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February 1, 2017

**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

FEB 01 2017

**Pennsylvania**  
**Insurance Department**

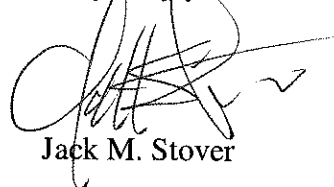
Re: *Order No. ID-RC-13-06*  
*June 19, 2015 Approval Letter, Section III(D)*

Dear Deputy Commissioner DiMemmo:

On January 30, 2017, Highmark Health filed with the Department a non-confidential Benchmark Report pursuant to Section III(D) of the June 19, 2015 Approval Letter. Unfortunately, that filing inadvertently omitted a page. We are therefore submitting a corrected filing pursuant to Section III(D).

Thank you for your consideration.

Very truly yours,



Jack M. Stover

JMS/gmt

Enclosure

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

**Allegheny Health Network**  
**Consolidated Balance Sheet - UNAUDITED**  
**December 31, 2016**  
(Dollars in Thousands)

	<b>ACTUAL</b>	<b>CAP*</b>
<b><u>ASSETS</u></b>		
Cash & Cash Equivalents	\$ 196,370	\$ 93,964
Net Patient Accounts Receivable	307,388	244,783
Other Receivables	51,108	66,527
Inventory, Net	53,572	48,700
Prepaid Expenses & Other Current Assets	29,997	45,070
Total Current Assets	<u>638,435</u>	<u>499,044</u>
Unrestricted - Board Designated Funds	123,427	159,620
Temporarily Restricted	23,859	19,500
Permanently Restricted	257,206	268,634
Total Assets Restricted As To Use	<u>404,492</u>	<u>447,754</u>
Property, Plant & Equipment, Net	1,071,955	1,090,104
Investments	289,500	280,100
Goodwill & Other Intangible Assets, Net	117,249	118,400
Other Assets, Net	167,901	175,700
Total Long-Term Assets	<u>1,646,605</u>	<u>1,664,304</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,689,532</u></b>	<b><u>\$ 2,611,102</u></b>
<b><u>LIABILITIES &amp; NET ASSETS</u></b>		
Accounts Payable & Accrued Expenses	\$ 297,329	\$ 222,100
Accrued Salaries & Benefits	104,296	98,800
Total Debt	1,416,906	1,420,134
Benefit Plan Liabilities	438,879	333,861
Other Liabilities	231,610	253,300
Total Liabilities	<u>2,489,020</u>	<u>2,328,195</u>
Unrestricted Net Assets	(80,553)	(5,227)
Temporarily Restricted Net Assets	23,859	19,500
Permanently Restricted Net Assets	257,206	268,634
Total Net Assets	<u>200,512</u>	<u>282,907</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 2,689,532</u></b>	<b><u>\$ 2,611,102</u></b>

\*Corrective Action Plan

**Allegheny Health Network**  
**Consolidated Statements of Operations - UNAUDITED**  
**Periods Ended December 31, 2016**  
(Dollars in Thousands)

	QTD		YTD	
	ACTUAL	CAP	ACTUAL	CAP
Net Patient Revenues	\$ 695,400		\$ 2,655,167	
Other Operating Revenues	49,238		199,579	
<b>TOTAL REVENUES</b>	<b>744,638</b>	<b>670,802</b>	<b>2,854,746</b>	<b>2,734,500</b>
Salaries	357,160		1,385,479	
Benefits	41,623		158,756	
Professional Fees & Purchased Services	131,887		370,369	
Patient Care Supplies & Drugs	145,102		559,766	
Insurance	3,332		37,560	
Other Operating Expenses	33,986		246,896	
Depreciation & Amortization	36,013		128,549	
Restructuring	217		6,407	
<b>TOTAL OPERATING EXPENSES</b>	<b>749,320</b>	<b>685,070</b>	<b>2,893,782</b>	<b>2,763,825</b>
<b>OPERATING LOSS</b>	<b>(4,682)</b>	<b>(14,268)</b>	<b>(39,036)</b>	<b>(29,325)</b>
Interest Expense	(8,727)		(30,291)	
Investment Income	6,177		28,467	
Gifts & Donations	394		668	
Other Expense	(107)		(1,771)	
Net (Income)/Loss Attributable to Non-Controlling Interest	895		(993)	
Income Tax Benefit	1,035		2,912	
<b>NET LOSS</b>	<b>\$ (5,015)</b>	<b>\$ (17,841)</b>	<b>\$ (40,044)</b>	<b>\$ (43,102)</b>

**Allegheny Health Network**  
**Consolidated Statement of Cash Flows - UNAUDITED**  
**Periods Ended December 31, 2016**  
(Dollars in Thousands)

	QTD		YTD	
	ACTUAL	CAP	ACTUAL	CAP
<b><u>Cash Flow from Operating Activities</u></b>				
Increase (Decrease) in Net Assets	\$ (51,682)	\$ (17,182)	\$ 19,404	\$ 53,633
Depreciation & Amortization	36,013		128,549	
Gain on sale of PP&E	417		470	
Change in Fair Value of Derivative Financial Instruments	(10,071)		(3,046)	
Provision for Doubtful Accounts	13,811		69,413	
CAPEX Equity Transfer from Highmark	(4,680)		(110,408)	
Other Equity Transfers	-		-	
Restricted Contributions	(295)		(2,379)	
(Increase)/Decrease in:				
Accounts Receivable	(1,913)		(87,805)	
Other Receivables	1,637		13,152	
Inventories, Prepaid Expenses & Other Current Assets	390		(1,697)	
Other Long-Term Assets	13,880		(5,643)	
Increase/(Decrease) in:				
Accounts Payable & Accrued Expenses	6,601		40,759	
Accrued Pension Liabilities	62,961		54,855	
Other Liabilities	(31,576)		(23,288)	
<b>Cash Flow from Operating Activities</b>	35,493	(649)	92,336	55,460
<b><u>Cash Flow from Investing Activities</u></b>				
Capital Expenditures	(24,248)		(127,464)	
Proceeds from sale of PP&E	-		294	
(Purchases)/Sales Of Investments	(23,876)		(9,263)	
<b>Cash Flow from Investing Activities</b>	(48,124)	(9,958)	(136,433)	(158,132)
<b><u>Cash Flow from Financing Activities</u></b>				
Payment of Debt	(1,264)		(12,836)	
CAPEX Equity Transfer from Highmark	15,148		110,408	
Other Equity Transfers	-		-	
Restricted Contributions	295		2,379	
Additional Financing	789		2,899	
<b>Cash Flow from Financing Activities</b>	14,968	1,162	102,850	94,341
<b><u>Cash Summary</u></b>				
Beginning Cash Balance	194,033	103,409	137,617	102,295
Net Change in Cash	2,337	(9,445)	58,753	(8,331)
<b>Ending Cash Balance</b>	\$ 196,370	\$ 93,964	\$ 196,370	\$ 93,964

**Allegheny Health Network**  
**Consolidated Days Cash on Hand - UNAUDITED**  
**Periods Ended December 31, 2016**  
(Dollars in Thousands)

	QTD		YTD	
	ACTUAL	CAP	ACTUAL	CAP
Cash & Cash Equivalents	\$ 196,370	\$ 93,964	\$ 196,370	\$ 93,964
Investments	289,500	280,100	289,500	280,100
Unrestricted - Board Designated Funds	123,427	159,620	123,427	159,620
<b>Total</b>	<b>\$ 609,297</b>	<b>\$ 533,684</b>	<b>\$ 609,297</b>	<b>\$ 533,684</b>
Total Operating Expenses	\$ 749,320	\$ 685,070	\$ 2,893,782	\$ 2,763,825
Add: Interest Expense	8,727	8,079	30,291	30,857
Less: Depreciation & Amortization	(36,013)	(34,313)	(128,549)	(136,626)
<b>Total</b>	<b>\$ 722,034</b>	<b>\$ 658,836</b>	<b>\$ 2,795,524</b>	<b>\$ 2,658,056</b>
Days in Period	92	92	366	366
Operating Expense Per Day	\$ 7,848	\$ 7,161	\$ 7,638	\$ 7,262
<b>DAYS CASH ON HAND</b>	<b>77.6</b>	<b>74.5</b>	<b>79.8</b>	<b>73.5</b>

**Allegheny Health Network**  
**Consolidated Debt Service Coverage Ratio - UNAUDITED**  
**Periods Ended December 31, 2016**  
(Dollars in Thousands)

	QTD		YTD	
	ACTUAL	CAP	ACTUAL	CAP
Net Loss	\$ (5,015)	\$ (17,841)	\$ (40,044)	\$ (43,102)
Add: Depreciation & Amortization	36,013	34,313	128,549	136,626
Add: Interest Expense	8,727	8,079	30,291	30,857
Less/Add: Unrealized Investment Losses/(Gains)	1,949	-	(9,717)	-
<b>Total</b>	<b>41,674</b>	<b>24,551</b>	<b>109,079</b>	<b>124,381</b>
Debt Service Requirement	\$ 9,991	\$ 8,529	\$ 43,127	\$ 37,748
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>4.17</b>	<b>2.88</b>	<b>2.53</b>	<b>3.30</b>

**Allegheny Health Network**  
**Schedule of Statistical Information by System**  
**Periods Ended December 31, 2016**

<b>Year-to-Date December 31, 2016</b>						
	<b>INPATIENT DISCHARGES (ACUTE/PSYCH/REHAB)</b>		<b>OUTPATIENT REGISTRATIONS</b>		<b>OCCUPANCY RATES USING AVAILABLE BEDS</b>	
	<b>ACTUAL</b>	<b>CAP</b>	<b>ACTUAL</b>	<b>CAP</b>	<b>ACTUAL</b>	<b>CAP</b>
WPAHS	58,322	57,859	855,041	842,690	55.8%	55.4%
JRMC	14,812	14,485	248,369	268,230	58.5%	52.9%
SVH	14,074	14,891	204,884	207,513	51.5%	49.1%
Total AHN	87,208	87,235	1,308,294	1,318,433	55.5%	53.9%

<b>Year-to-Date December 31, 2016</b>	
<b>ACTUAL OCCUPANCY RATES USING BEDS IN SERVICE</b>	
WPAHS	70.4%
JRMC	64.2%
SVH	56.3%
Total AHN	66.9%

**Allegheny Health Network  
Full Time Equivalents (FTEs)  
December 31, 2016**

	FTEs (EXEMPT)		FTEs (NON-EXEMPT)		TOTAL FTEs	
	ACTUAL	CAP	ACTUAL	CAP	ACTUAL	CAP
<b>Total AHN</b>	4,237	4,074	12,333	11,853	16,570	15,927



**Allegheny Health Network  
Schedule of Occupied Beds  
Periods Ended December 31, 2016**

	<b>QTD</b>	<b>YTD</b>
<b>Total AHN</b>	1,192	1,190

**Allegheny Health Network**  
**Schedule of FTE/Occupied Bed (and FTE/Adjusted Occupied Bed)**  
**Periods Ended December 31, 2016**

	QTD	YTD
<u>Schedule of FTE/Occupied Bed</u>		
Total AHN	8.73	8.61
<u>Schedule of FTE/Adjusted Occupied Bed</u>		
Total AHN	4.34	4.26

**Allegheny Health Network  
Capital Investment Detail  
As of December 31, 2016**  
(Dollars in Millions)

	<b>2016 CAP</b>	<b>2016 Spend</b>		<b>2016 CAP</b>	<b>2016 Spend</b>
<i>Allegheny General Hospital</i>			<i>Allegheny Clinic</i>		
Nursing Unit Renovations	\$ 12.7	\$ 10.1	Physician Practice Acquisition	\$ -	\$ 1.1
Lab/Radiology Renovations	13.8	0.2	Physician Office Renovations	2.2	6.2
General Hospital Renovations	14.6	13.8	Replacements and Leases	0.2	1.7
Replacements and Leases	15.2	18.1	<b>Total Allegheny Clinic</b>	<b>\$ 2.4</b>	<b>\$ 9.0</b>
Year-End Equipment Accrual	-	3.3			
<b>Total Allegheny General Hospital</b>	<b>\$ 56.3</b>	<b>\$ 45.5</b>			
<i>Allegheny Valley Hospital</i>			<i>ASRI</i>		
General Hospital Renovations	\$ 0.1	\$ 0.3	Replacements and Leases	\$ 0.2	\$ 0.2
Replacements and Leases	0.5	2.4	<b>Total ASRI</b>	<b>\$ 0.2</b>	<b>\$ 0.2</b>
Year-End Equipment Accrual	-	0.3			
<b>Total Allegheny Valley Hospital</b>	<b>\$ 0.6</b>	<b>\$ 3.0</b>	<i>Core Lab</i>		
<i>Canonsburg Hospital</i>			Replacements and Leases	\$ 0.9	\$ 0.7
General Hospital Renovations	\$ -	\$ 0.9	<b>Total Core Lab</b>	<b>\$ 0.9</b>	<b>\$ 0.7</b>
Replacements and Leases	0.5	0.8			
<b>Total Canonsburg Hospital</b>	<b>\$ 0.5</b>	<b>\$ 1.7</b>	<i>Wexford</i>		
<i>Forbes Hospital</i>			Replacements and Leases	\$ -	\$ 0.1
Unit Renovations	\$ -	\$ 0.4	<b>Total Wexford</b>	<b>\$ -</b>	<b>\$ 0.1</b>
ICU Renovations	-	3.2			
General Hospital Renovations	5.3	4.8	<i>AHN Combined Total</i>		
Replacements and Leases	1.4	6.0		<b>\$ 154.9</b>	<b>\$ 122.5</b>
<b>Total Forbes Hospital</b>	<b>\$ 6.7</b>	<b>\$ 14.4</b>			
<i>Jefferson Hospital</i>					
Bethel Park ASC	\$ -	\$ 0.2			
Strategic Acquisition-Radiation Onc.	-	0.2			
Women's Health	3.6	0.1			
General Hospital Renovations	1.7	2.6			
Replacements and Leases	9.8	2.4			
<b>Total Jefferson Hospital</b>	<b>\$ 15.1</b>	<b>\$ 5.5</b>			
<i>Saint Vincent Hospital</i>					
Outpatient Facility	\$ 7.8	\$ -			
Nursing Unit Renovations	2.5	1.5			
General Hospital Renovations	10.4	1.6			
Replacements and Leases	2.0	11.9			
Year-End Equipment Accrual	-	0.2			
<b>Total Saint Vincent Hospital</b>	<b>\$ 22.7</b>	<b>\$ 15.2</b>			
<i>West Penn Hospital</i>					
NICU	\$ 3.3	\$ 1.0			
Autoimmune Specialty Suite	7.8	-			
General Hospital Renovations	0.5	0.7			
Replacements and Leases	7.2	8.8			
Year-End Equipment Accrual	-	0.1			
<b>Total West Penn Hospital</b>	<b>\$ 18.8</b>	<b>\$ 10.6</b>			
<i>Allegheny Health Network/IT</i>					
Renovations	\$ 2.9	\$ 0.7			
Strategic Acquisitions	4.0	-			
Replacements and Leases	23.8	16.0			
<b>Total AHN/IT</b>	<b>\$ 30.7</b>	<b>\$ 16.7</b>			