

Riverview Hospital dba Riverview Health

Sources of Patient Revenue

Payments to the Borrower are made on behalf of certain patients by federal and state governments under Medicare and Medicaid programs and other payors, including commercial insurance and self-pay. A percentage breakdown by source of gross patient revenue for the Borrower is presented below:

<u>Payor</u>	<u>2007 (1)</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>	<u>2014 (2)</u>
Medicare	42%	42%	45%	45%	46%	45%	48%	47%
Medicaid	5%	6%	8%	8%	8%	8%	8%	7%
Commercial	25%	24%	20%	18%	18%	19%	20%	20%
Blue Cross	18%	20%	18%	19%	19%	20%	7%	7%
Self-pay	10%	8%	9%	10%	8%	8%	17%	19%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(1) See audited financial statements in Appendix B

(2) unaudited financial statements (audited not available until 3/31/14)

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Hospital Utilization

	<u>2007 (1)</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>	<u>2014 1st QTR</u>
Staffed Beds	156	156	156	156	156	156	156	156
Occupancy percentage	51.82%	55.56%	54.10%	54.15%	50.32%	47.58%	45.59%	44.00%
Admissions:								
Acute care	4,843	4,993	4,798	4,812	4,430	4,241	3,818	869
Rehabilitation	457	499	448	459	483	466	496	111
TCU	391	430	489	520	481	464	439	84
Total Admissions	<u>5,691</u>	<u>5,922</u>	<u>5,735</u>	<u>5,791</u>	<u>5,394</u>	<u>5,171</u>	<u>4,753</u>	<u>1,064</u>
Average length of stay (days):								
Acute care	3.8	4.0	4.0	4.0	3.9	3.8	3.9	3.8
Rehabilitation	12.5	12.0	13.0	13.0	12.8	12.4	12.4	13.3
TCU	13.2	12.0	11.0	10.8	11.1	11.0	12.0	16.2
Patient Days:								
Acute care	18,620	20,365	19,582	19,239	17,115	16,227	14,761	3,344
Rehabilitation	5,730	6,200	5,892	5,967	6,195	5,759	6,108	1,475
TCU	5,159	5,160	5,415	5,615	5,330	5,106	5,234	1,358
Births	1,016	946	912	1,153	794	757	682	389
Surgeries:								
Inpatient	1,208	1,294	1,215	1,297	1,304	1,164	1,268	251
Outpatient	<u>3,373</u>	<u>3,225</u>	<u>2,979</u>	<u>3,113</u>	<u>2,895</u>	<u>2,850</u>	<u>2,725</u>	<u>611</u>
Total Surgeries	4,581	4,519	4,194	4,410	4,199	4,014	3,993	862
Open Heart Surgeries	47	43	68	45	38	20	31	3
Emergency room visits	26,489	27,606	28,084	26,127	26,071	25,327	23,861	5,090
Outpatient visits	296,434	270,789	289,564	288,278	337,100	414,026	417,968	106,167

(1) See audited financial statements in Appendix B

(2) unaudited financial statements (audited not available until 3/31/14)

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Condensed Statement of Revenue and Expenses

(in thousands of \$)	<u>2007(1)</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	2013 <u>1st QTR</u>	<u>2013 (1)</u>	2014 <u>1st QTR</u>
Net Patient Service Revenue	124,602	133,540	131,474	133,544	182,488	147,526	35,834	150,022	33,258
Other Revenue	<u>3,869</u>	<u>5,014</u>	<u>5,188</u>	<u>4,703</u>	<u>5,534</u>	<u>7,906</u>	<u>2,087</u>	<u>9,980</u>	<u>2,174</u>
Total Revenue	<u>128,471</u>	<u>138,554</u>	<u>136,662</u>	<u>138,247</u>	<u>188,022</u>	<u>155,432</u>	<u>37,921</u>	<u>160,002</u>	<u>35,432</u>
Expenses:									
Operating Expenses	118,921	120,072	121,331	124,324	172,372	146,057	35,134	147,180	33,920
Depreciation and Amortization	9,635	10,039	10,090	9,840	9,578	10,135	2,663	10,746	2,684
Interest	<u>2,548</u>	<u>2,671</u>	<u>2,220</u>	<u>2,125</u>	<u>1,519</u>	<u>1,705</u>	<u>442</u>	<u>2,069</u>	<u>490</u>
Total Expenses	<u>131,104</u>	<u>132,782</u>	<u>133,641</u>	<u>136,289</u>	<u>183,469</u>	<u>157,897</u>	<u>38,239</u>	<u>159,995</u>	<u>37,095</u>
Operating Income	<u>(2,633)</u>	<u>5,772</u>	<u>3,021</u>	<u>1,958</u>	<u>4,553</u>	<u>(2,465)</u>	<u>(318)</u>	<u>7</u>	<u>(1,663)</u>
Non-operating Income, Net	<u>3,032</u>	<u>(6,293)</u>	<u>7,643</u>	<u>4,301</u>	<u>625</u>	<u>6,876</u>	<u>1,724</u>	<u>9,696</u>	<u>631</u>
Excess of Revenue Over Expenses	<u><u>399</u></u>	<u><u>(521)</u></u>	<u><u>10,664</u></u>	<u><u>6,259</u></u>	<u><u>5,178</u></u>	<u><u>4,411</u></u>	<u><u>1,406</u></u>	<u><u>9,703</u></u>	<u><u>(1,032)</u></u>

(1) See audited financial statements in Appendix B

(2) unaudited financial statements (audited not available until 3/31/15)

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Outstanding Long-Term Indebtedness

The Borrower's Long-term debt consisted of the following as of December 31, 2007, 2008, 2009, 2010, 2011, 2012, and 2013

	2007 (1)	2008 (1)	2009 (1)	2010 (1)	2011 (1)	2012 (1)	2013 (1)	March 31, 2014 (2)	
Series 1996 Refunding Revenue Bonds ("Series 1996 Association Bonds") Due in Semi-Annual Installments of \$190,000 to \$1,105,000 through February 2010; Interest at 4.05% to 5.20%.	1,365,000	810,000	285,000	-	-				Retired
Series 1999 Indiana Health Facility Financing Authority, Hospital Revenue Bonds Due in Annual Installments of \$255,000 to \$795,000 through August 2024; Interest at 4.10% to 5.50%.	9,130,000	8,785,000	8,420,000	8,040,000	-				Retired
Series 2002 Indiana Health Facility Financing Authority, Hospital Revenue Bonds Due in Annual Installments of \$615,000 to \$2,515,000 beginning in August 2018 through August 2031; Interest at 6.00% to 6.13%.	20,000,000	20,000,000	20,000,000	-	-				Retired Refunded
Series 2004 Indiana Health Facility Financing Authority, Adjustable Rate Hospital Revenue Bonds Due in Annual Installments of \$400,000 to \$1,200,000 beginning in August 2005 through August 2032; Interest is variable.	19,400,000	18,900,000	18,400,000	17,900,000	17,400,000	-			Retired in Dec 2012
Series 2005 Indiana Health Facility Financing Authority, Hospital Revenue Bonds Due in Semi-Annual Installments of \$245,000 to \$475,000 beginning in August 2005 through August 2017; Interest at 2.5% to 4.50%.	7,815,000	7,165,000	6,490,000	5,790,000	5,065,000	4,310,000	3,520,000	3,115,000	
Series 2010 Indiana Health Facility Financing Authority, Hospital Revenue Bonds Due in Monthly Installments of \$141,076 beginning in January 2011 through December 2025; Interest fixed at 3.9%				18,239,151	18,239,151	17,240,135	-		Retired in Nov 2013
Series 2011 Indiana Health Facility Financing Authority, Hospital Revenue Bonds Due in Monthly Installments of \$71,547.18 beginning in October, 2011 through September, 2021; Interest at 4.2%	-	-	-	-	6,859,186	6,277,595	5,671,101	5,515,463	Refunding 1999
Series 2012 BMO Haris Bank Financing Hospital Revenue Bonds Due in Annual Installments ranging from \$935,000 to 1.32 million beginning on Dec 1, 2013, through December, 2027; Total Fixed Interest at 12/31/2012 is 2.67%						16,900,000	15,965,000	15,965,000	Refunding 2004
Series 2013 BMO Haris Bank Financing Hospital Revenue Bonds Due in Annual Installments ranging from \$5,000 to 80,000 beginning on Nov 1, 2013, through October, 2023; Total Fixed Interest at 12/31/2013 is 2.173%							16,925,000	16695000	Refunding 2010
	<u>\$57,710,000</u>	<u>\$55,660,000</u>	<u>\$53,595,000</u>	<u>\$49,969,151</u>	<u>\$47,563,337</u>	<u>\$44,727,730</u>	<u>\$42,081,101</u>	<u>\$41,290,463</u>	

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Historical Debt Service Coverage

The following table presents the calculation of debt service coverage for the Borrower for the years ended December 31, 2007, 2008, 2009, 2010, 2011, 2012, 2013, and 2014.

(in thousands of \$)	<u>2007 (1)</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>	<u>March 31, 2014 (2)</u>
Net Income Available for Debt Service:								
Excess of Total Revenues Over Total Exp	\$ 399	\$ (521)	\$ 10,430	\$ 6,259	\$ 5,178	\$ 4,411	\$ 9,702	\$ (1,032)
Interest	2,548	2,671	2,220	2,125	1,519	1,705	2,069	490
Depreciation and Amortization	9,635	10,039	10,065	9,840	9,578	10,135	10,746	2,684
Total Income Available	<u>\$ 12,582</u>	<u>\$ 12,189</u>	<u>\$ 22,715</u>	<u>\$ 18,224</u>	<u>\$ 16,275</u>	<u>\$ 16,251</u>	<u>\$ 22,517</u>	<u>\$ 2,143</u>
Total Maximum Annual Debt Service	4,839	4,839	4,839	5,306	6,061	4,942	5,829	1,457
Debt Service Coverage Ratio	2.6	2.5	4.7	3.4	2.7	3.3	3.9	1.5

The principal amount outstanding and final maturity date of the Borrower's existing long-term debt as of December 31, 2008, 2009, 2010, 2011, 2012, and 2013.

	<u>Final Maturity</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>	<u>March 31, 2013 (2)</u>
Series 1996	February 1, 2010	810,000	285,000					
Series 1999	August 1, 2024	8,785,000	8,420,000	8,040,000				
Series 2002	August 1, 2031	20,000,000	20,000,000					
Series 2004	August 1, 2032	18,900,000	18,400,000	17,900,000	17,400,000			
Series 2005	August 1, 2017	7,165,000	6,490,000	5,790,000	5,065,000	4,310,000	3,520,000	3,115,000
Series 2010	December 1, 2025			18,239,151	18,239,151	17,240,135	-	-
Series 2011	September 1, 2021				6,859,186	6,277,595	5,671,101	5,515,463
Series 2012	December 1, 2027					16,900,000	15,965,000	15,965,000
Series 2013	October 1, 2023						16,925,000	16,695,000
Totals		<u>\$ 55,660,000</u>	<u>\$ 53,595,000</u>	<u>\$ 49,969,151</u>	<u>\$ 47,563,337</u>	<u>\$ 44,727,730</u>	<u>\$ 42,081,101</u>	<u>\$ 41,290,463</u>

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Liquidity and Capitalization

Liquidity

The Board has established investment policies for the investment of working capital, funded depreciation, insurance reserves, and pension funds. Four professional money managers, each representing a specific investment style, are utilized to invest these monies. Management of the Borrower and an independent investment consultant conduct a quarterly review of each investment manager's performance. The consultant also reviews investment results with the Finance Committee on periodic basis.

The cash and investment position of the Borrower is presented in the following table:

(in thousands of \$)

Cash and Investments	2007 (1)	2008 (1)	2009 (1)	2010 (1)	2011 (1)	2012 (1)	2013 (1)	2014 (2)
Cash and cash equivalents	\$ 5,872	\$ 8,218	\$ 12,250	\$ 16,586	\$ 15,610	\$ 12,560	\$ 15,244	\$ 11,626
Board designated funds	33,119	25,401	34,260	41,353	41,175	41,601	63,239	73,311
Total Cash and Investments	<u>\$ 38,991</u>	<u>\$ 33,619</u>	<u>\$ 46,510</u>	<u>\$ 57,939</u>	<u>\$ 56,785</u>	<u>\$ 54,161</u>	<u>\$ 78,483</u>	<u>\$ 84,937</u>
Days Cash and Investments	128	110	147	167	151	142	196	222
Long-term Debt	\$ 57,710	49,969	53,595	49,969	47,563	44,728	42,081	41,290
Cash / Long-Term Debt	68%	67%	87%	116%	119%	121%	187%	206%

Capitalization

The following table sets forth the historical capitalization of the Borrower as of December 31, 2007, 2008, 2009, 2010, 2011, 2012, 2013 & 2014 .

(in thousands of \$)

Debt to Capitalization	2007	2008	2009	2010	2011	2012	2013	2014
Long-Term Debt	\$ 57,710	\$ 49,969	\$ 53,595	\$ 31,730	\$ 29,324	44,728	42,081	41,290
Net Assets	95,517	94,744	105,316	105,316	116,636	\$ 118,153	117,247	126,950
Debt to Capitalization Ratio	<u>37.7%</u>	<u>34.5%</u>	<u>33.7%</u>	<u>23.2%</u>	<u>20.1%</u>	<u>27.5%</u>	<u>26.4%</u>	<u>24.5%</u>