CHIA.

EXECUTIVE SUMMARY:
FY 2020 MASSACHUSETTS HOSPITAL PROFILES

Introduction

The FY 2020 Massachusetts Hospital Profiles provide descriptive and comparative information on acute and non-acute hospitals based on hospital characteristics, services, payer mix, utilization trends, cost trends, financial performance, and selected quality measures over a five-year period.

The FY 2020 publication includes an individual profile for each acute hospital, a consolidated profile for each non-acute hospital cohort, and a comprehensive databook. Additionally, this publication includes an interactive dashbord for all acute hospitals. The interactive dashboard allows users to select data views by individual hospital, hospital type, and hospital health system. This executive summary focuses on statewide acute hospital findings. Aggregate and provider-specific results can be found in individual hospital profiles and the interactive dashboard on CHIA's website.*

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* The executive summary includes thumbnails of the charts referenced throughout, which link to the full version of the chart in the interactive report for easier viewing.

Overview

In FY 2020, there were 61 acute care hospitals in Massachusetts. Of these 61 hospitals, 10 were for-profit hospitals, all of which were part of multi-acute hospital systems. There were 51 non-profit hospitals in Massachusetts, 37 of which are components of larger multi-acute systems, and 14 of which are components of individual hospital systems (see interactive chart A).

Hospitals are categorized into five types—Academic Medical Centers (AMCs), teaching hospitals, community hospitals, community-High Public Payer (HPP) hospitals, and specialty hospitals. For analytical purposes, AMCs, teaching hospitals, community hospitals, and community-HPP hospitals are also considered cohorts of similar hospitals. Specialty hospitals are not considered a cohort, due to their unique patient populations and services. For FY 2020, there were six AMCs, eight teaching hospitals, 12 community hospitals, 29 community-HPP hospitals, and six specialty hospitals.

This report incorporates the impact of COVID-19 on hospital financials and utilization during fiscal year 2020

Hospital Financial Performance

Total margin reflects the excess of total revenues over total expenses, including operating and non-operating activities such as investment income, as a percentage of total revenue. Operating margin reflects the excess of operating revenues over operating expenses, including patient care and other activities, as a percentage of total revenue.

Federal COVID relief funding was distributed to hospitals starting in April 2020 as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. State relief funds were also distributed to hospitals during this time period. In FY 2020, acute hospitals reported $1.9 billion in federal COVID-19 relief funds and $206.8 million in state relief funds as operating revenue, which are included in both the total and operating margins.

The statewide acute hospital median total margin in FY 2020 was 2.6%, a decrease of 0.9 percentage points between 2019 and 2020. The Academic Medical Center and community-HPP cohorts experienced an increase in total margin, while the community and teaching hospital cohorts decreased. The community hospital cohort experienced the largest change in total margin, a decrease of 4.2 percentage points.

The statewide acute hospital median operating margin of 1.3% represented a decrease of 1.2 percentage points from the prior year. The teaching, community and community-HPP hospital cohorts experienced a decrease in median operating margin while the AMC cohort remained stable. The community hospital was the only cohort to report a negative median operating margin.

A   At a Glance

Click images to see the detailed graphic and the full interactive report.

B   Total and Operating Margins

Click images to see the detailed graphic and the full interactive report.

As noted, the FY 2020 total and operating margins included COVID-19 relief funding reported as operating revenue. If these relief funds had not been distributed, the median acute hospital total margin would have been -4.5%.

The financial performance of hospital health systems is also important to understanding the greater context in which hospitals operate. For more information about the financial performance of hospital health systems, please see the FY 2020 Massachusetts Acute Hospital and Health System Financial Performance Report here.
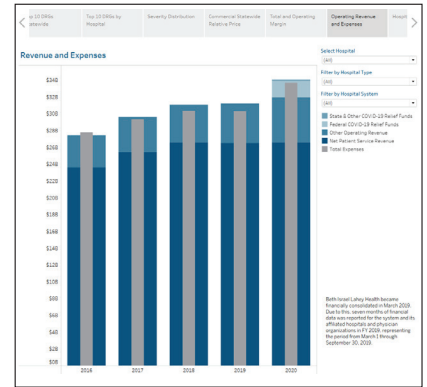
Hospital Utilization

Between FY 2019 and FY 2020, statewide hospital inpatient discharges decreased by 7.5%. All hospital cohorts experienced a decrease in inpatient discharges, with AMCs experiencing the greatest decrease of 9.1%.

Inpatient hospitalizations are frequently categorized into Diagnosis Related Groups (DRGs), which quantify the predicted resources required to provide care to patients with different medical conditions. Consistent with previous years, the most frequently occurring DRG in Massachusetts was normal neonate births. The community-HPP cohort, which includes the most hospitals, treated the greatest share of patients for eight of the top ten discharges among hospital cohorts.
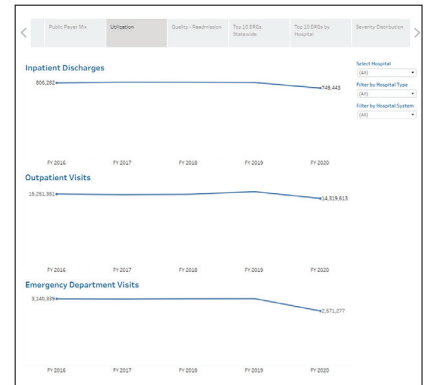
CHIA also examined the distribution of discharges by grouping all DRGs into five severity quintiles. The first quintile represented the least severe discharges, and the fifth quintile represented the most complex discharges. AMCs and teaching hospitals combined treated 41% of the least severe cases in 2020, while 58% of cases at this level of care were provided in community hospital settings (community and community-HPP hospitals). Conversely, AMCs and teaching hospitals provided care to 72% of the most severe cases, while 18% of these cases received care in community hospitals. Specialty hospitals provided care to 9% of the most severe cases.

C Operating Revenue and Expenses

Click images to see the detailed graphic and the full interactive report.

D Utilization

Click images to see the detailed graphic and the full interactive report.

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