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May 1, 2017

**VIA HAND DELIVERY**

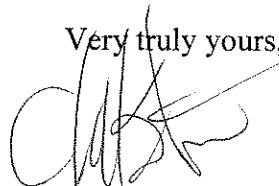
Joseph DiMemmo, CPA  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation  
Pennsylvania Insurance Department  
1345 Strawberry Square  
Harrisburg, PA 17120

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

Dear Mr. DiMemmo:

Pursuant to the above-captioned Order and Section III (D) of the above-captioned Approval Letter, Highmark Health is filing the enclosed financial reports for Allegheny Health Network for the period ending March 31, 2017 on a non-confidential basis. I have forwarded a copy of the reports to Mr. Beaser and Mr. DeLacey by email.

Very truly yours,



Jack M. Stover

JMS/gmt

Enclosure

cc: Lawrence J. Beaser, Esquire (via email: [Beaser@BlankRome.com](mailto:Beaser@BlankRome.com))  
Patrick T. DeLacey (via email: [pat.delacey@raymondjames.com](mailto:pat.delacey@raymondjames.com))

**Allegheny Health Network**  
**Consolidated Statement of Operations - UNAUDITED**  
**Period Ended March 31, 2017**  
(Dollars in Thousands)

	QTD	
	ACTUAL	PLAN
Total Operating Revenue	\$ 748,098	\$ 751,000
Total Operating Expense	751,936	765,000
Operating Loss	\$ (3,838)	\$ (14,000)
<i>Operating Margin</i>	<i>(0.5%)</i>	<i>(1.9%)</i>
Net Income (Loss)	<u>\$ 115</u>	<u>\$ (16,000)</u>
<i>Net Margin</i>	<i>0.0%</i>	<i>(2.1%)</i>
EBITDA	\$ 34,768	\$ 24,000
<i>EBITDA Margin</i>	<i>4.6%</i>	<i>3.2%</i>
DCOH	78	72
Total Discharges	22,694	22,486
Outpatient Registrations	319,734	322,086

Note: EBITDA calculation excludes Unrealized Gains, though previously included in original plan submitted

**Allegheny Health Network**  
**Key Financial Indicators**  
**Period Ended March 31, 2017**

	QTD	
	ACTUAL	PLAN
<b>Financial Metrics</b>		
FTEs	16,958	17,415
EBITDA (in thousands)	\$ 34,768	\$ 24,000
Operating Margin %	(0.5%)	(1.9%)
Net Income %	0.0%	(2.1%)
EBITDA %	4.6%	3.2%
Days Cash on Hand	78	72
Days in A/R	42.6	40.1
Total Debt (in thousands)	\$ 1,428,194	\$ 1,416,000
<b>Statistical Metrics</b>		
Discharges	22,694	22,486
Adjusted Discharges	45,663	45,346
Emergency Department Visits	71,779	73,156
Outpatient Registrations	319,734	322,086
Physician Office Visits	720,255	693,299

Note: EBITDA calculation excludes Unrealized Gains, though previous included in original plan submitted

**Allegheny Health Network**  
**Consolidated Balance Sheet - UNAUDITED**  
**March 31, 2017**  
(Dollars in Thousands)

	QTD	
	ACTUAL	PLAN
<b><u>ASSETS</u></b>		
Cash & Cash Equivalents	\$ 195,362	\$ 186,000
Receivables	381,063	373,000
PPE, Net	1,056,425	1,126,000
Goodwill and Other Intangible Assets, Net	117,059	115,000
Other Assets	979,522	931,000
<b>TOTAL ASSETS</b>	<b><u>\$ 2,729,431</u></b>	<b><u>\$ 2,731,000</u></b>
<b><u>LIABILITIES &amp; NET ASSETS</u></b>		
Debt	\$ 1,428,194	\$ 1,416,000
Other Liabilities	1,054,223	1,020,000
Total Liabilities	<u>2,482,417</u>	<u>2,436,000</u>
Total Net Assets	<u>247,014</u>	<u>295,000</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 2,729,431</u></b>	<b><u>\$ 2,731,000</u></b>

**Allegheny Health Network**  
**Consolidated Statement of Cash Flows - UNAUDITED**  
**Period Ended March 31, 2017**  
(Dollars in Thousands)

	QTD	
	ACTUAL	PLAN
Cash Flow from Operating Activities:	\$ (65)	\$ 11,000
Cash Flow from Investing Activities:	(17,352)	(62,000)
Cash Flow from Financing Activities:	16,226	71,000
Net Change in Cash and Cash Equivalents	(1,191)	20,000
Beginning Cash and Cash Equivalents	196,553	166,000
Ending Cash and Cash Equivalents	\$ 195,362	\$ 186,000