

Commonwealth of Massachusetts

Center for Health Information and Analysis

> Áron Boros Executive Director

## Massachusetts Acute Hospital Financial Performance

**Fiscal Year 2012** October 1, 2011 - September 30, 2012

May 2013



### About the Fiscal Year 2012, Annual Report

On November 5, 2012, Chapter 224 of the Acts of 2012 (Chapter 224) went into effect. Chapter 224 dissolved the Division of Health Care Finance and Policy (Division) and created a new, independent state agency, the Center for Health Information and Analysis (Center). The Center assumed many of the Division's responsibilities including the reporting of acute hospital financial performance information. The Center continues to support the Division's priority of timely, relevant, and accurate information in this Fiscal Year 2012 (FY12) report. This annual edition presents data on the following metrics: total margin, operating margin, non-operating margin, current ratio, days in accounts receivable, average payment period, debt service coverage, cash flow to total debt and equity financing ratio. Each page allows for easy comparisons between individual hospitals, and provides a clear sense of the performance of hospital cohorts. Further, the bulleted text identifies key trends and provides context. These metrics are provided in the databook released with this report. The Center also continues to publish factsheets for individual hospitals.

> The Center is soliciting feedback on how we can enhance our analysis for those seeking to improve health care quality, affordability, access, and outcomes. We would like to understand how our clients, partners and customers use this data and if they have suggestions to add metrics or otherwise improve usability. Please email us at hcf.data@state.ma.us

Center for Health Information

## **Key Findings Fiscal Year 2012**

This report examines hospital profitability, liquidity, and solvency in order to monitor and compare the financial status of acute care hospitals. Presented are industry analyses and comparisons of financial performance trends of different hospital cohorts: teaching hospitals compared to community hospitals, and Disproportionate Share Hospitals (DSH) compared to Non-Disproportionate Share Hospitals (Non-DSH). The report fiscal year is based on the fiscal year of the majority of Massachusetts hospitals: October 1<sup>st</sup> through September 30<sup>th</sup>. The financial data used in this report is cumulative from quarter one through quarter four. It is referred to as FY12 throughout this report.

#### Massachusetts Acute Hospital Financial Performance

FY12 Medians

|   |                      | Profitability       |                             |                     | Liquidity                         |                              |                               | Solvency                    |                       |
|---|----------------------|---------------------|-----------------------------|---------------------|-----------------------------------|------------------------------|-------------------------------|-----------------------------|-----------------------|
|   | Total<br>Margin      | Operating<br>Margin | Non-<br>Operating<br>Margin | Current<br>Ratio    | Days in<br>Accounts<br>Receivable | Average<br>Payment<br>Period | Cash Flow<br>to Total<br>Debt | Debt<br>Service<br>Coverage | Equity<br>Financing   |
| <b>Statewide Median</b><br>(64 hospitals)                                 | <b>3.8%</b><br>2.1%  | <b>1.7%</b>         | 0.8%                        | <b>1.51</b><br>1.52 | 38<br>38                          | <b>57</b><br>53              | <b>23.0%</b><br>14.9%         | <b>4.54</b><br>3.18         | <b>42.0%</b><br>39.6% |
| <b>Teaching Hospitals</b><br>(18 hospitals)                               | <b>4.8%</b><br>3.3%  | 2.6%                | <b>1.0%</b><br>0.2%         | <b>1.50</b><br>1.55 | <b>43</b><br>41                   | <b>55</b><br>52              | 16.3%                         | <b>16.11</b><br>4.29        | <b>44.3%</b><br>43.4% |
| Community Hospitals<br>(46 hospitals)                                     | <b>3.4%</b><br>1.8%  | <b>2.2%</b><br>1.6% | 0.8%                        | <b>1.51</b><br>1.40 | <b>38</b><br>37                   | <b>57</b><br>54              | 23.1%<br>14.9%                | <b>4.48</b><br>3.00         | <b>39.6%</b><br>35.3% |
| <b>Disproportionate Share</b><br><b>Hospitals</b> (28 hospitals)<br>(DSH) | <b>12.2%</b><br>0.1% | <b>2.1%</b><br>0.1% | 0.5%<br>0.2%                | <b>1.37</b><br>1.22 | <b>37</b><br>35                   | <b>60</b><br>55              | <b>24.0%</b><br>11.9%         | <b>4.90</b><br>1.82         | <b>34.1%</b><br>12.3% |
| Non-Disproportionate<br>Share Hospitals (36 hospitals)<br>(Non-DSH)       | <b>4.2%</b><br>3.1%  | 2.2%                | <b>1.0%</b><br>0.5%         | <b>1.58</b><br>1.59 | 40<br>40                          | <b>56</b><br>51              | <b>22.1%</b><br>17.0%         | <b>4.34</b><br>3.71         | <b>44.3%</b><br>41.3% |

Key: FY12 results compared with FY11 year end results (grey value): Same Value (), Improved (), Declined

### **Additional Data**

Hospital fact sheets and supplemental data released with this report include additional financial metrics not reported here.

More information can be found on our website at www.mass.gov/chia.



### Key Findings Fiscal Year 2012 (continiued)

- Center for Health Information
- Overall, Massachusetts acute hospital financial performance improved from FY11 to FY12.
- The median total margin increased from 2.1% in FY11 to 3.8% in FY12. Most hospitals reported profitable financial performance in FY12.
- Operating Margins increased for most hospitals. A contributing factor to overall profitability may have been enhanced Medicare payments as a result of the rural floor rule.<sup>1</sup>
- Disproportionate Share hospitals (DSH) and Community hospitals showed strong improvements in most categories.
- Liquidity remained fairly stable with most hospitals able to meet short-term obligations; however, the average payment period increased by 4 days.
- Solvency improved for all metrics reported between FY11 and FY12. The greatest improvement was in cash flow to total debt, which increased from 14.9% in FY11 to 23.0% in FY12.
- The Southeast region continued to have the highest median total margin at 8.8% while hospitals in the Central region had the lowest at 1.0%.

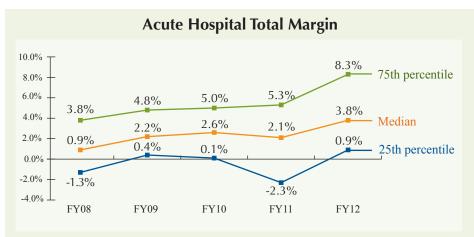
| MA Region Medians                  | Total Margin % |
|------------------------------------|----------------|
| Statewide Median (64 hospitals)    | 3.8%           |
| Southeast Region (11 hospitals)    | 8.8%           |
| Western Region (11 hospitals)      | 7.8%           |
| Northeast Region (9 hospitals)     | 3.8%           |
| Metro Boston Region (25 hospitals) | 2.3%           |
| Central Region (8 hospitals)       | 1.0%           |

<sup>1</sup> See United States Government Accountability Office. (April 2013). Medicare: Legislative Modifications Have Resulted In Payment Adjustments for Most Hospitals. Retrieved May 31, 2013, from http://www.gao.gov/assets/660/653852.pdf. See also Medicare Payment Advisory Commission. (March 2013). Report to the Congress: Medicare Payment Policy. Retrieved May 31, 2013 from http://www.medpac.gov/documents/Mar13\_entirereport.pdf. Under Medicare rules, a state's urban areas cannot have a lower wage index than its rural areas. In FY12, when Nantucket Cottage Hospital began participating in Medicare's Inpatient Prospective Payment System (IPPS) as a rural hospital, it triggered the Medicare rural floor wage index exception for the 60 urban hospitals in Massachusetts. As a result, hospitals in Massachusetts received a combined total increase of nearly \$274 million in Medicare revenue during FY12, or a nearly 9% increase in inpatient payments. Wages in Nantucket, Massachusetts are generally higher than in typical rural areas because of Nantucket's location and high cost of living.

Profitability measures a hospital's ability to generate earnings as compared to its revenues. Three profitability ratios are reported: total margin, operating margin and non-operating margin.

## **Total Margin**

Total Margin reflects the excess of total revenues over total expenses, including operating and non-operating activities such as investment income as a percentage of total revenue. The statewide median total margin improved from 2.1% in FY11 to 3.8% in FY12.



Benchmark: Northeast US median FY11 = 2.44% (Almanac of Hospital Financial and Operating Indicators, OPTUM, 2013)

- All quartiles experienced improved total margins in FY12. As previously mentioned, enhanced Medicare inpatient payments in FY12 may have contributed to these improvements.
- Similarly, the median total margin for all hospital cohorts improved in FY12. • Teaching hospitals continued to have the highest total margin.
- Community and Disproportionate Share Hospitals (DSH) showed the • strongest improvement in total margin. Community hospitals increased from 1.8% in FY11 to 3.4% in FY12, and DSH hospitals from 0.1% to 2.2% (see cohort table below).

#### **Cohort Comparison**

| Median Total Margin by Cohort      |       |      |      |      |      |  |
|------------------------------------|-------|------|------|------|------|--|
|                                    | FY08  | FY09 | FY10 | FY11 | FY12 |  |
| Statewide Median<br>(64 hospitals) | 0.9%  | 2.2% | 2.6% | 2.1% | 3.8% |  |
| Teaching<br>(18 hospitals)         | 3.9%  | 5.1% | 5.3% | 3.3% | 4.8% |  |
| Community<br>(46 hospitals)        | 0.8%  | 1.7% | 2.3% | 1.8% | 3.4% |  |
| DSH<br>(28 hospitals)              | -0.4% | 1.1% | 1.9% | 0.1% | 2.2% |  |
| Non-DSH<br>(36 hospitals)          | 0.9%  | 2.5% | 3.1% | 3.1% | 4.2% |  |

#### Massachusetts Acute Hospital **Total Margin, FY12**

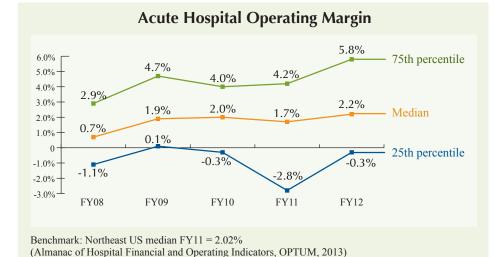
| Hospital Name  | Туре   |   | Total<br>Margin  |  |
|--|--------|---|------------------|--|
| Massachusetts Eye and Ear Infirmary  | ,<br>T |   | 13.59%           |  |
| Steward Saint Anne's Hospital (FY12Q3)   | 1      | D | 13.46%           |  |
| Saint Vincent Hospital (FY13Q1)  | Т      |   | 12.47%           |  |
| Berkshire Medical Center   | T      |   | 11.81%           |  |
| Sturdy Memorial Hospital   |        | _ | 11.79%           |  |
| Cooley Dickinson Hospital  |        |   | 10.83%           |  |
| Signature Healthcare Brockton Hospital   |        | D | 10.67%           |  |
| Falmouth Hospital  |        | D | 10.23%           |  |
| Baystate Medical Center  | Т      | D | 9.94%            |  |
| Mount Auburn Hospital  | Т      |   | 9.30%            |  |
| Cape Cod Hospital  |        | D | 8.83%            |  |
| Nantucket Cottage Hospital   |        |   | 8.80%            |  |
| Milford Regional Medical Center  |        |   | 8.68%            |  |
| Lowell General Hospital  |        |   | 8.61%            |  |
| Massachusetts General Hospital   | Т      |   | 8.39%            |  |
| Lahey Clinic   | Т      |   | 8.36%            |  |
| Mercy Medical Center (FY12Q3)  |        | D | 8.29%            |  |
| North Adams Regional Hospital  |        | D | 8.01%            |  |
| Wing Memorial Hospital and Medical Centers                                       |        | D | 7.85%            |  |
| Hallmark Health  |        |   | 7.61%            |  |
| Newton-Wellesley Hospital  |        |   | 7.27%            |  |
| Winchester Hospital  |        |   | 7.18%            |  |
| Health Alliance Hospital   |        |   | 6.55%            |  |
| Southcoast Hospitals Group   |        | D |                  |  |
| Holyoke Medical Center   |        | D | 6.16%            |  |
| Fairview Hospital  |        |   | 5.66%            |  |
| Lawrence General Hospital  |        | D | 5.62%            |  |
| Brigham and Women's Hospital   | Т      |   | 5.38%            |  |
| New England Baptist Hospital   |        |   | 5.34%            |  |
| Beth Israel Deaconess Medical Center   | Т      |   | 5.25%            |  |
| Boston Children's Hospital   | Т      |   | 4.43%            |  |
| Heywood Hospital   |        |   | 3.90%            |  |
| Northeast Hospital   |        |   | 3.77%            |  |
| Jordan Hospital  |        |   | 2.97%            |  |
| Beth Israel Deaconess Hospital - Needham   |        | D | 2.64%            |  |
| Noble Hospital   |        | D | 2.37%            |  |
| Emerson Hospital   | т      |   | 2.36%            |  |
| Dana-Farber Cancer Institute   | T<br>T |   | 2.32%            |  |
| Faulkner Hospital  |        | D | 2.20%            |  |
| Steward St. Elizabeth's Medical Center (FY12Q3)<br>UMass Memorial Medical Center | T<br>T |   | 2.02%<br>1.99%   |  |
|  | 1      | υ | 1.70%            |  |
| Anna Jaques Hospital<br>Milton Hospital  |        |   | 1.53%            |  |
| Tufts Medical Center   | Т      |   | 1.49%            |  |
| Marlborough Hospital   |        |   | 1.27%            |  |
| Baystate Mary Lane Hospital  |        |   | 1.07%            |  |
| Baystate Franklin Medical Center   |        | D | 0.92%            |  |
| South Shore Hospital   |        | U | 0.92%            |  |
| Boston Medical Center  | Т      | D | 0.92 %           |  |
| MetroWest Medical Center (FY13Q1)  |        | U | 0.58%            |  |
| Steward Holy Family Hospital (FY12Q3)  |        | D | 0.45%            |  |
| Martha's Vineyard Hospital   |        | U | 0.17%            |  |
| Clinton Hospital   |        | D | -0.09%           |  |
| Harrington Memorial Hospital   |        | U | -0.93%           |  |
| Steward Good Samaritan Medical Center (FY12Q3)                                   |        | D | -1.35%           |  |
| Steward Quincy Medical Center (FY12Q3)   |        |   | -1.71%           |  |
| North Shore Medical Center   |        | D |                  |  |
| Steward Morton Hospital and Medical Center (FY12Q3)                              |        | D | -2.35%           |  |
| Steward Norwood Hospital (FY12Q3)  |        | U | -2.33%           |  |
| Cambridge Health Alliance (FY13Q1)   | Т      | D | -2.99%           |  |
| Steward Nashoba Valley Medical Center (FY12Q3)                                   | 1      | U | -3.32%<br>-3.85% |  |
| Steward Carney Hospital, Inc. (FY12Q3)   | Т      | D | -3.85%<br>-8.92% |  |
| Steward Merrimack Valley Hospital (FY12Q3)                                       | 1      |   | -0.92%           |  |
| Athol Memorial Hospital  |        | D |                  |  |
| AUDO MELLOLAL HOSPILAL   |        | D | -11.19%          |  |

### Solvency

**Profitability** measures a hospital's ability to generate earnings as compared to its revenues. Three profitability ratios are reported: total margin, operating margin and non-operating margin.

## **Operating Margin**

**Operating Margin** is the ratio of operating income/loss to total revenue. It reflects revenues and expenses associated with patient care activities, but does not include investments, research, and other non-operating expenses. In FY12, the median operating margin improved from 1.7% in FY11 to 2.2%.



- All quartiles experienced improved operating margins in FY12.
- Hospitals in the lower quartile showed the most improvement, increasing from -2.8% in FY11 to -0.3% in FY12; however, the margins still remained negative.
- Teaching hospitals and Non-Disproportionate Share Hospitals (Non-DSH) operating margins declined between FY11 and FY12 while community and Disproportionate Share Hospital (DSH) operating margins improved over the same period (see cohort table below).

#### **Cohort Comparison**

| Median Operating Margin by Cohort  |      |      |      |      |      |  |  |  |
|------------------------------------|------|------|------|------|------|--|--|--|
|                                    | FY08 | FY09 | FY10 | FY11 | FY12 |  |  |  |
| Statewide Median<br>(64 hospitals) | 0.7% | 1.9% | 2.0% | 1.7% | 2.2% |  |  |  |
| Teaching<br>(18 hospitals)         | 4.1% | 5.0% | 4.2% | 2.6% | 2.4% |  |  |  |
| Community<br>(46 hospitals)        | 0.4% | 1.5% | 1.6% | 1.6% | 2.2% |  |  |  |
| DSH<br>(28 hospitals)              | 0.7% | 1.3% | 1.2% | 0.1% | 2.1% |  |  |  |
| Non-DSH<br>(36 hospitals)          | 0.7% | 2.2% | 2.4% | 2.4% | 2.2% |  |  |  |

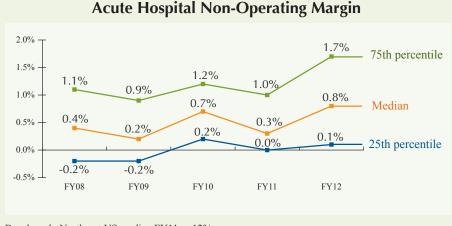
#### Massachusetts Acute Hospital Operating Margin, FY12

| Hospital Name  | Ту | pe     | Operating<br>Margin |
|--|----|--------|---------------------|
| Steward Saint Anne's Hospital (FY12Q3)   |    | D      | 13.38%              |
| Saint Vincent Hospital (FY13Q1)  | Т  | D      | 12.47%              |
| Berkshire Medical Center   | Т  | D      | 10.54%              |
| Cooley Dickinson Hospital  |    |        | 9.89%               |
| Signature Healthcare Brockton Hospital   |    | D      | 9.87%               |
| Falmouth Hospital  | _  | D      | 8.49%               |
| Lahey Clinic   | Т  |        | 8.34%               |
| Massachusetts General Hospital   | Т  | D      | 8.22%               |
| Cape Cod Hospital  |    | D<br>D | 8.03%               |
| North Adams Regional Hospital<br>Mercy Medical Center (FY12Q3)                 |    | D      | 7.83%<br>7.79%      |
| Milford Regional Medical Center  |    | U      | 7.68%               |
| Sturdy Memorial Hospital   |    |        | 7.60%               |
| Newton-Wellesley Hospital  |    |        | 6.40%               |
| Hallmark Health  |    |        | 6.15%               |
| Mount Auburn Hospital  | Т  |        | 5.84%               |
| Holyoke Medical Center   |    | D      | 5.74%               |
| Baystate Medical Center  | Т  | D      | 5.69%               |
| Southcoast Hospitals Group   |    | D      | 5.51%               |
| Brigham and Women's Hospital   | Т  |        | 5.30%               |
| Health Alliance Hospital   |    |        | 4.80%               |
| Fairview Hospital  |    |        | 4.73%               |
| Lawrence General Hospital  |    | D      | 4.53%               |
| Lowell General Hospital  |    |        | 3.73%               |
| New England Baptist Hospital   |    |        | 3.56%               |
| Beth Israel Deaconess Medical Center   | Т  | 0      | 3.17%               |
| Wing Memorial Hospital and Medical Centers                                     |    | D      | 3.10%               |
| Winchester Hospital<br>Northeast Hospital                                      |    |        | 3.01%<br>2.96%      |
| Boston Children's Hospital   | Т  |        | 2.90%               |
| Jordan Hospital  |    |        | 2.29%               |
| Noble Hospital   |    | D      | 2.19%               |
| Heywood Hospital   |    |        | 2.17%               |
| Faulkner Hospital  | Т  |        | 2.14%               |
| Beth Israel Deaconess Hospital - Needham                                       |    |        | 2.14%               |
| Anna Jaques Hospital   |    |        | 2.02%               |
| Steward St. Elizabeth's Medical Center (FY12Q3)                                | Т  | D      | 1.99%               |
| Emerson Hospital   |    |        | 1.91%               |
| South Shore Hospital   |    |        | 1.73%               |
| Milton Hospital  | T  | 0      | 1.06%               |
| UMass Memorial Medical Center<br>Tufts Medical Center                          | Т  | D      | 0.81%               |
|  | Т  |        | 0.60%               |
| MetroWest Medical Center (FY13Q1)  |    | D      | 0.55%               |
| Steward Holy Family Hospital (FY12Q3)<br>Boston Medical Center                 | Т  |        | 0.43%<br>0.25%      |
| Baystate Franklin Medical Center   |    | D      | 0.23%               |
| Baystate Mary Lane Hospital  |    | 5      | -0.24%              |
| Massachusetts Eye and Ear Infirmary  | Т  |        | -0.34%              |
| Nantucket Cottage Hospital   |    |        | -0.35%              |
| Martha's Vineyard Hospital   |    |        | -1.00%              |
| Steward Good Samaritan Medical Center (FY12Q3)                                 |    | D      | -1.35%              |
| Marlborough Hospital   |    |        | -1.37%              |
| Steward Quincy Medical Center (FY12Q3)   |    | D      | -1.68%              |
| Clinton Hospital   |    | D      | -1.81%              |
| North Shore Medical Center   |    | D      | -1.82%              |
| Steward Morton Hospital and Medical Center (FY12Q3)                            |    | D      | -2.35%              |
| Harrington Memorial Hospital   |    |        | -2.45%              |
| Steward Norwood Hospital (FY12Q3)  |    |        | -3.03%              |
| Steward Nashoba Valley Medical Center (FY12Q3)<br>Dana-Farber Cancer Institute | Т  |        | -3.85%              |
| Cambridge Health Alliance (FY13Q1)   | T  | D      | -4.70%<br>-4.76%    |
| Steward Carney Hospital, Inc. (FY12Q3)   | T  | D      | -4.76%              |
| Steward Merrimack Valley Hospital (FY12Q3)                                     |    | D      | -10.41%             |
| Athol Memorial Hospital  |    | D      | -11.65%             |
| Kana Transhing Llognital   |    | -      |                     |

Profitability measures a hospital's ability to generate earnings as compared to its revenues. Three profitability ratios are reported: total margin, operating margin and non-operating margin.

## **Non-Operating Margin**

Non-Operating Margin is the ratio of non-operating income/loss to total revenue. It includes items that are not related to operations such as investment income, contributions, gains or losses from the sale of assets, and other unrelated business activities. All quartiles improved between FY11 and FY12.



Benchmark: Northeast US median FY11 = .12% (Almanac of Hospital Financial and Operating Indicators, OPTUM, 2013)

- The statewide median non-operating margin increased from 0.3% in FY11 to 0.8% in FY12.
- Six hospitals generated sufficient non-operating gains to compensate for operating • losses, which allowed them to post positive total margins. These hospitals were: Baystate Mary Lane Hospital, Dana-Farber Cancer Institute, Marlborough Hospital, Martha's Vineyard Hospital, Massachusetts Eye and Ear Infirmary, and Nantucket Cottage Hospital.

#### **Cohort Comparison**

Median Non-Operating Margin by Cohort

|                                    | FY08  | FY09 | FY10 | FY11 | FY12 |
|------------------------------------|-------|------|------|------|------|
| Statewide Median<br>(64 hospitals) | 0.4%  | 0.2% | 0.7% | 0.3% | 0.8% |
| Teaching<br>(18 hospitals)         | -0.1% | 1.0% | 1.2% | 0.2% | 1.0% |
| Community<br>(46 hospitals)        | 0.5%  | 0.2% | 0.5% | 0.3% | 0.8% |
| DSH<br>(28 hospitals)              | 0.2%  | 0.1% | 0.4% | 0.2% | 0.5% |
| Non-DSH<br>(36 hospitals)          | 0.5%  | 0.2% | 0.7% | 0.5% | 1.0% |

#### **Massachusetts Acute Hospital** Non-Operating Margin, FY12

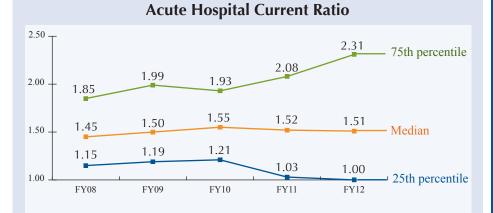
|  |        |    | Non-<br>Operating |
|--|--------|----|-------------------|
| Hospital Name  | Ту     | pe | Margin            |
| Massachusetts Eye and Ear Infirmary  | Т      |    | 13.93%            |
| Nantucket Cottage Hospital<br>Dana-Farber Cancer Institute                           | Т      |    | 9.15%<br>7.02%    |
| Lowell General Hospital  | 1      |    | 4.87%             |
| Wing Memorial Hospital and Medical Centers   |        | D  | 4.75%             |
| Baystate Medical Center  | Т      | D  | 4.25%             |
| Sturdy Memorial Hospital   |        |    | 4.20%             |
| Winchester Hospital<br>Mount Auburn Hospital   | Т      |    | 4.18%             |
| Marlborough Hospital   | 1      |    | 2.64%             |
| Beth Israel Deaconess Medical Center   | Т      |    | 2.08%             |
| New England Baptist Hospital   |        |    | 1.78%             |
| Health Alliance Hospital   |        |    | 1.75%             |
| Falmouth Hospital  |        | D  | 1.74%             |
| Heywood Hospital<br>Clinton Hospital   |        | D  | 1.73%             |
| Boston Children's Hospital   | Т      |    | 1.68%             |
| Harrington Memorial Hospital   |        |    | 1.52%             |
| Hallmark Health  |        |    | 1.46%             |
| Baystate Mary Lane Hospital  |        |    | 1.31%             |
| Berkshire Medical Center   | Т      |    | 1.27%             |
| Cambridge Health Alliance (FY13Q1)<br>UMass Memorial Medical Center                  | T<br>T | D  | 1.23%             |
| Martha's Vineyard Hospital   | 1      |    | 1.17%             |
| Lawrence General Hospital  |        | D  | 1.08%             |
| Milford Regional Medical Center  |        |    | 1.00%             |
| Southcoast Hospitals Group   |        | D  | 0.93%             |
| Cooley Dickinson Hospital  |        |    | 0.93%             |
| Fairview Hospital  | Т      |    | 0.92%             |
| Tufts Medical Center<br>Newton-Wellesley Hospital                                    | 1      |    | 0.88%             |
| Baystate Franklin Medical Center   |        | D  | 0.85%             |
| Northeast Hospital   |        |    | 0.81%             |
| Signature Healthcare Brockton Hospital   |        | D  | 0.80%             |
| Cape Cod Hospital  |        | D  | 0.80%             |
| Jordan Hospital<br>Boston Medical Center   | Т      | D  | 0.68%             |
| Beth Israel Deaconess Hospital - Needham   | 1      | U  | 0.50%             |
| Mercy Medical Center (FY12Q3)  |        | D  | 0.50%             |
| Milton Hospital  |        |    | 0.47%             |
| Athol Memorial Hospital  |        | D  | 0.46%             |
| Emerson Hospital   |        | -  | 0.45%             |
| Holyoke Medical Center   |        | D  | 0.42%             |
| North Adams Regional Hospital<br>Noble Hospital                                      |        | D  | 0.18%             |
| Massachusetts General Hospital   | Т      |    | 0.17%             |
| Brigham and Women's Hospital   | Т      |    | 0.08%             |
| Steward Saint Anne's Hospital (FY12Q3)   |        | D  | 0.08%             |
| Faulkner Hospital  | Т      |    | 0.06%             |
| Steward Norwood Hospital (FY12Q3)  |        |    | 0.05%             |
| MetroWest Medical Center (FY13Q1)<br>Steward St. Elizabeth's Medical Center (FY12Q3) | Т      | D  | 0.03%             |
| Lahey Clinic   | T      |    | 0.02%             |
| North Shore Medical Center   |        | D  | 0.02%             |
| Steward Holy Family Hospital (FY12Q3)  |        | D  | 0.01%             |
| Steward Merrimack Valley Hospital (FY12Q3)   | т      | D  | 0.00%             |
| Steward Carney Hospital, Inc. (FY12Q3)<br>Saint Vincent Hospital (FY13Q1)            | T<br>T | D  | 0.00%             |
| Steward Nashoba Valley Medical Center (FY12Q3)                                       | 1      | U  | 0.00%             |
| Steward Morton Hospital and Medical Center (FY12Q3)                                  |        | D  | 0.00%             |
| Steward Good Samaritan Medical Center (FY12Q3)                                       |        | D  | 0.00%             |
| Steward Quincy Medical Center (FY12Q3)   |        | D  | -0.03%            |
| Anna Jaques Hospital   |        |    | -0.32%            |
| South Shore Hospital   |        |    | -0.81%            |

Solvency

**Liquidity** refers to assets readily convertible into cash. It is a measure of how quickly assets can be converted into cash to meet current liabilities. Three liquidity ratios are reported: current ratio, days in accounts receivable, and average payment period.

### **Current Ratio**

**Current Ratio** measures short-term financial health and indicates whether a hospital is able to meet current liabilities with current assets. The higher the current ratio, the more financially stable a hospital is in the short-term. A ratio of 1.0 or higher indicates that current liabilities could be adequately covered by the existing current assets. Massachusetts acute hospitals' median current ratio remained stable with medians of 1.52 in FY11 and 1.51 in FY12.



Benchmark: Northeast US median FY11 = 1.60 (Almanac of Hospital Financial and Operating Indicators, OPTUM, 2013)

- The current ratio for all quartiles remained fairly stable and above 1.0 for all periods presented.
- Community and Disproportionate Share Hospitals (DSH) were the only cohorts with improved current ratios between FY11 and FY12, increasing from 1.40 to 1.51 and 1.22 to 1.37, respectively (see cohort table below).
- The median current ratio for all cohorts remained below the FY11 Northeast US industry median of 1.60 (see cohort table below).

### **Cohort Comparison**

| Median Current Ratio by Cohort     |      |      |      |      |      |  |
|------------------------------------|------|------|------|------|------|--|
|                                    | FY08 | FY09 | FY10 | FY11 | FY12 |  |
| Statewide Median<br>(64 hospitals) | 1.45 | 1.50 | 1.55 | 1.52 | 1.51 |  |
| Teaching<br>(18 hospitals)         | 1.46 | 1.50 | 1.55 | 1.55 | 1.50 |  |
| Community<br>(46 hospitals)        | 1.44 | 1.49 | 1.55 | 1.40 | 1.51 |  |
| DSH<br>(28 hospitals)              | 1.33 | 1.33 | 1.39 | 1.22 | 1.37 |  |
| Non-DSH<br>(36 hospitals)          | 1.48 | 1.62 | 1.57 | 1.59 | 1.58 |  |

#### Massachusetts Acute Hospital Current Ratio, FY12

| -  |   | /pe | Curren<br>Ratio |
|--|---|-----|-----------------|
| Sturdy Memorial Hospital   |   |     | 8.46            |
| Boston Children's Hospital   | Т |     | 6.79            |
| Lahey Clinic   | Т |     | 6.49            |
| Mount Auburn Hospital  | Т |     | 4.77            |
| Milford Regional Medical Center                                      |   |     | 3.79            |
| Harrington Memorial Hospital   |   |     | 3.53            |
| Hallmark Health  |   |     | 3.41            |
| Beth Israel Deaconess Medical Center                                 | Т |     | 3.24            |
| Clinton Hospital   |   | D   | 3.08            |
| New England Baptist Hospital   |   |     | 3.07            |
| North Adams Regional Hospital  |   | D   | 2.99            |
| Mercy Medical Center (FY12Q3)  |   | D   | 2.70            |
| Wing Memorial Hospital and Medical Centers                           |   | D   | 2.57            |
| Health Alliance Hospital   |   |     | 2.52            |
| Martha's Vineyard Hospital   |   |     | 2.51            |
| Baystate Medical Center  | Т | D   | 2.40            |
| Anna Jaques Hospital   |   |     | 2.28            |
| Emerson Hospital   |   |     |                 |
| Beth Israel Deaconess Hospital - Needham                             |   |     | 1.92<br>1.89    |
|  |   |     |                 |
| Baystate Mary Lane Hospital  |   |     | 1.88            |
| Milton Hospital  |   |     | 1.74            |
| Baystate Franklin Medical Center                                     | - | D   | 1.68            |
| Massachusetts Eye and Ear Infirmary                                  | Т |     | 1.68            |
| Lawrence General Hospital  |   | D   | 1.66            |
| Boston Medical Center  | Т | D   | 1.65            |
| Cape Cod Hospital  |   | D   | 1.64            |
| Southcoast Hospitals Group   |   | D   | 1.63            |
| UMass Memorial Medical Center  | Т | D   | 1.62            |
| Tufts Medical Center   | Т |     | 1.58            |
| MetroWest Medical Center (FY13Q1)                                    |   |     | 1.58            |
| Cooley Dickinson Hospital  |   |     | 1.54            |
| Northeast Hospital   |   |     | 1.53            |
| Lowell General Hospital  |   |     | 1.49            |
| Holyoke Medical Center   |   | D   | 1.46            |
| Winchester Hospital  |   |     | 1.46            |
| Berkshire Medical Center   | Т | D   | 1.43            |
| Dana-Farber Cancer Institute   | T |     | 1.43            |
| North Shore Medical Center   | • | D   | 1.41            |
| Steward Nashoba Valley Medical Center (FY12Q3)                       |   |     | 1.36            |
| Massachusetts General Hospital                                       | Т |     | 1.35            |
| Marlborough Hospital   | 1 |     | 1.33            |
| ° '  | т | D   |                 |
| Saint Vincent Hospital (FY13Q1)                                      | Т | D   | 1.32            |
| Jordan Hospital  |   |     | 1.29            |
| Steward Morton Hospital and Medical Center (FY12Q3)                  |   | D   | 1.28            |
| Brigham and Women's Hospital   | Т |     | 1.28            |
| South Shore Hospital   |   |     | 1.28            |
| Faulkner Hospital  | Т |     | 1.11            |
| Fairview Hospital  |   |     | 1.02            |
| Cambridge Health Alliance (FY13Q1)                                   | Т | D   | 0.94            |
| Steward Saint Anne's Hospital (FY12Q3)                               |   | D   | 0.91            |
| Falmouth Hospital  |   | D   | 0.88            |
| Newton-Wellesley Hospital  |   |     | 0.81            |
| Heywood Hospital   |   |     | 0.80            |
| Signature Healthcare Brockton Hospital                               |   | D   | 0.78            |
| Athol Memorial Hospital  |   | D   | 0.72            |
| Steward Quincy Medical Center (FY12Q3)                               |   | D   | 0.71            |
| Steward Holy Family Hospital (FY12Q3)                                |   | D   | 0.70            |
| Steward St. Elizabeth's Medical Center (FY12Q3)                      | Т | D   | 0.63            |
|  | 1 | D   | 0.63            |
| Noble Hospital<br>Stoward Morrimack Valley Hospital (EV12O2)         |   |     |                 |
| Steward Merrimack Valley Hospital (FY12Q3)                           |   | D   | 0.54            |
| Steward Norwood Hospital (FY12Q3)                                    |   |     | 0.53            |
| Steward Good Samaritan Medical Center (FY12Q3)                       |   | D   | 0.52            |
|  |   |     |                 |
| Steward Carney Hospital, Inc. (FY12Q3)<br>Nantucket Cottage Hospital | Т | D   | 0.49            |

Solvency

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### **Days in Accounts Receivable**

**Days in Accounts Receivable** measures the average number of days hospitals take to collect patient and health insurance payments. The amount the hospital expects to receive is viewed as an asset and represents a significant portion of the hospital's balance sheet. Patient receivables that are outstanding denote cash that is unavailable for use in operations or investments. Statewide median days in accounts receivable remained stable at 38 days between FY11 and FY12.

50 47 45 45 44 43 43 75th percentile 42 40 of ac 38 38 37 37 Median 3<u>6</u> 35 35 25th percentile 35 34 30 **FY08** FY09 FY10 FY11 **FY12** 

Acute Hospital Days in Accounts Receivable

(Almanac of Hospital Financial and Operating Indicators, OPTUM, 2013)

- Days in accounts receivable for hospitals in the upper and lower quartiles increased slightly between FY11 and FY12. Increases in days in accounts receivable indicates that hospitals took longer to collect payments.
- Disproportionate Share Hospitals (DSH) had the lowest median days in accounts receivable at 37 days in FY12. Teaching hospitals had the highest median days in accounts receivable of 43 days (see cohort table below).

#### **Cohort Comparison**

| Median Da | iys in Accounts | Receivabl | e by Cohort |
|-----------|-----------------|-----------|-------------|
|-----------|-----------------|-----------|-------------|

|                                    | FY08 | FY09 | FY10 | FY11 | FY12 |
|------------------------------------|------|------|------|------|------|
| Statewide Median<br>(64 hospitals) | 42   | 40   | 37   | 38   | 38   |
| Teaching<br>(18 hospitals)         | 44   | 43   | 44   | 41   | 43   |
| Community<br>(46 hospitals)        | 40   | 39   | 36   | 37   | 38   |
| DSH<br>(28 hospitals)              | 38   | 39   | 34   | 35   | 37   |
| Non-DSH<br>(36 hospitals)          | 43   | 40   | 40   | 40   | 40   |

### Massachusetts Acute Hospital Days in Accounts Receivable, FY12

| Hospital Name  | Тур |        | Days i<br>Account<br>Receivabl |
|--|-----|--------|--------------------------------|
| Wing Memorial Hospital and Medical Centers   |     | D      | 16                             |
| Cambridge Health Alliance (FY13Q1)   | Т   | D      | 29                             |
| Newton-Wellesley Hospital  |     |        | 30                             |
| Boston Medical Center  | Т   | D      | 31                             |
| Faulkner Hospital  | Т   |        | 32                             |
| Health Alliance Hospital   |     |        | 32                             |
| Cooley Dickinson Hospital  |     |        | 33                             |
| North Shore Medical Center   |     | D      | 34                             |
| North Adams Regional Hospital<br>Steward Morton Hospital and Medical Center (FY12Q3) |     | D<br>D | 34<br>34                       |
| Falmouth Hospital  |     | D      | 34                             |
| Steward Quincy Medical Center (FY12Q3)   |     | D      | 35                             |
| Noble Hospital   |     | D      | 35                             |
| Steward Saint Anne's Hospital (FY12Q3)   |     | D      | 35                             |
| Steward Norwood Hospital (FY12Q3)  |     |        | 35                             |
| Baystate Franklin Medical Center   |     | D      | 36                             |
| Milton Hospital  |     | -      | 36                             |
| Baystate Medical Center  | Т   | D      | 36                             |
| Southcoast Hospitals Group   |     | D      | 36                             |
| Winchester Hospital  |     |        | 36                             |
| Beth Israel Deaconess Hospital - Needham   |     |        | 36                             |
| Sturdy Memorial Hospital   |     |        | 36                             |
| Athol Memorial Hospital  |     | D      | 37                             |
| Signature Healthcare Brockton Hospital   |     | D      | 37                             |
| Mercy Medical Center (FY12Q3)  |     | D      | 38                             |
| Hallmark Health  |     |        | 38                             |
| Steward Carney Hospital, Inc. (FY12Q3)   | Т   | D      | 38                             |
| Steward Holy Family Hospital (FY12Q3)  |     | D      | 38                             |
| Lahey Clinic   | Т   |        | 38                             |
| Holyoke Medical Center   |     | D      | 38                             |
| Baystate Mary Lane Hospital  | -   |        | 38                             |
| Steward St. Elizabeth's Medical Center (FY12Q3)                                      | Т   | D      | 38                             |
| Steward Good Samaritan Medical Center (FY12Q3)                                       |     | D      | 38                             |
| Heywood Hospital   | т   |        | 38                             |
| Mount Auburn Hospital<br>Jordan Hospital   | Т   |        | 39<br>39                       |
| New England Baptist Hospital   |     |        | 39                             |
| Cape Cod Hospital  |     | D      | 39                             |
| Steward Nashoba Valley Medical Center (FY12Q3)                                       |     |        | 40                             |
| Emerson Hospital   |     |        | 40                             |
| MetroWest Medical Center (FY13Q1)  |     |        | 40                             |
| Northeast Hospital   |     |        | 41                             |
| Harrington Memorial Hospital   |     |        | 41                             |
| Fairview Hospital  |     |        | 42                             |
| Massachusetts Eye and Ear Infirmary  | Т   |        | 42                             |
| Brigham and Women's Hospital   | Т   |        | 43                             |
| Boston Children's Hospital   | Т   |        | 43                             |
| Massachusetts General Hospital   | Т   |        | 44                             |
| Berkshire Medical Center   | Т   | D      | 44                             |
| Marlborough Hospital   |     |        | 45                             |
| Saint Vincent Hospital (FY13Q1)  | Т   | D      | 45                             |
| Steward Merrimack Valley Hospital (FY12Q3)   |     | D      | 47                             |
| Tufts Medical Center   | Т   |        | 47                             |
| South Shore Hospital   |     |        | 48                             |
| Milford Regional Medical Center  |     | P      | 48                             |
| Clinton Hospital   |     | D      | 49                             |
| Martha's Vineyard Hospital   |     |        | 50<br>50                       |
| Lawrence General Hospital<br>Anna Jaques Hospital                                    |     | D      | 50                             |
| Dana-Farber Cancer Institute   | Т   |        | 52<br>52                       |
| Beth Israel Deaconess Medical Center   | T   |        | 52                             |
| Nantucket Cottage Hospital   | 1   |        | 53                             |
| ° .  |     |        | 56                             |
| Lowell General Hospital  |     |        |                                |

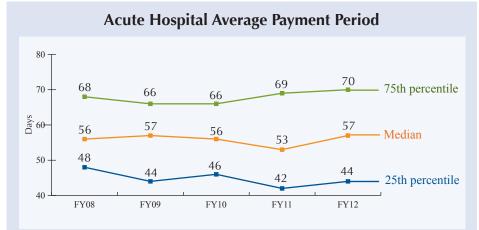
Benchmark: Northeast US median FY11 = 43

Solvency

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### **Average Payment Period**

**Average Payment Period** measures the time it takes hospitals to pay current liabilities. Higher values may indicate potential liquidity problems and an inability to pay current obligations. Average payment period increased for all quartiles between FY11 and FY12.



Benchmark: Northeast US median FY11 = 63 (Almanac of Hospital Financial and Operating Indicators, OPTUM, 2013)

- The statewide median average payment period increased from 53 days in FY11 to 57 days in FY12, meaning it took hospitals an average of four additional days to pay bills.
- The lower quartile average payment period increased from 42 days in FY11 to 44 days in FY12, and the upper quartile average payment period increased from 69 days to 70 days.
- In FY12, Disproportionate Share Hospitals (DSH) had the highest payment period of 60 days while teaching hospitals reported the lowest of 55 days (see cohort table below).

#### **Cohort Comparison**

| media                              | Median Average Payment Period by Conort |      |      |      |      |  |  |
|------------------------------------|---|------|------|------|------|--|--|
|                                    | FY08                                    | FY09 | FY10 | FY11 | FY12 |  |  |
| Statewide Median<br>(64 hospitals) | 56                                      | 57   | 56   | 53   | 57   |  |  |
| Teaching<br>(18 hospitals)         | 56                                      | 55   | 52   | 52   | 55   |  |  |
| Community<br>(46 hospitals)        | 55                                      | 58   | 56   | 54   | 57   |  |  |
| DSH<br>(28 hospitals)              | 61                                      | 60   | 58   | 55   | 60   |  |  |
| Non-DSH<br>(36 hospitals)          | 54                                      | 54   | 53   | 51   | 56   |  |  |

Madian Avarage Daymont Davied by Cohort

#### Massachusetts Acute Hospital Financial Performance, Fiscal Year 2012 Center for Health Information and Analysis

#### Massachusetts Acute Hospital Average Payment Period, FY12

| Hospital NameTypePerioLahey ClinicTIII   |   |     |    | Average          |
|--|---|-----|----|------------------|
| MetroWest Medical Center (FY13Q1)   2   3<br>Martha's Vineyard Hospital   2   3<br>Steward Nashoba Valley Medical Center (FY12Q3)   0   3<br>Baystate Franklin Medical Center (FY12Q3)   0   3<br>Baystate Franklin Medical Center (FY12Q3)   0   3<br>Baystate Mary Lane Hospital   0   3<br>Beth Alliance Hospital   0   3<br>Beth Alliance Hospital   0   3<br>Sturdy Memorial Hospital   0   3<br>Wing Memorial Hospital   0   4<br>Composital   0   4<br>Composital   0   4<br>Sturdy Memorial Hospital   0   4<br>Composital   0   0   5<br>Composital   0   0   7<br>Composital   0   0   7<br>Compos | Hospital Name   | Тур | be | Paymen<br>Period |
| Martha's Vineyard HospitalSewSeveral Nashoba Valley Medical Center (FV12Q)Several Morth Mospital and Medical CenterSeveral Morth Magnital Medical CenterSeveral Morth Mospital and Medical CenterSeveral Morth Magnital Modeinal CentersSeveral Morth Magnital Modeinal CentersSeveral Martha Medical CenterSeveral Martha Martha Medical CenterSeveral Martha Martha Medical CenterSeveral Martha Ma  |   | Т   |    | 15               |
| Steward Nashoba Valley Medical Center (FY12Q)IIIIAnna Jaques HospitalIIIIIIBaystate Franklin Medical Center (FY12Q)II  |   |     |    |                  |
| Anna Jaques HospitalIII  |   |     |    | -                |
| Baystate Franklin Medical CenterNNNSteward Moton Hospital and Medical Center (FY12Q3)KNNBaystate Mary Lane HospitalKNNBaystate Mary Lane HospitalKNNBaystate Mary Lane HospitalKNNNorth Adams Regional HospitalKNNNorth Adams Regional HospitalKNNNorth Adams Regional HospitalKNNClinton HospitalKNNClinton HospitalKNNMount Auburn HospitalTNNCape Cod HospitalKNNCape Cod HospitalKNNCape Cod HospitalKNNMulford Regional Medical CenterTD448Cambridge Health Alliance (FY12Q1)TD448Steward Saint Anne's Hospital (FY12Q3)TD452Baystate Medical CenterTD553Harden Medical Center (FY12Q3)TD552Fulkner HospitalTS553Massachusetts General HospitalTS553Massachusetts General HospitalTS553Marsochusett HospitalTS553Marsochusett HospitalTS553Marsochusett HospitalTS553Marsochusett HospitalTS553Marsochusett HospitalTS553Marsochusett Hosp  |   |     |    | -                |
| Steward Morton Hospital and Medical Center (P1/2Q3)JJ37Baystate Mary Lane HospitalIII38Health Alliance HospitalID39Sturdy Memorial Hospital and Medical CentersVD40New England Baptist HospitalIU41Fairview HospitalIU42Clinton HospitalTD42Mount Auburn HospitalTD45Saint Vincent Hospital (F113Q1)TD45Cape Cod HospitalIU47Northeast HospitalID45Lawrence General HospitalID48Cambridge Health Alliance (FY13Q1)TD48Cambridge Health Alliance (FY12Q3)ID48Holyoke Medical CenterTD53Baystate Medical Center (FY12Q3)ID55Heywood HospitalIS53Massachusetts General HospitalIS53Massachusetts General HospitalIS53South Shore HospitalIS53Heywood HospitalIS53Southcoast Hospital ScroupIS53Nithore HospitalIS53Harrington Memorial HospitalIS53South Shore HospitalIG61Jirdan HospitalIIS53Heywood HospitalIG53Beth Israel D  |   |     | -  | -                |
| Baystate Mary Lane HospitalII <td></td> <td></td> <td>-</td> <td></td>   |   |     | -  |                  |
| Health Alliance HospitalIII39Sturdy Memorial HospitalIID39North Adams Regional HospitalID40New England Baptist HospitalII41Fairview HospitalII42Clinton HospitalTD422Mount Auburn HospitalTD442Saint Vincent Hospital (FY13Q1)TD45Cape Cod HospitalID45Lawrence General HospitalID47Northeast HospitalID48Steward Saint Anne's Hospital (FY12Q1)TD48Steward Saint Anne's Hospital (FY12Q2)ID49Baystate Medical CenterTD50Beth Israel Deaconess Medical CenterTD55Heywood HospitalTTD57Vinchester HospitalTSS58South Coat HospitalTSS58Beth Israel Deaconess Hospital - NeedhamSS58South Coat HospitalTSS58South Shore HospitalIGG153Harrington Memorial HospitalIG1S58South Coat HospitalIG1G153Harrington Memorial HospitalIG1G2Jordan HospitalG1G1G2G2Berkshire Medical CenterTDG2Berkshire Medi   |   |     | D  | -                |
| Sturdy Memorial HospitalII<  |   |     |    |                  |
| North Adams Regional HospitalIII39Wing Memorial Hospital and Medical CentersIIIIRew England Baptist HospitalIIIIFairview HospitalIIIIIClinton HospitalIIIIIMount Auburn HospitalIIIIIDana-Farber Cancer InstituteIIIIICape Cod HospitalIIIIIINortheast HospitalIIIIIINortheast HospitalIIIIIIMilford Regional Medical CenterIIIIIBaystate Medical CenterIIIIIIBaystate Medical Center (FY12Q1)IIIIIMassachusetts General HospitalIIIIIMassachusetts General Hospital<   |   |     |    |                  |
| Wing Memorial Hospital and Medical CentersID440New England Baptist HospitalIIIIIFairview HospitalIDIIIIClinton HospitalTDIIIIISaint Vincent Hospital (FY13Q1)TDIIIIIDana-Farber Cancer InstituteTIDIII <tdi< td=""><tdi< td=""><tdi< td="">II<tdi< td=""><td></td><td></td><td>D</td><td></td></tdi<></tdi<></tdi<></tdi<>   |   |     | D  |                  |
| New England Baptist HospitalIIIIFairview HospitalIIIIIFairview HospitalIIIIISaint Vincent Hospital (FY13Q1)TIIIDana-Farber Cancer InstituteIIIIICape Cod HospitalIIIIIILawrence General HospitalIIIIIINortheast HospitalIIIIIIRifford Regional Medical CenterIIIIIBaystate Medical CenterIIIISBaystate Medical CenterIIIISBaystate Medical Center (FY12Q3)IIISBaystate Medical Center (FY12Q3)IISSHeywood HospitalIIISSVinchester HospitalIISSSouth Shore HospitalIIISSouthcoast Hospital NeedhamIIISJordan HospitalIIIIJordan HospitalIIIISouthcoast HospitalIIIIJordan HospitalIIIIJordan HospitalIIIIJordan HospitalIIIIJordan HospitalIIII <tr< td=""><td></td><td></td><td></td><td></td></tr<>   |   |     |    |                  |
| Fairview HospitalIIIIIClinton HospitalTIIIIMount Auburn Hospital (FY13Q1)TDIIDana-Farber Cancer InstituteTIIICape Cod HospitalIDIINortheast HospitalIIIIINortheast HospitalIDIINortheast HospitalIDIIBaystac Medical CenterIDIIBaystac Medical CenterTDIIBaystac Medical CenterTDIIBaystac Medical Center (FY12Q3)IDIIBaystac Medical Center (FY12Q3)IDIIMassachusetts General HospitalTIIIIMassachusetts General HospitalIIIIIMassachusetts General HospitalIIIIISouth Shore HospitalIIIIIISouth Shore HospitalIIIIIIMulton HospitalIIIIIIIndrian HospitalIIIIIIIndra HospitalIIIIIIIndrino HospitalIIIIIIIndrino HospitalIIIIII <td< td=""><td></td><td></td><td></td><td></td></td<>  |   |     |    |                  |
| Clinton HospitalIII <td></td> <td></td> <td></td> <td></td>  |   |     |    |                  |
| Mount Auburn HospitalTIII  |   |     | D  |                  |
| Saint Vincent Hospital (FY13Q1)TD445Dana-Farber Cancer InstituteTU45Cape Cod HospitalUD47Northeast HospitalUU47Milford Regional Medical CenterD48Cambridge Health Alliance (FY13Q1)TD48Steward Saint Anne's Hospital (FY12Q3)D48Holyoke Medical CenterTD50Beth Israel Deaconess Medical CenterTS52Faulkner HospitalTU53Massachusetts General HospitalTU55Heywood HospitalTU55Tufts Medical Center (FY12Q3)US57Vinchester HospitalTU57South Shore Hospital ScroupTD58Beth Israel Deaconess Hospital - NeedhamUS58SouthCoast Hospital GroupTD58Beth Israel Deaconess Hospital - NeedhamUS59Newton-Wellesley HospitalTU66Milton HospitalUS61Milton HospitalUS65Emerson HospitalUS65Falmmath HealthUU66Marlborough HospitalUS70Massachusetts Eye and Ear InfirmaryTU70Massachusetts Eye and Ear InfirmaryU70Mithon Memorial Medical Center (FY12Q3)U70Massachusetts Eye and Ear Infirma  |   | Т   | -  |                  |
| Dana-Farber Cancer InstituteTIIIICape Cod HospitalIDIII <t< td=""><td></td><td>Т</td><td>D</td><td>45</td></t<>  |   | Т   | D  | 45               |
| Lawrence General HospitalIID447Northeast HospitalIIIIIINilford Regional Medical CenterIDIISteward Saint Anne's Hospital (FY12Q3)IDIIBaystate Medical CenterTDIIIBaystate Medical CenterTDIIIBeth Israel Deaconess Medical CenterTIIIIBaystate Medical Center (FY12Q3)IDIIIMassachusetts General HospitalTIIIIIMercy Medical Center (FY12Q3)IDII<   |   | Т   |    | 45               |
| Northeast HospitalIIIIIMilford Regional Medical CenterIIIIISteward Saint Anne's Hospital (FY12Q3)IDIIBaystate Medical CenterTID50Beth Israel Deaconess Medical CenterTIIIFaulkner HospitalTIII53Massachusetts General HospitalTIIIIMercy Medical Center (FY12Q3)IIIIS5Heywood HospitalIIIS7S0Winchester HospitalIIIS8S6South Shore Hospital GroupIIIS8South Coast Hospital GroupIIIS8Newton-Wellesley HospitalIIIG1Jordan HospitalIIIG2Berkshire Medical CenterTDG3Hairnigton Memorial HospitalIIG2Brigham and Women's HospitalIIG2Berkshire Medical CenterIDG3Hallmark HealthIIIG2Signature HealthCare Brockton HospitalIIG2Massachusetts Eye and Ear InfirmaryTIIMassachusetts Eye and Ear InfirmaryIIG2Signature HealthCare Brockton HospitalIIG2Signature HealthCare Brockton HospitalIIG2 <td>Cape Cod Hospital</td> <td></td> <td>D</td> <td>45</td>   | Cape Cod Hospital                                     |     | D  | 45               |
| Milford Regional Medical CenterIII <thi< th="">IIIIII</thi<>   | Lawrence General Hospital                             |     | D  | 47               |
| Cambridge Health Alliance (FY13Q1)TD48Steward Saint Anne's Hospital (FY12Q3)ID48Holyoke Medical CenterTD50Baystate Medical CenterTD50Beth Israel Deaconess Medical CenterTI53Massachusetts General HospitalTI54Mercy Medical Center (FY12Q3)ID55Heywood HospitalTI57Vinchester HospitalTI57South Shore HospitalTI58Beth Israel Deaconess Hospital - NeedhamI58Southcoast Hospital GroupID58Harrington Memorial HospitalII61Milton HospitalII61Jordan HospitalII62Berkshire Medical CenterTD63Hallmark HealthIII62Berkshire Medical CenterTD63Hallmark HealthIII62Signature Healthcare Brockton HospitalII72Massachusetts Eye and Ear InfirmaryTD73Athol Memorial HospitalIII73Signature Healthcare Brockton HospitalII74Signature Healthcare Brockton HospitalII74Subaschusetts Eye and Ear InfirmaryTIISteward Good Samarian Medical Center (FY12Q3)IISteward Soch Samarian Medica  |   |     |    | 47               |
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| Holyoke Medical CenterID49Baystate Medical CenterTD50Beth Israel Deaconess Medical CenterTV52Faulkner HospitalTV53Massachusetts General HospitalTV55Heywood HospitalTV55Heywood HospitalTV57Vinchester HospitalTV57South Shore HospitalVS858Beth Israel Deaconess Hospital - NeedhamVS8Southcoast Hospital GroupVV58Harrington Memorial HospitalVG161Milton HospitalVG261Jordan HospitalVG262Berkshire Medical CenterTD63Hallmark HealthVGG2Berkshire Medical CenterTD66Marlborough HospitalVD66Marlborough HospitalVD70Signature Healthcare Brockton HospitalVD70Massachusetts Eye and Ear InfirmaryTD73Athol Memorial HospitalV <td< td=""><td></td><td>Т</td><td>D</td><td>48</td></td<>  |   | Т   | D  | 48               |
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### Profitability

### Liquidity

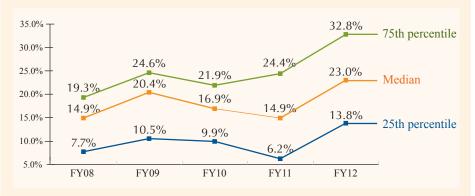
### Solvency

**Solvency** measures the ability of a hospital to meet its total debt obligations and is generally an indicator of long-term financial health. Three solvency ratios are reported: cash flow to total debt, debt service coverage, and equity financing.

### **Cash Flow to Total Debt**

**Cash Flow to Total Debt** is the ratio of current cash flow to total long-term debt. The lower this ratio, the more likely a hospital may find it difficult to meet current and long-term financing needs. The statewide median increased from 14.9% in FY11 to 23.0% in FY12.

#### Acute Hospital Cash Flow to Total Debt



Benchmark: Northeast US median FY11 = 16.0% (Almanac of Hospital Financial and Operating Indicators, OPTUM, 2013)

- All quartiles for cash flow to total debt increased between FY11 and FY12. The lower quartile had the greatest increase from 6.2% to 13.8%.
- The median cash flow to total debt ratio increased for all cohorts.
- Disproportionate Share Hospitals (DSH) had the greatest improvement. Their median cash flow to total debt increased from 11.9% in FY11 to 24.0% in FY12 (see cohort table below).

#### **Cohort Comparison**

#### Median Cash Flow to Total Debt by Cohort

|                                    | FY08  | FY09  | FY10  | FY11  | FY12  |
|------------------------------------|-------|-------|-------|-------|-------|
| Statewide Median<br>(64 hospitals) | 14.9% | 20.4% | 16.9% | 14.9% | 23.0% |
| Teaching<br>(18 hospitals)         | 16.4% | 21.6% | 18.7% | 16.3% | 22.2% |
| Community<br>(46 hospitals)        | 14.8% | 18.8% | 15.5% | 14.9% | 23.1% |
| DSH<br>(28 hospitals)              | 8.4%  | 19.5% | 15.6% | 11.9% | 24.0% |
| Non-DSH<br>(36 hospitals)          | 15.8% | 20.5% | 17.3% | 17.0% | 22.1% |

#### Massachusetts Acute Hospital Financial Performance, Fiscal Year 2012 Center for Health Information and Analysis

#### Massachusetts Acute Hospital Cash Flow to Total Debt, FY12

|  | _  |    | Cash             |
|--|----|----|------------------|
| Hardel Maria   | т  |    | Flow to<br>Total |
| Hospital Name  | Ty | pe | Debt             |
| Lahey Clinic<br>Sturdy Memorial Hospital   | Т  |    | 146.8%<br>122.9% |
| North Adams Regional Hospital  |    | D  | 91.5%            |
| Steward Saint Anne's Hospital (FY12Q3)   |    | D  | 72.0%            |
| Signature Healthcare Brockton Hospital   |    | D  | 68.8%            |
| Health Alliance Hospital   |    |    | 65.8%            |
| Martha's Vineyard Hospital   |    |    | 65.8%            |
| Lawrence General Hospital  |    | D  | 47.5%            |
| Wing Memorial Hospital and Medical Centers   |    | D  | 46.6%            |
| Massachusetts General Hospital   | Т  |    | 43.8%            |
| Holyoke Medical Center   |    | D  | 42.6%            |
| Massachusetts Eye and Ear Infirmary  | Т  | _  | 38.1%            |
| Falmouth Hospital  |    | D  | 37.7%            |
| Clinton Hospital   | т  | D  | 35.0%            |
| Berkshire Medical Center   | Т  | D  | 33.1%            |
| Fairview Hospital  |    |    | 32.9%            |
| Nantucket Cottage Hospital   | Т  |    | 32.7%<br>32.2%   |
| Mount Auburn Hospital  | 1  |    | 30.8%            |
| Baystate Mary Lane Hospital<br>Cape Cod Hospital   |    | D  | 30.8%            |
| Saint Vincent Hospital (FY13Q1)  | Т  | D  | 29.8%            |
| Southcoast Hospitals Group   |    | D  | 29.5%            |
| Cooley Dickinson Hospital  |    |    | 29.3%            |
| Faulkner Hospital  | Т  |    | 29.1%            |
| Hallmark Health  |    |    | 28.2%            |
| Baystate Franklin Medical Center   |    | D  | 26.5%            |
| Mercy Medical Center (FY12Q3)  |    | D  | 25.0%            |
| New England Baptist Hospital   |    |    | 24.9%            |
| Milford Regional Medical Center  |    |    | 24.1%            |
| Beth Israel Deaconess Medical Center   | Т  |    | 23.6%            |
| Newton-Wellesley Hospital  |    |    | 23.2%            |
| Baystate Medical Center  | Т  | D  | 23.1%            |
| Winchester Hospital  |    |    | 23.0%            |
| Brigham and Women's Hospital   | Т  |    | 21.3%            |
| Northeast Hospital   |    |    | 21.0%            |
| Heywood Hospital   |    |    | 20.8%            |
| Noble Hospital   |    | D  | 20.5%            |
| Harrington Memorial Hospital   | т  |    | 19.6%            |
| Dana-Farber Cancer Institute   | Т  |    | 17.2%            |
| Steward Holy Family Hospital (FY12Q3)<br>Steward St. Elizabeth's Medical Center (FY12Q3) | т  | D  | 16.8%<br>16.8%   |
| Anna Jaques Hospital   | 1  | U  | 16.6%            |
| Lowell General Hospital  |    |    | 16.6%            |
| Boston Children's Hospital   | Т  |    | 16.0%            |
| Emerson Hospital   |    |    | 15.8%            |
| UMass Memorial Medical Center  | Т  | D  | 15.4%            |
| Milton Hospital  |    |    | 14.0%            |
| MetroWest Medical Center (FY13Q1)  |    |    | 13.8%            |
| Jordan Hospital  |    |    | 13.6%            |
| Marlborough Hospital   |    |    | 13.6%            |
| Beth Israel Deaconess Hospital - Needham   |    |    | 12.8%            |
| South Shore Hospital   |    |    | 11.5%            |
| Boston Medical Center  | Т  | D  | 11.1%            |
| Tufts Medical Center   | Т  |    | 8.9%             |
| Steward Norwood Hospital (FY12Q3)  |    |    | 7.8%             |
| Steward Good Samaritan Medical Center (FY12Q3)   |    | D  | 6.3%             |
| Steward Quincy Medical Center (FY12Q3)   |    | D  | 4.6%             |
| North Shore Medical Center   |    | D  | 4.0%             |
| Steward Morton Hospital and Medical Center (FY12Q3)                                      | т  | D  | 3.2%             |
| Cambridge Health Alliance (FY13Q1)   | Т  | D  | 2.3%             |
| Steward Nashoba Valley Medical Center (FY12Q3)<br>Steward Carney Hospital, Inc. (FY12Q3) | Т  | D  | -0.7%            |
| Steward Carriey Hospital, Inc. (1112Q3)<br>Steward Merrimack Valley Hospital (FY12Q3)    |    | D  | -15.9%           |
| Athol Memorial Hospital  |    | D  | -37.3%           |
| Kav: T: Taaching Hospital  |    | -  |                  |

### Profitability

### Liquidity

### Solvency

**Solvency** measures the ability of a hospital to meet its total debt obligations and is generally an indicator of long-term financial health. Three solvency ratios are reported: cash flow to total debt, debt service coverage, and equity financing.

### **Debt Service Coverage**

**Debt Service Coverage** measures the ability of a hospital to cover current debt obligations with funds derived from operating and non-operating activity. Higher ratios indicate that a hospital is better able to meet its financing commitments. A ratio of 1.0 indicates that average income would just cover current interest and principal payments on long-term debt. The statewide median increased from 3.18 in FY11 to 4.54 in FY12.

**Acute Hospital Debt Service Coverage** 



Benchmark: Northeast US median FY11 = 3.54 (Almanac of Hospital Financial and Operating Indicators, OPTUM, 2013)

- All quartiles and cohorts experienced improvements in the debt service coverage ratio between FY11 and FY12.
- The debt service coverage ratio for Disproportionate Share Hospitals (DSH) had the greatest improvement, increasing from 1.82 in FY11 to 4.90 in FY12 (see cohort table below).
- All cohorts had debt service coverage ratio medians above the FY11 Northeast US median of 3.5 (see cohort table below).

#### **Cohort Comparison**

#### Median Debt Service Coverage by Cohort

|                                    | FY08 | FY09 | FY10 | FY11 | FY12 |
|------------------------------------|------|------|------|------|------|
| Statewide Median<br>(58 hospitals) | 2.50 | 3.00 | 3.03 | 3.18 | 4.54 |
| Teaching<br>(15 hospitals)         | 3.30 | 3.90 | 4.29 | 4.29 | 6.11 |
| Community<br>(43 hospitals)        | 2.40 | 2.90 | 2.84 | 3.00 | 4.48 |
| DSH<br>(26 hospitals)              | 1.50 | 1.90 | 2.13 | 1.82 | 4.90 |
| Non-DSH<br>(32 hospitals)          | 2.80 | 3.50 | 3.57 | 3.71 | 4.34 |

\* A blank value indicates a facility with no current portion of long-term debt. As such, these hospitals were excluded from this median calculation.

#### Massachusetts Acute Hospital Debt Service Coverage, FY12

|  | -      |   | Debt<br>Service |
|--|--------|---|-----------------|
| Hospital Name  | Ty     |   | Coverage        |
| Steward Saint Anne's Hospital (FY12Q3)                                       |        | D | 27.34           |
| Health Alliance Hospital<br>Martha's Vineyard Hospital                       |        |   | 18.26<br>13.17  |
| Martina's vineyard Hospital<br>Massachusetts Eye and Ear Infirmary           | Т      |   | 10.55           |
| Steward Holy Family Hospital (FY12Q3)  |        | D | 10.33           |
| Baystate Franklin Medical Center   |        | D | 9.86            |
| Lahey Clinic   | Т      |   | 9.70            |
| Falmouth Hospital  |        | D | 9.37            |
| Lawrence General Hospital  |        | D | 9.00            |
| Massachusetts General Hospital   | Т      |   | 8.99            |
| Baystate Medical Center  | Т      | D | 8.43            |
| Wing Memorial Hospital and Medical<br>Centers                                |        | D | 7.99            |
| North Adams Regional Hospital  |        | D | 7.94            |
| Dana-Farber Cancer Institute   | Т      |   | 7.78            |
| Anna Jaques Hospital   |        |   | 7.49            |
| Fairview Hospital  |        | - | 7.45            |
| Mercy Medical Center (FY12Q3)  |        | D | 7.42            |
| Cooley Dickinson Hospital<br>Steward St. Elizabeth's Medical Center (FY12Q3) | т      | P | 6.67            |
| Steward St. Elizabeth's Medical Center (FY12Q3)<br>Berkshire Medical Center  | T<br>T | D | 6.38<br>6.31    |
| Southcoast Hospitals Group   | 1      | D | 6.31            |
| Mount Auburn Hospital  | Т      | D | 6.11            |
| Faulkner Hospital  | T      |   | 5.84            |
| Winchester Hospital  |        |   | 5.52            |
| Clinton Hospital   |        | D | 5.24            |
| Heywood Hospital   |        |   | 5.12            |
| Marlborough Hospital   |        |   | 4.82            |
| Lowell General Hospital  |        |   | 4.65            |
| Steward Quincy Medical Center (FY12Q3)                                       |        | D | 4.55            |
| Cape Cod Hospital  |        | D | 4.53            |
| New England Baptist Hospital   |        |   | 4.48            |
| Beth Israel Deaconess Medical Center   | Т      |   | 4.20            |
| Brigham and Women's Hospital   | Т      | D | 4.18            |
| Holyoke Medical Center<br>Milford Regional Medical Center                    |        | D | 3.74<br>3.65    |
| Newton-Wellesley Hospital  |        |   | 3.61            |
| Hallmark Health  |        |   | 3.55            |
| Steward Norwood Hospital (FY12Q3)  |        |   | 3.39            |
| Northeast Hospital   |        |   | 3.32            |
| Beth Israel Deaconess Hospital - Needham                                     |        |   | 3.01            |
| Jordan Hospital  |        |   | 2.89            |
| Steward Good Samaritan Medical Center (FY12Q3)                               |        | D | 2.78            |
| Milton Hospital  |        |   | 2.75            |
| UMass Memorial Medical Center  | Т      | D | 2.70            |
| Tufts Medical Center   | Т      |   | 2.65            |
| Harrington Memorial Hospital   | т      | P | 2.44            |
| Boston Medical Center  | Т      | D | 2.44            |
| South Shore Hospital<br>Steward Morton Hospital and Medical Center (FY12Q3)  |        | D | 2.35<br>2.19    |
| Noble Hospital   |        | D | 1.82            |
| Emerson Hospital   |        | J | 1.35            |
| Nantucket Cottage Hospital   |        |   | 0.85            |
| Steward Nashoba Valley Medical Center (FY12Q3)                               |        |   | 0.77            |
| Signature Healthcare Brockton Hospital                                       |        | D | 0.76            |
| North Shore Medical Center   |        | D | 0.35            |
| Cambridge Health Alliance (FY13Q1)   | Т      | D | -0.11           |
| Steward Merrimack Valley Hospital (FY12Q3)                                   |        | D | -2.70           |
| Athol Memorial Hospital  |        | D | -10.26          |
| Saint Vincent Hospital (FY13Q1)*   | Т      | D |                 |
| MetroWest Medical Center (FY13Q1)*   |        |   |                 |
| Sturdy Memorial Hospital*  | т      | P |                 |
| Steward Carney Hospital, Inc. (FY12Q3)*                                      | Т      | D |                 |
| Boston Children's Hospital*  | Т      |   |                 |
| Baystate Mary Lane Hospital*   |        |   |                 |

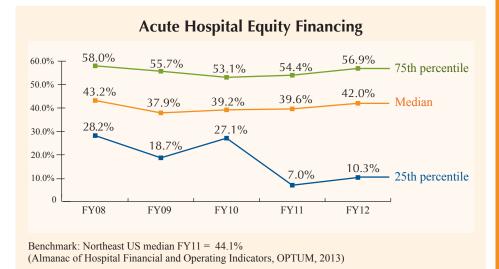
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### Solvency

**Solvency** measures the ability of a hospital to meet its total debt obligations and is generally an indicator of long-term financial health. Three solvency ratios are reported: cash flow to total debt, debt service coverage, and equity financing.

### **Equity Financing**

**Equity Financing** measures the proportion of total net assets financed with the hospital's equity and reflects the ability of a hospital to take on more debt. High values indicate hospitals with little or no long-term liabilities. Lower values indicate hospitals that are highly leveraged and may have difficulty securing access to debt financing in the future. In FY12, Massachusetts' acute hospitals median equity financing ratio increased from 39.6% in FY11 to 42.0%.



• The median equity financing for all hospital quartiles improved between FY11 and FY12.

• All cohorts' equity financing improved in FY12. Disproportionate Share Hospitals (DSH) had the highest improvement of 21.8 percentage points, from a low of 12.3% in FY11 to 34.1% in FY12 (see cohort table below).

#### **Cohort Comparison**

| M                                  | Median Equity Financing by Cohort |       |       |       |       |  |  |  |
|------------------------------------|-----------------------------------|-------|-------|-------|-------|--|--|--|
|                                    | FY08                              | FY09  | FY10  | FY11  | FY12  |  |  |  |
| Statewide Median<br>(64 hospitals) | 43.2%                             | 37.9% | 39.2% | 39.6% | 42.0% |  |  |  |
| Teaching<br>(18 hospitals)         | 48.3%                             | 42.4% | 43.6% | 43.4% | 44.3% |  |  |  |
| Community<br>(46 hospitals)        | 40.3%                             | 34.8% | 37.4% | 35.3% | 39.6% |  |  |  |
| DSH<br>(28 hospitals)              | 37.7%                             | 36.3% | 39.7% | 12.3% | 34.1% |  |  |  |
| Non-DSH<br>(36 hospitals)          | 47.5%                             | 38.7% | 39.2% | 41.3% | 44.3% |  |  |  |

#### Massachusetts Acute Hospital Equity Financing, FY12

| Hospital Name  | Тур    | ا م    | Equity<br>Financing |
|--|--------|--------|---------------------|
| •  | · •    |        | -                   |
| Saint Vincent Hospital (FY13Q1)                                      | Т      | D      | 169.45%             |
| Martha's Vineyard Hospital<br>Sturdy Memorial Hospital               |        |        | 89.95%<br>89.27%    |
| Health Alliance Hospital   |        |        | 80.00%              |
| Clinton Hospital   |        | D      | 79.18%              |
| North Adams Regional Hospital  |        | D      | 77.08%              |
| Falmouth Hospital  |        | D      | 72.81%              |
| Nantucket Cottage Hospital   |        |        | 71.60%              |
| Lawrence General Hospital  |        | D      | 71.39%              |
| Baystate Mary Lane Hospital  |        |        | 65.42%              |
| Boston Children's Hospital   | Т      |        | 65.33%              |
| Dana-Farber Cancer Institute   | Т      |        | 64.56%              |
| Wing Memorial Hospital and Medical Centers                           |        | D      | 64.00%              |
| Southcoast Hospitals Group   | T      | D      | 58.48%              |
| Mount Auburn Hospital  | Т      |        | 58.35%              |
| Massachusetts General Hospital                                       | T<br>T | D      | 57.99%              |
| Boston Medical Center<br>Cape Cod Hospital                           | 1      | D<br>D | 56.58%              |
| Harrington Memorial Hospital   |        | D      | 56.06%<br>55.89%    |
| Winchester Hospital  |        |        | 54.85%              |
| Berkshire Medical Center   | Т      | D      | 54.60%              |
| Baystate Franklin Medical Center                                     |        | D      | 52.42%              |
| Massachusetts Eye and Ear Infirmary                                  | Т      | 2      | 50.16%              |
| Heywood Hospital   |        |        | 49.71%              |
| Milton Hospital  |        |        | 49.37%              |
| New England Baptist Hospital   |        |        | 48.93%              |
| Hallmark Health  |        |        | 47.22%              |
| Mercy Medical Center (FY12Q3)  |        | D      | 46.62%              |
| Milford Regional Medical Center                                      |        |        | 46.02%              |
| Faulkner Hospital  | Т      |        | 44.90%              |
| Beth Israel Deaconess Medical Center                                 | Т      |        | 43.68%              |
| Fairview Hospital  |        |        | 42.25%              |
| Beth Israel Deaconess Hospital - Needham                             | т      | D      | 41.66%              |
| Baystate Medical Center<br>Cambridge Health Alliance (FY13Q1)        | T<br>T | D      | 40.61%<br>37.64%    |
| Northeast Hospital   | 1      | U      | 37.58%              |
| Marlborough Hospital   |        |        | 34.84%              |
| Cooley Dickinson Hospital  |        |        | 33.92%              |
| Lowell General Hospital  |        |        | 30.67%              |
| Steward Saint Anne's Hospital (FY12Q3)                               |        | D      | 30.61%              |
| South Shore Hospital   |        |        | 29.15%              |
| Jordan Hospital  |        |        | 27.32%              |
| Newton-Wellesley Hospital  |        |        | 26.67%              |
| Emerson Hospital   |        |        | 25.91%              |
| Signature Healthcare Brockton Hospital                               |        | D      | 20.53%              |
| Anna Jaques Hospital   |        |        | 18.60%              |
| Tufts Medical Center   | Т      | -      | 13.00%              |
| UMass Memorial Medical Center  | T      | D      | 11.62%              |
| Brigham and Women's Hospital   | Т      | D      | 6.48%               |
| Steward Quincy Medical Center (FY12Q3)<br>North Shore Medical Center |        | D      | -0.53%              |
| Holyoke Medical Center   |        | D      | -3.74%<br>-6.06%    |
| Steward Holy Family Hospital (FY12Q3)                                |        | D      | -6.06%              |
| Athol Memorial Hospital  |        | D      | -0.37 %             |
| Steward Morton Hospital and Medical Center (FY12Q3)                  |        | D      | -12.15%             |
| Steward Good Samaritan Medical Center (FY12Q3)                       |        | D      | -12.69%             |
| Lahey Clinic   | Т      |        | -19.29%             |
| Steward Nashoba Valley Medical Center (FY12Q3)                       |        |        | -22.34%             |
| Steward Carney Hospital, Inc. (FY12Q3)                               | Т      | D      | -22.71%             |
| Steward St. Elizabeth's Medical Center (FY12Q3)                      | Т      | D      | -27.74%             |
| Steward Merrimack Valley Hospital (FY12Q3)                           |        | D      | -37.39%             |
| Steward Norwood Hospital (FY12Q3)                                    |        |        | -42.31%             |
| Noble Hospital   |        | D      | -53.35%             |
| MetroWest Medical Center (FY13Q1)                                    |        |        | -55.04%             |

ey: T: Teaching Hospital,

# Acute Hospital Financial Performance, By Hospital System: FY12 (continued on next page)

| Multi-Hospital Systems   |      |        |                  |                     |                         |                               |  |
|--|------|--------|------------------|---------------------|-------------------------|-------------------------------|--|
| Hospital Name  | Ţ    | уре    | Total Margin     | Operating<br>Margin | Non-Operating<br>Margin | Profit (Loss)                 |  |
| Baystate Health Inc., and Subsidiaries   |      |        |                  |                     |                         | \$98,712,000                  |  |
| Baystate Franklin Medical Center   |      | D      | 0.92%            | 0.07%               | 0.85%                   | \$757,000                     |  |
| Baystate Mary Lane Hospital  |      |        | 1.07%            | -0.24%              | 1.31%                   | \$325,000                     |  |
| Baystate Medical Center  | Т    | D      | 9.94%            | 5.69%               | 4.25%                   | \$97,630,000                  |  |
| Berkshire Health System  |      |        |                  |                     |                         | \$46,033,885                  |  |
| Berkshire Medical Center   | Т    | D      | 11.81%           | 10.54%              | 1.27%                   | \$43,433,179                  |  |
| Fairview Hospital  | -    |        | 5.66%            | 4.73%               | 0.92%                   | \$2,600,706                   |  |
| Cape Cod Health Care and Affiliates  |      |        |                  |                     |                         | \$55,729,719                  |  |
| Cape Cod Hospital  |      | D      | 8.83%            | 8.03%               | 0.80%                   | \$39,487,717                  |  |
| Falmouth Hospital  |      | D      | 10.23%           | 8.49%               | 1.74%                   | \$16,242,002                  |  |
| Care Group   |      | D      | 10.2570          | 0.1970              | 1.7170                  | \$118,822,380                 |  |
|  |      |        | 2.64%            | 2.14%               | 0.50%                   | \$1,598,649                   |  |
| Beth Israel Deaconess Hospital - Needham<br>Beth Israel Deaconess Medical Center | Т    |        | 5.25%            | 3.17%               | 2.08%                   | \$1,598,649                   |  |
| Milton Hospital  | 1    |        | 1.53%            | 1.06%               | 0.47%                   | \$1,155,731                   |  |
| Mount Auburn Hospital  | Т    |        | 9.30%            | 5.84%               | 3.45%                   | \$30,395,000                  |  |
| New England Baptist Hospital   | 1    |        | 5.34%            | 3.56%               | 1.78%                   | \$11,665,000                  |  |
| Partners Healthcare  |      |        | 5.5470           | 5.5070              | 1.7070                  | \$436,614,530                 |  |
|  | T    |        | 5.000/           | 5.000/              | 0.000/                  |                               |  |
| Brigham and Women's Hospital   | Т    |        | 5.38%            | 5.30%               | 0.08%                   | \$132,223,000                 |  |
| Faulkner Hospital  | Т    |        | 2.20%            | 2.14%               | 0.06%                   | \$4,356,000                   |  |
| Martha's Vineyard Hospital   | Т    |        | 0.17% 8.39%      | -1.00%              | 1.17%                   | \$102,530                     |  |
| Massachusetts General Hospital   | 1    |        | 8.39%            |                     | 0.17%                   | \$273,559,000                 |  |
| Nantucket Cottage Hospital<br>Newton-Wellesley Hospital                          |      |        | 7.27%            | -0.35%              | 9.15%<br>0.87%          | \$3,226,000<br>\$31,194,000   |  |
| North Shore Medical Center   |      | D      | -1.80%           | -1.82%              | 0.02%                   | (\$8,046,000)                 |  |
|  |      | D      | -1.0070          | -1.0270             | 0.0270                  |                               |  |
| Steward Health Care System   | -    | D      | 0.000/           | 0.000/              | 0.000/                  | \$3,058,810                   |  |
| Carney Hospital, Inc. (FY12Q3)*  | Т    | D      | -8.92%           | -8.92%              | 0.00%                   | (\$7,157,837)                 |  |
| Good Samaritan Medical Center (FY12Q3)*  |      | D      | -1.35%           | -1.35%              | 0.00%                   | (\$2,194,792)                 |  |
| Holy Family Hospital (FY12Q3)*   |      | D      | 0.45%            | 0.43%               | 0.01%                   | \$632,487                     |  |
| Merrimack Valley Hospital (FY12Q3)*  |      | D      | -10.41%          | -10.41%             | 0.00%                   | (\$4,357,326)                 |  |
| Morton Hospital and Medical Center (FY12Q3)*                                     |      | D      | -2.35%           | -2.35%              | 0.00%                   | (\$2,164,971)                 |  |
| Nashoba Valley Medical Center (FY12Q3)*  |      |        | -3.85%           | -3.85%              | 0.00%                   | (\$1,260,899)                 |  |
| Norwood Hospital (FY12Q3)*   |      | D      | -2.99%           | -3.03%              | 0.05%                   | (\$4,003,589)                 |  |
| Quincy Medical Center (FY12Q3)*<br>Saint Anne's Hospital (FY12Q3)*               |      | D<br>D | -1.71%<br>13.46% | -1.68%<br>13.38%    | -0.03%                  | (\$1,267,681)<br>\$20,244,071 |  |
| St. Elizabeth's Medical Center (FY12Q3)*   | Т    | D      | 2.02%            | 13.38%              | 0.03%                   | \$4,589,347                   |  |
|  |      | D      | 2.0270           | 1.9970              | 0.0370                  |                               |  |
| UMass Memorial Health Care Inc., and Affilia                                     | ates | D      | 0.000/           | 1.010/              | 1.500/                  | \$47,389,613                  |  |
| Clinton Hospital   |      | D      | -0.09%           | -1.81%              | 1.72%                   | (\$23,000)                    |  |
| Health Alliance Hospital   |      |        | 6.55%            | 4.80%               | 1.75%                   | \$11,020,735                  |  |
| Marlborough Hospital   | т    | D      | 1.27%            | -1.37%              | 2.64%                   | \$1,011,000                   |  |
| UMass Memorial Medical Center  | Т    | D      | 1.99%            | 0.81%               | 1.19%                   | \$27,804,878                  |  |
| Wing Memorial Hospital   |      | D      | 7.85%            | 3.10%               | 4.75%                   | \$7,576,000                   |  |
| Vanguard Health System   |      |        |                  |                     |                         | \$11,041,292                  |  |
| MetroWest Medical Center (FY13Q1)*   |      |        | 0.58%            | 0.55%               | 0.03%                   | \$367,116                     |  |
| Saint Vincent Hospital (FY13Q1)*   | Т    | D      | 12.47%           | 12.47%              | 0.00%                   | \$10,674,176                  |  |

Key: T: Teaching Hospital, D: Disproportionate Share Hospital

Notes: Profitability percentages may not add due to rounding.

\* These hospitals reported data on an alternative fiscal year. See Report Notes for more information.

## Acute Hospital Financial Performance, By Hospital System: FY12 (continued from previous page)

| Individual Hospitals                   |    |    |              |                     |                         |               |  |  |
|--|----|----|--------------|---------------------|-------------------------|---------------|--|--|
| Hospital Name                          | Ту | pe | Total Margin | Operating<br>Margin | Non-Operating<br>Margin | Profit (Loss) |  |  |
| Anna Jaques Hospital                   |    |    | 1.70%        | 2.02%               | -0.32%                  | \$1,953,224   |  |  |
| Athol Memorial Hospital                |    | D  | -11.19%      | -11.65%             | 0.46%                   | (\$2,250,753) |  |  |
| Boston Medical Center                  | Т  | D  | 0.87%        | 0.25%               | 0.62%                   | \$8,843,000   |  |  |
| Cambridge Health Alliance (FY13Q1)*    | Т  | D  | -3.52%       | -4.76%              | 1.23%                   | (\$4,679,127) |  |  |
| Children's Hospital Boston             | Т  |    | 4.43%        | 2.75%               | 1.68%                   | \$58,416,000  |  |  |
| Cooley Dickinson Hospital              |    |    | 10.83%       | 9.89%               | 0.93%                   | \$18,308,560  |  |  |
| Dana-Farber Cancer Institute           | Т  |    | 2.32%        | -4.70%              | 7.02%                   | \$23,406,578  |  |  |
| Emerson Hospital                       |    |    | 2.36%        | 1.91%               | 0.45%                   | \$4,470,061   |  |  |
| Hallmark Health                        |    |    | 7.61%        | 6.15%               | 1.46%                   | \$22,563,000  |  |  |
| Harrington Memorial Hospital           |    |    | -0.93%       | -2.45%              | 1.52%                   | (\$1,092,455) |  |  |
| Heywood Hospital                       |    |    | 3.90%        | 2.17%               | 1.73%                   | \$3,998,081   |  |  |
| Holyoke Medical Center                 |    | D  | 6.16%        | 5.74%               | 0.42%                   | \$8,004,286   |  |  |
| Jordan Hospital                        |    |    | 2.97%        | 2.29%               | 0.68%                   | \$6,116,866   |  |  |
| Lahey Clinic                           | Т  |    | 8.36%        | 8.34%               | 0.02%                   | \$68,274,278  |  |  |
| Lawrence General Hospital              |    | D  | 5.62%        | 4.53%               | 1.08%                   | \$12,398,000  |  |  |
| Lowell General Hospital                |    |    | 8.61%        | 3.73%               | 4.87%                   | \$28,651,056  |  |  |
| Massachusetts Eye and Ear Infirmary    | Т  |    | 13.59%       | -0.34%              | 13.93%                  | \$31,842,513  |  |  |
| Mercy Medical Center (FY12Q3)*         |    | D  | 8.29%        | 7.79%               | 0.50%                   | \$14,707,561  |  |  |
| Milford Regional Medical Center        |    |    | 8.68%        | 7.68%               | 1.00%                   | \$17,175,167  |  |  |
| Noble Hospital                         |    | D  | 2.37%        | 2.19%               | 0.18%                   | \$1,386,147   |  |  |
| North Adams Regional Hospital          |    | D  | 8.01%        | 7.83%               | 0.18%                   | \$5,086,823   |  |  |
| Northeast Hospital                     |    |    | 3.77%        | 2.96%               | 0.81%                   | \$12,552,000  |  |  |
| Signature Healthcare Brockton Hospital |    | D  | 10.67%       | 9.87%               | 0.80%                   | \$25,554,856  |  |  |
| South Shore Hospital                   |    |    | 0.92%        | 1.73%               | -0.81%                  | \$4,175,680   |  |  |
| Southcoast Hospitals Group             |    | D  | 6.44%        | 5.51%               | 0.93%                   | \$45,726,703  |  |  |
| Sturdy Memorial Hospital               |    |    | 11.79%       | 7.60%               | 4.20%                   | \$20,481,437  |  |  |
| Tufts Medical Center                   | Т  |    | 1.49%        | 0.60%               | 0.88%                   | \$10,006,000  |  |  |
| Winchester Hospital                    |    |    | 7.18%        | 3.01%               | 4.18%                   | \$21,144,117  |  |  |

Key: T: Teaching Hospital, D: Disproportionate Share Hospital

Notes: Profitability percentages may not add due to rounding.

\* These hospitals reported data on an alternative fiscal year. See Report Notes for more information.

### Report Notes (continued on next page)

This report is prepared pursuant to M.G.L. c. 12C, section 8, which requires the Center for Health Information and Analysis (Center) to assess and report on Massachusetts acute hospital financial performance. This report provides a statewide analysis of acute hospital financial data over a five year period covering fiscal year 2008 through fiscal year 2012. For most hospitals, the analysis is based on twelve months of financial data, ending September 30, 2012. However, for hospitals that had a year end other than September 30th, their most recent data available as of September 30, 2012 was used. Cambridge Health Alliance, Metro-West Medical Center, and Saint Vincent Hospital have June 30th year ends. Therefore, this report reflects their fiscal year 2013, Quarter 1 data. Moreover, Mercy Medical Center and the ten Steward Health Care hospitals have December 31st year ends. Therefore, this report reflects their fiscal year 2012, Quarter 3 data. Saints Medical Center merged with Lowell General Hospital in July 2012 thereby lowering the number of hospitals reported, from 65 to 64.

The Financial Accounting Standards Board has recently updated the reporting criteria for the provision for bad debt. In this report, in fiscal year 2012, the provision was reported as an expense item while in fiscal year 2013, the provision has been reported as a deduction from patient service revenue. The Center has determined that this change will have a minimal impact on the comparability of metrics reported.

Depending on the organization of each hospital, data may exclude other aspects of financial health, such as the financial performance of endowments, or the financial health of parent companies or other affiliated organizations.

Quartile values shed light on information about the distribution of financial measures across hospitals. Averages can often be materially affected by outlier/extreme values at the low and high ends of a distribution. Examining quartiles, therefore, is a preferred means of assessing the overall distribution of values across hospitals. The reported values of one-quarter of the hospitals at the lower end of the distribution will fall at or below the 25th quartile value. Similarly, the reported values of one-quarter of the hospitals at the upper end of the distribution will fall at or above the 75th quartile value. The 50th percentile is the median of the distribution of values. Half of the hospitals' reported values will fall below the median, and half will fall above the median. These quartile measures are particularly useful when a distribution is markedly skewed, or where it is generally symmetrical but includes a few outliers.

**Teaching Hospital (TCH):** The Medicare Payment Advisory Commission (MedPAC) defines a major teaching hospital as having at least 25 full-time equivalent medical school residents per one hundred inpatient beds. Based on this definition, and using the fiscal year 2011 DHCFP 403 Cost Reports, the 18 hospitals listed below were assigned to the teaching cohort for fiscal year 2012 of this analysis. All other hospitals were designated as community hospitals.

Baystate Medical Center Berkshire Medical Center Beth Israel Deaconess Medical Center Boston Medical Center Brigham and Women's Hospital Cambridge Health Alliance Children's Hospital Boston Dana Farber Cancer Center Faulkner Hospital Lahey Clinic Hospital Massachusetts Eye and Ear Infirmary Massachusetts General Hospital Mount Auburn Hospital Saint Vincent Hospital Steward Carney Hospital Steward St. Elizabeth's Medical Center Tufts Medical Center UMass Memorial Medical Center

Individual hospital fact sheets are available on the Center's website at www.mass.gov/chia.

### Report Notes (continued from previous page)

**Disproportionate Share Hospital (DSH):** Hospitals with 63% or more of patient charges attributed to Medicare, Medicaid, and other government payers, including Commonwealth Care and Health Safety Net. Based on this definition, and using the fiscal year 2011 DHCFP 403 Cost Reports, the 28 hospitals listed below were assigned to the Disproportionate Share Hospital cohort. All the remaining hospitals were designated as Non-Disproportionate Share Hospitals.

Athol Memorial Hospital Baystate Franklin Medical Center Baystate Medical Center Berkshire Medical Center Boston Medical Center Cambridge Health Alliance Cape Cod Hospital Clinton Hospital Falmouth Hospital Holyoke Hospital Lawrence General Hospital Mercy Hospital Merrimack Valley Hospital Noble Hospital North Adams Regional Hospital North Shore Medical Center Saint Vincent Hospital Signature Healthcare Brockton Southcoast Health Systems Steward Carney Hospital Steward Good Samaritan Medical Center Steward Holy Family Steward Morton Hospital Steward Quincy Medical Center Steward St. Anne's Hospital Steward St. Elizabeth's Medical Center UMass Memorial Medical Center Wing Memorial Hospital

Individual hospital fact sheets are available on the Center's website at www.mass.gov/chia.



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