

August 3, 2007

CFO  
Hospital  
Street Address  
City State Zip

Dear CFO:

As you may know, Section 28 of Public Act 07-2, June Special Session (PA 07-2, JSS), established a Hospital Hardship Fund to be administered by the Department of Social Services (DSS) in the amount of \$30.0 million for State Fiscal Year 2008. The enabling legislation states that the Commissioner of Social Services, may provide grants as necessary to hospitals if it is determined by DSS, in consultation with the Commissioner of the Department of Public Health, the Office of Health Care Access (OHCA) and the executive director of the Connecticut Health and Educational Facilities Authority (CHEFA), that the funds are necessary to avoid the substantial deterioration of a hospital's financial condition and the substantial deterioration of the hospital's financial condition may be expected to adversely affect patient care and the continued operation of the hospital.

PA 07-2, JSS, provides that the Department consider, at a minimum, (1) hospital utilization by patients eligible for state assistance programs; (2) licensure and certification compliance history; and (3) reasonableness of actual and projected revenues and expenses. In addition, the Act requires that any hospital applying for a grant must also submit a plan describing projected operating savings and nongovernmental revenue enhancements.

The available funding is not intended or sufficient to meet either losses projected by all hospitals over the SFY 2008 period or shortfalls between government health program payment levels and standard charges. Consequently, the Department hopes to target the limited grant funds to those applicant hospitals facing financial difficulties that serve as key service providers to low-income individuals in their respective communities. It is hoped that the grant funds will not only help a grantee hospital avoid an immediate financial crisis but also enable operational changes that will improve the hospital's long term viability.

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Hospitals interested in applying for a grant from the Hospital Hardship Fund should submit an original proposal and eight copies to the Department by close of business August 31, 2007. Hospital grant proposals should address the following:

1. Description of hospital financial condition, including affiliates, with projections for 2007 and 2008. Maximum of 8 pages. Please include as attachments the hospital's two most recent audited annual financial statements (consolidated and consolidating including the parent organization) and IRS 990 filings for calendar years 2005 and 2006. The required attachments are not included in the maximum page limitation. Submissions must also include details of revenue streams, including federal, commercial and other, such as foundation or donation dollars available. The applicant should include a discussion of the total amount of debt outstanding, the payment schedule on the debt and the probability of the applicant violating technical covenants in any loan agreement and the probability the applicant will be unable make all payments as they come due. The applicant should also identify any credit lines available.
2. Selected Utilization Statistics for 2005 and 2006

<u>Population Payer</u>	<u>Inpatient</u>	<u>Outpatient Visits</u>	
	<u>Days</u>	<u>Clinic</u>	<u>Emergency Department</u>
Medicaid Fee for Service			
HUSKY A/B			
SAGA			
Free Care			
Uncompensated Care [1]			
All Other [2]			
Total [3]			

[1] Unreimbursed/bad debts should be equated to days in the inpatient column and visits in the Clinic and ED columns.

[2] Includes Medicare, Commercial, Private pay

[3] Total must reflect all inpatient days and clinic and ED visits.

3. Planned use of grant funds and expected results. Please note that if the planned use of funds is for a capital improvement, equipment, or new service that requires OHCA approval, grant funds will not be released until CON authorization. Maximum of 8 pages.

4. Describe projected operating savings and nongovernmental revenue enhancements planned between October 1, 2007 and June 30, 2008. The description must identify whether each of the savings initiatives and revenue enhancements noted are considered as one time or as ongoing/long term. Please include a description of related initiatives undertaken since January 1, 2005 and associated outcomes. Maximum of 8 pages.

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The Department will review the submissions and consult with OHCA, DPH and CHEFA. The Department reserves the right to request additional information regarding the hospital's submission and may require the hospital to make available certain records on site for review; or require representatives from the applicant hospital to participate in a face to face discussion with the state officials, including but not necessarily limited to the Department of Social Services and the other agencies listed herein. Further, the Department reserves the right to access and utilize information from other sources available to the Department before determining whether to approve the grant application, the amount of an approved grant and the identification of other conditions that the Department may require of the hospital prior to or during the term of the grant.

The Department will notify each applicant upon the receipt of their application. The Department will make every effort to expedite the review and decision on each application and will advise each applicant of the expected decision date. Upon a decision to award an applicant a grant, the applicant hospital will be required to meet with the Department to discuss the terms and conditions of the grant award, which discussions shall result in the development of an agreement for the grant award that will obligate both the hospital and the Department to the terms of the award.

If you have questions related to the implementation of the Hospital Hardship Fund or the instructions included in this correspondence, feel free to email your questions to me at [Michael.Starkowski@ct.gov](mailto:Michael.Starkowski@ct.gov) or Gary Richter at [Gary.Richter@ct.gov](mailto:Gary.Richter@ct.gov). We will make every effort to respond in a timely fashion. Questions received from individual hospitals and responses given by the Department will be provided to all hospitals.

Thank you for your anticipated cooperation.

Sincerely,

Michael P. Starkowski  
Commissioner

cc: Robert L. Genuario, Secretary, Office of Policy and Management  
J. Robert Galvin, M.D., M.P.H., Commissioner, Department of Public Health  
Richard D. Gray, Executive Director, CHEFA  
Christine A. Vogel, Commissioner, Office of Health Care Access  
David Parrella, Director, Medical Care Administration, DSS  
Gary Richter, Director, CON and Rate Setting, DSS  
Lee Voghel, Director, Financial Management and Analysis, DSS