

Hospital Profits Soar As Obamacare Prescribes More Paying Patients

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Hospital operators continue to see profits and revenue not seen in a decade thanks to the Affordable Care Act and related efforts to sign up uninsured patients to coverage so facilities can reduce unpaid medical bills.

Large hospital operators [HCA Holdings](#) HCA -2.7% (HCA), [Tenet Healthcare](#) THC -1.52% (THC) and [Community Health Systems](#) (CYH) in the last month issued robust 2014 earnings, revenues and large declines in uncompensated care costs, a key measure of expenses.

“We reported Tenet’s strongest quarterly EBITDA in more than 10 years,” Tenet chief executive officer Trevor Fetter boasted last week of a key earnings acronym in the hospital chain’s 2014 fourth quarter.

Hospitals have been working to enroll uninsured patients. Tenet said its “Path to Health program” launched in 2013 continued to enroll more patients in this year’s second open enrollment period through the use of financial counselors, direct mail marketing and community events.

“We held nearly 800 outreach and enrollment events, reaching tens of thousands of people in our priority markets,” Fetter said. “Our daily enrollments have increased by more than 60%

during this enrollment period and we estimate that we will exceed the number of exchange enrollments that we achieved last year.”

Hospital operators are reporting more paying patients and fewer uninsured, which means far fewer unpaid medical bills. “For the last four quarters, the decline in self-pay admits and adjusted admits and the increase in Medicaid in expansion states have grown quarter over quarter,” Community Health CFO Larry Cash said.

HCA reported a decline of nearly 9 percent in “same facility self-pay and charity admissions,” executives said on its fourth quarter earnings call. “These represent 7.2% of our total admissions compared to 8.3% last year and has continued to turn favorable for the company,” HCA chief financial officer William Rutherford told analysts.

But it wasn’t just the health law that helped hospitals with the improving economy and more Americans with jobs and commercial insurance boosting health facility finances.

“ACA enrollments bore a lot of fruit for hospitals last year as previously uninsured patients sought healthcare, but year 2 is a different ball game,” Fitch Ratings’ Senior Director of Healthcare Megan Neuburger said. “We can’t discount other factors like greater disposable income as the economy improves or seasonal issues like the flu.”

Wondering how Obamacare will affect your health care? The Forbes eBook [Inside Obamacare: The Fix For America’s Ailing](#)