



St. Louis Hospital Industry Overview:

*Insights into Quality and
Financial Performance*

2023

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Introduction

As health care costs in the United States continue to rise, we must advocate diligently for high-value care in our region and choose care wisely. Since its inception 40 years ago, St. Louis Area Business Health Coalition's (BHC) employer members have been concerned about the rampant growth in health care spending and the increasing financialization of health care. BHC serves as an advocate for affordable, safe, and high-quality health care in the St. Louis region and has produced its longstanding *St. Louis Hospital Industry Overview* report since the 1980s. By collecting and simplifying publicly available data, BHC seeks to provide support to members and community partners in understanding health care quality and financial performance information. After a brief hiatus, BHC has revived the *St. Louis Hospital Industry Overview* report with the goals to:

1. Analyze and document hospital quality and financial trends, providing insights to purchasers that enable elevated conversations with providers.
2. Drive competition and innovation by recognizing improvement in health care spending and patient outcomes.
3. Spur constructive and collaborative change that leads to higher value health care delivery.

The rapid growth in health care spending is unsustainable. Addressing this systemic issue will take cooperation and engagement from health care consumers, providers, payers, and purchasers. Wasteful spending is a significant contributor to the rise in health care expenditures and is estimated to account for approximately 25% of health care spending in the United States.¹ Removing waste from the health care system is not an easy task but is a vital endeavor in combatting spending growth.

Continued growth in health care spending crowds out St. Louis families' ability to spend money on other needed goods and services. Since 2012, the average family premium for health insurance for Missourians has steadily outpaced Missouri workers' wages in growth, meaning individuals have less money to spend on food, housing, childcare, and other basic needs.^{2,3}

Although none of us are immune to high health care prices, they weigh heaviest on those with the least resources. As equity is a concern and focus of many organizations, including those in health care, health systems must recognize that increased health care expenditures worsen disparities and then take action to ensure equitable treatment. When money is wasted in health care, other parts of society, the community, and individuals unjustly suffer.

In 2021, the total excess of revenues over expenses (profits) across all St. Louis area hospitals was \$995 million. Just half of this excess could have been used by the St. Louis community to pay the average salary of either 8,718 public school teachers or 6,426 registered nurses.^{4,5} Alternatively, the St. Louis Area Foodbank could have used just half of the excess to provide meals for over 76,000 families in St. Louis for five years.⁶

Through the *St. Louis Hospital Industry Overview*, BHC remains committed to achieving a transparent health care market and providing information on hospital quality and financial performance to support all people in the St. Louis region in choosing safe, effective, and affordable health care for themselves, family members, and friends.

¹ Almost 25% of healthcare spending is considered wasteful. Here's why. Peter G. Peterson Foundation. April 3, 2023. Accessed February 15, 2024.

² U.S. Bureau of Labor Statistics

³ Agency for Healthcare Research and Quality

⁴ Salary.com

⁵ Grom C, Merten P. Metros in Missouri that are best for nurses. Marietta Daily Journal. February 13, 2024. Accessed February 15, 2024.

⁶ St. Louis Area Foodbank

Key Takeaways

Quality

1. With a Centers for Medicare and Medicaid (CMS) overall star rating of 5 and a Leapfrog Safety Grade of A, Mercy St. Louis was the only St. Louis hospital to receive top quality ratings from both organizations in 2023.
2. In November 2023, 13 St. Louis hospitals received an "A" or "B" Leapfrog Safety Grade, while the other 13 received either a "C" or "D". Nationally, 54% of hospitals received an "A" or "B" grade.
3. MRSA infections continue to challenge all St. Louis hospitals, with no hospital performing better than the national benchmark and four hospitals performing worse.
4. Over 60% of St. Louis hospitals performed better than the national average for *C. diff* infections and only one hospital performed worse.

Financial

1. Overall, St. Louis hospitals realized \$11.5 billion in patient revenue in 2021 compared to \$7.9 billion in 2012 – a cumulative growth rate of 46.0%. This growth outpaces the growth in Missouri workers' wages (24.4%) and the St. Louis consumer price index (14.5%) over the past decade.
2. In 2021, BJC, SSM, and Mercy held a combined 86.9% of hospital discharges, making St. Louis a highly concentrated hospital market.
3. All St. Louis health systems' costs (hospital-only operating expense per adjusted discharge) had compound annual growth rates (CAGRs) of 4.5% or above from 2018 to 2021. SSM's cost grew fastest during this period, with a CAGR of 12.2%.
4. BJC's net patient revenue per adjusted discharge was more than \$2,000 above the St. Louis median each year from 2018 – 2021, though four out of five of the other health systems grew at a faster rate for this metric.
5. Occupancy percent across St. Louis area hospitals was 63.7% in 2021, up more than eight percentage points from 55% in 2018. This increase is attributable to 13% higher total inpatient days, despite 9% fewer discharges in 2021.

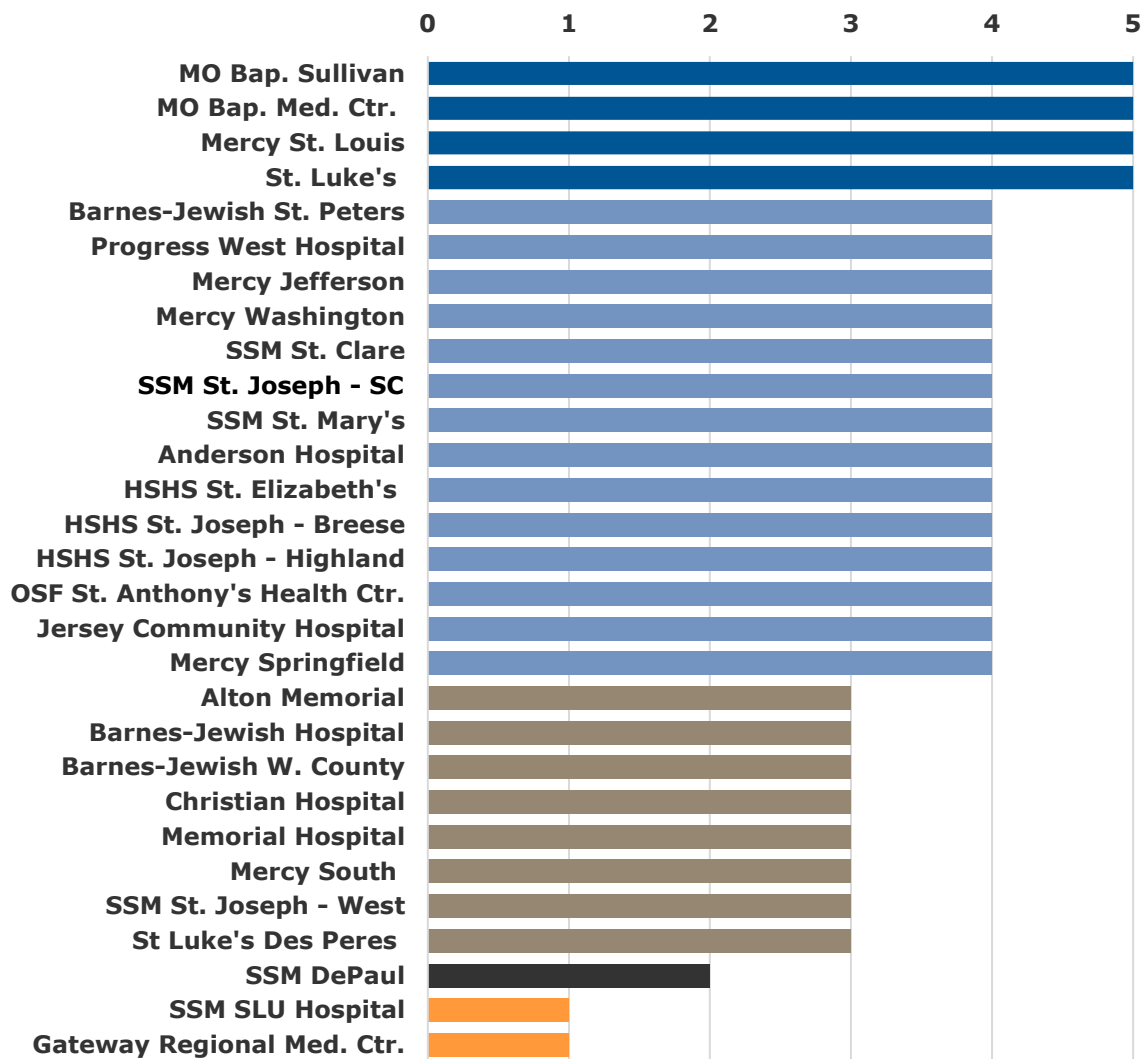
Section 1. Quality and Patient Safety

CMS Overall Star Ratings

The choice of hospital matters. The Centers for Medicare and Medicaid Services (CMS) provides an annual **Overall Hospital Quality Star Rating** that assesses hospital quality performance compared to hospitals across the United States using 46 measures from the 5 categories of Mortality, Safety of Care, Readmission, Patient Experience, and Timely and Effective Care.

Of all United States hospitals meeting the reporting criteria, 10.4% (483) received a five-star rating in July 2023.¹ Four St. Louis hospitals (14.3%) received a five-star designation in July 2023, an improvement from no five-star hospitals in 2016.

CMS Overall Hospital Star Ratings, St. Louis Hospitals, July 2023

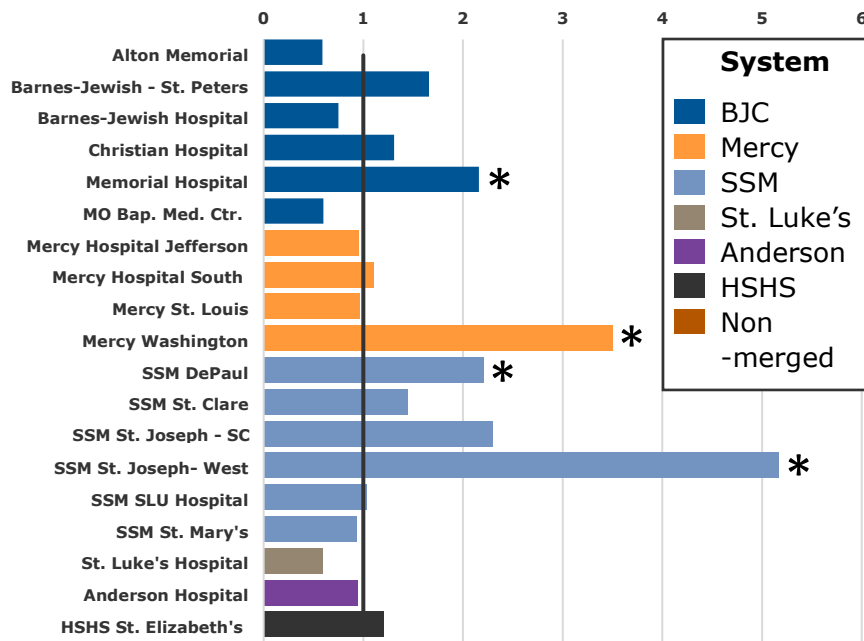


Source: Centers for Medicare and Medicaid, July 2023

¹ Overall hospital quality star rating. Data.CMS.gov. Accessed November 1, 2023.

Safety of Care: Healthcare-Associated Infections

This category of measures assesses how often individuals in the hospital contract certain infections compared to a national benchmark. Many healthcare-associated infections can be prevented when CDC-recommended infection control steps are implemented.

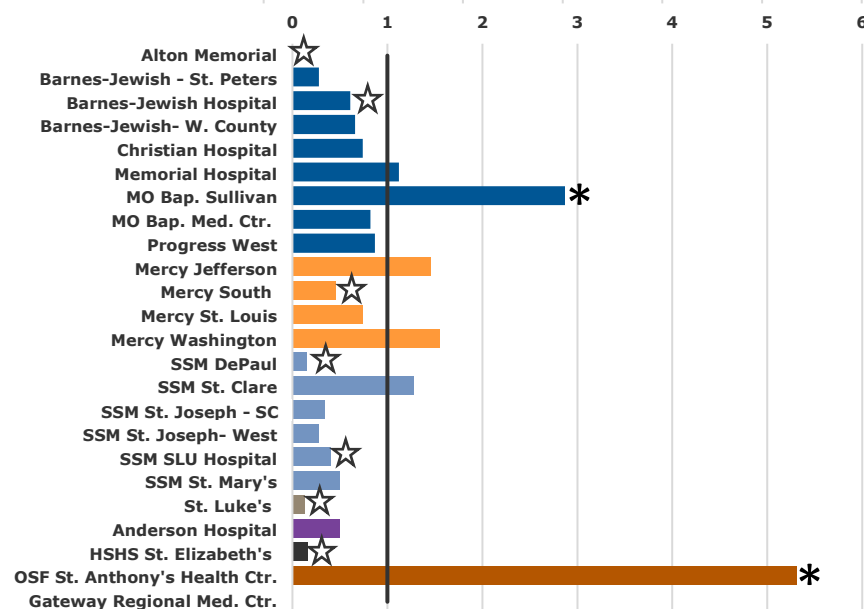


Methicillin-resistant *Staphylococcus aureus* (MRSA) Blood Infections¹

↓ Lower numbers are better.

MRSA is an antibiotic-resistant bacteria that may lead to life-threatening infections. This measure compares rates of MRSA-positive blood samples after a patient entered the hospital to national rates standardized to 1.0.²

No St. Louis area hospitals performed better than the national benchmark for MRSA infections. Four hospitals, Memorial Hospital; Mercy Washington; SSM DePaul; and SSM St. Joseph – West, performed worse than the national benchmark.



Catheter-Associated Urinary Tract Infections (CAUTI)¹

↓ Lower numbers are better.

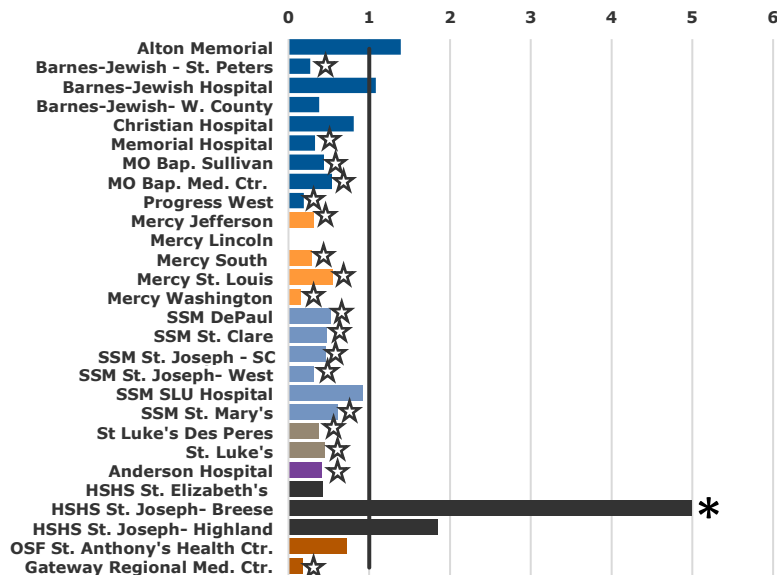
Catheters, if left in place for too long, not kept clean, or inserted incorrectly, can introduce germs and cause serious urinary tract infections. This measure assesses the number of CAUTIs in a hospital and compares it to a national benchmark standardized to 1.0.²

Seven St. Louis area hospitals performed better than the national benchmark, while Missouri Baptist Sullivan Hospital and OSF St. Anthony's Medical Center performed worse.

Source: Centers for Medicare and Medicaid, January 2023

¹ Hospitals are classified as performing better (☆) or worse (*) than the national benchmark if their entire 95% confidence interval was above or below the national benchmark, respectively.

² Complications & deaths. Data.CMS.gov. Accessed November 1, 2023.



Clostridium difficile (C. diff) Intestinal Infections¹

↓ Lower numbers are better.

C. diff is a bacterium that causes colon inflammation which can lead to nausea, fever, and abdominal pain. This measure compares the number of *C. diff*-positive stool samples at a hospital to a national benchmark standardized to 1.0.²

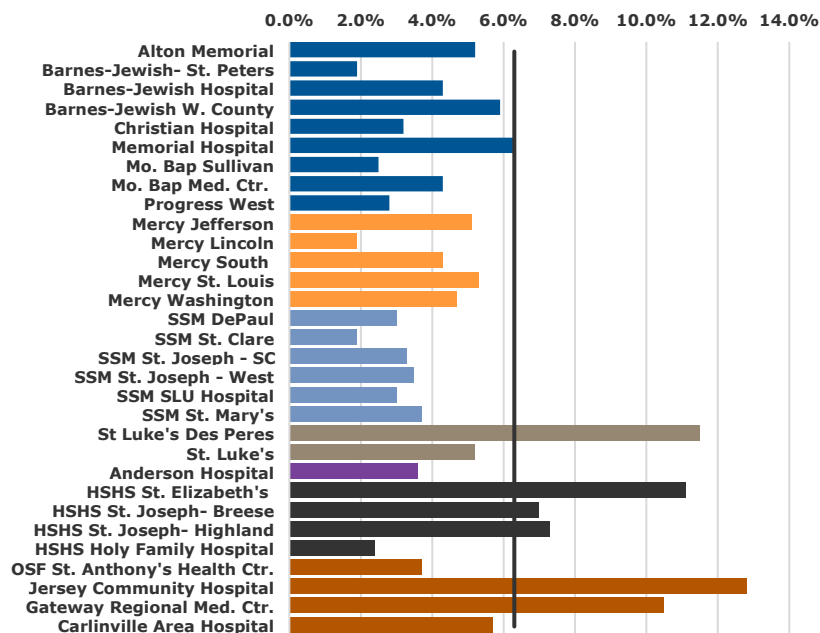
Only one St. Louis area hospital performed worse than the national benchmark for the *C. diff* infections measure. Eighteen St. Louis hospitals performed better.

¹ Hospitals are classified as performing better (☆) or worse (*) than the national benchmark if their entire 95% confidence interval was above or below the national benchmark, respectively.

² Complications & deaths. Data.CMS.gov. Accessed November 1, 2023.

Timely & Effective Care

This group of measures illustrates how often or how quickly hospitals provide care for certain conditions that result in the best outcomes for patients. They also show how hospitals use outpatient imaging.



Combination Computed Tomography (CT) Scans of the Abdomen³

↓ Lower percentages are better.

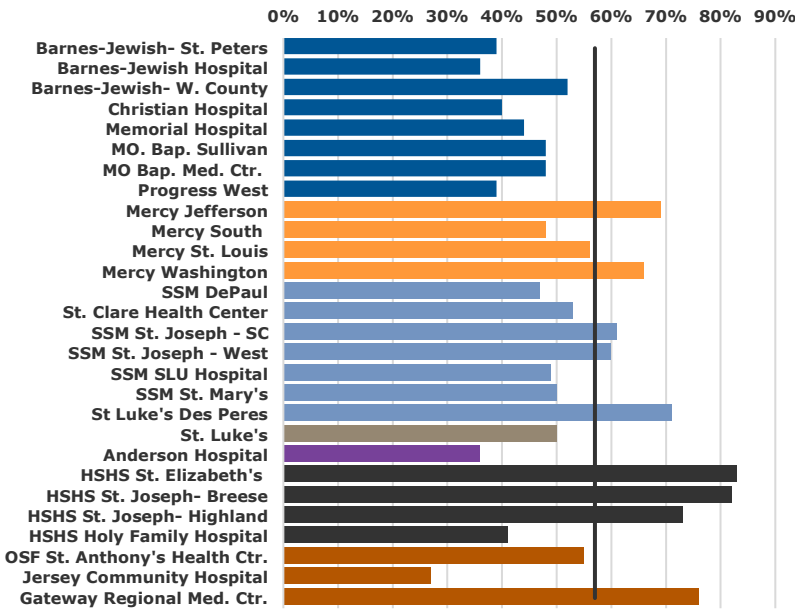
"Combination" (double) CT scans are when a patient receives two CT scans, one without and one with contrast. While double CT scans are appropriate under certain conditions, they are often unnecessary and can place patients at risk of complications due to the risks associated with contrast and increased radiation. This measure shows the percentage of outpatient abdominal CT scans that were combination scans.⁴

Six St. Louis hospitals had a higher percentage than the national benchmark of 6.3%. Higher percentages may indicate unnecessary double scans.

Source: Centers for Medicare and Medicaid, January 2023

³ Hospitals are not classified as being significantly different than national benchmarks for Timely and Effective care.

⁴ Timely & Effective Care. Data.CMS.gov. Accessed November 1, 2023.



Appropriate Care for Sepsis¹

↑ Higher percentages are better.

Early identification and appropriate care for sepsis can lower the risk of death, especially in older adults and those with compromised immune systems. This measure shows the percentage of patients who received appropriate care for severe sepsis and septic shock.²

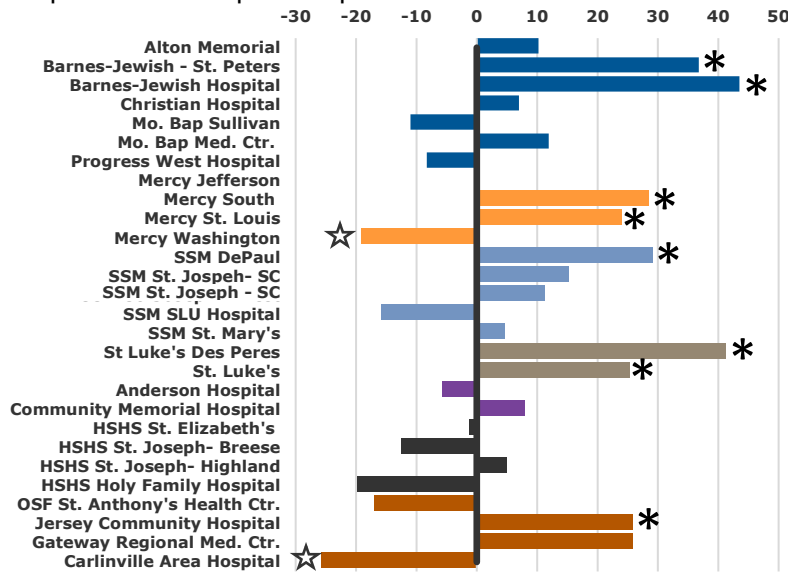
The national benchmark for this measure is at 57%. St. Louis area hospital rates for appropriate care for sepsis are between 36% and 71%.

¹ Hospitals are not classified as being significantly different than national benchmarks for Timely and Effective care.

² Timely & Effective Care. Data.CMS.gov. Accessed November 1, 2023.

Readmission

This group of measures reflects the rates of unplanned returns and readmissions to the hospital after outpatient and inpatient procedures.



Hospital Return Days for Pneumonia³

↓ Scores less than zero are better.

Hospital return days for pneumonia measures 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.⁴

The average amount of return days per 100 discharges is set to zero. Two hospitals had fewer return days than average for pneumonia. Eight hospitals had more return days than average.

Source: Centers for Medicare and Medicaid, January 2023

³ Hospitals are classified as performing better (☆) or worse (*) than the national benchmark if their entire 95% confidence interval was above or below the national benchmark, respectively.

⁴ Unplanned Hospital Visits. Data.CMS.gov. Accessed November 1, 2023.

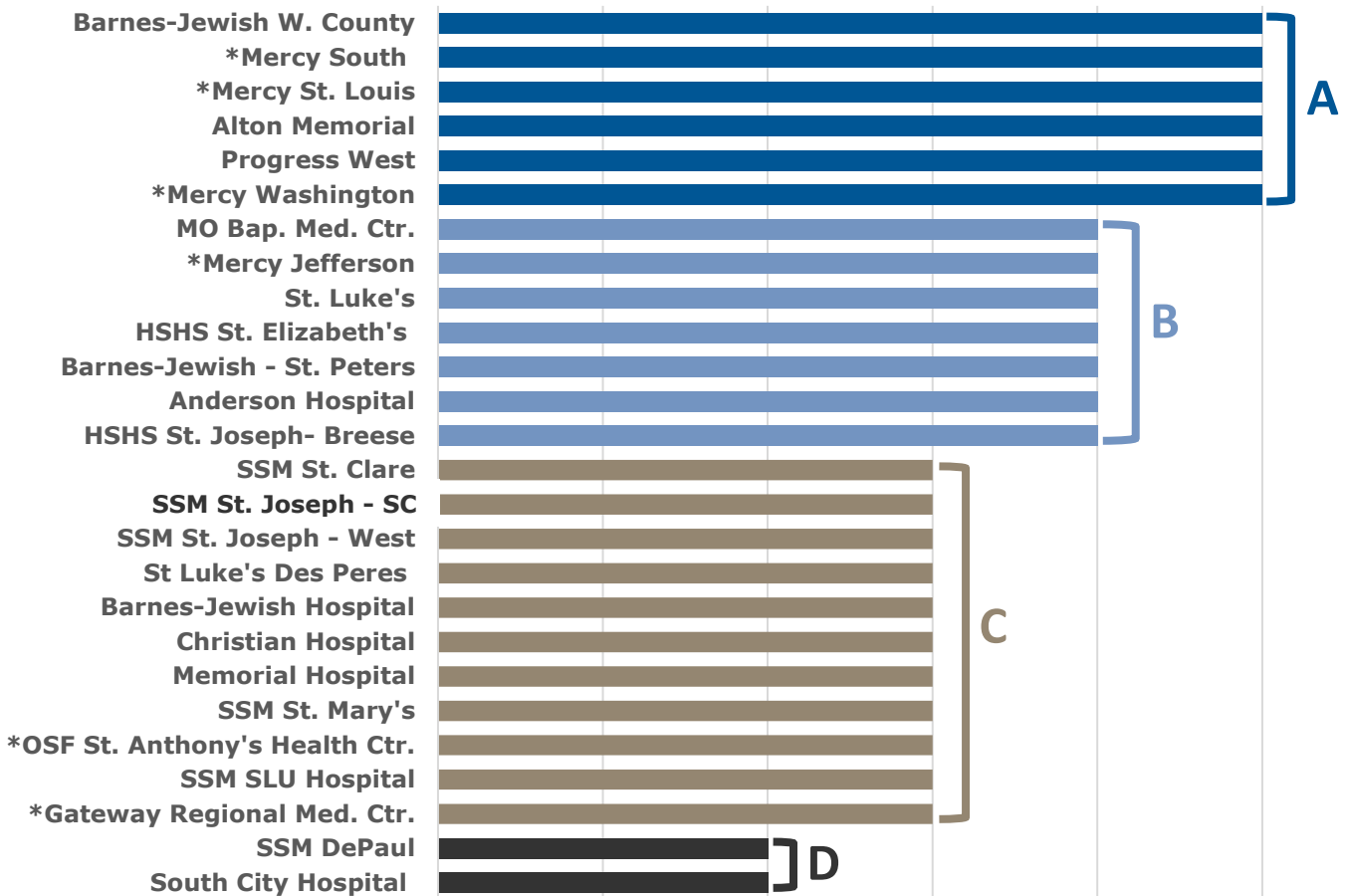
Leapfrog Safety Grades

The Leapfrog Group’s **Leapfrog Hospital Safety Grade** provides A, B, C, D, or F ratings for acute-care hospitals to aid consumers in selecting their safest care option. These overall grades include 22 measures across two domains. The Process & Structural Measures and Outcome Measures domains both contribute to 50% of the overall Safety Grade.¹

The Leapfrog Hospital Safety Grade is assigned based on publicly available data from CMS and the annual voluntary Leapfrog Hospital Survey. When hospitals decline to report to Leapfrog, only publicly available data are used. Six St. Louis hospitals report data to Leapfrog, and the St. Louis Business Area Health Coalition (BHC) strongly encourages other hospitals to consider reporting data directly to Leapfrog. BHC recognizes these hospitals, denoted below with asterisks, for their commitment to patient safety and public reporting.

Half of St. Louis hospitals received “A” and “B” grades for safety in November 2023, compared to 54% of hospitals nationally. In state rankings, Missouri ranked 18th overall for safety, up from 34th in Fall 2022.

Leapfrog Hospital Safety Grades, St. Louis Hospitals, November 2023



Source: The Leapfrog Group, November 2023

¹ About the Grade. Leapfrog Hospital Safety Grade. Accessed November 1, 2023.

* These hospitals reported data directly to Leapfrog.

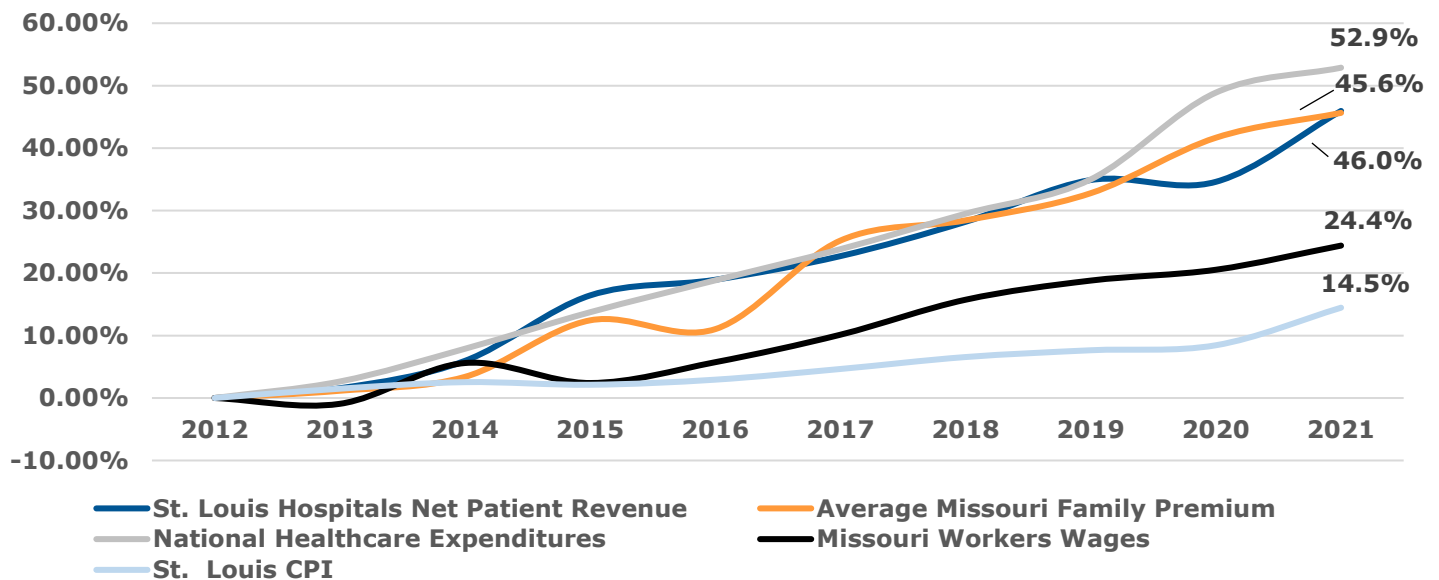
Section 2. Financial Performance

Health Care Expenditures Continue to Rise

Health care expenditures grew from **6.2%** to **16.7% of GDP** between 1970 and 2019, spiking to 18.8% in 2020 during the pandemic and falling to 17.4% in 2021.¹ St. Louis hospitals had an aggregate **\$11.5 billion in patient revenue in 2021** compared to **\$7.9 billion** in 2012 – a cumulative growth rate of 46.0%. This growth outpaces the growth in Missouri workers’ wages (24.4%) and the St. Louis consumer price index (14.5%) over the past decade.

To lessen the heavy burden of health care costs on American families, employers, and the public sector, we need GDP growth to outpace that of health care spending.

St. Louis Area Hospitals Net Patient Revenue Cumulative Growth Compared to Local and National Economic Indicators



Source: Medicare Cost Reports^{2,3}, Agency for Healthcare Research and Quality, U.S. Bureau of Labor Statistics, Centers for Medicare and Medicaid, St. Louis Federal Reserve

Financial metrics in this report are primarily based on Medicare cost reports submitted by hospitals to the Centers for Medicare and Medicaid (CMS), supplemented by annual licensing surveys submitted by hospitals to the Missouri Hospital Association. Sources are noted under each figure. For more information, see “Data and Limitations” on page 16.

¹ McGough M, Telesford I, Rakshit S, Wager E, Amin K, Cox C. How does health spending in the U.S. compare to other countries? February 15, 2023. Accessed November 27, 2023.

² Medicare cost reports may be submitted for partial or multiple years due to change in ownership, fiscal year, or status with the Medicare program (initiation or termination). Most of the metrics included are reported per adjusted discharge, which accommodates for this discrepancy. Given the infrequency of partial or multiple year cost reports, there should be minimal effect on aggregate measures, such as St. Louis Hospitals Net Patient Revenue (above). Mercy Hospital Lincoln reported only 6 months of data for 2015. SSM St. Louis University Hospital reported 18 months of data for 2015. Memorial Hospital East (BJC) reported only 6.5 months of data for 2016. Community Hospital of Staunton (Anderson) reported only 6 months of data for 2016. HSHS Holy Family Hospital reported only 6 months of data for 2017. St. Luke’s Des Peres reported 13 months of data for 2018. South City Hospital reported only 11.5 months of data for 2021.

Note: Changes in previously reported data are based on the most current information available, including Medicare cost report restatements.

2021 St. Louis Hospital Revenue and Profits

System Name	Net Patient Revenue (\$)	Patient Services Net Income (\$)	Total Net Income (\$)	Patient Services Profit Margin (%)	Total Profit Margin (%)
BJC					
Alton Memorial Hospital	161,958,145	6,900,358	(148,460)	4.3	-0.1
Barnes-Jewish Hospital	2,322,076,596	(32,708,760)	65,364,231	-1.4	2.7
Barnes-Jewish St. Peters Hospital	164,752,710	14,295,967	16,734,188	8.7	9.7
Barnes-Jewish W. County Hospital	199,562,723	13,252,565	12,445,669	6.6	6.1
Christian Hospital	326,402,599	(12,031,997)	(13,036,843)	-3.7	-3.8
Memorial Hospital	351,037,592	(23,991,084)	(15,647,221)	-6.8	-4.1
Missouri Baptist Medical Center	675,342,534	20,706,373	19,153,627	3.1	2.7
Missouri Baptist Sullivan Hospital	68,007,951	(506,598)	1,813,763	-0.7	2.6
Progress West Hospital	102,014,100	15,383,238	9,848,164	15.1	9.2
St. Louis Children's Hospital	830,451,499	58,444,284	89,622,379	7.0	10.4
Network Total	5,201,606,449	59,744,346	186,149,497	1.1	3.4
Mercy					
Mercy Hospital Jefferson	191,756,657	16,645,869	25,965,966	8.7	12.9
Mercy Hospital Lincoln	40,724,211	3,373,565	8,264,370	8.3	18.1
Mercy Hospital South	518,763,908	36,025,449	58,122,277	6.9	10.7
Mercy Hospital St. Louis	1,290,987,277	220,570,523	258,987,320	17.1	19.5
Mercy Hospital Washington	193,547,842	29,365,381	38,947,284	15.2	19.2
Network Total	2,235,779,895	305,980,787	390,287,217	13.7	16.8
SSM					
SSM DePaul	464,743,994	(21,223,835)	42,232,282	-4.6	7.9
SSM St. Clare's	221,321,063	12,423,764	19,905,950	5.6	8.6
SSM St. Joseph Hospital	222,368,629	(37,127,011)	4,241,463	-16.7	1.6
SSM St. Joseph Hospital West	207,308,283	9,280,121	16,079,302	4.5	7.5
SSM St. Louis University Hospital	693,546,524	(49,789,014)	9,631,734	-7.2	1.3
SSM St. Mary's Hospital ¹	749,062,366	(31,431,076)	73,866,290	-4.2	8.6
Network Total	2,558,350,859	(117,867,051)	165,957,021	-4.6	5.8
St. Luke's					
St. Luke's Des Peres Hospital	74,947,926	(8,684,494)	(3,479,881)	-11.6	-4.3
St. Luke's Hospital	418,497,007	(59,514,511)	104,439,868	-14.2	14.4
Network Total	493,444,933	(68,199,005)	100,959,987	-13.8	12.5
Anderson					
Anderson Hospital	170,085,211	14,920,727	43,851,256	8.8	22.0
Community Hospital of Staunton	19,220,047	1,021,421	3,365,748	5.3	15.6
Network Total	189,305,258	15,942,148	47,217,004	8.4	21.4
HSHS					
HSHS Holy Family Hospital	19,624,837	(5,695,375)	5,450,789	-29.0	17.7
HSHS St. Elizabeth's Hospital	256,649,913	2,116,702	2,825,970	0.8	1.1
HSHS St. Joseph's Hospital Breese	58,250,828	7,140,063	39,093,410	12.3	43.3
HSHS St. Joseph's Hospital Highland	46,902,188	8,096,147	13,923,293	17.3	28.7
Network Total	381,427,766	11,657,537	61,293,462	3.1	14.4
Missouri Non-Merged					
Ranken Jordan	52,952,743	10,022,687	24,704,917	18.9	36.5
South City Hospital ²	52,187,096	(4,428,194)	(1,646,315)	-8.5	-3.0
Illinois Non-Merged					
Carlinville Area Hospital	32,294,660	(780,865)	7,334,562	-2.4	18.2
Gateway Regional Medical Center	97,750,346	(5,015,794)	125,548	-5.1	0.1
Jersey Community Hospital	46,785,383	(3,975,261)	10,635,342	-8.5	17.3
OSF St. Anthony's Medical Center	86,327,196	(7,461,304)	(5,811,493)	-8.6	-6.5
Touchette Regional Hospital	54,820,007	(16,154,896)	7,453,456	-29.5	9.5
Aggregate for St. Louis Hospitals	11,483,032,591	179,465,135	994,660,205	1.6%	7.9%

Source: CMS Medicare Cost Reports

All hospital systems had larger total profit margins than patient service profit margins. This indicates that significant income is being generated from sources other than patient care, such as investment income, pharmacy benefits management or health insurance. For more information, see page 15.

¹SSM Cardinal Glennon and SSM St. Mary's Hospital are combined.

²South City Hospital reported only 11.5 months of data for 2021.

2021 St. Louis Hospital Utilization

System Name (Market Share) ¹	Available Beds	Occupancy (%) ²	Discharges	Adjusted Discharges ³	Medicare Case Mix Index ⁴
BJC (37.5%)					
Alton Memorial Hospital	121	67.4	6,326	18,240	1.60
Barnes-Jewish Hospital	1,273	80.7	51,503	89,453	2.62
Barnes-Jewish St. Peters Hospital	109	66.7	5,611	17,473	1.59
Barnes-Jewish West County Hospital	68	38.5	3,215	21,496	1.82
Christian Hospital	285	70.2	12,253	25,368	1.97
Memorial Hospital	306	67.8	15,718	34,447	1.74
Missouri Baptist Medical Center	426	70.2	19,783	51,969	2.02
Missouri Baptist Sullivan Hospital	35	78.5	2,070	10,442	-
Progress West Hospital	68	70.4	4,554	12,041	1.57
St. Louis Children's Hospital	417	71.7	10,958	18,670	-
Network Total	3,108	73.6	131,991	270,817	2.17
Mercy (22.6%)					
Mercy Hospital Jefferson	259	52.0	10,780	21,873	1.66
Mercy Hospital Lincoln	25	45.5	751	4,523	-
Mercy Hospital South	767	55.5	23,240	40,820	1.87
Mercy Hospital St. Louis	859	79.9	38,383	91,604	2.01
Mercy Hospital Washington	140	50.5	6,359	20,870	1.76
Network Total	2,050	64.8	79,513	178,747	1.89
SSM (26.8%)					
SSM Health DePaul	445	70.1	21,482	45,364	2.03
SSM Health St. Clare's	180	72.8	10,475	21,277	1.90
SSM Health St. Joseph Hospital	406	41.1	10,341	23,364	1.79
SSM Health St. Joseph Hospital West	199	73.9	11,823	25,866	1.65
SSM Health St. Louis University Hospital	350	84.5	15,517	28,234	2.58
SSM Health St. Mary's Hospital ⁵	673	57.9	24,726	51,645	1.80
Network Total	2,253	64.0	94,364	189,714	1.99
St. Luke's (4.1%)					
St. Luke's Des Peres Hospital	88	25.3	2,247	5,329	1.97
St. Luke's Hospital	390	48.0	12,164	31,371	1.93
Network Total	478	43.8	14,411	36,613	1.94
Anderson (1.9%)					
Anderson Hospital	120	70.1	6,405	17,568	1.53
Community Hospital of Staunton	25	23.4	357	2,291	-
Network Total	145	62.3	6,762	19,148	1.53
HSHS (3.2%)					
HSHS Holy Family Hospital	28	35.1	459	3,127	1.28
HSHS St. Elizabeth's Hospital	144	88.6	8,920	20,403	2.01
HSHS St. Joseph's Hospital Breese	46	38.3	1,179	6,396	1.44
HSHS St. Joseph's Hospital Highland	25	77.9	676	3,841	-
Network Total	243	71.8	11,234	30,029	1.90
Missouri Non-Merged (0.8%)					
Ranken Jordan	60	74.8	272	279	-
South City Hospital ⁶	178	30.0	2,626	4,417	1.40
Illinois Non-Merged (3.1%)					
Carlinville Area Hospital	25	33.0	347	2,686	-
Gateway Regional Medical Center	305	22.1	5,318	12,951	1.45
Jersey Community Hospital	46	20.6	725	5,869	1.36
OSF St. Anthony's Medical Center	49	70.0	2,338	9,145	1.76
Touchette Regional Hospital	137	17.8	2,162	7,804	1.17
Aggregate for St. Louis Hospitals	9,077	63.7	352,063		

Source: CMS Medicare Cost Reports

Occupancy percent across St. Louis area hospitals was 63.7% in 2021, up more than eight percentage points from 55% in 2018. This increase is attributable to 13% higher total inpatient days, despite 9% fewer discharges.

¹ Market share percentage for each network is based on the total discharges across hospitals in the network.

² Occupancy percent is equal to patient days (including distinct part units and observation) divided by days available.

³ Adjusted discharges are a proxy for total hospital volume representing both inpatient and outpatient activity, calculated by the product of discharges and the ratio of total revenue to inpatient revenue.

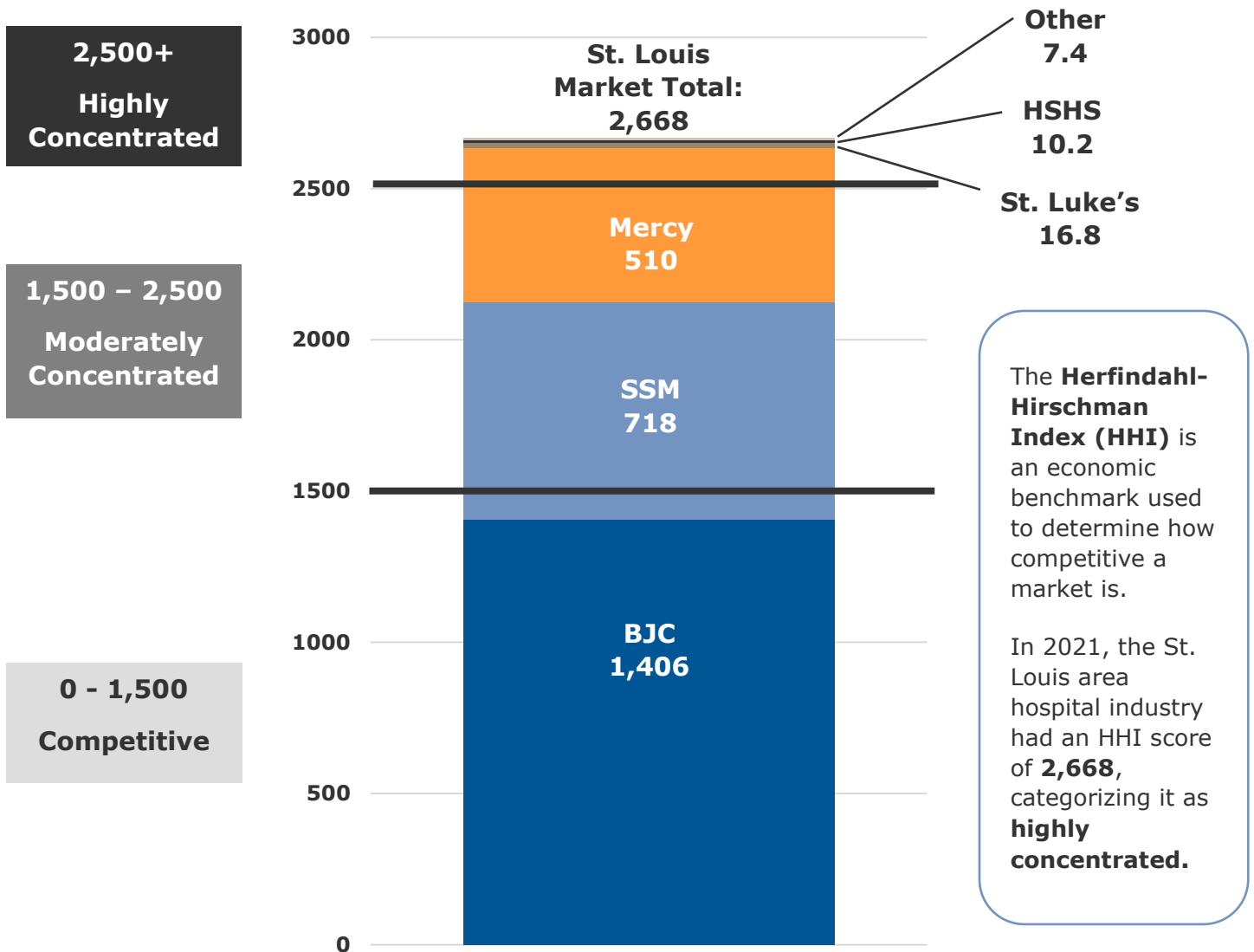
⁴ Medicare Case Mix Index (CMI) is the average diagnosis-related group (DRG) relative weight for that hospital. It reflects the diversity, clinical complexity, and resource needs of all the patients in the hospital. CMI is not disclosed for critical access or children's hospitals which is represented with a -.

⁵ SSM Cardinal Glennon and SSM St. Mary's Hospital are combined.

⁶ South City Hospital reported only 11.5 months of data for 2021.

High Concentration in the St. Louis Hospital Market

2021 St. Louis Hospital Market Herfindahl-Hirschman Index (HHI)



In 2021, with an HHI over 2,500, **the St. Louis hospital market is considered to be highly concentrated. BJC, SSM, and Mercy** held a **combined 86.9%** of the market share of hospital discharges. An abundance of research demonstrates that increased consolidation of health care providers leads to higher prices, and there is little evidence that hospital mergers actually lead to improvements in care delivery.¹

HHI is calculated by summing the squares of the market shares of each system and independent hospital, determined by the portion of total discharges each system had that year.²

Source: CMS Medicare Cost Reports

¹ Schwartz K, Lopez E, Rae M, Neuman T. What We Know About Provider Consolidation. KFF. September 2020.

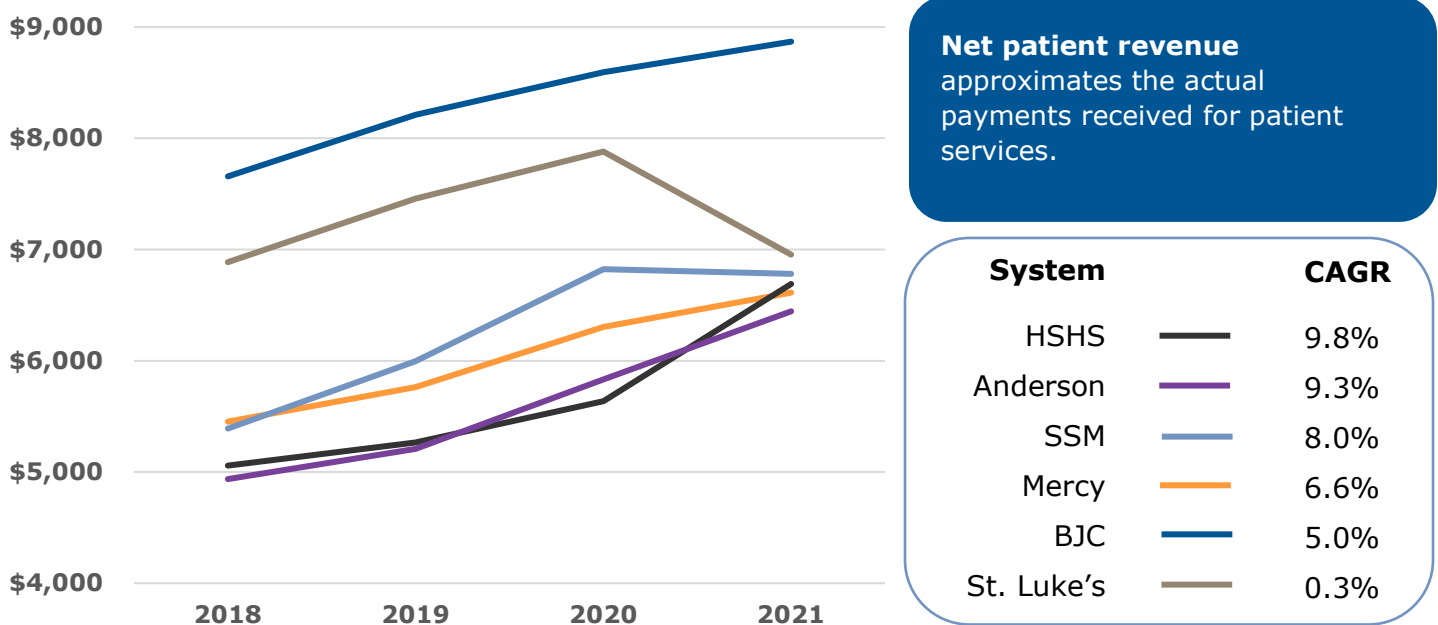
² Herfindahl-Hirschman Index. U.S. Department of Justice Antitrust Division. July 31, 2018. Accessed November 27, 2023.

St. Louis Hospital Prices

The amount of Gross Domestic Product spent on health care in the United States has increased steadily for decades and greatly outpaces the spending of peer countries. Yet, the U.S. has the lowest life expectancy at birth and the highest death rate from avoidable conditions of all high-income nations.¹ Consumers are paying more but not getting more. While lifestyle behaviors are a contributing factor, the significant role of growth in health care prices should not be understated.

The median price (net patient revenue per adjusted discharge) among St. Louis health systems had a compound annual growth rate of 7.5% between 2018 and 2021.

Price (Net Patient Revenue per Adjusted Discharge), Adjusted for Case Mix³



BJC's price was more than \$2,000 above the median each year from 2018 – 2021, though four out of five of the other health systems grew faster.

St. Luke's price was between \$1,300 and \$1,600 higher than the median from 2018 – 2020 but fell in 2021.

HSHS's price grew the fastest from 2018 – 2021, with a CAGR of 9.8%, followed by Anderson (9.3%) and SSM (8.0%). HSHS and SSM both surpassed Mercy in price by 2021.

Source: CMS Medicare Cost Reports

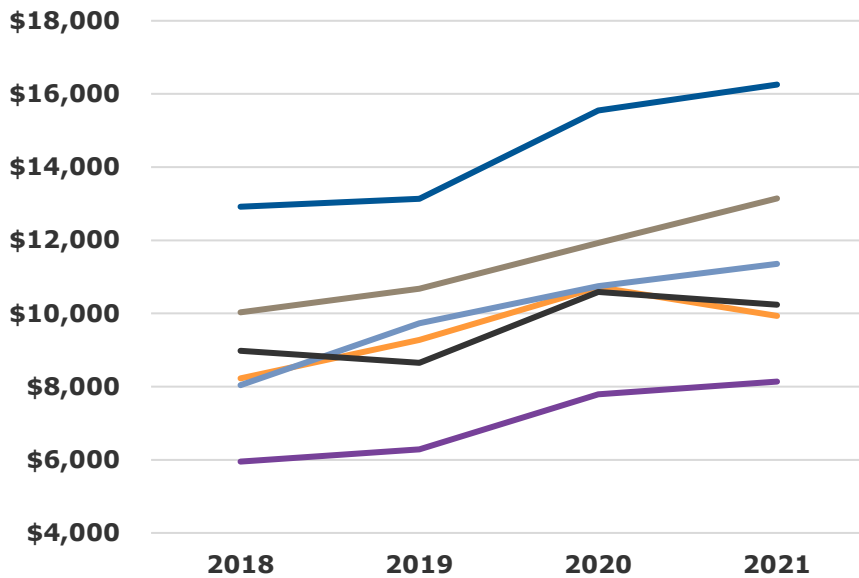
¹ Gunja MZ, Gumas ED, Williams RD. U.S. Health Care from a Global Perspective, 2022: Accelerating Spending, Worsening Outcomes. The Commonwealth Fund. January 2023.

² The St. Louis Systems Median is the median across BJC, Mercy, SSM, St. Luke's, HSHS, and Anderson hospitals, as grouped in the 2021 St. Louis Hospital Revenue and Profits table on page 10.

³ Medicare Case Mix Index (CMI) is the average diagnosis-related group (DRG) relative weight for that hospital. It reflects the diversity, clinical complexity, and resource needs of all the patients in the hospital.

St. Louis Hospital Expenses

Cost (Hospital-Only Operating Expense per Adjusted Discharge)



Hospital-only operating

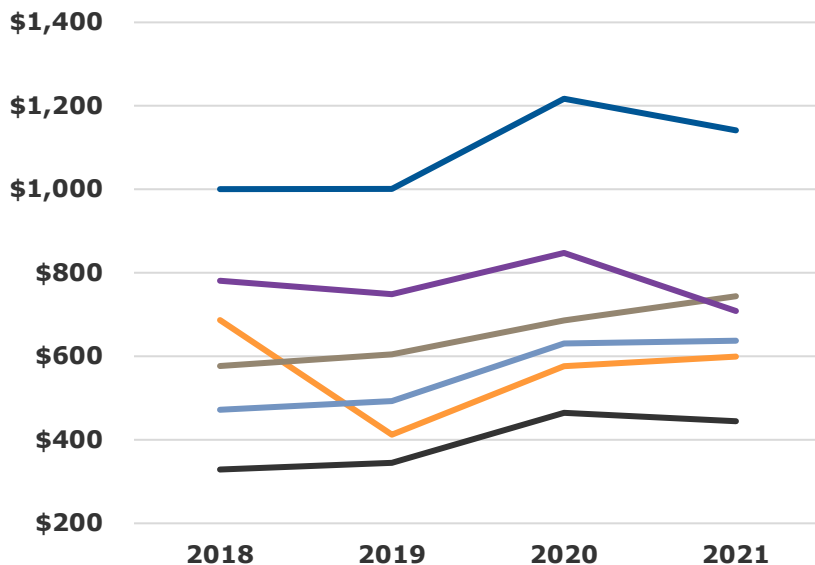
expenses represent a standard core set of costs, which excludes costs from service departments that Medicare does not reimburse (e.g., interns and residents).

System

System	CAGR
SSM	12.2%
Anderson	11.0%
St. Luke's	9.4%
BJC	8.0%
Mercy	6.5%
HSHS	4.5%

All systems' costs (hospital-only operating expense per adjusted discharge) had CAGRs of **at least 4.5%** from 2018 – 2021. **SSM's** cost grew at the fastest rate from 2018 - 2021, with a CAGR of **12.2%**, followed by Anderson (11.0%) and St. Luke's (9.4%).

Depreciation Expense per Adjusted Discharge



Depreciation expense

represents cost resulting from the decrease in value of fixed assets, such as land, buildings, and equipment.

System

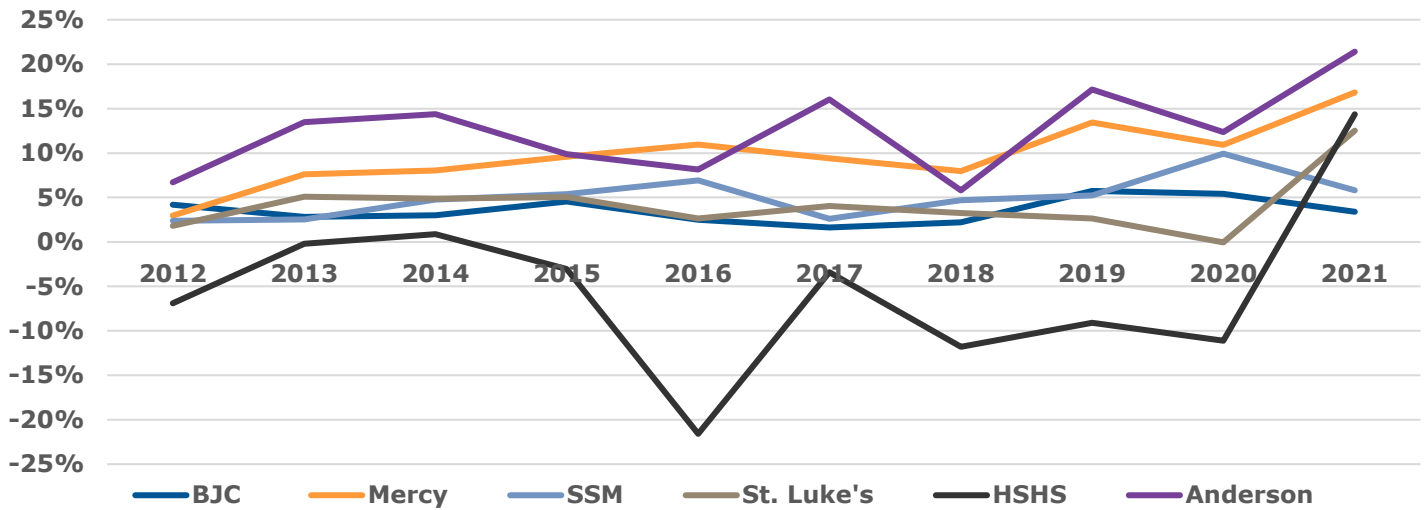
System	CAGR
HSHS	10.6%
SSM	10.5%
St. Luke's	8.9%
BJC	4.5%
Anderson	-3.2%
Mercy	-4.4%

BJC had the **highest hospital-only operating expense** and **depreciation expense** per adjusted discharge, although SSM grew faster both metrics and HSHS had the highest CAGR for depreciation expense.

Source: CMS Medicare Cost Reports

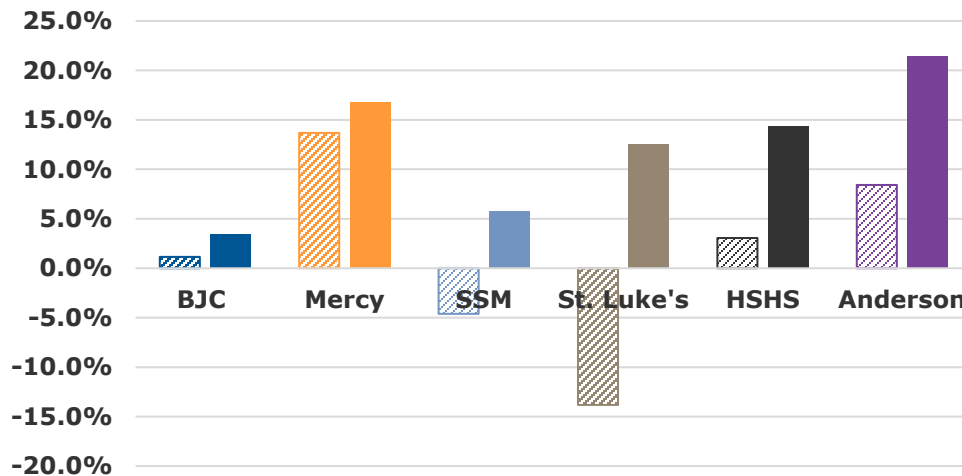
St. Louis Hospital Profit Margins

Total Profit Margin, St. Louis Hospital Systems, 2012 – 2021¹



The median total profit margin across St. Louis hospital systems increased from **2.7% in 2012** to **13.4% in 2021**.

Patient Service Profit Margin vs. Total Profit Margin, 2021¹



Total profit margin includes non-patient revenue and expenses, such as income from investments.

Patient service profit margin represents the profit directly generated from care delivery.

Total profit margin was higher than **patient service profit margin** across all hospital systems in 2021, indicating that St. Louis area hospitals are generating a significant amount of revenue not directly related to care delivery. This income comes from investments or from ownership of a retail pharmacy, pharmacy benefits manager (PBM), health plan, or other venture.

Source: CMS Medicare Cost Reports

¹ Mercy Hospital Lincoln reported only 6 months of data for 2015. SSM St. Louis University Hospital reported 18 months of data for 2015. Memorial Hospital East (BJC) reported only 6.5 months of data for 2016. Community Hospital of Staunton (Anderson) reported only 6 months of data for 2016. HSHS Holy Family Hospital reported only 6 months of data for 2017. St. Luke's Des Peres reported 13 months of data for 2018.

About This Report and the BHC

Hospital Industry Overview

Since its inception 40 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 largely from public data sources based 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. 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.

Additionally, Medicare cost reports may be submitted for partial or multiple years due to changes in ownership, fiscal year, or status with the Medicare program (initiation or termination). Most of the metrics included are reported per adjusted discharge, which accommodates for this discrepancy. Given the infrequency of partial or multiple year cost reports, there should be minimal effect on aggregate measures, such as St. Louis Hospitals Net Patient Revenue.

Medicare cost report data was analyzed by John Bartholomew and Tom Nash of Bartholomew/Nash Consulting for BHC using the Healthcare Cost Report Information System (HCRIS) database October 2022 update.

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Acknowledgement

Hospital leaders and their staff provided information and worked extensively to verify the accuracy of the data, which was invaluable to the project's success. BHC appreciates their commitment to transparency and public accountability in health care.

About the BHC

The St. Louis Area 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 40 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.

Employer Members

AAF International
Aegion Corporation
Ameren Corporation
Anheuser-Busch Companies, LLC
Arch Resources, Inc.
Barry-Wehmiller Companies, Inc.
Bass Pro Shops, Inc.
Baxter Credit Union (BCU)
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Columbia Public Schools
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ESCO Technologies Inc.
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