



FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL
AND MASSACHUSETTS GENERAL HOSPITAL

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Partners HealthCare Reports First Quarter 2020 Financial Results

BOSTON, MA – Partners HealthCare today reported operating income of \$45 million (1.3% operating margin) in the first quarter of fiscal year 2020, which ended on December 31, 2019. Health care provider activity generated operating income of \$55 million (see Provider Activity) and insurance activity (AllWays Health Partners) generated an operating loss of \$10 million (see Insurance Activity). In the comparable 2019 quarter, Partners reported income from operations of \$114 million (3.4% operating margin), including operating income of \$118 million from provider activity and an operating loss of \$4 million from insurance activity. These results reflect the implementation of new pension accounting rules, including the restatement of 2019 results to conform to the new presentation format.

“We continue to execute well on resource management and revenue optimization efforts while making investments in new digital health tools and more convenient outpatient locations in order to improve the patient experience,” said **Peter K. Markell, Chief Financial Officer and Treasurer at Partners HealthCare**. “When taking into account these major new investments in patient care, as well as higher benefits costs, our hospitals and physician practices continue to generate financial results that are in-line with expectations, all while delivering world class patient care.”

In the first quarter of fiscal 2020, Partners absorbed \$352 million in Medicare, Medicaid, and Health Safety Net shortfalls due to government reimbursements that failed to pay the full cost of providing care to Medicare, low-income, and uninsured patients, an increase of \$18 million (5%) compared to the shortfall absorbed by Partners in the comparable 2019 quarter.

Partners reported an overall gain of \$546 million in the 2020 first quarter, including a non-operating gain of \$501 million. Non-operating activity includes gains and losses on investments and interest rate swaps, which can vary significantly year to year due to volatility in the financial markets, and philanthropic activity. In the 2019 first quarter, Partners reported an overall loss of \$463 million, including a non-operating loss of \$577 million.

Health Care Provider & Other Activity (Provider Activity)

Provider activity generated operating income of \$55 million (1.6% operating margin) in the 2020 first quarter and \$118 million (3.6% operating margin) in the 2019 first quarter.

Revenue for provider activity increased \$185 million (6%) to \$3.4 billion in 2020. Net patient service revenue increased \$132 million (5%) to \$2.7 billion, reflecting higher patient acuity at the academic medical centers and growth in utilization of certain services, tempered by a payer mix shift to public payers. Research revenue grew \$20 million (4%) to \$520 million. Other operating revenue, excluding patient care and research revenue, increased \$33 million (16%) to \$240 million, primarily due to growth in pharmacy business.

Operating expenses attributable to provider activity increased \$248 million (8%) to \$3.4 billion in the 2020 first quarter. Employee compensation and benefits increased \$158 million (9%) to \$1.9 billion, reflecting the impact of lower discount rates related to pension expense (\$20 million, 25%) and increases in health and other benefits (\$30 million, 11%). Supplies and other expenses increased \$67 million (9%) to \$862 million, reflecting increased costs for clinical supplies (\$48 million, 13%), which include pharmaceutical costs as well as implants, blood products and routine medical supplies. Depreciation and interest expense increased \$10 million (5%) to \$225 million. Investments in data analytics and digital health and ambulatory initiatives accounted for approximately \$12 million of the increase in overall operating expenses.

Insurance Activity

Insurance activity resulted in an operating loss of \$10 million (-4.9% operating margin) in the 2020 first quarter compared with an operating loss of \$4 million (-1.8% operating margin) in the comparable 2019 quarter.

Premium revenue increased \$6 million (3%) to \$205 million, but medical claims expense increased \$17 million (10%) to \$189 million due to higher utilization of services, driven primarily by outpatient and pharmacy costs. The medical loss ratio (the percentage of insurance premiums that are used to pay medical claims) was 92.2% in the 2020 quarter and 86.6% in the 2019 quarter. As of December 31, 2019, approximately 48% of AllWays Health Partners' 241,993 members were in fully-insured plans and 52% were in self-insured plans (including approximately 100,000 Partners employees and family members).

General and administrative costs increased \$1 million (2%) to \$33 million in the 2020 quarter. The administrative expense ratio (the percentage of insurance premiums that are used to pay general and

administrative expenses) decreased to 12.8% from 14.3% in 2019, reflecting progress in leveraging the fixed cost base.

“AllWays Health Partners continues to become more efficient, evidenced by its lower administrative expense ratio,” said **Markell**. “However, progress in this area has been offset by a deterioration of medical trend, driven by pharmacy and outpatient costs. AllWays is also making planned, strategic investments in its commercial business, where its innovation and new brand are making it an attractive option in the marketplace. Our focus moving forward will be on continued growth in the mid-size to large commercial market, and managing overall medical trend.”

New System-wide Strategy, New Name Announced

At the end of the 2019 calendar year, Partners unveiled a new, unified system strategy which included an announcement to move to a new name – *Mass General Brigham*. Senior leaders from across the entire system, including academic medical centers, specialty and community hospitals, physicians and the insurance company, are focused on developing five strategic themes:

- Reinforce for patients that we are the “go to” place for care and develop cross-academic medical centers of excellence
- Consolidate and expand our national and international impact on health
- Build on our strong track record for innovations in diagnostics, therapeutics, devices and data analytics for leading patient care and impact on health for the communities we serve
- Focus on a value-based model that delivers affordable primary care, secondary care and behavioral health care in the community and makes patient-centered programs and services central to delivering better outcomes for our patients
- Further serve our communities by taking a multi-pronged approach to advance health equity and address social determinants of health in targeted communities.

Connected to this strategic vision, and based on feedback from patients, employees and extensive market research, Partners has begun the work to transition to *Mass General Brigham* in the coming year.

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Forward-Looking Statements

This press release contains certain “forward-looking statements” concerning financial and operating plans and results which involve known and unknown risks and uncertainties. In particular, statements preceded or followed by, or that include the words, “believes,” “expects,” “estimates,” “anticipates,” “plans,” “intends,” “scheduled,” or similar expressions are forward-looking statements. Various factors could cause Partners’ actual results to differ materially including, but not limited to, federal and state regulation of healthcare providers, changes in reimbursement policies of state and federal government and managed care organizations, competition in the healthcare industry in our market, general economic and capital market conditions, and changes in our labor and supply costs and in our ability to retain personnel. For more information on these and other risk factors, please refer to our most recent bond official statement or annual disclosure statement filed on the Electronic Municipal Market Access (EMMA) website maintained by the Municipal Securities Rulemaking Board. We undertake no responsibility to update any such forward-looking statements except as expressly required by law.

Partners HealthCare System, Inc. and Affiliates
Consolidated Balance Sheets
(In Thousands)

	December 31, 2019 (unaudited)	September 30, 2019 (audited)
ASSETS		
Current assets		
Cash and equivalents	\$ 252,555	\$ 283,807
Investments	2,991,365	2,791,502
Current portion of investments limited as to use	2,224,891	2,235,171
Patient accounts receivable	1,118,976	1,129,594
Research grants receivable	143,731	136,557
Other current assets	714,053	673,745
Total current assets	7,445,571	7,250,376
Investments limited as to use, less current portion	4,726,826	4,498,716
Long-term investments	2,104,860	1,997,617
Property and equipment, net	6,558,973	6,557,206
Right-of-use operating lease assets	1,040,774	-
Other assets	895,160	928,458
Total assets	\$ 22,772,164	\$ 21,232,373
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term obligations	\$ 355,133	\$ 455,165
Accounts payable and accrued expenses	836,711	866,107
Accrued medical claims and related expenses	61,382	57,550
Accrued employee compensation and benefits	877,687	932,870
Current portion of operating lease obligations	197,448	-
Unexpended funds on research grants	278,787	262,017
Total current liabilities	2,607,148	2,573,709
Other liabilities		
Accrued professional liability	542,878	542,136
Accrued employee benefits	2,394,483	2,410,974
Interest rate swaps liability	462,792	510,579
Accrued other	186,303	187,060
Operating lease obligations, less current portion	845,374	-
Long-term obligations, less current portion	5,356,576	5,260,196
Total liabilities	12,395,554	11,484,654
Net assets		
Unrestricted	7,931,771	7,358,335
Donor restricted	2,444,839	2,389,384
Total net assets	10,376,610	9,747,719
Total liabilities and net assets	\$ 22,772,164	\$ 21,232,373

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Operations
(In Thousands)

	First Quarter Ended December 31,	
	2019	2018
Operating revenues		
Net patient service revenue	\$ 2,628,093	\$ 2,502,492
Premium revenue	204,298	197,384
Direct academic and research revenue	400,878	388,475
Indirect academic and research revenue	118,765	110,670
Other revenue	240,992	208,574
Total operating revenues	3,593,026	3,407,595
Operating expenses		
Employee compensation and benefit expenses	1,897,424	1,745,380
Supplies and other expenses	878,757	809,217
Medical claims and related expenses	145,465	135,128
Direct academic and research expenses	400,878	388,475
Depreciation and amortization expenses	177,544	170,405
Interest expense	47,494	44,713
Total operating expenses	3,547,562	3,293,318
Income from operations	45,464	114,277
Nonoperating gains (expenses)		
Income (loss) from investments	413,910	(563,745)
Change in fair value of interest rate swaps	47,787	(70,408)
Other nonoperating income (expenses)	(24,637)	(62,497)
Academic and research gifts, net of expenses	49,646	95,377
Non-service related pension income	14,350	24,232
Total nonoperating gains (expenses), net	501,056	(577,041)
Excess (deficit) of revenues over expenses	546,520	(462,764)
Other changes in net assets		
Funds utilized for property and equipment	23,332	4,104
Other changes in net assets	3,584	(5)
Cumulative effect of accounting change	-	1,100,081
Increase in unrestricted net assets	\$ 573,436	\$ 641,416

See Notes to Consolidated Financial Statements (unaudited)

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Cash Flows
(In Thousands)

	Three Months Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 628,891	\$ 750,563
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in fair value of interest rate swaps	(47,787)	70,408
Depreciation and amortization	177,544	170,405
Amortization of bond discount, premium and issuance costs	(2,670)	(2,670)
Gain on disposal of property	(217)	-
Change in right-of-use operating lease assets	31,098	-
Net realized and change in unrealized appreciation on investments	(528,708)	588,939
Restricted contributions and investment income	(37,386)	(31,805)
Increases (decreases) in cash resulting from a change in		
Patient accounts receivable	10,618	(26,806)
Other assets	(14,907)	5,470
Accounts payable and accrued expenses	(68,687)	(79,730)
Accrued medical claims and related expenses	3,832	(2,549)
Operating lease obligations	(29,050)	-
Settlements with third-party payers	(16,047)	(15,691)
Net cash provided by operating activities	106,524	1,426,534
Cash flows from investing activities:		
Purchases of property and equipment	(178,253)	(165,326)
Proceeds from sale of property	301	-
Net sales (purchases) of investments	3,772	(1,719,772)
Net cash used for investing activities	(174,180)	(1,885,098)
Cash flows from financing activities:		
Payments on long-term obligations	(982)	(1,239)
Proceeds from long-term obligations, net of financing costs	-	350,988
Restricted contributions and investment income	37,386	31,805
Net cash provided by financing activities	36,404	381,554
Net decrease in cash and equivalents	(31,252)	(77,010)
Cash and equivalents at beginning of period	283,807	398,413
Cash and equivalents at end of period	\$ 252,555	\$ 321,403

Notes to Consolidated Financial Statements
(In Thousands)

1. The accompanying consolidated quarterly financial statements have been prepared on the accrual basis of accounting and include the accounts of Partners HealthCare System, Inc. (PHS) and its affiliates. PHS, together with all of its affiliates, is referred to as "Partners HealthCare." The financial statements do not include all the information and footnote disclosures required by generally accepted accounting principles. These statements should be read in conjunction with Partners HealthCare's audited consolidated financial statements for the fiscal year ended September 30, 2019.

The consolidated quarterly financial statements are unaudited. These statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. Partners HealthCare adopted the following new Accounting Standards Updates (ASU) in 2020: *Compensation - Retirement Benefits, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Pension Standard) and *Leases* (Leases Standard).

The Pension Standard requires that the service cost be presented in the same line item(s) as other employee compensation costs and that non-service cost related income (expense) be presented within nonoperating results. Upon adoption of this standard, amounts related to non-service cost components of pension and postretirement expenses for 2019 were reclassified from employee compensation and benefit expenses to nonoperating gains (expenses) as the Pension Standard required retrospective adoption.

The Leases Standard requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its balance sheet. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The adoption of the Leases Standard had a material impact on the consolidated balance sheet as Partners HealthCare recorded approximately \$1,072 of operating lease assets and liabilities as of October 1, 2019. Prior year comparative financial statements have not been restated to reflect the adoption of this guidance.

Partners HealthCare adopted the following new Accounting Standards Updates (ASU) in 2019: *Revenue From Contracts with Customers* (Revenue Standard); *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (Financial Instruments Standard); *Presentation of Financial Statements for Not-for-Profit Entities* (Not-For-Profit Standard); and *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Contributions Standard).

The Revenue Standard implements a single framework for recognition of all revenue earned from customers in exchange contracts. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Revenue Standard was adopted on October 1, 2018 using the modified retrospective transition method. The adoption of this standard did not have a significant impact on operations of Partners HealthCare and applicable disclosure have been included.

The Financial Instruments Standard made changes to the recognition of and measurement of financial assets. Partners HealthCare now records marketable investments at fair value with changes in fair value recognized as nonoperating investment income. The Financial Instruments Standard was adopted on October 1, 2018 with prospective application and a cumulative effect adjustment at the date of adoption. The impact of adopting this new accounting guidance resulted in a cumulative effect of accounting change of \$1,100,081 to unrestricted net assets and \$197,183 to donor restricted net assets.

Notes to Consolidated Financial Statements
(In Thousands)

2. The Not-For-Profit Standard makes targeted changes to the not-for-profit financial reporting model. The primary change under the new guidance is the presentation of two net asset classes versus the previously required three. The guidance also requires new disclosures about information useful for assessing liquidity and availability of resources. The Not-For-Profit Standard was adopted on October 1, 2018 using the retrospective transition method. The adoption of this standard did not have a significant impact on operations of Partners HealthCare.

The Contributions Standard clarifies the definition of an exchange and non-exchange transaction and provides guidance on determining whether a nonexchange transaction (contribution) is conditional or unconditional. The Contributions Standard was adopted on October 1, 2018 using the modified prospective transition method. The adoption of this standard did not have a significant impact on operations of Partners HealthCare.

3. Income from investments (including realized gains and losses, unrealized change in value of investments, interest, dividends and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses. Prior to adoption of the Financial Instruments Standard, the change in net unrealized appreciation on certain marketable investments was excluded from excess of revenues over expenses.
4. Changes in third party payer settlements and other estimates are recorded in the year of the change in estimate. For the three months ended December 31, 2019 and 2018, adjustments to prior year estimates resulted in an increase to operations of \$5,103 and \$13,032, respectively.
5. Risk-based capital (RBC) is a methodology adopted by the National Association of Insurance Commissioners (NAIC) for determining the minimum level of capital and surplus deemed necessary for an insurer based upon the types of assets held and business written. Pursuant to a guaranty entered into by PHS when it acquired AllWays Health Partners Inc. (AllWays Health) in 2012 (the RBC Guaranty), PHS has committed to maintain AllWays Health's capital and surplus at a specified minimum level, measured quarterly in accordance with an RBC methodology permitted by the Massachusetts Division of Insurance (DOI). The RBC Guaranty may be enforced by the DOI. For the three months ended December 31, 2019 and 2018, AllWays Health returned capital of \$50,000 and \$25,000, respectively.
6. The current portion of long-term obligations includes payments scheduled to be made over the next twelve months of \$83,688, bonds supported by Partners HealthCare liquidity that can be tendered prior to December 31, 2020 of \$165,195 and bonds supported by bank facilities with financial institutions (standby bond purchase agreements or letters of credit) that expire prior to December 31, 2020 of \$106,250. The bonds supported by Partners HealthCare liquidity provide the bondholder with an option to tender the bonds to Partners HealthCare. Accordingly, these bonds are classified as a current liability. The bonds supported by bank facilities provide the bondholder with an option to tender the bonds to the liquidity provider. Generally accepted accounting principles require bonds backed by bank facilities expiring within one year of the balance sheet date as well as potential principal amortization under bank facilities' term out provisions due within one year of the balance sheet date to be classified as a current liability.
7. Partners HealthCare maintains a \$150,000 Credit Agreement (the Credit Agreement) that provides access to same day funds. Advances under the Credit Agreement bear a variable rate of interest based on the London Interbank Offered Rate (LIBOR). As of December 31, 2019, there were no amounts outstanding under the Credit Agreement. The Credit Agreement expires in June 2020.
8. In December 2018 and January 2019, PHS issued \$350,000 and \$50,000, respectively, of Partners HealthCare System Taxable 2018 Senior Notes. Proceeds from the notes were used to finance certain capital projects.

In January 2019, PHS issued \$158,250 of Partners HealthCare System Series 2019 T Revenue Bonds. The bond proceeds were used to refund Massachusetts Eye and Ear Infirmary Series D Bonds (\$55,402), refund Series M-2 Bonds (\$50,000) and repay the borrowing under the Credit Agreement (\$52,848).

Notes to Consolidated Financial Statements
(In Thousands)

9. Upon adoption of the Leases Standard, Partners HealthCare recognized leases with a term greater than twelve months on the balance sheet. Partners HealthCare elected the package of practical expedients and did not reassess expired agreements for lease identification or classification as a finance or operating lease, or for the reassessment of initial direct costs.

Some lease agreements require payment of variable costs including property taxes, insurance, maintenance and repairs. Variable costs are excluded from the right-of-use assets and liability. Lease and non-lease components of agreements are not separated. Some leases contain rental escalation clauses and renew options that are included in lease payment calculations when appropriate. The estimated incremental borrowing rate is used to discount the lease payment amounts. All operating and finance leases have a weighted discount rate of 4.17%.

Partners performed a preliminary assessment of lease expense, lease related assets and liabilities and commitments related to noncancelable operating and finance leases for the next five years and thereafter, and as a result, the balances below are subject to change.

The components of lease expense consist of the following for the three months ended December 31, 2019:

	2019
Operating lease expense	28,360
Finance lease expense:	
Amortization of lease assets	70
Interest on lease liabilities	9

Lease related assets and liabilities are as follows at:

	Balance Sheet Classification	December 31, 2019
Operating lease assets	Right-of-use operation lease assets	1,040,774
Finance lease assets	Property and equipment, net	999
Total lease assets, net		<u>\$ 1,041,773</u>
Current operating lease liability	Current portion of operating lease obligations	197,448
Current finance lease liability	Accounts payable and accrued expenses	338
Noncurrent operating lease liability	Operating lease obligations, less current portion	845,374
Noncurrent finance lease liability	Accrued other	997
Total lease liability, net		<u>\$ 1,044,157</u>

Commitments related to noncancelable operating and finance leases for each of the next five years and thereafter are as follows:

	Operating Leases	Finance Leases
2021	\$ 184,140	\$ 560
2022	160,339	560
2023	144,050	332
2024	116,129	165
2025	101,250	
Thereafter	438,965	
Total minimum future payments	<u>\$ 1,144,873</u>	<u>\$ 1,617</u>

PARTNERS HEALTHCARE SYSTEM, INC.: ACUTE CARE SECTOR⁽¹⁾
UTILIZATION STATISTICS

	First Quarter Ended December 31,	
	2019	2018
INPATIENT:		
Discharges	43,372	42,354
% Change	2.4%	
Discharge Days	229,410	227,817
% Change	0.7%	
Average Length of Stay (Days)	5.29	5.38
% Change	-1.7%	
Patient Days	217,936	214,837
% Change	1.4%	
Births	4,254	4,125
% Change	3.1%	
OUTPATIENT:		
ATO's	5,707	6,143
% Change	-7.1%	
ED Observations	3,988	2,152
% Change	85.3%	
Day Surgery	25,700	24,811
% Change	3.6%	
Ambulatory visits	496,662	484,771
% Change	2.5%	
ER Visits	106,698	106,519
% Change	0.2%	
Procedures	417,431	414,251
% Change	0.8%	
Major Imaging	113,616	103,882
% Change	9.4%	
Minor Imaging	304,662	295,153
% Change	3.2%	
Treatments	255,494	243,145
% Change	5.1%	
Therapies	315,893	335,500
% Change	-5.8%	
Lab Services	2,669,414	2,515,677
% Change	6.1%	
CASE MIX INDEX (CMI)⁽²⁾:		
Combined Academic (The General & BWH)	2.02	1.99
	1.5%	
Combined Community (BWFH, NSMC & NWH)	1.20	1.20
	0.0%	

⁽¹⁾ Includes data from The General, BWH, BWFH, NSMC, NWH, Cooley Dickinson, Nantucket, Martha's Vineyard, Wentworth-Douglass and Mass Eye and Ear.

⁽²⁾ CMI based on APR-DRG version 30, NY weight

**PARTNERS HEALTHCARE SYSTEM, INC.:
REHABILITATION & PSYCHIATRIC CARE SECTORS
UTILIZATION STATISTICS**

		First Quarter Ended December 31,	
		2019	2018
REHABILITATION			
Inpatient:			
Discharges		1,106	1,033
% Change		7.1%	
Discharge Days		24,222	25,720
% Change		-5.8%	
Average Length of Stay (Days)		21.90	24.90
% Change		-12.0%	
Patient Days		25,590	25,654
% Change		-0.2%	
Outpatient:			
Home Health		135,091	135,342
% Change		-0.2%	
Therapies		258,421	275,833
% Change		-6.3%	

Note: Rehabilitation sector includes Spaulding Boston, Spaulding Cambridge, Spaulding Cape Cod and Partners HealthCare at Home

PSYCHIATRIC

Inpatient:			
Discharges		1,532	1,519
% Change		0.9%	
Discharge Days		18,549	18,140
% Change		2.3%	
Average Length of Stay (Days)		12.11	11.94
% Change		1.4%	
Patient Days		18,324	18,113
% Change		1.2%	
Outpatient:			
Psychiatric Services		32,909	32,276
% Change		2.0%	

**PARTNERS HEALTHCARE SYSTEM, INC.: INSURANCE SECTOR
STATISTICS**

	First Quarter Ended December 31,	
	2019	2018
Medical loss ratio ⁽¹⁾	92.2%	86.6%
% Change	5.6%	
Administrative expense ratio	12.8%	14.3%
% Change	-1.5%	
Total members	241,993	141,612
% Change	70.9%	

⁽¹⁾ Excludes impact of premium deficiency reserve charge.

Statistic	Definition
Discharges	The total number of patients discharged from a hospital bed in a given time period
Discharge Days	The total number of days each discharged patient occupied a bed during the duration of their hospital stay
Average Length of Stay	Patient days divided by the number of patient discharges
Patient Days	Total number of days a patient occupied a hospital bed in a given time period
ATO's	Patients admitted under observation status and generally discharged within 24 hours
ED Observations	Patients admitted under observation status in the ER (at GH and BWH) and generally discharged within 24 hours
Day Surgery	Surgical procedures performed on an outpatient basis
Ambulatory visits	Includes office/outpatient services, consults, preventive medicine and psychiatric visit - clinic O/P
ER Visits	Emergency room visits
Procedures	Includes integumentary, musculoskeletal, oral & maxillofacial surg, respiratory, cardiovascular, hemic/lymphatic, mediastinum/disphragm, digestive, urinary, female/male genital, endocrine, nervous system, eye/ocular adnexa and auditory
Major Imaging	Includes MRI, CT Scan, nuclear medicine and PET Scan
Minor Imaging	Includes radiology diagnostic, ultrasound, breast imaging and 3D reconstruction
Treatments	Includes chemotherapy, radiation therapy, non chemo infusions, dialysis, electroconvulsive therapy and dental
Therapies	Includes respiratory/pulmonary therapy, physical therapy, occupational therapy, speech language pathology, cardiac rehabilitation and nutrition
Lab Services	Lab services
Home Health	Nurse visits, aide visits, physical therapy, occupational therapy, speech-language pathology, registered dietician, medical social work, telemedicine and private duty converted hours
Psychiatric Services	Includes partial days, ART days, individual therapy, group therapy, family therapy, child and adolescent days and other therapies
Case Mix Index	The average diagnosis-related-group weight for all of a hospital's inpatient volume
Medical Loss Ratio	Medical expense as a percentage of premium revenue

PARTNERS HEALTHCARE SYSTEM, INC.: INVESTMENT LIQUIDITY & DEBT BACKED BY SELF LIQUIDITY
as of December 31, 2019
(In Thousands)

INVESTMENT LIQUIDITY⁽¹⁾

Investment Pool	Funds Available						Total
	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	
Money Market	\$179,298	-	-	-	-	-	\$179,298
Aggregate Bond	460,827	70,415	60,811	-	-	-	592,052
Long Term	79,929	1,247,147	2,519,462	1,461,089	2,033,016	3,074,024	10,414,666
Total	\$720,055	\$1,317,561	\$2,580,272	\$1,461,089	\$2,033,016	\$3,074,024	\$11,186,017
Cumulative Total	\$720,055	\$2,037,616	\$4,617,888	\$6,078,977	\$8,111,993	\$11,186,017	

DEBT BACKED BY SELF LIQUIDITY

Debt Mode	Funds Required						Total
	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	
Flexible Rate ⁽²⁾	-	-	\$29,700	\$119,360	\$18,640	-	\$167,700
Index Floating Rate	-	-	50,000	-	-	390,050	440,050
Term Rate	-	-	-	-	-	131,185	131,185
Total	-	-	\$79,700	\$119,360	\$18,640	\$521,235	\$738,935
Cumulative Total	-	-	\$79,700	\$199,060	\$217,700	\$738,935	

⁽¹⁾ Excludes ERISA.

⁽²⁾ Partners HealthCare limits daily maturities on its flexible rate bonds to \$20 million.

Money Market Pool

12/31/2019

Portfolio Manager
Benchmark

Various
iMoneyNet Money Market Fund Average/All Taxable

	Portfolio	Benchmark
Market Value (\$000)	\$ 179,298	n/a
Avg Rating	AAA	A1/P1
Avg Maturity (Days)	1.0	n/a
Avg Life (Days)	1.0	n/a
Avg Yield	1.74%	n/a

Net Asset Value	1.0
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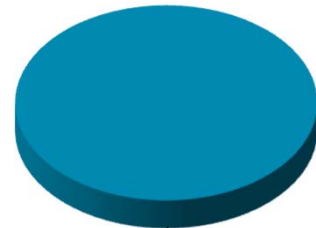
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.15%	0.11%	+ 0.04%
Quarter	0.45%	0.35%	+ 0.10%
FYTD	0.45%	0.35%	+ 0.10%
CYTD	2.31%	1.85%	+ 0.47%
1 Year	2.31%	1.85%	+ 0.47%
2 Year	2.07%	1.67%	+ 0.40%
3 Year	1.64%	1.29%	+ 0.35%
5 Year	1.05%	0.80%	+ 0.25%
Inception (12/31/94)	2.65%	2.20%	+ 0.45%

Annualized Performance Measures since Inception (01/05)			
StDev	0.63%	0.61%	-
Sharpe Ratio	0.34	(0.38)	+
Tracking Error	0.07%	n/a	
Info Ratio	6.56	n/a	
Monthly Alpha	0.04%	0.00%	+
Beta	0.89	1.00	+
BM Correl	1.00	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	286	0.039%
	Below BM	14	
Down Months	Above BM	0	
	Below BM	0	

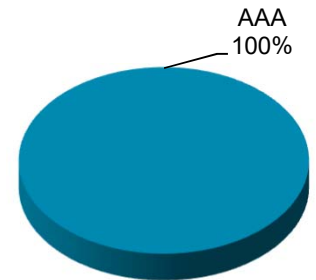
* computed outperformance may not match portfolio/benchmark returns due to rounding.

Instruments



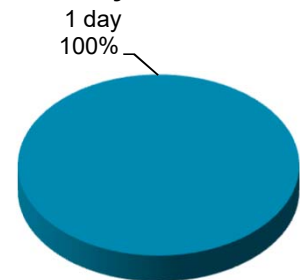
Mutual Funds
100%

S&P Quality Breakdown



AAA
100%

Maturity Breakdown



1 day
100%

Congress Short Term Treasuries

12/31/2019

Portfolio Manager
Benchmark

Jeff Porter since April 2014
BC US Treas 1-5 yr

	Portfolio	Benchmark
Market Value (\$000)	\$ 147,372	n/a
# Issues	11	150
Avg Coupon	2.16%	2.08%
Avg Rating	AAA	AAA
Avg Maturity	2.78	2.84
Avg Yield	1.61%	1.62%
Avg Mod. Duration	2.66	2.69
Avg. Convexity	0.10	0.10

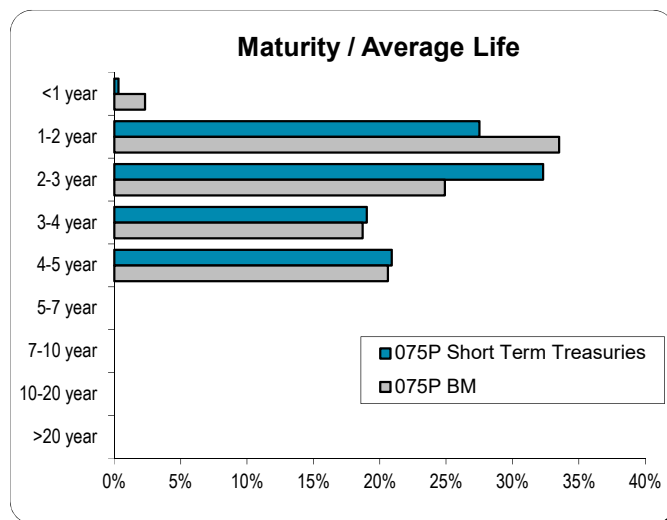
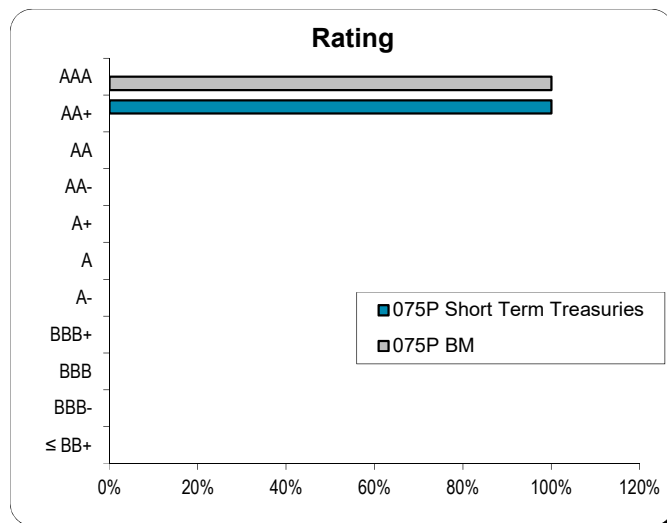
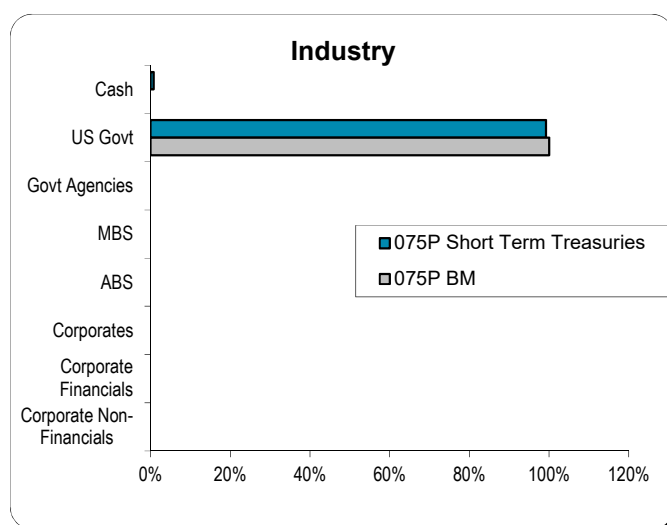
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.13%	0.14%	- 0.00%
Quarter	0.32%	0.33%	- 0.01%
FYTD	0.32%	0.33%	- 0.01%
CYTD	4.14%	4.25%	- 0.10%
1 Year	4.14%	4.25%	- 0.10%
2 Year	2.77%	2.87%	- 0.10%
3 Year	2.03%	2.14%	n/a
5 Year	1.58%	1.67%	n/a
Inception (4/1/14)	1.53%	1.61%	- 0.08%

Annualized Performance Measures since Inception (4/14)			
StDev	1.46%	1.46%	+
Sharpe Ratio	(0.62)	(0.56)	-
Tracking Error	0.05%	n/a	
Info Ratio	(1.55)	n/a	
Monthly Alpha	-0.01%	n/a	-
Beta	1.00	1.00	-
BM Correl	1.00	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	10	0.01%
	Below BM	29	-0.01%
Down Months	Above BM	10	0.00%
	Below BM	20	-0.01%

Stress Tests	P&L (\$000)	% Ret.
Int. Rates Up 100bps	\$ (915)	-0.62%
Cred. Sprds up 100 bps	\$ (915)	-0.62%

* computed outperformance may not match portfolio/benchmark returns due to rounding.



Congress Intermediate Domestic Fixed Income

12/31/2019

Portfolio Manager **Jeff Porter** since June 2002
 Benchmark BC Intermediate US Govt/Credit

	Portfolio	Benchmark
Market Value (\$000)	\$ 313,156	n/a
# Issues	35	4,937
Avg Coupon	2.73%	2.64%
Avg Rating	AA-	AA/AA-
Avg Maturity	4.11	4.30
Avg Yield	1.84%	1.93%
Avg Mod. Duration	3.76	3.85
Avg. Convexity	0.22	0.19

Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.03%	0.13%	- 0.10%
Quarter	0.27%	0.37%	- 0.11%
FYTD	0.27%	0.37%	- 0.11%
CYTD	6.67%	6.80%	- 0.13%
1 Year	6.67%	6.80%	- 0.13%
2 Year	3.80%	3.80%	+ 0.01%
3 Year	3.10%	3.24%	- 0.14%
5 Year	2.47%	2.57%	- 0.10%
Inception (5/31/02)	4.31%	3.88%	+ 0.43%

Annualized Performance Measures since Inception (06/02)			
StDev	3.04%	2.89%	-
Sharpe Ratio	0.62	0.50	+
Tracking Error	1.04%	n/a	
Info Ratio	0.41	n/a	
Monthly Alpha	0.04%	n/a	-
Beta	0.99	1.00	+
BM Correl	0.94	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	73	0.17%
	Below BM	66	-0.12%
Down Months	Above BM	34	0.19%
	Below BM	38	-0.10%

* computed outperformance may not match portfolio/benchmark returns due to rounding.

Stress Tests	P&L (\$000)	% Ret.
Int. Rates Up 100bps	\$ (7,235)	-2.31%
Cred. Sprds up 100 bps	\$ (6,662)	-2.13%

