



**Ochsner Clinic Foundation
d/b/a Ochsner Health
Quarterly Financial Information Disclosure**

**For the Three Months Ended
March 31, 2020**

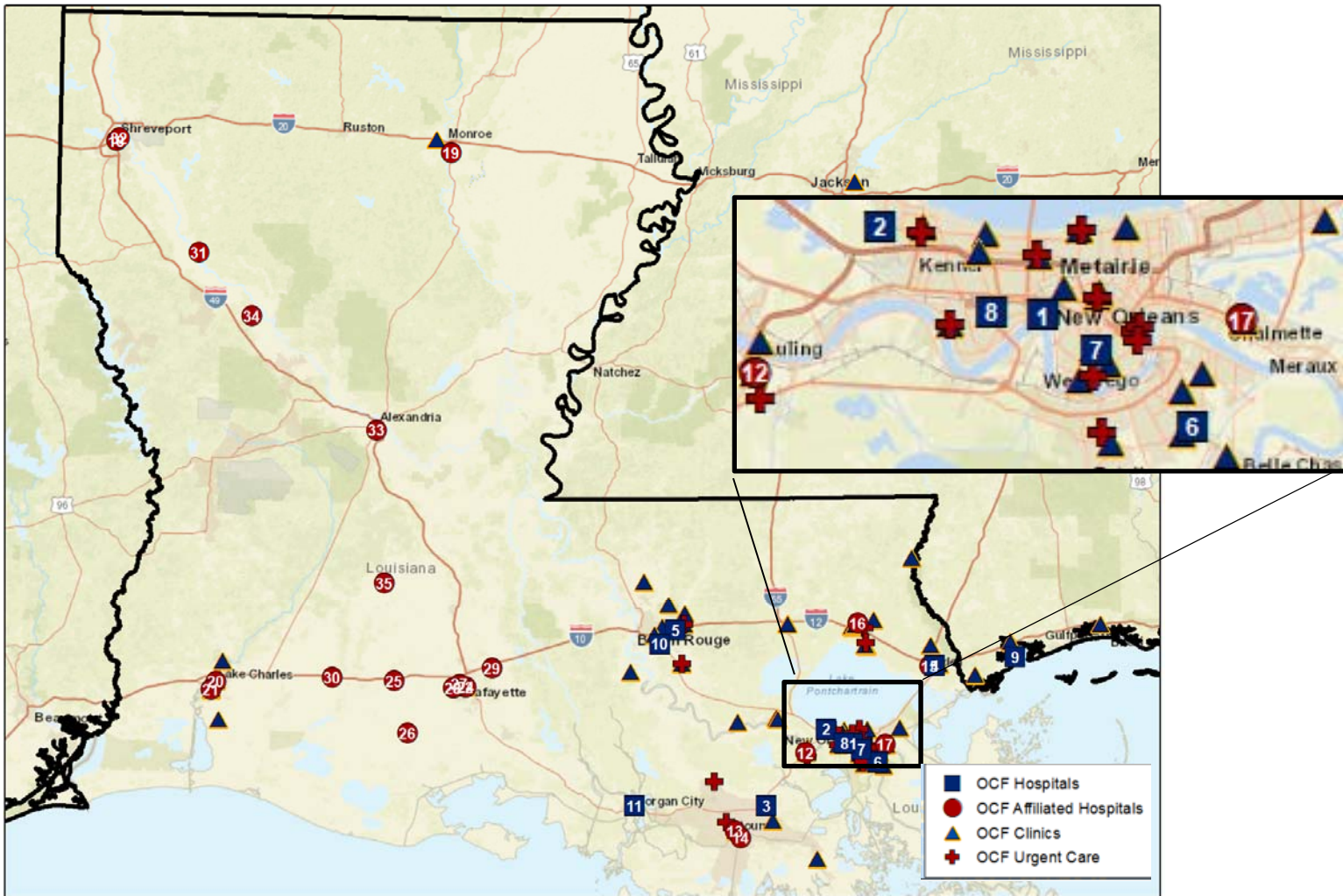
System Overview

Ochsner Clinic Foundation d/b/a Ochsner Health (“OCF” or “Ochsner”) is a Louisiana-based nonprofit corporation and an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the “Code”) founded on providing the best patient care, research and education. Ochsner is the largest non-profit, academic, multi-specialty, integrated healthcare delivery system in the Gulf Coast region with 11 hospitals, 103 health centers, 18 Urgent Care Clinics and five Occupational Health Clinics. When combined with affiliated hospitals, Ochsner owns, provides management assistance and support, or is affiliated with 35 hospitals. It also employs approximately 1,600 active staff physicians that have over 1,400 board certifications in 79 specialties, trains 290 medical residents and fellows annually, has 454 Doctor of Medicine students enrolled in the University of Queensland, Ochsner Clinical School, and is currently conducting over 1,200 clinical research studies. In 2019, more than 876,000 people from all 50 states and more than 70 countries visited Ochsner.

Ochsner is recognized nationally for quality. Awards and recognitions in 2019 and 2020 include:

- Ochsner Medical Center, Ochsner Baptist, a campus of Ochsner Medical Center, and Ochsner Medical Center – West Bank Campus were ranked among the best hospitals in the country in two medical specialties, according to *U.S. News and World Report’s* 2019-20 Best Hospitals rankings. Ochsner Medical Center, Ochsner Baptist and Ochsner Medical Center – West Bank Campus were also ranked #1 among the best hospitals in Louisiana and #1 among the best hospitals in the New Orleans metro area as well as being recognized among the Best Hospitals in Southeastern Louisiana.
- Ochsner Medical Center was recognized for the 100 best hospitals in three specialties by the Healthgrades 2019 Report to the Nation.
- Leonard J. Chabert Medical Center (“LJCMC”) achieved the Healthgrades 2019 Outstanding Patient Experience Award.
- *Becker’s Hospital Review* recognized Ochsner Medical Center as one of the “100 Great Hospitals in America” for 2019. This is the eighth consecutive year that Ochsner Medical has been recognized with this award and is the only Louisiana hospital named to this list.
- *Becker’s Hospital Review* recognized Ochsner Medical Center-Baton Rouge as one of the “100 Great Community Hospitals in America” for 2019.
- Ochsner Hospital for Children was ranked among the top 50 children’s hospitals in the country for pediatric cardiology and heart surgery and gastroenterology and gastrointestinal surgery specialties in the new 2019-20 *U.S. News and World Reports* Best Children’s Hospitals rankings.
- Ochsner Medical Center was awarded Magnet Designation status by the American Nurses Credentialing Center four consecutive times.
- Seven Ochsner Facilities received an “A” Grade for Patient Safety from the 2020 Leapfrog Group.
- Ochsner Health’s Skilled Nursing Facility (“SNF”) is among the 19 percent of U.S. skilled nursing facilities recognized as a Best Nursing Home for 2019-2020 by *U.S. News & World Report*.

The following map indicates the locations of Ochsner’s acute care hospitals and health centers. See “Health Care Operations of the Credit Group – Facilities” herein for more information regarding Ochsner’s health care facilities.



Ochsner Clinic Foundation Hospitals

- | | | |
|---|--|--------------------------------------|
| Ochsner Medical Center (1) | Ochsner Medical Center Kenner (2) | Ochsner St. Anne Hospital (3) |
| Ochsner Medical Center North Shore (4) | Ochsner Medical Center Baton Rouge (5) | Ochsner Medical Center West Bank (6) |
| Ochsner Baptist Medical Center (7) | Ochsner Hospital for Orthopedics and Sports Medicine (8) | Ochsner Medical Center - Hancock (9) |
| Ochsner Medical Center – The Grove (10) | Ochsner St. Mary (11) | |

Ochsner Clinic Foundation Affiliate Hospitals

- | | | |
|--|--|--|
| St. Charles Parish Hospital (12) | Terrebonne General Medical Center (13) | Leonard J. Chabert Medical Center (14) |
| Slidell Memorial Hospital (15) | St. Tammany Parish Hospital (16) | St. Bernard Parish Hospital (17) |
| Ochsner-LSU Health – Shreveport (18) | Ochsner-LSU Health – Monroe (19) | CHRISTUS-Ochsner – St Patrick (20) |
| CHRISTUS-Ochsner – Lake Area (21) | Lafayette General Medical Center (22) | Lafayette General Southwest (23) |
| Lafayette General Surgical Hospital (24) | Acadia General Hospital (25) | Abrom Kaplan (26) |
| University Hospital – Lafayette (27) | The Regional Medical Center of Acadiana (28) | St. Martin Hospital (29) |
| American Legion Hospital (30) | CHRISTUS Coushatta (31) | CHRISTUS Schumpert (32) |
| CHRISTUS St. Francis Cabrini (33) | Natchitoches Regional Medical Center (34) | Savoy Medical Center (35) |

Forward-Looking Information:

This Financial Information Disclosure contains disclosures, which contain “forward-looking statements” within the meaning of the Federal securities laws. Forward-looking statements include all statements that do not relate solely to historical or current fact and can be identified by the use of words “expect”, “anticipate”, “intend”, “project”, “likely”, “may”, “might”, “estimate”, “budget” and similar words or expressions. These forward-looking statements are based on the current plans and expectations of Ochsner Clinic Foundation d/b/a Ochsner Health (“OCF” or “Ochsner”) as of the date of this report and are subject to a number of known and unknown risks and uncertainties inherent in the operation of health care facilities, many of which are beyond OCF's control, that could significantly affect current plans and expectations and OCF's future financial position and results of operations.

Important factors that could cause results to differ materially from those expected by management include, but are not limited to, general, economic and business, competition from other healthcare facilities in the service areas, an unfavorable pricing environment, inability to achieve expected efficiencies in operations or effectively control health care costs, the efforts of insurers and others to contain health care costs, changes in Medicare or Medicaid reimbursement formulas, the risk that managed care provider arrangements will not be negotiated or renewed on acceptable terms, future divestitures or acquisitions which may have a financial impact, availability and terms of capital to fund future expansion and ongoing capital needs, new laws or regulations, the possible enactment of federal or state health care reform, fines or penalties related to regulatory matters, changes in accounting standards and practices, the outcome of pending and future litigation and government investigations, labor issues and the ability to attract and retain qualified management and other personnel, including physicians, nurses and medical support personnel.

Given these uncertainties, bondholders and prospective bondholders are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this report. OCF disclaims any obligation, and makes no promise, to update any such factors or forward-looking statements or to disclose any facts, events or circumstances after the date hereof that may affect the accuracy of any forward-looking statements, whether as a result of changes in underlying factors, to reflect new information, as a result of the occurrence of events or developments or otherwise.

Description of Credit Group

Ochsner's history began when the Ochsner Clinic opened its doors to patients on January 2, 1942 as a physician practice. Alton Ochsner Medical Foundation ("AOMF"), a Louisiana not for profit corporation exempt from taxation under Section 501(c)(3) of the IRS Code, was founded on January 21, 1944 to own and operate Ochsner Foundation Hospital. On August 31, 2001, Ochsner Clinic merged with a wholly-owned subsidiary of AOMF and Ochsner Clinic became a wholly-owned subsidiary of AOMF. As part of the acquisition of Ochsner Clinic, AOMF changed its name to Ochsner Clinic Foundation ("OCF"). Ochsner Community Hospitals ("OCH") and Ochsner Health System ("OHS"), each a Louisiana not for profit corporation exempt from taxation under Section 501(c)(3) of the IRS code, were formed in July 2006. OCH was formed for the purpose of acquiring certain medical facilities from Tenet Healthcare Corporation, and OHS was formed to be the parent company and sole corporate member of OCF and OCH. Effective December 31, 2016, OCH was merged with and into OCF, with OCF continuing as the surviving entity. Effective December 31, 2017, OHS was merged with and into OCF, with OCF continuing as the surviving entity. Ochsner Clinic Foundation operates under the trade name of Ochsner Health. All references to "Ochsner," "Ochsner Health," or "OCF" hereinafter refer to Ochsner Clinic Foundation.

OCF is the only Obligated Group Member under the Master Indenture. Certain affiliates of OCF have been designated as Designated Affiliates and Credit Group Members under the Master Indenture. Credit Group or Credit Group Members means all Obligated Group Members and Designated Affiliates. Under the Master Indenture, Obligated Group Members are jointly and severally liable to make payments with respect to Obligations issued under the Master Indenture. Designated Affiliates are not obligated to make payments with respect to Obligations but may be required to transfer to Obligated Group Members, to the extent legally available, amounts necessary to enable the Obligated Group Members to make payments under the Master Indenture. Obligated Group Members may designate entities as Designated Affiliates under the Master Indenture and may rescind such designation at any time. Designated Affiliates have not changed since the 2017 Official Statement dated May 11, 2017. OCF and Designated Affiliates constituted 96.28% of the total assets of OCF Consolidated as of March 31, 2020 and 97.19% of the total revenue of OCF Consolidated as of March 31, 2020.

Obligated Group Member

OCF is the only Obligated Group Member under the Master Indenture. OCF is headquartered in New Orleans, Louisiana, and, either directly or through its fully owned affiliates or subsidiaries, owns and operates 11 hospitals and other healthcare facilities, including:

- OMC, a 658-bed acute care hospital located in New Orleans, Louisiana, which serves as the flagship of Ochsner, and includes an 11-story clinic building, a 30-bed skilled nursing facility (within Ochsner West Campus), a 134-room hotel and related medical facilities located on a main campus in Jefferson Parish at the western end of New Orleans;
- Ochsner Hospital for Orthopedics and Sports Medicine, a 15-bed satellite hospital of OMC, located in Elmwood, Louisiana, which primarily provides outpatient services;
- Ochsner Medical Center – West Bank Campus, a 162-bed acute care satellite hospital of OMC in New Orleans, Louisiana,
- Ochsner Baptist Medical Center, a 135-bed acute care satellite hospital of OMC in New Orleans, Louisiana.
- Ochsner Medical Center - Kenner, a 110-bed acute care hospital in Kenner, Louisiana;
- Ochsner Medical Center – Baton Rouge, a 152-bed acute care hospital in Baton Rouge, Louisiana;
- Ochsner Medical Complex – The Grove, a 10-bed satellite hospital of Ochsner Medical Center – Baton Rouge, located in Baton Rouge, Louisiana, which primarily provides outpatient services;
- Ochsner Medical Center – North Shore, a 150-bed acute care hospital in Slidell, Louisiana;
- 103 health centers throughout southeast Louisiana and Mississippi;
- 18 Urgent Care Clinics and five Occupational Health Clinics throughout Greater New Orleans; and
- Several fitness centers that operate as Ochsner Fitness Center.

OCF, through its fully owned subsidiaries, operates three hospitals:

- Ochsner St. Anne Hospital, a 35-bed critical access hospital in Raceland, Louisiana;
- Ochsner Medical Center - Hancock, a 102-bed acute care hospital in Bay St. Louis, Mississippi; and
- Ochsner St. Mary, a 164-bed acute care hospital in Morgan City, Louisiana.

OCF, either directly or through its fully owned affiliates or subsidiaries, provides management assistance and support to five hospitals:

- Leonard J. Chabert Medical Center (“LJCMC”), a 156-bed public, safety net hospital in Houma, Louisiana;
- St. Charles Parish Hospital (“SCPH”), a 59-bed public, safety net hospital in Luling, Louisiana;
- St. Bernard Parish Hospital (“SBPH”), a 40-bed public, safety net hospital in Chalmette, Louisiana; and
- Ochsner LSU Health System of North Louisiana (“OLHS-NL”), which includes a 452-bed hospital in Shreveport, Louisiana, a 244-bed hospital in Monroe, Louisiana and healthcare operations in Shreveport, Louisiana and Monroe, Louisiana.

OCF also has joint operating agreements with three hospitals:

- Terrebonne General Medical Center (“TGMC”), a 321-bed acute care hospital in Houma, Louisiana;
- St. Tammany Parish Hospital (“STPH”), a 232-bed acute care hospital in Covington, Louisiana; and
- Slidell Memorial Hospital (“SMH”), a 223-bed public acute care hospital in Slidell, Louisiana.

In recent years, OCF has entered into several strategic partnerships, affiliation agreements, and acquisitions that increase local access to care, improve quality, reduce the cost of healthcare, and share best practices and resources in order to improve the health of Louisiana communities. Agreements signed or completed in 2020 and 2019 are as follows:

- Lafayette General Health System. On March 31, 2020, Ochsner and Lafayette General Health System, Inc. (“LGHS”) signed a Shared Mission Agreement to create a combined integrated healthcare delivery system. Pursuant to the agreement, Ochsner will become the sole corporate member of LGHS, with both parties having appointment rights to the Board of Directors. The closing is expected to occur before the end of the third quarter of 2020, subject to completing additional due diligence and regulatory approvals.
- Hospital Service District No. 2 of the Parish of St. Mary. Effective October 1, 2019, OCF, through a wholly-owned subsidiary, began to lease and operate the facilities formerly known as Teche Regional Medical Center from the Hospital Service District No. 2 of the Parish of St. Mary. The hospital is a 164-bed acute care hospital located in Morgan City, Louisiana and was renamed Ochsner St. Mary. The lease agreement is for an initial term of 10 years. As part of the transaction, OCF acquired certain current assets, including the provider number of the hospital.
- Select Medical Corporation, STPH, and SMH. On August 22, 2018, OCF entered into a joint venture, NSR Louisiana, LLC, with Select Medical Corporation, STPH, and SMH to operate a \$3.9 million, 30-bed acute inpatient rehabilitation hospital in Lacombe, Louisiana. The facility began operations during the third quarter of 2019.
- LHC Group, STPH, and SMH. On July 5, 2019, Ochsner entered into a joint venture, Northshore Extended Care Hospital, LLC, with LHC Group, STPH, and SMH to acquire and operate a \$2.3 million, 58-bed duly licensed long-term acute care hospital (LTACH) and skilled nursing facility (SNF) in Lacombe, Louisiana. The facility began operations during the third quarter of 2019.

Governance

As of the release date of this document, there have been no changes to Governance since the Quarterly Information Disclosure dated March 31, 2019.

Executive Leadership

As of the release date of this document, there have been no changes to Executive Leadership since the Quarterly Information Disclosure dated March 31, 2019.

Management Discussion and Analysis of Financial Results

Executive Summary:

OCF had a Loss from Operations of \$32.8 million (3.4% of Total Revenues) for the first three months of 2020 compared to Income of \$13.3 million (1.5% of Total Revenues) for the first three months of 2019, a 46.1 million decrease. Operating EBIDA was \$19.4 million (2.0% of Total Revenues) for the first three months of 2020 compared to \$61.3 million (6.9% of Total Revenues) for the first three months of 2019, a \$41.6 million decrease. The first quarter of 2020 was negatively impacted by the COVID-19 pandemic. Please see the COVID-19 update provided below.

Statement of Operations:

OCF achieved Total Revenues of approximately \$965.0 million for the first three months of 2020, an increase of \$79.0 million or 8.9% over the first three months of 2019. Patient Service Revenue increased \$7.8 million or 1.2%, including a 3% increase in commercial revenue. Premium Revenue increased \$9.9 million or 11.8%. For the first three months of 2020, Ochsner served over 638,000 unique patients, a 10% increase over the first three months of 2019. Ochsner considers its unique patients as a leading indicator of future growth. Unique patients are calculated by tracking the number of patients seen in the previous 12 months while consolidating all visits for the same person as one unique patient. When comparing the first three months of 2020 to the first three months of 2019, discharges increased 0.7%, patient days decreased 0.8%, inpatient surgical procedures decreased 8.3%, outpatient surgical procedures increased 1.2%, emergency room visits increased 4.8%, clinic relative value units decreased 0.2%, and clinic visits decreased 1.0%. Outpatient revenue continues to be a major driver of Patient Service Revenue growth. When comparing the first three months of 2020 to the first three months of 2019, outpatient revenue increased 2% and went from 57% of Patient Service Revenue to 59% of Patient Service Revenue. Patient volumes dropped in March 2020 following the state of emergency issued by Governor John Bel Edwards on March 11, 2019 due to the COVID-19 pandemic. Revenue received from any of OCF's managed or affiliated hospitals is not included within Patient Service Revenue.

Other Operating Revenue for the first three months of 2020 was \$211.4 million, a \$60.9 million increase over the first three months of 2019. Other Operating Revenue for the first three months of 2020 includes a \$30.0 million increase in pharmacy revenue, an \$11.8 million increase related to funding in 2020 from partners of partially owned subsidiaries formed exclusively for charitable, educational, and scientific purposes, a \$2.5 million increase related to the management agreement with OLHS-NL, \$4.1 million increase related to the management agreement with SWLA, a \$2.6 million decrease in management fees for LJCMC, SBPH and SCPH, and a \$2.5 million decrease related to the joint operating agreements with STPH and SMH. During the first three months of 2020, Ochsner recognized \$15.8 million of Other Operating Revenue related to milestones achieved by and from serving as a manager in the Medicaid Managed Care Incentive Payment ("MCIP") program. The MCIP program was established during 2019 by the Louisiana Department of Health to achieve quality reforms that increase access to healthcare, improve the quality of care, and enhance the health of members of the Louisiana Medicaid managed care organizations. Contracted hospitals receive payments from an accountable care organization based on their participation and contributions to the outcomes.

Salaries and Wages for the first three months of 2020 were \$447.7 million, a \$47.3 million increase over the first three months of 2019. This increase is partially related to additional staffing and additional providers needed to meet increased patient demand. Total providers increased by 9.1% or 160 full-time equivalents ("FTEs"). That includes a 9.8% increase in physicians, or 111 FTEs, and a 7.7% increase in the number of other providers, or 49 FTEs. Ochsner employs approximately 1,600 active staff physicians and over 800 Other Providers. Ochsner also paid approximately \$3.5 million in the first quarter of 2020 of additional hazard pay and overtime for employees working with COVID-19 patients.

Medical Services to Outside Providers expense for the first three months of 2020 increased by \$9.4 million from the first three months of 2019. OCF currently provides services to approximately 39,000 senior members under a

capitation contract for both physician and hospital services, which is a 4,000 member increase when compared to the first three months of 2019.

Medical Supplies and Services increased by \$29.4 million when comparing the first three months of 2020 to the first three months of 2019. Medical Supplies and Services as a percentage of Total Revenues was 21.7% for the first three months of 2020 and 20.3% for the first three months of 2019. Approximately \$25.6 million of the increase is due to increased drug expenses primarily due to an increased volume of infusion drugs and increased volume for the retail pharmacies. Approximately \$4.3 million of the increase is related to additional personal protective equipment and medical supplies needed to treat patients impacted by the COVID-19 pandemic.

Other operating expenses which includes building and equipment, insurance, professional services and general and administrative expenses for the first three months of 2020 increased by \$25.9 million over the first three months of 2019. Approximately \$2.1 million of this increase relates to expenses for Ochsner's new hospital Ochsner St. Mary. Approximately \$4.8 million of the increase is related to software expenses associated with clinical system implementations and upgrades. Approximately \$4.8 million of the increase is related to an increase in the funding of partially owned subsidiaries formed exclusively for charitable, educational and scientific purposes. Ochsner also paid \$2.4 million in March of 2020 for childcare for its employees since schools were closed due to the COVID-19 pandemic.

OCF had net non-operating losses of \$110.7 million for the first three months of 2020 and net non-operating gains of \$46.2 million for the first three months of 2019. Non-operating gains and losses include realized gains and losses, changes in the market value of the pooled investment portfolio, as well as pension costs and credits.

Ratings

On November 20, 2019, Moody's Investors Service, Inc. affirmed its rating for the Bonds of A3 with a stable outlook. On April 30, 2019, S&P Global Ratings assigned an Issuer Credit Rating of A with a stable outlook.

Liquidity and Cash Position

At March 31, 2020, OCF had unrestricted cash and investments of \$839.3 million which equates to 80 days cash on hand. Cash and Investments decreased by \$216.6 million from \$1.1 billion or 108 days cash on hand at December 31, 2019. The 28-day decrease in days cash on hand includes a 22 day decrease due to the decrease in cash and a 6-day decrease due to the increase in expense per day. Sources of cash include operating earnings before interest, depreciation and amortization for the first three months of 2020 of \$19.4 million plus \$51.3 million increase in Accrued Salaries, Wages and Benefits. Uses of cash includes a \$98.9 million loss on the Pooled Investment Portfolio, \$64.8 million of capital expenditures, \$8.7 million increase in Patient Accounts Receivable, \$48.5 million increase in Other Receivables, \$8.5 million increase in Inventory, \$29.7 million increase in Prepaid Expenses and a \$17.9 million decrease in Accounts Payable. Ochsner has received \$202.1 million from the CMS Accelerated and Advance Payment Program in April, received \$166.3 million from the CARES Act in April and May and has taken steps to increase liquidity to support its initiatives related to the COVID-19 pandemic that are described in more detail in the COVID-19 section below. As of March 31, 2020, OCF had \$96.4 million of donor restricted investments.

COVID-19 On March 11, 2020, Governor John Bel Edwards issued a state of emergency due to the COVID-19 pandemic and subsequently issued a stay at home order effective March 23, 2020 that included limiting elective medical care and treatment through April 26, 2020. Ochsner has been in close contact with Local, State and National officials to help coordinate efforts in responding to the state of emergency including working with the Louisiana Governor's office to ensure adequate ICU beds in the state and with the Trump administration and other hospitals to share ventilators through a dynamic ventilator reserve. OCF experienced a constant increase of COVID-19 patients in its hospitals until a peak of 973 patients on April 7th. Since then the COVID-19 census has declined steadily reaching 294 COVID-19 patients in its hospitals as of May 6th. OCF's disaster response team was able to leverage its experiences from prior disasters to respond quickly to the community and patient needs arising from the pandemic by creating capacity to care for these patients by opening additional ICU beds and redeploying staff to care for COVID-19 patients. Physicians, nurses and support staff transferred from other units to take care of COVID patients in the ICU. Non-clinical team members were redeployed to support the high demand areas. Ochsner's supply chain

quickly obtained personal protective equipment and ventilators to ensure an adequate supply. Ochsner's regional referral center provided centralized bed management for all Ochsner hospitals, moving patients between facilities to ensure adequate capacity at each hospital. The Greater New Orleans metropolitan area has seen a disproportionate share of COVID-19 cases and OCF has taken care of over 60% of the COVID-19 patients in the area.

OCF has also taken steps to meet patient needs during the stay at home order by ramping up virtual visits and testing. Ochsner increased patient availability to urgent care virtual visits through Ochsner Anywhere Care and virtual visits with providers through MyOchsner. Virtual visits went from less than 300 per day before the crisis to almost 4,000 virtual visits per day within a few weeks. Ochsner provided approximately 23,000 virtual visits during the first three months of 2020, compared to approximately 3,200 for the entire twelve months of 2019. Additionally, the system provided over 50,000 virtual visits in the month of April 2020 alone. At the end of March, Ochsner began performing COVID-19 testing in house and processed up to 1,600 COVID-19 tests per day. This helped alleviate the backlog of testing available in the region and provided results within 24 hours. In April, Ochsner started processing COVID-19 antibody tests and is planning a phased approach for testing providers, employees, patients and the community. Additionally, OCF is ensuring it is available to meet the needs of its patients by making sure facilities and staff are operational when time sensitive elective procedures resumed on April 27th and when the stay at home order is lifted, which currently expires May 15th. This includes extra measures for patient safety including mobile check in, dedicated hours for high risk patients, redesigned waiting rooms, rapid testing for patients prior to procedures, increased environmental services and patient safety stations with personal protective equipment and hand sanitizer.

Ochsner continues to evaluate and take advantage of various programs, loans, grants and other payment acceleration programs. It will benefit from the suspension of Medicare sequestration, the delay of Disproportionate Share Hospital payments reduction and the 20% add-on to the DRG payment for inpatients admitted with COVID-19. In April it received \$202.1 million from the CMS Accelerated and Advance Payment Program. Ochsner also received \$166.3 million from the CARES Act, \$29.1 million from the first \$30 billion, \$21.6 million from the second \$20 billion, \$7.9 million for rural hospitals and \$107.5 million dedicated to hot spots. The Greater New Orleans MSA has seen the second highest number of per capita COVID-19 cases in the country, 31% higher than the third highest MSA and double the fourth highest MSA. Ochsner also plans to take advantage of the delayed due dates for paying the employer portion of Social Security tax and defined benefit pension plan contributions until 2021. It is also in the process of applying for federal aid from the Federal Emergency Management Agency ("FEMA").

Ochsner has also taken steps to control spending that includes limiting travel, a hiring freeze on non-clinical employees and reductions to other general and administrative expenses. It has reduced the 2020 budget for capital projects by \$68 million, from \$218 million to \$150 million. It has also obtained payment advances from commercial payors. Additionally, it is in the process of renewing its existing operating line of credit with a commercial bank and has received a commitment for a second line of credit with another commercial bank of \$100 million.

OCF expects that the COVID-19 pandemic and the stay at home order will have a negative impact on near-term operations and its financial condition, but the ultimate impact is unknown.

Cash and Investments; Days Cash on Hand

The table below includes Cash and Investments and Days Cash on Hand. Dollar amounts are in thousands.

	Cash and Investments		Days Cash on Hand	
	Mar. 31, 2020	Dec. 31, 2019	Mar. 31, 2020	Dec. 31, 2019
Monthly Liquidity	\$ 651,306	\$ 857,423	62	88
Liquidity greater than 30 days and less than one year	171,125	183,489	16	18
Locked Up (liquidity one year or more)	16,837	14,951	2	2
Total	<u>\$ 839,268</u>	<u>\$1,055,863</u>	<u>80</u>	<u>108</u>

Debt

As of March 31, 2020 and December 31, 2019, OCF had \$1.2 billion and \$1.3 billion in total long-term debt outstanding, respectively.

Series	Par Amt O/S	Final Maturity	Interest Mode
OCHSNER CLINIC FOUNDATION			
Series 2015 Taxable New Money	252,820,000	5/15/2045	Fixed
Series 2015 Tax Exempt Refunding	106,505,000	5/15/2047	Fixed
Series 2016	154,060,000	5/15/2047	Fixed
Series 2017 New Money	160,220,000	5/15/2046	Fixed
Series 2017 Tax Exempt Refunding	259,450,000	5/15/2042	Fixed
March 2013 Note Payable ⁽¹⁾	5,238,278	3/31/2033	Fixed
December 2013 Note Payable ⁽¹⁾	42,573,556	12/31/2028	Fixed
July 2014 Note Payable ⁽¹⁾	65,110,341	8/15/2034	Fixed
December 2013 Promissory Note	7,954,166	12/30/2020	Variable ⁽³⁾
October 2014 Promissory Note	14,300,000	10/31/2021	Fixed
September 2015 Promissory Note	17,250,000	9/30/2022	Variable ⁽³⁾
September 2018 Promissory Note	27,423,636	9/1/2023	Fixed
October 2018 Promissory Note	3,253,539	9/30/2021	Fixed
2006 Working Capital Note ⁽²⁾	9,062,468	5/1/2026	Variable
Software and Equipment Loans ⁽²⁾	3,294,905	N/A	N/A
Financing Lease Obligations ⁽²⁾⁽⁴⁾	<u>116,329,977</u>	N/A	N/A
SUBTOTAL	1,244,845,867		

Note:

(1) Not an obligation of a credit group member or a supplemental obligation of the Master Indenture.

(2) Not secured by an Obligation issued under the Master Indenture.

(3) Interest on this loan has been fixed through an interest rate swap agreement.

(4) Excludes operating lease liabilities.

Ochsner Clinic Foundation and Subsidiaries
Consolidated Statements of Operations
For the Three Months Ended March 31, 2020 and 2019
(\$ In Thousands)

	Unaudited		
	2020	2019	Difference
Revenues:			
Patient service revenue	\$ 657,503	\$ 649,707	\$ 7,796
Premium revenue	94,338	84,397	9,941
Other operating revenue	211,437	150,578	60,859
Net assets released from restriction used for operations	1,709	1,352	357
Total revenues	<u>964,987</u>	<u>886,034</u>	<u>78,953</u>
Expenses:			
Salaries and wages	447,699	400,444	47,255
Benefits	55,857	47,103	8,754
Medical services to outside providers	48,358	38,969	9,389
Medical supplies and services	209,251	179,890	29,361
Other operating expenses	184,442	158,558	25,884
Depreciation and amortization	37,877	34,237	3,640
Interest	14,341	13,548	793
Total expenses	<u>997,825</u>	<u>872,749</u>	<u>125,076</u>
(Loss) income from operations	<u>(32,838)</u>	<u>13,285</u>	<u>(46,123)</u>
Non-operating gains (losses):			
Investment and other realized (losses) gains - net	(8,153)	5,451	(13,604)
Unrealized (losses) gains on investments - net	(102,591)	40,777	(143,368)
Total non-operating (losses) gains	<u>(110,744)</u>	<u>46,228</u>	<u>(156,972)</u>
(Deficiency in) excess of revenues over expenses	<u>\$ (143,582)</u>	<u>\$ 59,513</u>	<u>\$ (203,095)</u>

Ochsner Clinic Foundation and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2020 and December 31, 2019
(\$ In Thousands)

	<u>(Unaudited)</u>	
	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 161,247	\$ 298,038
Assets limited as to use, required for current liabilities	10,180	10,180
Patient accounts receivable, net	291,376	282,705
Other receivables	250,822	202,338
Inventories	90,075	81,618
Prepaid expenses and other current assets	84,849	55,169
Estimated third-party payor settlements	34,949	32,565
Total current assets	<u>923,498</u>	<u>962,613</u>
Assets limited as to use:		
By Board for capital improvements, charity, research, and other	678,021	757,825
Under self-insurance trust fund	13,766	8,285
Donor-restricted long-term investments	96,424	100,220
Total assets limited as to use	<u>788,211</u>	<u>866,330</u>
Less assets limited as to use required for current liabilities	<u>(10,180)</u>	<u>(10,180)</u>
Non-current assets limited as to use	778,031	856,150
Investments in unconsolidated affiliates, real estate, and other	82,998	81,130
Property, net	1,257,372	1,244,864
Right of use asset from operating leases	235,059	229,050
Goodwill	72,411	72,411
Intangible assets	11,437	11,437
Other assets	44,215	38,009
Total assets	<u>\$ 3,405,021</u>	<u>\$ 3,495,664</u>

Ochsner Clinic Foundation and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2020 and December 31, 2019
(\$ In Thousands)

	<u>(Unaudited)</u>	
	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 202,361	\$ 220,219
Accrued salaries, wages, and benefits	264,719	213,407
Deferred revenue	60,603	43,371
Estimated third-party payor settlements	5,527	5,404
Notes payable, current	99,430	99,430
Long-term debt and bonds payable, current portion	28,601	32,471
Operating lease current liabilities	38,927	40,855
Other current liabilities	61,308	54,337
Total current liabilities	<u>761,476</u>	<u>709,494</u>
Pension and postretirement obligations	164,085	165,412
Bonds payable	972,942	973,402
Long-term debt	170,405	173,884
Operating lease long-term liabilities	209,233	201,025
Other long-term liabilities	140,117	138,727
Total liabilities	<u>2,418,258</u>	<u>2,361,944</u>
Net assets:		
Without donor restrictions	870,987	1,012,412
With donor restrictions	115,776	121,308
Total net assets	<u>986,763</u>	<u>1,133,720</u>
Total liabilities and net assets	<u>\$ 3,405,021</u>	<u>\$ 3,495,664</u>

Ochsner Clinic Foundation
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2020 and 2019
(In Thousands)

	Unaudited	
	2020	2019
<u>Cash Flows from Operating Activities:</u>		
(Decrease) increase in net assets	\$ (146,957)	\$ 61,830
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	37,877	34,237
Loss from equity-method investments, net of cash received	2,127	1,352
Net realized and unrealized losses (gains) on investments	114,427	(48,623)
Other reconciling items, net	1,232	752
Changes in operating assets and liabilities, net of acquisitions:		
Patient accounts receivable	(8,671)	(13,691)
Other current and noncurrent assets	(95,358)	(27,625)
Accounts payable	(3,427)	(9,704)
Accrued expenses and other liabilities	77,761	62,850
Net cash (used in) provided by operating activities	<u>(20,989)</u>	<u>61,378</u>
<u>Cash Flows from Investing Activities:</u>		
Purchases of assets whose use is limited and other investments	(76,651)	(21,108)
Sales and maturities of assets whose use is limited and other investments	40,343	17,561
Capital expenditures	(64,832)	(50,080)
Other	(3,942)	351
Net cash used in investing activities	<u>(105,082)</u>	<u>(53,276)</u>
<u>Cash Flows from Financing Activities:</u>		
Repayment of bonds payable and long-term debt	(7,418)	(3,844)
Payments on finance lease obligations	(3,470)	(3,221)
Proceeds from contributions restricted for long-term investments	168	20
Net cash used in financing activities	<u>(10,720)</u>	<u>(7,045)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(136,791)	1,057
Cash and Cash Equivalents, Beginning of Year	298,038	137,604
Cash and Cash Equivalents, End of Period	<u>\$ 161,247</u>	<u>\$ 138,661</u>

OCHSNER CLINIC FOUNDATION UTILIZATION STATISTICS

	2017	2018	2019	Mar 2019 YTD	Mar 2020 YTD
Licensed Beds (1)	1,388	1,556	1,693	1,555	1,693
Average Number of Beds in Use (2)	1,365	1,527	1,677	1,538	1,653
Discharges Including Newborn	70,052	69,861	69,749	17,455	17,729
Discharges Excluding Newborn	63,597	63,329	62,854	15,843	15,955
Patient Days Including Newborn	342,561	343,507	349,713	90,734	90,187
Patient Days Excluding Newborn	327,929	328,927	334,552	87,231	86,523
Average Daily Census (3)	898	903	935	969	951
Percent Occupancy (3)	65.79%	59.16%	55.75%	63.02%	57.53%
Average Length of Stay	4.9	4.9	5.0	5.2	5.1
Adjusted Patient Days (3)	699,547	739,904	806,524	197,786	198,280
Clinic Visits (4)	2,012,588	2,243,621	2,488,343	619,026	612,589
Clinic RVUs	6,584,475	7,226,658	7,990,377	1,955,892	1,952,467
Unique Clinic Patients (5)	513,328	573,754	637,151	582,206	638,488
Employed Physician FTEs	995	1,080	1,240	1,129	1,240
Transfers through Regional Referral Center	10,691	11,173	11,688	2,729	2,228

	Ochsner Medical Center (6)			OMC Baton Rouge (7)		Ochsner Baptist Med. Ctr.		Ochsner		TOTAL
	West Bank	Ochsner St. Anne	OMC North Shore	OMC Kenner	Hancock	Ochsner St. Mary				
Licensed Beds (1)	673	162	35	162	150	110	135	102	164	1,693
Average Number of Beds in Use (2)	673	181	35	169	120	110	154	47	164	1,653
Discharges Including Newborn	6,695	1,997	455	2,181	982	1,784	2,837	316	482	17,729
Discharges Excluding Newborn	6,695	1,757	362	1,854	982	1,570	2,028	267	440	15,955
Patient Days Including Newborn	43,458	9,275	1,882	7,636	4,464	7,463	12,504	1,153	2,352	90,187
Patient Days Excluding Newborn	43,458	8,701	1,713	6,967	4,464	6,996	10,865	1,070	2,289	86,523
Average Daily Census (3)	478	96	19	77	49	77	119	12	25	951
Percent Occupancy (3)	70.96%	52.83%	53.78%	45.30%	40.88%	69.89%	77.53%	25.02%	15.34%	57.52%
Average Length of Stay	6.5	4.6	4.1	3.5	4.5	4.2	4.4	3.6	4.9	5.1
Adjusted Patient Days (3)	81,789	20,013	8,349	25,923	9,391	19,232	21,631	4,819	7,133	198,280

(1) Data excludes NICU and Nursery Beds.

(2) Data excludes Nursery beds, but includes NICU beds, a large number of beds in use will yield an amount greater than the number of licensed beds.

(3) Data excludes Normal Newborn Days.

(4) Data includes physician visits and resident visits. 2016 was restated to conform to the 2017 presentation.

(5) Data includes the numbers of patients seen in a 12 months rolling period.

(6) Data includes OMC, Ochsner West Campus, and Ochsner Hospital for Orthopedics and Sports Medicine.

(7) Data includes Ochsner Medical Center - Baton Rouge and Ochsner Medical Complex - The Grove.

**OCHSNER CLINIC FOUNDATION GROSS REVENUE BY PAYOR
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Payor Groupings	3/31/2019	3/31/2020
Commercial	31%	32%
Managed Medicare	27%	26%
Medicare	20%	19%
Medicaid	18%	18%
Guarantor / Patients / Other	4%	5%
TOTAL	100%	100%