

ST. FRANCIS HOSPITAL AND MEDICAL CENTER

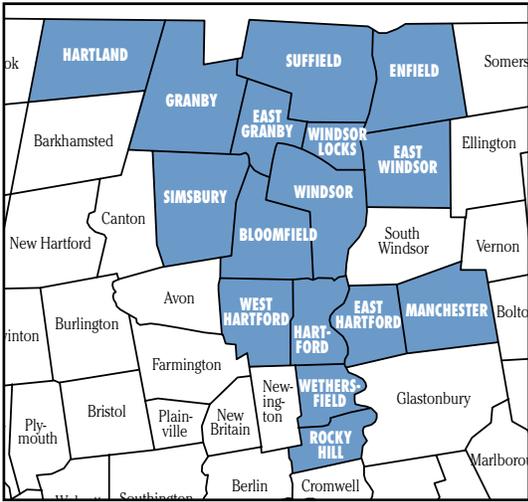
St. Francis Hospital and Medical Center, founded in 1897, is located in Hartford and, in addition to that city, primarily serves 15 other Hartford County towns. It is the largest

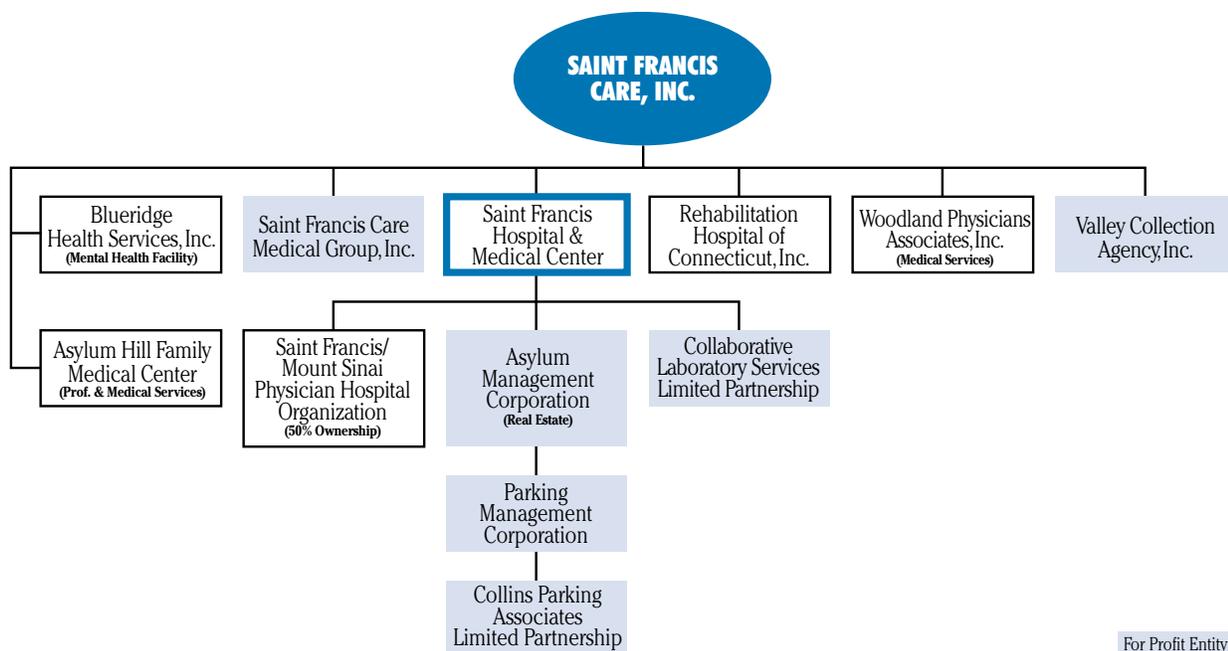


Catholic hospital in New England. In FY 1999, it staffed 545 of its 682 licensed beds and employed 3,175 Full Time

Equivalents. It is affiliated with the University of Connecticut School of Medicine and approximately 130 interns and residents annually receive their training at Saint Francis. In 1990, it affiliated with Mount Sinai Hospital to create a regional health care system and in 1995 they completed a formal corporate merger. St. Francis is cur-

rently affiliated with Bristol and St. Mary's Hospitals. The hospital's average age of plant is 10.5 years as compared to the U.S. average of 9.2 years.



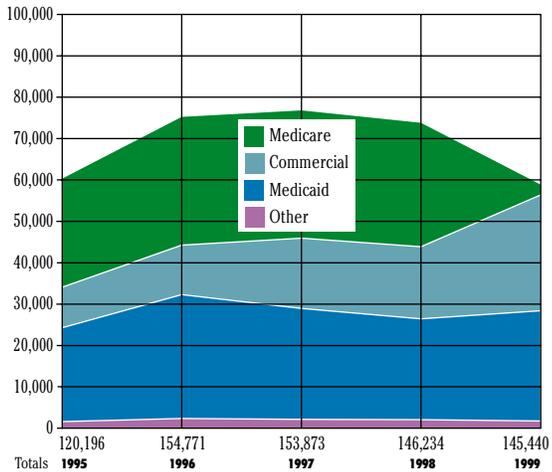


MARGINS	1997	1998	1999
Total margin	5.93%	0.30%	4.62
Operating margin	1.95%	-3.79%	-2.08

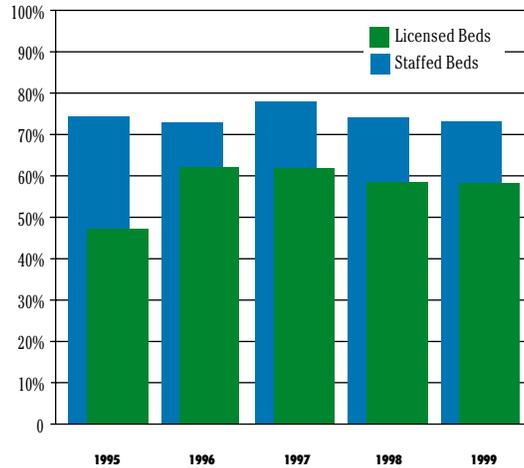
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.71	.71	.67
Medicare Payment to Cost	1.11	1.05	1.05
Medicaid Payment to Cost	.75	.69	.75
Private Payment to Cost	1.00	.94	1.03
Uncompensated Care Cost	\$13,617,424	\$12,177,745	\$10,175,053
Total expenses	\$302,340,037	\$309,671,045	\$303,349,636
Uncompensated care % of total expenses	4.50%	3.93%	3.35%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	46.10%	46.59%	46.00%
Debt service coverage	5.37	4.59	3.04

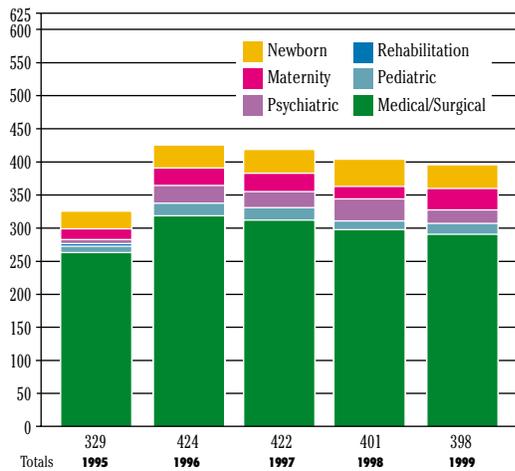
LIQUIDITY MEASURES			
Days of expenses in accounts payable	45.45%	48.44%	36.23%
Days cash on hand	31.78	16.42	9.92
Days of revenue in accounts receivable	52.24	53.17	46.69



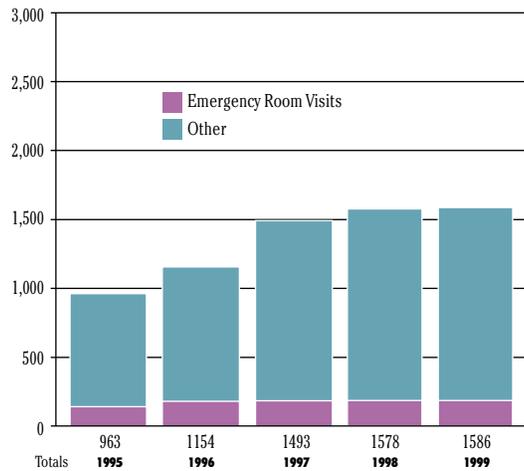
PATIENT DAYS BY PAYER



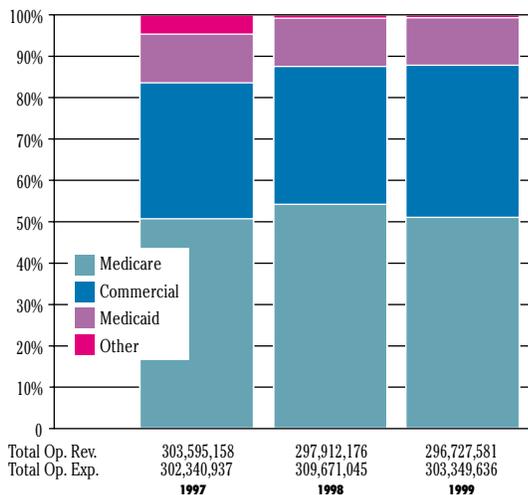
AVERAGE OCCUPANCY



AVERAGE DAILY CENSUS BY SERVICE



AVERAGE DAILY OUTPATIENTS



NET PATIENT REVENUE BY PAYER

KEY PERFORMANCE DRIVERS

- ◆ Inpatient volume at St. Francis has remained constant at around 28,000 annual discharges. This translates to an average daily census of 400, or occupancy that is 74 percent of staffed beds. Outpatient visits are also growing. Emergency room visits increased from 52,643 in 1995 to 69,045 in 1999.
- ◆ Medicaid accounts for 12 percent of the hospital's annual gross revenue. In the past three years, payment to cost ratios for Medicaid have ranged from \$.64 to \$.69 on the dollar.
- ◆ From 1997 to 1999, private payer reimbursement was below 100% of cost. The hospital's inability to balance governmental payer losses with high private margins is a factor in the hospital's steadily decreasing income from operations.
- ◆ The hospital recently implemented a series of cost cutting initiatives aimed at decreasing costs in administrative departments.
- ◆ St. Francis is having difficulty recruiting nurses, pharmacists and ultrasound technicians.
- ◆ The hospital loses \$1.5 million annually in costs associated with level I trauma services.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Mt. Sinai Campus. In 1995, St. Francis opened the Rehabilitation Center of Connecticut on the campus of the former Mt. Sinai Hospital. The 60 bed facility offers programs in traumatic brain injury, neurological rehabilitation, sports medicine, and general rehabilitation.

Capital. Due to financial constraints and a desire to remain in compliance with bond covenants, the hospital has curtailed capital expenditures.

Integrated Delivery System. The hospital has been aggressive in forming an integrated delivery system. In addition to the purchase and conversion of Mt. Sinai, St. Francis has established a number of physician practices in and around Hartford.

Workforce Issues. Management is concerned with the perception that this nursing shortage is similar to the shortage in the 1980s. The difference, they believe, is in today's average age of nurses. There are few nurses entering the field, and the current nurses are older than in the past.

Commitment to Mission. St. Francis' outreach and community service programs highlight the hospital's commitment to the mission of the Catholic Church.

Materials Management. St. Francis has realized significant cost savings through a proactive, aggressive approach to materials management. Committees meet regularly to focus on cost savings through purchasing review and facility-wide product standardization.