

**CONNECTICUT CHILDREN'S MEDICAL CENTER**

Connecticut Children's Medical Center (CCMC), located in Hartford, began operating in 1996 as the successor to Newington Children's Hospital. It is a statewide referral site

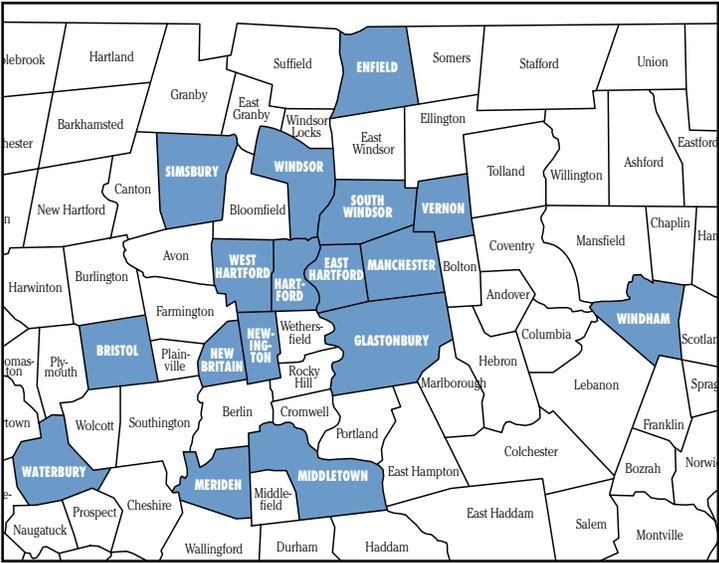


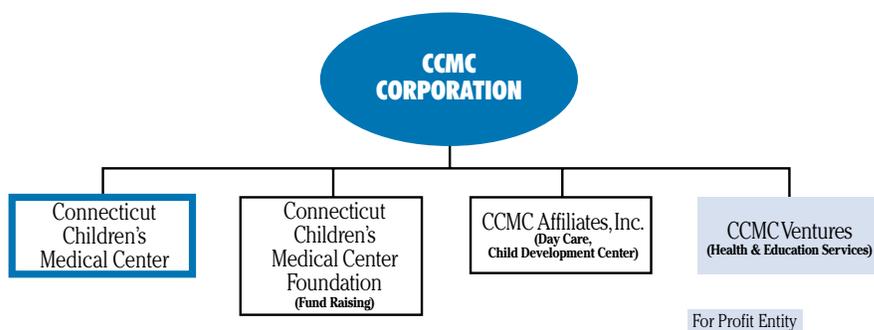
for pediatric care. In FY 1999, CCMC staffed all of its 123 licensed beds and employed 613 Full Time Equivalents.

The CCMC shares many services such

as laboratory, billing, plant maintenance services, and information systems with Hartford Hospital. CCMC currently has 50 interns and residents in its pediatric medical residency program that is affiliated with the University of Connecticut School of Medicine. The hospital's average age

of plant is 3.2 years as compared to the U.S. average of 9.2 years.



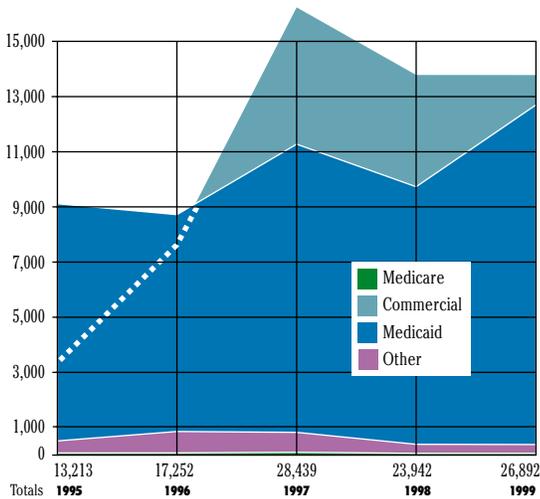


MARGINS	1997	1998	1999
Total margin	-41.59%	-26.05%	-7.22%
Operating margin	-41.87%	-27.25%	-12.30%

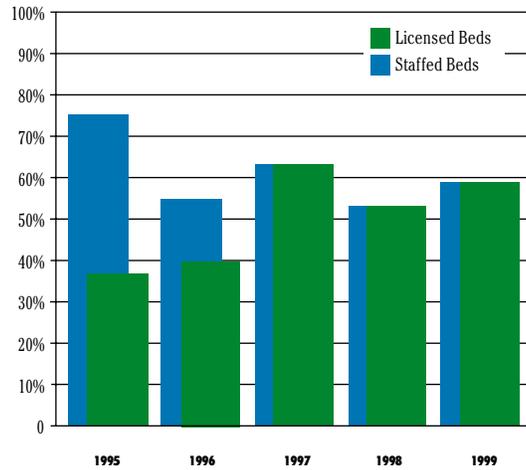
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.91	.75	.72
Medicare Payment to Cost	.61	.66	.18
Medicaid Payment to Cost	.49	.66	.94
Private Payment to Cost	.83	.86	.83
Uncompensated Care Cost	\$3,365,341	\$1,593,977	\$2,310,227
Total expenses	\$67,224,648	\$64,585,292	\$71,588,478
Uncompensated care % of total expenses	5.01%	2.47%	3.23%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	22.40%	25.20%	24.82%
Debt service coverage	-3.46	-0.33	0.57

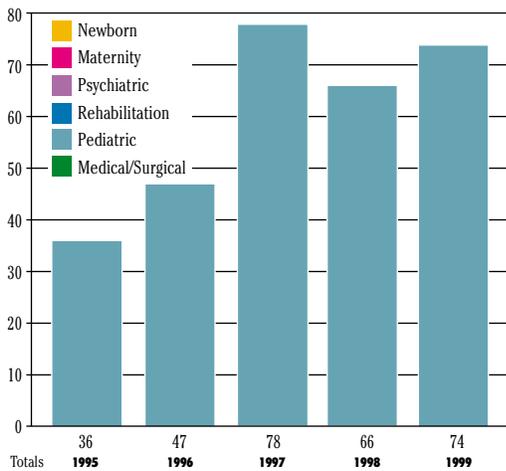
LIQUIDITY MEASURES			
Days of expenses in accounts payable	109.77	82.15	79.74
Days cash on hand	48.97	1.18	4.91
Days of revenue in accounts receivable	88.84	68.05	70.14



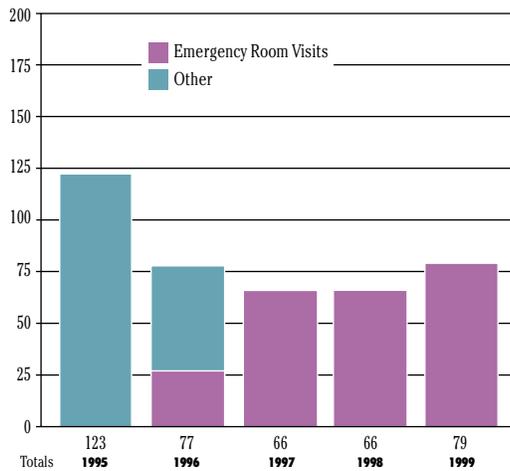
**PATIENT DAYS BY PAYER**



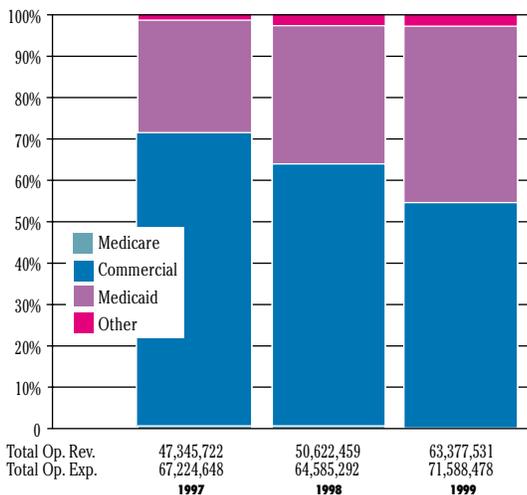
**AVERAGE OCCUPANCY**



**AVERAGE DAILY CENSUS BY SERVICE**



**AVERAGE DAILY OUTPATIENTS**



**NET PATIENT REVENUE BY PAYER**

## KEY PERFORMANCE DRIVERS

- ◆ Connecticut Children's Medical Center shares some services (including laboratory, information systems, billing and plant maintenance) with Hartford Hospital.
- ◆ As most pediatric services are provided on an outpatient basis, CCMC and its affiliated physicians have established numerous regional outpatient satellite clinics.
- ◆ Although CCMC does not provide inpatient psychiatric services, CCMC is treating an increasing number of patients with mental illness in its emergency room.
- ◆ The hospital's low payment to cost ratio for private payers is a key factor in the negative margins that have been posted over the past several years.
- ◆ CCMC offsets its significant operating losses through monies allocated by the State, its endowment and substantial ongoing fundraising efforts.
- ◆ CCMC competes in Connecticut with Yale-New Haven Hospital's Children's Unit and regionally with New York Presbyterian Hospital, Children's Hospital of Philadelphia and Boston Children's Hospital.

## SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

**Private Payment Sources.** CCMC continues to be paid on a per diem basis, despite decreased length of stay and increased resource intensity. Going forward, management will seek contracts based on per case payments.

**Medicaid Payment.** The hospital is paid below cost for Medicaid patients, which account for almost half of the hospital's patient days.

**Behavioral Health.** Reduced access to behavioral health services for the state's pediatric population has resulted in sub-optimal treatment, such as the emergency room setting.

**Referral Center.** It is the goal of CCMC to establish itself as a regional referral center, including the previously mentioned outpatient satellite clinics.