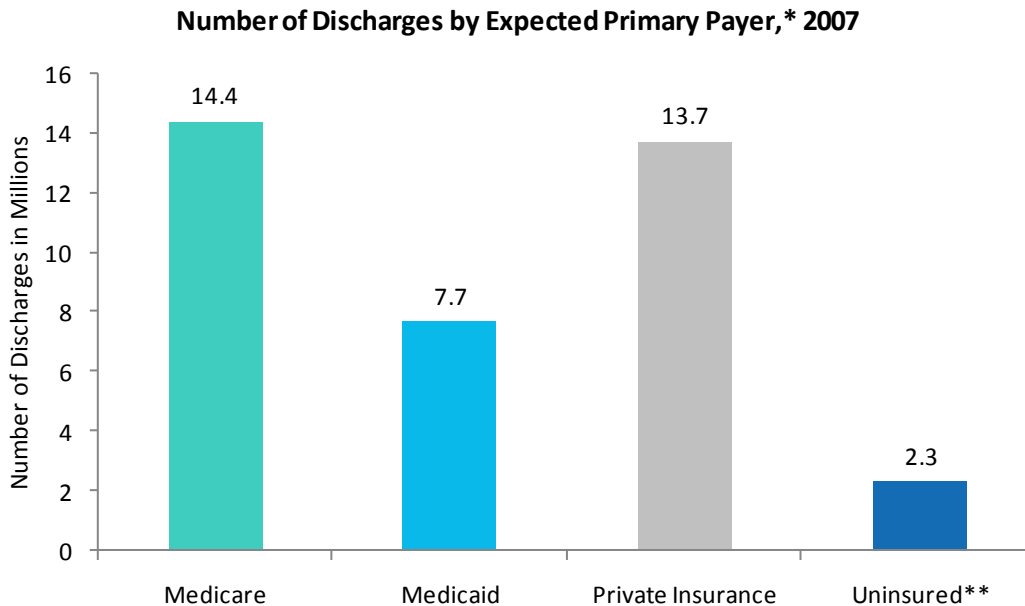


EXHIBIT 5.1 Discharges by Payer

The primary payer bears the major financial responsibility for the hospital stay. Although other payers, including the patients themselves, may also pay part of the cost of hospitalization, only the expected primary payers are depicted in this section.



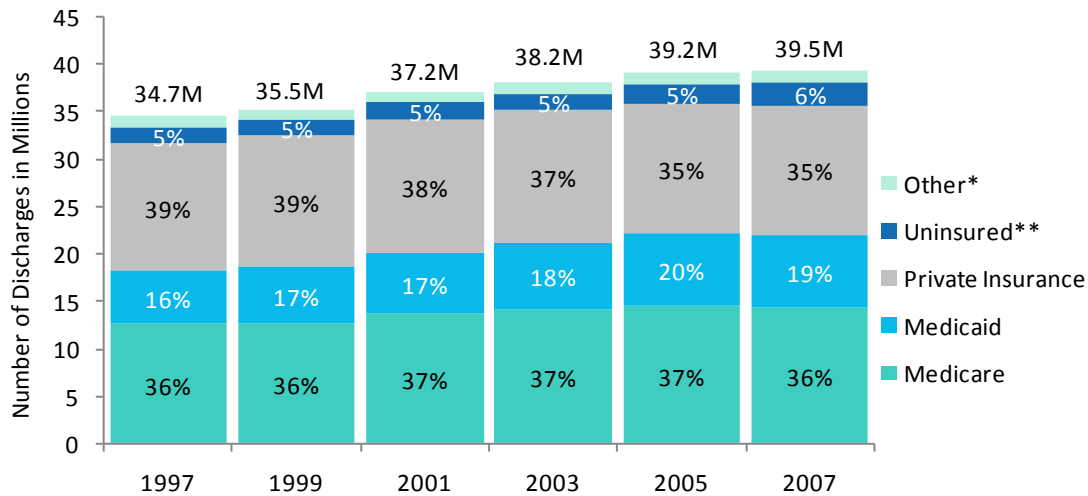
*There are an additional 1.4 million discharges with "other" as the expected primary payer. "Other" payer includes Workers' Compensation, TRICARE, CHAMPUS, CHAMPVA, Title V, and other government programs.

**Includes discharges classified as self-pay or no charge.

Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 2007.

- In 2007, Medicare with 14.4 million discharges and private insurance with 13.7 million discharges were the expected primary payers for the largest number of discharges, followed by Medicaid with 7.7 million discharges. Medicare patients are 65 and older or disabled. Medicaid is the primary source of insurance for low income families and individuals.
- There were 2.3 million uninsured discharges.

Number and Distribution of Discharges by Expected Primary Payer, 1997-2007



* Includes other payers such as Workers' Compensation, TRICARE, CHAMPUS, CHAMPVA, Title V, and other government programs.

** Includes discharges classified as self-pay or no charge.

Note: Bar segments representing less than 5 percent have not been labeled.

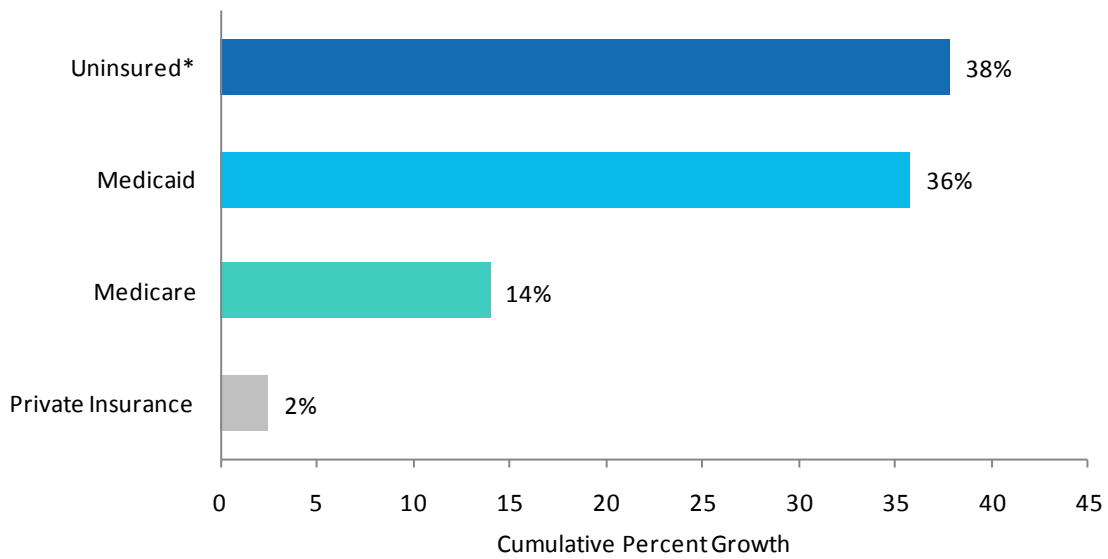
Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1997-2007.

The number of discharges increased steadily over the past decade, growing from 34.7 million in 1997 to 39.5 million in 2007.

- In 2007, Medicare and Medicaid were the expected primary payers for more than half (56 percent) of all inpatient hospital discharges (accounting for 14.4 and 7.7 million hospital stays, respectively).
 - The percentage of discharges billed to Medicare remained relatively stable from 1997 to 2007 at 36-37 percent.
 - Unlike Medicare, the share of discharges with Medicaid as an expected payer increased throughout most of the period, from 16 percent in 1997 to 19 percent in 2007.
- The percentage of discharges billed to private insurance fell from 39 percent to 35 percent from 1997 to 2007. This reflects the steady decline in the share of the population with private insurance coverage.¹
- About 5 percent of discharges were listed as uninsured in 1997. By 2007, uninsured stays accounted for 6 percent of all discharges, or 2.3 million hospital stays.

¹ U.S. Census Bureau Current Population Survey (CPS). *Table HIA-1. Health Insurance Coverage Status and Type of Coverage—All Persons by Sex, Race and Hispanic Origin: 1999 to 2007* (<http://www.census.gov/hhes/www/hlthins/historic/index.html>).

Growth in Number of Discharges by Expected Primary Payer, 1997-2007



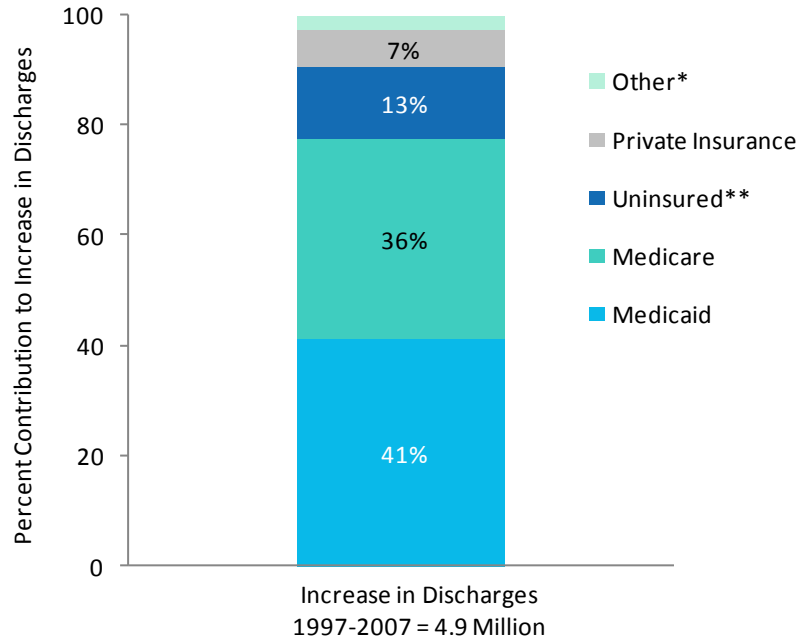
* Includes discharges classified as self-pay or no charge.

Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1997 and 2007.

Between 1997 and 2007, the number of hospital discharges grew by 14 percent; however, the growth varied widely by expected primary payer.

- Uninsured discharges (up 38 percent) and Medicaid discharges (up 36 percent) grew at more than double the rate of all discharges.
- The number of discharges for which Medicare was the expected primary payer grew at the same rate as the all-payer discharge rate (14 percent).
- The number of discharges billed to private insurance increased slowly (2 percent) between 1997 and 2007, substantially slower than discharges billed to uninsured, Medicaid and Medicare.

Payer Contribution to the Cumulative Growth in Number of Discharges, 1997-2007



*Includes other payers such as Workers' Compensation, TRICARE, CHAMPUS, CHAMPVA, Title V, and other government programs.

**Includes discharges classified as self-pay or no charge.

Note: Bar segments representing less than 5 percent have not been labeled.

Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1997 and 2007.

Between 1997 and 2007, the number of discharges from U.S. community hospitals increased by 4.9 million stays, with much of the increase coming from discharges covered by government programs. Government plans tend to pay a smaller proportion of costs than do private insurers. This gradual shift in payment responsibility from private insurers can create financial pressures on hospitals over time. This is especially true during economic recessions when governments are charged with balancing limited and declining resources against increasing need for care.²

- Medicare and Medicaid were the expected primary payers for more than three-quarters of the increase in discharges from 1997 to 2007. If other payers that are mostly government programs were added to increases from Medicare and Medicaid discharges, government programs would be responsible for 8 of every 10 additional discharges between 1997 and 2007.
- Uninsured stays accounted for 13 percent of the rise in the number of discharges from 1997 to 2007.
- Private insurance stays, which accounted for 35 percent of all stays in 2007, contributed just 7 percent to the cumulative increase in discharges between 1997 and 2007.

² American Hospital Association. *The Economic Downturn and Its Impact on Hospitals*. TrendWatch. Online. January 2009 (<http://www.aha.org/aha/trendwatch/2009/twjan2009econimpact.pdf>).