Kaleida Health reports $30M surplus for 2016
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With a surplus of $30 million for 2016, Kaleida Health continues a three-year trend of positive operating performance.

The region’s largest health system added $100 million to revenue last year, growing to nearly $1.5 billion, while cutting expenses.

The Buffalo-based company saw volume growth in several areas, with inpatient cases up 761 or 1.4 percent; and outpatient visits up 20,550 or 3.1 percent over 2015.

CEO Jody Lomeo credited a solid, three-year strategic plan put in place in 2014.

“We’re hitting on many of the initiatives and imperatives we put forward, so you’ll see growth and improved metrics throughout the organization,” he said. “We think the best is yet to come and we have lots more room for improvement.”

Kaleida’s annual figures include financial data for its four hospitals as well as other business lines, including laboratory, nursing home/long-term care and home care through its Visiting Nursing Association of WNY division. Also included for 2016 was revenue and expenses for Western New York Urology Associates LLC and Cancer Care of WNY, which were acquired in mid-2015.

Three years ago, the health system was in a much different place, coming off a year with $15 million in losses that led to the dismissal of former CEO James Kaskie.

The past year has seen a shift toward expansion, with Kaleida announcing affiliation deals that will add another six hospitals into the system in outlying counties, helping to strengthen the referral network for its major surgical and specialty care business lines.

On the outpatient side, the company has seen growth in cardiac, vascular surgery and neonatal care, while the outpatient side has seen increases in radiology, cardiovascular procedures and even laboratory testing.

David Hughes, chief medical officer, said the system continued to focus on improving patient satisfaction and the whole experience. That helps not only with word-of-mouth referrals but also revenue and reimbursements from local payers and the Centers for Medicare and Medicaid Services (CMS).

“We think it translates in many ways ... From a business perception standpoint, as it relates to publicly related scorecards, a negative perception of Kaleida Health impacts our business,” he said. “We’ve laid the groundwork to improve patient satisfaction by increasing physician and patient engagement and resources.”
Lomeo said the goal for 2017 will be to focus on continuing to improve quality while keeping operations profitable and patients safe during the move this fall into the new John R. Oishei Children’s Hospital on the Buffalo Niagara Medical Campus. With 183 beds on 12 floors, the $272 million hospital will replace the existing Women & Children’s Hospital of Buffalo on Bryant Street.

“We’re confident we will again achieve our operating plan, including the expense of moving from Bryant to the medical campus,” he said. “We’re calling 2017 a real pivotal year.”