

Massachusetts Acute Hospital and Health System Financial Performance

Monthly Financial Performance: March, April and May 2020



AUGUST 2020

About this Report

The Center for Health Information and Analysis (CHIA) implemented a voluntary monthly financial data collection beginning in March 2020 in order to report on the financial impact of COVID-19 on hospitals and their health systems in a timely manner. Participating acute hospitals filed Statement of Operations data (revenue, expenses, and resulting income or loss) with CHIA. This report provides an overview of the results of operations for the participating acute hospitals and hospital health systems. Please note that the monthly data is stand alone and as such is not reported cumulatively. Thirty-eight of 61 acute hospitals and 11 of 25 hospital health systems submitted monthly data and are included in this report. The 38 participating hospitals accounted for 74% of acute hospital operating revenue in FY 2018.

As Governor Baker declared a state of emergency on March 10, this report includes the first three months of the financial impact of COVID-19 on hospital health care operations. Federal COVID-related funding was distributed in April and May to hospitals as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is reflected in the data as operating revenue in the month received.

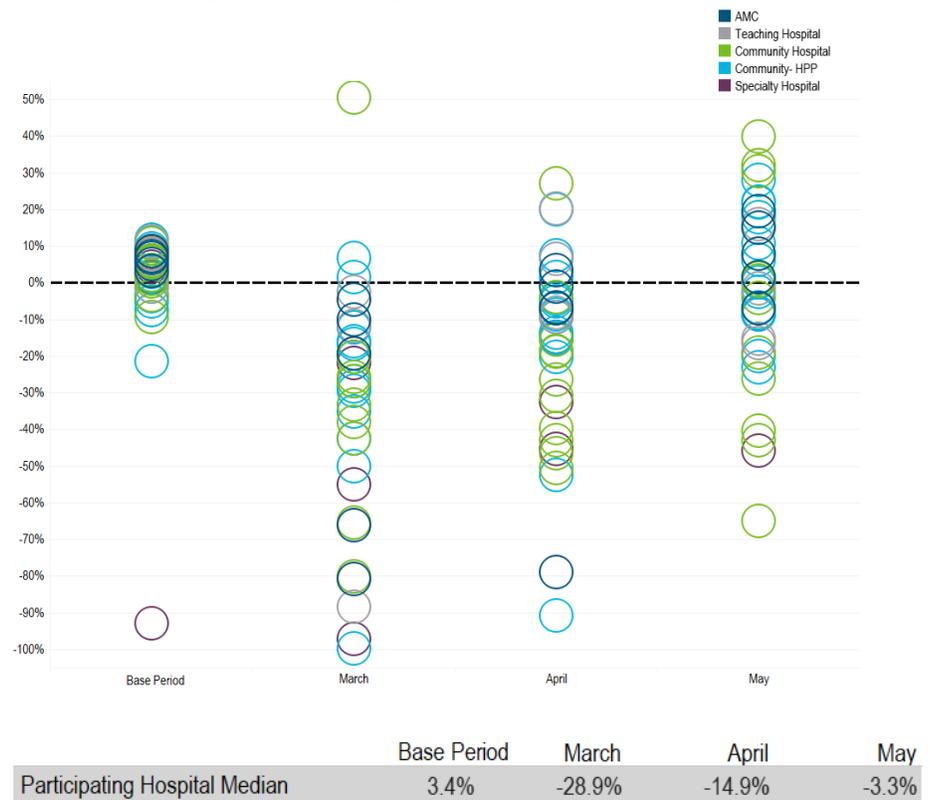
In order to provide a comparison to the reported months, a base period was developed from quarterly or annual data for the period ending December 31, 2019. For metrics requiring one month's data, a monthly average was calculated by using the total amount reported divided by the number of months in the reporting period. Only participating hospitals that reported voluntary monthly data are included in the base period.

Key Findings

Total Margin: Hospitals

Profitability, as measured by the total margin, decreased significantly in March when compared to the base period for most acute hospitals. The participating hospitals had a median total margin of -28.9% and 34 of 36 hospitals reported overall losses. Profitability improved in April and May, reflecting the federal CARES Act payments to hospitals, but remained unfavorable compared to the base period. The median total margin for participating hospitals was -14.9% in April and -3.3% in May, with 31 of 38 hospitals reporting losses in April and 21 of 38 reporting losses in May.

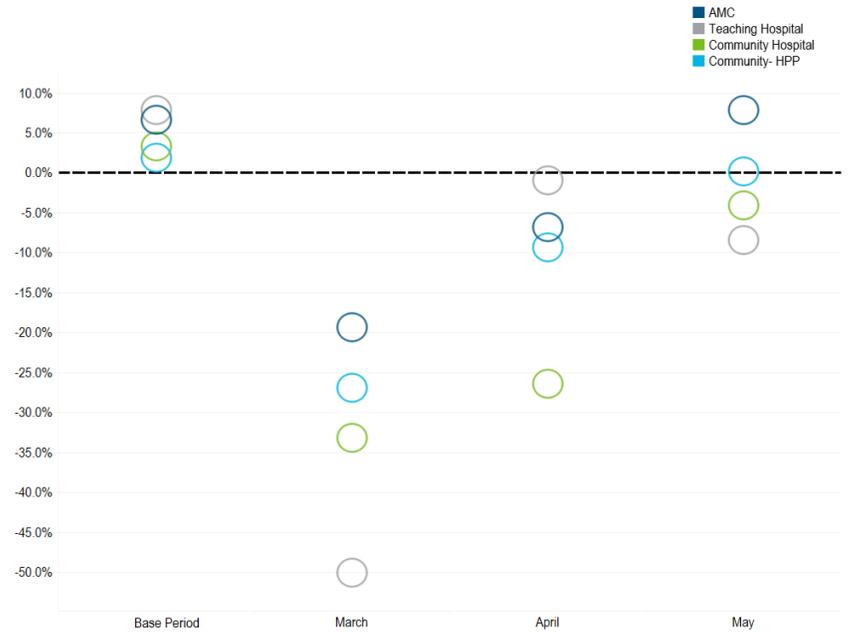
Figure 1: Participating Hospital Total Margin by Month



Note: Some hospitals reported total margins <-100% that are not displayed on figure 1. For more detail on these entities, see the [databook](#).

The AMC and community-HPP cohorts were the only cohorts to report a positive median total margin in any of the three months reported. Both occurred in May. This was due to the COVID-19 relief funds received. Without those funds, the median total margins would have been -16.8% for AMCs and -24.8% for the community-HPP cohort. (figure 6)

Figure 2: Median Total Margin by Participating Hospital Cohort and Month



	Base Period	March	April	May
AMC (5 of 6)	6.6%	-19.4%	-6.8%	7.8%
Teaching Hospital (4 of 7)	7.9%	-50.1%	-0.9%	-8.5%
Community Hospital (11 of 12)	3.3%	-33.2%	-26.4%	-4.1%
Community- HPP (13 of 30)	1.9%	-26.9%	-9.3%	0.2%

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

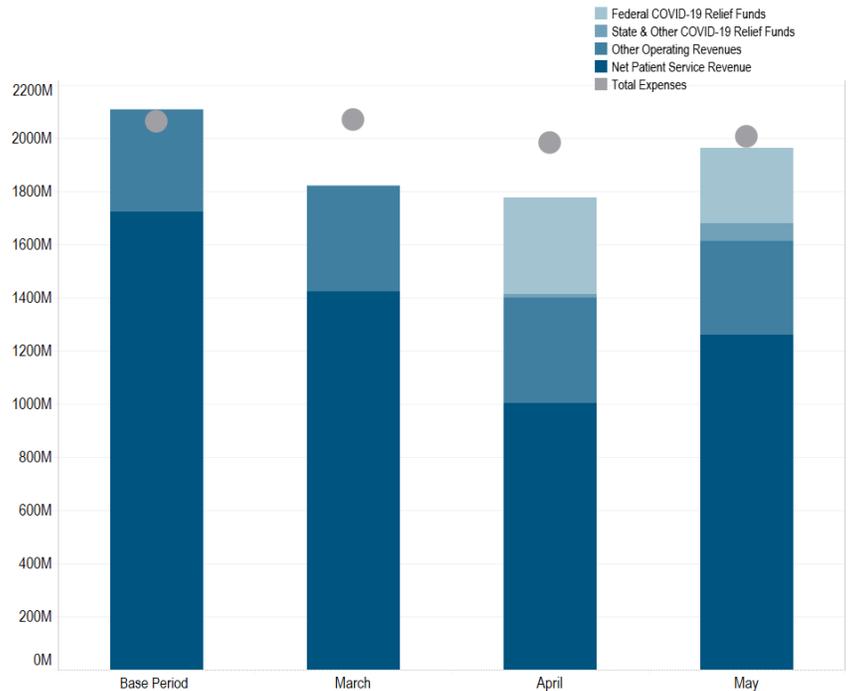
Operating Revenue and Expenses

Total operating revenue, when compared to the base period, decreased for participating hospitals by a median of 23.2% in March, 22.7% in April, and 16.7% in May. (figure 4) Total expenses declined at a slower rate. Total expenses for participating hospitals decreased by a median of 1.6% in March, 6.3% in April, and 7.0% in May. (figure 5)

Net patient service revenue (NPSR) at the participating hospitals was lower in March, April, and May when compared to the base period (figure 3). April had the lowest reported total NPSR among the three months reported.

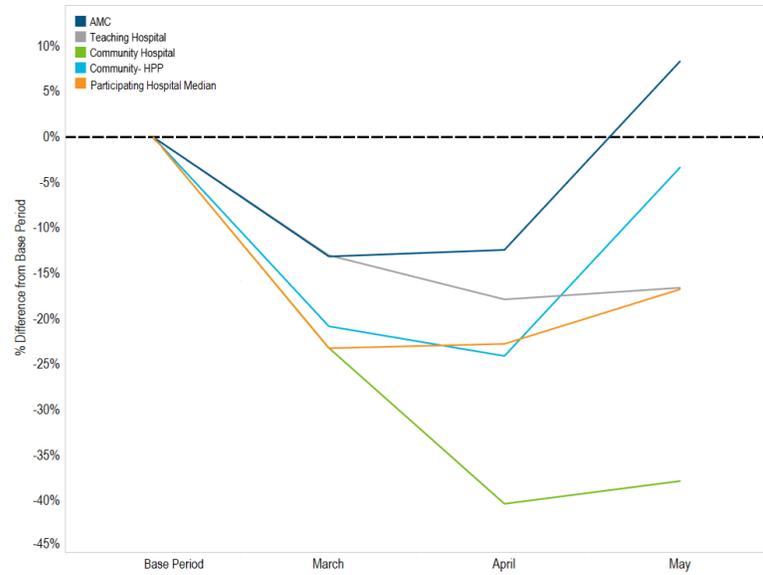
While state and federal COVID-19 relief funds supplemented the operating revenue reported in April and May, in aggregate total operating revenue remained lower than total expenses for the participating hospitals.

Figure 3: Participating Hospital Operating Revenue and Expenses Trends



The percent change in operating revenue varied by cohort and month. All cohorts saw a decrease in total operating revenue in March and April when compared to the base period. April, which was the first full month hospital operations were impacted by COVID-19, had the largest decrease when compared to the base period for all cohorts but AMCs. The AMC cohort was the only cohort to report an increase in operating revenue when compared to the base period in May. This was due to the federal funds that were distributed in May.

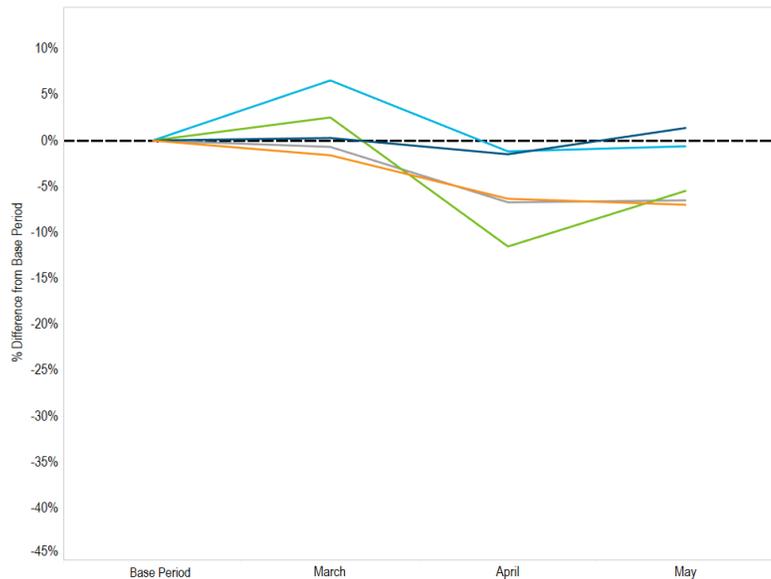
Figure 4: Median Change in Operating Revenue, by Participating Hospital Cohort



	March	April	May
Participating Hospital Median	-23.2%	-22.7%	-16.7%
AMC	-13.1%	-12.4%	8.3%
Teaching Hospital	-13.0%	-17.9%	-16.6%
Community Hospital	-23.2%	-40.3%	-37.8%
Community- HPP	-20.8%	-24.1%	-3.3%

The percent change in expenses also varied by cohort and month. Only the teaching hospital cohort reported a decrease in March. All four cohorts reported decreased expenses in April compared to the base period. The AMC cohort was the only cohort to report an increase in expenses in May when compared to the base period.

Figure 5: Median Change in Expenses, by Participating Hospital Cohort

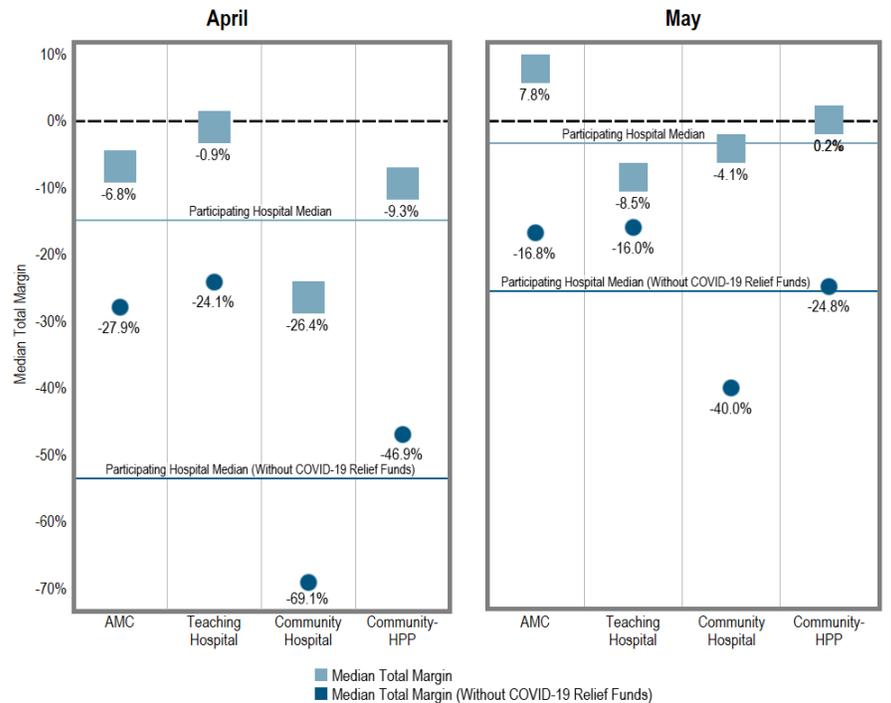


	March	April	May
Participating Hospital Median	-1.6%	-6.3%	-7.0%
AMC	0.3%	-1.5%	1.4%
Teaching Hospital	-0.7%	-6.7%	-6.5%
Community Hospital	2.5%	-11.5%	-5.5%
Community- HPP	6.5%	-1.2%	-0.6%

Impact of COVID-19 Relief Funds

The federal funds received by the participating hospitals in April and May had significant impacts on their reported operating revenue and income. The participating hospitals reported \$642.4 million in federal funding and \$83.8 million in state funding, which improved their operating revenue and margins during those months. If no COVID-19 relief funds had been distributed, the participating hospital median total margins would have been -53.5% in April and -26.1% in May. Additionally, all hospital cohorts would have experienced lower median total margins.

Figure 6: Median Total Margin by Participating Hospital Cohort, With and Without COVID-19 Relief Funds



Total Margin: Hospital Health Systems

Profitability for most participating hospital health systems declined significantly in March when compared to the base period. The median total margin for participating health systems was 2.0% in the base period and declined to -49.2% in March. Profitability improved in April and May when federal CARES Act funding was distributed, but remained negative for most hospital health systems that reported data.

Figure 7: Participating HHS Total Margin by Month



Note: Some hospital health systems reported total margins <-150% that are not displayed on figure 7. For more detail on these entities, see the [databook](#).

Monthly Financial Data

Entity	Organization Type	March 2020				April 2020				May 2020			
		Operating Margin	Total Margin	COVID Funding (in Thousands)	Excess (Deficit) of Revenue Over Expenses (in Thousands)	Operating Margin	Total Margin	COVID Funding (in Thousands)	Excess (Deficit) of Revenue Over Expenses (in Thousands)	Operating Margin	Total Margin	COVID Funding (in Thousands)	Excess (Deficit) of Revenue Over Expenses (in Thousands)
Baystate Health		-17.0%	-73.2%	\$0	(\$85,414)	4.3%	14.4%	\$37,663	\$32,746	1.8%	8.9%	\$22,502	\$19,800
Baystate Franklin	Community-High Public Payer	-14.1%	-12.2%	\$0	(\$984)	0.7%	1.6%	\$2,734	\$138	-0.6%	0.2%	\$1,883	\$20
Baystate Medical Center ε	Teaching Hospital	-16.7%	-88.4%	\$0	(\$54,226)	7.4%	20.2%	\$31,246	\$28,833	6.2%	16.0%	\$18,081	\$21,178
Baystate Noble	Community-High Public Payer	-41.6%	-42.4%	\$0	(\$1,632)	-52.8%	-52.5%	\$618	(\$1,948)	-23.2%	-23.1%	\$426	(\$984)
Baystate Wing	Community-High Public Payer	-24.4%	-35.1%	\$0	(\$2,148)	-24.9%	-20.2%	\$891	(\$1,266)	-23.4%	-20.1%	\$613	(\$1,282)
Beth Israel Lahey Health		-27.1%	-49.4%	\$0	(\$160,151)	-18.3%	-12.9%	\$82,610	(\$52,065)	-9.3%	-7.4%	\$75,000	(\$31,254)
Anna Jaques Hospital	Community Hospital	-37.1%	-38.1%	\$0	(\$3,169)	-32.0%	-31.0%	\$2,540	(\$2,595)	-42.0%	-40.3%	\$475	(\$2,935)
Beth Israel Deaconess Hospital - Milton	Community Hospital	-35.8%	-80.2%	\$0	(\$4,515)	-13.3%	-4.0%	\$2,280	(\$351)	-19.9%	-26.1%	\$700	(\$1,847)
Beth Israel Deaconess Hospital - Needham	Community Hospital	-53.3%	-65.5%	\$0	(\$3,397)	-43.1%	-43.1%	\$1,900	(\$2,537)	-65.1%	-65.1%	\$4	(\$3,166)
Beth Israel Deaconess Hospital - Plymouth	Community-High Public Payer	-15.5%	-26.9%	\$0	(\$5,126)	-12.2%	-8.6%	\$5,380	(\$1,773)	-3.7%	-2.5%	\$3,150	(\$560)
Beth Israel Deaconess Medical Center	Academic Medical Center	-17.0%	-66.3%	\$0	(\$64,628)	-7.6%	3.5%	\$27,890	\$5,695	3.9%	7.8%	\$37,515	\$13,950
Lahey Hospital and Medical Center	Teaching Hospital	-12.1%	-11.8%	\$0	(\$8,695)	-9.3%	-9.4%	\$19,310	(\$6,346)	-1.6%	-1.5%	\$16,100	(\$1,086)
Mount Auburn Hospital	Teaching Hospital	-53.4%	-154.3%	\$0	(\$16,543)	-9.3%	6.4%	\$6,410	\$1,727	-24.6%	-16.4%	\$14	(\$3,536)
New England Baptist Hospital	Specialty Hospital	-31.6%	-55.1%	\$0	(\$6,257)	-56.3%	-45.3%	\$4,520	(\$4,426)	-143.1%	-135.1%	\$590	(\$7,560)
Northeast Hospital	Community-High Public Payer	-17.0%	-28.4%	\$0	(\$6,850)	-5.9%	-9.3%	\$7,230	(\$2,536)	22.6%	22.1%	\$14,350	\$8,296
Winchester Hospital	Community Hospital	-28.5%	-27.0%	\$0	(\$5,038)	-19.1%	-18.7%	\$5,150	(\$3,587)	-19.5%	-19.2%	\$0	(\$3,583)
Boston Children's Hospital and Subsidiaries													
Boston Children's Hospital	Specialty Hospital	-21.7%	-97.2%	\$0	(\$76,518)	-17.9%	-14.9%	\$26,057	(\$19,494)	-18.0%	-8.7%	\$0	(\$11,925)
Boston Medical Center Health System													
Boston Medical Center ε	Academic Medical Center	-4.9%	-19.4%	\$0	(\$23,102)	-11.3%	-7.1%	\$22,739	(\$9,902)	11.0%	15.0%	\$70,605	\$28,462
Cambridge Health Alliance													
Cambridge Health Alliance ε	Teaching Hospital					-9.9%	-8.3%	\$8,000	(\$4,788)	-17.1%	-15.4%	\$0	(\$8,313)
Harrington HealthCare System													
Harrington Hospital	Community-High Public Payer	-39.4%	-28.7%	\$0	(\$3,295)	-17.9%	-16.9%	\$3,728	(\$1,978)	-17.0%	-4.0%	\$693	(\$511)
Lawrence General Hospital and Affiliates													
Lawrence General Hospital	Community-High Public Payer	-29.2%	-16.8%	\$0	(\$1,664)	-5.5%	-4.3%	\$3,405	(\$460)	-8.2%	6.2%	\$693	\$723
Lawrence General Hospital and Affiliates													
Lawrence General Hospital	Community-High Public Payer	-55.3%	-68.0%	\$0	(\$11,089)	-88.9%	-79.5%	\$0	(\$12,429)	13.7%	15.5%	\$0	\$6,526
Milford Regional Medical Center and Affiliates													
Milford Regional Medical Center	Community Hospital	-47.0%	-50.2%	\$0	(\$8,364)	-93.8%	-90.9%	\$0	(\$12,369)	17.4%	17.9%	\$0	\$7,177
Milford Regional Medical Center and Affiliates													
Milford Regional Medical Center	Community Hospital	-13.5%	-42.5%	\$0	(\$5,315)	-39.6%	-39.6%	\$1,463	(\$4,211)	-19.2%	1.3%	\$1,463	\$212

Monthly Financial Data

Entity	Organization Type	March 2020				April 2020				May 2020			
		Operating Margin	Total Margin	COVID Funding (in Thousands)	Excess (Deficit) of Revenue Over Expenses (in Thousands)	Operating Margin	Total Margin	COVID Funding (in Thousands)	Excess (Deficit) of Revenue Over Expenses (in Thousands)	Operating Margin	Total Margin	COVID Funding (in Thousands)	Excess (Deficit) of Revenue Over Expenses (in Thousands)
Partners HealthCare		-74.0%	-428.3%	\$0	(\$968,261)	-8.4%	20.5%	\$186,204	\$291,820	-13.2%	-4.0%	\$132,194	(\$44,700)
Brigham & Women's Faulkner Hospital	Community Hospital	-20.3%	-20.2%	\$0	(\$3,965)	-15.7%	-15.6%	\$5,600	(\$3,068)	0.4%	0.5%	\$10,089	\$131
Brigham & Women's Hospital	Academic Medical Center	-4.1%	-4.6%	\$0	(\$11,528)	-7.1%	-6.8%	\$45,148	(\$15,470)	-7.0%	-7.0%	\$23,164	(\$15,948)
Cooley Dickinson Hospital	Community Hospital	-25.6%	-25.6%	\$0	(\$3,506)	-18.8%	-18.8%	\$3,937	(\$2,488)	-43.1%	-43.1%	\$0	(\$4,775)
Martha's Vineyard Hospital	Community Hospital	-18.1%	-163.9%	\$0	(\$5,243)	-3.5%	27.1%	\$1,810	\$2,949	27.0%	32.0%	\$4,920	\$3,651
Massachusetts Eye & Ear Infirmary	Specialty Hospital	-17.3%	-21.9%	\$0	(\$3,964)	-33.8%	-32.5%	\$4,343	(\$4,641)	-45.0%	-45.9%	\$522	(\$6,643)
Massachusetts General Hospital	Academic Medical Center	-9.7%	-10.1%	\$0	(\$32,184)	-1.3%	-1.1%	\$58,076	(\$3,504)	1.4%	1.4%	\$52,294	\$4,694
Nantucket Cottage Hospital	Community Hospital	-32.1%	-19.3%	\$0	(\$773)	-57.1%	-46.6%	\$993	(\$1,704)	37.6%	39.8%	\$4,632	\$3,283
Newton-Wellesley Hospital	Community Hospital	-32.4%	-33.2%	\$0	(\$11,590)	-28.7%	-26.4%	\$9,584	(\$9,550)	-3.5%	-4.1%	\$13,317	(\$1,792)
North Shore Medical Center	Community-High Public Payer	-16.0%	-15.9%	\$0	(\$5,335)	-5.2%	-5.1%	\$8,398	(\$1,871)	27.9%	27.9%	\$22,448	\$15,225
Shriners Hospitals for Children													
Shriners Hospital for Children - Boston*	Specialty Hospital												
Shriners Hospital for Children - Springfield*	Specialty Hospital												
Signature Healthcare Corporation		0.2%	0.9%	\$0	\$292	-19.8%	-19.6%	\$3,700	(\$4,784)	-11.7%	-10.3%	\$3,808	(\$2,648)
Signature Healthcare Brockton Hospital	Community-High Public Payer	5.7%	6.8%	\$0	\$1,843	-15.7%	-15.2%	\$2,960	(\$3,128)	-7.3%	-6.7%	\$3,068	(\$1,412)
South Shore Health System Inc.		-7.3%	52.4%	\$0	\$69,196	-21.5%	-64.2%	\$15,474	(\$25,548)	6.5%	27.8%	\$17,530	\$25,264
South Shore Hospital ¹	Community Hospital	-5.5%	50.5%	\$0	\$55,236	-13.5%	-50.5%	\$13,833	(\$18,980)	9.6%	30.3%	\$16,756	\$25,171
Southcoast Health Systems		-14.3%	-134.6%	\$0	(\$49,881)	-17.7%	0.9%	\$10,158	\$766	-1.8%	16.2%	\$10,158	\$15,725
Southcoast Hospital Group	Community-High Public Payer	-13.4%	-99.8%	\$0	(\$35,190)	-7.9%	7.5%	\$8,671	\$4,925	6.4%	21.8%	\$8,671	\$17,029
Valley Health System						14.7%	15.8%	\$6,034	\$2,821	-7.9%	-7.5%	\$2,942	(\$1,152)
Holyoke Medical Center	Community-High Public Payer					19.0%	19.9%	\$5,823	\$3,060	-8.8%	-8.6%	\$2,867	(\$1,081)
Wellforce		-28.0%	-49.2%	\$413	(\$62,766)	-23.8%	-42.0%	\$30,929	(\$52,481)	-6.9%	8.9%	\$19,273	\$16,780
Lowell General Hospital	Community-High Public Payer	-29.7%	-29.4%	\$0	(\$9,210)	-12.3%	-14.9%	\$9,084	(\$4,730)	-16.4%	-8.2%	\$3,881	(\$2,777)
MelroseWakefield Health	Community-High Public Payer	-23.4%	-20.2%	\$0	(\$3,412)	-13.9%	-13.7%	\$4,514	(\$2,262)	9.6%	10.8%	\$8,657	\$2,268
Tufts Medical Center	Academic Medical Center	-28.3%	-80.8%	\$0	(\$38,219)	-35.8%	-79.0%	\$14,656	(\$36,110)	1.2%	19.5%	\$6,526	\$18,855

¹ The total margin calculation for South Shore Hospital's March 2020 data incorporates approximately \$60 million in a one-time, nonrecurring sale of investment assets, which was necessary in order to transfer assets into a different fund. This portion of the total margin was not generated through regular hospital operations.

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

ε Indicates a Hospital meets the High Public Payer threshold.

Note: Hospital health system financial data may also include non-healthcare entities.

REPORT NOTES

Description of Financial Metrics

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

Operating Margin

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

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

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

Non-Operating Margin

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

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

Total Margin

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

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

Other Measures

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

- **Total Excess of Revenue, Gains, and Other Support Over Expenses:** Total dollar amount of surplus or loss derived from all operating and non-operating activities
- **Net Patient Service Revenue (NPSR):** Revenue an entity would expect to collect for services provided, including premium revenue, less contractual allowances. NPSR is the primary source of revenue for an entity.
- **Other Operating Revenue: Federal COVID-19 Relief Funds:** Revenue an entity received from the federal government related to the COVID-19 pandemic.
- **Other Operating Revenue: State & Other COVID-19 Relief Funds:** Revenue an entity received from the state government or source other than the federal government related to the COVID-19 pandemic.

Data Caveats

Base Period Data

In order to provide a comparison period, a base period was developed from quarterly or annual data reported for the period ending Dec. 31, 2019. All calculated metrics (total margin, operating margin, non-operating margin) for the base period were utilized as reported. For all metrics requiring one month's data (total operating revenue, NPSR, total expenses, excess (deficit) of revenue over expenses), a monthly average was calculated by using the amount reported divided by the number of months in the reporting period, which differ by hospital and health system. Only hospitals that reported voluntary monthly data are included in the base period.

Supplemented Data

Cambridge Health Alliance, Holyoke Medical Center, and Valley Health System reported voluntary monthly data for April and May, but not March. In order to provide a consistent comparison for March, supplemented data was included for these entities that utilized their quarterly data reported for the period ending March 31, 2020. All calculated metrics (total margin, operating margin, non-operating margin) were utilized as reported. For all metrics requiring one month's data (total operating revenue, NPSR, total expenses, excess (deficit) of revenue over expenses), a monthly average was calculated by using the amount reported for the period ending March 31, 2020, less the amount reported in the base period, divided by three.

Total Margin Calculation

Total margin, as represented in this report, was calculated by reporting month. The total margins for March, April, and May do not utilize cumulative data.

Total revenue, which is the denominator of the total margin calculation, varied significantly between reporting months and therefore the resulting margins also varied. Total revenue has several components including net patient service revenue, other operating revenue (which may include federal and state COVID-19 relief funding), and net non-operating revenue/loss (which includes investment income).

Data represents each month and is not an indication of the cumulative financial position that a hospital will have at its year end.

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