

APRIL 2023

About this Report

The Center for Health Information and Analysis (CHIA) reports quarterly on the financial performance of the Commonwealth's acute care hospitals, associated hospital health systems (HHS), and affiliated physician organizations. This report provides a quarterly update on profitability, liquidity, and solvency for the hospital fiscal year-to-date period ending December 31, 2022, hereafter also referred to as the current period.

The inclusion of health system and affiliated physician organizations data helps develop a more complete understanding of an acute hospital's financial performance in the context of the larger health system within which it operates. Steward Health Care, Shriners Hospital for Children, and Tenet Healthcare are not included in this report as they have a December 31 fiscal year end and, as such, their data is not due until April 10. Trinity Health provided a partial submission that included hospital and physician organization data but did not include the required HHS data. Beth Israel Lahey Health provided a partial submission that did not include hospital balance sheet data.

Federal and state COVID-19 relief funding was first distributed to hospitals in April 2020 and further relief funding has been distributed since. A portion of this funding is reported as operating revenue and is reflected in the data as such.

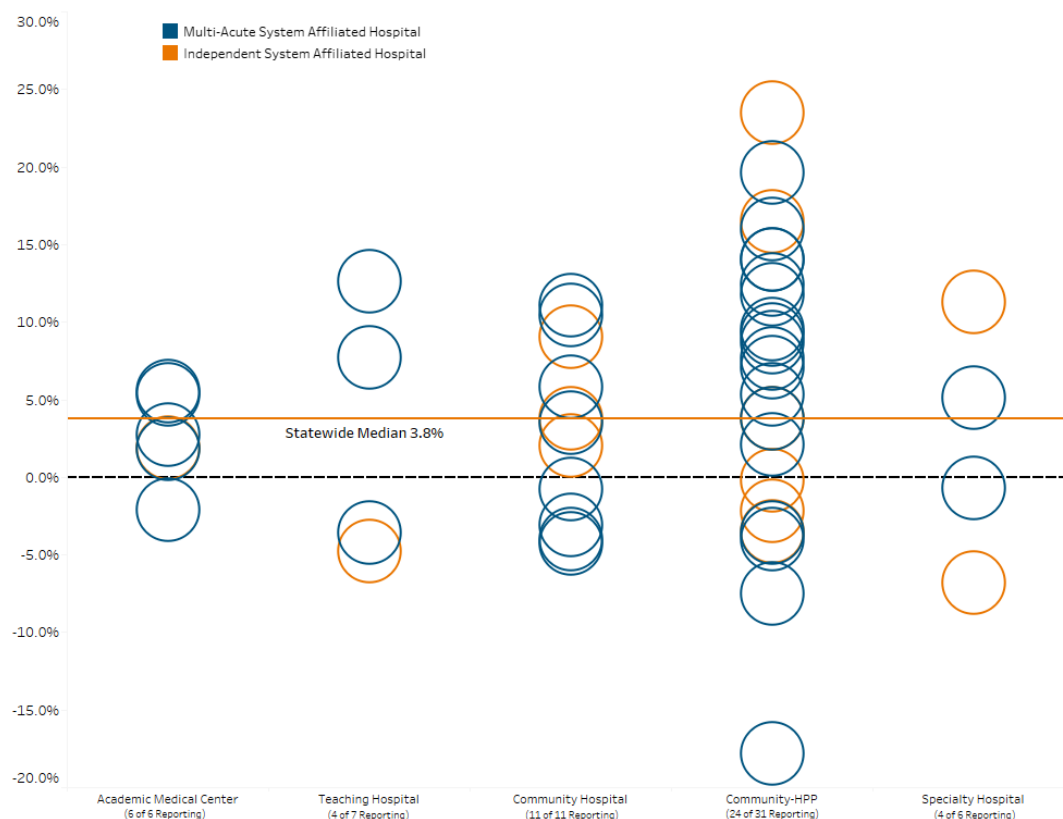
Key Findings

Profitability: Hospitals

Overall acute hospital profitability,¹ as measured by the median total margin, was 3.8%, a decrease of 0.1 percentage points in comparison to the same period in the prior year (figure 2). Thirty-three of the 49 hospitals (68%) reported positive total margins during this period.

This report includes results through the first quarter of the hospital fiscal year for most hospitals and may not be indicative of their financial position at fiscal year-end.

Figure 1: Acute Hospital Total Margin by Hospital Type



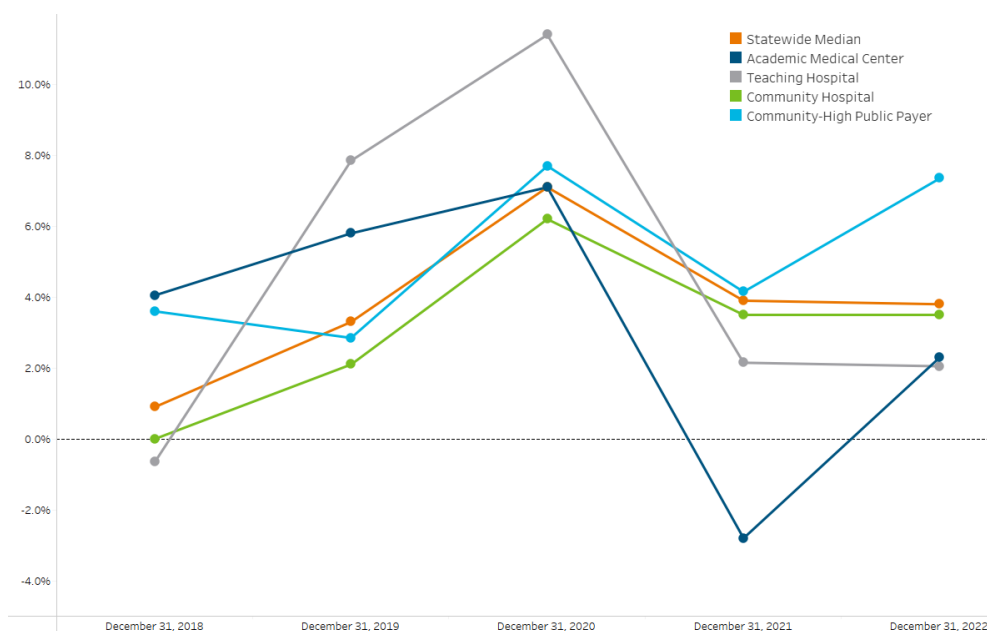
¹ Profitability or profit indicates an excess of revenues over expenses.

Two cohorts² experienced an increase in median profitability when compared to the same period last year. The AMC cohort increased 5.1 percentage points and the community-HPP cohort increased 3.2 percentage points. The teaching hospital cohort decreased slightly in profitability while the community hospital cohort saw no change in profitability compared to the same period last year.

In aggregate, hospitals reported \$225.5 million in federal and state COVID-19 relief funds as operating revenue during the current period. This revenue is included in their total margins.

² Acute hospital cohort designations are Academic Medical Center (AMC), Teaching Hospital, Community Hospital, and Community-High Public Payer (HPP). Specialty Hospitals are not considered a cohort. For further descriptions of the cohorts and specialty hospitals, see the technical appendix.

Figure 2: Median Total Margin by Hospital Cohort



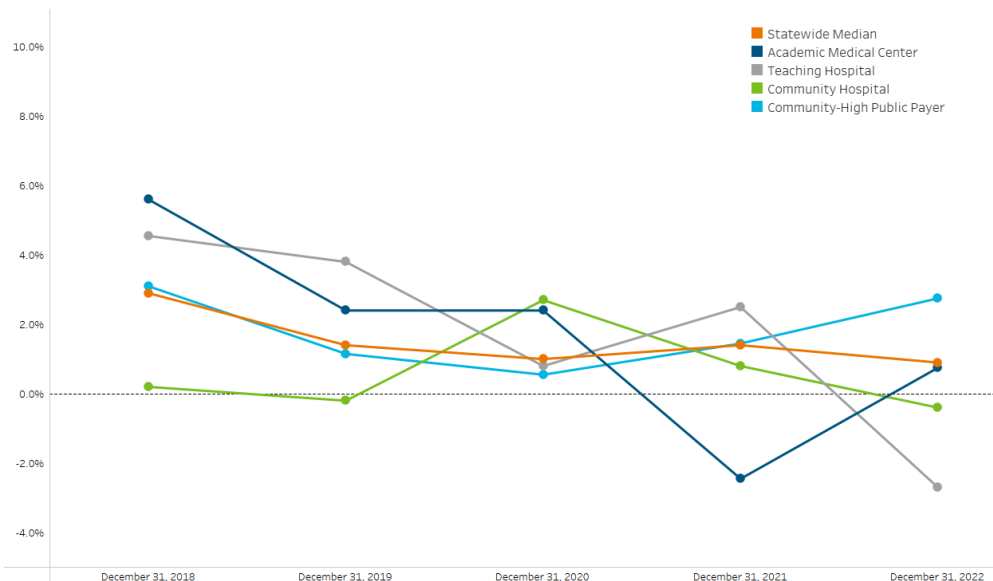
	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Statewide Median	0.9%	3.3%	7.1%	3.9%	3.8%
AMC (6 of 6 Reporting)	4.1%	5.8%	7.1%	-2.8%	2.3%
Teaching Hospital (4 of 7 Reporting)	-0.7%	7.9%	11.4%	2.2%	2.1%
Community Hospital (11 of 11 Reporting)	0.0%	2.1%	6.2%	3.5%	3.5%
Community-HPP (24 of 31 Reporting)	3.6%	2.9%	7.7%	4.2%	7.4%

The statewide median operating margin was 0.9%, a decrease of 0.5 percentage points compared to the same period in the prior year.

The teaching hospital and community hospital cohorts reported decreases compared to the same period prior year and both reported negative median operating margins. The AMC and community-HPP cohorts reported an increase compared to the same period in the prior year.

These margins also include COVID-19 relief funding reported as operating revenue.

Figure 3: Median Operating Margin by Hospital Cohort



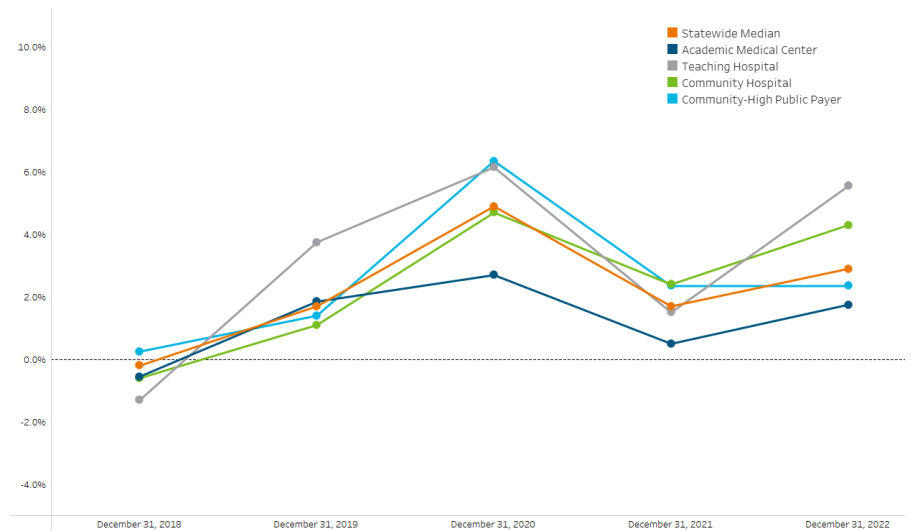
	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Statewide Median	2.9%	1.4%	1.0%	1.4%	0.9%
AMC (6 of 6 Reporting)	5.6%	2.4%	2.4%	-2.5%	0.8%
Teaching Hospital (4 of 7 Reporting)	4.6%	3.8%	0.8%	2.5%	-2.7%
Community Hospital (11 of 11 Reporting)	0.2%	-0.2%	2.7%	0.8%	-0.4%
Community-HPP (24 of 31 Reporting)	3.1%	1.2%	0.6%	1.5%	2.8%

The statewide median non-operating margin was 2.9%, an increase of 1.2 percentage points compared to the same period last year.

All four cohorts saw an increase or no change in their median non-operating margins compared to the same period last year. The teaching hospital cohort reported the largest change in median non-operating margin, an increase of 4.1 percentage points.

Non-operating margins are influenced by changes in the investment markets. Starting in FY 2020, accounting standards required realized and unrealized gains and losses be recognized in financial performance. These results are included in the non-operating margins in this report.

Figure 4: Median Non-Operating Margin by Hospital Cohort



	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Statewide Median	-0.2%	1.7%	4.9%	1.7%	2.9%
AMC (6 of 6 Reporting)	-0.6%	1.9%	2.7%	0.5%	1.8%
Teaching Hospital (4 of 7 Reporting)	-1.3%	3.8%	6.2%	1.5%	5.6%
Community Hospital (11 of 11 Reporting)	-0.6%	1.1%	4.7%	2.4%	4.3%
Community-HPP (24 of 31 Reporting)	0.3%	1.4%	6.4%	2.4%	2.4%

Revenue and Expenses

Aggregate total operating revenue increased by \$904.9 million (9.8%) of which aggregate net patient service revenue, the most significant component of operating revenue, increased by \$417.0 million (5.6%) when compared to the prior year. Aggregate expenses increased \$914.7 million (10.0%) when compared to the same period in the prior year.

In the current period through December 31, 2022, hospitals reported \$225.5 million in federal and state COVID-19 relief funds in their operating revenue, as compared to \$119.4 million in the same period the prior fiscal year.

Figure 5: Hospital Operating Revenue and Expenses Trends

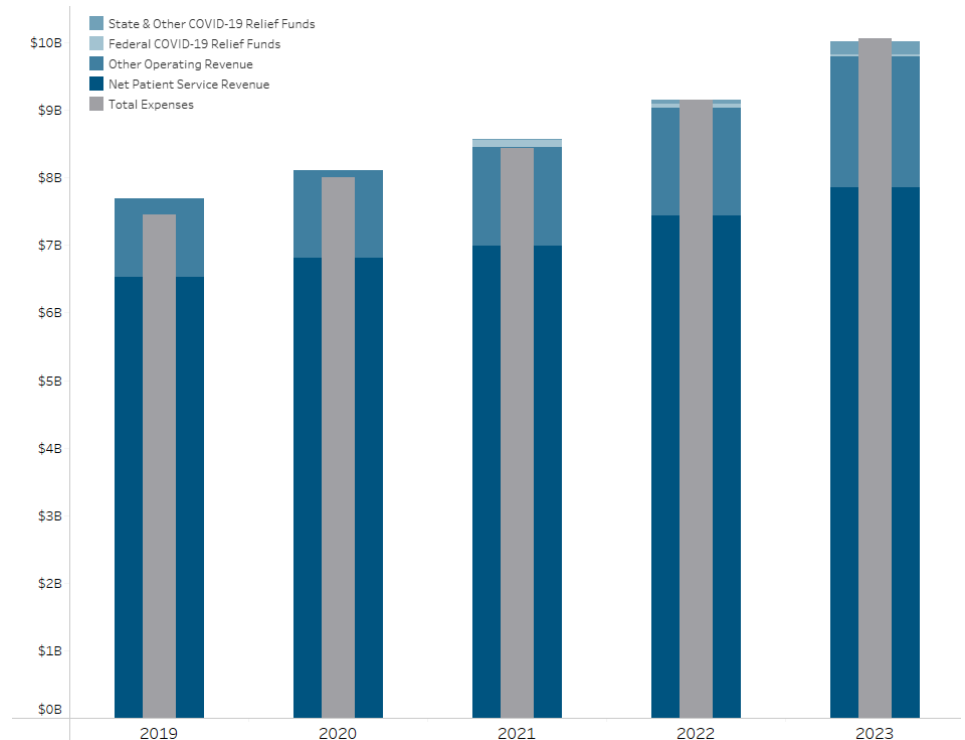
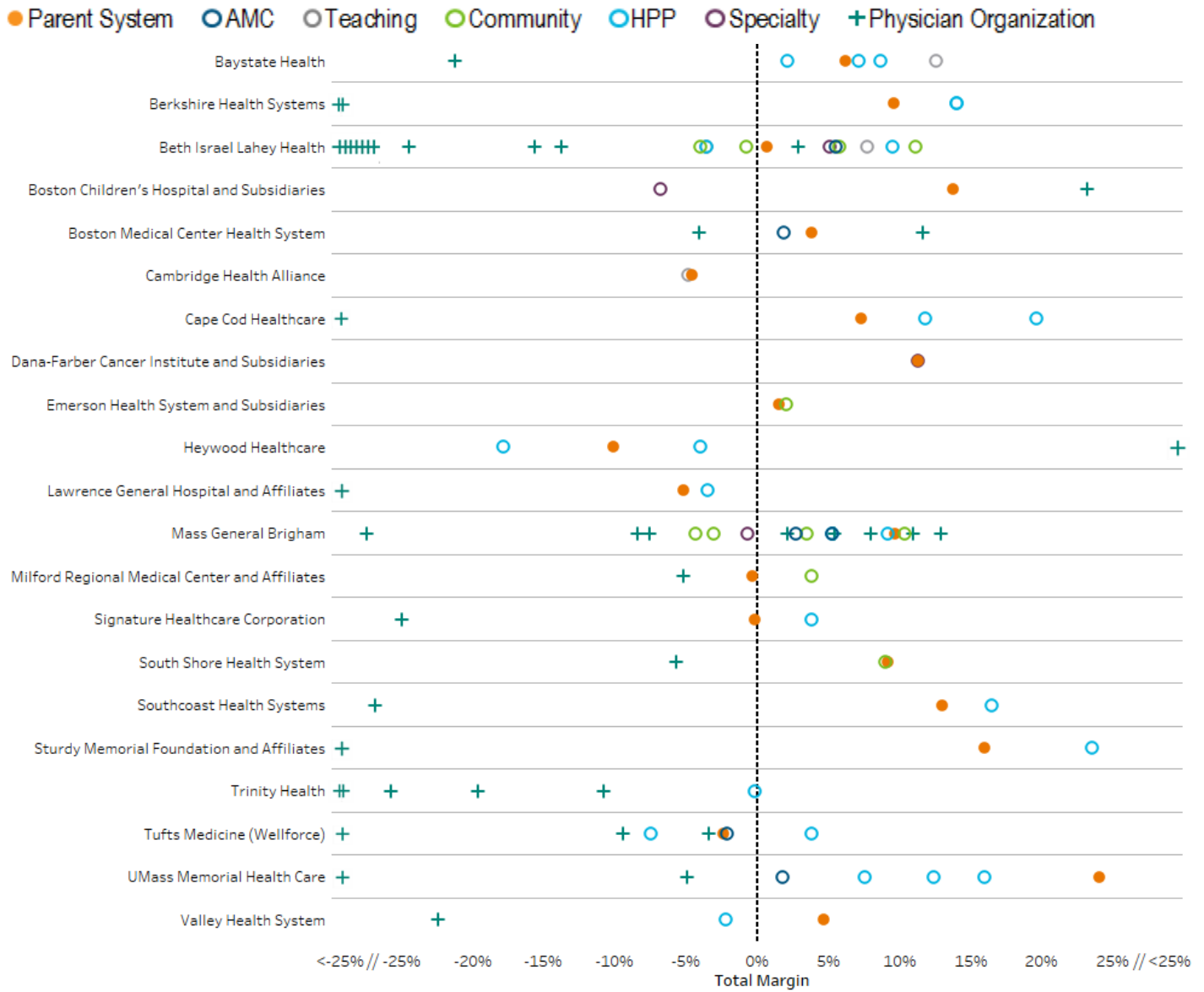


Figure 6: Total Margin of Hospital Health Systems, Acute Hospitals, and Affiliated Physician Organizations



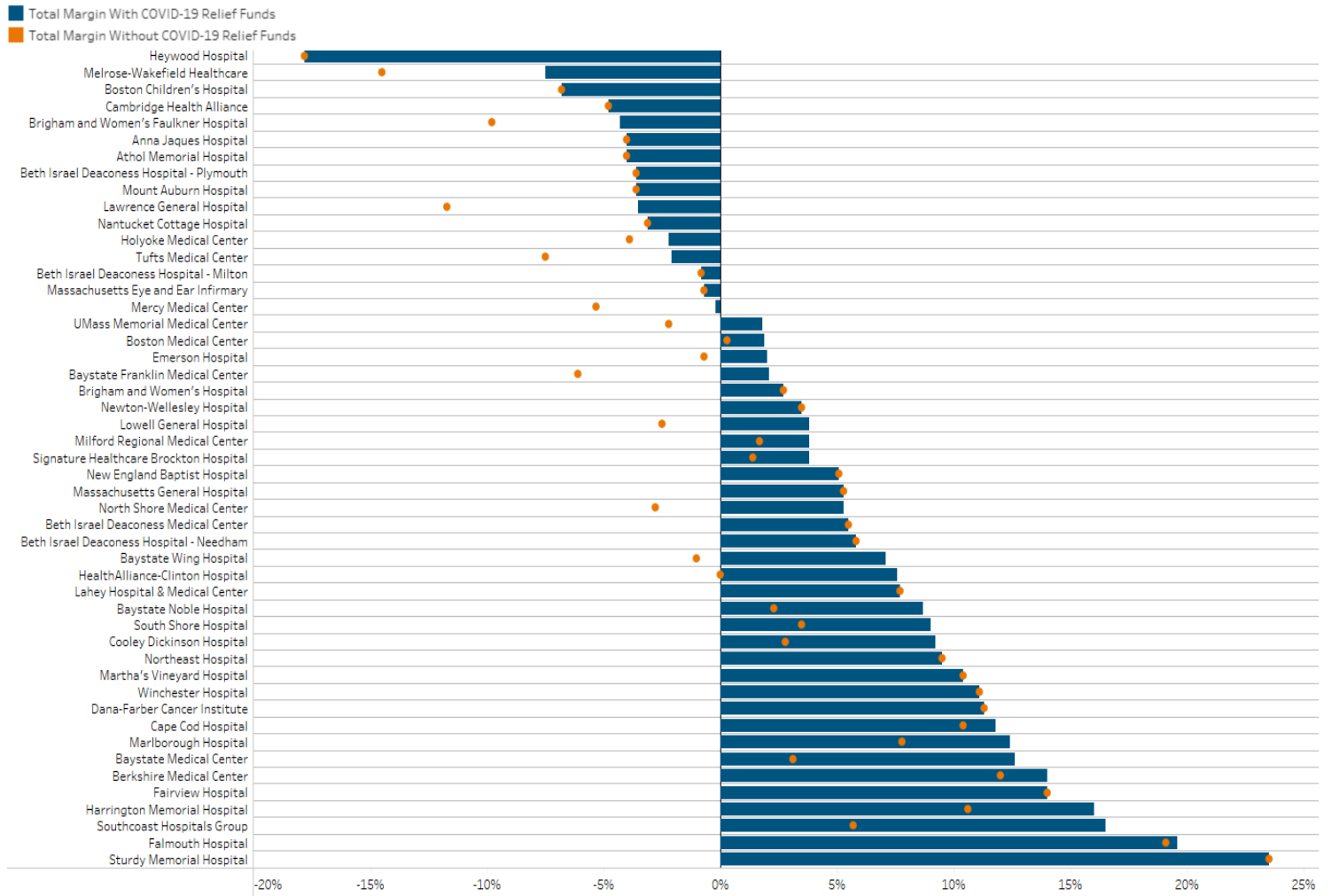
Note: Some entities had margins of <-25% or >25%. In order to display all entities in one graph, there is an axis break at -25% and 25% to account for those organizations. For more details, see the databook.

Profitability: Hospital Health Systems and Physician Organizations

As of December 31, 2022, 14 hospital health systems were profitable and reported a positive total margin, while the remaining 6 systems that reported data had negative total margins. For the same period in the prior year, 15 hospital health systems reported positive total margins, while the remaining six systems reported negative total margins. For most health systems, this data reflects first quarter results and may not be indicative of their final annual financial performance.

Thirty-five of 44 affiliated physician organizations reported a net loss for the period ending December 31, 2022.

Figure 7: Comparison of Total Margin by Hospital with and without COVID-19 Relief Funds



Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue ³	Excess (Deficit) of Revenue over Expenses	Current Ratio	Net Assets	
Baystate Health		3	2.8%	3.4%	6.2%	\$53.8	\$51.2	1.7	\$1,066.9	
Baystate Franklin	Community-High Public Payer	3	2.6%	-0.4%	2.1%	\$2.4	\$0.7	1.2	\$44.9	
Baystate Medical Center ε	Teaching Hospital	3	8.2%	4.4%	12.6%	\$47.6	\$61.1	2.8	\$837.3	
Baystate Noble	Community-High Public Payer	3	8.7%	0.1%	8.7%	\$1.5	\$2.0	0.9	\$23.0	
Baystate Wing	Community-High Public Payer	3	5.7%	1.4%	7.1%	\$2.3	\$2.0	0.9	\$28.6	
Baystate Medical Practices	Physician Organization	3	-20.8%	-0.5%	-21.2%	\$0.0	(\$22.0)	-	-	
Berkshire Health Systems		3	0.7%	8.9%	9.6%	\$4.2	\$20.9	1.9	\$593.3	
Berkshire Medical Center	Community-High Public Payer	3	4.6%	9.5%	14.0%	\$4.2	\$25.3	1.5	\$517.7	
Fairview Hospital	Community-High Public Payer	3	4.8%	9.2%	14.0%	\$0.0	\$3.2	2.2	\$71.0	
Berkshire Faculty Services	Physician Organization	3	-47.9%	0.0%	-47.9%	\$0.0	(\$6.2)	-	-	
Berkshire Orthopaedic Associates	Physician Organization	3	-29.4%	0.0%	-29.4%	\$0.0	(\$0.7)	-	-	
Beth Israel Lahey Health		3	-3.9%	4.6%	0.7%	\$0.0	\$13.4	3.9	\$3,547.3	
Anna Jaques Hospital	Community Hospital	3	-6.9%	2.9%	-4.0%	\$0.0	(\$1.5)	Beth Israel Lahey Health did not submit balance sheet information for their acute hospitals.		
Beth Israel Deaconess Hospital - Milton	Community Hospital	3	-5.9%	5.0%	-0.8%	\$0.0	(\$0.3)			
Beth Israel Deaconess Hospital - Needham	Community Hospital	3	5.5%	0.3%	5.8%	\$0.0	\$2.1			
Beth Israel Deaconess Hospital - Plymouth	Community-High Public Payer	3	-4.9%	1.4%	-3.6%	\$0.0	(\$3.2)			
Beth Israel Deaconess Medical Center	Academic Medical Center	3	0.8%	4.7%	5.5%	\$0.0	\$36.0			
Lahey Hospital and Medical Center	Teaching Hospital	3	0.9%	6.7%	7.7%	\$0.0	\$22.2			
Mount Auburn Hospital	Teaching Hospital	3	-10.6%	7.1%	-3.6%	\$0.0	(\$3.4)			
New England Baptist Hospital	Specialty Hospital	3	2.2%	2.9%	5.1%	\$0.0	\$3.2			
Northeast Hospital	Community-High Public Payer	3	1.6%	7.9%	9.5%	\$0.0	\$11.5			
Winchester Hospital	Community Hospital	3	1.1%	10.0%	11.1%	\$0.0	\$11.0			
The Affiliated Physicians Group	Physician Organization	3	-34.9%	0.0%	-34.9%	\$0.0	(\$9.6)		-	-
Community Physicians Associates	Physician Organization	3	-52.5%	0.0%	-52.5%	\$0.0	(\$0.7)		-	-
Harvard Medical Faculty Physicians	Physician Organization	3	-1.4%	4.4%	2.9%	\$0.0	\$6.4		-	-
Jordan Physicians Associates	Physician Organization	3	-48.6%	0.0%	-48.6%	\$0.0	(\$4.2)		-	-
Lahey Clinic	Physician Organization	3	-24.6%	0.0%	-24.5%	\$0.0	(\$19.5)	-	-	
Lahey Physician Community Org	Physician Organization	3	-15.6%	0.0%	-15.6%	\$0.0	(\$0.8)	-	-	
Mount Auburn Professional Services	Physician Organization	3	-48.1%	0.0%	-48.1%	\$0.0	(\$10.9)	-	-	
New England Baptist Medical Associates	Physician Organization	3	-67.9%	0.0%	-67.9%	\$0.0	(\$1.4)	-	-	
Northeast Medical Practice	Physician Organization	3	-50.4%	0.0%	-50.4%	\$0.0	(\$5.1)	-	-	
Seacoast Affiliated Group Practice	Physician Organization	3	-48.9%	0.0%	-48.9%	\$0.0	(\$1.5)	-	-	
Winchester Physician Association	Physician Organization	3	-13.8%	0.0%	-13.8%	\$0.0	(\$1.9)	-	-	
Boston Children's Hospital and Subsidiaries		3	-5.4%	19.2%	13.8%	\$0.0	\$142.8	1.6	\$7,511.7	
Boston Children's Hospital	Specialty Hospital	3	-8.2%	1.4%	-6.8%	\$0.0	(\$40.9)	6.3	\$5,080.7	
Physicians Organization at Children's Hospital and Foundation	Physician Organization	3	2.6%	20.6%	23.2%	\$0.0	\$71.0	-	-	
Boston Medical Center Health System		3	1.4%	2.4%	3.8%	\$9.1	\$49.0	1.5	\$1,958.2	
Boston Medical Center ε	Academic Medical Center	3	-1.2%	3.0%	1.9%	\$9.1	\$11.0	1.7	\$1,285.8	
Boston University Affiliated Physicians	Physician Organization	3	11.6%	0.0%	11.6%	\$0.0	\$0.0	-	-	
BMC Faculty Practice Foundation	Physician Organization	3	-2.0%	-2.1%	-4.1%	\$0.0	(\$4.8)	-	-	
Cambridge Health Alliance		6	-6.1%	1.5%	-4.6%	\$0.0	(\$19.9)	3.4	\$276.5	
Cambridge Health Alliance ε	Teaching Hospital	6	-6.3%	1.5%	-4.8%	\$0.0	(\$20.6)	2.9	\$268.5	
Cape Cod Healthcare		3	-1.2%	8.5%	7.3%	\$3.4	\$21.6	1.4	\$850.3	
Cape Cod Hospital	Community-High Public Payer	3	4.0%	7.8%	11.8%	\$3.0	\$22.1	2.1	\$503.8	
Falmouth Hospital	Community-High Public Payer	3	1.4%	18.2%	19.6%	\$0.4	\$11.1	0.6	\$231.6	
Medical Affiliates of Cape Cod	Physician Organization	3	-43.8%	0.0%	-43.8%	\$0.0	(\$9.7)	-	-	
Dana-Farber Cancer Institute and Subsidiaries		3	-6.0%	17.3%	11.3%	\$0.0	\$87.5	1.2	\$2,968.9	
Dana-Farber Cancer Institute	Specialty Hospital	3	-6.0%	17.3%	11.3%	\$0.0	\$87.1	1.3	\$3,007.3	

Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue ³	Excess (Deficit) of Revenue over Expenses	Current Ratio	Net Assets
Emerson Health System and Subsidiaries		3	-0.8%	2.3%	1.5%	\$2.5	\$1.3	\$1.9	\$112.9
Emerson Hospital	Community Hospital	3	-0.4%	2.4%	2.0%	\$2.5	\$1.9	1.7	\$100.3
Heywood Healthcare		3	-12.2%	2.1%	-10.1%	\$0.0	(\$5.6)	0.8	\$16.0
Athol Hospital	Community-High Public Payer	3	-4.0%	0.0%	-4.0%	\$0.0	(\$0.4)	0.2	(\$4.5)
Heywood Hospital	Community-High Public Payer	3	-20.8%	3.1%	-17.8%	\$0.0	(\$6.9)	0.8	\$4.0
Heywood Medical Group	Physician Organization	3	33.7%	0.0%	33.7%	\$0.0	\$2.1	-	-
Lawrence General Hospital and Affiliates		3	-6.6%	1.4%	-5.2%	\$6.3	(\$4.5)	1.1	\$41.5
Lawrence General Hospital	Community-High Public Payer	3	-4.5%	1.1%	-3.5%	\$6.3	(\$2.9)	1.0	\$42.9
Community Medical Associates	Physician Organization	3	-100.9%	0.0%	-100.9%	\$0.0	(\$1.5)	-	-
Mass General Brigham		3	0.0%	9.7%	9.7%	\$21.9	\$480.0	2.7	\$15,302.5
Brigham & Women's Faulkner Hospital	Community Hospital	3	-4.4%	0.1%	-4.3%	\$4.4	(\$3.8)	0.9	\$103.4
Brigham & Women's Hospital	Academic Medical Center	3	2.6%	0.1%	2.7%	\$0.0	\$27.0	1.1	\$788.6
Cooley Dickinson Hospital	Community-High Public Payer	3	9.2%	0.0%	9.2%	\$4.4	\$6.2	0.7	\$47.9
Martha's Vineyard Hospital	Community Hospital	3	1.4%	9.0%	10.4%	\$0.0	\$3.7	2.7	\$154.3
Massachusetts Eye & Ear Infirmary	Specialty Hospital	3	0.2%	-0.9%	-0.7%	\$0.0	(\$0.6)	1.0	\$14.8
Massachusetts General Hospital	Academic Medical Center	3	5.2%	0.1%	5.3%	\$0.0	\$75.4	1.2	\$3,818.9
Nantucket Cottage Hospital	Community Hospital	3	-15.3%	12.1%	-3.1%	\$0.0	(\$0.7)	3.4	\$152.2
Newton-Wellesley Hospital	Community Hospital	3	0.8%	2.7%	3.5%	\$0.0	\$6.5	2.1	\$292.7
North Shore Medical Center	Community-High Public Payer	3	3.6%	1.7%	5.3%	\$12.5	\$8.4	2.0	\$354.8
Brigham and Women's Physicians Organization	Physician Organization	3	2.7%	5.4%	8.0%	\$0.0	\$24.0	-	-
CD Practice Associates	Physician Organization	3	-27.4%	0.0%	-27.4%	\$0.0	(\$4.9)	-	-
Massachusetts Eye and Ear Associates	Physician Organization	3	8.9%	2.0%	11.0%	\$0.0	\$5.1	-	-
Massachusetts General Hospital Physicians Organization	Physician Organization	3	-0.3%	5.7%	5.4%	\$0.0	\$20.8	-	-
Nantucket Physician Organization	Physician Organization	3	12.9%	0.0%	12.9%	\$0.0	\$0.0	-	-
Newton-Wellesley Physician Hospital Group	Physician Organization	3	-8.4%	0.0%	-8.4%	\$0.0	(\$2.6)	-	-
North Shore Physicians Group	Physician Organization	3	-7.6%	0.0%	-7.6%	\$0.0	(\$4.2)	-	-
Partners Community Physician Organization	Physician Organization	3	-1.9%	4.0%	2.1%	\$0.0	\$1.1	-	-
Milford Regional Medical Center and Affiliates		3	-3.4%	3.1%	-0.3%	\$0.0	(\$0.3)	1.6	\$97.4
Milford Regional Medical Center	Community Hospital	3	-0.5%	4.3%	3.8%	\$1.6	\$2.8	2.2	\$97.8
Milford Regional Physician Group	Physician Organization	3	-5.2%	0.0%	-5.2%	\$0.0	(\$1.5)	-	-
Shriners Hospitals for Children		Shriners Hospital for Children has a fiscal year end date of December 31 and therefore their data is not due at this time.							
Shriners Hospital for Children - Boston									
Shriners Hospital for Children - Springfield									
Signature Healthcare Corporation		3	-0.9%	0.7%	-0.2%	\$2.5	(\$0.2)	0.9	\$113.7
Signature Healthcare Brockton Hospital	Community-High Public Payer	3	2.9%	0.9%	3.8%	\$2.5	\$3.9	0.9	\$101.2
Signature Healthcare Medical Group	Physician Organization	3	-25.0%	0.0%	-25.0%	\$0.0	(\$4.1)	-	-
South Shore Health System Inc.		3	3.6%	5.5%	9.2%	\$12.7	\$23.0	1.8	\$429.8
South Shore Hospital	Community Hospital	3	3.6%	5.4%	9.0%	\$12.7	\$19.9	1.5	\$344.2
Coastal Medical Associates	Physician Organization	3	-5.7%	0.0%	-5.7%	\$0.0	(\$1.7)	-	-
Southcoast Health Systems		3	4.2%	8.9%	13.0%	\$35.6	\$50.7	1.5	\$837.4
Southcoast Hospital Group	Community-High Public Payer	3	9.1%	7.4%	16.5%	\$35.6	\$51.5	1.5	\$575.7
Southcoast Physician Group	Physician Organization	3	-26.8%	0.0%	-26.8%	\$0.0	(\$17.6)	-	-
Steward Health Care		Steward Health Care has a fiscal year end date of December 31 and therefore their data is not due at this time.							
Morton Hospital									
Nashoba Valley Medical Center									
Steward Carney Hospital									
Steward Good Samaritan Medical Center									
Steward Holy Family Hospital									
Steward Norwood Hospital									
Steward Saint Anne's Hospital									
Steward St. Elizabeth's Medical Center									
Steward Medical Group									

Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue ³	Excess (Deficit) of Revenue over Expenses	Current Ratio	Net Assets
Sturdy Memorial Foundation and Affiliates		3	-6.0%	22.1%	16.0%	\$0.0	\$15.8	0.6	\$535.9
Sturdy Memorial Hospital	Community-High Public Payer	3	-1.4%	24.9%	23.5%	\$0.0	\$19.1	1.5	\$470.0
Sturdy Memorial Associates	Physician Organization	3	-32.3%	0.0%	-32.3%	\$0.0	(\$4.8)	-	-
Tenet Healthcare									
MetroWest Medical Center									
Saint Vincent Hospital ε									
Metrowest Physician Services									
Saint Vincent Medical Company									
Tenet Healthcare has a fiscal year end date of December 31 and therefore their data is not due at this time.									
Trinity Health									
Trinity Health did not submit the required hospital health system data									
Mercy Medical Center	Community-High Public Payer	6	0.0%	-0.2%	-0.2%	\$7.5	(\$0.3)	1.7	\$61.9
Mercy Inpatient Medical Associates	Physician Organization	6	-60.7%	0.0%	-60.7%	\$0.0	(\$4.4)	-	-
Mercy Medical Group	Physician Organization	6	-44.5%	0.0%	-44.5%	\$0.0	(\$1.2)	-	-
Mercy Specialist Physicians	Physician Organization	6	-10.8%	0.0%	-10.8%	\$0.0	(\$0.0)	-	-
Pioneer Valley Cardiology Associates	Physician Organization	6	-19.6%	0.0%	-19.6%	\$0.0	(\$1.4)	-	-
Riverbend Medical Group	Physician Organization	6	-25.7%	0.0%	-25.7%	\$0.0	(\$8.6)	-	-
UMass Memorial Health Care		3	-2.1%	26.1%	24.0%	\$36.2	\$299.2	1.9	\$1,642.1
Harrington Memorial Hospital ⁴	Community-High Public Payer	3	10.8%	5.3%	16.0%	\$2.9	\$7.6	1.3	\$74.5
HealthAlliance-Clinton Hospital	Community-High Public Payer	3	1.9%	5.8%	7.6%	\$5.4	\$5.4	0.7	\$139.8
Marlborough Hospital	Community-High Public Payer	3	7.5%	4.9%	12.4%	\$1.5	\$3.8	1.4	\$53.5
UMass Memorial Medical Center ε	Academic Medical Center	3	0.7%	1.0%	1.8%	\$25.2	\$11.4	1.0	\$365.1
Harrington Physician Services	Physician Organization	3	-42.1%	0.0%	-42.1%	\$0.0	(\$2.6)	-	-
UMass Memorial Medical Group Inc.	Physician Organization	3	-6.5%	1.6%	-4.9%	\$0.0	(\$8.5)	-	-
Valley Health System		3	-2.5%	7.2%	4.7%	\$0.9	\$3.2	1.3	\$47.4
Holyoke Medical Center	Community-High Public Payer	3	-1.9%	-0.3%	-2.2%	\$0.9	(\$1.2)	1.3	\$35.8
Western Mass Physician Associates	Physician Organization	3	-22.4%	0.0%	-22.4%	\$0.0	(\$0.4)	-	-
Tufts Medicine		3	-4.6%	2.2%	-2.4%	\$29.3	(\$15.6)	1.1	\$433.4
Lowell General Hospital	Community-High Public Payer	3	3.8%	0.0%	3.8%	\$9.7	\$6.0	1.4	\$79.5
MelroseWakefield Health	Community-High Public Payer	3	-10.5%	3.0%	-7.5%	\$4.3	(\$5.3)	1.5	\$106.9
Tufts Medical Center ε	Academic Medical Center	3	-4.6%	2.5%	-2.1%	\$15.3	(\$6.2)	1.1	\$71.3
Circle Health Physicians	Physician Organization	3	-9.4%	0.0%	-9.4%	\$0.0	(\$1.7)	-	-
Hallmark Health Medical Associates	Physician Organization	3	-36.0%	0.0%	-36.0%	\$0.0	(\$4.2)	-	-
Tufts Medical Center Physician Organization	Physician Organization	3	-3.4%	0.0%	-3.4%	\$0.0	(\$3.1)	-	-

All dollar values are in millions.

³ Sum of amounts reported as Other Operating Revenue: Federal COVID-19 Relief Funds and Other Operating Revenue: State & Other COVID-19 Relief Funds. This value does not include COVID-19 relief funds reported on other line items.

⁴ Harrington Hospital and Harrington Physician Services became part of UMass Memorial Health Care in July 2021.

ε Indicates a hospital meets the High Public Payer threshold.

- Indicates current ratio and net assets are not collected from the physician organization.

*Shriners Hospital Boston (SHB) and Shriners Hospital Springfield (SHS) are part of the national Shriners Hospitals for Children system (SHC) and are reliant upon support from the SHC endowment to cover the costs associated with fulfilling their mission to provide care to patients regardless of their ability to pay. This support is provided through transfers from the SHC's endowment to the hospitals, as these transfers are not considered revenue for the purpose of calculating profitability margin, SHB's and SHS's profitability margins are not comparable to other acute hospitals. Therefore, they have been excluded from the graphics but are included in the statewide median and the databook.

REPORT NOTES

Description of Financial Metrics

Financial ratio analysis is one critical component of assessing an entity's financial condition. As part of this quarterly financial performance report, the Center for Health Information and Analysis (CHIA) collects data and reports on profitability, liquidity, and solvency metrics. The measures are used for hospitals and hospital health systems. The physician organizations only report on profitability metrics. Below are the descriptions and calculations for each.

Operating Margin

Operating income is income from normal operations of an entity, including patient care and other activities, such as research, gift shops, parking, and cafeteria, minus the expenses associated with such activities. Operating margin is a critical ratio that measures how profitable the entity is when looking at the performance of its primary activities.

Of note, some federal and state COVID-19 relief funds received may be included in the entity's operating income.

Operating Margin = (Total Operating Revenue - Total Expenses Including Nonrecurring Gains Losses) / Total Unrestricted Revenue, Gains, and Other Support

Non-Operating Margin

Non-operating income or loss is net of expenses and includes items that are not related to operations, such as investment income, contributions, gains from the sale of assets, and other unrelated business activities.

Non-Operating Margin = Total Non-Operating Revenue / Total Unrestricted Revenue, Gains, and Other Support

Total Margin

This ratio evaluates the overall profitability of the entity using both operating surplus (or loss) and non-operating surplus (or loss).

Total Margin = Total Excess of Revenue, Gains, and Other Support Over Expenses / Total Unrestricted Revenue, Gains, and Other Support

COVID Funding in Operating Revenue

This metric sums all sources of COVID-19 relief funding that was recorded as other operating revenue in the financial statements during this reporting period. This may include COVID-19 relief funding received under the CARES Act, HHS public health and social service emergency funds, private foundation grants or contributions, or state relief funds.

COVID Funding in Operating Revenue = Other Operating Revenue: Federal COVID-19 Relief Funds + Other Operating Revenue: State & Other COVID-19 Relief Funds

Current Ratio

This ratio measures an entity's ability to meet its current liabilities with its current assets. A ratio of 1.0 or higher indicates that current liabilities could be adequately covered by the entity's existing current assets.

Current Ratio = Total Current Assets / Total Current Liabilities

Other Measures

The following are individual line items from the hospital and health system standardized financial filing:

- **Total Excess of Revenue, Gains, and Other Support Over Expenses:** Total dollar amount of surplus or loss derived from all operating and non-operating activities
- **Net Patient Service Revenue (NPSR):** Revenue an entity would expect to collect for services provided, including premium revenue, less contractual allowances. NPSR is the primary source of revenue for an entity.
- **Other Operating Revenue: Federal COVID-19 Relief Funds:** Revenue an entity received from the federal government related to the COVID-19 pandemic and reported as operating revenue.
- **Other Operating Revenue: State & Other COVID-19 Relief Funds:** Revenue an entity received from the state government or source other than the federal government related to the COVID-19 pandemic and reported as operating revenue.
- **Net Assets:** For not-for-profit entities, this represents the difference between the assets and liabilities of an entity, comprised of retained earnings from operations and contributions from donors. Changes from year to year are attributable to two major categories: (1) increases and/or decreases in Unrestricted Net Assets, which are affected by operations, and (2) changes in Restricted Net Assets (restricted contributions). The for-profit equivalent of Total Net Assets is Owner's Equity.

Data Caveats

Data represents the period through December 31, 2022 and is not necessarily an indication of the financial position that an entity will have at its fiscal year end.

Effective July 1, 2021, Harrington Healthcare System became part of with UMass Memorial Healthcare. The FY22 and FY23 data for UMass Memorial Healthcare includes both Harrington Memorial Hospital and Harrington Physician Services.

Beth Israel Lahey Health was unable to submit balance sheet data for their acute hospitals in time to be included in this publication.

All COVID Funding metrics are presented as reported by the hospital or entity.

There was an accounting change (ASU 2016-01) adopted by most hospitals beginning in FY 2020 in which unrealized gains and losses on investments are recognized as non-operating income.

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