

How to Analyze a Hospital's Market Share

Healthcare Almanac provides complete financial and analytical information for healthcare providers based on the CMS Medicare Cost Reports. The CMS Medicare Cost Reports are composed of worksheets (like a personal tax return) submitted by all Medicare healthcare providers receiving Medicare Program payments. The cost reports are prepared under a set of accounting guidelines required by CMS. This makes all the cost reports "comparable" from one facility to the next facility. This allows detailed comparisons of financial and analytical information. This allows for a high-level analysis of a Hospital's Market Share. Service line reporting is not available in the Medicare Cost Reports.

In addition to Market Share analysis, you can also include other information from the Medicare Cost Reports. You can include Occupancy Rates, Revenue per Discharge, Medicare Case Mix (from the Final Rule tables), Area Wage Index (from the Final Rule tables) and Net Profit or Loss. This additional information can enhance the value of the Market Share analysis.

Steps for Market Share Analysis

1. The Hospital Profile Report can be printed for up to 12 years. The CMS Medicare Cost Report Worksheets G and G1 are the source of the Balance Sheet and Revenue and Expense Statements. You can see the increases and decreases in a longitudinal chart in an Excel Spreadsheet.
2. Identify the Hospitals in your local Market Area. Then print the Hospital Profile Report for up to 12 years for each hospital in your Market Area. You can see the increases and decreases in a longitudinal chart. This chart can be prepared in Excel. Calculate your percent of Market Share in the total market. You can determine whether you are gaining or losing your market share position at the facility level.
3. Identify the Hospitals in your National Peer Group. Using Revenue as the basis of selection, determine a base year and the national revenue ranking of your hospital. The revenue ranking number is on the Hospital Profile Report of your base year. Select a group of hospitals with similar ranking values starting in your base year. You may want to drop specialty hospitals or use only hospitals in a geographic region of the county. Then print the Hospital Profile Reports for up to 12 years for each hospital in your National Peer Group. Has your hospital improved in national ranking in your National Peer Group? You should be able to determine your hospital's ranking inside the National Peer Group.

Conclusion

The Market Share Analysis is a simple analysis that shows your Hospital's revenue-based performance. There are many factors that control the growth of a hospital. The Hospital KPI Analysis and Hospital Cost Analysis are the two other procedures.