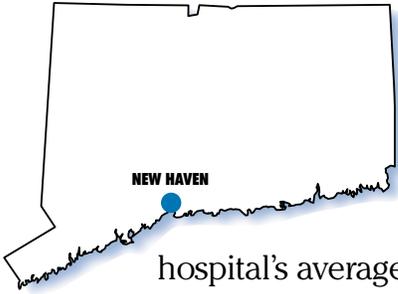


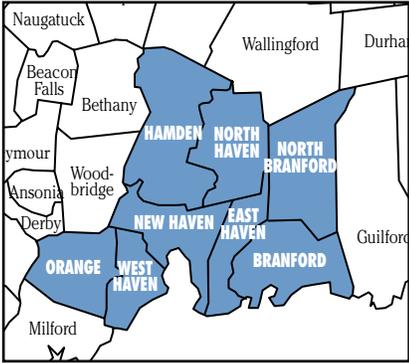
THE HOSPITAL OF SAINT RAPHAEL

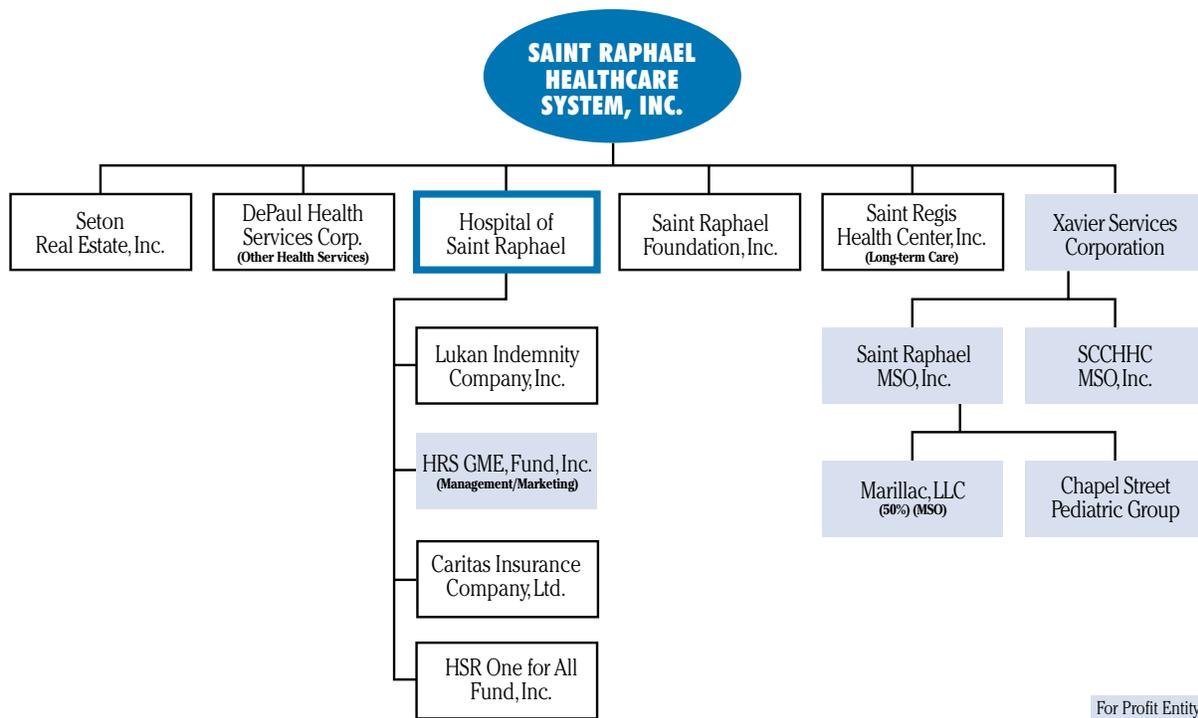
The Hospital of Saint Raphael, founded in 1907, is located in New Haven and, in addition to that city, primarily serves seven New Haven County towns. In FY 1999, the hospital



staffed 485 of its 533 licensed beds and employed 2,722 Full Time Equivalents. Saint Raphael is a subsidiary of Saint Raphael Healthcare System, Inc. The

hospital's average age of plant is 8.8 years as compared to the U.S. average of 9.2 years.



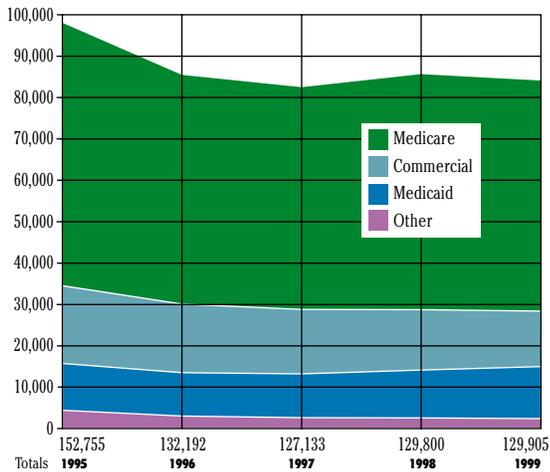


MARGINS	1997	1998	1999
Total margin	6.02%	4.25%	-2.73%
Operating margin	4.52%	3.51%	-2.58%

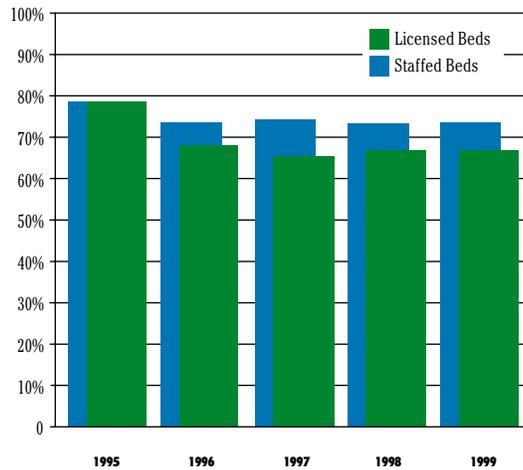
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.54	.53	.54
Medicare Payment to Cost	1.04	.98	.93
Medicaid Payment to Cost	.75	.68	.74
Private Payment to Cost	1.23	1.27	1.19
Uncompensated Care Cost	\$8,316,866	\$3,414,103	\$6,719,992
Total expenses	\$232,369,685	\$245,794,260	\$263,832,722
Uncompensated care % of total expenses	3.58%	1.39%	2.55%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	17.40%	18.59%	20.88%
Debt service coverage	2.66	3.79	1.74

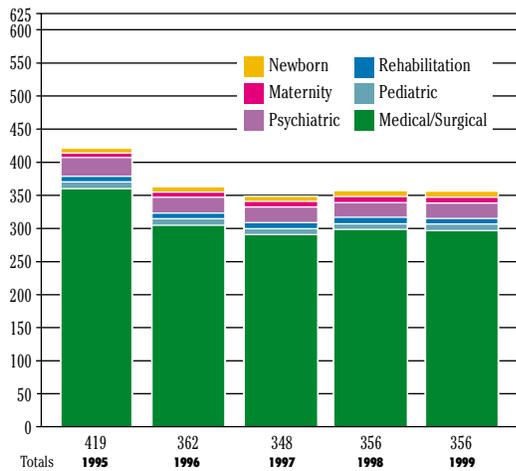
LIQUIDITY MEASURES			
Days of expenses in accounts payable	11.62	88.66	84.92
Days cash on hand	28.24	5.36	2.32
Days of revenue in accounts receivable	61.60	80.67	74.39



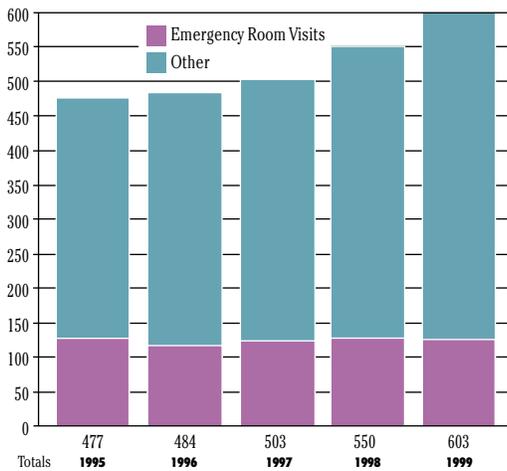
PATIENT DAYS BY PAYER



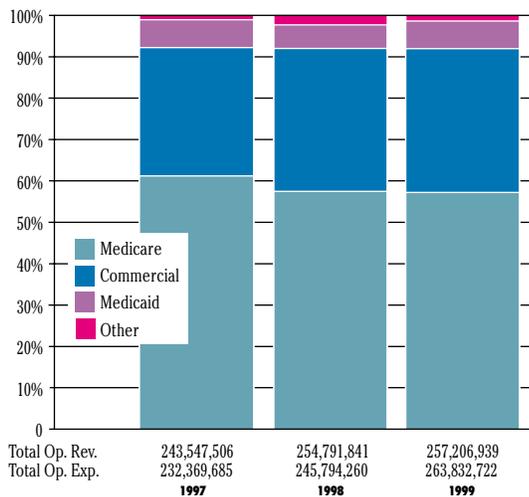
AVERAGE OCCUPANCY



AVERAGE DAILY CENSUS BY SERVICE



AVERAGE DAILY OUTPATIENTS



NET PATIENT REVENUE BY PAYER

KEY PERFORMANCE DRIVERS

- ◆ The Hospital of Saint Raphael and Yale-New Haven Hospital compete intensely for patient volume (Saint Raphael currently has more market share of Medicare admissions than does Yale-New Haven) and labor resources, but maintain a valued teaching affiliation.
- ◆ The hospital is a subsidiary of Saint Raphael Healthcare System, Inc. The System also operates an MRI center, an ambulatory surgery center, physician practices, and a skilled nursing facility.
- ◆ At 57 percent of net revenue, Saint Raphael has the highest Medicare payer mix in the state of Connecticut. The hospital is disproportionately affected by the Balanced Budget Act of 1997.
- ◆ Saint Raphael had a loss from operations in 1999. This loss was partially attributable to several risk-based Medicare managed care contracts that since have been converted to fee-for-service.
- ◆ Over the past few years, Saint Raphael has invested millions in physician integration activities, including development of a management service organization infrastructure and practice acquisitions.
- ◆ During 1998, Saint Raphael issued \$28.8 million in new bonds to fund the construction of an ambulatory surgery center and the acquisition of a medical office building.
- ◆ The hospital recently has implemented several cost cutting initiatives, including a reengineering effort that abolished 250 positions and resulted in 90 lay-offs.
- ◆ The nursing shortage is affecting the hospital. Saint Raphael currently has 70 vacant nursing positions.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Managed Medicare. The incentive to protect and capture Medicare volume led the hospital to offer large discounts to managed Medicare organizations, despite the fact that rates were far below DRG levels. The hospital's operating margin is expected to increase with the return to fee-for-service Medicare.

Yale-New Haven. In spite of being a technologically advanced teaching facility, Saint Raphael is viewed in comparison with Yale as a community hospital. While this negatively impacts the hospital's ability to attract complicated cases, it is appealing to some segments of the population.

Community Access. Saint Raphael provides a variety of outreach services, but management believes that the State needs to examine how to improve access to needed services for the welfare population, pregnant teens, and other at-risk segments of the population.

Workforce Issues. The hospital has implemented several strategies to recruit and retain nurses but the nursing shortage continues to have an adverse impact on operations.