

## HARTFORD HOSPITAL

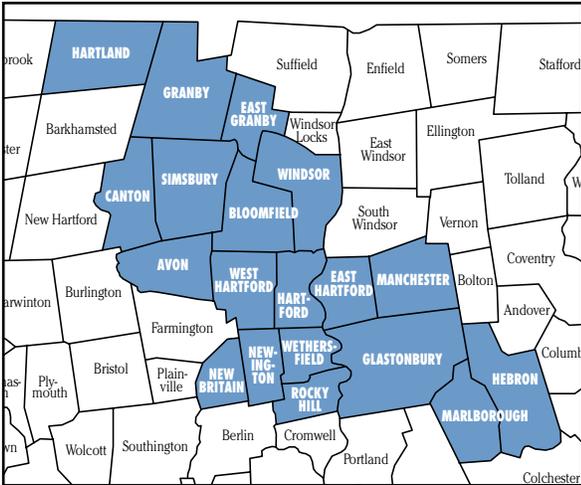
Hartford Hospital, founded in 1854, is located in Hartford and, in addition to that city, it primarily serves 18 other towns. In FY 1999, the hospital staffed 757 of its 867

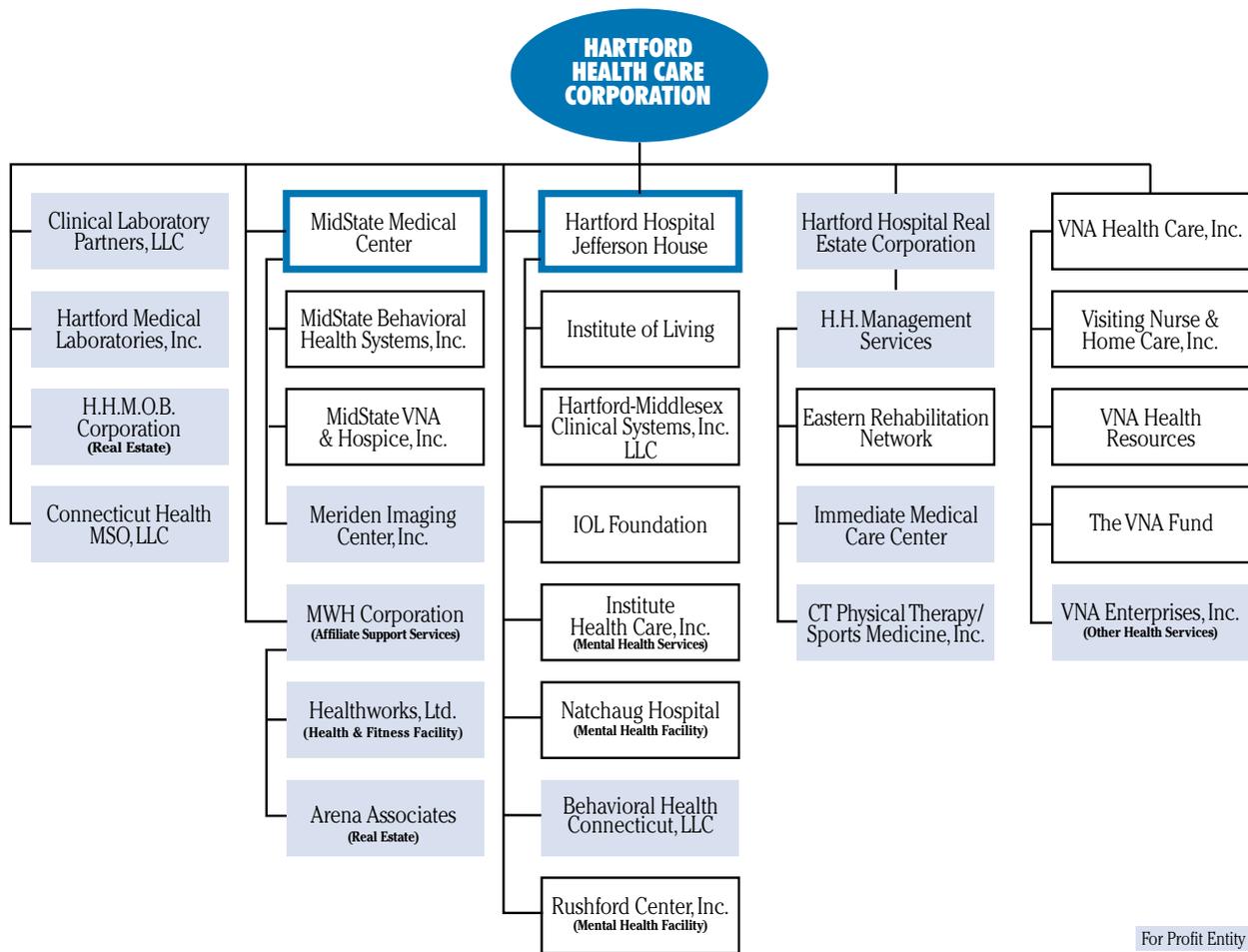


licensed beds and employed 4,355 Full Time Equivalents. Approximately 200 interns and residents receive graduate medical education training at Hartford

Hospital. It is a member of the Hartford Health Care Corporation whose components include the Visiting Nurse Association; MedSpan (HMO); a Physician-Hospital Organization (PHO) for managed care contracts; Clinical Laboratory Partners; MidState Medical Center; wellness

facilities; and outpatient rehabilitation programs. The hospital's average age of plant is 10.3 years as compared to the U.S. average of 9.2 years.





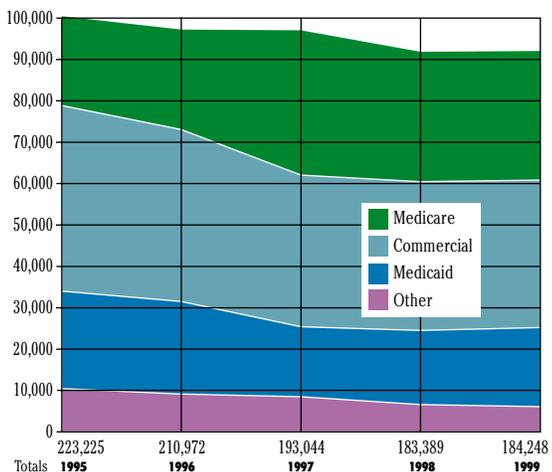
For Profit Entity

MARGINS	1997	1998	1999
Total margin	7.91%	10.09%	2.94%
Operating margin	2.84%	2.30%	-3.45%

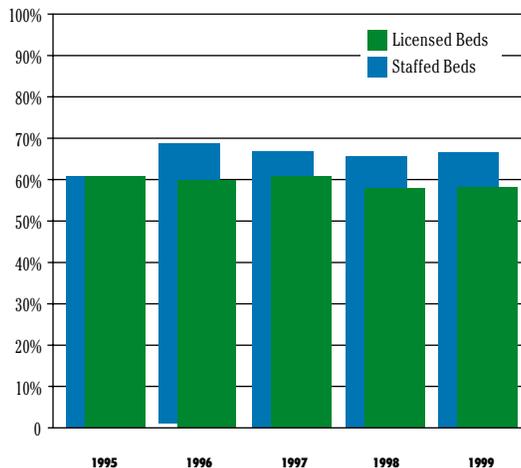
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.74	.74	.70
Medicare Payment to Cost	1.16	1.12	1.02
Medicaid Payment to Cost	.68	.67	.71
Private Payment to Cost	.97	.99	.97
Uncompensated Care Cost	\$13,685,398	\$13,526,515	\$14,533,080
Total expenses	\$350,240,219	\$355,898,096	\$368,019,252
Uncompensated care % of total expenses	3.91%	3.80%	3.95%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	50.90%	52.42%	54.27%
Debt service coverage	-	-	-

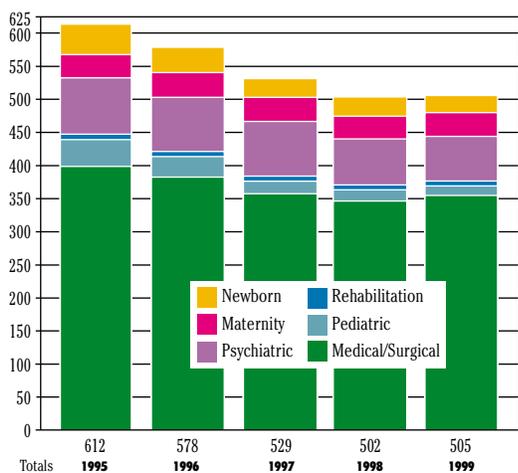
LIQUIDITY MEASURES			
Days of expenses in accounts payable	68.57	56.32	42.02
Days cash on hand	22.46	10.62	2.52
Days of revenue in accounts receivable	41.82	51.61	51.34



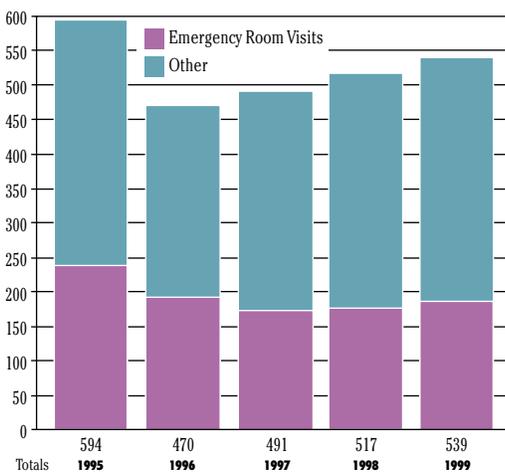
**PATIENT DAYS BY PAYER**



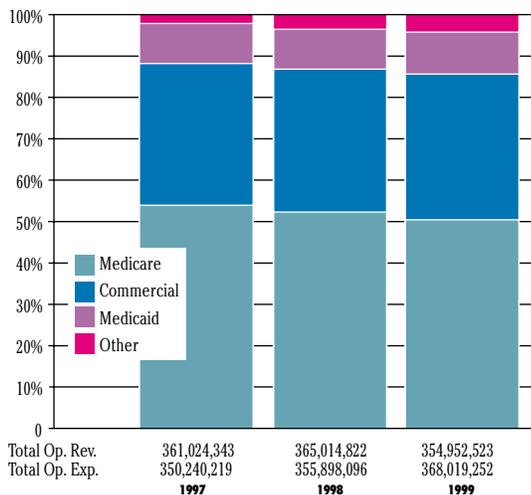
**AVERAGE OCCUPANCY**



**AVERAGE DAILY CENSUS BY SERVICE**



**AVERAGE DAILY OUTPATIENTS**



**NET PATIENT REVENUE BY PAYER**

## KEY PERFORMANCE DRIVERS

- ◆ In 1995, Hartford Hospital estimated that average daily census would be 400 by the year 2000. The higher than expected census of 500 contributes to current staffing challenges.
- ◆ In 1996, the hospital transferred 61 pediatric beds to Connecticut Children's Medical Center (CCMC). Hartford still maintains labor/delivery rooms and neonatal beds, but other pediatric services are provided at CCMC.
- ◆ Hartford Hospital has a wide range of affiliates, including MidState Medical Center, inpatient and outpatient mental health programs, a visiting nurses association, and an HMO.
- ◆ Medical education and research are integral components of the hospital's mission.
- ◆ The hospital has commercial payment to cost ratios below 1.00. Prior to 1999, Hartford's Medicare revenue exceeded cost, but the Balanced Budget Act of 1997 eliminated these gains.
- ◆ Operating margins have declined in recent years and were negative in 1999, driven by pharmaceutical inflation, medical technology costs, and expensive temporary labor such as agency nurses.
- ◆ Hartford Hospital's strong balance sheet reflects no debt and \$325 million in cash.
- ◆ The hospital had a net gain of \$4.5 million in 1999 in the state's uncompensated care pool.

## SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

**Medicare.** Medicare managed care has been particularly challenging for the organization.

**Cost Reduction.** Hartford Hospital has implemented a series of cost reduction activities, including staffing based on benchmarks and implementing a patient-centered care model.

**Capital Investment.** Management believes that capital investment is necessary to achieve the next level of cost reduction. The hospital must allocate resources to upgrade information systems and purchase new capital equipment in order to further improve efficiency.

**Volume.** Senior management attributes the hospital's recent volume increases to a successful patient satisfaction campaign, recruitment of additional physicians, and the affiliation with St. Francis Hospital.

**Decision-Making Style.** Hartford's collaborative decision-making style has enabled the hospital to avoid mistakes but at times management appears less aggressive than its competitors.