



January 3, 2017

Talia Lomax-O'dneal  
Director of Finance  
Metro Courthouse  
1 Public Square, Suite 106  
Nashville, Tennessee 37201

Dear Ms. Lomax-O'dneal:

On behalf of the Metropolitan Hospital Authority and Nashville General Hospital, we respectfully request additional funding for Fiscal Year 2017 from the Metropolitan Government of Nashville and Davidson County, Tennessee. The Hospital Authority Board of Trustees approved this request at the December 29, 2016, meeting.

We are grateful for the support of you, Mayor Barry, Metro Council, and every resident in this region who have contributed to the sustainability of Nashville General Hospital. We would not be here today without our city's support, leadership and vision for what a public safety-net hospital can – and should – be.

Unfortunately, our need for additional funding is a result of:

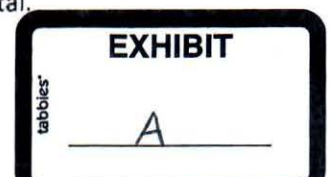
- Our stretch goal of \$6M in collections/ accounts receivable not coming to fruition.
- Our expenses exceeding \$900K or 2% over budget YTD.
- Needing to pay our past due accounts to maintain vendor relationships.
- A delay in our 340B program, resulting in a cash flow reduction of \$1.6M during this fiscal year.
- Our clinical/patient revenues are projected to be down \$1.7M on net patient revenue from \$46.8M budgeted (amount anticipated to be billed). Cash collected for that same period was projected at \$43.9M is a \$1.3M reduction from original cash flow due to lower than projected patient volumes.

We are focused on overcoming these challenges by:

- Reducing supply costs by benchmarking our costs with similar safety net hospitals.
- Reducing labor costs through the process of utilizing a comprehensive productivity reporting system, to be implemented by the end of February 2017.
- Negotiating with supply and contract vendors to obtain discounts where appropriate. Some contracts were outdated and were based on unfair rates.
- Employing full-time hospitalists, board certified internal medicine and family practice physicians, who are now available around the clock to admit patients from the emergency department and from our clinics, or from outside clinics or physicians. This allows for more efficient admission and discharge processes, and overcomes barriers to admission.
- Continuing to improve our payer mix to include more revenue sources for our hospital.

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We are asking for \$16,000,000 of which \$3,500,000 is reserved. In order for the hospital to draw down the reserve, a request would be made by the Hospital Authority Board to Metro Finance. Further, we would anticipate providing our monthly financial report to the Health, Hospitals, and Social Services Committee of the Metropolitan Council.

With this letter, we respectfully request the subsidy as outlined, and deeply appreciate the support and direction you and your team have provided to us during these challenging times for Nashville General.

Sincerely,



Jan Lewis Brandes, MD, MS, FAAN  
Chair  
Hospital Authority Board Trustees