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“Financial Status of Connecticut’s Short-Term Acute Care Hospitals Fiscal Year 2023”

February 2025

Report Mandate…

- C.G.S. §19a-670 requires that OHS, by September first of each year, report the results of acute care hospitals Annual and Twelve-Month Filings.

- The report shall include information concerning the financial stability of hospitals.

12 Hospital Health Systems

Multi Hospital

Hartford HealthCare (7)

Nuvance Health (3)

Prospect CT (3)

Trinity Health of New England(3)

Yale-New Haven Health Services (4)

Single Hospital Systems

Bristol Hospital & Healthcare

CCMC Corporation

Day Kimball Healthcare

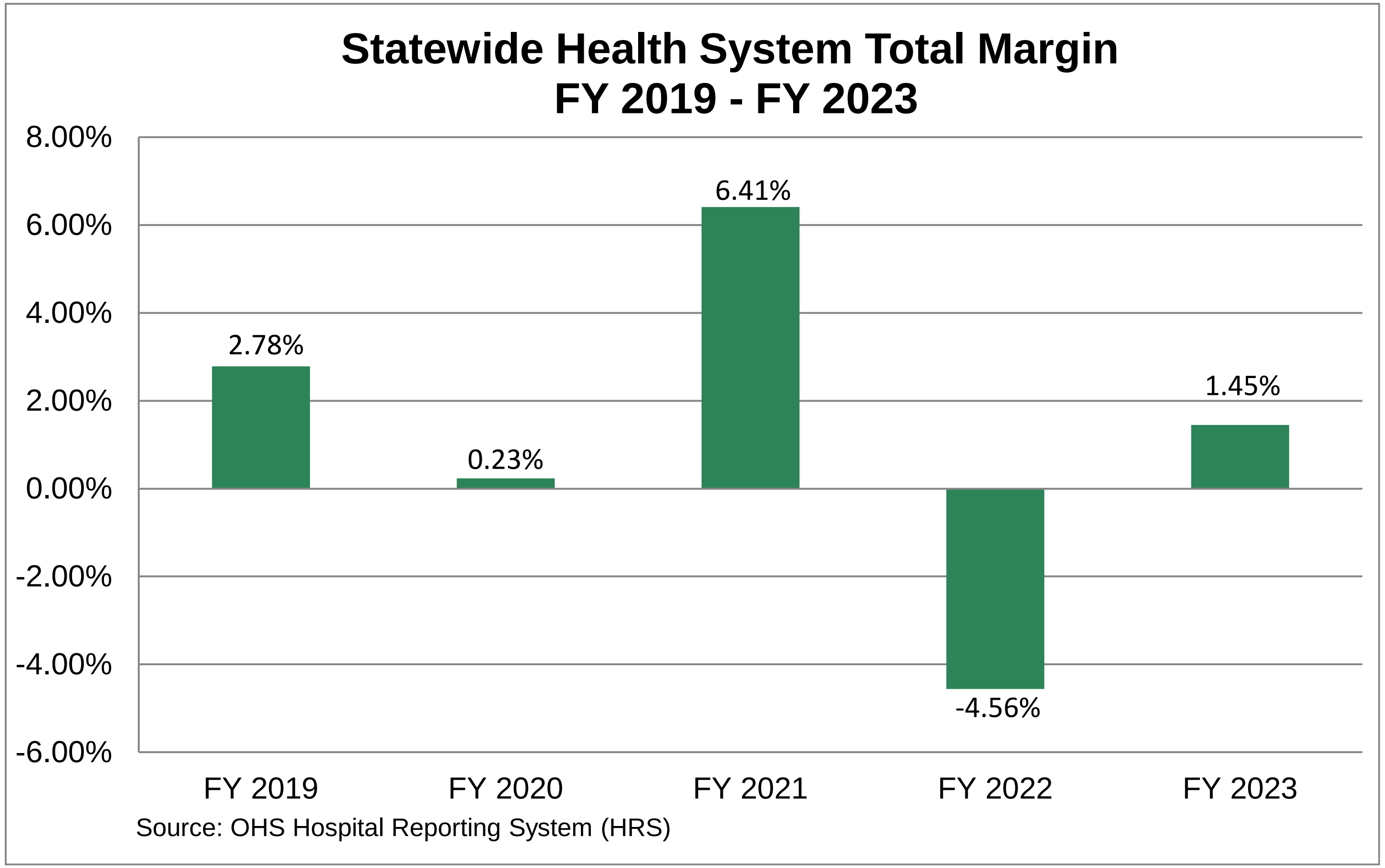
Griffin Health Services

Middlesex Health System

Stamford Health

University of CT Health Center

Health system overall profitability margins improved in FY 2023



Gains / (Losses) in $

2019 - $436 million
2020 - $ 38 million
2021 - $1.23 billion*
2022 - ($853 million)**
2023 - $303 million

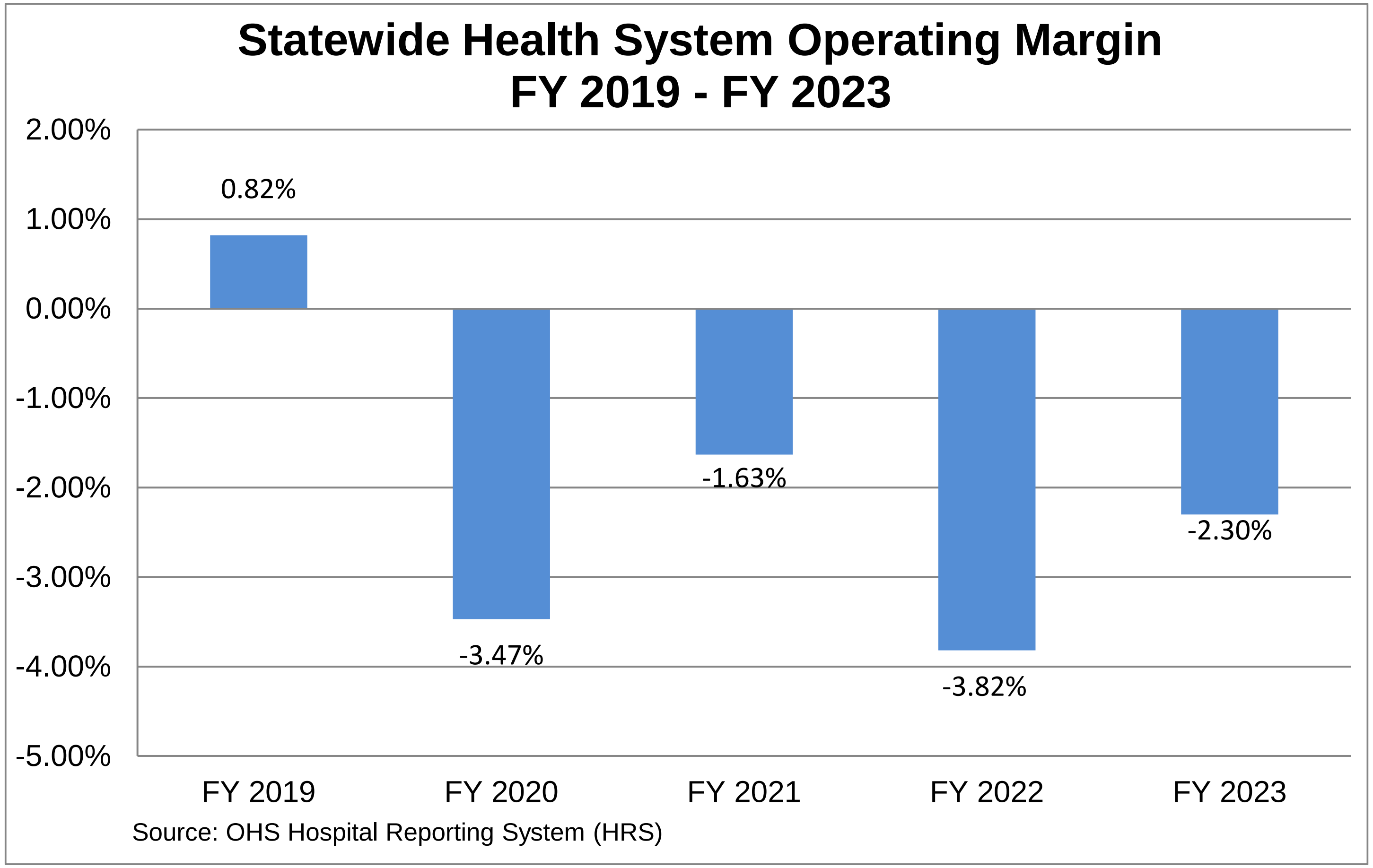
*Investment gains $1.5b

**Operating loss ($720m)
Non Operating loss ($133m)

Amounts include State and Capital appropriations for UCONN Health Center.

Total Margin: (Gain/Loss from Operations + Non-Operating Gain/Loss)/Total Revenue

Statewide Health Systems operating losses improved in FY 2023

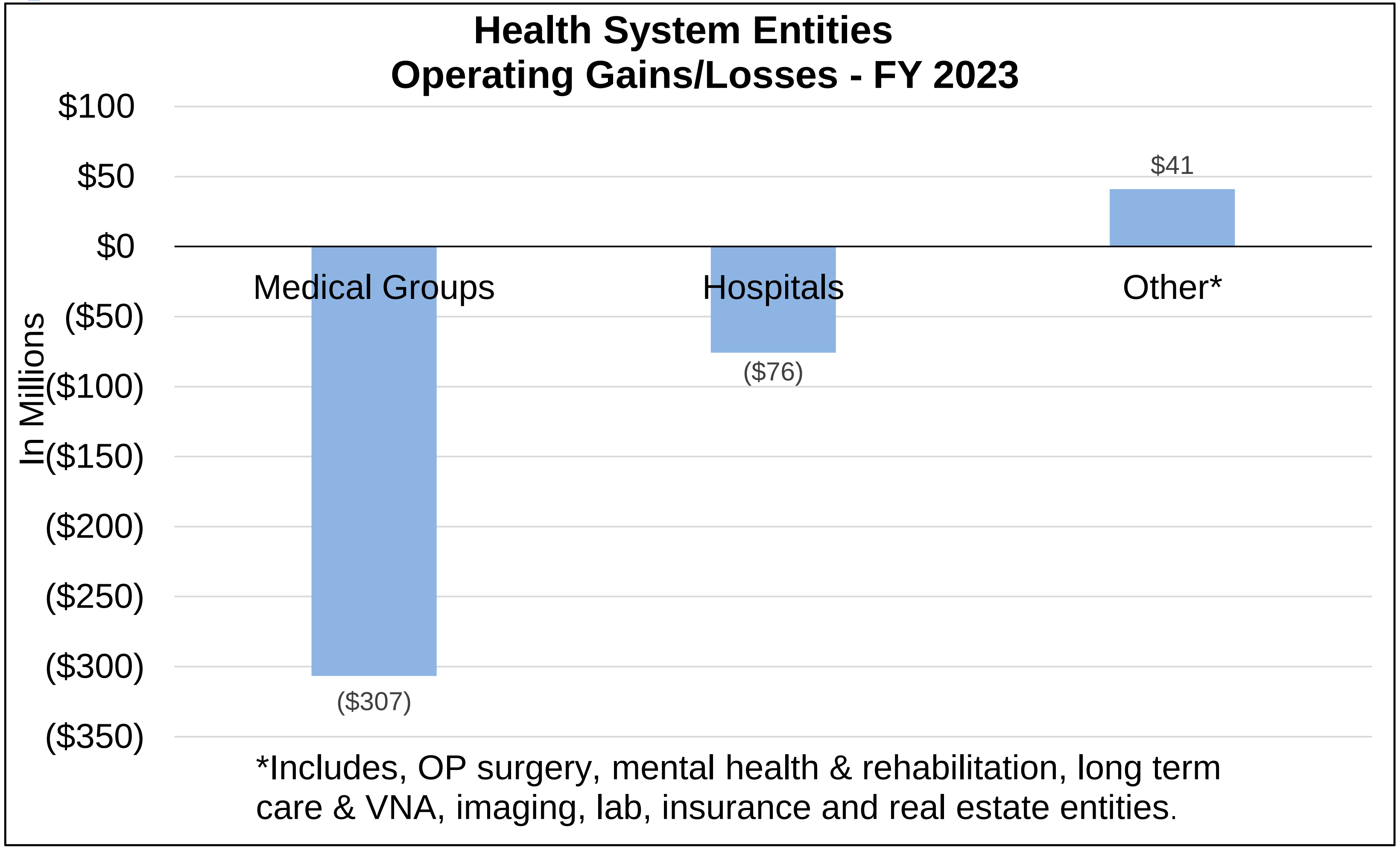


Gains / (Losses) in $

2019 - $126 million
2020 - ($552 million)
2021 - ($289 million)
2022 - ($721 million)
2023 - ($463 million)

Operating Margin: Gain/Loss from Operations / Total Operating Revenue

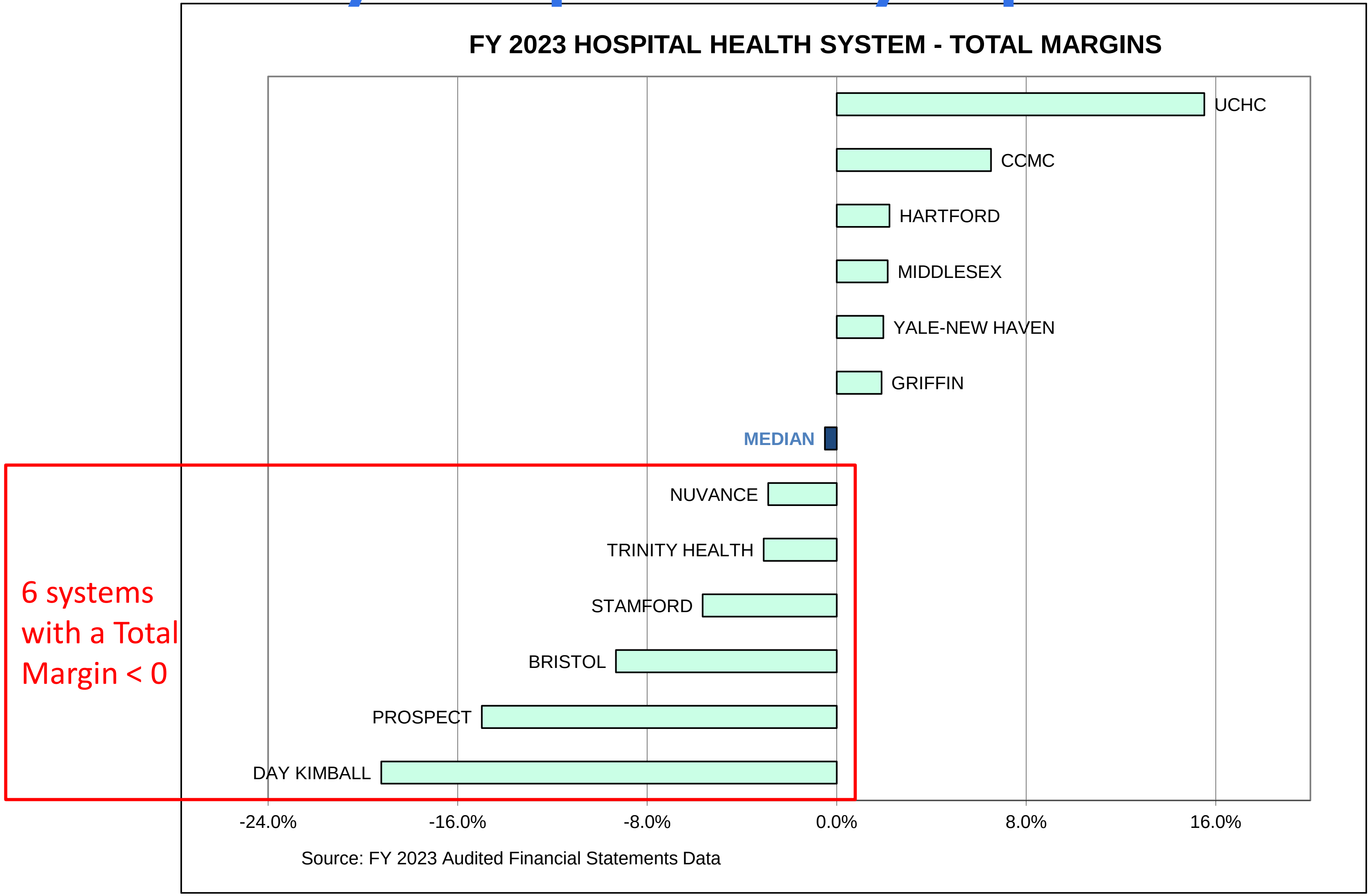
Medical groups continue to be loss leaders for health systems but are a source of referrals for hospital services



Medical Groups – $100 million of the $307 million in losses was from Uconn Health.

Source: Hospital & Health System AFS & HRS Reports

Health system profitability improved in FY 2023



- **System Total Margin– FY 2023**
- 6 systems were profitable. There were 2 in FY 2022.
- 6 systems had a Total Margin of <0. There were 10 in FY 2022.
- Performance varied among single and multi hospital systems.

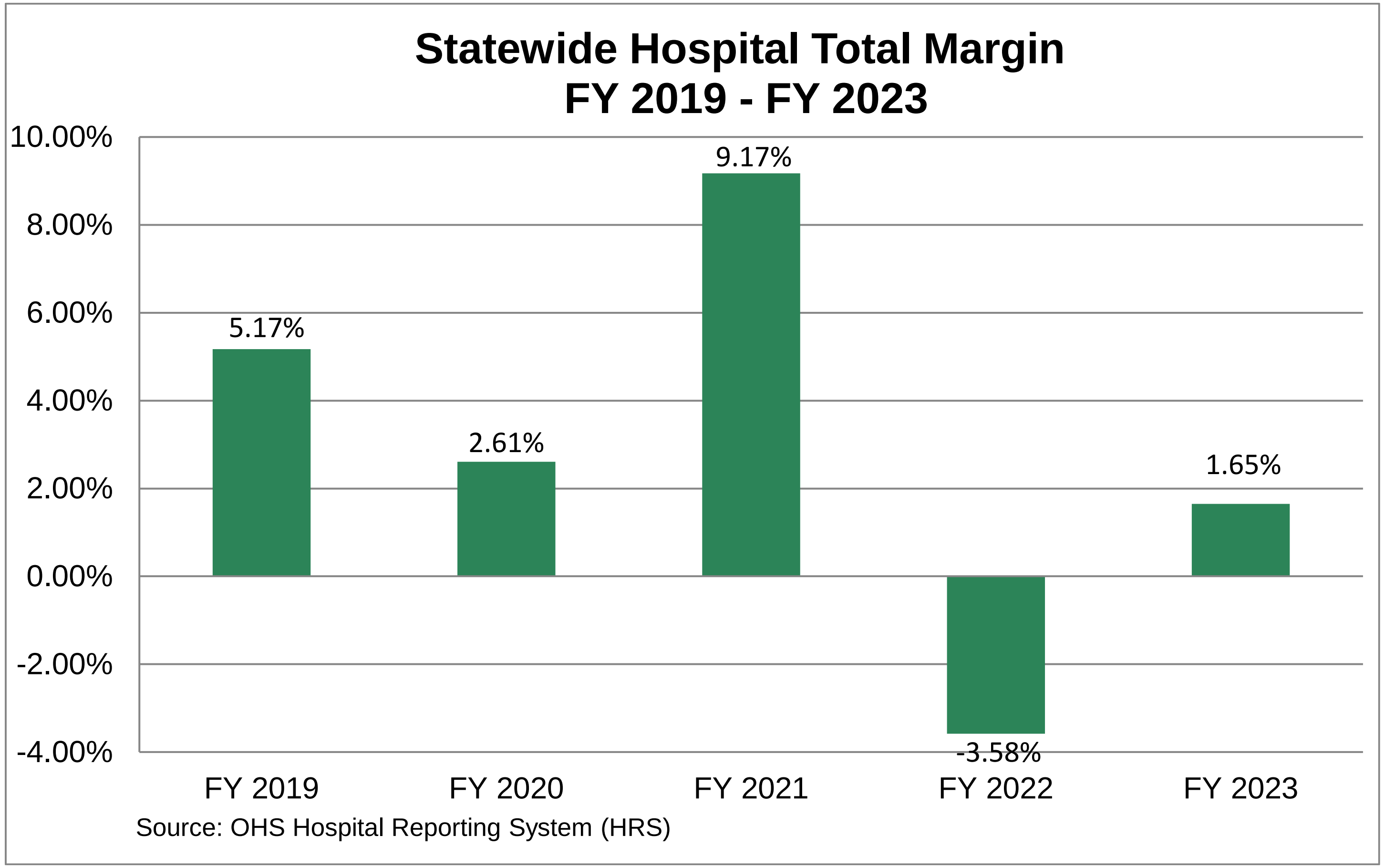
Health system 5 year trends FY 2023

6 systems with a Total Margin < 0

	FY 2019-2023 5 YEAR AVERAGE TOTAL MARGIN	FY 2019 TOTAL MARGIN	FY 2020 TOTAL MARGIN	FY 2021 TOTAL MARGIN	FY 2022 TOTAL MARGIN	FY 2023 TOTAL MARGIN
BRISTOL	**-10.63%**	**-18.01%**	**-13.05%**	**-4.32%**	**-9.88%**	**-9.32%**
DAY KIMBALL	**-5.94%**	0.02%	**-10.62%**	1.64%	**-2.98%**	**-19.22%**
WATERBURY/PROSPECT	**-4.94%**	**-3.32%**	0.40%	**-4.15%**	**-2.51%**	**-14.98%**
UCONN HEALTH	**-3.51%**	**-6.10%**	**-16.14%**	**-19.04%**	0.09%	15.52%
STAMFORD	**-0.46%**	**-0.15%**	2.50%	6.12%	**-4.81%**	**-5.66%**
WESTERN CT/NUVANCE	**-0.39%**	0.09%	0.46%	5.32%	**-4.89%**	**-2.89%**
MIDDLESEX	1.64%	5.47%	1.93%	3.88%	-5.43%	2.15%
YALE NEW HAVEN	1.71%	5.18%	0.68%	10.07%	-9.85%	1.97%
TRINITY	1.96%	6.60%	6.02%	5.68%	-4.51%	-3.08%
GRIFFIN	2.61%	0.09%	1.00%	8.60%	0.33%	1.90%
HARTFORD	3.52%	5.11%	1.66%	9.58%	-0.69%	2.23%
CCMC	4.88%	2.28%	2.03%	13.03%	-0.79%	6.51%
STATEWIDE AVERAGE	1.27%	2.78%	0.23%	6.41%	**-4.56%**	1.45%
STATEWIDE MEDIAN	**-0.46%**	0.02%	0.84%	5.50%	**-3.75%**	**-0.50%**

- **5 year Average Total Margin**
- 6 systems had a negative 5 year average total margin. There were 5 in FY 2022.
- The first 4 hospitals were on the list last year too.
- Performance varied among single and multi hospital systems.

Statewide hospital profitability margins improved in FY 2023



Gains / Losses in $

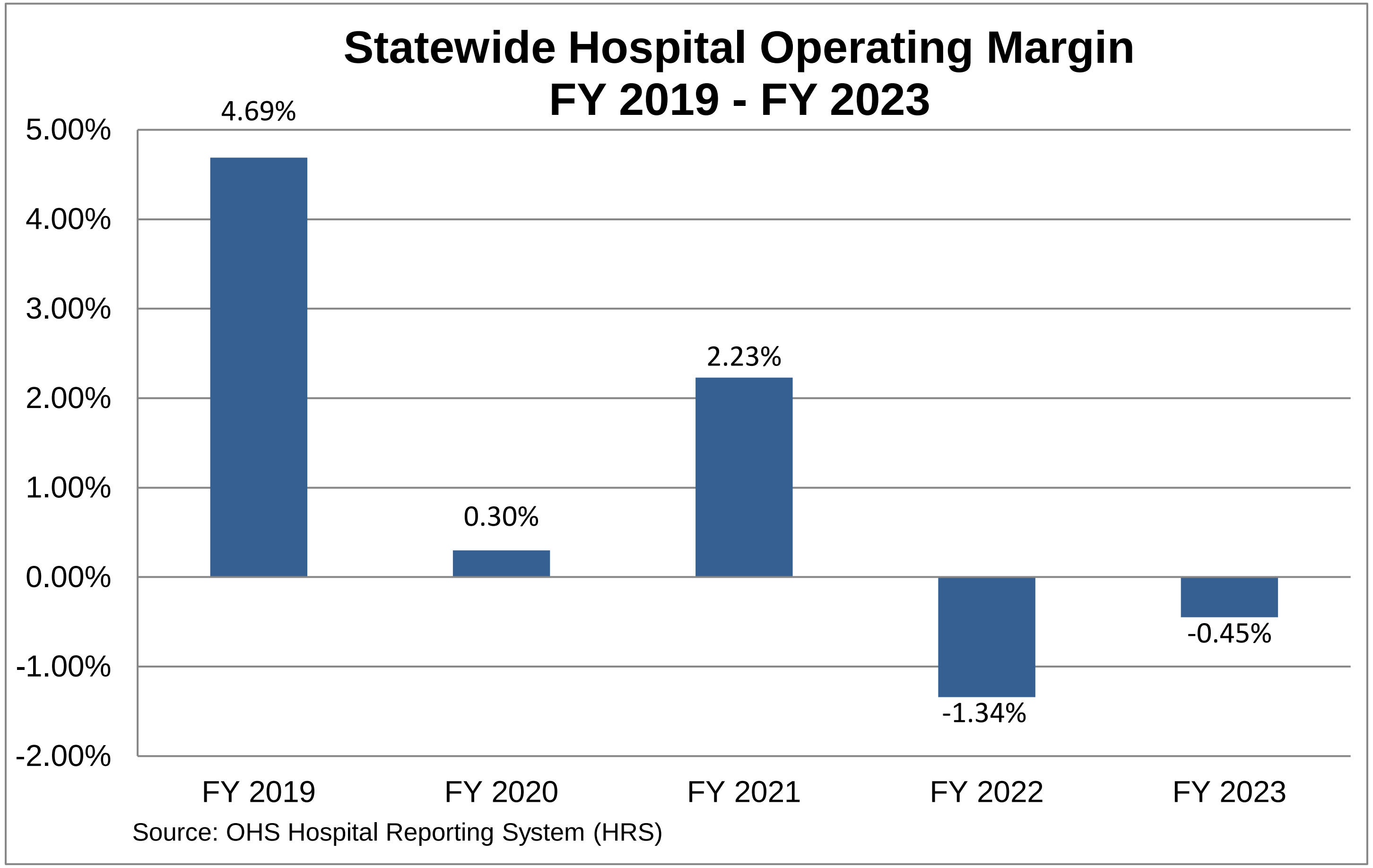
2019 - $684 million
2020 - $365 million
2021 - $ 1.47 billion*
2022 - ($548 million)**
2023 - $282 million

*Investment gains $1.1b

**Operating loss ($209m)
Non Operating loss ($339m)

Total Margin: (Gain/Loss from Operations + Non-Operating Gain/Loss)/Total Revenue

Statewide hospital operating gains from patient care and related activities improved slightly in FY 2023

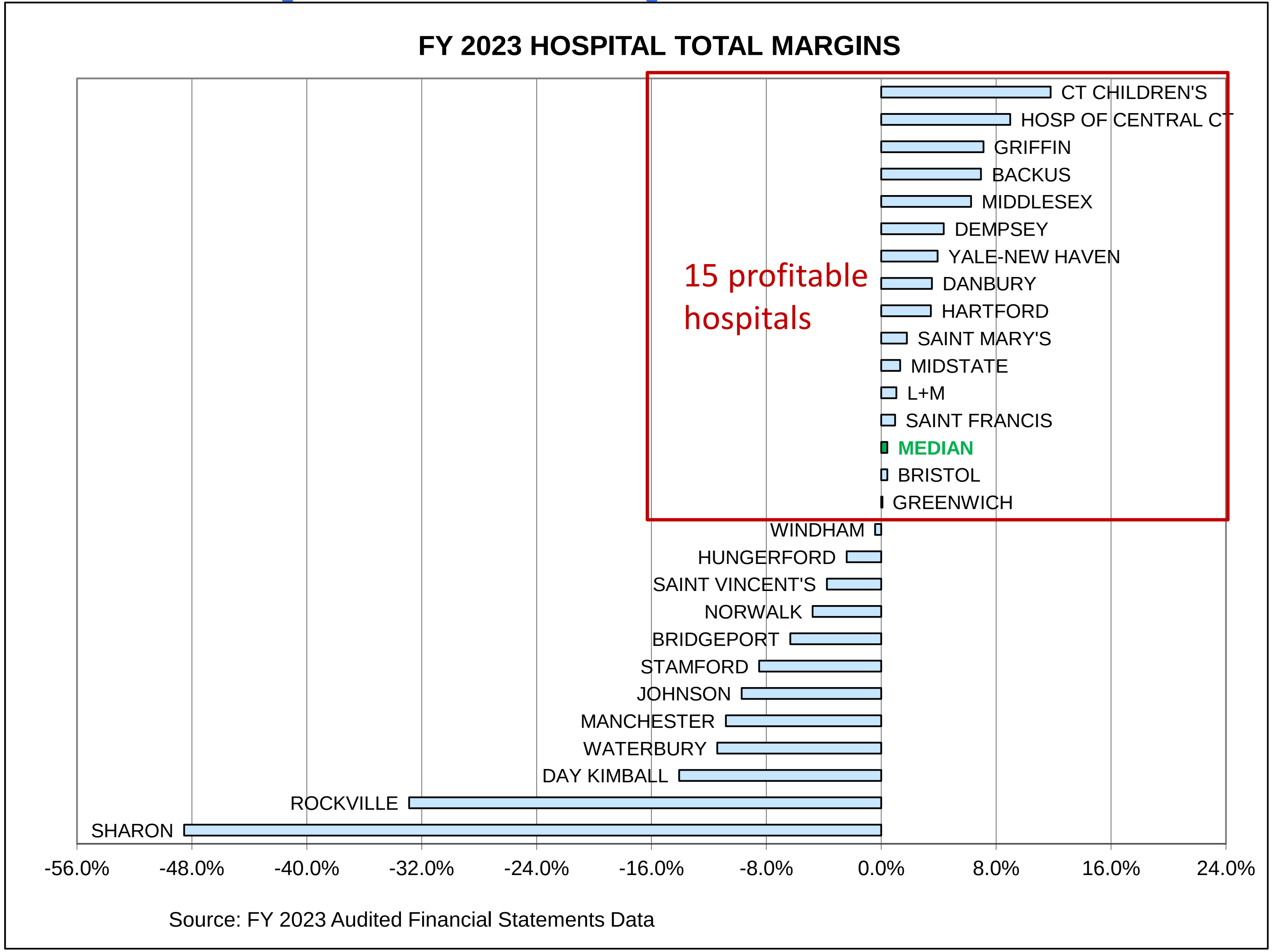


Gains / Losses in $

2019 - $618 million
2020 - $ 41 million
2021 - $333 million
2022 – ($209 million)
2023 - ($76 million)

Operating Margin: Gain/Loss from Operations / Total Operating Revenue

More hospitals were profitable in FY 2023



Total Margin – 2023

- 15 hospitals were profitable vs. 13 in FY 2022.
- 12 Hospitals had a total margin of < 0 vs. 14 in FY 2023.

Smaller hospitals show five-year average losses

8 hospitals with a 5-year Total Margin < 0

	FY 2019-2023 5 YEAR AVERAGE TOTAL MARGIN	FY 2019 TOTAL MARGIN	FY 2020 TOTAL MARGIN	FY 2021 TOTAL MARGIN	FY 2022 TOTAL MARGIN	FY 2023 TOTAL MARGIN
SHARON	**-31.84%**	**-12.66%**	**-10.24%**	**-45.12%**	**-45.90%**	**-48.54%**
ROCKVILLE	**-20.69%**	**-17.66%**	**-10.47%**	**-74.85%**	3.90%	**-32.87%**
DEMPSEY	**-12.34%**	**-11.72%**	**-24.95%**	**-27.34%**	**-9.96%**	4.35%
BRISTOL	**-4.31%**	**-12.85%**	**-9.46%**	**-0.94%**	**-1.01%**	0.42%
SAINT VINCENT	**-2.74%**	7.19%	**-3.25%**	**-4.59%**	**-7.53%**	**-3.79%**
NORWALK	**-2.30%**	**-1.24%**	1.60%	5.56%	**-13.98%**	**-4.78%**
BRIDGEPORT	**-0.19%**	6.39%	**-1.13%**	5.57%	**-3.94%**	**-6.34%**
MANCHESTER	**-0.04%**	**-5.06%**	9.68%	**-0.52%**	6.18%	**-10.82%**
JOHNSON	0.73%	12.53%	14.31%	**-0.75%**	**-19.91%**	**-9.71%**
DAY KIMBALL	0.76%	6.79%	**-3.24%**	8.36%	4.33%	**-14.08%**
HUNGERFORD	0.82%	**-1.94%**	**-2.80%**	10.82%	**-1.19%**	**-2.41%**
WATERBURY	1.79%	11.33%	7.23%	6.73%	**-4.35%**	**-11.42%**
L+M	2.20%	5.71%	**-3.03%**	5.86%	1.24%	1.06%
YALE NEW HAVEN	2.23%	5.34%	1.57%	11.90%	**-13.24%**	3.92%
GREENWICH	3.07%	3.74%	3.15%	12.12%	**-4.16%**	0.08%
DANBURY	4.12%	2.97%	2.56%	9.84%	1.42%	3.52%
HARTFORD	4.25%	5.47%	1.86%	9.27%	1.30%	3.46%
WINDHAM	4.43%	0.89%	2.03%	6.30%	12.13%	**-0.43%**
STAMFORD	5.17%	6.67%	9.90%	11.22%	7.60%	**-8.50%**
MIDDLESEX	5.48%	8.94%	6.26%	7.43%	**-1.76%**	6.26%
MIDSTATE	6.56%	9.94%	7.06%	15.90%	**-1.01%**	1.32%
GRIFFIN	6.86%	3.64%	6.41%	10.86%	5.25%	7.11%
SAINT MARY	7.90%	10.61%	10.86%	14.81%	0.70%	1.78%
HOSP OF CENTRAL CT	8.35%	7.68%	6.87%	14.68%	2.97%	8.98%
SAINT FRANCIS	8.71%	12.09%	12.04%	15.24%	2.51%	0.96%
BACKUS	9.71%	8.82%	7.12%	26.03%	**-4.71%**	6.95%
CT CHILDREN'S	10.74%	8.81%	9.99%	19.11%	2.92%	11.79%
STATEWIDE	2.98%	5.17%	2.61%	9.17%	**-3.58%**	1.65%
Median	2.22%	5.59%	2.56%	8.36%	**-1.01%**	0.42%

5 year Average Total Margin

- 8 hospitals had a negative 5-year average total margin. There were 6 hospitals in FY 2022.
- The first 6 hospitals were on the list last year too. Bridgeport and Manchester are new for FY 2023.
- There were 19 hospitals with a positive 5-year total margin.

Source: Office of Health Strategy's Annual Report on Financial Status of Acute Care Hospitals for FY 2023

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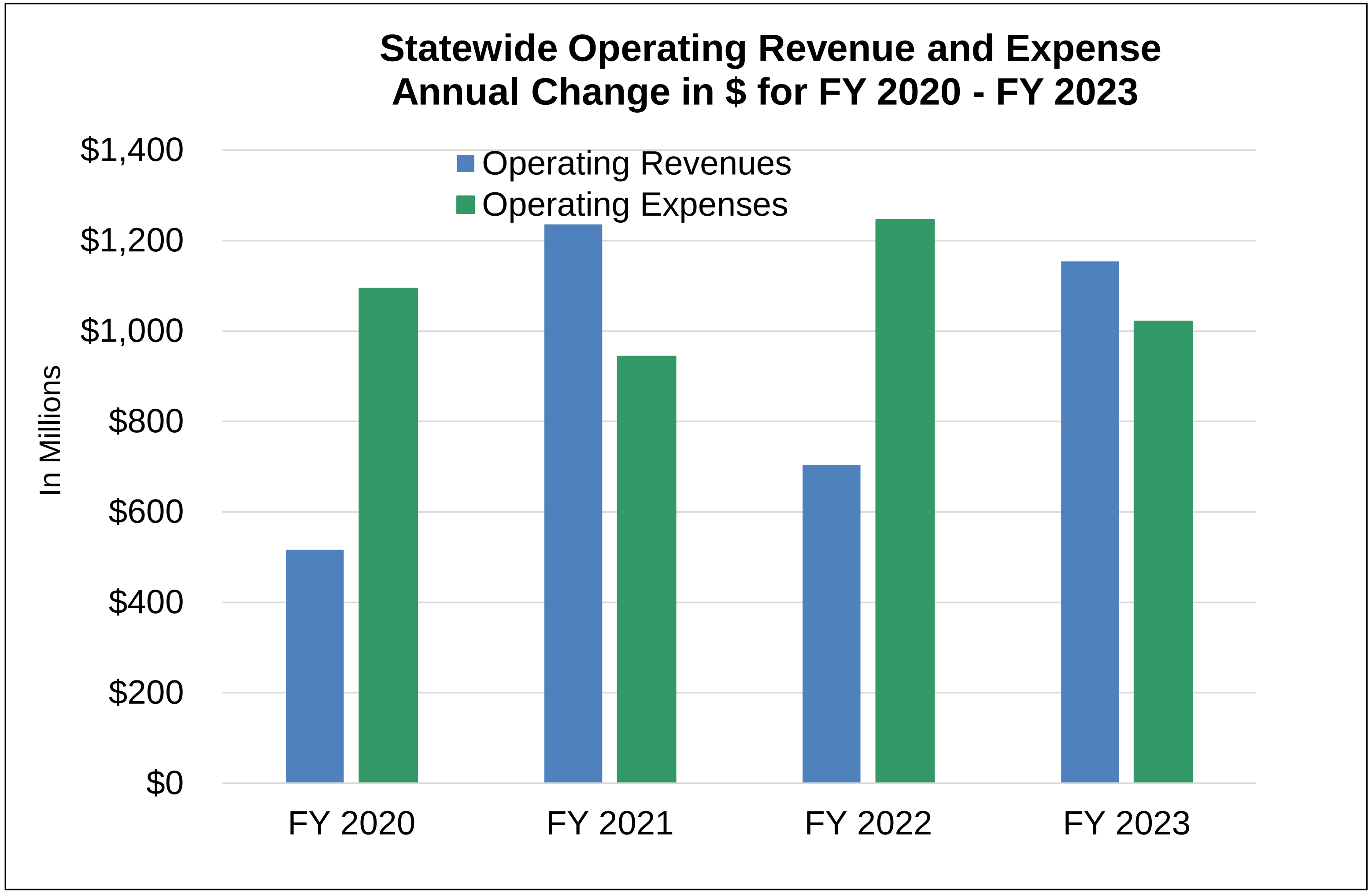
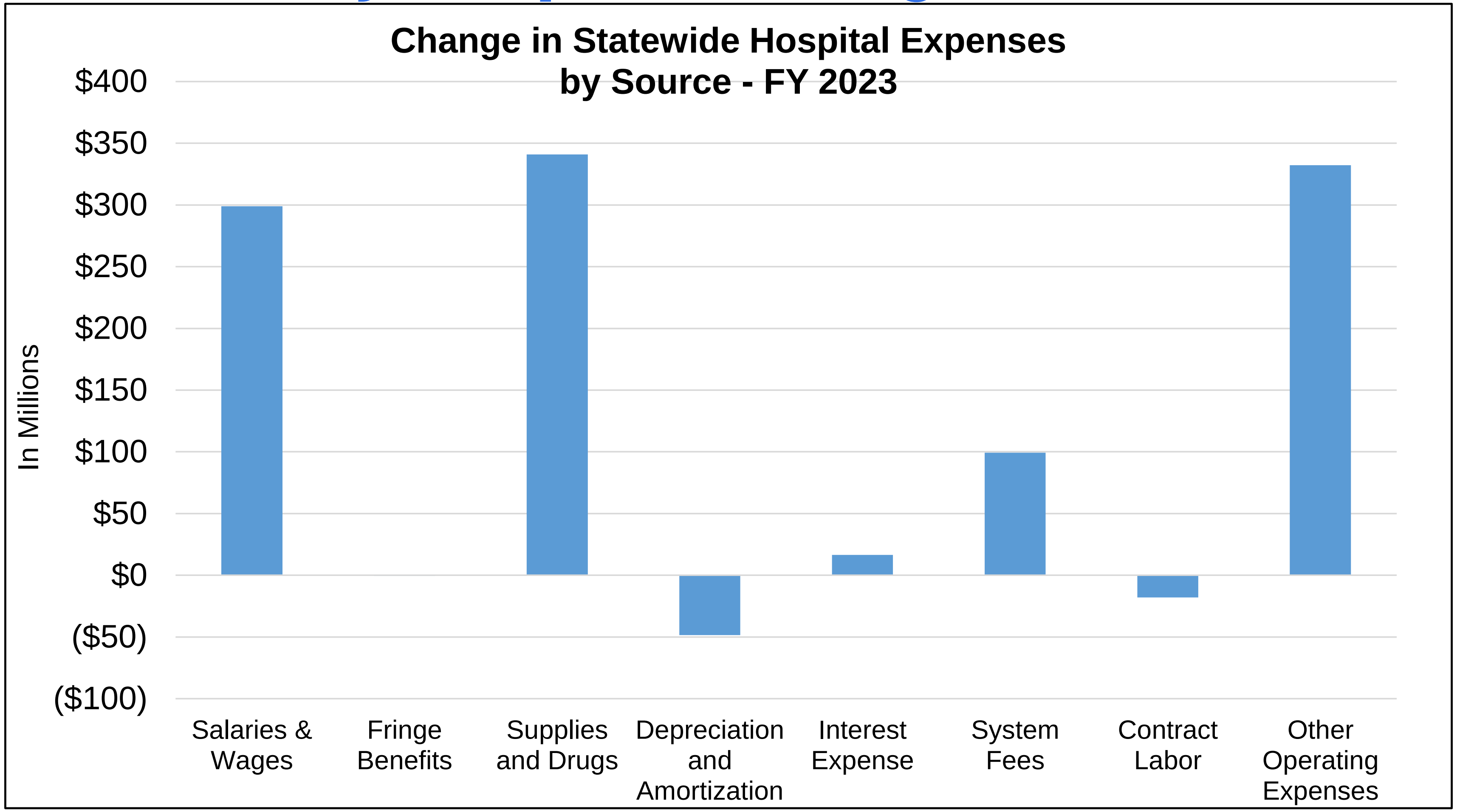
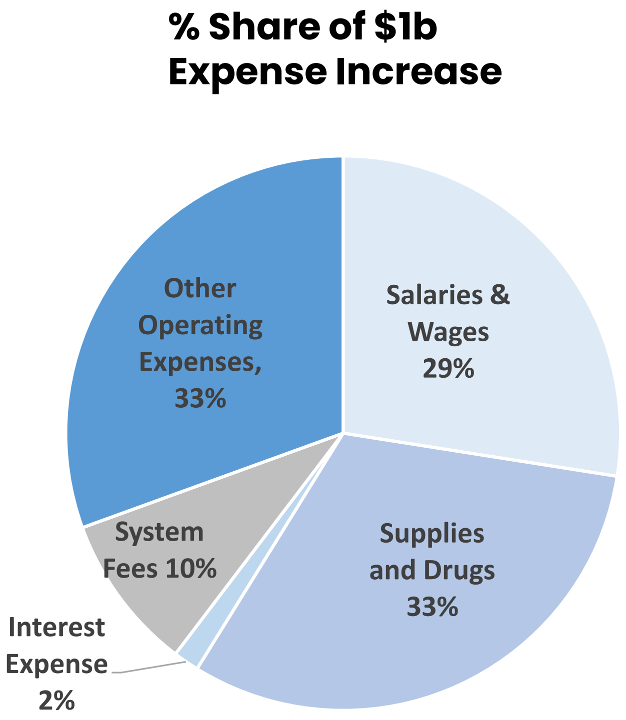
Statewide hospital operating revenues grew by $3 billion between FY 2020 and FY 2023



Source: Office of Health Strategy's Annual Report on Financial Status of Acute Care Hospitals for FY 2023.

Statewide hospital expense increase due to rising costs in four major expense categories





Fringe benefits, Depreciation/Amortization and contract labor all decreased slightly in FY 2023.

Other Operating. expenses is composed of 40 different expense items such as utilities, leases, maintenance, purchased services and other general other operating expenses

Medicaid payments cover a higher proportion of the cost of care than in previous years…

Medicaid Payment to Cost Results		
FY 2022	FY 2023	FY 2023
Original Methodology	Original Methodology	Revised Methodology
.62	.78	.87

…due to increased payment and methodology changes

All Medicaid Payments included and allowable costs only

Original Calculation

$$\frac{\text{Medicaid Revenue}}{\text{Medicaid Costs}} = \frac{\text{Medicaid Payment for Services} - \text{Total User Fee}}{(\text{Medicaid Charges}) \times ((\text{Total Costs of Operation})/(\text{Total Charges} + \text{Other Operating Revenue})}$$

Revised Calculation

$$\frac{\text{Medicaid Revenue}}{\text{Medicaid Costs}} = \frac{\text{Medicaid Payment for Services} + \text{All Medicaid Supplemental Payments} - \text{Medicaid Portion of User Fee}}{(\text{Medicaid Charges}) \times (\text{Allowable Costs of Operation})/\text{Total Charges}}$$

Supplemental Payments including disproportionate share hospital (DSH) payments and graduate medical education (GME) payments paid by Medicaid to hospitals in addition to reimbursement for services

Medicaid Portion of User Fee includes only user fees applied to Medicaid revenue and does not include user fees applied to revenue from other payers.

Allowable costs of operation based on Medicare Cost Report exclude certain costs unrelated to patient care such as hospice, advertising, lobbying and parking.

Key Drivers of the Change

In a change from prior years, OHS updated the formula for calculating the so-called Medicaid Payment to Cost Ratio. This ratio describes what portion of the costs incurred by hospitals in caring for Medicaid recipients is covered by Medicaid payments.

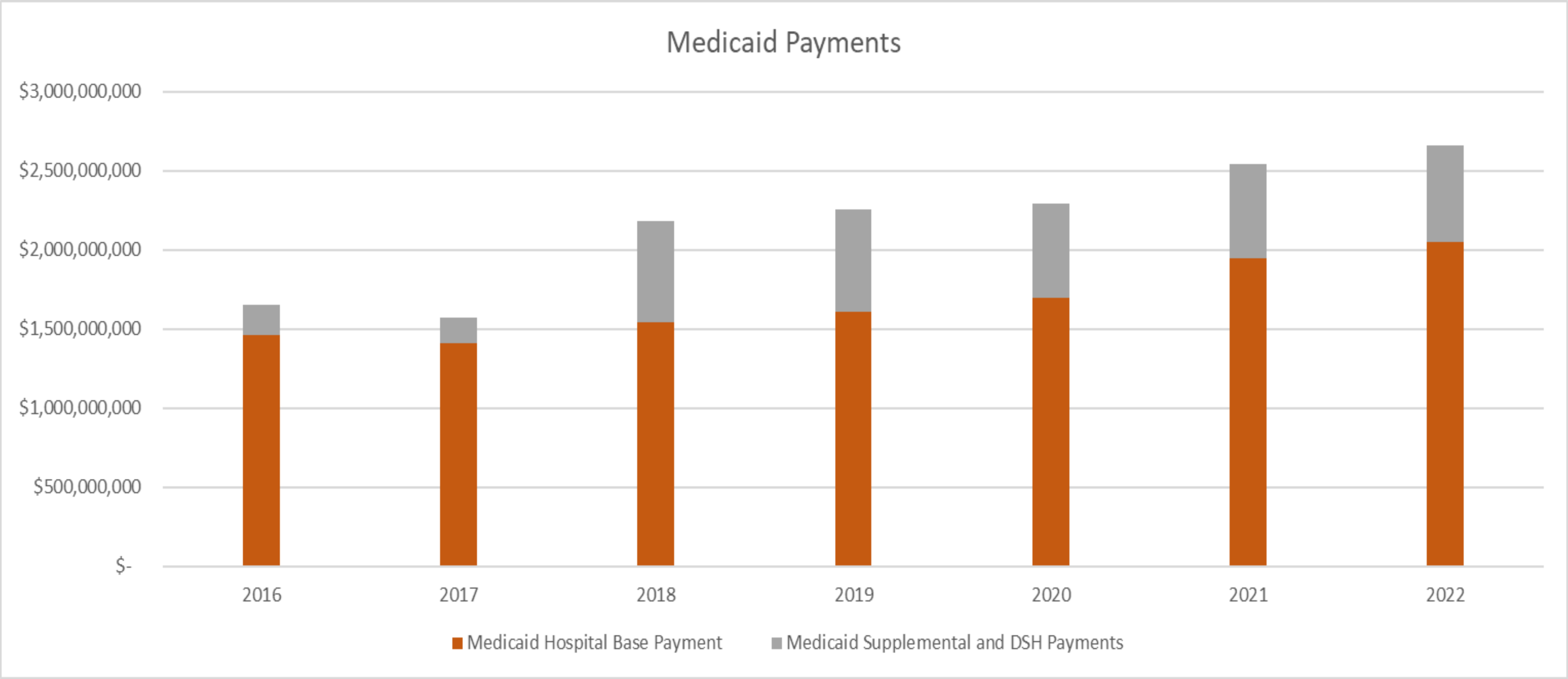
Key drivers of the difference between the updated and prior methodologies are:

1. The source of the hospital's cost to charge ratio;

2. Inclusion of all supplemental payments in Medicaid revenue;

3. How the hospital user fee is offset from Medicaid revenue.

Medicaid and supplemental and DSH payments included now



Source: Department of Social Services

Additional Hospital Data

For more information on the financial data or documents for a specific hospital visit the hospital financial data page of the OHS website.

- FY 2023 Financial Stability Report
- Annual Reporting & 12 Month Filings
- Audited Financial Statements
- Medicare Cost Reports
- IRS Form 990's

Questions??