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MedCath records loss as bad debt, supply costs rise

Heart hospital operator MedCath Corp., Charlotte, N.C., blamed bad debt, high supply costs and the opening of new facilities for a net loss of \$933,000, or 5 cents per share, in its fiscal 2004 first quarter, ended Dec. 31, 2003. In the year-ago period, the company earned \$390,000, or 2 cents per share. The first-quarter loss came despite a 29.3% increase in net revenue to \$156.6 million. Costs for projects in development reached \$3.4 million, compared with \$2.4 million in the year-ago period, MedCath said. Medical supply costs, meanwhile, rose to 27.2% of net revenue from 23.1% in the year-ago period, primarily because of increased utilization of cardiac defibrillators and the use of drug eluting stents, the company said. Bad debt equaled 8.8% of net revenue in the quarter, up from 4.3% in the year-ago period. MedCath, which works with physician partners, is nearing completion of its 13th heart hospital, this one in Lafayette, La. The company said it is continuing a strategic review of each of its hospitals and "may elect to divest hospitals that do not meet the company's overall growth or financial return objectives." -- *by Julie Piotrowski*

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Execs expect more states to mandate nurse ratios

More than half of hospital executives believe legislation establishing mandatory nurse-staffing ratios will be introduced in their states within two years, and about one-fourth of those expect a law to be enacted, according to a Governance Institute survey. Of 139 respondents, about 52% said they expected their states to tackle nurse-staffing ratios within two years; about 26% of those, or roughly 19 respondents, said they anticipated that the legislation would become law. Meanwhile, hospitals are taking more aggressive steps to recruit and retain nurses. More than 70% of respondents said they now offer tuition reimbursement, flexible scheduling and increased compensation. -- *by Patrick Reilly*

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Idaho hospital excludes docs over competition

A hospital in Idaho Falls, Idaho, has revoked the privileges of five doctors associated with a nearby physician-owned rival. The board of 280-bed Eastern Idaho Regional Medical Center, an HCA hospital, excluded the physicians for violating a 16-month-old policy, hospital spokeswoman Amy Stevens said. Under the policy, hospital privileges hinge on whether a physician disclosed a financial conflict of interest; whether the physician's patient volume had changed significantly; and whether there had been a negative change in the physician's payer mix. The five were excluded after the hospital analyzed blind data from all 107 physicians with privileges, Stevens said. The physicians are associated with 20-bed Mountain View Hospital, a 2-year-old, physician-owned facility in Idaho Falls that recently received certification from the CMS as a general acute-care hospital. "When you boil it all down, it's just absolutely blatant economic credentialing," said Dennis Tolman, chief executive officer at Mountain View. The physicians are looking at their legal options, Tolman said.

In a Jan. 30 letter to the community, Eastern Idaho

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