

Massachusetts Acute Hospital Financial Performance Fiscal Year 2014: Data through June 30, 2014



November 2014

About this Report

This report provides an update on the profitability, liquidity, and solvency of acute care hospitals for FY14: Data through June 30, 2014 (current period). For each financial measure, financial accounting ratios are used to compare hospital performance in the current period to prior periods and to overall statewide performance, and compare the performance of the following acute hospital cohorts: Academic Medical Centers (AMCs), teaching hospitals, community hospitals, and community-Disproportionate Share Hospitals (DSH).

Key Findings

- Profitability, as measured by median total margin, increased from the prior period (ending March 31, 2014) across all cohorts; however, the current statewide median remains below that of FY13.
- Liquidity improved slightly from the prior period in the DSH and Community cohorts, but fell slightly in the AMC cohort. Overall, the statewide median did not change from the prior period, but increased slightly compared to FY13. Most hospitals (49 of 63) had ratios that indicated current liabilities could be adequately met.
- Solvency improved from FY13 for all hospital cohorts except community hospitals, which remained largely unchanged.

Profitability

Acute hospital profitability, as measured by median total margin, increased from 2.7% in the prior period to 3.8% in the current period, but remains below FY13 (4.1%). Median profitability increased for all cohorts during the current period with community-DSH experiencing the largest increase, from 3.6% in the prior period to 5.4% in the current period. In FY13, 84% of hospitals were profitable, compared to 83% in the current period and 76% in the prior period. Teaching hospitals remained the most profitable cohort while the AMC cohort experienced the largest decrease (-1.0%) in median total margin from FY13 to the current period.

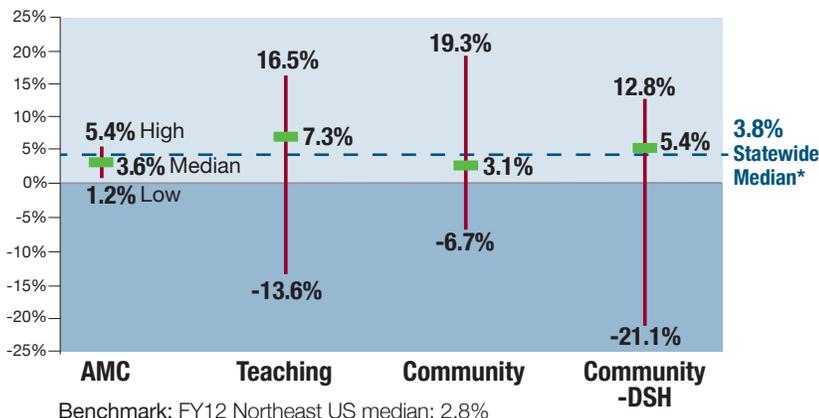
Liquidity

Acute hospital liquidity, as measured by median current ratio, remained the same from the prior period, but increased slightly from FY13 (1.5 to 1.6). A current ratio above 1.0 indicates a hospital has sufficient current assets to meet current liabilities. Ten hospitals had current ratios below 0.7; however, all but one of these hospitals are part of larger health systems which may have additional resources to meet current liabilities.

Solvency

Acute hospital solvency is measured here by the equity financing ratio. A lower ratio indicates a hospital may have difficulty taking on additional debt, whereas a higher ratio indicates it may be managing debt well. Median hospital solvency improved in each of the past five periods, and is currently higher than the FY12 Northeast median, the last period for which regional data is available. Most cohorts had increased equity financing ratios during the current period, while the community hospital cohort remained largely unchanged. All of the AMCs had positive equity financing ratios. Nine hospitals had negative equity financing ratios, although eight of these hospitals are part of larger health systems and may have access to financial resources through their parent organizations.

Total Margin Median and Range by Cohort



Total Margin Median Trend by Cohort

	FY10	FY11	FY12	FY13	Current Period
Statewide Median* (63 hospitals)	2.6%	2.1%	3.8%	4.1%	3.8%
AMC (6 hospitals)	4.6%	3.8%	3.6%	4.6%	3.6%
Teaching (9 hospitals)	5.3%	1.9%	8.4%	7.6%	7.3%
Community (22 hospitals)	2.8%	2.0%	2.5%	3.6%	3.1%
Community-DSH (22 hospitals)	1.9%	0.7%	5.6%	3.6%	5.4%

Equity Financing Median Trend by Cohort

	FY10	FY11	FY12	FY13	Current Period
Statewide Median* (63 hospitals)	39.2%	39.6%	42.0%	48.6%	52.1%
AMC (6 hospitals)	36.1%	33.1%	28.3%	40.2%	41.9%
Teaching (9 hospitals)	44.7%	40.1%	40.6%	49.5%	52.7%
Community (22 hospitals)	35.2%	33.9%	36.2%	44.8%	44.6%
Community-DSH (22 hospitals)	43.7%	22.5%	42.3%	47.7%	54.6%

Benchmark: FY12 Northeast US median: 44.0%

For additional information and descriptions of the metrics, please see Technical Appendix and Databook.

*Statewide medians include the four specialty hospitals.

Hospital Name	Cohort	Operating Margin	Non-Operating Margin	Total Margin	Current Ratio	Equity Finance	Profit (Loss)
Multi-Hospital Systems							
Baystate Health							\$84,712,000
Baystate Franklin Medical Center	D	0.3%	0.4%	0.7%	1.7	63.7%	\$442,000
Baystate Mary Lane Hospital	C	-9.1%	2.4%	-6.7%	1.7	74.7%	(\$1,303,000)
Baystate Medical Center^	T	6.1%	4.3%	10.5%	3.1	52.7%	\$85,573,000
Berkshire Health Systems							\$23,871,763
Berkshire Medical Center^	T	5.0%	2.3%	7.3%	1.1	62.4%	\$21,155,775
Fairview Hospital	D	5.6%	2.0%	7.6%	1.0	58.7%	\$2,715,988
Cape Cod Healthcare							\$27,962,891
Cape Cod Hospital	D	4.2%	1.2%	5.4%	1.3	56.0%	\$17,448,821
Falmouth Hospital	D	6.8%	2.4%	9.2%	1.0	74.0%	\$10,514,070
CareGroup							\$87,104,658
Beth Israel Deaconess Hospital - Milton	C	1.8%	2.0%	3.8%	2.1	57.5%	\$2,433,254
Beth Israel Deaconess Hospital - Needham	C	2.3%	0.9%	3.3%	2.2	46.0%	\$1,722,928
Beth Israel Deaconess Hospital - Plymouth	C	-2.9%	1.2%	-1.7%	1.6	40.8%	(\$2,443,746)
Beth Israel Deaconess Medical Center	A	2.2%	2.9%	5.2%	3.4	57.1%	\$56,167,738
Mount Auburn Hospital	T	5.5%	4.1%	9.6%	4.8	61.2%	\$23,994,099
New England Baptist Hospital	S	0.3%	2.6%	2.9%	3.4	49.6%	\$5,230,385
Heywood Healthcare							\$4,944,546
Athol Memorial Hospital	D	8.8%	0.3%	9.2%	0.7	31.5%	\$1,568,306
Heywood Hospital	D	1.9%	2.4%	4.3%	1.1	53.2%	\$3,376,240
Lahey Health System							\$61,138,890
Lahey Clinic	T	7.6%	0.4%	7.9%	5.9	45.0%	\$48,147,468
Northeast Hospital	C	3.7%	1.5%	5.2%	2.2	54.7%	\$12,991,422
Partners HealthCare System							\$237,015,000
Brigham and Women's Faulkner Hospital	T	4.9%	0.0%	4.9%	1.2	53.2%	\$7,623,000
Brigham and Women's Hospital	A	5.3%	0.0%	5.4%	1.2	16.9%	\$100,660,000
Cooley Dickinson Hospital	C	2.6%	0.0%	2.6%	1.2	44.8%	\$3,021,000
Martha's Vineyard Hospital	C	-2.5%	6.7%	4.2%	1.8	88.3%	\$2,187,000
Massachusetts General Hospital	A	5.3%	0.0%	5.3%	1.6	57.9%	\$131,527,000
Nantucket Cottage Hospital	C	-10.1%	9.1%	-1.0%	1.0	91.3%	(\$271,000)
Newton-Wellesley Hospital	C	2.9%	0.1%	3.0%	1.3	39.4%	\$9,473,000
North Shore Medical Center	D	-5.3%	-0.2%	-5.5%	2.0	7.0%	(\$17,205,000)
Steward Health Care System							\$28,951,487
Merrimack Valley*	D	-13.3%	0.0%	-13.3%	0.3	-106.3%	(\$3,480,501)
Morton Hospital*	D	3.7%	1.7%	5.5%	0.5	-0.2%	\$3,177,540
Nashoba Valley Medical Center*	C	7.6%	0.0%	7.6%	0.5	-8.2%	\$1,854,399
Quincy Medical Center*	D	-21.1%	0.0%	-21.1%	0.2	-45.2%	(\$8,042,155)
Steward Carney Hospital^*	T	-13.6%	0.0%	-13.6%	0.2	-41.6%	(\$6,278,054)
Steward Good Samaritan Medical Center*	D	7.5%	0.1%	7.6%	0.4	4.9%	\$9,325,463
Steward Holy Family Hospital*	D	5.8%	-0.1%	5.7%	0.9	8.4%	\$5,027,769
Steward Norwood Hospital*	C	3.8%	0.0%	3.8%	0.3	-29.7%	\$3,243,250
Steward Saint Anne's Hospital*	D	12.8%	0.0%	12.8%	1.7	64.2%	\$15,269,375
Saint Elizabeth's Medical Center^*	T	5.6%	0.0%	5.6%	0.3	-5.8%	\$8,854,401
Tenet Healthcare							\$32,088,163
MetroWest Medical Center*	C	-2.4%	0.2%	-2.2%	1.8	-63.8%	(\$2,754,461)
Saint Vincent Hospital^*	T	16.5%	0.0%	16.5%	1.7	194.4%	\$34,842,624
UMass Memorial Health Care							\$17,072,403
Clinton Hospital	D	-4.1%	1.6%	-2.4%	2.4	51.7%	(\$461,000)
HealthAlliance Hospital	D	0.7%	2.2%	2.8%	1.9	79.5%	\$3,358,403
Marlborough Hospital	C	-2.3%	2.9%	0.5%	0.8	41.2%	\$312,000
UMass Memorial Medical Center^	A	0.1%	1.0%	1.2%	1.4	26.7%	\$12,882,000
Wing Memorial Hospital	D	0.1%	1.4%	1.5%	1.9	63.4%	\$981,000
Individual Hospitals							
Anna Jaques Hospital	C	0.0%	-0.3%	-0.3%	3.0	33.3%	(\$236,727)
Boston Children's Hospital	S	6.3%	0.0%	6.3%	8.4	70.5%	\$65,390,000
Boston Medical Center^	A	0.6%	1.5%	2.1%	1.7	60.3%	\$16,538,000
Cambridge Health Alliance^*	T	-4.8%	1.2%	-3.6%	1.0	27.5%	(\$19,339,831)
Dana-Farber Cancer Institute	S	-4.0%	7.9%	3.9%	1.3	68.2%	\$31,582,771
Emerson Hospital	C	0.4%	0.3%	0.8%	1.9	29.2%	\$1,102,213
Hallmark Health	C	-2.1%	3.8%	1.7%	3.8	52.1%	\$3,325,000
Harrington Memorial Hospital	C	0.2%	4.3%	4.6%	1.1	63.9%	\$4,008,744
Holyoke Medical Center	D	2.7%	0.4%	3.1%	1.2	15.1%	\$2,820,362
Lawrence General Hospital	D	5.0%	1.5%	6.5%	2.6	57.9%	\$11,177,000
Lowell General Hospital	C	0.6%	3.5%	4.1%	1.6	36.2%	\$13,167,907
Massachusetts Eye and Ear Infirmary	S	-1.5%	2.3%	0.8%	1.5	56.7%	\$1,356,442
Mercy Medical Center*	D	6.7%	0.4%	7.0%	3.9	63.5%	\$17,667,822
Milford Regional Medical Center	C	2.5%	1.2%	3.7%	3.5	41.8%	\$5,089,528
Noble Hospital	D	1.7%	0.3%	2.0%	0.4	-14.0%	\$856,349
Signature Healthcare Brockton Hospital	D	6.9%	1.0%	7.9%	1.7	63.0%	\$13,934,897
South Shore Hospital	C	3.7%	0.0%	3.7%	1.7	44.3%	\$13,612,102
Southcoast Hospitals Group	D	5.7%	2.4%	8.2%	1.5	57.7%	\$45,533,166
Sturdy Memorial Hospital	C	7.6%	11.7%	19.3%	12.1	92.7%	\$25,767,854
Tufts Medical Center	A	-0.9%	2.8%	1.9%	1.4	19.4%	\$9,851,000
Winchester Hospital	C	0.8%	2.0%	2.7%	1.5	62.5%	\$5,546,631

A: Academic Medical Center C: Community Hospital D: Community-DSH T: Teaching Hospital S: Specialty Hospital ^ Indicates hospital meets DSH criteria
 Note: Profitability percentages may not add due to rounding. * Data reported on an alternative fiscal year.