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Catholic Health Initiatives Reports Positive Gains in Third Quarter of FY 2017

Significant Increase in EBIDA Signals Steady, Continuing Improvement

ENGLEWOOD, Colo. – May 22, 2017 -- Catholic Health Initiatives reported positive gains in the third quarter of the 2017 fiscal year, generating continued steady improvement in operating EBIDA while simultaneously reducing labor and supply expenses as part of a rigorous performance-improvement plan.

The nation's third-largest nonprofit health system posted \$325 million in operating EBIDA (earnings before interest, depreciation and amortization) – or a 7.8% operating EBIDA margin -- before restructuring for the three months ending March 31. The results represented a 31% increase over the same period in the 2016 fiscal year, excluding one-time items.

Financial results in the current year have improved significantly in all three quarters, climbing from \$122 million in the first quarter to \$210 million in the second and \$325 million in the third. The trend signals continued success in the organization's comprehensive performance-improvement plan. Meantime, both labor and supply expenses as a percentage of net patient service revenues were reduced from the second to third quarters.

“The first three quarters – and March, in particular – demonstrated that we are on track for substantial improvement in our financial situation as we near the end of the 2017 fiscal year,” said Dean Swindle, CHI's president for enterprise business lines and chief financial officer. “Our focused efforts in key areas are having a big impact, and we will continue to build on key improvements – including those in labor and supply chain – throughout this year.

“While we are extremely pleased with the results in the third quarter, we have a lot of work to do to continue this performance-improvement effort,” Swindle added.

Colorado, Ohio and Tennessee led the way across the enterprise in the third quarter, with each division posting operating EBIDA margins in excess of 10%. Investments gains in the third quarter of more than \$203 million – a nearly 12-fold increase over the previous three-month period -- also helped solidify the balance sheet for CHI, which operates 104 acute-care hospitals and hundreds of other health care facilities in 17 states.

In March, strong volumes and a boost in revenues across the enterprise – particularly in Kentucky, Colorado and the Pacific Northwest – contributed to operating EBIDA of \$103 million, a 27% improvement over the same period last year, excluding one-time gains. Operating EBIDA for the month stood at 7.5% -- an almost 2% increase in margin from the same period in FY16.

“We have instituted a highly disciplined effort in terms of expense reduction and performance improvement,” Swindle said. “And we fully expect to see continued improvement in the last three months of this fiscal year.”

ABOUT CATHOLIC HEALTH INITIATIVES: Catholic Health Initiatives, a nonprofit, faith-based health system formed in 1996 through the consolidation of four Catholic health systems, expresses its mission each day by creating and nurturing healthy communities in the hundreds of sites across the nation where we provide care. The nation’s third-largest nonprofit health system, Englewood, Colorado-based CHI operates in 17 states and comprises 104 hospitals, including four academic health centers and major teaching hospitals as well as 30 critical-access facilities; community health-services organizations; accredited nursing colleges; home-health agencies; living communities; and other facilities and services that span the inpatient and outpatient continuum of care. In fiscal year 2016, CHI provided more than \$1.1 billion in financial assistance and community benefit – a 13% increase over the previous year -- for programs and services for the poor, free clinics, education and research. Financial assistance and community benefit totaled more than \$2 billion with the inclusion of the unpaid costs of Medicare. The health system, which generated operating revenues of \$15.9 billion in fiscal year 2016, has total assets of approximately \$22.7 billion. Learn more at www.catholichealthinitiatives.org