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Corporate & Financial Regulation

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MAY 30 2019

**Pennsylvania
Insurance Department**

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May 30, 2019

VIA HAND DELIVERY

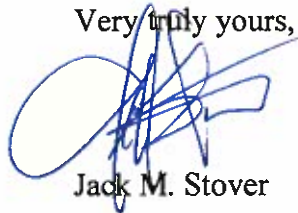
Joseph DiMemmo, CPA
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation
Pennsylvania Insurance Department
1345 Strawberry Square
Harrisburg, PA 17120

Re: **Non-Confidential Allegheny Health Network Financial Information
Condition 14(C)
Order No. ID-RC-13-06 as modified**

Dear Deputy Commissioner DiMemmo:

Pursuant to Section 14(C) of the above-captioned Order as modified, Highmark Health is filing the enclosed financial information for Allegheny Health Network for the period ending March 31, 2019 on a non-confidential basis. I have forwarded a copy of the reports to Mr. Beaser and Mr. DeLacey by electronic means.

Very truly yours,



Jack M. Stover

JMS/jls

Enclosure

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.

Allegheny Health Network
Consolidated Statements of Operations - UNAUDITED
Period Ended March 31, 2019
(Dollars in Thousands)

	QTD	
	ACTUAL	PLAN*
Total Operating Revenue	\$ 858,331	\$ 910,000
Total Operating Expense	<u>857,108</u>	<u>892,000</u>
Operating Income	<u>\$ 1,223</u>	<u>\$ 18,000</u>
Excess of Revenue Over Expenses	<u><u>\$ 19,141</u></u>	<u><u>\$ 15,000</u></u>

* - The PLAN amounts included in this filing were derived from annual projections developed in early 2017. These should not be relied upon and such amounts are NOT consistent with our current 2019 budget and/or forecast.

Amounts are Unaudited and Subject to Change

**Allegheny Health Network
Key Financial Indicators
Period Ended March 31, 2019**

	QTD	
	ACTUAL	PLAN*
Financial Metrics		
FTEs	19,524	19,164
Net EBITDA (in thousands)	\$ 64,254	\$ 68,000
Operating Margin %	0.1%	2.0%
Net Income %	2.2%	1.6%
Net EBITDA %	7.5%	7.5%
Days Cash on Hand	88.8	68.9
Days in A/R	42.1	38.2
Total Debt (in thousands)	\$ 1,016,892	\$ 920,000
Statistical Metrics		
Discharges	20,766	25,602
Adjusted Discharges	42,685	52,892
Emergency Department Visits	68,263	78,845
Outpatient Registrations	322,358	379,391
Physician Visits	786,002	829,730

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Allegheny Health Network
Consolidated Balance Sheets - UNAUDITED
March 31, 2019 and 2018
(Dollars in Thousands)

	ACTUAL	PLAN*	PY
ASSETS			
Cash & Cash Equivalents	\$ 176,860	\$ 189,000	\$ 148,696
Receivables	432,463	423,000	425,798
PPE, Net	1,379,739	1,410,000	1,149,527
Goodwill and Other Intangible Assets, Net	124,464	110,000	114,577
Other Assets	1,413,192	1,042,000	1,177,666
TOTAL ASSETS	\$ 3,526,718	\$ 3,174,000	\$ 3,016,264
LIABILITIES & NET ASSETS			
Debt	\$ 1,016,892	\$ 920,000	\$ 1,070,026
Other Liabilities	1,232,394	942,000	963,556
Total Liabilities	2,249,286	1,862,000	2,033,582
Total Net Assets	1,277,432	1,312,000	982,682
TOTAL LIABILITIES & NET ASSETS	\$ 3,526,718	\$ 3,174,000	\$ 3,016,264

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Allegheny Health Network
Consolidated Statements of Cash Flows - UNAUDITED
Period Ended March 31, 2019
(Dollars in Thousands)

	QTD	
	ACTUAL	PLAN*
Cash Flow from Operating Activities:	\$ 22,342	\$ 22,000
Cash Flow from Investing Activities:	(64,550)	(32,000)
Cash Flow from Financing Activities:	56,563	22,000
Net Change in Cash and Cash Equivalents	14,355	12,000
Beginning Cash and Cash Equivalents	162,505	177,000
Ending Cash and Cash Equivalents	\$ 176,860	\$ 189,000

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