

A NEW WISHARD WITH NO TAX INCREASE

There is widespread acceptance that a new Wishard is needed to continue to provide health care access to our most vulnerable citizens, provide specialized trauma and burn care for all citizens and to provide Indiana University School of Medicine and more than 40 other academic programs with the opportunity to do hands-on training so that our state will have its next generation of health care providers. Also important to taxpayers is how we can achieve this without raising property taxes.

Over the past five years, Wishard has cut its share of property taxes dramatically

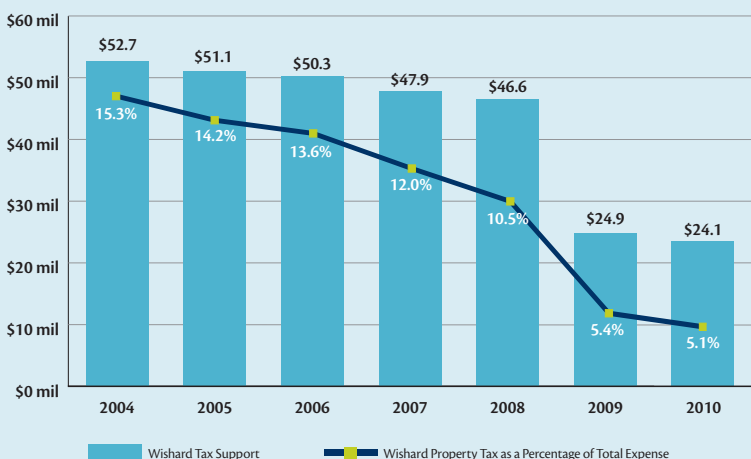
In 2004 Wishard received \$52.7 million in property tax support. In 2010, Wishard will receive \$24.1 million in property tax support to help offset the cost of care to the uninsured patients in our community. This is a reduction of \$27.8 million. This public support is important. As Marion County's safety-net hospital, this money enables Marion County to qualify for important federal funds for the health of our community.

As responsible and grateful stewards of these public funds, **Wishard will fund its new downtown facilities with no new taxes.**

Property taxes are only a small fraction of Wishard's total revenue

Property taxes comprise a mere 5.4 percent of Wishard's \$486.4 million budget. In the past five years, Health and Hospital Corporation (HHC) of Marion County has reduced the percent of property taxes that contribute to Wishard's budget to nearly one third of what they were in 2004. Medicaid, Medicare, patient fees, insurance reimbursements and other revenues are responsible for 94.6 percent of Wishard's budget. In 2010, HHC's total property tax revenue will decrease further and overall revenue from Medicare, Medicaid, patient fees and other operating revenue will grow.

Wishard Property Tax Support



Health and Hospital Corporation has reduced the property taxes it collects over the past six years. The percent of property taxes that contribute to Wishard's budget is nearly one third of what it was in 2004.

What a new Wishard will cost to build and operate

Wishard's construction costs for the replacement facilities will be \$754 million. That is a hard number. The scope and scale for a new Wishard have been completed for over a year. It will not change or grow. That budget includes a 15 percent contingency on construction costs. Each year of delay in construction will cost \$53 million.

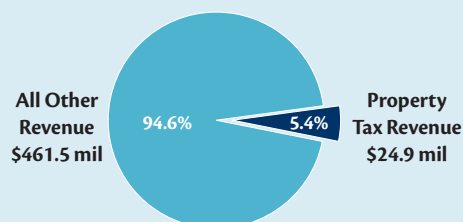
Operating costs will be significantly reduced. A new Wishard will be one third smaller, but will allow us to treat more patients. Energy costs will be reduced by 45 percent. Currently we are spending \$25 million per year to patch Wishard's rapidly declining facilities. Repair costs to keep Wishard open are increasing annually. Soon, Wishard's deteriorating facilities cannot be repaired.

Wishard can fund new facilities with no property tax increase

1. Wishard has saved \$150 million to put towards a new Wishard.
2. Wishard will issue general obligation bonds. Wishard is eligible for Build America Bonds authorized as part of the federal stimulus legislation. Wishard's use of Build America Bonds could result in savings of more than \$120 million.
3. Wishard plans to issue debt of \$604.9 million and the annual debt service will be \$38 million. The amount of debt service is 4.25 percent of HHC's 2010 annual budget.
4. Wishard currently spends \$25 million annually to maintain its aging facilities.
5. Wishard's debt service without the cost of aging facilities requires an increase of \$13 million more per year — less than 1.5 percent of HHC's total operating budget.
6. Wishard's 2010 budget provides for net revenues of \$52 million.

(continued)

2009 Revenue



7. Our calculations use a conservative 4.5 percent interest rate on the public bonds. Even if the rate went to 6.1 percent, Wishard could make all bond payments from its revenue sources without a property tax increase.
8. Independent fundraising consultants have advised Wishard to set a goal of \$50 million for philanthropy for this project. Even if no philanthropic funds are raised, property taxes will not be increased.
9. Wishard's funding model does not rely on reduced expenses, improvements in the economy, improvements in payer mix, reductions in the number of uninsured patients, lower operating costs or any other efficiency enhancements that will inevitably flow from providing care in modern, efficient buildings.
10. Wishard's variable costs are 60 percent and its fixed costs are 40 percent. That fact allows Wishard the flexibility to control its expense budget. Wishard can manage its budget to ensure that Wishard can cover its annual debt service without a property tax increase.

Wishard has more than adequate revenue to retire this debt with no tax increase.

Bonding will allow Wishard to build a new \$754 million campus. Wishard, the Indiana University School of Medicine, Purdue University School of Pharmacy, the Regenstrief Institute, the RL Roudebush VA Medical Center and other neighbors plan to participate in public-private partnerships to provide flexible offices, additional parking and a power plant to serve the area. These joint projects will not require bonding.

What are others saying?

"We're very comfortable, actually, that this can be done without a tax increase. The revenue sources are there." –Mayor Gregory A. Ballard, City of Indianapolis, *Indianapolis Business Journal*, July 23, 2009

"New Wishard wouldn't add to property tax burden." –Editorial, *Indianapolis Business Journal*, July 27, 2009

"The question we should ask ourselves is what we would do if Wishard and its staff were not here for us." –Mark Russell, Opinion Columnist, *The Indianapolis Star*, Aug. 27, 2009

"After thorough research and study, we find the plan for this project to be financially sound and are confident it should place no additional burden on the taxpayers of Marion County." –Roland Dorson, President, Greater Indianapolis Chamber of Commerce, Sept. 21, 2009

"We are absolutely convinced that not only is this initiative absolutely essential to the provision of medical care in this community, but also that it will not require a tax increase." –Deborah Daniels, Chair, Greater Indianapolis Progress Committee, Sept. 22, 2009

What's our return on the Wishard investment?

In economic terms, Wishard is worth much more to central Indiana than it costs. Each year, HHC contributes more than \$1.2 billion in economic impact – including \$719 million in wages generated by Wishard and HHC activities. Local taxpayers receive a return on their \$24.9 million that would thrill any investor.

In return, Wishard provides Marion County taxpayers with priceless, high-quality health care close to home. Anyone could be in need of Wishard's services at any time, and Marion County's underserved rely on Wishard every day. Wishard has earned a reputation for providing critical care for central Indiana's most traumatic injuries and is:

- One of only two adult Level 1 Trauma Centers in the state
- Our region's only Level 1 adult burn center
- A major teaching hospital for the Indiana University School of Medicine
- A teaching hospital for the Purdue University School of Pharmacy
- A teaching hospital for Indiana University and Ivy Tech Community College schools of nursing
- A teaching hospital for more than 40 colleges, universities and schools
- Advanced research in many areas, including burn care
- Indiana's busiest emergency department
- The largest ambulance service in the state
- The only psychiatric emergency department in the state
- The largest provider of indigent care in the state

The value of Wishard's role in medical education, a healthier community and improved quality of life is immense and incalculable.

Lewin Report 2007, Economic Impact of Health and Hospital Corporation



For more information, visit WishardFacts.org