

Response to H-HSS Committee Question on March 5, 2015:

“Please provide the incomes of the hospitals that reported the \$90 million in uncompensated care.”

The following is a list of the total reported net income for each hospital that reported uncompensated care costs in 2013. The net income is reflected in both dollars and as a percentage of total revenue.

While these numbers reflect total net income for each hospital, they do not in any way represent “profit.” The calculation for total net income simply looks at the remaining dollar amount after considering total revenue sources and total expenses. The reason this is not indicative of profit is because total revenue includes artificial payment streams (artificial in the sense that they are not operationally driven and are irregular).

For example, Central Peninsula Hospital shows a total net income of \$14.2 million in 2013. Naturally, one may want to conclude that since this is the dollar amount remaining after total expenses were paid, it must represent the hospital’s profit. However, this conclusion would be incorrect because, in this case, Central Peninsula Hospital’s total revenue includes a \$2 million capital budget appropriation from the State of Alaska so that the hospital could build a radiology oncology facility. Again, that \$2 million in revenue is a one-time payment that was not in any way driven by the hospital’s patient care or operations.

Similarly, Bartlett Regional Hospital shows a total net income of \$5.3 million in 2013. The total revenue in that net income calculation includes a statutorily-required contribution from the State of Alaska of \$4.2 million for PERS expenses. Again, \$5.3 million in total net income cannot represent profit or financial health when it includes contributions from the State of Alaska that have no relation to patient care or operations.

TOTAL NET INCOME		
Facility	FYE 2013	% OF REVENUE
ALASKA REGIONAL	\$34,036,233	15%
BARTLETT	\$5,285,508	6%
CENTRAL PENINSULA	\$14,210,763	11%
CORDOVA	\$1,193,381	12%
FAIRBANKS MEMORIAL	\$4,856,459	2%
KETCHIKAN	\$4,003,578	6%
MAT-SU	\$39,282,807	26%
NORTON SOUND	\$15,043,584	13%
PROVIDENCE ALASKA MED CENTER	\$88,699,318	13%
PETERSBURG	\$921,688	6%
PROV. KODIAK	\$3,135,525	8%
PROV. SEWARD	\$4,851,415	22%
PROV. VALDEZ	\$1,531,254	11%
SITKA	\$252,550	1%
SOUTH PENINSULA	\$1,385,380	3%
WRANGELL	\$1,496,879	13%