



## Report #1: Reasons for LGH's Exceptional Profits

*NewsLanc* borrowed the services of Douglas McVay, Director of Research with an affiliated non-profit organization, to determine what circumstances have enabled Lancaster General Hospital (LGH) to earn the second highest profits in the State, amounting to \$136 million in fiscal year 2007. Findings are not meant to detract from the efficiency and competence of LGH and the high quality service they provide.

McVay has examined and correlated information provided from Federal and State sources, LGH itself, and other publications deemed reliable. The research indicates special circumstances that are unique to our region plus LGH's strong market position contribute substantially to LGH's remarkable profitability.

Though LGH's representative was cooperative at the outset, he became less forthcoming and then ceased to respond to inquiries as McVay's inquiries became more knowledgeable and pertinent.

Therefore, the following factors for profitability are not a definitive list, but only those supported by current data on hand.

1) Proportion of LGH's revenues from Medicare is 30%. For the region of which LGH is a part, 34%. For the state, 37%. Medicare pays a set fee which is considerably lower than private insurers and may not always cover the full costs of services. By law, Medicare rates are the lowest which hospitals are allowed to charge. ***The fewer Medicare patients, the greater profitability.***

2) Proportion of LGH's revenue from Medicaid is 5%. For the region, 7%. For the State, 11%. Reports suggest that reimbursement for Medicaid is similar to Medicare. ***The fewer Medicaid patients, the greater profitability.***

3) Uncompensated Care (bad debt + charity) for LGH is 1.5% of Net Patient Revenue. For the Region, 2.8%. For the State, 2.3%. ***The less bad debt, the greater profitability.***

4) LGH's Charitable Care in 2007 amounted to 0.5% of Net Patient Revenue. The State was 0.9% (Regional data was unavailable.) Note that LGH only provides about half as much charitable care as do hospitals throughout the state. ***The less Charitable Care, the greater profitability.***

5) Percentage of "Charges" collected for LGH is: 50%; for the Region, 46%; for the State, 27%. Although available information is limited in this area, a comparison of LGH charges for ten medical procedures with a sample of hospitals from across the state indicated that LGH charges were about average. (Note: The "Charge" is a virtually mythical figure from which there are various discounts depending upon who is the payer.) ***The higher the proportion of Charges collected, the greater the profitability.***

6) LGH's program provides Amish and other cash payers with a standard 25% discount. According to the Wall Street Journal, Heart of Lancaster "agreed to discounts of up to 40% off its top rates" for the Amish. Lancaster County's population is approximately 5% Amish. ***The less the discount to the Amish and cash paying patients, the greater the profitability.***

This is the first of a series of articles that will delve into issues of profitability, fairness, and how earnings are utilized by Lancaster General Hospital. **Greater transparency will influence LGH, a Public Corporation, to use its remarkable profitability in the best interests of the community.**

## Revised Amtrak Parking Plan Still Inadequate

The recently announced design for parking on the west side of the Amtrak Station tends to maximize the space at hand, but the treatment in front and to the east of the station is disappointing, only accommodating 28 vehicles, far fewer spaces than currently exists.

Unlike the existing condition, there is no parallel or perpendicular parking off the wide drives and emphasis is put on creating loading zones for

multiple buses. Yet who has seen more than one bus at the station at a time? Is there a need for super-wide drives, a separate canopy and a dedicated bus loading area at the considerable reduction of commuter parking spaces?

*NewsLanc* recommends that bus service be de-emphasized and yet another 35 parking spaces be added. Commuters could use over a hundred!

## “Nice guy” SD of L Superintendent Interview Raises Concerns

As reported in the July 29 *Intelligencer Journal*, comments by Pedro Rivera who assumed the position of Superintendent of the School District of Lancaster earlier this month evince both naivety and a misguided attempt to build good will and to get along.

For example Rivera states: “The school district also is blessed with an experienced, well-trained staff of administrators, teachers and support workers, Rivera said... The problem is not with teaching; the problem is with leadership.”

A more experienced leader would have stated “The system has many extraordinary teachers,” thus leaving latitude for making a number of changes if necessary and not dissipating his or her influence. How much can Rivera know about the competence of personnel in just four weeks on the job? Instead of squandering his authority, Rivera should be studying what top staff members should be retained and who should go.

**Not once in the long interview is the deplorable state of the sports program at McCaskey mentioned. And yet a good physical education and competitive sports program can provide much of the solution to drop out rates, obesity, gangs, cultural friction, and low student and faculty morale. It will generate respect for authority and improve scholastic performance!**

In defense of Rivera, this mistake of trying to be a nice guy is almost always made by individuals moving from staff to CEO positions. It takes months and perhaps a year before they understand that they have the responsibility for sorting out the bad from the good, and making difficult but essential decisions that inevitably bring about pain and criticism.

The first few months are a “honeymoon” that provides an opportunity to push through the type of initiatives and changes that would later be blocked by politics. The school district cannot afford to wait months and perhaps a year for Rivera to grow into the job.

## New Jersey Court Bars Towns from Moving Sex Offenders

According to a report by the National Apartment Association, a state appeals court ruled recently that New Jersey towns cannot prohibit convicted sex offenders from living near places such as schools, playgrounds and day care centers. In a unanimous decision, the three-judge panel said Megan’s Law is the exclusive law governing the treatment of sex

offenders.

The court further stated municipal ordinances restricting where they can live “interfere with and frustrate” statewide efforts to monitor offenders and reintegrate them into society.

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