

- Teach
- Serve

with special emphasis on the vulnerable populations of Marion County.

#### Our Vision

Wishard Health Services will enhance continuously our ability to meet the needs of the underserved and all people of Marion County, will be sound economically, and will lead innovatively in clinical care, research, education, and service excellence.

#### Our Values

- Professionalism
- Respect
- Innovation
- Development
- Excellence

By 2003, Wishard was under tremendous pressure. The hospital was owned and operated by the county and, as noted, had a mission to care for the vulnerable and underserved population of the county. Although there were almost a dozen other hospitals in its service area that provided some care to the indigent, the county hospital was seen as the main provider for this segment of the population. Although the other hospitals did not refuse to provide emergency care for the poor, most elective Medicaid and indigent patients were routinely sent to Wishard's facilities. Almost 90 percent of its patients were covered by a government program or had no insurance coverage. As a result, revenues were always short, operating losses had to be subsidized by tax revenues, and capital projects were constantly deferred. With no funds to expand or refurbish its facilities, Wishard Hospital and Wishard's clinics were extremely crowded and looked old and worn. The facilities' condition, coupled with their location in a poor part of Indianapolis, Indiana, discouraged the patronage of insured patients.

In 2003, the situation seemed to be worsening further. Wishard was in deep financial trouble, and its executives discussed ways to reduce the system's losses. Wishard's CEO publicly stated a deep concern about the 144-year-old institution's future. Wishard Health Services included its 492-bed hospital, six community health clinics, and Midtown Community Mental Health Center, which together served about 800,000 patients per year. According to Dr. Robert B. Jones, the hospital's medical director, 50 percent of those patients were insured by Medicaid or Medicare, and 40 percent had no insurance.

City officials also were worried about the financial health of Wishard and talked about a potential shortfall of between \$20 million and \$80 million out of a \$385 million budget. The best estimate was that Wishard was on track to end

the year with spending at \$35 million, but it could turn out to be much worse. The hospital did have cash reserves that could cover this deficit in 2003, according to Wishard's president Matthew Gutwein. But if the deficit continued and worsened in 2004 as expected, this reserve would be completely empty, and Wishard essentially would be broke by the end of 2004 with even worse years to come.

Wishard's ability to survive and fulfill its mission was seriously challenged. The primary factors contributing to the deep losses included the following:

- Declining reimbursements from the Medicare and Medicaid programs for the elderly and poor (For every \$1 in hospital bills submitted to the two federal programs, Medicare paid just 82 cents, compared to 89 cents four years earlier. Medicaid paid 70 cents for every dollar of service, down from 90 cents.)
- Increasing numbers of patients without insurance to pay their bills (Nationally, the number of uninsured had reached 43 million residents, 700,000 of whom were in Indiana.)
- Continual hikes in the prices of drugs and new equipment and in wages for nurses and specialists, who were always in short supply
- Stiff competition from specialty hospitals and surgery centers that appealed to well-off, paying patients, whom mainline hospitals depended on to earn their profits
- A weak stock market that sent hospital endowment investment income plummeting

Something had to be done, and Wishard was seriously considering almost all of its options, including these:

- Closing Wishard's heavily used and highly respected emergency department
- Merging with Clarian Health, which operates Indiana University, Riley Children's, and Methodist hospitals, or entering joint ventures, potentially involving construction projects
- Building a hospital to replace Wishard facilities, some of which had been built in 1914
- Increasing copayments for outpatients to reduce unnecessary outpatient visits

Wishard's CEO stressed that construction of a new hospital would not be likely for another 5, 10, or even 15 years, depending on the pace at which fundraising set aside sufficient monies for construction or on the ability to pass a county bond to fund the construction. The construction would be very expensive; replacement of the whole facility could cost up to \$750 million.