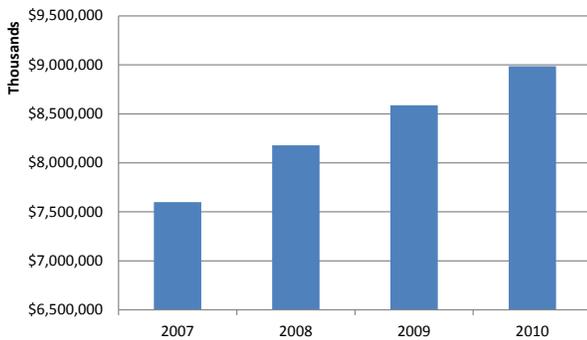


Acute Care Hospital Expenses FY 2010

- Since Fiscal Year (“FY”) 2007, the total operating expenses of Connecticut’s thirty acute care hospitals have increased from \$7.6 billion to \$8.9 billion or 17%; however, the annual growth in expenses has been shrinking.
- Hospital expenses increased almost 8% in FY 2008, 5% in FY 2009 and 4.6% in FY 2010.
- In FY 2010, salaries, wages and fringe benefits of hospital employees was the largest expense component for hospitals at \$4.7 billion.
- Contractual labor costs have added an additional half billion dollars to hospital labor costs annually.
- Since FY 2007, salaries, wages and fringe benefits have comprised about 52% of hospital expenses.
- In FY 2010, salaries and wages dropped slightly while fringe benefits rose slightly; however, overall employee compensation remained at 52% of hospital expenses.

Figure 1: Total Expenses FY 2007 - 2010



- Salaries and wages are the largest individual expense category at \$3.6 billion or 40% of total expenses.
- Interest expense at \$72 million and malpractice expense at \$136 million are the two smallest expense categories.

Figure 2: Hospital Expenses - FY 2010

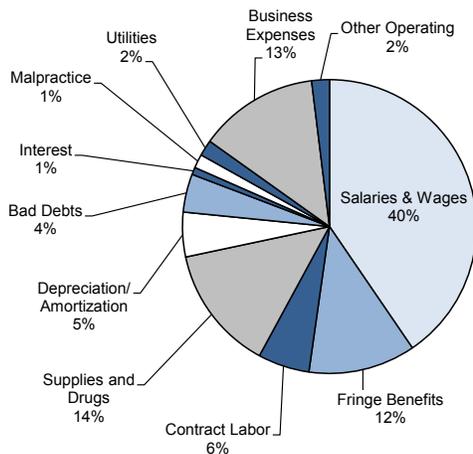
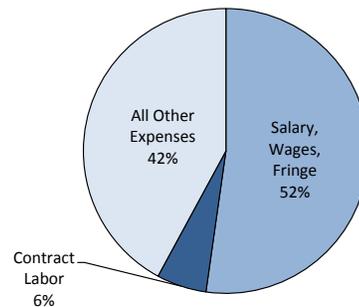
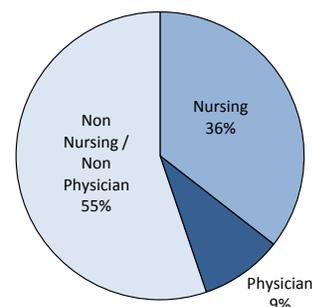


Figure 3: Total Labor Costs - FY 2010



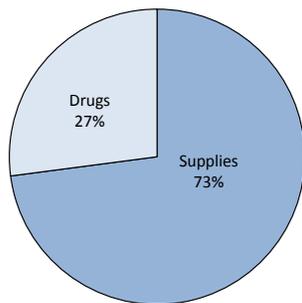
- In FY 2010, Connecticut hospitals employed 52,000 full-time equivalent employees (FTEs), an increase of 3,000 FTEs from FY 2007.
- Employee costs can be broken into three separate segments: nursing, physician, and employees that are neither nurses nor physicians (such as x-ray technicians, janitors, administrative assistants and billing employees).
- The non-nursing and non-physician category is the largest segment with \$2.6 billion or 55% of FTE expenses.

Figure 4: FTE Expenses - FY 2010



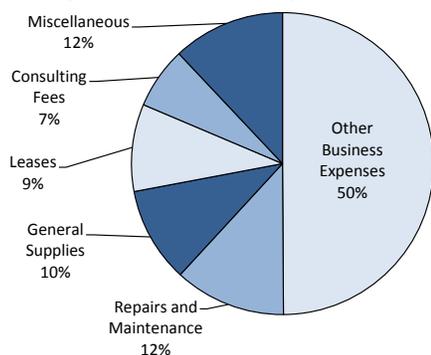
- In FY 2010, Connecticut’s hospitals spent over \$1.2 billion on pharmaceuticals and medical supplies for their patients.
- In FY 2010, drugs accounted for \$335 million of the total while medical supplies were just over \$900 million.
- Expenditures of these two items have consistently accounted for 14% of overall hospital expenses each year since FY 2007.

Figure 5: Supply/Drug Expenses - FY 2010



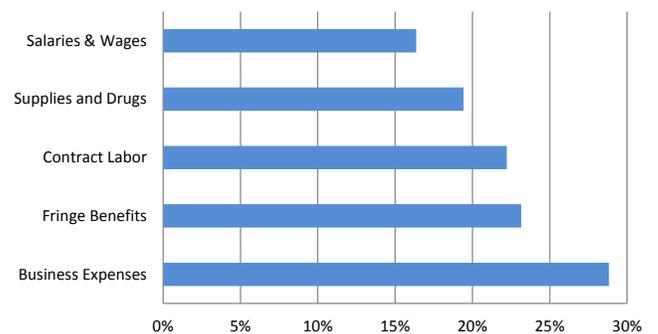
- Expenses incurred by hospitals in order to conduct everyday business activities consumed almost \$1.2 billion in FY 2010.
- Some of the largest expenses were for repairs and maintenance (\$141 million), general supplies (\$121 million), building and equipment leases (\$111 million) and consulting fees (\$78 million).
- Total business activities classified as “other business expenses” was \$591 million.
- Examples of other business expenses are software and hardware upgrades, health system support fees, employee training and fees for purchase services.
- Since FY 2007, business expenses have increased from \$920 million to \$1.19 billion in FY 2010, a cumulative 29% increase.

Figure 6: Business Expenses - FY 2010



- Since FY 2007, each expense category has remained relatively consistent as a percentage of total expenses.
- Some expenses such as interest on loans, malpractice insurance, and utilities are each less than 2% of total hospital expenses.
- Bad debts and depreciation/amortization are expenses incurred which don’t require an outlay of cash, but together amount to almost 10% of hospital expenses.
- The five expense categories that had the largest cumulative increase in total dollars from FY 2007 to FY 2010 were salaries and wages (16%), supplies and drugs (19%), contract labor (22%), fringe benefits (23%) and business expenses (29%).

Figure 7: Expense Trends - FY 2007-2010



The Office of Health Care Access (OHCA), a division of the Department of Public Health, oversees the state’s health care delivery system to ensure that access to affordable, quality care is available to the residents of the state. OHCA regularly issues fact sheets, issue briefs, and other reports to provide reporting and analysis of health care data for consumers and providers.

Data Source: CT Department of Public Health, Office of Health Care Access, Hospital Reporting System.
 For additional information: www.ct.gov/dph/ohca Tel: 860 -418-7001 Fax: 860-418-7053