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Virginia Health Information reports on hospital efficiency

By Tammie Smith | TIMES-DISPATCH STAFF WRITER

Many hospitals around the state continued to perform well financially in 2009 despite a slow economy, according to data from Virginia Health Information's Industry Report on hospital performance.

The report, released this week, reflects data for the fiscal year that ended in 2009. For some hospitals that's mid-year; for others it's September or the end of the calendar year.

"Typically you need at least a 3 percent margin just to keep your facility updated, to really be a viable entity," said Karen Cameron, executive director and CEO of the Central Virginia Health Planning Agency.

"Once you get below 3 percent, you sometimes start having cash-flow problems or problems with credit, the cost of your borrowing," Cameron said.

Bon Secours Richmond, a Catholic-owned, not-for-profit system, had a margin gain at two of its four area hospitals.

Bon Secours Memorial Regional in Hanover County and St. Francis Medical Center in Chesterfield County had a margin gain of 6.73 percent and 3.78 percent, respectively.

However, Bon Secours St. Mary's, traditionally a strong performer for the health system, had a 0.94 percent margin loss compared with 10.4 percent margin gain in the prior year.

"It was a challenging year," said Michael D. Robinson, chief executive officer for Bon Secours' Memorial Regional, Richmond Community and St. Francis hospitals.

Bon Secours Richmond Community reported a 6.67 percent margin loss.

"The numbers you are looking at are a year old . . . The results that you see here are a mixture of both our operating and non-operating expenses," Robinson said. "For example, they include a number of items like our mission functions, some real estate sales and of course, like everybody else, losses in our investment portfolio. If

you look just at operating income, the year was stronger."

Two HCA Inc. hospitals in the Richmond area had double-digit profit margin gains -- 13 percent at CJW Medical Center and 10 percent at Henrico Doctors' Hospital. Henrico Doctors' now includes Retreat Hospital along with the Forest and Parham campuses.

In the region, CJW also had the highest charity-care percentage -- nearly 23 percent -- in relation to expenses. Charity care includes actual amounts of free care, bad debt and taxes.

"Our uncompensated care costs rose sharply in 2009 as people lost their health insurance or their ability to pay," said HCA Virginia spokesman Mark Foust.

"I don't want to downplay these numbers, but for consumers choosing a hospital, publicly reported quality scores are maybe more important measures," Foust said.

Virginia Commonwealth University Health System had a margin gain of 5.42 percent in 2009, down slightly from the previous year's 5.5 percent.

"We are proud that we have been able to generate the funds necessary to support our roles as the major referral center for the region, while still supporting our mission to educate the next generation of health professionals for the commonwealth," Dr. Sheldon Retchin, the health system's CEO, said in an e-mail.

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