

**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

Qualifications for Loan Assistance

The West Virginia Health Care Authority Revolving Loan Fund Act (the "Act"), W.Va. Code § 16-29I-1 et seq., was enacted by the Legislature and became effective March 9, 2007. The Act creates a revolving loan fund to be administered by the West Virginia Health Care Authority (WVHCA) to provide loans, including low interest or no interest loans, to hospitals or combinations of hospitals to assist in the rationalization and restructuring of the health care delivery system in West Virginia. Hospitals which apply for a loan pursuant to the Act must be a county owned, city owned, or 501 (c) (3) corporation and hold a valid license from the State of West Virginia and otherwise be in good standing with state and federal regulatory agencies.

Date of Application: _____ **FEIN #:** _____

ORGANIZATION INFORMATION

Hospital Name: _____

Address: _____

City: _____ **Zip:** _____ **County:** _____

Organization Structure (County, City or 501(c)(3)): _____

(If more than one hospital provide duplicate information)

Project Contacts

	<u>Name</u>	<u>Telephone #</u>	<u>E-mail</u>
Hospital's Primary (Project) Contact:	_____	_____	_____
Hospital CEO:	_____	_____	_____
Hospital CFO:	_____	_____	_____
Other Contacts:	_____	_____	_____

Anticipated Project Funding

Total Project Cost: \$ _____ Loan Amount Requested: \$ _____

Other Project Lender(s): _____ Amount: \$ _____

Hospital Equity and/or County/City Investment: \$ _____

**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

I. PROGRAM REVIEW PHASE APPLICATION

Synopsis of Plan to Meet the Qualifications of the Act – the requested synopsis should provide an **overview** of the restructuring plan which includes:

- A project description;
- The benefit of funding the project;
- A brief description of the service area impacted;
- The action plan for implementation;
- The time schedule for full implementation;
- Any changes to reimbursement and/or the hospital(s) projected payor mix; and
- The other specific projected outcomes including the projected cost savings associated with services your hospital(s) delivers.

(Body of Synopsis - Maximum five (5) pages)

The financial component of the Program Review Phase Application should include as follows:

- Proposed Sources and Uses of Funds;
- The repayment plan for the proposed amount of funds to be borrowed; and
- A three (3) year projection of revenues available to service the debt to be incurred and the forecasted debt service coverage for the three projected years.

(Information can be attached to the Synopsis)

Also, please attach to the synopsis the most recent internally compiled interim (year-to-date) utilization and financial statements for the current fiscal year and three (3) years of historical utilization information and audited financial statements.

If your Hospital's Program Review Phase Application is approved, you will be notified by West Virginia Health Care Authority staff and invited to make a Loan Application for your project. The content of the Loan Application is outlined on the following pages.

**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

II. LOAN APPLICATION PHASE CONTENT

HOSPITAL NAME: _____

HOSPITAL CONTACT: _____

DATE OF APPLICATION: _____

History – Provide a brief history of the hospital and its development.

Accreditations and Affiliations – provide a list of hospital’s accreditations and any of the hospital’s affiliations.

Outline of Governance Structure – provide the names, term expiration dates, and vocations of your Board of Directors. Also, provide office holders on the Board, standing committees, and describe any special committee’s involvement in the restructuring and/or consolidation plan. Please describe the degree of Board review which has taken place to-date with regard to the hospital’s proposed plan.

Management and Project Management – provide the resumes of CEO, COO (if staffed), CFO, other key management, and other project management team. If there is a specific project management team which has been assigned to the restructuring and/or consolidation project, please also outline who is in charge and who will constitute their support team to achieve implementation. Emphasize any special credentials of the management team toward achieving the forecasted outcomes. If available, provide an organizational chart of hospital management and of the project management team (if applicable).

Health Care Services – provide an overview of the medical services offered by your hospital. Outline which services will be impacted by the hospital’s restructuring plan.

Health Care Providers – list your top (not less than 5, but not more than 10) admitting physicians providing their area (specialty, if applicable) of practice, tenure of association as a medical staff member with the hospital, and age. Provide the chief of the medical staff’s resume.

Service Area / Market – description of primary and secondary market service areas (service area map). Provide key demographics of county(ies) serviced including: Population (latest census, any population updates since census, persons under 5 years old, persons under 18 years old, persons 65 years and older); Income (per capita income, median household income); and other information as you may choose.

**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

Competition - provide a list of other hospital or primary care centers providing service to patients in your service area. If known, provide a breakdown of market share per listed provider for the last three (3) years for the primary and secondary market area your hospital serves.

Service Area Economy – provide a list of 5 – 10 largest employers in your primary service area providing the number of employees by employer and naming the county in which employer is located. Also, provide unemployment rate by county for the last year and in the latest published month.

Payor Mix and Reimbursement – provide a breakdown of the hospital’s payor mix in chart format for the last full three years and for the current period (year to-date) broken down on an inpatient and outpatient basis providing actual dollar amount of collections and percentage of total collections. Also provide information on your average reimbursement rate for the last year and year to-date by payor class.

Utilization Information - provide a breakdown of utilization data for the last prior (3) years and on a current year interim basis for both inpatient and outpatient services. Information should include as follows: Available beds; Discharges, births (if applicable), Patient Days, Average length of stay, Average Daily Census, Percentage of occupancy, Medicare discharges, Medicare patient days, percentage of Medicare Patient days; Medicare average length of stay; Surgical operations; O/P visits; and Imaging services procedures. Outpatient Statistics should include prior three (3) years as follows: Surgery (number of cases); Laboratory (number of tests); Imaging (number of procedures); CT Scan procedures, etc.

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**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

FINANCIAL INFORMATION CONTENT

Historical Financials – provide a copy of the latest internally prepared YTD interim statements.

Historical Hospital Ratio's - provide ratio analysis for the last three (3) years financial statements as follows:

Operating Margin (%)
Operating EBITDA (%)
Excess Margin (%)
Annual Debt Service Coverage (x)
Long Term Debt to Capitalization (%)
Debt to Cash Flow (x)
Current Ratio (x)
Days Cash on Hand
Cushion Ratio
Cash to Debt (%)
Accounts Receivable (days)
Average Payment Period (days)
Bad debt / Net patient revenue (%)
Salaries & Benefits /Net Patient Revenue (%)
Average age of Plant (years)

Summary of Outstanding Debt – provide a summary of all short and long-term debt including capital leases. Provide original principal balance, date repayment initiated, current principal balance, date final payment due, interest rate, and term of repayment. Please attach information on loan covenants including debt service coverage requirements, additional debt tests, existing collateral pledged and any other special conditions of hospital's existing debt.

Forecasted Capital Needs – provide a summary of forecasted capital needs for the next five (5) years that are outside of the scope of the hospital(s) plan associated with this application.

INSURANCE AND LEGAL CONTENT

Insurance Coverage – please provide the amount of property/casualty and liability insurance coverage and the name of the insurance carriers.

Liability Issues – please provide a brief summary of any outstanding liability issues which could impact the hospital's financial condition or its ability to maintain insurance.

**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

RESTRUCTURING PLAN CONTENT

Provide the specific details of the planned restructuring plan. Describe all planned changes in services, operations, and facilities which are to occur as part of the hospital's proposed plan. Provide a forecasted schedule of key events associated with implementation of the hospital's plan.

Services – describe any proposed change in the mix of services offered by the hospital(s), specifics on the impact to specific services and patients served, and the forecasted impact on the cost of services by the hospital(s). If hospital's plan includes elimination or addition of services describe the specific financial forecasted impact for the service(s) outlined.

Operations – describe in detail any change in management and staffing impacted by the hospital's proposed plan and the specific financial impacts of those changes.

Equipment – describe any proposed deletions or additions of equipment and the projected cost of those changes.

Facilities – describe any proposed changes, closings alterations, and/or additions to/of existing facilities and the projected cost of those changes.

Use of Loan Funds – provide a detailed summary of how the requested loan funds from the WVHCA will be used to accomplish the hospital(s) plan.

Other Sources of Funds – if the hospital(s) plans to use other funds to carry out its plan, please outline the envisioned source of those funds whether from equity, banks, public markets (bonds), and/or other sources. Also, indicate whether funds are committed or contingent on the WVHCA's commitment and the deadline/restrictions associated with committed funds.

Utilization Projections – provide a summary of projected utilization for the next three (3) years (refer to Utilization Information).

Financial Forecast – provide a 3-5 year financial forecast associated with implementation of the hospital(s) plan for the immediate 3-5 year period following implementation of the plan. Please list all assumptions associated with the forecast. Also, provide a ratio analysis (refer to Historical Hospital Ratios), associated with the forecast.

Outcomes – provide a concise statement of the forecasted outcomes which will satisfy the purpose of the Act and provide cost savings of the services offered by the hospital through restructuring and /or consolidation of hospital(s) services.

**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

PROFESSIONAL SERVICES

Please list all professional service firms associated with implementation of the plan (if any):

Legal Services

Contact Name: _____ Tel: _____
Firm Name: _____ E-mail: _____

Accounting Services

Contact Name: _____ Tel: _____
Firm Name: _____ E-mail: _____

Consulting Services

Contact Name: _____ Tel: _____
Firm Name: _____ E-mail: _____

Only applications that meet the intent of the Act will be considered by the West Virginia Health Care Authority. The Health Care Authority retains the right to accept or reject applications and to request amendments thereto as it deems appropriate under the Act or its internal policies. All applications will be considered on the basis of the merit of the hospital restructuring plan submitted. Applications meeting the necessary criteria for approval will only be approved if funds are available. Applications will not be approved if the Health Care Authority determines it is probable that the loan will not be repaid.

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LOAN APPLICATION**

RESOLUTION OF THE BOARD OF TRUSTEES

Pursuant to action taken by the Board of Trustees of _____,
at a regular meeting duly called and held on _____, at which time a quorum
was present and voting, the following resolution was adopted and remains in full force
and effect and has not been rescinded or modified and is consistent with the By-laws of
_____.

BE IT RESOLVED that _____ is
authorized to sign all applications and other documents related to past and
future loan applications.

BE IT FURTHER RESOLVED that _____ is
authorized to designate the individual or individuals who will serve as the
official contact person or persons as defined in the application.

By: _____

Title: _____

STATE OF WEST VIRGINIA
COUNTY OF _____, to wit:

The foregoing instrument was acknowledged before me this __ day of _____,
200__, by _____, the _____ of
_____, a West Virginia _____ corporation, on
behalf of the corporation.

My commission expires _____.

NOTARY PUBLIC

[NOTARIAL SEAL]

**WEST VIRGINIA HEALTH CARE AUTHORITY
LOAN APPLICATION**

AFFADAVIT OF THE CHIEF EXECUTIVE OFFICER

COUNTY OF _____

STATE OF _____, to wit:

Upon first being duly sworn, I hereby state that, to the best of my information, knowledge, and belief, the information provided in this application is true and correct.

(Signature)

(Title)

Sworn to, stated, and subscribed before me on this ____ day of _____, 200__.

Notary Public