In the “Funding of Hospital Care” report developed by the Legislative Program Review & Investigations Committee, Waterbury Hospital is described as a “severely distressed hospital” based upon the following characteristics:

- High % Medicaid population (20.3, 5th highest in state)
- High % Medicaid Behavioral Health population (5th highest in state)
- Low private payment to cost ratio (1.06 5th lowest in state)
- 1 of 13 hospitals in state with > 15% Medicare DSH population
- 1 of 10 hospitals in state eligible for Urban DSH funding
- High % of SAGA patients

These characteristics lead to annual operating losses that are unsustainable, as summarized below:

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>Medicaid Mgd. Care</th>
<th>SAGA</th>
<th>Uninsured</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>$11.5</td>
<td>$15.4</td>
<td>$7.5</td>
<td>$4.4</td>
<td>$38.8</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>$6.5</td>
<td>$9.9</td>
<td>3.2</td>
<td>0.8</td>
<td>$20.4</td>
</tr>
<tr>
<td>Shortfall</td>
<td>$5.0</td>
<td>$5.5</td>
<td>$4.3</td>
<td>$3.6</td>
<td>$18.4</td>
</tr>
</tbody>
</table>

The chart above is based upon fiscal year 2006. All data is drawn from WH cost accounting system. Compensation from State Uncompensated Care pools is not included.

**What are the results of Medicaid under funding at WH?**

- Negative FY2005 operating margin (-1.2%)
- Operating loss of ($2.4 million) in FY 2005
- Deterioration of Cash and Investments
- Inability to access capital, resulting in deferred maintenance and replacement of property, plant & equipment (facility, parking, clinical technology, routine equipment)
- Overcrowding in Emergency Room, extended waits
- Capacity issues with ICU and Telemetry Beds
- Limited isolation beds
- Sever parking shortage on campus
- Consideration of limiting or eliminating access to critical services (Behavioral Health, Pediatrics, Neonatology, etc.)