

MARYLAND

UMMS involvement in P.G. health care hinges on profit

By Ben Giles
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The University of Maryland Medical System has finally joined an effort to fix Prince George's County's woeful medical services, after years of reluctance because of the precarious finances of Dimensions Healthcare System.

The university's decision to take a more active role hinges on the assertion that the county's health care system, improved by plans for a new hospital and reorganized medical network estimated to cost \$600 million, can operate without state and county subsidies.

UMMS Chief Executive Officer Robert Chrencik said a study of the county's health care system showed a new hospital, which officials say could open by 2017, could turn a profit in less than two years of operation. UMMS has been highly successful, with 12 hospitals across the state earning \$2.5 billion in revenue annually.

Yet the county's flagship hospital in Cheverly, the Prince George's Hospital Center, has been hemorrhaging millions for years. In the past decade alone, the county has put roughly \$110 million into the Prince George's hospitals in subsidies, while the state has contributed about \$80 million, according to county officials.

Under the terms of the memorandum of understanding, UMMS could still pull out of the arrangement if the costs of operating the Prince George's health facilities become overwhelming.

"We have to have a facility that ... will operate in the black. It has to be, or we haven't accomplished what we set out to accomplish," Chrencik said. "If we can't get there that is a big problem."

Over the next two years, UMMS officials will act in an advisory role, but if the new business model for Prince George's hospitals goes according to plan, the university could incorporate aspects of the

Dimensions health care network into its own system.

National health care politics are a key factor in the business model's success. The 80,000 uninsured Prince George's residents may soon be covered under new health care policies, creating a new base of paying patients.

Gov. Martin O'Malley and Prince George's County Executive Rushern Baker also each pledged \$15 million toward the county's health care system for fiscal 2012, and intend to spend the same in 2013. The \$60 million in funds over the next two years will be used to stabilize services in the short term.

Some of the millions may also be used to shed the hospitals' \$200 million debts, but only if Dimensions can successfully shed costs and save money on its own. Hospitals are implementing new cost-containment strategies and for the first time in 15 years Moody's has upgraded Dimension's credit rating from negative to stable, according to Dimensions President Kenneth Glover.

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Chrencik