



This document is dated as of August 19, 2020

SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS: Certain of the discussions included in the following document may include certain “forward-looking statements” which involve known and unknown risks and uncertainties inherent in the operation of healthcare facilities. Actual actions or results may differ materially from those discussed below. Specific factors that may cause such differences include competition from other healthcare facilities in the service area of Prisma Health facilities, federal and state regulation of healthcare providers, and reimbursement policies of the state and federal governments and managed care organizations. In particular, statements preceded by, followed by or that include the words “believes,” “estimates,” “expects,” “anticipates,” “plans,” “intends,” “scheduled” or other similar expressions are or may constitute forward-looking statements. To the extent forward-looking statements are included in this quarterly report, Prisma Health undertakes no obligation to update such statements.

Quarterly Report Disclosure Information
(Unaudited)
Nine Months Ended
June 30, 2020

In Compliance with Certificates to
Provide Continuing Disclosure and with SEC Rule 15c2-12



Prisma Health (the "Corporation") provides quarterly disclosure of specified financial information (the "Quarterly Report") in compliance with the Continuing Disclosure Agreements ("CDAs") related to certain bonds issued for the benefit of the Corporation, as well as certain bonds issued by Greenville Health System or Greenville Hospital System Board of Trustees (now known as Greenville Health Authority ("GHA")), as required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"). The Quarterly Report disclosure information is filed with the Municipal Securities Rulemaking Board ("MSRB") on its Electronic Municipal Market Access ("EMMA") website.

The consolidated entity includes the parent company, Prisma Health, and its subsidiaries, Prisma Health–Upstate and Subsidiaries and Prisma Health–Midlands and Subsidiaries. The Obligated Group includes Prisma Health, Prisma Health–Upstate, Prisma Health–University Medical Group, Prisma Health–Midlands, and Prisma Health Tuomey.

In September 2019, Prisma Health created a wholly owned captive insurance company, HCD Indemnity Company, LLC. ("HCD"), for medical stop loss coverage. HCD is included in the consolidated financial statements but is not part of the Obligated Group.

In fiscal year 2020, Prisma Health Medical Group–Midlands became wholly owned by Prisma Health–Midlands and Subsidiaries. This entity is included in the consolidated financial statements for fiscal year 2020 but is not part of the Obligated Group. In fiscal year 2019, Prisma Health Medical Group–Midlands was a joint venture of Prisma Health–Midlands and Subsidiaries.

The Quarterly Report includes the following unaudited information for the Corporation:

- Management's Discussion and Analysis
- Consolidated Balance Sheets
- Consolidated Statements of Operations (Revenues and Expenses) and Changes in Net Assets
- Consolidated Statements of Cash Flows
- Summary Utilization Statistics
- Gross Patient Charges (by Type of Third-Party Payor)
- Consolidating Balance Sheet Information
- Consolidating Statement of Operations and Changes in Net Assets Information



Management's Discussion and Analysis

COVID-19 Financial Impact and Recovery

In December 2019, COVID-19 was detected in China and has since spread worldwide. The World Health Organization declared COVID-19 a pandemic in March 2020, and COVID-19 has been confirmed in all 50 states. On March 13, 2020, President Trump declared a national public health emergency with respect to the COVID-19 outbreak. To respond to the pandemic, on March 13, 2020, South Carolina Governor Henry McMaster declared a state of emergency in response to the spread of COVID-19. On March 17, 2020, Governor McMaster recommended and requested that health care providers halt all elective and non-life-threatening surgical and medical procedures within 72 hours to free up capacity, supplies, equipment, and personnel to treat COVID-19 patients. On March 18, 2020, the Centers for Medicare & Medicaid Services ("CMS") recommended that all elective surgeries, non-essential medical, surgical, and dental procedures be delayed during the COVID-19 outbreak.

As a result of the recommendations of Governor McMaster and CMS, most elective procedures at Prisma Health were discontinued during the third week of March. To respond to the reduced patient volumes, Prisma Health immediately flexed staffing needs to volumes in addition to the utilization of furloughs and permanent reductions in staffing. Some elective procedures resumed in late April, and by the end of June, Prisma Health was operating within 95% to 100% of pre-COVID-19 volumes.

The following table shows the results of Prisma Health's operations prior to COVID-19 and the results of operations from March 31, 2020 to June 30, 2020.

	Fiscal YTD February	March	Fiscal YTD March	April	May	June	Fiscal YTD June
Net patient service revenue	\$ 1,752,412	\$ 311,892	\$ 2,148,728	\$ 229,308	\$ 318,379	\$ 365,277	\$ 3,061,692
Other revenue	149,218	46,791	206,323	115,070	73,272	117,538	512,203
Revenues	<u>\$ 1,901,630</u>	<u>\$ 358,683</u>	<u>\$ 2,355,051</u>	<u>\$ 344,378</u>	<u>\$ 391,651</u>	<u>\$ 482,815</u>	<u>\$ 3,573,895</u>
Operating gain (loss)	\$ (17,463)	\$ (34,553)	\$ (52,014)	\$ (18,669)	\$ 5,312	\$ 91,140	\$ 25,769
Operating margin	(0.9%)	(9.6%)	(2.2%)	(5.4%)	1.4%	18.9%	0.7%
Nonoperating gains (losses)	(11,123)	(144,535)	(168,151)	74,319	55,690	38,776	634
Revenues over (under) expenses	(28,586)	(179,088)	(220,165)	55,650	61,002	129,916	26,403
Lost revenues due to COVID-19 pandemic	-	70,502	70,502	144,504	61,397	17,264	293,667
Incremental expenses due to COVID-19 pandemic	-	7,051	7,051	36,308	32,576	25,426	101,361
CARES funding to offset lost revenues and incremental expenses	-	-	-	79,170	28,519	88,061	195,750
Days cash on hand	140.6	126.0	126.0	165.0	163.5	173.3	173.3
Discharges as a % of budget	98.8%	84.6%	96.3%	68.3%	77.9%	87.8%	90.2%
Outpatient visits as a % of budget	102.0%	88.2%	99.7%	58.3%	73.6%	96.2%	91.5%
Physician visits as a % of budget	98.4%	85.2%	96.1%	61.2%	81.8%	93.9%	90.4%

NOTE: The month of March 2020 financial information above includes the fiscal year to date activities related to the consolidation of the Prisma Health Medical Group-Midlands as of October 1, 2019.

Prior to the impact of the COVID-19 pandemic in March, Prisma Health's financial performance for the five months ended February 29, 2020 reflected an operating loss of \$17.5 million or a (0.9%) operating margin. For the February fiscal year-to-date period, most patient volume metrics were running at or near budgeted levels. The suspension of most elective procedures



during the third week of March continued through late April when restrictions on nonessential health care services began to lift. During the month of March, patient volume metrics were 10-15% below budget, and during the month of April, patient volume metrics further deteriorated to levels 30-40% below budget. Following the ramp-up of elective procedures in early May, patient volume metrics improved in May to 75-80% of budgeted levels. During the month of June, Prisma Health volumes further recovered to 90-95% of budget. Financial performance during the months of March and April were the most adversely impacted as Prisma Health recorded operating losses of \$34.6 million and \$18.7 million, respectively. The recovery of patient volumes in the months of May and June, along with flex staffing cost management initiatives and grant funding programs, resulted in operating income improvement to \$5.3 million and \$91.1 million, respectively. These results also include The Coronavirus Aid, Relief, and Economic Security ("CARES") Act grant revenue received and recorded as other revenue in the amounts of \$79.2 million in April, \$28.5 million in May and \$78.1 million in June. Prisma Health also recorded \$10.0 million in expected reimbursement from the SC CARES Grant Management Program during the month of June to offset \$101.4 million in salary, supply, and overhead expenses directly incurred related to the response to the pandemic.

The CARES Act includes funding to reimburse healthcare providers for eligible healthcare-related expenses or unexpected lost revenues attributable to COVID-19. As of June 30, 2020, Prisma Health has received and recorded a total of \$195.8 million in grant funds as other revenues from the CARES Act. This amount has recovered approximately 49.6% of lost revenues and incremental expenses due to the COVID-19 pandemic through June 30, 2020. During the month of July, Prisma Health received an additional \$90.6 million in grant funds under the CARES Act. These funds have not been recorded in the June 30 consolidated financial statements. Prisma Health also applied for and received \$299.3 million in advanced funds from the Medicare Accelerated and Advanced Payment Program ("MAPP") during the month of April. The MAPP program provides accelerated Medicare payments as a loan that must be repaid. Prisma Health has also applied to the State of South Carolina Emergency Management Division and received approval to submit a Federal Emergency Management Agency ("FEMA") grant to help defray the cost of responding to COVID-19. Prisma Health may receive additional grant funding under the CARES Act, but management cannot predict the amount or timing of any such future distributions.

Days cash on hand hit a low point in early March as nonoperating activities were adversely impacted by global investment market declines. Liquidity improved substantially due to the investment market recovery, operating improvement, and federal funding sources.

Prisma Health has taken proactive measures to help identify and contain the spread of COVID-19 in its Midlands and Upstate markets. In collaboration with the South Carolina Department of Health and Environmental Control ("DHEC") as well as the South Carolina National Guard, Prisma Health has been actively engaged in mobile community testing to reach populations who may not otherwise have access to traditional testing or online virtual visits. These efforts have helped Prisma Health not only care for the community and identify patients with COVID-19, but also support our overall commitment to care for everyone in our community. These efforts include continuing to provide preventative care, chronic disease management, treatment of acute illness and injury, and performing procedures that were deferred early in the pandemic to near pre-COVID-19 volumes.



As of the date of this filing, Prisma Health has been able to meet all COVID-19 related volume demands at our peak census, although the ongoing impact of COVID-19 remains uncertain. Since a peak in mid-July, the Prisma Health COVID-19 census has declined approximately 33%.

While uncertainties continue to exist with the ongoing impact of the COVID-19 pandemic, including the extent to which the pandemic could continue to adversely impact Prisma Health's operations and financial performance, performance through June supports continued recovery to near pre-COVID-19 patient volumes. Management continues to exercise readiness and financial discipline, operating with the assumption that surges in COVID-19 patient demand and additional restrictions and advisories imposed by the federal and state governments may occur again in the near term.

This disclosure reflects events, conditions, and information available to Prisma Health as of the date and time noted on this disclosure. Prisma Health undertakes no obligation to update any portion of this disclosure, including any forward-looking statements or financial projections contained herein.

Statements of Operations

Six Months Ended March 2020 to Nine Months Ended June 2020

For the nine months ended June 30, 2020, Prisma Health generated an operating gain of \$25.8 million which was a significant improvement from the operating loss of \$52.0 million through March 31, 2020. Improved market conditions led to improvements in nonoperating activities reversing the loss at March 31, 2020 of \$168.2 million to a \$0.6 million gain at June 30, 2020. As discussed above, volumes have not completely recovered to pre-COVID-19 levels but have significantly improved beyond the levels during March 2020.

Nine Months Ended June 30, 2019 to Nine Months Ended June 30, 2020

Prisma Health produced a gain from operations of \$25.8 million for the nine months ended June 30, 2020 compared to a \$29.2 million gain for the nine months ended June 30, 2019. This resulted in an operating margin of 0.7% and 0.9% for the nine months ended June 30, 2020 and 2019, respectively. Without federal and state grant funding assistance of \$195.8 million and incremental salary, supply and overhead expenses of \$101.4 million, Prisma Health would have recorded a loss from operations of \$68.6 million for the nine months ended June 30, 2020.

Nonoperating activities had a gain of \$0.6 million for the nine months ended June 30, 2020 compared to a gain of \$10.9 million for the nine months ended June 30, 2019. The decrease in nonoperating activities is primarily due to the recognition of a \$12.5 million non-cash loss in fiscal year 2020 due to the removal of the Prisma Health Medical Group-Midlands ("Medical Group") joint venture when the Medical Group became wholly owned by Prisma Health-Midlands and Subsidiaries.

The gain from all sources was \$26.4 million compared to the prior year gain of \$40.1 million, resulting in an excess margin of 0.7% and 1.2%, respectively.



Balance Sheets

March 31, 2020 to June 30, 2020

	March 31, 2020	June 30, 2020
Cash and cash equivalents	\$ 106,060	\$ 441,689
All other current assets	857,254	868,634
Assets limited as to use	144,579	118,603
Property and equipment, net	1,550,096	1,540,159
Investments in joint ventures	20,375	21,968
Investments	1,471,279	1,736,431
Other assets	107,941	102,575
Total assets	<u>\$ 4,257,584</u>	<u>\$ 4,830,059</u>
Current liabilities	\$ 513,375	\$ 811,773
Long-term liabilities	2,020,394	2,060,933
Total liabilities	<u>2,533,769</u>	<u>2,872,706</u>
Total net assets	<u>1,723,815</u>	<u>1,957,353</u>
Total liabilities and net assets	<u>\$ 4,257,584</u>	<u>\$ 4,830,059</u>
Unrestricted cash (excluding MAPP) to debt	104.4%	125.9%

As a result of the CARES Act money received and the MAPP payments, Prisma Health's balance sheet improved from March 31, 2020 to June 30, 2020. Total assets increased \$0.6 billion or 13.4%, and Prisma Health's net asset position improved to \$2.0 billion. The increase in liabilities, specifically current liabilities, is due to the receipt of \$299.3 million in MAPP funds that must be repaid. Also, the unrestricted cash to debt, excluding MAPP funds, improved from 104.4% at March 31, 2020 to 125.9% at June 30, 2020.

June 30, 2019 to June 30, 2020

The balance sheet improved with total assets of \$4.8 billion at June 30, 2020 and \$4.4 billion at June 30, 2019. Net assets remained stable at \$2.0 billion at June 30, 2020 and 2019, respectively. The unrestricted portion of cash and investments was \$2.1 billion at June 30, 2020 and \$1.7 billion at June 30, 2019, representing 173.3 (including MAPP) and 148.6 days cash on hand, respectively. The increase is primarily due to funds received from the CARES Act, MAPP program funding and other reimbursements related to the COVID-19 pandemic. At June 30, 2020, days cash on hand, excluding MAPP, was 148.9. Days in accounts receivable were 54.8 and 59.6 at June 30, 2020 and at June 30, 2019, respectively.

As of June 30, 2020, unrestricted cash and investment assets were primarily invested in liquid vehicles with 100% of all unrestricted cash and 85% of long-term investments available for liquidation within one month. Prisma Health uses external, institutional investment managers and an independent investment consultant to assist in managing and monitoring its long-term investments.

Prisma Health has three bank revolving credit agreements totaling \$250.0 million. At June 30, 2020, \$25.0 million was outstanding on the agreements.



Prisma Health's long-term debt balances (including capital leases) were \$1.4 billion at June 30, 2020 and \$1.5 billion at June 30, 2019. Leverage remained moderate with debt to total capitalization of 42.5% as of June 30, 2020 compared to 42.6% as of June 30, 2019. Funds held by trustee increased to \$118.6 million at June 30, 2020 compared to \$92.4 million at June 30, 2019. The increase was primarily attributable to interest rate swap collateral balance increases from \$42.8 million at June 30, 2019 to \$91.3 million at June 30, 2020, due to unfavorable interest rate swap mark-to-market price movements over the year. This increase was partially offset by a \$28.0 million decrease to a funded interest account for routine bondholder interest payments.

Other long-term liabilities were \$622.5 million and \$498.1 million at June 30, 2020 and 2019, respectively. The increase is primarily due to the fair market value of derivative financial instruments and an increase in the net pension liability due to the most recent actuarial analysis of the pension plan. The actuarial analysis at September 30, 2019 reflected a decrease in the discount rate assumption used to determine the pension obligation as a result of lower market interest rates.

Liquidity

The global investment markets and U.S. capital markets are recovering but continue to experience volatility related to the COVID-19 pandemic. While Prisma Health has diversified investment and debt portfolios designed to reduce volatility and negativity, Prisma Health's investments have not been immune to this volatility. As a result, Prisma Health temporarily froze all capital spending for new projects. Prisma Health is monitoring liquidity and cash flow daily and is taking steps to protect its fiscal health, including a focus on maintaining sufficient liquidity and resources to meet all of its obligations.

Prisma Health has responded to the pandemic by applying for all available levels of funding from all sources including federal, state, and local governments. Prisma Health has identified other opportunities to accelerate cash receipts and delay cash payments, including FEMA funding, accelerated payor and State settlements, revenue cycle enhancements, and programs to delay payroll tax and pension contributions. As of this filing, Prisma Health has received or identified \$748.8 million in COVID-19 related funds, including delayed cash disbursements, from all sources. Of this amount, \$365.2 million is related to delayed payments or funds that must be repaid. Prisma Health also obtained two additional bank revolving lines of credit in the aggregate amount of \$175.0 million as a potential source of funds to backstop liquidity and provide capital funds if there is continued disruption in the long-term credit markets due to the pandemic.

Prisma Health will continue to develop plans to improve liquidity and improve profitability as it adjusts to changes in patient volumes from the pandemic. This includes adjusting capacity for the surge in activity from additional COVID-19 cases as Prisma Health reaches the peak of projected demand in our markets in the State. Prisma Health will also adjust staffing and supply resources to meet that demand while maintaining critical surgical, urgent care and primary care services in response to the epidemic.



Adoption of New Leasing Standard

Prisma Health is in the process of adopting the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)* and subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 842"). Under ASC 842, lessees will recognize a right-of-use ("ROU") asset and a corresponding lease liability for all leases other than leases that meet the definition of a short-term lease. The liability will be equal to the present value of future minimum lease payments. The asset will be based on the liability, subject to adjustment for certain costs. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or an operating lease. Leases will be classified based on criteria similar to those applied in current lease accounting.

A cumulative effect of change in accounting principle was recorded in relation to this adoption for the nine months ended June 30, 2020, but additional impacts are anticipated as Prisma Health continues to adopt ASC 842.

In April 2020, FASB approved a one-year delay in the effective date for ASC 842. However, full adoption of the new leasing standard will be reflected within the fiscal year 2020 audited financial statements of Prisma Health.

LifePoint Health

On March 2, 2020, Prisma Health signed an asset purchase agreement ("APA") with LifePoint Health, Inc. through certain of its subsidiaries ("LifePoint") for Prisma Health-Midlands to acquire substantially all the assets of Providence Health which owns and operates healthcare facilities located in Columbia, South Carolina, and a health care facility known as Providence Health Northeast located in Richland County, South Carolina. In addition, the APA includes the acquisition by Prisma Health of LifePoint's interest in KershawHealth located in Camden, South Carolina as well as related freestanding medical facilities and physician practices in and around the City of Columbia and Kershaw County, South Carolina.

Prisma Health-Midlands operates under the Certificate of Public Advantage ("COPA") issued by DHEC in 1997. On February 28, 2020, DHEC updated the COPA Agreement Conditions to address the addition of the Providence Health and KershawHealth assets. Completion of the proposed acquisition described in the APA depends on the satisfaction of certain closing conditions in the APA, including various regulatory approvals. There can be no assurance that such conditions of the APA will be met or regulatory approvals required thereunder will be received.



Consolidated Balance Sheets (Unaudited)
As of June 30, 2020 and 2019
(In Thousands)

ASSETS	2020	2019
Current assets:		
Cash and cash equivalents	\$ 441,689	\$ 113,355
Patient accounts receivable, net	603,915	650,953
Inventories of drugs and supplies	91,964	78,645
Other current assets	104,028	93,277
Due from related parties, net	34,487	34,985
Estimated third-party payor settlements	34,240	6,016
Total current assets	<u>1,310,323</u>	<u>977,231</u>
Assets limited as to use:		
Donor restricted	5,792	-
Held by trustee for debt service and swap collateral	112,811	92,429
Total assets limited as to use	<u>118,603</u>	<u>92,429</u>
Property and equipment, net	1,540,159	1,538,384
Investments in joint ventures	21,968	35,996
Investments	1,736,431	1,619,110
Other assets	102,575	104,932
Total assets	<u><u>\$ 4,830,059</u></u>	<u><u>\$ 4,368,082</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 106,415	\$ 76,649
Accrued liabilities	372,833	321,403
Medicare accelerated and advanced payment program	299,325	-
Line of credit	25,000	-
Current portion of capital lease obligations	3,290	3,221
Current portion of long-term debt	4,910	12,244
Total current liabilities	<u>811,773</u>	<u>413,517</u>
Long-term debt, net	1,387,624	1,407,990
Capital lease obligations, net	50,844	54,145
Other long-term liabilities	622,465	498,114
Total liabilities	<u>2,872,706</u>	<u>2,373,766</u>
Net assets:		
Without donor restriction	1,857,706	1,895,920
With donor restriction	99,647	98,396
Total net assets	<u>1,957,353</u>	<u>1,994,316</u>
Total liabilities and net assets	<u><u>\$ 4,830,059</u></u>	<u><u>\$ 4,368,082</u></u>



Consolidated Statements of Operations (Revenues and Expenses) (Unaudited)
For the Nine Months Ended June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Revenue, gains and other support:		
Net patient service revenue	\$ 3,061,692	\$ 2,998,715
Other revenue	502,966	244,823
Net assets released from restrictions used for operations	9,237	9,293
Total revenue, gains and other support	<u>3,573,895</u>	<u>3,252,831</u>
Expenses:		
Salaries, wages, benefits, and contracted labor	2,100,612	1,767,122
Supplies and other expenses	1,262,767	1,274,144
Depreciation	144,857	142,154
Interest and amortization	39,890	40,250
Total expenses	<u>3,548,126</u>	<u>3,223,670</u>
Operating income	<u>25,769</u>	<u>29,161</u>
Nonoperating income (expenses):		
Investment income, net	50,675	50,328
Net change in unrealized loss on derivative financial instruments	(27,132)	(27,723)
Gain on debt extinguishment	-	318
Contributions awarded and received, net	(6,364)	(7,472)
Other	<u>(16,545)</u>	<u>(4,547)</u>
Total nonoperating income (expenses)	<u>634</u>	<u>10,904</u>
Revenue and gains greater than expenses and losses	<u>\$ 26,403</u>	<u>\$ 40,065</u>



Consolidated Statements of Changes in Net Assets (Unaudited)
For the Nine Months Ended June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Revenue and gains greater than expenses and losses	\$ 26,403	\$ 40,065
Cumulative effect of change in accounting principle	38,421	-
Acquisition of Prisma Health Medical Group-Midlands	24,195	-
(Decrease) increase in interest in affiliated foundations	(1,393)	6,774
Net adjustment for defined benefit plan	(5,237)	(34,089)
Net assets released from restrictions used for capital	6,262	349
Other	(783)	16,520
Increase in net assets without donor restrictions	<u>87,868</u>	<u>29,619</u>
Net assets with donor restrictions:		
Increase in interest in affiliated foundations	882	556
Investment income, net	662	572
Contributions, net	10,604	11,001
Capital contributions	6,262	349
Other	(318)	(336)
Net assets released from restrictions used for capital	(6,262)	(349)
Net assets released from restrictions used for operations	<u>(9,237)</u>	<u>(9,293)</u>
Increase in net assets with donor restrictions	2,593	2,500
Increase in net assets	90,461	32,119
Net assets at beginning of year	1,866,892	1,962,197
Net assets at end of year	<u><u>\$ 1,957,353</u></u>	<u><u>\$ 1,994,316</u></u>



Consolidated Statements of Cash Flows (Unaudited)
For the Nine Months Ended June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operations:		
Increase in net assets	\$ 90,461	\$ 32,119
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease (increase) in interest in affiliated foundations	511	(7,330)
Loss (gain) on equity method investments	6,687	(3,665)
Net change in unrealized loss on derivative financial instruments	27,132	27,723
Depreciation, amortization and accretion	137,810	140,590
Loss (gain) on the disposal of property and equipment	1,300	(423)
Gain on extinguishment of debt	-	(318)
Cumulative effect of change in accounting principle	(26,400)	-
Monetization gain	-	(2,103)
Net adjustment for defined benefit plans	5,237	34,089
Changes in operating assets and liabilities:		
Patient accounts receivable, net	28,232	(42,572)
Estimated third party payor settlements	(18,880)	79,472
Trading investments	(131,025)	(47,829)
Accounts payable	8,046	(7,542)
Medicare accelerated and advanced payment program	299,325	-
Other assets	(42,234)	(15,975)
Other liabilities	(27,708)	(29,346)
Net cash provided by operating activities	<u>358,494</u>	<u>156,890</u>
Cash flows from investing activities:		
Additions to property and equipment	(139,212)	(129,067)
Acquisition of Prisma Health Medical Group-Midlands	12,331	-
Proceeds from sale of property and equipment	8	1,064
Net cash used in investing activities	<u>(126,873)</u>	<u>(128,003)</u>
Cash flows from financing activities:		
Long-term debt payments	(10,245)	(18,951)
Proceeds from line of credit	25,000	30,000
Payments of line of credit	-	(30,000)
Contribution to Greenville Health Authority, Healthy Greenville	(6,000)	(6,000)
Capital lease obligation payments	(2,437)	(1,133)
Lease incentives	929	1,528
Net cash provided by (used in) financing activities	<u>7,247</u>	<u>(24,556)</u>
Net increase in cash and cash equivalents	238,868	4,331
Cash and cash equivalents, beginning of period	220,112	128,206
Cash and cash equivalents, end of period	<u><u>\$ 458,980</u></u>	<u><u>\$ 132,537</u></u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents in current assets	\$ 441,689	\$ 113,355
Cash and cash equivalents in assets limited as to use	17,291	19,182
	<u><u>\$ 458,980</u></u>	<u><u>\$ 132,537</u></u>



**Summary Utilization Statistics and Gross Patient Charges (Unaudited)
For the Nine Months Ended June 30, 2020 and 2019**

<u>Summary of Utilization Statistics</u>	<u>2020</u>	<u>2019</u>
Number of hospitals - acute	11	11
Licensed beds	2,947	2,984
Available beds	2,601	2,572
Percent occupancy - licensed beds	55.9%	60.4%
Percent occupancy - available beds	63.3%	70.1%
Patient days	451,096	493,877
Patient days - acute	408,436	418,166
Discharges	81,776	87,772
Discharges - acute	80,355	84,394
Average length of stay	5.52	5.63
Average length of stay - acute	5.08	4.95
Acute Medicare case mix index	1.99	1.93
Newborn deliveries	10,761	11,327
Inpatient surgical procedures	19,904	21,585
Outpatient surgical procedures	48,466	53,758
Emergency department visits	353,586	396,574
Outpatient visits (including emergency department visits)	1,910,866	2,002,139
Physician visits ¹	3,540,129	3,624,862

¹ Includes physician visits for Prisma Health Medical Group-Midlands. This entity was a joint venture of Prisma Health–Midlands in 2019 and became wholly owned and consolidated in 2020.

<u>Gross Patient Charges (by Type of Third Party Payor)</u>	<u>2020</u>	<u>2019</u>
Medicare	41.7%	42.4%
Medicaid	17.2%	16.7%
Managed Care	28.2%	28.4%
Self Pay/Charity	8.1%	7.9%
Other	4.8%	4.6%
Total	<u>100.0%</u>	<u>100.0%</u>



Consolidating Balance Sheet Information (Unaudited)
As of June 30, 2020
(In Thousands)

	OBLIGATED GROUP	NON- OBLIGATED ENTITIES	ELIMINATIONS	CONSOLIDATED 6/30/2020
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 430,658	\$ 11,031	\$ -	\$ 441,689
Patient accounts receivable, net	581,610	22,305	-	603,915
Inventories of drugs and supplies	85,206	6,758	-	91,964
Other current assets	50,836	7,036	46,156	104,028
Due to/from related parties, net	49,760	40,188	(55,461)	34,487
Estimated third-party payor settlements	34,240	-	-	34,240
Total current assets	1,232,310	87,318	(9,305)	1,310,323
Assets limited as to use:				
Donor restricted	-	5,792	-	5,792
Held by trustee for debt service and swap collateral	112,561	250	-	112,811
Total assets limited as to use	112,561	6,042	-	118,603
Property and equipment, net	1,529,980	10,179	-	1,540,159
Investments in joint ventures	4,344	17,624	-	21,968
Investments	1,712,815	23,616	-	1,736,431
Other assets	101,156	1,419	-	102,575
Total assets	<u>\$ 4,693,166</u>	<u>\$ 146,198</u>	<u>\$ (9,305)</u>	<u>\$ 4,830,059</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 104,651	\$ 1,764	\$ -	\$ 106,415
Accrued liabilities	352,995	27,801	(7,963)	372,833
Medicare accelerated and advanced payment program	290,007	9,318	-	299,325
Line of credit	25,000	-	-	25,000
Current portion of capital lease obligations	3,290	-	-	3,290
Current portion of long-term debt	4,910	-	-	4,910
Total current liabilities	780,853	38,883	(7,963)	811,773
Long-term debt, net	1,387,624	-	-	1,387,624
Capital lease obligations, net	50,844	-	-	50,844
Other long-term liabilities	614,926	8,881	(1,342.00)	622,465
Total liabilities	2,834,247	47,764	(9,305)	2,872,706
Net assets:				
Without donor restriction	1,778,509	79,197	-	1,857,706
With donor restriction	80,410	19,237	-	99,647
Total net assets	1,858,919	98,434	-	1,957,353
Total liabilities and net assets	<u>\$ 4,693,166</u>	<u>\$ 146,198</u>	<u>\$ (9,305)</u>	<u>\$ 4,830,059</u>



Consolidating Statement of Operations and Changes in Net Assets Information (Unaudited)
For the Nine Months Ended June 30, 2020
(In Thousands)

	OBLIGATED GROUP	NON- OBLIGATED ENTITIES	ELIMINATIONS	CONSOLIDATED 6/30/2020
Revenue, gains and other support:				
Net patient service revenue	\$ 2,923,744	\$ 137,948	\$ -	\$ 3,061,692
Other revenue	400,410	262,911	(160,355)	502,966
Net assets released from restrictions used for operations	9,237	-	-	9,237
Total revenue, gains and other support	<u>3,333,391</u>	<u>400,859</u>	<u>(160,355)</u>	<u>3,573,895</u>
Expenses:				
Salaries, wages, benefits, and contracted labor	1,837,078	265,505	(1,971)	2,100,612
Supplies and other expenses	1,292,879	128,272	(158,384)	1,262,767
Depreciation	142,254	2,603	-	144,857
Interest and amortization	39,890	-	-	39,890
Total expenses	<u>3,312,101</u>	<u>396,380</u>	<u>(160,355)</u>	<u>3,548,126</u>
Operating income	<u>21,290</u>	<u>4,479</u>	<u>-</u>	<u>25,769</u>
Nonoperating income (expenses):				
Investment income, net	49,874	801	-	50,675
Net change in unrealized loss on derivative financial instruments	(27,132)	-	-	(27,132)
Contributions awarded and received, net	(6,364)	-	-	(6,364)
Other	(16,545)	-	-	(16,545)
Total nonoperating income (expenses)	<u>(167)</u>	<u>801</u>	<u>-</u>	<u>634</u>
Revenues and gains greater than expenses and losses	21,123	5,280	-	26,403
Cumulative effect of change in accounting principle	38,421	-	-	38,421
Parent/subsidiary equity transaction	(5,505)	5,505	-	-
Acquisition of Prisma Health Medical Group-Midlands	-	24,195	-	24,195
Decrease in interest in affiliated foundations	(1,393)	-	-	(1,393)
Net adjustment for defined benefit plan	(5,237)	-	-	(5,237)
Net assets released from restrictions used for capital	6,262	-	-	6,262
Other	(207)	(576)	-	(783)
Increase in net assets without donor restrictions	<u>53,464</u>	<u>34,404</u>	<u>-</u>	<u>87,868</u>
Net Assets with Donor Restrictions:				
Increase in interest in affiliated foundations	882	-	-	882
Investment income, net	265	397	-	662
Contributions, net	9,846	758	-	10,604
Capital contributions	6,262	-	-	6,262
Other	(317)	(1)	-	(318)
Net assets released from restrictions used for capital	(6,262)	-	-	(6,262)
Net assets released from restrictions used for operations	(9,237)	-	-	(9,237)
Increase in net assets with donor restrictions	<u>1,439</u>	<u>1,154</u>	<u>-</u>	<u>2,593</u>
Increase in net assets	54,903	35,558	-	90,461
Net assets at beginning of year	1,804,016	62,876	-	1,866,892
Net assets at end of year	<u>\$ 1,858,919</u>	<u>\$ 98,434</u>	<u>\$ -</u>	<u>\$ 1,957,353</u>