

# Financial Performance Summary: Acute Hospital Parent Organizations and Systems



## Background

The Center for Health Information and Analysis (CHIA) has long reported on the financial condition of the Commonwealth's acute care hospitals. Hospitals are a critical, central element of the health care delivery system; however, health systems are evolving and expanding with efforts to integrate health care delivery and the movement towards accountable care organizations. Beginning with this publication, CHIA will report summary information on the financial performance of acute hospital parent systems and their constituent health care-related entities, including physician organizations, non-acute hospitals, and health plans. This information is intended to facilitate a better understanding of the financial performance of the acute hospital in context of the broader organization within which it operates.

## Market Overview: Health Care Systems

Data from Fiscal Year 2015 (FY 2015), the most recent fiscal year available to CHIA, indicates that 13 multi-acute hospital systems had operations in Massachusetts, and comprised three-quarters of the 65 acute hospitals in the state. Of these systems, ten operated solely in Massachusetts and accounted for 42 acute hospitals. Four national systems operated seven acute hospitals in Massachusetts during FY 2015. While acute hospitals accounted for a significant portion of revenue within these systems, each system contained other health care organizations. Ten of 29 hospital systems reported owning more than one physician group,<sup>1</sup> and three systems reported financial data for a health plan in FY 2015. Kindred Healthcare, Partners HealthCare, and Steward Health Care all include non-acute hospitals in addition to their affiliated acute care hospitals. The majority of parent organizations were profitable in FY 2015; 22 systems reported an overall profit, while seven systems reported an overall loss. The median total margin was 1.1% for acute hospital systems which compares unfavorably to the acute hospital statewide median total margin of 3.7%.

## Systems with Multiple Acute Hospitals

The majority of the 12 multi-acute hospital systems that reported consolidated financial statements were profitable in FY 2015.<sup>2</sup> Performance of these systems ranged from a -117.3% total margin nationally for the Shriners Hospitals for Children system,<sup>3</sup> which operates two specialty acute hospitals in Massachusetts, to a total margin of 6.4% reported by Berkshire Health Systems. Nine of the 12 systems were profitable, generating a combined total profit of \$445.7 million. The median total margin for multi-acute systems that operate solely within Massachusetts was 2.1%, while the median total margin of all multi-acute hospital systems was 1.1%.

## Independent Hospital Systems

There are 17 health care systems in Massachusetts that include a single acute care hospital. Of these, 13 systems were profitable in FY 2015. As a group, these 17 systems experienced a median total margin of 1.2%, with performance ranging from a total margin of -3.1% for Lawrence General Hospital and Affiliates to 9.4% for South Shore Health and Educational Corporation and Subsidiaries. Generally, the acute hospital components of these systems reported better financial performance than the parent organization of which they were a part in FY 2015; 14 of the 17 hospitals were profitable. The median total margin for the hospitals was 2.8%, with performance ranging from a total margin of -1.7% for Lawrence General Hospital to 10.5% for Southcoast Hospitals Group. Harrington Hospital and Dana-Farber Cancer Institute were profitable despite their parent organization's overall loss in FY 2015. Conversely, Boston Children's Hospital reported a loss in FY 2015 while its parent organization was profitable.

## Affiliated Physician Organizations

The majority of physician organizations that were part of an acute hospital's health care system reported a loss in FY 2015. Of the 49 physician groups included in this report, 82% (40 entities) reported negative total margins while seven physicians groups reported positive total margins.<sup>4</sup> The median total margin among physicians groups was -18.4%. Southcoast Physicians Network was the most profitable, reporting a total margin of 31.1%. While most physicians groups reported financial losses in FY 2015, the majority of these groups (28) reported positive net assets.

<sup>1</sup> Excludes Wellforce, which was not financially consolidated in FY 2015.

<sup>2</sup> Excludes Wellforce, which was not financially consolidated in FY 2015.

<sup>3</sup> Shriners Hospitals for Children provides pediatric specialty services and relies on their endowment fund and other public support to sustain operations.

<sup>4</sup> Two of the 49 physician groups do not have financial data included in this report: Emerson Health System does not wholly own its physician organization; and Cambridge Health Alliance does not report its physician organization financial data separately from its acute hospital.

## Affiliated Health Plans

Three health plans are members of health systems and are included in this report: Health New England (owned by Baystate Health System); Boston Medical Center Health Plan which operates as BMC HealthNet Plan in Massachusetts (Boston Medical Center Health System); and Neighborhood Health Plan (Partners HealthCare). Boston Medical Center Health Plan was profitable in FY 2015, and reported a \$41.3 million surplus. Neighborhood Health Plan reported a loss of \$10 million, while Health New England reported a \$32.5 million loss.

The data table below summarizes the financial performance of each system, as well as the individual performance of the associated acute hospitals, non-acute hospitals, physician groups, and health plan entities.

System			Entity	Entity Type	Total Margin	Profit (Loss) in Millions	Net Assets in Millions
Total Margin	Profit (Loss) in Millions	Net Assets in Millions					
<b>Baystate Health, Inc.</b>			Baystate Franklin	Acute Hospital	10.7%	\$10.6	\$49.5
1.6%	\$34.0	\$834.0	Baystate Mary Lane	Acute Hospital	1.0%	\$0.3	\$16.8
			Baystate Medical Center	Acute Hospital	6.7%	\$76.8	\$661.9
			Baystate Noble	Acute Hospital	1.3%	\$0.8	\$1.9
			Baystate Wing	Acute Hospital	-7.3%	(\$5.4)	\$42.8
			Baystate Medical Practices	Physician Organization	-8.3%	(\$22.0)	(\$51.6)
			Baystate Westfield	Physician Organization	-37.6%	(\$1.0)	\$1.5
			Health New England	Health Plan	-3.9%	(\$32.5)	\$34.3
			<b>Berkshire Health Systems, Inc.</b>			Berkshire Medical Center	Acute Hospital
6.4%	\$35.3	\$363.5	Fairview Hospital	Acute Hospital	10.2%	\$5.2	\$26.7
			Berkshire Faculty Services	Physician Organization	-51.4%	(\$15.5)	\$0.0
			Williamstown Medical Associates	Physician Organization	-18.4%	(\$0.9)	\$0.2
			<b>Boston Children's Hospital and Subsidiaries</b>			Boston Children's Hospital	Acute Hospital
1.6%	\$31.4	\$4,625.4	Physicians Organization at Children's Hospital, Inc.	Physician Organization	3.8%	\$24.1	\$830.1
<b>Boston Medical Center Health System, Inc.</b>			Boston Medical Center	Acute Hospital	2.5%	\$29.3	\$1,166.1
1.4%	\$38.6	\$1,477.6	Boston University Affiliated Physicians	Physician Organization	5.8%	\$0.3	(\$1.4)
			Faculty Practice Foundation, Inc.	Physician Organization	-5.6%	(\$17.3)	\$62.6
			Boston Medical Center Health Plan, Inc.	Health Plan	2.5%	\$41.3	\$223.9
			<b>Cambridge Health Alliance</b>			Cambridge Health Alliance	Acute Hospital
4.8%	\$28.9	\$307.6	CHA Physicians Organization	Physician Organization	*CHAPO is not reported separately from the hospital		
<b>Cape Cod Healthcare, Inc.</b>			Cape Cod Hospital	Acute Hospital	8.0%	\$38.5	\$301.1
5.2%	\$40.7	\$559.6	Falmouth Hospital	Acute Hospital	9.3%	\$14.8	\$186.1
			Medical Affiliates of Cape Cod	Physician Organization	-22.3%	(\$16.0)	\$14.8
			<b>CareGroup, Inc.</b>			Beth Israel Deaconess Hospital - Milton	Acute Hospital
0.7%	\$20.4	\$1,650.9	Beth Israel Deaconess Hospital - Needham	Acute Hospital	4.7%	\$3.7	\$42.7
			Beth Israel Deaconess Hospital - Plymouth	Acute Hospital	3.0%	\$6.6	\$71.1
			Beth Israel Deaconess Medical Center	Acute Hospital	2.0%	\$29.7	\$850.3
			Mt. Auburn Hospital	Acute Hospital	7.4%	\$24.7	\$268.9
			New England Baptist Hospital	Acute Hospital	2.4%	\$5.9	\$121.0
			Affiliated Physicians Group	Physician Organization	-23.6%	(\$20.0)	\$0.0
			Community Physicians Associates	Physician Organization	-75.1%	(\$1.2)	\$0.3
			Harvard Medical Faculty Physicians	Physician Organization	-0.4%	(\$2.2)	\$175.7
			Jordan Physician Associates	Physician Organization	-35.7%	(\$6.2)	\$3.1
			Mt. Auburn Physicians Group	Physician Organization	-26.3%	(\$17.6)	\$15.5
			New England Baptist Medical Associates	Physician Organization	-24.4%	(\$3.1)	\$2.1
			<b>Dana-Farber Cancer Institute, Inc. and Subsidiaries</b>			Dana-Farber Cancer Institute	Acute Hospital
-0.2%	(\$2.4)	\$1,304.5	Dana-Farber Cancer Care Network	Physician Organization	-20.7%	(\$7.1)	(\$7.9)
<b>Emerson Health System, Inc. and Subsidiaries</b>			Emerson Hospital	Acute Hospital	-0.1%	(\$0.2)	\$40.9
-0.2%	(\$0.5)	\$40.2	Emerson Physician-Hospitals Organization	Physician Organization	*Emerson Health System does not have full ownership of Emerson PHO		

System			Entity	Entity Type	Total Margin	Profit (Loss) in Millions	Net Assets in Millions
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<b>Foundation of the Massachusetts Eye and Ear Infirmary, Inc.</b>			Massachusetts Eye & Ear Infirmary	Acute Hospital	1.1%	\$2.9	\$217.1
2.3%	\$9.1	\$237.3	Massachusetts Eye & Ear Associates	Physician Organization	0.8%	\$1.0	\$15.5
<b>Hallmark Health Corporation and Affiliates</b>			Hallmark Health	Acute Hospital	4.8%	\$13.0	\$164.8
0.7%	\$2.1	\$202.3	Hallmark Health Medical Associates	Physician Organization	-51.2%	(\$11.0)	(\$3.3)
<b>Harrington HealthCare System, Inc.</b>			Harrington Hospital	Acute Hospital	7.3%	\$9.3	\$64.2
-1.3%	(\$1.8)	\$65.6	Harrington Physician Services	Physician Organization	-61.6%	(\$11.1)	\$1.4
<b>Heywood Healthcare, Inc.</b>			Athol Hospital	Acute Hospital	-1.7%	(\$0.4)	\$2.6
0.7%	\$1.0	\$59.8	Heywood Memorial Hospital	Acute Hospital	4.3%	\$4.6	\$53.5
			Heywood Medical Group	Physician Organization	-24.4%	(\$3.2)	(\$0.7)
<b>Kindred Healthcare, Inc.*</b>			Kindred - Boston	Acute Hospital	-0.9%	(\$0.2)	\$0.5
-1.3%	(\$93.4)	\$1,706.0	Kindred - Boston North Shore	Acute Hospital	-9.0%	(\$1.7)	(\$16.0)
			Kindred - Northeast	Non-Acute Hospital	-4.8%	(\$1.6)	\$10.9
<b>Lahey Health System, Inc.</b>			Lahey Hospital and Medical Center	Acute Hospital	3.8%	\$31.4	\$141.3
3.6%	\$73.6	\$1,028.1	Northeast Hospital	Acute Hospital	3.9%	\$13.9	\$189.5
			Winchester Hospital	Acute Hospital	15.9%	\$50.3	\$253.9
			Lahey Clinic Inc.	Physician Organization	-28.8%	(\$80.3)	(\$12.1)
			Lahey Physician Community Organization, Inc.	Physician Organization	-69.1%	(\$0.1)	(\$0.1)
			Northeast Medical Practice	Physician Organization	-20.2%	(\$3.3)	(\$14.3)
			Winchester Physician Associates, Inc.	Physician Organization	-3.6%	(\$1.7)	\$2.6
<b>Lawrence General Hospital and Affiliates</b>			Lawrence General Hospital	Acute Hospital	-1.7%	(\$4.0)	\$120.4
-3.1%	(\$7.1)	\$120.6	Community Medical Associates	Physician Organization	-197.2%	(\$2.7)	(\$0.1)
<b>Milford Regional Medical Center, Inc. and Affiliates</b>			Milford Regional Medical Center	Acute Hospital	3.7%	\$7.4	\$121.6
1.1%	\$2.9	\$123.5	Tri-County Medical Associates, Inc.	Physician Organization	-8.4%	(\$4.6)	\$1.9
<b>Partners HealthCare System, Inc.</b>			Brigham & Women's Faulkner Hospital	Acute Hospital	0.4%	\$1.0	\$85.7
-0.8%	(\$92.0)	\$6,052.8	Brigham & Women's Hospital	Acute Hospital	2.3%	\$60.8	\$251.8
			Cooley Dickinson Hospital	Acute Hospital	2.4%	\$3.7	\$59.9
			Martha's Vineyard Hospital	Acute Hospital	3.1%	\$2.4	\$104.2
			Massachusetts General Hospital	Acute Hospital	5.8%	\$201.1	\$2,128.2
			Nantucket Cottage Hospital	Acute Hospital	2.3%	\$1.0	\$66.0
			Newton-Wellesley Hospital	Acute Hospital	4.3%	\$19.2	\$201.1
			North Shore Medical Center	Acute Hospital	-8.6%	(\$36.0)	\$2.0
			McLean Hospital	Non-Acute Hospital	1.5%	\$3.0	\$128.4
			Spaulding Hospital Cambridge	Non-Acute Hospital	0.6%	\$0.4	\$44.5
			Spaulding Rehabilitation Hospital	Non-Acute Hospital	-7.4%	(\$9.1)	\$212.7
			Spaulding Rehabilitation Hospital of Cape Cod	Non-Acute Hospital	7.2%	\$3.0	\$5.6
			Spaulding Rehabilitation Hospital North Shore	Non-Acute Hospital	-62.7%	(\$18.8)	(\$6.8)
			Brigham & Women's Physicians Organization	Physician Organization	-0.7%	(\$5.3)	\$296.5
			CD Practice Associates	Physician Organization	-35.0%	(\$14.0)	\$0.8
			Massachusetts General Physicians Organization	Physician Organization	1.2%	\$11.4	\$462.9
			Newton-Wellesley Ambulatory Services	Physician Organization	-0.5%	(\$0.3)	\$9.8
			North Shore Physicians Group	Physician Organization	-3.8%	(\$5.2)	\$6.0
			Partners Community Physicians Organization	Physician Organization	-5.8%	(\$8.9)	\$26.9
			Neighborhood Health Plan	Health Plan	-0.5%	(\$10.0)	\$156.6
			<b>Seacoast Regional Health System Inc., and Affiliates</b>			Anna Jaques Hospital	Acute Hospital
0.1%	\$0.1	\$36.8	Seacoast Affiliated Group Practice	Physician Organization	-9.2%	(\$1.6)	(\$1.2)

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<b>Shriners Hospitals for Children*</b>			Shriners Hospital for Children - Boston	Acute Hospital	-8.8%	(\$3.2)	\$51.6
-117.3%	(\$415.5)	\$8,680.2	Shriners Hospital for Children - Springfield	Acute Hospital	-0.3%	(\$0.1)	\$13.7
<b>Signature Healthcare Corporation</b>			Signature Healthcare Brocton Hospital	Acute Hospital	5.2%	\$13.5	\$48.5
1.2%	\$3.8	\$64.3	Signature Health Medical Group	Physician Organization	-10.2%	(\$9.1)	\$8.8
<b>South Shore Health and Educational Corporation and Subsidiaries</b>			South Shore Hospital	Acute Hospital	8.9%	\$50.0	\$226.3
9.4%	\$58.2	\$285.7	Coastal Medical Associates, Inc.	Physician Organization	7.2%	\$5.2	\$7.6
<b>Southcoast Health Systems, Inc.</b>			Southcoast Hospitals Group	Acute Hospital	10.5%	\$87.2	\$497.7
4.1%	\$42.0	\$677.9	Southcoast Physicians Group	Physician Organization	-36.6%	(\$62.6)	\$38.1
			Southcoast Physicians Network	Physician Organization	31.1%	\$2.6	\$4.6
<b>Steward Health Care System, LLC.</b>			Morton Hospital	Acute Hospital	4.7%	\$5.4	\$34.6
5.3%	\$116.0	\$131.0	Nashoba Valley Medical Center	Acute Hospital	6.9%	\$3.6	\$2.7
			Steward Carney Hospital	Acute Hospital	-7.3%	(\$8.3)	(\$22.3)
			Steward Good Samaritan Medical Center	Acute Hospital	8.6%	\$22.4	\$42.1
			Steward Holy Family Hospital	Acute Hospital	7.3%	\$17.2	\$25.2
			Steward Norwood Hospital	Acute Hospital	7.6%	\$13.8	\$19.5
			Steward Saint Anne's Hospital	Acute Hospital	10.0%	\$25.3	\$119.6
			Steward St. Elizabeth's Medical Center	Acute Hospital	4.2%	\$13.6	\$62.9
			New England Sinai Hospital	Non-Acute Hospital	-2.6%	(\$1.1)	(\$6.0)
			Steward Medical Group	Physician Organization	0.8%	\$3.7	(\$18.7)
<b>Sturdy Memorial Foundation, Inc. and Affiliates</b>			Sturdy Memorial Hospital	Acute Hospital	10.4%	\$17.9	\$333.3
6.9%	\$14.7	\$364.2	Sturdy Memorial Affiliates, Inc.	Physician Organization	-12.0%	(\$4.6)	(\$25.1)
<b>Tenet Healthcare Corporation*</b>			MetroWest Medical Center	Acute Hospital	1.5%	\$3.9	(\$63.2)
0.4%	\$78.0	\$958.0	Saint Vincent Hospital	Acute Hospital	10.4%	\$44.9	\$386.0
			MetroWest Physicians Services	Physician Organization	-22.6%	(\$2.8)	\$0.0
			Saint Vincent Medical Company	Physician Organization	-9.8%	(\$3.8)	\$0.4
<b>Trinity Health*</b>			Mercy Medical Center	Acute Hospital	6.2%	\$17.0	\$157.0
4.6%	\$671.6	\$10,795.9	Mercy Medical Group	Physician Organization	-39.5%	(\$4.7)	(\$8.4)
			Mercy Specialist Physicians	Physician Organization	-41.1%	(\$2.8)	(\$8.9)
			Pioneer Valley Cardiology	Physician Organization	-54.6%	(\$3.5)	(\$9.4)
<b>UMass Memorial Health Care, Inc.</b>			Clinton Hospital	Acute Hospital	-4.6%	(\$1.2)	\$17.2
2.1%	\$46.6	\$867.7	HealthAlliance Hospital	Acute Hospital	4.2%	\$7.0	\$156.8
			Marlborough Hospital	Acute Hospital	5.7%	\$4.6	\$32.2
			UMass Memorial Medical Center	Acute Hospital	3.9%	\$60.1	\$286.5
			UMass Memorial Medical Group	Physician Organization	-5.0%	(\$23.5)	\$80.0
<b>Valley Health System, Inc.</b>			Holyoke Medical Center	Acute Hospital	2.8%	\$3.6	(\$13.8)
0.8%	\$1.1	(\$5.9)	Western Mass Physician Associates, Inc.	Physician Organization	-33.8%	(\$2.7)	(\$0.1)
<b>Wellforce, Inc.</b>			Lowell General Hospital	Acute Hospital	2.5%	\$10.7	\$158.5
Wellforce was not financially consolidated in FY15.			Tufts Medical Center	Acute Hospital	-2.6%	(\$18.2)	\$95.6
			Circle Health Physicians, Inc.	Physician Organization	-18.1%	(\$6.3)	(\$0.2)
			Tufts Medical Center Physicians Organization	Physician Organization	-1.2%	(\$2.9)	\$29.8

\* National system



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