

**Advertisement**

Some Things Are Just Perfect Together.

Hospital-based Clinical Services: Emergency Medicine,  
Hospital Medicine, Anesthesia, Acute Care Surgery,  
OB/GYN Hospitalists, Orthopaedic Hospitalists

**TEAMHealth**  
800.818.1498

# Modern Healthcare

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" link that appears next to any article. Visit [modernhealthcare.com/reprints](http://modernhealthcare.com/reprints) for additional information.

## Virginia hospitals improve finances, lose bargaining chip for Medicaid expansion

By [Virgil Dickson](#) | November 25, 2015

Hospitals in Virginia have lost some major ammunition in their push to expand Medicaid, as new data reveal fewer hospitals struggled last year than they did in 2013.

In September, [the Virginia Hospital & Healthcare Association launched a major campaign<sup>\[1\]</sup>](#) meant to highlight hospitals' influence on the state economy and the need for legislative relief to their financial struggles.

The association used 2013 Virginia Health Information data that showed 35 hospitals were operating in the red, and were vulnerable to reduced services or even closures.

The 2014 VHI data paints a brighter picture. It shows a 37% decrease in hospitals reporting deficits compared with the previous year.

The news was also bright for hospitals that were still in the red, as they were showing improvement. For instance,

**Advertisement**

NEW INSIGHT  
INTO THE PATIENT  
EXPERIENCE

Click for insights, applications and solutions

**Steelcase**  
HEALTH

**Advertisement**

Riverside Doctors' Hospital in Williamsburg, Va., was operating at a staggering negative operating margin of 93% in 2013. Last year, it had a negative operating margin of 24%.

In SEC filings, LifePoint health system noted the trend, as well. Its six Virginia hospitals accounted for the highest share of its revenue in 2014, beating Kentucky, a Medicaid expansion state, where it has nine hospitals. In 2013, Virginia was the second highest contributor to its revenue.

Its Virginia hospitals earned \$624 million last year versus \$469 million the previous year. LifePoint's Kentucky hospitals raked in \$587 million in 2014, compared with \$520 million in 2013.

Stakeholders credit a strong return in investments, more prudent management, and people gaining private coverage through Healthcare.gov for the financial turnaround of Virginia hospitals.

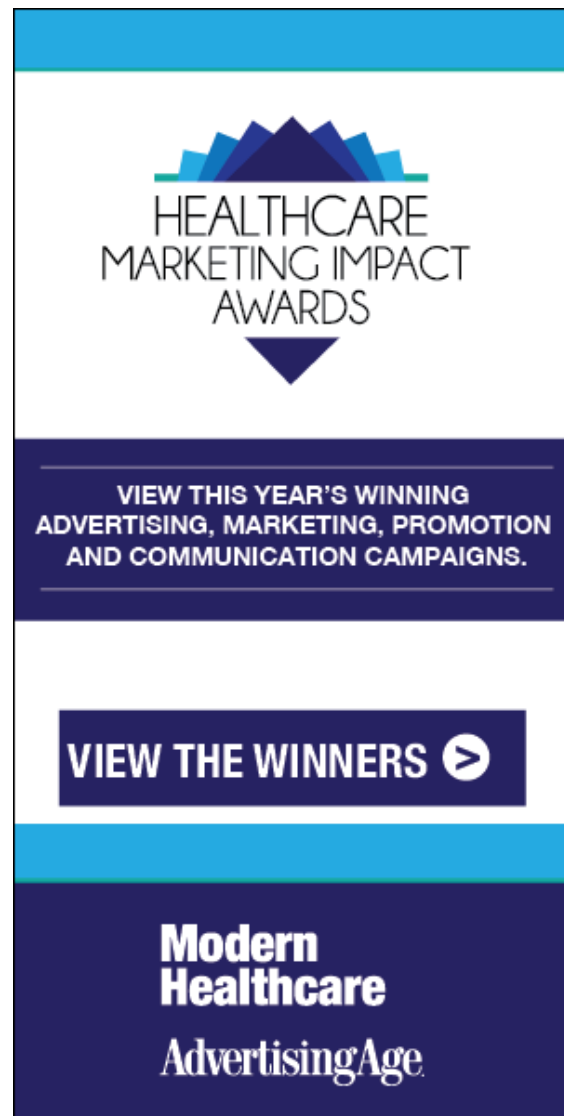
It's the same reason hospitals in other states appear to be achieving financial success without Medicaid expansion. In the fourth quarter of 2014, hospitals in non-expansion states actually improved their operating margins by 1.3 percentage points, while those in expansion states saw an improvement of only about 0.9 percentage points, [according to an analysis of not-for-profit and public hospitals by Moody's Investors Service](#)<sup>[2]</sup> released this year.

Still, the Virginia Hospital Association says its members need help addressing lost income from longstanding government healthcare mandates, reimbursements that fall short of covering hospitals' actual cost of care and federal funding cuts.

"While the numbers can fluctuate from year to year, data from the past several years show that the fundamental trend of hospitals enduring negative operating margins remains a concern in Virginia," said Julian Walker, the group's spokesman.

Funding cuts due to the Affordable Care Act and sequestration are projected to approach \$1 billion annually by federal fiscal year 2021, he added.

"Cuts that deep have the potential to dramatically erode hospitals' financial



The banner features a blue header bar at the top. Below it is a white section with a stylized blue and green mountain-like graphic above the text "HEALTHCARE MARKETING IMPACT AWARDS". A dark blue downward-pointing triangle is centered below the text. Below this is a dark blue bar with white text: "VIEW THIS YEAR'S WINNING ADVERTISING, MARKETING, PROMOTION AND COMMUNICATION CAMPAIGNS." Below that is a white section with a dark blue button containing the text "VIEW THE WINNERS" and a white right-pointing arrow. At the bottom is a dark blue footer bar with the "Modern Healthcare AdvertisingAge" logo in white.

wherewithal,” Walker said. “State lawmakers of both political parties are aware of these serious challenges and we are optimistic that awareness will translate to productive policy solutions drawn to protect hospitals' stability and solvency.”

Expansion in the state appears to be a long shot anyway. GOP victories in Virginia's state legislative elections this month allowed Republicans to maintain control of both chambers in the state Legislature. That effectively snuffed out Democratic Gov. Terry McAuliffe's hope of expanding Medicaid to as many as 400,000 people.

Tags: [Government](#), [Medicaid](#)

## Related content

- [Virginia hospitals consider options without Medicaid expansion](#)
- [Virginia elections could signal future of Medicaid expansion](#)
- [Hospitals improve margins even without Medicaid expansion](#)

## Article links

1. <http://www.modernhealthcare.com/article/20150921/NEWS/150929995>
2. <http://www.modernhealthcare.com/article/20150603/NEWS/150609971>

## Advertisement

<b>Modern Healthcare</b>	<b>Choose the information that's critical to YOU.</b> <b>MODERN HEALTHCARE ENEWSLETTERS + ALERTS</b>	<b>REGISTER TODAY</b>
--------------------------	---------------------------------------------------------------------------------------------------------	-----------------------

Copyright © 1996-2015 [Crain Communications, Inc.](#)