	498,909	106
Mercy Hospital - Cadillac (m)	590,604	34	409,370	115	911,459	35	1,229,715	72
Gerber Memorial Hospital	(2,368,566)	102	1,768,969	64	792,551	36	774,061	94
Otsego County Memorial Hospital	180,935	41	720,017	98	772,113	37	466,895	108
Hackley Hospital	(2,057,669)	100	88,482	133	727,520	38	2,393,560	54
Straith Memorial Hospital	259,461	40	163,337	129	701,595	39	223,777	124
Pennock Hospital	1,195,653	21	(3,010,688)	144	649,491	40	(353,649)	138
Three Rivers Area Hospital (b)	(623,177)	72	728,921	97	558,680	41	375,906	112
West Shore Medical Center	1,506,246	16	1,578,129	68	556,787	42	1,216,514	73
Kalkaska Memorial Health Center (h)	363,334	37	875,921	92	521,474	43	1,242,832	71
Huron Memorial Hospital	(153,425)	57	828,393	94	413,795	44	1,114,517	77
Gratiot Community Hospital	130,742	43	3,993,670	46	364,664	45	3,809,733	41
Allegan General Hospital	24,616	46	1,772,387	63	363,662	46	1,061,088	80
Caro Community Hospital	(114,457)	56	146,152	131	359,697	47	209,004	127
St. John River District Hospital (l)	(561,645)	70	1,385,220	72	341,840	48	1,439,813	66
Charlevoix Area Hospital	(87,955)	54	1,279,896	78	323,055	49	1,083,076	78
Eaton Rapids Medical Center	(22,391)	52	609,989	102	320,307	50	439,394	111
Sheridan Community Hospital	19,104	49	(127,352)	136	315,690	51	245,558	122
Mid Michigan Medical Center-Gladwin (g)	148,925	42	1,323,792	74	292,592	52	1,386,070	69
Marlette Community Hospital	(737,838)	76	511,912	109	255,700	53	576,702	104
Francis Bell Memorial Hospital	958,580	25	1,082,224	84	220,622	54	1,079,957	79
Sturgis Memorial Hospital	797,536	29	499,389	110	207,558	55	346,211	113

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**Table 3 (continued)**

Hospital Name 2002	1998				2000			
	Net Income from Services to Patients		Total Other Income/Expense		Net Income from Services to Patients		Total Other Income/Expense	
		Rank		Rank		Rank		Rank
Community Hospital - Watervliet (b)	(\$ 141,478)	72	\$ 698,632	100	(\$ 667,372)	68	\$ 737,579	101
Ionia County Memorial Hospital	1,952,062	26	(488,577)	146	2,019,279	19	(1,075,838)	147
Hillsdale Community Health Center (b)	698,260	46	763,695	96	(846,627)	79	1,461,435	75
Clinton Memorial Hospital (j)	(1,442,548)	106	492,767	111	(1,108,538)	85	1,128,647	82
Munson Medical Center (h)	9,372,398	6	25,343,892	16	8,250,162	3	4,832,532	45
South Haven Community Hospital	862,696	44	1,307,486	75	1,165,853	21	708,238	104
Central Michigan Community Hospital (j)	(1,769,944)	113	2,668,591	59	(7,117,199)	123	4,131,144	49
Portage Health Systems	1,164,933	35	1,214,306	79	(725,116)	71	2,164,981	62
Standish Community Hospital	70,565	63	802,262	93	(456,806)	59	1,551,242	73
Kern Hospital & Medical Center	(992,650)	104	39,559	142	(377,597)	55	10,728	144
Iron County General Hospital	(2,349)	66	312,295	123	(607,760)	65	811,158	98
Scheurer Hospital	990,180	41	644,903	103	233,349	34	972,720	91
Bay Medical Center (f)	(3,109,271)	126	8,608,696	30	(11,312,733)	130	8,516,591	35
Mid-Michigan Medical Center-Clare (g)	(323,162)	81	927,530	89	(62,603)	48	1,224,866	80
Community Health Center (b)	2,932,692	21	1,133,859	82	2,038,573	18	1,092,834	83
Ontonagon Memorial Hospital	(567,876)	90	150,654	136	177,848	37	122,092	140
Helen Newberry Joy Hospital	(260,796)	76	453,200	114	(469,754)	60	426,676	121
Keweenaw Memorial Medical Center	(671,924)	95	714,598	99	(51,208)	46	969,779	92
Lakeshore Community Hospital	(62,536)	70	240,050	130	144,211	38	220,146	131
Great Lakes Regional Rehab Hospital	1,674,730	29	(1,399,099)	148	(3,215,346)	104	1,879,830	68
Port Huron Hospital	297,605	53	3,260,523	54	(1,136,964)	87	3,658,725	53
Rogers City Rehabilitation Hospital	(503,684)	87	446,078	115	(785,180)	76	557,806	115
Munising Memorial Hospital	(19,342)	68	258,433	129	(436,606)	58	678,604	106
Kelsey Memorial Hospital	(865,995)	101	259,466	128	(1,143,710)	89	115,700	141
St. John - North Shores Hospital (l)	(345,232)	82	271,749	126	(481,146)	61	763,307	100
University Health System	13,653,630	2	159,339,235	1	(7,303,738)	124	325,309,922	1
Paul Oliver Memorial Hospital (h)	(321,625)	80	389,661	121	(426,080)	57	442,149	119
Healthsource Saginaw	(1,991,828)	117	1,015,414	86	(2,285,224)	100	1,020,712	87
Southwestern Michigan Rehabilitation	(172,833)	73	134,705	137	(561,339)	64	652,253	107
Cheboygan Memorial Hospital	(859,309)	99	1,211,690	80	(192,876)	50	412,505	124
West Branch Regional Medical Center	1,690,208	27	683,925	101	(2,050,202)	97	327,139	125
Doctors Hospital of Jackson (b)	(16,798)	67	275,194	125	(862,229)	80	266,255	128
Chelsea Community Hospital	(2,758,108)	123	3,984,743	51	(5,113,152)	114	4,437,148	47
Carson City Osteopathic Hospital (j)	(4,076,888)	130	4,235,269	50	(1,790,494)	95	2,028,277	64
Leelanau Memorial Hospital (h)	(586,289)	91	787,515	95	(937,712)	82	530,466	117
Deckerville Community Hospital	(528,075)	88	113,043	140	(735,086)	73	181,696	132
Ingham Regional Medical Center (f)	9,637,656	5	420,570	118	8,030,125	4	(14,738,707)	149
McKenzie Memorial Hospital	(948,558)	103	1,098,901	83	(1,570,807)	93	1,646,388	71
St. Francis Hospital	(4,437,175)	131	791,419	94	(951,702)	83	931,142	94
Hills & Dales General Hospital	302,663	52	563,420	108	(549,789)	63	1,016,674	88
Mecosta County General Hospital	352,297	51	468,149	113	940,113	27	1,074,060	85
North Ottawa Community Hospital	(3,470,797)	127	2,681,113	58	(729,930)	72	3,873,742	51
Schoolcraft Memorial Hospital	(474,358)	86	221,700	131	(709,404)	70	535,603	116
Oakwood Hospital and Medical Center (i)	6,131,794	11	37,745,510	9	(3,708,612)	106	8,859,421	33
Chippewa War Memorial Hospital	(1,467,121)	107	1,663,693	71	(653,387)	67	1,467,811	74
Madison Community Hospital	(592,404)	92	202,900	133	(3,731,298)	107	716,231	103
Mackinac Straits Hospital	(718,833)	96	808,508	92	(1,430,368)	92	1,167,544	81
Mercy Hospital - Grayling (m)	(1,535,975)	110	950,441	88	(2,346,612)	102	1,609,591	72
Battle Creek Health System (m)	4,083,512	17	8,324,971	31	(18,525,912)	137	4,594,453	46
Oakwood Southshore Medical Center (i)	(794,051)	98	357,713	122	(4,112,343)	108	133,692	139
Bronson Methodist Hospital (c)	4,400,837	16	26,590,679	14	(11,200,659)	129	34,989,987	11
Lee Memorial Hospital (b)	(409,212)	85	626,201	105	(2,110,747)	98	692,129	105
Rehabilitation Institute (d)	(4,904,000)	135	8,150,000	34	(9,100,525)	127	10,487,733	29
Trillium Hospital	(634,393)	94	130,127	138	(1,590,009)	94	435,615	120
Metropolitan Hospital - Grand Rapids	(1,333,054)	105	4,037	143	(6,452,794)	120	10,222,411	30



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Table 3 (continued)

Hospital Name 2002	2001				2002			
	Net Income from Services to Patients		Total Other Income/Expense		Net Income from Services to Patients		Total Other Income/Expense	
		Rank		Rank		Rank		Rank
Community Hospital - Watervliet (b)	(\$ 470,329)	68	\$ 733,104	96	\$ 191,807	56	\$ 982,033	85
Ionia County Memorial Hospital	1,562,137	15	(1,126,702)	139	190,799	57	19,695	135
Hillsdale Community Health Center (b)	(450,665)	66	960,046	87	163,839	58	1,052,243	81
Clinton Memorial Hospital (j)	(903,586)	83	541,437	107	141,632	59	77,989	132
Munson Medical Center (h)	(202,121)	60	8,727,731	28	111,403	60	3,001,429	45
South Haven Community Hospital	508,865	36	1,399,602	71	87,029	61	966,751	86
Central Michigan Community Hospital (j)	(4,351,953)	114	2,994,085	56	82,775	62	2,421,378	53
Portage Health Systems	(22,553)	53	1,768,826	65	49,150	63	1,406,941	68
Standish Community Hospital	58,971	44	230,185	122	43,712	64	285,343	118
Kern Hospital & Medical Center	(882,858)	82	155,380	130	4,702	65	(890,556)	140
Iron County General Hospital	(498,730)	69	926,774	89	(803)	66	441,794	110
Scheurer Hospital	312,148	39	1,162,023	81	(7,054)	67	1,436,220	67
Bay Medical Center (f)	(18,446,013)	136	5,301,034	40	(37,963)	68	5,447,812	31
Mid-Michigan Medical Center-Clare (g)	611,145	32	1,300,736	75	(39,837)	69	1,135,186	76
Community Health Center (b)	(168,552)	58	1,209,008	80	(51,521)	70	1,165,897	74
Ontonagon Memorial Hospital	(392,862)	65	185,003	128	(116,639)	71	164,434	130
Helen Newberry Joy Hospital	8,194	51	451,568	113	(153,612)	72	606,148	101
Keweenaw Memorial Medical Center	(251,591)	61	877,956	91	(157,991)	73	739,447	95
Lakeshore Community Hospital	19,368	48	210,842	125	(190,319)	74	221,365	125
Great Lakes Regional Rehab Hospital	(1,604,315)	92	1,283,717	77	(200,086)	75	2,803,803	46
Port Huron Hospital	338,451	38	3,439,745	50	(219,629)	76	2,150,320	56
Rogers City Rehabilitation Hospital	(756,679)	77	588,969	104	(234,917)	77	243,253	123
Munising Memorial Hospital	(388,711)	64	368,618	117	(299,324)	78	706,577	99
Kelsey Memorial Hospital	805,772	28	(802,040)	138	(338,890)	79	67,646	134
St. John - North Shores Hospital (l)	(1,487,984)	90	649,499	100	(362,104)	80	732,364	96
University Health System	994,520	23	(7,623,274)	145	(407,020)	81	(23,181,595)	147
Paul Oliver Memorial Hospital (h)	(329,707)	62	440,573	114	(441,903)	82	312,619	115
Healthsource Saginaw	(1,619,468)	93	1,251,268	79	(555,669)	83	1,281,371	70
Southwestern Michigan Rehabilitation	(717,892)	75	213,809	124	(576,142)	84	983,775	84
Cheboygan Memorial Hospital	20,624	47	(401,240)	137	(587,960)	85	870,789	90
West Branch Regional Medical Center	(1,521,622)	91	1,081,929	85	(590,650)	86	1,043,443	82
Doctors Hospital of Jackson (b)	19,837,696	1	0	135	(617,686)	87	211,298	126
Chelsea Community Hospital	(2,374,140)	103	3,175,175	52	(671,613)	88	2,507,504	52
Carson City Osteopathic Hospital (j)	(2,032,898)	99	2,680,559	57	(730,910)	89	(465,199)	139
Leelanau Memorial Hospital (h)	(821,563)	78	608,548	103	(744,204)	90	598,134	103
Deckerville Community Hospital	(178,944)	59	113,144	132	(755,601)	91	257,945	119
Ingham Regional Medical Center (f)	2,023,266	13	6,521,924	34	(820,000)	92	3,004,000	44
McKenzie Memorial Hospital					(952,767)	93	480,820	107
St. Francis Hospital	29,808	45	736,466	95	(969,607)	94	814,039	92
Hills & Dales General Hospital	(570,689)	71	934,347	88	(995,587)	95	945,881	88
Mecosta County General Hospital	(365,714)	63	646,974	101	(1,039,747)	96	783,112	93
North Ottawa Community Hospital	604,654	33	(2,910,281)	143	(1,061,648)	97	149,287	131
Schoolcraft Memorial Hospital	(986,363)	84	1,294,500	76	(1,166,704)	98	1,456,783	65
Oakwood Hospital and Medical Center (i)	(5,177,895)	118	11,060,763	25	(1,295,385)	99	11,476,493	18
Chippewa War Memorial Hospital	(716,735)	74	1,620,509	67	(1,322,175)	100	2,691,522	47
Madison Community Hospital	(2,850,807)	108	580,767	105	(1,350,597)	101	18,788	136
Mackinac Straits Hospital	(2,136,783)	101	1,559,005	69	(1,629,948)	102	1,639,139	62
Mercy Hospital - Grayling (m)	(1,984,280)	98	1,372,922	73	(1,646,389)	103	1,538,509	63
Battle Creek Health System (m)	(4,743,928)	115	6,377,202	35	(1,663,925)	104	6,033,989	30
Oakwood Southshore Medical Center (i)	(2,772,322)	107	187,603	127	(1,966,305)	105	249,773	120
Bronson Methodist Hospital (c)	(14,416,117)	132	34,472,252	6	(2,023,426)	106	24,686,426	7
Lee Memorial Hospital (b)	(2,477,668)	105	470,521	112	(2,190,989)	107	567,125	105
Rehabilitation Institute (d)	(704,942)	73	7,573,353	31	(2,221,124)	108	6,504,555	28
Trillium Hospital	(861,407)	81	541,959	106	(2,583,422)	109	166,119	129
Metropolitan Hospital - Grand Rapids	(13,060,401)	130	19,126,828	16	(2,717,390)	110	5,226,369	32

# CRC Memorandum

**Table 3 (continued)**

<b>Hospital Name 2002</b>	1998				2000			
	<b>Net Income from Services to Patients</b>	<b>Rank</b>	<b>Total Other Income/ Expense</b>	<b>Rank</b>	<b>Net Income from Services to Patients</b>	<b>Rank</b>	<b>Total Other Income/ Expense</b>	<b>Rank</b>
Herrick Memorial Hospital, Inc.	\$ 826,139	45	\$ 425,199	117	\$ 1,585,110	20	\$ 512,124	118
St. Mary Mercy Hospital (m)	(2,756,341)	122	7,402,504	39	(19,115,067)	138	22,713,689	15
Mercy General Health Partners (m)	(750,756)	97	2,896,649	55	(11,000,309)	128	3,866,788	52
Memorial Medical Center of West Michigan	(281,173)	78	2,017,422	65	(369,309)	54	2,000,360	66
Emma L. Bixby Hospital	(408,149)	84	1,748,855	68	(6,803,705)	122	1,012,406	89
McLaren General Hospital (f)	8,750,832	9	4,810,956	47	4,284,799	9	5,317,977	43
Edward W. Sparrow Hospital (j)	(9,102,130)	139	22,290,918	19	(14,909,286)	134	14,167,939	21
United Memorial Hospital	(614,239)	93	2,049,433	64	85,440	40	775,031	99
Marquette General Hospital	2,324,126	24	8,275,660	33	(1,043,973)	84	14,259,363	20
St. John Northeast Community Hospital (l)	(13,020,227)	142	5,321,044	42	(5,184,747)	116	4,206,171	48
St. Joseph Mercy Livingston Hospital (m)	(2,217,946)	119	1,797,000	67	3,413,263	13	1,846,000	69
Pontiac Osteopathic Hospital	(3,477,452)	128	3,962,017	52	(5,508,749)	118	3,283,378	56
Spectrum Health-Kent Community Campus (k)	(861,290)	100	1,740,954	69	(1,130,789)	86	82,191	142
Alpena General Hospital	16,373	65	2,892,904	56	(1,922,801)	96	3,905,887	50
Mercy Hospital - Port Huron (m)	(2,084,561)	118	7,478,024	37	262,043	33	5,592,957	40
St. Joseph Mercy Hospital & Health Services (m)	122,995	61	10,704,636	27	(5,005,895)	113	9,964,781	31
Mary Free Bed Guild	(1,767,373)	112	5,052,824	44	24,416	45	2,073,913	63
St. John Detroit Riverview Hospital (l)	(1,532,829)	108	2,077,665	62	62,874	44	2,715,081	59
Riverside Osteopathic Hospital (e)	184,118	56	2,747,812	57	(5,005,762)	112	3,371,227	55
William Beaumont Hospital - Royal Oak (n)	3,492,932	19	41,399,253	7	9,741,698	1	31,479,304	12
Covenant Medical Center, Inc.	(16,244,361)	144	16,274,611	22	(5,191,433)	117	10,650,038	28
Bon Secours Hospital (a)	(4,882,384)	134	9,018,201	29	(6,548,990)	121	10,819,521	27
Bi-County Community Hospital (e)	(2,740,942)	121	5,802,432	41	(5,826,856)	119	5,878,577	39
Henry Ford Wyandotte Hospital (e)	4,890,109	14	5,227,891	43	(921,000)	81	13,416,000	23
Northern Michigan Hospitals, Inc.	(2,901,814)	125	7,557,752	36	(22,836,222)	140	22,042,631	16
Mid Michigan Reg. Med. Ctr - Midland (g)	(2,858,254)	124	22,424,158	18	(5,163,839)	115	17,234,502	19
Oakwood Heritage Hospital (i)	389,036	50	437,078	116	(1,315,270)	91	168,592	135
Providence Hospital (l)	1,036,704	39	22,607,539	17	(8,797,148)	126	30,353,697	13
Detroit Receiving Hospital (d)	(1,893,772)	116	38,999,412	8	(24,620,738)	142	70,250,738	4
St. Joseph Mercy Hospital - Ann Arbor (m)	2,655,843	23	46,185,157	5	(25,382,905)	143	45,425,000	7
Botsford General Osteopathic Hospital	1,012,117	40	5,038,711	45	(4,425,650)	110	5,464,167	42
W.A. Foote Memorial Hospital	(4,545,095)	132	50,622,995	3	(25,543,947)	144	44,441,430	9
St. Joseph Mercy Oakland (m)	5,023,000	13	16,516,000	21	(14,456,268)	132	18,892,000	17
Hurley Medical Center	(15,640,167)	143	25,521,455	15	(19,743,833)	139	18,867,552	18
St. Mary's Mercy Med. Center-Grand Rapids (m)	(11,840,722)	140	30,711,882	13	(31,410,119)	145	44,933,284	8
Harper University Hospital (d)	(65,052,487)	148	44,925,000	6	(73,718,000)	148	41,111,000	10
Henry Ford Hospital (e)	(192,438,832)	149	119,913,127	2	(209,492,142)	149	118,373,852	2
Mercy Hospital, Detroit (m) *	(17,706,209)	145	9,247,209	28	(17,915,437)	136	2,481,856	61
NextCare Hospital of Muskegon *	(4,827,344)	133	1,217,205	78	(824,340)	78		145
<b>TOTAL</b>	<b>(\$355,428,348)</b>		<b>\$1,218,511,462</b>		<b>(\$821,764,944)</b>		<b>\$1,457,152,303</b>	

Source: Medicaid cost reports filed with the Michigan Department of Community Health

**Hospital Affiliation 2002**

- (a) Bon Secours Cottage Health Services
- (b) Borgess Health Alliance
- (c) Bronson Healthcare Group
- (d) Detroit Medical Center
- (e) Henry Ford/Horizon Health System
- (f) McLaren Health Care Corp.
- (g) Mid-Michigan Regional Medical Center
- (h) Munson Healthcare
- (i) Oakwood Healthcare, Inc.
- (j) Sparrow Health System
- (k) Spectrum Health
- (l) St. John Health System
- (m) Trinity Health
- (n) William Beaumont Hospital Corp.

# CRC Memorandum

Table 3 (continued)

Hospital Name 2002	2001				2002			
	Net Income from Services to Patients	Rank	Total Other Income/ Expense	Rank	Net Income from Services to Patients	Rank	Total Other Income/ Expense	Rank
Herrick Memorial Hospital, Inc.	\$ 518,410	35	\$ 217,007	123	(\$2,736,323)	111	\$ 697,848	100
St. Mary Mercy Hospital (m)	(7,313,056)	126	3,357,757	51	(2,764,339)	112	2,649,963	50
Mercy General Health Partners (m)	(3,114,458)	110	4,644,953	44	(2,859,932)	113	4,758,261	34
Memorial Medical Center of West Michigan	(845,531)	80	1,104,732	83	(2,870,471)	114	1,154,917	75
Emma L. Bixby Hospital *	(1,821,892)	95	277,952	119	(2,950,486)	115	725,535	97
McLaren General Hospital (f)	(18,582,591)	137	5,317,977	39	(3,072,607)	116	7,755,686	25
Edward W. Sparrow Hospital (j)	(4,993,475)	117	12,860,165	21	(3,095,658)	117	13,599,540	14
United Memorial Hospital	(1,006,580)	85	1,052,111	86	(3,638,358)	118	887,635	89
Marquette General Hospital	(4,100,026)	113	5,111,644	41	(3,817,418)	119	7,052,472	27
St. John Northeast Community Hospital (l)	(1,220,168)	88	2,136,694	60	(3,853,799)	120	1,960,122	60
St. Joseph Mercy Livingston Hospital (m)	(1,924,416)	96	2,090,000	61	(4,043,913)	121	3,034,000	43
Pontiac Osteopathic Hospital	(5,309,928)	119	3,798,695	48	(4,200,900)	122	4,532,247	36
Spectrum Health - Kent Community Campus (k)	(6,801,915)	125	25,515,456	12	(4,273,446)	123	459,368	109
Alpena General Hospital	(2,482,451)	106	4,265,617	45	(4,302,196)	124	4,310,451	38
Mercy Hospital - Port Huron (m)	(1,118,181)	87	3,802,181	47	(4,739,214)	125	4,930,542	33
St. Joseph Mercy Hospital & Health Services (m)	(6,606,137)	123	10,461,199	26	(5,127,733)	126	11,233,426	19
Mary Free Bed Guild	(4,948,944)	116	7,809,532	29	(5,599,775)	127	7,944,990	24
St. John Detroit Riverview Hospital (l)	(5,331,848)	120	5,497,358	37	(6,438,329)	128	2,653,022	49
Riverside Osteopathic Hospital (e)	(3,847,010)	112	3,159,584	53	(6,861,403)	129	(11,489,116)	145
William Beaumont Hospital - Royal Oak (n)	11,327,492	4	15,660,239	19	(7,103,351)	130	16,552,390	12
Covenant Medical Center, Inc.	(1,960,903)	97	5,696,141	36	(7,756,822)	131	(2,940,104)	141
Bon Secours Hospital (a)	(6,771,089)	124	11,797,323	23	(8,021,199)	132	11,830,783	17
Bi-County Community Hospital (e)	(2,469,265)	104	7,018,727	33	(8,865,845)	133	6,206,189	29
Henry Ford Wyandotte Hospital (e)	2,130,997	12	3,140,000	54	(8,927,475)	134	12,947,993	16
Northern Michigan Hospitals, Inc.	(14,276,009)	131	12,295,294	22	(8,951,509)	135	10,308,764	22
Mid Michigan Reg. Med. Center - Midland (g)	(6,533,593)	122	10,254,621	27	(10,049,233)	136	8,989,229	23
Oakwood Heritage Hospital (i)	(11,783,032)	129	235,142	121	(13,502,650)	137	342,080	114
Providence Hospital (l)	(16,404,886)	134	30,332,558	10	(17,939,394)	138	20,494,539	9
Detroit Receiving Hospital (d)	(16,110,853)	133	35,313,120	5	(18,910,531)	139	23,065,425	8
St. Joseph Mercy Hospital - Ann Arbor (m)	(25,372,571)	140	32,607,000	7	(19,466,078)	140	37,894,000	3
Botsford General Osteopathic Hospital	(8,094,119)	127	11,128,061	24	(22,785,502)	141	4,744,222	35
W.A. Foote Memorial Hospital	(24,092,085)	139	20,969,496	14	(24,269,695)	142	14,284,237	13
St. Joseph Mercy Oakland (m)	(28,013,959)	141	30,476,472	9	(31,948,803)	143	30,538,353	4
Hurley Medical Center	(20,664,249)	138	23,009,998	13	(35,466,775)	144	10,718,702	21
St. Mary's Mercy Med. Center (Grand Rapids) (m)	(34,031,932)	142	44,417,058	3	(44,040,531)	145	56,058,010	2
Harper University Hospital (d)	(56,916,393)	144	37,940,392	4	(57,444,575)	146	30,253,051	5
Henry Ford Hospital (e)	(167,429,209)	146	69,461,374	2	(203,865,461)	147	88,952,357	1
Mercy Hospital, Detroit (m) *								
NextCare Hospital of Muskegon *								
<b>TOTAL</b>	<b>(\$665,736,404)</b>		<b>\$935,835,127</b>		<b>(\$484,240,737)</b>		<b>\$653,977,606</b>	

\* See Hospital Specific Data in box on p. 2.

# CRC Memorandum

## Affiliated Hospitals

Sixty-six hospitals were formally affiliated with other organizational entities in 2002 (see **Table 2**). In 2000 there

were 48 such hospitals. The total net patient income, total other income and expense and surplus (deficit) for the

hospitals of the systems operating in 2002 included in this Memorandum are shown in **Table 4**.

**Table 4**  
**Summary Finances of Affiliated Michigan Hospitals**  
**Fiscal Years Ending 1998, 2000, 2001 and 2002**  
**(Dollars in Thousands)**

Affiliated Hospital Systems 2002	1998			2000		
	Net Income from Services to Patients	Total Other Income/ Expense	Surplus (Deficit)	Net Income from Services to Patients	Total Other Income/ Expense	Surplus (Deficit)
Bon Secours Cottage Health Services	(\$ 8,393.9)	\$ 9,490.3	\$ 1,096.4	(\$ 3,794.5)	\$ 11,390.6	\$ 7,596.1
Borgess Health Alliance	(9,817.1)	37,888.2	28,071.1	(6,919.0)	34,603.4	27,684.4
Bronson Healthcare Group	4,955.6	27,418.4	32,374.0	(10,202.5)	35,219.2	25,016.7
Detroit Medical Center*	(113,733.1)	151,543.4	37,810.3	(193,009.1)	183,446.8	(9,562.3)
Henry Ford/Horizon Health System	(190,105.5)	133,691.3	(56,414.3)	(221,245.8)	141,039.7	(80,206.1)
McLaren Health Care Corp.	16,465.4	15,239.4	31,704.8	7,679.8	1,120.6	8,800.4
Mid-Michigan Regional Medical Center	(3,539.5)	24,213.3	20,673.8	(5,622.6)	19,481.3	13,858.7
Munson Healthcare	8,271.7	27,147.7	35,419.4	6,351.6	6,431.3	12,782.9
Oakwood Healthcare, Inc.	348.1	40,708.2	41,056.3	(4,892.6)	9,484.9	4,592.3
Sparrow Health System	(16,391.5)	29,687.5	13,296.0	(24,925.5)	21,456.0	(3,469.5)
Spectrum Health	18,463.2	47,832.9	66,296.0	(66,634.2)	100,218.6	33,584.4
St. John Health System	(6,920.2)	69,395.1	62,474.8	(22,674.2)	112,002.0	89,327.8
Trinity Health	(23,157.9)	145,486.7	122,328.8	(136,178.2)	164,796.5	28,618.3
William Beaumont Hospital Corp.	6,926.3	4,971.8	56,644.3	13,969.8	37,680.0	51,649.8
Affiliations Subtotal	(\$316,628.6)	\$764,714.1	\$492,831.6	(\$668,097.1)	\$878,370.9	\$210,273.8
DMC Adjustment (FY2000 only)				n/a	n/a	(25,189.7)
Affiliations Total**	(\$316,628.6)	\$764,714.1	\$492,831.6	(\$668,097.1)	\$878,370.9	\$185,084.1

\*FY2000 figures for the Detroit Medical Center do not reflect (\$25,189,711) additional deficit as a result of the merger of Sinai and Grace hospitals.

\*\* Affiliations total adjusted for DMC correction in 2000. The addition of Net Income from Services to Patients and Total Income/Expense for 2000 do not equal Surplus/Deficit.

Source: Medicaid cost reports filed with the Michigan Department of Community Health

It is important to understand that the hospital cost data shown here do not reflect two factors that can cause a hospital systems financial statements to differ significantly from these figures. First, hospital systems often contain entities in addition to hospitals. These may include a corporate office, non-hospital medical organizations and other units. The financial results

for these are included in the financial statements of the systems. Second, hospital systems may include adjustments made after the “Excess of (expenses over revenue) revenue over expense” line on the Consolidating Statement of Operations. Examples of these include a change in liability caused by a new calculation for minimum pension liability and changes in

the unrealized gain or loss in the fair market value of investments for the system. These may be included in an “Other Changes in Assets” section. The cost report data in this memorandum is based on the financial result for each hospital reflected as “Excess of (expenses over revenue) revenue over expenses” and before “Other Changes in Assets”.

## CRC Memorandum

**Table 4 (continued)**

	2001			2002		
	Net Income from Services to Patients	Total Other Income/ Expense	Surplus (Deficit)	Net Income from Services to Patients	Total Other Income/ Expense	Surplus (Deficit)
<b>Affiliated Hospital Systems 2002</b>						
Bon Secours Cottage Health Services	(\$ 3,415.8)	\$ 12,094.6	\$ 8,678.8	(\$ 3,763.9)	\$ 12,080.1	\$ 8,316.2
Borgess Health Alliance	18,743.6	23,804.2	42,547.7	34,230.4	24,057.1	58,287.5
Bronson Healthcare Group	(13,693.7)	35,177.3	21,483.5	(998.6)	24,971.9	23,973.3
Detroit Medical Center*	(102,364.4)	131,573.3	29,208.9	(68,807.9)	100,269.7	31,461.8
Henry Ford/Horizon Health System	(171,614.5)	82,779.7	(88,834.8)	(228,520.2)	96,617.4	(131,902.8)
McLaren Health Care Corp.	(20,478.6)	19,165.7	(1,312.9)	336.5	3,980.0	4,316.5
Mid-Michigan Regional Medical Center	(5,773.5)	12,879.1	7,105.6	(9,796.5)	11,510.5	1,714.0
Munson Healthcare	(990.1)	10,652.8	9,662.7	(553.2)	5,155.0	4,601.8
Oakwood Healthcare, Inc.	(19,838.8)	12,024.6	(7,814.2)	(15,505.1)	12,673.4	(2,831.7)
Sparrow Health System	(12,281.9)	19,076.2	6,794.3	(3,602.2)	15,633.7	12,031.5
Spectrum Health	(79,677.2)	149,377.3	69,700.1	11,161.8	8,339.1	19,500.9
St. John Health System	(32,254.8)	75,063.5	42,808.8	(19,183.5)	49,978.5	30,795.0
Trinity Health	(110,083.3)	141,722.1	31,638.8	(114,787.6)	161,896.7	47,109.1
William Beaumont Hospital Corp.	17,444.0	18,657.2	36,101.2	(1,582.2)	20,535.5	18,953.3
Affiliations Subtotal	(\$536,278.9)	\$744,047.6	\$207,768.7	(\$421,372.1)	\$547,698.7	\$126,326.6
DMC Adjustment (FY2000 only)						
Affiliations Total**	(\$536,278.9)	\$744,047.6	\$207,768.7	(\$421,372.1)	\$547,698.7	\$126,326.6

### Hospital Name Changes Between 2000 and 2002

Memorandum 1060 which reported hospital financial results for the years 1998 and 2000 used the hospital name in use for 2000. This memorandum reflects 2002 hospital names. Changes between 2000 and 2002 are:

<u>2000 Name</u>	<u>2002 Name</u>
Detroit Riverview	St John Riverview
McPherson	St Joseph Mercy Livingston
Oakland General	St John Oakland
Saline Community	St Joseph Mercy Saline
Spectrum Butterworth	Spectrum Health
Spectrum – East Campus	Spectrum Health

## CRC Memorandum

### Definitions

Cost reports and supplemental data are reviewed by the state to assure agreement with the financial statements for each institution as stated by the hospital's independent auditor. Definitions are consistent with generally accepted accounting principles (GAAP). At a summary level they are:

*Inpatient Income.* The total amount received or carried as accounts receivable as a result of billings (charges) for services related to the provision of inpatient care during the fiscal year. Among items included are room and meals, operating room, laboratory tests, medical supplies, drugs, and the like.

*Outpatient Income.* This is the same as above but for outpatient care including outpatient surgery.

*Contractual Allowances and Discounts.* Hospitals agree to accept payment amounts that are less than charges from some third party payers such as Blue Cross/Blue Shield, Medicare, Medicaid, managed care organizations and private insurance companies. When done as a result of a formal contract or agreement the amounts are recorded as a contractual allowance. Other billings for less than usual and customary charges are recorded as discounts.

*Net Patient Revenue.* The sum of inpatient and outpatient revenue less contractual allowances and discounts.

*Total Operating Expenses.* The total of expenses recorded in pro-

viding care for both inpatient and outpatient services.

*All Other Expenses.* The costs of all expenses not related to patient care are recorded in this category and include such things as parking, gift shop and cafeteria, fund raising and investment management.

*All Other Income.* Income for the categories included in other expenses. During the 1998-2000 period investment income was an important component of the overall positive results.

*Surplus/Deficit.* Virtually all Michigan hospitals are not-for-profit organizations and year-end financial results are classified as a surplus or deficit rather than a profit or loss.

### Health Systems Planning Areas

In the late 1960s, the state designated 8 health systems planning areas (See **Map 1**). **Table 5** reflects financial data

for these areas with the City of Detroit separated from the southeast area. In 2001 and 2002, the City of De-

troit and the Genesee area experienced an overall deficit, while only the City of Detroit did so in 1998 and 2000.

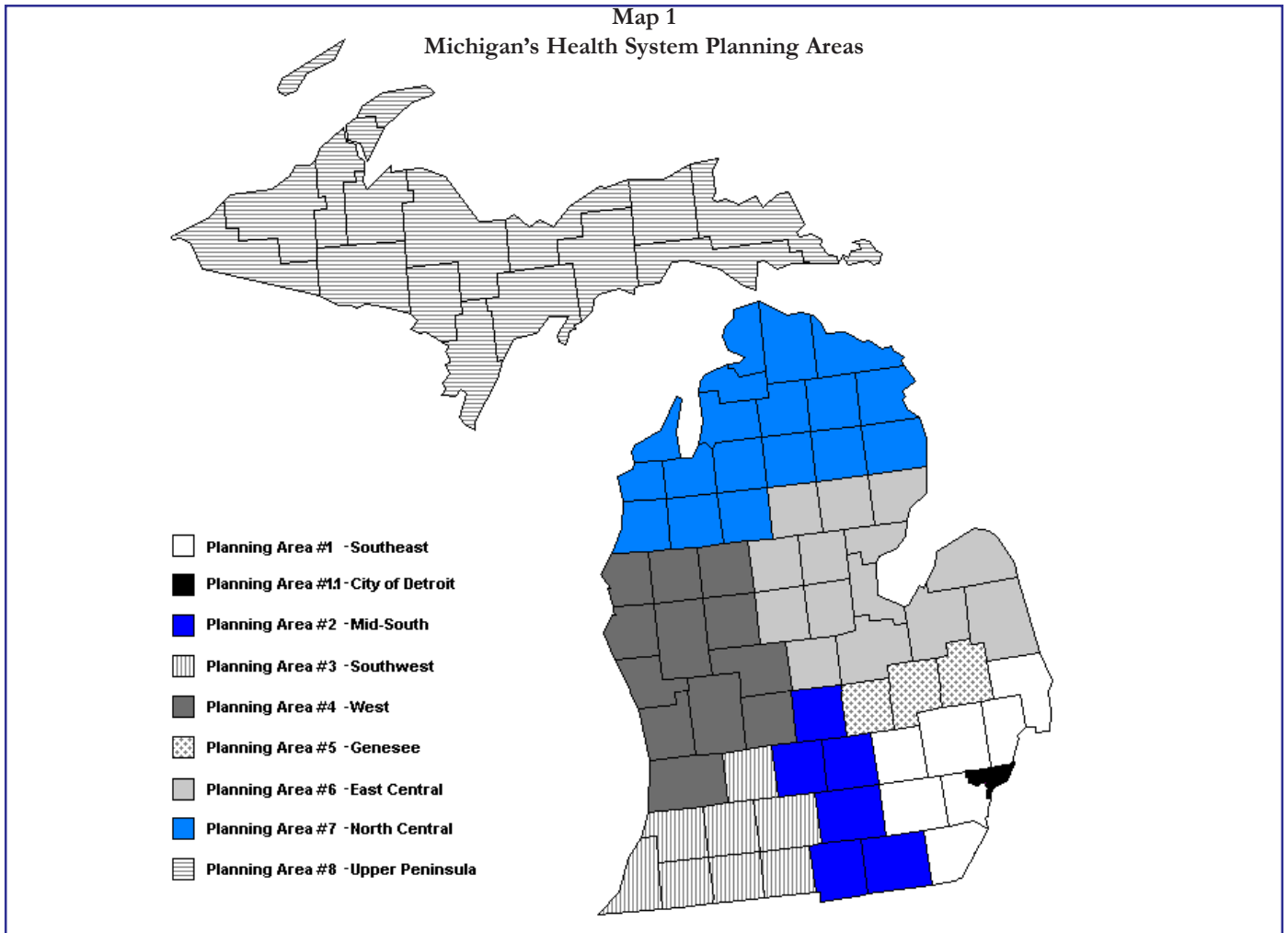
**Table 5**  
**Net Income from services to Patients and Surplus (Deficit) by Health System Areas**  
(See Map for Area Designations)

		1998				2000			
		Net Income from Services to Patients	Total Other Income/Expense	Surplus (Deficit)	S/D Rank	Net Income from Services to Patients	Total Other Income/Expense	Surplus (Deficit)	S/D Rank
Area 1	Southeast*	\$ 31,374,246	\$431,239,394	\$462,613,640	1	(\$107,605,867)	\$592,606,956	\$485,001,089	1
Area 1.1	City of Detroit	(335,146,881)	316,989,473	(18,157,408)	9	(418,415,822)	362,467,378	(55,948,444)	9
Area 2	Mid-South	(4,306,137)	78,570,309	74,264,172	4	(41,035,547)	49,567,349	8,531,802	8
Area 3	Southwest	13,007,080	84,338,191	97,345,271	3	(20,577,575)	85,331,918	64,754,343	2
Area 4	West	(1,158,625)	126,185,781	125,027,156	2	(132,497,701)	196,125,698	63,627,997	3
Area 5	Genesee	(37,595,986)	43,096,222	5,500,236	8	(32,464,936)	41,148,081	8,683,145	7
Area 6	East Central	(13,414,896)	71,260,034	57,845,138	5	(43,882,486)	63,918,233	20,035,747	5
Area 7	North Central	2,923,885	43,693,450	46,617,335	6	(20,042,056)	39,110,484	19,068,428	6
Area 8	Upper Peninsula	(11,111,034)	23,138,608	12,027,574	7	(5,242,954)	26,876,206	21,633,252	4
TOTAL		(\$355,428,348)	\$1,218,511,462	\$863,083,114		(\$821,764,944)	\$1,457,152,303	\$635,387,359	

\* Without the City of Detroit

Source: Medicaid cost reports filed with the Michigan Department of Community Health

# CRC Memorandum



**Table 5 (continued)**

		2001				2002			
		Net Income from Services to Patients	Total Other Income/ Expense	Surplus (Deficit)	S/D Rank	Net Income from Services to Patients	Total Other Income/ Expense	Surplus (Deficit)	S/D Rank
Area 1	Southeast*	(\$108,805,196)	\$216,512,896	\$107,707,700	1	(\$107,399,268)	\$170,061,738	\$ 62,662,470	2
Area 1.1	City of Detroit	(279,848,046)	232,329,064	(47,518,982)	9	(281,025,041)	209,615,451	(71,409,590)	9
Area 2	Mid-South	(9,058,876)	44,110,860	35,051,984	4	(31,975,213)	35,121,302	3,146,089	7
Area 3	Southwest	(4,508,307)	73,447,687	68,939,380	3	43,294,291	61,514,732	104,809,023	1
Area 4	West	(140,656,145)	235,062,168	94,406,023	2	(41,543,385)	98,665,146	57,121,761	3
Area 5	Genesee	(66,757,007)	42,008,503	(24,748,504)	8	(29,662,853)	3,889,312	(25,773,541)	8
Area 6	East Central	(31,791,849)	40,470,818	8,678,969	7	(16,970,036)	27,268,574	10,298,538	6
Area 7	North Central	(18,279,022)	32,761,747	14,482,725	5	(13,712,787)	26,422,980	12,710,193	5
Area 8	Upper Peninsula	(6,031,956)	19,131,384	13,099,428	6	(5,246,445)	21,418,371	16,171,926	4
<b>TOTAL</b>		(\$665,736,404)	\$935,835,127	\$270,098,723		(\$484,240,737)	\$653,977,606	\$169,736,869	

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## Summary

During the five years from 1998 to 2002, Michigan hospitals in total experienced a steady decline in financial status resulting from growing contractual allowances and discounts, operating expenses which grew faster than net patient revenues, and the effects of a weakened economy on investment and contributory income.

While surpluses and deficits for individual Michigan hospitals varied significantly over the period, the number of hospitals with surpluses went from 118 in 1998 to 100 in both 2000 and 2001 before increasing to 107 in 2002. The total surplus of the

hospitals taken as a group, however, declined steadily between 1998 and 2002.

A \$5.6 billion (60.7%) increase in contractual allowances and discounts between 1998 and 2002 largely offset the \$7.6 billion (33.5%) gain in patient revenue charges before these allowances. The increase in contractual allowances and discounts resulted from an increasing difference between Medicare and Medicaid rates and hospital charges and the discounts negotiated by third party insurance companies and managed care organizations. Further, the \$2.2 billion in-

crease in expenses was more than the \$2.0 billion increase in net patient revenue. This combination resulted in a \$128.8 million decrease in net revenue from patient services. When combined with the \$564.5 million reduction in income from non-patient sources, the overall change in surplus from \$863.1 million to \$169.7 million results.

The lowered revenue from sources other than patient care was chiefly caused by the reduced income from investments and contributions experienced by many institutions during the recent economic decline.

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