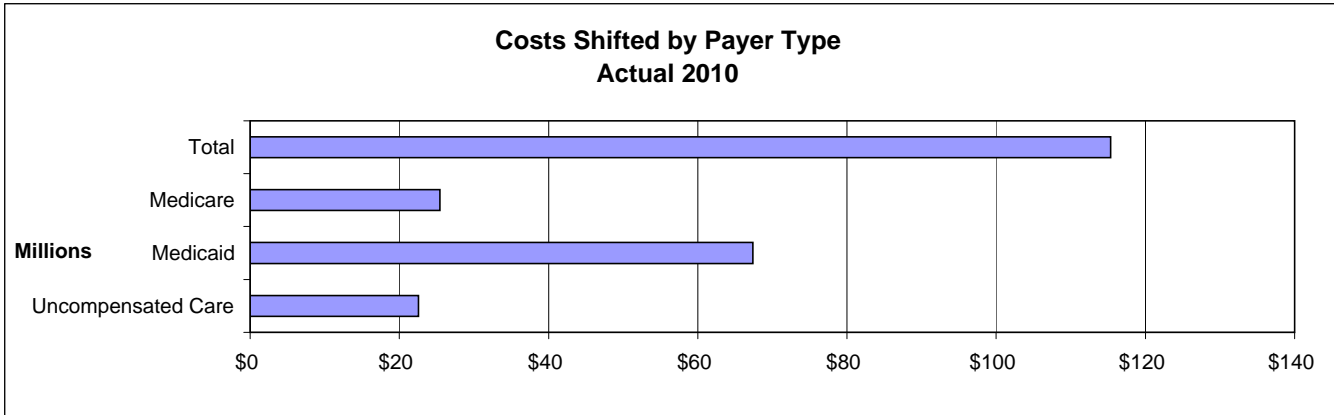


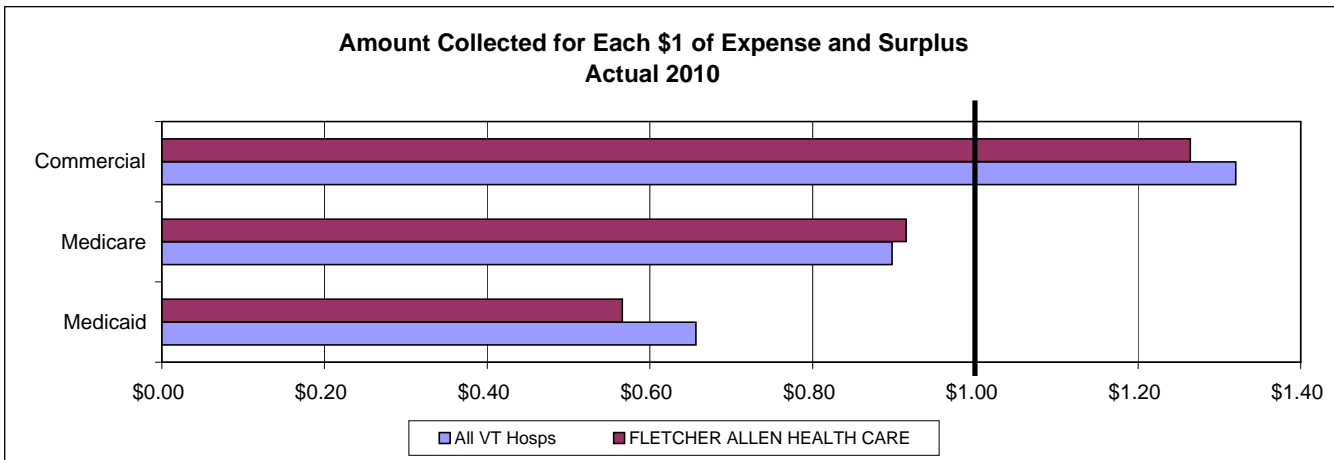
FLETCHER ALLEN HEALTH CARE

Cost Shift

A hospital incurs costs to provide services to their patients. All patients, regardless of their ability to pay, are billed the same price for the same service. Sometimes the payment received by the hospital is less than cost for the services provided. This includes payments from uninsured, Medicare, and Medicaid patients. When the payment doesn't cover the cost to provide those services, this unreimbursed cost is passed on to other payers; this is the "cost shift". The ability to cost shift helps the hospital maintain its financial health.



This graph shows the costs shifted by Medicare, Medicaid, and Uncompensated Care (bad debt, free care) to other payers. The top line shows the total cost shift, which is the sum of the costs shifted to others who pay.



This graph shows amount of money collected for each dollar of expense and surplus. If a payer (Commercial, Medicare, or Medicaid) is above \$1.00, then it pays more on average than the costs of its patients. If a payer is below \$1.00, then it pays less on average than the costs of its patients.