



**Care New England Health System
Quarterly Reporting Package
June 30, 2019**

THIRD QUARTER 2019

Table of Contents

Quarterly Highlights and Results

Quarterly Memorandum

Tab 1: Financial Highlights – June 2019

Tab 2: Balance Sheet & Cash Flows – Consolidated & Obligated Group

Tab 3: Income Statement
-- Quarter over Quarter Comparison
-- June 2019 Obligated Group & Consolidated

Tab 4: Key Budget Assumption Review

Tab 5: Efficiency Metrics

Tab 6: Shared Savings & At-Risk Arrangements

Tab 7: Revenue Cycle Report & Payor Mix

Tab 8: Consolidated & Obligated Group Ratios

Tab 9: Debt Compliance Obligated Group & Supplemental Reporting Information

Tab 10: Patient Statistics

Tab 11: Capital Report



**Care New England Health System
Quarterly Financial Report
Third Quarter, Fiscal Year 2019**

HIGHLIGHTS AND RESULTS

Highlights:

- In the third quarter, the Care New England Health System achieved income from operations of \$7.4 million, a \$13.2 million improvement from the second quarter.
- With the exception of Care New England (corporate services) and Memorial, all operating units were profitable from operations for the third quarter of FY2019.
- Operational improvement initiatives at Care New England continue to positively impact quality, access, and financial performance across all operating units. Additionally, more aggressive turnaround plans are being implemented at Women & Infants.
- In late May, the Governor of Rhode Island asked Lifespan, Care New England and Brown University to reconsider plans for a Rhode Island based integrated academic health system. Care New England agreed to explore the feasibility of this option and to begin discussions.
- In early June, in order to give the Rhode Island solution the best chance for success and to provide maximum flexibility to the governor and the leadership of the three institutions, Partners HealthCare withdrew its application with the Rhode Island Department of Health to acquire Care New England.
- In July, after careful deliberations, Care New England withdrew from discussions with Lifespan and Brown University.

Results:

- In the third quarter, the Obligated Group (all entities except Memorial and its affiliates) reported \$7.9 million income from operations. Through the nine months ended June 30, 2019, the Obligated Group reported \$4.9 million income from operations, \$147,134 better than budget.
- Care New England as a System recorded income from operations of \$7.4 million in the third quarter. Year-to-date as of June 30, 2019, Care New England reported income from operations of \$2.3 million, \$1.6 million better than budget.

**Care New England Health System
Quarterly Memorandum
Third Quarter, Fiscal Year 2019**

Introduction and Overview

Enclosed is the unaudited consolidated financial information for Care New England Health System (the “System”) through the third quarter of FY2019. Significant intercompany related transactions have been eliminated for this presentation. Unless otherwise noted, the entities included in these Consolidated reports are:

Care New England Corporate
Integra Community Care Network, LLC
Butler Hospital and related Affiliates
Kent Hospital and related Affiliates
Women & Infants Corporation and related Affiliates
VNA of Care New England and related Affiliates
Southeastern Healthcare System and related Affiliates (also referred to as “SHS”)
The Providence Center, Inc. and related Affiliates (also referred to as “TPC”)

The entities included in the Obligated Group reports include all the entities noted above with the exception of Memorial Hospital and related Affiliates (withdrew from Obligated Group on December 22, 2017).

To highlight the System’s physician activities, the financial results of Care New England Medical Group (“CNEMG”) are separately reported in the supplemental consolidating information in both the statement of unrestricted activities and the balance sheet. CNEMG is a subsidiary of Kent Hospital.

Recently adopted accounting standards that will impact Care New England in FY2019 include the following:

- In May 2014, the FASB issued ASU 2014-09 - *Revenue from Contracts with Customers* at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards.
- In August 2016, the FASB issued ASU 2016-14 - *Presentation of Financial Statements for Not-for-Profit Entities*, which makes targeted changes to the not-for-profit financial reporting model.
- In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard applies to all entities that receive or make contributions.

The June 30, 2019 consolidated financial statements do not include the impact of the above standards (with the exception of revenue recognition on certain milestone grant awards which was implemented in the first quarter). Care New England is in the process of evaluating the impact of the standards and will implement the standards in the fourth quarter of FY2019.

Memorial Update

On May 1, 2018, the Rhode Island Department of Health formally approved the Memorial Hospital closure.

On December 22, 2017, the Master Trustee (Master Trust Indenture dated as of September 1, 2016) approved the release of Memorial from the Obligated Group. The enclosed financial statements show both the Consolidated and Obligated Group versions of the balance sheet, statement of unrestricted activities, and financial ratio key indicators in the dashboard. In addition, the activities of Memorial are separately reported in the supplemental consolidating information for both the statement of unrestricted activities and the balance sheet. Included in **Exhibit A** of this quarterly financial report, is an organizational chart further detailing Obligated Group members as of December 22, 2017.

On July 1, 2018, the sole member of Blackstone Health, Inc. was changed from Southeastern Healthcare System, Inc. to Kent County Visiting Nurse Association d/b/a VNA of Care New England.

Management Discussion

The success of growth initiatives and cost management has been very effective. Action plan implementation, daily productivity monitoring, and revenue cycle improvements are making an impact on performance. Management plans to continue to implement more initiatives targeting growth, leakage, access, cost savings, and retention to stabilize and grow patient activity levels and improve operating gains. CNE Management and the operating units participate in weekly operational reviews to monitor, update, and execute action plans.

Operating results by quarter in FY2018 and through the third quarter of FY2019 for the System were as follows:

	Care New England - Consolidated									
	FY2018					FY2019				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	YTD	
Revenue	\$ 278.2	\$ 271.6	\$ 278.8	\$ 302.6	\$ 1,131.2	\$ 282.6	\$ 278.5	\$ 290.6	\$ 851.7	
Expenses:										
Loss on asset impairment - Memorial Hospital	\$ 22.4	\$ (0.2)	\$ 0.1	\$ 0.3	\$ 22.6	\$ -	\$ -	\$ -	\$ -	
Restructuring costs - Memorial Hospital	\$ 2.6	\$ 5.1	\$ 0.6	\$ (1.1)	\$ 7.2	\$ 0.3	\$ 0.4	\$ 0.3	\$ 1.0	
Expenses - all other	\$ 286.7	\$ 273.7	\$ 277.3	\$ 290.4	\$ 1,128.1	\$ 281.6	\$ 283.9	\$ 282.9	\$ 848.4	
Total expenses	\$ 311.7	\$ 278.6	\$ 278.0	\$ 289.6	\$ 1,157.9	\$ 281.9	\$ 284.3	\$ 283.2	\$ 849.4	
Income (loss) from operations	\$ (33.5)	\$ (7.0)	\$ 0.8	\$ 13.0	\$ (26.7)	\$ 0.7	\$ (5.8)	\$ 7.4	\$ 2.3	
Income (loss) from operations - Memorial	\$ (33.9)	\$ (12.3)	\$ (3.7)	\$ 8.0	\$ (41.9)	\$ (0.9)	\$ (1.2)	\$ (0.6)	\$ (2.7)	

Operating results by quarter in FY2018 and through the third quarter of FY2019 for the Obligated Group were as follows:

	Obligated Group ¹									
	FY2018					FY2019				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	YTD	
Revenue	\$ 277.9	\$ 272.8	\$ 279.0	\$ 291.1	\$ 1,120.8	\$ 281.5	\$ 278.6	\$ 289.7	\$ 849.8	
Expenses:										
Loss on asset impairment - Memorial Hospital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Restructuring costs - Memorial Hospital	\$ 1.6	\$ -	\$ -	\$ (0.4)	\$ 1.2	\$ -	\$ -	\$ -	\$ -	
Expenses - all other	\$ 284.5	\$ 267.4	\$ 274.4	\$ 286.5	\$ 1,112.8	\$ 279.9	\$ 283.2	\$ 281.8	\$ 844.9	
Total expenses	\$ 286.1	\$ 267.4	\$ 274.4	\$ 286.1	\$ 1,114.0	\$ 279.9	\$ 283.2	\$ 281.8	\$ 844.9	
Income (loss) from operations	\$ (8.2)	\$ 5.4	\$ 4.6	\$ 5.0	\$ 6.8	\$ 1.6	\$ (4.6)	\$ 7.9	\$ 4.9	
Loss from operations - Memorial	\$ (8.5)	\$ -	\$ -	\$ -	\$ (8.5)	\$ -	\$ -	\$ -	\$ -	

¹ Obligated Group (excluding Memorial) effective December 22, 2017

In the third quarter, the Obligated Group (all entities except Memorial and its affiliates) reported \$7.9 million income from operations. All operating units, except for CNE (corporate) had positive gains in the third quarter. Through the nine months ended June 30, 2019, the Obligated Group reported \$4.9 million income from operations, \$147,134 favorable to budget.

CNE as a whole recorded a gain from operations of \$7.4 million in the third quarter. Year-to-date as of June 30, 2019, CNE reported income from operations of \$2.3 million, \$1.6 million better than budget.

Through the third quarter, the Obligated Group posted \$4.9 million income from operations versus \$1.8 million income from operations for the same period last year.

Starting in the second quarter of FY2019, Women & Infants experienced a significant decline in NICU utilization. A portion of the problem relates to lost Massachusetts Medicaid business due to the implementation of an ACO model. Massachusetts Medicaid represents 13% of Women and Infants NICU days and overall average daily census has been negatively impacted. NICU days have shown slight improvement in the third quarter, but continue to fall well below budget. As a result, Women and Infants posted a loss from operations in the second quarter of FY2019. Although third quarter operating results improved significantly, Women and Infants' third quarter operating income of \$1.4 million was unfavorable to budget by \$2.9 million. Financial turnaround plans are being implemented to get back to budget.

For the first nine months of the year, total revenue finished \$3.7 million lower than budget but \$20.0 million higher than the previous year total. However, after adjusting for the Memorial closure, the Obligated Group revenue is up \$39.3 million or 4.9%. Medical/surgical discharges were 320 (3.2%) behind budget and 18 (.2%) higher than last year. Obstetrics discharges were 138 (1.9%) behind budget and 365 (4.9%) behind last year. Deliveries finished 108 (1.6%) behind budget and 338 (4.8%) behind last year. NICU discharges were 51 (6.4%) behind budget and 97 (11.5%) behind last year. NICU days ended 9.7% behind budget and 10 % behind last year. Emergency visits, inpatient operating room, outpatient laboratories, ultrasounds, EKGs, breast health, mammographies, ECTs and infusion therapy services all trended lower compared to the budget. Like the second quarter, overall length of stay remained on budget at 4.6 and similar to the prior year.

Operational improvement action plan results through the first three quarters are \$3.9 million ahead of the budgeted improvement of \$12.3 million.

CNE recorded \$2 million in prior period revenue gains through the third quarter. A majority of the gain was related to multiple settlements received from Beacon Health for mental health services provided at Butler and Kent, and several government payor settlements.

Total Indemnity operating loss of \$809,208 was \$1.4 million unfavorable to budget. Results by Indemnity program were mixed; actual underwriting experience versus expected actuarial losses was favorable at W&I Indemnity, but was unfavorable at Toll Gate Indemnity through the third quarter.

Through the third quarter, total expenses for the Obligated Group were \$3.9 million or .5% lower than budget primarily due to favorable variances in other expenses, partially offset by unfavorable variances in labor costs. The Obligated Group reported an unfavorable expense variance in salaries of \$2.2 million or .6%. Labor productivity is monitored daily at each of the operating units and at CNE. FTEs per adjusted occupied bed were unfavorable to budget by 4.5% at Butler, 1.2% at Kent, and 2.3% at Women & Infants. Adjusted patient days at Butler were favorable to budget; however, FTE variances from budget were unfavorable. Adjusted patient days at Kent and Women and Infants were unfavorable to budget. Kent FTE's were consistent with budget and Women & Infants FTEs were favorable to budget. Fringe benefits

expense is unfavorable to budget by \$6.1 million or 5.2%, primarily within health insurance; claims experience (large claims) has been unfavorable resulting in an increase in the System's health insurance costs. Insurance expense was under budget by \$1.2 million or 5.7% due to the favorable underwriting experience at W&I Indemnity. Medical supplies and drugs were unfavorable to budget by \$2.3 million or 2.9%. Actual expense, as a percentage of gross patient revenue, is favorable to budget. In addition, drug costs associated with the 340B pharmacy initiative have increased as a result of increased volume. Other expenses were favorable to budget by \$9.9 million or 6.6% primarily due to consulting, merger costs, software costs, and elimination entries. Through the third quarter, cost per adjusted discharge is unfavorable to budget by 1.5% at Butler, 5.9% at Kent and .3% at Women & Infants, and cost per adjusted day is unfavorable to budget by .8% at Butler, 3.7% at Kent and 4.9% at Women & Infants.

Including non-operating activity, the Obligated Group ended the first nine months of the year with excess revenue over expenses at \$9.4 million.

The consolidated net income from operations was \$2.3 million through the third quarter versus the budgeted net income from operations of \$642,248 and the year-to-date June 30, 2018 loss of \$39.7 million.

The System's cash position is a primary focus of management; overall days cash on hand were 53.1 days, compared to 44.2 at September 30, 2018 and 45.5 days at June 30, 2018. The System's average payment period was 61.7 days, compared to 62.7 days at June 30, 2018. The System's days in gross accounts receivable were 42, compared to 44 at September 30, 2018 and 46 at June 30, 2018.

The System is closely monitoring capital expenditures through its executive capital committee. All capital expenditures must be approved by this committee and such expenditures are limited to critical and strategic items. The capital expenditure ratio through the third quarter was 82% for the System. Included in **Tab 11** is a report that provides further details in regards to capital expenditures.

The greatest challenges affecting CNE's financial performance in FY2019 are patient volumes; specifically, NICU, medical/surgical, obstetric and deliveries. However, actions plans are stabilizing these patient activity trends as well as the alignment of staffing to the volume levels. Action plans are addressing the goals of quality, access, and service. Furthermore, due to the significant change in NICU volumes at Women & Infants, an aggressive turnaround plan is being implemented.

Strategic Initiatives

On June 4th, the Governor of Rhode Island announced that she asked Lifespan, Care New England and Brown University to enter negotiations and determine whether the parties can come to an agreement that would create a locally-run, academic medical center in Rhode Island. CNE agreed to further explore the feasibility of this option and in June, began discussions. On that same date, Partners HealthCare System, Inc., in order to give this effort the best possible chance for success and to provide maximum flexibility to the governor and the leadership of these three institutions, withdrew its applications with the Rhode Island Department of Health and the Rhode Island Department of Attorney General to acquire Care New England.

After careful deliberation, the CNE Board voted to formally withdraw from tri-party discussions with Lifespan and Brown University. In making the decision, the Board took into account many considerations, including but not limited to, capital requirements and financial stability of the combined system, community need, anti-trust considerations, organizational stability, and implementation risks.

Comments on the various sections of the quarterly report follow. *If you are limited as to the time available to review this package of materials, it is recommended that you review the Care New England Financial Highlights, Tab 1, the financial statements, Tabs 2 and 3, as well as the Key Budget Assumption updates under Tab 4. By reviewing these updates during the year, readers should get a reasonable assessment of how the year unfolded financially.*

Care New England Financial Highlights (Tab 1)

This section summarizes the results of the System's financial highlights including operating gain (loss) for the System and by operating unit, key indicators, and key volume statistics for the month and year to date June 30, 2019. This section also summarizes the status of key action plan initiatives.

Combined Balance Sheet as of June 30, 2019 Compared to the Combined Balance Sheet as of June 30, 2018 and as of September 30, 2018 (Tab 2)

NOTE: Tab 2 includes both the Consolidated and Obligated Group versions of the balance sheet. The comments below refer to the Obligated Group's balance sheet.

As of June 30, 2019, the Obligated Group had \$74.6 million in **Cash and Cash Equivalents** compared to \$47.4 million at September 30, 2018 and \$53.4 million at June 30, 2018. In addition to active management of the System's cash position, significant cash transactions include the funding of pension and workers compensation, indemnity premium payments, and vacation/sick buyouts, offset by improved Revenue Cycle cash performance, the receipt of Integra shared savings incentive payments and contract milestone payments, and management of deposit funding requirements related to CNE's employee health plan resulting in the return of the majority of deposits held by the administrator.

Patient Accounts Receivables were \$16.1 million lower than September 30, 2018 and \$8.4 million lower than the prior year, while Days in Gross Accounts Receivable were at 42 days, which is 2 days lower than the previous quarter and the lowest in four years. Cash collections increased 5% in the third quarter versus the second quarter, while the focus on reducing provider liability write-offs has also paid dividends. Across the system, these write-offs have been reduced by \$10 million compared to the previous year. At Butler, additional internal resources dedicated to working the Butler receivable continue to perform beyond expectations as cash records were set during the third quarter. During the third quarter, Butler cash collections averaged \$7 million each month, well above their average of \$6.1 million. Kent Days in Gross Accounts Receivable, meanwhile, also continued to trend lower at 39 days, which is also an all-time record. This is 2 days lower than the previous quarter and 4 days lower than the prior year. At Women & Infants Hospital, Days in Gross Accounts Receivable decreased by 2 days down to 44 days from the previous quarter. Included in **Tab 7** are various reports that provide further details about Patient Accounts Receivables.

The **Allowance for Estimated Uncollectible Accounts** as a percentage of patient accounts receivables was 24% at June 30, 2019, an increase of .5% from the second quarter and a decrease 2% from September 30, 2018. The allowance for uncollectible accounts remained consistent during the third quarter because of accounts receivable management and cash collections. New automated processes and billing procedures continue to work well across the system. Cash collections at Butler were strong during the entire third quarter. They averaged \$7.1 million for the quarter with June collections at \$7.3 million; setting an all-time record. The \$32 million collected at Kent for May was also an all-time record. At Women & Infants, cash collections continue to run ahead of last year's average by \$2 million each month;

the \$40 million collected in May was the highest in two years. The allowance for estimated uncollectible accounts as a percentage of patient accounts receivables was 26% at September 30, 2018.

Other Receivables include grants receivable, Disproportionate Share (DSH) receivables and Upper Payment Limit (UPL) monies, indemnity programs' premiums receivable, third party receivables, and other miscellaneous receivables. The increase of \$20.3 million or 77.8% since September 30, 2018 related primarily to the timing of receipts; most notably the accrual of the Disproportionate Share income that will not be received until July, consistent with prior year; the increase in indemnity programs' premiums receivable; and the reclassification of third party receivables (previously netted with payables from third party settlements); partially offset by the receipt of Integra shared savings incentive payments and contract milestone payments.

Assets Limited as to Use (Current Portion) increased \$4.8 million since September 30, 2018. The changes primarily relate to activity within debt service funds, specifically the timing of deposits to the funds and payments to bondholders. The annual principal payment related to the 2016 Series B bonds (\$3,665,000 in FY2019) will be made in September.

Prepaid Expenses decreased \$1.7 million or 13% since September 30, 2018 and decreased \$2.6 million or 18.5% since June 30, 2018. The largest items included in Prepaid Expenses are insurance premiums, information systems contracts and vendor deposits. As previously noted, the decrease since September 30, 2018 and from prior year is primarily due to management of deposit funding requirements related to CNE's employee health plan resulting in the return of the majority of deposits held by the administrator.

Assets Limited as to Use increased \$9.4 million or 2.6% since September 30, 2018 and increased \$24.6 million or 7.2% since June 30, 2018. The components of the changes through the third quarter of FY2019 and since June 30, 2018 were a net result of the following:

Endowment Funds decreased by \$623,062 or 1.1% since September 30, 2018 and increased \$520,299 or .9% since June 30, 2018, primarily reflecting the impact of the investment markets.

Board Designated Funds increased \$2.4 million or 1.9% since September 30, 2018 and increased \$5.1 million or 4.3% since June 30, 2018, primarily reflecting the impact of the investment markets.

Self-Insurance Trust Funds increased \$2.7 million or 1.7% since September 30, 2018 and increased \$18.5 million or 12.8% since June 30, 2018. The changes reflect the net of investment performance, contributions, dividends paid and settlement payments. The most notable factors through the third quarter are the impact of the investment markets and the payment of several case settlements. CNE and its operating units self-insure extensive amounts of risk due to either the unavailable or uneconomical coverage. We rely on sound funding practices and actuarial assessments to provide reasonable assurance of adequate reserves. Among the self-insured programs are:

W&I Indemnity (W&I hospital primary professional liability (PL) and general liability (GL), W&I PL excess pre 10/1/17, W&I lead PL excess and PL excess re-insurance post 10/1/17, W&I employed and community physician primary PL)

Toll Gate Indemnity (Kent hospital primary PL and GL, Kent PL excess pre 10/1/17, Kent lead PL excess and PL excess re-insurance post 10/1/17, Butler and TPC primary PL and GL post 10/1/17, Kent employed and community physician primary PL, Butler and TPC employed physician primary PL post 10/1/17)

W&I trust (primary professional & general and malpractice tail exposures prior to 10/1/11)

Butler trust (primary professional & general liability prior to 10/1/17)

Memorial Hospital trust (PI. tail exposures prior to 7/1/04)

Workers Compensation

Health Insurance

Dental Insurance

Unemployment Insurance

Trustee Held Funds increased \$5.1 million or 36.4% since September 30, 2018. The change relates primarily to the timing of deposits to the funds and payments to bondholders.

Net Property, Plant and Equipment decreased by \$3.8 million or 1.6% since September 30, 2018 and increased \$1.5 million or .6% from June 30, 2018. In the third quarter, Kent and Women and Infants entered into a deferred payment arrangement¹ with a vendor to purchase \$7 million of patient monitoring equipment, resulting in an increase to property, plant and equipment. However, depreciation expense exceeded capital investments through the third quarter of FY2019, but was less than capital investments since June 30, 2018. The System is closely monitoring capital expenditures through the executive capital committee. Included in **Tab 11** is a report that provides further details in regards to capital expenditures.

¹ The agreement to purchase the patient monitoring equipment includes trade-in's of various equipment. We are in the process of determining the fair value of the equipment exchanged which could impact the calculation of the basis of the new equipment. Final adjustments will be recorded by FY2019 year-end.

Intangibles of \$1,080,000 are attributable to the trade name valuation of the Providence Center. Intangibles have an indefinite useful life; subject to annual evaluation for impairment.

Investments of \$3.4 million include CNE's minority interest in 21st Century Oncology. The decrease of \$541,034 or 13.8% since September 30, 2018 is due to a \$633,000 distribution received in the second quarter of FY2019.

Due from Affiliates in the Obligated Group balance sheet includes \$110.9 million due from Memorial for treasury cash/sweep activities. These amounts are eliminated in the Consolidated balance sheet. By FY2019 year-end, it is anticipated that the intercompany borrowings between the Obligated Group and Memorial, will be forgiven by the Obligated Group.

Current Pension Payable of \$14.1 million decreased \$4.8 million or 25.2% since September 30, 2018 and decreased \$901,150 or 6% since June 30, 2018 which reflects the accrual of the funding for the annual defined contribution liability. The funding of the 2018 core component of the annual defined contribution liability was paid in April 2019 and the funding of the 2017 match component of the annual defined contribution liability was paid in October 2018 resulting in a decrease to the liability since September 2018; offset by the year-to-date defined contribution plan expense. The defined contribution plan expense was ratably accrued throughout FY2018 and through the third quarter of FY2019.

Accounts Payable and Accrued Expenses increased \$29.2 million or 26.9% from September 30, 2018 and increased \$8 million or 6.2% since June 30, 2018. The changes in these accounts are driven primarily by the timing of outflows for both vendor and employee payments. In addition, the license fee, the majority of which is paid in July (consistent with prior year), is accrued on a monthly basis.

Also included in these accounts, is the current portion of deferred payment arrangements. As previously noted, in the third quarter of FY2019, Kent and Women & Infants entered into a deferred payment

arrangement with a vendor for the purchase of patient monitoring equipment; the current portion of this agreement is \$4.8 million (total agreement is \$7.3 million, remaining balance is included in other liabilities).

Estimated Third Party Payor Settlements (Current and Long-Term) increased by \$5.3 million or 31% since September 30, 2018. The increase is primarily attributed to the reclassification of third party receivables (previously netted with payables) to other receivables and the receipt of tentative settlements from the Medicare program for fiscal year 2018.

The funded status of CNE's frozen defined benefit pension plans are reflected on its balance sheet and are adjusted annually during the year-end audit as part of the year-end actuarial evaluation of the pension plans. The **Net Pension Liability** of \$86.4 million reflects the under-funded status of the plans at June 30, 2019. CNE contributed \$8.23 million to the Plans through the third quarter, including \$4.2 million to the Memorial Plan.

Other Liabilities increased by \$2.8 million since September 30, 2018 and since June 30, 2018. As previously noted, in the third quarter of FY2019, Kent and Women & Infants entered into a deferred payment arrangement with a vendor for the purchase of patient monitoring equipment; the long-term portion of this agreement of \$2.5 million (total agreement is \$7.3 million, remaining balance is included in accounts payable and accrued expenses) is included in other liabilities.

Self-Insurance Reserves (Current and Long-Term) increased by \$3.7 or 2.4% since September 30, 2018 and increased \$10.9 million or 7.5% since June 30, 2018. The change in reserves relates to the current year activity for workers compensation, professional liability, health insurance and dental insurance; offset by actual claims and expenses paid.

Total Long Term Debt, including current portion decreased \$1.4 million or .8% since September 30, 2018 and decreased \$5.9 million or 3.3% since June 30, 2018. The change, since June 30, 2018, is due to payments made on CNE's debt during FY2018.

Total **Net Assets** of \$364 million at June 30, 2019 increased \$11.9 million since September 30, 2018; inclusive of an increase in unrestricted net assets of \$10 million, an increase of \$2.2 million in temporarily restricted net assets, and a decrease of \$312,846 in permanently restricted net assets.

NOTE: The comments below refer to the Consolidated balance sheet.

Goodwill of \$24,488,975 is attributable to the acquisition of SHS (\$24.3 million) in FY2013 and the acquisition of TPC (\$143,611) in FY2015. Goodwill has an indefinite useful life; subject to annual evaluation for impairment based on CNE not just Memorial alone.

Insurance recoveries receivable increased by \$3.8 million or 185.8% since June 30, 2018 due to an increase in malpractice reserves as determined by our actuaries. An offsetting increase was recorded in self-insurance reserves.

Asset Retirement Obligation increased by \$4.5 million or 225.8% since June 30, 2018. In the fourth quarter of FY2018, \$4.33 million of retirement obligations was recorded at Memorial.

Combined Statement of Unrestricted Activities for the Nine Months Ended June 30, 2019 Actual Compared to Budget and Compared to June 30, 2018 (Tab 3)

NOTE: Tab 3 includes both the Consolidated and Obligated Group versions of the statement of unrestricted activities. Unless otherwise noted, the comments below refer to the statement of unrestricted activities for the Obligated Group.

Comparisons to prior year are distorted due to the closure of Memorial. Memorial withdrew from the Obligated Group on December 22, 2017 and as such, Memorial's results of the first 82 days of FY2018 are included in the prior year's statement of unrestricted activities of the Obligated Group.

Net Income from Operations for the Obligated Group was \$4.9 million through the third quarter which is \$147,134 favorable to budget and \$3.2 million more than the prior year's income from operations of \$1.8 million.

Note the inclusion of a segment reporting schedule which breaks out the impact of Toll Gate and W&I Indemnity from consolidated operations. Total Indemnity operating loss of \$809,208 was \$1.4 million unfavorable to budget. Results by Indemnity program were mixed; actual underwriting experience versus expected actuarial losses was favorable at W&I Indemnity, but was unfavorable at Toll Gate Indemnity, through the third quarter.

Net Non-Operating Gains of \$4.5 million were unfavorable to budget by \$6.9 million related to unfavorable variances in investment returns, realized and unrealized.

Prior year's non-operating losses include the System's pension settlement of \$29.5 million.

The **Excess of Revenues/Gains over Expenses/Losses** for the Obligated Group was \$9.4 million, which was unfavorable to budget by \$6.8 million.

Net Patient Service Revenue for the Obligated Group was \$1.9 million higher than budget through the first nine months of FY2019 and \$18.5 million or 2.5% higher than the previous year. In the third quarter, the system continued to be negatively impacted by lower inpatient volume at both Kent and Women & Infants. NICU days have shown slight improvement, but they continue to fall well below budget. Outpatient volume was strong at Kent, but observation cases increased significantly during the quarter. This trend is significant because inpatient cases pay much better than those leveled as observation. On the positive side, Butler inpatient volume was consistent during the third quarter, while partial hospitalization volume finally improved. Both emergency room visits and inpatient surgeries also fell short of budget. Many ancillary services also finished below budget, except for MRIs, CT scans, cardiac catheterizations, EKGs, physical therapy, occupational therapy, speech therapy, sleep studies, and hyperbaric services. Payer mix trends were consistent between quarters. Charity Care finished the quarter lower than budget by 4.5% and 23.5% lower than prior year levels. **Tab 7** includes an analysis of Revenues and Deductions from Revenues. In addition, this tab provides further insights into the revenue cycle and an analysis of our accounts receivable and revenues.

Research Revenue and Research Expenses were mixed when compared to budget through the third quarter. Research revenues were unfavorable to budget by \$1 million and research expenses were favorable to budget by \$2.1 million. As previously noted, the System implemented a new accounting standard related to the timing of revenue recognition for certain milestone grant awards. Starting in the first quarter, revenue is recognized for any new milestone awards at the time the milestone/deliverable is fulfilled (previously recognized when funds were expended).

Other Revenue was \$77.3 million through the third quarter, which is \$4.7 million or 5.7% unfavorable to budget and \$783,328 or 1% lower than the prior year. The decrease in other revenue compared to budget is due to elimination entries (corresponding variance in other expense eliminations), partially offset by a favorable variance in revenues related to the 340B pharmacy initiative.

Total Operating Expenses of \$844.8 million were \$3.9 million or .5% favorable to budget primarily due to favorable variances in other expenses, partially offset by unfavorable variances in labor costs.

Highlights of the line item components of operating expense variances were as follows:

Salaries and Wages were \$2.2 million or .6% unfavorable to budget. The System experienced unfavorable labor metrics through the third quarter. FTEs per adjusted occupied bed were unfavorable to budget by 4.5% at Butler, 1.2% at Kent, and 2.3% at Women & Infants. Adjusted patient days at Butler were favorable to budget; however, FTE variances from budget were unfavorable. Adjusted patient days at Kent and Women and Infants were unfavorable to budget. Kent FTE's were consistent with budget and Women & Infants FTEs were favorable to budget. See **Tab 10** for Patient Statistics. Management plans to continue to implement more initiatives targeting focused improvements in labor productivity and management. Labor productivity is monitored by pay period at each of the hospital operating units and at CNE. A series of efficiency metrics, to assist with the reporting of our performance, can be found in **Tab 5** of the package.

Salaries and wages were \$11.8 million or 3.1% higher than the prior year. Memorial's salaries decreased by \$7.9 million, however, due to the transfer of certain Memorial programs to other CNE operating units, not all the Memorial salary decrease was recognized by the System. In addition, the System implemented its wage program in the first quarter for certain employees.

Fringe Benefits were \$6.1 million or 5.2% unfavorable to budget. The unfavorable variance is due to health insurance (large claims); claims experience has been unfavorable resulting in an increase in the System's health insurance costs.

Fringe benefits were \$6.7 million or 5.7% higher than the prior year. Memorial's fringe benefits decreased by \$2.6 million, however, due to the transfer of certain Memorial programs to other CNE operating units, not all the Memorial fringe benefit decrease was recognized by the System. In addition, the unfavorable claims experience more than offset the reduction in Memorial's fringe benefits.

Insurances were \$1.2 million or 5.7% favorable to budget. Results by Indemnity program were mixed; actual underwriting experience versus expected actuarial losses was favorable at W&I Indemnity, but was unfavorable at Toll Gate Indemnity, through the third quarter.

Insurances were \$750,195 or 3.6% less than the prior year. The decrease in Memorial's insurance expense from the prior year was \$349,752.

Medical Supplies and Drugs were \$2.3 million or 2.9% unfavorable to budget and \$6.2 million or 8.1% higher than the prior year. Variances in medical supplies and drugs are volume driven. Actual expense as a percentage of gross patient revenue is favorable to budget and higher than prior year actual. In addition, drug costs associated with the 340B pharmacy initiative have increased as a result of increased volume (corresponding increase in other revenues).

The reduction in Memorial's medical supplies and drugs from the prior year was \$1.8 million.

Other Expenses were \$9.9 million or 6.6% favorable to budget. The favorable other expense variance is primarily within consulting, merger costs, software costs, and elimination entries (corresponding variance in other revenue eliminations).

Other expenses were \$3.2 million or 2.3% lower than the prior year. Memorial's other expenses decreased by \$3.2 million, however, due to the transfer of certain Memorial programs to other CNE operating units, not all the Memorial other expense decrease was recognized by the System. An increase in elimination entries over the prior year also resulted in a favorable variance.

The reduction in the **License Fee** since the third quarter of FY2018 is related to Memorial. The Obligated Group's portion of Memorial's license fee through the third quarter of FY2018 was \$1.6 million.

Restructuring Costs are (\$164,337) through the third quarter of FY2019 and include adjustments to prior year severance estimates. Restructuring costs of \$409,376 through the third quarter of FY2018 primarily include severance costs related to restructuring activities and Huron consulting fees.

Restructuring Costs – Memorial Hospital of \$1.6 million through the third quarter of FY2018 relate to the closure of Memorial. These costs primarily include salaries and benefits related to the WARN Act (Worker Adjustment and Retraining Notification is a layoff notice law requiring employers to give employees notification before mass layoffs or plant closings) and other exit costs such as legal, public relations and purchased services.

The Obligated Group's non-operating gains include \$8.2 million in investment returns, realized and unrealized through the third quarter of FY2019, which is \$7.4 million below budget. Through the third quarter of FY2018 non-operating gains and losses include \$8.3 million in investment returns, realized and unrealized, and a (\$29.5) million **Pension Settlement**. Included within other changes in unrestricted net assets, through the third quarter of FY2018, is a \$23.3 million **Pension Adjustment**. As a result of accounting rule changes that eliminate the impact to operating results for most pension costs and settlement accounting for pension plans, in FY2018, CNE implemented de-risking strategies for the two (CNE and MHRI) defined benefit pension plans.

The first strategy included a voluntary lump sum offering to certain terminated participants and active employee participants working past age 65 in the CNE Plan and the MHRI Plan. Benefits for individuals electing to receive lump sums were paid in FY2018, requiring accelerated recognition of a portion of prior actuarial losses in FY2018 expense. During FY2018, lump sums of \$37.338 million (consisting of approximately \$28 million from the bulk lump sum offer, and approximately \$9 million from ongoing availability) were paid from the CNE Plan and lump sums of \$24.139 million were paid from the MHRI Plan. The second strategy was the election of contract discontinuance of the John Hancock annuity for the MHRI plan. As a result of the discontinuance, future capital calls for the plan are eliminated and a one-time market value true-up from John Hancock occurred. This event required accelerated recognition of prior actuarial losses in FY2018 expense. As a result, the System recorded non-operating settlement charges of \$11.952 million for the CNE Plan lump sum offer and \$19.143 million for the MHRI Plan lump sum offer and group annuity contract discontinuance. The majority of these transactions were recorded in the first quarter of FY2018; the final results of these activities were recorded in September 2018 during the year-end audit as part of the year-end actuarial evaluation of the pension plans.

The Obligated Group's FY2018 other changes in unrestricted net assets include a \$70.1 million **Transfer** to Memorial. Effective January 1, 2018, the sponsorship of Memorial's Defined Benefit Pension Plan

and Memorial's Defined Contribution Plan transferred to CNE, resulting in an increase to the Obligated Group's **Net Pension Liability** and a decrease to the Obligated Group's **Net Assets** by \$70.1 million.

The Obligated Group's FY2018 other changes in unrestricted net assets include a \$135.8 million **Transfer of Net Assets** to remove Memorial Hospital from the Obligated Group on December 22, 2017.

NOTE: The comments below refer to the Consolidated statement of unrestricted activities.

The System finished the third quarter of FY2019 with operating income of \$2.3 million compared to a third quarter FY2018 operating loss of \$39.7 million. The FY2018 loss includes a \$49.9 million operating loss at Memorial Hospital. Memorial's third quarter FY2018 financial statements include a loss on asset impairment and also include restructuring activities related to its exit costs.

Loss on Asset Impairment – Memorial Hospital is \$22.3 million through the third quarter of FY2018. With the closure of Memorial Hospital's inpatient and surgical services, an impairment loss was recognized equal to the excess of carrying value over the estimated fair value of Memorial's assets.

Restructuring Costs – Memorial Hospital of \$8.3 million (of which \$1.6 million was incurred by the Obligated Group) through the third quarter of FY2018 related to the closure of Memorial Hospital. These costs primarily include salaries and benefits related to the WARN Act (Worker Adjustment and Retraining Notification is a layoff notice law requiring employers to give employees notification before mass layoffs or plant closings) and other exit costs such as legal, public relations and purchased services.

Update on 2019 Key Budget Assumptions (Tab 4)

During the FY2019 budget process, certain areas required management to make material assumptions as to what would be encountered. These assumptions are tracked and reported upon routinely during the year. The Key Budget Assumptions that were identified for FY2019 were:

- Patient Volumes
- Care Retention
- Financial Improvement Action Plans
- Population Health Management
- Memorial Hospital Closure Plan

Efficiency Metrics (Tab 5)

The System's efficiency metrics include paid and worked hours per adjusted discharge/day, FTEs per adjusted occupied bed, salary and total cost per FTE. Through the third quarter, cost per adjusted discharge is unfavorable to budget by 1.5% at Butler, 5.9% at Kent and .3% at Women & Infants, and cost per adjusted day is unfavorable to budget by .8% at Butler, 3.7% at Kent and 4.9% at Women & Infants. FTEs per Adjusted Occupied Bed are unfavorable to budget by 4.5% at Butler, 1.2% at Kent, and 2.3% at Women & Infants. Kaufman Hall's productivity software is used to monitor labor productivity by pay period at each of the hospital operating units.

Shared Savings and At Risk Arrangements (Tab 6)

This section is used to report on the System's alternative payment arrangements; Medicaid Accountable Entity, Blue Cross Blue Shield of RI Medicare Advantage, and Next Generation Medicare ACO. As the

System continues to be more extensively engaged in new payment models and more exposed to quality/value contracting, we will use this section to comment on our initiatives and performance. Please see the write-up under this tab for the progress report.

Revenue Cycle Analyses (Tab 7)

Accounts receivable remains the System's largest current asset. Patient receivables decreased by \$16.1 million since September 30, 2018 primarily due to lower inpatient volume and the improved cash collections across all entities. The allowance for uncollectible accounts as a percentage of patient receivables has also decreased 2% since September 30, 2018 as new billing processes continue to significantly decrease denials and write-off adjustments. Schedules have been included in this tab reflecting revenue and accounts receivable, and other key information reported by the CNE Revenue Cycle department.

Consolidated and Obligated Group Financial Statement Ratios (Tab 8)

The financial ratios at June 30, 2019 show both the Consolidated and Obligated Group versions of the calculations. Current and recent period financial ratios that measure the liquidity, profitability, and capital structure of the organization have been included in this tab. These ratios are important indications of the financial health of the organization and trends are thus important to note. Comparability with the ratios over the period of time presented is challenging with the addition of SHS to the System in FY2013 and TPC in FY2015, and the closure of Memorial in FY2018 (as previously noted, the exclusion of Memorial from the Obligated Group was effective December 22, 2017). Consistent with the audited financials of CNE, we have included the balance sheet of SHS as of September 30, 2013 and its stub period operating results, for the period from date of acquisition on September 3, 2013 through September 30, 2013. SHS financial statements are included in CNE's consolidated financials in FY2014 and forward. We have included the balance sheet of The Providence Center as of January 1, 2015 and the results of operations and changes in net assets from the date of acquisition through September 30, 2015, in CNE's consolidated FY2015 financial statements. The Providence Center's financial statements are also included in CNE's consolidated financials in FY2016 and forward. Liquidity ratios remain weaker than prior years, impacted by the SHS acquisition. Capital structure ratios reflect the bond financings in September 2016.

In FY2019, it is anticipated that the intercompany borrowings between the Obligated Group and Memorial, will be forgiven by the Obligated Group. As a result, certain ratios (LT Debt to Equity and Debt/Capitalization) of the Obligated Group will be negatively impacted. Consolidated ratios will not be impacted. In addition, the Obligated Group's debt covenant ratios noted below will not be impacted.

Debt Covenants Obligated Group (Tab 9)

The Master Indenture for the RIHEBC Series 2016B bonds and the Series 2016C taxable notes contain financial covenants that had a delayed initial testing date. The financial debt covenants are as follows:

Debt service coverage ratio: The System must maintain a debt service coverage ratio of 1.1 to 1, effective in FY2018 and all subsequent fiscal years.

Days cash on hand: The System must maintain days cash on hand of 30, effective in FY2017 and all subsequent fiscal years.

Interim compliance status indicates that the System is above the threshold for the debt service coverage ratio. The System is also above the threshold for days cash on hand at June 30, 2019, and is in compliance with the covenant.

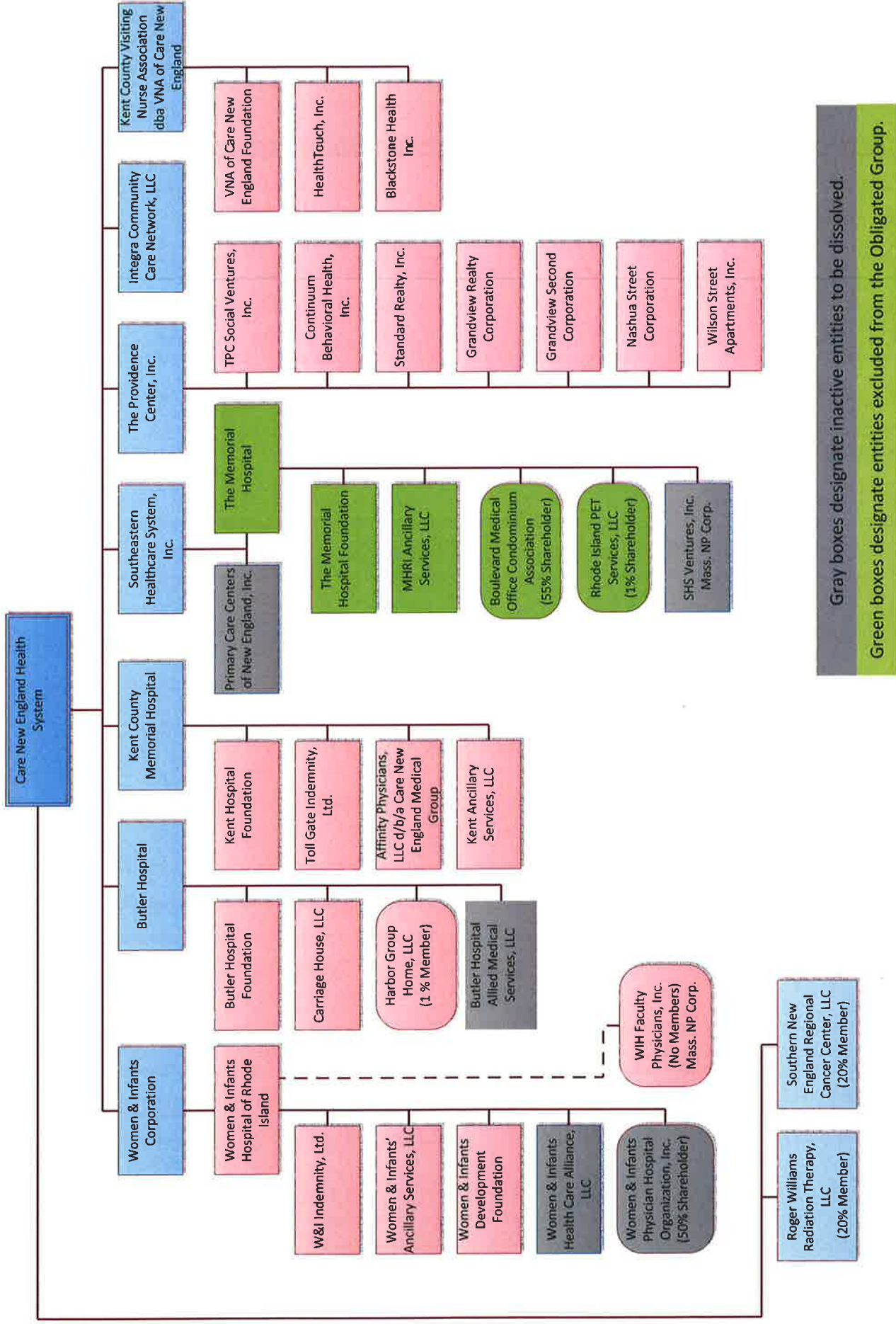
In FY2018, TPC had a \$1.5 million line of credit with a financial institution. The line of credit was terminated on August 28, 2018. The termination of the agreement relieved TPC of all liens encumbering the collateral in favor of the bank and restrictive covenants.

Patient Activity Summary (excluding Memorial) (Tab 10)

Inpatient volume trends were similar in the third quarter. Discharges were off budget at Kent and Women & Infants. Kent discharges finished behind budget by 4.5% and were 1.5% lower compared to the prior year. Women & Infant's discharges were also lower compared to budget by 1.6% and lower than last year by 3.9%. Butler inpatient days improved in the third quarter. For the third quarter, Butler discharges finished on budget and flat compared to the prior year. Patient days were stronger in the third quarter at Butler, but trended lower at Kent. Women & Infants NICU days showed some improvement, but finished lower than budget. In the third quarter, NICU days finished 9.7% behind budget and well behind last year's number by 10%. In total, deliveries ended the quarter 1.6% behind budget and 4.8% behind last year's volume. Surgical procedures finished on budget and ahead of last year's volume by 3%, while the emergency room visits ended the quarter 4.1% below budget and 3.6% behind prior year volume. A number of other ancillary services also finished below budget.

Capital Report (Tab 11)

This section is used to report on the System's capital expenditures. The System is closely monitoring capital expenditures through the executive capital committee. All capital expenditures must be approved by this committee and such expenditures are limited to critical and strategic items. Through the third quarter of FY2019, on a cash basis, \$9.5 million of the \$31.3 million capital budget has been spent, primarily related to information technology, medical equipment and facilities upgrades and renovations. Please see the report under this tab for an itemization of expenditures.



Gray boxes designate inactive entities to be dissolved.
 Green boxes designate entities excluded from the Obligated Group.

**CARE NEW ENGLAND
FINANCIAL HIGHLIGHTS**

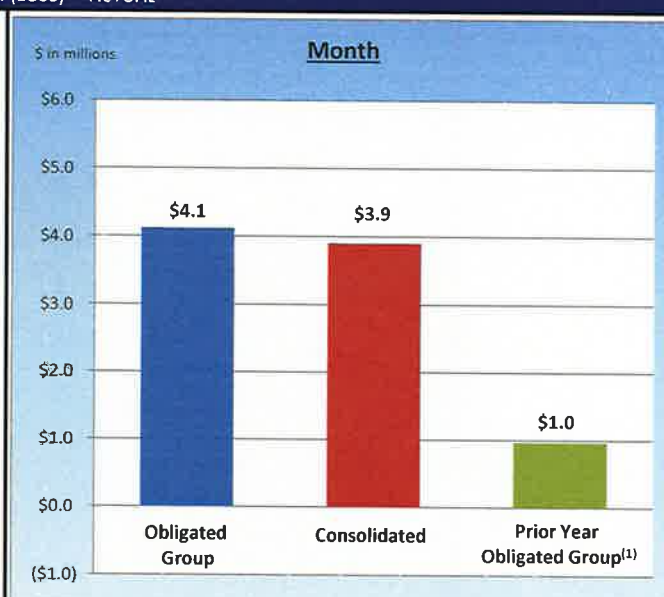
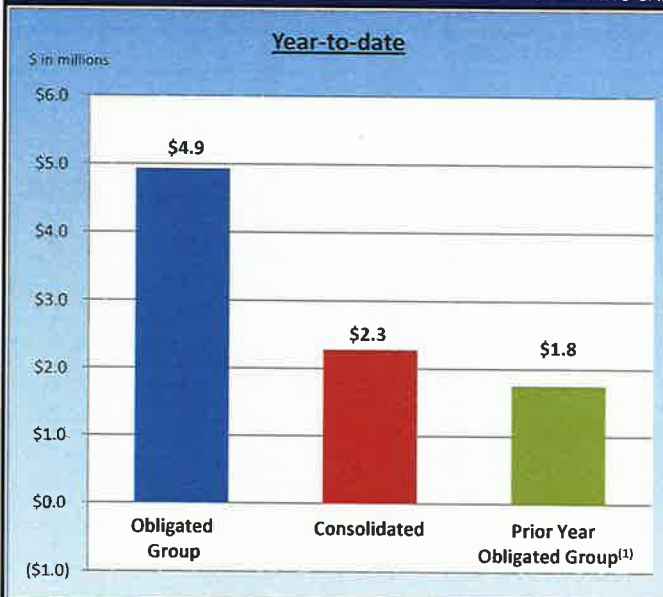
June-19

Notes re: MHRI

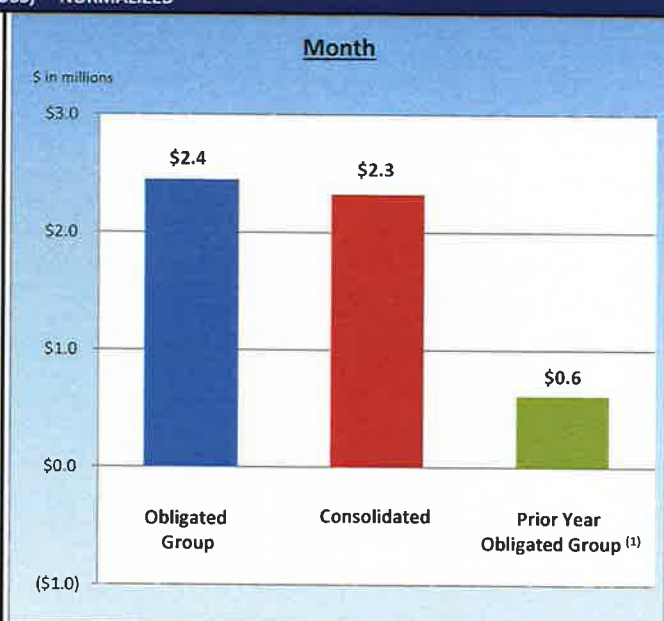
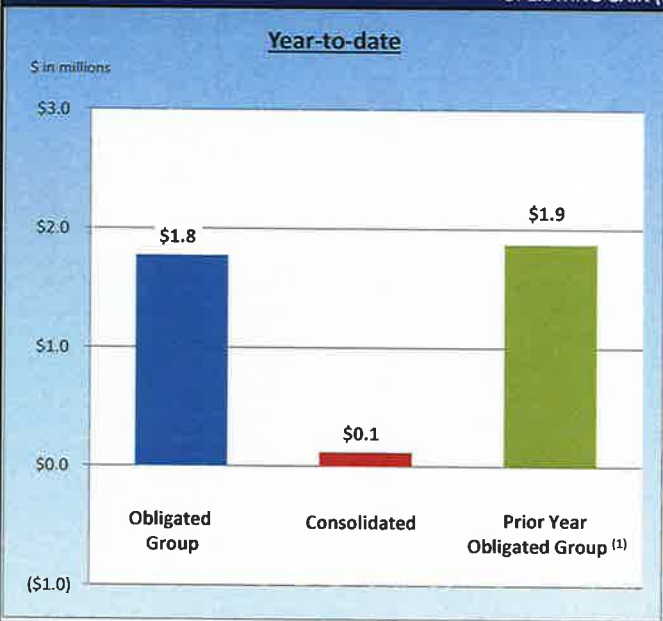
- Consolidated results through June 2019 include \$1.0m of restructuring costs due to the closure of MHRI
- MHRI and affiliates withdrew from Obligated Group on Dec. 22, 2017

⁽¹⁾ Prior Year Obligated Group excludes SHS

OPERATING GAIN (LOSS) - ACTUAL



OPERATING GAIN (LOSS) - NORMALIZED



YTD Operating Results		
	Total CNE	Obligated Group
Operating Revenue		
Actual	\$ 851,744,129	\$ 849,780,939
Budget	\$ 853,495,727	\$ 853,495,727
Prior Year	\$ 828,516,893	\$ 810,472,743 ⁽¹⁾
% incr (decr) fr Prior Yr	2.8%	4.9%
Operating Expense		
Actual	\$ 849,469,415	\$ 844,846,525
Budget	\$ 852,853,479	\$ 848,708,447
Prior Year	\$ 868,231,455	\$ 800,296,520 ⁽¹⁾
% incr (decr) fr Prior Yr	-2.2%	5.6%
Key Volume Statistics (excluding Memorial)		
Med/Surg Discharges		
Actual		9,634
Budget		9,954
Prior Year		9,616
% incr (decr) fr Prior Yr		0.2%
Obstetrics Discharges		
Actual		7,156
Budget		7,294
Prior Year		7,521
% incr (decr) fr Prior Yr		-4.9%
Psych Days		
Actual		43,771
Budget		43,537
Prior Year		43,705
% incr (decr) fr Prior Yr		0.2%
NICU Days		
Actual		15,744
Budget		17,435
Prior Year		17,486
% incr (decr) fr Prior Yr		-10.0%
ED Visits		
Actual		70,583
Budget		73,629
Prior Year		73,197
% incr (decr) fr Prior Yr		-3.6%

**CARE NEW ENGLAND
FINANCIAL HIGHLIGHTS
June-19**

Operations Key Indicators	FY2015 Actual ⁶	FY2016 Actual	FY2017 Actual	2018 Actual ²		2019 Budget		YTD 2019 Actual		S&P Medians ⁴		Goal
				Total CNE	Obligated Group ¹	Total CNE	Obligated Group	Total CNE	Obligated Group	BBB	Speculative	
Operating Margin	-0.2%	-5.9%	-4.2%	-2.4%	0.6%	0.5%	1.0%	0.3%	0.6%	-1.8%	-4.2%	↑
Operating EBIDA Margin	3.7%	-2.0%	-0.3%	1.0%	3.9%	4.0%	4.4%	3.6%	3.9%	5.5%	2.2%	↑
Excess Margin ³	-2.4%	-4.6%	-1.8%	-4.2%	-1.3%	1.2%	1.6%	0.8%	1.1%	0.3%	-2.1%	↑
Debt Service Coverage ⁵	3.1x	0.32x	1.47x	3.13x	3.91x	3.77x	4.10x	3.32x	3.59x	2.8x	0.8x	↑
Salary + Benefits % of Revenue	62.8%	62.9%	63.7%	60.0%	60.3%	59.9%	59.9%	61.2%	61.2%	61.9%	52.6%	↓
Capital Expenditure Ratio	78.4%	72.5%	45.3%	59.7%	60.4%	100.0%	100.0%	82.0%	82.9%	103.8%	98.5%	↑
Balance Sheet Key Indicators	FY2015 Actual ⁶	FY2016 Actual	FY2017 Actual	2018 Actual ²		2019 Budget		YTD 2019 Actual		S&P Medians ⁴		Goal
				Total CNE	Obligated Group ¹	Total CNE	Obligated Group	Total CNE	Obligated Group	BBB	Speculative	
Days Cash on Hand ⁵	50.8	50.0	44.0	44.2	45.2	39.1	40.9	53.1	53.5	153.8	47.6	↑
Days A/R - Gross (Hospital)	56.0	49.0	49.0	45.0	45.0	48.0	48.0	42.0	42.0	43.3	62.0	↓
Days A/R - Gross (Professional)	40.4	36.0	35.0	32.2	32.2	35.3	35.3	33.4	33.4	n/a	n/a	↓
Debt to Capitalization	39.2%	49.7%	47.3%	47.3%	36.8%	39.5%	32.3%	46.1%	35.7%	39.7%	68.7%	↓
Cash to Debt	98%	93%	81%	83%	83%	84.3%	82.9%	100.3%	100.6%	129.4%	26.5%	↑
Current Ratio	1.35	1.19	1.19	1.29	1.32	1.40	1.45	1.31	1.34	n/a	n/a	↑
Average Age of Plant	12.3	12.2	14.2	18.0	18.1	18.1	17.1	19.0	19.0	10.8	14.3	↓
Average Payment Period	60.6	56.0	54.5	51.9	52.0	51.7	47.4	61.7	60.3	n/a	n/a	↑

¹ Reflects a combination of entity activity due to removal of Memorial from the Obligated Group effective December 22, 2017

- For period October 1 through December 21, 2017, all CNE entities are included

- Beginning December 22, 2017, Memorial Hospital and Memorial Foundation are excluded

² In FY2018, \$22.6 million of impairment expenses were recorded due to closure of MHRI

³ In December 2017, \$29.5 million of settlement charges were recorded in non-operating expense for pension de-risking actions

⁴ Per July 2018 Report on Not-For-Profit Health Care Systems

⁵ All years based on 2016 Series B & C covenant calculations

Current Bond Ratings		
	Rating	Outlook
S&P Global	BB-	Stable
Fitch	BB	Positive

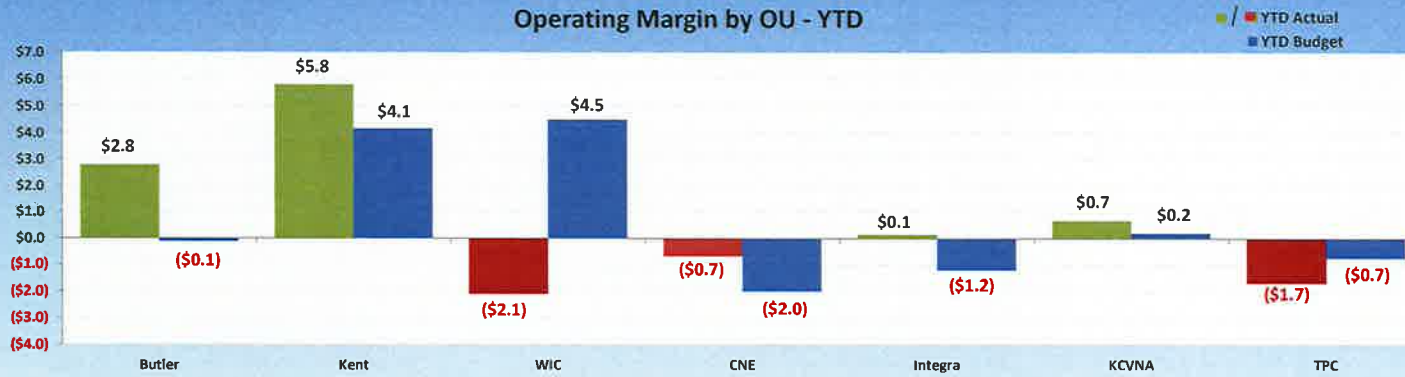
**CARE NEW ENGLAND
FINANCIAL HIGHLIGHTS
June-19**

Notes re: MHRI

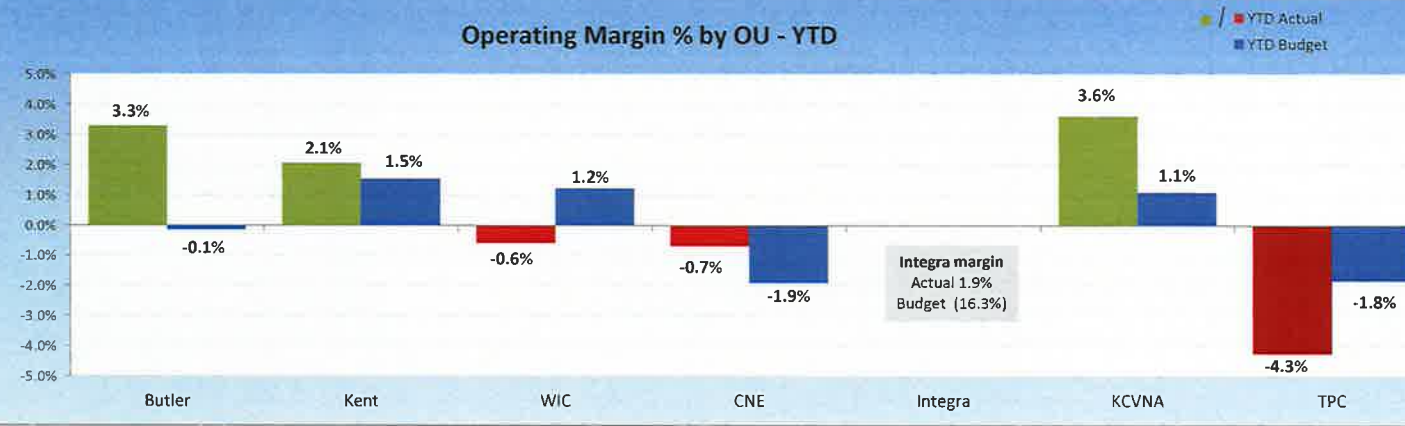
- Consolidated results through June 2019 include \$1.0m of restructuring costs due to the closure of MHRI
- MHRI and affiliates withdrew from Obligated Group on Dec. 22, 2017

OBLIGATED GROUP

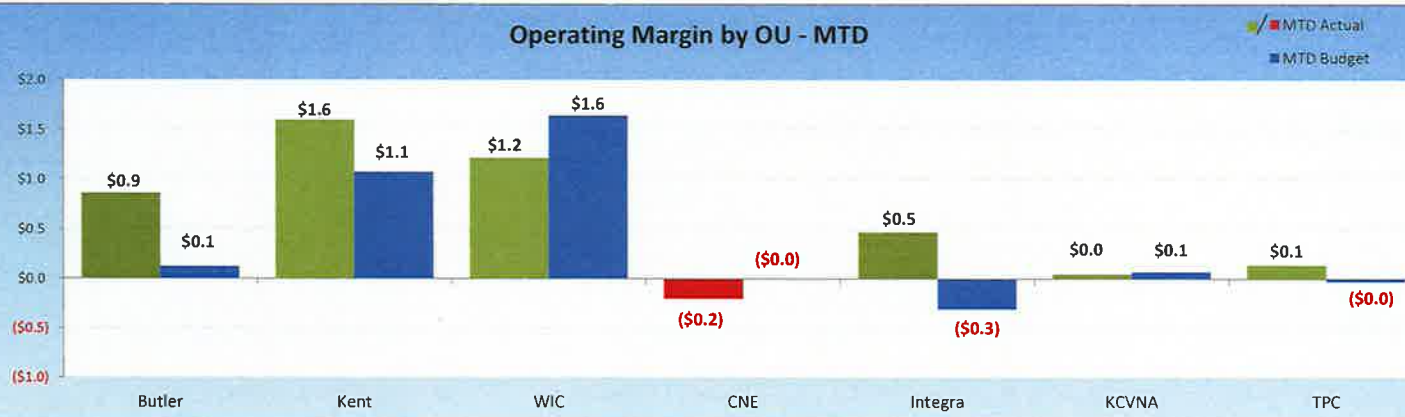
Operating Margin by OU - YTD



Operating Margin % by OU - YTD



Operating Margin by OU - MTD



**OUTSIDE OBLIGATED GROUP
Memorial Hospital & Affiliates**

YTD Operating Results

Operating Revenue	
Actual	\$ 2,637,339
Budget	\$ 781,605
Variance	\$ 1,855,734
Operating Expense	
Actual	\$ 5,297,039
Budget	\$ 4,926,637
Variance	\$ 370,402
Operating Margin	
Actual	\$ (2,659,700)
Budget	\$ (4,145,032)
Variance	\$ 1,485,332

YTD Operating Margin %

Operating Margin %	
Actual	-100.8%
Budget	-530.3%

MTD Operating Results

Operating Revenue	
Actual	\$ 476,147
Budget	\$ 86,845
Variance	\$ 389,302
Operating Expense	
Actual	\$ 691,254
Budget	\$ 537,746
Variance	\$ 153,508
Operating Margin	
Actual	\$ (215,107)
Budget	\$ (450,901)
Variance	\$ 235,794

CARE NEW ENGLAND
NORMALIZED OPERATING MARGIN
Jun-19

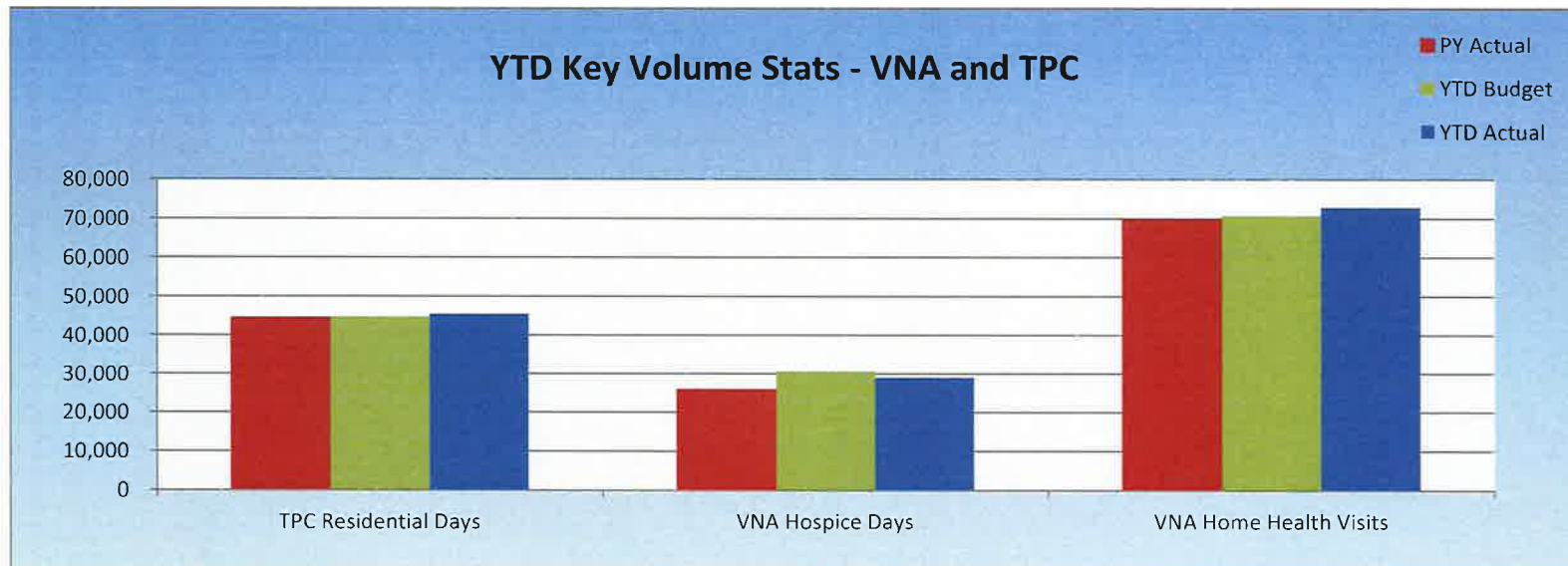
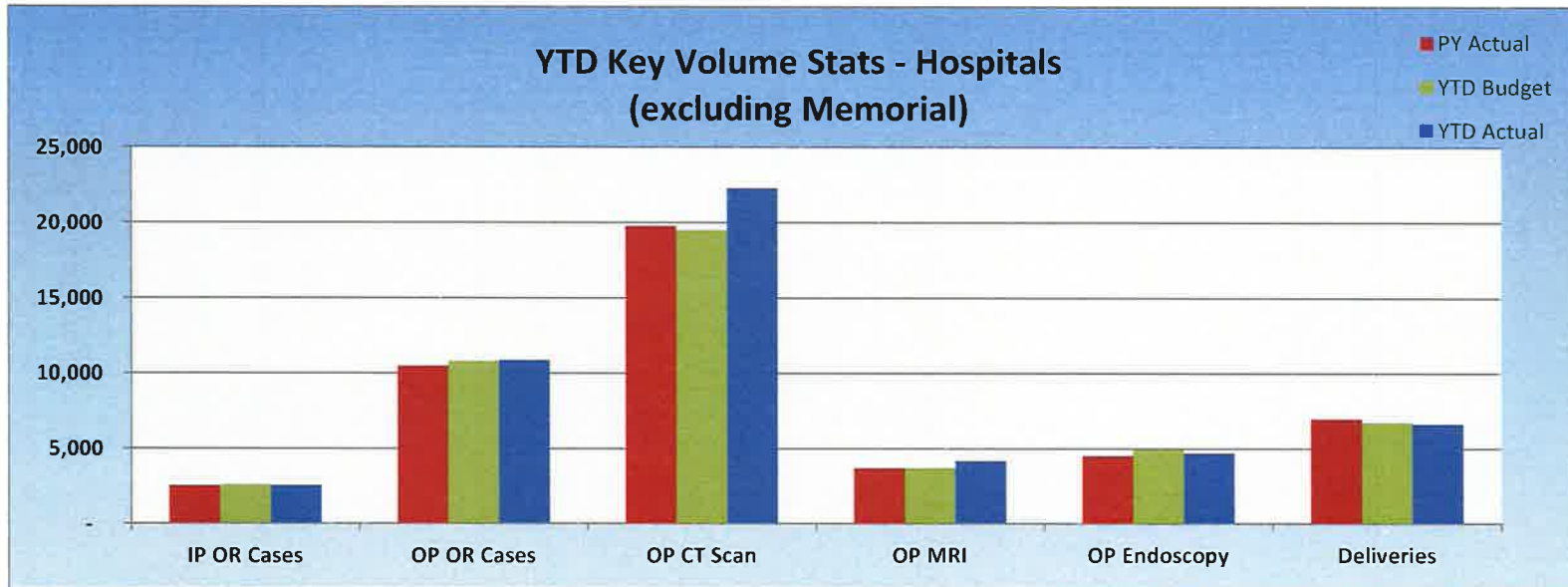
Year to Date

	Butler	Kent	WIH	CNE	Integra	VNA	TPC	Obligated Group	Memorial	Total CNE	Budget
Actual Operating Gain/(Loss)	\$ 2,771,017	\$ 5,784,311	\$ (2,087,808)	\$ (677,139)	\$ 146,754	\$ 677,479	\$ (1,684,225)	\$ 4,934,414	\$ (2,659,700)	\$ 2,274,714	\$ 642,248
Restructuring Costs	-	(37,436)	(7,924)	(118,977)	-	-	-	(164,337)	-	(164,337)	-
Merger Costs	-	-	-	719,850	-	-	-	719,850	-	719,850	1,980,000
Restructuring Costs - Memorial	-	-	-	-	-	-	-	-	1,033,574	1,033,574	577,500
AE Medicaid	-	-	-	-	(654,750)	-	-	(654,750)	-	(654,750)	-
CY2016 BC M'care Advantage settlement	-	-	-	-	(160,000)	-	-	(160,000)	-	(160,000)	-
CY2017 Next Gen & BC M'Care Adv distribution	-	-	-	-	(247,000)	-	-	(247,000)	-	(247,000)	-
CY2018 BC M'care Advantage settlement (2/3rd)	-	-	-	-	(724,500)	-	-	(724,500)	-	(724,500)	-
CY2018 BC Commercial	-	-	-	-	195,000	-	-	195,000	-	195,000	-
CNEMG - ACO 5% incentive payment	(52,500)	(281,250)	(41,250)	-	-	-	-	(375,000)	-	(375,000)	-
Prior Year 3rd party settlements	6,119	(347,984)	(321,357)	-	-	-	-	(663,222)	47,798	(615,424)	-
Prior Year Meaningful Use	-	-	-	-	-	-	-	-	(126,916)	(126,916)	-
Beacon Settlement	(770,353)	(321,791)	(65,031)	-	-	-	-	(1,157,174)	(4,158)	(1,161,332)	-
Remove receivable for Rite Care incr processed	-	129,343	162,836	-	-	-	-	292,179	-	292,179	-
FY2018 STIP	90,000	133,000	225,000	(879,000)	-	10,000	70,000	(351,000)	4,000	(347,000)	-
Loss on disposal of assets - CNE methodology	-	-	-	-	-	-	50,000	50,000	-	50,000	-
FY2018 UBIT - Parking	10,467	73,066	93,257	-	-	-	2,611	179,401	-	179,401	-
FY2018 Physician Bonuses	-	-	(50,000)	-	-	-	-	(50,000)	-	(50,000)	-
CY 2018 Defined Contribution Plan true-up	(9,000)	(254,250)	(19,500)	(69,000)	-	(1,500)	(42,000)	(395,250)	-	(395,250)	-
Workers Comp reserves	(75,000)	(35,000)	(170,000)	-	-	(20,000)	-	(300,000)	50,000	(250,000)	-
SNE wRVU true-up for calendar 2018	-	-	(185,250)	-	-	-	-	(185,250)	-	(185,250)	-
SNE Settlement for CY2018	-	-	(886,500)	-	-	-	-	(886,500)	-	(886,500)	-
2018 South County additional support	-	-	-	-	(168,000)	-	-	(168,000)	-	(168,000)	-
Remove prior year dental reserve	-	-	-	-	-	-	(36,000)	(36,000)	-	(36,000)	-
1/2 Correction to WIH Indem premium rec'ble	-	-	792,000	-	-	-	-	792,000	-	792,000	-
Settlements in Operations	56,000	244,000	579,000	251,000	-	-	-	1,130,000	-	1,130,000	-
Total - Normalization	(744,267)	(698,302)	105,281	(96,127)	(1,759,250)	(11,500)	44,611	(3,159,553)	1,004,298	(2,155,255)	2,557,500
Normalized Operating Gain (Loss) - YTD	\$ 2,026,750	\$ 5,086,010	\$ (1,982,527)	\$ (773,266)	\$ (1,612,496)	\$ 665,979	\$ (1,639,614)	\$ 1,774,861	\$ (1,655,402)	\$ 119,459	\$ 3,199,748

Month to Date

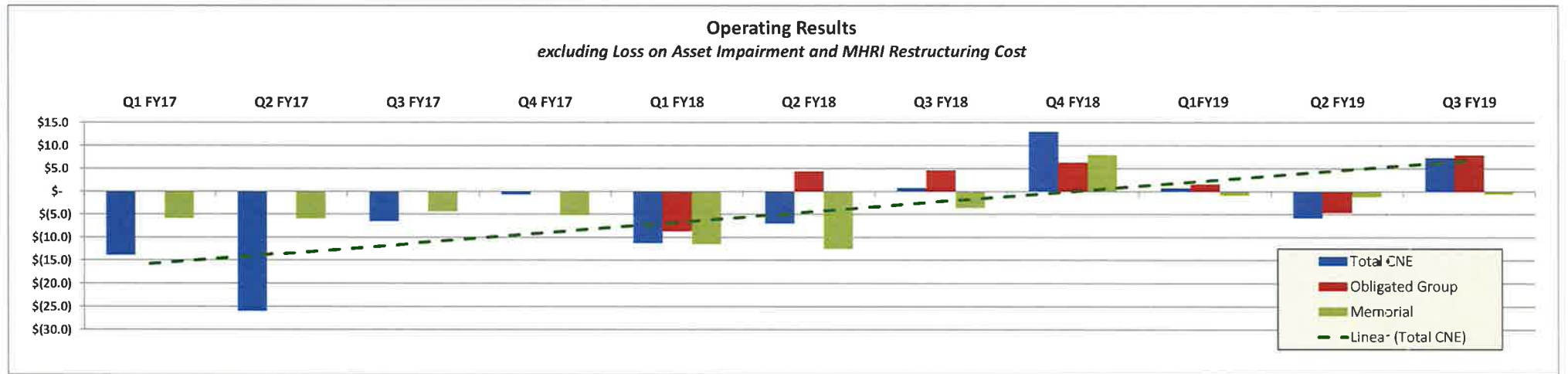
	Butler	Kent	WIH	CNE	Integra	VNA	TPC	Obligated Group	Memorial	Total CNE	Budget
Actual Operating Gain/(Loss)	\$ 856,367	\$ 1,592,192	\$ 1,209,303	\$ (196,366)	\$ 469,996	\$ 47,281	\$ 139,431	\$ 4,118,204	\$ (215,107)	\$ 3,903,097	\$ 2,123,414
Merger Costs	-	-	-	120,102	-	-	-	120,102	-	120,102	-
Restructuring Costs - Memorial	-	-	-	-	-	-	-	-	91,884	91,884	64,167
Prior Year Settlements	6,372	(369,667)	(291,754)	-	-	-	-	(655,049)	49,623	(605,426)	-
Beacon Settlement	(461,772)	-	-	-	-	-	-	(461,772)	-	(461,772)	-
AE Medicaid	-	-	-	-	(807,583)	-	-	(807,583)	-	(807,583)	-
Health Insurance Reserves	89,778	222,222	172,444	88,889	-	31,111	57,778	662,222	4,444	666,667	-
VHS adjustment (Salaries)	-	618,750	275,000	-	-	-	35,000	928,750	-	928,750	-
UHC Pharmacy Rebates	(97,778)	(310,222)	(304,000)	(97,778)	-	(25,778)	(77,333)	(912,889)	-	(912,889)	-
Remove prior year dental reserve	-	-	-	-	-	-	(36,000)	(36,000)	-	(36,000)	-
1/2 SNE Settlement for CY2018	-	-	(591,000)	-	-	-	-	(591,000)	-	(591,000)	-
1/4 reserve on State rec'ble-TPC capital projects	-	-	-	-	-	-	38,000	38,000	-	38,000	-
2018 South County additional support	-	-	-	-	(224,000)	-	-	(224,000)	-	(224,000)	-
Reclass Workers Comp reserves	(30,000)	14,000	-	67,000	-	1,000	(2,000)	50,000	(50,000)	-	-
True up Indemnities	-	400,000	(266,667)	-	-	-	-	133,333	-	133,333	-
Settlements in Operations	-	-	-	78,000	-	-	-	78,000	-	78,000	-
Total - Normalization	(493,400)	575,083	(1,005,976)	256,213	(1,031,583)	6,333	15,444	(1,677,886)	95,951	(1,581,934)	64,167
Normalized Operating Gain/(Loss) - MTD	\$ 362,967	\$ 2,167,275	\$ 203,327	\$ 59,847	\$ (561,587)	\$ 53,614	\$ 154,875	\$ 2,440,318	\$ (119,156)	\$ 2,321,163	\$ 2,187,581

**CARE NEW ENGLAND
FINANCIAL HIGHLIGHTS
Jun-19**



**CARE NEW ENGLAND
QUARTERLY TRENDS
CONSOLIDATED AND OBLIGATED GROUP**

	FY 2018								FY 2019									
	Q1		Q2		Q3		Q4		YTD 2018 Results		Q1		Q2		Q3		YTD 2019 Results	
	Total CNE	Obligated Group	Total CNE	Obligated Group	Total CNE	Obligated Group	Total CNE	Obligated Group	Total CNE	Obligated Group	Total CNE	Obligated Group	Total CNE	Obligated Group	Total CNE	Obligated Group	Total CNE	Obligated Group
Revenue	\$ 278.2	\$ 277.5	\$ 271.6	\$ 271.9	\$ 278.7	\$ 279.1	\$ 302.7	\$ 292.3	\$ 1,131.2	\$ 1,120.8	\$ 282.6	\$ 281.491	\$ 278.4	\$ 278.6	\$ 290.6	\$ 289.7	\$ 851.7	\$ 849.8
Expenses																		
Loss on Asset Impairment	22.4	-	(0.2)	-	0.1	-	-	-	22.3	-	-	-	-	-	-	-	-	-
Restructuring - MHRI	2.6	1.6	5.1	-	0.6	-	(1.1)	-	7.2	1.6	0.3	-	0.4	-	0.3	-	0.9	-
Restructuring - All Other	0.4	0.4	0.5	0.5	(0.5)	(0.5)	(0.3)	(0.3)	0.1	0.1	-	-	-	-	-	-	-	-
All Other Expenses	286.5	284.2	273.1	267.0	277.7	275.0	291.1	286.3	1,128.4	1,112.5	281.6	279.9	283.9	283.2	283.0	281.8	848.5	844.8
Total Expenses	311.9	286.2	278.5	267.5	277.9	274.5	289.7	286.0	1,158.1	1,114.2	281.9	279.903	284.2	283.2	283.3	281.8	849.4	844.8
Gain / (Loss) from Operations	\$ (33.7)	\$ (8.7)	\$ (7.0)	\$ 4.4	\$ 0.8	\$ 4.6	\$ 13.0	\$ 6.3	\$ (26.9)	\$ 6.6	\$ 0.7	\$ 1.6	\$ (5.8)	\$ (4.6)	\$ 7.4	\$ 8.0	\$ 2.3	\$ 4.9
Budget																	0.6	4.8
MHRI Gain/(Loss)	(33.9)	(8.4)	(12.3)	-	(3.7)	-	8.0	-	(41.9)	(8.4)	(0.9)	-	(1.2)	-	(0.6)	-	(2.7)	-



ACTION PLAN PERFORMANCE TO DATE

June-19

Initiative Category	Benefit		Year-to-Date Performance		
	FY19 Budget	Annualized	Forecast	Actual	Variance
Programs & Services	\$6,747,326	\$8,158,263	\$5,225,567	\$5,481,573	\$256,006
Care Retention	\$4,113,172	\$5,367,437	\$2,902,596	\$3,311,058	\$408,462
Labor	\$3,237,966	\$3,404,638	\$2,276,133	\$1,431,036	(\$845,097)
Supply Chain	\$2,899,999	\$2,899,999	\$1,574,630	\$1,554,643	(\$19,987)
Revenue Cycle ⁽¹⁾	\$3,900,000	\$3,900,000	\$2,925,000	\$4,338,865	\$1,413,865
Subtotal	\$20,898,463	\$23,730,338	\$14,903,926	\$16,117,175	\$1,213,249
Execution Risk	(\$3,572,349)	(\$3,572,349)	(\$2,679,262)	\$0	\$2,679,262
Total excluding Execution Risk	\$17,326,114	\$20,157,989	\$12,224,665	\$16,117,175	\$3,892,511

⁽¹⁾ Actual performance data lags by 90 days.

**Care New England Health System
Consolidated Balance Sheet
(Unaudited)**

CONSOLIDATED

	6/30/2019	9/30/2018	6/30/2018	6/19-09/18		6/19-6/18	
				Change	% Change	Change	% Change
ASSETS							
Current assets:							
Cash and cash equivalents	74,958,445	47,375,732	53,372,776	27,582,713	58.22%	21,585,669	40.44%
Receivables							
Patient	135,288,601	148,836,608	145,818,657	(13,548,007)	-9.10%	(10,530,056)	-7.22%
Less estimated uncollectibles	32,495,144	38,729,094	40,665,820	(6,233,950)	-16.10%	(8,170,676)	-20.09%
Net patient receivables	102,793,457	110,107,514	105,152,837	(7,314,057)	-6.64%	(2,359,380)	-2.24%
Other	47,957,480	30,588,467	56,589,323	17,369,013	56.78%	(8,631,843)	-15.25%
Total receivables	150,750,937	140,695,981	161,742,160	10,054,956	7.15%	(10,991,223)	-6.80%
Assets limited as to use	6,466,527	1,644,087	5,185,820	4,822,440	293.32%	1,280,707	24.70%
Inventories	8,254,768	8,400,077	7,530,107	(145,309)	-1.73%	724,661	9.62%
Prepaid expenses	11,399,599	13,561,481	14,388,006	(2,161,882)	-15.94%	(2,988,407)	-20.77%
Notes receivable, net	101,073	101,073	-	-	0.00%	101,073	0.00%
Pledges, net	334,059	348,796	453,924	(14,737)	-4.23%	(119,865)	-26.41%
Total current assets	252,265,408	212,127,227	242,672,793	40,138,181	18.92%	9,592,615	3.95%
Assets limited as to use							
Endowment funds	69,369,410	69,759,177	69,457,137	(389,767)	-0.56%	(87,727)	-0.13%
Board designated	125,781,748	123,418,947	120,632,128	2,362,801	1.91%	5,149,620	4.27%
Self insurance trust funds	163,429,079	160,702,302	144,953,889	2,726,777	1.70%	18,475,190	12.75%
Deferred compensation fund	1,319,903	1,442,703	1,372,621	(122,800)	-8.51%	(52,718)	-3.84%
Trustee held funds	19,016,210	13,940,111	18,474,406	5,076,099	36.41%	541,804	2.93%
Total assets limited as to use	378,916,350	369,263,240	354,890,181	9,653,110	2.61%	24,026,169	6.77%
Less amount required to meet current obligations	6,466,527	1,644,087	5,185,820	4,822,440	293.32%	1,280,707	24.70%
Noncurrent assets limited as to use	372,449,823	367,619,153	349,704,361	4,830,670	1.31%	22,745,462	6.50%
Property, plant and equipment, net	249,148,320	253,145,764	246,832,188	(3,997,444)	-1.58%	2,316,132	0.94%
Goodwill	24,488,975	24,488,975	24,488,975	-	0.00%	-	0.00%
Intangibles	1,080,000	1,080,000	1,080,000	-	0.00%	-	0.00%
Other Assets:							
Investments	3,383,174	3,924,208	3,622,545	(541,034)	-13.79%	(239,371)	-6.61%
Notes and advances receivable, net	94,158	161,221	-	(67,063)	-41.60%	94,158	0.00%
Other	1,565,039	1,565,039	-	-	0.00%	1,565,039	0.00%
Insurance recoveries receivable	5,898,068	5,898,068	2,064,069	-	0.00%	3,833,999	185.75%
Pledges receivable, net	70,171	89,582	21,215	(19,411)	-21.67%	48,956	230.76%
Prepaid expenses and other	-	-	-	-	0.00%	-	0.00%
Total other assets	11,010,610	11,638,118	5,707,829	(627,508)	-5.39%	5,302,781	92.90%
Total assets	910,443,136	870,099,237	870,486,146	40,343,899	4.64%	39,956,990	4.59%

LIABILITIES AND NET ASSETS

	6/30/2019	9/30/2018	6/30/2018	6/19-09/18		6/19-6/18	
				Change	% Change	Change	% Change
Current liabilities:							
Notes payable	-	-	-	-	0.00%	-	0.00%
Current pension payable	14,140,980	18,906,084	15,042,130	(4,765,104)	-25.20%	(901,150)	-5.99%
Current installments of long-term debt	5,317,282	6,088,692	5,901,978	(771,410)	-12.67%	(584,696)	-9.91%
Accounts payable and accrued expenses	138,760,457	109,942,457	138,520,045	28,818,000	26.21%	240,412	0.17%
Self-insurance reserves	10,353,194	10,359,395	9,324,143	(6,201)	-0.06%	1,029,051	11.04%
Deferred revenue	17,726,750	17,804,303	14,890,952	(77,553)	-0.44%	2,835,798	19.04%
Estimated third party payor settlements	4,874,623	-	12,544,719	4,874,623	0.00%	(7,670,096)	-61.14%
Deferred compensation	663,893	618,974	515,165	44,919	7.26%	148,728	28.87%
Total current liabilities	191,837,179	163,719,905	196,739,132	28,117,274	17.17%	(4,901,953)	-2.49%
Estimated third party payor settlements	28,236,844	27,612,056	22,473,873	624,788	2.26%	5,762,971	25.64%
Net pension liability	86,361,274	89,880,243	105,220,024	(3,518,969)	-3.92%	(18,858,750)	-17.92%
Net post retirement liability	1,092,755	1,092,755	1,384,571	-	0.00%	(291,816)	-21.08%
Asset retirement obligation	6,547,141	6,353,898	2,009,795	193,243	3.04%	4,537,346	225.76%
Other liabilities	2,916,556	75,729	84,072	2,840,827	3751.31%	2,832,484	3369.12%
Self-insurance reserves	152,031,866	148,308,213	137,292,975	3,723,653	2.51%	14,738,891	10.74%
Long-term debt, net of current portion	165,037,689	165,744,883	170,386,551	(707,194)	-0.43%	(5,348,862)	-3.14%
Deferred compensation	521,345	635,062	761,339	(113,717)	-17.91%	(239,994)	-31.52%
Total liabilities	634,582,649	603,422,744	636,352,332	31,159,905	5.16%	(1,769,683)	-0.28%
Net assets:							
Unrestricted	187,793,925	180,695,097	147,929,262	7,098,828	3.93%	39,864,663	26.55%
Temporarily restricted	45,601,103	43,354,996	44,230,004	2,246,107	5.18%	1,371,099	3.10%
Permanently restricted	42,465,459	42,626,400	41,974,548	(160,941)	-0.38%	490,911	1.17%
Total net assets	275,860,487	266,676,493	234,133,814	9,183,994	3.44%	41,726,673	17.82%
Total liabilities and net assets	910,443,136	870,099,237	870,486,146	40,343,899	4.64%	39,956,990	4.59%

**Care New England Health System
Consolidated Balance Sheet
(Unaudited)**

OBLIGATED GROUP

				6/19-09/18		6/19-6/18	
	6/30/2019	9/30/2018	6/30/2018	Change	% Change	Change	% Change
ASSETS							
Current assets:							
Cash and cash equivalents	74,619,068	47,377,284	53,381,837	27,241,784	57.50%	21,237,231	39.78%
Receivables							
Patient	135,264,890	151,390,875	143,682,493	(16,125,985)	-10.65%	(8,417,603)	-5.86%
Less estimated uncollectibles	32,489,697	39,337,409	38,331,145	(6,847,712)	-17.41%	(5,841,448)	-15.24%
Net patient receivables	102,775,193	112,053,466	105,351,348	(9,278,273)	-8.28%	(2,576,155)	-2.45%
Other	46,443,106	26,122,988	46,074,071	20,320,118	77.79%	369,035	0.80%
Total receivables	149,218,299	138,176,454	151,425,419	11,041,845	7.99%	(2,207,120)	-1.46%
Assets limited as to use	6,466,527	1,644,087	5,185,820	4,822,440	293.32%	1,280,707	24.70%
Inventories	8,260,850	8,400,077	7,386,097	(139,227)	-1.66%	874,753	11.84%
Prepaid expenses	11,288,079	12,967,206	13,845,556	(1,679,127)	-12.95%	(2,557,477)	-18.47%
Notes receivable, net	101,073	101,073	-	-	0.00%	101,073	0.00%
Pledges, net	334,059	348,796	453,924	(14,737)	-4.23%	(119,865)	-26.41%
Due from Affiliates	-	-	-	-	0.00%	-	0.00%
Total current assets	250,287,955	209,014,977	231,678,653	41,272,978	19.75%	18,609,302	8.03%
Assets limited as to use							
Endowment funds	57,220,736	57,843,798	56,700,437	(623,062)	-1.08%	520,299	0.92%
Board designated	125,781,748	123,418,947	120,632,128	2,362,801	1.91%	5,149,620	4.27%
Self insurance trust funds	163,429,079	160,702,302	144,953,889	2,726,777	1.70%	18,475,190	12.75%
Deferred compensation fund	1,319,903	1,442,703	1,372,621	(122,800)	-8.51%	(52,718)	-3.84%
Trustee held funds	19,016,210	13,940,111	18,474,406	5,076,099	36.41%	541,804	2.93%
Total assets limited as to use	366,767,676	357,347,861	342,133,481	9,419,815	2.64%	24,634,195	7.23%
Less amount required to meet current obligations	6,466,527	1,644,087	5,185,820	4,822,440	293.32%	1,280,707	24.70%
Noncurrent assets limited as to use	360,301,149	355,703,774	336,947,661	4,597,375	1.29%	23,353,488	6.93%
Property, plant and equipment, net	243,769,340	247,618,739	242,232,619	(3,849,399)	-1.55%	1,536,721	0.63%
Goodwill	143,611	143,611	143,611	-	0.00%	-	0.00%
Intangibles	1,080,000	1,080,000	1,080,000	-	0.00%	-	0.00%
Other Assets:							
Investments	3,378,174	3,919,208	3,617,545	(541,034)	-13.80%	(239,371)	-6.62%
Notes and advances receivable, net	94,158	161,221	-	(67,063)	-41.60%	94,158	0.00%
Other	1,565,039	1,565,039	-	-	0.00%	1,565,039	0.00%
Insurance recoveries receivable	347,559	347,559	483,410	-	0.00%	(135,851)	-28.10%
Pledges receivable, net	70,171	89,582	21,215	(19,411)	-21.67%	48,956	230.76%
Due from Affiliates	110,856,520	109,241,027	117,613,350	1,615,493	1.48%	(6,756,830)	-5.74%
Prepaid expenses and other	-	22,860	-	(22,860)	-100.00%	-	0.00%
Total other assets	116,311,621	115,346,496	121,735,520	965,125	0.84%	(5,423,899)	-4.46%
Total assets	971,893,676	928,907,597	933,818,064	42,986,079	4.63%	38,075,612	4.08%

LIABILITIES AND NET ASSETS

	6/30/2019	9/30/2018	6/30/2018	6/19-09/18	% Change	6/19-6/18	% Change
				Change	% Change	Change	% Change
Current liabilities:							
Notes payable	-	-	-	-	0.00%	-	0.00%
Current pension payable	14,140,980	18,906,084	15,042,130	(4,765,104)	-25.20%	(901,150)	-5.99%
Current installments of long-term debt	5,317,282	6,059,513	5,873,161	(742,231)	-12.25%	(555,879)	-9.46%
Accounts payable and accrued expenses	137,677,257	108,471,734	129,684,886	29,205,523	26.92%	7,992,371	6.16%
Self-insurance reserves	10,353,194	10,359,395	9,324,143	(6,201)	-0.06%	1,029,051	11.04%
Deferred revenue	13,963,670	14,200,375	11,515,726	(236,705)	-1.67%	2,447,944	21.25%
Estimated third party payor settlements	4,545,007	-	620,964	4,545,007	0.00%	3,924,043	631.93%
Deferred compensation	663,893	618,974	515,165	44,919	7.26%	148,728	28.87%
Total current liabilities	186,661,283	158,616,075	172,576,175	28,045,208	17.68%	14,085,108	8.15%
Estimated third party payor settlements	17,730,839	17,006,003	17,897,914	724,836	4.26%	(167,075)	-0.93%
Net pension liability	86,361,274	89,880,243	105,220,024	(3,518,969)	-3.92%	(18,858,750)	-17.92%
Net post retirement liability	1,092,755	1,092,755	1,384,571	-	0.00%	(291,816)	-21.03%
Asset retirement obligation	2,066,273	1,998,932	1,989,172	67,341	3.37%	77,101	3.83%
Other liabilities	2,916,556	75,729	84,072	2,840,827	3751.31%	2,832,484	3369.12%
Self-insurance reserves	145,462,357	141,738,704	135,638,994	3,723,653	2.63%	9,823,363	7.24%
Long-term debt, net of current portion	165,037,689	165,706,301	170,340,538	(668,612)	-0.40%	(5,302,849)	-3.11%
Deferred compensation	521,345	635,062	761,339	(113,717)	-17.91%	(239,994)	-31.52%
Total liabilities	607,850,371	576,749,804	605,892,799	31,100,567	5.39%	1,957,572	0.32%
Net assets:							
Unrestricted	288,590,222	278,557,093	254,965,360	10,033,129	3.60%	33,624,862	13.19%
Temporarily restricted	44,112,577	41,947,348	41,827,853	2,165,229	5.16%	2,284,724	5.46%
Permanently restricted	31,340,506	31,653,352	31,132,052	(312,846)	-0.99%	208,454	0.67%
Total net assets	364,043,305	352,157,793	327,925,265	11,885,512	3.38%	36,118,040	11.01%
Total liabilities and net assets	971,893,676	928,907,597	933,818,064	42,986,079	4.63%	38,075,612	4.08%

**Care New England
Balance Sheet
(Unaudited)**

OBLIGATED GROUP														
As of June 30, 2019														
BUTLER	KENT	CNEMG	WIC	SHS ¹	CNE	Integra	KCVNA	TPC	Eliminations ¹	Total Obligated Group	Memorial ²	Eliminations ²	Total Care New England	
ASSETS														
Current assets:														
Cash and cash equivalents	2,659,870	47,380,455	(25,070,955)	122,058,122	-	(58,451,237)	(5,293,857)	(6,052,029)	(2,611,301)	-	74,619,068	339,377	-	74,958,445
Receivables														
Patient	8,832,022	47,233,262	10,538,091	61,140,017	-	-	-	3,616,810	3,904,688	-	135,264,890	23,711	-	135,288,601
Less estimated uncollectibles	2,633,910	12,466,774	4,462,392	11,082,304	-	-	-	794,486	1,049,831	-	32,489,697	5,447	-	32,495,144
Net patient receivables	6,198,112	34,766,488	6,075,699	50,057,713	-	-	-	2,822,324	2,854,857	-	102,775,193	18,264	-	102,793,457
Other	2,279,420	9,493,162	2,363,077	23,599,677	-	820,967	3,679,491	1,105,468	3,101,844	-	46,443,106	1,514,374	-	47,957,480
Total receivables	8,477,532	44,259,650	8,438,776	73,657,390	-	820,967	3,679,491	3,927,792	5,956,701	-	149,218,299	1,532,638	-	150,750,937
Assets limited as to use	-	-	-	-	-	6,466,527	-	-	-	-	6,466,527	-	-	6,466,527
Inventories	224,428	4,729,470	267,098	3,039,854	-	-	-	-	-	-	8,260,850	(6,082)	-	8,254,768
Prepaid expenses	340,497	1,053,345	4,930	3,734,263	-	5,787,232	78,639	47,637	241,536	-	11,288,079	111,520	-	11,399,599
Notes receivable, net	-	-	101,073	-	-	-	-	-	-	-	101,073	-	-	101,073
Pledges, net	6,193	147,788	-	154,994	-	-	-	-	25,084	-	334,059	-	-	334,059
Due from affiliates	415,165	2,801,290	-	852	-	707,120	-	-	-	(3,924,427)	-	-	-	-
Total current assets	12,123,685	100,371,998	(16,259,078)	202,645,475	-	(44,669,391)	(1,535,727)	(2,076,600)	3,612,020	(3,924,427)	250,287,955	1,977,453	-	252,265,408
Assets limited as to use														
Endowment funds	19,784,618	18,224,886	-	17,516,550	-	-	-	-	1,694,682	-	57,220,736	12,148,674	-	69,369,410
Board designated	7,509,802	25,035,571	-	92,438,236	-	-	-	798,139	-	-	125,781,748	-	-	125,781,748
Self insurance trust funds	3,743,310	50,465,268	-	105,838,109	-	3,382,392	-	-	-	-	163,429,079	-	-	163,429,079
Deferred compensation fund	210,359	80,071	-	230,915	-	798,558	-	-	-	-	1,319,903	-	-	1,319,903
Trustee held funds	-	-	-	-	-	18,145,585	-	-	870,625	-	19,016,210	-	-	19,016,210
Total assets limited as to use	31,248,089	93,805,796	-	216,023,810	-	22,326,535	-	798,139	2,565,307	-	366,767,676	12,148,674	-	378,916,350
Amount required to meet current oblig.	-	-	-	-	-	6,466,527	-	-	-	-	6,466,527	-	-	6,466,527
Noncurrent assets limited as to use	31,248,089	93,805,796	-	216,023,810	-	15,860,008	-	798,139	2,565,307	-	360,301,149	12,148,674	-	372,449,823
Property, plant and equipment, net	19,858,276	69,884,043	-	116,715,803	-	20,645,560	-	270,881	16,394,777	-	243,769,340	5,378,980	-	249,148,320
Goodwill	-	-	-	-	-	-	-	-	143,611	-	143,611	24,345,364	-	24,488,975
Intangibles	-	-	-	-	-	-	-	-	1,080,000	-	1,080,000	-	-	1,080,000
Other Assets:														
Investments	-	-	-	-	-	3,378,174	-	-	-	-	3,378,174	5,000	-	3,383,174
Notes and advances receivable, net	-	-	94,158	-	-	-	-	-	-	-	94,158	-	-	94,158
Other	-	510,171	-	1,054,868	-	-	-	-	-	-	1,565,039	-	-	1,565,039
Insurance recoveries receivable	347,559	-	-	-	-	-	-	-	-	-	347,559	5,550,509	-	5,898,068
Pledges receivable, net	19,645	50,526	-	-	-	-	-	-	-	-	70,171	-	-	70,171
Due from affiliates	-	-	-	-	-	110,856,520	-	-	-	-	110,856,520	-	(110,856,520)	-
Prepaid expenses and other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other assets	367,204	560,697	94,158	1,054,868	-	114,234,694	-	-	-	-	116,311,621	5,555,509	(110,856,520)	11,010,610
Total assets	63,597,254	264,622,534	(16,164,920)	536,439,956	-	106,070,871	(1,535,727)	(1,007,580)	23,795,715	(3,924,427)	971,893,676	49,405,980	(110,856,520)	910,443,136

¹ - includes Southeastern Health Care System Inc. and Primary Care Centers of New England

² - includes The Memorial Hospital and affiliates

**Care New England
Balance Sheet
(Unaudited)**

OBLIGATED GROUP													
As of June 30, 2019													
BUTLER	KENT	CNEMG	WIC	SHS¹	CNE	Integra	KCVNA	TPC	Eliminations¹	Total Obligated Group	Memorial²	Eliminations²	Total Care New England
LIABILITIES AND NET ASSETS													
Current liabilities:													
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Current pension payable	608,669	8,539,326	-	1,597,414	-	2,416,878	-	150,545	828,148	-	14,140,980	-	14,140,980
Current installments of long-term debt	219,919	547,624	-	340,409	-	4,851,545	-	-	34,978	(677,193)	5,317,282	-	5,317,282
Accounts payable and accrued expenses	5,482,574	46,523,792	4,227,665	48,253,570	-	20,036,939	8,178,179	2,407,654	2,566,884	-	137,677,257	1,083,200	138,760,457
Self-insurance reserves	-	-	-	-	-	10,353,194	-	-	-	-	10,353,194	-	10,353,194
Deferred revenue	7,855,779	1,205,885	-	4,022,789	-	309,024	25,000	402,529	142,664	-	13,963,670	3,763,080	17,726,750
Estimated third party payor settlements	252,135	2,367,211	-	1,804,481	-	-	-	-	121,180	-	4,545,007	329,616	4,874,623
Due to affiliates	-	3,046,767	-	-	-	200,155	-	-	312	(3,247,234)	-	-	-
Deferred compensation	-	-	-	-	-	663,893	-	-	-	-	663,893	-	663,893
Total current liabilities	14,419,076	62,230,605	4,227,665	56,018,663	-	38,831,628	8,203,179	2,960,728	3,694,166	(3,924,427)	186,661,283	5,175,896	191,837,179
Estimated third party payor settlements	2,118,724	1,527,249	-	13,797,517	-	-	-	287,349	-	-	17,730,839	10,506,005	28,236,844
Net pension liability	6,705,496	11,449,667	-	5,253,618	-	61,984,968	-	967,525	-	-	86,361,274	-	86,361,274
Net post retirement liability	-	1,092,755	-	-	-	-	-	-	-	-	1,092,755	-	1,092,755
Asset retirement obligation	975,458	1,090,815	-	-	-	-	-	-	-	-	2,066,273	4,480,868	6,547,141
Other liabilities	-	1,868,761	-	1,027,730	-	20,065	-	-	-	-	2,916,556	-	2,916,556
Self-insurance reserves	3,229,735	46,660,591	-	86,027,487	-	9,544,544	-	-	-	-	145,462,357	6,569,509	152,031,866
Long-term debt, net of current portion	2,655,207	1,428,455	-	57,548	-	160,772,482	-	-	123,997	-	165,037,689	-	165,037,689
Due to affiliates	-	-	-	-	-	-	-	-	-	-	-	110,856,520	(110,856,520)
Deferred compensation	210,359	80,071	-	230,915	-	-	-	-	-	-	521,345	-	521,345
Total liabilities	30,314,055	127,428,969	4,227,665	162,413,478	-	271,153,687	8,203,179	4,215,602	3,818,163	(3,924,427)	607,850,371	137,588,798	634,582,649
Net assets:													
Unrestricted	11,070,785	117,478,169	(20,392,585)	346,244,474	-	(165,082,816)	(9,740,818)	(5,249,960)	14,262,973	-	288,590,222	(100,796,297)	187,793,925
Temporarily restricted	18,539,638	5,574,346	-	15,879,683	-	-	1,912	26,778	4,090,220	-	44,112,577	1,488,526	45,601,103
Permanently restricted	3,672,776	14,141,050	-	11,902,321	-	-	-	-	1,624,359	-	31,340,506	11,124,953	42,465,459
Total net assets	33,283,199	137,193,565	(20,392,585)	374,026,478	-	(165,082,816)	(9,738,906)	(5,223,182)	19,977,552	-	364,043,305	(88,182,818)	275,860,487
Total liabilities and net assets	63,597,254	264,622,534	(16,164,920)	536,439,956	-	106,070,871	(1,535,727)	(1,007,580)	23,795,715	(3,924,427)	971,893,676	49,405,980	910,443,136

¹ - includes Southeastern Health Care System Inc. and Primary Care Centers of New England

² - includes The Memorial Hospital and affiliates

Care New England
Statements of Cash Flows
(Unaudited)

	9 Months Ended	6/30/2019
Operating activities		
Change in net assets		\$ 9,183,994
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Pension and post retirement adjustment		-
Depreciation and amortization		22,241,398
Amortization of debt issuance costs		120,704
Bond premium amortization		(487,836)
Bond discount amortization		42,350
Provision for bad debt		21,957,778
Income and gains on assets limited as to use		(7,151,598)
Net unrealized (gains) losses on investments		(1,036,345)
Restricted contributions and investment income		160,941
Changes in		
Patient accounts receivable		(14,643,721)
Other current and long-term assets		(14,419,577)
Accounts payable and accrued expenses		28,818,000
Estimated third-party payor settlements		5,499,411
Other liabilities		2,887,719
Net pension liability		(8,284,073)
Self-insurance reserves		3,717,452
Net cash provided by (used in) operating activities		<u>48,606,597</u>
Investing activities		
Purchase of property and equipment		(18,243,954)
Net change in assets limited as to use		<u>(1,465,167)</u>
Net cash provided by (used in) investing activities		<u>(19,709,121)</u>
Financing activities		
Payments on notes payable		-
Payments on long-term debt and capital leases		(1,153,822)
Investments and investment income		<u>(160,941)</u>
Net cash provided by (used in) financing activities		<u>(1,314,763)</u>
Net increase (decrease) in cash and cash equivalents		27,582,713
Cash and cash equivalents		
Beginning of year		<u>47,375,732</u>
End of year		<u>\$ 74,958,445</u>

Care New England
 Combined Statement of Unrestricted Activities
 June 30, 2019
 (Unaudited)

	OBLIGATED GROUP*					Variance Q3 2019 to Q3 2018	%
	Q3 2019 Actual	Q2 2019 Actual	Q1 2019 Actual	Q4 2018 Actual	Q3 2018 Actual		
Unrestricted revenues and gains:							
Patient service revenue (net of contractual allowances)	263,633,550	252,732,241	258,622,430	270,462,968	254,462,600	9,170,950	3.60%
Less: Charity care	(2,120,853)	(2,669,541)	(2,669,676)	(2,895,125)	(2,806,782)	685,929	-24.44%
Provision for bad debts	(7,593,595)	(7,018,799)	(7,407,145)	(9,698,254)	(7,903,226)	309,631	-3.92%
Net patient service revenue less provision for bad debts	253,919,102	243,043,901	248,545,609	257,869,589	243,752,592	10,166,510	4.17%
Net assets released from restrictions	376,756	313,073	379,751	1,625,235	310,702	66,054	21.26%
Research revenue	7,753,448	9,420,298	8,746,107	7,558,065	7,650,904	102,544	1.34%
Other revenue	27,680,976	25,781,874	23,820,044	24,082,042	27,288,966	392,010	1.44%
Total revenues and gains	289,730,282	278,559,146	281,491,511	291,134,931	279,003,164	10,727,118	3.84%
Operating expenses:							
Salaries and wages	133,326,531	130,011,448	133,234,093	135,135,790	127,371,529	5,955,002	4.68%
Fringe benefits	41,170,190	43,060,824	39,665,765	38,752,463	39,230,783	1,939,407	4.94%
Insurances	6,857,834	6,393,798	6,688,312	9,125,512	6,576,672	281,162	4.28%
Medical supplies and drugs	27,613,645	27,274,310	27,287,745	22,960,265	25,341,425	2,272,220	8.97%
Other expenses	45,931,469	48,228,563	45,190,410	53,724,730	49,641,740	(3,710,271)	-7.47%
Research expenses	7,683,395	8,789,910	8,329,297	7,499,573	7,649,430	33,965	0.44%
License fee	10,134,707	10,134,706	10,134,707	10,443,166	10,443,165	(308,458)	-2.95%
Interest	1,958,731	1,949,398	1,950,784	1,986,751	2,000,398	(41,667)	-2.08%
Depreciation and amortization	7,094,617	7,487,572	7,428,101	7,153,839	6,637,905	456,712	6.88%
Loss on asset impairment - Memorial Hospital	0	0	0	0	0	0	0.00%
Restructuring costs	0	(158,454)	(5,883)	(336,043)	(461,280)	461,280	-100.00%
Restructuring costs - Memorial Hospital	0	0	0	(384,499)	0	0	0.00%
Total operating expenses	281,771,119	283,172,075	279,903,331	286,061,547	274,431,767	7,339,352	2.67%
Net income (loss) from operations	7,959,163	(4,612,929)	1,588,180	5,073,384	4,571,397	3,387,766	74.11%
Nonoperating gains and (losses):							
Unrestricted gifts & bequests	75,246	187,141	211,567	54,513	169,334	(94,088)	-55.56%
Income on investments whose use is limited	984,667	954,852	1,183,239	767,213	762,822	221,845	29.08%
Gains (losses) on investments whose use is limited	977,140	1,231,052	1,820,648	1,495,694	2,330,866	(1,353,726)	-58.08%
Change in net unrealized gains (losses)	6,430,837	14,773,259	(20,167,751)	3,239,525	(2,949,804)	9,380,641	-318.01%
Other components of current period pension expense	(1,087,175)	(1,087,176)	(1,087,176)	(758,692)	(758,693)	(328,482)	43.30%
Pension settlement	0	0	0	(1,550,728)	0	0	0.00%
Other	(252,435)	(291,668)	(372,233)	(452,724)	(493,802)	241,367	-48.88%
Net nonoperating gains (losses)	7,128,280	15,767,460	(18,411,706)	2,794,801	(939,277)	8,067,557	-858.91%
Excess (deficiency) of revenues and gains over expenses	15,087,443	11,154,531	(16,823,526)	7,868,185	3,632,120	11,455,323	315.39%
Pension and post retirement adjustment	0	0	0	14,866,508	0	0	0.00%
Net assets released from restrictions	220,854	182,518	211,306	1,058,355	154,148	66,706	43.27%
Transfer (to) from temporarily restricted	0	0	0	(201,322)	0	0	0.00%
Transfer of net assets to remove MH from the Obligated Group	0	0	0	0	0	0	0.00%
Other transfers	0	0	0	0	0	0	0.00%
Increase (decrease) in unrestricted net assets	\$15,308,297	\$11,337,049	(\$16,612,220)	\$23,591,726	\$3,786,268	\$11,522,029	304.31%
Adjusted net income (loss) from operations:							
Net income (loss) from operations	7,959,163	(4,612,929)	1,588,180	5,073,384	4,571,397	3,387,766	74.11%
Less:							
Loss on asset impairment - Memorial Hospital	0	0	0	0	0	0	0.00%
Restructuring costs	0	(158,454)	(5,883)	(336,043)	(461,280)	461,280	-100.00%
Restructuring costs - Memorial Hospital	0	0	0	(384,499)	0	0	0.00%
Loss on refinancing	0	0	0	0	0	0	0.00%
Loss on write-off of intangible assets	0	0	0	0	0	0	0.00%
Total one-time adjustments	0	(158,454)	(5,883)	(720,542)	(461,280)	461,280	-100.00%
Adjusted net income (loss) from operations	7,959,163	(4,771,383)	1,582,297	4,352,842	4,110,117	\$3,849,046	93.65%

* - excludes Memorial Hospital and affiliates beginning 12.22.17

Care New England
 Combined Statement of Unrestricted Activities
 June 30, 2019
 (Unaudited)

	CONSOLIDATED						
	Q3 2019 Actual	Q2 2019 Actual	Q1 2019 Actual	Q4 2018 Actual	Q3 2018 Actual	Variance Q3 2019 to Q3 2018	%
Unrestricted revenues and gains:							
Patient service revenue (net of contractual allowances)	263,701,870	252,774,476	258,696,945	281,093,315	254,514,082	9,187,788	3.61%
Less: Charity care	(2,120,803)	(2,669,418)	(2,669,706)	(2,903,666)	(2,939,610)	818,807	-27.85%
Provision for bad debts	(7,566,261)	(7,003,583)	(7,387,934)	(9,666,853)	(7,821,242)	254,981	-3.26%
Net patient service revenue less provision for bad debts	254,014,806	243,101,475	248,639,305	268,522,796	243,753,230	10,261,576	4.21%
Net assets released from restrictions	377,269	313,073	379,751	1,636,506	314,168	63,101	20.09%
Research revenue	8,539,348	9,450,276	9,473,131	9,162,530	7,963,041	576,307	7.24%
Other revenue	27,713,305	25,602,243	24,140,147	23,369,627	26,743,664	969,641	3.63%
Total revenues and gains	290,644,728	278,467,067	282,632,334	302,691,459	278,774,103	11,870,625	4.26%
Operating expenses:							
Salaries and wages	133,447,187	130,169,604	133,383,224	134,990,015	127,565,710	5,881,477	4.61%
Fringe benefits	41,213,102	43,034,442	39,713,977	38,734,970	39,529,938	1,683,164	4.26%
Insurances	6,987,639	6,648,611	6,845,528	10,154,243	6,695,459	292,180	4.36%
Medical supplies and drugs	27,615,996	27,268,707	27,291,446	23,272,305	25,298,229	2,317,767	9.16%
Other expenses	46,194,121	48,407,996	45,742,826	53,434,204	49,740,101	(3,545,980)	-7.13%
Research expenses	8,254,315	8,813,377	9,062,832	9,060,451	7,903,581	350,734	4.44%
Licensure fee	10,134,707	10,134,706	10,134,707	12,181,456	12,181,455	(2,046,748)	-16.80%
Interest	1,958,731	1,949,398	1,951,601	1,986,281	2,001,392	(42,661)	-2.13%
Depreciation and amortization	7,171,754	7,565,867	7,503,777	6,995,701	6,796,068	375,686	5.53%
Loss on asset impairment - Memorial Hospital	0	0	0	303,518	63,613	(63,613)	-100.00%
Restructuring costs	0	(158,454)	(5,883)	(336,043)	(461,280)	461,280	-100.00%
Restructuring costs - Memorial Hospital	301,293	446,913	285,368	(1,111,985)	597,098	(295,805)	-49.54%
Total operating expenses	283,278,845	284,281,167	281,909,403	289,685,116	277,911,364	5,367,481	1.93%
Net income (loss) from operations	7,365,883	(5,814,100)	722,931	13,026,343	862,739	6,503,144	753.78%
Nonoperating gains and (losses):							
Unrestricted gifts & bequests	75,246	188,141	(64,354)	189,381	250,761	(175,515)	-69.99%
Income on investments whose use is limited	984,667	954,852	1,183,239	767,213	762,822	221,845	29.08%
Gains (losses) on investments whose use is limited	977,140	1,231,052	1,820,648	1,495,694	2,330,866	(1,353,726)	-58.08%
Change in net unrealized gains (losses)	6,430,837	14,773,259	(20,167,751)	3,239,525	(2,949,804)	9,380,641	-318.07%
Other components of current period pension expense	(1,087,175)	(1,087,176)	(1,087,176)	(758,692)	(758,693)	(328,482)	43.30%
Pension settlement	0	0	0	(1,550,728)	0	0	0.00%
Other	(252,270)	(291,512)	(372,233)	(452,723)	(493,802)	241,532	-48.91%
Net nonoperating gains (losses)	7,128,445	15,768,616	(18,687,627)	2,929,670	(857,850)	7,986,295	-930.97%
Excess (deficiency) of revenues and gains over expenses	14,494,328	9,954,516	(17,964,696)	15,956,013	4,889	14,489,439	296368.15%
Pension and post retirement adjustment	0	0	0	14,866,508	0	0	0.00%
Net assets released from restrictions	220,854	182,518	211,306	1,068,492	154,148	66,706	43.27%
Transfer (to) from temporarily restricted	0	0	0	874,820	0	0	0.00%
Transfer of net assets to remove MH from the Obligated Group	0	0	0	0	0	0	0.00%
Other transfers	0	0	0	0	0	0	0.00%
Increase (decrease) in unrestricted net assets	\$14,715,182	\$10,137,034	(\$17,753,390)	\$32,765,833	\$159,037	\$14,556,145	9152.68%
Adjusted net income (loss) from operations:							
Net income (loss) from operations	7,365,883	(5,814,100)	722,931	13,026,343	862,739	6,503,144	753.78%
Less:							
Loss on asset impairment - Memorial Hospital	0	0	0	303,518	63,613	(63,613)	-100.00%
Restructuring costs	0	(158,454)	(5,883)	(336,043)	(461,280)	461,280	-100.00%
Restructuring costs - Memorial Hospital	301,293	446,913	285,368	(1,111,985)	597,098	(295,805)	-49.54%
Loss on refinancing	0	0	0	0	0	0	0.00%
Loss on write-off of intangible assets	0	0	0	0	0	0	0.00%
Total one-time adjustments	301,293	288,459	279,485	(1,144,510)	199,431	101,862	51.08%
Adjusted net income (loss) from operations	7,667,176	(5,525,641)	1,002,416	11,881,833	1,062,170	\$6,805,006	621.84%

Care New England - Obligated Group
Combined Statement of Unrestricted Activities
For the Nine Months Ending June 30, 2019
(Unaudited)

OBLIGATED GROUP

	Current YTD Actual	Current YTD Budget	Variance Actual to Budget	%	Current YTD Actual	Prior YTD Actual	Variance Actual to Actual	%
Unrestricted revenues and gains:								
Patient service revenue (net of contractual allowances)	\$774,988,221	\$776,598,845	(\$1,610,624)	-0.21%	\$774,988,221	\$760,253,570	14,734,651	1.94%
Less: Charity care	(7,460,070)	(7,812,369)	352,299	4.51%	(7,460,070)	(9,756,459)	2,293,389	23.54%
Provision for bad debts	(22,019,539)	(25,157,663)	3,138,124	12.47%	(22,019,539)	(23,464,302)	1,444,763	6.16%
Net patient service revenue less provision for bad debts	745,508,612	743,628,813	1,879,799	0.25%	745,508,612	727,032,809	18,475,803	2.54%
Net assets released from restrictions	1,069,580	965,995	103,585	10.72%	1,069,580	1,112,365	(42,785)	-3.85%
Research revenue	25,919,853	26,950,078	(1,030,225)	-3.82%	25,919,853	23,527,695	2,392,158	10.17%
Other revenue	77,282,894	81,950,841	(4,667,947)	-5.70%	77,282,894	78,066,222	(783,328)	-1.00%
Total revenues and gains	849,780,939	853,495,727	(3,714,788)	-0.44%	849,780,939	829,739,091	20,041,848	2.42%
Operating expenses:								
Salaries and wages	396,572,072	394,346,935	(2,225,137)	-0.56%	396,572,072	384,780,008	(11,792,064)	-3.06%
Fringe benefits	123,896,779	117,759,433	(6,137,346)	-5.21%	123,896,779	117,204,366	(6,692,413)	-5.71%
Insurances	19,939,944	21,155,011	1,215,067	5.74%	19,939,944	20,690,139	750,195	3.63%
Medical supplies and drugs	82,175,700	79,873,455	(2,302,245)	-2.88%	82,175,700	75,993,470	(6,182,230)	-8.14%
Other expenses	139,350,442	149,257,287	9,906,845	6.64%	139,350,442	142,576,476	3,226,034	2.26%
Research expenses	24,802,602	26,936,228	2,133,626	7.92%	24,802,602	23,411,610	(1,390,992)	-5.94%
Licensure fee	30,404,120	30,404,120	0	0.00%	30,404,120	32,880,872	2,476,752	7.53%
Interest	5,858,913	5,919,955	61,042	1.03%	5,858,913	5,988,830	129,917	2.17%
Depreciation and amortization	22,010,290	23,056,023	1,045,733	4.54%	22,010,290	22,494,204	483,914	2.15%
Loss on asset impairment - Memorial Hospital	0	0	0	0.00%	0	0	0	0.00%
Restructuring costs	(164,337)	0	164,337	0.00%	(164,337)	409,376	573,713	140.14%
Restructuring costs - Memorial Hospital	0	0	0	0.00%	0	1,554,719	1,554,719	100.00%
Total operating expenses	844,846,525	848,708,447	3,861,922	0.46%	844,846,525	827,984,070	(16,862,455)	-2.04%
Net income (loss) from operations	4,934,414	4,787,280	147,134	3.07%	4,934,414	1,755,021	3,179,393	181.16%
Nonoperating gains and (losses):								
Unrestricted gifts & bequests	473,954	556,871	(82,917)	-14.89%	473,954	623,566	(149,612)	-23.99%
Income on investments whose use is limited	3,122,758	2,675,341	447,417	16.72%	3,122,758	2,523,411	599,347	23.75%
Gains (losses) on investments whose use is limited	4,028,840	5,793,458	(1,764,618)	-30.46%	4,028,840	7,026,891	(2,998,051)	-42.67%
Transfer to/from parent	0	0	0	0.00%	0	0	0	0.00%
Change in net unrealized gains (losses)	1,036,345	7,118,070	(6,081,725)	-85.44%	1,036,345	(1,201,449)	2,237,794	186.26%
Other components of current period pension expense	(3,261,527)	(3,261,527)	0	0.00%	(3,261,527)	(2,136,295)	(1,125,232)	-52.67%
Pension settlement	0	0	0	0.00%	0	(29,545,276)	29,545,276	100.00%
Other	(916,336)	(1,490,647)	574,311	38.53%	(916,336)	(1,246,293)	329,957	26.48%
Net nonoperating gains (losses)	4,484,034	11,391,566	(6,907,532)	-60.64%	4,484,034	(23,955,445)	28,439,479	118.72%
Excess (deficiency) of revenues and gains over expenses	9,418,448	16,178,846	(6,760,398)	-41.79%	9,418,448	(22,200,424)	31,618,872	142.42%
Pension and post retirement adjustment	0	0	0	0.00%	0	23,346,247	(23,346,247)	-100.00%
Net assets released from restrictions	614,678	426,156	188,522	44.24%	614,678	435,463	179,215	41.16%
Other transfers	0	0	0	0.00%	0	(70,122,853)	70,122,853	100.00%
Transfer (to) from temporarily restricted	0	0	0	0.00%	0	59,086	(59,086)	-100.00%
Transfer of net assets on 12/22/17 to remove Memorial Hospital from the Obligated Group	0	0	0	0.00%	0	135,788,879	(135,788,879)	-100.00%
Increase (decrease) in unrestricted net assets	\$10,033,126	\$16,605,002	(\$6,571,876)	-39.58%	\$10,033,126	\$67,306,398	(\$57,273,272)	-85.09%

Care New England
Combined Statement of Unrestricted Activities
For the Nine Months Ending June 30, 2019
(Unaudited)

CONSOLIDATED

	Current YTD Actual	Current YTD Budget	Variance Actual to Budget	%	Current YTD Actual	Prior YTD Actual	Variance Actual to Actual	%
Unrestricted revenues and gains:								
Patient service revenue (net of contractual allowances)	\$775,173,291	\$776,598,845	(\$1,425,554)	-0.18%	\$775,173,291	\$761,913,006	13,260,285	1.74%
Less: Charity care	(7,459,927)	(7,812,369)	352,442	4.51%	(7,459,927)	(10,335,028)	2,875,101	27.82%
Provision for bad debts	(21,957,778)	(25,157,663)	3,199,885	12.72%	(21,957,778)	(23,334,649)	1,376,871	5.90%
Net patient service revenue less provision for bad debts	745,755,586	743,628,813	2,126,773	0.29%	745,755,586	728,243,329	17,512,257	2.40%
Net assets released from restrictions	1,070,093	965,995	104,098	10.78%	1,070,093	1,169,252	(99,159)	-8.48%
Research revenue	27,462,755	26,950,078	512,677	1.90%	27,462,755	25,066,871	2,395,884	9.56%
Other revenue	77,455,695	81,950,841	(4,495,146)	-5.49%	77,455,695	74,037,441	3,418,254	4.62%
Total revenues and gains	851,744,129	853,495,727	(1,751,598)	-0.21%	851,744,129	828,516,893	23,227,236	2.80%
Operating expenses:								
Salaries and wages	397,000,015	394,870,650	(2,129,365)	-0.54%	397,000,015	386,946,814	(10,053,201)	-2.60%
Fringe benefits	123,961,521	117,913,890	(6,047,631)	-5.13%	123,961,521	118,262,566	(5,698,955)	-4.82%
Insurances	20,481,778	21,335,553	853,775	4.00%	20,481,778	21,328,263	846,485	3.97%
Medical supplies and drugs	82,176,149	79,873,455	(2,302,694)	-2.88%	82,176,149	76,191,530	(5,984,619)	-7.85%
Other expenses	140,344,943	151,966,105	11,621,162	7.65%	140,344,943	144,163,882	3,818,939	2.65%
Research expenses	26,130,524	26,936,228	805,704	2.99%	26,130,524	24,787,296	(1,343,228)	-5.42%
Licensure fee	30,404,120	30,404,120	0	0.00%	30,404,120	36,544,364	6,140,244	16.80%
Interest	5,859,730	5,919,955	60,225	1.02%	5,859,730	6,020,886	161,156	2.68%
Depreciation and amortization	22,241,398	23,056,023	814,625	3.53%	22,241,398	23,026,195	784,797	3.41%
Loss on asset impairment - Memorial Hospital	0	0	0	0.00%	0	22,257,468	22,257,468	100.00%
Restructuring costs	(164,337)	0	164,337	0.00%	(164,337)	409,376	573,713	140.14%
Restructuring costs - Memorial Hospital	1,033,574	577,500	(456,074)	-78.97%	1,033,574	8,292,815	7,259,241	87.54%
Total operating expenses	849,469,415	852,853,479	3,384,064	0.40%	849,469,415	868,231,455	18,762,040	2.16%
Net income (loss) from operations	2,274,714	642,248	1,632,466	254.18%	2,274,714	(39,714,562)	41,989,276	105.73%
Nonoperating gains and (losses):								
Unrestricted gifts & bequests	199,033	556,871	(357,838)	-64.26%	199,033	779,394	(580,361)	-74.46%
Income on investments whose use is limited	3,122,758	2,675,341	447,417	16.72%	3,122,758	2,523,495	599,263	23.75%
Gains (losses) on investments whose use is limited	4,028,840	5,793,458	(1,764,618)	-30.46%	4,028,840	7,026,817	(2,997,977)	-42.66%
Transfer to/from parent	0	0	0	0.00%	0	0	0	0.00%
Change in net unrealized gains (losses)	1,036,345	7,118,070	(6,081,725)	-85.44%	1,036,345	(1,200,895)	2,237,240	186.30%
Other components of current period pension expense	(3,261,527)	(3,261,527)	0	0.00%	(3,261,527)	(2,193,179)	(1,068,348)	-48.71%
Pension settlement	0	0	0	0.00%	0	(29,545,276)	29,545,276	100.00%
Other	(916,015)	(1,490,647)	574,632	38.55%	(916,015)	(1,246,293)	330,278	26.50%
Net nonoperating gains (losses)	4,209,434	11,391,566	(7,182,132)	-63.05%	4,209,434	(23,855,937)	28,065,371	117.65%
Excess (deficiency) of revenues and gains over expenses	6,484,148	12,033,814	(5,549,666)	-46.12%	6,484,148	(63,570,499)	70,054,647	110.20%
Pension and post retirement adjustment	0	0	0	0.00%	0	23,346,247	(23,346,247)	-100.00%
Net assets released from restrictions	614,678	426,156	188,522	44.24%	614,678	435,463	179,215	41.16%
Other transfers	0	0	0	0.00%	0	0	0	0.00%
Transfer (to) from temporarily restricted	0	0	0	0.00%	0	59,086	(59,086)	-100.00%
Increase (decrease) in unrestricted net assets	\$7,098,826	\$12,459,970	(\$5,361,144)	-43.03%	\$7,098,826	(\$39,729,703)	\$46,828,529	117.87%

Care New England
Combined Statement of Unrestricted Activities
For the Nine Months Ending June 30, 2019
(Unaudited)

OBLIGATED GROUP														
Year to Date Actual														
	Butler	Kent	CNEMG	WIC	SHS ¹	CNE	Integra	KCVNA	TPC	Eliminations ²	Total Obligated Group	Memorial ²	Eliminations ²	Total Care New England
Revenues and gains														
Patient service revenue (net of contractuals)	60,961,105	278,670,913	67,643,470	321,559,342	-	112,069	-	17,681,676	28,359,646	-	774,988,221	185,070	-	775,173,291
Charity care	(2,120,874)	(2,004,971)	(409,372)	(2,901,002)	-	-	-	(23,783)	(68)	-	(7,460,070)	143	-	(7,459,927)
Provision for bad debts	(245,038)	(12,216,294)	(3,477,715)	(5,817,224)	-	-	-	(61,823)	(201,445)	-	(22,019,539)	61,761	-	(21,957,778)
NPSR less provision for bad debts	58,595,193	264,449,648	63,756,383	312,841,116	-	112,069	-	17,596,070	28,158,133	-	745,508,612	246,974	-	745,755,586
Net assets released from restrictions	399,997	236,684	-	141,320	-	-	-	-	291,579	-	1,069,580	513	-	1,070,093
Research revenue	10,753,671	786,693	-	14,361,439	-	-	18,050	-	-	-	25,919,853	1,542,902	-	27,462,755
Other revenue	14,484,581	15,253,404	11,725,104	35,122,736	-	101,327,577	7,717,937	1,233,493	11,140,363	(120,645,241)	77,359,954	846,950	(751,209)	77,455,695
CNEMG subsidy revenue	-	-	35,120,324	-	-	-	-	-	-	(35,197,384)	(77,060)	-	77,060	-
Total revenues and gains	84,233,442	280,726,429	110,601,811	362,466,611	-	101,439,646	7,735,987	18,829,563	39,590,075	(155,842,625)	849,780,939	2,637,339	(674,149)	851,744,129
Operating expenses														
Salaries and wages	33,449,789	88,300,542	74,276,296	120,736,170	-	40,481,793	3,152,691	10,935,338	25,239,453	-	396,572,072	427,943	-	397,000,015
Fringe benefits	10,770,931	26,340,993	15,620,420	47,855,749	-	11,818,992	1,114,170	3,142,733	6,989,643	243,148	123,896,779	64,742	-	123,961,521
Insurances	1,545,803	11,002,790	1,938,013	7,501,961	-	172,263	86,924	167,082	434,318	(2,909,210)	19,939,944	541,834	-	20,481,778
Medical supplies and drugs	1,296,348	36,063,791	1,045,247	44,274,611	-	2,922	-	1,417,472	20,365	(1,945,056)	82,175,700	449	-	82,178,149
Other expenses	3,761,704	38,827,960	17,721,835	41,974,343	(4,025)	41,840,346	2,847,465	1,881,057	6,416,168	(15,916,411)	139,350,442	1,745,710	(751,209)	140,344,943
Research expenses	10,699,741	781,970	-	13,302,841	-	-	18,050	-	-	-	24,802,602	1,327,922	-	26,130,524
Licensure fee	-	12,651,041	-	17,753,079	-	-	-	-	-	-	30,404,120	-	-	30,404,120
Interest	681,430	1,176,269	-	2,228,036	-	1,514,393	-	505	258,280	-	5,858,913	817	-	5,859,730
Depreciation and amortization	2,394,612	5,762,103	-	7,748,122	-	5,258,104	-	81,276	766,073	-	22,010,290	231,108	-	22,241,398
Loss on asset impairment - MHRI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shared services	11,181,467	37,829,137	-	49,170,341	-	-	187,500	599,268	1,150,000	(100,117,713)	-	-	-	-
Restructuring costs	-	(37,436)	-	(7,924)	-	(118,977)	-	-	-	-	(164,337)	-	-	(164,337)
Restructuring costs - MHRI	-	-	-	-	-	-	-	-	-	-	-	1,033,574	-	1,033,574
Loss on refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on write-off of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CNEMG subsidy expense	5,680,600	16,242,958	-	12,017,090	-	1,146,949	182,433	(72,647)	-	(35,197,383)	-	(77,060)	77,060	-
Total operating expenses	81,462,425	274,942,118	110,601,811	364,554,419	(4,025)	102,116,785	7,589,233	18,152,084	41,274,300	(155,842,625)	844,846,525	5,297,039	(674,149)	849,469,415
Net income (loss) from operations	2,771,017	5,784,311	-	(2,087,808)	4,025	(677,139)	146,754	677,479	(1,684,225)	0	4,934,414	(2,659,700)	-	2,274,714
Nonoperating gains/(losses)														
Unrestricted gifts & bequests	13,796	117,703	-	80,389	-	-	-	23,780	238,286	-	473,954	(274,921)	-	199,033
Income on investments whose use is limited	547,250	630,203	-	1,654,719	-	282,743	-	7,770	73	-	3,122,758	-	-	3,122,758
Gains/(losses) on invest. whose use is limited	223,493	703,884	-	2,807,126	-	271,473	-	22,864	-	-	4,028,840	-	-	4,028,840
Transfer to Parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in net unrealized gains/losses	(66,791)	702,661	-	392,931	-	22,631	-	(15,087)	-	-	1,036,345	-	-	1,036,345
Other components of current period pension	(319,659)	(541,858)	-	(248,801)	-	(2,105,432)	-	(45,777)	-	-	(3,261,527)	-	-	(3,261,527)
Pension settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,727	102,918	-	323,449	-	(1,301,846)	-	273	(43,857)	-	(916,336)	321	-	(916,015)
Net nonoperating gains/(losses)	400,816	1,715,511	-	5,009,813	-	(2,830,431)	-	(6,177)	194,502	-	4,484,034	(274,600)	-	4,209,434
Excess/(deficiency) of rev. over exp.	3,171,833	7,499,822	-	2,922,005	4,025	(3,507,570)	146,754	671,302	(1,489,723)	0	9,418,448	(2,934,300)	-	6,484,148
Other changes in unrestricted net assets														
Pension and post retirement adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	31,897	455,481	-	84,385	-	-	-	-	42,915	-	614,678	-	-	614,678
Transfer from temporarily restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(4,025)	-	-	4,025	-	-	-	-	-	-
Incr./(decr.) in unrestricted net assets	3,203,730	7,955,303	-	3,006,390	-	(3,507,570)	146,754	675,327	(1,446,808)	0	10,033,126	(2,934,300)	-	7,098,826

¹ - includes Southeastern Health Care System Inc. and Primary Care Centers of New England, Inc.

² - includes The Memorial Hospital and affiliates

Care New England
 Combined Statement of Unrestricted Activities
 For the Nine Months Ending June 30, 2019
 (Unaudited)

	OBLIGATED GROUP													
	Year To Date Budget												Total Care New England	
	Butler	Kent	CNEMG	WIC	SHS ¹	CNE	Integra	KCVNA	TPC	Eliminations ²	Total Obligated Group	Memorial ²		Eliminations ²
Revenues and gains														
Patient service revenue (net of contractals)	58,554,962	275,614,077	67,621,971	329,637,552	-	121,305	-	17,606,705	27,442,273	-	776,598,845	-	-	776,598,845
Charity care	(1,484,041)	(2,705,239)	(372,846)	(3,233,223)	-	-	-	(17,020)	-	-	(7,812,369)	-	-	(7,812,369)
Provision for bad debts	(759,846)	(13,021,735)	(4,499,849)	(6,768,451)	-	-	-	(107,782)	-	-	(25,157,663)	-	-	(25,157,663)
NPSR less provision for bad debts	56,311,075	259,887,103	62,749,276	319,635,878		121,305		17,481,903	27,442,273		743,628,813			743,628,813
Net assets released from restrictions	359,203	148,155	-	230,604		-		-	228,033		965,995			965,995
Research revenue	11,592,564	768,977	-	14,588,537	-	-	-	-	-	-	26,950,078	-	-	26,950,078
Other revenue	14,296,108	11,742,549	12,183,597	35,173,681	-	103,870,758	7,404,917	1,219,565	12,844,987	(116,785,321)	81,950,841	781,605	(781,605)	81,950,841
CNEMG subsidy revenue	-	-	38,523,900	-	-	-	-	-	-	(38,523,900)	-	-	-	-
Total revenues and gains	82,558,950	272,546,784	113,456,773	369,628,700		103,992,063	7,404,917	18,701,468	40,515,293	(155,309,221)	853,495,727	781,605	(781,605)	853,495,727
Operating expenses														
Salaries and wages	32,411,502	86,156,867	76,383,052	119,215,135	-	39,592,192	3,719,457	11,364,516	25,840,585	(336,371)	394,346,935	523,715	-	394,870,650
Fringe benefits	10,253,094	25,312,357	15,388,679	43,241,660	-	12,462,570	1,262,786	2,929,558	6,567,064	341,665	117,759,433	154,457	-	117,913,890
Insurances	1,978,548	8,920,358	1,970,597	9,399,575	-	239,745	72,606	220,009	519,522	(2,165,949)	21,155,011	180,542	-	21,335,553
Medical supplies and drugs	1,499,354	35,207,340	1,291,654	42,360,897	-	2,663	-	1,535,132	2,016	(2,025,601)	79,873,455	-	-	79,873,455
Other expenses	4,363,510	36,486,710	18,422,791	42,548,339	-	45,151,501	3,286,836	1,853,112	6,848,665	(9,704,177)	149,257,287	3,490,423	(781,605)	151,966,105
Research expenses	11,586,846	768,942	-	14,580,440	-	-	-	-	-	-	26,936,228	-	-	26,936,228
Licensure fee	-	12,651,041	-	17,753,079	-	-	-	-	-	-	30,404,120	-	-	30,404,120
Interest	689,428	1,171,585	-	2,254,232	-	1,530,150	-	564	273,996	-	5,919,955	-	-	5,919,955
Depreciation and amortization	2,518,589	5,846,914	-	7,817,642	-	6,034,986	-	78,091	759,801	-	23,056,023	-	-	23,056,023
Loss on asset impairment - MHRI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shared services	11,357,849	38,183,295	-	52,116,244	-	-	187,500	600,000	450,000	(102,894,888)	-	-	-	-
Restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring costs - MHRI	-	-	-	-	-	-	-	-	-	-	-	577,500	-	577,500
Loss on refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on write-off of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CNEMG subsidy expense	6,017,781	17,693,679	-	13,851,013	-	958,264	86,127	(82,964)	-	(38,523,900)	-	-	-	-
Total operating expenses	82,676,501	268,399,088	113,456,773	365,138,256		105,972,071	8,615,312	18,498,018	41,261,649	(155,309,221)	848,708,447	4,926,637	(781,605)	852,853,479
Net income (loss) from operations	(117,551)	4,147,696	-	4,490,444		(1,980,008)	(1,210,395)	203,450	(746,356)	-	4,787,280	(4,145,032)	-	642,248
Nonoperating gains/(losses)														
Unrestricted gifts & bequests	29,318	105,828	-	120,573	-	-	-	45,642	255,510	-	556,871	-	-	556,871
Income on investments whose use is limited	605,852	503,449	-	1,411,893	-	156,148	-	(2,001)	-	-	2,675,341	-	-	2,675,341
Gains/(losses) on invest. whose use is limited	211,468	945,571	-	4,333,694	-	270,000	-	32,725	-	-	5,793,458	-	-	5,793,458
Transfer to Parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in net unrealized gains/losses	957,293	799,931	-	4,859,939	-	433,889	-	43,530	23,488	-	7,118,070	-	-	7,118,070
Other components of current period pension	(319,659)	(541,858)	-	(248,801)	-	(2,105,432)	-	(45,777)	-	-	(3,261,527)	-	-	(3,261,527)
Pension settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	22,913	-	172,878	-	(1,613,577)	-	-	(72,861)	-	(1,490,647)	-	-	(1,490,647)
Net nonoperating gains/(losses)	1,484,272	1,835,834	-	10,650,176		(2,858,972)	-	74,119	206,137	-	11,391,566	-	-	11,391,566
Excess/(deficiency) of rev. over exp.	1,366,721	5,983,530	-	15,140,620		(4,838,980)	(1,210,395)	277,569	(540,219)	-	16,178,846	(4,145,032)	-	12,033,814
Other changes in unrestricted net assets														
Pension and post retirement adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	326,094	-	100,062	-	-	-	-	-	-	426,156	-	-	426,156
Transfer from temporarily restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incr./(decr.) in unrestricted net assets	1,366,721	6,309,624	-	15,240,682		(4,838,980)	(1,210,395)	277,569	(540,219)	-	16,605,002	(4,145,032)	-	12,459,970

¹ - Includes Southeastern Health Care System Inc. and Primary Care Centers of New England, Inc.

² - Includes The Memorial Hospital and affiliates

Care New England
 Combined Statement of Unrestricted Activities
 For the Nine Months Ending June 30, 2019
 (Unaudited)

OBLIGATED GROUP														
Variance Actual Vs Budget														
	Butler	Kent	CNEMG	WIC	SHS ¹	CNE	Integra	KCVNA	TPC	Eliminations ¹	Total Obligated Group	Memorial ²	Eliminations ²	Total Care New England
Revenues and gains														
Patient service revenue (net of contractals)	2,406,143	3,056,836	21,499	(8,078,210)	-	(9,236)	-	74,971	917,373	-	(1,610,624)	185,070	-	(1,425,554)
Charity care	(636,833)	700,268	(36,526)	332,221	-	-	-	(6,763)	(68)	-	352,299	143	-	352,442
Provision for bad debts	514,808	805,441	1,022,134	951,227	-	-	-	45,959	(201,445)	-	3,138,124	61,761	-	3,199,885
NPSR less provision for bad debts	2,284,118	4,562,545	1,007,107	(6,794,762)	-	(9,236)	-	114,167	715,860	-	1,879,799	246,974	-	2,126,773
Net assets released from restrictions	40,794	88,529	-	(89,284)	-	-	-	63,546	-	-	103,585	513	-	104,098
Research revenue	(838,893)	17,716	-	(227,098)	-	-	18,050	-	-	-	(1,030,225)	1,542,902	-	512,677
Other revenue	188,473	3,510,855	(458,493)	(50,945)	-	(2,543,181)	313,020	13,928	(1,704,624)	(3,859,920)	(4,906,887)	65,345	30,396	(4,495,146)
CNEMG subsidy revenue	-	-	(3,403,576)	-	-	-	-	-	-	3,326,516	(77,060)	-	77,060	-
Total revenues and gains	1,674,492	8,179,645	(2,854,962)	(7,162,089)	-	(2,552,417)	331,070	128,095	(925,218)	(533,404)	(3,714,788)	1,855,734	107,456	(1,751,598)
Operating expenses														
Salaries and wages	1,038,287	2,143,675	(2,106,756)	1,521,035	-	889,601	(566,766)	(429,178)	(601,132)	336,371	2,225,137	(95,772)	-	2,129,365
Fringe benefits	517,837	1,028,636	231,741	4,614,089	-	(643,578)	(148,616)	213,175	422,579	(98,517)	6,137,346	(89,715)	-	6,047,631
Insurances	(432,745)	2,082,432	(32,584)	(1,897,614)	-	(67,482)	14,318	(52,927)	(85,204)	(743,261)	(1,215,067)	361,292	-	(853,775)
Medical supplies and drugs	(203,006)	856,451	(246,407)	1,913,714	-	259	-	(117,660)	18,349	80,545	2,302,245	449	-	2,302,694
Other expenses	(601,806)	2,341,250	(700,956)	(573,996)	(4,025)	(3,311,155)	(439,371)	27,945	(432,497)	(6,212,234)	(9,906,845)	(1,744,713)	30,396	(11,621,162)
Research expenses	(887,105)	13,028	-	(1,277,599)	-	-	18,050	-	-	-	(2,133,626)	1,327,922	-	(805,704)
Licensure fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	(7,998)	4,684	-	(26,196)	-	(15,757)	-	(59)	(15,716)	-	(61,042)	817	-	(60,225)
Depreciation and amortization	(123,977)	(84,811)	-	(69,520)	-	(776,882)	-	3,185	6,272	-	(1,045,733)	231,108	-	(814,625)
Loss on asset impairment - MHRI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shared services	(176,382)	(354,158)	-	(2,945,903)	-	-	-	(732)	700,000	2,777,175	-	-	-	-
Restructuring costs	-	(37,436)	-	(7,924)	-	(118,977)	-	-	-	-	(164,337)	-	-	(164,337)
Restructuring costs - MHRI	-	-	-	-	-	-	-	-	-	-	-	456,074	-	456,074
Loss on refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on write-off of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CNEMG subsidy expense	(337,181)	(1,450,721)	-	(1,833,923)	-	188,685	96,306	10,317	-	3,326,517	-	(77,060)	77,060	-
Total operating expenses	(1,214,076)	6,543,030	(2,854,962)	(583,837)	(4,025)	(3,855,286)	(1,026,079)	(345,934)	12,651	(533,404)	(3,861,922)	370,402	107,456	(3,384,064)
Net income (loss) from operations	2,888,568	1,636,615	-	(6,578,252)	4,025	1,302,869	1,357,149	474,029	(937,869)	0	147,134	1,485,332	-	1,632,466
Nonoperating gains/(losses)														
Unrestricted gifts & bequests	(15,522)	11,875	-	(40,184)	-	-	-	(21,862)	(17,224)	-	(82,917)	(274,921)	-	(357,838)
Income on investments whose use is limited	(58,602)	126,754	-	242,826	-	126,595	-	9,771	73	-	447,417	-	-	447,417
Gains/(losses) on invest. whose use is limited	12,025	(241,687)	-	(1,526,568)	-	1,473	-	(9,861)	-	-	(1,764,618)	-	-	(1,764,618)
Transfer to Parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in net unrealized gains/losses	(1,024,084)	(97,270)	-	(4,467,008)	-	(411,258)	-	(58,617)	(23,488)	-	(6,081,725)	-	-	(6,081,725)
Other components of current period pension	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,727	80,005	-	150,571	-	311,731	-	273	29,004	-	574,311	321	-	574,632
Net nonoperating gains/(losses)	(1,083,456)	(120,323)	-	(5,640,363)	-	28,541	-	(80,296)	(11,635)	-	(6,907,532)	(274,600)	-	(7,182,132)
Excess/(deficiency) of rev. over exp.	1,805,112	1,516,292	-	(12,218,615)	4,025	1,331,410	1,357,149	393,733	(949,504)	0	(6,760,398)	1,210,732	-	(5,549,666)
Other changes in unrestricted net assets														
Pension and post retirement adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	31,897	129,387	-	(15,677)	-	-	-	-	42,915	-	188,522	-	-	188,522
Transfer from temporarily restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(4,025)	-	-	4,025	-	-	-	-	-	-
Incr./(decr.) in unrestricted net assets	1,837,009	1,645,679	-	(12,234,292)	-	1,331,410	1,357,149	397,758	(906,589)	0	(6,571,876)	1,210,732	-	(5,361,144)

¹ - includes Southeastern Health Care System Inc. and Primary Care Centers of New England, Inc.

² - includes The Memorial Hospital and affiliates

Care New England
Combined Statement of Unrestricted Activities
For the Nine Months Ending June 30, 2019
(Unaudited)

WI & TG INDEMNITY PROGRAMS

	Year to Date Actual				Year to Date Actual			
	Kent & Affiliates	TG Indemnity	Eliminations	Kent Consolidated	WIH & Affiliates	WIH Indemnity	Eliminations	WIC Consolidated
Unrestricted revenues and gains:								
Patient service revenue (net of contractual allowances)	\$278,670,913	\$0	\$0	\$278,670,913	\$321,559,342	\$0	\$0	\$321,559,342
Less: Charity care	(2,004,971)	0	0	(2,004,971)	(2,901,002)	0	0	(2,901,002)
Provision for bad debts	(12,216,294)	0	0	(12,216,294)	(5,817,224)	0	0	(5,817,224)
Net patient service revenue less provision for bad debts	264,449,648	0	0	264,449,648	312,841,116	0	0	312,841,116
Net assets released from restrictions	236,684	0	0	236,684	141,320	0	0	141,320
Research revenue	786,693	0	0	786,693	14,361,439	0	0	14,361,439
Other revenue	12,355,664	8,118,467	(5,220,727)	15,253,404	35,786,210	8,722,293	(9,385,767)	35,122,736
Total revenues and gains	277,828,689	8,118,467	(5,220,727)	280,726,429	363,130,085	8,722,293	(9,385,767)	362,466,611
Operating expenses:								
Salaries and wages	88,300,542	0	0	88,300,542	120,736,170	0	0	120,736,170
Fringe benefits	26,340,993	0	0	26,340,993	47,855,749	0	0	47,855,749
Insurances	7,377,565	8,845,952	(5,220,727)	11,002,790	10,048,685	6,507,393	(9,054,117)	7,501,961
Medical supplies and drugs	36,063,791	0	0	36,063,791	44,274,611	0	0	44,274,611
Other expenses	38,219,579	608,381	0	38,827,960	41,567,656	738,337	(331,650)	41,974,343
Research expenses	781,970	0	0	781,970	13,302,841	0	0	13,302,841
Licensure fee	12,651,041	0	0	12,651,041	17,753,079	0	0	17,753,079
Interest	1,176,269	0	0	1,176,269	2,228,036	0	0	2,228,036
Depreciation and amortization	5,762,103	0	0	5,762,103	7,748,122	0	0	7,748,122
Loss on asset impairment - Memorial Hospital	0	0	0	0	0	0	0	0
Shared services	37,422,105	407,032	0	37,829,137	48,627,468	542,873	0	49,170,341
Restructuring costs	(37,436)	0	0	(37,436)	(7,924)	0	0	(7,924)
Restructuring costs - Memorial Hospital	0	0	0	0	0	0	0	0
Loss on write-off of intangible assets	0	0	0	0	0	0	0	0
CNEMG subsidy expense	16,242,958	0	0	16,242,958	12,017,090	0	0	12,017,090
Total operating expenses	270,301,480	9,861,365	(5,220,727)	274,942,118	366,151,583	7,788,603	(9,385,767)	364,554,419
Net income (loss) from operations - actual	7,527,209	(1,742,898)	0	5,784,311	(3,021,498)	933,690	0	(2,087,808)
Net income (loss) from operations - budget	3,810,995	336,701	0	4,147,696	4,268,257	222,187	0	4,490,444
Variance	3,716,214	(2,079,599)	0	1,636,615	(7,289,755)	711,503	0	(6,578,252)

Care New England Health System Key Budget Assumptions – FY2019 – Q3

1. Patient Volumes

Comment: The FY2019 CNE budget is predicated on the current economic and political environment that is driving a transition from a traditional fee-for-service reimbursement system that incents volume to one that rewards providers for efficiency and quality outcomes. Maintaining and/or growing volume in areas with positive contribution margins remains an absolutely critical aspect to the financial strength of CNE during this period of change.

Budget Impact: To the extent that actual patient volume varies from the budgeted levels, significant variances to budget are likely to result. The Care New England Financial Highlights dashboard (see Tab 1) identifies key indicators for inpatient volume (surgical/medical, OB, NICU and Psych admissions, operating room cases and deliveries) and outpatient volume (ambulatory surgery, ER encounters, diagnostic imaging, observation cases, TPC residential days and home health/hospice).

3rd Quarter Update: Inpatient volume for the System through the third quarter was overall unfavorable to budget by 718 discharges or 2.3% and behind prior year-to-date volume by 721 or 2.3%. Negative variances were experienced in all patient categories except Psychiatry. Medical Surgical discharge volume ended the quarter 320 discharges or 3.2% behind budget, primarily attributable to shortfalls in medical discharges at Kent. Medical Surgical volume was above the same prior year period, however, by 18 discharges, or 0.2% indicating continued success with initiatives to improve volume year-over-year. Obstetrics volume through the first nine months is below budget by 138 discharges or 1.9% and 365 discharges or 4.9% lower than in the prior year. Newborn Nursery discharges similarly ended the quarter below budget by 171 or 2.7% and 245 or 3.8% below prior year. NICU volume at Women & Infants was 51 discharges or 6.4% below budget for the nine months ended June 2019 and 97 discharges or 11.5% below the same prior year period. The Special Care Nursery at Kent ended the third quarter below both budget and prior year by 8 discharges, or 16.3%. Psychiatry discharges were below budget by 9 or 0.1% and behind prior year by 3 cases. Rehab discharges were below both budget and prior year by 21 or 6.8%. Overall, patient day volume fell short of budget by 2.5%. Medical/Surgical days are below budget by 901 or 2.3% and average length of stay for the nine months ended June 2019 was 4.0 days matching both prior year and budget. Psych days, inclusive of the Kent Unit at Butler, were above budget by 234 or 0.5% and above prior year days by 66 or 0.2%. Average length of stay for inpatient psychiatric services was 7.0 days for the quarter ended June 30, 2019, just above both budget and prior year length of stay in the same period of 6.9 days. NICU average daily census (ADC) ended the quarter at 57.7, below budget by 6.2 or 9.7%, and below the same period in FY2018 by 6.4 or 10%, reflecting the move of Massachusetts Medicaid cases to hospitals that participate in the recently formed Massachusetts Medicaid ACO. Through June, NICU average length of stay is 21.0 days, below budget by 0.8 or 3.5% and above prior year by 0.4 day or 1.7%. Approximately half of all NICU reimbursement is based on per diem contracts. Inpatient surgical procedures are 43 cases or 1.7% below budget through June and 7 cases, or 0.3% above the same prior year period.

Outpatient performance to budget was mixed through June. Unfavorable budget variances occurred in emergency room visits, partial hospital days, endoscopy, laboratory tests, blood bank, diagnostic radiology, ultrasound, special procedures, mammography, breast health center, EKG testing, EEG, wound care, infusion therapy, IVF, the women's primary care clinic, and psychiatric patient assessments. Favorable variances were experienced in observation cases, outpatient surgery, MRI, CT scan, nuclear medicine, cardiac catheterization, vascular lab tests, echo-cardiology, speech therapy, physical and occupational therapy, sleep studies, hyperbaric procedures, and ECT.

See also Tab 10 – Patient Statistics.

Action plan initiatives developed and implemented in FY2018 and FY2019 target volume improvements at all operating units, particularly Kent Hospital. Through the third quarter of FY2019, Kent realized continued improvement in cardiology and surgical volume as well as in key ancillary services. See item 4 below Financial Improvement Action Plan, for more detail.

Year-to-date June 2019 case mix has increased from FY2018 levels at Kent Hospital from 1.39 to 1.43 and at Women & Infants Hospital from 0.96 to 1.0, indicative of a relatively greater number of higher intensity cases of a percentage of total discharges.

Payer mix continues to shift from traditional Medicare fee-for-service business to managed care products such as NHP’s dual-eligible Integrity plan. Changes in payer mix are closely monitored for its impact on net revenue.

2. Care Retention

Comment: Competition for patient referrals is considerable both within the State and from out-of-State providers. Physicians and patients choose where they go for health care services based on ease of access, quality of care, access to information and price.

Budget Impact: Among the many opportunities and challenges included in the FY2019 budget, particular emphasis continues to be placed on initiatives to increase patient referral rates from employed physicians and to capture and retain ACO physician referrals. A variety of initiatives are underway to support system retention of referrals and to attract new referrals from community physicians, primarily RIPCCP.

3rd Quarter Update: The tables below show small declines in care retention in FY2019 as compared to quarterly trends in FY2018.

Retention Category	FY2018 Q1	FY2018 Q2	FY2018 Q3	FY2018 Q4	FY2019 Q1	FY2019 Q2	FY2019 Q3
Overall Retention (CNEMG & Integra) ⁽¹⁾	69%	73%	79%	80%	78%	76%	77%
CNEMG Retention ⁽²⁾	55%	56%	63%	64%	61%	56%	57%
Integra Other Providers Retention ⁽³⁾	14%	17%	16%	16%	17%	20%	20%
Out of Network ⁽⁴⁾	19%	21%	19%	18%	20%	22%	22%
Unknown	12%	6%	2%	2%	2%	2%	1%

Referral Rates: RIPCCP Providers to CNEMG Providers							
Retention Category	FY2018 Q1	FY2018 Q2	FY2018 Q3	FY2018 Q4	FY2019 Q1	FY2019 Q2	FY2019 Q3
Overall Retention (CNEMG & Integra) ⁽¹⁾	40%	57%	66%	65%	65%	61%	62%
CNEMG Retention ⁽²⁾	14%	20%	22%	22%	23%	20%	19%
Integra Other Providers Retention ⁽³⁾	26%	37%	44%	43%	42%	41%	43%
Out of Network ⁽⁴⁾	21%	29%	31%	29%	29%	32%	32%
Unknown	39%	14%	3%	6%	6%	7%	6%

⁽¹⁾ Overall Retention (CNEMG & Integra): Referral made to either a CNEMG provider or a provider who is a participant in Integra.

⁽²⁾ CNEMG Retention: Referral was made to a CNEMG provider

⁽³⁾ Integra Other Provider: Referral was made to an Integra provider who is not employed by CNEMG.

⁽⁴⁾ Out of Network: Referral was made to a provider who is not part of the CNEMG or Integra network.

Other key updates include:

Specialty Retention: Retention is routinely reviewed for all service lines provided at CNE. Four specific specialties - cardiology, orthopedics, surgery and oncology- have been the focus of Action Plans and in all four, retention to CNEMG providers has increased consistently in each quarter since the Q4 2017 baseline. FY2019 Action Plans target further improvement in cardiology, orthopedics and surgery and as such are tracked on a weekly basis. An overview of retention performance in these service lines is provided in the table below. The financial benefit of these results through Q3 of FY2019 was \$408,000, which compares favorably to the Action Plan target by 14% (see also item 3 below, Financial Improvement Action Plans).

Specialty	Baseline (FY17 Q4)	FY18 Rate	FY2019 Goal	FY19 Q3
Cardiology	32%	35%	43%	58%
Orthopedics	42%	42%	49%	68%
Surgery	58%	60%	63%	74%
Oncology	51%	63%	NA	58%

New Initiatives: In October, new care retention initiative was initiated to provide for a customer service program at Kent Hospital. Customer service liaisons meet with Integra patients in the Emergency Department or who are admitted to provide education about the ACO and to schedule follow up appointments (where appropriate) with CNEMG providers prior to patient discharge. Liaisons also work with patients who do not have primary care providers to schedule new patient appointments with CNEMG providers. Since November, this program has yielded 290 new primary care provider appointments and 90 specialty provider appointments. In addition a customer service phone number has been implemented that allows for patients and providers throughout the state to be connected with a customer service liaison for an appointment.

The Care Retention Committee will continue to meet and evaluate strategies and tactics to improve care retention in FY 2019. The Integra Board of Directors continues to make care retention its number one priority.

3. Financial Improvement Action Plans

Comment: Following several months of below average financial performance in the first half of FY2017, CNE began work to develop and implement action plans to reverse those trends. These plans targeted opportunities for volume growth, care retention, revenue cycle and supply chain improvement, and labor productivity. Targeted savings from these plans was \$36.7 million in FY2018 with an annualized benefit of \$42.5 million by the end of FY2019. CNE realized \$38.9 million benefit in FY2018, exceeding target. Run rate savings from all implemented plans is incorporated in the FY2019 budget. For FY2019, additional Action Plans have been developed to augment those implemented in FY2018. These new plans are expected to yield \$20.9 million of financial benefit in FY2019 with an annualized benefit of \$23.7 million. The FY2019 financial benefit is incorporated in the operating budget. Progress to target is tracked weekly at each operating unit and monthly updates are included in the finance dashboard.

Budget Impact: To the extent that efforts to improve financial performance are unsuccessful in achieving the targeted benefits within established timeframes, significant unfavorable budget variance could occur.

3rd Quarter Update: Through June 2019, performance has exceeded target with greatest success in the areas of Revenue Cycle, Care Retention, and Programs & Services. Shortfalls in the Labor category are attributable to challenges experienced in the initiative to reduce rates of leaves of absence.

The table below illustrates performance to date on all action plans:

ACTION PLAN PERFORMANCE TO DATE
June-19

Initiative Category	Benefit		Year-to-Date Performance		
	FY19 Budget	Annualized	Forecast	Actual	Variance
Programs & Services	\$6,747,326	\$8,158,263	\$5,225,567	\$5,481,573	\$256,006
Care Retention	\$4,113,172	\$5,367,437	\$2,902,596	\$3,311,058	\$408,462
Labor	\$3,237,966	\$3,404,638	\$2,276,133	\$1,431,036	(\$845,097)
Supply Chain	\$2,899,999	\$2,899,999	\$1,574,630	\$1,554,643	(\$19,987)
Revenue Cycle ⁽¹⁾	\$3,900,000	\$3,900,000	\$2,925,000	\$4,338,865	\$1,413,865
Subtotal	\$20,898,463	\$23,730,338	\$14,903,926	\$16,117,175	\$1,213,249
Execution Risk	(\$3,572,349)	(\$3,572,349)	(\$2,679,262)	\$0	\$2,679,262
Total excluding Execution Risk	\$17,326,114	\$20,157,989	\$12,224,665	\$16,117,175	\$3,892,511

⁽¹⁾ Actual performance data lags by 90 days.

4. Population Health Management:

Comment: In response to economic and political challenges to improve efficiency, quality outcomes and the overall management of covered lives across the care continuum, CNE established an accountable care organization - Integra Community Care Network - which received Medicare certification effective January 1, 2015. In each of the two years 2016 and 2017, Integra realized more than \$13 million in total savings, of which Integra earns approximately half as shared savings with payers. Integra is currently responsible for managing the care of over 120,000 covered lives under five payer arrangements –CMS Next Generation ACO (Next Gen), Blue Cross Medicare Advantage (MA), Medicaid Accountable Entity (AE) Pilots with United Healthcare and Neighborhood Health Plan, and Blue Cross Commercial.

Budget Impact: Integra has several revenue sources to provide financial support for organizational infrastructure, including support from payers, grant funding and contributions from hospital participants. Integra infrastructure is comprised of a full time Executive Director and Medical Director and staff of nearly 50 FTEs, primarily in the areas of care management and data analytics, as is required to successfully manage risk arrangements. Investment has also been made to further enhance care management design and implementation, and standardization of quality and process improvement models. The FY2019 budget also includes an expected \$5.9 million in shared savings between its Blue Cross and NextGen contracts based on performance in 2018.

3rd Quarter Update: For the contract year 2018, Integra's performance is mixed. Based on paid claims through February 2019, the Blue Cross Medicare Advantage contract performance reflects a surplus of \$53.51 pmpm before risk share. Performance in the BCBSRI commercial product reflects a deficit of \$5.45 pmpm before risk share. After applying the risk share and quality composite score Integra is tentatively in a deficit of \$1.36 pmpm or \$0.7M. Final performance is pending IBNR reconciliation as well as final quality performance. Performance in the Next Generation Medicare ACO is estimated to be a surplus of \$3.6 million before risk share. These results are pending final risk share based on quality performance as well as reconciliation of any overlap with the Bundled Payment program. For the Medicaid Accountable Entity (AE), Integra is eligible to receive up \$4.6M in funding for program year 1 (PY1) which ended June 30, 2019. To date, \$2.8 million infrastructure funding has been received based on completion of milestones as defined by the Health System Transformation Project plan. Integra's plan

is designed to address the certification conditions set by the state and to meet the overall priorities and goals of the AE initiative. Major components of Integra's plan include Complex Care Management, Integrated Behavioral Healthcare, Social Determinants of Health, Member/Community Engagement and a Pediatric Infrastructure Investments.

For the contract year 2019, Integra's 2019 BCBS Medicare Advantage performance reflects a deficit of \$22.57 pmpm before risk share through March 2019, 30 day lag, with Integra's estimated share at \$5.64 pmpm. Integra's 2019 performance on the BCBS commercial product through March 2019, 30 day lag, reflects a deficit of \$6.55 pmpm before risk share, with Integra's estimated share at \$1.64 pmpm. Medical Inpatient and Hospital Outpatient Surgeries are primary drivers of Medicare Advantage when compared to prior year.

5. **Memorial Hospital:**

By order of the RI Department of Health, Memorial Hospital ceased inpatient admissions, surgical services and emergency visits by ambulance effective December 1, 2017 and emergency services effective January 1, 2018. Memorial was withdrawn from the Obligated Group on December 22, 2017. Per the conditions of closure, certain ambulatory services are provided on the Memorial campus in Pawtucket, provided under the license of either Kent Hospital or Women & Infants Hospital. Certain costs of maintaining the physical plant will continue to be incurred until the property can be divested.

Budget Impact: CNE does not expect to divest the Memorial Hospital property in the current year. The FY2019 operating budget for Memorial assumes a \$5.5 million loss which will be outside of the Obligated Group. This budget includes rental income from Kent and Women and Infants Hospitals for the use of space for the provision of ambulatory services in Pawtucket. Budgeted expenses include approximately \$250,000 per month for maintaining and insuring the physical plant and satisfaction of the RI DOH mandated conditions of closure. The budget also includes \$3.3 million for demolition of selected portions of the campus.

3rd Quarter Update: Through June 30, 2019, Memorial had a loss from operations of \$2.7 million which was \$1.5 million favorable to budget. \$1.0 million of the loss is due to restructuring costs incurred as a result of the hospital's closure.

**Care New England Consolidated
Hospital Efficiency Metrics
Fiscal 2019**

	Jun-2019 YTD Actual				Jun-2019 YTD Budget				Jun-2019 YTD Variance			
	Butler	Kent	WIH	Consolidated	Butler	Kent	WIH	Consolidated	Butler	Kent	WIH	Consolidated
<u>Adjusted Discharge Metrics:</u>												
Cost per Adjusted Discharge	\$ 9,118	\$ 11,418	\$ 18,530	\$ 12,868	\$ 8,987	\$ 10,778	\$ 18,476	\$ 12,518	-1.5%	-5.9%	-0.3%	-2.8%
Paid Hours per Adjusted Discharge	135.93	118.38	160.92	128.44	129.14	114.57	164.58	126.86	-5.3%	-3.3%	2.2%	-1.2%
Worked Hours per Adjusted Discharge	120.66	106.67	137.72	114.26	113.71	103.27	140.85	111.30	-6.1%	-3.3%	2.2%	-2.7%
<u>Adjusted Day Metrics:</u>												
Cost per Adjusted Day	\$ 1,310	\$ 2,641	\$ 3,950	\$ 2,506	\$ 1,300	\$ 2,546	\$ 3,765	\$ 2,434	-0.8%	-3.7%	-4.9%	-3.0%
Paid Hours per Adjusted Day	19.52	27.38	34.30	25.02	18.68	27.06	33.53	24.67	-4.5%	-1.2%	-2.3%	-1.4%
Worked Hours per Adjusted Day	17.33	24.67	29.36	21.98	16.44	24.39	28.70	21.64	-5.4%	-1.1%	-2.3%	-1.5%
<u>FTE Metrics:</u>												
FTEs per Adjusted Occupied Bed	3.42	4.79	6.00	4.38	3.27	4.74	5.87	4.32	-4.5%	-1.2%	-2.3%	-1.4%
Salary per FTE	\$ 66,820	\$ 72,504	\$ 84,977	\$ 77,222	\$ 67,836	\$ 70,682	\$ 82,637	\$ 75,724	1.5%	-2.6%	-2.8%	-2.0%
Salary and Fringe per FTE	\$ 88,336	\$ 94,132	\$ 118,668	\$ 104,274	\$ 89,295	\$ 91,448	\$ 112,616	\$ 100,816	1.1%	-2.9%	-5.4%	-3.4%

Care New England Health System
Financial Performance – Integra Shared Savings and At-Risk Arrangements
Third Quarter, Fiscal Year 2019

Integra Contract Update

Medicaid AE

As a Certified Accountable Entity (AE), Integra is eligible for Infrastructure Investment Funds based on our attributed population. Integra is eligible to receive up to \$4.6M in funding for program year 1 (PY1) which ended June 30, 2019. Funding is distributed to Integra by our contracted MCOs, United Health Care and Neighborhood Health Plan, as Integra meets milestones defined in our Health System Transformation Project plan. Integra's plan is designed to address the certification conditions set by the state and to meet the overall priorities and goals of the AE initiative. For PY1, Integra's projects included: Complex Care Management, Integrated Behavioral Healthcare, Social Determinants of Health, Member/Community Engagement, and a Pediatric Infrastructure Investments. Through June 2019, Integra has received \$2.8M for completed HSTP plan milestones.

Integra Financial Performance

BCBSRI

Performance under the Medicare Advantage contract for 2018 paid through February 2019 reflects a surplus of \$53.51 pmpm (before risk share). There is a surplus cap of \$16.84 pmpm (10% of total risk revenues) in place for this 2018 contract year leaving \$2.6M in eligible surplus. Performance on the commercial product for 2018 paid through February 2019 reflects a deficit of \$5.45 pmpm (before risk share). After applying the risk share and quality composite score Integra is tentatively in a deficit of \$1.36 pmpm or \$0.7M. Final performance is pending IBNR reconciliation as well as final quality performance.

Integra's 2019 BCBS Medicare Advantage performance reflects a deficit of \$22.57 pmpm before risk share through March 2019, 30 day lag, with Integra's estimated share at \$5.64 pmpm. Integra's 2019 performance on the BCBS commercial product through March 2019, 30 day lag, reflects a deficit of \$6.55 pmpm before risk share, with Integra's estimated share at \$1.64 pmpm. Medical Inpatient and Hospital Outpatient Surgeries are primary drivers of Medicare Advantage when compared to prior year.

Medicare ACO

Preliminary settlement results for Integra's 2018 Next Generation ACO program reflect a surplus of \$3.6M before risk share. These results are pending final risk share based on quality performance as well as reconciliation of any overlap with the Bundled Payment program.

Care New England Revenue Cycle Quarterly Report

Issued July 19, 2019 for Services through June 30, 2019

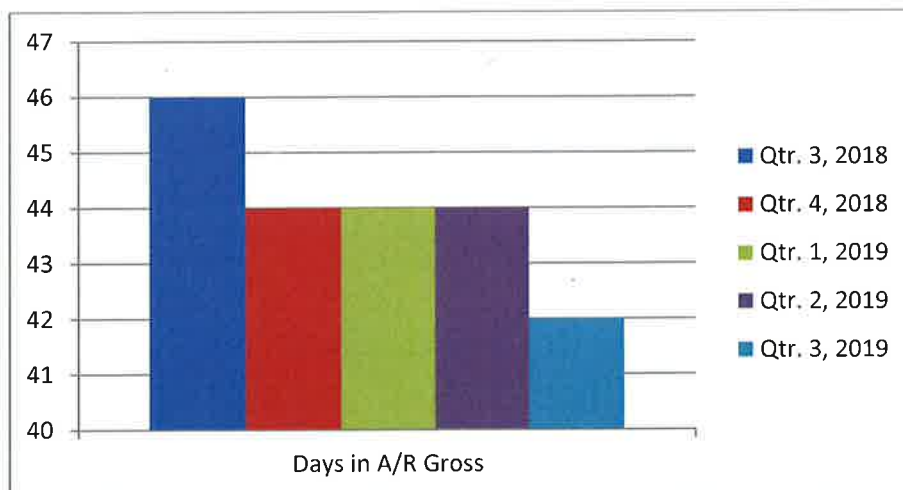
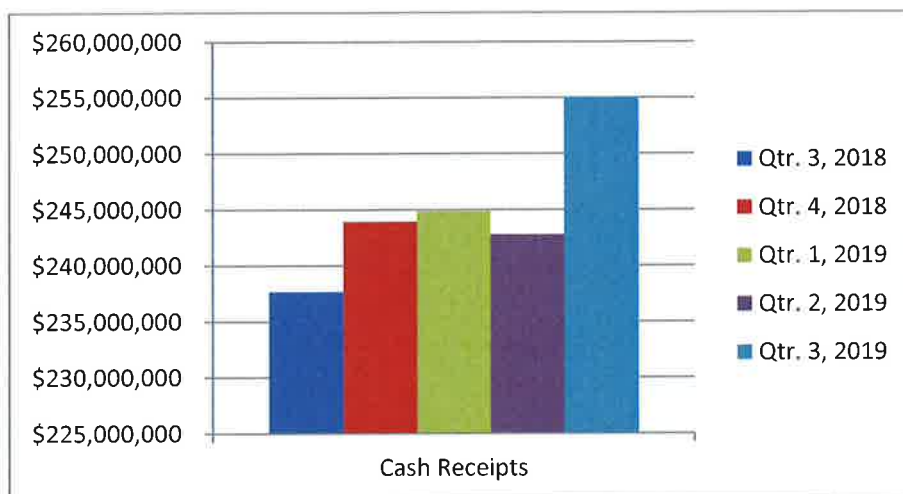
The Care New England Consolidated Revenue Cycle includes the following business units:

Hospitals [Butler, Kent, Women & Infants]
VNA of Care New England

CNE Medical Group [CNEMG]
The Providence Center

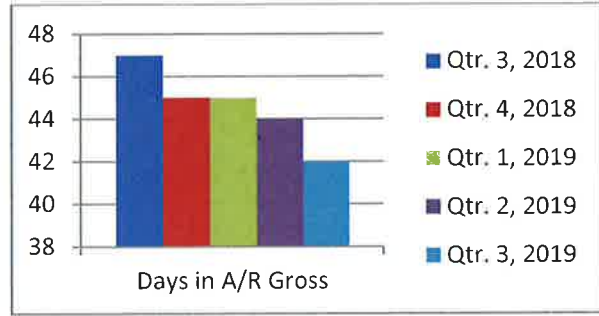
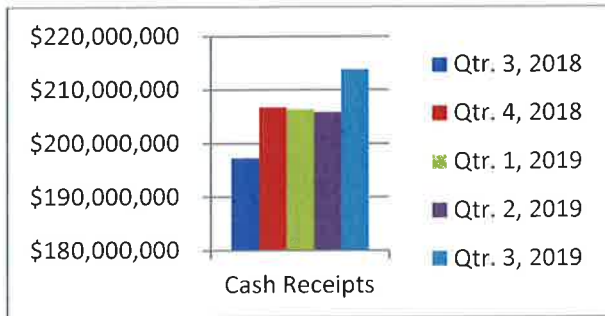
The system's Revenue Cycle cash performance increased as compared to the prior quarter by \$12M overall. There was also significant increase in gross charges from prior quarter of \$20M. The total accounts receivable days decreased 2 days to 42 days. This is 4 days lower than this time FY18. A/R aging remained consistent at 9%, but has decreased 5% compared to Q3 FY18.

CNE Consolidated Revenue Cycle					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 609,882,898	\$ 624,410,233	\$ 614,714,849	\$ 609,967,696	\$ 630,019,301
Cash Receipts	\$ 237,702,282	\$ 243,946,573	\$ 244,880,685	\$ 242,780,557	\$ 255,090,100
Contractual Adjustments	\$ 347,791,822	\$ 360,121,708	\$ 359,503,446	\$ 349,985,606	\$ 369,215,878
Write-Offs	\$ 12,825,548	\$ 14,477,901	\$ 7,978,362	\$ 11,015,778	\$ 10,027,446
Days in A/R Gross	46	44	44	44	42
Total A/R Balances	\$ 308,552,993	\$ 307,365,371	\$ 298,316,191	\$ 299,468,025	\$ 289,125,886
A/R % over 180 Days	14%	11%	12%	9%	9%



All Hospital Combined Revenue Cycle: [Butler, Kent, Women & Infants]

All Hospital Combined Revenue Cycle Summary					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 534,247,204	\$ 549,451,290	\$ 541,144,015	\$ 534,467,270	\$ 551,732,681
Cash Receipts	\$ 197,307,064	\$ 206,702,435	\$ 206,398,795	\$ 205,886,337	\$ 213,825,342
Contractual Adjustments	\$ 311,125,617	\$ 326,235,777	\$ 322,595,857	\$ 315,599,888	\$ 331,291,991
Write-Offs	\$ 11,609,196	\$ 12,475,423	\$ 6,687,322	\$ 9,746,200	\$ 8,879,610
Days in A/R Gross	47	45	45	44	42
Total A/R Balances	\$ 273,079,126	\$ 270,523,936	\$ 264,686,555	\$ 262,350,031	\$ 255,674,839
A/R % over 180 Days	12%	10%	11%	9%	9%



The all Hospital Revenue Cycle summary illustrates the combined movement in the A/R across all CNE hospitals. Gross charges increased from last quarter by \$17M. The Revenue Cycle is reporting a large increase in cash receipts of \$8M across all facilities compared to last quarter. The DNFB at Kent and Women & Infants' remained under 10 days for the Q3 close. The A/R days for all hospitals combined resulted at 42 days, which again is the lowest achieved in the last 4 years.

- Through FY19 the Revenue Cycle will continue to seek opportunity for automation and efficiencies.
 - Beginning in Q3, a review of the chargemaster and payer contracts was initiated. This review will identify possible opportunities to update billing codes specific to each payer based on the respective contract language. An overall review of these system tables has not been done since the tables were created.
- The largest initiatives for FY19 continue to be to reduce Provider Liabile write-offs and to implement Provider-Based billing at approved Butler Hospital locations. Both initiatives have proven successful this year.
 - Provider liable write- offs had a small decrease of \$800K from the previous quarter. However, when comparing FYTD18 to FYTD19, there has been a \$10M decrease.
 - The large decrease compared to last year can be attributed to inpatient Medical Necessity write-offs at Kent Hospital, along with timely filing and authorization write-offs at all CNE facilities.
 - The decrease at Kent Hospital is a result of new billing practices for Observation services and better decisions made about inpatient versus observation orders.
 - The decrease of timely filing and authorization write-offs can be attributed to the large number of changes implemented within Revenue Cycle as they relate to staffing, systems and newly developed workflows. Outsourcing initiatives and new process updates along with system enhancements also continue to accelerate the cash flow and decrease timely filing write-offs.
 - Butler Hospital has implemented split billing at all provider-based locations. These new billings have generated an increase of \$224K in cash FYTD.
 - There are currently two more locations, RCC/UTP and Cranston Outpatient Behavioral Health where additional billing opportunities have been identified and quantified. Billing for these two areas remains on hold awaiting internal discussions to take place.
 - The Revenue Cycle and Chargemaster directors continue to evaluate automation opportunities for all provider-based locations at Women & Infants. This facility has proven more difficult due to de-centralized scheduling, registration and coding. The directors will continue to evaluate workflows and attempt increase standardization.

Specific areas of concern include:

- Payment delay tactics and incorrect denials from a number of payers continue to keep cash flow inconsistent and at times slow. However, numerous payer issues have been resolved in 2019, which has improved this consistency.
- The lack of interfaces between EPIC, Cerner, Optimum, 3M and All Scripts continues to cause breakdowns in processes, which affect the ability to collect revenue.
- Manual processes caused by the Avatar system at Butler in Revenue Cycle.

Hospitals

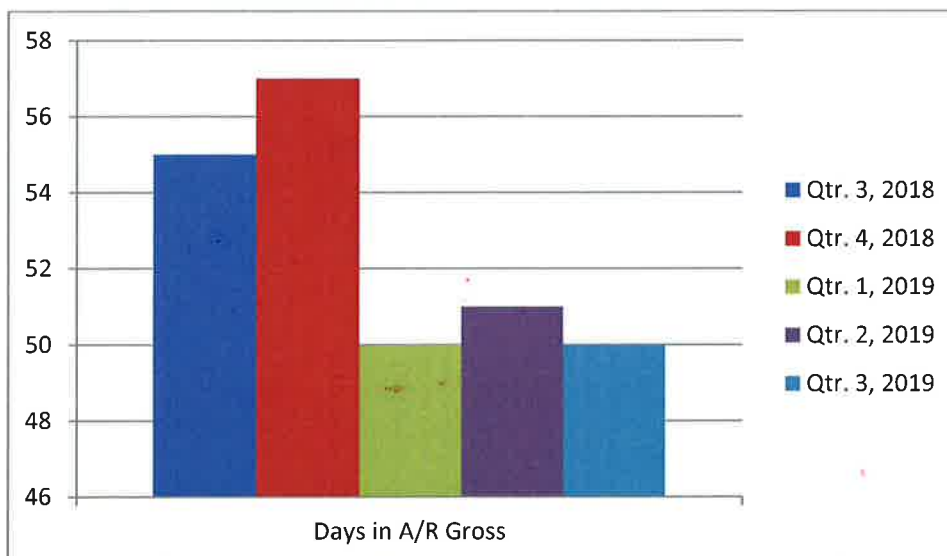
Butler Hospital:

Butler Hospital is dedicated to inpatient and outpatient psychiatric services, substance abuse and neurological services.

Q3 FY19 had an increase of \$1M in gross charges for Butler Hospital. There was a volume increase within both inpatient and the Intensive Outpatient Programs (IOP) during this time period. The volume in the Partial Hospital Programs, however, continued to struggle below budget.

Cash receipts Q3 FY19 resulted in \$21M. This is \$3.9M higher than Q3 FY18 and last quarter. The cash collections in Q3 were the highest in the history of the hospital. The reason for the reported higher cash can be attributed to volume with Beacon Health Strategies and their processing of previously underpaid claims. The Revenue Cycle team has also been more aggressive with denials and appeals follow up. The claims are getting billed and paid faster and more cleanly. This is evident with another decrease in the A/R greater than 180 to just 7% along with a decrease in A/R Days to 50.

Butler Hospital Revenue Cycle Summary, Quarterly Review					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 37,525,303	\$ 36,835,886	\$ 35,883,457	\$ 37,873,565	\$ 39,182,969
Cash Receipts	\$ 17,301,602	\$ 16,797,859	\$ 18,471,997	\$ 17,435,275	\$ 21,218,388
Contractual Adjustments	\$ 18,056,913	\$ 16,735,788	\$ 18,134,871	\$ 15,530,424	\$ 16,528,221
Write-Offs	\$ 1,171,377	\$ 2,429,515	\$ 926,901	\$ 1,471,450	\$ 1,188,319
Days in A/R Gross	55	57	50	51	50
Total A/R Balances	\$ 22,501,054	\$ 23,264,858	\$ 19,385,210	\$ 21,529,455	\$ 21,572,471
A/R % over 180 Days	17%	13%	16%	8%	7%



Kent Hospital:

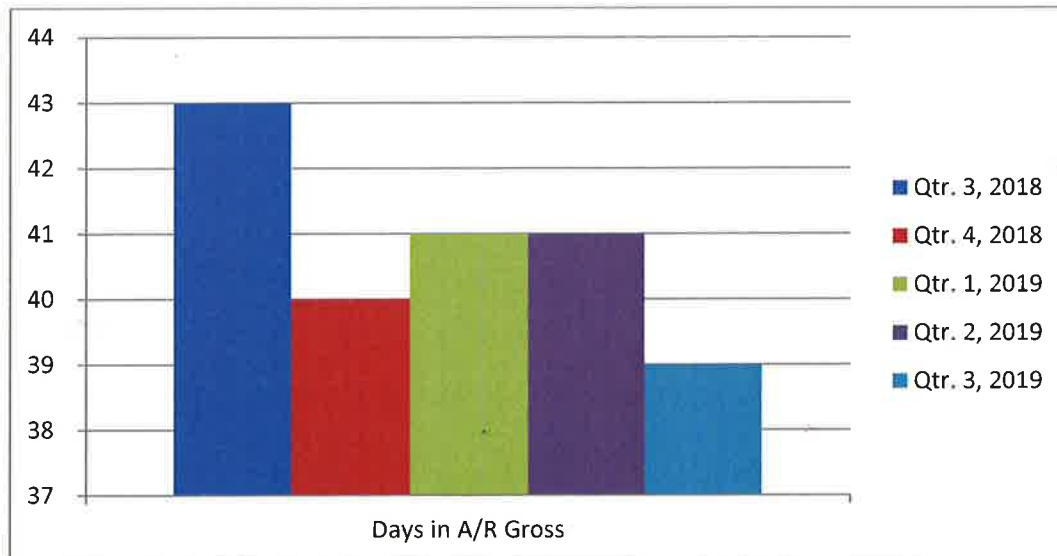
Kent Hospital is the General Medical/Surgical Hospital with rehabilitation, cardiac and obstetric specialty components. Kent had an increase of \$3.6M in gross charges during the third quarter of FY19. This is also \$9M higher than gross charges reported for Q3 FY18. Compared to last quarter, cash receipts increased by \$4M, while contractual adjustments also increased by \$11.6M. The increase in cash is reflective of higher volume within the second quarter. Total days in A/R decreased to 39; four days less than Q3 FY18. The A/R is the lowest in the history of the hospital.

Q3 FY19 also shows a \$9M increase of cash compared to Q3 FY18. This increase is a result of higher patient volume, stronger internal collection efforts, and outsourcing initiatives. Self-pay cash at Kent Hospital in particular has shown an increase of \$1.7M FYTD 19 compared to FYTD 18. This increase is a direct result of system automation and a consolidation of self-pay outsourced vendors.

The total A/R decreased by \$9M, while aging remained consistent at 9%. The Revenue Cycle Team has been able to successfully resolve accounts prior to aging. Self-Pay balances account for over 40% of the balances greater than 180 days aged even though the collections have been strong.

In Q3, write-offs increased due to several high-dollar readmission write-offs, appeal denials, along with some higher charity adjustments. Timely filing and no authorization adjustments are still trending \$2M less compared to last FYTD for Kent Hospital.

Kent Hospital Revenue Cycle Summary, Quarterly Review					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 252,999,071	\$ 254,258,570	\$ 251,210,116	\$ 258,319,347	\$ 261,953,165
Cash Receipts	\$ 79,233,624	\$ 84,016,366	\$ 81,566,061	\$ 84,205,498	\$ 88,397,175
Contractual Adjustments	\$ 161,095,049	\$ 170,080,420	\$ 160,338,992	\$ 159,843,218	\$ 172,720,596
Write-Offs	\$ 6,068,749	\$ 5,856,572	\$ 2,518,791	\$ 4,312,245	\$ 4,325,943
Discharged Not Final Billed (DNFB)	7	6	9	6	7
Days in A/R Gross	43	40	41	41	39
Total A/R Balances	\$ 120,796,450	\$ 111,060,936	\$ 110,596,556	\$ 118,533,390	\$ 111,601,671
A/R % over 180 Days	14%	12%	12%	9%	9%

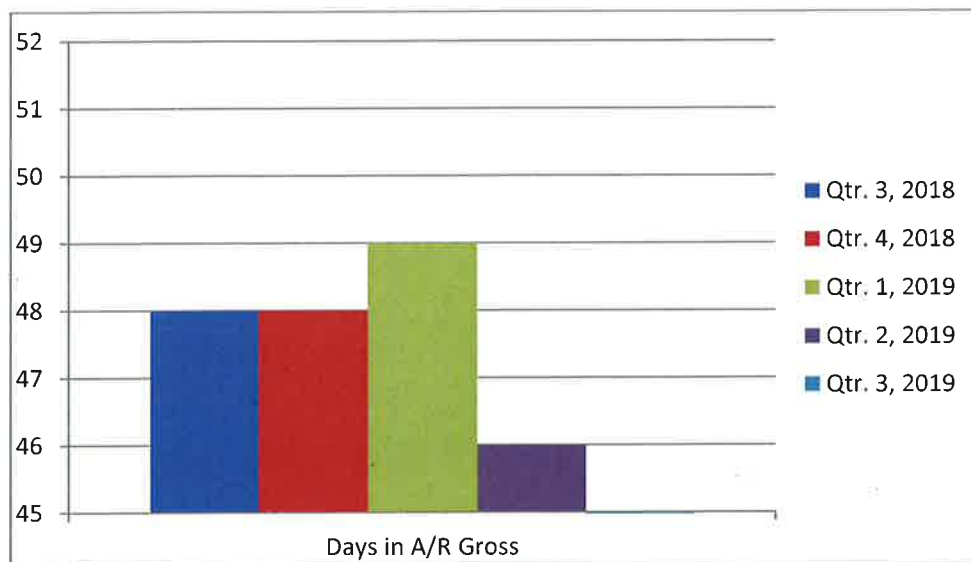


Women & Infants Hospital:

Women & Infants is the primary obstetric hospital in Rhode Island and the region's largest Neonatal Intensive Care Unit (NICU). Compared to the last quarter, gross charges increased by \$12M, while cash remained very consistent at \$104M. The A/R balances however did not have the same increase and remained consistent to last quarter despite the spike in charges. This can be attributed to a shift of payments this quarter from Commercial payers to Medicaid-based insurers. Blue Cross had \$3M less in cash collections, while RI Medicaid volume increased by \$7M causing higher contractual amounts. Self-pay cash at Women and Infants' does continue to trend higher each quarter with an increase of \$1.3M FYTD 19 compared to FYTD 18.

Total days in A/R went down another 2 days; two days less than last quarter and 4 days less than Q3 FY18. Aging remained at 8%. The lower A/R aging can be attributed to coordination of benefit issues for baby claims, the slow processing from Out-of-State Managed Medicaid plans for high-dollar NICU claims, and large self-pay balances. Self-Pay balances account for 31% of the total A/R over 180 days, while the out of state Medicaid account for 23%. The Revenue Cycle team continues to diligently set up patient payment plans and follow both financial assistance policies and collection processes.

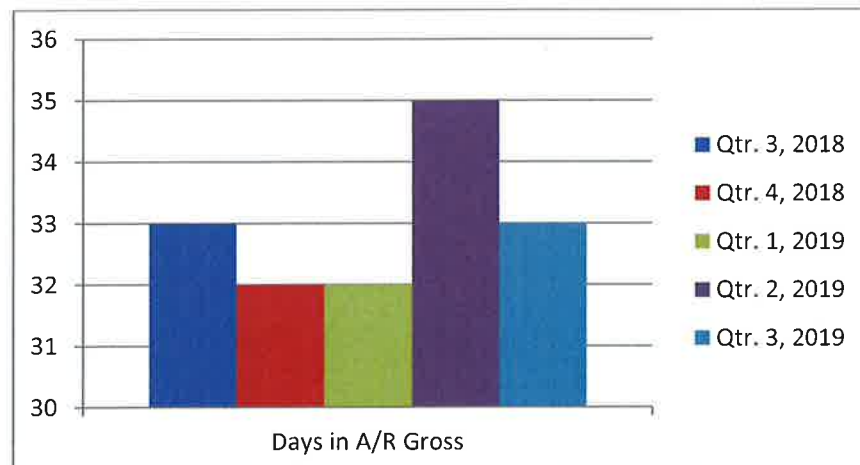
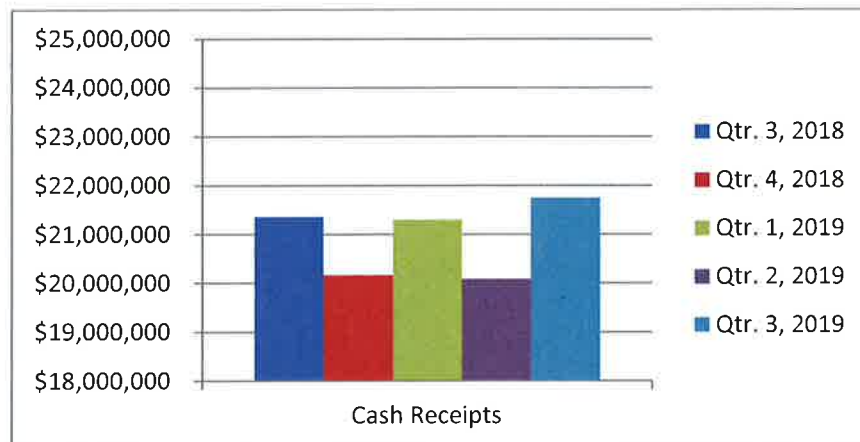
Women & Infants Hospital Revenue Cycle Summary, Quarterly Review					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 243,722,831	\$ 258,356,834	\$ 254,050,442	\$ 238,274,357	\$ 250,595,616
Cash Receipts	\$ 100,771,838	\$ 105,888,210	\$ 106,360,737	\$ 104,245,564	\$ 104,212,093
Contractual Adjustments	\$ 131,973,655	\$ 139,419,569	\$ 144,121,994	\$ 140,226,246	\$ 142,043,174
Write-Offs	\$ 4,369,069	\$ 4,189,336	\$ 3,241,630	\$ 3,962,506	\$ 3,365,348
Discharged Not Final Billed (DNFB)	8	7	9	8	8
Days in A/R Gross	48	48	49	46	44
Total A/R Balances	\$ 129,781,672	\$ 136,198,142	\$ 134,704,789	\$ 122,287,186	\$ 122,500,696
A/R % over 180 Days	9%	8%	9%	8%	8%



Care New England Medical Group:

The third quarter FY19 gross charges increased by \$1,979,271 (3.3%) when compared to the prior quarter. Cash receipts increased by \$1,664,420 (8.3%). This increase is due in part to payments received for delayed OB/GYN charges, which were entered in Q2. Gross charges are being negatively affected by Cardiology and Pulmonary testing which is now being billed through Cerner instead of Epic. This revenue will not be reflected in the PBO KPI reports. This will also affect the future cash receipts. Write-offs for the third quarter were lower by \$31,608 (2.8%) compared to the second quarter. Days in A/R decreased by 2 days to 33, consistent with the overall decrease of \$872,862 in the total accounts receivable. A/R % over 180 days decreased to 6.9%, which remains well under our goal of <15%. Of note, PBO Epic AR work queues have decreased by 31% in dollars and by 45% for the number of claims since the beginning of the fiscal year.

Care New England Medical Group Revenue Cycle Summary, Quarterly Review					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 57,434,334	\$ 58,368,525	\$ 55,846,792	\$ 57,757,287	\$ 59,736,558
Cash Receipts	\$ 21,360,404	\$ 20,167,974	\$ 21,303,545	\$ 20,084,688	\$ 21,749,108
Contractual Adjustments	\$ 36,287,998	\$ 33,845,204	\$ 36,857,193	\$ 34,292,950	\$ 37,869,348
Write-Offs	\$ 877,123	\$ 1,503,714	\$ 1,263,662	\$ 1,123,538	\$ 1,091,930
Days in A/R Gross	33	32	32	35	33
Total A/R Balances	\$ 21,247,471	\$ 24,099,104	\$ 20,521,492	\$ 22,690,316	\$ 21,817,554
A/R % over 180 Days	11%	11%	12%	10%	7%

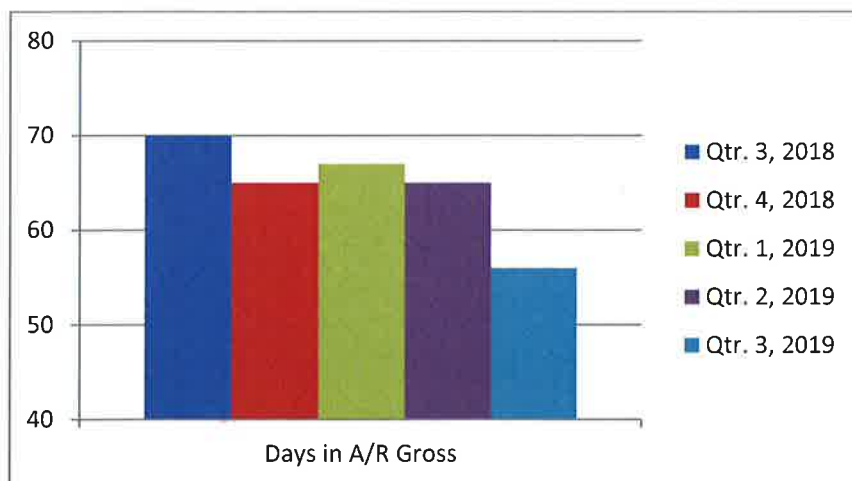
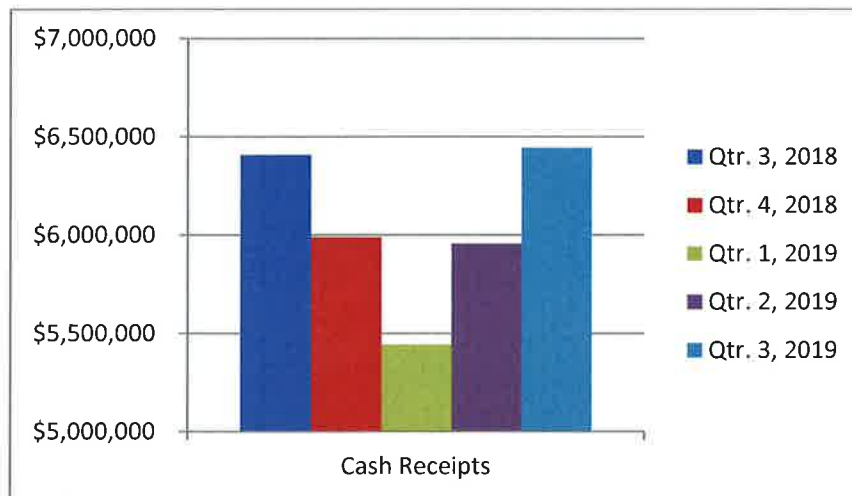


Visiting Nurses Association (VNA) of Care New England:

The VNA of Care New England is a home health care and hospice agency that provides quality health care in their homes with skilled nursing, rehabilitative, palliative care, and hospice services within the State of Rhode Island. The second quarter of FY19 showed AR days decreasing to 56 days. This decrease primarily relates to cash collections associated with the volume increase within the Hospice Program.

VNA of Care New England Revenue Cycle Summary, Quarterly Review					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 5,799,807	\$ 5,492,297	\$ 5,914,320	\$ 5,573,594	\$ 5,950,514
Cash Receipts	\$ 6,408,326	\$ 5,989,971	\$ 5,444,577	\$ 5,956,562	\$ 6,444,453
Write-Offs	\$ (31)	\$ 140,858	\$ -	\$ 3,945	\$ 20,376
Days in A/R Gross	70	65	67	65	56
Total A/R Balances	\$ 4,455,842	\$ 3,860,666	\$ 4,330,361	\$ 4,039,483	\$ 3,644,916
A/R % over 180 Days	21%	20%	20%	22%	14%

**All charges and AR is reported at Net*

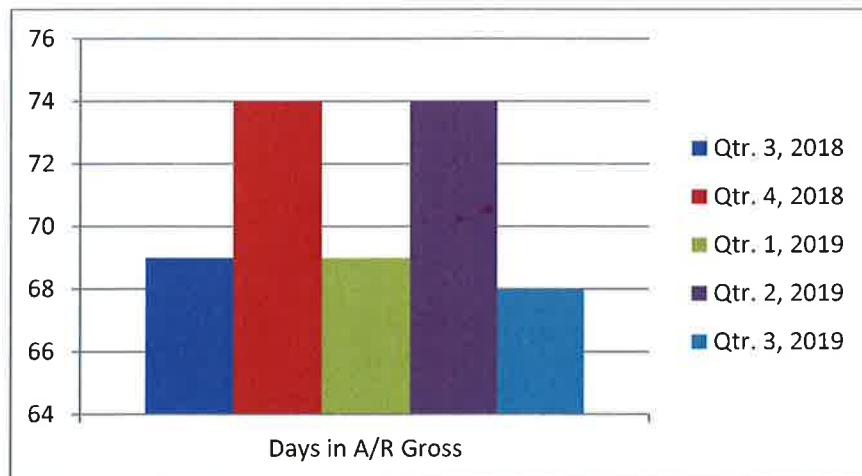
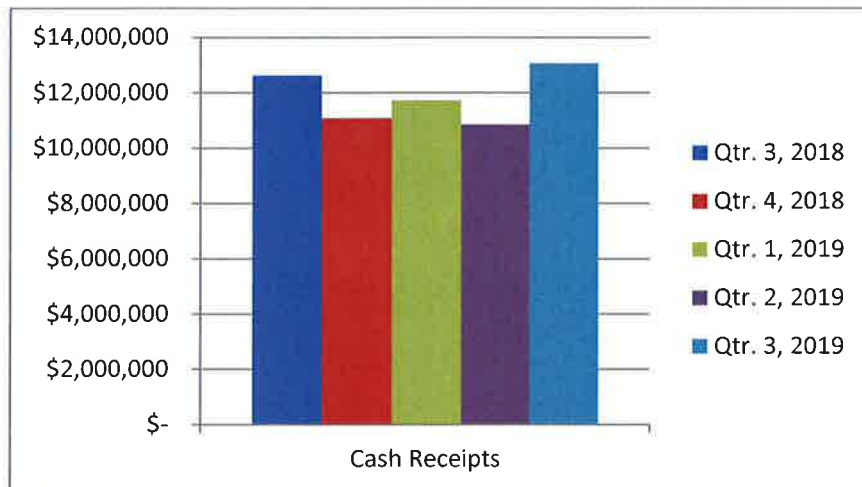


The Providence Center:

The Providence Center is Rhode Island’s largest community behavioral health services network. Services focus on delivery with the client, families and other community resources. It provides services to over 21,000 clients annually and is staffed by approximately 800 people.

The increase in gross charges between the second and third quarters was favorably impacted by continued growth of Integrated Health Home and Assertive Community Treatment census.

The Providence Center Revenue Cycle Summary, Quarterly Review					
	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019	Qtr. 2, 2019	Qtr. 3, 2019
Gross Charges	\$ 12,401,553	\$ 11,098,121	\$ 11,809,722	\$ 12,169,545	\$ 12,599,548
Cash Receipts	\$ 12,626,488	\$ 11,086,193	\$ 11,733,768	\$ 10,852,970	\$ 13,071,197
Contractual Adjustments	\$ 378,207	\$ 40,727	\$ 50,396	\$ 92,768	\$ 54,539
Write-Offs	\$ 339,260	\$ 357,906	\$ 27,378	\$ 142,095	\$ 35,530
Days in A/R Gross	69	74	69	74	68
Total A/R Balances	\$ 9,770,504	\$ 8,881,665	\$ 8,777,779	\$ 10,388,195	\$ 7,988,577
A/R % over 180 Days	20%	23%	23%	20%	22%



CARE NEW ENGLAND HEALTH SYSTEM
REVENUE CYCLE QUARTERLY REPORT
FY-2019

Corrected

	FY 12	FY 13	FY 14	FY 15	Q1, FY 15	Q2, FY 15	Q3, FY 15	Q4, FY 15	Q1, FY 16	Q2, FY 16	Q3, FY 16	Q4, FY 16	Q1, FY 17	Q2, FY 17	Q3, FY 17	Q4, FY 17	Q1, FY 18	Q2, FY 18	Q3, FY 18	Q4, FY 18	C1, FY 19	Q2, FY 19	Q3, FY 19
Payor Mix by Gross Revenue:																							
Medicare and Medicare Managed Care	34.70%	34.80%	34.01%	33.17%	35.21%	32.79%	32.84%	32.01%	30.95%	31.61%	33.18%	31.18%	30.68%	29.76%	29.76%	29.76%	29.76%	30.85%	31.17%	30.51%	31.23%	32.24%	32.26%
Blue Cross	23.20%	22.35%	22.43%	22.03%	20.52%	20.87%	21.94%	20.66%	20.52%	20.43%	20.34%	20.97%	20.41%	20.27%	20.27%	20.27%	20.27%	19.45%	19.46%	19.46%	19.76%	18.87%	19.25%
Medicaid and Medicaid Managed Care	20.83%	20.45%	24.46%	26.97%	26.75%	28.01%	28.92%	27.58%	28.98%	26.95%	27.70%	28.38%	28.93%	29.57%	29.57%	29.57%	29.57%	27.79%	27.16%	27.79%	26.57%	27.80%	26.82%
Managed Care	10.95%	11.09%	10.86%	10.39%	10.02%	10.46%	10.48%	10.47%	10.58%	10.67%	9.88%	10.68%	10.09%	8.06%	8.06%	8.06%	8.06%	9.74%	9.88%	9.87%	10.03%	9.67%	9.91%
Self Pay	4.60%	4.71%	2.68%	1.71%	1.58%	1.70%	1.91%	1.45%	1.65%	1.60%	1.65%	1.55%	1.58%	1.35%	1.35%	1.35%	1.35%	1.21%	1.20%	1.32%	1.07%	1.07%	1.03%
All Other	5.72%	6.60%	5.56%	5.79%	5.93%	5.45%	5.23%	6.38%	7.32%	8.73%	7.15%	7.24%	8.30%	10.95%	10.95%	10.95%	10.95%	10.96%	11.13%	11.11%	11.20%	10.34%	10.72%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.01%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	FY 12	FY 13	FY 14	FY 15	Q1, FY 15	Q2, FY 15	Q3, FY 15	Q4, FY 15	Q1, FY 16	Q2, FY 16	Q3, FY 16	Q4, FY 16	Q1, FY 17	Q2, FY 17	Q3, FY 17	Q4, FY 17	Q1, FY 18	Q2, FY 18	Q3, FY 18	Q4, FY 18	C1, FY 19	Q2, FY 19	Q3, FY 19
Analysis of Revenues & Deductions:																							
Gross Patient Service Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less Contractual Discounts	-56.9%	-57.4%	-56.0%	-59.1%	-59.1%	-59.1%	-60.6%	-60.7%	-58.9%	-59.2%	-61.1%	-62.1%	-61.9%	-61.3%	-61.3%	-61.3%	-61.3%	-61.2%	-60.4%	-57.9%	-59.9%	-60.7%	-60.1%
Plus Disproportionate Share Receipts	1.7%	1.3%	0.9%	1.8%	1.8%	1.8%	1.8%	1.8%	2.2%	1.9%	1.9%	2.0%	1.8%	1.8%	1.8%	1.8%	2.0%	1.4%	1.4%	2.8%	1.3%	1.3%	1.4%
Plus Upper Payment Limit Receipts	0.1%	0.1%	0.0%	0.4%	0.4%	0.5%	0.4%	0.4%	0.5%	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	1.6%	0.4%	0.5%	0.3%	0.3%	-0.3%
Net Patient Service Revenues (NPSR)	44.9%	44.0%	44.9%	43.1%	43.3%	42.7%	41.6%	41.5%	43.8%	43.1%	41.2%	40.0%	40.3%	41.1%	41.8%	41.4%	41.8%	41.8%	41.4%	45.4%	41.7%	41.0%	41.0%
Less:																							
Charity Care (CC)	-2.1%	-2.0%	-2.0%	-0.7%	-0.7%	-0.8%	-0.8%	-0.8%	-0.6%	-0.8%	-0.8%	-0.8%	-0.7%	-0.7%	-0.8%	-0.8%	-0.5%	-0.9%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%
Bad Debt Expense (BD)	-2.3%	-2.6%	-1.7%	-1.3%	-1.8%	-1.1%	-2.0%	-1.5%	-1.3%	-1.5%	-1.7%	-1.4%	-1.5%	-1.2%	-1.2%	-1.2%	-1.2%	-1.1%	-1.3%	-1.5%	-1.2%	-1.0%	-1.2%
NPSR less Uncompensated Care	40.5%	39.4%	41.2%	41.1%	40.2%	39.6%	38.7%	41.0%	40.3%	38.2%	38.6%	38.2%	38.1%	39.3%	39.8%	39.8%	39.3%	39.8%	39.6%	43.3%	40.0%	39.4%	39.5%
Total Uncompensated Care (CC & BD)	4.4%	4.6%	3.7%	2.0%	2.5%	2.4%	2.8%	2.3%	1.9%	2.3%	2.5%	1.8%	2.2%	1.7%	2.0%	1.8%	1.7%	2.0%	1.8%	2.0%	1.7%	1.5%	1.5%

**Care New England Health System
Consolidated and Obligated Group
6/30/2019**

	FY16	FY17	Consolidated FY18	Obligated Group FY18	Consolidated FY19	Obligated Group (YTD) FY19	
<u>Liquidity Ratios:</u>							
<u>Days Cash on Hand - Operating Only</u>							
	Cash & Cash Equivalents & Investments	69,186,020	54,458,086	47,375,732	47,377,284	74,958,445	74,619,068
	Less: Restricted Cash & Cash Equivalents and Inves	11,111,334	11,296,695	13,476,543	13,010,691	15,839,228	15,373,889
	Less: Integra Contract Performance Cash	0	696,677	470,422	470,422	704,518	704,518
	Less: MHRI Trust Distributions					339,377	0
	Less: Outstanding borrowings on line of credit	639,958	442,144	0	0	0	0
	Unrestricted Cash & Cash Equivalents and Investme	57,434,728	42,022,570	33,428,767	33,896,171	58,075,322	58,540,661
Divided by:	Operating Expenses	1,223,003,650	1,179,765,846	1,158,087,180	1,114,236,225	849,469,415	844,846,525
Less:	Depreciation and Amortization Expense	39,599,310	35,324,831	30,021,896	29,648,043	22,241,398	22,010,290
	Loss on disposition of assets (intangibles)	5,400,000	0	0	0	0	0
	Restructuring or merger costs (Max \$4m/year)	4,000,000	4,000,000	73,333	73,333	0	0
	Loss on Asset Impairment		0	22,560,986	0	0	0
	Loss on refinancing	20,235,280	0	0	0	0	0
	Net Operating Expenses	1,153,769,060	1,140,441,015	1,105,430,965	1,084,514,849	827,228,017	822,836,235
		18.2	13.4	11.0	11.4	19.2	19.4
<u>Days Cash on Hand - Inclusive of Unrestricted Board Designated</u>							
	Cash & Cash Equivalents & Investments	57,434,728	42,022,570	33,428,767	33,896,171	58,075,322	58,540,661
Plus:	Unrestricted Board Designated Funds, excluding CS	100,153,542	94,491,071	100,350,100	100,350,100	102,712,901	102,712,901
Divided by:	Operating Expenses	1,223,003,650	1,179,765,846	1,158,087,180	1,114,236,225	849,469,415	844,846,525
Less:	Depreciation and Amortization Expense	39,599,310	35,324,831	30,021,896	29,648,043	22,241,398	22,010,290
	Loss on disposition of assets (intangibles)	5,400,000	0	0	0	0	0
	Restructuring or merger costs (Max \$4m/year)	4,000,000	4,000,000	73,333	73,333	0	0
	Loss on Asset Impairment		0	22,560,986	0	0	0
	Loss on refinancing	20,235,280	0	0	0	0	0
	Net Operating Expenses	1,153,769,060	1,140,441,015	1,105,430,965	1,084,514,849	827,228,017	822,836,235
		50.0	43.7	44.2	45.2	53.1	53.5
<u>Cash to Debt Ratio</u>							
	Cash & Cash Equivalents & Investments (including E	157,588,270	136,513,641	133,778,867	134,246,271	160,788,223	161,253,562
Divided by:	Long-term Debt (reduced by Debt Service Reserve F	169,934,522	168,325,102	162,132,682	162,064,961	160,332,863	160,332,863
		0.93	0.81	0.83	0.83	1.00	1.01
<u>Current Ratio</u>							
	Current Assets	221,881,964	210,009,369	213,136,305	209,014,977	252,265,408	250,287,955
Divided by:	Current Liabilities	187,009,712	176,294,412	164,751,843	158,616,075	191,837,179	186,661,283
		1.19	1.19	1.29	1.32	1.31	1.34
<u>Average Payment Period</u>							
	Current Liabilities	187,009,712	176,294,412	164,751,843	158,616,075	191,837,179	186,661,283
Divided by:	Operating Expenses	1,223,003,650	1,179,765,846	1,158,087,180	1,114,236,225	849,469,415	844,846,525
	Days in Measurement Period	366	365	365	365	273	273
	Average Daily Operating Expenses	3,341,540	3,232,235	3,172,842	3,052,702	3,111,610	3,094,676
		56.0	54.5	51.9	52.0	61.7	60.3

Care New England Health System
6/30/2019

			Consolidated	Obligated Group (YTD)	Consolidated	Obligated Group (YTD)
	FY16	FY17	FY18	FY18	FY19	FY19

Profitability Ratios:

Operating Margin

Income from Operations	(68,279,804)	(47,132,893)	(26,877,370)	6,639,255	2,274,714	4,934,414
Divided by: Total Operating Revenue	1,154,723,846	1,132,632,953	1,131,209,810	1,120,875,480	851,744,129	849,780,939
	-5.91%	-4.16%	-2.38%	0.59%	0.27%	0.58%

Excess Margin

			See Note (5)	See Note (6)	See Note (5)	See Note (6)
Excess (deficiency) of Revenues & Gains over Expe	(52,842,762)	(19,926,152)	(47,614,488)	(14,332,239)	6,484,148	9,418,448
Divided by: Total Operating Revenue	1,154,723,846	1,132,632,953	1,131,209,810	1,120,875,480	851,744,129	849,780,939
	-4.58%	-1.76%	-4.21%	-1.28%	0.76%	1.11%

**Care New England Health System
6/30/2019**

	FY16	FY17	Consolidated FY18	Obligated Group (YTD) FY18	Consolidated FY19	Obligated Group (YTD) FY19	
Capital Structure:							
LT Debt to Equity				See Note (A)		See Note (A)	
Divided by:	Long-term Debt (reduced by 2013 Series A Debt Ser	169,934,522	168,325,102	162,132,682	162,064,961	160,332,863	
	Total Net Assets	248,875,932	270,762,626	266,676,493	352,157,793	275,860,487	
		68.28%	62.17%	60.80%	46.02%	58.12%	44.04%
Debt/Capitalization							
Divided by:	Long-term Debt (reduced by 2013 Series A Debt Ser	169,934,522	168,325,102	162,132,682	162,064,961	160,332,863	
	Unrestricted Net Assets + Debt	341,874,640	355,984,071	342,827,779	440,622,054	348,126,788	
		49.71%	47.28%	47.29%	36.78%	46.06%	35.71%
Debt Service Coverage							
	Excess (deficiency) of Revenues & Gains over Expe	(52,842,762)	(19,926,152)	(47,614,488)	(14,332,239)	6,484,148	9,418,448
	Change in unrealized (gains) and losses	(17,542,646)	(12,022,381)	(2,038,630)	(2,038,076)	(\$1,036,345)	(\$1,036,345)
	Pension Settlement	-	-	31,096,004	31,096,004	-	-
	Depreciation and Amortization	39,599,310	35,324,831	30,021,896	29,648,043	22,241,398	22,010,290
	Interest Expense, including swap agreement paymer	6,129,434	7,960,620	8,007,167	7,975,581	5,859,730	5,858,913
	Loss on disposition of assets	5,400,000	-	-	-	-	-
	Loss on asset impairment	-	-	22,560,986	-	-	-
	Transfer To/from Affiliates	-	-	-	-	-	-
	Restructuring or merger costs (Max \$4m/year)	4,000,000	4,000,000	73,333	73,333	-	-
	Loss on refinancing	20,235,280	-	-	-	-	-
Equals (A)		4,978,616	15,336,918	42,106,268	52,422,646	33,548,931	36,251,306
	Principal Payment	9,346,905	1,894,631	5,434,416	5,434,416	4,231,968	4,231,968
Plus	Interest Expense, including swap agreement paymer	6,129,434	7,960,620	8,007,167	7,975,581	5,859,730	5,858,913
Equals (B)		15,476,339	9,855,251	13,441,583	13,409,997	10,091,698	10,090,881
		0.3	1.56	3.13	3.91	3.32	3.59
Average Age of Plant							
Divided by:	Accumulated Depreciation	484,438,434	500,578,882	540,268,360	536,481,542	562,509,758	558,491,832
	Depreciation Expense (Annualized)	39,599,310	35,324,831	30,021,896	29,648,043	29,655,197	29,347,053.33
		12.2	14.2	18.0	18.1	19.0	19.0

Note: (1) The FY15 ratios include the acquisition of The Providence Center (TPC) as of January 1, 2015.

Note: (2) FY15 excludes restricted cash and equivalents and investments.

Note: (3) The FY 14 and FY15 calculations do not take into account \$10.3 million and \$4.2 million, respectively in trustee-held funds, which will be utilized for future capital purchases and ultimately improving our cash/liquidity position

Note: (4) The debt service coverage calculation is based on current year activity.

Note: (5) FY 18 Excess (deficiency) of Revenues & Gains over Expenses includes the Pension Settlement of \$31.1 million.

Note: (6) FY 18 Obligated Group Excess (deficiency) of Revenues & Gains over Expenses includes the Pension Settlement of \$31.1 M and the MH Pension Liability Transfer of \$70.1M

Note (A) FY18 Obligated Group Unrestricted Net Assets and Total Net Assets will be reduced to amounts similar to the reported Consolidated Unrestricted Net Assets and Total Net Assets, when the Memorial Hospital Cash Due to CNE obligation is forgiven.

**Care New England Health System
Debt Compliance Tests
For the 9 Months Ending June 30, 2019**

2016 Series B, 2016 Series C Debt Compliance Tests:

	<u>Consolidated</u>	<u>Obligated Grp - YTD</u>
Debt Service Coverage Ratio - As of June 30, 2019		
Calculated Debt Service Coverage	3.32	3.59
Required Debt Service Coverage annually at September 30th	1.10	1.10
Interim Compliance Status	<u>Above</u>	<u>Above</u>
Days Cash on Hand - as of June 30, 2019		
Calculated Days Cash on Hand	53.06	53.50
Required Days Cash on Hand annually at September 30th	30.00	30.00
Interim Compliance Status	<u>Above</u>	<u>Above</u>

EXHIBIT A
Debt Service Coverage Ratio

Care New England Health System
Debt Compliance Calculations
As of June 30, 2019

Debt Service Coverage Ratio

	CNE Consolidated Sep-17	CNE Consolidated Sep-18	CNE Obligated Group Sep-18	CNE Consolidated Jun-19	CNE Obligated Group Jun-19
Excess of revenues and gains over expenses:	(\$19,926,151)	(\$47,614,488)	(\$14,332,239)	\$6,484,148	\$9,418,448
Unrealized (gain) or loss on investments	(\$12,022,381)	(\$2,038,630)	(\$2,038,076)	(\$1,036,345)	(\$1,036,345)
Interest expense including payments on interest rate swaps	\$7,960,620	\$8,007,167	\$7,975,581	\$5,859,730	\$5,858,913
Depreciation & amortization	\$35,324,831	\$30,021,896	\$29,648,043	\$22,241,398	\$22,010,290
Restructuring and merger costs (maximum \$4m/year)	\$4,000,000	\$73,333	\$73,333	\$0	\$0
Pension Settlement	\$0	\$31,096,004	\$31,096,004	\$0	\$0
Loss on asset impairment	\$0	\$22,560,986	\$0	\$0	\$0
Transfer to/(from) affiliates	\$0	\$0	\$0	\$0	\$0
Loss on refinancing of debt	\$0	\$0	\$0	\$0	\$0
Loss on disposition of assets/intangibles	\$0	\$0	\$0	\$0	\$0
	<u>\$15,336,919</u>	<u>\$42,106,268</u>	<u>\$52,422,646</u>	<u>\$33,548,931</u>	<u>\$36,251,306</u>
Payments on LTD and capital leases, YTD, net of loss on refinancing		\$5,434,416	\$5,434,416	\$4,231,968	\$4,231,968
Interest Payments, YTD		<u>\$8,007,167</u>	<u>\$7,975,581</u>	<u>\$5,859,730</u>	<u>\$5,858,913</u>
Total		<u>\$13,441,583</u>	<u>\$13,409,997</u>	<u>\$10,091,698</u>	<u>\$10,090,881</u>
Debt Service Coverage Ratio		3.13	3.91	3.32	3.59

Exhibit B
Days Cash on Hand

Care New England Health System
Debt Compliance Calculations
As of June 30, 2019

Days Cash on Hand Inclusive of Unrestricted Board Designated

	CNE Consolidated Jun-19	CNE Obligated Grp Jun-19
Cash & Cash Equivalents per Financial Statements	\$ 74,958,445	\$ 74,619,068
Less: Cash & Cash Equivalents Restricted for Specific Purposes	\$ 15,839,228	\$ 15,373,889
Less: Integra - Contract Performance Cash	\$ 704,518	\$ 704,518
Less: Memorial Holding - Trust Distributions	\$ 339,377	\$ -
Unrestricted Cash & Cash Equivalents, net	<u>\$ 58,075,322</u>	<u>\$ 58,540,661</u>
Investments (Short and Long Term)	\$ -	\$ -
Less: Investments Restricted for Specific Purposes	\$ -	\$ -
Unrestricted Investments (Short and Long Term), net	<u>\$ -</u>	<u>\$ -</u>
Unrestricted Board-designated investments per Financial Statements	\$ 125,781,748	\$ 125,781,748
Less: Cash Surrender Value of Life Insurance	\$ 23,068,847	\$ 23,068,847
Unrestricted Board-designated investments, net	<u>\$ 102,712,901</u>	<u>\$ 102,712,901</u>
Subtotal	<u><u>\$ 160,788,223</u></u>	<u><u>\$ 161,253,562</u></u>
Divided By:		
Operating Expenses	\$ 849,469,415	\$ 844,846,525
Less: Depreciation and Amortization Expense	\$ 22,241,398	\$ 22,010,290
Less: Restructuring or merger costs (Annual Maximum \$4m) excludes MH Restructuring	\$ -	\$ -
Less: Loss on Disposition of Assets (intangibles)	\$ -	\$ -
Less: Loss on Impairment of Assets	\$ -	\$ -
Less: Loss on Refinancing	\$ -	\$ -
Less: Adjustments to Goodwill and Intangibles	\$ -	\$ -
Net Operating Expenses	<u>\$ 827,228,017</u>	<u>\$ 822,836,235</u>
Divided By Days YTD		273 days
Subtotal - Daily	<u><u>\$ 3,030,139</u></u>	<u><u>\$ 3,014,052</u></u>
Days Cash on Hand	<u><u>53.06 days</u></u>	<u><u>53.50</u></u>

1185-91000-10000
2410-91000-10430

Exhibit C
Historical Indebtedness Ratio

**Care New England Health System
Debt Compliance Calculations
As of June 30, 2019**

Indebtedness Ratio	CNE Consolidated Jun-19
Current portion of long term debt	\$5,317,282
Long term debt, net of current portion	\$165,037,689
Total Deferred Financing Costs	\$2,320,843
Less: 2016 Series B Debt Service reserve Fund deposits	<u>\$12,342,951</u> \$160,332,863
Unrestricted Net Assets	\$187,793,925
Net Assets	\$275,860,487
Indebtedness Ratio	58.12%

**Care New England Health System
Outstanding Indebtedness
Unaudited
As of June 30, 2019**

		Consolidated		Excluding Premiums and Discounts	
				FY 2019	FY 2018
Outstanding Indebtedness:					
Series 2016 B		\$134,775,000		\$134,775,000	\$134,775,000
Series 2016 C		\$21,610,000		\$21,610,000	\$21,610,000
Series 2016 B Bond Premium		\$11,220,236			
Series 2016 C Bond Discount		-\$409,385			
RIHEBC & Other Capital Leases	1205452.59	\$1,205,453	\$1,205,453	\$2,145,407	
Seavest Note		\$1,315,514	\$1,315,514	\$1,382,353	
Time Mortgage Note		\$2,800,021	\$2,800,021	\$2,903,272	
The Providence Center	Update HUD	\$158,975	\$158,975	\$202,753	
		<u>\$172,675,814</u>	<u>\$161,864,963</u>	<u>\$163,018,785</u>	
					\$1,153,822

The obligated group has not incurred additional indebtedness since the issuance of the Series 2016 B and Series 2016 C bonds except the following capital leases.

		Obligated Group		Excluding Premiums and Discounts	
				FY 2019	FY 2018
Outstanding Indebtedness:					
Series 2016 B		\$134,775,000	\$134,775,000	\$134,775,000	
Series 2016 C		\$21,610,000	\$21,610,000	\$21,610,000	
Series 2016 B Bond Premium		\$11,220,236			
Series 2016 C Bond Discount		-\$409,385			
RIHEBC & Other Capital Leases		\$1,205,453	\$1,205,453	\$2,077,646	
Seavest Note		\$1,315,514	\$1,315,514	\$1,382,353	
Time Mortgage Note		\$2,800,021	\$2,800,021	\$2,903,272	
The Providence Center		\$158,975	\$158,975	\$202,753	
		<u>\$172,675,814</u>	<u>\$161,864,963</u>	<u>\$162,951,025</u>	
		\$172,675,814			
					\$0

PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
June-19

Current Month June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
1,046	1,059	(13)	(1.2%)	1,032	14	1.4%
832	848	(16)	(1.9%)	815	17	2.1%
544	572	(28)	(4.9%)	566	(22)	(3.9%)
104	116	(12)	(10.3%)	131	(27)	(20.6%)
721	742	(21)	(2.8%)	702	19	2.7%
2	7	(5)	(71.4%)	7	(5)	(71.4%)
75	98	(23)	(23.5%)	90	(15)	(16.7%)
35	35	0	0.0%	35	0	0.0%
3,359	3,477	(118)	(3.4%)	3,378	(19)	(0.6%)

4,108	4,093	15	0.4%	3,878	230	5.9%
2,537	2,568	(31)	(1.2%)	2,381	156	6.6%
4,050	3,995	55	1.4%	3,970	80	2.0%
836	832	4	0.5%	858	(22)	(2.6%)
1,739	1,847	(108)	(5.8%)	1,815	(76)	(4.2%)
36	75	(39)	(51.9%)	94	(58)	(61.7%)
1,922	1,996	(74)	(3.7%)	1,820	102	5.6%
366	424	(58)	(13.6%)	462	(96)	(20.8%)
15,594	15,828	(234)	(1.5%)	15,278	316	2.1%

3.9	3.9	0.1	1.6%	3.8	0.2	4.5%
3.0	3.0	0.0	0.7%	2.9	0.1	4.4%
7.4	7.0	0.5	6.6%	7.0	0.4	6.1%
8.0	7.2	0.9	12.1%	6.5	1.5	22.7%
2.4	2.5	(0.1)	(3.1%)	2.6	(0.2)	(6.7%)
18.0	10.7	7.3	68.2%	13.4	4.6	34.0%
25.6	20.4	5.3	25.8%	20.2	5.4	26.7%
10.5	12.1	(1.6)	(13.6%)	13.2	(2.7)	(20.8%)
4.6	4.6	0.1	2.0%	4.5	0.1	2.6%

YEAR-TO-DATE June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
9,634	9,954	(320)	(3.2%)	9,615	18	0.2%
7,156	7,294	(138)	(1.9%)	7,521	(365)	(4.9%)
5,099	5,205	(106)	(2.0%)	5,191	(92)	(1.8%)
1,188	1,091	97	8.9%	1,099	89	8.1%
6,223	6,394	(171)	(2.7%)	6,463	(245)	(3.8%)
41	49	(8)	(16.3%)	49	(8)	(16.3%)
748	799	(51)	(6.4%)	845	(97)	(11.5%)
290	311	(21)	(6.8%)	311	(21)	(6.8%)
30,379	31,097	(718)	(2.3%)	31,100	(721)	(2.3%)

DISCHARGES

MED SURG	9,634	9,954	(320)	(3.2%)	9,615	18	0.2%
OBSTETRICS	7,156	7,294	(138)	(1.9%)	7,521	(365)	(4.9%)
PSYCH	5,099	5,205	(106)	(2.0%)	5,191	(92)	(1.8%)
KENT UNIT AT BUTLER	1,188	1,091	97	8.9%	1,099	89	8.1%
NURSERY-NEWBORN	6,223	6,394	(171)	(2.7%)	6,463	(245)	(3.8%)
NURSERY-SPECIAL CARE	41	49	(8)	(16.3%)	49	(8)	(16.3%)
NICU	748	799	(51)	(6.4%)	845	(97)	(11.5%)
REHAB	290	311	(21)	(6.8%)	311	(21)	(6.8%)
TOTAL	30,379	31,097	(718)	(2.3%)	31,100	(721)	(2.3%)

PATIENT DAYS

MED SURG	38,932	39,833	(901)	(2.3%)	38,740	192	0.5%
OBSTETRICS	21,464	21,939	(475)	(2.2%)	22,654	(1,190)	(5.3%)
PSYCH	36,247	35,916	331	0.9%	36,120	127	0.4%
KENT UNIT AT BUTLER	7,524	7,621	(97)	(1.3%)	7,585	(61)	(0.8%)
NURSERY-NEWBORN	15,658	16,232	(574)	(3.5%)	16,475	(817)	(5.0%)
NURSERY-SPECIAL CARE	557	524	33	6.2%	487	70	14.4%
NICU	15,744	17,435	(1,691)	(9.7%)	17,485	(1,742)	(10.0%)
REHAB	3,555	3,763	(208)	(5.5%)	3,779	(224)	(5.9%)
TOTAL	139,681	143,263	(3,582)	(2.5%)	143,326	(3,645)	(2.5%)

LENGTH OF STAY

MED SURG	4.0	4.0	0.0	1.0%	4.0	0.0	0.3%
OBSTETRICS	3.0	3.0	(0.0)	(0.3%)	3.0	(0.0)	(0.4%)
PSYCH	7.1	6.9	0.2	3.0%	7.0	0.2	2.2%
KENT UNIT AT BUTLER	6.3	7.0	(0.7)	(9.3%)	6.9	(0.6)	(8.2%)
NURSERY-NEWBORN	2.5	2.5	(0.0)	(0.9%)	2.5	(0.0)	(1.2%)
NURSERY-SPECIAL CARE	13.6	10.7	2.9	27.0%	9.9	3.6	36.7%
NICU	21.0	21.8	(0.8)	(3.5%)	20.7	0.4	1.7%
REHAB	12.3	12.1	0.2	1.3%	12.2	0.1	0.9%
TOTAL	4.6	4.6	(0.0)	(0.2%)	4.6	(0.0)	(0.2%)



PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
June-19

Current Month June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
136.9	136.4	0.5	0.4%	129.3	7.7	5.9%
84.6	85.6	(1.0)	(1.2%)	79.4	5.2	6.6%
135.0	133.2	1.8	1.4%	132.3	2.7	2.0%
27.9	27.7	0.1	0.5%	28.6	(0.7)	(2.6%)
58.0	61.6	(3.6)	(5.8%)	60.5	(2.5)	(4.2%)
1.2	2.5	(1.3)	(51.9%)	3.1	(1.9)	(61.7%)
64.1	66.5	(2.5)	(3.7%)	60.7	3.4	5.6%
12.2	14.1	(1.9)	(13.6%)	15.4	(3.2)	(20.8%)
519.8	527.6	(7.8)	(1.5%)	509.3	10.5	2.1%

3,144	2,250	894	39.7%	2,303	841	36.5%
13,238	11,434	1,804	15.8%	12,247	991	8.1%
18,306	13,684	4,622	33.8%	14,550	3,756	25.8%

174	121	53	44.3%	123	51	41.5%
613	490	123	25.1%	512	101	19.7%
786	611	175	28.7%	635	151	23.8%

2,088	1,966	122	6.2%	1,966	122	6.2%
-------	-------	-----	------	-------	-----	------

760	794	(34)	(4.3%)	753	7	0.9%
-----	-----	------	--------	-----	---	------

YEAR-TO-DATE June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
142.6	145.9	(3.3)	(2.3%)	141.9	0.7	0.5%
78.6	80.4	(1.7)	(2.2%)	83.0	(4.4)	(5.3%)
132.8	131.6	1.2	0.9%	132.3	0.5	0.4%
27.6	27.9	(0.4)	(1.3%)	27.8	(0.2)	(0.8%)
57.4	59.5	(2.1)	(3.5%)	60.3	(3.0)	(5.0%)
2.0	1.9	0.1	6.2%	1.8	0.3	14.4%
57.7	63.9	(6.2)	(9.7%)	64.1	(6.4)	(10.0%)
13.0	13.8	(0.8)	(5.5%)	13.8	(0.8)	(5.9%)
511.7	524.8	(13.1)	(2.5%)	525.0	(13.4)	(2.5%)

AVERAGE DAILY CENSUS

MED SURG	142.6	145.9	(3.3)	(2.3%)	141.9	0.7	0.5%
OBSTETRICS	78.6	80.4	(1.7)	(2.2%)	83.0	(4.4)	(5.3%)
PSYCH	132.8	131.6	1.2	0.9%	132.3	0.5	0.4%
KENT UNIT AT BUTLER	27.6	27.9	(0.4)	(1.3%)	27.8	(0.2)	(0.8%)
NURSERY-NEWBORN	57.4	59.5	(2.1)	(3.5%)	60.3	(3.0)	(5.0%)
NURSERY-SPECIAL CARE	2.0	1.9	0.1	6.2%	1.8	0.3	14.4%
NICU	57.7	63.9	(6.2)	(9.7%)	64.1	(6.4)	(10.0%)
REHAB	13.0	13.8	(0.8)	(5.5%)	13.8	(0.8)	(5.9%)
TOTAL	511.7	524.8	(13.1)	(2.5%)	525.0	(13.4)	(2.5%)

OBSERVATION

Inpatient Hours	28,674	22,695	5,979	26.3%	23,364	5,310	22.7%
Outpatient Hours	134,004	115,200	18,804	16.3%	118,877	15,127	12.7%
Total Hours	164,603	137,895	26,708	19.4%	142,241	22,362	15.7%
Inpatient Cases	1,388	1,104	284	25.7%	1,120	268	23.9%
Outpatient Cases	5,416	4,503	913	20.3%	4,576	840	18.4%
Total Cases	6,803	5,607	1,196	21.3%	5,696	1,107	19.4%

PARTIAL HOSPITAL DAYS

17,605	17,887	(282)	(1.6%)	17,822	(217)	(1.2%)
--------	--------	-------	--------	--------	-------	--------

DELIVERIES

6,652	6,760	(108)	(1.6%)	6,990	(338)	(4.8%)
-------	-------	-------	--------	-------	-------	--------



PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
June-19

Current Month June						
ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
1,295	1,412	(117)	(8.3%)	1,368	(73)	(5.3%)
6,494	6,917	(423)	(6.1%)	6,751	(257)	(3.8%)
7,789	8,329	(540)	(6.5%)	8,119	(330)	(4.1%)
261	294	(33)	(11.2%)	260	1	0.4%
1,188	1,232	(44)	(3.6%)	1,235	(47)	(3.8%)
1,449	1,526	(77)	(5.0%)	1,495	(46)	(3.1%)
94	67	27	39.9%	74	20	27.0%
521	559	(38)	(6.7%)	479	42	8.8%
615	626	(11)	(1.7%)	553	62	11.2%
61,198	58,702	2,496	4.3%	57,147	4,051	7.1%
142,179	154,691	(12,512)	(8.1%)	153,336	(11,157)	(7.3%)
203,377	213,393	(10,016)	(4.7%)	210,483	(7,106)	(3.4%)
5,130	5,232	(102)	(1.9%)	5,169	(39)	(0.8%)
6,480	6,931	(451)	(6.5%)	6,735	(255)	(3.8%)
11,610	12,163	(553)	(4.5%)	11,904	(294)	(2.5%)

EMERGENCY ROOM/TRIAGE

Inpatient
 Outpatient
 Total

OPERATING ROOM

Inpatient
 Outpatient
 Total

ENDOSCOPY

Inpatient
 Outpatient
 Total

LABORATORY

Inpatient
 Outpatient
 Total

BLOOD BANK

Inpatient
 Outpatient
 Total

YEAR-TO-DATE June						
ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
12,396	12,802	(406)	(3.2%)	12,759	(363)	(2.8%)
58,187	60,827	(2,640)	(4.3%)	60,438	(2,251)	(3.7%)
70,583	73,629	(3,046)	(4.1%)	73,197	(2,614)	(3.6%)
2,554	2,597	(43)	(1.7%)	2,547	7	0.3%
10,852	10,805	47	0.4%	10,468	384	3.7%
13,406	13,402	4	0.0%	13,015	391	3.0%
629	480	149	31.1%	574	55	9.6%
4,707	4,932	(225)	(4.6%)	4,527	180	4.0%
5,336	5,412	(76)	(1.4%)	5,101	235	4.6%
571,013	548,562	22,451	4.1%	543,070	27,943	5.1%
1,323,416	1,340,174	(16,758)	(1.3%)	1,322,529	887	0.1%
1,894,429	1,888,736	5,693	0.3%	1,865,599	28,830	1.5%
46,037	46,735	(698)	(1.5%)	47,439	(1,402)	(3.0%)
61,242	62,919	(1,677)	(2.7%)	62,494	(1,252)	(2.0%)
107,279	109,654	(2,375)	(2.2%)	109,933	(2,654)	(2.4%)



PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
June-19

Current Month June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
2,127	2,232	(105)	(4.7%)	2,165	(38)	(1.8%)
3,452	3,818	(366)	(9.6%)	3,944	(492)	(12.5%)
5,579	6,050	(471)	(7.8%)	6,109	(530)	(8.7%)

119	115	4	3.5%	95	24	25.3%
503	425	78	18.2%	468	35	7.5%
622	540	82	15.1%	563	59	10.5%

853	806	47	5.8%	872	(19)	(2.2%)
2,616	2,361	255	10.8%	2,424	192	7.9%
3,469	3,167	302	9.5%	3,296	173	5.2%

511	476	35	7.4%	467	44	9.4%
3,427	3,694	(267)	(7.2%)	3,191	236	7.4%
3,938	4,170	(232)	(5.6%)	3,658	280	7.7%

45	47	(2)	(4.3%)	39	6	15.4%
182	157	25	15.6%	160	22	13.8%
227	204	23	11.1%	199	28	14.1%

138	146	(8)	(5.5%)	218	(80)	(36.7%)
186	157	29	18.2%	160	26	16.3%
324	303	21	6.8%	378	(54)	(14.3%)

2	1	1	100.0%	-	2	100.0%
3,298	3,672	(374)	(10.2%)	3,278	20	0.6%
3,300	3,673	(373)	(10.2%)	3,278	22	0.7%

YEAR-TO-DATE June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
20,531	20,957	(426)	(2.0%)	20,811	(280)	(1.3%)
32,455	34,826	(2,371)	(6.8%)	33,937	(1,532)	(4.5%)
52,986	55,783	(2,797)	(5.0%)	54,798	(1,812)	(3.3%)

DIAGNOSTIC RADIOLOGY

Inpatient
 Outpatient
 Total

MRI

Inpatient
 Outpatient
 Total

CT SCAN

Inpatient
 Outpatient
 Total

ULTRASOUND

Inpatient
 Outpatient
 Total

NUCLEAR MEDICINE

Inpatient
 Outpatient
 Total

SPECIAL PROCEDURES

Inpatient
 Outpatient
 Total

MAMMOGRAPHY

Inpatient
 Outpatient
 Total

1,096	1,076	20	1.9%	1,009	87	8.6%
4,194	3,717	477	12.8%	3,693	501	13.6%
5,290	4,793	497	10.4%	4,702	588	12.5%

8,457	7,678	779	10.1%	7,637	820	10.7%
22,302	19,505	2,797	14.3%	19,756	2,546	12.9%
30,759	27,183	3,576	13.2%	27,393	3,366	12.3%

4,549	4,385	164	3.7%	4,386	163	3.7%
30,763	32,294	(1,531)	(4.7%)	30,716	47	0.2%
35,312	36,679	(1,367)	(3.7%)	35,102	210	0.6%

405	446	(41)	(9.2%)	414	(9)	(2.2%)
1,629	1,532	97	6.3%	1,557	72	4.6%
2,034	1,978	56	2.8%	1,971	63	3.2%

1,218	1,399	(181)	(12.9%)	1,551	(333)	(21.5%)
1,213	1,227	(14)	(1.1%)	1,247	(34)	(2.7%)
2,431	2,626	(195)	(7.4%)	2,798	(367)	(13.1%)

10	10	0	0.0%	9	1	11.1%
30,030	30,802	(772)	(2.5%)	27,938	2,092	7.5%
30,040	30,812	(772)	(2.5%)	27,947	2,093	7.5%



PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
June-19

Current Month June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
2	-	2	100.0%	-	1	100.0%
1,147	1,328	(181)	(13.7%)	1,493	(346)	(23.2%)
1,149	1,328	(179)	(13.5%)	1,493	(344)	(23.0%)

89	100	(11)	(11.3%)	68	21	30.9%
132	90	42	46.7%	97	35	36.1%
221	190	31	16.1%	165	56	33.9%

10	20	(10)	(50.0%)	1	9	900.0%
305	294	11	3.6%	267	38	14.2%
315	314	1	0.2%	268	47	17.5%

1,635	1,807	(172)	(9.5%)	1,689	(54)	(3.2%)
2,870	2,964	(94)	(3.2%)	2,833	37	1.3%
4,505	4,771	(266)	(5.6%)	4,522	(17)	(0.4%)

54	30	24	80.0%	35	19	54.3%
38	41	(3)	(7.5%)	40	(2)	(5.0%)
92	71	21	29.5%	75	17	22.7%

378	355	23	6.5%	335	43	12.8%
569	486	83	17.0%	493	76	15.4%
947	841	106	12.6%	828	119	14.4%

YEAR-TO-DATE June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
9	-	9	100.0%	2	(1)	(50.0%)
12,013	12,247	(234)	(1.9%)	12,402	(389)	(3.1%)
12,022	12,247	(225)	(1.8%)	12,404	(382)	(3.1%)

BREAST HEALTH CTR.

Inpatient
 Outpatient
 Total

CARDIAC CATH

Inpatient
 Outpatient
 Total

VASCULAR LAB

Inpatient
 Outpatient
 Total

EKG

Inpatient
 Outpatient
 Total

EEG

Inpatient
 Outpatient
 Total

ECHOCARDIOLOGY

Inpatient
 Outpatient
 Total

979	903	76	8.4%	828	151	18.2%
942	810	132	16.3%	775	167	21.5%
1,921	1,713	208	12.1%	1,603	318	19.8%

80	193	(113)	(58.5%)	25	54	207.7%
2,755	2,650	105	4.0%	2,521	234	9.3%
2,835	2,843	(8)	(0.3%)	2,547	288	11.3%

16,641	17,212	(571)	(3.3%)	16,564	77	0.5%
25,889	26,869	(980)	(3.6%)	25,118	771	3.1%
42,530	44,081	(1,551)	(3.5%)	41,682	848	2.0%

386	283	103	36.4%	293	93	31.7%
300	370	(70)	(18.8%)	354	(54)	(15.3%)
686	653	33	5.1%	647	39	6.0%

3,611	3,394	217	6.4%	3,270	341	10.4%
4,528	4,378	150	3.4%	3,847	681	17.7%
8,139	7,772	367	4.7%	7,117	1,022	14.4%



PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
June-19

Current Month June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
3,146	2,785	361	13.0%	3,186	(40)	(1.3%)
4,899	3,998	901	22.5%	4,447	452	10.2%
8,045	6,783	1,262	18.6%	7,633	412	5.4%

2,102	1,667	435	26.1%	1,865	237	12.7%
2,453	1,275	1,178	92.4%	1,609	844	52.5%
4,555	2,942	1,613	54.8%	3,474	1,081	31.1%

426	408	18	4.4%	414	12	2.9%
516	556	(40)	(7.2%)	599	(83)	(13.9%)
942	964	(22)	(2.3%)	1,013	(71)	(7.0%)

-	-	0	0.0%	-	0	0.0%
125	79	46	58.1%	72	53	73.6%
125	79	46	58.1%	72	53	73.6%

8	4	4	100.0%	3	5	166.7%
447	500	(53)	(10.6%)	412	35	8.5%
455	504	(49)	(9.7%)	415	40	9.6%

10	1	9	900.0%	-	10	100.0%
39	55	(16)	(29.1%)	30	9	30.0%
49	56	(7)	(12.5%)	30	19	63.3%

YEAR-TO-DATE June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
29,884	26,639	3,245	12.2%	26,557	3,317	12.5%
44,792	35,988	8,804	24.5%	27,839	16,903	60.6%
74,676	62,627	12,049	19.2%	54,456	20,220	37.1%

PHYSICAL THERAPY

Inpatient	29,884	26,639	3,245	12.2%	26,557	3,317	12.5%
Outpatient	44,792	35,988	8,804	24.5%	27,839	16,903	60.6%
Total	74,676	62,627	12,049	19.2%	54,456	20,220	37.1%

OCCUPATIONAL THERAPY

Inpatient	19,586	15,949	3,637	22.8%	15,790	3,796	24.0%
Outpatient	22,015	11,475	10,540	91.9%	9,232	12,783	138.5%
Total	41,601	27,424	14,177	51.7%	25,022	16,579	66.3%

SPEECH THERAPY

Inpatient	3,972	3,906	66	1.7%	3,787	185	4.9%
Outpatient	5,211	5,004	207	4.1%	3,932	1,279	32.5%
Total	9,183	8,910	273	3.1%	7,719	1,464	19.0%

SLEEP STUDIES

Inpatient	-	-	0	0.0%	1	(1)	(100.0%)
Outpatient	947	712	235	33.1%	694	253	36.5%
Total	947	712	235	33.1%	695	252	36.3%

WOUND CARE

Inpatient	39	37	2	5.4%	35	4	11.4%
Outpatient	4,385	4,500	(115)	(2.6%)	3,951	434	11.0%
Total	4,424	4,537	(113)	(2.5%)	3,986	438	11.0%

HYPERBARIC

Inpatient	23	14	9	64.3%	24	(1)	(4.2%)
Outpatient	595	495	100	20.2%	370	225	60.8%
Total	618	509	109	21.4%	394	224	56.9%



PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
June-19

Current Month June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
46	28	18	64.3%	28	18	64.3%
722	976	(254)	(26.0%)	955	(233)	(24.4%)
768	1,004	(236)	(23.5%)	983	(215)	(21.9%)

1,956	2,247	(291)	(12.9%)	2,009	(53)	(2.6%)
1,956	2,247	(291)	(12.9%)	2,009	(53)	(2.6%)

93	127	(34)	(26.8%)	118	(25)	(21.2%)
93	127	(34)	(26.8%)	118	(25)	(21.2%)

1	6	(5)	(83.3%)	13	(12)	(92.3%)
1,640	2,062	(422)	(20.5%)	1,698	(58)	(3.4%)
1,641	2,068	(427)	(20.6%)	1,711	(70)	(4.1%)

539	571	(32)	(5.6%)	554	(15)	(2.7%)
192	222	(30)	(13.5%)	240	(48)	(20.0%)
731	793	(62)	(7.8%)	794	(63)	(7.9%)

73	73	(0)	(0.2%)	100	(27)	(27.0%)
113	100	13	13.0%	85	28	32.9%
186	173	13	7.4%	185	1	0.5%

YEAR-TO-DATE June

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
287	242	45	18.6%	245	42	17.1%
7,929	8,076	(147)	(1.8%)	7,851	78	1.0%
8,216	8,318	(102)	(1.2%)	8,096	120	1.5%

INFUSION THERAPY

Inpatient

Outpatient

Total

KENT INFUSION THERAPY

Outpatient

Total

IVF

Outpatient

Total

WIH OGCC

Inpatient

Outpatient

Total

PATIENT ASSESSMENT

Inpatient

Outpatient

Total

ELECTRO CONVULSIVE TREATMENT

Inpatient

Outpatient

Total

19,073	20,425	(1,352)	(6.6%)	17,942	1,131	6.3%
19,073	20,425	(1,352)	(6.6%)	17,942	1,131	6.3%

1,018	1,055	(37)	(3.5%)	1,178	(160)	(13.6%)
1,018	1,055	(37)	(3.5%)	1,178	(160)	(13.6%)

30	53	(23)	(43.4%)	60	(30)	(50.0%)
15,270	17,104	(1,834)	(10.7%)	15,902	(632)	(4.0%)
15,300	17,157	(1,857)	(10.8%)	15,962	(662)	(4.1%)

5,100	5,162	(62)	(1.2%)	5,164	(64)	(1.2%)
2,005	2,108	(103)	(4.9%)	2,152	(187)	(8.5%)
7,105	7,270	(165)	(2.3%)	7,356	(251)	(3.4%)

556	659	(103)	(15.6%)	774	(218)	(28.2%)
972	896	76	8.5%	863	109	12.6%
1,528	1,555	(27)	(1.7%)	1,637	(109)	(6.7%)

Births by Hospital
FY 2017 - FY 2019 (May)

Year-to-date Totals vs. Prior Year Total

Hospital	FY 2017	% of Total	FY 2018	% of Total	FY 2019 (May)	% of Total
Hospital						
Women & Infants	8,881	79.2%	8,819	79.1%	5,531	79.6%
Kent	771	6.9%	797	7.2%	443	6.4%
CNE Subtotal	9,652	86.1%	9,616	86.3%	5,974	86.0%
Newport	450	4.0%	496	4.5%	290	4.2%
South County	703	6.3%	664	6.0%	435	6.3%
Landmark	404	3.6%	368	3.3%	250	3.6%
All Other Subtotal	1,557	13.9%	1,528	13.7%	975	14.0%
TOTAL	11,209	100.0%	11,144	100.0%	6,949	100.0%

Volume Change: Year-to-date Total (May) vs. Same time period prior years

Hospital	FY 2017 (May)	FY 2018 (May)	FY 2019 (May)	FY18 -19 Change		FY 17 - 19 Change	
				# Diff	% Diff	# Diff	% Diff
Hospital							
Women & Infants	5,731	5,821	5,531	(290)	-5.0%	(200)	-3.5%
Kent	488	523	443	(80)	-15.3%	(45)	-9.2%
CNE Subtotal	6,219	6,344	5,974	(370)	-5.8%	(245)	-3.9%
Newport	295	336	290	(46)	-13.7%	(5)	-1.7%
South County	443	439	435	(4)	-0.9%	(8)	-1.8%
Landmark	256	243	250	7	2.9%	(6)	-2.3%
All Other Subtotal	994	1,018	975	(43)	-4.2%	(19)	-1.9%
TOTAL	7,213	7,362	6,949	(413)	-5.6%	(264)	-3.7%

Care New England
Capital Report as of June 30, 2019

Budget Category	Approved Capital Budget¹	FY19 Cash Payments	Invoices & Open POs²	FY19 Capital Commitments	Remaining Balance
<u>Information Technology</u>					
Total Information Technology	7,886,851	2,117,958	4,929,883	9,858,711	4,928,828
Deferred Payments-IT				(750,904)	
Subtotal				9,107,807	
Total IT Budget				7,886,851	
Under/(Over) Capital Budget				(1,220,956)	
<u>Facilities</u>					
Total Facilities	12,962,211	4,853,366	6,820,093	15,886,345	9,066,252
Deferred Payments-Facilities				(625,290)	
Subtotal				15,261,055	
Total Facilities Budget				12,962,211	
Under/(Over) Capital Budget				(2,298,844)	
<u>Equipment</u>					
Total Equipment	6,411,464	2,308,466	10,713,656	13,923,384	3,209,728
Deferred Payments-Equipment				(5,218,572)	
Subtotal				8,704,812	
Total Equipment Budget				6,411,464	
Under/(Over) Capital Budget				(2,293,348)	
<u>Strategic Initiatives</u>					
Total Strategic Initiatives	3,990,325	199,361	553,096	3,990,326	3,437,230
Total Strategic Initiatives Budget				3,990,325	
Under/(Over) Capital Budget				(0)	
<u>Total</u>					
Total Commitments	31,250,851	9,479,151	23,016,727	43,658,765	20,642,038
Total Deferred Payment Arrangements				(6,594,766)	
Subtotal				37,063,999	
Total Approved Capital Budget				31,250,851	
Under/(Over) Capital Budget				(5,813,148)	
<u>Other Capital</u>					
Capital Purchases Funded by Grants			986,604	986,604	
General Release - Capital Purchases Funded by Donations			329,262	329,262	
Non-Cash Donations			7,807	7,807	
Fixed Asset Holding			(69,211)	(69,211)	
Fixed Asset Deferred			-	-	
Total Other Capital			1,254,462	1,254,462	
Total			24,271,189	38,318,461	

¹Excludes Donated Funds

²Includes cash payments on invoices in A/P last fiscal year, YTD invoices, and open Purchase Orders

Capital is measured on a cash to budget basis