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California Hospitals Report Mixed Financial Results for the Twelve Months Ended June 30, 2009

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California hospitals reported mixed financial results for the twelve months ended June 30, 2009. Figures compiled by the California Healthcare News on the largest fifty hospitals¹ (see report on the next page) show healthy pre-tax net income for some while others reported substantial losses. Overall, 18 of the 50 hospitals, or 36%, reported a pre-tax net loss. The highest pre-tax net income was reported by the University of California, San Diego Medical Center with \$209,054,430. The largest pre-tax net loss, totaling \$115,515,001, was reported by

Stanford University Hospital.

The California landscape of mixed financial results can be compared to the national scene where profit margins, liquidity, labor costs and discharge volumes are all showing favorable trends.

According to a national analysis of four hundred hospitals by Thomson Reuters², the median profit margin of U.S. hospitals increased from near zero in the third quarter of 2008 to more than eight percent in the second quarter of 2009. The study noted liquidity had improved significantly with the median days-cash-on-hand increasing from 90 days in the first quarter of 2009 to 146 days in the second quarter. Labor costs were down approximately 2.25 percent in the second quarter of 2009 due to a reduction of patient lengths of stay. At the same time, mean patient discharge volumes moved into positive territory in the second quarter of 2009.

"U.S. hospitals are on track to come out of the recession in better financial shape than they were in when the downturn began," said Gary Pickens, PhD, chief research officer at Thomson Reuters and one of the study's authors. "When we published our first analysis of hospital economic health in the fall of 2008, hospitals were facing unprec-

edented economic stress and starting down a real crisis. Now, by taking aggressive measures to reduce costs, the majority of hospitals are positioned for a strong recovery."

Anne McLeod, Vice President, Finance Policy of the California Hospital Association, says it's not unusual for California hospitals to lag in financial performance compared to national results. She explained, "California continues to report a higher proportion of uninsured residents and lower rates of employer-based coverage than the nation as a whole."

With health care reform coming it will be important for California hospitals that are showing losses to turn things around quickly. Increases in patient utilization are expected, along with flat or declining per capita reimbursement as much of the new dollars will come from federal and state programs, and a strong balance sheet will be needed to finance the ramp-up of staff and equipment needed to manage these new patients.

¹Source: California State Office of Statewide Health Planning and Development.

²Download the press release at: http://thomsonreuters.com/content/press_room/tsh/hospital_financials_recovered

California Hospital Financial Information

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Financial Results for the 50 Largest Hospitals in California

For the 12 months ended June 30, 2009
(Ranked by Total Discharges)¹

Hospital Name	County	Total Net Patient Revenue	Pre-Tax Net Income	Pre-Tax Net Income/ Total Net Patient Revenue	Total Discharges	Total Days
CEDARS-SINAI MEDICAL CENTER	LOS ANGELES	1,800,758,193	175,707,445	9.8%	49,337	279,022
COMMUNITY REGIONAL MEDICAL CENTER	FRESNO	673,170,789	31,623,958	4.7%	35,710	203,242
LAC/USC MEDICAL CENTER	LOS ANGELES	787,522,176	63,201,000	8.0%	35,117	204,790
LOMA LINDA UNIVERSITY MEDICAL CENTER	SAN BERNARDINO	900,893,501	-6,150,117	-0.7%	34,211	208,334
UNIVERSITY OF CALIFORNIA DAVIS MED CTR	SACRAMENTO	1,069,066,057	55,171,896	5.2%	31,600	176,288
SCRIPPS MERCY HOSPITAL	SAN DIEGO	499,103,084	16,036,560	3.2%	31,328	144,366
SUTTER MEDICAL CENTER-SACRAMENTO	SACRAMENTO	712,734,608	87,790,036	12.3%	30,614	170,094
HOAG MEMORIAL HOSPITAL PRESBYTERIAN	ORANGE	657,602,917	-70,861,164	-10.8%	29,304	119,349
UCSF MEDICAL CENTER	SAN FRANCISCO	1,634,399,006	106,725,973	6.5%	28,980	190,853
CALIFORNIA PACIFIC MEDICAL CENTER	SAN FRANCISCO	1,025,787,999	142,011,999	13.8%	28,440	173,670
HUNTINGTON MEMORIAL HOSPITAL	LOS ANGELES	431,732,346	-43,258,573	-10.0%	28,098	139,138
ARROWHEAD REGIONAL MEDICAL CENTER	SAN BERNARDINO	272,910,471	-112,606,335	-41.3%	27,374	113,862
GROSSMONT HOSPITAL	SAN DIEGO	441,080,658	8,591,178	1.9%	26,326	116,067
TORRANCE MEMORIAL MEDICAL CENTER	LOS ANGELES	397,458,770	-35,980,399	-9.1%	25,205	106,572
CITRUS VALLEY MED CENTER - QV CAMPUS	LOS ANGELES	288,878,378	-6,254,576	-2.2%	24,530	124,871
ST. AGNES MEDICAL CENTER	FRESNO	394,947,142	-52,387,942	-13.3%	24,337	112,291
LONG BEACH MEMORIAL MEDICAL CENTER	LOS ANGELES	441,455,521	56,039,292	12.7%	24,273	119,699
ANTELOPE VALLEY HOSPITAL	LOS ANGELES	252,669,381	-9,417,127	-3.7%	24,252	97,187
SANTA CLARA VALLEY MEDICAL CENTER	SANTA CLARA	709,122,408	-111,051,008	-15.7%	24,017	113,022
POMONA VALLEY HOSPITAL MEDICAL CENTER	LOS ANGELES	393,131,584	17,364,226	4.4%	23,834	108,084
STANFORD UNIVERSITY HOSPITAL	SANTA CLARA	1,654,167,999	-115,515,001	-7.0%	23,480	135,054
LAC/HARBOR+UCLA MEDICAL CENTER	LOS ANGELES	407,854,235	-55,172,766	-13.5%	23,350	127,610
RONALD REAGAN UCLA MEDICAL CENTER	LOS ANGELES	1,087,931,946	96,336,718	8.9%	23,269	160,320
UNIVERSITY OF CALIF - SAN DIEGO MED CTR	SAN DIEGO	942,849,109	209,054,430	22.2%	23,219	133,871
ST. JOSEPH HOSPITAL - ORANGE	ORANGE	480,944,783	-19,145,307	-4.0%	22,057	85,770
ST. FRANCIS MEDICAL CENTER	LOS ANGELES	291,609,601	-16,673,462	-5.7%	22,041	109,900
PALOMAR MEDICAL CENTER	SAN DIEGO	311,986,356	19,774,905	6.3%	21,807	114,273
MERCY GENERAL HOSPITAL	SACRAMENTO	402,427,029	9,039,029	2.2%	21,519	85,871
RIVERSIDE COUNTY REGIONAL MEDICAL CTR	RIVERSIDE	348,086,682	-5,898,879	-1.7%	21,188	113,860
MEMORIAL HOSPITAL MODESTO	STANISLAUS	510,895,118	76,908,808	15.1%	21,150	101,364
KAWEAH DELTA MEDICAL CENTER	TULARE	356,780,288	16,364,395	4.6%	21,020	122,759
MERCY SAN JUAN HOSPITAL	SACRAMENTO	368,535,874	3,521,874	1.0%	20,719	77,155
PROV. LITTLE CO OF MARY MC-TORRANCE	LOS ANGELES	268,886,075	-283,956	-0.1%	20,363	92,979
DOCTORS MEDICAL CENTER	STANISLAUS	318,298,238	16,266,794	5.1%	20,340	105,252
ALTA BATES SUMMIT MED CTR-ALTA BATES	ALAMEDA	570,599,999	65,326,362	11.4%	19,983	134,273
PROV. SAINT JOSEPH MEDICAL CENTER	LOS ANGELES	349,918,412	-459,678	-0.1%	19,435	97,828
WHITE MEMORIAL MEDICAL CENTER	LOS ANGELES	255,926,863	9,514,139	3.7%	19,239	91,985
CENTINELA FREEMAN MED CTR-CENTINELA	LOS ANGELES	211,356,705	11,088,539	5.2%	19,190	73,564
SANTA BARBARA COTTAGE HOSPITAL	SANTA BARBARA	409,089,853	-83,465,861	-20.4%	19,181	89,056
RIVERSIDE COMMUNITY HOSPITAL	RIVERSIDE	343,766,895	66,619,362	19.4%	19,150	91,142
JOHN MUIR MED CTR-WLNT CREEK CAMPUS	CONTRA COSTA	617,500,938	74,320,524	12.0%	19,053	90,973
EISENHOWER MEDICAL CENTER	RIVERSIDE	332,188,490	9,291,971	2.8%	18,729	77,653
DESERT REGIONAL MEDICAL CENTER	RIVERSIDE	312,314,399	31,414,295	10.1%	18,515	83,973
SADDLEBACK MEMORIAL MEDICAL CENTER	ORANGE	343,109,758	26,930,856	7.8%	18,421	71,798
MISSION HOSPITAL REGIONAL MEDICAL CTR	ORANGE	355,244,982	12,312,402	3.5%	18,389	73,771
SW HEALTHCARE SYSTEM-MURRIETA	RIVERSIDE	206,092,359	7,625,613	3.7%	18,227	63,349
GOOD SAMARITAN HOSPITAL - LA	LOS ANGELES	240,277,159	12,589,246	5.2%	18,095	87,313
GLENDALE ADVENTIST MEDICAL CENTER	LOS ANGELES	281,671,579	8,824,103	3.1%	18,053	104,836
SHARP MEMORIAL HOSPITAL	SAN DIEGO	503,392,688	17,345,782	3.4%	17,959	105,475
PRESBYTERIAN INTERCOMMUNITY HOSPITAL	LOS ANGELES	350,771,702	-14,460,286	-4.1%	17,883	82,573

¹Source: California State Office of Statewide Health Planning and Development. Although among the largest 50 hospitals, eight Kaiser facilities were omitted because figures weren't reported and/or available.