

# QUARTERLY REPORT

## ORLANDO HEALTH, INC.

*Quarter Ended June 30, 2021*  
*(Unaudited)*

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**Orlando Health, Inc.**  
**June 30, 2021**

**Interim Condensed Consolidated Financial Statements**  
**Consolidated Balance Sheets (in 000's)**

	June 30	September 30
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 756,521	\$ 686,339
Assets limited as to use	36,606	93,690
Accounts receivable	561,345	382,369
Other receivables	67,106	68,577
Inventory	134,819	115,201
Other current assets	55,447	224,088
Total current assets	<u>1,611,844</u>	<u>1,570,264</u>
Assets limited as to use:		
Debt service and reserve funds held by bond trustee	-	45,933
Construction and equipment funds held by bond trustee	9,658	29,234
Interest rate swap collateral	19,156	30,691
Designated by board for malpractice self-insurance	17,450	17,066
	<u>46,264</u>	<u>122,924</u>
Less amount required to meet current obligations	<u>(36,606)</u>	<u>(93,690)</u>
	9,658	29,234
Long-term investments - without donor restrictions	2,544,771	2,080,067
Long-term investments - with donor restrictions	167,256	139,167
Investments in related parties	54,675	59,504
Other assets	421,117	368,958
Operating lease assets	144,151	125,296
Property and equipment, net	2,580,376	2,263,181
Total assets	<u>\$ 7,533,848</u>	<u>\$ 6,635,671</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 505,852	\$ 454,701
Contract liabilities- deferred revenues	120,433	189,996
Other current liabilities	213,773	194,686
Current portion of long-term debt and lease obligations	32,183	174,725
Total current liabilities	<u>872,241</u>	<u>1,014,108</u>
Long-term debt, less current portion	1,883,284	1,506,835
Operating lease obligations, less current portion	129,697	111,407
Accrued malpractice claims	135,120	129,495
Contract liabilities - deferred revenues	37,510	-
Other noncurrent liabilities	216,603	193,913
Total liabilities	<u>3,274,455</u>	<u>2,955,758</u>
Net assets:		
Net assets without donor restrictions:		
Orlando Health, Inc. and Controlled Affiliates	4,095,783	3,538,777
Noncontrolling interest in Controlled Affiliates	6,755	1,396
Total net assets without donor restrictions	<u>4,102,538</u>	<u>3,540,173</u>
Net assets with donor restrictions	156,855	139,740
Total net assets	<u>4,259,393</u>	<u>3,679,913</u>
Total liabilities and net assets	<u>\$ 7,533,848</u>	<u>\$ 6,635,671</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Orlando Health, Inc.**  
**June 30, 2021**

***Consolidated Statements of Operations and Changes in Net Assets (in 000's)***

	Quarter ended June 30		Year-to-date June 30	
	2021	2020	2021	2020
<b>Revenues and other support without donor restrictions</b>				
Net patient service revenue	\$ 1,034,052	\$ 774,681	\$ 3,070,631	\$ 2,562,757
Other revenue	74,207	116,172	202,646	194,310
Federal CARES Act funding	-	67,378	-	67,378
Net assets released from donor restrictions	1,197	1,424	3,955	4,670
Total revenues and other support without donor restrictions	<b>1,109,456</b>	959,655	<b>3,277,232</b>	2,829,115
<b>Expenses</b>				
Salaries and benefits	562,238	484,862	1,624,903	1,435,829
Supplies and other	408,730	328,204	1,250,898	955,351
Professional fees	10,535	8,427	30,630	25,632
Depreciation and amortization	62,829	49,688	178,110	143,602
Interest	16,743	13,522	48,653	40,186
Total expenses	<b>1,061,075</b>	884,703	<b>3,133,194</b>	2,600,600
Income from operations	48,381	74,952	144,038	228,515
<b>Nonoperating gains and (losses)</b>				
Investment income	129,697	215,911	411,394	26,861
Change in value of interest rate swap agreements	(3,628)	2,115	10,354	(9,172)
Nonoperating gain	-	397	81	397
Loss on early extinguishment of debt	-	-	(10,236)	-
Nonoperating gains, net	<b>126,069</b>	218,423	<b>411,593</b>	18,086
Excess of revenues, other support, and gains over expenses and losses	174,450	293,375	555,631	246,601
(Excess) deficit of revenues, other support, and gains over expenses and losses attributed to noncontrolling interests	(86)	159	(674)	192
Excess of revenues, other support, and gains over expenses and losses attributed to Orlando Health, Inc. and Controlled Affiliates	<b>174,364</b>	293,534	<b>554,957</b>	246,793

*The accompanying notes are an integral part of these consolidated financial statements.*

**Orlando Health, Inc.**  
**June 30, 2021**

***Consolidated Statements of Operations and Changes in Net Assets (in 000's) (continued)***

	Quarter ended June 30		Year-to-date June 30	
	2021	2020	2021	2020
<b>Net assets without donor restrictions</b>				
Excess of revenues, other support and gains over expenses and losses	\$ 174,450	\$ 293,375	\$ 555,631	\$ 246,601
Other changes in unrestricted net assets:				
Net assets released from restriction for property and equipment	179	98	638	252
Other	(1,270)	(815)	6,096	(781)
Increase in net assets without donor restrictions	<u>173,359</u>	<u>292,658</u>	<u>562,365</u>	<u>246,072</u>
<b>Net assets with donor restrictions</b>				
Contributions	8,323	4,367	15,499	12,356
Net assets released from restrictions	(1,376)	(1,522)	(4,593)	(4,922)
Net realized and unrealized gains on investments	1,938	1,607	6,373	238
Other changes	(47)	(60)	(164)	(151)
Increase in net assets with donor restrictions	<u>8,838</u>	<u>4,392</u>	<u>17,115</u>	<u>7,521</u>
Increase in net assets	<b>182,197</b>	297,050	<b>579,480</b>	253,593
Net assets, beginning of period	<b>4,077,196</b>	3,151,268	<b>3,679,913</b>	3,194,725
Net assets, end of period	<u><b>\$ 4,259,393</b></u>	<u>\$ 3,448,318</u>	<u><b>\$ 4,259,393</b></u>	<u>\$ 3,448,318</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Orlando Health, Inc.**  
**June 30, 2021**

***Consolidated Statements of Cash Flows (in 000's)***

	<b>Year-to-date</b>	
	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Change in net assets	\$ 579,480	\$ 253,593
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	178,110	143,602
Change in fair value of interest rate swap agreements	(10,354)	9,172
Net realized, unrealized, and investment gains	(411,394)	(26,861)
Loss on early extinguishment of debt	10,236	-
Restricted contributions and investment income	(21,872)	(12,594)
Changes in operating assets and liabilities:		
Accounts receivable, net	(178,976)	28,031
Other operating assets	141,618	(268,523)
Accounts payable and accrued expenses	7,764	9,637
Contract liabilities- deferred revenues	(32,053)	189,996
Other operating liabilities	77,325	94,895
Net cash provided by operating activities	<b>339,884</b>	<b>420,948</b>
<b>Investing activities</b>		
Purchases of property, equipment, and other assets	(241,297)	(341,715)
Net cash paid for business combinations	(180,841)	-
Decrease in assets limited as to use	76,398	106,084
Purchases of trading securities, net of sales	(81,213)	(53,471)
Other investing activities	(16,588)	(69,573)
Net cash used in investing activities	<b>(443,541)</b>	<b>(358,675)</b>
<b>Financing activities</b>		
Proceeds from issuance of debt	516,775	151,079
Repayments of debt, including financing lease obligations	(370,606)	(24,360)
Bond proceeds used for loan costs	(2,214)	-
Grant proceeds received for long-term purposes	8,012	11,647
Restricted contributions and investment income	21,872	12,594
Net cash provided by financing activities	<b>173,839</b>	<b>150,960</b>
Increase in cash and cash equivalents	<b>70,182</b>	213,233
Cash, cash equivalents, and restricted cash at beginning of period	<b>760,187</b>	584,483
Cash, cash equivalents, and restricted cash at end of period	<b>\$ 830,369</b>	<b>\$ 797,716</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Orlando Health, Inc.**  
**June 30, 2021**

**Notes to Interim Condensed Consolidated Financial Statements**

**1. Basis of Presentation**

The accompanying unaudited interim consolidated financial statements include the accounts and activity of the Corporation and its Subsidiaries. All significant intercompany transactions have been eliminated in consolidation for all periods presented. The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information. However, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended September 30, 2020 and 2019.

**2. Organization**

Orlando Health, Inc. (Orlando Health) is a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code, which controls a diversified healthcare delivery system headquartered in Orlando, Florida. Orlando Health includes the following hospitals: Orlando Health Orlando Regional Medical Center, Orlando Health Dr. P. Phillips Hospital, Orlando Health Arnold Palmer Hospital for Children, Orlando Health Winnie Palmer Hospital for Women and Babies, Orlando Health South Seminole Hospital, Orlando Health South Lake Hospital, Orlando Health St. Cloud Hospital, Orlando Health - Health Central Hospital, Orlando Health Horizon West Hospital, and Bayfront Health St. Petersburg. Orlando Health - Health Central includes a hospital and Health Central Park, a skilled nursing facility.

Orlando Health, Inc., Orlando Health Central, Inc., Orlando Health South Lake Hospital, Inc., and OsceolaSC, LLC (dba Orlando Health St. Cloud Hospital) comprise the Obligated Group.

Subsidiaries are those entities Orlando Health controls as the sole or majority member, sole shareholder, or through board appointment and approval of all major transactions. Subsidiaries operate a variety of healthcare-related services, including, physician practice groups (Orlando Health Medical Group, Inc., Orlando Physicians Network, Inc., Orlando Cancer Center, Inc.), ORHI, LLC (dba Orlando Health Imaging Centers), which operates six imaging centers, a fund-raising organization (Orlando Health Foundation, Inc.), OHI West, Inc. (dba Bayfront Health St. Petersburg), and other healthcare-related services. Healthnet Services, Inc. and its subsidiaries are taxable corporations and are a part of the Subsidiaries. The Obligated Group, together with its Subsidiaries, is collectively referred to herein as the "System." These consolidated financial statements include the consolidated accounts of Orlando Health, Health Central, South Lake, and OsceolaSC, LLC and their Subsidiaries. Significant transactions between entities have been eliminated.

Effective July 1, 2020, Orlando Health finalized the purchase of the remaining 80 percent ownership interest in OsceolaSC, LLC (OsceolaSC), which owned and operated the 84-bed St. Cloud Hospital and its associated healthcare operations in Osceola County. Prior to July 1, 2020, Orlando Health held a 20 percent non-controlling interest in the hospital and the interest in OsceolaSC was accounted for using the equity method with the accounts of OsceolaSC excluded from these consolidated financial statements.

Effective October 1, 2020, Orlando Health, Inc. completed a transaction to purchase the 480-bed Bayfront Health St. Petersburg (Bayfront) and its associated healthcare operations in St. Petersburg, Florida. The determination of the fair value of the underlying assets acquired and liabilities assumed was subject to a formal valuation process, which has been completed and is included in the System's first quarter operating results. Prior to October 1, 2020, the accounts of Bayfront are excluded from these consolidated financial statements.

**Orlando Health, Inc.**  
**June 30, 2021**

**Consolidating Balance Sheets as of June 30, 2021 (in 000's)**

	Consolidated	Eliminations	Orlando Health Obligated Group	Controlled Affiliates
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 756,521	\$ -	\$ 709,470	\$ 47,051
Assets limited as to use	36,606	-	36,606	-
Accounts receivable	561,345	-	447,183	114,162
Other receivables	67,106	(80,615)	109,614	38,107
Inventory	134,819	-	124,888	9,931
Other current assets	55,447	-	52,608	2,839
<b>Total current assets</b>	<b>1,611,844</b>	<b>(80,615)</b>	<b>1,480,369</b>	<b>212,090</b>
Assets limited as to use:				
Construction and equipment funds held by bond trustee	9,658	-	9,658	-
Interest rate swap collateral	19,156	-	19,156	-
Malpractice self-insurance	17,450	-	17,450	-
	46,264	-	46,264	-
Less amount required to meet current obligations	(36,606)	-	(36,606)	-
	9,658	-	9,658	-
Long-term investments - without donor restrictions	2,544,771	-	2,544,771	-
Long-term investments - with donor restrictions	167,256	-	-	167,256
Investments in related parties	54,675	(10,961)	427	65,209
Other assets	421,117	(316,562)	596,808	140,871
Operating lease assets	144,151	-	119,580	24,571
Property and equipment, net	2,580,376	-	2,234,700	345,676
<b>Total assets</b>	<b>\$ 7,533,848</b>	<b>\$ (408,138)</b>	<b>\$ 6,986,313</b>	<b>\$ 955,673</b>
<b>Liabilities and net assets</b>				
Current Liabilities:				
Accounts Payable and accrued expenses	\$ 505,852	\$ -	\$ 444,813	\$ 61,039
Contract liabilities- deferred revenues	120,433	-	120,433	-
Other current liabilities	213,773	(79,304)	203,653	89,424
Current portion of long-term debt and lease obligations	32,183	-	29,679	2,504
<b>Total current liabilities</b>	<b>872,241</b>	<b>(79,304)</b>	<b>798,578</b>	<b>152,967</b>
Long-term debt less current portion	1,883,284	-	1,795,826	87,458
Operating lease obligations, less current portion	129,697	-	105,419	24,278
Accrued malpractice claims	135,120	-	135,120	-
Contract liabilities- deferred revenues	37,510	-	37,510	-
Other noncurrent liabilities	216,603	(170,272)	194,886	191,989
<b>Total liabilities</b>	<b>3,274,455</b>	<b>(249,576)</b>	<b>3,067,339</b>	<b>456,692</b>
Net assets:				
Net assets without donor restrictions:				
Orlando Health, Inc. and Controlled Affiliates	4,095,783	(10,961)	3,778,088	328,656
Noncontrolling interest in Controlled Affiliates	6,755	-	-	6,755
<b>Total net assets without donor restrictions</b>	<b>4,102,538</b>	<b>(10,961)</b>	<b>3,778,088</b>	<b>335,411</b>
Net assets with donor restrictions	156,855	(147,601)	140,886	163,570
<b>Total net assets</b>	<b>4,259,393</b>	<b>(158,562)</b>	<b>3,918,974</b>	<b>498,981</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,533,848</b>	<b>\$ (408,138)</b>	<b>\$ 6,986,313</b>	<b>\$ 955,673</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Orlando Health, Inc.**  
**June 30, 2021**

**Consolidating Balance Sheets as of September 30, 2020 (in 000's)**

	Consolidated	Eliminations	Orlando Health Obligated Group	Controlled Affiliates
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 686,339	\$ -	\$ 583,200	\$ 103,139
Assets limited as to use	93,690	-	93,690	-
Accounts receivable	382,369	-	303,955	78,414
Other receivables	68,577	(127,344)	142,578	53,343
Inventory	115,201	-	107,382	7,819
Other current assets	224,088	-	221,535	2,553
<b>Total current assets</b>	<b>1,570,264</b>	<b>(127,344)</b>	<b>1,452,340</b>	<b>245,268</b>
Assets limited as to use:				
Debt service and reserve funds held by bond trustee	45,933	-	45,933	-
Construction funds held by bond trustee	29,234	-	29,234	-
Interest rate swap collateral	30,691	-	30,691	-
Designated by board for property and equipment	-	-	-	-
Malpractice self-insurance	17,066	-	17,066	-
	122,924	-	122,924	-
Less amount required to meet current obligations	(93,690)	-	(93,690)	-
	29,234	-	29,234	-
Long-term investments - unrestricted	2,080,067	-	1,920,757	159,310
Long-term investments - restricted	139,167	-	-	139,167
Investments in related parties	59,504	(2,511)	427	61,588
Other assets	368,958	(264,189)	403,552	229,595
Operating lease assets	125,296	-	100,970	24,326
Property and equipment, net	2,263,181	-	1,890,794	372,387
<b>Total assets</b>	<b>\$ 6,635,671</b>	<b>\$ (394,044)</b>	<b>\$ 5,798,074</b>	<b>\$ 1,231,641</b>
<b>Liabilities and net assets</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 454,701	\$ -	\$ 399,245	\$ 55,456
Contract liabilities - deferred revenues	189,996	-	165,127	24,869
Other current liabilities	194,686	(122,760)	209,743	107,703
Current portion of long-term debt and lease obligations	174,725	-	165,895	8,830
<b>Total current liabilities</b>	<b>1,014,108</b>	<b>(122,760)</b>	<b>940,010</b>	<b>196,858</b>
Long-term debt, less current portion	1,506,835	-	1,462,650	44,185
Operating lease obligations, less current portion	111,407	-	89,984	21,423
Accrued malpractice claims	129,495	-	126,408	3,087
Other noncurrent liabilities	193,913	(137,075)	173,507	157,481
<b>Total liabilities</b>	<b>2,955,758</b>	<b>(259,835)</b>	<b>2,792,559</b>	<b>423,034</b>
Net assets:				
Net assets without donor restrictions:				
Orlando Health, Inc. and Controlled Affiliates	3,538,777	(2,511)	2,880,379	660,909
Noncontrolling interest in Controlled Affiliates	1,396	-	-	1,396
<b>Total net assets without donor restrictions</b>	<b>3,540,173</b>	<b>(2,511)</b>	<b>2,880,379</b>	<b>662,305</b>
Net assets with donor restrictions	139,740	(131,698)	125,136	146,302
<b>Total net assets</b>	<b>3,679,913</b>	<b>(134,209)</b>	<b>3,005,515</b>	<b>808,607</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,635,671</b>	<b>\$ (394,044)</b>	<b>\$ 5,798,074</b>	<b>\$ 1,231,641</b>

*The accompanying notes are an integral part of these consolidated financial statements.*



**Orlando Health, Inc.**  
**June 30, 2021**

***Consolidating Statements of Operations for the Quarter Ended June 30, 2021 (in 000's)***

	Consolidated	Eliminations	Orlando Health Obligated Group	Controlled Affiliates
<b>Revenues and other support without donor restrictions</b>				
Net patient service revenue	\$ 1,034,052	\$ -	\$ 848,902	\$ 185,150
Other revenue	74,207	(40,408)	70,303	44,312
Net assets released from donor restrictions	1,197	(879)	1,182	894
Total revenues and other support without donor restrictions	1,109,456	(41,287)	920,387	230,356
<b>Expenses</b>				
Salaries and benefits	562,238	-	349,924	212,314
Supplies and other	408,730	(38,408)	358,056	89,082
Professional fees	10,535	(2,383)	8,616	4,302
Depreciation and amortization	62,829	-	53,382	9,447
Interest	16,743	-	14,780	1,963
Total expenses	1,061,075	(40,791)	784,758	317,108
Income (loss) from operations	48,381	(496)	135,629	(86,752)
<b>Nonoperating gains and (losses)</b>				
Investment income	129,697	-	123,033	6,664
Change in fair value of interest rate swap agreements	(3,628)	-	(3,628)	-
Nonoperating gains, net	126,069	-	119,405	6,664
Excess (deficit) of revenues, other support and gains over expenses and losses	174,450	(496)	255,034	(80,088)
Less noncontrolling interest	(86)	-	-	(86)
Excess (deficit) of revenues, other support and gains over expenses and losses attributed to Orlando Health, Inc. and Controlled Affiliates	174,364	(496)	255,034	(80,174)

*The accompanying notes are an integral part of these consolidated financial statements.*

**Orlando Health, Inc.**  
**June 30, 2021**

***Consolidating Statements of Operations for the Quarter Ended June 30, 2020 (in 000's)***

	Consolidated	Eliminations	Orlando Health Obligated Group	Controlled Affiliates
<b>Revenues and other support without donor restrictions</b>				
Net patient service revenue	\$ 774,681	\$ -	\$ 625,492	\$ 149,189
Other revenue	116,172	(22,505)	117,069	21,608
Federal CARES Act funding	67,378	-	54,321	13,057
Net assets released from donor restrictions	1,424	(1,511)	1,405	1,530
Total revenues and other support without donor restrictions	959,655	(24,016)	798,287	185,384
<b>Expenses</b>				
Salaries and benefits	484,862	-	311,060	173,802
Supplies and other	328,204	(22,498)	290,129	60,573
Professional fees	8,427	(2,708)	8,998	2,137
Depreciation and amortization	49,688	-	39,584	10,104
Interest	13,522	-	12,484	1,038
Total expenses	884,703	(25,206)	662,255	247,654
Income (loss) from operations	74,952	1,190	136,032	(62,270)
<b>Nonoperating gains and (losses)</b>				
Investment income	215,911	-	203,209	12,702
Change in fair value of interest rate swap agreements	2,115	-	2,115	-
Nonoperating gain	397	-	397	-
Nonoperating gains, net	218,423	-	205,721	12,702
Excess (deficit) of revenues, other support and gains over expenses and losses	293,375	1,190	341,753	(49,568)
Plus noncontrolling interest	159	-	-	159
Excess (deficit) of revenues, other support and gains over expenses and losses attributed to Orlando Health, Inc. and Controlled Affiliates	293,534	1,190	341,753	(49,409)

*The accompanying notes are an integral part of these consolidated financial statements.*

**Orlando Health, Inc.**  
**June 30, 2021**

**Operating and Statistical Information**

**Sources of Patient Revenues and Utilization of Patient Services**

The table below lists the approximate percentage of gross patient charges for hospital services by payor category and patient services utilization statistics.

	Quarter ended June 30		Year-to-date June 30	
	2021	2020	2021	2020
<b>Payor Mix</b>				
Medicare (includes HMO's)	39.6%	38.2%	39.3%	37.9%
Medicaid (includes HMO's)	17.1%	18.7%	16.5%	16.4%
Managed Care	35.1%	34.6%	34.1%	33.6%
Commercial	2.1%	2.1%	2.7%	3.1%
Self Pay	4.6%	3.6%	5.5%	6.6%
Other	1.5%	2.8%	1.8%	2.4%
	<b>100.0%</b>	100.0%	<b>100.0%</b>	100.0%
<b>Average Licensed Beds</b>	<b>2,905</b>	2,281	<b>2,885</b>	2,260
<b>Average Beds in Service</b>	<b>2,834</b>	2,250	<b>2,824</b>	2,235
<b>Average Daily Census</b>				
Adult	1,706	1,150	1,705	1,326
Newborn and neonatal	196	169	198	176
	<b>1,902</b>	1,319	<b>1,903</b>	1,502
<b>Admissions</b>				
Adult	36,260	25,202	105,590	87,056
Newborn and neonatal	4,411	3,489	13,265	10,762
	<b>40,671</b>	28,691	<b>118,855</b>	97,818
<b>Observation Cases</b>				
Adult and neonatal	8,278	5,346	22,791	21,197
<b>Patient Days</b>				
Adult	155,274	104,671	465,569	363,193
Newborn and neonatal	17,845	15,403	54,012	48,238
	<b>173,119</b>	120,074	<b>519,581</b>	411,431
<b>Average Length of Stay (days)</b>				
Adult	4.4	4.2	4.5	4.2
Newborn and neonatal	4.2	4.4	4.1	4.5
<b>Percent Occupancy (beds in service)</b>				
Adult	67.1	58.3	67.4	67.8
Newborn and neonatal	67.2	61.3	67.8	63.1
<b>Outpatient Visits</b>				
Outpatient Visits	170,571	138,607	540,704	461,972
Outpatient Surgery Cases	9,141	6,532	28,167	23,386
Total Outpatient Visits	<b>179,712</b>	145,139	<b>568,871</b>	485,358
<b>Emergency Dept. Patients Treated</b>	<b>116,266</b>	70,275	<b>324,875</b>	306,084
<b>Case Mix Index</b>				
Medicare only	1.86	1.74	1.90	1.74
All payors	1.64	1.66	1.72	1.66

Source: Records of the Corporation

**Orlando Health, Inc.**  
**June 30, 2021**

## **Management's Discussion and Analysis**

The following discussion and analysis is on a consolidated basis which includes the consolidated operations and financial position of Orlando Health, Inc. and its Subsidiaries. The comparison of the current quarter performance compared to the prior year period is impacted by the inclusion of the acquisitions of Orlando Health St. Cloud Hospital (OHSTC) and Bayfront Health St. Petersburg (BHSP) in the current quarter.

### ***Quarter ended June 30, 2021 Compared to the Same Period of the Prior Year***

Excess of revenues, other support and gains over expenses and losses was \$174.5 million for the quarter ended June 30, 2021. The operating performance for the quarter ended June 30, 2021 was impacted by nonrecurring items described in the following paragraphs, resulting in income from operations of \$48.4 million for the quarter, a \$26.6 million decrease from the prior year period. The System recognized \$129.7 million in investment income during the quarter ended June 30, 2021.

Other revenue includes revenue recognized by the System through state supplemental payment programs, which include Disproportionate Share (DSH) and Low-Income Pool (LIP) payments. Federal law permits state Medicaid programs to make DSH payments to hospitals that serve a disproportionately large number of Medicaid-eligible patients. The federal government distributes federal DSH and LIP funds to each state based on a statutory formula. The System recorded approximately \$35.2 and \$83.6 million in LIP and DSH revenue during the quarters ended June 30, 2021 and 2020, respectively. The decrease in other revenue compared to the prior year period is also due to the recognition of \$67.4 million in CARES Act funding during the quarter ended June 30, 2020.

### ***Revenue and Utilization***

Net patient service revenue for the quarter ended June 30, 2021 increased \$259.4 million or 33.5% compared to the prior year period due to an increase in admissions, elective surgeries, emergency room visits, and the acquisitions of OHSTC and BHSP. OHSTC contributed \$19.6 million and BHSP contributed \$49.1 million to the increase in net patient revenue.

Admissions increased 41.8% and patient days increased 44.2% compared to the prior year period partially due to the inclusion of OHSTC and BHSP in the current quarter which accounted for approximately one-half of the increases, respectively.

Orlando Health completed the second phase of the EPIC installation during the quarter for 200 physician practices and four hospitals.

### ***Expenses***

Total expenses for the quarter ended June 30, 2021 increased \$176.4 million or 19.9% compared to the prior year period. The increase in expense correlates to the increased volume noted above, including volume related to OHSTC and BHSP.

### ***Changes in Cash, Investments, Accounts Receivable, and Accounts Payable and Accrued Expenses during the Quarter ended June 30, 2021***

Unrestricted cash and investments increased \$108.9 million or 3.4% during the current quarter. Accounts receivable decreased \$1.4 million or 0.3% during the current quarter. The days of revenue in accounts receivable, based on one year of net patient service revenue, were 55.9 days at June 30, 2021, compared with 57.2 days at March 31, 2021.

### ***Capital Expenditures***

Construction-in-progress represents numerous construction and renovation projects. Estimated costs to complete these projects as of June 30, 2021, are approximately \$814.6 million, which primarily includes \$91.2 million for freestanding emergency departments, \$438.5 million for new bed towers, \$130.1 million for a medical pavilion, plus \$154.8 million in all other projects. Projects will be funded through operating cash flows and pledges received.