

A photograph of a bright, clean hospital hallway with a polished floor reflecting the overhead lights. Medical equipment, including a gurney and a walker, is visible in the distance. The hallway is flanked by white walls and doors.

St. Louis Hospital Industry Overview

Hospital Quality and Finance



Gateway
BUSINESS
HEALTH
COALITION

2025

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Key Takeaways

Quality & Patient Safety

1. **Overall quality and safety** of St. Louis hospitals **declined** from 2023 to 2024, with **fewer hospitals** achieving **4- and 5-star CMS ratings** and **“A” and “B” Leapfrog Safety Grades**. (Page 5 and 6)
2. Three St. Louis hospitals received an “A” Leapfrog Safety Grade in Spring 2025:
 - Mercy Hospital Jefferson – **2 consecutive “A” Safety Grades**
 - Mercy Hospital Washington – **4 consecutive “A” Safety Grades**
 - OSF St. Anthony’s Health Center – **3 consecutive “A” Safety Grades**
3. Two hospitals, both part of BJC HealthCare, achieved 5-Star Overall Star Ratings in 2024. (Page 6)
 - Missouri Baptist Medical Center – **4 consecutive 5-star ratings**
 - Barnes-Jewish St. Peters Hospital
4. Though overall quality saw a decline in 2024, St. Louis hospitals **improved for the three healthcare-associated infection (HAI) measures** that BHC examined: **CAUTI, C. diff, and MRSA**. Nineteen hospitals (68%) in St. Louis performed better than the national benchmark for C. diff infections, and 9 hospitals (43%) performed better for CAUTIs. (Page 7 and 8)
5. Two CMS measures, **unplanned return days for pneumonia** and **unplanned return days for heart failure**, show **8 St. Louis hospitals performing worse than average**. Four hospitals performed **worse for both** of these measures: Barnes-Jewish Hospital, SSM St. Joseph – SC, SSM St. Louis University Hospital, and SSM Health St. Mary’s Hospital. (Page 11)

Finance

1. St. Louis hospital discharges increased 7.1% and adjusted discharges increased 11.4% from 2022 to 2023. SSM had the highest growth in both of these categories and passed Mercy for second-highest market share of adjusted discharges. BJC still leads for both. (Page 15)
2. St. Louis hospitals’ **net patient revenue increased 9.9%**, while **operating expenses increased by 6.1%** from 2022 to 2023. This shifted 2022’s patient service loss of \$73 million to a patient service income of **\$289 million in 2023**, a patient service profit margin of 2.1%. **Net income across all hospitals**, which includes non-operating revenue and expenses, totaled nearly **\$865 million in 2023**, over 3.5 times higher than \$232 million in 2022, for a total profit margin of 6.2%. (Page 16)
3. Of the 14 hospitals with commercial prices greater than 200% of Medicare, 9 had a markup of over 75 percentage points from their breakeven. Nine had breakevens over 150%. This indicates **high prices among some St. Louis hospitals from both high profits and high breakevens**. (Page 20)

Conclusion

1. No hospitals remained below 200% of Medicare and received 5 stars from CMS. Of the two **CMS 5-Star hospitals, Missouri Baptist had the lowest commercial price** (220% of Medicare), 20 percentage points above the “fair price” range. (Page 6, 21)
2. **Eleven St. Louis hospitals** (listed below from lowest to highest price) **charge a “fair price”** to commercial payers (<200% of Medicare). None of these are CMS 5-Star hospitals, but 2 have 4 stars (**Mercy Washington** and **Anderson**). (Page 18, 20, and 21)
 1. **Mercy Hospital Washington**
 2. SSM Health St. Joseph – SC
 3. Mercy Hospital South
 4. SSM Health St. Louis University Hospital
 5. St. Luke’s Des Peres Hospital
 6. SSM Health St. Joseph Hospital – LSL
 7. SSM Health DePaul Hospital
 8. Mercy Hospital Jefferson
 9. Gateway Regional Medical Center
 10. **Anderson Hospital**
 11. Mercy Hospital Lincoln

Dear St. Louis Community,

Gateway Business Health Coalition is pleased to present this report on the quality, safety, and financial performance of St. Louis hospitals, offering a clear, data-driven view of how our local health care system is performing and what it means for you.

Health care is not just another service. For many employers, it is one of the largest and most critical investments made on behalf of their workforce. Yet all too often, the true value and performance behind that investment are obscured by complexity, technical language, or a lack of accessible public data. Our goal is to change that. This report is designed with one simple aim: to increase transparency. By bringing together the most recent and reliable public data on hospital quality ratings, patient safety, pricing, and financial health, we aim to equip purchasers, benefits managers, brokers, and community leaders with the insights they need to make informed, strategic decisions.

Some of the key insights you will find in this report include:

- How local hospitals stack up on national quality and safety benchmarks
- Where pricing and performance align — and where they don't
- Financial trends that affect market leverage, negotiating power, and long-term cost sustainability

We believe purchasers of health care have a right to know exactly what they are paying for when it comes to health care. This report is not only an industry scorecard — it's a tool for advocacy. It's designed to help you ask better questions, demand better value, and make choices that promote safer care and smarter spending for your employees and your community.

Though some St. Louis hospitals performed well, we are disappointed with the decline in overall quality performance, with fewer hospitals achieving 4- and 5-star CMS ratings and "A" and "B" Leapfrog Safety Grades. No hospitals in St. Louis achieved both 5 stars from CMS and remained at a "fair" price for commercial payers. The two 5-star hospitals both charged commercial payers over double Medicare rates. Commercially insured patients in the St. Louis community shouldn't have to choose between safety and affordability when selecting where to receive care.

It is important to note that the St. Louis market is not facing the extreme health care affordability crisis that many other metropolitan areas around the country are battling and hospital costs and prices are not as high. However, with the average Missouri family premium growing 51% between 2014 and 2023 — almost twice as much as the 27% growth in Missouri workers' wages — this is still a key issue within our community that needs to be addressed. Hospital spending makes up the largest portion of health care spending — around 30%. Although, there are other areas of health care spending that are rapidly growing and becoming significant drivers of year-over-year spending increases, such as pharmaceutical costs (specifically, GLP-1s and new gene and cell therapies).

Lastly, Gateway BHC recognizes that hospitals are currently facing considerable challenges with rapidly increasing operating costs, new technology and treatments, challenging payer negotiations, and the same economic uncertainty that all employers are currently facing. We thank our local hospitals for engaging with this report and for the critical services they provide to our community, which span beyond providing patient care to community benefit activities like charity care, health equity initiatives, and safety net services.

Thank you for taking the time to engage with this important material. Together, through transparency and accountability, we can work toward a health care system that delivers better outcomes at a fair price.

Sincerely,



Laurel Pickering
President & CEO
Gateway Business Health Coalition

Introduction

Since its inception over 40 years ago, Gateway Business Health Coalition's (BHC), formerly the St. Louis Area Business Health Coalition, employer members have tracked the rapid escalation of health care spending without a commensurate return on patient outcomes with growing concern. BHC serves as an advocate for affordable, safe, and high-quality health care in the St. Louis region and nationally. It has produced this longstanding *St. Louis Hospital Industry Overview* report since the 1980s.

Hospital quality: Purchasers can drive improvement

Quality and safety can vary greatly from hospital to hospital, even among those with similar patients. Studies estimate that over 400,000 hospitalized patients experience preventable medical harm each year in the United States and that the cost of medical errors amounts to anywhere from \$20 billion to over \$45 billion annually¹, with patients and health care purchasers footing the bill. Poor patient outcomes, such as missed diagnoses, infections acquired from hospitals, readmission, and medical errors, take a large toll on the workforce through illness burden and increased health care costs for employees and employers alike.

In addition to having a vested interest in keeping health care costs low and employees healthy, employers can drive high-quality care, because they purchase health care benefits for just over half (53.7%) of all Americans.² Levers they can pull include implementing tiered or narrow networks to direct more patients to high-quality hospitals or driving value-based payment models that reward positive outcomes for their employee population through their plan administrator or by contracting directly with providers. Employers play a key role in pushing the health system towards higher quality care.

We can't afford to spend more on health care

Beyond striving for the highest quality care for the St. Louis community, BHC also focuses on the affordability and financial performance of local hospitals. Health care spending in the U.S. is projected to reach about 20% of gross domestic product (GDP) by 2032,³ and hospital spending consistently makes up the largest portion – around 30% – of that spending.⁴ A primary driver of increased hospital spending is growth in hospital prices, which have increased faster than any other sector of the economy since 2000.

Not only are higher prices often not correlated with an increase in quality, but rising health care prices have significant repercussions, because consumers and employers bear the burden of the increased cost of health care. This cost is primarily borne by employers and other health care purchasers but is ultimately shouldered by American workers and families through increased premiums, slowed growth in wages, and rises in unemployment. A recent study estimates that for every 1% increase in a county's health care prices, income decreases by 0.27%, federal income tax receipts decrease by 0.4%, flow into unemployment increases 1%, and there is one additional death from suicide or overdose per 100,000.⁵

BHC's goal is for St. Louis area hospitals to be high-quality, efficient, and affordable for all patients. By reporting on quality and financial performance, we hope to drive excellence in these areas for the benefit of our community by recognizing improvement and equipping health care purchasers with information necessary for a healthy, competitive market. Hospitals in the St. Louis area play a vital role in supporting the health and well-being of our community, providing essential medical services and striving to meet the needs of patients across the region. BHC recognizes the unique challenges that hospitals face and appreciates their partnership in improving care delivery and affordability for patients in greater St. Louis.

¹ Rodziewicz TL, Houseman B, Vaqar S, et al. Medical Error Reduction and Prevention. Updated February 12, 2024. In: StatPearls [Internet]. Treasure Island (FL): StatPearls Publishing; January 2025-. Accessed May 13, 2025. <https://www.ncbi.nlm.nih.gov/books/NBK499956/>

² Keisler-Starkey K, Bunch LN. Health Insurance Coverage in the United States: 2023. U.S. Census Bureau; September 2024. Accessed May 13, 2025. <https://www.census.gov/library/publications/2024/demo/p60-284.html>

³ Centers for Medicare & Medicaid Services. National Health Expenditure Fact Sheet. December 18, 2024. Accessed May 13, 2025. <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet>

⁴ Centers for Medicare & Medicaid Services. National Health Expenditures 2023 Highlights. 2024. Accessed May 13, 2025. <https://www.cms.gov/files/document/highlights.pdf>

⁵ Brot-Goldberg Z, Cooper Z, Craig SV, Klarnet L, Lurie I, Miller C. Who Pays for Rising Health Care Prices? Evidence from Hospital Mergers. Tobin Center for Economic Policy at Yale University; December 2024. Accessed May 13, 2025. https://tobin.yale.edu/sites/default/files/2024-12/Hospital_Consolidation_and_Wages-122_1.pdf

Section One: Quality & Patient Safety

How Do Patient Safety & Quality Vary Across Hospitals?

Leapfrog Hospital Safety Grades, Spring 2025

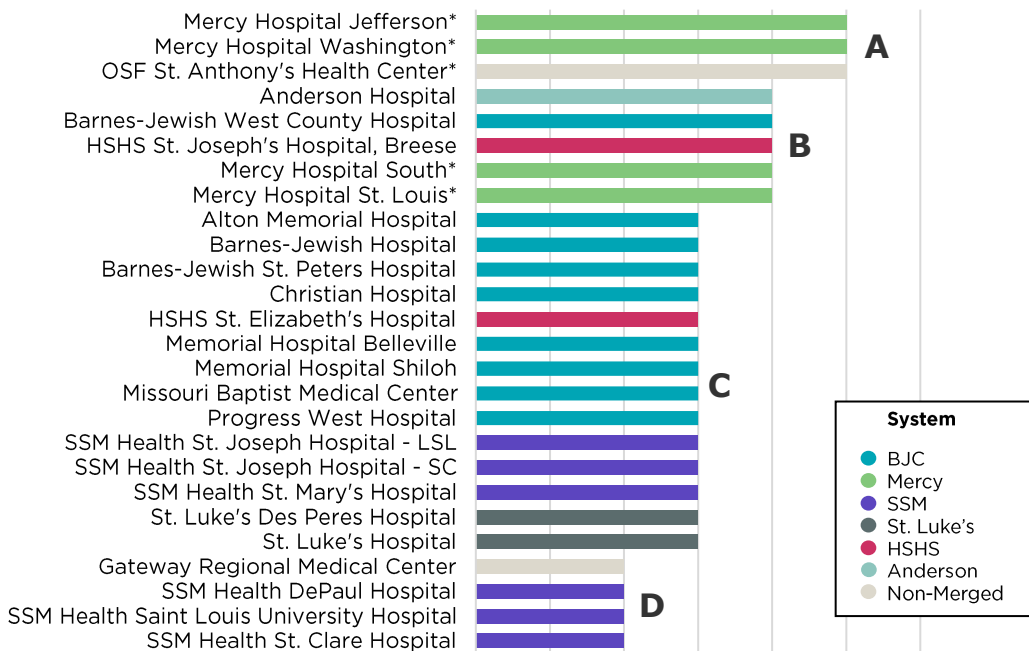
The **Leapfrog Hospital Safety Grade**, created by patient safety organization The Leapfrog Group, is a letter grade assigned to general acute-care hospitals to assess the level of safety for patients. This system uses 22 patient safety measures (see right) to calculate an A, B, C, D, or F letter grade to equip purchasers and health care consumers to make decisions based on patient safety.⁶

Leapfrog uses a combination of data from the Centers for Medicare and Medicaid Services (CMS) and an annual, voluntary Leapfrog Hospital Survey. The Leapfrog Survey measures additional safe hospital practices, such as hand hygiene and bar code medication administration. Gateway Business Health Coalition serves as the Leapfrog Regional Leader for the state of Missouri and sends invitations to hospitals requesting survey participation.

It is essential that more hospitals complete the Leapfrog survey to ensure transparency and provide critical information to purchasers and patients to aid in choosing safe care options. Information from this survey also provides a roadmap to hospitals for benchmarking and improving patient safety.

BHC recognizes Mercy hospitals and OSF St. Anthony's Health Center for completing the Leapfrog Survey.

Three St. Louis hospitals (11.5%) received an "A" grade in spring 2025, indicating they are the highest performers in patient safety in the region. This is a decrease from 24% receiving an A in spring 2024. The majority of hospitals in St. Louis (54%) received "C" grades, which increased from 32% last year.



Source: The Leapfrog Group, May 2025

*These hospitals report data directly to The Leapfrog Group via the annual Leapfrog Hospital Survey. Leapfrog Safety Grades are not assigned to critical access hospitals.

⁶ About the Grade. Leapfrog Hospital Safety Grade. Accessed May, 2025.

Leapfrog Safety Grade Measures

Process & Structural Measures (50%)

- Computerized Physician Order Entry
- Bar Code Medication Administration
- ICU Physician Staffing
- Culture of Leadership Structures and Systems
- Culture Measurement, Feedback, & Intervention
- Total Nursing Care Hours per Patient Day
- Hand Hygiene
- Nurse Communication
- Doctor Communication
- Staff Responsiveness
- Medication Communication
- Discharge Information

Outcome Measures (50%)

- Foreign Object Retained
- Air Embolism
- Falls and Trauma
- CLABSI
- CAUTI
- Surgical site infection: Colon
- MRSA
- C. Diff.
- Death rate among surgical inpatients with serious treatable complications
- CMS Medicare PSI 90: Patient safety and adverse events composite
 - Pressure ulcer
 - Iatrogenic pneumothorax
 - In-hospital fall with hip fracture
 - Perioperative hemorrhage or hematoma
 - Postoperative acute kidney injury requiring dialysis
 - Postoperative respiratory failure
 - Perioperative pulmonary embolism or deep vein thrombosis
 - Postoperative sepsis
 - Postoperative wound dehiscence
 - Abdominopelvic accidental puncture or laceration

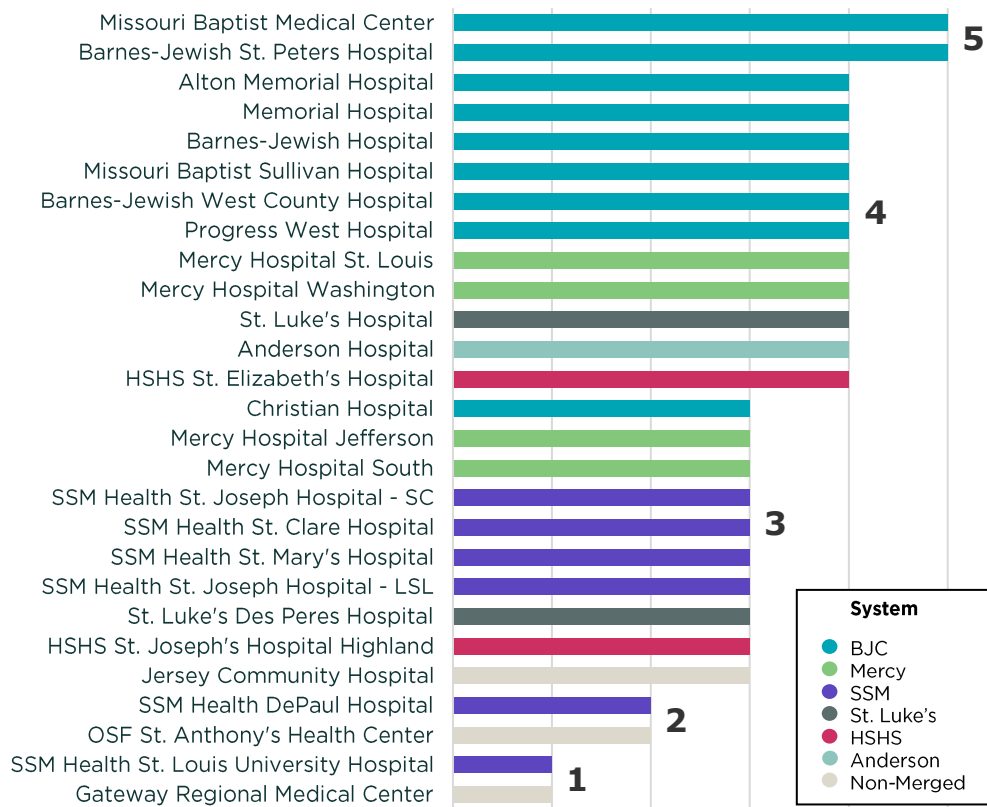
CMS Overall Star Ratings, 2024⁷

The Centers for Medicare & Medicaid Services (CMS) **Overall Hospital Quality Star Rating** provides an aggregate, consumer-friendly view of the quality of care provided by general acute care hospitals. Many of the measures focused on safety also contribute to a hospital's Leapfrog Safety Grade (page 5). The CMS star rating also includes measures focused on other aspects of quality, such as timely and effective care and readmission.

Hospitals report data directly to CMS for 47 measures (see right) in 5 measure groups: Mortality, Safety, Readmission, Patient Experience, and Timely & Effective Care. CMS then calculates a hospital's Overall Star Rating, which ranges from 1 star (lowest score) to 5 stars (highest score).

Two hospitals, both in BJC HealthCare, achieved 5-star Overall Star Ratings in 2024 (7%), half as many as in 2023. Missouri Baptist Medical Center has received a 5-star rating for 4 years in a row.

In St. Louis, 41% of hospitals received a 4-star rating. More hospitals had 2- and 3-star ratings in 2024 (44%) than in 2023 (32%). The same two hospitals were given a 1-star rating in 2024 and 2023.



Source: CMS, July 2024

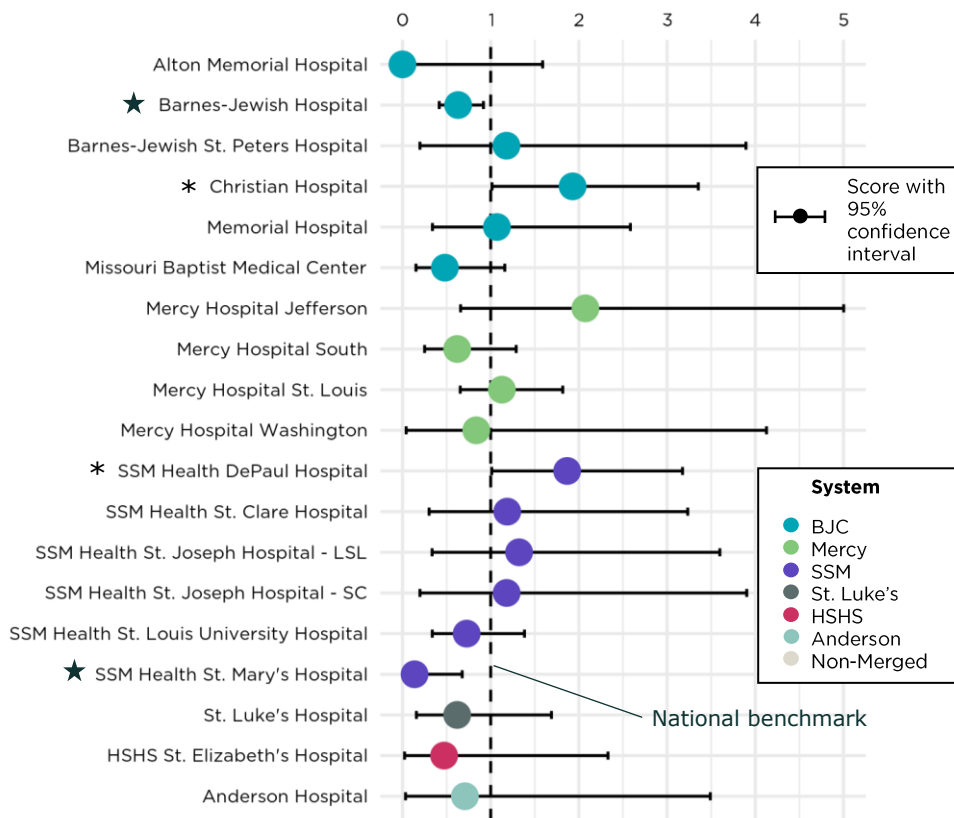
CMS Overall Star Rating Measures	
Mortality (22%)	<ul style="list-style-type: none"> Heart attacks Coronary artery bypass graft COPD Heart failure Pneumonia Stroke Serious treatable complications after surgery
Safety (22%)	<ul style="list-style-type: none"> Infections: <ul style="list-style-type: none"> CLABSI CAUTI MRSA C. diff Surgical site infections from: <ul style="list-style-type: none"> Colon surgery Abdominal hysterectomy Hip/knee replacement complications Serious complications
Readmission (22%)	<ul style="list-style-type: none"> Hospital return days for: <ul style="list-style-type: none"> Heart attack Heart failure Pneumonia Rate of Readmission: <ul style="list-style-type: none"> Coronary artery bypass graft COPD Hip/knee surgery After discharge from hospital Rate of unplanned hospital visits: <ul style="list-style-type: none"> After outpatient colonoscopy After outpatient chemotherapy After outpatient surgery Rate of ED visits for patients receiving outpatient chemotherapy
Patient Experience (22%)	<ul style="list-style-type: none"> Nurse communication Doctor communication Staff responsiveness Medication communication Hospital cleanliness and quietness Discharge information Understood care when left hospital Overall rating/willingness to recommend hospital to friends/family
Timely & Effective Care (12%)	<ul style="list-style-type: none"> Personnel influenza vaccination Personnel COVID-19 vaccination Patients who left ED before being seen Brain scan within 45 minutes for stroke in ED Appropriate colonoscopy follow-up Medically unnecessary elective early deliveries Appropriate care for sepsis Aspirin on arrival Average time before hospital transfer for specialized care for chest pain Average time in ED before leaving Outpatient MRI for low-back pain Combination abdominal CT scans

⁷ Overall hospital quality star rating. Data.CMS.gov. Accessed August, 2024.

Safety of Care Measures

Safety of Care measures predominantly assess healthcare-associated infections (HAIs) and contribute 22% in the calculation of the CMS Overall Star Rating. The HAI measures show how often certain infections are contracted by patients during a hospital stay and compare infection rates to those at **similar hospitals – standardizing and comparing this score to a benchmark of 1.**⁸

A hospital is classified as performing significantly better or worse than the national benchmark if the entire 95% confidence interval is above or below the benchmark (see note below the figures). The 95% confidence interval represents the range within which there is a 95% certainty that the true rate lies. If the dot (which represents a hospital's score) is below the benchmark (less than 1), but the confidence interval spans above the benchmark (greater than 1), then the score is not considered to be statistically significantly better than the benchmark. Hospitals excluded from charts for individual measures did not have enough data to receive a score.



Methicillin-resistant *Staphylococcus aureus* (MRSA) blood infections

Lower numbers are better

MRSA, bacteria resistant to certain antibiotics, may be contracted in hospital settings and can lead to an infection of the bloodstream. With appropriate precautions, hospital staff can help prevent MRSA spread among patients.

This measure assesses the number of MRSA-positive blood samples collected after patients entered the hospital. This is compared to a national benchmark set at 1.0. **Two hospitals performed better** than the national benchmark in 2024, and **two performed worse.**

Source: CMS, July 2024

* Denotes that a hospital's score was worse than the national benchmark.

★ Denotes that a hospital's score was better than the national benchmark.

⁸ Complications & deaths. Data.CMS.gov. Accessed August, 2024.

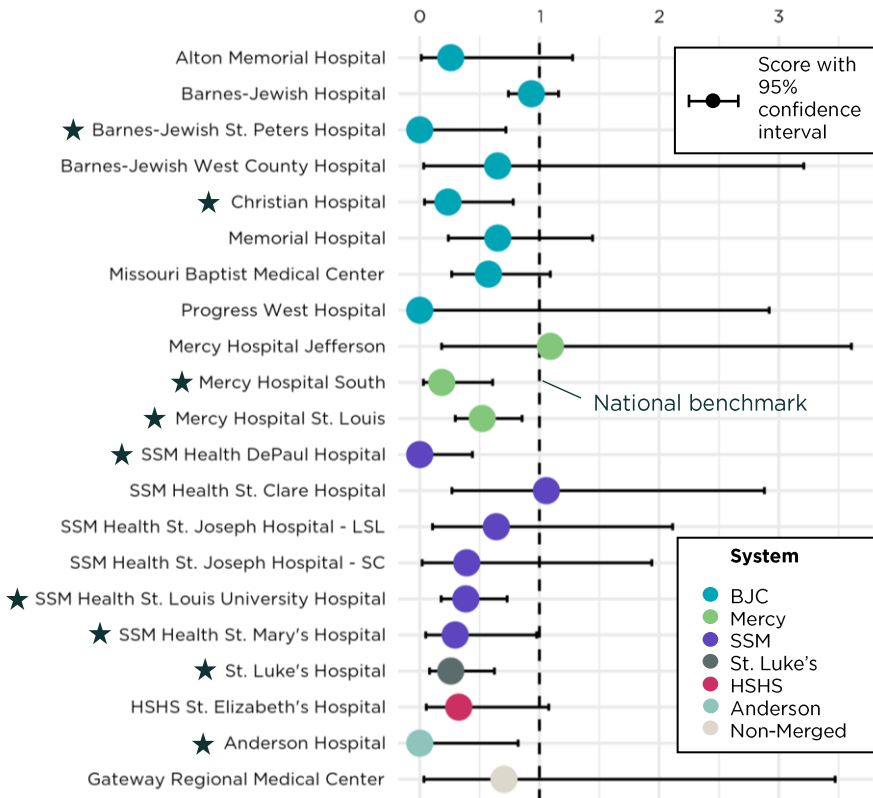
Catheter-associated urinary tract infections (CAUTI)

↓ Lower numbers are better

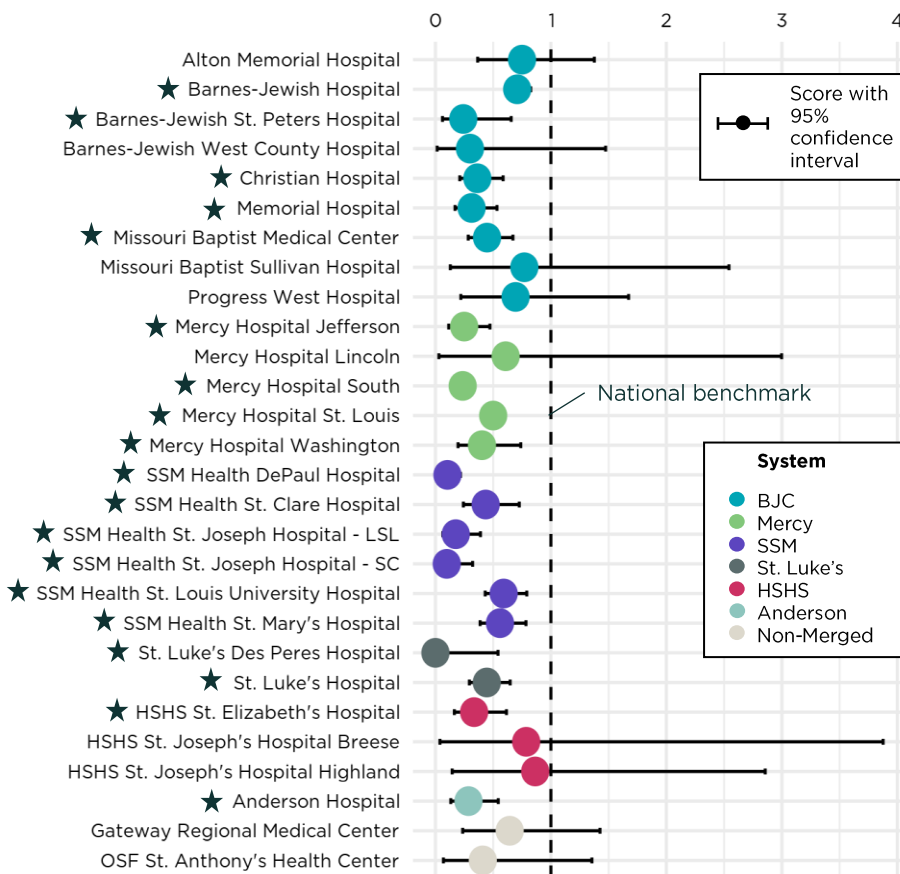
Catheters, when left in place for too long, contaminated during insertion, or not kept clean, create an easy entry point for germs. This can lead to serious urinary tract infections which are avoidable when hospital staff practice appropriate preventive care.⁹

This measure compares the number of CAUTIs in hospital ICUs and select wards to a national benchmark set to 1.0. In 2024, **nine hospitals (43%) performed better** than the national benchmark, and no hospitals performed worse.

Source: CMS, July 2024



★ Denotes that a hospital's score was better than the national benchmark.



★ Denotes that a hospital's score was better than the national benchmark.

Clostridium difficile (C. diff) intestinal infections

↓ Lower numbers are better

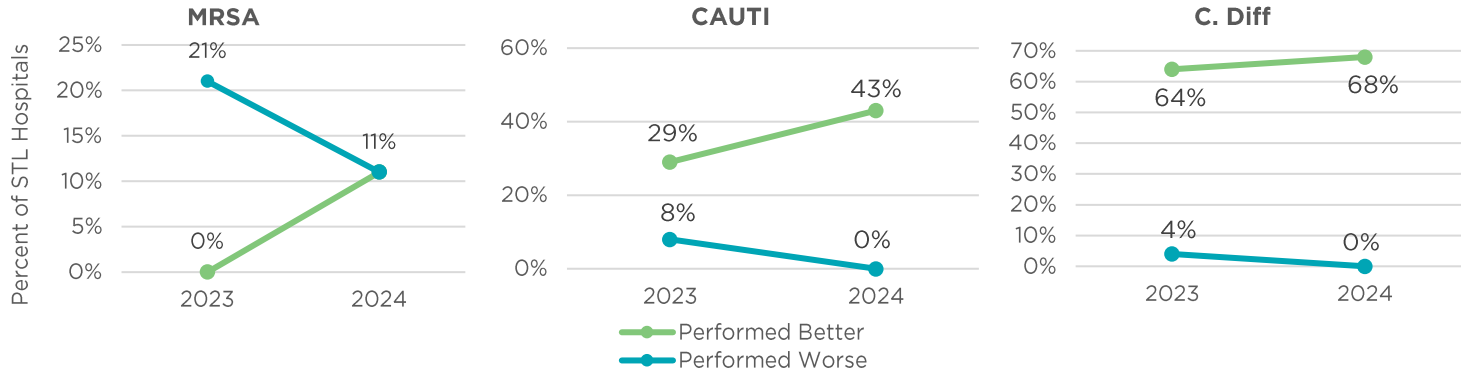
C. diff, bacteria that cause colon inflammation, can lead to severe gastrointestinal symptoms and fever. By taking appropriate precautions, hospital staff can prevent *C. diff* infections.

This measure compares the number of *C. diff*-positive stool samples after patients are admitted to the hospital to a national benchmark set at 1.0. In 2024, **19 St. Louis hospitals (68%) performed better** than the national benchmark, and no hospitals performed worse.

Source: CMS, July 2024

⁹ Complications & deaths. Data.CMS.gov. Accessed August, 2024.

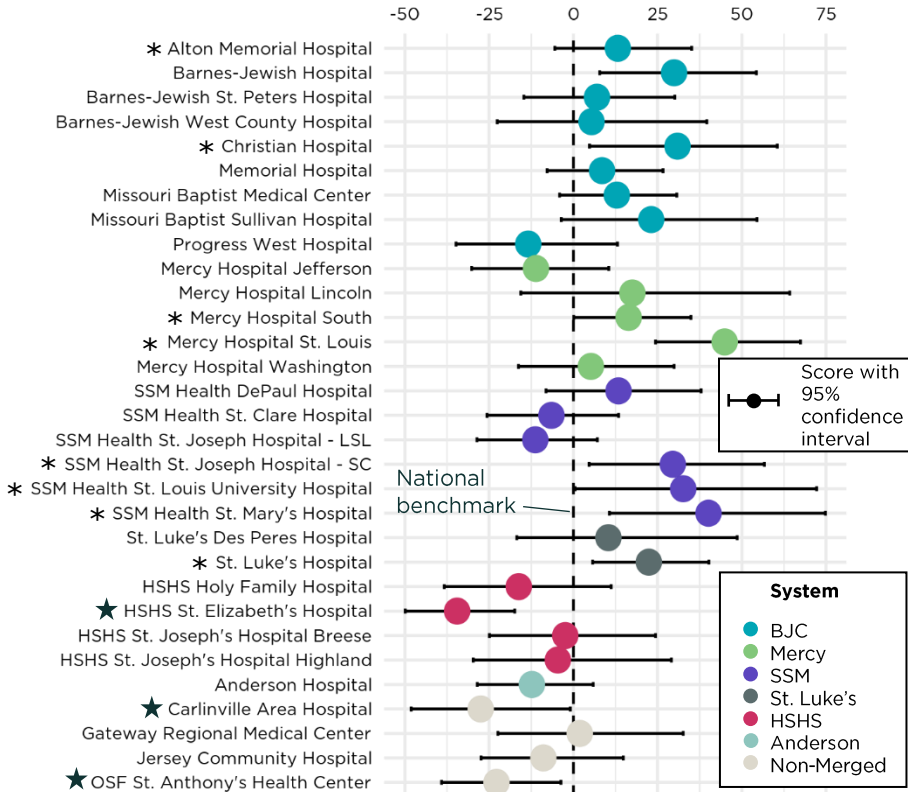
Percent of STL Hospitals that Performed Better or Worse than National Benchmarks for Three Infection Measures



Overall, St. Louis hospitals **improved in 2024 for all three HAI measures** that BHC examined. More hospitals performed better than national benchmarks, and fewer hospitals performed worse.

Readmission Measures

CMS readmission measures reflect the rates of unplanned returns and readmissions to the hospital after outpatient and inpatient procedures and compare these rates to those at **similar hospitals – the national benchmark is set to 0 for these comparisons.**¹⁰ A hospital is classified as performing significantly better or worse than the national benchmark if the entire 95% confidence interval is above or below the benchmark (see notes below the figures). The 95% confidence interval represents the range within which there is a 95% certainty that the true rate lies. If the dot (which represents the score) is below the benchmark (less than 0), but the confidence interval spans above the benchmark (greater than 0), then the score is not considered to be statistically significantly better.



Unplanned Hospital Return Days for Pneumonia Patients

Lower numbers are better.

Hospital return days for pneumonia assesses the total number of days in an inpatient hospital unit, under observation, or in an emergency department for any unplanned care within the first 30 days after a pneumonia patient leaves the hospital.

The average amount of return days per 100 discharges is set to 0. **Three hospitals (10%) had fewer return days** than average for pneumonia. **Eight hospitals (26%) had more return days** than average. This is a slight improvement from last year (7% of hospitals with fewer and 29% with more in 2023).

Source: CMS, July 2024

¹⁰ Unplanned Hospital Visits. Data.CMS.gov. Accessed August, 2024.

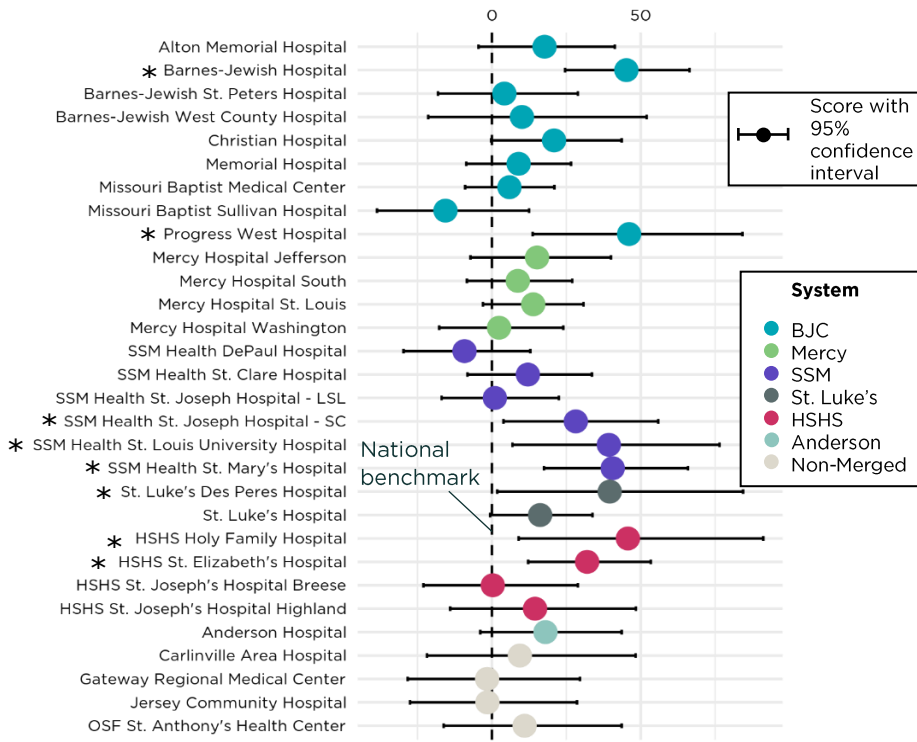
Unplanned Hospital Return Days for Heart Failure

Lower numbers are better.

Hospital return days for heart failure assesses the total number of days in an inpatient hospital unit, under observation, or in an emergency department for any unplanned care within the first 30 days after a heart failure patient leaves the hospital.

The average amount of return days per 100 discharges is set to 0. **Eight St. Louis hospitals (27%) had more return days than average** for heart failure patients. No hospitals performed better than the national benchmark.

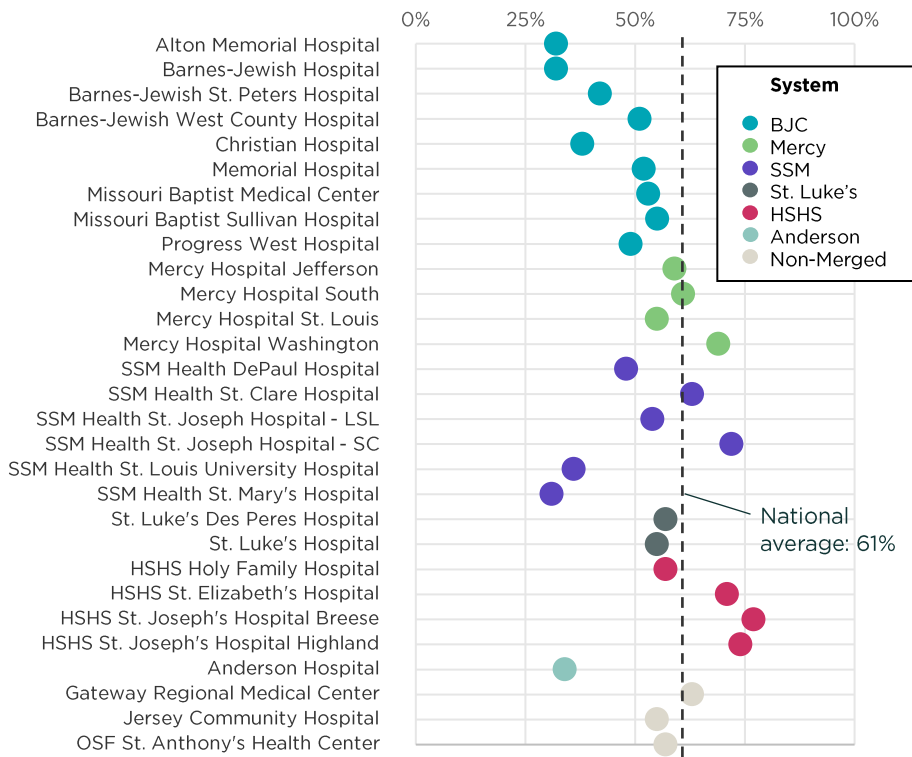
Source: CMS, July 2024



* Denotes that a hospital had more return days than the national benchmark.

Timely and Effective Care Measures

Timely and Effective Care measures address outpatient medical imaging use by hospitals and how quickly or often hospitals respond to patients with certain conditions to result in the best outcomes.¹¹ Confidence intervals are not available for these measures, and hospitals are not categorized as significantly better or worse than the national average.



Percentage of Patients Who Received Appropriate Care for Severe Sepsis and Septic Shock

Higher percentages are better.

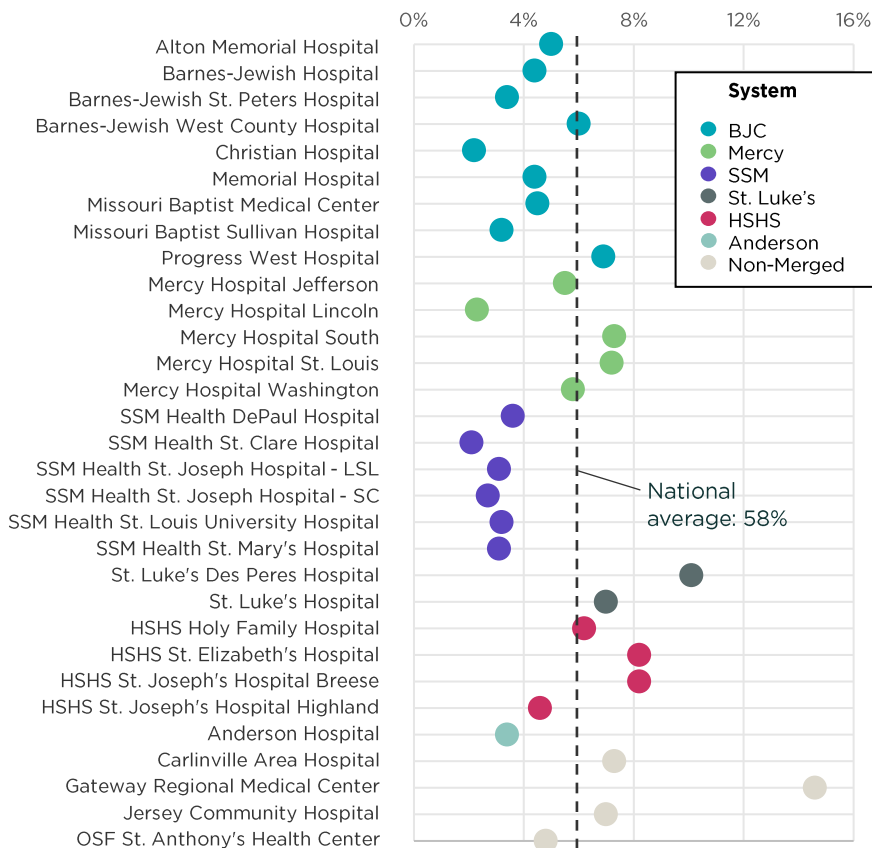
Each year in the United States, over 250,000 people die from sepsis, a serious complication following infection.¹² The risk of death can be lowered with early identification and appropriate care of sepsis.

This measure assesses the percentage of patients who received appropriate care at the hospital for severe sepsis and septic shock. The **national average for this measure is 61%**. Rates for appropriate care for sepsis at **St. Louis area hospitals range 31% - 77%**.

Source: CMS, July 2024

¹¹ Timely & Effective Care. Data.CMS.gov. Accessed August, 2024.

¹² Timely & Effective Care. Data.CMS.gov. Accessed August, 2024.



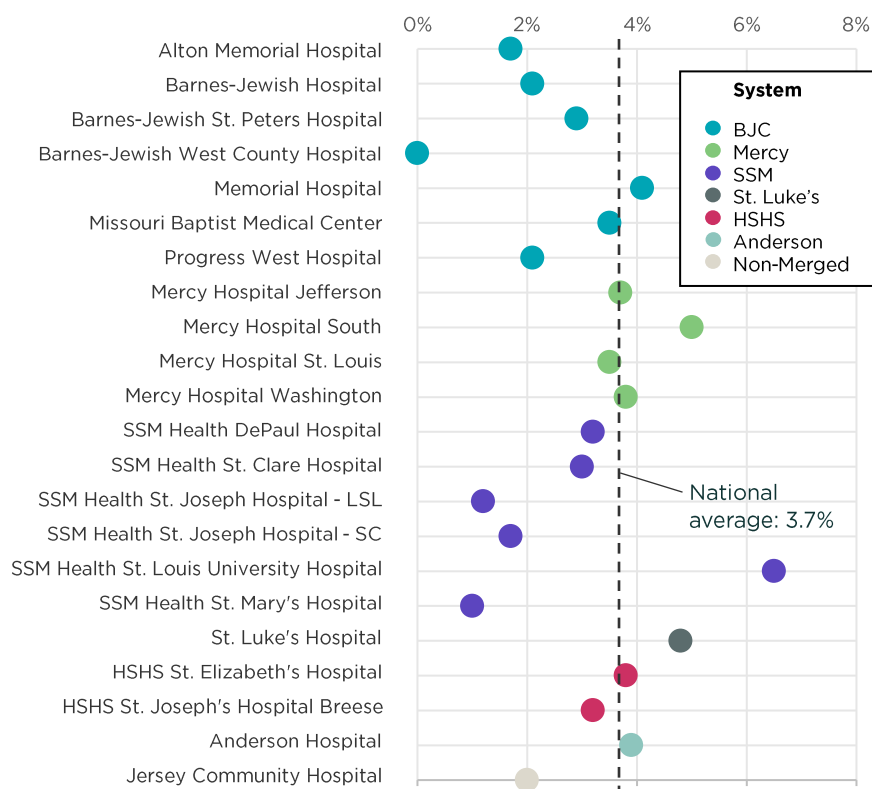
Outpatient Combination CT Scans of the Abdomen

Lower percentages are better.

For some CT scans, “contrast” is used to create a clearer picture of the body. Contrast comes with risks, such as allergic reactions or kidney harm. A combination CT scan is when a patient receives two scans, one with and one without contrast, resulting in twice the radiation exposure. For most patients, abdominal combination scans are not appropriate. This measure shows the percent of outpatient CT scans of the abdomen that were combination scans.

The **national average for this measure is 5.8%**. St. Louis area **hospital scores range from 2.1% to 14.6%**. **Higher scores may indicate that a facility is using more combination scans than necessary.**

Source: CMS, July 2024



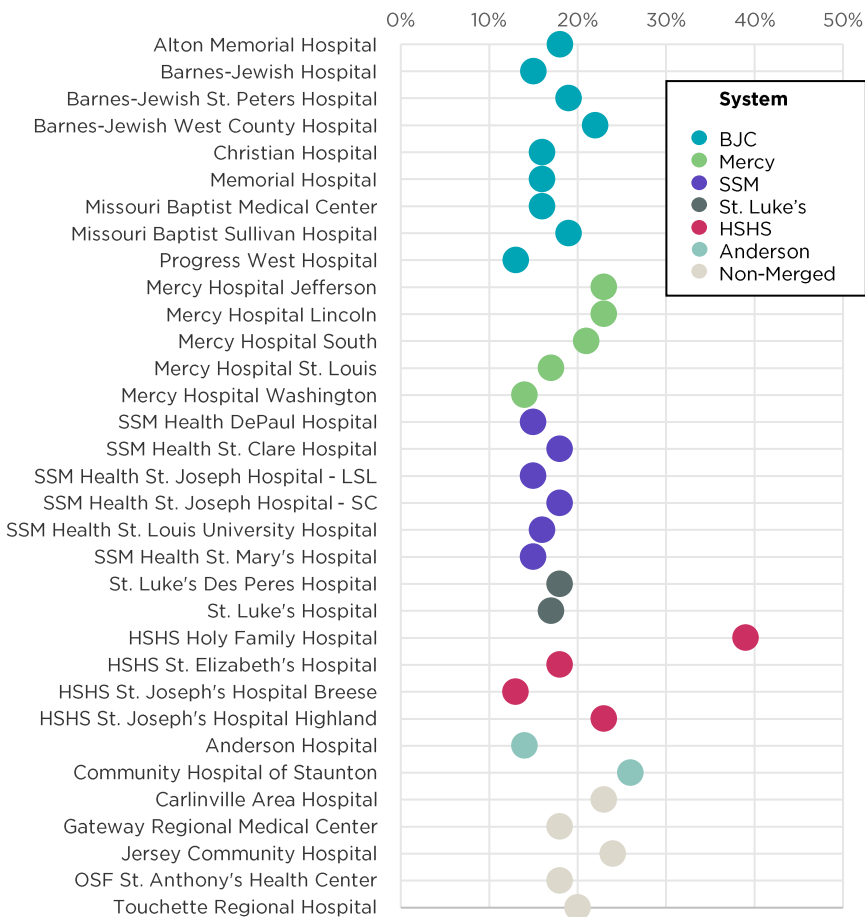
Cardiac Imaging Stress Tests Before Low-Risk Outpatient Surgery

Lower percentages are better.

Cardiac stress testing before low-risk surgeries, such as colonoscopies, is not medically necessary for patients without risk factors that increase the likelihood of cardiac events. This measure shows the percentage of patients without these risk factors who received cardiac stress testing before low-risk outpatient surgery.

The national average for this measure is 3.7%. St. Louis area hospital scores range from 0% to 6.5%. **Higher scores may indicate that a facility is implementing more stress testing than is necessary.**

Source: CMS, July 2024



Concurrent Opioid Prescriptions

Lower percentages are better.

The opioid crisis continues to be a critical issue in the U.S. with the latest CDC data reporting 82,000 deaths from opioid overdoses in 2022.¹³ Public health efforts continue to try to decrease unnecessary or excessive opioid prescriptions that may lead to addiction, overdose, or adverse events.

This measure assesses the percentage of patients prescribed an opioid upon discharge from the hospital that were concurrently prescribed two opioids or an opioid and a benzodiazepine. Though not used in the calculation of the overall star ratings, safe opioid prescription practices are an important quality consideration, given the potential for patient harm associated with inappropriate use.

Source: CMS, July 2024

Quality and Patient Safety Summary

Compared to past performance, the **overall quality and safety** of St. Louis hospitals **declined**, with **fewer hospitals achieving 4- and 5-star CMS ratings** and **“A” and “B” Leapfrog Safety Grades**.

Three St. Louis hospitals received an “A” Leapfrog Safety Grade in Spring 2025:

1. Mercy Hospital Jefferson - **2 consecutive “A” Safety Grades**
2. Mercy Hospital Washington - **4 consecutive “A” Safety Grades**
3. OSF St. Anthony's Health Center - **3 consecutive “A” Safety Grades**

Two hospitals, both in BJC HealthCare, achieved 5-Star CMS Overall Star Ratings in 2024.

1. Missouri Baptist Medical Center - **4 consecutive 5-star ratings**
2. Barnes-Jewish St. Peters Hospital

Though overall quality ratings declined, St. Louis hospitals **improved in 2024 for all three healthcare-associated infection (HAI) measures** that BHC examined: **CAUTI, C. diff, and MRSA**.

Nineteen hospitals (68%) in St. Louis performed better than the national benchmark for C. diff infections, and 9 hospitals (43%) performed better for CAUTIs.

Two CMS measures, **unplanned return days for pneumonia** and **unplanned return days for heart failure**, show **8 St. Louis hospitals performing worse than average**. Four hospitals performed **worse for both** measures: Barnes-Jewish Hospital, SSM St. Joseph – SC, SSM St. Louis University Hospital, and SSM Health St. Mary's Hospital.

¹³ Centers for Disease Control and Prevention. *Understanding the Opioid Overdose Epidemic*. Centers for Disease Control and Prevention; November 1, 2024. Accessed May 13, 2025. <https://www.cdc.gov/overdose-prevention/about/understanding-the-opioid-overdose-epidemic.html>

Section Two: Hospital Utilization and Finance

Definitions and Methodology

Unless otherwise stated, financial and utilization metrics in this report are based on data from CMS' Healthcare Cost Report Information System (HCRIS), which contains data from Medicare cost reports submitted by hospitals to CMS for reimbursement. Sources are noted under each figure. For more information, see "Data and Limitations" on page 23. Changes from previously reported data are based on the most current information available, including Medicare cost report restatements.

Utilization (Page 15)

Available bed days = Beds x Days Available

- Days available are not always 365 for all beds in a hospital, because the total number of beds may vary throughout a year.
- This measure includes observation and inpatient rehabilitation facility (IRF) bed days available.

Patient days: The sum (across all patients admitted to the hospital) of the number of days of all hospital stays, including observation and inpatient rehabilitation days.

Adjusted Occupancy (%) = $\frac{\text{Patient Days (including observation and IRF days)}}{\text{Available Bed Days}} \times 100$

Adjusted Discharges = Discharges $\times \frac{\text{Total Patient Revenue}}{\text{Total Inpatient Revenue}}$

- Adjusted Discharges serves as a proxy measure of inpatient and outpatient volume.

Finance (Pages 16-22)

Net Patient Revenue: The total revenue generated by a hospital from patient services after subtracting allowances, contractual adjustments, discounts, bad debt, and charity care.

Operating Expenses: Total expenses incurred from regular hospital operations, including patient care and other operating costs, such as gift shop and cafeteria expenses.

Patient Service Income/Loss = Net Patient Revenue - Operating Expenses

Other Income and Other Expenses: Non-operating income and expenses, including from investments, donations, and other business lines, such as owning a pharmacy benefit manager (PBM) or health plan.

Net Income (Loss) = Patient Service Income (Loss) + Other Income - Other Expenses

Patient Service Profit Margin = $\frac{\text{Patient Service Income/Loss}}{\text{Net Patient Revenue}} \times 100$

Net Profit Margin = $\frac{\text{Net Income/Loss}}{\text{Net Patient Revenue} + \text{Other Income}} \times 100$

Commercial Breakeven: The percentage of a hospital's Medicare payment rates that, if charged to commercial payers (employers and health plans) would have resulted in the hospital breaking even across all payer types on all inpatient and outpatient services and non-operating expenses. The commercial breakeven includes hospital revenue from all sources, including non-operating income.¹⁴

Commercial Price: Commercial Price represents the percentage of a hospital's Medicare payment rates that the hospital was reimbursed for inpatient and outpatient services by commercial payers in aggregate from 2020 - 2022.¹⁵ Sourced from the fifth round of the RAND Corporation's *Nationwide Evaluation of Health Care Prices Paid by Private Health Plans*.

¹⁴ Understanding NASHP's Hospital Cost Tool: Commercial Breakeven. NASHP. March 28, 2022. Accessed March 15, 2024.

¹⁵ Whaley CM, Briscoe B, Kerber R, Kofner A, Wang, D. Prices Paid to Hospitals by Private Health Plans, Findings from Round 5.1 of an Employer-Led Transparency Initiative. December 10, 2024. Accessed January 10, 2025.

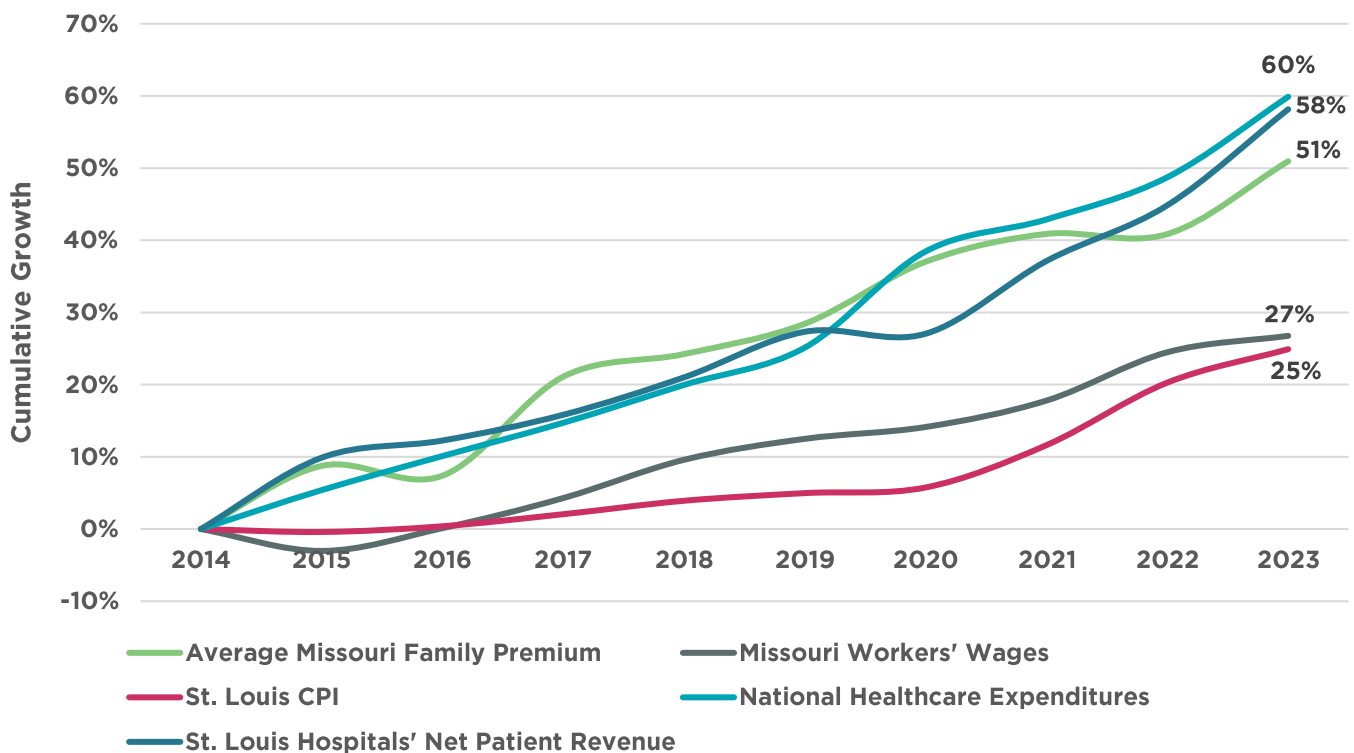
Health Care Spending Continues to Grow, Regionally and Nationally

United States national health care expenditures (NHE) grew 7.5% in 2023, while GDP grew 6.6%. NHE made up 17.6% of GDP in 2023 and grew **60% over the ten-year period ending in 2023**.¹⁶ CMS projects that by 2032, NHE will make up nearly 20% of GDP. The highest percentage among peer countries in 2023 was 11.8%.¹⁷

As health care costs continue to rise, so do insurance premiums for employer-sponsored health insurance. Higher premiums increase not only out-of-pocket expenses for employees but also employer spending on premiums, slowing growth in workers' wages. This slowed wage growth compared to rising insurance premiums most significantly affects lower income families, as insurance premiums vary much less than income across workers.

St. Louis hospitals' net patient revenue **grew approximately 58% from 2014 to 2023**. This growth outpaced that of Missouri workers' wages by 31 percentage points and the St. Louis consumer price index (CPI) by 33 percentage points, while also contributing to a 51% growth rate in the average Missouri family premium.

St. Louis Area Hospitals' Net Patient Revenue Growth and Average Missouri Family Premium Growth Far Outpace That of Missouri Workers' Wages and the St. Louis CPI



Source: CMS HCRIS, Agency for Healthcare Research and Quality, U.S. Bureau of Labor Statistics, Centers for Medicare and Medicaid, St. Louis Federal Reserve

¹⁶ Centers for Medicare & Medicaid Services. National Health Expenditure Fact Sheet. December 18, 2024. Accessed February 5, 2025. <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet>

¹⁷ Germany: health expenditure as a share of GDP 1980-2019. Statista. Accessed February 6, 2025.

2023 St. Louis Hospital Utilization

Local hospital discharges increased 7.1% from 2022 to 2023, a growth almost 4.5 times as large as the national growth of 1.6% reported by Census survey estimates.¹⁸ Potential factors driving this increase in utilization include rebounding care levels post-COVID or the Missouri Medicaid expansion at the end of 2021. Additionally, total patient days stayed about the same as in 2022, indicating **more admissions to the hospital**, but with **shorter lengths of stay on average**.

Adjusted discharges (a proxy measure for volume of both inpatient and outpatient services) **increased 11.4%**, showing that outpatient volume increased even more than inpatient from 2022 to 2023. Again, **SSM led with a 32.4% increase**, followed by St. Luke's (13.4%) and BJC (6.0%). While BJC currently leads in market share of adjusted discharges, SSM follows, having surpassed Mercy from 2022 to 2023.

Health System (market share of adjusted discharges)	Available Bed Days	Patient Days ⁱ	Adjusted Occupancy (%) ⁱ	Discharges	Adjusted Discharges ⁱⁱ
BJC (33.2%)					
Alton Memorial Hospital	44,165	27,657	63	7,898	23,362
Barnes-Jewish Hospital	443,859	385,715	87	51,240	88,030
Barnes-Jewish St. Peters Hospital	40,150	31,486	78	6,860	18,717
Barnes-Jewish West County Hospital	34,612	13,359	39	3,946	28,251
Christian Hospital	91,615	76,440	83	12,863	26,553
Memorial Hospital ⁱⁱⁱ	109,500	76,009	69	17,426	42,289
Missouri Baptist Medical Center	146,730	107,491	73	21,864	55,574
Missouri Baptist Sullivan Hospital	12,775	9,258	72	2,262	14,150
Progress West Hospital	25,185	17,652	70	4,839	12,963
St. Louis Children's Hospital	166,075	114,383	69	12,469	21,607
Network Total	1,114,666	859,450	77	141,667	293,210
Mercy (23.7%)					
Mercy Hospital Jefferson	65,335	50,567	77	9,706	50,674
Mercy Hospital Lincoln	9,125	4,486	49	775	5,493
Mercy Hospital South	262,800	150,071	57	23,084	43,711
Mercy Hospital St. Louis	303,315	238,382	79	43,195	107,441
Mercy Hospital Washington	51,100	24,258	47	6,359	20,907
Network Total	691,675	467,764	68	83,119	209,279
SSM (27.4%)					
SSM Health DePaul Hospital	171,915	114,193	66	23,966	58,033
SSM Health St. Clare Hospital	65,700	48,051	73	13,147	28,882
SSM Health St. Joseph Hospital - LSL	65,335	53,190	81	13,047	29,707
SSM Health St. Joseph Hospital - SC	148,190	59,114	40	11,467	30,697
SSM Health St. Louis University Hospital	148,190	129,390	87	25,116	44,772
SSM Health St. Mary's Hospital ^{iv}	197,830	128,997	65	27,176	60,956
Network Total	797,160	532,935	67	113,919	242,484
St. Luke's (5.0%)					
St. Luke's Des Peres Hospital	20,075	7,638	38	1,931	5,927
St. Luke's Hospital	142,350	78,984	55	14,089	37,977
Network Total	162,425	86,622	53	16,020	43,995
Anderson (2.3%)					
Anderson Hospital	52,560	31,186	59	6,147	19,155
Community Hospital of Staunton	9,125	1,427	16	104	1,128
Network Total	61,685	32,613	53	6,251	20,218
HSHS (4.0%)					
HSHS Holy Family Hospital	10,220	2,386	23	497	3,650
HSHS St. Elizabeth's Hospital	52,560	48,861	93	9,921	23,272
HSHS St. Joseph's Hospital Breese	16,790	5,282	31	1,421	7,324
HSHS St. Joseph's Hospital Highland	9,125	6,703	73	999	5,929
Network Total	88,695	63,232	71	12,838	34,949
Non-Merged (4.5%)					
Carlinville Area Hospital	9,125	3,261	36	402	3,643
Gateway Regional Medical Center	111,325	23,458	21	4,772	11,805
Jersey Community Hospital	16,790	2,824	17	614	6,246
OSF St. Anthony's Medical Center	17,885	10,299	58	2,371	11,534
Touchette Regional Hospital	50,005	6,727	13	1,419	6,288
Aggregate for St. Louis Hospitals	3,121,436	2,089,185	67	383,392	883,649

Source: CMS HCRIS; For definitions and methodology, see page 13.

ⁱPatient days and adjusted occupancy include observation days.

ⁱⁱAdjusted discharges are a measure of inpatient and outpatient volume. To reflect system-level volumes, network total adjusted discharges are recalculated at the system level. Network total adjusted discharges are then summed across systems and independent hospitals to obtain the St. Louis aggregate. This allows for market share calculation.

ⁱⁱⁱMemorial Hospital Belleville and Memorial Hospital Shiloh report in a consolidated manner as "Memorial Hospital."

^{iv}SSM Cardinal Glennon reports in a consolidated manner with SSM St. Mary's Hospital.

¹⁸ U.S. Census Bureau. Quarterly Services Survey (QSS): Health Care and Social Assistance (NAICS 622A), 2022-2023. 2024. Accessed April 22, 2025.

2023 St. Louis Hospital Revenue and Profit

The following financial figures only include hospital operations within the St. Louis MSA. Health systems' revenue and expenses from ambulatory services, such as primary care and specialty offices, are not included.

Net patient revenue represents the amount of revenue generated by a hospital from **patient services** after subtracting allowances, contractual adjustments, discounts, bad debt, and charity care. St. Louis hospitals' **net patient revenue increased 9.9%**, while **operating expenses increased by 6.1%** from 2022 to 2023. This shifted 2022's patient (pt.) service loss of \$73 million to a patient service income of **\$289 million in 2023**.

Net income across all hospitals, which includes non-operating revenue and expenses, totaled nearly **\$865 million in 2023**, over 3.5 times higher than \$232 million in 2022, for a **total profit margin of 6.2%**. Mercy contributed 37% of this profit. Though St. Louis hospitals turned a profit in aggregate, large disparities emerge across individual hospital margins. Non-merged hospitals did not financially recover in the same way as system-owned hospitals in 2023, with 4 out of 5 realizing losses on both patient services and net income.

System (Market Share) ⁱ	Net Patient Revenue (\$)	Operating Expenses (\$)	Pt. Service Income (Loss) (\$)	Net Income (Loss) (\$)	Pt. Service Margin (%)	Net Margin (%)
BJC (46.3%)						
Alton Memorial Hosp.	187,204,994	185,548,675	1,656,319	(13,023,409)	0.9	(6.8)
Barnes-Jewish Hosp.	2,701,174,483	2,693,138,801	8,035,682	106,654,076	0.3	3.8
Barnes-Jewish St. Peters Hosp.	196,982,172	191,311,314	5,670,858	2,479,339	2.9	1.2
Barnes-Jewish West County Hosp.	262,669,818	245,143,434	17,526,384	18,600,709	6.7	7.0
Christian Hosp.	348,603,819	381,428,733	(32,824,914)	(45,804,658)	(9.4)	(12.9)
Memorial Hosp. ⁱⁱ	408,841,850	437,573,475	(28,731,625)	(58,017,651)	(7.0)	(14.0)
Missouri Baptist Med. Ctr.	775,458,049	740,920,062	34,537,987	16,767,613	4.5	2.1
Missouri Baptist Sullivan Hosp.	78,619,834	78,090,841	528,993	3,747,266	0.7	4.5
Progress West Hosp.	119,178,026	104,958,953	14,219,073	4,956,508	11.9	4.1
St. Louis Children's Hosp.	1,058,989,617	939,228,191	119,761,426	152,290,417	11.3	13.9
Network Total	6,137,722,662	5,997,342,479	140,380,183	188,650,210	2.3	3.0
Mercy (17.8%)						
Mercy Hosp. Jefferson	196,819,659	183,217,033	13,602,626	19,954,116	6.9	9.8
Mercy Hosp. Lincoln	30,654,409	40,132,916	(9,478,507)	6,752,351	(30.9)	14.4
Mercy Hosp. South	545,317,744	552,115,091	(6,797,347)	23,905,214	(1.2)	4.2
Mercy Hosp. St. Louis	1,388,465,517	1,201,531,922	186,933,595	236,941,688	13.5	16.5
Mercy Hosp. Washington	202,855,551	169,609,637	33,245,914	37,012,628	16.4	17.9
Network Total	2,364,112,880	2,146,606,599	217,506,281	324,565,997	9.2	13.1
SSM (23.5%)						
SSM Health DePaul Hosp.	699,264,370	609,523,870	89,740,500	69,708,259	12.8	20.7
SSM Health St. Clare Hosp.	256,986,407	250,386,575	6,599,832	9,508,803	2.6	6.1
SSM Health St. Joseph Hosp. - LSL	249,909,452	236,747,322	13,162,130	6,115,497	5.3	7.5
SSM Health St. Joseph Hosp. - SC ⁱⁱⁱ	285,390,706	340,837,856	(55,447,150)	44,741,266	(19.4)	(3.2)
SSM Health SLU Hosp.	803,223,664	871,026,066	(67,802,402)	50,780,613	(8.4)	(3.7)
SSM Health St. Mary's Hosp. ^{iv}	822,533,170	867,710,356	(45,177,186)	84,229,479	(-5.5)	8.8
Network Total	3,117,307,769	3,176,232,045	(58,924,276)	237,319,641	(1.9)	6.9
St. Luke's (4.9%)						
St. Luke's Des Peres Hosp.	77,700,859	90,352,381	(12,651,522)	(10,888,666)	(16.3)	(13.7)
St. Luke's Hospital	573,742,902	557,870,585	15,872,317	84,340,300	2.8	13.1
Network Total	651,443,761	648,222,966	3,220,795	73,451,634	0.5	10.2
Anderson (1.5%)						
Anderson Hosp.	182,086,894	174,497,853	7,589,041	27,033,671	4.2	13.4
Community Hosp. of Staunton	21,817,474	20,540,823	1,276,651	2,972,283	5.9	12.6
Network Total	203,904,368	195,038,676	8,865,692	30,005,954	4.3	13.3
HSHS (3.3%)						
HSHS Holy Family Hosp.	24,965,923	28,978,941	(4,013,018)	(2,826,676)	(16.1)	(10.7)
HSHS St. Elizabeth's Hosp.	296,184,354	305,756,093	(9,571,739)	(6,580,544)	(3.2)	(2.2)
HSHS St. Joseph's Hosp. Breese	67,776,467	57,098,386	10,678,081	20,208,457	15.8	26.9
HSHS St. Joseph's Hosp. Highland	50,870,334	45,210,055	5,660,279	9,499,460	11.1	18.4
Network Total	439,797,078	437,043,475	2,753,603	20,300,697	0.6	4.5
Non-Merged (2.6%)						
Carlinville Area Hosp.	44,562,800	43,985,895	576,905	1,776,958	1.3	3.9
Gateway Regional Med. Ctr. ^v	95,866,253	106,283,413	(10,417,160)	(7,245,412)	(10.9)	(7.3)
Jersey Community Hosp.	53,399,939	58,369,573	(4,969,634)	(501,973)	(9.3)	(0.9)
OSF St. Anthony's Med. Ctr. ^{vi}	94,685,101	99,055,598	(4,370,497)	(3,690,141)	(4.6)	(3.8)
Touchette Regional Hosp.	60,247,091	71,656,452	(11,409,361)	(77,051)	(18.9)	(0.1)
Aggregate	13,263,049,702	12,979,837,171	283,212,531	864,556,514	2.1	6.2

Source: CMS HCRIS; For definitions and methodology, see page 13.

ⁱ Market share of net patient revenue.

ⁱⁱ Memorial Hospital Belleville and Memorial Hospital Shiloh report in a consolidated manner as "Memorial Hospital."

^{iii, v} The historic ratio of net patient revenue-to-charges ratio was applied to estimate the net patient revenue from the gross charges for SSM St. Joseph Hospital - SC and Gateway Regional Medical Center, due to errors in reporting.

^{iv} SSM Cardinal Glennon reports in a consolidated manner with SSM St. Mary's Hospital.

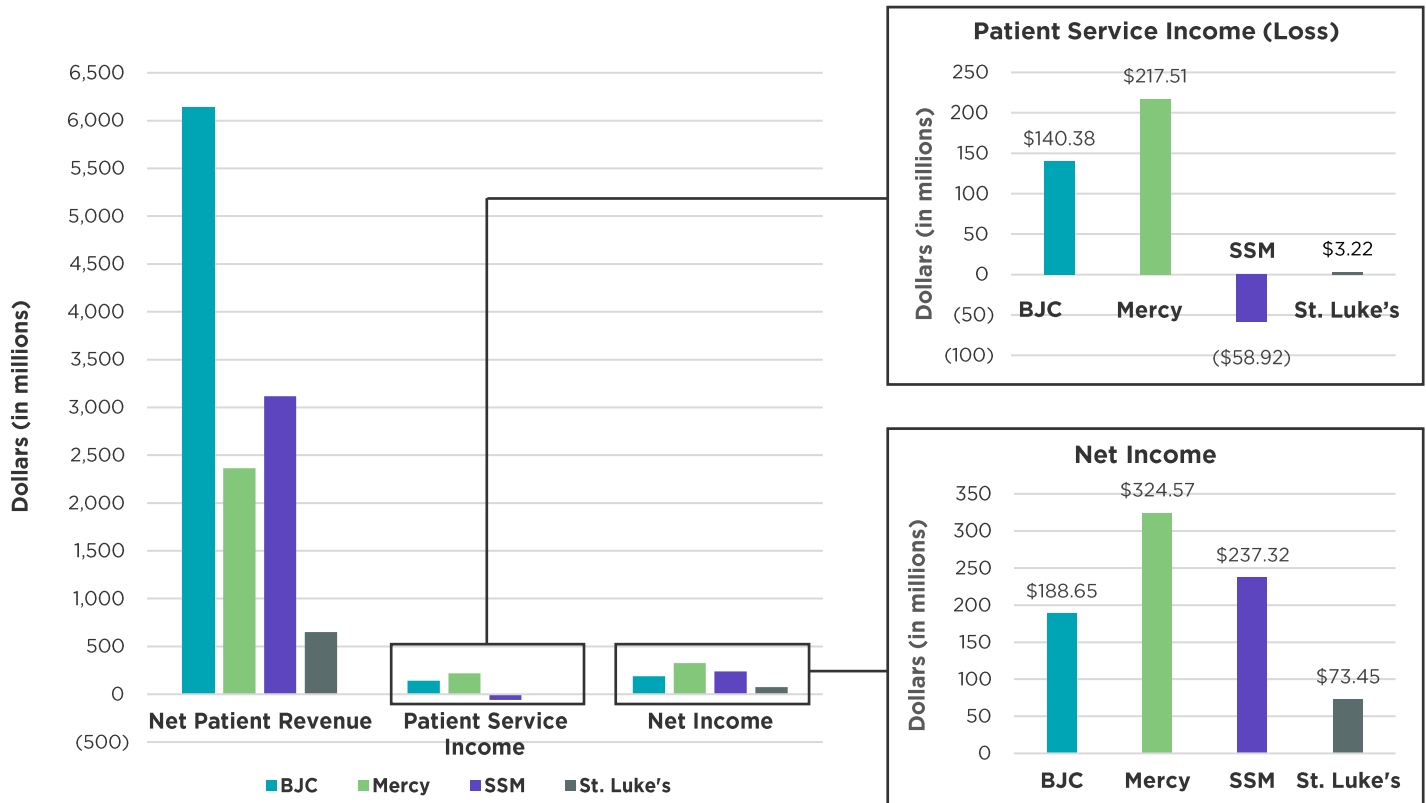
^{vi} OSF St. Anthony's Medical Center is part of the OSF HealthCare system, but is included in the non-merged category, as it is the only hospital in this system in the St. Louis MSA.

Profit Margins Varied Across Systems

$$\text{Net Patient Revenue} - \text{Operating Expenses} = \text{Patient Service Income (Loss)}$$

$$\text{Patient Service Income (Loss)} + \text{Other Income} - \text{Other Expenses} = \text{Net Income (Loss)}$$

2023 St. Louis Health Systems' Revenue and Profits



Source: CMS HCRIS

These metrics include only hospitals within the St. Louis Metropolitan Statistical Area (MSA). These hospitals are shown in the table on page 15.

BJC's net patient revenue (\$6.1 billion) represented 46% of the total net patient revenue across St. Louis area hospitals in 2023, nearly double that of the second-highest system – SSM with \$3.1 billion. However, once operating expenses are subtracted, BJC's patient service income falls to second and net income falls to third among St. Louis' four systems.

Mercy had the highest patient service income (\$218 million) and net income (\$325 million) despite having the third-highest net patient revenue. Even though Mercy did not bring in the most dollars from providing care, they ended with the largest profit in 2023 (see Net Income graph above).

SSM's loss on patient services of \$58.92 million was outweighed by its significant other income, bringing it to the second-highest net income (\$237 million). St. Luke's also had significant other income of \$70 million, equal to 11% of their net patient revenue (the highest ratio among all four systems).

Commercial Payers Reimbursed St. Louis Hospitals More Than Twice Medicare Rates

Commercial Price, shown below, represents the **percentage of a hospital's Medicare payment rates that the hospital was reimbursed for inpatient and outpatient services by employers and health plans for privately insured individuals** in aggregate from 2020 - 2022.¹⁹ **Commercial price** is sourced from the fifth round of the RAND Corporation's *Nationwide Evaluation of Health Care Prices Paid by Private Health Plans*.

Question 1: Is the **commercial price** within the "fair price" range?

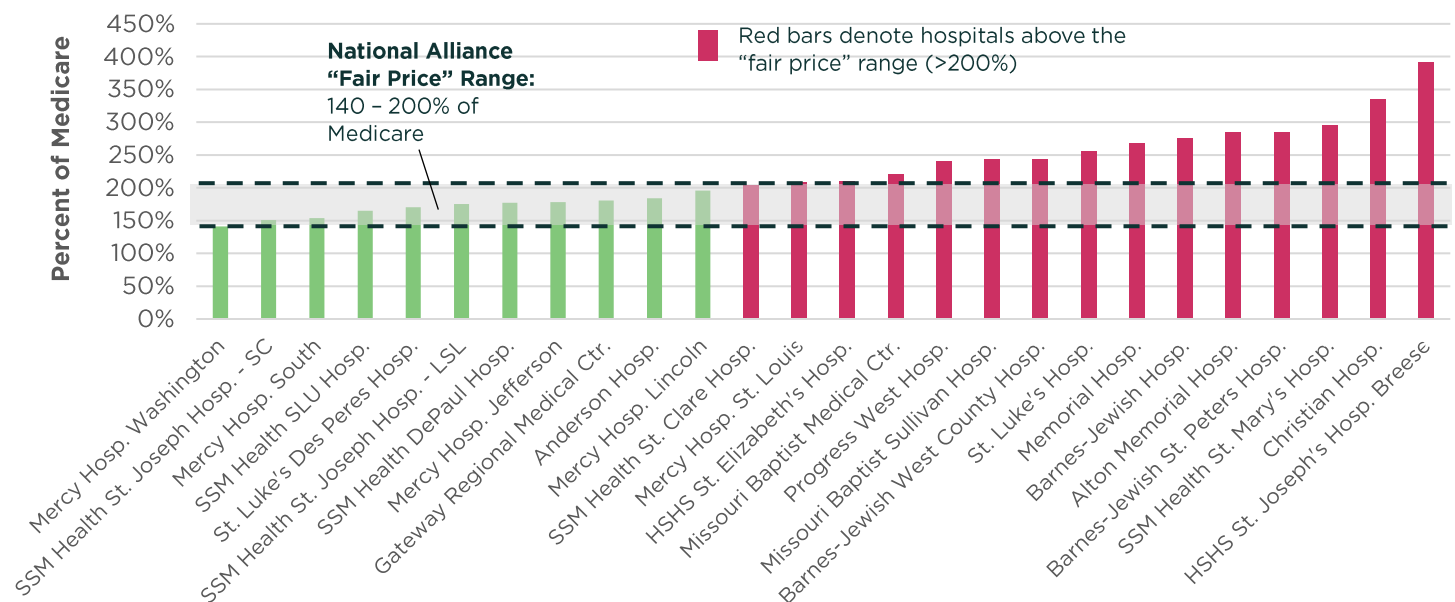
The National Alliance of Healthcare Purchaser Coalitions considers a "fair price" for hospital rates for privately insured patients to be **140% - 200%** of Medicare rates for the same services, which allows for a "reasonable markup from verifiable costs."²⁰

A **commercial price higher than the fair price range (greater than 200%)** can indicate hospital **inefficiency, adverse payer mix, and/or excess profits.**

Commercial price across St. Louis hospitals from 2020 to 2022, was **233%** of Medicare. **Fifteen out of 26 hospitals (58%) in the St. Louis area had a commercial price over 200% of Medicare** – denoted with red bars in the graph above. Commercial payers paid these hospitals over double what Medicare would reimburse these hospitals for the same services and procedures.

Commercial Price at STL Hospitals, as a Percentage of Medicare Reimbursement Rates

This tells us how much commercial payers actually paid hospitals compared to what Medicare would have paid for the same services.



Source: The RAND Corporation, 2024

Commercial price was not available for Community Hospital of Staunton, Carlinville Area Hospital, HSHS Holy Family Hospital, HSHS St. Joseph's Hospital Highland, Jersey Community Hospital, OSF St. Anthony's Medical Center, Touchette Regional Hospital, and St. Louis Children's Hospital. For this reason, these hospitals are excluded from the graph above.

¹⁹ Whaley CM, Briscoe B, Kerber R, Kofner A, Wang, D. Prices Paid to Hospitals by Private Health Plans, Findings from Round 5.1 of an Employer-Led Transparency Initiative. December 10, 2024. Accessed January 10, 2025.

²⁰ Setting the Record Straight: The Urgency of Achieving Hospital Fair Price. National Alliance of Healthcare Purchaser Coalitions. September 19, 2023. Accessed March 15, 2024.

How Much Could Hospitals Charge Commercial Payers to Break Even?

Sourced from the National Academy for State Health Policy (NASHP), a hospital's **commercial breakeven** is the **percentage of a hospital's Medicare payment rate that, if charged to health plans and employers for commercially insured individuals, would have resulted in the hospital breaking even across all payer types** on all inpatient and outpatient services and non-operating expenses. The **commercial breakeven** includes hospital revenue from all sources, including non-operating income.²¹ **Commercial breakeven** is expressed as a percentage of that specific hospital's Medicare payment rates, which vary from hospital to hospital due to a variety of adjustments, such as add-on payments for teaching hospital or critical access hospital status.

Question 2: How does the **commercial price** compare to the **commercial breakeven**?

A high commercial breakeven can lead to a high commercial price. A large difference (markup) in the commercial price (shown in the graph on page 18) from commercial breakeven indicates excess profits.

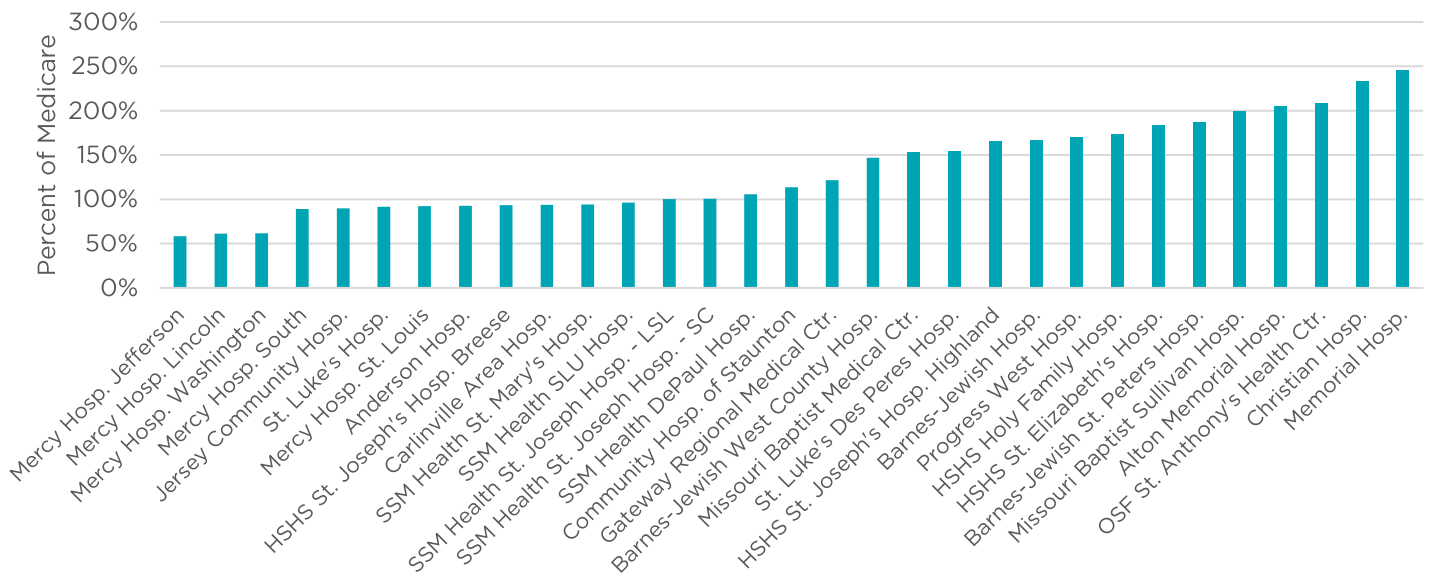
A high commercial breakeven indicates high expenses, adverse payer mix, or a combination of both. High hospital expenses may be due to inefficiency or spending more money than they can afford (without overcharging commercial payers) on either patient care, construction and new technology, and/or administration. Efficient hospitals without an adverse (or less profitable) payer mix should have breakevens around 100%, meaning that these hospitals could receive about the same reimbursement rates for care from commercial payers as Medicare and they would break even.

It is important to note that NASHP includes non-operating income in a hospital's commercial breakeven, which can lower the breakeven significantly if a hospital has a large source of other income, such as investments, contributions, or research grants.

Among St. Louis area hospitals, 4 Mercy hospitals had the lowest 2023 **commercial breakevens**, ranging from 59% to 89% of Medicare. Two BJC hospitals, Memorial Hospital and Christian Hospital, had the highest, with 245% and 233% of Medicare, respectively.

2023 Commercial Breakeven, as a Percentage of Medicare Reimbursement Rates

This tells us the lowest amount a hospital could have charged commercial payers and still broken even, relative to what Medicare would have paid for the same services.



Source: NASHP Hospital Cost Tool

Commercial breakeven was not available for SSM Health St. Clare, Touchette Regional Hospital, and St. Louis Children's Hospital. For this reason, these hospitals are excluded from the graph above.

²¹ Understanding NASHP's Hospital Cost Tool: Commercial Breakeven. NASHP. March 28, 2022. Accessed March 15, 2024.

What is Contributing to High Commercial Prices?

If the **commercial price** exceeds the “fair price” range of 140 – 200% of Medicare (all hospitals to the right of the vertical dashed line), it is due to a combination of two factors:

1. A breakeven over 150%, bubbles placed **above the horizontal dashed line**
2. A large markup from the breakeven to the price, indicated by **larger bubbles**

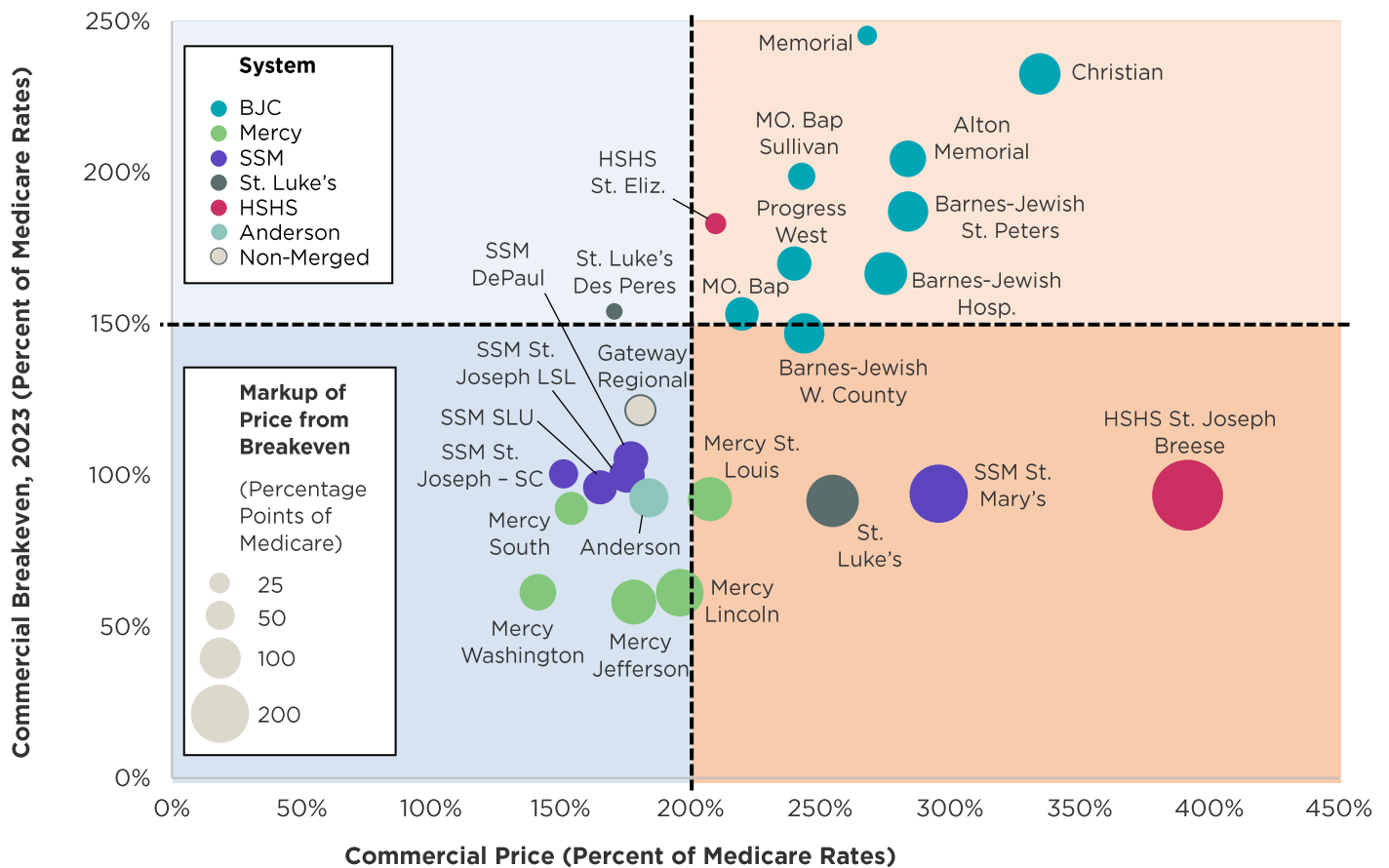
Low price and high breakeven:

These hospitals are charging commercial payers a “**fair price**” despite potential inefficiency or adverse payer mix.

High price and high breakeven:

These hospitals have **high prices** resulting from **high expenses, adverse payer mix, or a combination of both**. High hospital expenses can include inefficiency or spending more money than they can afford – unless they overcharge commercial payers – on either patient care, construction and new technology, and/or administration.

Commercial Price vs. Commercial Breakeven, St. Louis Area Hospitals



Low price and low breakeven:

These hospitals are charging commercial payers a “**fair price**” and are **efficient**.

High price and low breakeven:

These hospitals are charging commercial payers a **high price** despite maintaining low breakevens, indicating **excess profits**.

Ten hospitals are in the **lower left quadrant**, making them both **efficient** and **fairly priced** for commercial payers – all hospitals would ideally be here.

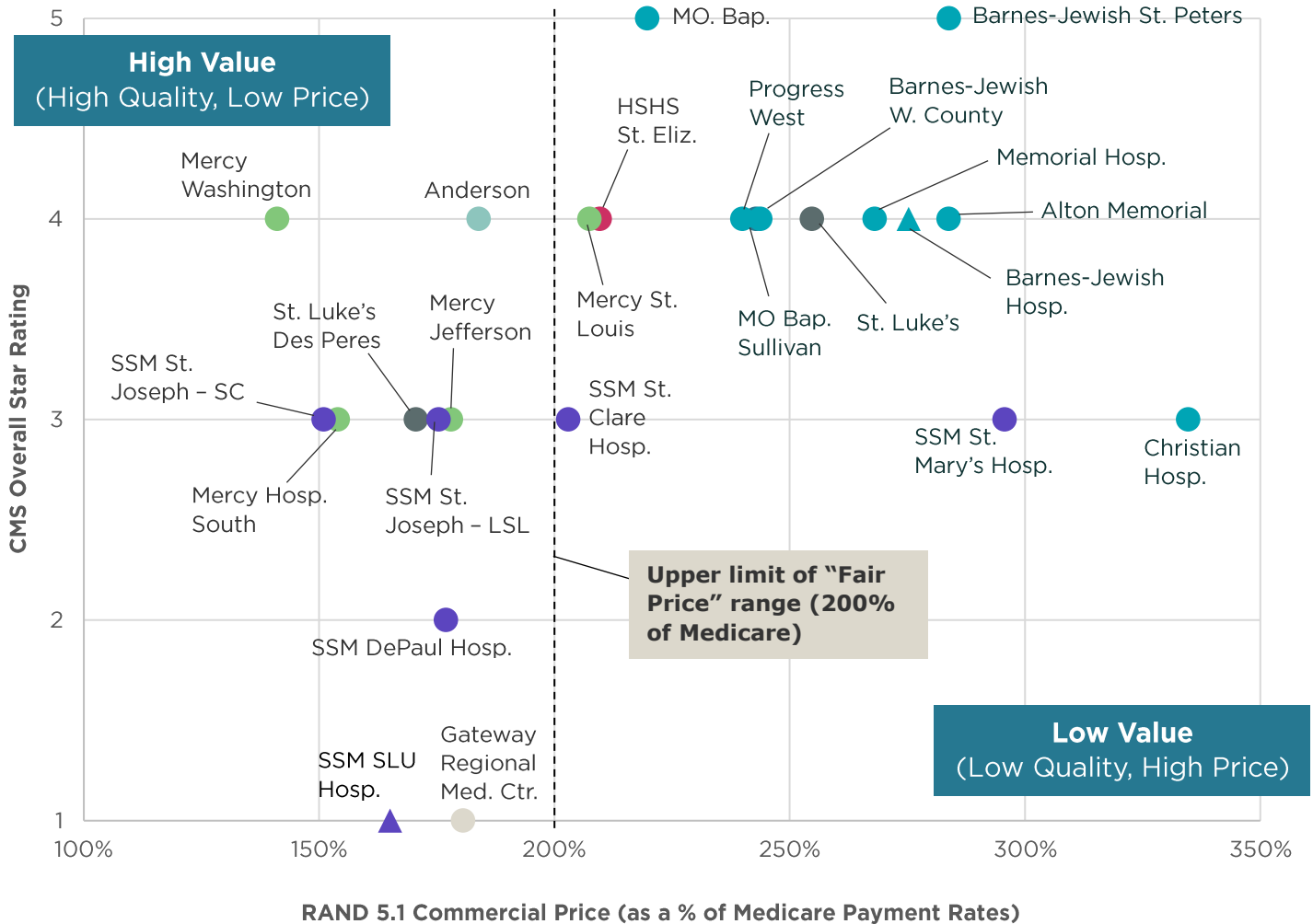
Of the 14 hospitals with commercial prices greater than 200% (to the right of the dashed line), 9 had a markup of over 75 percentage points from their breakeven. Nine had breakevens over 150%. **This indicates high prices among St. Louis hospitals from both high profits and high breakevens.**

Value of St. Louis Area Hospitals

Together, quality and price metrics provide insight into hospital value. In the graph below, the horizontal axis represents **commercial price**, increasing from left to right. The upper limit of the “fair price” range (200%) is marked with a dashed vertical line. The vertical axis represents CMS Overall Star Rating, increasing from bottom to top. Value increases towards the upper left corner of the graph, as price decreases and quality of care increases. Value decreases towards the bottom right corner.

No hospitals remained below 200% of Medicare and received 5 stars from CMS. **Missouri Baptist Medical Center** is the 5-star hospital with the lowest commercial price (220%). **Mercy Washington** is the 4-star hospital with the lowest commercial price (141%).

2024 CMS Overall Star Rating and RAND 5.1 Commercial Price



Source: CMS, The RAND Corporation

Hospitals without a CMS Overall Star Rating or RAND commercial price are not included in the graph.

- BJC
 - Mercy
 - SSM
 - St. Luke's
 - HSHS
 - Anderson
 - Non-Merged
- ▲ Triangles denote academic medical centers.

Financial Performance Summary

St. Louis hospital discharges increased 7.1% and adjusted discharges increased 11.4% from 2022 to 2023. SSM had the highest growth in both of these categories and passed Mercy for second-highest market share of adjusted discharges. BJC still leads for both. [\(Page 15\)](#)

Local hospitals' **net patient revenue increased 9.9%**, while **operating expenses increased by 6.1%** from 2022 to 2023. This shifted 2022's patient service loss of \$73 million to a patient service income of **\$289 million in 2023**, a patient service profit margin of 2.1%. **Net income across all hospitals**, which includes non-operating revenue and expenses, totaled nearly **\$865 million in 2023**, over 3.5 times higher than \$232 million in 2022, for a total profit margin of 6.2%. [\(Page 16\)](#)

BJC's net patient revenue (**\$6.1 billion**) represented 46% of the total net patient revenue across St. Louis area hospitals in 2023, nearly double that of the second-highest system – SSM with \$3.1 billion. However, once operating expenses are subtracted, BJC's patient service income falls to second and net income falls to third among St. Louis' four systems. These lower margins can be seen in BJC hospitals' higher commercial breakevens. [\(Page 16, 17, and 19\)](#)

Mercy had the highest patient service income (\$217 million) and net income (\$325 million) despite having the third-highest net patient revenue. Even though **Mercy** did not bring in the most dollars from providing care, they ended with the **largest profit** in 2023. This can be seen in Mercy hospitals' lower commercial breakevens [\(Page 16, 17, and 19\)](#)

Of the 14 hospitals with commercial prices greater than 200% of Medicare, 9 had a markup of over 75 percentage points from their breakeven. Nine had breakevens over 150%. This indicates **high prices among some St. Louis hospitals from both high profits and high breakevens**. [\(Page 20\)](#)

Conclusion

No St. Louis hospitals remained below 200% of Medicare **and** received 5 stars from CMS. [\(Page 6, 21\)](#)

- Of the **CMS 5-Star hospitals, Missouri Baptist had the lowest commercial price** (220% of Medicare), 20 percentage points above the “fair price” range. [\(Page 19\)](#) [\(Page 6, 21\)](#)
- **Eleven St. Louis hospitals** (listed below from lowest to highest price) **charge a “fair price”** to commercial payers (<200% of Medicare). None of these are 5-star hospitals, but 2 have 4 stars (**Mercy Washington** and **Anderson**). [\(Page 6, 18, 20, and 21\)](#)
 1. **Mercy Hospital Washington**
 2. SSM Health St. Joseph – SC
 3. Mercy Hospital South
 4. SSM Health St. Louis University Hospital
 5. St. Luke's Des Peres Hospital
 6. SSM Health St. Joseph Hospital – LSL
 7. SSM Health DePaul Hospital
 8. Mercy Hospital Jefferson
 9. Gateway Regional Medical Center
 10. **Anderson Hospital**
 11. Mercy Hospital Lincoln

About This Report and the BHC

Hospital Industry Overview

Since its inception 43 years ago, BHC's employer members have been concerned about the rampant growth in health care spending and the increasing financialization of health care in our community. The *St. Louis Hospital Industry Overview* has been the St. Louis region's premier source for information on the local health care market. Through this resource about the financial and quality performance of St. Louis area hospitals, BHC seeks to broaden transparency in the health care market, spur competition, and provide information to support all people in the St. Louis region in choosing safe, effective, and affordable health care for themselves, family members, and friends.

Data and Limitations

The information presented in this report is obtained from public data sources based primarily on information reported by the hospitals themselves, such as Medicare cost reports submitted by hospitals to the Centers for Medicare and Medicaid (CMS) and public quality data from CMS and the Leapfrog Group. The report also utilizes financial metrics from the National Academy for State Health Policy (NASHP) and from claims data analysis by the RAND Corporation. Sources are noted throughout the report below the corresponding figures and charts.

Metrics from Round 5.1 of the RAND Corporation's *Prices Paid to Hospitals by Private Health Plans* are calculated from voluntary claims data comprising \$80.2 billion of hospital spending for over 4,000 hospitals, which represents around 6% of commercial hospital spending in the United States. These claims data are from 2020 to 2022, which lags a few years behind the other data presented here, including the 2023 NASHP breakeven.

BHC has made every effort to provide accurate information. As with any analysis of hospital industry data, a note of caution is recommended. BHC depends upon the accuracy of the data reported by hospitals in their Medicare cost reports and cannot guarantee the complete accuracy and comparability of all data in this report. Changes in previously reported data are based on the most current information available, including Medicare cost report restatements.

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About the BHC

The Gateway Business Health Coalition (BHC) is a nonprofit organization representing nearly 70 leading employers, which provide health benefits to thousands of lives in Missouri and millions nationally. For 43 years, the BHC has worked to achieve its mission of supporting employer efforts to improve the well-being of their employees and enhance the quality and overall value of their investments in health benefits. To accomplish these aims, the BHC centers its work on providing pertinent research, resources, and educational opportunities to help employers understand best practices for the strategic design, and informed use, of benefits to facilitate high-quality, affordable health care.

BHC would like to thank its members for providing the support and thought leadership that enable this important work in creating this resource for our community.

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