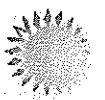


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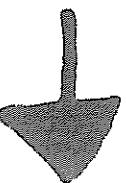
Thursday,
June 25, 2009

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BATAVIA

\$3M profit for UMMC

Hospital ends its fifth
straight year in the black



By Paul Mikarek
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United Memorial Medical Center finished 2008 with a profit of about \$3 million, even after it took more than \$1 million in one-time write-offs, Chief Financial Officer Bob Chiavetta said Wednesday.

"We're still doing a real good job in controlling our costs," he said.

UMMC's annual report was approved June 18 by its board of directors. It recorded \$68.5 million in revenue, \$64,340,000 in operating expenses and an additional \$1.1 million in non-operating red ink.

Its income increased by 9 percent in 2008 and its operating margin — income versus expenses — was about 6 percent. UMMC's operating margin is ranked among the top 5 percent among all hospitals in the state.

Patient numbers increased slightly, from 5,474 in '07 to 5,536 in '08.

In 2007, UMMC had revenue of \$61.5 million and expenses of \$58.1 million.

The hospital finished in the black each of the past five years. Its profits for the years 2007 back to 2003 were \$3.4 million, \$2.6 million, \$2.5 million and \$400,000, respectively.

Chiavetta said the hospital continues to focus on shortening the length of stay of its patients. Insurance companies pay UMMC a flat fee for a specific treatment or procedure, so the less time a patient is in a room means less expenses for the hospital, he said.

Patients with shorter stays also have less exposure to potential infection from inside the hospital, Chiavetta said.

Patient visits in the Emergency Room also increased significantly, from 21,000 in '07 to almost 23,000 in '08.

Another factor that helped the revenue side of the ledger was expansion of the medical services it offers, Community Relations Director Colleen

Flynn said.

UMMC added a urologist, Dr. Ralph Madala. Patients with conditions such as erectile dysfunction, incontinence, enlarged prostate or kidney stones no longer have to travel out of the county for treatment or surgery, Flynn said.

The hospital also added two general surgeons, Dr. Richard King and Dr. Anthony Froix. UMMC now has a sleep study facility and upgraded its operating rooms and its maternity ward, Flynn said.

The \$10 million expansion of the outpatient clinic at the Jerome Center provided the hospital with more equipment for radiology, respiratory therapy and ultrasound. It's also more patient friendly and all of its records are computer generated and stored digitally, Flynn said.

"That's helped us grow," Chiavetta said.

The \$1 million UMMC wrote down in 2008 was primarily in two areas, a buyout of a contract with a radiology firm that provided the hospital with CT scan and MRI services and losses on investments. The cost of the buyout was \$750,000, which the hospital is recuperating because it acquired its own equipment, Chiavetta said.

The \$250,000 in investment losses was from the Genesee Memorial Hospital Endowment Fund, which UMMC inherited from the old GMH in 2000. The decline in the stock market and the economic recession led to the red ink in the fund, the CFO said.

UMMC was created in 1999-2000 as the result of a merger of Genesee Memorial Hospital and St. Jerome Hospital. It lost more than \$3 million in 2000 and 2001 and was \$400,000 in the red in both 2002 and '03.