



**SYLVANIA
FRANCISCAN
HEALTH**

*The Health and Human Services Ministry
of The Sisters of St. Francis of Sylvania Ohio*

May 7, 2014

To Denise Smith:

Enclosed for the Sylvania Franciscan Health Obligated Group are the following:

- Quarterly Financial Statements and Statistical Reports for the Sylvania Franciscan Health Obligated Group for the quarter ending March 31, 2014.
- Payor Mix information for the quarter ending March 31, 2014 for:
 - St. Joseph Regional Health Center
 - St. Joseph Manor
- Sylvania Franciscan Health Obligated Group Key Financial Ratios for the quarter ending March 31, 2014.

Thank you for your interest in Sylvania Franciscan Health and the Sylvania Franciscan Health Obligated Group. Please contact me if you should have any questions.

Sincerely,

Robert B. Tracz
Senior Vice President Finance & CFO

RBT/jl

cc: Jim Pope
Thomas I. Webb, Jr.
Odette Bolano
Dan Goggin

Sylvania Franciscan Health
Quarterly Obligated Group Report
Statement of Operations and Changes in Net Assets
As of 03/31/14

	YEAR-TO-DATE			
	Actual 2014	Actual 2013	Variance Amount	Variance %
Net Patient Service Revenue:	\$ 76,903,882	\$ 75,201,803	\$ 1,702,079	2.3%
Other Revenue	8,103,799	4,020,978	4,082,821	101.5%
TOTAL REVENUE	85,007,681	79,222,781	5,784,900	7.3%
Operating Expenses:				
Salaries and Wages	33,830,301	32,431,987	1,398,314	4.3%
Employee Benefits	8,454,190	8,142,781	311,409	3.8%
Professional Fees	8,460,030	3,909,557	4,550,473	116.4%
Supplies and Pharmaceuticals	10,497,810	11,095,328	(597,518)	-5.4%
Purchased Services, Utilities, and Other	15,421,827	15,147,209	274,618	1.8%
Provision for Bad Debt	91,171	16,073	75,098	467.2%
Insurance	1,130,630	342,817	787,813	229.8%
TOTAL OPERATING EXPENSES	77,885,959	71,085,752	6,800,207	9.6%
EARNINGS BEFORE INT, DEPR, AND AMORT	7,121,722	8,137,029	(1,015,307)	-12.5%
Depreciation and Amortization	4,704,268	4,569,963	134,305	2.9%
Interest	1,786,539	1,770,347	16,192	0.9%
TOTAL OPERATING EXPENSES	84,376,766	77,426,062	6,950,704	9.0%
INCOME FROM OPERATIONS	630,915	1,796,719	(1,165,804)	-64.9%
Nonoperating Revenues (Expenses):				
Investment Income	192,709	666,204	(473,495)	-71.1%
Net Realized Gain (Loss) on Investment	1,018,967	80,330	938,637	1168.5%
Contributions	(41,975)	35,000	(76,975)	-219.9%
Gain (Loss) on Disposal of Assets	-	565	(565)	-100.0%
Other	-	-	0	0.0%
SUBTOTAL: NONOPERATING REVENUES	1,169,701	782,099	387,602	49.6%
SUBTOTAL: EXCESS OF REV OVER EXP	1,800,616	2,578,818	(778,202)	-30.2%
Unrealized Gain (Loss) on Investment	(4,056,023)	2,715,301	(6,771,324)	-249.4%
Change in Fair Value of Interest Rate Swap	269,128	1,785,819	(1,516,691)	-84.9%
EXCESS OF REVENUES OVER EXPENSES	\$ (1,986,279)	\$ 7,079,938	\$ (9,066,217)	-128.1%
Other Changes to Net Assets:				
Contributions	75,000	25,363	49,637	195.7%
Transfers (to) from Affiliates	(6,458,478)	(284,778)	(6,173,700)	2167.9%
Other	31,441	2,290	29,151	1273.0%
Increase (Decrease) in Net Assets	(8,338,316)	6,822,813	(15,161,129)	-222.2%
Net Assets at Beginning of Year	301,946,959	274,839,940	27,107,019	9.9%
NET ASSETS AS OF MARCH 31	\$ 293,608,643	\$ 281,662,753	\$ 11,945,890	4.2%
Operating Margin:	0.7%	2.3%	-1.5%	
Total Margin:	-2.3%	8.8%	-11.2%	

Sylvania Franciscan Health
OBLIGATED GROUP BALANCE SHEET

	As of 3/31/14	As of 12/31/13
ASSETS		
GENERAL FUNDS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$2,657,182	\$12,419,134
Marketable Securities	\$0	0
Current Portion of Trustee-Held Funds	\$5,646,961	7,292,138
Accounts Receivable:		
Patient	\$77,505,112	74,668,320
Less Allowance for Doubtful Accounts	14,115,743	14,720,253
	63,389,369	59,948,067
Settlements Due from Third Party Reimbursement	0	0
Due from Affiliates	21,584	2,916,051
Inventories	5,296,187	5,487,360
Prepaid Expenses and Other Current Assets	14,966,584	11,663,379
TOTAL CURRENT ASSETS	91,977,867	99,726,129
ASSETS WHOSE USE IS LIMITED		
Board-Designated and Restricted Funds	1,477,893	2,392,168
Trustee-Held Funds, Less Current Portion	9,813,261	11,842,462
Foundation-Restricted Funds	1,407,110	1,442,467
TOTAL LIMITED ASSETS	12,698,264	15,677,097
OTHER ASSETS	5,145,064	5,802,869
LONG-TERM INVESTMENTS	195,392,671	209,710,579
PROPERTY, PLANT AND EQUIPMENT	166,847,856	168,662,732
UNAMORTIZED FINANCING COSTS	2,669,433	2,623,120
	\$474,731,155	\$502,202,526

	As of 03/31/14	As of 12/31/13
LIABILITIES AND FUND EQUITIES		
GENERAL FUNDS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses:		
Accounts Payable	\$14,108,844	\$22,881,830
Notes Payable	0	0
Compensation, Fees and Amounts		
Withheld from Compensation	8,153,969	10,870,556
Accrued Interest	1,751,961	3,602,138
Due to Affiliates	837,615	1,514,148
	24,852,389	38,868,672
Settlements Payable Under Third Party		
Reimbursement Contracts	4,833,987	4,879,275
Lines of Credit	283,635	963,635
Current Portion of Long-Term Debt and		
Capital Lease Obligations	4,163,230	4,173,970
TOTAL CURRENT LIABILITIES	34,133,241	48,885,552
PENSION LIABILITY	1,477,893	2,970,427
DUE TO AFFILIATES	340,561	-
POSTRETIREMENT BENEFIT OBLIGATION	2,360,297	737,157
DERIVATIVE LIABILITY, NET	9,288,736	9,557,867
OTHER	0	0
REFUNDABLE FEES AND FEES HELD FOR		
RESIDENTS	20,171	34,456
LONG-TERM DEBT AND CAPITAL LEASE		
OBLIGATIONS, less current portion	133,501,613	137,886,302
NET ASSETS	293,608,643	302,130,765
	\$474,731,155	\$502,202,526

ST. JOSEPH REGIONAL HEALTH CENTER
 Comparative Statistical Report
 As of 03/31/2014

	MONTHLY				YEAR-TO-DATE			
	Actual	Budget	Variance Amount	Variance %	Actual	Budget	Variance Amount	Variance %
Total Facility								
Patient Days	5,603	6,155	-552	-9.0%	16,512	18,012	-1,500	-8.3%
Average Daily Census	181	199	-18	-9.0%	183	200	-17	-8.3%
Occupancy Rate (%)	63.9	70.2	-6.3	-9.0%	64.8	70.7	-5.9	-8.3%
Managed Occupancy Rate (%)	71.4	77.6	-6.1	-7.9%	72.5	78.2	-5.7	-7.2%
Discharges	1,280	1,439	-159	-11.1%	3,719	4,205	-486	-11.6%
Total Weights Related to Discharges	1,849	2,138	-289	-13.5%	5,582	6,247	-665	-10.6%
Overall Case Mix Index	1.4446	1.4858	-0.0412	-2.8%	1.5010	1.4858	0.0152	1.0%
Average Length of Stay	4.4	4.3	0.1	2.4%	4.4	4.3	0.2	3.6%
Observation Days	602	590	12	2.0%	1,825	1,723	102	5.9%
Observation Discharges	414	373	41	11.0%	1,230	1,088	142	13.1%
Outpatient Registrations	14,245	18,966	-4,721	-24.9%	46,927	56,177	-9,250	-16.5%
Outpatient Procedures	82,880	90,842	-7,962	-8.8%	249,800	266,496	-16,696	-6.3%
Emergency Room Visits	6,166	6,157	9	0.1%	18,005	17,923	82	0.5%
Urgent Care Visits	3,839	4,278	-439	-10.3%	12,540	13,176	-636	-4.8%
Home Health Visits	0	0	0	0.0%	0	0	0	0.0%
Inpatient Surgeries	397	460	-63	-13.7%	1,214	1,353	-139	-10.3%
Outpatient Surgeries	624	591	33	5.6%	1,711	1,793	-82	-4.6%
Births	131	137	-6	-4.4%	372	407	-35	-8.6%
Physician Relative Value Units (RVU's)	35,089	39,758	-4,669	-11.7%	97,592	118,989	-21,397	-18.0%
Licensed / Certified Beds	283	283	0	0.0%	283	283	0	0.0%
Managed / Staffed Beds	253	256	-3	-1.2%	253	256	-3	-1.2%
Medicare Discharges	655	743	-88	-11.9%	1,920	2,171	-251	-11.6%
Medicare Weights Related to Discharges	988	1,170	-183	-15.6%	2,998	3,419	-421	-12.3%
Medicare Case Mix Index	1.5080	1.5749	-0.0669	-4.2%	1.5615	1.5749	-0.0134	-0.8%
FTEs	1,938	2,036	-99	-4.8%	1,934	2,041	-107	-5.2%
FTEs / Adjusted Occupied Bed	5.0	5.0	0.0	-0.7%	5.0	5.0	0.1	1.2%
Revenue / Patient Day	22,185	21,479	706	3.3%	22,145	21,643	503	2.3%
Net Revenue / Patient Day	4,540	4,446	93	2.1%	4,506	4,486	21	0.5%
Costs / Patient Day	4,564	4,431	133	3.0%	4,542	4,508	34	0.7%
Accrued Man Hours	342,303	359,751	-17,448	-4.8%	992,129	1,046,959	-54,830	-5.2%
Accrued Man Hours / Discharge	267	250	17	7.0%	267	249	18	7.1%
Inpatient Sources: (Admissions)								
Emergency Room	918	892	26	3.0%	2,616	2,605	11	0.4%
	70.0%	62.0%	8.0%	12.9%	210.4%	185.9%	24.6%	
Private Physicians	385	535	-150	-28.1%	1,077	1,561	-484	-31.0%
	29.3%	37.2%	-7.9%	-21.1%	86.7%	111.4%	-24.7%	
Other	9	12	-3	-25.8%	35	38	-3	-8.8%
	0.7%	0.8%	-0.2%	-18.6%	2.8%	2.7%	0.1%	
Hospitalist	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
Inpatient Payors: (Admissions)								
Medicare	687	742	-55	-7.4%	1,927	2,167	-240	-11.1%
	52.4%	51.5%	0.8%	1.6%	154.9%	154.6%	0.3%	
Medicaid	133	182	-49	-27.1%	389	533	-144	-27.0%
	10.1%	12.7%	-2.5%	-20.1%	31.6%	38.0%	-6.4%	
Blue Cross	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
Commercial Carrier	9	22	-13	-59.7%	34	65	-31	-47.9%
	0.7%	1.6%	-0.9%	-55.8%	2.8%	4.7%	-1.9%	
Private Pay	175	161	14	8.8%	463	470	-7	-1.4%
	13.3%	11.2%	2.2%	19.4%	36.9%	33.5%	3.4%	
HMO	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
PPO	258	280	-22	-8.0%	766	819	-53	-6.5%
	19.7%	19.5%	0.2%	0.9%	61.7%	58.5%	3.3%	
Charity	0	0	0	0.0%	0	0	0	0.0%
	0	0	0	0.0%	0	0	0	0.0%
Other	50	51	-1	-2.6%	149	150	-1	-0.6%
	3.8%	3.6%	0.2%	0.0%	4.0%	3.6%	0.4%	
	0	0	0	0.0%	0	0	0	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	0	0	0	0.0%	0	0	0	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	0	0	0	0.0%	0	0	0	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

St. Joseph Manor
 Comparative Statistical Report
 As of 03/31/2014

	MONTHLY				YEAR-TO-DATE			
	Actual	Budget	Variance Amount	Variance %	Actual	Budget	Variance Amount	Variance %
Total Nursing Care								
Resident Days	2,357	2,434	-77	-3.1%	6,827	7,065	-238	-3.4%
Average Daily Census	76	79	-2	-3.1%	76	79	-3	-3.4%
Occupancy Rate (%)	93.9	96.9	-3.0	-3.1%	93.6	96.9	-3.3	-3.4%
Managed Occupancy Rate (%)	93.9	96.9	-3.0	-3.1%	93.6	96.9	-3.3	-3.4%
Discharges	42	31	11	35.5%	114	93	21	22.6%
Admissions	35	30	5	16.7%	100	90	10	11.1%
Licensed / Certified Beds	81	81	0	0.0%	81	81	0	0.0%
Managed / Staffed Beds	81	81	0	0.0%	81	81	0	0.0%
FTEs	73	73	1	0.9%	74	73	1	1.1%
FTEs / Adjusted Occupied Bed	1.0	0.9	0.0	4.2%	1.0	0.9	0.0	4.7%
Net Revenue / Resident Day	289	280	9	3.2%	290	280	10	3.5%
Costs / Patient Day	275	266	9	3.2%	278	268	9	3.5%
Accrued Man Hours	12,967	12,851	116	0.9%	37,736	37,309	427	1.1%
Nursing Hours	10,004	10,092	-89	-0.9%	29,189	29,301	-112	-0.4%
Accrued Man Hours / Resident Day	5.5	5.3	0.2	4.2%	5.5	5.3	0.2	4.7%
Nursing Hours / Resident Day	4.2	4.1	0.1	2.3%	4.3	4.1	0.1	3.1%
Inpatient Payors: (Admissions)								
Medicare	1,058	899	159	17.7%	2,909	2,610	299	11.5%
	44.9%	36.9%	7.9%		42.6%	36.9%	5.7%	
Medicaid	357	532	-175	-32.9%	1,071	1,499	-428	-28.6%
	15.1%	21.9%	-6.7%		15.7%	21.2%	-5.5%	
Other	109	109	1	0.5%	415	315	100	31.7%
	4.6%	4.5%	0.2%		6.1%	4.5%	1.6%	
Private Pay	833	837	-4	-0.5%	2,432	2,430	2	0.1%
	35.3%	34.4%	0.9%		35.6%	34.4%	1.2%	
Assisted Living								
Resident Days	1231	1240	-9	-0.7%	3581	3600	-19	-0.5%
Average Daily Census	40	40	0	-0.7%	40	40	0	-0.5%
Occupancy Rate (%)	90.2	90.9	-0.7	-0.7%	90.4	90.3	0.1	0.1%
Discharges	2	0	2	0.0%	6	4	2	50.0%
Admissions	1	0	1	0.0%	4	4	0	0.0%
Occupied Units	40	40	0	0.0%	40	120	-80	-66.7%
Licensed Units	44	44	0	0.0%	44	132	-88	-66.7%
FTEs	15	13	2	12.6%	15	13	2	14.6%
FTEs / Occupied Unit	0.4	0.3	0.0	12.6%	0.4	0.4	0.0	-4.7%
Net Revenue / Resident Day	116	115	0	0.7%	116	115	0	0.5%
Costs / Resident Day	128	128	0	0.7%	130	129	0	0.5%
Accrued Man Hours	2607	2314	293	12.6%	7703	6719	984	14.6%
Nursing Hours	1678	1387	291	21.0%	4789	4028	762	18.9%
Accrued Man Hours / Resident Day	2.1	1.9	-32.5	13.5%	2.2	1.9	-51.8	15.3%
Nursing Hours / Resident Day	1.4	1.1	-32.3	21.8%	1.3	1.1	-40.1	19.5%
Total Facility								
FTEs	88	86	2	2.7%	89	86	3	3.2%
Accrued Man Hours	15574	15165	409	2.7%	45439	44028	1411	3.2%
Nursing Hours	11682	11480	202	1.8%	33978	33328	650	1.9%

Payor Mix
Sylvania Franciscan Health Obligated Group
Three Months Ended March 31

St. Joseph Regional Health Center

Payor % of Total	Fiscal Year	
	2013	2014
Medicare	44.26%	42.79%
Medicaid	10.96%	9.79%
Commercial	0.52%	2.02%
HMP/PPO	26.72%	26.96%
Self-Pay	12.97%	13.14%
Other	4.57%	5.30%
Total	100.00%	100.00%

Source: SJRHC internal financial statements (Meditech Revenue Report)

St. Joseph Manor

Payor % of Total	Fiscal Year	
	2013	2014
Medicare	51.35%	59.16%
Medicaid	12.93%	6.78%
Self-Pay	29.72%	28.27%
Other	6.00%	5.79%
Total	100.00%	100.00%

Source: Sjm internal general ledger information

Sylvania Franciscan Health - Obligated Group
Obligated Group Key Financial Ratios

	Fiscal Year Ended December 31,	Three Months Ended March 31,	
	<u>2013</u>	<u>2013</u>	<u>2014</u>
	Operating Margin	1.8%	2.3%
Cash-to-debt	155.3%	140.6%	143.6%
Days cash on hand	260.7	247.7	223.7
Debt-to-capitalization	32.1%	33.6%	32.0%