Financial analysis of st. vincents hospital

St. Vincent’s hospital St. Vincent’s hospital, located in Greenwich Village neighborhood of Manhattan in New York City, offered a vast medical and health care service to the residents of that area. This medical health care center had to be shut down in the year 2010 because of its excessive debts and liabilities which the hospital was unable to repay. This led the creditors of the St. Vincent’s hospital to file a suit in the court and get their respective debts paid off. The St. Vincent’s hospital was a major health providing institution within the Manhattan area and it had been serving the local community since being formed in the year 1849, besides the health care facility, a medical college was also on the offerings. St. Vincent’s hospital was closed on April 30, 2010 and it was found that the hospital owed billions of dollars; hence it had to file for bankruptcy. As of April 30th, the hospital had to sack 3000 employees because of its closure. This led to a huge hue and cry amongst the employees of the hospital as the 3000 employees had to face the grudging effect of the loan and that too in a very stiff economic environment where job cutting was a major feature (NY1 News, 2010). Many attempts were made to stop the closure of the hospital but all of these attempts went in vain. U. S. Senators Chuck Schumer, Kirsten Gillibrand and Congressman Jerrold Nadler were all involved in forwarding an application to the U. S. Department of Housing and Urban Development (HUD) so that the hospital could be saved from bankruptcy. This request was made to the HUD department because of the department’s ability to offer mortgage insurance. The senators along with the congressman explained that the hospital had a long history of offering major emergency and other health care services in that area and it would be difficult to diversify the emergency patients of St. Vincent hospital to other hospitals which would be far away from the area.

Besides these issues, the hospital also had a large number of staff and if the hospital was saved from being bankrupt, the local community and the employee would benefit a lot from such an act of the HUD department (Senator Schumer et al, 2010). This move was also of no use and the hospital filed for bankruptcy in April 2010, according to the petition filed in April 2010, the hospital had listed assets of $348 million whilst its debts totaling an amount of $1. 09 billion. The liquidation was carried out in such a manner that St. Vincent's five operating hospitals were sold out (Rochelle 2011). As far as the reason for the bankruptcy were concerned, few employees of St. Vincent's hospital went on quoting that there was evident failure within the hospital's billing department where inappropriate bills were passed and collected. Besides the billing issues, the employees were keen to address the top executives were the main beneficiaries from the hospital as they had earned up to $10 million in a time when the hospital was not performing well financially. The top executives shares $10 million amongst themselves whilst spending $17 million on management consultants and $4 million on professional fund raising. The employees were of the view that the hospital's top executive extracted the hospital's funds for their own benefit rather than running the Not-for-Profit organization for the benefit of the community at large (Sindra 2010). According to one of the stakeholders of the company i. e. the employees, the hospital had a major issue with its billing department, hence it should have been better for the hospital to have a better system where the billing would have been properly taken care off. The employees suggested that the hospital should have outsourced its billing department to other competitive organization and thus would have avoided the bankruptcy (My FOX New York 2010). This clearly indicated that the hospital had weak internal controls and it needed a strong internal control system and a strong control environment. Besides that people were highly concerned about the excessive time that they had to face with regards to travelling extra in case the hospital’s emergency services went un-operational, this would have lead to higher casualties because of the extra time taken to travel to other hospitals (Hartacollis 2010). Although hospitals are deemed to be not-for-profit organization, they should at least generate enough funds that they can survive in the long run; these generated funds should be enough to run the hospital in an effective and efficient manner so that the hospital’s stakeholders are kept satisfied. Works Cited Hartocollis, Anemona. “ As St. Vincent’s Closes, Other Hospitals Get Busier.” The New York Times. 11 Apr. 2010. Web 9th Apr. 2011. Rochelle B. “ Blockbuster, Lehman, Vitro, Accredited Home: Bankruptcy.” Bloomberg Businessweek. 8 Apr. 2011. Web 9th Apr. 2011. My FOX New York. “ Report: St. Vincent's Hospital To Close.” My FOX New York. 26 Jan. 2010. Web 9th Apr. 2011.