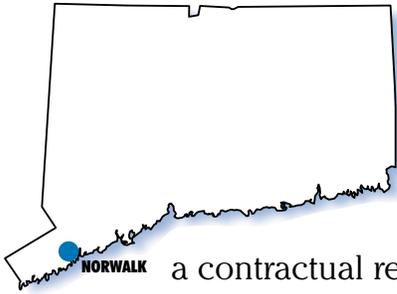


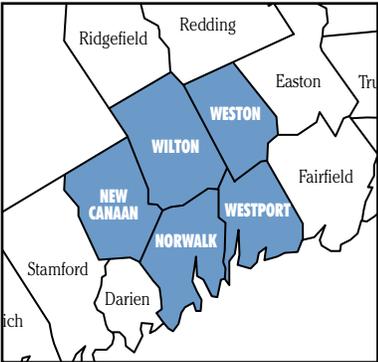
NORWALK HOSPITAL

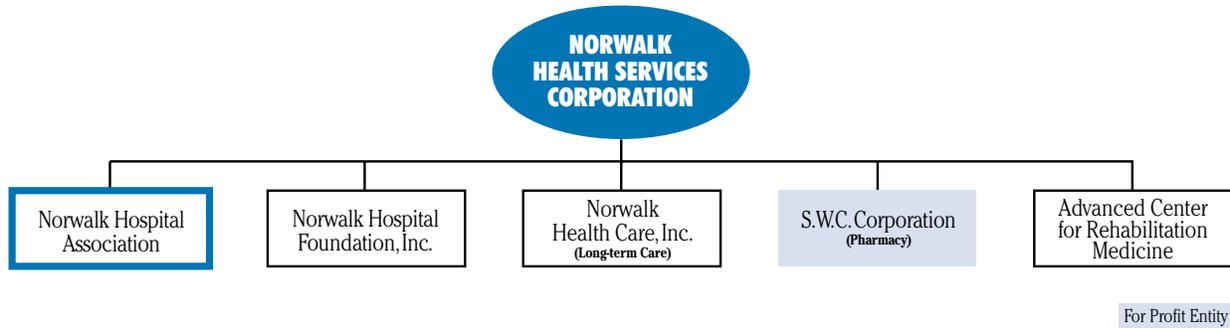
Norwalk Hospital, founded in 1893, is located in Norwalk and, in addition to that town, primarily serves five other Fairfield County towns. In FY 1999, the hospital staffed 210



of its 366 licensed beds and employed 1,478 Full Time Equivalents. Norwalk Hospital is a network participant in the Yale-New Haven Health System, and has

a contractual relationship as a primary teaching affiliate of Yale University School of Medicine. Through this affiliation, the hospital annually trains approximately 50 interns and residents. The hospital's average age of plant is 10.8 years as compared to the U.S. average of 9.2 years.



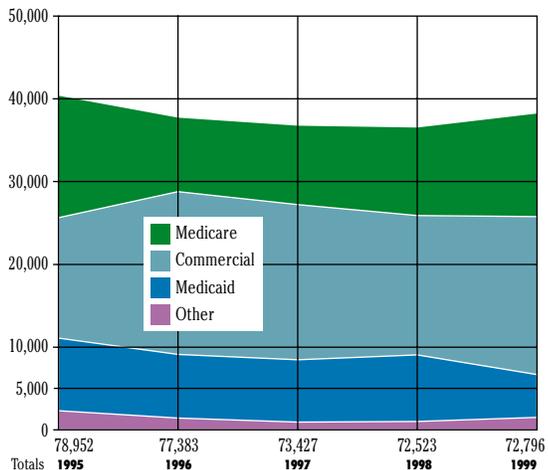


MARGINS	1997	1998	1999
Total margin	4.03%	1.52%	-1.62%
Operating margin	2.78%	-0.74%	-3.40%

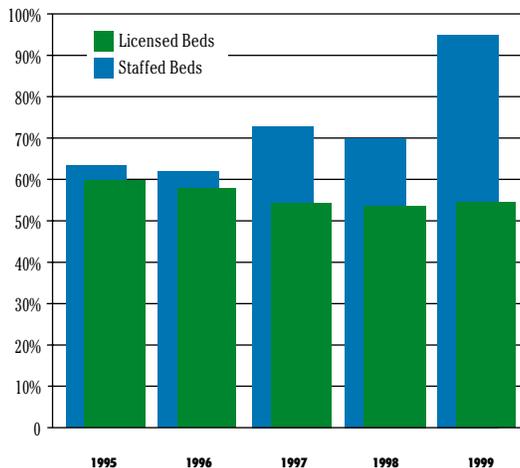
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.61	.62	.62
Medicare Payment to Cost	.91	.89	.87
Medicaid Payment to Cost	.68	.76	.81
Private Payment to Cost	1.27	1.22	1.17
Uncompensated Care Cost	\$7,382,872	\$7,042,019	\$6,542,939
Total expenses	\$148,191,251	\$146,098,286	\$152,610,428
Uncompensated care % of total expenses	4.98%	4.82%	4.29%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	57.70%	59.72%	61.39%
Debt service coverage	8.80	7.40	8.11

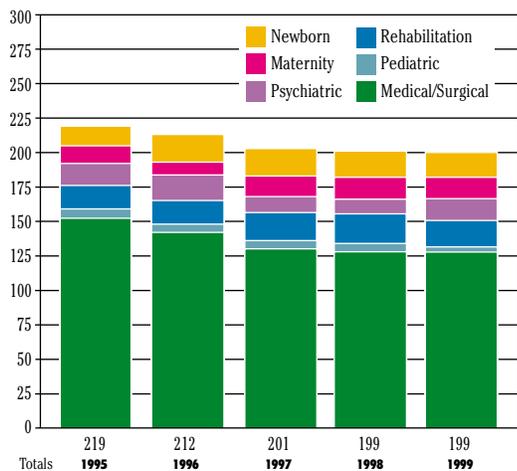
LIQUIDITY MEASURES			
Days of expenses in accounts payable	96.16	103.15	98.40
Days cash on hand	22.66	24.81	12.80
Days of revenue in accounts receivable	37.20	46.76	50.63



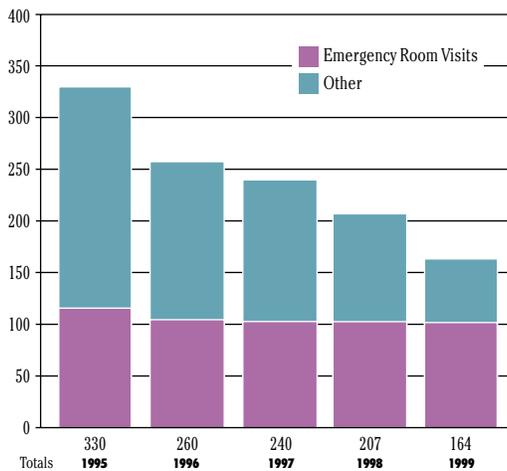
PATIENT DAYS BY PAYER



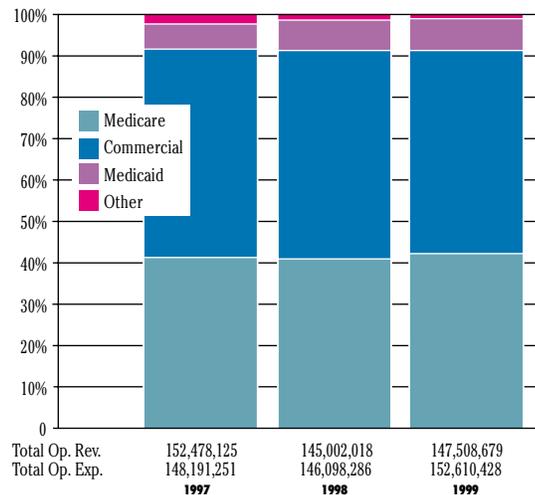
AVERAGE OCCUPANCY



AVERAGE DAILY CENSUS BY SERVICE



AVERAGE DAILY OUTPATIENTS



NET PATIENT REVENUE BY PAYER

KEY PERFORMANCE DRIVERS

- ◆ The population in Norwalk Hospital's service area is generally affluent and aging.
- ◆ Norwalk Hospital has an affiliation agreement with the Yale University School of Medicine and trains approximately 50 interns and residents.
- ◆ In 1998, Norwalk Hospital established a partnership to open an FQHC (federally qualified health center) in Norwalk. The clinic provides quality health care to underserved populations in the city.
- ◆ Inpatient discharges have fallen from 14,325 in 1995 to 13,679 in 1999. The combination of fewer inpatient admissions and shorter length of stay has resulted in the hospital's decreasing average daily census.
- ◆ Norwalk loses money both on Medicare and Medicaid care. The hospital, however, has been successful in contracting with private payers.
- ◆ Norwalk Hospital recently implemented a series of cost saving initiatives including administrative staff reductions, outsourcing services, and offering early retirement packages.
- ◆ The nursing shortage has resulted in a crisis situation for Norwalk. The hospital is in the process of recruiting foreign nurses but is relying on expensive agency nurses in the interim.
- ◆ During 1996 and 1997, the hospital lost in excess of \$1 million on behavioral health services.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

FQHC Partnership. Norwalk's innovative partnership with an FQHC has been successful in providing high quality care to underserved and uninsured populations. Many of the hospital's traditional clinic patients now receive care at the conveniently located downtown FQHC.

Appropriate Care Settings. Management of the hospital is concerned that patients are not receiving care in appropriate care settings. The case management staff is finding it increasingly difficult to discharge patients to a nursing home, dialysis center or home health environment. Many of these care settings have limited capacity.

Capital Investment. In the past, Norwalk Hospital has used excess revenue from operations to fund capital projects and purchase medical technology. As revenues decrease, these funds no longer are available and capital investments are delayed.

Workforce Issues. The nursing shortage can affect patient care and increase the hospital's operating cost. The hospital must rely on agency nurses, or pay \$10,000 each for the recruitment of foreign nurses.