

Report on the Financial Condition of Maryland Hospitals

Fiscal Year 2004

October 2005
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, MD 21215

Maryland Hospitals Financial Conditions Report, Fiscal Year 2004

Introduction

In fulfillment of one of its statutory mandates, the Health Services Cost Review Commission (“HSCRC”) reviews and evaluates the financial condition of the Maryland hospital industry. In carrying out this evaluation it reviews industry performance on a group of selected indicators relative to overall preferred industry target values. The Commission has traditionally concerned itself with the financial performance of the industry overall and indeed the results of this evaluation has lead to policy action by the Commission in the past. It should be emphasized however, that the evaluation and analysis contained in this report is limited to aggregate industry oversight and is not applied at an individual hospital level. Likewise any policy action in response to changes in financial condition is applied at an aggregate industry level. As stated in the original Financial Condition Study (1989), in evaluating and utilizing these targets, “no one target, financial or operating, was intended to be viewed as dominant”. While the Commission reports on overall financial condition, its rate regulatory authority is limited to acute inpatient services and charges (as defined by Medicare) and outpatient facility services and charges provided at the hospital. Gains or losses on unregulated services are outside the responsibility and control of the HSCRC.

Report Contents

This report covers the period fiscal year 2003 through fiscal year 2004. It presents an analysis of trends in selected financial and operating indicators of Maryland hospitals. It contains tables summarizing these indicators by hospital category - a) Acute hospitals; and b) Specialty and Psychiatric hospitals combined. Unlike the HSCRC’s Annual Disclosure of Hospital Financial and Statistical Data, which focuses chiefly on activities regulated by the HSCRC, this report focuses on the activities of the hospital legal entity as defined by the American Hospital Association (AHA) in its publication “Hospital Statistics.” Unless otherwise indicated, the data are for the total hospital facility, i.e., the hospital unit, nursing home units,

plus all activities that are wholly owned by the hospital, including subsidiary corporations regardless of where the activity is physically located.

Although, the definition of what constitutes a “hospital” has been modified over the life of this report, which inevitably results in some mis-matching of data elements over time, the HSCRC believes that the report continues to be useful in revealing trends in the financial performance and condition of the hospital industry in the State.

The indicator targets are as follows:

Operating Margin - Chart 1 - The operating margin is the excess of operating revenue over operating expenditure as a proportion of total operating revenue. It is the profit/loss per unit operating revenue. This ratio focuses on the operating performance of the industry. This does not include revenue from non-operating resources. It is used by many as a primary test of profitability. Three major uses of operating income are working capital increase, debt retirement, and fixed asset investment. Therefore, positive operating margins help support growth and expansion of services; to accommodate inflation; to purchase replacement equipment; to acquire new technology; and to maintain modern physical plants.

$$\text{Operating Margin} = (\text{Total Operating Revenue} - \text{Operating Expense}) / \text{Total Operating Revenue}$$

Excess Margin - Chart 2 - The excess margin is the proportion of total revenue that exceeds total expenses, (before taxes). This ratio takes into account non-operating revenues such as contributions and income from investments and auxiliary enterprises, as well as other operating sources. It indicates a major source of revenue available to the institution for replacing capital, acquiring technology, and expanding services.

$$\text{Excess Margin} = (\text{Total Revenue} - \text{Total Expense}) / (\text{Total Operating Revenue} + \text{Non Operating Revenue})$$

Efficiency or Cost per Equivalent Admission - Chart 3 - This is the average cost of inpatient admissions plus a conversion of outpatient visits into equivalents. This has been the basic indicator for gauging the success of the Maryland hospital industry performance on the

dimensions of hospitals' cost control mechanism, since its inception.

$$\text{Cost per EIPA} = \text{Total Expenditure} / \text{EIPA}$$

Debt to Capitalization - Chart 4 - This ratio measures the how much a hospital's net worth is accounted for by long term debt. It may also shed light on the borrowing capacity of the industry.

$$\text{Debt to Capitalization} = \text{Long Term Debt} / (\text{Long Term Debt} + \text{Fund Balance})$$

Days of Cash – Chart 5 – This ratio measures the number of days an entity could meet its average daily expenditures with existing liquid assets, namely cash and short term investments. Higher values of this ratio imply a more liquid position, other factors remaining constant.

$$\text{Days of Cash} = (\text{Cash} + \text{Short Term Investments} + \text{Long Term Investments}) * 365 / (\text{Total Expenditures} - \text{Depreciation})$$

Average Age of Plant – Chart 6 – Average age of plant is an accounting measure of the average age of fixed assets in years. Lower values indicate a newer fixed asset base and, thus, fewer needs for near term replacement. Caution must be used in interpreting the significance of the age of plant ratio. The ratio can be altered significantly by the purchase or sale of fixed assets. Also, as with all of the indicators, more credence should be placed on the trend being experienced rather than on a value at a given point in time.

$$\text{Average Age of Plant} = \text{Accumulated Depreciation} / \text{Depreciation}$$

General Observations of Financial Performance during 2000 – 2003

This period is characterized by a general deterioration in Maryland hospitals' operating performance, with decreases in both operating and excess margins, cash flow and average age of plant as detailed in Chart 1, Chart 2, and Appendix Table 1. Commission action followed its Rate Redesign activity, which involved a move to the Charge per Case methodology in 2000. Accompanying this methodology were restrictions on annual rate increases that contributed to less than robust financial performance, after a period of record financial performance from 1995 through 1999.

Sources of Data and Results

The tables on pages 8 through 10 summarize industry performance relative to indicator targets. Table 1 provides the current financial and operating indicators of Maryland Acute hospitals with their respective target values. Table 2 provides selected statistics for operating

and financial indicators. Table 3 contains the financial and operating indicators for the Specialty and Psychiatric hospitals. The current and historical patterns of these indicators are summarized in the following paragraphs. Charts showing trends on financial and operating indicators follow the summary discussion. Data used in producing these charts are provided in Appendix tables 1, 2 and 3. The target indicators used for this study are those approved and adopted by the Commission. The Maryland data used to calculate the financial indicators for 2003 and 2004 are from the hospitals' audited financial statements. The profit margin and cost per equivalent inpatient admission (EIPA) data for the nation used in Appendix tables 2 and 3 are from Hospital statistics. The profit margin and cost per EIPA data for Maryland hospitals from 1993 through 2000 are from Hospital Statistics, while the data from 2001 to the present are from hospitals' audited financial statements. The US hospitals statistics for the year 2004 are not available; therefore, all comparisons of Maryland and the nation are made with 2003 data. The Appendix discusses the composition and work of the Financial Conditions Work Group. Appendix table 1 presents selected historical and current financial indicators for Maryland hospitals: Appendix table 2 contains information on profit margins for Maryland and the US: and Appendix table 3 contains cost per EIPA for Maryland and the US.

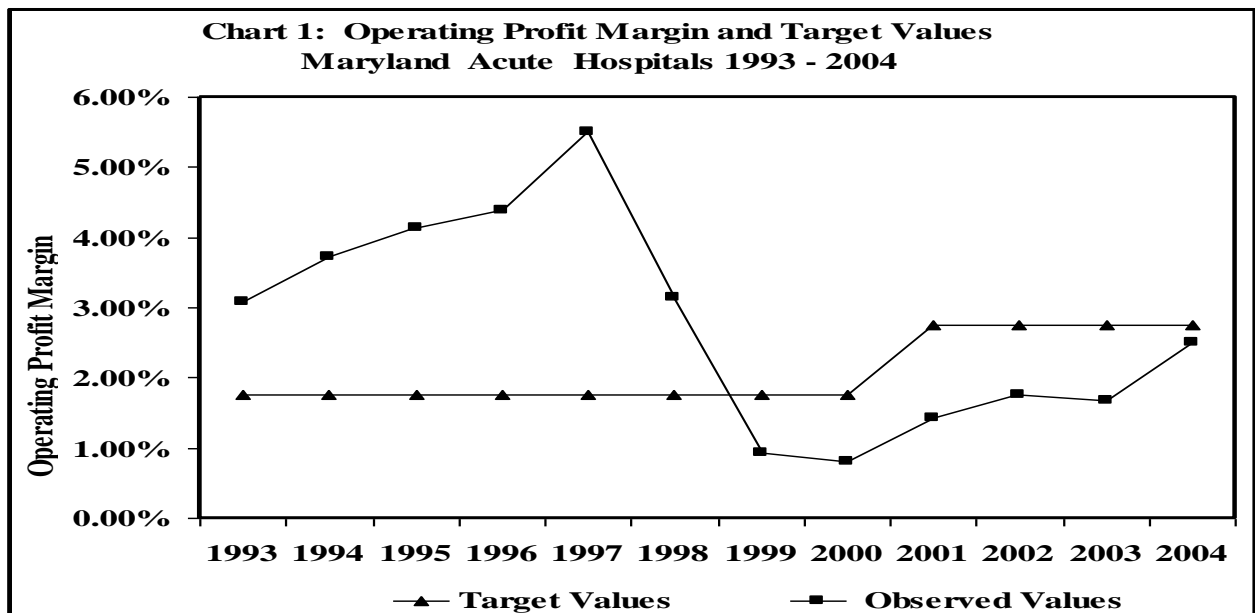
Operating Profit and Excess Margin

Operating profit and excess margin are indicators of revenue over expenditure as discussed above. Further the hospitals' actual results are based on regulated and unregulated business. In response to the deteriorating financial performance of Maryland hospitals, the HSCRC began adding a makeup provision to the annual update factor in 2004. These were additional 1% provisions intended to assist the industry recapitalize. This policy change led to improved

financial performance in 2004, with operating margins of 2.5% versus a target value of 2.75%, and excess margins of 2.9% versus a target value of 4.0%.

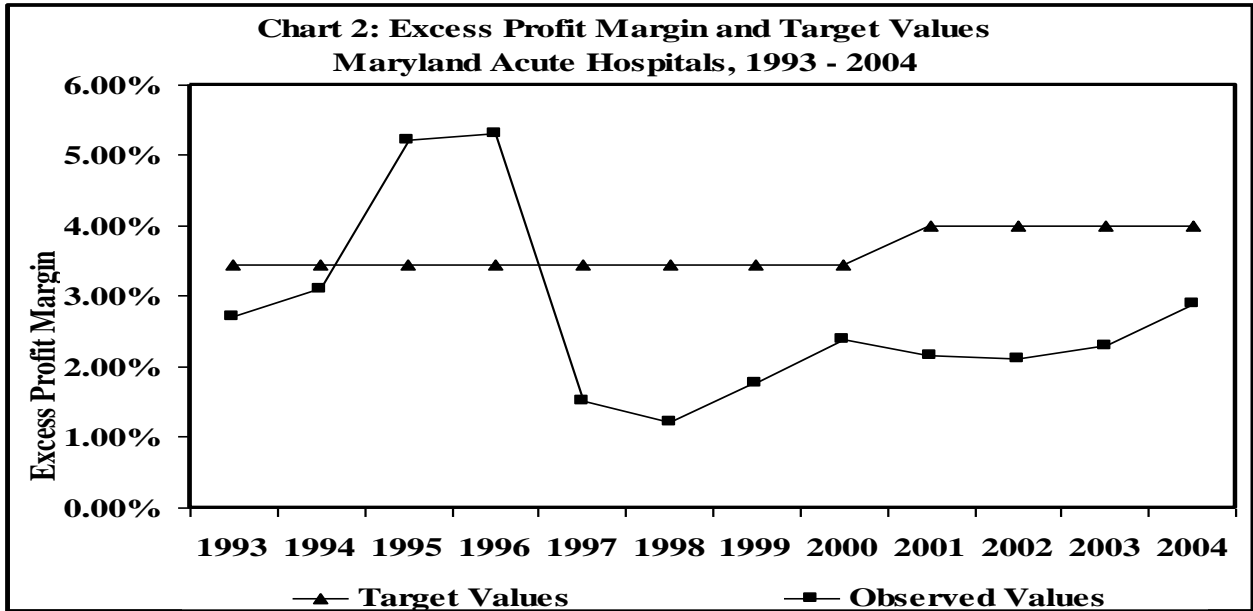
The Commission has traditionally compared Maryland hospital profitability to the profitability of hospitals nationally. This comparison is for the year 2003 (the last year for which national data is available). In 2003, the operating and the excess profit margins in Maryland remain below the US average. ¹The operating margin for Maryland was 1.70%, lower than the US average of 3.32%. The excess margin for Maryland was 2.30%, while this margin for the US was 4.78%. These trends mirror the pattern of operating and excess margins in the rest of the country. However, rate setting has the advantage of affording a greater year to year stabilizing influence; therefore, hospitals in Maryland are at less risk of financial erosion and insolvency.

Maryland Acute Hospital Operating and Excess Profit Margins vs. Target Values²



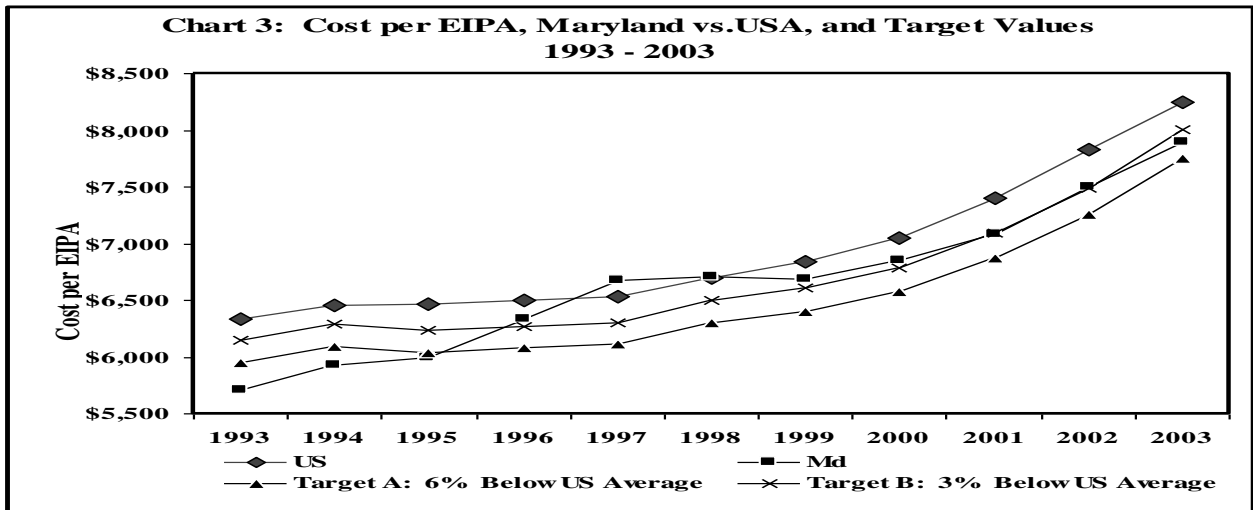
¹ The definition of a hospital has changed over time, however the trends are still considered valid for comparisons

² Maryland data for the years 2001 to 2003 are from the HSCRC's Audited Financial Data



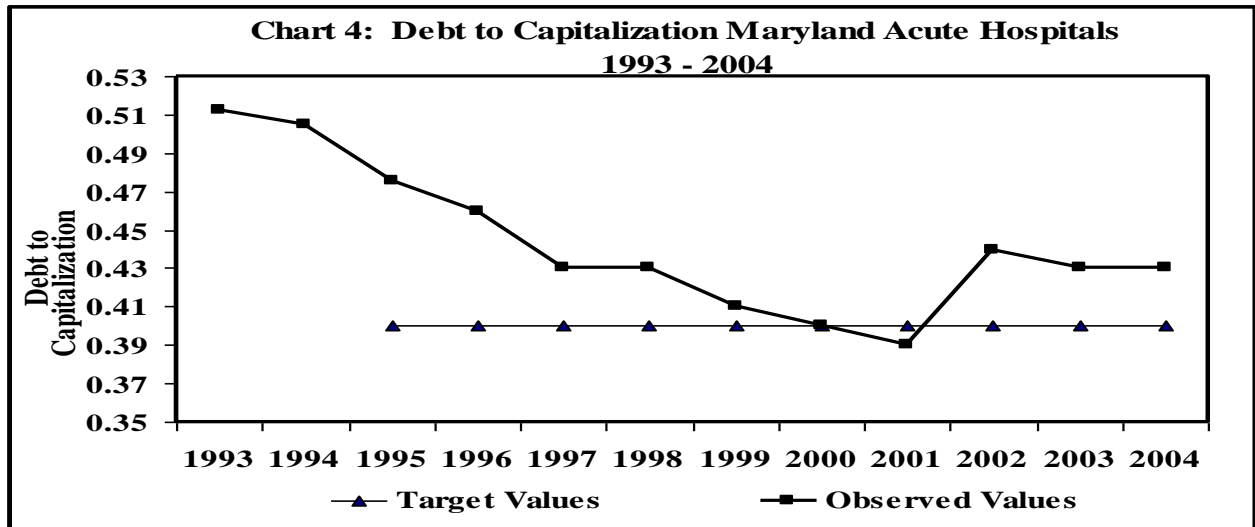
Cost per EIPA

The cost per EIPA, a measure of efficiency, has remained below the US average since 1985 with the exception of 1997 and 1998. The most recent estimate of cost per EIPA, as reported by the American Hospital Association, was \$7,895 for Maryland and \$8,249 for the nation. In 2003, the Maryland cost per EIPA remained within the set target of 3% - 6% below the national average.



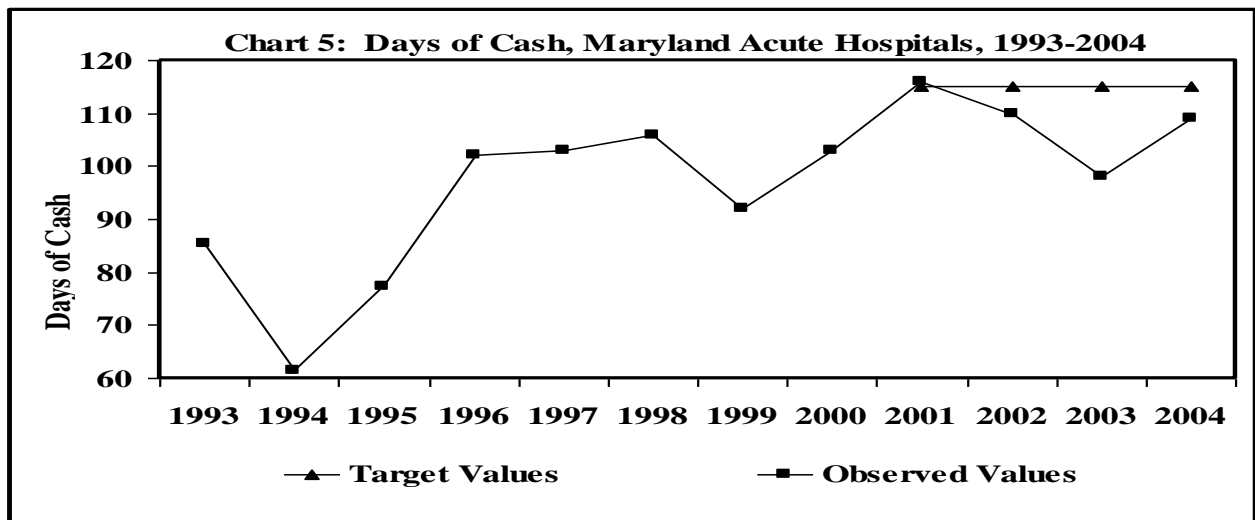
Debt to Capitalization

Debt to capitalization, the measure of how much of hospitals' net worth is accounted for by long term debt, fell from 0.51 in 1994 to 0.43 in 2004, slightly higher than the set target of 0.40.



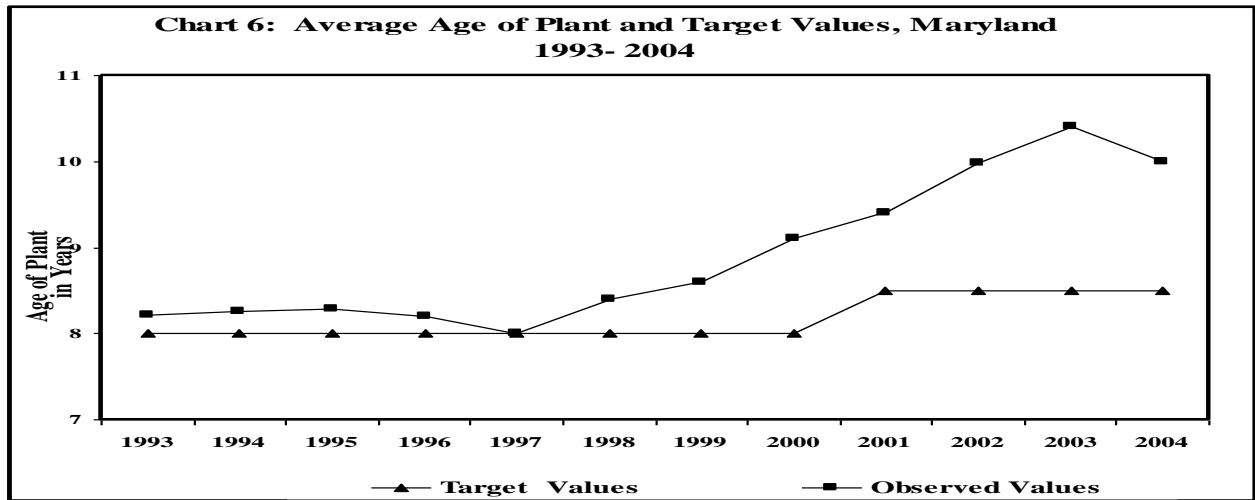
Days of Cash

Days of cash, a measure of liquidity, continues its importance to hospital administrator as well as bond rating agencies. The average days of cash in 2004 were 109 days, lower than the set target of 115 days, but appear to be improving.



Average Age of Plant

The average age of plant, measuring the average age of fixed assets in years, has increased from 8 years in 1997 to 9.99 years in 2004, approximately 18% higher than the set target of 8.5 years.



Summary of Maryland Acute Hospitals' Performance 2004 versus 2003

The operating and excess profit margins for 2004 were 2.50% and 2.90% respectively versus 1.70% and 2.30% in 2003. Their respective targets were 2.75% and 4.00%. The current position is below the desired target. The median values for operating and excess margins for 2004 were 1.89% and 2.87%.

-The average age of plant was 9.99 years. The current position is 18% above the desired target of 8.5 years. The median value was 10.94 years.

-The debt to capitalization ratio was 0.43, above the target of 0.40. The median value was 0.39.

-Days of cash on hand were 109 days, below the target of 115 days. The median value was 89 days of cash on hand.

-In 2003, the cost per EIPA for Maryland acute hospitals was \$7,895 as compared to \$8,249 for the US. This falls within the set target of 3% to 6% below the national average.

Table 1
Maryland Acute Hospitals' Financial and Operating Indicator Performance³
Fiscal Year 2004

Financial Indicator	Target Value	Observed Value
Operating Margin	2.75%	2.50%
Excess Margin	4.00%	2.90%
Average Age of Plant	8.5 Years	9.99 Years
Debt to Capitalization	0.40	0.43
Days of Cash	115 Days	109 Days
Efficiency: Cost per EIPA (AHA data FY 2003)	3.0% to 6.0% Below the US \$8,002 - \$7,754	US \$8,249 MD \$7,895

³ Source: Appendix Tables 1 and 3

Table 2
Maryland Acute Hospitals' Operating and Financial Indicators
Selected Statistics⁴
Fiscal Year 2004 versus Fiscal Year 2003

Selected Statistic	Operating Margin	Excess Margin	Age of Plant (In Years)	Debt to Capitalization	Days of Cash
State Average 2004	2.50%	2.90%	9.99	0.43	109
2003	1.70%	2.30%	10.40	0.43	98
Median 2004	1.89%	2.87%	10.94	0.39	83
2003	1.32%	1.71%	11.03	0.37	70
High Value 2004	8.54%	8.93%	22.38	1.41	289
2003	6.85%	6.75%	18.77	0.97	354
Low Value 2004	-7.85%	-7.62%	4.27	0.01	4
2003	-6.31%	-4.99%	3.42	0.02	6

Summary of Maryland Specialty and Private Psychiatric Hospitals 2004 versus 2003⁵

-The operating margin was 3.71% in 2004 as compared to 0.39% in 2003

-The excess margin was 4.06% in 2004 as compared to -0.04% in 2003

-The average age of plant was 10.52 years, lower than 10.60 years in 2003

-The debt to capitalization ratio was 0.39, lower than 0.43 in 2003

-The days of cash on hand were 141 days. The previous year 2003, the days of cash on hand were 152 days.

⁴ Source: Appendix Tables 4 and 5

⁵ Specific indicator targets were not established for these hospitals

Table 3
Maryland Specialty and Private Psychiatric Hospitals' Financial and Operating
Performance Indicators⁶
Fiscal Year 2004 versus 2003

Financial Indicator	Fiscal Year 2004	Fiscal Year 2003
Operating Margin	3.71%	0.39%
Excess Margin	4.06%	-0.04%
Average Age of Plant	10.52 Years	10.60 Years
Debt to Capitalization	0.39	0.43
Days of Cash	141 Days	152 Days

Conclusion

Although Maryland hospitals have not reached most of the financial and operating targets, it is clear that the HSCRC's Rate Redesign Arrangement has begun to achieve one of its stated objectives, i.e., to "make substantial progress on current financial deficiencies." Both operating and excess margins increased in 2004 over 2003. It should also be noted that hospitals' operating margins on HSCRC regulated activities increased substantially in 2004, to 4.5%, which significantly exceeded the target of 2.75%. These gains, in both regulated and overall hospital profitability, were achieved through a combination of rate enhancements by the Commission and continued cost containment by hospitals. It is hoped that this approach will allow hospitals to continue to increase their profitability over the period 2004 through 2006 and use these profits to reinvest in their asset base. The HSCRC will continue to monitor the success of these initiatives through this annual financial condition report.

⁶ Source: Appendix Table 1

APPENDIX

FINANCIAL CONDITION WORK GROUP

In 2000, the HSCRC refined and formalized its Charge per Case System through a Rate Redesign initiative, a process that resulted in a series of Rate Policy changes supported by both payer and hospital representatives. Many recommendations resulted from the efforts of the Rate Redesign Work Group, one of which was that the HSCRC revise and publish its report on financial conditions and the associated financial performance targets in accordance with existing industry trends and financial market standards. The Work Group also suggested that the HSCRC continue to monitor various indicators of hospital performance. Similar to the original Financial Conditions Work Group recommendations, the Redesign Work Group recommended these indicators be “evaluated over time, and collectively, to allow for an assessment of industry performance on the dimensions of efficiency, quality, and financial stability.” The Redesign Work Group recommended the report examine the “Maryland hospital industry’s overall financial condition (including regulated and unregulated services) and how regulated services have contributed to this overall condition.”

In the summer of 2001, the Commission convened a Financial Condition Work Group comprised of representatives from Maryland hospitals, payors, HSCRC staff, the Maryland Hospital Association and many other interested parties. This group diligently reviewed, evaluated, and suggested revisions to the Commission’s financial indicators/targets. The Work Group sought the advice of experts to facilitate analysis, and made recommendations to the Commission for approval of target indicators. Three sets of revised targets were presented to the Commission, one from the HSCRC staff, one from Maryland hospitals and one from the payors. Staff’s recommendations were subsequently approved and are, therefore, used in the analysis of Maryland hospitals’ financial performance indicators.

The Work Group developed the targets based on the general consensus that Maryland hospitals had experienced erosion in operating performance and balance sheet position, resulting in reduced investment in property, plant and equipment particularly,

and a corresponding increase in average age of plant. The targets were established according to several guiding principles:

- Targets should be realistic and demonstrably achievable, and should be viewed in the context of current Commission policy (i.e. the Charge per Case Methodology, the current Inter-Hospital Cost Containment Policy, and the Rate Redesign Update Formula).
- The revised targets should reflect the desire of the Commission, the hospital community, payers and patients to facilitate gradual improvement in the financial condition of Maryland hospitals. This is particularly true, given the recent deterioration of hospital financials both in Maryland and the nation.
- This improvement should be accomplished over a time period of three to five years.
- Targets should take into consideration consistent interrelationships among the targets. For example, efficiency targets should be realistic and help create operating and excess profit margin goals in the context of current rate setting policy. Additionally, operating and total profit targets should be consistent with the achievement of capital and cash targets.

Please note: The following tables detail the chronological results of the calculation of key financial indicators and targets for the Maryland hospital industry. Definitional or data element changes adopted by the Financial Condition Work Group are reflected in the results displayed in the following tables.

Appendix Table 1: Selected Financial and Operating Indicators⁷
Maryland Acute Hospitals, 1970 to 2004

Year	Operating Margin	Excess Margin	Age of Plant	Debt to Capitalization	Days of Cash
1970	-0.18%	1.83%	7.22	0.22	NA
1971	0.30%	2.43%	7.27	0.22	NA
1972	1.00%	2.94%	7.04	0.23	NA
1973	-0.13%	2.33%	7.72	0.28	NA
1974	0.03%	2.06%	8.20	0.27	NA
1975	-0.49%	0.90%	8.54	0.29	NA
1976	0.06%	1.41%	8.52	0.34	NA
1977	0.46%	1.75%	8.78	0.38	NA
1978	0.50%	2.17%	8.18	0.43	NA
1979	0.87%	2.40%	7.94	0.45	NA
1980	0.81%	2.69%	8.11	0.50	NA
1981	-1.71%	0.47%	7.79	0.49	33
1982	-1.73%	1.15%	8.09	0.49	31
1983	1.72%	3.43%	8.11	0.46	27
1984	0.96%	2.64%	8.30	0.43	28
1985	0.29%	1.93%	8.35	0.44	23
1986	2.26%	3.82%	7.90	0.40	26
1987	2.45%	3.79%	8.18	0.40	28
1988	0.51%	1.32%	8.02	0.41	26
1989	1.26%	2.85%	8.40	0.41	27
1990	0.95%	1.89%	8.49	0.45	34
1991	1.02%	1.80%	8.78	0.49	34
1992	0.00%	2.77%	8.48	0.51	79
1993	3.09%	2.71%	8.22	0.51	86
1994	3.73%	3.11%	8.26	0.51	61
1995	4.14%	5.21%	8.29	0.48	77
1996	4.39%	5.31%	8.20	0.46	102
1997	5.50%	1.51%	8.0	0.43	103
1998	3.15%	1.22%	8.40	0.43	106
1999	0.93%	1.76%	8.60	0.41	92
2000	0.80%	2.40%	9.10	0.40	103
2001	1.42%	2.16%	9.40	0.39	116
2002	1.75%	2.11%	9.98	0.44	110
2003	1.70%	2.30%	10.4	0.43	98
2004	2.50%	2.90%	9.99	0.43	109

⁷ NA: Cash not reported

Source of all other data: Audited Financial Statements

**Appendix Table 2: Operating and Excess Margin⁸
Maryland versus the US 1992 to 2003**

Year	Operating Margin US	Operating Margin MD	Excess Margin US	Excess Margin MD
1992	2.74%	1.99%	4.57%	2.95%
1993	2.51%	1.98%	4.23%	2.84%
1994	3.35%	3.13%	4.76%	2.89%
1995	3.87%	4.32%	5.63%	5.51%
1996	4.55%	4.23%	6.75%	5.47%
1997	4.04%	3.40%	6.68%	5.09%
1998	3.08%	2.81%	5.75%	4.62%
1999	2.08%	0.79%	4.65%	2.26%
2000	2.03%	1.00%	4.56%	2.50%
2001	2.69%	*1.42%	4.23%	*2.16%
2002	3.69%	*1.75%	4.43%	*2.11%
2003	3.32%	*1.70%	4.78%	*2.30%

**Appendix Table 3: Cost per EIPA 1992 to 2003
Maryland versus the US⁹**

Year	Maryland	US Average	6% Below US	3% Below US
1992	\$5,175	\$5,961	\$5,603	\$5,782
1993	\$5,714	\$6,333	\$5,953	\$6,143
1994	\$5,927	\$6,454	\$6,067	\$6,357
1995	\$5,997	\$6,463	\$6,075	\$6,269
1996	\$6,331	\$6,498	\$6,108	\$6,303
1997	\$6,674	\$6,530	\$6,138	\$6,334
1998	\$6,711	\$6,702	\$6,300	\$6,501
1999	\$6,697	\$6,840	\$6,430	\$6,635
2000	\$6,855	\$7,045	\$6,622	\$6,833
2001	\$7,082	\$7,406	\$6,962	\$7,184
2002	\$7,496	\$7,831	\$7,361	\$7,596
2003	\$7,895	\$8,249	\$7,754	\$8,002

⁸ Source: AHA Hospitals' Financial data - * Audited Financial Statements

⁹ Source: AHA Hospitals' Financial data

Appendix Table 4: Selected Financial Indicators Fiscal Year 2004¹⁰

HospitalName	Operating Margin	Excess Margin	Average Age of Plant in Years	Debt to Capitalization Ratio	Days of Cash
Acute Hospitals					
Washington County Hospital	1.19	4.02	12.90	0.04	15
Univ. of Maryland Medical System	5.41	5.07	4.94	0.53	207
Prince Georges Hospital	0.59	0.74	12.90	0.01	0
Holy Cross Hospital of Silver Spring	2.87	3.68	10.31	0.33	83
Frederick Memorial Hospital	-1.38	0.30	9.47	0.44	143
Harford Memorial Hospital	-1.29	2.74	22.38	0.39	215
St. Josephs Hospital	2.65	2.65	12.20	0.35	19
Mercy Medical Center, Inc.	4.84	5.12	8.14	0.52	74
Johns Hopkins Hospital	1.89	2.07	10.99	0.50	106
Dorchester General Hospital	2.70	2.98	12.11	0.10	58
St. Agnes Hospital	1.83	4.68	10.76	0.28	13
Sinai Hospital	5.41	4.99	15.42	0.51	91
Bon Secours Hospital	-0.40	-0.03	19.91	0.25	29
Franklin Square Hospital	3.24	3.38	16.11	0.00	0
Washington Adventist Hospital	-0.18	-2.31	12.53	0.98	6
Garrett County Memorial Hospital	-1.43	0.61	10.16	0.27	247
Montgomery General Hospital	-2.83	-0.88	10.94	0.32	121
Peninsula Regional Medical Center	2.20	3.90	10.27	0.25	117
Suburban Hospital Association, Inc	-0.71	-0.59	7.65	0.56	31
Anne Arundel General Hospital	8.54	8.09	7.33	0.49	263
Union Memorial Hospital	4.34	4.57	15.06	0.03	88
The Memorial Hospital	1.06	2.81	17.45	0.15	116
Sacred Heart Hospital	0.74	1.79	10.14	0.34	59
St. Marys Hospital	3.26	3.25	7.77	0.42	63
Johns Hopkins Bayview Med. Center	0.73	-0.13	8.29	0.53	54
Kent & Queen Annes Hospital	2.82	3.44	7.52	0.25	159
Union Hospital of Cecil County	4.53	8.02	12.84	0.40	289
Carroll County General Hospital	1.75	2.37	8.43	0.58	195
Harbor Hospital Center	0.52	0.52	14.11	0.00	0
Civista Medical Center	6.19	6.78	14.37	0.39	103
Memorial Hospital at Easton	-2.91	-0.32	12.50	0.39	50
Maryland General Hospital	-3.81	-4.20	11.58	0.22	91
Calvert Memorial Hospital	4.87	5.23	7.71	0.43	83
Northwest Hospital Center, Inc.	2.49	3.35	15.15	0.41	171
North Arundel General Hospital	3.67	3.13	9.25	0.46	78
Greater Baltimore Medical Center	0.08	1.97	10.15	0.37	175
McCready Foundation, Inc.	0.73	0.31	11.82	0.95	4
Howard County General Hospital	1.76	1.76	4.27	0.88	61
Fallston General Hospital, Inc.	4.64	4.98	4.38	0.61	90
Doctors Community Hospital	2.57	2.57	9.13	0.61	188
Southern Maryland Hospital	3.37	4.25	11.86	0.00	11
Laurel Regional Hospital	-7.85	-7.62	12.57	0.00	0
Good Samaritan Hospital	5.06	5.11	15.27	0.00	0
Shady Grove Adventist Hospital	5.06	4.15	10.33	0.65	28
James Lawrence Kernan Hospital	-0.06	-1.92	7.86	0.19	78
Fort Washington Medical Center	1.60	8.93	11.73	1.41	12
Atlantic General Hospital	1.94	2.87	6.04	0.49	30
Total Acute	2.50	2.90	9.99	0.43	109
Median	1.89	2.87	10.94	0.39	83

¹⁰ Source: Audited Financial Statements – Zero Debt to Cap ratio indicated parent organization manages debt

**Appendix Table 4: Selected Financial Indicators Fiscal Year 2004
Continued**

Hospital Name	Operating Margin	Excess Margin	Average Age of Plant in Years	Debt to Capitalization Ratio	Days of Cash
Specialty & Psychiatric Hospitals					
Cheasapeake Rehabilitation Hospital	12.43	11.45	3.48	0.51	81
Sheppard & Enoch Pratt Health System	1.52	1.98	15.20	0.48	316
Brook Lane Psychiatric Center	-2.72	-1.49	9.18	0.53	33
Potomac Ridge Treatment Center	4.52	4.83	3.23	0.29	19
Levindale	9.72	8.63	8.79	0.06	85
Mount Washington Pediatrics	-0.38	1.85	11.99	0.27	59
University Specialty Hospital	-1.03	0.78	6.10	0.51	34
Total Specialty & Psychiatric	3.71	4.06	10.52	0.39	141
Median	1.52	1.98	8.79	0.48	59

Appendix Table 5: Please see next page

Appendix Table 5: Selected Financial Indicators Fiscal Year 2003¹¹

HospitalName	Operating Margin	Excess Margin	Average Age of Plant in Years	Debt to Capitalization Ratio	Days of Cash
Acute Hospitals					
Washington County Hospital	-3.69	-3.78	12.10	0.06	18
Univ. of Maryland Medical System	1.47	5.91	8.61	0.54	175
Prince Georges Hospital	-1.30	-1.08	10.83	0.02	0
Holy Cross Hospital of Silver Spring	3.38	3.58	9.87	0.26	76
Frederick Memorial Hospital	-1.34	-0.89	9.07	0.46	181
Harford Memorial Hospital	1.62	6.05	18.77	0.42	167
St. Josephs Hospital	0.92	0.92	11.54	0.39	12
Mercy Medical Center, Inc.	2.37	1.16	8.86	0.55	64
Johns Hopkins Hospital	1.89	2.36	12.27	0.46	64
Dorchester General Hospital	1.31	1.56	13.89	0.12	70
St. Agnes Hospital	1.58	-0.36	10.03	0.33	20
Sinai Hospital	3.48	3.94	16.05	0.50	70
Bon Secours Hospital	-2.43	-1.13	18.20	0.26	8
Franklin Square Hospital	2.89	2.87	11.18	0.00	0
Washington Adventist Hospital	4.79	4.74	12.61	0.90	15
Carrett County Memorial Hospital	1.71	2.65	9.10	0.30	279
Montgomery General Hospital	-1.77	-0.64	11.27	0.34	137
Peninsula Regional Medical Center	0.25	0.94	9.79	0.29	102
Suburban Hospital Association, Inc	-4.31	-4.27	6.88	0.52	50
Anne Arundel General Hospital	6.85	6.75	8.11	0.41	206
Union Memorial Hospital	5.50	5.16	13.94	0.03	94
The Memorial Hospital	0.82	2.18	14.34	0.17	124
Sacred Heart Hospital	0.60	1.40	11.53	0.37	42
St. Marys Hospital	0.01	1.16	8.13	0.46	83
Johns Hopkins Bayview Med. Center	1.01	1.34	8.89	0.49	70
Kent & Queen Annes Hospital	3.71	6.33	8.29	0.19	128
Union Hospital of Cecil County	4.94	3.52	11.33	0.44	354
Carroll County General Hospital	-0.87	0.04	8.44	0.61	236
Harbor Hospital Center	-1.84	-1.75	12.73	0.00	0
Civista Medical Center	3.37	3.98	12.92	0.10	61
Memorial Hospital at Easton	0.61	0.89	12.53	0.32	37
Maryland General Hospital	2.91	3.45	12.45	0.25	89
Calvert Memorial Hospital	2.89	3.28	6.80	0.50	62
Northwest Hospital Center, Inc.	0.07	0.94	15.19	0.37	151
North Arundel General Hospital	3.83	4.52	11.47	0.46	107
Greater Baltimore Medical Center	0.89	1.71	9.46	0.40	151
McCready Foundation, Inc.	-6.31	2.84	16.97	0.97	7
Howard County General Hospital	1.32	1.32	3.92	0.90	66
Fallston General Hospital, Inc.	4.78	4.78	3.42	0.61	93
Doctors Community Hospital	-1.06	-1.06	8.26	0.66	166
Southern Maryland Hospital	4.29	4.45	12.21	0.00	6
Laurel Regional Hospital	-5.28	-4.99	11.03	0.00	0
Good Samaritan Hospital	4.84	4.89	9.24	0.00	0
Shady Grove Adventist Hospital	4.18	4.36	10.73	0.71	15
James Lawrence Kernan Hospital	-3.90	-3.37	7.26	0.20	71
Fort Washington Medical Center	3.25	3.00	11.33	0.00	11
Atlantic General Hospital	0.12	0.78	6.11	0.47	33
Total Acute	1.70	2.30	10.40	0.43	98
Median	1.32	1.71	11.03	0.37	70

¹¹ Source: Audited Financial Statements – Zero Debt to Cap ratio indicated parent organization manages debt

**Appendix Table 5: Selected Financial Indicators Fiscal Year 2003
Continued**

Hospital Name	Operating Margin	Excess Margin	Average Age of Plant in Years	Debt to Capitalization Ratio	Days of Cash
Specialty & Psychiatric Hospitals					
Cheapeake Rehabilitation Hospital	9.38	9.38	2.66	0.61	31
Sheppard & Enoch Pratt Health System	-0.18	-1.55	14.80	0.51	382
Brook Lane Psychiatric Center	1.40	1.61	10.91	0.41	43
Potomac Ridge Treatment Center	-0.05	-0.01	3.24	0.33	18
Levindale	1.60	-0.00	8.72	0.07	78
Mount Washington Pediatrics	-1.77	0.48	12.76	0.29	29
University Specialty Hospital	-1.77	-0.90	6.19	0.54	4
Total Specialty & Psychiatric	0.39	-0.04	10.60	0.43	152
Median	-0.05	-0.00	8.72	0.41	31