

WISCONSIN STATE
LEGISLATURE
COMMITTEE HEARING
RECORDS

2003-04

(session year)

Assembly

(Assembly, Senate or joint)

Committee on
Public Health
(AC-PH)

(Form Updated: 11/20/2008)

COMMITTEE NOTICES ...

➤ Committee Reports ... CR

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➤ Executive Sessions ... ES

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➤ Public Hearings ... PH

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➤ Record of Comm. Proceedings ... RCP

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**INFORMATION COLLECTED BY COMMITTEE
FOR AND AGAINST PROPOSAL ...**

➤ Appointments ... Appt

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Name:

➤ Clearinghouse Rules ... CRule

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➤ Hearing Records ... HR (bills and resolutions)

****03hr_ab0757_AC-PH_pt01**

➤ Miscellaneous ... Misc

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Vote Record Committee on Public Health

Date: 1/28/04

Moved by: Schneider

Seconded by: Underheim

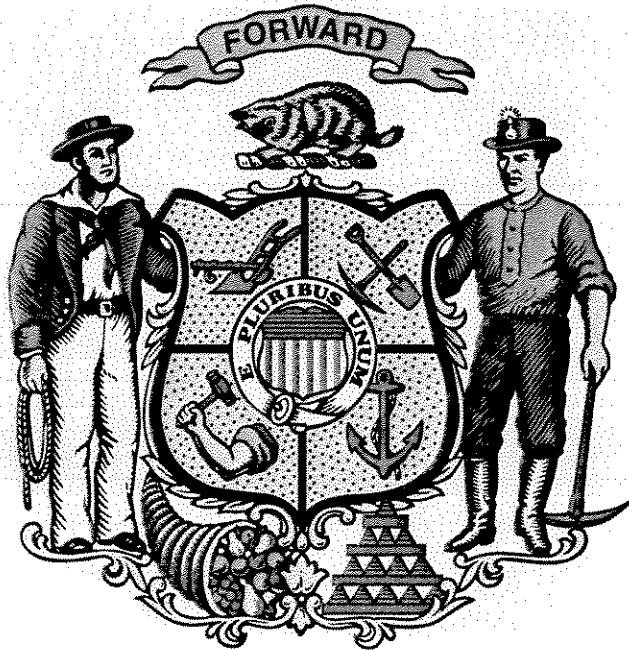
AB 757 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
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Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative J.A. Hines, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative DuWayne Johnsrud	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Gregg Underheim	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Stephen Freese	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Terri McCormick	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Sheldon Wasserman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Johnnie Morris	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>5</u>	<u>0</u>	<u>3</u>	<u>0</u>

Motion Carried Motion Failed





University of Wisconsin
Hospital and Clinics

600 Highland Avenue
Madison, WI 53792

**TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON PUBLIC HEALTH
AB 757, University of Wisconsin Hospital and Clinics Authority Bonding Limit
Increase
January 28, 2004**

by

**Donna Sollenberger, President and CEO, UW Hospitals and Clinics
Aaron Friedman, MD, Chair, Medical Director, UW Children's Hospital and Chair
of Pediatric Medicine, UW Medical School
and
Gary Eiler, Senior Vice President and Chief Financial Officer, UW Hospital and
Clinics**

Good Morning, Chairman Hines, and members of the Assembly Committee on Public Health.

My name is Donna Sollenberger, and I am the president and CEO of University of Wisconsin Hospital and Clinics. With me today are Dr. Aaron Friedman, Medical Director of the UW Children's Hospital and Gary Eiler, Senior Vice President and CFO at UW Hospital and Clinics.

Thank you all for the opportunity to provide testimony about the proposed increase of the Hospital's bonding limit by \$60 million, to \$235 million. I will offer a brief overview of hospital operations and introduce the primary reason for the bonding increase – funding for a new Children's Hospital as well as information technology upgrades, surgical space and office facilities to accommodate emergency department expansion and relocation. Dr. Friedman will then present information about the Children's Hospital project, and

finally, Gary Eiler will summarize key financial information about the hospital and the proposed bonding. He is also prepared to respond to any questions about the financial implications of the bonding.

As you may know, the University of Wisconsin Hospital and Clinics ranks as one of the best academic medical centers in the country. Just in the past year, we received three highly distinctive national rankings by outside organizations: UW was named a "Top 100 Hospital" by Solucient Corp., for financial performance, quality and patient care; UW was one of four recipients nationwide of the Quest for Quality awards presented by the American Hospital Association for excellence in patient safety; and most recently we learned that our emergency care for acute heart attacks and our Diabetes Clinic care were ranked the best performers among all programs ranked by the University Healthcare Consortium.

One of our centers of clinical excellence is the University of Wisconsin Children's Hospital. It began more than 80 years ago in what is now the Medical Sciences Center on campus and moved to its current home in the Clinical Science Center (the formal name for the building housing UW Hospital) in 1979. Since that time, we have carried out the mission of caring for some of the sickest children in the region, including those with childhood leukemia, cystic fibrosis or with conditions requiring complex surgery, including organ transplantation. But the space that was suitable 25 years ago does not address the needs of children or, just as important, their families today.

The current 62 rooms are small, at only 125 square feet. Today, children's hospitals rooms are 300 to 350 square feet and have space for a family member to sleep in the room with the child. Our rooms have very limited space for parents or other family members to stay overnight at their child's bedside. In fact, tonight parents will sleep in chairs and on the floor at UW Children's Hospital just to be with their children. In addition, population growth in the region and state translates into a greater demand for pediatric health care. To meet those needs, we have a vision for a new children's hospital – one that will serve our community and state for many years to come.

The Children's Hospital we plan to build will be

- larger in number of rooms
- more welcoming and comforting for children and families
- and more spacious to meet their health care needs.

The new building will have 80 beds instead of the current 62 and an average inpatient room size of 300 square feet instead of the current 125. It will bring existing programs like the hospital school and the Child Life program together with innovations such as a short-term stay area for children who need sedation for outpatient treatment; a special area for children whose disease or injury changes their appearance; and a "Safety Store" aimed at helping keep children out of the hospital whenever possible. Our plans for this hospital have prompted the well-known pediatrician T. Berry Brazelton MD to say that,

when it is complete, no other hospital in the country will offer a facility like it – a facility so well-designed for children and families in need of care.

The funding plan for the building relies on a strong public-private partnership. We are very pleased and grateful for the \$10 million lead gift from American Family Insurance, a gift that has already given the project visibility and momentum in the community.

Hospital bonding will generate another \$35 million. The balance (\$17 million) will be raised from individuals, corporations and foundations.

Dr. Aaron Friedman, medical director at UW Children's , will now briefly describe the role of the hospital today.

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Thank you, Donna.

It is no exaggeration to say that thousands of patients – most from outside Madison – depend on UW Children's every year. In the last fiscal year, UW Children's Hospital had more than 2,600 admissions. Many of those children come here because of expertise or services that are not available in or near their home communities: advanced cancer treatments, complicated heart surgeries performed on the smallest of children, organ transplants, severe burns or other critical injuries. It is painful to think about children who are ill or injured, but it is a fact of life we must address. At UW, we have assembled a truly world-class group of medical and nursing experts and a host of technology to

support their work. Now we plan to create the physical environment that supports the clinical care and the needs of the families we serve.

Donna has already explained some of the reasons we need more space to accommodate these children and their families more comfortably. As a physician, I can tell you another reason is that the way we *care* for children has also changed – for the better.

First, medical care for infants, children and teenagers now typically involves a team approach. Particularly in a teaching hospital like ours, the special skills and talents of an interdisciplinary group come together to achieve the best possible outcome for every child. In practical terms, this requires space for people to meet, confer, plan and coordinate their various contributions to the child's treatment. And comprehensive care addresses the whole child and the whole family; we do not simply provide medicine and surgery, but emotional support, family education, a hospital school to help youngsters stay current and feel as normal as possible, and special events for recreation and relief from the stress of hospitalization

We also seek to involve families in the plan of care for their children. Both they and their child will benefit, we believe, from learning more about the illness, the treatment plan, the challenges the family will face, and the strategies to overcome those challenges. Consequently, the plans for our new Children's Hospital include a family resource library; meeting rooms to help prepare and train families about what to expect both during and after the hospital stay; and a SafeKids office to help families understand how to reduce the chance of injury.

Let me share just one example to illustrate both the difficulty and the promise of caring for children with major medical problems. A child from central Wisconsin was born at 25 weeks of gestation because her mother's life was in danger from the pregnancy. She survived many complications but remained on a ventilator to help her breathe. She came to UW for evaluation and, her mother hoped, to be freed from ventilator dependence.

Complicated surgery succeeded in getting the baby free of the ventilator, but she will need continuing treatment to resolve swallowing difficulties and to remove the tube in her windpipe. Her mother has needed education and support to learn how to care for the child. I am proud to say we have the human and technical resources in place to provide all of that. Our goal now is to create a children's health care environment that ties together and enhances the care we provide today.

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I am Gary Eiler, chief financial officer for UW Hospital and Clinics, and I will present some specific financial information about the hospital's fiscal situation and the bonding request.

As you know, we are here because we seek to increase the limit of our bonding authority by \$60 million and under the terms of the legislation that created the hospital authority, the Legislature must approve requests to increase the level of bonding or outstanding debt. We reached the current bonding limit in October 2002 and, in order to construct the new Children's Hospital next fall at a cost of up to \$62 million, a little more than half of

that project will need to be financed through additional debt with the balance funded from contributions. We also need to expand our operating rooms and emergency rooms and continue to upgrade our information systems. Financing all or a portion of these projects results in total financing needs of \$60 million.

First, please note two important facts: this is not a bonding supported by general-purpose revenue. The hospital is able to incur this debt on its own creditworthiness and may obtain its own bonding insurance, as it has in the past on 80 percent of its debt. The state of Wisconsin is not held liable if the hospital cannot meet its bonding payments.

Secondly, the financial performance of UW Hospital and Clinics over the last three years has been consistently satisfactory. In the most recent fiscal year (ended June 30, 2003), the hospital had net income of \$24,829,000 or 4.4 percent of net revenues. For purposes of comparison, the Standard and Poor's "A" rated hospitals have an average total margin of 3.2 percent and Moody's "A" rated hospitals have an average total margin of 4.2 percent.

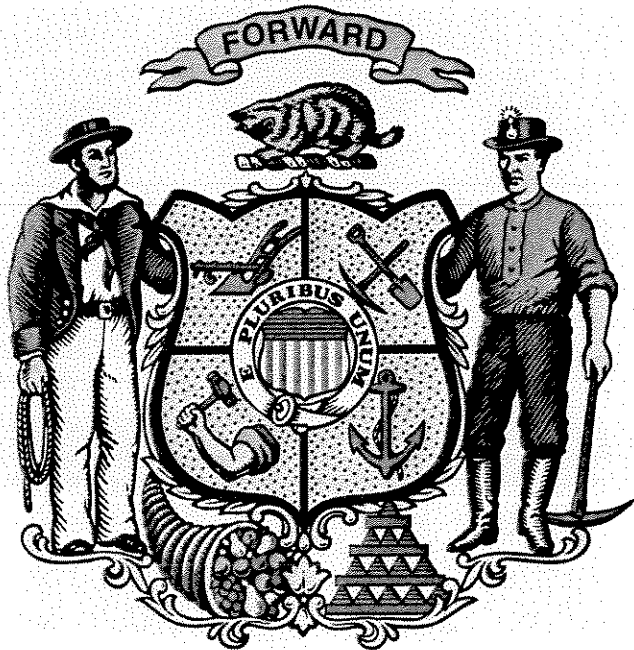
Thirdly, while the hospital's current outstanding debt is \$196 million, the ratio of debt to total capitalization is currently only 38 percent, a figure that closely approximates the averages of "A" rated institutions by both Moody's and Standard & Poor's. When additional debt is issued in the fall of 2004 the projected ratio is only 40 percent, again well within industry standards for "A" rated institutions.

Finally, the hospital's bonds have an underlying "A" rating, the rating that would be received without the benefit of bond insurance that causes the insured bonds to have an "AAA" rating. In October of last year, we met with both Moody's and Standard &

Poor's (S&P) to present our financial information and plans for expansion and construction. Included in the presentation were financial ratios consisting of debt to total capitalization, debt service coverage and cash reserves on hand. We have since then received reaffirmation of our underlying "A1 stable" rating from Moody's and "A positive" rating from S&P.

I am confident, and the figures bear out, that increasing the current statutory bond limit is not only prudent but also fiscally responsible.

I would be happy to respond to any questions. Thank you.





TERRI MCCORMICK

WISCONSIN STATE REPRESENTATIVE

January 28, 2004

Representative J.A. Hines
Chair, Assembly Public Health Committee
10 West, State Capitol
Hand-delivered

Dear Chairperson Hines,

I deeply regret being unable to attend today's Assembly Public Health Committee public hearing and executive session. I write this letter to you to voice my support for a bill before the committee today, AB 757.

The University of Wisconsin Hospitals and Clinics (UWHC) continue to provide quality services to the people of the state of Wisconsin. The bill before the committee today, of which I am a cosponsor, allows them to provide a much-needed expansion to the UW Children's Hospital. AB 757 allows the Legislature to authorize additional bonding authority to the UWHC to provide funding for the project.

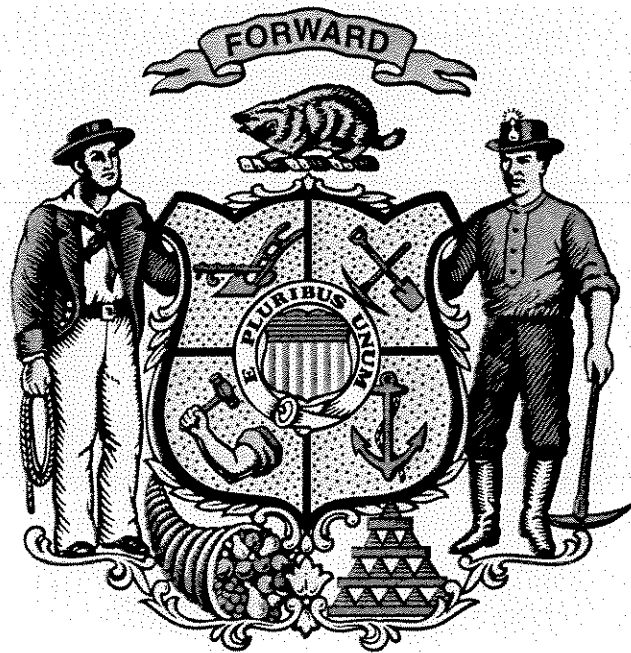
I am honored to be a cosponsor of this legislation. I am submitting this letter to notify you that I would like the record to reflect that I would have voted in favor of the bill.

Thank you for your consideration of this letter of support, and my apologies for my conflict with today's meeting.

Sincerely,

Terri McCormick
State Representative
56th Assembly District

cc: Speaker John Gard, author
Representative David Ward, author
Representative James Kreuser, author





Johnnie E. Morris

STATE REPRESENTATIVE • 11TH ASSEMBLY DISTRICT

January 28, 2004

Representative J.A. Hines, Chair
Assembly Committee on Public Health
10 West State Capitol
Madison, WI 53702

Dear Chairman Hines:

Please excuse my absence from the January 28, 2004
Public Health public hearing and executive session. If
present, my vote for Assembly Bill 757 would have been
AYE.

Thank you,

A handwritten signature in cursive script that reads "Johnnie".

Representative Johnnie E. Morris
Member, Assembly Committee on Public Health

