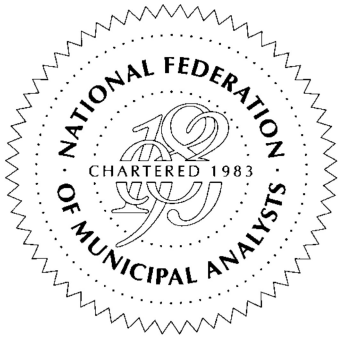


**The Education Committee of the
National Federation of Municipal Analysts**



**ADVANCED SEMINAR
ON
*HEALTH CARE***

**October 3 – 4, 2002
Claremont Resort & Spa
Berkeley, California**

**PROGRAM:
Thursday, October 3**

7:45 – 8:15 a.m.

Registration and Continental Breakfast

8:15 – 8:30 a.m.

Opening Remarks

Andrew Matteis, Putnam Investments, Seminar Chairman

8:30 – 10:00 a.m.

***After the Pricing Peak: Factors Driving Hospital Revenues
Beyond 2003***

Many indicators are pointing to 2003 as another year of double-digit premium increases from commercial insurers, and the buzz from Washington is that Medicare payments to hospitals will remain intact for at least another year. Hospitals and health systems have enjoyed strong revenue trends, in many cases outpacing rising costs and leading to stronger financial performance. How long will this window of opportunity stay open?

This panel will explore some of the key drivers of hospital revenue, including trends in insurance premiums, managed care and benefit design, and consumer cost-sharing. Will the private sector continue to pay for large increases in healthcare premiums, or will we see more consumer cost-sharing? And if so, are hospitals appropriately positioned to collect a larger share of charges from individual patients? Would shifts in benefit design or coverage affect the consumption or delivery of health care? Will market share continue to be the strongest factor influencing hospitals' leverage with payors, or will we see other measures being used at the negotiating table? What will be the indicators of a provider's market strength and pricing flexibility in the future?

Moderator: *Lisa Zuckerman, Standard & Poor's*

Panelists: *Dr. Arnold Milstein, Pacific Business Group on Health, and William M. Mercer Consulting; Prof. James C. Robinson, UC Berkeley; Dr. Jeffrey Rideout, Blue Shield of California Foundation and National Healthcare Purchasing Institute; Richard L. Clarke, Healthcare Financial Management Association*

10:00 - 10:15 a.m.

Break

10:15 - 11:15 a.m.

The Rise of Specialty Hospitals: One City's Experience

Across the country many health care markets are facing increased competition from start up hospitals with a strong clinical focus in one specialty and other niche providers. These hospitals often are allied or partnered with traditionally loyal medical staff. These new entrants in the market have potentially strong impacts on quality of care in the market as a whole, medical staff relationships, market share, and financial performance of existing providers. Our panel will examine these issues through an in depth look at one market -- Sioux Falls, South Dakota -- and hopefully illuminate this emerging issue for all health care analysts.

Moderator: *Martin Arrick, Standard and Poor's*

Panelists: *Dennis Kelly, MedCath Corporation; Kelby Krabbenhoft, Sioux Valley Hospitals and Health Systems; Jim Breckenridge, Vice President of Finance, Avera Health*

11:15 – 11:30 a.m.

Break

11:30 a.m. – 12:30 p.m.

Healthcare Workforce Issues: Success Stories, Remaining Challenges

Global solutions to workforce issues are well beyond the control of individual health care organizations. Yet, credit analysts must measure how an organization under analysis compares against established benchmarks. Further, analysts must determine to what extent the organization is taking all prudent steps to find suitable solutions to these issues. This session is designed to enable analysts to determine how the challenges faced by individual health care organization compare against established benchmarks and whether these organizations' responses to these challenges are consistent with current practices. Case studies of successful initiatives in both urban and rural settings will be presented. Lastly, the panel will address some of the macro initiatives underway, their expected impact over relevant time horizons, and their chances for success.

Moderator: *Shelley J. Aronson, First River Advisory L.L.C.*

Panelists: *Fred Martucci and Chad Farrington, Fitch; Warren Hern, CFO, Unity Health System, Rochester NY; Joyce Grove Hein, CEO, Phelps Memorial Health Center, member AHA Commission on Workforce for Hospitals and Health Systems*

12:30 – 2:00 p.m.

Luncheon with Speaker – *Martha Haines, Chief, Office of Municipal Securities, Securities and Exchange Commission*

2:00 – 5:15 p.m.
(with intermission)

Star Wars IV: An Inter-Galactic Hospital Case Study

Through play-acting, presentation, confrontation, audience interaction and dazzling special effects, this panel of battle-scarred experts (including two analysts, two lawyers, an investment banker, a bond insurer and a hospital consultant) will explore the multiple dimensions of distressed hospital credits. We will take the case study from the first whispers of a deal too good to be true, through the purchase you wish you never made, the covenant and payment default, to the end – the day we get our final recovery and swear off paper like this for all time. The goals of the panel will be to demonstrate the value of improving healthcare bond issue legal structures, and the techniques for maximizing recovery in distressed credit situations. Major issues to be addressed will include:

- *Security Package:* Why collateral matters and how to ensure that you have what it takes.
- *Legal Structure:* The right and wrong way to craft financial covenants and default provisions.
- *Trustees:* How to use them to your best advantage and when to indemnify.
- *Information:* How much do you want and what should you do with it.
- *Early Warning Signals and Strategies:* Interacting with management and the board; engaging hospital consultants; when to act and when to forbear; selling the facility.
- *Hold 'em or Fold 'em:* When and why does becoming “restricted” make sense?
- *Lender Liability:* Is it an issue?
- *Bankruptcy:* Who loses and who wins and how you can use it to your advantage.

Participants: *Tom Weyl, Eaton Vance; Rob Yolland, Franklin-Templeton Funds; Tom Green, Salomon Smith Barney; Tom Singleton, Cambio Health Solutions; Steve Renn, AMBAC Financial Group; Ann-Ellen Hornidge, Mintz Levin; Bill Smith, McDermott, Will and Emery.*

5:30 – 7:00 p.m.

Cocktail Reception – Meet and mingle with panel members and local borrowers in the health care market.

Friday, October 4

8:00 – 8:30 a.m.

Continental Breakfast

8:30 – 10:00 a.m.

Key Areas of Focus for Hospital Credit or What We Likely Forget to Look At

The purpose of this panel is to provide additional insight into what “day-to-day” participants in the hospital sector look at when analyzing the financial operations of a particular credit. The panel will consist of an audit partner from a major accounting firm and a hospital CFO. The items to be discussed will include the following:

- Recent accounting pronouncements
- Flexibility in the financial statements especially as it relates to revenue and bad debt
- What exactly is bad debt?
- How long should a receivable last before you write something off?
- When performing feasibility studies what does the consultant focus on?
- From the CFO perspective: if they were investing in hospital bonds what would they focus in on?
- What ratios does a CFO believe are the most important?
- What are the determinants of whether an improvement plan is working?
- How long does an improvement plan take to fully implement?

On the panel representing the hospital industry will be Roy Santarella, CFO of Stanford Hospitals and Clinics. Mr. Santarella will devote part of his presentation to discussing the turnaround efforts at Stanford and what he believes are the key determinants of success

Moderator: *Jerry Solomon, Bear, Stearns*

Speakers: *Roy Santarella Stanford Hospitals and Clinics; Rick Corcoran, KPMG*

10:00 – 10:15 a.m.

Break

10:15 – 11:45 a.m.

Long Term Care: What factors define a "good" project?

Today's non-profit senior living providers are challenged by a number of operational issues, from staffing to reimbursement, but most are not letting today's operational hot buttons veer them away from the importance of positioning themselves to meet tomorrow's challenges more successfully. One important strategy is growth by development. Two senior living industry professionals, one from the for-profit developer side and one from the nonprofit multi-facility side, will contrast and compare two projects: a good project both of them agree would be a "go"; a marginally bad project both of them agree would be a close call but a "no-go" nonetheless. Analyst will come away knowing the subtle differences and be better able to pick winning investments.

Moderator: *Edward C. Merrigan, Ziegler Capital Markets Group*

Speakers: *Pamela Scott, American Baptist Homes of the West, Mark Andrews, Greystone Communities, Inc.*

11:45 a.m.

Seminar adjourns

The views expressed at the Advanced Seminar are those of the speakers alone and do not necessarily represent those of the National Federation of Municipal Analysts.

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NATIONAL FEDERATION OF MUNICIPAL ANALYSTS

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REGISTRATION:

Registration for the seminar is \$450, which includes all seminar materials, two continental breakfasts, one luncheon and the cocktail reception. Firms sending three or more registrants to the seminar may deduct \$50 per person. Please make checks payable to the NFMA and send to: NFMA, P.O. Box 14893, Pittsburgh, PA 15234. The registration deadline is September 13, 2002. Cancellations will not be accepted after September 13, 2002; however, substitutions may be made with advanced notice to the NFMA. Please call Lisa Good, Executive Director, at 412-341-4898 with any questions.

HOTEL:

The Claremont Resort & Spa, Berkeley, CA, has been selected as the site of the Advanced Seminar. A block of rooms has been set aside for seminar attendees for the nights of October 2 and October 3. The group rate is \$205/night. Individuals should call resort directly at 800-551-7266 and refer to the National Federation of Municipal Analysts to receive the group rate. *The room block will be closed on September 1. Reservations received after the cut-off date will be accepted on a space availability basis.*

ATTIRE:

Business casual is acceptable for the seminar.

REGISTRATION FORM

NFMA ADVANCED SEMINAR ON HEALTH CARE

October 3-4, 2002
Claremont Resort & Spa
Berkeley, California

Name: _____ Title: _____

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Phone: _____ Fax: _____ Email: _____

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