



NEW JERSEY HOSPITAL ASSOCIATION

2018

Financial Status of New Jersey Hospitals

2017 Audited Financial Statements



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NEW JERSEY HOSPITAL ASSOCIATION

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Foreword

The comparative financial data contained in this 2018 edition *Financial Status of New Jersey Hospitals* report has been condensed from hospital audited financial statements. The consolidated data and ratios are trended over two- and five-year periods, which has proven useful in the past to member hospitals and others for performing comparative analysis in management planning or for making financing decisions.

This *Financial Status* report can be used to assess and evaluate the current financial health of New Jersey hospitals, for both acute care hospitals and non-acute specialized and rehabilitation hospitals. The specific data contained in this report provides authoritative and reliable information to legislators, regulators, healthcare industry analysts and others who require a thorough understanding of the current financial status of New Jersey hospitals.

A great deal of care has gone into the abstracting, controlling and reporting of the hospital audited financial information contained in this report in order to encourage and facilitate the industry's reliance on, and use of, the findings of this publication.

If you would like further information about this report, please contact the Health Economics by telephone at 609-275-4024 or by e-mail to rsarao@njha.com.

We hope that the New Jersey Hospital Association's report, *Financial Status of New Jersey Hospitals*, is helpful to you and your organization.

Introduction

This 41st annual *Financial Status of New Jersey Hospitals* report continues the New Jersey Hospital Association's long-standing practice of publishing an annual summary of the financial health of New Jersey hospitals based on audited financial statements. The data reported in this publication is accurate and reliable since it has been compiled from audited financial statements that have undergone rigorous accounting and reporting controls.

The 2018 edition *Financial Status of New Jersey Hospitals* contains condensed balance sheets, condensed statements of operations and financial ratio comparisons essential to a meaningful analysis of the New Jersey hospital industry.

The condensed financial statements presented in this report have been derived and consolidated from the 2017 audited financial statements of 33 acute care hospitals and hospital systems, representing over 88 percent of all acute care sites, and 7 specialized or rehabilitation hospitals. The 2017 financial statements were prepared on the accrual basis of accounting.

The 13 individual ratios found in this report reflect hospital financial performance in three major comparative categories: Profitability, Liquidity and Capital Structure. Northeast (N.E.) regional and United States (U.S.) national median comparative data reported for each ratio was obtained and reprinted with permission from Ingenix.

Adjusted admission data is computed using the N.J. Acute Care Hospital Cost Reports and Medicare Cost Reports. The *Financial Status of New Jersey Hospitals* uses a cost-based adjustment factor

to convert outpatient activity into "inpatient-like" activity. Based on direction from hospital CFOs, NJHA has fully incorporated this improved cost-based outpatient adjustment factor in all its reports. The traditional adjustment factor was based on the relationship of total gross charges to inpatient charges. The current adjustment factor uses actual hospital costs to determine adjusted admissions. Adjusted admission information is not available for non-acute care hospitals.

Financial ratios are compared across teaching classification categories. Acute care hospitals are classified according to degree of teaching (major teaching, other teaching or non-teaching). A hospital with a number of interns or residents FTEs (full time equivalents) of 100 or more qualifies as major teaching, between 10 to 99 is other teaching, and a hospital with less than 10 interns or residents is classified as non-teaching.

Acknowledgments

The *Financial Status of New Jersey Hospitals* is produced and published annually by the New Jersey Hospital Association's Health Economics department.

**The audited financial statements of the following hospitals and hospital systems are included
in this 2018 edition *Financial Status of New Jersey Hospitals* report:**

Atlantic Health ¹	East Orange General Hospital ⁴	RWJBarnabas Health ¹⁰
AtlantiCare Regional Medical Center ²	Englewood Hospital	Saint Peter's University Hospital
Acuity Hospital of New Jersey	Hackensack Meridian <i>Health</i> , Inc. ⁵	Shore Medical Center
Bacharach Institute for Rehabilitation	HackensackUMC at Pascack Valley	St. Francis Medical Center ¹¹
Cape Regional Medical Center	HackensackUMC Mountainside	St. Joseph's Regional Medical Center ¹²
Capital Health ³	Holy Name Medical Center	St. Luke's Hospital - Warren Campus ¹³
CarePoint Health Bayonne Medical Center	Hunterdon Medical Center	Trinitas Regional Medical Center
CarePoint Health Christ Hospital	Inspira Medical Centers ⁶	University Hospital ¹⁴
CarePoint Health Hoboken University Medical Center	Inspira Medical Center Woodbury	Penn Medicine Princeton Medical Center
CentraState Medical Center	Jefferson Health NJ ⁷	Valley Hospital
Children's Specialized Hospital	JFK Medical Center	Virtua ¹⁵
Christian Health Care Center	Lourdes Health System ⁸	Weisman Children's Rehabilitation Hospital
Cooper University Hospital	Lourdes Specialty Hospital of Southern New Jersey	
Deborah Heart and Lung Center	Matheny School and Hospital, Inc. ⁹	

¹ Atlantic Health is comprised of Chilton Medical Center, Hackettstown Medical Center, Morristown Medical Center, Newton Medical Center and Overlook Medical Center.

² AtlantiCare Regional Medical Center is comprised of AtlantiCare Regional Medical Center City Campus and AtlantiCare Regional Medical Center Mainland Campus. AtlantiCare Regional Medical Center closes its fiscal year on June 30.

³ Capital Health is comprised of Capital Health Medical Center - Hopewell and Capital Health Regional Medical Center.

⁴ East Orange General Hospital closes its fiscal year on September 30.

⁵ Hackensack Meridian *Health* is comprised of Bayshore Community Hospital, Hackensack University Medical Center, Jersey Shore University Medical Center, Ocean Medical Center, Palisades Medical Center, Raritan Bay Medical Center - Old Bridge, Raritan Bay Medical Center - Perth Amboy, Riverview Medical Center and Southern Ocean Medical Center.

⁶ Inspira Medical Centers is comprised of Inspira Medical Center - Elmer and Inspira Medical Center - Vineland.

⁷ Jefferson Health NJ is comprised of Jefferson Cherry Hill Hospital, Jefferson Stratford Hospital and Jefferson Washington Hospital.

⁸ Lourdes Health System is comprised of Lourdes Medical Center of Burlington County and Our Lady of Lourdes Medical Center. Lourdes Health System closes its fiscal year on June 30.

⁹ Matheny School and Hospital, Inc. closes its fiscal year on June 30.

¹⁰ RWJBarnabas Health is comprised of Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center, Monmouth Medical Center Southern Campus, Newark Beth Israel Medical Center, Robert Wood Johnson University Hospital Hamilton, Robert Wood Johnson University Hospital New Brunswick, Robert Wood Johnson University Hospital Rahway, Robert Wood Johnson University Hospital Somerset, and Saint Barnabas Medical Center.

¹¹ St. Francis Medical Center closes its fiscal year on June 30.

¹² St. Joseph's Regional Medical Center includes St. Joseph's Wayne Hospital.

¹³ St. Luke's Hospital - Warren Campus closes its fiscal year on June 30.

¹⁴ University Hospital closes its fiscal year on June 30.

¹⁵ Virtua is comprised of Virtua Marlton, Virtua Memorial and Virtua Voorhees.

New Jersey Hospitals
Financial Highlights - A Five Year Comparison
(dollars in thousands except per adjusted admission data)

	2017_a	2016_b	2015_c	2014_d	2013_e
Cash	\$ 2,783,947	\$ 3,192,941	\$ 3,014,273	\$ 2,758,245	\$ 2,361,121
Accounts receivable - net	2,648,199	2,570,764	2,430,982	2,391,690	2,207,042
Notes payable	4,067	211	5,281	8,715	9,344
Accounts payable and accrued expenses	3,209,358	2,900,168	2,716,081	2,840,416	2,502,540
Long-term debt	8,824,246	7,572,733	7,382,590	7,561,950	7,007,666
Total revenue	23,876,522	22,721,385	21,795,458	21,356,382	20,198,245
Total expenses	22,820,979	21,661,287	20,695,019	20,485,816	19,629,177
Income from operations	\$ 1,055,543	\$ 1,060,098	\$ 1,100,439	\$ 870,566	\$ 569,068
Income from operations (per adjusted admission; acute care only)	\$ 779.77	\$ 726.99	\$ 774.04	\$ 562.60	\$ 379.05
Operating Margin Ratio	4.1%	4.7%	5.0%	4.1%	2.8%
Days in Patient Accounts Receivable Ratio	42.7	44.2	43.6	43.8	42.9
Days Cash on Hand Ratio	63.4	69.0	68.8	61.3	56.3
Long-term Debt to Equity Ratio	0.59	0.58	0.65	0.69	0.66
Hospitals / systems with:					
Loss from operation _f	12	7	9	14	17
Deficiency of revenue over expenses _g	9	6	15	22	9
Adjusted admissions (acute care only) _h	1,327,715	1,438,952	1,417,739	1,543,440	1,505,573

a. 40 hospitals/systems

b. 41 hospitals/systems

c. 44 hospitals/systems

d. 46 hospitals/systems

e. 47 hospitals/systems

f. Hospitals' total expenses are greater than total revenue.

g. Hospitals' total expenses are greater than the sum of total revenue, nonoperating gains and extraordinary items.

h. Adjusted admissions include inpatient plus equivalent amount for outpatients.

Refer to the *Introduction* for more detail on the use of cost-based adjustment factors to account for outpatient activity.

New Jersey Hospitals
Condensed Balance Sheet - All Hospitals / Systems
(in thousands of dollars)

<u>Assets</u>	December 31,		<u>Liabilities and Net Assets</u>	December 31,	
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
General Funds					
Current assets			Current liabilities		
Cash (including certificates of deposit)	\$ 2,783,947	\$ 3,192,941	Notes payable	\$ 4,067	\$ 211
Accounts receivable, less contractual allowances and uncollectibles			Current installment on long-term debt	287,460	373,185
(2017 - \$18,197,940; 2016 - \$20,628,724)	2,648,199	2,570,764	Accounts payable and accrued expenses	3,209,358	2,900,168
Assets whose use is limited - current portion	988,626	686,328	Other current liabilities	768,587	855,060
Inventories	117,904	133,362			
Prepaid expenses and other current assets	4,280,845	3,548,376			
Total current assets	\$ 10,819,521	\$ 10,131,772	Total current liabilities	\$ 4,269,472	\$ 4,128,624
Assets whose use is limited - non-current portion			Other liabilities	2,993,761	3,002,110
By board of trustees	4,930,772	4,349,966	Long-term debt	8,824,246	7,572,733
By agreement with third party regulatory agencies	5,576	4,942			
Held by trustee	390,988	131,041			
Others	2,116,186	591,591			
Total assets whose use is limited - non-current portion	7,443,522	5,077,540	Total liabilities	\$ 16,087,479	\$ 14,703,467
Property, plant and equipment, net of accumulated depreciation	10,816,433	10,180,345	Net assets	15,167,764	13,159,746
Deferred charges and other non-current assets	2,175,767	2,473,557			
Total assets	\$ <u>31,255,243</u>	\$ <u>27,863,213</u>	Total liabilities and net assets	\$ <u>31,255,243</u>	\$ <u>27,863,213</u>

New Jersey Hospitals
Condensed Balance Sheet - Acute Care Hospitals / Systems
(in thousands of dollars)

<u>Assets</u>	<u>December 31,</u>		<u>Liabilities and Net Assets</u>	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
General Funds					
Current assets			Current liabilities		
Cash (including certificates of deposit)	\$ 2,724,178	\$ 3,134,738	Notes payable	\$ 4,067	\$ 211
Accounts receivable, less contractual allowances and uncollectibles			Current installment on long-term debt	283,535	369,161
(2017 - \$18,072,323; 2016 - \$20,591,120)	2,600,268	2,517,810	Accounts payable and accrued expenses	3,163,205	2,856,478
Assets whose use is limited - current portion	985,621	683,747	Other current liabilities	765,521	848,181
Inventories	117,167	132,504			
Prepaid expenses and other current assets	4,207,001	3,490,826			
	<hr/>	<hr/>		<hr/>	<hr/>
Total current assets	\$ 10,634,235	\$ 9,959,624	Total current liabilities	\$ 4,216,328	\$ 4,074,031
	<hr/>	<hr/>		<hr/>	<hr/>
Assets whose use is limited - non-current portion			Other liabilities	2,977,212	2,983,213
By board of trustees	4,925,573	4,345,305	Long-term debt	8,740,395	7,489,575
By agreement with third party regulatory agencies	5,576	4,942			
Held by trustee	390,988	131,041			
Others	2,114,447	589,876			
	<hr/>	<hr/>		<hr/>	<hr/>
Total assets whose use is limited - non-current portion	7,436,584	5,071,164	Total liabilities	\$ 15,933,934	\$ 14,546,819
	<hr/>	<hr/>		<hr/>	<hr/>
Property, plant and equipment, net of accumulated depreciation	10,658,167	10,018,581	Net assets	14,879,545	12,889,268
Deferred charges and other non-current assets	2,084,493	2,386,719		<hr/>	<hr/>
	<hr/>	<hr/>		<hr/>	<hr/>
Total assets	\$ 30,813,479	\$ 27,436,087	Total liabilities and net assets	\$ 30,813,479	\$ 27,436,087
	<hr/>	<hr/>		<hr/>	<hr/>

New Jersey Hospitals
Condensed Balance Sheet - Non-Acute Care Hospitals / Systems
(in thousands of dollars)

<u>Assets</u>	<u>December 31,</u>		<u>Liabilities and Net Assets</u>	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
General Funds					
Current assets			Current liabilities		
Cash (including certificates of deposit)	\$	59,769	Notes payable	\$	0
Accounts receivable, less contractual allowances and uncollectibles (2017 - \$125,617; 2016 - \$37,604)		47,931	Current installment on long-term debt		3,925
Assets whose use is limited - current portion		3,005	Accounts payable and accrued expenses		46,153
Inventories		737	Other current liabilities		3,066
Prepaid expenses and other current assets		73,844			
Total current assets	\$	185,286	Total current liabilities	\$	53,143
Assets whose use is limited - non-current portion			Other liabilities		16,549
By board of trustees		5,198	Long-term debt		83,852
By agreement with third party regulatory agencies		0			
Held by trustee		0			
Others		1,739			
Total assets whose use is limited - non-current portion		6,937	Total liabilities	\$	153,545
Property, plant and equipment, net of accumulated depreciation		158,267	Net assets		288,219
Deferred charges and other non-current assets		91,273			
Total assets	\$	441,764	Total liabilities and net assets	\$	441,764

New Jersey Hospitals
Condensed Statement of Operations
(in thousands of dollars)

	Year Ending December 31, 2017			Year Ending December 31, 2016		
	All Hospitals / Systems	Acute Care Hospitals / Systems	Non- Acute Care Hospitals / Systems	All Hospitals / Systems	Acute Care Hospitals / Systems	Non- Acute Care Hospitals / System
Net patient service revenue	\$ 23,543,846	\$ 23,168,689	\$ 375,157	\$ 22,394,692	\$ 22,020,816	\$ 373,876
Provision for bad debts	(997,536)	(993,639)	(3,897)	(1,113,279)	(1,110,376)	(2,903)
Net patient service revenue less provision for bad debt	22,546,310	22,175,050	371,260	21,281,414	20,910,441	370,973
Other revenue	1,330,211	1,302,311	27,900	1,439,971	1,413,572	26,399
Total revenues	23,876,522	23,477,362	399,160	22,721,385	22,324,012	397,372
Expenses						
Expenses other than depreciation and amortization and provision for bad debts	21,704,647	21,342,888	361,760	20,590,561	20,224,702	365,859
Depreciation and amortization	1,116,332	1,099,156	17,176	1,070,421	1,053,210	17,211
Provision for bad debts	0	0	0	305	0	305
Total expenses	22,820,979	22,442,044	378,935	21,661,287	21,277,911	383,375
Income / (loss) from operations	1,055,543	1,035,318	20,224	1,060,098	1,046,101	13,997
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	602,158	595,320	6,839	399,268	393,083	6,185
Revenues and gains over expenses and losses	1,657,701	1,630,638	27,063	1,459,366	1,439,185	20,181
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	(42,083)	(32,516)	(9,567)	(61,337)	(48,935)	(12,402)
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	<u>\$ 1,615,618</u>	<u>\$ 1,598,122</u>	<u>\$ 17,496</u>	<u>\$ 1,398,029</u>	<u>\$ 1,390,250</u>	<u>\$ 7,779</u>

New Jersey Hospitals
Condensed Statement of Operations
Per Adjusted Admission

	Year Ending December 31, 2017 Acute Care Hospitals / Systems	Year Ending December 31, 2016 Acute Care Hospitals / Systems
Net patient service revenue	\$ 17,450.04	\$ 15,303.37
Less Provision for bad debts	(748.38)	(771.66)
Net patient service revenue less provision for bad debts	16,701.66	14,531.71
Other revenue	980.87	982.36
Total revenue	17,682.52	15,514.07
Expenses		
Expenses other than depreciation and amortization and provision for bad debts	16,074.90	14,055.16
Depreciation and amortization	827.85	731.93
Provision for bad debts	0.00	0.00
Total expenses	16,902.75	14,787.08
Income / (loss) from operations	779.77	726.99
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	448.38	273.17
Revenues and gains over expenses and losses	1,228.15	1,000.16
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	(24.49)	(34.01)
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	\$ 1,203.66	\$ 966.15

**New Jersey Hospitals
Condensed Statement of Operations
Hospitals with Loss from Operations
(in thousands of dollars)**

	Year Ending December 31, 2017			Year Ending December 31, 2016		
	All Hospitals / Systems	Acute Care Hospitals / Systems	Non-acute Care Hospitals / Systems	All Hospitals / Systems	Acute Care Hospitals / Systems	Non-acute Care Hospitals / Systems
Net patient service revenue	\$ 3,951,447	\$ 3,860,349	\$ 91,097	\$ 2,112,387	\$ 2,022,093	\$ 90,294
Less provision for bad debt	(322,092)	(321,628)	(464)	(214,744)	(214,744)	0
Net patient service revenue less provision for bad debt	3,629,355	3,538,721	90,633	1,897,643	1,807,349	90,294
Other revenue	271,638	267,756	3,882	129,139	125,161	3,979
Total revenue	3,900,993	3,806,478	94,515	2,026,783	1,932,510	94,273
Expenses						
Expenses other than depreciation and amortization and provision for bad debts	3,903,457	3,807,991	95,465	2,107,709	2,012,946	94,763
Depreciation and amortization	186,114	183,360	2,754	120,122	117,360	2,762
Provision for bad debts	0	0	0	305	0	305
Total expenses	4,089,571	3,991,352	98,219	2,228,136	2,130,306	97,830
Income / (loss) from operations	(188,578)	(184,874)	(3,704)	(201,354)	(197,796)	(3,557)
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	115,195	111,197	3,998	90,738	88,762	1,976
Revenues and gains over expenses and losses	(73,383)	(73,677)	294	(110,615)	(109,034)	(1,581)
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	23,504	16,593	6,911	(4,232)	(6,320)	2,088
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	\$ (49,879)	\$ (57,084)	\$ 7,204	\$ (114,848)	\$ (115,354)	\$ 506
Adjusted Admissions	N/A	243,498	N/A	N/A	115,578	N/A

Per Adjusted Admission

	Year Ending December 31, 2017	Year Ending December 31, 2016
Net patient service revenue	\$ 15,853.69	\$ 17,495.43
Less provision for bad debt	(1,320.86)	(1,857.99)
Net patient service revenue less provision for bad debt	14,532.83	15,637.44
Other revenue	1,099.62	1,082.91
Total revenue	15,632.45	16,720.34
Expenses		
Expenses other than depreciation and amortization and provision for bad debts	15,638.66	17,416.29
Depreciation and amortization	753.03	1,015.41
Provision for bad debts	0.00	0.00
Total expenses	16,391.69	18,431.71
Income / (loss) from operations	(759.24)	(1,711.36)
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	456.67	767.99
Revenues and gains over expenses and losses	(302.58)	(943.38)
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	68.14	(54.68)
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	\$ (234.43)	\$ (998.06)

New Jersey Hospitals
Condensed Statement of Operations
Hospitals with Income from Operations
(in thousands of dollars)

	Year Ending December 31, 2017			Year Ending December 31, 2016		
	All Hospitals / Systems	Acute Care Hospitals / Systems	Non-acute Care Hospitals / Systems	All Hospitals / Systems	Acute Care Hospitals / Systems	Non-acute Care Hospitals / Systems
Net patient service revenue	\$ 19,592,399	\$ 19,308,340	\$ 284,059	\$ 20,282,305	\$ 19,998,723	\$ 283,582
Less provision for bad debt	(675,444)	(672,011)	(3,433)	(898,535)	(895,632)	(2,903)
Net patient service revenue less provision for bad debt	18,916,955	18,636,329	280,627	19,383,770	19,103,091	280,679
Other revenue	1,058,573	1,034,555	24,018	1,310,831	1,288,411	22,420
Total revenue	19,975,528	19,670,884	304,645	20,694,602	20,391,502	303,100
Expenses						
Expenses other than depreciation and amortization and provision for bad debt	17,801,191	17,534,897	266,294	18,482,851	18,211,755	271,096
Depreciation and amortization	930,217	915,795	14,422	950,299	935,850	14,449
Provision for bad debt	0	0	0	0	0	0
Total expenses	18,731,408	18,450,692	280,716	19,433,150	19,147,605	285,546
Income / (loss) from operations	1,244,120	1,220,192	23,928	1,261,452	1,243,898	17,554
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	486,963	484,122	2,841	308,530	304,321	4,209
Revenues and gains over expenses and losses	1,731,084	1,704,314	26,769	1,569,981	1,548,219	21,763
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	(65,587)	(49,109)	(16,478)	(57,104)	(42,615)	(14,490)
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	\$ 1,665,497	\$ 1,655,206	\$ 10,291	\$ 1,512,877	\$ 1,505,604	\$ 7,273
Adjusted Admissions	N/A	1,084,217	N/A	N/A	1,323,374	N/A

Per Adjusted Admission

	Year Ending December 31, 2017	Year Ending December 31, 2016
Net patient service revenue	\$ 17,808.56	\$ 15,111.92
Less provision for bad debt	(619.81)	(676.78)
Net patient service revenue less provision for bad debt	17,188.75	14,435.14
Other revenue	954.20	973.58
Total revenue	18,142.94	15,408.72
Expenses		
Expenses other than depreciation and amortization and provision for bad debt	16,172.87	13,761.61
Depreciation and amortization	844.66	707.17
Provision for bad debt	0.00	0.00
Total expenses	17,017.53	14,468.78
Income / (loss) from operations	1,125.41	939.94
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	446.52	229.96
Revenues and gains over expenses and losses	1,571.93	1,169.90
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	(45.29)	(32.20)
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	\$ 1,526.64	\$ 1,137.70

New Jersey Hospitals
Condensed Statement of Operations
Percentage to Net Patient Service Revenue (Less Provision for Bad Debt)
(in thousands of dollars)

Year Ending December 31, 2017

	All Hospitals / Systems		Acute Care Hospitals / Systems		Non-acute Care Hospitals / Systems	
Net patient service revenue	\$ 23,543,846	104.4 %	\$ 23,168,689	104.5 %	\$ 375,157	101.0 %
Less provision for bad debt	(997,536)	(4.4)	(993,639)	(4.5)	(3,897)	(1.0)
Net patient service revenue less provision for bad debt	22,546,310	100.0	22,175,050	100.0	371,260	100.0
Other revenue	1,330,211	5.9	1,302,311	5.9	27,900	7.5
Total revenue	23,876,522	105.9	23,477,362	105.9	399,160	107.5
Expenses						
Expenses other than depreciation and amortization and provision for bad debt	21,704,647	96.3	21,342,888	96.2	361,760	97.4
Depreciation and amortization	1,116,332	5.0	1,099,156	5.0	17,176	4.6
Provision for bad debt	0	0.0	0	0.0	0	0.0
Total expenses	22,820,979	101.2	22,442,044	101.2	378,935	102.1
Income / (loss) from operations	1,055,543	4.7	1,035,318	4.7	20,224	5.4
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	602,158	2.7	595,320	2.7	6,839	1.8
Revenues and gains over expenses and losses	1,657,701	7.4	1,630,638	7.4	27,063	7.3
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	(42,083)	(0.2)	(32,516)	(0.1)	(9,567)	(2.6)
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	\$ 1,615,618	7.2 %	\$ 1,598,122	7.2 %	\$ 17,496	4.7 %

Year Ending December 31, 2016

	All Hospitals / Systems		Acute Care Hospitals / Systems		Non-acute Care Hospitals / Systems	
Net patient service revenue	\$ 22,394,692	105.2 %	\$ 22,020,816	105.3 %	\$ 373,876	100.8 %
Less provision for bad debt	(1,113,279)	(5.2)	(1,110,376)	(5.3)	(2,903)	(0.8)
Net patient service revenue less provision for bad debt	21,281,414	100.0	20,910,441	100.0	370,973	100.0
Other revenue	1,439,971	6.8	1,413,572	6.8	26,399	7.1
Total revenue	22,721,385	106.8	22,324,012	106.8	397,372	107.1
Expenses						
Expenses other than depreciation and amortization and provision for bad debt	20,590,561	96.8	20,224,702	96.7	365,859	98.6
Depreciation and amortization	1,070,421	5.0	1,053,210	5.0	17,211	4.6
Provision for bad debt	305	0.0	0	0.0	305	0.1
Total expenses	21,661,287	101.8	21,277,911	101.8	383,375	103.3
Income / (loss) from operations	1,060,098	5.0	1,046,101	5.0	13,997	3.8
Nonoperating gains / (losses) (including interest, dividends, realized investments, etc.)	399,268	1.9	393,083	1.9	6,185	1.7
Revenues and gains over expenses and losses	1,459,366	6.9	1,439,185	6.9	20,181	5.4
Change in net assets (including extraordinary items, changes in accounting principles, etc.)	(61,337)	(0.3)	(48,935)	(0.2)	(12,402)	(3.3)
Revenues and gains over expenses and losses (including extraordinary items, changes in accounting principles, etc.)	\$ 1,398,029	6.6 %	\$ 1,390,250	6.6 %	\$ 7,779	2.1 %

**New Jersey Hospitals
Comparisons of Income / (Loss) from Operations**

	Total Number of Hospitals/Systems ^a		Income/(Loss) From Operations (in millions of dollars)					Operating Margin				
	Acute Care	Non-acute Care	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
Statewide	33	7	\$1,055.5	\$1,060.1	\$1,100.4	\$870.6	\$569.1	4.4 %	4.7 %	5.0 %	4.1 %	2.8 %
Classifications:												
Major Teaching	9	0	517.9	691.4	701.3	228.1	133.3	3.3	4.6	5.1	2.7	1.7
Other Teaching	17	0	294.7	239.2	240.8	97.4	(18.5)	4.1	3.6	3.6	4.0	(0.7)
Non-Teaching	7	0	143.7	115.5	155.3	71.1	96.6	7.9	7.0	7.3	3.2	4.4
Rehabilitation	0	3	8.1	1.7	3.9	1.2	2.4	3.7	0.8	2.5	0.7	2.0
Specialized	0	4	12.5	12.3	(0.9)	1.0	(4.0)	6.8	6.5	(0.4)	0.5	(3.4)
Acute Care Hospitals	23	0	\$235.5	\$320.5	\$361.7	\$281.7	\$211.4	1.9 %	3.3 %	3.2 %	2.7 %	1.7 %
Acute Care Systems	10	0	\$799.8	\$725.6	\$735.7	\$586.7	\$359.2	4.9 %	5.3 %	6.4 %	5.0 %	4.2 %
Non-acute Care Hospitals	0	7	\$20.2	\$14.0	\$3.0	\$2.2	(\$1.6)	5.1 %	3.5 %	0.9 %	0.6 %	(0.7)%

a. Indicates number of hospitals or hospital systems in their designated groupings for 2017.

**New Jersey Hospitals
Number of Hospitals with Loss from Operations**

	Total Number of Hospitals/Systems						
	Acute Care	Non-acute Care	2017_a	2016_b	2015_c	2014_d	2013_e
Statewide	33	7	12	7	9	14	17
Classifications:							
Major Teaching	9	0	3	1	2	4	6
Other Teaching	17	0	5	3	4	1	4
Non-Teaching	7	0	2	1	1	5	5
Rehabilitation	0	3	1	1	0	1	0
Specialized	0	4	1	1	2	1	1
Acute Care Hospitals	23	0	7	3	5	9	15
Acute Care Systems	10	0	3	2	2	3	1
Non-acute Care Hospitals	0	7	2	2	2	2	1

Number of hospitals in groupings:

a. 40 hospitals/systems

b. 41 hospitals/systems

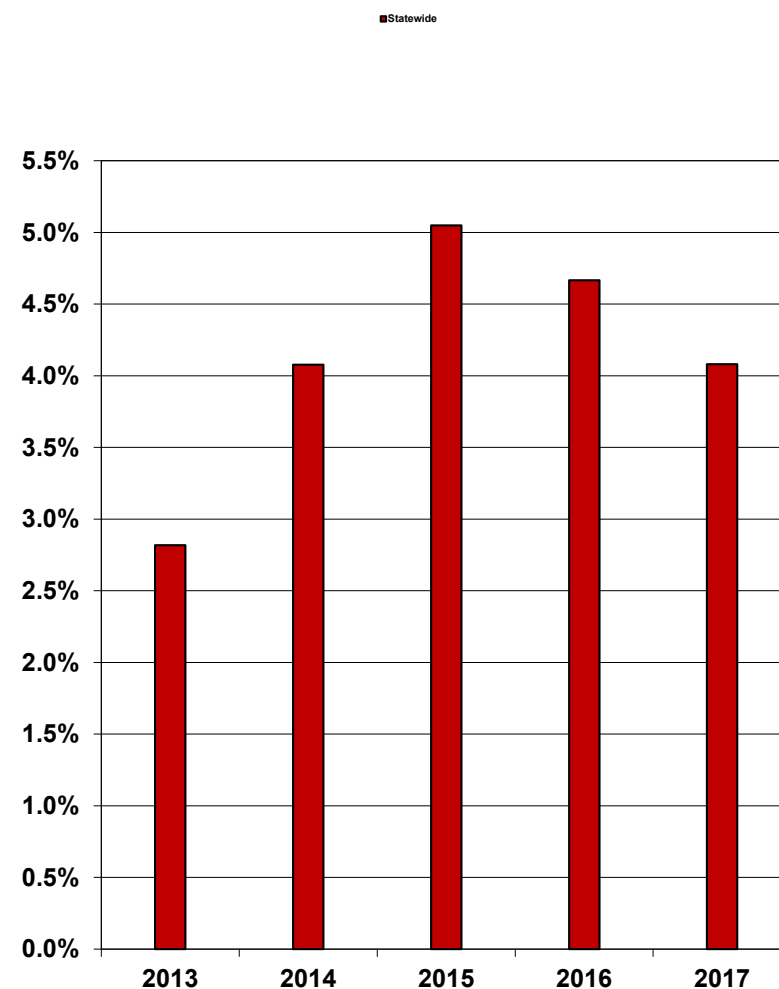
c. 44 hospitals/systems

d. 46 hospitals/systems

e. 47 hospitals/systems

OPERATING MARGIN RATIO

	2017	2016	2015	2014	2013
Statewide	4.1%	4.7%	5.0%	4.1%	2.8%
Acute Care Hospitals	4.1%	4.7%	5.1%	4.1%	2.9%
Major Teaching	3.5%	4.8%	5.4%	2.9%	1.8%
Other Teaching	4.3%	3.8%	3.8%	4.3%	-0.7%
Non-Teaching	8.2%	7.3%	7.7%	3.3%	4.7%
System	5.1%	5.6%	6.7%	5.3%	4.4%
Stand Alone	2.0%	3.5%	3.4%	2.9%	1.8%
Non-Acute Hospitals	5.2%	3.5%	0.9%	0.6%	-0.7%
Rehabilitation	3.8%	0.8%	2.6%	0.7%	2.1%
Specialized	6.8%	6.5%	-0.5%	0.5%	-3.4%



This profitability ratio defines the proportion of operating (net of reduction) retained as income. The higher the ratio, the better the hospital's financial condition.

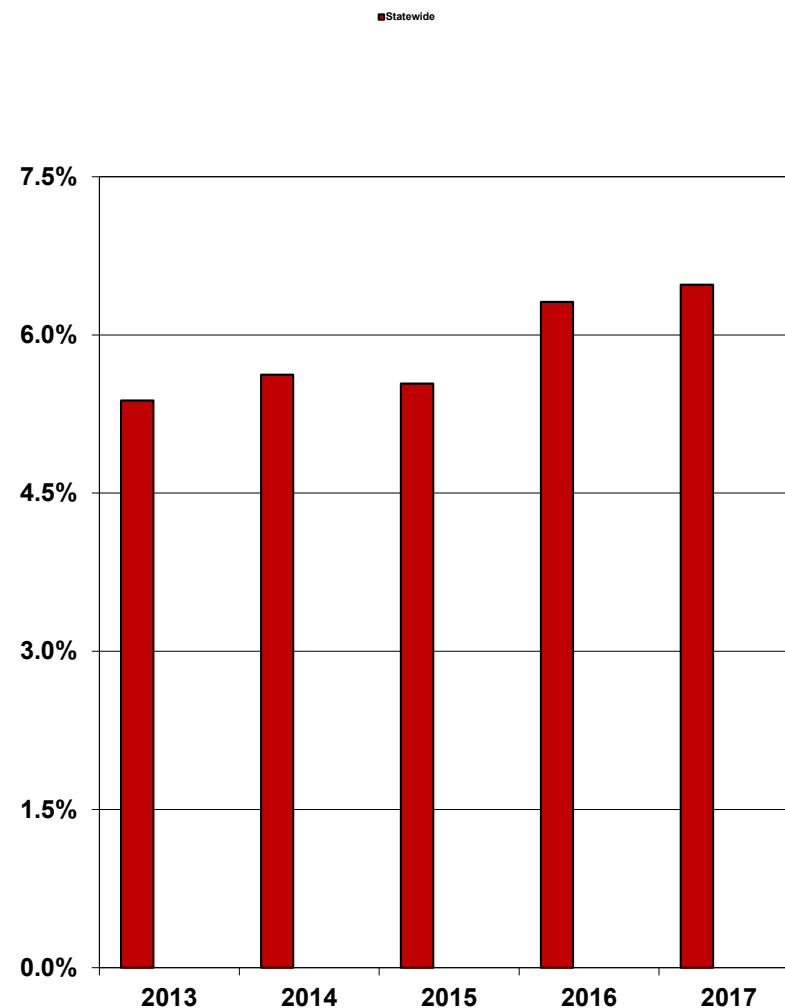
Formula

Operating Margin Ratio = $(\text{Total Revenue} - \text{Total Expenses}) \div \text{Total Revenue}$

Desired Trend: Increasing values are favorable.

EXCESS MARGIN RATIO

	2017	2016	2015	2014	2013
Statewide	6.5%	6.3%	5.5%	5.6%	5.4%
Acute Care Hospitals	6.5%	6.3%	5.6%	5.7%	5.4%
Major Teaching	5.5%	6.7%	6.0%	3.8%	4.3%
Other Teaching	7.4%	4.9%	4.1%	4.7%	1.0%
Non-Teaching	11.1%	8.9%	7.9%	3.5%	7.2%
System	7.4%	7.2%	7.5%	7.5%	7.3%
Stand Alone	4.5%	5.1%	3.7%	3.6%	4.1%
Non-Acute Hospitals	6.8%	5.0%	1.0%	2.8%	0.7%
Rehabilitation	3.8%	2.4%	2.6%	0.9%	2.0%
Specialized	10.1%	7.9%	-0.2%	4.5%	-0.5%



This performance indicator measures the profitability of a hospital prior to changes in net assets. It reflects profits from operations and nonoperations (including interest, dividends, realized investments).

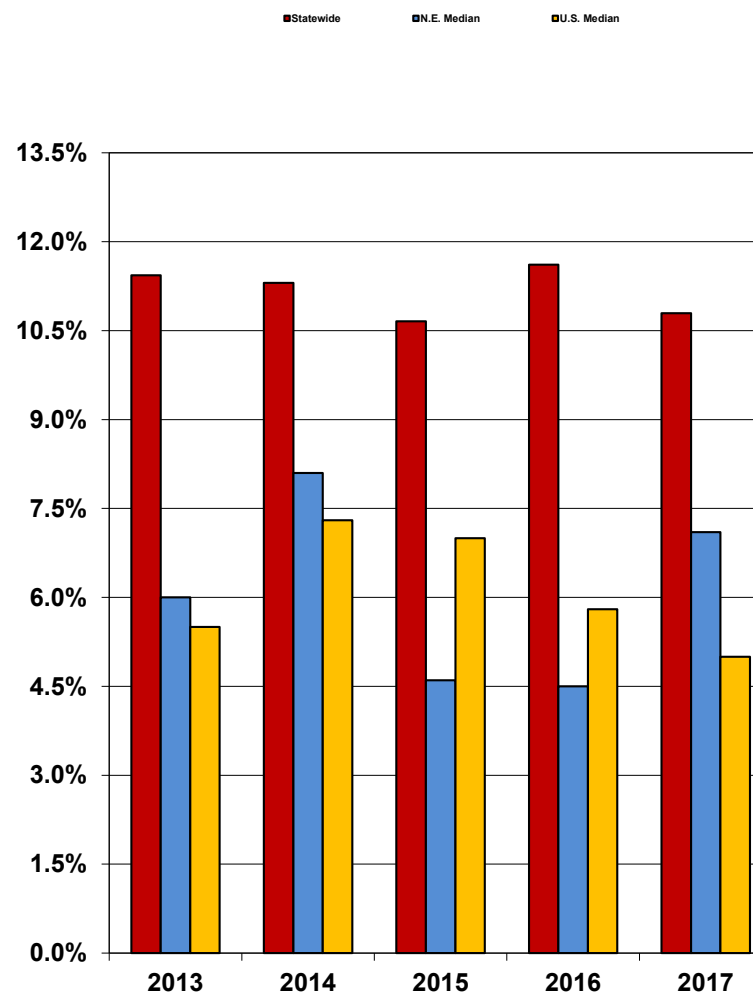
Formula

Excess Margin Ratio = $(\text{Total Revenue} - \text{Total Expenses} + \text{Nonoperating Gains} / (\text{Losses}) \div (\text{Total Revenue} + \text{Nonoperating Gains} / (\text{Losses}))$

Desired Trend: Increasing values are favorable.

RETURN ON EQUITY RATIO

	2017	2016	2015	2014	2013
Statewide	10.8%	11.6%	10.7%	11.3%	11.4%
Acute Care Hospitals	10.8%	11.7%	10.8%	11.5%	12.1%
Major Teaching	8.8%	11.8%	10.9%	10.5%	9.9%
Other Teaching	12.8%	11.3%	10.3%	10.7%	4.7%
Non-Teaching	13.4%	10.4%	11.9%	5.8%	10.9%
System	10.8%	11.4%	11.9%	13.9%	13.8%
Stand Alone	10.8%	12.3%	9.0%	8.3%	10.4%
Non-Acute Hospitals	9.5%	7.5%	1.6%	3.6%	1.1%
Rehabilitation	4.1%	2.8%	3.5%	0.9%	2.4%
Specialized	22.3%	17.8%	-0.4%	8.0%	-0.9%
N.E. Median	7.1%	4.5%	4.6%	8.1%	6.0%
U.S. Median	5.0%	5.8%	7.0%	7.3%	5.5%



The return on equity ratio measures the amount of net income earned per dollar of equity investment (fund balance).

Formula

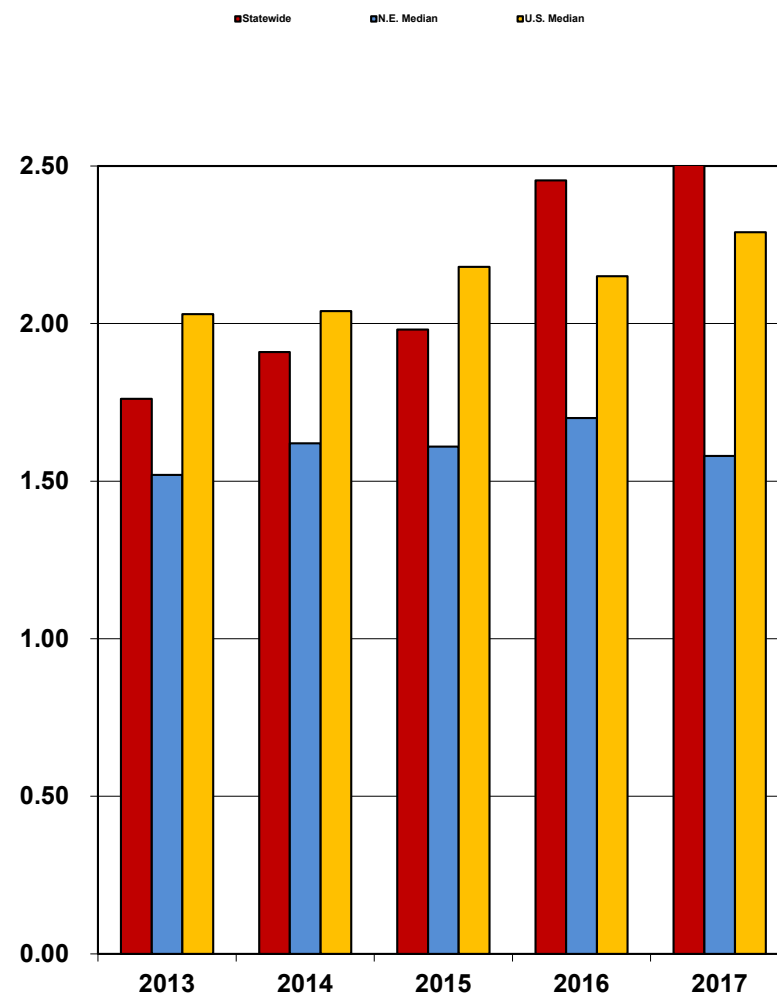
Return on Equity Ratio = Revenues and Gains less Expenses and Losses ÷ Equity (Net Assets)

*Revenues and Gains less Expenses and Losses include interest, dividends, realized investments, etc.

Desired Trend: Increasing values are favorable.

CURRENT RATIO

	2017	2016	2015	2014	2013
Statewide	2.55	2.45	1.98	1.91	1.76
Acute Care Hospitals	2.54	2.44	1.98	1.90	1.75
Major Teaching	3.08	2.84	2.36	1.79	1.64
Other Teaching	1.69	1.75	1.32	1.20	2.18
Non-Teaching	1.33	1.55	1.72	1.37	1.71
System	2.88	2.82	2.35	2.06	1.75
Stand Alone	1.85	1.99	1.61	1.72	1.75
Non-Acute Hospitals	3.49	3.15	2.52	2.27	2.89
Rehabilitation	3.52	2.95	2.32	2.50	2.59
Specialized	3.45	3.46	2.72	2.09	3.30
N.E. Median	1.58	1.70	1.61	1.62	1.52
U.S. Median	2.29	2.15	2.18	2.04	2.03



The current ratio indicates the number of dollars of current assets for each dollar of current liabilities; it shows the number of times that current assets will "pay off" the current debts of the hospitals, and relates to a safety margin.

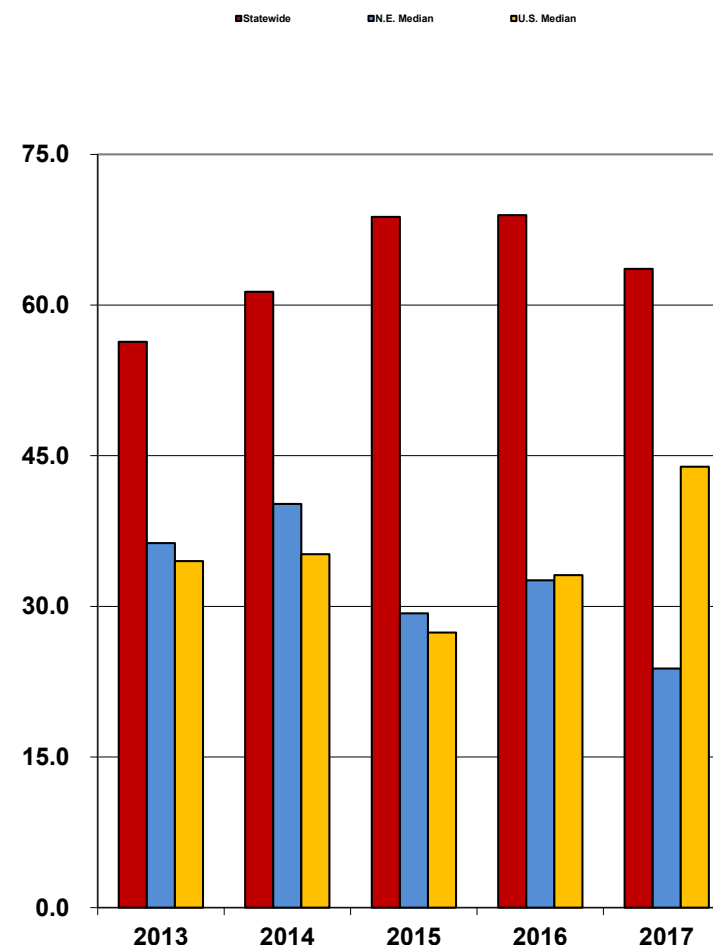
Formula

Current Ratio = Current Assets ÷ Current Liabilities

Desired Trend: Increasing values are favorable.

DAYS CASH ON HAND RATIO

	2017	2016	2015	2014	2013
Statewide	63.6	69.0	68.8	61.3	56.3
Acute Care Hospitals	63.4	69.1	68.4	60.8	55.5
Major Teaching	68.0	76.1	74.4	73.7	60.5
Other Teaching	60.4	60.7	60.3	51.4	78.0
Non-Teaching	37.3	37.4	54.4	50.7	53.0
System	60.8	57.0	61.9	52.6	44.2
Stand Alone	69.1	85.7	75.0	69.8	63.1
Non-Acute Hospitals	63.5	60.8	90.2	91.6	122.6
Rehabilitation	20.6	30.1	85.3	87.8	125.0
Specialized	114.5	96.4	93.8	95.0	120.4
N.E. Median	23.8	32.6	29.3	40.2	36.3
U.S. Median	43.9	33.1	27.4	35.2	34.5



The days cash on hand ratio indicates the number of days that a hospital would be able to operate at a current level with available cash and temporary investments if no additional income were received and no additional expenses were incurred. Non-cash items include depreciation and amortization.

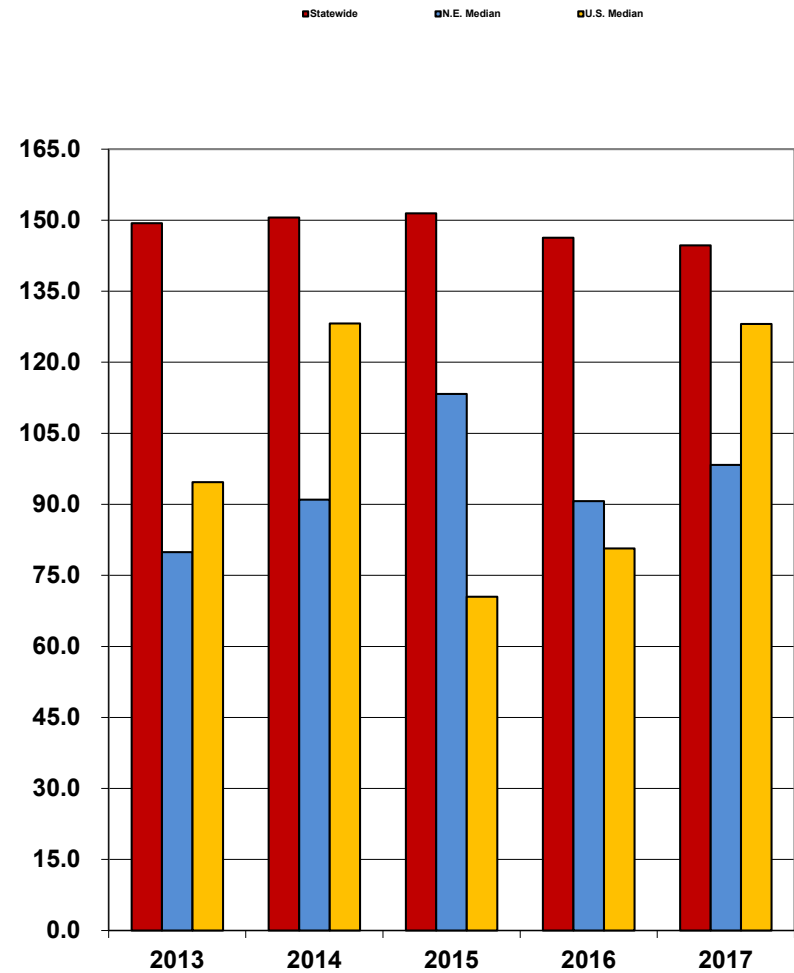
Formula

Days Cash on Hand Ratio = $\frac{((\text{Cash} + \text{Short Term Investments} + \text{Funds Whose Use is Limited-Current Portion}))}{(\text{Total Expenses} - \text{Non-Cash Items})} \times \text{Number of days in the period}$

Desired Trend: Increasing values are favorable.

MODIFIED DAYS CASH ON HAND RATIO

	2017	2016	2015	2014	2013
Statewide	144.7	146.3	151.5	150.6	149.3
Acute Care Hospitals	145.6	147.7	152.3	151.4	149.5
Major Teaching	129.8	142.6	156.3	137.2	111.0
Other Teaching	175.1	144.9	135.8	168.9	118.1
Non-Teaching	201.9	208.5	179.5	164.0	177.4
System	157.2	154.7	164.9	157.2	188.4
Stand Alone	130.2	138.2	139.7	144.9	123.7
Non-Acute Hospitals	68.8	65.4	103.4	106.0	135.4
Rehabilitation	24.2	33.3	107.0	110.7	152.0
Specialized	121.8	102.8	100.6	101.8	120.4
N.E. Median	98.3	90.7	113.3	91.0	79.9
U.S. Median	128.1	80.7	70.5	128.2	94.7



The modified days cash on hand ratio indicates the number of days that a hospital would be able to operate at a current level with available cash and temporary investments and Board designated funds if no additional income were received and no additional expenses were incurred. Non-cash items include depreciation and amortization.

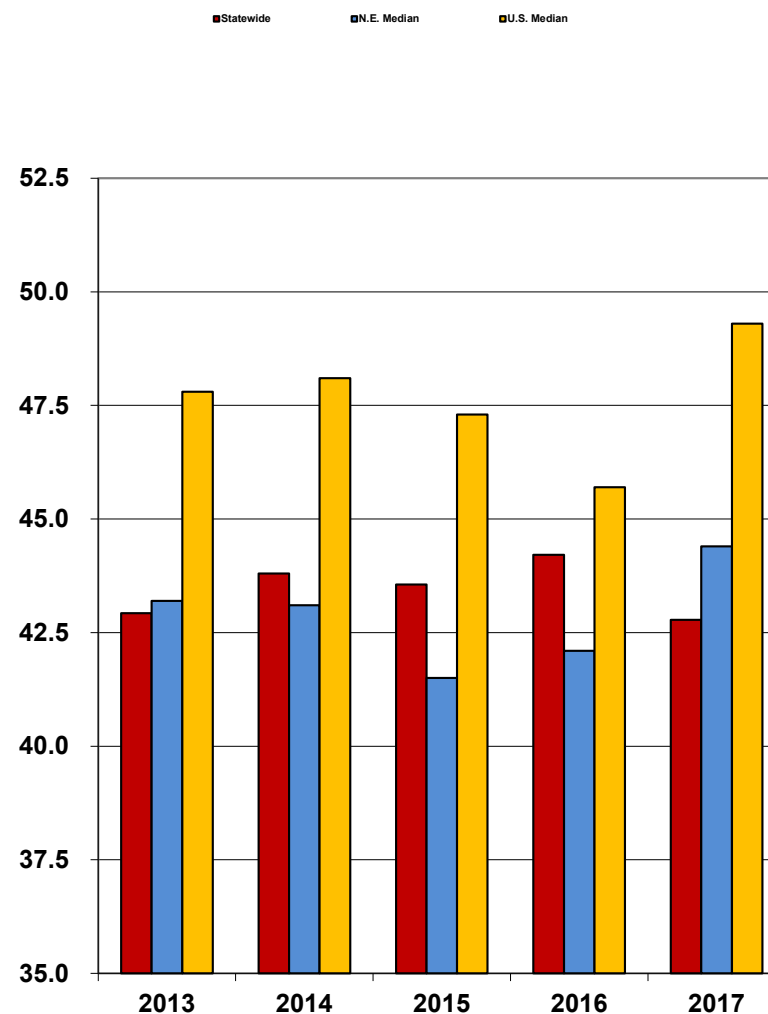
Formula

Modified Days Cash on Hand Ratio = ((Cash + Short Term Investments + Funds Whose Use is Limited-Current Portion + Non-Current Board Designated Funds) ÷ (Total Expenses - Non-Cash Items)) x Number of days in the period

Desired Trend: Increasing values are favorable.

Days in Patient Accounts Receivable Ratio

	2017	2016	2015	2014	2013
Statewide	42.8	44.2	43.6	43.8	42.9
Acute Care Hospitals	42.6	44.1	43.6	43.8	42.9
Major Teaching	42.6	42.6	41.9	46.3	48.0
Other Teaching	44.4	47.0	45.2	43.2	42.1
Non-Teaching	41.6	45.6	49.0	42.1	42.2
System	41.8	41.5	40.2	41.3	39.0
Stand Alone	45.5	47.7	47.2	46.7	45.6
Non-Acute Hospitals	47.2	52.2	41.6	44.3	45.0
Rehabilitation	43.4	49.2	48.0	45.9	47.5
Specialized	51.2	55.3	36.5	42.9	42.6
N.E. Median	44.4	42.1	41.5	43.1	43.2
U.S. Median	49.3	45.7	47.3	48.1	47.8



The days in patient accounts receivable ratio measures the average time that receivables are outstanding, commonly referred to as the average collection period.

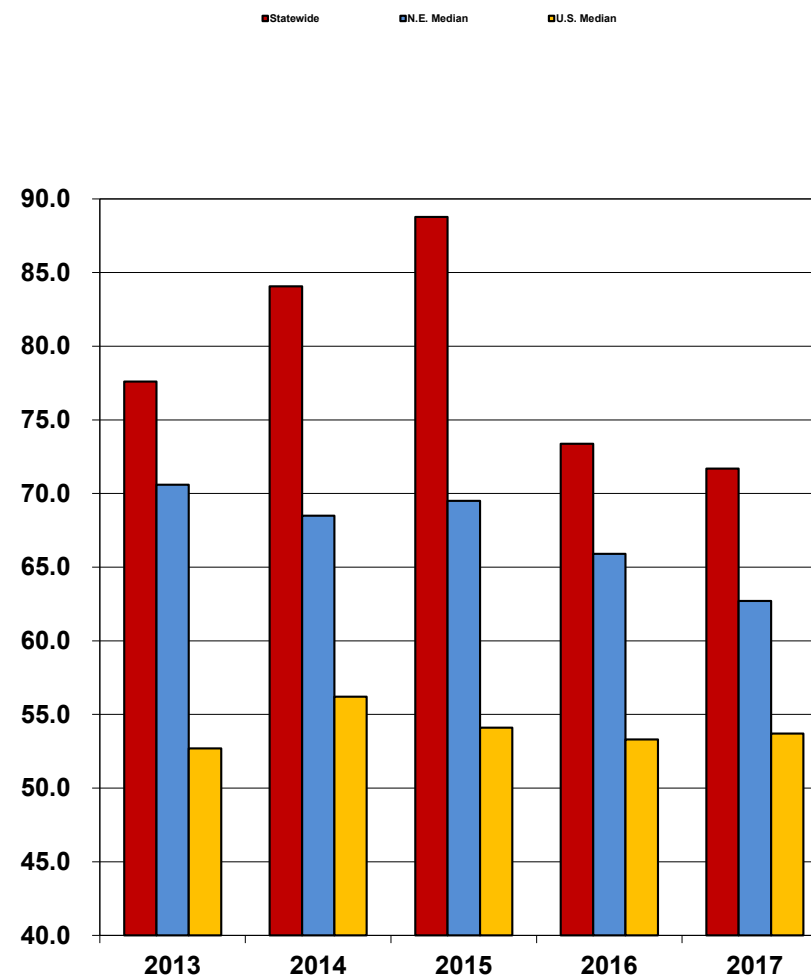
Formula

Days in Patient Accounts Receivable Ratio = $(\text{Net Accounts Receivable} \div \text{Net Patient Service Revenue}) \times \text{Number of days in the period}$

Desired Trend: Decreasing values are favorable.

Average Payment Period Ratio

	2017	2016	2015	2014	2013
Statewide	71.7	73.4	88.8	84.1	77.6
Acute Care Hospitals	71.8	73.7	89.3	84.4	77.8
Major Teaching	70.1	73.7	87.2	78.1	77.5
Other Teaching	74.3	73.4	95.7	94.1	62.9
Non-Teaching	83.4	75.3	82.9	90.2	71.2
System	71.5	69.5	87.3	88.0	84.6
Stand Alone	73.8	79.6	91.3	80.5	73.3
Non-Acute Hospitals	53.8	54.6	56.0	64.3	62.8
Rehabilitation	55.6	60.6	64.8	60.5	76.6
Specialized	51.6	47.5	49.3	67.8	50.3
N.E. Median	62.7	65.9	69.5	68.5	70.6
U.S. Median	53.7	53.3	54.1	56.2	52.7



The average payment period ratio provides a measure of the average time that elapses before current liabilities are paid. High values may indicate potential liquidity problems.

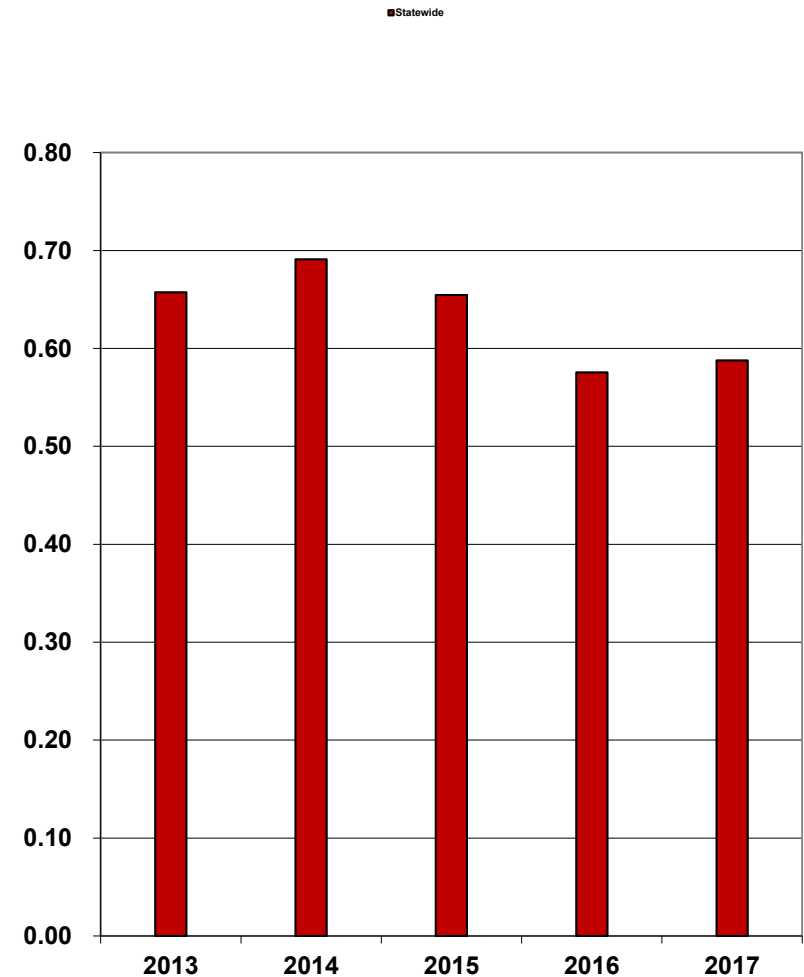
Formula

Average Payment Period Ratio = $(\text{Current Liabilities} \div (\text{Total Expenses} - \text{Depreciation})) \times \text{Number of days in the period}$

Desired Trend: Decreasing values are favorable.

Long-Term Debt to Equity Ratio

	2017	2016	2015	2014	2013
Statewide	0.59	0.58	0.65	0.69	0.66
Acute Care Hospitals	0.59	0.58	0.66	0.70	0.66
Major Teaching	0.58	0.55	0.56	0.97	0.98
Other Teaching	0.77	0.85	1.14	0.67	1.63
Non-Teaching	0.12	0.15	0.28	0.33	0.27
System	0.59	0.57	0.63	0.67	0.44
Stand Alone	0.58	0.60	0.71	0.74	0.89
Non-Acute Hospitals	0.29	0.31	0.36	0.28	0.48
Rehabilitation	0.21	0.23	0.34	0.27	0.48
Specialized	0.49	0.48	0.38	0.30	0.50



This ratio reflects the relationship between debt and non-debt sources of asset financing, thereby serving as an indicator of the soundness of the hospital's capital structure. This ratio could also indicate the ability to borrow additional long-term funds, sometimes referred to as financial leverage.

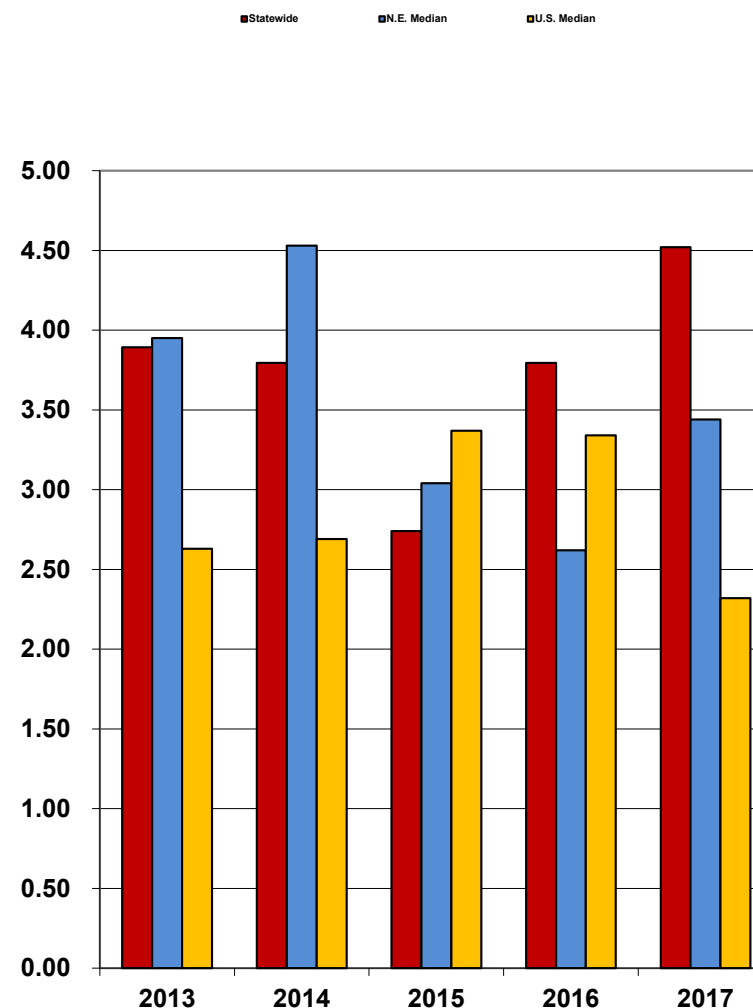
Formula

Long-Term Debt to Equity Ratio = Long-Term Debt ÷ Equity (Net Assets)

Desired Trend: Decreasing values are favorable.

Debt Service Coverage Ratio

	2017	2016	2015	2014	2013
Statewide	4.52	3.79	2.74	3.79	3.89
Acute Care Hospitals	4.51	3.78	2.74	3.81	3.90
Major Teaching	5.02	4.21	4.01	2.97	2.95
Other Teaching	4.18	3.33	1.68	4.21	2.26
Non-Teaching	2.88	2.34	3.15	2.78	4.81
System	5.45	5.16	4.96	4.70	5.71
Stand Alone	2.88	2.48	1.59	2.90	3.04
Non-Acute Hospitals	5.76	4.92	3.04	3.05	2.97
Rehabilitation	5.77	6.11	3.41	4.05	3.75
Specialized	5.96	4.31	2.48	2.47	1.86
N.E. Median	3.44	2.62	3.04	4.53	3.95
U.S. Median	2.32	3.34	3.37	2.69	2.63



The debt service coverage ratio measures the number of times cash flow would pay debt service (principal + interest).

Formula

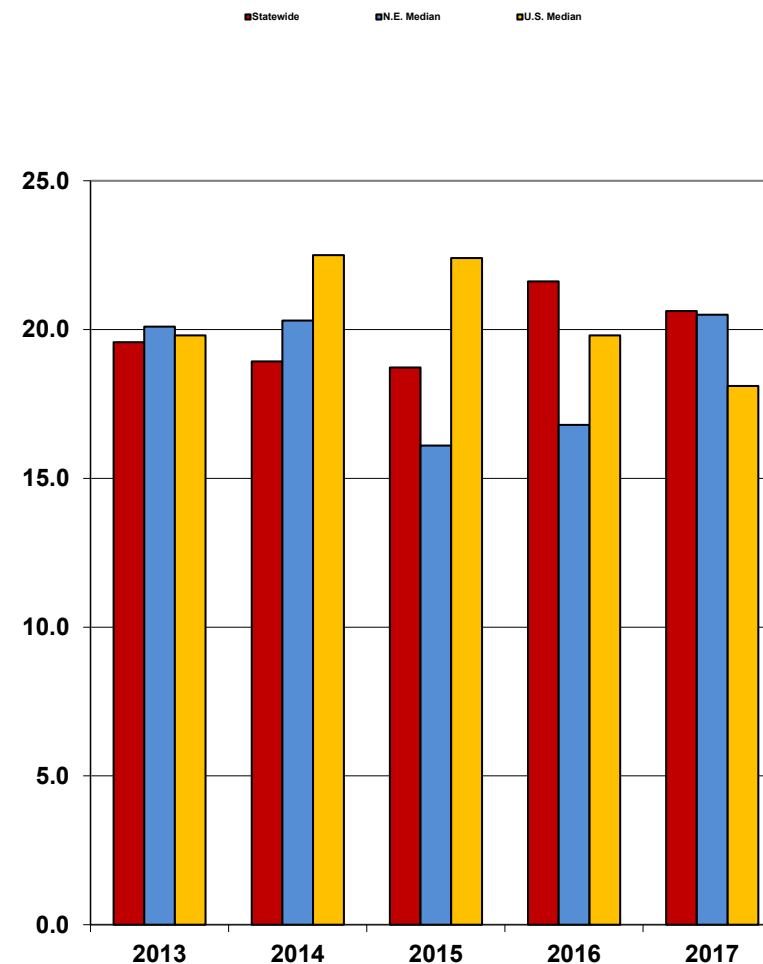
Debt Service Coverage Ratio = $\frac{\text{Revenues and Gains less Expenses and Losses} + \text{Depreciation} + \text{Interest Expense}}{\text{Principal Payment} + \text{Interest Expense}}$

**Revenues and Gains less Expenses and Losses include interest, dividends, realized investments, etc.*

Desired Trend: Increasing values are favorable.

Cash Flow to Total Debt Ratio

	2017	2016	2015	2014	2013
Statewide	20.6	21.6	18.7	18.9	19.6
Acute Care Hospitals	20.5	21.6	18.8	18.9	19.7
Major Teaching	18.1	22.0	19.5	15.3	14.7
Other Teaching	20.4	17.3	14.8	18.5	10.0
Non-Teaching	56.4	49.6	35.2	20.9	36.4
System	20.8	22.2	21.2	21.4	26.1
Stand Alone	19.7	20.6	15.9	15.8	15.9
Non-Acute Hospitals	32.6	27.1	14.5	18.8	12.6
Rehabilitation	26.2	20.9	19.2	15.7	15.7
Specialized	39.6	34.8	9.8	22.2	8.2
N.E. Median	20.5	16.8	16.1	20.3	20.1
U.S. Median	18.1	19.8	22.4	22.5	19.8



The numerator in the cash flow to total debt ratio measures the current amount of funds available from operations. This source of funds is used to retire debt, increase working capital or replace capital assets. A decrease in the value the cash flow to total debt ratio may indicate a future debt repayment problem.

Formula

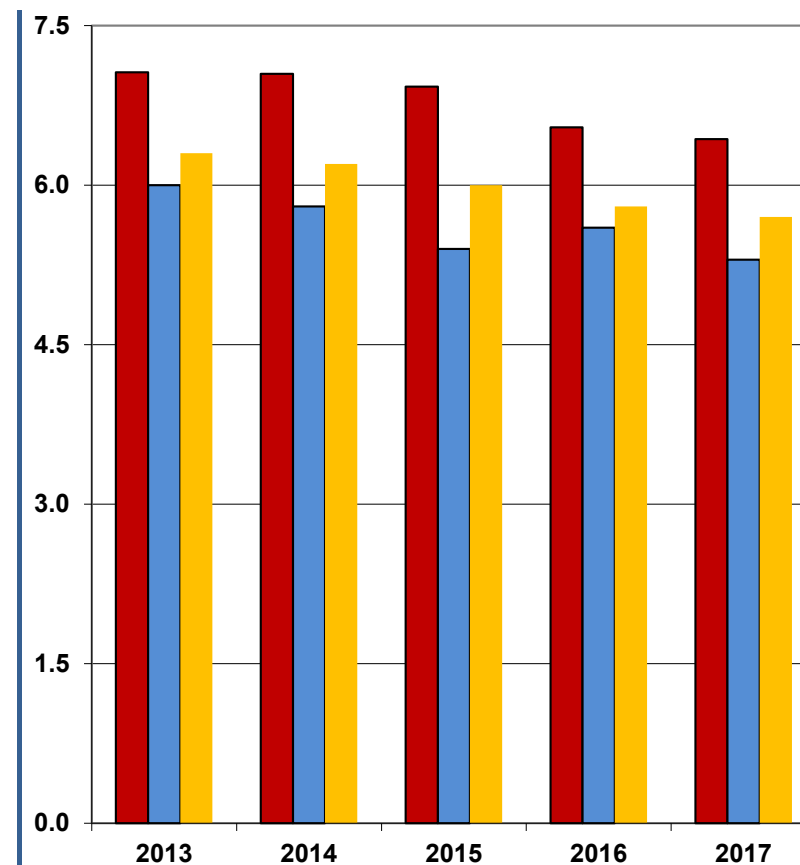
Cash Flow to Total Debt Ratio = $\frac{\text{Revenues and Gains less Expenses and Losses} + \text{Depreciation \& Amortization Expense}}{\text{Current Liabilities} + \text{Long-Term Debt}}$

**Revenues and Gains less Expenses and Losses include interest, dividends, realized investments, etc.*

Desired Trend: Increasing values are favorable.

Capital Expense Ratio

	2017	2016	2015	2014	2013
Statewide	6.4	6.5	6.9	7.0	7.1
Acute Care Hospitals	6.5	6.6	7.0	7.1	7.1
Major Teaching	5.8	5.8	5.9	6.7	6.5
Other Teaching	7.6	8.0	8.9	6.9	8.4
Non-Teaching	6.9	7.5	7.2	6.9	7.2
System	6.6	6.8	7.3	7.3	7.1
Stand Alone	6.1	6.3	6.6	6.8	7.0
Non-Acute Hospitals	5.3	5.2	5.1	5.4	6.6
Rehabilitation	5.9	5.9	6.9	7.4	9.2
Specialized	4.5	4.3	3.8	3.6	4.1
N.E. Median	5.3	5.6	5.4	5.8	6.0
U.S. Median	5.7	5.8	6.0	6.2	6.3



This ratio provides a measure of the proportion of capital expenses, defined as interest and depreciation, to total expenses. A high capital expense ratio would imply greater operating leverage in the cost structure of the hospital, the implication of which would be an increased sensitivity of average cost per discharge to volume changes.

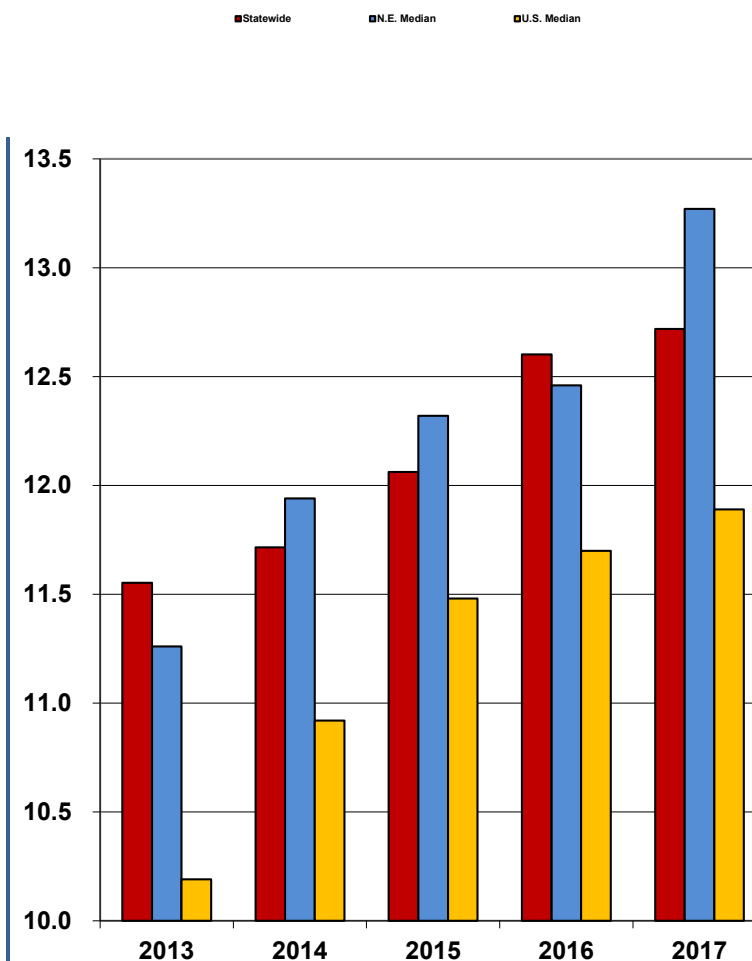
Formula

Capital Expense Ratio = (Interest Expense + Depreciation & Amortization Expense) ÷ Total Expenses

Desired Trend: Decreasing values are favorable.

Average Age of Plant Ratio

	2017	2016	2015	2014	2013
Statewide	12.7	12.6	12.1	11.7	11.6
Acute Care Hospitals	12.7	12.6	12.0	11.7	11.6
Major Teaching	13.4	13.6	13.0	11.2	10.6
Other Teaching	11.6	10.5	10.1	12.8	10.8
Non-Teaching	14.6	13.9	14.2	12.7	13.1
System	12.7	12.8	11.7	11.6	12.1
Stand Alone	13.1	12.3	12.4	11.8	12.5
Non-Acute Hospitals	14.4	13.3	13.9	13.5	11.7
Rehabilitation	13.7	12.6	11.7	10.9	9.4
Specialized	15.5	14.4	16.7	17.7	15.9
N.E. Median	13.3	12.5	12.3	11.9	11.3
U.S. Median	11.9	11.7	11.5	10.9	10.2



The average age of plant ratio measures the average age in years of all fixed assets. Lower values indicate a newer fixed assets base and less of a need for short-term replacement.

Formula

Average Age of Plant Ratio = Accumulated Depreciation ÷ Depreciation and Amortization Expense

Desired Trend: Decreasing values are favorable.



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