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HOSPITAL LOSSES PLACED AT \$22.5M

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BY JIM HALL

Mary Washington Healthcare officials said this spring that they expected the newly opened Stafford Hospital to lose money in 2009 and that Stafford performed as expected.

But they declined to be more specific. They offered no details on revenues, expenses or the amount of the loss.

"We manage Mary Washington Healthcare as a single entity. A lot of the parts and the functions are commingled," explained Sean Barden, executive vice president and chief financial officer.

Now, a Richmond-based nonprofit has taken the mystery out of Stafford's performance.

Just before Thanksgiving, Virginia Health Information published its 2010 Industry Report, which includes financial and clinical information for all of Virginia's hospitals.

The report covers 2009 and treats Stafford separately from Mary Washington Hospital in Fredericksburg. It puts Stafford's 2009 revenues at \$49.7 million and its expenses at \$72.2 million. The loss for the year was \$22.5 million.

Stafford opened in February 2009, and its loss was a major factor in Mary Washington Healthcare's financial performance for last year. The parent company earned \$10.6 million in 2009, compared with \$25.6 million in 2008.

Stafford's loss was expected, officials said, since expenses are incurred at a new hospital before the first patient arrives. The red ink probably will flow for about 18 months, they said, based on the experience of other new hospitals.

"We planned for a loss in 2009, and we planned for a loss in 2010. We knew that it would take 2 to 3 years for the new hospital to generate income," said Kathleen Allenbaugh, Mary Washington spokeswoman, this week.

Allenbaugh said Stafford treats about 100 people a day in its emergency



Virginia Health Information's 2009 report says the Stafford Hospital Center brought in \$49.7 million in revenue, but had \$72.2 million in expenses last year, leaving it with a loss of \$22.5 million.



Stafford Hospital opened in February 2009. Company officials say losses for the first year were expected.

room and that its census of admitted patients has been 30 to 40 a day. The hospital is licensed for 100 beds.



The hospital's birthing center is among the top 1 percent in the nation, based on patient satisfaction, she said. Financially, the hospital had its first positive cash flow in May and has maintained that since then, she said.

"We developed the hospital on the premise that we would be a high-quality provider in a comfortable and safe environment," Allenbaugh said. "We have met the commitment that we made."

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\$72.2 million

Expenses

\$49.7 million

Revenues

\$22.5 million

Loss

2,487

Admissions

381

Full-time employees

Source: Virginia Health Information, 2010 Industry Report. All numbers are for 2009. The hospital opened in February 2009.

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