



# Atrium Health

FINANCIAL REPORT  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2018

ATRIUM HEALTH  
FINANCIAL REPORT (UNAUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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**ATRIUM HEALTH**  
**FINANCIAL HIGHLIGHTS**  
**OBLIGATED GROUP**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**  
**EXECUTIVE SUMMARY**

The consolidated financial statements and highlights presented on pages 1 through 6 reflect the financial position, results of operations, and cash flows of Atrium Health's Obligated Group (referred to as Atrium Health) which includes controlled operations, divisions and health related entities (the Primary Enterprise) and Atrium Health Foundation. 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.

**Overview/Summary**

For the nine months ended September 30, 2018, Atrium Health reported Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$517 million or 11.1% which was \$32 million above the prior year. Operating income of \$213 million or 4.6% was \$20 million ahead of the prior year.

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

Net patient revenue was \$159 million or 3.9% above the first nine months of 2017 primarily due to the impact of net reimbursement increases, additional governmental payer settlements and growth in patient acuity and some specific patient volumes. Bedded discharges were 1.7% greater than the prior year, although inpatient discharges were 2.3% above 2017. Outpatient surgery, endoscopy procedures, and radiology procedures experienced 0.1%, 7.3%, and 3.4% growth respectively. Emergency room visits were 1.8% below the first nine months of 2017, although Medical Group urgent care and virtual visits grew 2.7%, suggesting that patients are choosing more appropriate, and affordable, care locations. Total Medical Group patient visits grew 0.1% from September 30, 2017, driven primarily by provider growth. Governmental payer settlements and additional 2018 North Carolina Medicaid supplemental payment program revenues contributed to net patient revenue growth. As a result of the more rapid growth of both Medicare Advantage and traditional Medicare relative to the growth of other payers, Atrium Health has experienced an increase in Medicare payer mix.

Other operating revenue was \$40 million or 9.6% above the first nine months of 2017 due primarily to growth in retail sales of specialty pharmaceuticals.

Unreimbursed charges as a percent of gross revenue increased from 8.4% at September 30, 2017 to 8.5% through the first nine months of 2018.

Total personnel costs increased \$54 million or 2.1%. Salaries growth in the first nine months was a result of market and performance-based salary adjustments and an increase in Medical Group providers and changes in the provider compensation model, which took full effect in the second half of 2017, but was offset to some degree by decreases in total personnel, primarily as a result of increased clinical labor productivity and workforce efficiencies in non-clinical areas. Benefits cost increased at a higher rate than salaries primarily due to higher health claims costs per Atrium Health team member in 2018.

Supplies expense was \$46 million or 6.1% above the first nine months of 2017 due primarily to increased pharmaceutical costs, primarily in retail specialty pharmaceuticals and hospital neurology infusion and oncology drugs, and, to a lesser extent, higher implant volumes, and routine inflationary increases.

Professional fees increased \$26 million or 26.7% due to increases in legal and marketing fees. Purchased services expense increased \$24 million or 7.9% due to higher software and equipment maintenance costs and lease and management fees paid to a new anesthesia services provider. Other operating expense was \$13 million or 7.8% above the prior year, due to higher professional liability costs and Medicaid supplemental payment program assessments.

#### **Comparative Balance Sheet (pg.4)**

The Obligated Group's total unrestricted cash position, including investments designated for capital improvements, increased approximately \$285 million from June 30 due primarily to cash provided by operations (\$329 million) and favorable investment income including changes in the market value of investments during the quarter (\$99 million), offset by capital spending (\$99 million) and debt service (\$37 million). As a result, days cash on hand increased to 325 from 309 days at June 30, 2018.

Other accounts receivable decreased \$13 million or 9.3% from June 30 largely due to the receipt of semiannual sales and use tax refunds (\$10 million).

The \$209 million increase in Investments Designated for Capital Improvements reflects \$120 million of contributions and favorable investment income including changes in the market value of investments during the third quarter.

Salaries and benefits payable increased \$89 million or 30.6% from June 30 due to the timing of pay periods and monthly accruals for teammate retirement plan payments that are funded annually.

Other liabilities and accruals increased \$13 million or 7% due primarily to third quarter accruals for annual incentive pay for non-physician

teammates.

Estimated third-party payer settlements increased \$17 million or 7.9% primarily as a result of 2018 Medicaid supplemental payment program proceeds received in the third quarter along with routine cost report reserves.

Pension liability decreased \$10 million or 2.8% as a result of \$10 million of planned contributions to the pension plan during the third quarter.

Interest rate swap liability and Deferred inflows of resources decreased by \$15 million each as a result of increases in interest rates.

**Comparative Statement of Cash Flows (pg.6)**

Net cash provided by operating activities (\$606 million) provided the major source of cash for the first nine months of 2018. Significant uses of cash were for the Obligated Group's capital expenditures (\$282 million), debt service (\$112 million) and additions to investments limited as to use (\$139 million).

**Non-Operating Activity (pg.5)**

Net non-operating activity, which consists primarily of investment results, including unrealized gains and losses, was \$335 million less than the nine months ended September 30, 2017. The return on investments designated for capital improvements was 2.4%, compared to 11.7% for the nine months ended September 30, 2017.

**ATRIUM HEALTH**  
**OBLIGATED GROUP**  
**COMPARATIVE BALANCE SHEET**

*(dollars in thousands)*

	SEPTEMBER 30, 2018	JUNE 30, 2018	\$ CHANGE	% CHANGE
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 225,164	\$ 157,029	\$ 68,135	43.4%
Short-Term Investments	9,162	8,609	553	6.4%
Patient Accounts Receivable - Net	694,207	716,826	(22,619)	-3.2%
Other Accounts Receivable	129,788	143,115	(13,327)	-9.3%
Assets Limited as to Use - Investments	35,072	35,765	(693)	-1.9%
Inventories	70,051	66,081	3,970	6.0%
Prepaid Expenses	84,939	91,239	(6,300)	-6.9%
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,248,383</b>	<b>\$ 1,218,664</b>	<b>\$ 29,719</b>	<b>2.4%</b>
<b>CAPITAL ASSETS</b>	<b>\$ 6,089,402</b>	<b>\$ 6,011,567</b>	<b>\$ 77,835</b>	<b>1.3%</b>
Less accumulated depreciation	(3,003,163)	(2,941,302)	(61,861)	2.1%
	<b>\$ 3,086,239</b>	<b>\$ 3,070,265</b>	<b>\$ 15,974</b>	<b>0.5%</b>
<b>OTHER NONCURRENT ASSETS</b>				
Assets Limited as to Use:				
Investments Designated for Capital Improvements	\$ 4,402,256	\$ 4,192,825	\$ 209,431	5.0%
Other Long-Term Investments	334,754	328,130	6,624	2.0%
Other Assets Limited as to Use - Investments	115,314	114,954	360	0.3%
Other Assets	229,387	224,372	5,015	2.2%
<b>TOTAL OTHER NONCURRENT ASSETS</b>	<b>\$ 5,081,711</b>	<b>\$ 4,860,281</b>	<b>\$ 221,430</b>	<b>4.6%</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,416,333</b>	<b>\$ 9,149,210</b>	<b>\$ 267,123</b>	<b>2.9%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 220,599</b>	<b>\$ 235,818</b>	<b>\$ (15,219)</b>	<b>-6.5%</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 9,636,932</b>	<b>\$ 9,385,028</b>	<b>\$ 251,904</b>	<b>2.7%</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 258,985	\$ 274,457	\$ (15,472)	-5.6%
Salaries and Benefits Payable	378,505	289,725	88,780	30.6%
Other Liabilities and Accruals	200,065	186,920	13,145	7.0%
Estimated Third-Party Payer Settlements	239,027	221,575	17,452	7.9%
Current Portion of Long-Term Debt	69,795	69,768	27	0.0%
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 1,146,377</b>	<b>\$ 1,042,445</b>	<b>\$ 103,932</b>	<b>10.0%</b>
<b>LONG-TERM DEBT, less current portion</b>	<b>\$ 1,761,220</b>	<b>\$ 1,763,551</b>	<b>\$ (2,331)</b>	<b>-0.1%</b>
<b>OTHER LIABILITIES</b>				
Commitments and Contingencies	\$ 105,962	\$ 100,461	\$ 5,501	5.5%
Other Liabilities	215,272	215,381	(109)	-0.1%
Pension Liability	349,902	360,157	(10,255)	-2.8%
Interest Rate Swap Liability	164,342	179,149	(14,807)	-8.3%
<b>TOTAL OTHER LIABILITIES</b>	<b>\$ 835,478</b>	<b>\$ 855,148</b>	<b>\$ (19,670)</b>	<b>-2.3%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 53,515</b>	<b>\$ 55,120</b>	<b>\$ (1,605)</b>	<b>-2.9%</b>
<b>NET POSITION</b>	<b>\$ 5,840,342</b>	<b>\$ 5,668,764</b>	<b>\$ 171,578</b>	<b>3.0%</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 9,636,932</b>	<b>\$ 9,385,028</b>	<b>\$ 251,904</b>	<b>2.7%</b>

The Obligated Group includes the Primary Enterprise and Atrium Health Foundation

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in adjustments to better allocate net revenues and/or expenses to the appropriate period within a fiscal year or because of adjustments that are made to conform to the 2018 presentation. Thus, certain nine months ended September 30, 2017 statement of operations and statement of cash flows amounts previously reported were accordingly adjusted.

**ATRIUM HEALTH**  
**OBLIGATED GROUP**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

*(dollars in thousands)*

	<u>2018</u>	<u>2017</u>	<u>\$</u> <u>CHANGE</u>	<u>%</u> <u>CHANGE</u>
<b><u>REVENUE</u></b>				
Net Patient Revenue	\$ 4,193,758	\$ 4,034,587	\$ 159,171	3.9%
Other Operating Revenue	<u>453,252</u>	<u>413,589</u>	<u>39,663</u>	<u>9.6%</u>
NET OPERATING REVENUE	<u>\$ 4,647,010</u>	<u>\$ 4,448,176</u>	<u>\$ 198,834</u>	<u>4.5%</u>
<b><u>OPERATING EXPENSES</u></b>				
Salaries and Wages	\$ 2,114,006	\$ 2,086,378	\$ 27,628	1.3%
Benefits	<u>516,545</u>	<u>490,141</u>	<u>26,404</u>	<u>5.4%</u>
TOTAL PERSONNEL	<u>\$ 2,630,551</u>	<u>\$ 2,576,519</u>	<u>\$ 54,032</u>	<u>2.1%</u>
Supplies	\$ 807,318	\$ 761,229	\$ 46,089	6.1%
Professional Fees	124,095	97,943	26,152	26.7%
Purchased Services	329,249	305,241	24,008	7.9%
Utilities	51,833	48,356	3,477	7.2%
Other Operating Expense	<u>187,093</u>	<u>173,596</u>	<u>13,497</u>	<u>7.8%</u>
TOTAL PERSONNEL AND OTHER EXPENSES	<u>\$ 4,130,139</u>	<u>\$ 3,962,884</u>	<u>\$ 167,255</u>	<u>4.2%</u>
EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION	<u>\$ 516,871</u>	<u>\$ 485,292</u>	<u>\$ 31,579</u>	<u>6.5%</u>
Depreciation and Amortization	\$ 247,548	\$ 234,054	\$ 13,494	5.8%
Interest Expense	<u>56,368</u>	<u>58,354</u>	<u>(1,986)</u>	<u>-3.4%</u>
TOTAL OPERATING EXPENSE	<u>\$ 4,434,055</u>	<u>\$ 4,255,292</u>	<u>\$ 178,763</u>	<u>4.2%</u>
OPERATING INCOME	<u>\$ 212,955</u>	<u>\$ 192,884</u>	<u>\$ 20,071</u>	<u>10.4%</u>
<b><u>NON-OPERATING INCOME</u></b>				
Interest and dividend income	\$ 49,312	\$ 33,128	\$ 16,184	48.9%
Net change in the fair value of investments	61,608	412,754	(351,146)	-85.1%
Other, net	<u>60</u>	<u>(137)</u>	<u>197</u>	<u>143.8%</u>
TOTAL NON-OPERATING INCOME	<u>\$ 110,980</u>	<u>\$ 445,745</u>	<u>\$ (334,765)</u>	<u>-75.1%</u>
NET INCOME	<u><u>\$ 323,935</u></u>	<u><u>\$ 638,629</u></u>	<u><u>\$ (314,694)</u></u>	<u><u>-49.3%</u></u>

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**ATRIUM HEALTH**

**OBLIGATED GROUP**

**COMPARATIVE STATEMENT OF CASH FLOWS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30,**  
*(dollars in thousands)*

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Receipts from patients and third party payers	\$ 4,292,989	\$ 4,044,014
Payments to suppliers for goods and services	(1,531,161)	(1,426,702)
Payments to employees for services	(2,606,357)	(2,649,262)
Receipts from others, net	<u>450,999</u>	<u>441,135</u>
Net cash provided by operating activities	<u>\$ 606,470</u>	<u>\$ 409,185</u>
<b>Noncapital financing activities</b>		
Proceeds from the issuance of commercial paper	210,000	135,000
Retirements of commercial paper	(210,000)	(135,000)
Other activities	<u>(1,373)</u>	<u>(485)</u>
Net cash used in noncapital financing activities	<u>\$ (1,373)</u>	<u>\$ (485)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets, net	\$ (281,910)	\$ (196,298)
Donated funds designated for building and equipment purchases	8,606	5,299
Principal payments, refunding and retirements on short- and long-term debt	(34,385)	(33,321)
Interest payments on short- and long-term debt	(77,544)	(72,642)
Decrease in other assets affecting capital and related financing activities	8,963	660
Other contributions	<u>6,332</u>	<u>810</u>
Net cash used in capital and related financing activities	<u>\$ (369,938)</u>	<u>\$ (295,492)</u>
<b>Cash flows from investing activities:</b>		
Withdrawal from investments limited as to use	\$ -	\$ 10,000
Contribution to investments limited as to use	(139,330)	(102,500)
Investment earnings	7,445	4,916
(Increase) decrease in other trusted assets	(6,147)	717
Purchase of investments	<u>(8,163)</u>	<u>(2,562)</u>
Net cash used in investing activities	<u>\$ (146,195)</u>	<u>\$ (89,429)</u>
<b>Increase in cash and cash equivalents</b>	<u>\$ 88,964</u>	<u>\$ 23,779</u>
Cash and cash equivalents, beginning of year	136,200	147,411
Cash and cash equivalents, end of period	<u>\$ 225,164</u>	<u>\$ 171,190</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 212,955	\$ 192,884
Interest expense considered capital financing activity	56,368	58,354
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	247,548	234,054
Decrease in patient account receivables, net	34,957	5,509
Increase in inventories and other current assets	(49,624)	(7,246)
Decrease in other assets affecting operating activities	519	7,530
Increase (decrease) accounts payable and other current liabilities	53,472	(81,688)
Decrease in other liabilities affecting operating activities	(12,105)	(36,280)
Increase in estimated third party payer settlements	<u>62,380</u>	<u>36,068</u>
Net cash provided by operating activities	<u>\$ 606,470</u>	<u>\$ 409,185</u>

The Obligated Group includes the Primary Enterprise and Atrium Health Foundation

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*The Charlotte-Mecklenburg Hospital Authority  
d/b/a Atrium Health*

*Utilization Information*

*For the Nine Months Ended September 30, 2018*

The table below summarizes certain information concerning utilization of the Obligated Group's physician services group and principal inpatient facilities during the nine months ended September 30, 2018 and 2017.

	<b>Summary Utilization Information</b>	
	<b>Nine Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Medical Group <sup>(1)(2)</sup></b>		
Practice locations	513	496
Total Physicians	1,789	1,754
Patient visits (including faculty)	4,462,856	4,493,248
<b>Total Acute Care Facilities</b>		
Adjusted patient days (excluding newborn) <sup>(3)</sup>	1,125,266	1,085,285
Adjusted discharges (excluding newborn) <sup>(3)</sup>	238,097	234,365
Surgical Procedures <sup>(8) (9) (11)</sup>	72,680	73,184
<b>Carolinas Medical Center and Levine Children's Hospital</b>		
Licensed beds <sup>(4)</sup>	907	907
Beds in service <sup>(4)</sup>	907	907
Average daily census	749.3	747.2
Percentage occupancy of licensed beds <sup>(4)</sup>	82.6%	82.4%
Percentage occupancy of beds in service <sup>(4)</sup>	82.6%	82.4%
Patient days (excluding newborn)	204,562	203,977
Adjusted patient days (excluding newborn) <sup>(3)</sup>	408,719	407,364
Average length of stay (days)	6.1	6.0
Discharges (excluding newborn)	33,375	33,729
Adjusted discharges (excluding newborn) <sup>(3)</sup>	66,684	67,360
Emergency room visits	93,244	96,674
Surgical procedures	24,817	25,465
Newborn deliveries	5,126	5,305
<b>Carolinas Medical Center - Mercy <sup>(5)</sup></b>		
Licensed beds	207	207
Beds in service	207	207
Average daily census	131.4	121.5
Percentage occupancy of licensed beds	63.5%	58.7%
Percentage occupancy of beds in service	63.5%	58.7%
Patient days	35,866	33,159
Adjusted patient days (excluding newborn)	65,693	60,415
Average length of stay (days)	3.9	3.7
Discharges (excluding newborn)	9,263	8,897
Adjusted discharges (excluding newborn)	16,966	16,210
Emergency room visits	26,614	27,907
Surgical procedures	8,466	8,323
<b>Carolinas HealthCare System NorthEast</b>		
Licensed beds	457	457
Beds in service	455	455
Average daily census	303.2	282.2
Percentage occupancy of licensed beds	66.4%	61.8%
Percentage occupancy of beds in service	66.6%	62.0%
Patient days (excluding newborn)	82,787	77,045
Adjusted patient days (excluding newborn) <sup>(3)</sup>	174,284	168,952
Average length of stay (days)	4.8	4.6
Discharges (excluding newborn)	17,324	16,810
Adjusted discharges (excluding newborn) <sup>(3)</sup>	36,471	36,863
Emergency room visits	90,634	91,237
Surgical procedures <sup>(6)</sup>	8,687	8,946
Newborn deliveries	2,065	2,163
<b>Carolinas HealthCare System Pineville <sup>(7)</sup></b>		
Licensed beds	235	235
Beds in service	235	235
Average daily census	212.3	203.3
Percentage occupancy of licensed beds	90.3%	86.5%
Percentage occupancy of beds in service	90.3%	86.5%
Patient days (excluding newborn)	57,956	55,489
Adjusted patient days (excluding newborn) <sup>(3)</sup>	122,832	118,185
Average length of stay (days)	4.4	4.3
Discharges (excluding newborn)	13,186	12,872
Adjusted discharges (excluding newborn) <sup>(3)</sup>	27,946	27,371
Emergency room visits	72,154	74,792
Surgical procedures <sup>(8)</sup>	8,159	8,171
Newborn deliveries	1,770	1,754

Summary Utilization Information		
	Nine Months Ended September 30,	
	2018	2017
<b>Carolinas HealthCare System Cleveland</b>		
Licensed beds	241	241
Beds in service	161	161
Average daily census	92.6	79.0
Percentage occupancy of licensed beds	38.4%	32.8%
Percentage occupancy of beds in service	57.5%	49.1%
Patient days (excluding newborn)	25,276	21,563
Adjusted patient days (excluding newborn)	71,814	65,241
Average length of stay (days)	3.9	4.0
Discharges (excluding newborn)	6,423	5,360
Adjusted discharges (excluding newborn)	18,249	16,217
Emergency room visits	50,190	51,574
Surgical procedures <sup>(9)</sup>	5,113	5,148
Newborn deliveries	825	752
<b>Carolinas HealthCare System Union</b>		
Licensed beds <sup>(10)</sup>	182	179
Beds in service <sup>(10)</sup>	161	162
Average daily census	92.3	89.5
Percentage occupancy of licensed beds <sup>(10)</sup>	50.7%	50.0%
Percentage occupancy of beds in service <sup>(10)</sup>	57.2%	55.3%
Patient days (excluding newborn)	25,194	24,438
Adjusted patient days (excluding newborn) <sup>(3)</sup>	77,183	73,121
Average length of stay (days)	3.8	3.7
Discharges (excluding newborn)	6,690	6,617
Adjusted discharges (excluding newborn) <sup>(3)</sup>	20,495	19,799
Emergency room visits	59,884	59,703
Surgical procedures <sup>(11)</sup>	6,653	6,758
Newborn deliveries	741	822
<b>Carolinas HealthCare System University</b>		
Licensed beds	100	100
Beds in service	100	100
Average daily census	75.6	67.4
Percentage occupancy of licensed beds	75.6%	67.4%
Percentage occupancy of beds in service	75.6%	67.4%
Patient days (excluding newborn)	20,642	18,413
Adjusted patient days (excluding newborn) <sup>(3)</sup>	77,649	72,196
Average length of stay (days)	3.9	3.8
Discharges (excluding newborn)	5,267	4,854
Adjusted discharges (excluding newborn) <sup>(3)</sup>	19,813	19,032
Emergency room visits	72,937	72,282
Surgical procedures	6,456	6,019
Newborn deliveries	1,200	1,125
<b>Carolinas HealthCare System Kings Mountain</b>		
Licensed beds	67	67
Beds in service	54	59
Average daily census	34.1	35.3
Percentage occupancy of licensed beds	50.9%	52.7%
Percentage occupancy of beds in service	62.7%	59.9%
Patient days (excluding newborn)	9,302	9,641
Adjusted patient days (excluding newborn)	33,877	33,715
Average length of stay (days)	4.6	4.7
Discharges (excluding newborn)	2,004	2,045
Adjusted discharges (excluding newborn)	7,298	7,151
Emergency room visits	25,053	26,492
Surgical procedures	707	562

Summary Utilization Information		
Nine Months Ended September 30,		
	2018	2017
<b>Carolinas HealthCare System Lincoln</b>		
Licensed beds	101	101
Beds in service	101	101
Average daily census	52.2	44.4
Percentage occupancy of licensed beds	51.7%	44.0%
Percentage occupancy of beds in service	51.7%	44.0%
Patient days (excluding newborn)	14,245	12,131
Adjusted patient days (excluding newborn)	47,301	40,153
Average length of stay (days)	4.2	3.7
Discharges (excluding newborn)	3,417	3,298
Adjusted discharges (excluding newborn)	11,346	10,916
Emergency room visits	33,849	34,511
Surgical procedures	2,009	2,120
Newborn deliveries	341	327
<b>Carolinas HealthCare System Stanly</b>		
Licensed beds	109	109
Beds in service	94	94
Average daily census	42.1	43.4
Percentage occupancy of licensed beds	38.6%	39.8%
Percentage occupancy of beds in service	44.8%	46.1%
Patient days (excluding newborn)	11,494	11,839
Adjusted patient days (excluding newborn)	38,375	39,135
Average length of stay (days)	4.1	3.8
Discharges (excluding newborn)	2,833	3,120
Adjusted discharges (excluding newborn)	9,459	10,313
Emergency room visits	24,470	24,092
Surgical procedures	1,584	1,653
Newborn deliveries	330	411
<b>Carolinas HealthCare System Anson</b>		
Licensed beds	15	15
Beds in service	15	15
Average daily census	2.0	1.1
Percentage occupancy of licensed beds	13.4%	7.1%
Percentage occupancy of beds in service	13.4%	7.1%
Patient days (excluding newborn)	548	289
Adjusted patient days (excluding newborn)	7,539	6,808
Average length of stay (days)	2.2	2.2
Discharges (excluding newborn)	245	133
Adjusted discharges (excluding newborn)	3,370	3,133
Emergency room visits	11,532	11,387
Surgical procedures	29	19
<b>Carolinas Rehabilitation - Charlotte, Mount Holly, and NorthEast<sup>(12)</sup></b>		
Licensed beds <sup>(13)</sup>	150	152
Beds in service <sup>(13)</sup>	150	152
Average daily census	116.9	116.1
Percentage occupancy of licensed beds <sup>(13)</sup>	78.0%	76.4%
Percentage occupancy of beds in service <sup>(13)</sup>	78.0%	76.4%
Patient days	31,927	31,700
Adjusted patient days	41,076	40,713
Average length of stay (days)	15.7	15.4
Discharges	2,032	2,061
<b>Behavioral Health Centers <sup>(14)</sup></b>		
Licensed beds <sup>(15)</sup>	132	135
Beds in service <sup>(15)</sup>	130	129
Average daily census	125.0	122.2
Percentage occupancy of licensed beds <sup>(15)</sup>	94.7%	90.5%
Percentage occupancy of beds in service <sup>(15)</sup>	95.9%	94.7%
Patient days	34,120	33,359
Adjusted patient days	56,323	58,987
Average length of stay (days)	9.1	9.1
Discharges	3,729	3,681

	Summary Utilization Information	
	Nine Months Ended September 30,	
	2018	2017
<b>Nursing Centers <sup>(16)</sup></b>		
Licensed beds	582	582
Average daily census	489.4	514.6
Percentage occupancy of licensed beds	84.1%	88.4%
Patient days	133,600	140,488

- (1) Includes physician practices that are owned, managed or staffed by the Medical Group.
- (2) Certain statistics for the nine months ended September 30, 2017 have been restated to be comparable with the nine months ended September 30, 2018.
- (3) 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.
- (4) Licensed beds and beds in service for Carolinas Medical Center for the nine months ended September 30, 2018 and 2017 reflect the weighted average of a temporary increase of 80 licensed beds due to high census effective August 30, 2010, set to expire December 15, 2018.
- (5) Carolinas Medical Center - Mercy is a facility of Carolinas Medical Center.
- (6) Inpatient surgical procedures for Carolinas HealthCare System NorthEast for the nine months ended September 30, 2018 and 2017 have been restated to be consistent with other acute care facilities.
- (7) Includes 29-bed CHS Rehabilitation, a facility of Carolinas HealthCare System Pineville.
- (8) Includes surgeries at Carolina Orthopedic Surgery Associates. Surgical procedures for the nine months ended September 30, 2017 has been restated to be comparable with the surgical procedures for the nine months ended September 30, 2018.
- (9) Includes surgeries at Cleveland Ambulatory Services.
- (10) Licensed beds and beds in service for Carolinas HealthCare System Union for the nine months ended September 30, 2018 reflect the weighted average of a permanent increase of 7 licensed beds effective May 1, 2017.
- (11) Includes surgeries at Union West Surgery Center.
- (12) Includes Carolinas Rehabilitation-Charlotte, Carolinas Rehabilitation-Mount Holly, and Carolinas Rehabilitation-NorthEast.
- (13) Licensed beds and beds in service for Carolinas Rehabilitation for the nine months ended September 30, 2018 and 2017 reflect the weighted average of a temporary increase of 7 licensed beds at Carolinas Rehabilitation - Charlotte effective December 11, 2013, which was set to expire January 27, 2016, was extended through March 31, 2017, and expired March 31, 2017.
- (14) Includes Carolinas HealthCare System Behavioral Health - Charlotte and Carolinas HealthCare System Behavioral Health - Davidson, both facilities of Carolinas Medical Center. Separate utilization information for these facilities is available upon request.
- (15) Licensed beds and beds in service for Behavioral Health Centers for the nine months ended September 30, 2018 reflect the weighted average of a permanent reduction of 4 licensed beds. First Step Behavioral Health, which was operated as part of Carolinas HealthCare System Union, returned their 4 licensed beds to the state effective July 24, 2017.
- (16) Includes Huntersville Oaks, Sardis Oaks, Cleveland Pines, Jesse Helms Nursing Center, and Stanly Manor. Separate utilization information for these facilities is available upon request.

The table below summarizes the surgical procedures performed at ambulatory surgery centers operated by joint ventures in which the Obligated Group has a membership interest. None of the joint venture entities in the table are a member of the Obligated Group.

	<b>Summary Utilization Information</b>	
	<b>Nine Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
Carolina Center for Specialty Surgery	1,868	1,830
Gateway Ambulatory Surgery Center, LLC <sup>(1)</sup>	4,697	4,748
<b>TOTAL</b>	<b>6,565</b>	<b>6,578</b>

(1) Total surgical procedures for the nine months ending September 30, 2018 and 2017 have been restated to be consistent with the definition of surgeries at the other acute care facilities.