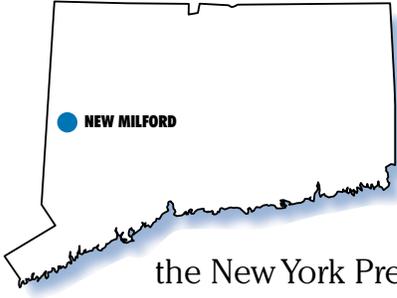
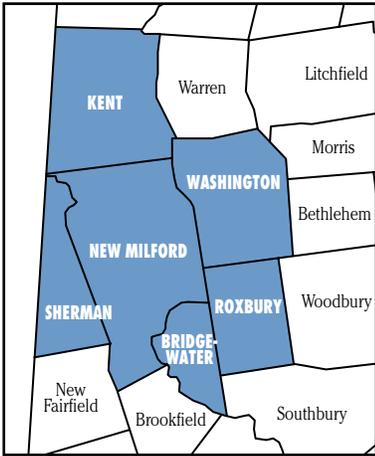


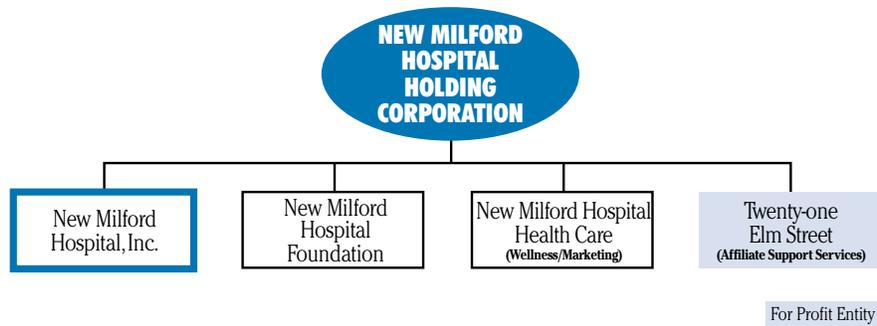
NEW MILFORD HOSPITAL

New Milford Hospital, founded in 1921, is located in New Milford and, in addition to that town, primarily serves six other Connecticut towns as well as western New York.



In FY 1999, the hospital staffed 72 of its 95 licensed beds and employed 406 Full Time Equivalents. Since 1995, New Milford Hospital has been affiliated with the New York Presbyterian Network, primarily to enhance clinical services. The hospital's average age of plant is 6.2 years as compared to the U.S. average of 9.2 years.



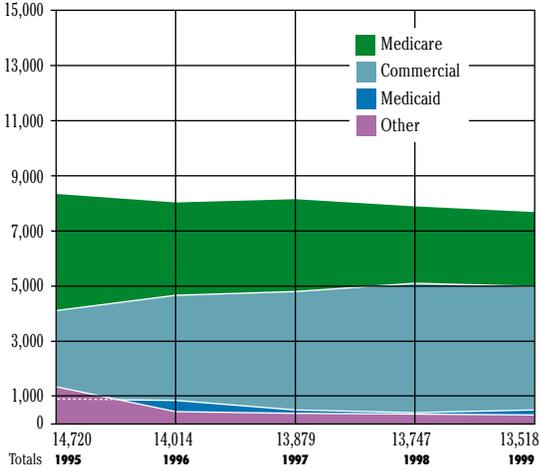


MARGINS	1997	1998	1999
Total margin	1.80%	2.02%	1.36%
Operating margin	1.50%	1.87%	1.24%

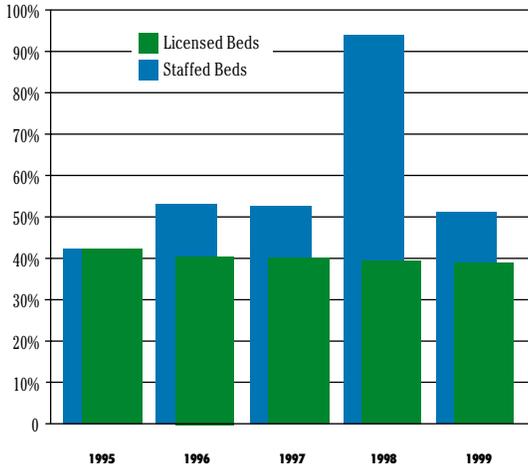
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.47	.48	.44
Medicare Payment to Cost	.85	.91	.93
Medicaid Payment to Cost	.49	.67	.41
Private Payment to Cost	1.37	1.25	1.20
Uncompensated Care Cost	\$1,252,891	\$1,275,909	\$1,265,934
Total expenses	\$36,821,332	\$40,526,158	\$42,159,277
Uncompensated care % of total expenses	3.40%	3.15%	3.00%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	61.80%	60.46%	61.58%
Debt service coverage	5.10	4.56	1.72

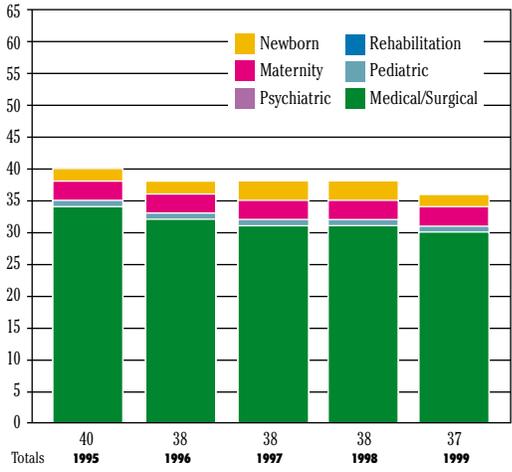
LIQUIDITY MEASURES			
Days of expenses in accounts payable		101.09	110.18
Days cash on hand	2.15	5.48	4.92
Days of revenue in accounts receivable	71.12	86.71	79.48



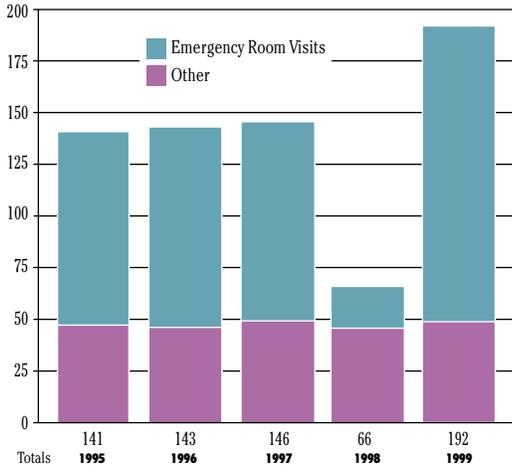
PATIENT DAYS BY PAYER



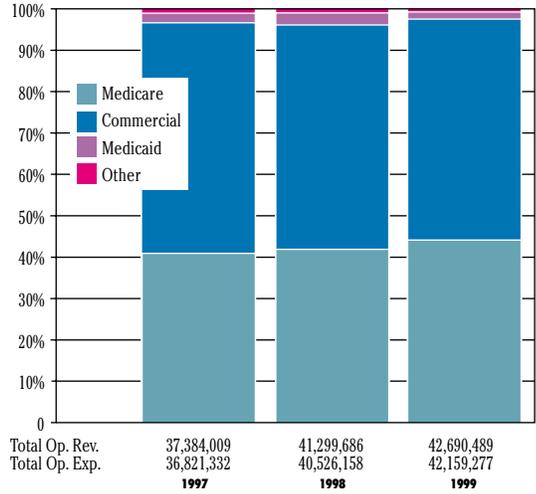
AVERAGE OCCUPANCY



AVERAGE DAILY CENSUS BY SERVICE



AVERAGE DAILY OUTPATIENTS



NET PATIENT REVENUE BY PAYER

KEY PERFORMANCE DRIVERS

- ◆ The hospital's high case mix index, as compared to the state average, indicates that the hospital provides a wide range of specialty services for a relatively small community hospital.
- ◆ Participation in Medicare managed care contracts resulted in large losses for the hospital.
- ◆ Despite steady inpatient volume, the hospital has lost inpatient market share.
- ◆ The hospital's depreciation expense is high, due to the recent completion and opening of the New Milford Hospital-Columbia Presbyterian Regional Cancer Center.
- ◆ The hospital recently implemented a series of cost-saving initiatives, including a reduction of non-clinical staff, implementation of a competitive bidding process, and restructuring of health benefits. Clinical staff were not affected by the downsizing.
- ◆ The nursing shortage has had minimal impact on the hospital. New Milford has managed to retain nurses and has also been successful in recruiting a corps of talented young physicians.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Columbia Presbyterian Affiliation. New Milford's affiliation with Columbia Presbyterian has been beneficial for the organization. The agreement has improved the hospital's managed care contracting position, resulted in purchasing savings, and assisted the hospital's clinical image.

Competition. New Milford's recent market share losses are largely attributable to competition from Danbury Hospital. Danbury has placed physician practices in New Milford's primary service area.

Medicare. Medicare accounts for 45 percent of New Milford's revenue and more than half of its patient days. For this reason, the Balanced Budget Act of 1997 and Medicare managed care have had particularly large effects at New Milford.

Market Position. Effective hospital-physician relations, a skilled staff, high quality of care, and the support of a growing community position New Milford for future success. The key to achieving success is retaining and growing market share.