

# FINANCIAL PERFORMANCE OF ACUTE CARE HOSPITALS: FY15 PRELIMINARY FINDINGS

CHIA's FY15 Annual Financial Databook presents the information on the profitability, liquidity, and solvency of the Commonwealth's acute care hospitals to assess their financial health. The following are some of the many insights that can be gained from the data available.

To learn more [click here](#) to download the databook.

## TOTAL MARGIN

OF THE **51**\*  
ACUTE HOSPITALS  
REPORTING A FULL  
YEAR OF DATA  
FOR FY15

**43** hospitals had **positive total margins**  
**6** hospitals had **total margins greater than 10%**

### TOTAL MARGIN DEFINED:

The difference between total revenues and total expenses (including operating and non-operating activities such as investment income) as a percentage of total revenue. Total margin is used to evaluate the overall profitability of a hospital.

## CURRENT RATIO

**45** hospitals had **current ratios greater than 1.0**

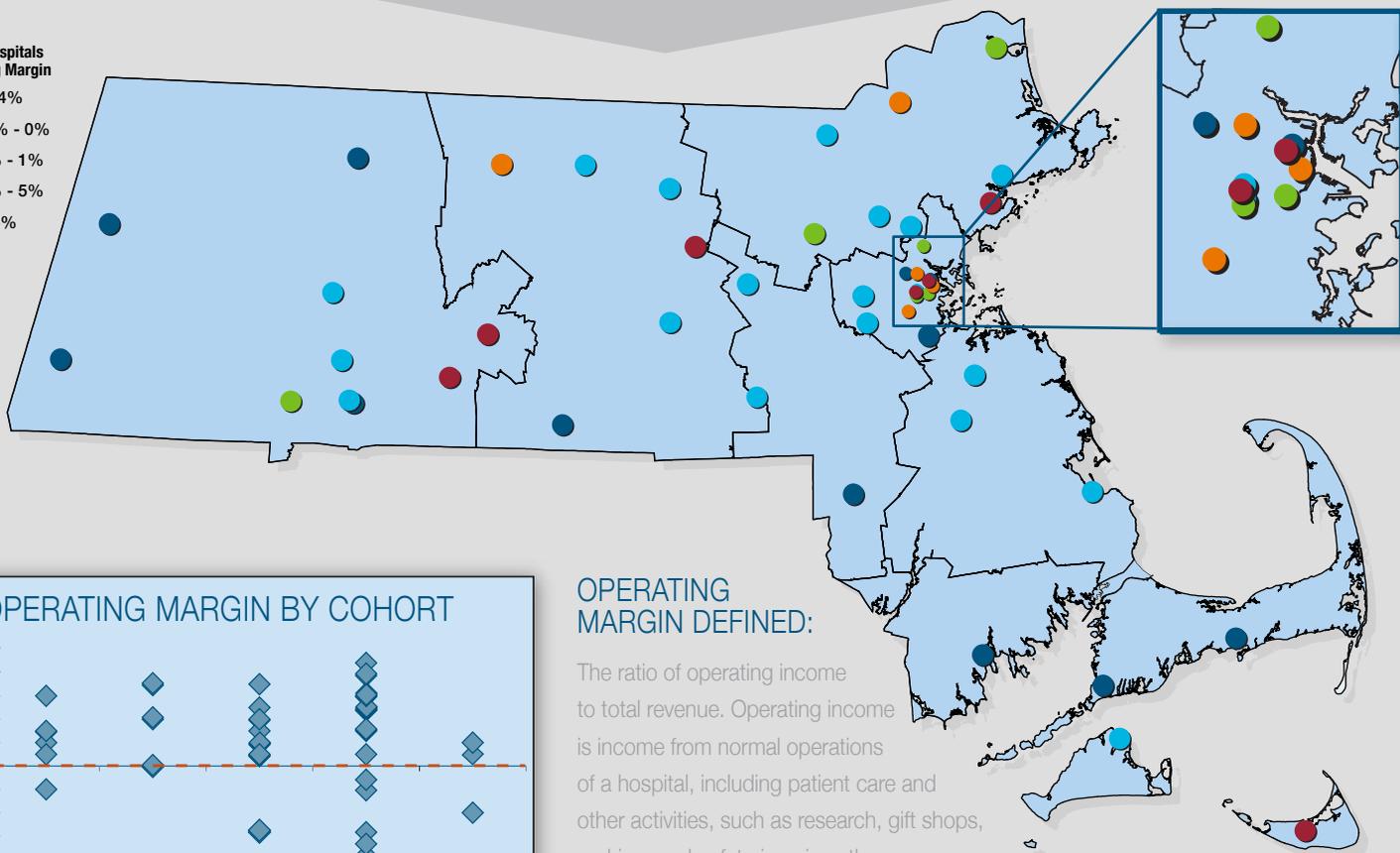
### CURRENT RATIO DEFINED:

The ratio measures a hospital's ability to meet its current liabilities with its current assets. A ratio of 1.0 or higher indicates that all current liabilities could be adequately covered by the hospital's existing current assets.

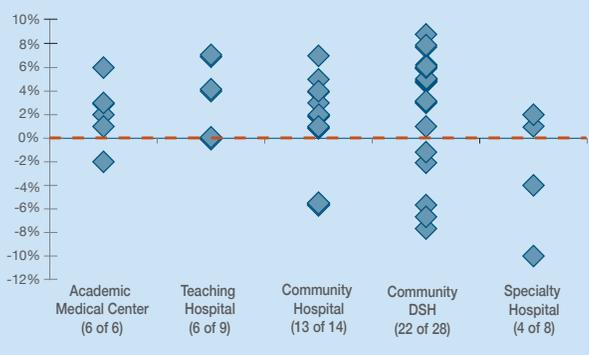
## OPERATING MARGIN

### Acute Hospitals Operating Margin

- < -4%
- -4% - 0%
- 0% - 1%
- 1% - 5%
- > 5%



### OPERATING MARGIN BY COHORT



### OPERATING MARGIN DEFINED:

The ratio of operating income to total revenue. Operating income is income from normal operations of a hospital, 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 hospital is when looking at the performance of its primary activities. A negative operating margin is usually an early sign of financial difficulty.

CHIA is charged with monitoring and publicly reporting on the financial health of Massachusetts hospitals. The FY15 Annual Financial Databook will be updated as data becomes available. A full report on the FY15 performance of Massachusetts acute care hospitals will be released this summer.

\* As of April 1<sup>st</sup>, 51 hospitals were required to report data due to differences in fiscal year ends.