



**Jack M. Stover**  
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January 30, 2019

**VIA HAND DELIVERY**

Joseph DiMemmo, CPA  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation  
Pennsylvania Insurance Department  
1345 Strawberry Square  
Harrisburg, PA 17120

**RECEIVED**  
Corporate & Financial Regulation  
JAN 30 2019  
Pennsylvania  
Insurance Department

Re: *Order No. ID-RC-13-06/Condition 14*

Dear Deputy Commissioner DiMemmo:

Pursuant to Condition 14 of the above-captioned Order, Highmark Health is filing with the Department the attached non-confidential Allegheny Health Network report. I have copied Mr. Beaser and Mr. DeLacey with the filing.

Very truly yours,

Jack M. Stover

JMS/jls

Attachment

cc: Lawrence J. Beaser, Esquire (via email)  
Patrick T. DeLacey (via Email)

The financial statements contained herein are reported against that certain AHN financial plan ("Plan") filed by Highmark with the Pennsylvania Insurance Department on February 23, 2017. The Plan included certain estimates of future performance, or forward-looking statements. The Plan has not been updated or revised since its filing and cannot be relied upon for projections or estimates of future events. The achievement of results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to vary materially from the forward-looking statements. No updates or revisions to the Plan or any other forward-looking statements that may be contained herein or therein, if or when there are changes in expectations, or events, conditions or circumstances on which such expectations are based, will be issued.

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JAN 30 2019

**Pennsylvania**  
**Insurance Department**

**Allegheny Health Network**  
**Key Financial Indicators**  
**Periods Ended December 31, 2018**

	QTD		YTD	
	ACTUAL	PLAN	ACTUAL	PLAN
<b>Financial Metrics</b>				
FTEs	19,280	17,772	18,944	17,744
Net EBITDA (in thousands)	\$ 32,010	\$ 56,000	\$ 182,493	\$ 187,000
Operating Margin %	1.2%	1.2%	1.2%	0.4%
Net Income %	(1.8%)	0.6%	0.1%	(0.5%)
Net EBITDA %	3.8%	6.9%	5.6%	5.8%
Days Cash on Hand	92.2	79.3	93.8	79.1
Days in A/R	43.3	39.1	43.8	39.3
Total Debt (in thousands)	\$ 1,023,332	\$ 920,000	\$ 1,023,332	\$ 920,000
<b>Statistical Metrics</b>				
Discharges	21,008	22,687	85,892	91,133
Adjusted Discharges	45,458	47,100	182,645	188,001
Emergency Department Visits	67,223	74,665	277,587	302,619
Outpatient Registrations	330,419	343,489	1,321,294	1,361,606
Physician Visits	771,292	751,868	2,983,426	3,004,338

**Amounts are unaudited and subject to change**

**Allegheny Health Network**  
**Consolidated Balance Sheets - UNAUDITED**  
**December 31, 2018 and 2017**  
(Dollars in Thousands)

	<b>ACTUAL</b>	<b>PLAN</b>	<b>PY</b>
<b><u>ASSETS</u></b>			
Cash & Cash Equivalents	\$ 162,505	\$ 177,000	\$ 220,017
Receivables	444,048	384,000	372,158
PPE, Net	1,365,933	1,393,000	1,152,002
Goodwill and Other Intangible Assets, Net	124,869	110,000	114,564
Other Assets	1,129,683	1,059,000	1,154,184
<b>TOTAL ASSETS</b>	<b><u>\$ 3,227,038</u></b>	<b><u>\$ 3,123,000</u></b>	<b><u>\$ 3,012,925</u></b>
<b><u>LIABILITIES &amp; NET ASSETS</u></b>			
Debt	\$ 1,023,332	\$ 920,000	\$ 1,073,246
Other Liabilities	1,024,474	925,000	995,758
Total Liabilities	<u>2,047,806</u>	<u>1,845,000</u>	<u>2,069,004</u>
Total Net Assets	<u>1,179,232</u>	<u>1,278,000</u>	<u>943,921</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 3,227,038</u></b>	<b><u>\$ 3,123,000</u></b>	<b><u>\$ 3,012,925</u></b>

**Amounts are unaudited and subject to change**

**Allegheny Health Network**  
**Consolidated Statements of Cash Flows - UNAUDITED**  
**Periods Ended December 31, 2018**  
(Dollars in Thousands)

	QTD		YTD	
	ACTUAL	PLAN	ACTUAL	PLAN
Cash Flow from Operating Activities:	\$ 7,572	\$ 30,000	\$ 56,231	\$ 76,000
Cash Flow from Investing Activities:	(122,673)	(105,000)	(375,014)	(387,000)
Cash Flow from Financing Activities:	104,584	78,000	261,271	316,000
Net Change in Cash and Cash Equivalents	(10,517)	3,000	(57,512)	5,000
Beginning Cash and Cash Equivalents	173,022	174,000	220,017	172,000
Ending Cash and Cash Equivalents	\$ 162,505	\$ 177,000	\$ 162,505	\$ 177,000

**Supplemental Disclosure of Non-Cash Financing Activities**

Equity Transfers from Related Parties	\$ 14,701	\$ -	\$ 14,701	\$ -
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**Amounts are unaudited and subject to change**