

**Premier Health Obligated Group  
Annual Report  
December 31, 2018**

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Premier Health Obligated Group  
Debt Service Requirements

The following table shows the estimated debt service requirements pertaining to the indebtedness of the Premier Health Obligated Group.

**Debt Service Requirements  
Year Ended December 31, 2018**

Calendar Year	Bonds			Other Debt <sup>(2)</sup>			Total Debt Service
	Principal	Interest	Total <sup>(1)</sup>	Principal	Interest	Total	
2019	17,420,000	30,851,306	48,271,306	2,926,240	1,962,986	4,889,227	53,160,532
2020	17,950,000	30,235,463	48,185,463	2,170,327	1,855,719	4,026,046	52,211,509
2021	22,645,000	29,573,073	52,218,073	1,313,444	1,765,588	3,079,032	55,297,104
2022	23,390,000	28,792,016	52,182,016	1,336,958	1,698,452	3,035,410	55,217,426
2023	24,185,000	27,994,147	52,179,147	1,387,056	1,624,651	3,011,707	55,190,854
2024	24,995,000	27,197,825	52,192,825	1,386,584	1,547,487	2,934,070	55,126,895
2025	25,820,000	26,354,451	52,174,451	1,500,563	1,461,155	2,961,717	55,136,168
2026	26,660,000	25,478,092	52,138,092	1,083,611	1,362,524	2,446,135	54,584,227
2027	27,510,000	24,611,776	52,121,776	1,215,245	1,263,653	2,478,898	54,600,674
2028	29,075,000	23,655,947	52,730,947	717,096	1,169,188	1,886,285	54,617,232
2029	30,230,000	22,640,641	52,870,641	670,810	1,096,396	1,767,205	54,637,846
2030	31,365,000	21,650,791	53,015,791	627,452	1,011,892	1,639,344	54,655,135
2031	32,380,000	20,620,436	53,000,436	759,684	911,722	1,671,406	54,671,842
2032	34,060,000	19,557,295	53,617,295	913,250	791,019	1,704,270	55,321,565
2033	36,345,000	18,431,486	54,776,486	969,948	649,055	1,619,003	56,395,488
2034	37,830,000	17,243,840	55,073,840	820,172	531,633	1,351,804	56,425,645
2035	37,810,000	16,010,689	53,820,689	1,040,949	410,067	1,451,016	55,271,705
2036	39,265,000	14,770,705	54,035,705	1,225,415	261,876	1,487,291	55,522,997
2037	40,695,000	13,466,437	54,161,437	1,306,773	87,762	1,394,535	55,555,972
2038	42,075,000	12,070,456	54,145,456	-	-	-	54,145,456
2039	42,885,000	10,622,123	53,507,123	-	-	-	53,507,123
2040	24,490,000	9,163,197	33,653,197	-	-	-	33,653,197
2041	25,555,000	8,140,168	33,695,168	-	-	-	33,695,168
2042	35,495,000	7,053,629	42,548,629	-	-	-	42,548,629
2043	43,890,000	5,739,545	49,629,545	-	-	-	49,629,545
2044	45,580,000	4,158,649	49,738,649	-	-	-	49,738,649
2045	47,350,000	2,513,983	49,863,983	-	-	-	49,863,983
2046	18,385,000	842,033	19,227,033	-	-	-	19,227,033
<b>Total</b>	<b>\$ 885,335,000</b>	<b>\$ 499,440,198</b>	<b>\$ 1,384,775,198</b>	<b>\$ 23,371,576</b>	<b>\$ 21,462,826</b>	<b>\$ 44,834,401</b>	<b>\$ 1,429,609,600</b>

MADS

<sup>(1)</sup> Maximum annual principal and interest payments on long-term indebtedness for any succeeding fiscal year. For the purpose of this table, indebtedness which bears interest at a floating rate (the Series 2008A Bonds, the Series 2008B Bonds, the Series 2009B Bonds, the Series 2012A Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2016C Bonds, the Series 2016D Bonds, the Series 2016E Bonds, and the Series 2016F Bonds) is assumed to bear interest at the average rate over the past six months, excluding any fees. The Series 2018 Bonds is assumed to bear interest at the rate at issuance, excluding any fees. Indebtedness which has associated Swap agreements (the Series 2008A Bonds, the Series 2008B Bonds, the Series 2012A Bonds, the Series 2016E Bonds and the Series 2016F Bonds) incurs net receipts at the average rate over the past six months. The Series 2011A and 2016G Bullet Maturities is assumed to be amortized under Master Indenture provisions (30 years level debt service from issuance with interest rate bearing at Revenue Bond Index of 4.58% (as of December 31, 2018)).

<sup>(2)</sup> Includes capital leases and note payable.

Premier Health  
Active and Academic Attending Staff  
December 31, 2018

	<u>Number</u>	<u>Board Certified</u>	<u>Total Admissions</u>	<u>% of Admissions</u>
Allergy & Immunology	1	1	-	0.0%
Anesthesiology	52	33	-	0.0%
Cardiology	88	82	1,377	2.2%
Cardiovascular	5	4	-	0.0%
Critical Care Medicine	17	17	-	0.0%
Dentistry	2	1	-	0.0%
Dermatology	17	16	-	0.0%
Diagnostic Radiology	54	52	-	0.0%
Emergency Medicine	186	160	558	0.9%
Endocrinology	5	5	-	0.0%
Family Medicine	217	155	2,147	3.4%
Gastroenterology	51	48	37	0.1%
Geriatrics	6	6	-	0.0%
Gynecologic Oncology	6	6	-	0.0%
Hematology / Oncology	16	14	-	0.0%
Infectious Diseases	18	17	5	0.0%
Internal Med/Peds	8	8	-	0.0%
Internal Medicine	279	231	27,041	42.6%
Interventional Neuroradiology	3	3	-	0.0%
Interventional Radiology	7	7	-	0.0%
Maternal / Fetal Medicine	8	8	-	0.0%
Neonatology	13	12	826	1.3%
Nephrology	28	28	27	0.0%
Neurology	57	54	264	0.4%
Obstetrics & Gynecology	92	89	7,501	11.8%
Occupational Medicine	5	4	-	0.0%
Oncology	12	11	214	0.3%
Ophthalmology	39	28	-	0.0%
Other	94	83	576	0.9%
Otolaryngology	9	9	-	0.0%
Pain Management	6	4	-	0.0%
Pathology	46	46	-	0.0%
Pediatric Cardiology	5	5	-	0.0%
Pediatrics	88	84	5,778	9.1%
Pedodontics	1	1	-	0.0%
Physical Medicine & Rehab	15	13	1,248	2.0%
Podiatry	37	29	-	0.0%
Psychiatry	39	36	3,421	5.4%
Psychology	15	N/A	-	0.0%
Pulmonary	37	37	4,584	7.2%
Radiation Oncology	16	14	-	0.0%
Radiology	107	89	57	0.1%
Rheumatology	10	7	-	0.0%
Sports Medicine	1	N/A	-	0.0%
Urgent Care Medicine	3	3	-	0.0%
<b>Surgery</b>				
Cardiovascular/Thoracic	12	10	682	1.1%
Colon & Rectal/Proctology	1	1	3	0.0%
General	77	70	4,085	6.4%
Neurological	18	13	203	0.3%
Oral & Maxillofacial	24	7	-	0.0%
Orthopedic	87	81	2,370	3.7%
Otorhinolaryngology	23	20	29	0.0%
Plastic & Reconstructive	23	21	76	0.1%
Urology	16	15	394	0.6%
<b>Total</b>	2,102	1,798	63,503	100.0%

Premier Health Obligated Group  
Active and Academic Attending Staff  
December 31, 2018

	Number	Board Certified	Total Admissions	% of Admissions
Allergy & Immunology	1	1	-	0.0%
Anesthesiology	52	33	-	0.0%
Cardiology	88	82	1,017	1.7%
Cardiovascular	5	4	-	0.0%
Critical Care Medicine	17	17	-	0.0%
Dentistry	2	1	-	0.0%
Dermatology	17	16	-	0.0%
Diagnostic Radiology	54	52	-	0.0%
Emergency Medicine	186	160	498	0.9%
Endocrinology	5	5	-	0.0%
Family Medicine	217	155	1,736	3.0%
Gastroenterology	51	48	10	0.0%
Geriatrics	6	6	-	0.0%
Gynecologic Oncology	6	6	-	0.0%
Hematology / Oncology	16	14	-	0.0%
Infectious Diseases	18	17	5	0.0%
Internal Med/Peds	8	8	-	0.0%
Internal Medicine	279	231	24,540	42.2%
Interventional Neuroradiology	3	3	-	0.0%
Interventional Radiology	7	7	-	0.0%
Maternal / Fetal Medicine	8	8	-	0.0%
Neonatology	13	12	735	1.3%
Nephrology	28	28	9	0.0%
Neurology	57	54	263	0.5%
Obstetrics & Gynecology	92	89	7,285	12.5%
Occupational Medicine	5	4	-	0.0%
Oncology	12	11	212	0.4%
Ophthalmology	39	28	-	0.0%
Other	94	83	531	0.9%
Otolaryngology	9	9	-	0.0%
Pain Management	6	4	-	0.0%
Pathology	46	46	-	0.0%
Pediatric Cardiology	5	5	-	0.0%
Pediatrics	88	84	5,681	9.8%
Pedodontics	1	1	-	0.0%
Physical Medicine & Rehab	15	13	1,248	2.1%
Podiatry	37	29	-	0.0%
Psychiatry	39	36	3,421	5.9%
Psychology	15	N/A	-	0.0%
Pulmonary	37	37	3,560	6.1%
Radiation Oncology	16	14	-	0.0%
Radiology	107	89	55	0.1%
Rheumatology	10	7	-	0.0%
Sports Medicine	1	N/A	-	0.0%
Urgent Care Medicine	3	3	-	0.0%
<b>Surgery</b>				
Cardiovascular/Thoracic	12	10	570	1.0%
Colon & Rectal/Proctology	1	1	3	0.0%
General	77	70	3,852	6.6%
Neurological	18	13	176	0.3%
Oral & Maxillofacial	24	7	-	0.0%
Orthopedic	87	81	2,236	3.8%
Otorhinolaryngology	23	20	29	0.0%
Plastic & Reconstructive	23	21	75	0.1%
Urology	16	15	394	0.7%
<b>Total</b>	2,102	1,798	58,141	100.0%

Miami Valley Hospital  
 Top Ten Admitting Physicians  
 For Patients Admitted in 2018

<b>MD Specialty</b>	<b>Inpatient Admissions</b>	<b>% of Total Admissions</b>	<b>Age</b>
Pediatric Medical & Newborn	1,458	3.6%	57
Pediatric Medical & Newborn	1,357	3.3%	64
Hospitalist	546	1.3%	59
Orthopedics	539	1.3%	41
Psychiatry/Substance Abuse	484	1.2%	61
Internal Medicine	470	1.2%	34
Internal Medicine	464	1.1%	37
Obstetrics/Genetics	422	1.0%	62
General Surgery	413	1.0%	60
Hospitalist	402	1.0%	47
	6,555	16.0%	

Good Samaritan Hospital  
 Top Ten Admitting Physicians  
 For Patients Admitted in 2018

<b>MD Specialty</b>	<b>Inpatient Admissions</b>	<b>% of Total Admissions</b>	<b>Age</b>
Internal Medicine	438	8.2%	54
Hospitalist	238	4.5%	42
Hospitalist	230	4.3%	37
Family Practice / General Medicine	230	4.3%	39
Pulmonary	211	4.0%	55
Pulmonary	161	3.0%	49
Hospitalist	156	2.9%	42
Pulmonary	151	2.8%	63
Pulmonary	141	2.7%	61
Hospitalist	139	2.6%	35
	2,095	39.3%	

Atrium Medical Center  
 Top Ten Admitting Physicians  
 For Patients Admitted in 2018

<b>MD Specialty</b>	<b>Inpatient Admissions</b>	<b>% of Total Admissions</b>	<b>Age</b>
Hospitalist	719	7.2%	40
Psychiatry/Substance Abuse	392	3.9%	44
Rehabilitative Medicine	377	3.8%	56
Internal Medicine	320	3.2%	46
Hospitalist	294	3.0%	35
Pulmonary	293	2.9%	68
Hospitalist	281	2.8%	36
Hospitalist	253	2.5%	45
Family Practice / General Medicine	251	2.5%	35
Hospitalist	245	2.5%	35
	3,425	34.3%	

Upper Valley Medical Center  
 Top Ten Admitting Physicians  
 For Patients Admitted in 2018

<b>MD Specialty</b>	<b>Inpatient Admissions</b>	<b>% of Total Admissions</b>	<b>Age</b>
Pulmonary	1,144	16.4%	55
Psychiatry/Substance Abuse	447	6.4%	45
Hospitalist	396	5.7%	39
Obstetrics/Genetics	267	3.8%	54
Hospitalist	265	3.8%	46
Hospitalist	260	3.7%	35
Hospitalist	247	3.5%	48
Pediatric Medical & Newborn	233	3.3%	45
Psychiatry/Substance Abuse	231	3.3%	50
Pediatric Medical & Newborn	227	3.3%	54
	3,717	53.2%	

Premier Health Obligated Group  
Personnel Summary

As of December 31, 2018, the Premier Health Obligated Group employed 10,691 people. These people were classified as follows:

	<u>Number of Employees</u>
Office Clerical	1,421
Professional	5,462
Semiskilled	147
Service Worker	1,555
Skilled Craftsmen	97
Technical	1,312
Unskilled Labor	17
Officials/Managers	680
Total	<u>10,691</u>

Premier Health  
Resident Staff

	<b>2018</b>	<b>2017</b>
Aerospace Medicine	0.14	-
Cardiovascular Disease	3.13	3.50
Child & Adolescent Psychiatry	0.70	2.18
Dentistry	6.05	6.89
Emergency Medicine	24.73	27.70
Family Medicine	24.82	25.84
Gastroenterology	1.00	1.08
Geriatrics	0.19	0.39
Hematology / Oncology	3.25	3.34
Hospice and Palliative Medicine	0.50	0.42
Infectious Disease	1.08	1.42
Internal Medicine	36.38	34.98
Neurology	11.46	11.58
Obstetrics / Gynecology	17.76	18.13
Ophthalmology	-	0.11
Pediatrics	1.31	1.34
Psychiatry	18.76	20.60
Surgery-Critical Care	0.42	0.58
Surgery-General	24.44	26.03
Surgery-Orthopedic	13.50	10.92
Surgery-Orthopedic Trauma	1.00	1.00
Surgery-Plastic	5.81	5.57
Transitional Year	0.08	-
Total	196.49	203.60



Premier Health Obligated Group  
Resident Staff

	<b>2018</b>	<b>2017</b>
Aerospace Medicine	0.06	-
Cardiovascular Disease	2.07	1.03
Child & Adolescent Psychiatry	-	0.04
Dentistry	6.01	6.68
Emergency Medicine	20.98	13.86
Family Medicine	14.17	0.75
Gastroenterology	1.00	1.00
Geriatrics	0.19	0.39
Hematology / Oncology	2.59	1.75
Hospice and Palliative Medicine	0.50	0.42
Infectious Disease	1.08	1.42
Internal Medicine	36.05	33.71
Neurology	11.46	11.08
Obstetrics / Gynecology	17.76	18.13
Ophthalmology	-	0.11
Pediatrics	1.31	1.34
Psychiatry	12.77	9.92
Surgery-Critical Care	0.42	0.58
Surgery-General	21.22	18.88
Surgery-Orthopedic	13.19	10.49
Surgery-Orthopedic Trauma	1.00	1.00
Surgery-Plastic	5.49	4.57
Transitional Year	0.08	-
Total	169.39	137.15

Premier Health  
Insurance and Legal Matters

Premier Health and its subsidiaries are self-insured for various coverages through a captive in Bermuda, Premier Health International Insurance Limited (PHIIL), which provides insurance coverage for its employees, agents, volunteers and other specifically named parties for claims of professional liability, general liability, directors and officers, and employment insurance coverage.

The PHIIL's general account is funded at levels determined yearly by an independent actuary, based upon claims experience, patient population, services provided, staffing levels and malpractice trends, plus funded reserves for asserted claims. As of December 31, 2018, the PHIIL held funds amounting to \$49.9 million, and reserves for known claims and for incurred but not reported claims (IBNR) of \$37.8 million. Disbursements are made by the PHIIL solely in payment of judgments, settlements or defense costs of claims made against PHIIL or any of its insured subsidiaries, including the Hospitals, for liabilities of the subsidiaries and their other insureds and for related expenses of administration. PHIIL has excess insurance through a commercial carrier for claims in excess of \$10 million up to \$50 million in the aggregate. Should there be insufficient funds to provide coverage for a claim, Premier Health has committed, pursuant to a guarantee, to replenish the PHIIL's general account as required by actuarial recommendations.

In the opinion of Management, the ultimate outcome of any pending claim or claims will not have a material adverse effect on Premier Health's financial position, and any liability resulting from these or other such insured claims is fully covered by the insurance programs described above.

In 2012, The Medical Center at Elizabeth Place ("MCEP"), a 26 bed physician-owned hospital, filed a private antitrust action in Federal Court, alleging that Premier and its affiliated hospitals "conspired" as competitors to boycott MCEP with managed care companies and to restrain the trade of MCEP's investor physicians. The allegations were that Premier and the hospitals are only loosely affiliated, remain separate competitors, and engaged in illegal conduct by: (1) requiring insurers to exclude MCEP from provider contracts, as a condition of contracting with Premier and (2) informing physicians who invested or were interested in investing that Premier would take certain adverse actions against them if they invested (e.g., terminate or non-renew Medical Director contracts, terminate or non-renew leases, possibly terminate Medical Staff privileges, etc.).

Premier and the codefendants responded by noting: (1) Premier and its hospitals are strategically, operationally and financially one integrated system that is incapable of "conspiring" with itself, (2) none of its managed care contracts excluded MCEP, but merely had "volume for discount" provisions that initially limit the provider panels to certain hospitals, and permit Premier to either renegotiate or terminate the contract should the insurers choose to expand the panel, and (3) Premier has the right to terminate business relationships, or even medical staff privileges, of physicians who have decided to invest in facilities that directly compete with Premier.

In 2014, the trial court granted summary judgment in favor of Premier. After an appeal by MCEP to the Sixth Circuit Court of Appeals, the case was reversed and remanded in a split 2 to 1 decision. The case was set for trial in August, 2017, but prior to that Judge Rice dismissed the case, holding that MCEP filed the case based on a *per se* analysis, but it should have been filed under a "rule of reason" analysis. MCEP appealed the dismissal to the Sixth Circuit Court of Appeals, which conducted an oral argument on April 25, 2018.

On April 25, 2019, in a 2 to 1 decision, the Sixth Circuit Court of Appeals affirmed the dismissal of the case by Judge Rice, finding that: (1) Judge Rice had the right to override the original trial judge, (2) he was correct that the case should have been filed under a "rule of reason" analysis, (3) he was correct that MCEP filed only under a "per se" analysis, and (4) he was correct that MCEP had not met its burden for a "per se" case, and the case must be dismissed. The Court also agreed that other claims MCEP tried to bring in the suit later were brought too late. The only dissenting opinion agreed with the other 2 judges on the primary issues, but stated that one of the later asserted claims (a "rim theory" claim) was not brought too late and should be tried.

It is possible that MCEP will appeal this decision to either the full Sixth Circuit panel (9 judges) or to the U.S. Supreme Court. Premier will aggressively defend against any such appeal if brought and accepted by one of these two Courts (both Courts have the right to deny the appeal). As a reminder, Premier was investigated for antitrust concerns by the FTC in 1996 and the DOJ in 2005 with no action being taken by either agency in either case.

Premier Health  
Service Area Statistics

Miami Valley Hospital

The table below presents utilization in Miami Valley Hospital, Miami Valley Hospital North, and Miami Valley Hospital South's primary and secondary service areas for the non-governmental institutions.

2018 STATISTICS

	Miami Valley* PSA				Miami Valley* SSA			
	IP Cases	IP Mkt Share	No. of Births	% of Births	IP Cases	IP Mkt Share	No. of Births	% of Births
<b>Miami Valley Hospital*</b>	31,491	30.4%	3,878	39.9%	6,327	9.4%	717	11.6%
<b>Atrium Medical Center</b>	1,761	1.7%	126	1.3%	6,446	9.5%	527	8.5%
<b>Good Samaritan Hospital</b>	4,780	4.6%	178	1.8%	501	0.7%	18	0.3%
<b>Grandview Medical Center</b>	8,909	8.6%			1,349	2.0%		
<b>Kettering Medical Center</b>	20,417	19.7%	2,148	22.1%	3,895	5.8%	422	6.8%
<b>Soin Medical Center</b>	6,187	6.0%	598	6.2%	1,619	2.4%	141	2.3%
<b>Southview Medical Center</b>	4,995	4.8%	1,597	16.4%	1,357	2.0%	482	7.8%
<b>Sycamore Medical Center</b>	5,273	5.1%			1,253	1.9%		
<b>Upper Valley Medical Center</b>	5,478	5.3%	451	4.6%	803	1.2%	86	1.4%

Data source: Ohio Hospital Association

Market Share excludes Children's Hospitals

\*Miami Valley Hospital includes MVH, MVHN and MVHS

Good Samaritan Hospital

The table below presents utilization in Good Samaritan Hospital's primary and secondary service areas for the non-governmental institutions. Please note that Good Samaritan operated through July 2018.

2018 STATISTICS

	Good Samaritan PSA				Good Samaritan SSA			
	IP Cases	IP Mkt Share	No. of Births	% of Births	IP Cases	IP Mkt Share	No. of Births	% of Births
<b>Good Samaritan Hospital</b>	4,416	10.4%	151	4.0%	791	1.5%	41	0.8%
<b>Grandview Medical Center</b>	6,313	14.9%			2,871	5.5%		
<b>Kettering Medical Center</b>	4,884	11.5%	617	16.2%	10,238	19.6%	1,074	21.2%
<b>Miami Valley Hospital*</b>	16,167	38.2%	2,007	52.6%	12,936	24.8%	1,581	31.2%
<b>Southview Medical Center</b>	1,297	3.1%	487	12.8%	2,471	4.7%	789	15.6%
<b>Upper Valley Medical Center</b>	2,980	7.0%	223	5.8%	3,326	6.4%	318	6.3%
<b>Wayne HealthCare</b>	972	2.3%	127	3.3%	446	0.9%	69	1.4%
<b>Wilson Health</b>	167	0.4%	40	1.0%	2,046	3.9%	374	7.4%

Data source: Ohio Hospital Association

Market Share excludes Children's Hospitals

\*Miami Valley Hospital includes MVH, MVHN, and MVHS

### Atrium Medical Center

The table below presents utilization in Atrium Medical Center’s primary and secondary service areas for the non-governmental institutions.

#### 2018 STATISTICS

	Atrium PSA				Atrium SSA			
	IP Cases	IP Mkt Share	No. of Births	% of Births	IP Cases	IP Mkt Share	No. of Births	% of Births
<b>Atrium Medical Center</b>	8,080	28.7%	669	22.1%	1,047	1.5%	177	2.5%
<b>Bethesda North Hospital</b>	2,336	8.3%	358	11.9%	8,464	12.3%	1,168	16.6%
<b>Fort Hamilton Hospital</b>	2,522	8.9%	241	8.0%	4,445	6.5%	273	3.9%
<b>Kettering Medical Center</b>	1,427	5.1%	147	4.9%	6,921	10.1%	820	11.6%
<b>Mercy Fairfield</b>	2,202	7.8%	394	13.0%	6,176	9.0%	658	9.3%
<b>Miami Valley Hospital*</b>	995	3.5%	114	3.8%	9,272	13.5%	1,129	16.0%
<b>Southview Medical Center</b>	909	3.2%	350	11.6%	2,372	3.4%	614	8.7%
<b>Sycamore Medical Center</b>	1,282	4.5%			3,255	4.7%		
<b>West Chester Hospital</b>	2,739	9.7%	319	10.6%	4,409	6.4%	430	6.1%

Data source: Ohio Hospital Association

Market Share excludes Children's Hospitals

\*Miami Valley Hospital includes MVH, MVHN and MVHS

### Upper Valley Medical Center

The table below presents utilization in Upper Valley Medical Center’s primary and secondary service areas for the non-governmental institutions.

#### 2018 STATISTICS

	Upper Valley PSA				Upper Valley SSA			
	IP Cases	IP Mkt Share	No. of Births	% of Births	IP Cases	IP Mkt Share	No. of Births	% of Births
<b>Upper Valley Medical Center</b>	5,419	37.6%	434	31.0%	1,043	6.0%	117	6.9%
<b>Good Samaritan Hospital</b>	420	2.9%	18	1.3%	1,151	6.6%	34	2.0%
<b>Kettering Medical Center</b>	1,027	7.1%	112	8.0%	2,037	11.7%	252	14.9%
<b>Miami Valley Hospital*</b>	2,710	18.8%	322	23.0%	5,138	29.5%	597	35.3%
<b>Wayne HealthCare</b>	40	0.3%	10	0.7%	1,090	6.3%	143	8.5%
<b>Wilson Health</b>	2,037	14.1%	368	26.3%	405	2.3%	111	6.6%

Data source: Ohio Hospital Association

Market Share excludes Children's Hospitals

\*Miami Valley Hospital includes MVH, MVHN and MVHS

Premier Health  
Utilization Statistics and Summary Financial Information

		<b>Year Ended</b>	
		<b>December 31</b>	
		<b>2018</b>	<b>2017</b>
Licensed Beds		<b>1,607</b>	1,987
Beds in Service		<b>1,530</b>	1,604
Admissions	(1)	<b>63,503</b>	67,236
Patient Days	(1)	<b>272,636</b>	277,891
Average Length of Stay (in Days)	(1)	<b>4.31</b>	4.18
Average Occupancy	(1) (2) (3)	<b>58.3%</b>	57.1%
Observation Days		<b>52,663</b>	56,177
Outpatient Encounters (excludes Emergency Visits)		<b>580,962</b>	617,506
Emergency Visits		<b>222,728</b>	247,508
Air Ambulance Patient Transports		<b>1,254</b>	1,314
Inpatient Surgeries		<b>13,001</b>	13,745
Outpatient Surgeries		<b>29,499</b>	30,115
Case Mix Index - Medicare		<b>1.80</b>	1.77
Case Mix Index - All Payors		<b>1.58</b>	1.54

- (1) Includes Newborns & Behavioral Health.  
(2) Percentage of Occupancy is based on percentage of beds in service.  
(3) Includes Observations.

Premier Health Obligated Group  
Utilization Statistics and Summary Financial Information

		Year Ended	
		December 31	
		2018	2017
Licensed Beds		<b>1,607</b>	1,496
Beds in Service		<b>1,530</b>	1,301
Admissions	(1)	<b>58,141</b>	52,809
Patient Days	(1)	<b>249,859</b>	219,802
Average Length of Stay (in Days)	(1)	<b>4.30</b>	4.16
Average Occupancy	(1) (2) (3)	<b>52.9%</b>	54.9%
Observation Days		<b>45,740</b>	40,996
Outpatient Encounters (excludes Emergency Visits)		<b>491,566</b>	449,768
Emergency Visits		<b>193,993</b>	185,752
Air Ambulance Patient Transports		<b>1,254</b>	1,314
Inpatient Surgeries		<b>11,886</b>	10,828
Outpatient Surgeries		<b>25,395</b>	21,946

- (1) Includes Newborns & Behavioral Health.
- (2) Percentage of Occupancy is based on percentage of beds in service.
- (3) Includes Observations.

Premier Health  
Payor Mix as a Percentage of Gross Revenues\*

For Premier Health, the Anthem and United Healthcare contracts account for approximately 68% of commercial payer volume in 2018 and 66% in 2017. Premier Health has many other third party contracts in which they agree to accept less than billed charges.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Medicare	46.3%	46.7%
Medicaid	23.2%	24.4%
Commercial	25.8%	24.4%
Other Governmental	2.5%	2.4%
Self Pay and Other	2.2%	2.1%
	100.0%	100.0%

\*Before contractual allowances and other discounts, and does not correspond to relative percentages of net patient revenue.

Premier Health Obligated Group  
Payor Mix as a Percentage of Gross Revenues\*

For Premier Health Obligated Group, the Anthem and United Healthcare contracts account for approximately 68% of commercial payer volume in 2018 and 65% in 2017. Premier Health Obligated Group has many other third party contracts in which they agree to accept less than billed charges.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Medicare	45.3%	43.9%
Medicaid	23.4%	24.9%
Commercial	26.5%	26.2%
Other Governmental	2.6%	2.8%
Self Pay and Other	2.2%	2.2%
	100.0%	100.0%

\*Before contractual allowances and other discounts, and does not correspond to relative percentages of net patient revenue.



Premier Health  
Payor Mix as a Percentage of Net Revenues

For Premier Health, the Anthem and United Healthcare contracts account for approximately 59% of commercial payer volume in 2018 and 59% in 2017. Premier Health has many other third party contracts in which they agree to accept less than billed charges.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Medicare	34.9%	35.3%
Medicaid	12.5%	14.2%
Commercial	50.5%	48.3%
Other Governmental	1.9%	2.0%
Self Pay and Other	0.2%	0.2%
	100.0%	100.0%

Premier Health Obligated Group  
Payor Mix as a Percentage of Net Revenues

For Premier Health Obligated Group, the Anthem and United Healthcare contracts account for approximately 59% of commercial payer volume in 2018 and 58% in 2017. Premier Health Obligated Group has many other third party contracts in which they agree to accept less than billed charges.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Medicare	34.0%	32.9%
Medicaid	12.5%	14.4%
Commercial	51.3%	50.2%
Other Governmental	2.0%	2.3%
Self Pay and Other	0.2%	0.2%
	100.0%	100.0%

Premier Health  
Historical Capitalization

The table below represents Premier Health's capitalization as of December 31, 2018 and 2017. This information was derived from the consolidated financial statements of Premier Health Partners and Subsidiaries. The data should be read in conjunction with the financial statements of Premier Health Partners and Subsidiaries, related notes, and other financial information.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Current Portion of Long-term Debt	\$ 13,723	\$ 14,116
Long-term Debt Less Current Portion	911,929	922,884
Net Assets Without Donor Restrictions	1,142,365	1,399,665
Total Capitalization	<u>\$ 2,068,017</u>	<u>\$ 2,336,665</u>
Long-term Debt to Total Capitalization	44.8%	40.1%

Premier Health Obligated Group  
Historical Capitalization

The table below represents the Premier Health Obligated Group's capitalization as of December 31, 2018 and 2017. This information was derived from the unaudited consolidating financial statements of Premier Health Partners and Subsidiaries. The data should be read in conjunction with the audited financial statements of Premier Health Partners and Subsidiaries, related notes, and other financial information.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Current Portion of Long-term Debt	\$ 13,327	\$ 13,524
Long-term Debt Less Current Portion	893,340	900,976
Net Assets Without Donor Restrictions	872,984	821,791
Total Capitalization	<u>\$ 1,779,651</u>	<u>\$ 1,736,291</u>
Long-term Debt to Total Capitalization	50.9%	52.7%

Premier Health  
Historical Coverage of Debt Service

The following table sets forth, for the fiscal years ended December 31, 2018 and 2017, the net income of Premier Health available to cover maximum annual debt service requirements in the years shown.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Deficiency of Revenue over Expense	\$ (213,142)	\$ (54,586)
Additions:		
Depreciation and amortization	134,622	144,452
Interest on funded indebtedness	30,600	28,939
Unrealized loss (gain) resulting from changes in the values of investment securities	78,765	(96,494)
Exit, disposal, impairment and other costs	36,696	67,020
Gain on interest rate agreements	(10,718)	(3,107)
Loss on the extinguishment of debt	232	-
Loss on sale of assets other than in the ordinary course of business	1,140	546
Income Available for Debt Service	<u>\$ 58,195</u>	<u>\$ 86,770</u>
Maximum Annual Debt Service Requirements	<u>\$ 57,073</u>	<u>\$ 55,842</u>
<b>Maximum Annual Debt Service Coverage Ratio</b>	<b>1.02 Times</b>	<b>1.55 Times</b>

Premier Health Obligated Group  
Historical Coverage of Debt Service

The following table sets forth, for the fiscal years ended December 31, 2018 and 2017, the net income of the Premier Health Obligated Group available to cover actual debt service and maximum annual debt service requirements in the years shown.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
(Deficiency) Excess of Revenue over Expense	\$ (1,064)	\$ 48,100
Additions:		
Depreciation and amortization	108,610	106,826
Interest on funded indebtedness	30,325	28,834
Unrealized loss (gain) resulting from changes in the values of investment securities	51,667	(71,434)
Exit, disposal and asset impairment costs	7,297	43,925
Gain on interest rate agreements	(10,718)	(3,107)
Loss on the extinguishment of debt	232	-
Income Available for Debt Service	<u>\$ 186,349</u>	<u>\$ 153,144</u>
Historical Debt Service Requirements	<u>\$ 46,220</u>	<u>\$ 45,836</u>
<b>Historical Debt Service Coverage Ratio</b>	<b>4.03 Times</b>	<b>3.34 Times</b>
Maximum Annual Debt Service Requirements	<u>\$ 56,426</u>	<u>\$ 55,792</u>
<b>Maximum Annual Debt Service Coverage Ratio</b>	<b>3.30 Times</b>	<b>2.74 Times</b>

Premier Health  
Liquidity

The following table sets forth Premier Health's consolidated liquidity in terms of operating cash and board designated funds. Excluded are donor restricted assets, trustee-held bond funds, and self-insurance assets.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Cash and Cash Equivalents	\$ 87,945	\$ 55,681
Board-Designated Funds	865,151	1,125,097
<b>Total</b>	<b>\$ 953,096</b>	<b>\$ 1,180,778</b>
Days of Cash on Hand	193	251

Premier Health Obligated Group  
Liquidity

The following table sets forth Premier Health Obligated Group's consolidated liquidity in terms of operating cash and board designated funds. Excluded are donor restricted assets, trustee-held bond funds, and self-insurance assets.

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Cash and Cash Equivalents	\$ 64,261	\$ 29,325
Board-Designated Funds	667,745	846,126
<b>Total</b>	<b>\$ 732,006</b>	<b>\$ 875,451</b>
Days of Cash on Hand	226	305

Premier Health  
Management Discussion and Analysis

To provide a more complete and transparent picture of Premier and its relationship to the Premier Health Obligated Group (PHOG), Management has chosen to discuss Premier as a whole in this Management Discussion and Analysis. It is important to note that PHOG accounts for approximately 74% of Premier's total revenue, 67% of Premier's total expense, 80% of Premier's total assets and 76% of Premier's total net assets without donor restrictions as of and for the year ended December 31, 2018.

**Recent Developments**

***System Re-Organization***

On January 1, 2018, MedAmerica Health Systems (MAHS), Catholic Health Initiatives (CHI), Atrium Health System (AHS) and Upper Valley Medical Center Parent and Controlled Affiliates (UVMC Parent) (collectively and altogether, the Parent Organizations) contributed nearly all of their interests in their respective affiliates, subsidiaries and other assets to Premier Health Partners (PHP), a not-for-profit organization in accordance with the Definitive System Reorganization Agreement (DSRM). Prior to this date, PHP was organized and operated under a Joint Operating Agreement (JOA). This reorganization had no effect on the legal structure of the Obligated Group except the members of the Obligated Group (Miami Valley Hospital (MVH), Atrium Medical Center (AMC) and Upper Valley Medical Center (UVMC)) are now owned directly by PHP instead of their respective System Parents.

In addition, PHP owns and operates Premier Health Group, LLC (PHG), Premier Health Plan, Inc. (PHPlan), Premier Health Insuring Corporation (PHIC), Premier Health Accountable Care Organization (ACO) of Ohio (PHACO) and Premier Health Holding Company (PHHC) which owns the Physician Companies (MVHE, Samaritan Family Care and Premier Health Specialists including their respective subsidiaries).

The System Affiliates and assets excluded from this reorganization include UVMC Foundation, certain assets at UVMC Parent Organization, and AMC Foundation. Upon reorganization, PHP is now owned by the System Parents as follows: MAHS 62.7%, CHI 22.0%, AHS 7.4%, and UVMC Parent 7.9%.

***Good Samaritan Hospital (GSH) Closure***

Management continually evaluates its business and will implement cost savings initiatives and reorganization efforts to react to changes affecting the business to better align its operations to its strategic plan. As such, management made the decision in January 2018 to close GSH. This decision required management to assess GSH and the surrounding campus for impairment at December 31, 2017. Management completed a test of recoverability and determined that the estimated future cash flows were less than the carrying value of GSH and surrounding campus, indicating impairment. Management engaged a third-party valuation firm to evaluate GSH and surrounding campus in accordance with ASC 820, *Fair Value Measurement*. The valuation indicated that the fair value of GSH and surrounding campus was impaired and an impairment loss of \$66.0 million was recorded for the year ended December 31, 2017. GSH was closed at the end of July 2018. For the year ended December 31, 2018, PHP recorded charges of \$29.1 million resulting from the GSH closure that included impairment of assets, retention costs, voluntary retirement costs and other associated costs. These amounts are reflected in the line Exit, Disposal, Impairment and Other Costs in the consolidated statements of operations and changes in net assets.

***Discontinued Operations of the Health Insurance Business and the Accountable Care Organization***

During 2017, PHP made the decision to exit the Medicare and Commercial insurance companies PHIC and PHPlan, as well as its accountable care organization, PHACO. The loss on discontinued operations charge reported in changes in net assets was \$3.8 million in 2018 and \$20.6 million in 2017.

### ***Financial Leadership Changes***

In March 2018, Thomas M. Duncan, Senior Vice President and Chief Financial Officer / Treasurer of PHP, announced his retirement effective July 1, 2018 and with Mr. Duncan's retirement, Mr. Scott Shelton, Chief Purchasing Officer and Chief Financial Officer of Miami Valley Hospital, became System Vice President and Chief Financial Officer of PHP, and Mr. J. Michael Sims, System Vice President and Corporate Controller of PHP, assumed the additional responsibility of Treasurer of PHP. Mr. Shelton has been with the organization for over 30 years and Mr. Sims has been with the organization for over 30 years.

### **Results of Operations – Twelve months ended December 31, 2018 and 2017**

Premier's results of operations are influenced by many factors that include but are not limited to: industry trends, healthcare reform, State of Ohio initiatives, regional and local economic conditions, payor mix and patient volumes.

For the year ended December 31, 2018, Premier's total operating cash flow margin (EBIDA) was \$33.6 million or 1.9% of total operating revenue compared to a total operating cash flow margin (EBIDA) of \$52.4 million or 3.0% of total operating revenue for the same period of the prior year. Premier has made significant investments in its infrastructure and facilities and will continue to invest in some projects during 2019. These investments in turn have impacted operating margins through significant levels of depreciation. During 2018, Premier's operating loss was \$131.6 million compared to an operating loss of \$121.0 million for the same period in the prior year. The decline in operating cash flow margin and operating margin was primarily driven by lower volumes, in part associated with the GSH closure.

Management has made several strategic decisions and is implementing various initiatives to bring down costs to respond to the changing healthcare environment as described in the "Recent Developments" section of this Management Discussion and Analysis. Through these decisions and the implementation of these cost saving initiatives, Premier is financially positioning itself to lower healthcare costs while providing the highest level of patient care to the communities it serves. These strategies and lowering of costs provides Premier with the strategic flexibility and platform for growth in the future.

In June 2017, PHP purchased an additional interest in an entity that was previously an equity investment. This resulted in a financial controlling interest, and therefore, consolidation into the financial statements for the second half of 2017. In 2018, PHP recognized in its operating results a full year on a consolidated basis versus half the year in 2017. The operating margin for this entity was not significant; however, individual financial statements lines were impacted when compared to the prior year, most notably, revenues, salaries and supplies.

### ***Total Operating Revenue***

For the year ended December 31, 2018, total operating revenue of \$1,805.0 million increased \$66.1 million from the same period of the prior year. This increase was driven primarily by improved payor mix and the consolidation noted above, which was partially offset by lower patient volumes relating in part to the GSH closure. Inpatient admissions and observations, emergency room visits and total surgeries were lower than the same period of the prior year by 5.5%, 9.3% and 3.1%, respectively.

### ***Operating Expenses***

For the year ended December 31, 2018, total operating expenses of \$1,936.6 million increased \$76.7 million over the same period of the prior year. Salaries and benefits increased 6.6% over the same period of the prior year due to merit-based increases, contracted labor to support vacant positions, and the equity investment consolidation noted above. Supply costs were 4.2% higher than the same period of the prior year primarily due to mix of procedures and the equity investment consolidation noted above. Purchased services, insurance and other increased over the same period of the prior year by 1.2% primarily due to increases in software maintenance and advertising.

Management strives to control all expenses through various initiatives. Salary expenses are continually managed by effectively adjusting staffing to patient volume fluctuations. This has been offset by higher contract labor cost to support vacant positions. Management will continue to manage to patient volumes and adjust labor costs down as vacancies are filled. Supply costs are controlled through product standardization, bulk purchases, contract compliance and improved utilization.

***Exit, disposal, impairment and other costs***

As described above in “Recent Developments”, management recorded a \$66.0 million non-cash asset impairment charge relating to the GSH closure in 2017. During 2018, Premier recorded total charges of \$36.7 million for exit, disposal, impairment and other costs.

***Non-operating (losses)/gains, net***

For the year ended December 31, 2018, Premier recognized a non-operating loss of \$44.8 million compared to a \$133.5 million non-operating gain for the same period of the prior year. The reduction from the prior year was primarily driven by net realized and unrealized losses from investments of \$58.2 million in 2018 due to financial market declines in 2018 compared to realized and unrealized gains of \$131.1 million in 2017 resulting from favorable financial markets. The unfavorable impact of the investment losses in 2018 was partially offset by an unrealized gain on interest rate swaps of \$10.6 million.

***Cash and Capital Requirements***

Cash and board-designated investments totaled \$953.1 million at December 31, 2018 compared to \$1,180.8 million at December 31, 2017, a decrease of \$227.7 million. This decrease was driven primarily by lower operating margins, investments in facilities and equipment and the impact of the financial market decline. Days of cash on hand at December 31, 2018 and December 31, 2017 were 193 days and 251 days, respectively.

Management believes that existing cash and cash equivalents, investments and future cash provided by operating activities should be adequate to meet current cash needs. These sources of liquidity should also be adequate to finance planned capital expenditures, payments on the current portion of long-term debt and other presently known operating needs.



Premier Health  
Investment Policy

At December 31, 2018, the long-term investment objective of the Premier Health Operating Fund is to achieve a return of CPI + 250 basis points, unless risk tolerance and liquidity needs require the objective to be modified on a short-term basis. The Operating portfolio consists of fixed income securities, equities, alternatives, and real assets. The target allocations range from 30% to 80% in equity investments, 15% to 55% in fixed income, 0% to 40% in alternatives strategies, and 0% to 10% in real assets.

The primary objective of the Premier Pension Plan (Plan) is to ensure the payment of all future participant benefits. The Pension portfolio consists of Liability-Driven investments and return seeking assets. A portion of the Plan assets are invested in a strategy that considers asset and liability movements (a Liability-Driven Investment (LDI) strategy). The target allocations range from 32% to 65% in Liability-Driven investments and 35% to 68% in return seeking assets. The decision to rebalance both the Operating and Pension portfolios will be made as appropriate.

Premier Health  
Investment Income

Investment income has historically been a significant source of additional revenue for Premier Health and is included in non-operating income. The major components of non-operating income, including investment income, are summarized as follows:

**Consolidated Non-operating (Losses) Gains, Net**

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Interest income, net of investment fees	\$ 19,231	\$ 17,214
Realized gains on assets whose use is limited	14,847	38,894
Change in unrealized (losses) gains on assets whose use is limited	(73,004)	92,162
Unrealized gains on interest rate swaps	10,578	2,976
CHI assessment	-	(3,795)
Other losses	(16,483)	(13,995)
<b>Total</b>	<b>\$ (44,831)</b>	<b>\$ 133,456</b>

Premier Health Obligated Group  
Investment Income

Investment income has historically been a significant source of additional revenue for Premier Health Obligated Group and is included in non-operating income. The major components of non-operating income, including investment income, are summarized as follows:

**Consolidated Non-operating (Losses) Gains, Net**

	<b>Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Interest income, net of investment fees	\$ 12,971	\$ 10,564
Realized gains on assets whose use is limited	4,884	31,859
Change in unrealized (losses) gains on assets whose use is limited	(46,826)	68,098
Unrealized gains on interest rate swaps	10,578	2,976
Other losses	(12,646)	(7,576)
<b>Total</b>	<b>\$ (31,039)</b>	<b>\$ 105,921</b>

Premier Health  
Pension Plan

The Premier Health Partners Employees Retirement Plan (PHP Plan) was formed on January 1, 2013.

Individuals earn benefits based on a percentage of compensation and with escalating percentages related to years of service (cash balance formula). Individuals earning benefits under this formula shall become 100% vested in all amounts credited to their accounts upon completion of three vesting years, as defined in the PHP Plan. If a participant's employment is terminated, other than by death or disability, prior to such participant becoming 100% vested in his or her account, the account shall be forfeited as of the date of termination. Vested benefits for individuals hired after January 1, 2008, are fully portable upon termination of employment.

PHP's funding policy is to contribute amounts to the PHP Plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 (ERISA). PHP recognizes in the consolidated balance sheets the funded status of its defined benefit pension plans, measured as the difference between the fair value of plan assets and the projected benefit obligation. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic cost in the same periods will be recognized as a component of net assets without donor restrictions.

Premier made a pension contribution of \$9.1 million in calendar year 2018 and \$39.6 million in calendar year 2017. The total unfunded Pension Benefit Guaranty Corporation (PBGC) pension liability as of December 31, 2018 and 2017 was \$81.7 million and \$34.3 million, respectively. Subsequent funding is expected to be in accordance with actuarial recommendations.