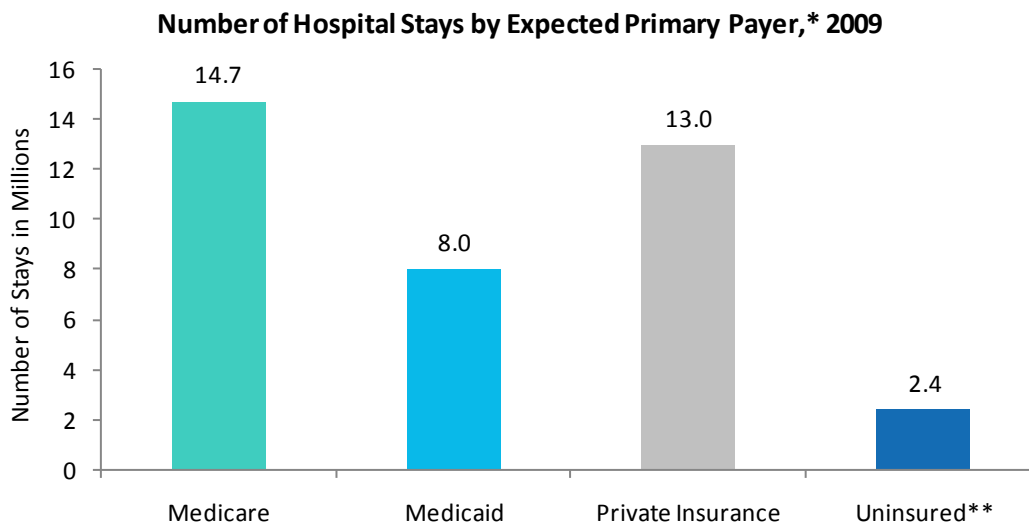


EXHIBIT 1.3 Expected Primary Payer



* There are an additional 1.3 million stays (3 percent of stays) with "other" as the expected primary payer. "Other" payer includes Workers' Compensation, TRICARE, CHAMPUS, CHAMPVA, Title V, and other government programs.

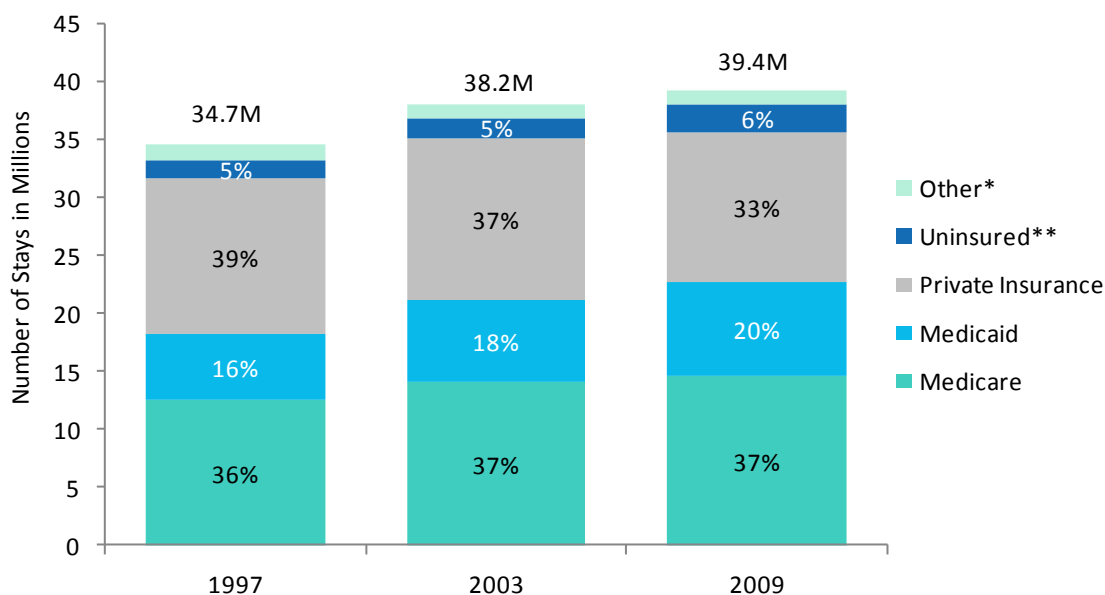
** Includes stays classified as self-pay or no charge.

Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 2009.

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 2009, Medicare, which covers patients who are 65 and older or disabled, was the expected primary payer for the largest number of stays (14.7 million), followed by private insurance (13.0 million).
- Medicaid, the primary source of insurance for low-income families and individuals, was the expected primary payer for 8.0 million stays.
- There were 2.4 million uninsured stays in 2009.

Number and Distribution of Hospital Stays by Expected Primary Payer, 1997-2009



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

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

Note: Excludes a small number of stays (96,000 or 0.3 percent in 1997, 76,000 or 0.2 percent in 2003, 84,000 or 0.2 percent in 2009) with missing payer.

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

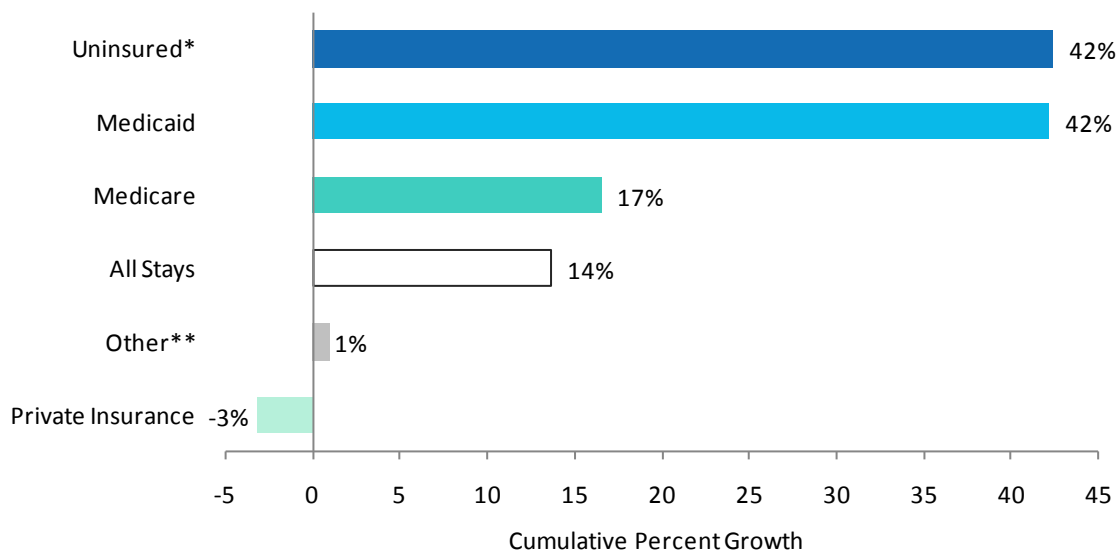
Source: AHRQ, Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1997-2009.

The number of stays increased steadily in the 12-year period, growing from 34.7 million in 1997 to 39.4 million in 2009.

- In 2009, Medicare and Medicaid were the expected primary payers for more than half (57 percent) of all inpatient hospital stays (accounting for 14.7 and 8.0 million hospital stays, respectively).
 - The percentage of stays billed to Medicare remained relatively stable from 1997 to 2009 at 36-37 percent.
 - Unlike Medicare, the share of stays with Medicaid as an expected payer increased throughout most of the period, from 16 percent in 1997 to 20 percent in 2009.
- Between 1997 and 2009, the percentage of stays billed to private insurance fell from 39 percent to 33 percent. This reflects the steady decline in the share of the population with private insurance coverage.¹
- In both 1997 and 2009, about 5 percent of stays were listed as uninsured, but increased from 1.7 million hospital stays in 1997 to 2.4 million in 2009.

¹ National Center for Health Statistics. Health, United States, 2010: With Special Feature on Death and Dying. Hyattsville, MD, 2011.

Growth in Number of Hospital Stays by Expected Primary Payer, 1997-2009



* Includes stays 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 2009.

Between 1997 and 2009, the number of hospital stays grew by 14 percent; however, growth varied widely by expected primary payer.

- Uninsured and Medicaid stays (both up 42 percent) grew at three times the rate of all stays.
- The number of stays billed to Medicare grew by 17 percent from 1997 to 2009.
- While stays billed to the uninsured, Medicaid, and Medicare experienced substantial growth between 1997 and 2009, growth in the number of stays billed to private insurance and other payers was not significant (-3 percent and 1 percent, respectively).