Hospitals get fiscal checkup

Local facilities earn mixed news

Randy Griffith rgriffith@tribdem.com

JOHNSTOWN — All Cambria and Somerset county hospitals are targeting expenses to offset declining in-patient days, leaders say.

A new state report shows some are doing better than others.

Conemaugh Memorial and Conemaugh Meyersdale medical centers and Somerset Hospital finished fiscal year 2013 in the black, while both Windber and Conemaugh Miners medical centers showed a slight loss in the 12 months that ended June 30, the Pennsylvania Health Care Cost Containment Council report shows.

"I think this is just a sign of the challenges that most independent community hospitals are going to face," Windber's interim president and CEO, Tom Kurtz, said.

"Changes in Medicare and Medicaid have a dramatic effect on our margins. Together they account for more than 50 percent of our revenue."

Conemaugh's financial team has improved the revenue numbers by making sure insurance companies and government payors such as Medicare are billed properly, health system Chief Financial Officer Edward H. DePasquale said.

"We have seen declines in admissions like everyone else," DePasquale said. "We have a productivity system in place. If volumes go down, we adjust staffing numbers."

Conemaugh Memorial Medical Center led the region with $353 million in revenue and a 6.2 percent operating margin.

The numbers confirm health system leaders' contention that Conemaugh's acquisition by Duke LifePoint is being negotiated from a position of financial strength to benefit the community, DePasquale said.

Partnering with the national organization and esteemed university will help position Conemaugh for the future, DePasquale said.

The idea is to strengthen advanced care programs to attract patients from a larger area as the local population continues to decline.

Somerset President and CEO Craig Saylor said a collaboration with Conemaugh under its new owners will also help Somerset Hospital continue to operate as an independent community hospital.

"I think we will see – and we are seeing – pressure to drive down costs while maintaining quality care," Saylor said.

"Working together we can create economies of scale to provide some of the services that are needed in our community."

Despite its lackluster numbers, Windber is not running for cover, Kurtz stressed.

"It is easier for us to adapt to these changes than it is for a larger institution," Kurtz said.

"Windber has had a long history of being able to respond to changes."

Plans for a new emergency department are moving forward, with construction expected later this year.

Digital imaging equipment is being upgraded throughout the hospital.

Windber's tradition of patient-centered care, with more than 10 years under the Planetree model, makes it a model for the future, Kurtz said.

"We are well positioned to play in this new market," Kurtz said.

"The way they plan on funding under health care reform is what Windber has been working on since it opened. It's in our culture."

Randy Griffith covers health care for The Tribune-Democrat. Follow him on Twitter at twitter.com/photogriffer57.