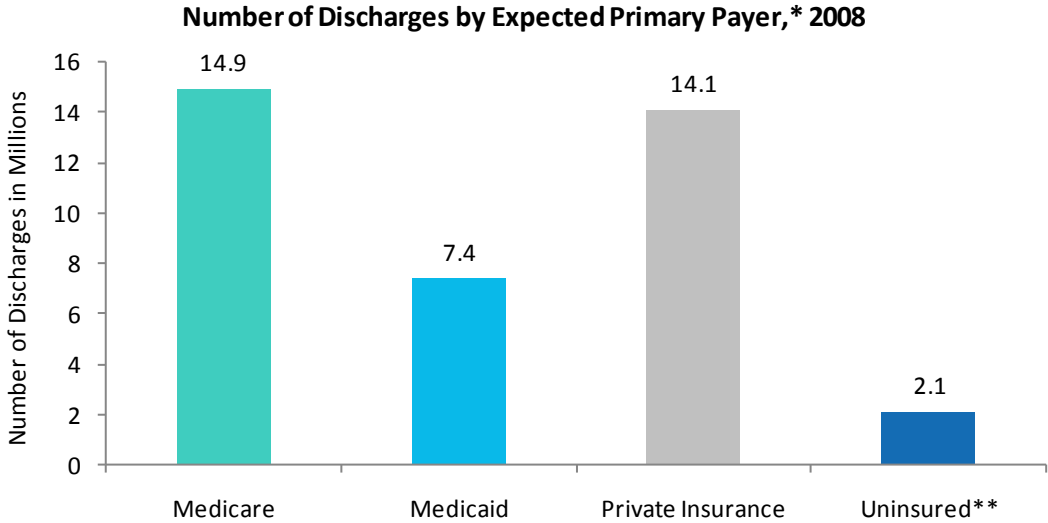


EXHIBIT 1.4 Expected Primary Payer

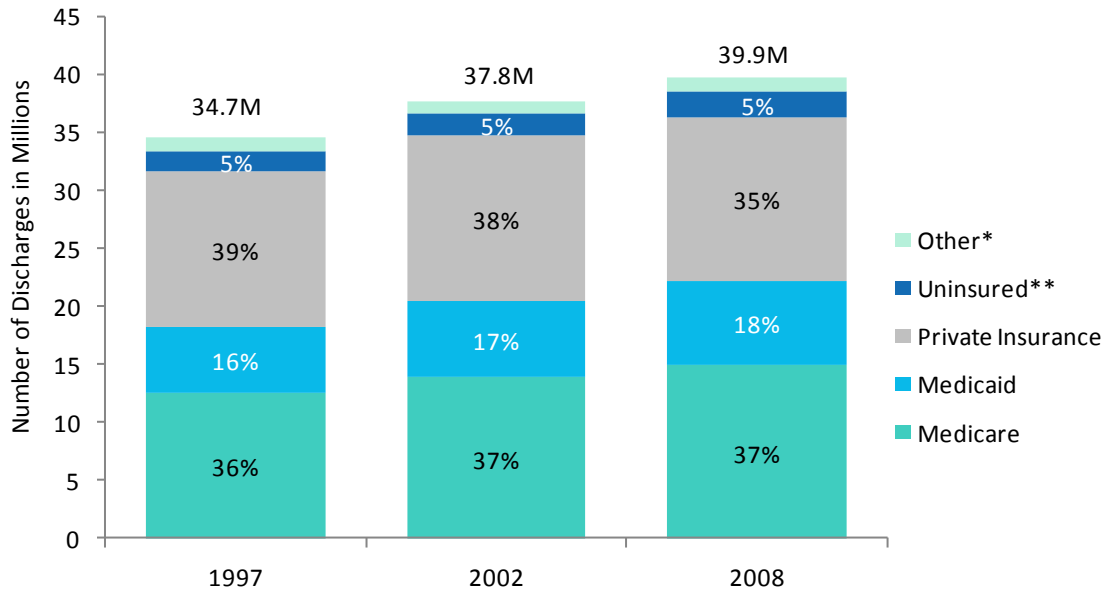


*There are an additional 1.3 million discharges (3 percent of discharges) with "other" as the expected primary payer. "Other" payer includes Workers' Compensation, TRICARE, CHAMPUS, CHAMPVA, Title V, and other government programs.
**Includes discharges classified as self-pay or no charge.
Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 2008.

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.

- In 2008, Medicare, which covers patients who are 65 and older or disabled, was the expected primary payer for the largest number of discharges (14.9 million), followed by private insurance (14.1 million).
- Medicaid, the primary source of insurance for low income families and individuals, was the expected primary payer for 7.4 million discharges.
- There were 2.1 million uninsured discharges in 2008.

Number and Distribution of Discharges by Expected Primary Payer, 1997-2008



* 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: Excludes a small number of discharges (68,000 or 0.2 percent) with missing payer.

Note: Bar segments representing 4 percent or less have not been labeled.

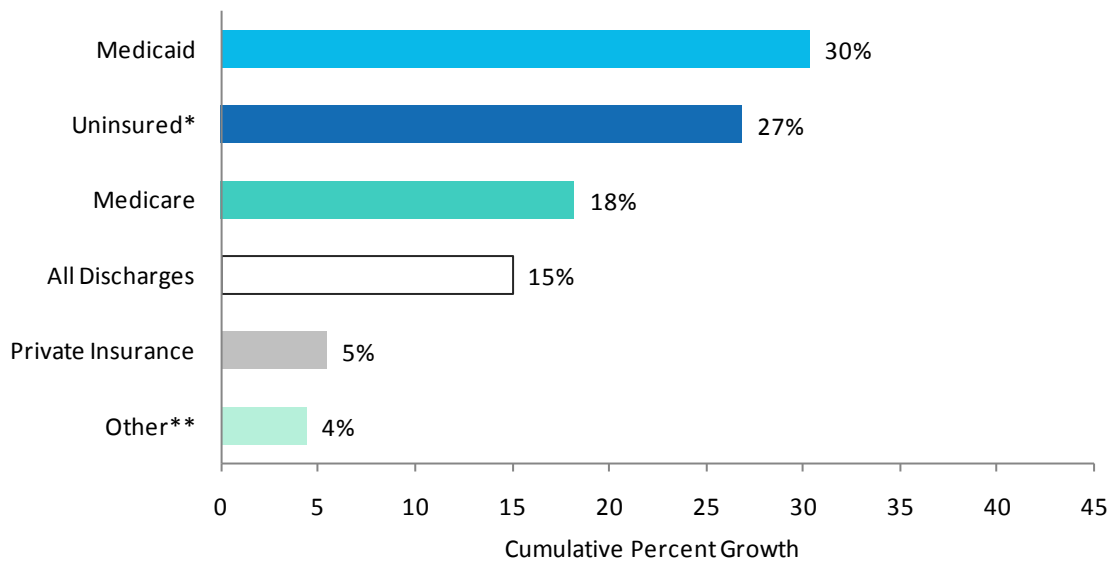
Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1997-2008.

The number of discharges increased steadily in the 11-year period, growing from 34.7 million in 1997 to 39.9 million in 2008.

- In 2008, Medicare and Medicaid were the expected primary payers for more than half (55 percent) of all inpatient hospital discharges (accounting for 14.9 and 7.4 million hospital stays, respectively).
 - The percentage of discharges billed to Medicare remained relatively stable from 1997 to 2008 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 18 percent in 2008.
- Between 1997 and 2008, the percentage of discharges billed to private insurance fell from 39 percent to 35 percent. This reflects the steady decline in the share of the population with private insurance coverage.¹
- In both 1997 and 2008, about 5 percent of discharges were listed as uninsured, amounting to 1.7 million hospital stays in 1997 and 2.1 million in 2008.

¹ Cohen, J. W. and Rhoades, J.A. *Group and Non-Group Private Health Insurance Coverage, 1996 to 2007: Estimates for the U.S. Civilian Noninstitutionalized Population under Age 65*. Statistical Brief #267. October 2009. Agency for Healthcare Research and Quality, Rockville, MD. http://www.meps.ahrq.gov/mepsweb/data_files/publications/st267/stat267.pdf.

Growth in Number of Discharges by Expected Primary Payer, 1997-2008



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

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

Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1997 and 2008.

Between 1997 and 2008, the number of hospital discharges grew by 15 percent; however, growth varied widely by expected primary payer.

- Medicaid discharges (up 30 percent) grew at double the rate of all discharges, followed closely by uninsured discharges (up 27 percent).
- The number of discharges billed to Medicare grew by 18 percent.
- While discharges billed to Medicaid, the uninsured, and Medicare experienced substantial growth between 1997 and 2008, growth in the number of discharges billed to private insurance and other payers remained relatively stable (5 percent and 4 percent, respectively).