



Carolinas HealthCare System

FINANCIAL REPORT

(UNAUDITED)

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2013

CAROLINAS HEALTHCARE SYSTEM
FINANCIAL REPORT (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

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CAROLINAS HEALTHCARE SYSTEM
FINANCIAL HIGHLIGHTS
OBLIGATED GROUP
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
EXECUTIVE SUMMARY
(dollars in millions)

The consolidated financial statements and highlights presented on pages 1 through 6 reflect the financial position, results of operations, and cash flows of the Carolinas HealthCare System's Obligated Group which includes controlled facilities, divisions and health related entities (the Primary Enterprise) that meet the GASB criteria for consolidation and The Carolinas HealthCare Foundation (CHF). Although there are some affiliates of the Primary Enterprise that are not part of the Obligated Group, the statements presented herein represent the Obligated Group and, because there are no designated affiliates at this time, the Combined Group in all material respects.

Significant transactions affecting the comparability of 2013 results:

- Effective March 2013, CHS entered into an agreement with Cleveland County for which CHS obtained full operating control and governance of Cleveland County HealthCare System (CCHS), including acquiring title to substantially all assets and liabilities of CCHS. Effective with the Agreement, CCHS, which includes Cleveland Regional Medical Center, Kings Mountain Hospital and Cleveland Health Ventures (a physician group) and other affiliates, became part of the Primary Enterprise and their financial results are consolidated with other CHS controlled entities beginning in January 2013. Effective with the issuance of the Series 2013 A Bonds in May and advanced refunding of existing CCHS debt, CCHS became a member of the Obligated Group and, for that reason, is reported with the CHS Obligated Group. The addition of CCHS to the Primary Enterprise had a positive impact of \$21.7 on operating cash flow margin for the nine months ended September 30, 2013.
- As of September 2012, the System had incurred a number of unique, nonrecurring transactions that impact the comparability of 2012 results to the current year. Those items included: 1) net GAP Plan proceeds of \$21.9 related to 2011 that were received and recognized in the second quarter of 2012; 2) the write off of \$3.2 of Mecklenburg County receivables from 2011; 3) the recognition of \$5.8 of operating income related to the recognition of medical resident FICA refund claims from prior years; and 4) \$13.0 reduction to professional liability insurance expense. These unique, nonrecurring transactions had a positive impact of \$37.5 on operating cash flow margin for the first nine months of 2012.

Overview/Summary

For the nine months ended September 30, 2013, operating cash flow margin, at \$307.9, was \$10.7 below the prior year. Operating income of \$60.5 was \$42.4 below the prior year. Operating cash flow margin percentage was 9.0% at September 30, 2013 compared to 10.2% at September 30, 2012.

Comparative Statement of Operations - Actual versus Prior Year (pg. 5)

Net operating revenue exceeded \$3.4 billion for the first nine months, an increase of \$303 over the prior year. Excluding the unique transactions from 2012, the increase was \$337, which was attributable to the following: the addition of CCHS (\$153); the impact of consolidating Healthy@Home discussed below (\$10); additional net patient revenue from higher patient volumes and net rate increase at the acute care facilities (\$175) and the CHS Medical Group (\$40) and other revenue from non-patient services (\$26), offset by a governmental payer mix shift (\$67).

Acute care adjusted discharges increased over the prior year by 14.0%, primarily as a result of the addition of CCHS. Adjusted discharges, excluding CCHS, grew 1.2% from the prior year. Inpatient volumes at the acute care facilities, excluding CCHS, were .9% below the first nine months of 2012 while outpatient volumes and revenues at the acute care facilities experienced growth in emergency room visits and observations. A significant amount of the System's current year growth over the first nine months of 2012 was from governmental payers, as evidenced by a 1% increase in the acute care Medicare payer mix. However, the latest available data through December 31, 2012 indicates the System continues to maintain its managed care market share of 47% for the core market, which given this unfavorable payer mix shift, suggests that the managed care market in total is shrinking. CHS Medical Group patient visits increased 6.2% from the prior year, primarily due to the addition of new providers; however, similar to the acute care facilities, an increase in the mix of governmental payers resulted in Medical Group net revenue growth of only 3.3%.

Combined unreimbursed charges (provision for uncollectible accounts, along with free care from the System's automatic uninsured discount and financial assistance policies that are deducted from gross patient revenue) increased to \$928 in 2013 from \$736 in 2012, including \$73.4 associated with the addition of CCHS, which was 9.9% and 9.4% of gross patient revenue, respectively.

Other operating revenue, excluding the impact of CCHS, Healthy@Home and the prior year unique nonrecurring transactions, increased \$26. The increase is primarily due to the recognition of an additional \$13 of HITECH stimulus funding, \$8 due to the growth in the System's retail pharmacies and growth in management fees due to the addition of Cone Health. In April 2013, the System became the sole owner of Healthy@Home and its financial results are consolidated and reported with the CHS Obligated Group beginning January 2013 (Healthy@Home is not actually a member of the Obligated Group).

Personnel costs, excluding the unique nonrecurring transactions in 2012, increased \$208 or 11% due to the addition of CCHS (\$75), the growth of CHS Medical Group, including the growth of Levine Cancer Institute and physician networks not part of the Primary Enterprise (\$78), acute care patient volume growth, additional corporate services personnel needed to support various System initiatives, and the effect of annual wage and market adjustments.

Supplies and all other operating expenses were a combined \$100 or 11% above the first nine months of 2012. Excluding CCHS in 2013 and the impact of 2011 GAP Plan assessments recorded in 2012, these expenses were \$46.7 or 5% greater than the prior year. Of that \$46.7 increase, \$31 was

due to greater supplies expense, including a \$16 increase in pharmaceutical costs, and \$15 was due to higher purchased services costs for contracted software and equipment maintenance.

Interest expense was \$10 or 16% above the prior year primarily related to interest on \$73 of previously outstanding CCHS Bonds, interest on the new money portions of the Series 2013A and 2012A Bonds, which were issued in May of 2013 and 2012, respectively, and lower capitalized interest.

Comparative Balance Sheet (pg. 4)

The System formally adopted GASB Statement No. 65, which required the System to 1) reclassify deferred losses on debt refunding from Long-Term Debt to Deferred Outflows and 2) reclassify deferred gains from monetization transactions from Deferred Liabilities to Deferred Inflows. This Statement's adoption was retroactive to all reporting periods.

The Obligated Group's total cash position increased approximately \$47 from June 30 due primarily to net investment gains (\$124) and cash from operations (\$65), offset by capital spending (\$115) and debt service (\$36).

Days cash on hand increased to 241 days from 239 days at June 30, 2013.

Other accounts receivable decreased \$29.2 or 22% from June 30, due primarily to the receipt of 2013 NC MRI and GAP plan proceeds from the State.

The \$80.6 increase in Funded Depreciation investments reflects favorable changes in the market value of investments during the third quarter, offset by \$30 of net withdrawals from the fund.

The \$21 decrease in deferred outflows was the result of favorable changes in the fair value of the System's interest rate swaps (\$19) and the amortization of deferred losses on refunding associated with the issuance of the Series 2013 A Revenue Bonds (\$2).

Comparative Statement of Cash Flows (pg. 6)

Cash from operations (\$224), net withdrawals from funded depreciation (\$117) and bond proceeds (\$55) provided the major sources of cash for the first nine months of 2013. Significant uses of cash were for the Obligated Group's capital expenditures (\$322, including the \$23 payment to Cleveland County) and debt service (\$110).

Non-Operating Activity

Net non-operating activity was \$70.2 below the first nine months of 2012. In addition to investment results, non-operating activity included a loss of \$76 related to the cumulative change in fair value of interest rate swaps that were novated in April, 2013. Preliminary funded depreciation returns were 7.8% for 2013 compared to 8.8% for the nine months ended September 30, 2012. As an entity that follows GASB accounting principles rather than FASB accounting principles, the System is required to record unrealized gains and losses associated with market value changes during the period in which they occur.

CAROLINAS HEALTHCARE SYSTEM

OBLIGATED GROUP

COMPARATIVE BALANCE SHEET

(dollars in thousands)

	SEPTEMBER 30, 2013	JUNE 30, 2013	\$ CHANGE	% CHANGE
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 103,767	\$ 144,380	\$ (40,613)	(28)
Short-Term Investments	16,428	16,338	90	1
Patient Accounts Receivable - Net	625,864	615,181	10,683	2
Other Accounts Receivable	106,290	135,497	(29,207)	(22)
Assets Whose Use is Limited	22,481	22,481	0	0
Inventories	51,608	49,919	1,689	3
Prepaid Expenses	56,555	67,510	(10,955)	(16)
TOTAL CURRENT ASSETS	982,993	1,051,306	(68,313)	(6)
CAPITAL ASSETS	4,678,771	4,590,206	88,565	2
Less accumulated depreciation	(1,798,158)	(1,787,653)	(10,505)	1
	2,880,613	2,802,553	78,060	3
OTHER ASSETS				
Bond Proceeds Held by Trustee	0	0	0	0
Designated as Funded Depreciation	2,393,827	2,313,206	80,621	3
Foundation Long-Term Investments	264,845	257,510	7,335	3
Other Trusteed Assets	129,493	130,909	(1,416)	(1)
Other Assets	246,484	246,577	(93)	0
TOTAL OTHER ASSETS	3,034,649	2,948,202	86,447	3
TOTAL ASSETS	6,898,255	6,802,061	96,194	1
DEFERRED OUTFLOWS	151,351	172,357	(21,006)	(12)
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 7,049,606	\$ 6,974,418	\$ 75,188	1
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
CURRENT LIABILITIES				
Vendor Accounts Payable	\$ 112,255	\$ 112,541	\$ (286)	0
Salaries and Benefits Payable	214,204	229,281	(15,077)	(7)
Other Liabilities and Accruals	144,328	162,890	(18,562)	(11)
Third Party Estimated Reserves and Deferred Revenues	131,022	157,619	(26,597)	(17)
Current Portion of Long-Term Debt	28,681	27,106	1,575	6
TOTAL CURRENT LIABILITIES	630,490	689,437	(58,947)	(9)
LONG-TERM DEBT, less current portion	1,901,672	1,886,119	15,553	1
OTHER LIABILITIES				
Contingency and Other Accruals	111,155	111,350	(195)	0
Deferred Liabilities	236,280	238,348	(2,068)	(1)
Interest Rate Swap Liability	170,335	189,187	(18,852)	(10)
TOTAL OTHER LIABILITIES	517,770	538,885	(21,115)	(4)
DEFERRED INFLOWS	54,060	55,515	(1,455)	(3)
NET POSITION	3,945,614	3,804,462	141,152	4
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 7,049,606	\$ 6,974,418	\$ 75,188	1

Obligated Group includes the Primary Enterprise and The Carolinas HealthCare Foundation, Inc.

CAROLINAS HEALTHCARE SYSTEM
OBLIGATED GROUP
COMPARATIVE STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(dollars in thousands)

	<u>2013</u>	<u>2012</u>	<u>\$</u> <u>CHANGE</u>	<u>%</u> <u>CHANGE</u>
<u>REVENUE</u>				
Net Patient Service Revenue	\$ 3,110,361	\$ 2,781,989	\$ 328,372	12
Other Operating Revenue	<u>302,108</u>	<u>327,596</u>	<u>(25,488)</u>	<u>(8)</u>
NET OPERATING REVENUE	<u>3,412,469</u>	<u>3,109,585</u>	<u>302,884</u>	<u>10</u>
<u>OPERATING EXPENSES</u>				
Salaries and Wages	1,669,866	1,515,945	153,921	10
Benefits	<u>418,628</u>	<u>359,080</u>	<u>59,548</u>	<u>17</u>
TOTAL PERSONNEL	<u>2,088,494</u>	<u>1,875,025</u>	<u>213,469</u>	<u>11</u>
Supplies	552,438	498,346	54,092	11
Professional Fees	83,652	74,942	8,710	12
Purchased Services	186,233	159,939	26,294	16
Utilities	45,825	41,740	4,085	10
Other Operating Expense	<u>147,925</u>	<u>140,961</u>	<u>6,964</u>	<u>5</u>
TOTAL PERSONNEL AND OTHER EXPENSES	<u>3,104,567</u>	<u>2,790,953</u>	<u>313,614</u>	<u>11</u>
OPERATING CASH FLOW MARGIN	<u>307,902</u>	<u>318,632</u>	<u>(10,730)</u>	<u>(3)</u>
Depreciation and Amortization	176,242	154,408	21,834	14
Interest Expense	<u>71,192</u>	<u>61,310</u>	<u>9,882</u>	<u>16</u>
TOTAL OPERATING EXPENSES	<u>3,352,001</u>	<u>3,006,671</u>	<u>345,330</u>	<u>11</u>
OPERATING INCOME	60,468	102,914	(42,446)	(41)
<u>NON-OPERATING INCOME</u>				
Interest and dividend income	23,790	34,433	(10,643)	(31)
Net increase in the fair value of investments	100,122	162,220	(62,098)	(38)
Other, net	<u>(3,355)</u>	<u>(5,866)</u>	<u>2,511</u>	<u>(43)</u>
TOTAL NON-OPERATING INCOME	<u>120,557</u>	<u>190,787</u>	<u>(70,230)</u>	<u>(37)</u>
REVENUE OVER EXPENSES	<u>\$ 181,025</u>	<u>\$ 293,701</u>	<u>\$ (112,676)</u>	<u>(38)</u>

Obligated Group includes the Primary Enterprise and The Carolinas HealthCare Foundation, Inc.

CAROLINAS HEALTHCARE SYSTEM

OBLIGATED GROUP

COMPARATIVE STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30,

(dollars in thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from patients and third party payors	\$ 3,103,586	\$ 2,814,188
Payments to suppliers for goods and services	(1,058,812)	(965,167)
Payments to employees for services	(2,131,882)	(1,858,508)
Receipts from others, net	<u>310,665</u>	<u>295,903</u>
Net cash provided by operating activities	<u>223,557</u>	<u>286,416</u>
Noncapital financing activities	<u>(331)</u>	<u>(332)</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets, net	(322,238)	(292,439)
Donated funds designated for building and equipment purchases	4,115	8,344
Transfer from (acquisition of) health related businesses, net of cash acquired	163	(16,668)
Principal payments, refunding and retirements on short- and long-term debt	(420,248)	(141,688)
Interest payments on short- and long-term debt	(83,285)	(72,548)
Decrease in bond proceeds held by trustee	4,441	42,774
Proceeds from issuance of long-term debt	455,557	172,629
Increase in other assets affecting capital and related financing activities	(10,876)	(2,827)
Other contributions	<u>2,596</u>	<u>510</u>
Net cash used in capital and related financing activities	<u>(369,775)</u>	<u>(301,913)</u>
Cash flows from investing activities:		
Withdrawal from funded depreciation and other investments	302,900	315,200
Contribution to funded depreciation and other investments	(185,996)	(257,000)
Investment earnings	661	6,865
Decrease in other trusteed assets	17,153	1,803
Sale (purchase) of investments	3,008	(6,276)
Decrease (increase) in loans to affiliate	<u>2,718</u>	<u>(9,208)</u>
Net cash provided by investing activities	<u>140,444</u>	<u>51,384</u>
(Decrease) increase in cash and cash equivalents	<u>(6,105)</u>	<u>35,555</u>
Cash and cash equivalents, beginning of year	109,872	58,929
Cash and cash equivalents, end of period	<u>\$ 103,767</u>	<u>\$ 94,484</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 60,468	\$ 102,914
Interest expense considered capital financing activity	71,192	61,310
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	176,242	154,408
Increase in patient account receivables, net	(19,994)	(22,481)
Increase in inventories and other current assets	(24,766)	(50,421)
(Increase) decrease in other assets affecting operating activities	(2,325)	656
(Decrease) increase in accounts payable and other current liabilities	(22,407)	9,727
Decrease in other liabilities affecting operating activities	(28,045)	(27,212)
Increase in third party estimated reserves and deferred revenues	<u>13,192</u>	<u>57,515</u>
Net cash provided by operating activities	<u>\$ 223,557</u>	<u>\$ 286,416</u>

Obligated Group includes the Primary Enterprise and The Carolinas HealthCare Foundation, Inc.

***The Charlotte-Mecklenburg Hospital Authority
d/b/a Carolinas HealthCare System***

Utilization Information

For the Nine Months Ended September 30, 2013

The table below summarizes certain information concerning utilization of the Obligated Group's medical group and principal inpatient facilities during the nine months ended September 30, 2013 and 2012.

	Summary Utilization Information	
	Nine Months Ended September 30,	
	2013	2012
Carolinas HealthCare System Medical Group ⁽¹⁾		
Practice locations	412	395
Total Physicians ⁽²⁾	1,441	1,289
Patient visits (including faculty) ⁽²⁾	3,516,653	3,303,624
Acute Care Facilities ⁽³⁾		
Adjusted patient days (excluding newborn) ⁽⁴⁾	935,582	941,330
Adjusted discharges (excluding newborn) ⁽⁴⁾	208,273	205,235
Surgical Procedures	63,592	64,045
Carolinas Medical Center and Levine Children's Hospital		
Licensed beds ⁽⁵⁾	903	888
Beds in service	903	888
Average daily census	684.4	720.1
Percentage occupancy of licensed beds	75.8%	81.1%
Percentage occupancy of beds in service	75.8%	81.1%
Patient days (excluding newborn)	186,854	197,295
Adjusted patient days (excluding newborn) ⁽⁴⁾	329,086	335,856
Average length of stay (days)	5.5	5.6
Discharges (excluding newborn)	34,210	35,443
Adjusted discharges (excluding newborn) ⁽⁴⁾	60,250	60,335
Emergency room visits	88,276	84,460
Surgical procedures	23,897	23,386
Newborn deliveries	4,549	4,529
Behavioral Health Center/CMC - Randolph		
Licensed beds ⁽⁶⁾	73	73
Beds in service	73	73
Average daily census	68.0	67.6
Percentage occupancy of licensed beds	93.1%	92.6%
Percentage occupancy of beds in service	93.1%	92.6%
Patient days	18,561	18,514
Adjusted patient days	36,182	36,705
Average length of stay (days)	8.4	9.7
Discharges	2,212	1,909
Carolinas Medical Center - NorthEast		
Licensed beds	457	457
Beds in service	450	450
Average daily census	255.6	273.4
Percentage occupancy of licensed beds	55.9%	59.8%
Percentage occupancy of beds in service	56.8%	60.8%
Patient days (excluding newborn)	69,777	74,905
Adjusted patient days (excluding newborn) ⁽⁴⁾	191,147	204,522
Average length of stay (days)	4.4	4.5
Discharges (excluding newborn)	15,792	16,648
Adjusted discharges (excluding newborn) ⁽⁴⁾	43,261	45,456
Emergency room visits	77,631	76,843
Surgical procedures	8,490	8,694
Newborn deliveries	1,946	1,945
Carolinas Medical Center - Mercy		
Licensed beds ⁽⁷⁾	173	172
Beds in service	172	167
Average daily census	92.9	97.6
Percentage occupancy of licensed beds	53.7%	56.8%
Percentage occupancy of beds in service	54.0%	58.5%
Patient days	25,354	26,750
Adjusted patient days (excluding newborn)	51,362	51,100
Average length of stay (days)	4.0	4.3
Discharges (excluding newborn)	6,343	6,217
Adjusted discharges (excluding newborn)	12,850	11,876
Emergency room visits	25,794	25,349
Surgical procedures	7,277	7,085

Summary Utilization Information		
Nine Months Ended September 30,		
	2013	2012
Carolinas Medical Center - Pineville		
Licensed beds ⁽⁷⁾	206	183
Beds in service	183	149
Average daily census	141.0	111.9
Percentage occupancy of licensed beds	68.4%	61.1%
Percentage occupancy of beds in service	77.0%	75.1%
Patient days (excluding newborn)	38,492	30,659
Adjusted patient days (excluding newborn) ⁽⁴⁾	92,612	81,698
Average length of stay (days)	4.2	4.1
Discharges (excluding newborn)	9,093	7,457
Adjusted discharges (excluding newborn) ⁽⁴⁾	21,878	19,871
Emergency room visits	64,677	60,007
Surgical procedures	5,950	6,075
Newborn deliveries	2,086	2,031
Cleveland Regional Medical Center ⁽³⁾		
Licensed beds	241	241
Beds in service	181	181
Average daily census	83.0	88.9
Percentage occupancy of licensed beds	34.4%	36.9%
Percentage occupancy of beds in service	45.8%	49.1%
Patient days (excluding newborn)	22,651	24,369
Adjusted patient days (excluding newborn)	63,241	64,121
Average length of stay (days)	3.7	3.8
Discharges (excluding newborn)	6,157	6,392
Adjusted discharges (excluding newborn)	17,190	16,819
Emergency room visits	47,974	49,174
Surgical procedures	4,280	4,572
Newborn deliveries	778	759
Carolinas Medical Center - Union		
Licensed beds	157	157
Beds in service	130	142
Average daily census	75.6	86.7
Percentage occupancy of licensed beds	48.1%	55.3%
Percentage occupancy of beds in service	58.1%	61.1%
Patient days (excluding newborn)	20,631	23,769
Adjusted patient days (excluding newborn) ⁽⁴⁾	73,183	78,258
Average length of stay (days)	3.8	4.0
Discharges (excluding newborn)	5,468	5,880
Adjusted discharges (excluding newborn) ⁽⁴⁾	19,396	19,360
Emergency room visits	52,595	50,888
Surgical procedures	4,513	5,192
Newborn deliveries	804	876
Carolinas Medical Center - University		
Licensed beds ⁽⁷⁾	94	106
Beds in service	94	106
Average daily census	57.6	56.4
Percentage occupancy of licensed beds	61.3%	53.2%
Percentage occupancy of beds in service	61.3%	53.2%
Patient days (excluding newborn)	15,732	15,457
Adjusted patient days (excluding newborn) ⁽⁴⁾	64,313	60,737
Average length of stay (days)	3.7	3.6
Discharges (excluding newborn)	4,275	4,324
Adjusted discharges (excluding newborn) ⁽⁴⁾	17,476	16,991
Emergency room visits	68,998	62,484
Surgical procedures	6,316	6,372
Newborn deliveries	1,075	1,056

	Summary Utilization Information	
	Nine Months Ended September 30,	
	2013	2012
Carolinas Medical Center - Lincoln		
Licensed beds	101	101
Beds in service	101	101
Average daily census	41.2	37.9
Percentage occupancy of licensed beds	40.8%	37.6%
Percentage occupancy of beds in service	40.8%	37.6%
Patient days (excluding newborn)	11,255	10,395
Adjusted patient days (excluding newborn)	37,441	32,803
Average length of stay (days)	3.9	3.9
Discharges (excluding newborn)	2,858	2,647
Adjusted discharges (excluding newborn)	9,508	8,353
Emergency room visits	36,440	34,994
Surgical procedures	2,149	2,084
Newborn deliveries	282	285
Kings Mountain Hospital ⁽³⁾		
Licensed beds	102	102
Beds in service	62	62
Average daily census	36.4	39.3
Percentage occupancy of licensed beds	35.7%	38.5%
Percentage occupancy of beds in service	58.7%	63.4%
Patient days (excluding newborn)	9,942	10,772
Adjusted patient days (excluding newborn)	33,197	32,235
Average length of stay (days)	5.1	5.2
Discharges (excluding newborn)	1,936	2,063
Adjusted discharges (excluding newborn)	6,464	6,174
Emergency room visits	22,804	22,559
Surgical procedures	720	585
Carolinas Rehabilitation ⁽⁸⁾		
Licensed beds ⁽⁹⁾	169	169
Beds in service	159	159
Average daily census	125.1	119.1
Percentage occupancy of licensed beds ⁽⁹⁾	74.0%	70.5%
Percentage occupancy of beds in service	78.7%	74.9%
Patient days	34,145	32,634
Adjusted patient days	41,337	39,642
Average length of stay (days)	16.0	15.3
Discharges	2,136	2,137
First Step Behavioral Health		
Licensed beds	27	27
Beds in service	27	27
Average daily census	5.0	6.7
Percentage occupancy of licensed beds	18.5%	24.8%
Percentage occupancy of beds in service	18.5%	24.8%
Patient days	1,360	1,836
Adjusted patient days	3,270	3,673
Average length of stay (days)	4.1	5.2
Discharges	330	356
Huntersville Oaks		
Licensed beds	168	168
Average daily census	158.3	157.0
Percentage occupancy of licensed beds	94.2%	93.4%
Patient days	43,217	43,012
Sardis Oaks		
Licensed beds	124	124
Average daily census	106.2	108.2
Percentage occupancy of licensed beds	85.7%	87.2%
Patient days	28,996	29,637
Cleveland Pines Nursing Center ⁽¹⁰⁾		
Licensed beds	120	120
Average daily census	115.7	116.7
Percentage occupancy of licensed beds	96.4%	97.3%
Patient days	31,591	31,980

Summary Utilization Information

Nine Months Ended September 30,

2013 2012

Jesse Helms Nursing Center

Licensed beds	70	70
Average daily census	66.0	66.4
Percentage occupancy of licensed beds	94.2%	94.8%
Patient days	18,008	18,184

- (1) Includes physician practices that are owned, managed or staffed by the Carolinas HealthCare System Medical Group, formerly referred to as Physician Services Group.
- (2) In previous years, the System reported the number of faculty physicians separately from the total physicians and excluded faculty physicians from the number of patient visits because revenues generated from faculty physicians belonged to a separate legal entity and were not part of the Obligated Group. Now that such revenues are included as revenues of the Obligated Group, it is no longer necessary to distinguish between faculty and non-faculty physicians.
- (3) Utilization information for the Acute Care Facilities includes Cleveland Regional Medical Center and Kings Mountain Hospital, which became members of the Primary Enterprise in March 2013 and members of the Obligated Group in May 2013.
- (4) Adjusted patient days and adjusted discharges for the acute care facilities includes utilization in joint ventures in which the Obligated Group has an ownership interest, based on the percentage of ownership in such joint venture.
- (5) Licensed beds for Carolinas Medical Center for the nine months ended September 30, 2013 and 2012 reflect the weighted average of a temporary increase of 80 licensed beds due to high census effective August 30, 2010. In addition, licensed beds and beds in service for the nine months ended September 30, 2013 also reflect the weighted average of 19 permanent licensed beds granted by the State on February 21, 2013.
- (6) Licensed beds for Behavioral Health Center/CMC - Randolph for the nine months ended September 30, 2013 and 2012 reflect the weighted average of a temporary increase of seven licensed beds beginning June 1, 2010.
- (7) In connection with the planned renovation and expansion of Carolinas Medical Center - Pineville, beds from Carolinas Medical Center - Mercy and Carolinas Medical Center - University were transferred to Carolinas Medical Center - Pineville. During 2012, 44 beds were transferred from Carolinas Medical Center - Mercy and 36 beds were transferred from Carolinas Medical Center - University to Carolinas Medical Center - Pineville. Concurrent with this renovation and expansion, 38 licensed beds were added to Carolinas Medical Center - Mercy on April 4, 2012. All transfers were completed at December 31, 2012, and licensed beds for the nine months ended September 30, 2012 reflect the weighted average of these changes.
- (8) Includes Carolinas Rehabilitation-Main, Carolinas Rehabilitation-Mount Holly, and the new Carolinas Rehabilitation-NorthEast, which opened July 15, 2013.
- (9) The North Carolina Department of Health and Human Services approved the relocation of 10 rehabilitative beds previously located at Novant Health Rowan Regional Medical Center, pursuant to a prior management services agreement, to Carolinas Rehabilitation - Main. These 10 beds, which were transferred with an effective date of September 21, 2010, were relocated to a new 40-bed rehabilitation facility (Carolinas Rehabilitation - NorthEast), which commenced operations in July, 2013. Licensed beds for the nine months ended September 30, 2013 and 2012 include these 10 beds. In connection with the opening of Carolinas Rehabilitation - NorthEast, 30 beds were transferred from Carolinas Rehabilitation - Main and 10 beds were transferred from Stanly Regional Medical Center effective October 1, 2013. Subsequent to the transfer, Carolinas Rehabilitation will have a total of 179 beds. Licensed beds for the nine months ended September 30, 2013 and 2012 exclude the 10 beds from Stanly.
- (10) Operated as part of Cleveland County HealthCare System which became part of the Primary Enterprise in 2013.