

Massachusetts Acute Hospital and Health System Financial Performance



Fiscal Year Data through June 30, 2017

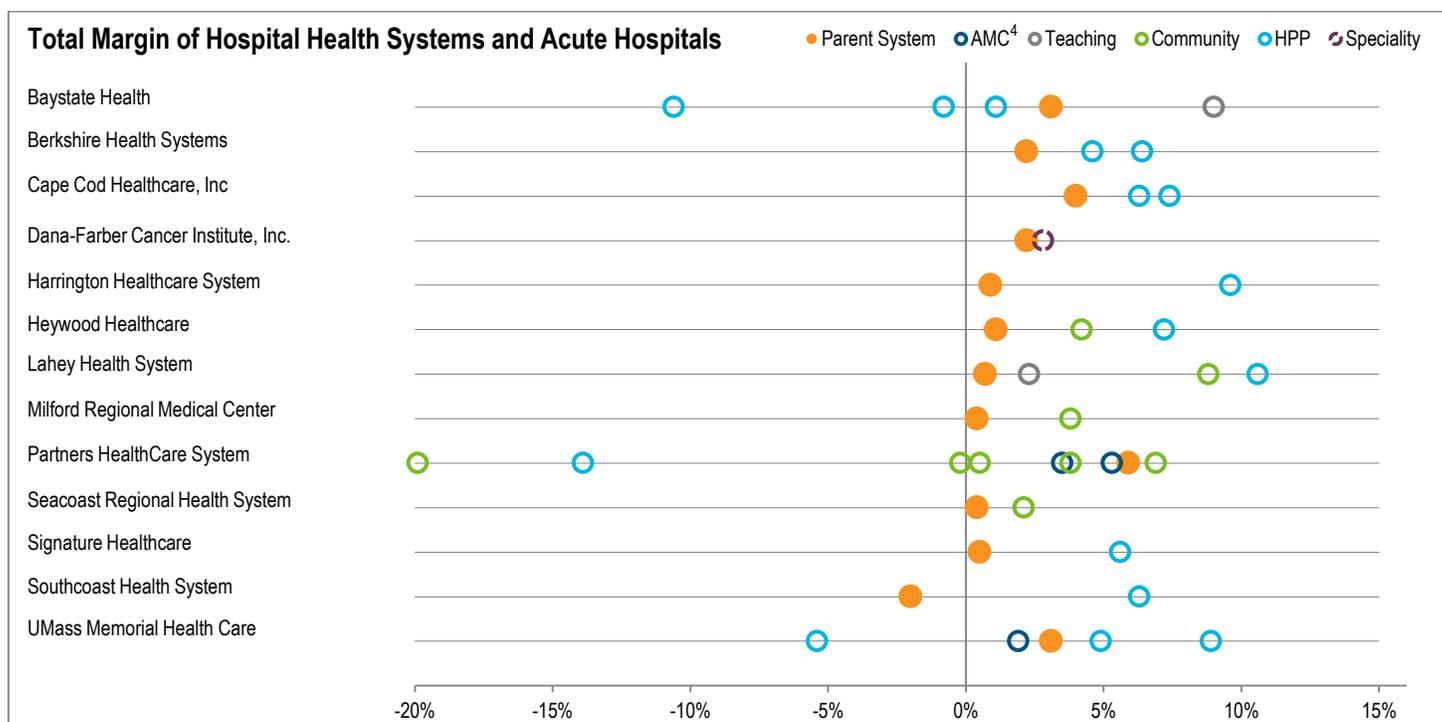
September 2017

About this Report

The Center for Health Information and Analysis (CHIA) reports on the financial performance of the Commonwealth's acute care hospitals and associated hospital health systems (HHS). As hospitals and HHS are evolving and expanding, CHIA is collecting quarterly financial data from HHS on a voluntary basis. Data submissions received from the HHS help develop a more complete understanding of the financial performance of an acute hospital in the context of the larger health system within which it operates. This report provides a quarterly update on the profitability, liquidity, and solvency for the period ending June 30, 2017. Fifty-two of 62 acute hospitals and 13 of 30 HHS are included in this publication. Two hospitals, Cambridge Health Alliance and Mercy Medical Center, are not included in this report as they have a June 30 fiscal year end and as such their data is not due until October 10, 2017. Steward Health Care's eight hospitals did not submit the required hospital level quarterly financial data in time to be analyzed and included in this publication.

Hospital Health Systems

This section reports on the total margin of the health systems and the constituent acute hospitals. The HHS includes the results of operations at the system level including the acute hospitals and all other financially consolidated health care entities such as physician organizations, non-acute hospitals, foundations, and health plans, as well as non-health care entities.

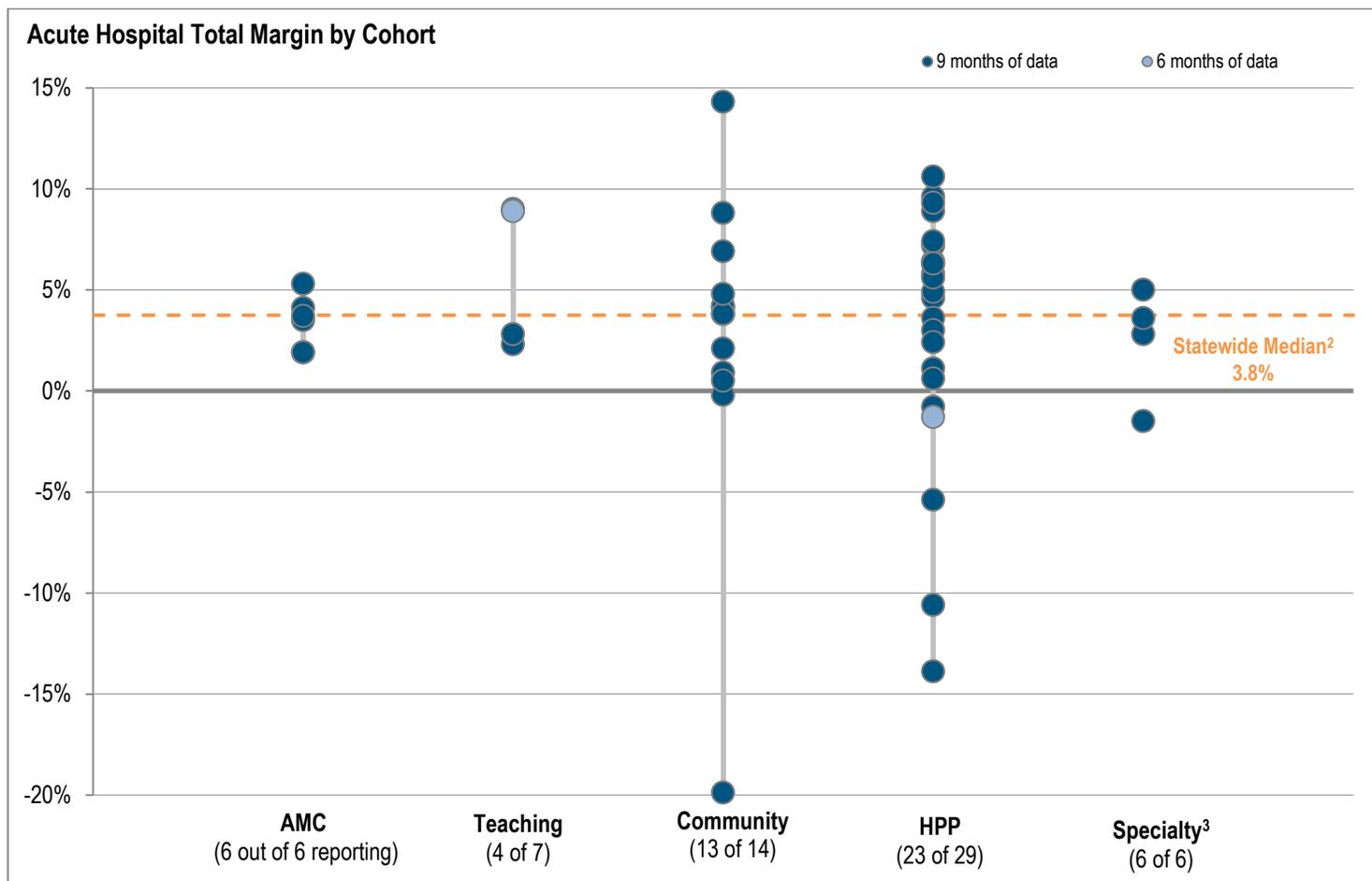


Hospital Health System Key Findings

- Of the 13 health systems that submitted data, 12 were profitable¹ through June 30, 2017.
- The system that reported a loss included an acute hospital that reported a profit.
- In general, acute hospitals performed better than their respective health systems.
- Seven of the 12 systems with positive total margins had negative operating margins, indicating that non-operating profits are important.
- All health systems reported a current ratio at or above 1.0, a benchmark which indicates that an entity can meet its current liabilities.

Acute Hospitals

The graph below reports the total margin of each hospital by cohort and months of data available as of June 30, 2017.



Acute Hospital Key Findings

Overall acute hospital profitability, as measured by the median total margin, increased by 0.2 percentage points from the same period in the prior year.

- Financial performance was mixed among the four hospital cohorts. AMC, community, and community-HPP hospitals experienced increases in profitability while the teaching hospital cohort median total margin decreased in the current period. The community hospital cohort experienced the largest increase in the current period.
- All cohorts reported a current ratio above 1.0, an indication that a hospital has sufficient current assets to meet current liabilities. Four individual hospitals reported ratios below 1.0 but are all part of larger health systems.
- A negative net asset position indicates that total liabilities are greater than the hospitals' total assets. Four hospitals reported negative net assets in the current period.

	6/30/2015	6/30/2016	6/30/2017
Statewide Median² (52 of 62 hospitals)	3.6%	3.6%	3.8%
AMC (6 of 6 hospitals)	3.3%	2.7%	3.6%
Teaching (4 of 7 hospitals)	8.0%	8.4%	5.9%
Community (13 of 14 hospitals)	2.8%	2.1%	3.8%
Community-HPP (23 of 29 hospitals)	5.3%	4.7%	4.9%

¹ Profitable or profit indicates an excess of revenues over expenses.

² The statewide medians include only hospitals that reported data for the period ending 6/30/17.

³ Due to differences in reporting, Shriners' Boston and Shriners' Springfield are not represented on this graph. They are included in statewide medians.

⁴ 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](#).

Hospital Health Systems⁵

Entity	Cohort	Months Reported	Current Ratio	Operating Margin	Total Margin	Excess / (Deficit) of Revenue over Expenses ⁶	Net Assets
Baystate Health		9	2.0	1.3%	3.1%	\$56.7	\$928.9
Baystate Franklin	Community, High Public Payer	9	1.7	0.0%	1.1%	\$0.8	\$50.0
Baystate Medical Center ⁷	Teaching Hospital	9	3.3	5.8%	9.0%	\$85.6	\$721.6
Baystate Noble	Community, High Public Payer	9	0.5	-1.3%	-0.8%	(\$0.3)	\$1.3
Baystate Wing	Community, High Public Payer	9	1.0	-12.0%	-10.6%	(\$7.1)	\$50.7
The system's results include the acute hospitals as well as Baystate Medical Practices, Baystate Westfield, and Health New England.							
Berkshire Health Systems		9	1.4	0.4%	2.2%	\$9.8	\$429.4
Berkshire Medical Center	Community, High Public Payer	9	1.1	4.4%	6.4%	\$23.2	\$392.5
Fairview Hospital	Community, High Public Payer	9	1.3	2.6%	4.6%	\$1.8	\$31.9
The system's results include the acute hospitals as well as Berkshire Faculty Services.							
Boston Children's Hospital and Subsidiaries		DNP ⁸					
Boston Children's Hospital	Specialty Hospital	9	9.2	1.2%	5.0%	\$64.7	\$3,598.1
Boston Medical Center Health System, Inc.		DNP					
Boston Medical Center ⁷	Academic Medical Center	9	1.9	0.4%	1.9%	\$18.6	\$1,211.1
Cape Cod Healthcare		9	1.5	2.5%	4.0%	\$26.1	\$674.3
Cape Cod Hospital	Community, High Public Payer	9	2.1	6.8%	7.4%	\$29.4	\$376.5
Falmouth Hospital	Community, High Public Payer	9	1.7	2.1%	6.3%	\$7.8	\$218.9
The system's results include the acute hospitals as well as Medical Affiliates of Cape Cod.							
CareGroup		DNP					
Beth Israel Deaconess Hospital - Milton	Community Hospital	9	2.6	12.9%	14.3%	\$13.3	\$76.5
Beth Israel Deaconess Hospital - Needham	Community Hospital	9	2.0	3.3%	4.1%	\$2.8	\$46.3
Beth Israel Deaconess Hospital - Plymouth	Community, High Public Payer	9	1.6	4.6%	5.8%	\$11.4	\$85.9
Beth Israel Deaconess Medical Center	Academic Medical Center	9	3.2	1.6%	4.1%	\$53.6	\$912.9
Mt. Auburn Hospital	Teaching Hospital	9	3.5	-0.7%	2.8%	\$7.1	\$261.8
New England Baptist Hospital	Specialty Hospital	9	4.7	1.6%	3.6%	\$6.6	\$133.1
Dana-Farber Cancer Institute and Subsidiaries		9	2.0	-6.8%	2.2%	\$26.6	\$1,466.0
Dana-Farber Cancer Institute	Specialty Hospital	9	2.1	-6.5%	2.8%	\$32.3	\$1,486.0
The system's results include the acute hospital as well as Dana-Farber Cancer Care Network.							
Emerson Health System Inc. and Subsidiaries		DNP					
Emerson Hospital	Community Hospital	9	1.5	-0.5%	0.9%	\$1.7	\$40.7
Foundation of the Massachusetts Eye and Ear Infirmary		DNP					
Massachusetts Eye & Ear Infirmary	Specialty Hospital	9	1.1	-2.7%	-1.5%	(\$3.1)	\$249.9
Harrington HealthCare System, Inc.		9	3.1	-5.3%	0.9%	\$1.1	\$69.5
Harrington Hospital	Community, High Public Payer	9	2.6	2.5%	9.6%	\$10.7	\$67.9
The system's results include the acute hospital as well as Harrington Physician Services.							

Entity	Cohort	Months Reported	Current Ratio	Operating Margin	Total Margin	Excess / (Deficit) of Revenue over Expenses	Net Assets
Heywood Healthcare		9	1.0	-0.7%	1.1%	\$1.3	\$67.3
Athol Hospital	Community, High Public Payer	9	1.0	7.3%	7.2%	\$1.5	\$8.0
Heywood Memorial Hospital	Community Hospital	9	1.2	1.6%	4.2%	\$3.7	\$54.3
The system's results include the acute hospitals as well as Heywood Medical Group.							
Lahey Health System		9	1.4	-2.8%	0.7%	\$10.8	\$944.6
Lahey Hospital and Medical Center	Teaching Hospital	9	3.2	2.2%	2.3%	\$16.3	\$115.9
Northeast Hospital	Community, High Public Payer	9	3.0	2.9%	10.6%	\$30.2	\$222.0
Winchester Hospital	Community Hospital	9	2.2	0.8%	8.8%	\$20.2	\$277.9
The system's results include the acute hospitals as well as Lahey Clinic Inc., Lahey Physician Community Organization, Inc., Northeast Medical Practice, and Winchester Physician Associates, Inc.							
Lawrence General Hospital and Affiliates		DNP					
Lawrence General Hospital	Community, High Public Payer	9	1.7	-0.7%	0.6%	\$1.1	\$116.4
Milford Regional Medical Center, Inc. and Affiliates		9	2.8	-0.2%	0.4%	\$0.8	\$120.6
Milford Regional Medical Center	Community Hospital	9	3.4	3.0%	3.8%	\$6.1	\$119.7
The system's results include the acute hospital as well as Tri-County Medical Associates, Inc.							
Partners HealthCare		9	2.0	0.5%	5.9%	\$619.1	\$7,026.3
Brigham & Women's Faulkner Hospital	Community Hospital	9	1.9	6.9%	6.9%	\$14.1	\$104.4
Brigham & Women's Hospital	Academic Medical Center	9	1.4	3.4%	3.5%	\$76.7	\$432.2
Cooley Dickinson Hospital	Community Hospital	9	0.8	1.4%	3.8%	\$5.4	(\$4.8)
Martha's Vineyard Hospital	Community Hospital	9	1.6	-5.0%	-0.2%	(\$0.1)	\$111.1
Massachusetts General Hospital	Academic Medical Center	9	1.7	5.1%	5.3%	\$156.3	\$2,447.1
Nantucket Cottage Hospital	Community Hospital	9	1.3	-28.8%	-19.9%	(\$6.4)	\$111.9
Newton-Wellesley Hospital	Community Hospital	9	1.4	0.6%	0.5%	\$1.8	\$229.5
North Shore Medical Center	Community, High Public Payer	9	2.7	-14.0%	-13.9%	(\$43.7)	(\$80.2)
The system's results include the acute hospitals as well as McLean Hospital, Spaulding Hospital Cambridge, Spaulding Rehabilitation Hospital, Spaulding Rehabilitation Hospital of Cape Cod, Newton-Wellesley Physician Hospital Organization, Brigham & Women's Physicians Organization, CD Practice Associates, Massachusetts General Physicians Organization, North Shore Physicians Group, Partners Community Physicians Organization, and Neighborhood Health Plan.							
Seacoast Regional Health System		9	2.7	-1.6%	0.4%	\$0.5	\$33.9
Anna Jaques Hospital	Community Hospital	9	2.5	0.2%	2.1%	\$2.0	\$19.3
The system's results include the acute hospital as well as Seacoast Affiliated Group Practice.							
Shriners Hospitals for Children		DNP					
Shriners Hospital for Children - Boston	Specialty Hospital	6	0.3	-671.6%	-671.6%	(\$18.6)	\$41.3
Shriners Hospital for Children - Springfield	Specialty Hospital	6	0.5	-84.4%	-84.4%	(\$4.8)	\$9.0
Signature Healthcare Corporation		9	1.1	0.0%	0.5%	\$1.4	\$69.8
Signature Healthcare Brockton Hospital	Community, High Public Payer	9	1.2	4.7%	5.6%	\$11.9	\$61.0
The system's results include the acute hospital as well as Signature Health Medical Group.							
South Shore Health System Inc.		DNP					
South Shore Hospital	Community Hospital	9	1.9	3.8%	4.8%	\$21.7	\$294.6

Entity	Cohort	Months Reported	Current Ratio	Operating Margin	Total Margin	Excess / (Deficit) of Revenue over Expenses	Net Assets
Southcoast Health Systems, Inc.		9	1.3	-3.8%	-2.0%	(\$14.7)	\$709.9
Southcoast Hospital Group	Community, High Public Payer	9	1.6	4.7%	6.3%	\$38.9	\$536.7
The system's results include the acute hospital as well as Southcoast Physicians Group.							
Steward Health Care		DNP					
Morton Hospital	Community, High Public Payer	Steward Health Care's eight hospitals did not submit the required hospital level quarterly financial data in time to be analyzed and included in this publication.					
Nashoba Valley Medical Center	Community, High Public Payer						
Steward Carney Hospital ⁷	Teaching Hospital						
Steward Good Samaritan Medical Center	Community, High Public Payer						
Steward Holy Family Hospital	Community, High Public Payer						
Steward Norwood Hospital	Community Hospital						
Steward Saint Anne's Hospital	Community, High Public Payer						
Steward St. Elizabeth's Medical Center ⁷	Teaching Hospital						
Sturdy Memorial Foundation, Inc. and Affiliates		DNP					
Sturdy Memorial Hospital	Community, High Public Payer	9	14.0	3.8%	9.3%	\$12.8	\$368.6
Tenet Healthcare		DNP					
MetroWest Medical Center	Community, High Public Payer	6	1.6	-1.7%	-1.3%	(\$1.6)	(\$64.0)
Saint Vincent Hospital ⁷	Teaching Hospital	6	1.8	8.9%	8.9%	\$20.6	\$454.2
UMass Memorial Health Care		9	1.6	-0.1%	3.1%	\$58.2	\$923.5
Clinton Hospital	Community, High Public Payer	9	1.7	-6.5%	-5.4%	(\$1.1)	\$14.0
HealthAlliance Hospital	Community, High Public Payer	9	2.9	3.1%	4.9%	\$6.8	\$170.4
Marlborough Hospital	Community, High Public Payer	9	2.9	6.3%	8.9%	\$5.9	\$46.7
UMass Memorial Medical Center ⁷	Academic Medical Center	9	1.4	1.1%	1.9%	\$24.3	\$94.3
The system's results include the acute hospitals as well as UMass Memorial Medical Group.							
Valley Health System, Inc.		DNP					
Holyoke Medical Center	Community, High Public Payer	9	1.5	2.0%	3.0%	\$3.5	(\$13.4)
Wellforce⁹ - Circle Health		DNP					
Lowell General Hospital	Community, High Public Payer	9	1.4	2.0%	2.4%	\$8.2	\$166.3
Wellforce - Tufts Medical Center Parent		DNP					
Tufts Medical Center	Academic Medical Center	9	1.5	1.4%	3.7%	\$22.4	\$119.9
Wellforce - Hallmark Health		DNP					
Hallmark Health	Community, High Public Payer	9	1.5	-0.5%	3.6%	\$7.4	\$154.1

⁵ Hospital health system financial data may also include non-healthcare entities.

⁶ All dollars values are in millions.

⁷ Hospital meets the High Public Payer threshold.

⁸ DNP indicates the health system did not participate in voluntary filings.

⁹ Wellforce is not financially consolidated.