

## Most hospitals in area doing OK financially, but some are struggling

Story Comments

Print Font Size: - +

Recommend 5 Tweet G+1 0 Pin it 0 Share 13

Posted: Friday, November 20, 2015 9:45 pm

BY TAMMIE SMITH Richmond Times-Dispatch

Most Richmond-area hospitals are doing OK financially, according to an annual report from the data agency Virginia Health Information that looks at the finances and operations of hospitals across the state.

Total margins ranged from negative 4 percent at HCA Virginia's John Randolph Medical Center in Hopewell to 22 percent reported at Bon Secours' small Richmond Community Hospital in the city's economically struggling East End.

The report released this week looks at data from fiscal year 2014. Some hospitals report on a calendar year basis, others from October to September, July to June or September to August.

Virginia Health Information is a nonprofit agency that has a state contract to collect and report health data. Much of the information in the report is available at [www.vhi.org](http://www.vhi.org).

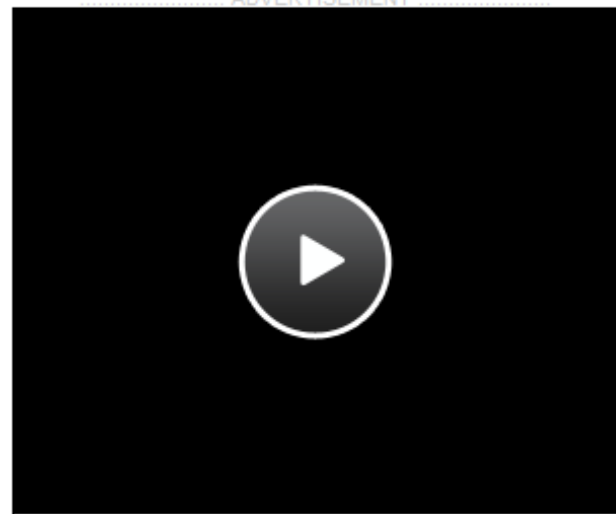
The report is designed primarily to provide businesses and large purchasers



P. KEVIN MORLEY/TIMES-DISPATCH

Dr. Marsha Rappley (left) the new chief executive officer of VCU Health System, tours the medical center with John Duval, chief executive officer, VCU Hospitals, VCU Health System, as her guide. Aug. 28, 2015.

ADVERTISEMENT



of health care services a glimpse of the health of hospitals, with information on measures of efficiency, bed occupancy rates, profit margins, Medicaid participation, charity care, admissions, staffing and more.

"Hospitals and nursing homes use this when they negotiate rates with Medicaid and others. (Health) plans use this when they negotiate," said Michael Lundberg, VHI executive director.

"The data sits in the middle. It doesn't care who uses it."

The Richmond area's largest hospital based on admissions, not-for-profit VCU Medical Center, reported a total margin of 15.2 percent and an operating margin of 12.1 percent, numbers similar to those in the previous year's report. In actual dollar figures, the hospital reported \$215.4 million in revenues and gains over expenses and losses for the reporting period, and it had a net worth of approximately \$1.37 billion.

ADVERTISEMENT

OVER THE FEVER AND THROUGH WITH THE FLU — TO OUR ER WE GO!

Click to see our average ER wait times »

Henrico Doctors' Hospital

### MOST POPULAR IN BUSINESS

Georgian mansion in Richmond's West End coming back to life

Westhampton Theater plan advancing; theater to now close next year

Travel + Leisure magazine ranks Richmond at No. 3 on international list of Best Places to Travel in 2016

Old housing stock in Fan and Museum districts enter new era

### TOP 50 EMPLOYERS

A look at the 50 companies in the Richmond area that employ the most full-time workers.

### TOP WORKPLACES

Firms that shine: Area employees state their cases for why their companies are the best. Featuring the Richmond SHRM Sterling Workplace awards.

### BUSINESS VIDEO

Thanksgiving Parade Is Macy's Gift to America: CEO Bloomberg



Now Playing Thanksgiving Parade Is Macy's Gift to America: CEO Nov. 25 — Terry Lundgren, chairman and chief

Operating margins measure revenues and expenses related to day-to-day operations. Total margins also take into account how an entity does on investments and other measures, Lundberg said. Not-for-profits return excess to the entity. For-profits pay shareholders.

“In our case, margins are used to invest in medical infrastructure and to support the academic mission of the health system,” said Pamela DiSalvo Lepley, VCU vice president for university relations.

“These numbers are a snapshot of only the hospital components of the VCU Health System and VCU Community Memorial Hospital (in South Hill) and do not represent the collective financial performance of the entire VCU Health System,” Lepley said.

Bon Secours’ four hospitals in the Richmond area — Richmond Community, St. Mary’s, Memorial Regional and St. Francis — all reported positive margins. The health system’s facilities also were providing the most bang for the buck, based on a composite score that lumped together 10 measures of efficiency and productivity. Included in the score, for instance, are capital costs and labor costs per admission and bed occupancy rates.

A margin of about 4 percent is generally regarded as the minimum needed to maintain good financial health.

For-profit HCA Virginia’s only money loser in the region was John Randolph Medical Center, which like the previous year, reported a negative profit margin. In dollars, John Randolph lost about \$3 million.

HCA’s CJW Medical Center (Chippenham and Johnston-Willis hospitals) and Henrico Doctors’ hospitals (which include Retreat Doctors’ and Parham Doctors’) both had profit margins of about 12 percent. For CJW, that was about \$81 million in profits. Henrico Doctors’ made about \$59 million.

Statewide, 22 hospitals reported negative margins, which is worrisome, according to the Virginia Hospital and Healthcare Association.

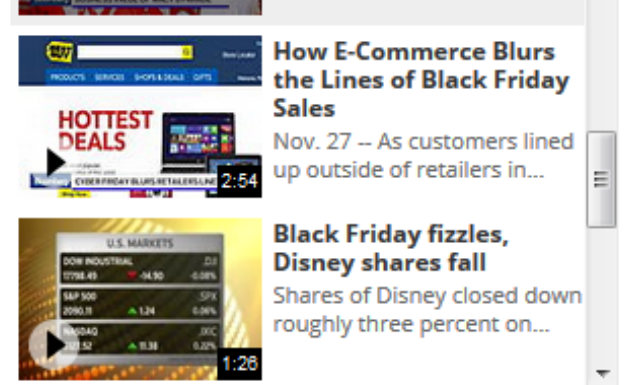
“While some hospitals are profitable and others are not, what should be concerning to all Virginians is the fact that a significant number of hospitals have dealt with negative operating margins for several years,” said association spokesman Julian Walker.

“On the low end, 25 percent of Virginia acute care hospitals have operated in the red during the period spanning 2008-2014. That figure has climbed as high as 38 percent of hospitals. Among rural hospitals, the lowest number in that stretch is 42 percent; the high is 63 percent.

“It is also important to remember that some health systems in recent years have acquired struggling rural hospitals and are supporting them as part of a system with profitable hospitals,” Walker said. “Without that support, some of those rural providers might be struggling to survive.”

[TLSmith@timesdispatch.com](mailto:TLSmith@timesdispatch.com)

(804) 649-6572



ADVERTISEMENT

**So far this year,**  
**\$9,398**  
**worth of coupons in the**  
**Sunday Times-Dispatch**

[Subscribe Today](#)

### FEATURED BUSINESSES

**Westchester Commons**  
 804-379-9292  
[Visit website](#)



**Dogwood Trace Golf Course**  
 804-732-5573  
[Visit website](#)



**ACAC Fitness & Wellness Center**  
 804-378-1600  
[Visit website](#)



[Find a local business](#)

[+ Post your event](#)

### UPCOMING BUSINESS EVENTS

December 2015						
SU	MO	TU	WE	TH	FR	SA
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Old Dominion Chapter of The Society of Government Meeting Professionals