

West Virginia United Health System, Inc.
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RE: Officers Certificate for WVUHS Obligated Group related to the filing of the Obligated Group's Unaudited Financial Statements for the following financings:

| | |
|---|---|
| (1) West Virginia Hospital Finance Authority Hospital Revenue Refunding and Improvement Bonds (West Virginia United Health System Obligated Group) 2016 Series A | (2) 2015 JPMorgan Chase Bank, N.A. Taxable Term Loan |
| (3) 2015 JPMorgan Chase Bank, N.A. Term Loan | (4) 2015 TD Bank, N.A. Taxable Term Loan |
| (5) 2014 Branch Banking and Trust Company Taxable Term Loan | (6) 2014 Branch Banking and Trust Company Business Loan |
| (7) West Virginia Hospital Finance Authority Hospital Revenue Refunding and Improvement Bonds (West Virginia United Health System Obligated Group) 2013 Series A | (8) 2013 Branch Banking and Trust Company Term Loan |
| (9) West Virginia Hospital Finance Authority Hospital Refunding Bond (West Virginia United Health System Obligated Group) 2012 Series A | (10) West Virginia Hospital Finance Authority Hospital Refunding Bond (West Virginia United Health System Obligated Group) 2012 Series B |
| (11) West Virginia Hospital Finance Authority Hospital Refunding Bond (West Virginia United Health System Obligated Group) 2012 Series C | (12) West Virginia Hospital Finance Authority Hospital Refunding Bond (West Virginia United Health System Obligated Group) 2012 Series D |
| (13) West Virginia Hospital Finance Authority Hospital Refunding Bond (West Virginia United Health System Obligated Group) 2012 Series E | (14) West Virginia Hospital Finance Authority Hospital Revenue Bond (West Virginia United Health System Obligated Group) 2011 Series B |
| (15) West Virginia Hospital Finance Authority Taxable Hospital Revenue Bond (West Virginia United Health System Obligated Group) 2011 Series C | (16) West Virginia Hospital Finance Authority Hospital Refunding Bond (West Virginia United Health System Obligated Group) 2011 Series D |
| (17) West Virginia Hospital Finance Authority Hospital Refunding Bond (West Virginia United Health System Obligated Group) 2011 Series E | (18) Wells Fargo Bank, N.A. Revolving Line of Credit |
| (19) 2009 Branch Banking and Trust Company Term Loan | (20) West Virginia Hospital Finance Authority Hospital Auction Rate Certificates Revenue Refunding and Improvement Bonds (Camden-Clark Memorial Hospital Corporation) 2004 Series B, CUSIP Number 956622VX9 |
| (21) West Virginia Hospital Finance Authority Hospital Auction Rate Certificates Revenue Refunding and Improvement Bonds (Camden-Clark Memorial Hospital Corporation) 2004 Series C, CUSIP Number 956622VY7 | (22) West Virginia Hospital Finance Authority Hospital Revenue Refunding Bonds (West Virginia University Hospitals, Inc.) 2003 Series B Auction Rate Certificates, CUSIP Number 956622UQ5 |

QUARTERLY COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished to applicable parties by West Virginia United Health System, Inc. d/b/a West Virginia University Health System as Obligated Group Agent ("Obligated Group Agent") on behalf of West Virginia University Hospitals, Inc. ("WVUH"), City Hospital, Inc. d/b/a Berkeley Medical Center ("Berkeley Medical"), City Hospital Foundation, Inc. d/b/a University Healthcare Foundation, Inc. ("University Healthcare Foundation"), The Charlestown General Hospital d/b/a Jefferson Medical Center ("Jefferson Medical"), United Hospital Center, Inc. ("UHC"), Camden-Clark Memorial Hospital Corporation ("Camden Clark") and together with the Obligated Group Agent, WVUH, Berkeley Medical, University Healthcare Foundation, Jefferson Medical, UHC, and Camden Clark, collectively the "Obligated Group". The applicable parties are associated with financings by the Obligated Group pursuant to financing documents for the financings listed above.

The Undersigned hereby certifies that:

1. I am an Authorized Officer of the Obligated Group Agent.
2. I hereby certify to the best of my knowledge that, as of December 31, 2016, the financial data and computations evidencing the Obligated Group's compliance with certain covenants of the financing documents set forth in **Schedule 1** hereto are true, complete and correct and have been made in accordance with the relevant financing documents;
3. I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the applicable Obligated Group Members during the accounting period covered by the attached consolidated unaudited financial statements for the purpose of determining whether or not the Obligated Group has complied with the financing documents;
4. To the best of my knowledge, the Obligated Group has kept, observed, performed and fulfilled the covenants, provisions and conditions of the financing documents;
5. The examinations described in paragraph 3 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Potential Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;
6. The Subsidiaries of the Obligated Group Members are Allied Health Services Inc., United Summit Center Inc., United Health Foundation Inc., Potomac Valley Hospital, United Physicians Care Inc., West Virginia United Insurance Services, Inc., St. Joseph's Hospital of

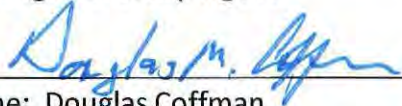
Buckhannon, Reynolds Memorial Hospital, Camden Clark Physician Corporation, Camden Clark Foundation, and the Family Fitness Center; and

7. To the best of my knowledge, the attached financial statements fairly represent the applicable Obligated Group's condition in accordance with GAAP as of the dates and for the periods covered thereby, and the unaudited financial statements have been prepared on substantially the same basis as the most recent financial statements provided by the Obligated Group.

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The foregoing certifications and the unaudited financial statements delivered with this Certificate in support hereof, are made and delivered this February 24, 2017.

WEST VIRGINIA UNIVERSITY HEALTH SYSTEM
as Obligated Group Agent

By: _____

Name: Douglas Coffman

Title: Authorized Officer

Schedule 1

Unaudited Financial Statements, including a discussion by management of the results, utilization and payor mix data, and Calculations as required by Applicable Financing Documents



WEST VIRGINIA UNIVERSITY HEALTH SYSTEM

FINANCIAL REPORT FOR THE MONTH OF

December 2016

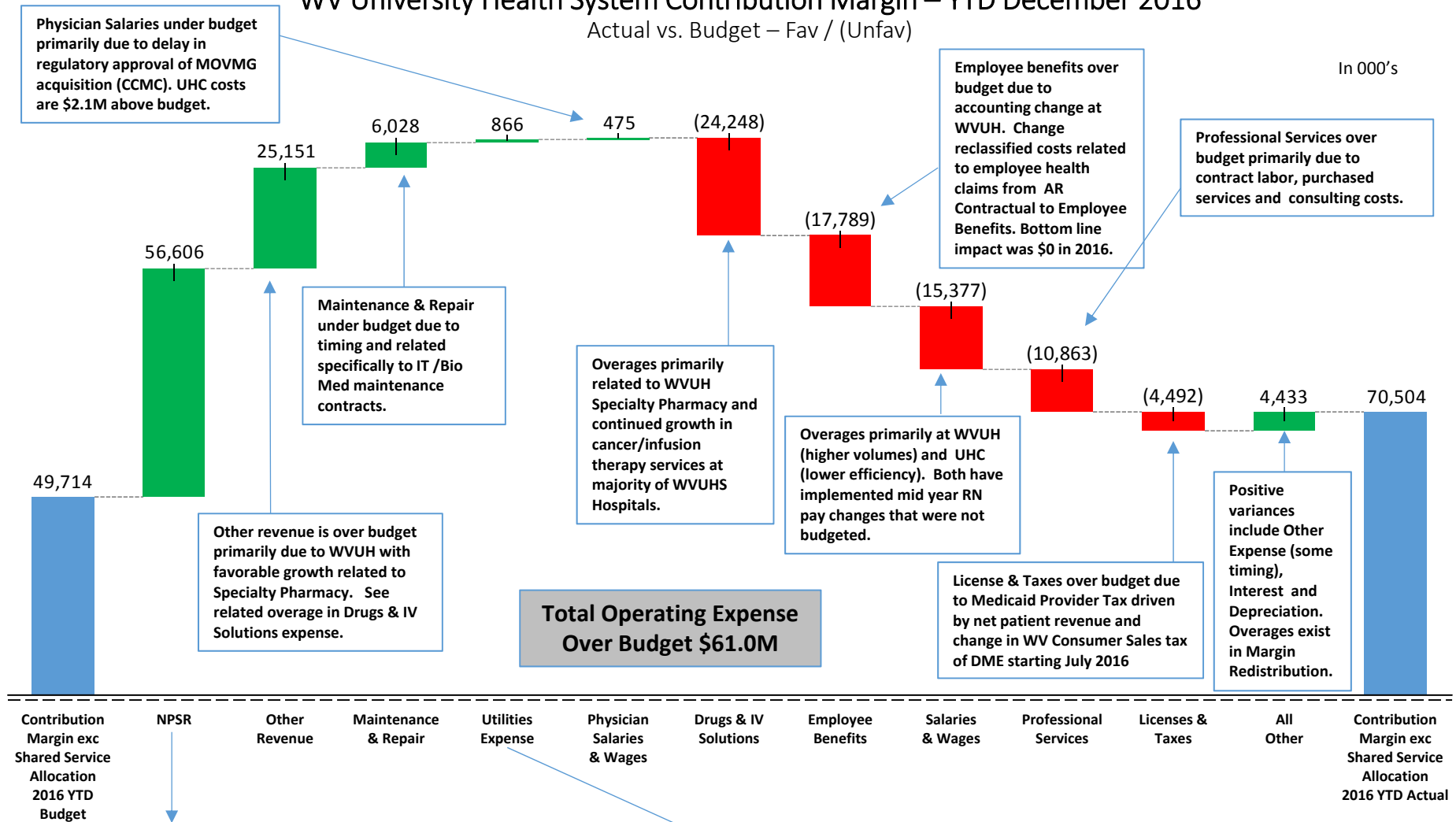
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WV University Health System Contribution Margin – YTD December 2016

Actual vs. Budget – Fav / (Unfav)

In 000's



Net Patient Service Revenue is \$56.6M over budget for the year:

- Gross Revenue is \$97.1M and 2% over budget year to date. Total inpatient revenue is over budget by \$72.9M (4%) and total outpatient revenue is over budget by \$57.7M (3%).
 - Other Patient Revenue negative variance (\$33.4M) caused by delay in MOVMG acquisition at CCMC
- Total inpatient acute care discharges are 2.4% above budget, total patient days are 0.2% above budget as positive trend of lower ALOS continues.
- Total deductions are 58.9% compared to budget of 59.2% - a good correlation with budget and gross revenue.

Key Ratios:

Days Cash on Hand
Debt to Capitalization
Debt Service Coverage
Operation Margin

Actual YTD

182.40
44.27%
3.04
3.76%

Covenant

90.0
67.0%
1.1
N/A

S&P A

182.5
40.6%
4.10
3.6%

Utilities expense under budget due to less than budget inflation and some to lower natural gas pricing

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2016

FINANCIAL OVERVIEW

During the month of December the system's acute care hospitals in Martinsburg, Bridgeport and Morgantown experienced above budget inpatient volumes while CCMC and the CAH hospitals were below budget for the month. Outpatient volumes were fairly mixed and definitely impacted by the Christmas/New Years holiday season, which is not unusual. Operating Expenses were well above budget (17%) with a couple items related to year end estimation processes (health plan, malpractice and inventory), recognition/timing of spend amounts compared to budget (IT maintenance), a recoupment of state payments (physician UPL payments), and a corrected set up of a relatively new receivables system (specialty pharmacy). Further explanations of the above expense variances are below. The WVUHS Operating Margin was a loss for the month.

Year to date, Operating Margin for the year is approximately 3.8% compared to a budget of 2.8%. The positive financial results for the year were driven by stable to improving patient volumes at most of the acute care hospitals, growth in outpatient services, Medicaid enhanced payments (inclusion of expansion population), and fairly controlled operating expenses when compared to revenue growth.

STATEMENT OF REVENUE AND EXPENSE

| | Current Month | | | Year-to-Date | | |
|---------------------------------------|------------------|------------------|------------|--------------------|--------------------|-----------|
| | Actual | Budget | % Var | Actual | Budget | % Var |
| PATIENT SERVICE REVENUE | | | | | | |
| Inpatient Revenue | \$183,255 | \$172,304 | 6% | \$2,148,027 | \$2,075,169 | 4% |
| Outpatient Revenue | 178,140 | 165,636 | 8% | 2,088,042 | 2,030,384 | 3% |
| Other Patient Revenue | 1,199 | 3,867 | -69% | 12,142 | 45,567 | -73% |
| Gross Patient Service Revenue | 362,594 | 341,807 | 6% | 4,248,211 | 4,151,120 | 2% |
| Medicare Deductions | 109,217 | 93,277 | 17% | 1,218,715 | 1,136,302 | 7% |
| Medicaid Deductions | 60,171 | 57,968 | 4% | 738,355 | 715,724 | 3% |
| Other Contractual Adjustments | 36,300 | 41,194 | -12% | 442,600 | 504,769 | -12% |
| Provision for Bad Debt | 2,906 | 5,317 | -45% | 59,016 | 61,497 | -4% |
| Charity Deductions | 3,765 | 3,345 | 13% | 41,402 | 41,312 | 0% |
| Total Deductions and Bad Debts | 212,359 | 201,101 | 6% | 2,500,088 | 2,459,604 | 2% |
| | 58.6% | 58.8% | | 58.9% | 59.3% | |
| Net Patient Service Revenue | 150,235 | 140,706 | 7% | 1,748,123 | 1,691,516 | 3% |
| Other Revenue | 13,322 | 8,521 | 56% | 126,618 | 101,468 | 25% |
| Total Operating Revenue | \$163,557 | \$149,227 | 10% | \$1,874,741 | \$1,792,984 | 5% |

Gross patient revenue was \$20.8M and 6% above budget for the month primarily due to nice inpatient volumes (especially for month of December) at WVUH, UHC, and BMC and good outpatient volumes at WVUH and UHC. Total inpatient discharges were 6.1% above budget and total inpatient days were 3.6% above budget for the month. Key outpatient stat indicators (Surgery, Diagnostics, Cardio, Infusion Therapy and Physician Clinic Visits) were primarily above budget at WVUH and UHC, but lagged below budget at CCMC and were mixed at BMC. Year to date, total discharges are 2.4% above budget and total patient days are right at budget expectations. The variance in Other Patient Revenue is related to the CCMC acquisition of the Mid-Ohio Valley Medical Group (MOVMG). This transaction was budgeted to be completed in early 2016, but has been slowed by state CON process. The positive variance in Other Revenue is primarily attributed to the continued growth of specialty pharmacy business based at WVUH. Below are the following hospital gross patient revenue variances for December:

| Division | Budget Variance (\$) | Budget Variance (%) | Comments |
|----------|-------------------------|------------------------|--|
| WVUH | \$20.2M | 13.2% | IP revenue 11% above budget. Acute care discharges 6% above budget for month. Inpatient Cardio Invasive procedures were 22% above budget. Most outpatient procedures were within 5% of budget, although outpatient surgery (13%), Radiation Therapy (25%), and CT Scans (10%) were well above budget. Cardio Invasive procedures were 40% above budget. Total ER visits were 2% below budget for the month. |
| CCMC | (\$4.7M) | (8.3%) | IP revenue 3% below budget. IP Discharges were 1% below budget for the month. And CCMC is still struggling on outpatient business. OP Surgeries, including Endo, were 21% below budget. Lab Tests (25%), MRI (13%) and Cardiac procedures (40%) were all below budget. One bright spot was Total ER visits were just 2% below budget. ER visits were 19% below budget YTD through Nov. |
| UHC | \$9.4M | 16.6% | Acute care discharges were 12% above budget for the month. Key outpatient services that were above budget include Surgery (18%), Endoscopy (19%), MRI (14%), Infusion Therapy (30%), Radiation Therapy (11%), Cardiac procedures (10%), and home health (30%). Total ER visits were 9% below budget expectations. There were no other significant outpatient services that were below budget for the month. |
| BMC | (\$1.8M) | (4.9%) | IP Revenue 2% below budget. Acute care discharges were 17% above budget, but patient days were 3% below budget. Most key outpatient services were below budget including Surgery (13%), Endoscopy (17%), MRI Scans (37%), Lab (17%) and Cardiac procedures (8%). While diagnostic imaging (6%), and home health (8%) were above budget. Total ER Visits were 3% below budget for the month. The variance in MRI volume is due to delay of implementation of 2 nd fixed unit at BMC. |

Deductions for the month were \$11.3M and 6% above budget and somewhat consistent with the Gross Patient Revenue budget variance. Year to date, Total Contractual Adjustments/Deductions as percent of Gross Patient Revenue (58.9%) compare favorably to budget and are consistent with the Gross Patient Revenue variance from budget.

The variance in Other Operating Revenue is primarily due to the Special Pharmacy at WVUH. Activity at the Specialty Pharmacy is somewhat offset by above budget spend in Drugs and IV Solutions.

| | Current Month | | | Year-to-Date | | |
|---------------------------------|------------------|------------------|------------|--------------------|--------------------|-----------|
| | Actual | Budget | % Var | Actual | Budget | % Var |
| OPERATING EXPENSES | | | | | | |
| Salaries & Wages | \$56,289 | \$52,121 | 8% | \$613,346 | \$597,969 | 3% |
| Physicians Salaries & Wages | 8,942 | 8,090 | 11% | 90,297 | 90,772 | -1% |
| Employee Benefits | 16,331 | 14,745 | 11% | 192,357 | 174,568 | 10% |
| Professional Services | 9,008 | 6,674 | 35% | 89,447 | 78,584 | 14% |
| Medical/Surgical Supplies | 18,347 | 15,336 | 20% | 190,962 | 187,304 | 2% |
| Drugs & IV Solutions | 14,609 | 11,413 | 28% | 169,221 | 144,973 | 17% |
| Other Expenses | 28,178 | 18,912 | 49% | 224,233 | 224,722 | 0% |
| Depreciation & Amortization | 9,389 | 10,111 | -7% | 105,879 | 115,380 | -8% |
| Interest Expense | 944 | 3,305 | -71% | 29,203 | 38,733 | -25% |
| Margin Redistribution | 9,209 | 4,855 | 90% | 78,614 | 69,686 | 13% |
| Contributions to HSC | 1,723 | 1,723 | 0% | 20,678 | 20,678 | 0% |
| Total Operating Expenses | \$172,969 | \$147,285 | 17% | \$1,804,237 | \$1,743,369 | 3% |

Overall, Total Operating Expenses were 17% above budget for the month. Total Salaries/Wages and Employee Benefits were just less than 48% of our total operating expenses and were 9% above budget for the month due to some higher than budget inpatient volumes, increase in staffing at WVUH for new tower opening, unbudgeted pay rate increases at WVUH and UHC for RN's (initiated in July), and higher than budget employee health plan expense. In addition, due to positive operating results, most of our hospitals have accrued costs that will be payable associated with employee and executive incentive comp plans. Finally, due to increase in recent physician growth (50+ net physicians) in UHA, the Margin Redistribution amounts from WVUH will be above budget during this ramp up period. In December, the Margin Redistribution amounts was also impacted by a \$2.9M recoupment from State of WV related to the physician upper payment or DPP program due to audit of payments made through June 30, 2016. Year to date, both Total Operating Expenses are 3% above budget and Salaries/Wages and Employee Benefits (50% of total operating expenses) are 4% above budget. Below is a Full Time Equivalent analysis for the month by hospital as well as other comments to impact Salaries and Wages:

| Hospital | Total FTEs | Budget Variance (%) | Comments |
|----------|------------|---------------------|--|
| WVUH | 5,425 | 10.1% | FTE increase of over 300 from November in prep for opening of new tower. Staff salaries were 13% above budget due primarily to higher patient volumes and new hires in preparation for opening of new tower. Mid year increase in the hourly rates for RNs (unbudgeted) also impacted cost for the month and 2016 compared to budget. |
| CCMC | 1,445 | 1.4% | Staff salaries were 3.3% below budget. YTD – Staff salaries are 2% below budget and the FTE per Adjusted Patient Day (5.66) is just slightly above budget. |
| UHC | 1,640 | 1.4% | Staff salaries were 7% above budget. Additional FTEs tied to inpatient volumes and the start up of new employed physician offices (not budgeted). YTD - FTE per Adjusted Patient Day (4.69) is 9% above budget and is of concern. Mid year increase in the hourly rates for RNs and accrual of associate bonus plan also impacted staff wages for 2016 as neither were budgeted. |
| BMC | 980 | 0.9% | Staff salaries were 3% below budget. YTD - FTE per adjusted patient day (3.90) and 5% above budget. Stat is somewhat understated compared to other WVUHS hospitals as a number of support FTEs are reported separately under the UH company structure. |

For the year, Physician Salaries are \$475,000 and 1% below budget due primarily to the delay in the MOVMG acquisition noted above. UHC Physician costs are actually \$2.0M above budget for the year due to above budget physician incentive payments and new physicians that began employment in July and August that were not budgeted. Neither the salary costs nor the clinic revenue were budgeted in 2016 as these employment situations were not anticipated last fall.

Other significant operating expense variances and information include the following:

- Professional Services were above budget \$2.3M and 35% in December 2016. Overages existed primarily at WVUHS (\$498K) and WVUH (\$1.6M). At the WVUHS division, the overages included Purchased Services at UPC for Emergency Room staffing (\$250K), contract labor at UML/Allied (\$100K) and at WVUHS corporate related to IT and the back filling of staff during the implementation of Beaker/EPIC Lab application. At WVUH, the overage is caused by a number of items; including MRI/PET services for inpatients, contract labor, a new perfusion contract in OR (versus internal team), and reference lab fees. Year to date, Professional Services across the system are \$10.9M above budget and an opportunity for 2017. Primary reason for the overages in 2016 (in addition to the above type items) are due to contract/locum help at almost each of the acute care hospitals, consulting engagements that were not budgeted, and cost incurred in evaluating and implementing growth opportunities.
- A comparison of Medical/Surgical Supplies cost per Adjusted Patient Day follows:

| Cost per Adj Pat Day | WVUH | UHC | CCMC | BMC |
|----------------------|-------|-------|-------|-------|
| Year to Date Actual | \$431 | \$187 | \$275 | \$169 |
| Budget | \$410 | \$191 | \$318 | \$171 |

Increase in cost per patient day at WVUH is specifically tied to specialty procedures being performed within the Heart & Vascular Institute. And WVUH had a physical inventory adjustment of approximately \$1M in December to reconcile amounts recorded to physical counts.

- A comparison of Drugs and IV Solutions cost per Adjusted Patient Day follows:

| Cost per Adj Pat Day | WVUH | UHC | CCMC | BMC |
|----------------------|-------|-------|-------|-------|
| Year to Date Actual | \$232 | \$189 | \$166 | \$155 |
| Budget | \$235 | \$173 | \$181 | \$149 |

The costs of Drugs and IV solutions continues to be driven by the growth of Specialty Pharmacy at WVUH (which have been removed from above ratio for comparative purposes) as well as cancer related infusion therapy services at most WVUHS hospitals.

- Maintenance & Repairs was \$2.3M and 48% above budget in December. Majority of variance is due to first year of operating as a combined IT department for our system. The budget was spread evenly during the year. However, there were contracts that are not “prepaid” agreements that were either paid in December or accrued in anticipation of real costs related to 2016. The spreading of the budget should be more accurate in 2017. Year to date, expenses were 11% below budget.
- In December, License and Taxes were above budget \$586,000 and 14%. As noted in prior reports, the WV Legislature changed the exempt status of certain medical equipment and supplies to “taxable” starting July 1, 2016. The expected impact of this change to WVUHS is approximately \$5M per year. Also contributing to the variance is higher than budget Medicaid Provider Taxes that is tied to higher than budget net patient service revenue.
- Insurance Expense is above budget due to adjustments made related to our self insured malpractice accruals based on year end loss analysis and actuarial estimates for each plan. Negative adjustment were made at CCMC (\$777K) and UH (\$1.5M) as both have had an increase in reported claims during 2016. Year to date, Insurance Expense is below budget expectations.
- Other Expenses were above budget for the month due primarily to a WVUH write off of accounts receivable related to specialty pharmacy (\$3M). Most of the write offs related to work system errors in

place when this new program was initiated. Errors were identified during year end reviews. Corrections to both work systems and accounting reviews have been initiated for 2017.

- Interest Expense is below budget for the month and year to date primarily as a result of the 2016 bond refunding that closed in June.

| | Current Month | | | Year-to-Date | | |
|--------------------------------------|------------------|----------------|--------------|-----------------|-----------------|------------|
| | Actual | Budget | % Var | Actual | Budget | % Var |
| TOTAL OPERATING MARGIN | (\$9,413) | \$1,905 | -594% | \$70,504 | \$49,615 | 42% |
| INVESTMENT INCOME | 9,576 | 3,659 | 162% | 25,004 | 42,398 | -41% |
| UNREALIZED INVESTMENT INCOME | 523 | 1 | 52200% | 32,798 | 26 | 126046% |
| SWAP - GAIN OR LOSS | 15,442 | 206 | 0% | 5,746 | 2,436 | 136% |
| IMPAIRMENT LOSS | - | - | 0% | (371) | - | -100% |
| OTHER NON-OPER REVENUES | (203) | (27) | 0% | (2,363) | (175) | 1250% |
| EXTRAORDINARY ITEM | | - | 0% | (32,460) | | -100% |
| EXCESS REVENUES OVER EXPENSES | \$15,925 | \$5,744 | 177% | \$98,858 | \$94,300 | 5% |

WVUHS incurred a net investment gain for the month of approximately \$10.1M and 1.4%. During December 2016, both the S&P 500 Stock Index increased almost 1.8% and the fixed income market (Aggregate Bond Index) decreased approximately 0.2%. Year to date, the S&P 500 Stock Index has gained just over 8% and the fixed income market (Aggregate Bond Index) has decreased approximately 2%. But both indices have been fairly volatile.

During the fourth quarter of 2016, the system has recognized an unrealized gain of \$15.4M related to the valuation of the WVUHS SWAP agreements. Year to date, the unrealized gain related to the valuation of the WVUHS SWAP agreements is \$5.7M as long term interest rates/value related to similar borrowings have started to increase compared to December 2015. Adjustments to SWAP valuations will be made on a quarterly basis.

Finally, WVUHS has incurred an unrealized loss of approximately \$32M related to the 2016 Bond Refunding transaction completed in June 2016. This transaction included the advance refunding of four bond series. As such, the funding of future interest amounts related to the respective four bond series was required. The advance funding of future interest results in a recognized loss for the transaction and is treated for accounting purposed as an extraordinary loss. The 2016 Bond Refunding transaction resulted in a reduction of WVUHS average future interest costs in excess of 0.5% per year or an initial average annual savings in excess of \$3.5M. The total present value savings as a result of the refunding from 2016 to 2041 is estimated to be in excess of \$47M.

BALANCE SHEET

| | Current Month | Prior Month | Unaudited December 31, 2015 |
|---|---------------------|---------------------|-----------------------------------|
| ASSETS | | | |
| Cash & Short Term Investments | \$ 140,385 | \$ 152,061 | \$ 127,044 |
| Patient Receivables – Gross | 491,245 | 520,724 | 442,466 |
| Less: Reserve for Deductions/Uncollectible | (269,884) | (294,673) | (250,995) |
| | 54.9% | 56.6% | 56.7% |
| Other Current Assets (Inventory, Prepaids, etc) | 123,427 | 117,225 | 107,926 |
| TOTAL CURRENT ASSETS | 485,174 | 495,338 | 426,442 |
| NET PROPERTY, PLANT & EQUIPMENT | 1,137,157 | 1,099,564 | 999,408 |
| Bond Funds – Noncurrent | 9,099 | 9,080 | 85,075 |
| Board Designated Funds | 721,047 | 716,953 | 730,456 |
| Self-Insurance Fund – Noncurrent | 56,067 | 58,885 | 56,048 |
| Other Assets | 95,707 | 96,841 | 85,279 |
| TOTAL ASSETS | \$ 2,504,251 | \$ 2,476,661 | \$ 2,382,708 |
| LIABILITIES AND NET ASSETS | | | |
| Long Term Debt - Current | \$ 37,267 | \$ 34,238 | \$ 35,377 |
| Accounts Payable & Accrued Expense | 80,964 | 60,689 | 66,892 |
| Accrued Wages & Fringe Benefits | 91,376 | 86,829 | 84,504 |
| Other Accrued Liabilities | 73,476 | 67,512 | 70,875 |
| TOTAL CURRENT LIABILITIES | 283,083 | 249,268 | 257,648 |
| LONG-TERM DEBT – NONCURRENT. | 916,646 | 920,943 | 916,132 |
| Accrued Malpractice Liability | 45,223 | 45,946 | 41,467 |
| Other Liabilities - Noncurrent | 60,194 | 74,787 | 67,595 |
| TOTAL LIABILITIES | 1,305,146 | 1,290,944 | 1,282,842 |
| NET ASSETS | 1,199,105 | 1,185,717 | 1,099,866 |
| TOTAL LIABILITIES & NET ASSETS | \$ 2,504,251 | \$ 2,476,661 | \$ 2,382,708 |

Significant Balance Sheet variances in the month of December include the following:

- The balance of Operating Cash decreased during the month due in spite of a very strong month of Accounts Receivable activity (see below). The strong month of collections were offset by higher than budget capital spend which is not completely unexpected trend at year end, especially with new tower project wrapping up at WVUH. The total Days Cash on Hand ratio decreased 7 days from November 30, 2016 to 182 days at December 31, 2016. The ratio lags behind 2015 levels despite overall strong operating results due primarily to general increase (12+%) in operating expenses in 2016 compared to 2015.
- Gross Patient Receivables decreased almost 6% in December compared to November. As previously noted, WVUHS experienced fairly strong months of patient revenue in September and October. The days to collect such revenue is typically 30 to 45 days. As such, we were expecting a decrease in Accounts Receivable (AR) beginning in November. AR is expected to continue to decline or stay flat in December. Other than a couple issues with timeliness of coding (which is improving), there were no significant internal items to note during the month. The Reserve for Deductions/Uncollectable was just under 55% of Patient Receivables and was comparable to prior month.

- Property, Plant and Equipment increased over \$43M during the month. The majority of the increase occurred at WVUH (\$31M) related to winding down completion of new tower project and HVI project. Year to date, capital expenditures (\$244M) are within \$10M of budget for 2016.
- As noted above, WVUHS incurred a net investment gain of about \$10.1 and approximately 1.4% during December. However, there was a fund withdrawal at WVUH of \$5M to fund payment of capital obligations. There were no other items to note regarding Board Designated Funds (Unrestricted) during the month.
- Other Liabilities-Noncurrent consists primarily of the Unrealized Loss related to the valuation of the WVUHS SWAP agreements. As noted above, future changes in value of the SWAP agreement will be recorded on a calendar quarter basis. The fluctuations in market value can be significant, but will not impact the actual cash flow of the system.

There were no other significant items to note for the month of December. Further detail analysis by WVUHS operating divisions follow in the Appendix to this monthly report.

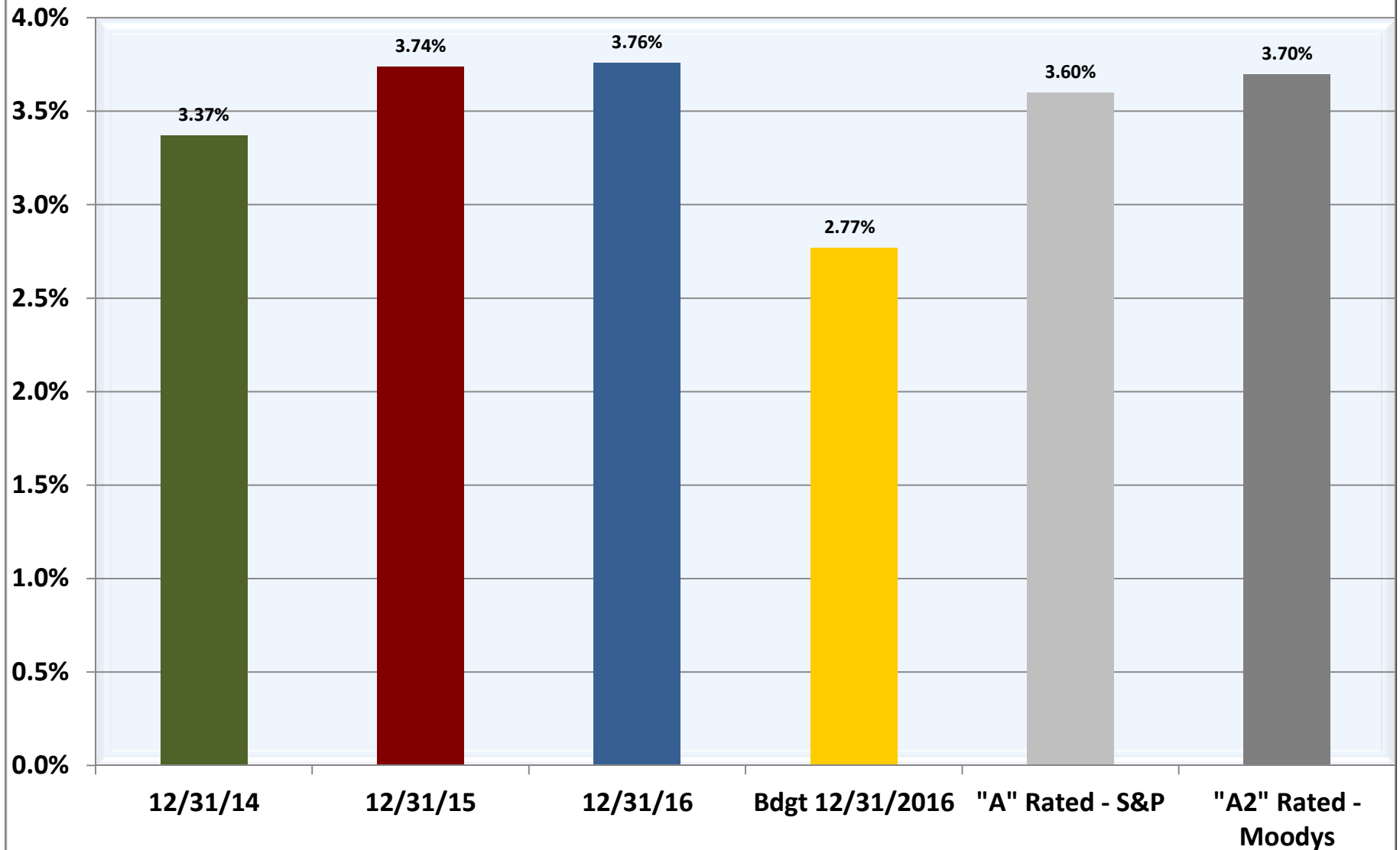
| West Virginia University Health System Comparative Ratio Analysis December 2016 | SYSTEM TOTAL | | | | | |
|--|--------------|---------|---------|---------|----------|----------------|
| | YTD | YTD | YTD | Median | Median | Desired |
| | System | System | System | Ratios | Ratios | Position |
| | Total | Total | Budget | 2015 | 2015 | Compared to |
| | 2015 | 2016 | 2016 | A Rated | A+ Rated | Median & Trend |
| <u>Profitability Ratios:</u> | | | | | | |
| Operating Margin | 3.74% | 3.76% | 2.77% | 3.60% | 4.10% | Above/Up |
| Total Margin | 5.66% | 4.89% | 5.00% | 5.20% | 5.60% | Above/Up |
| EBITDA Margin | 13.71% | 12.01% | 13.40% | 11.10% | 12.30% | Above/Up |
| Operating Cash Flow Margin | 12.08 | 10.97 | 11.36 | 10.60 | 10.30 | Above/Up |
| <u>Liquidity Ratios:</u> | | | | | | |
| Current Ratio | 1.66 | 1.71 | 1.94 | 2.00* | 2.20* | Above/Up |
| Unrestricted Cash / L.T. Debt | 90.12% | 90.31% | 97.05% | 116.00% | 154.80% | Above/Up |
| Days in AR-Net | 39.98 | 45.68 | 45.62 | 49.10 | 46.20 | Below/Down |
| Average Payment Period | 64.02 | 60.94 | 50.96 | 64.30* | 56.00* | Average |
| Days Cash on Hand-Total | 208.17 | 182.40 | 213.80 | 182.50 | 200.30 | Above/Up |
| <u>Capital Structure Ratios:</u> | | | | | | |
| Funded Indebtedness (LT Debt to Capitalization) | 46.38% | 44.31% | 43.83% | 40.60% | 35.90% | Below/Down |
| Cash Flow / Total Debt | 10.89% | 13.04% | 12.98% | 15.60% | 16.60% | Above/Up |
| LT Debt to Cash Flow | 4.69 | 5.61 | 5.92 | 2.70* | 2.30* | Below/Down |
| Cushion Ratio | 13.44 | 13.14 | 14.12 | 18.10 | 20.80 | Above/Up |
| Maximum Debt Service Coverage | 3.13 | 3.04 | 3.18 | 4.10 | 5.00 | Above/Up |
| Max Debt Service / Total Oper Rev | 3.82% | 3.46% | 3.58% | 2.70% | 2.40% | Below/Down |
| Historical Debt Service Coverage | 3.53 | 3.07 | 3.03 | 5.20* | 6.70* | |
| <u>Operating Ratios:</u> | | | | | | |
| Average Daily Census | 1,003 | 1,030 | 1,028 | n/a | n/a | n/a |
| Adjusted Patient Days | 695,396 | 727,102 | 707,607 | n/a | n/a | n/a |
| Adjusted Discharges | 143,094 | 149,621 | 148,615 | n/a | n/a | n/a |
| Total Hospital FTE's | 9,821 | 10,191 | 9,985 | n/a | n/a | n/a |
| Salary & Benefits/NPR | 52.24% | 51.25% | 51.04% | 57.70% | 56.10% | Below/Down |
| Bad Debts/Net Patient Rev. | 3.32% | 3.27% | 3.51% | n/a | n/a | n/a |
| Nonoperating Revenue % | 3.53% | 1.19% | 2.30% | 1.50% | 1.80% | Above/Up |
| Average Age of Plant | 7.53 | 10.34 | 10.18 | 11.60 | 10.30 | Below/Down |

*2015 Moody's A1 and A2 rated median (all others are 2015 S&P)
(2015 Audit Reported in 2016)

| RATIO CALCULATION FORMULA SUMMARY | |
|--|--|
| Profitability Ratios: | Descriptions: |
| Operating Margin | Income from operations / total operating revenue |
| Total Margin | Excess revenues over expenses / total revenue |
| EBITDA Margin | EBITDA / total revenue |
| Operating Cash Flow Margin | (Income from operating + depreciation & amortization exp + interest expense) / total operating revenue |
| Liquidity Ratios: | |
| Current Ratio | Total current assets / current liabilities |
| Unrestricted Cash / LT Debt | Cash / (LTD current + total LTD) |
| Days in AR-Net | Net patient receivables / (net patient services rev / ytd days) |
| Average Payment Period | Total current liabilities / ((total operating exp - depr & amort exp - interest expense) / ytd days) |
| Days Cash on Hand-Total | Cash / ((total operating exp - depr & amort exp) / ytd days) |
| Capital Structure Ratios: | |
| Funded Indebtedness (LT Debt to Capitalization) | ((Total LTD + LTD current) / (net assets + total LTD + LTD current)) |
| Cashflow / Total Debt | ((Excess rev over exp + depr & amort exp) x annualized factor*) / (current liabilities + LTD + other noncurrent liabilities) |
| LT Debt to Cash Flow | (Total LTD + LTD current) / ((excess of revenues over expenses + depreciation & amortization expense) x annualized factor*) |
| Cushion Ratio | Cash / maximum annual debt service |
| Maximum Debt Service Coverage | Net available for debt service / maximum annual debt service |
| Max Debt Service / Total Oper Rev | Maximum annual debt service / ((net patient services revenue + other revenue) x annualized factor*) |
| Historical Debt Service Coverage | Net available for debt service / annual debt service |
| Operating Ratios: | |
| Salary & Benefits/NPR | (Salary & wages + physician salary + employee benefits - WVUHM physician salary) / net patient services revenue |
| Bad Debts/Net Patient Rev. | Provision for bad debts / net patient service revenue |
| Nonoperating Revenue % | Investment income / total revenue |
| Average Age of Plant | Accumulated depreciation / ((depreciation expense) x annualized factor*) |
| EBITDA | Excess revenues over expenses + depreciation & amortization expense + interest expense |
| Maximum Annual Debt Service | Estimate future peak principal payments and interest expense (65,544,787) |
| Net Available for Debt Service | ((Excess revenues over expense + depreciation & amortization expense + interest expense) x annualized factor*) |
| Cash | Cash and short term investments + unrestricted board designated funds |
| Total Revenue | Net patient service revenue + other revenues + investment income |
| <p>* Note: Annualized Factor = 12/current month (i.e. June = 2.0)</p> <p>Note: All ratios exclude Extraordinary Items, Unrealized Investment Income, and SWAP adjustments.</p> <p>System ratios have been revised as of January 2010 to include Eliminating entries.</p> <p>However, Hospital and Division ratios exclude the Eliminating entries.</p> | |

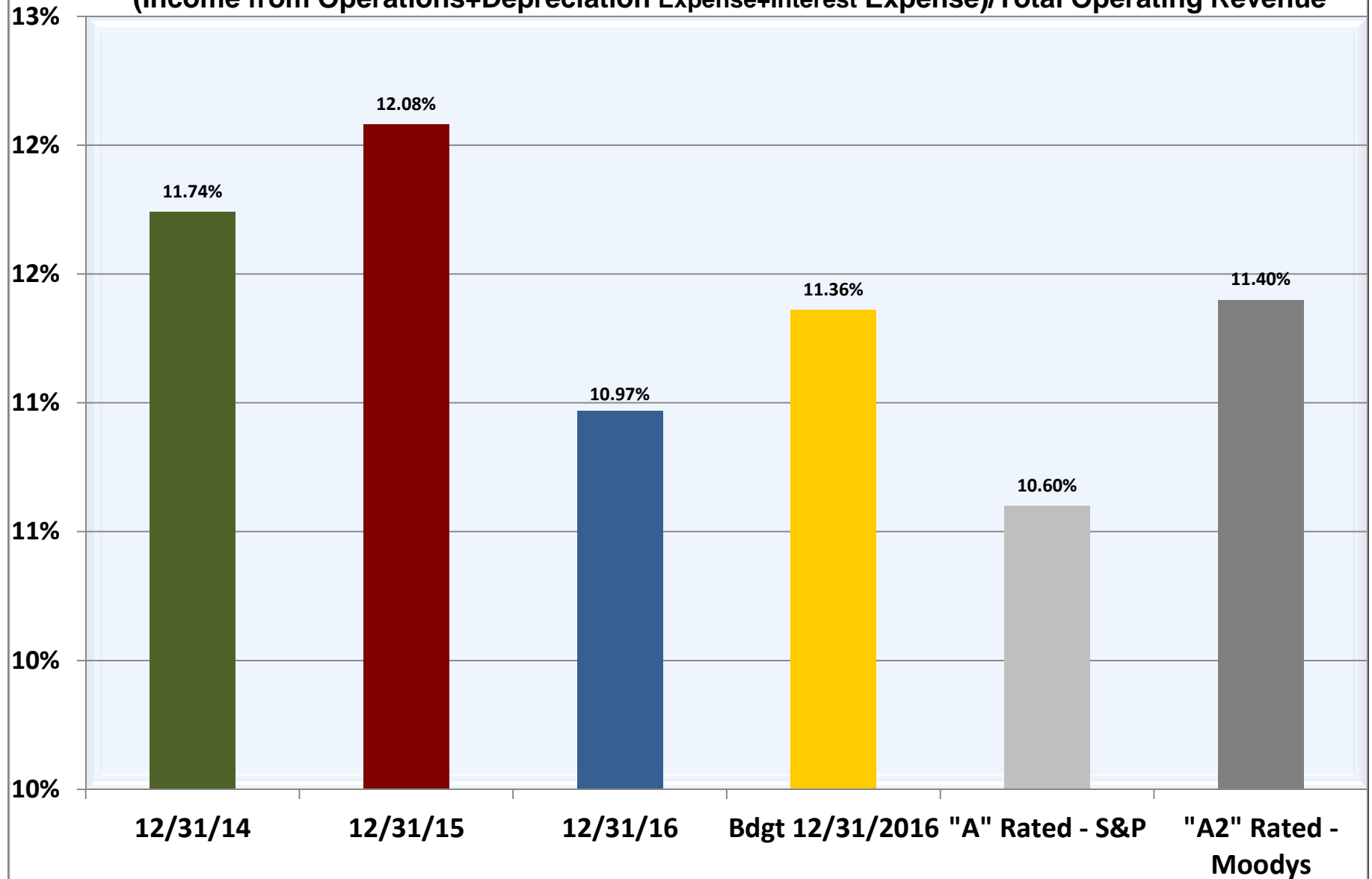
CONSOLIDATED OPERATING MARGIN

Income from Operations/Total Operating Revenue=Operating Margin



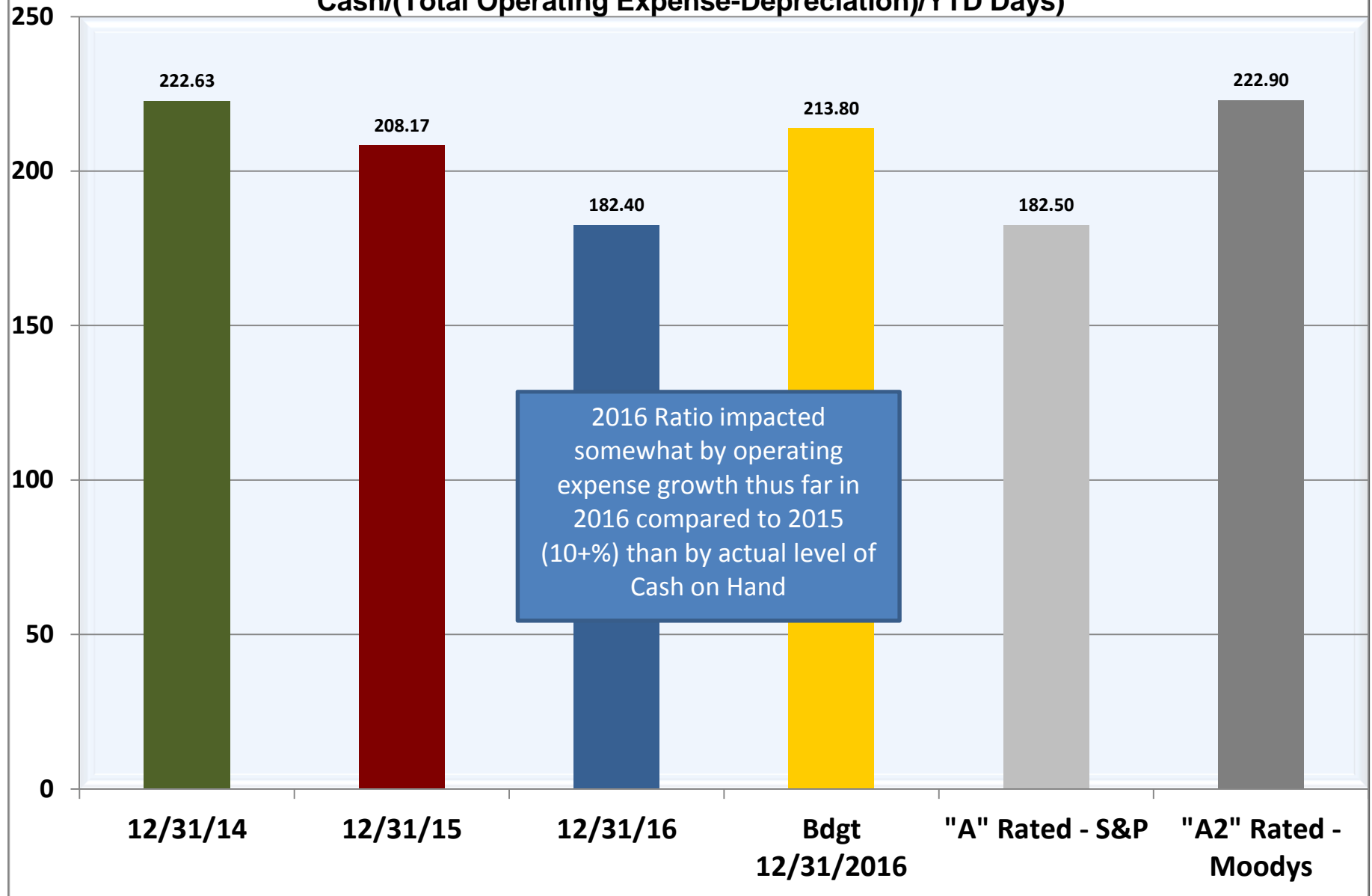
OPERATING CASH FLOW MARGIN

(Income from Operations+Depreciation Expense+Interest Expense)/Total Operating Revenue



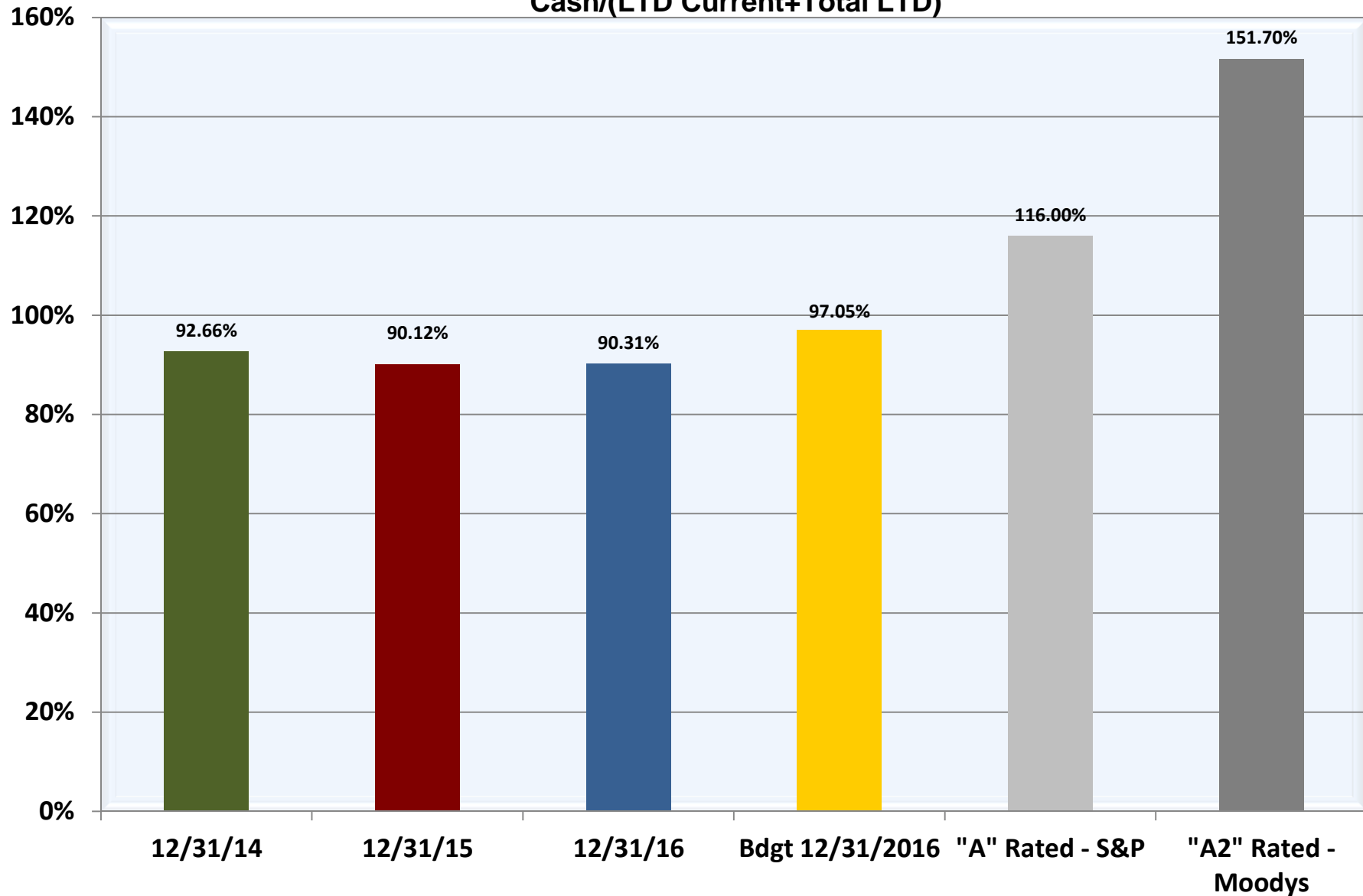
DAYS CASH ON HAND

Cash/(Total Operating Expense-Depreciation)/YTD Days)



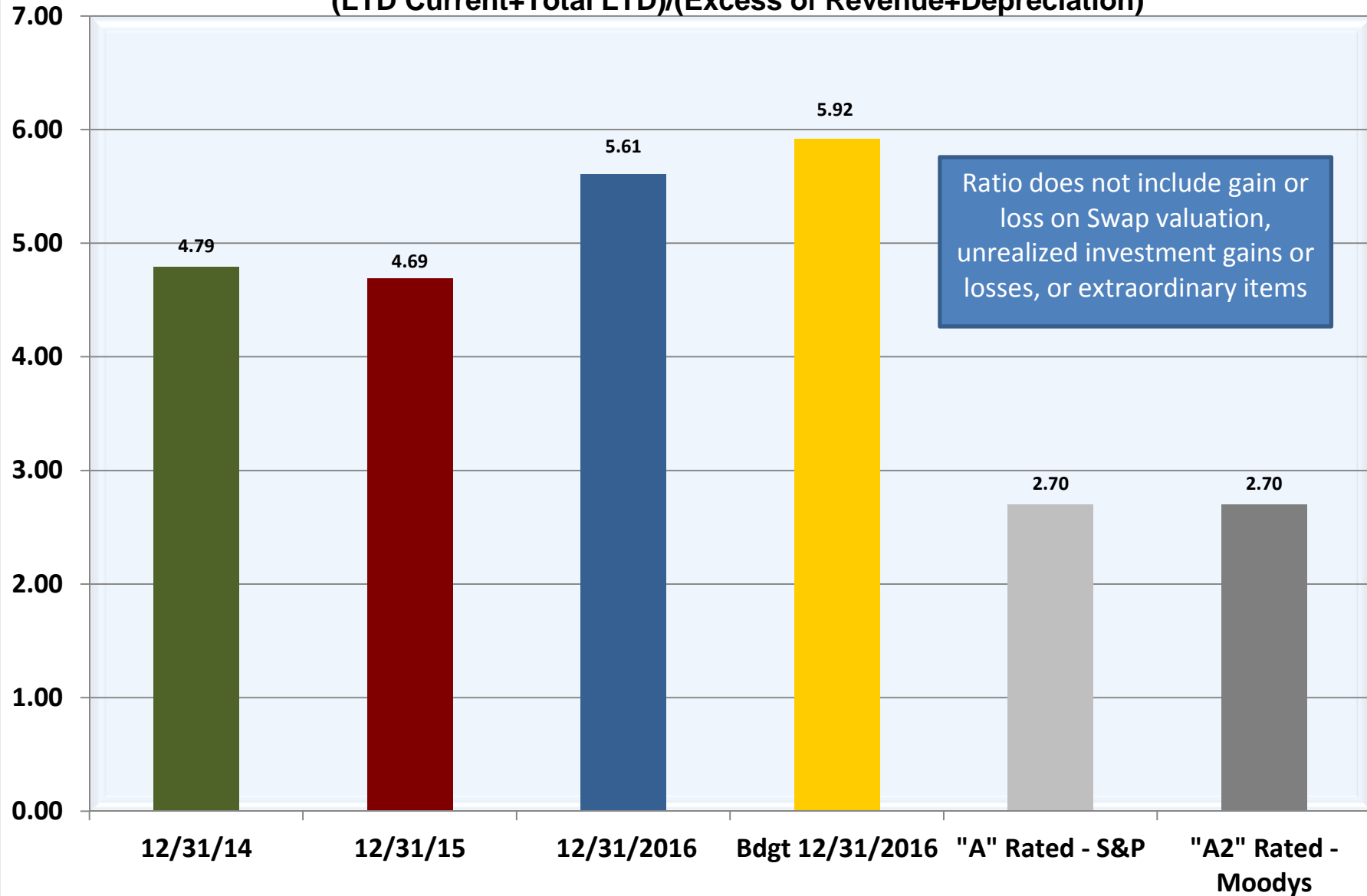
UNRESTRICTED CASH TO LONG TERM DEBT

Cash/(LTD Current+Total LTD)



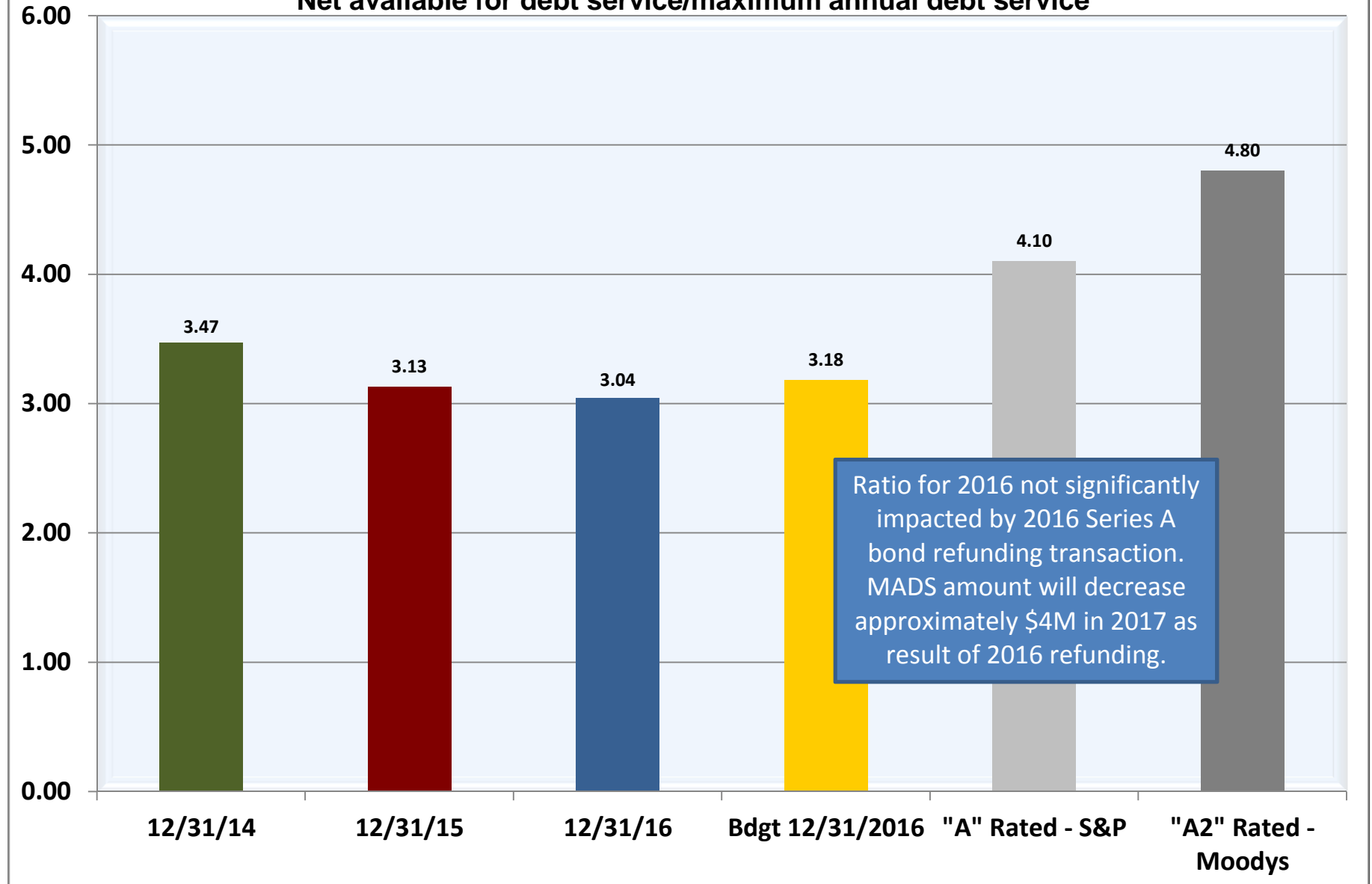
LONG TERM DEBT TO CASH FLOW

(LTD Current+Total LTD)/(Excess of Revenue+Depreciation)



MAXIMUM DEBT SERVICE COVERAGE

Net available for debt service/maximum annual debt service



West Virginia University Health System
Comparative Balance Sheet
12/31/2016
(unaudited) (in thousands)

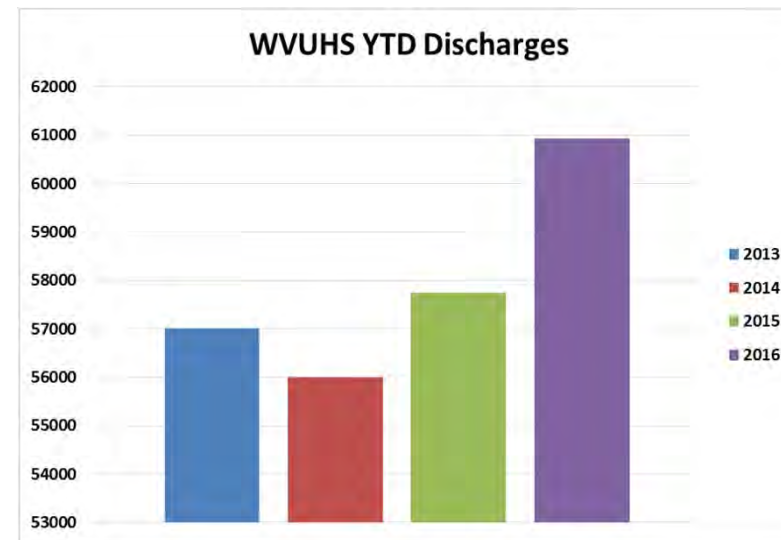
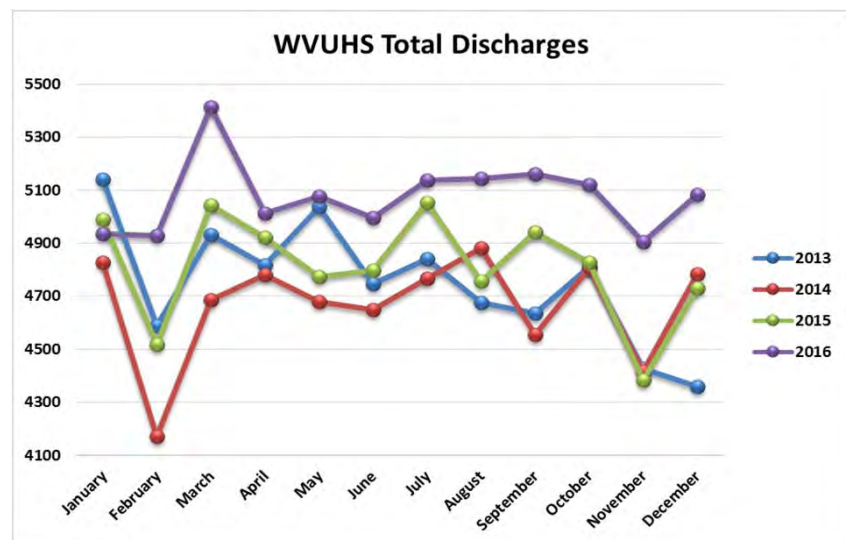
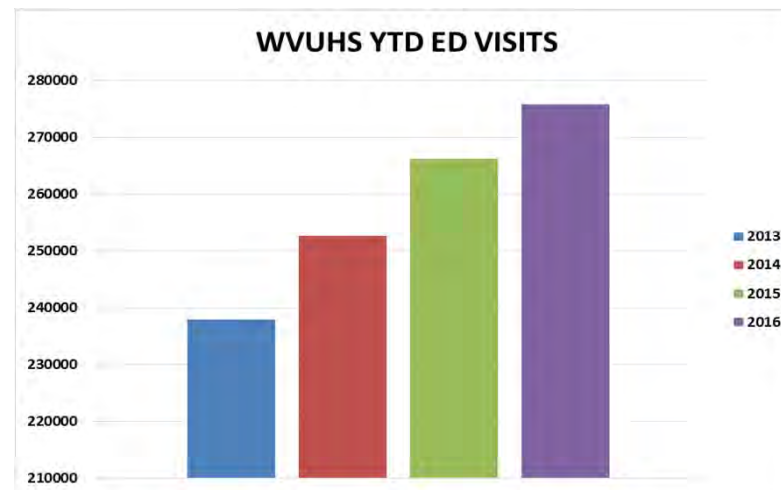
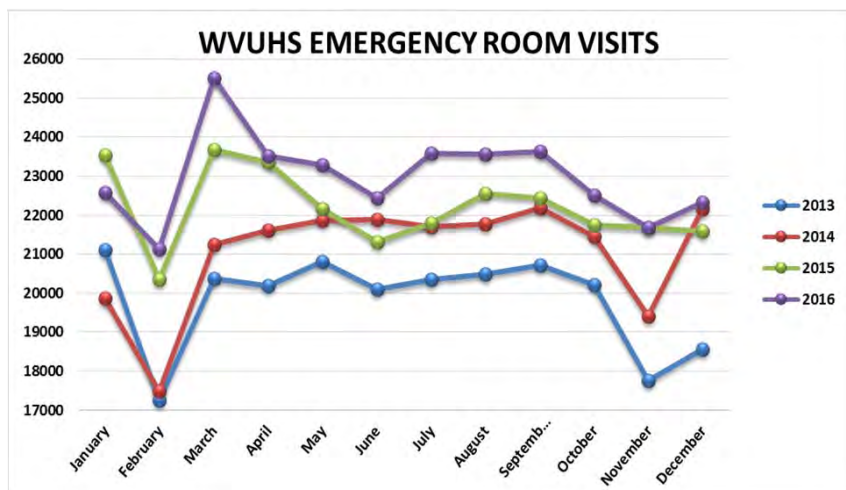
| | Current Month Actual | | | | | | RMH | System Totals | WVUHS | | Curr Mo Last Yr* |
|--|----------------------|------------------|--------------------|------------------|------------------|-----------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| | WVUHS Div | UHC Div | WVUH-M Div | Univ Hltcare Div | CCHS Div | PVH | | Curr Total* | Prior Month* | Audited Dec-15* | |
| ASSETS | | | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | | | |
| Cash & Short Term Investments | \$6,345 | \$76,883 | \$2,612 | \$44,871 | \$8,401 | \$554 | \$719 | \$140,385 | \$152,061 | \$127,044 | \$127,044 |
| Patient Receivables - Gross | 5,496 | 125,056 | 217,598 | 43,886 | 80,117 | 4,810 | 14,282 | 491,245 | 520,619 | 442,466 | 442,466 |
| Less: Reserve for Deductions/Uncollectible | (2,710) | (77,615) | (102,328) | (22,591) | (54,054) | (2,192) | (8,395) | (269,884) | (295,550) | (250,995) | (250,995) |
| Other Current Receivables | 27,159 | 10,977 | 54,461 | 9,280 | 5,933 | 915 | 187 | 50,880 | 49,281 | 43,954 | 43,954 |
| Supplies Inventory | 1,406 | 4,496 | 19,850 | 2,874 | 5,374 | 491 | 745 | 35,236 | 35,964 | 29,877 | 29,877 |
| Trusteed Funds - Current | | 6,990 | 6,167 | 2,476 | 3,026 | | | 18,659 | 14,853 | 21,320 | 21,320 |
| Prepaid Expenses/Other Current Assets | 1,415 | 5,699 | 3,632 | 1,195 | 5,585 | 182 | 944 | 18,652 | 17,127 | 12,776 | 12,776 |
| Total Current Assets | 39,111 | 152,485 | 201,992 | 81,990 | 54,383 | 4,761 | 8,483 | 485,174 | 494,356 | 426,442 | 426,442 |
| FIXED ASSETS | | | | | | | | | | | |
| Property, Plant, & Equipment | 46,288 | 479,217 | 963,006 | 211,188 | 319,925 | 20,127 | 54,509 | 2,094,258 | 2,051,107 | 1,821,416 | 1,821,416 |
| Less: Accumulated Depreciation | (7,651) | (183,316) | (421,640) | (116,462) | (175,983) | (3,162) | (48,887) | (957,101) | (951,544) | (822,008) | (822,008) |
| Net Property, Plant & Equipment | 38,637 | 295,901 | 541,366 | 94,725 | 143,942 | 16,964 | 5,621 | 1,137,157 | 1,099,564 | 999,408 | 999,408 |
| INVESTMENTS & OTHER NONCURRENT ASSETS | | | | | | | | | | | |
| Bond Funds - Noncurrent | | | 42 | 131 | 8,926 | | | 9,099 | 9,080 | 85,075 | 85,075 |
| Board Designated Funds | 408 | 179,607 | 466,743 | 38,989 | 34,926 | | 375 | 721,047 | 716,953 | 730,456 | 730,456 |
| Self Insurance Fund - Noncurrent | | 14,548 | 30,425 | 4,232 | 6,862 | | | 56,067 | 58,885 | 56,048 | 56,048 |
| Other Assets | 11,856 | 17,808 | 38,862 | 9,768 | 15,861 | 5,527 | 6,913 | 95,707 | 96,842 | 85,280 | 85,280 |
| Total Other Noncurrent Assets | 12,263 | 211,962 | 536,071 | 53,121 | 66,575 | 5,527 | 7,288 | 881,920 | 881,760 | 956,859 | 956,859 |
| TOTAL ASSETS | \$90,012 | \$660,348 | \$1,279,429 | \$229,836 | \$264,900 | \$27,252 | \$21,392 | \$2,504,251 | \$2,475,679 | \$2,382,708 | \$2,382,708 |
| LIABILITIES AND NET ASSETS | | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | |
| Long Term Debt - Current | 265 | 8,366 | 7,051 | 2,841 | 13,815 | 1,652 | 3,275 | 37,267 | 34,238 | 35,377 | 35,377 |
| Accounts Payable & Accrued Expense | 30,551 | 14,862 | 56,960 | 13,640 | 19,656 | 1,074 | 2,252 | 80,964 | 60,689 | 66,892 | 66,892 |
| Accrued Wages & Fringe Benefits | 5,945 | 20,154 | 42,087 | 9,923 | 10,522 | 769 | 1,976 | 91,376 | 86,829 | 84,504 | 84,504 |
| Accrued Interest Payable | | 712 | 1,299 | 222 | 212 | 36 | | 2,480 | 1,933 | 5,683 | 5,683 |
| Other Accrued Liabilities | 4,610 | 13,142 | 36,487 | 9,141 | 5,530 | 1,039 | 1,048 | 70,996 | 65,903 | 65,193 | 65,193 |
| Total Current Liabilities | 41,371 | 57,237 | 143,884 | 35,767 | 49,734 | 4,570 | 8,552 | 283,083 | 249,592 | 257,648 | 257,648 |
| LONG-TERM DEBT - NONCURRENT | | | | | | | | | | | |
| Bonds Payable | | 220,512 | 375,556 | 65,463 | 201,954 | 18,500 | | 881,985 | 886,118 | 883,044 | 883,044 |
| Notes Payable | 3,583 | 11,599 | 13,901 | 1,076 | 95 | (156) | 4,562 | 34,661 | 34,825 | 33,089 | 33,089 |
| Total Long Term Debt | 3,583 | 232,112 | 389,457 | 66,539 | 202,049 | 18,344 | 4,562 | 916,646 | 920,943 | 916,132 | 916,132 |
| OTHER NONCURRENT LIABILITIES | | | | | | | | | | | |
| Accrued Malpractice Liability | 6 | 8,043 | 21,476 | 6,287 | 8,228 | 734 | 450 | 45,223 | 46,196 | 41,467 | 41,467 |
| Other Liabilities - Noncurrent | 7,115 | 26,979 | 11,426 | 6,721 | 18,840 | | | 60,194 | 74,768 | 67,595 | 67,595 |
| Total Other Noncurrent Liabilities | 7,121 | 35,023 | 32,902 | 13,008 | 27,068 | 734 | 450 | 105,417 | 120,964 | 109,062 | 109,062 |
| NET ASSETS | 37,938 | 335,977 | 713,186 | 114,521 | (13,951) | 3,606 | 7,828 | 1,199,105 | 1,184,180 | 1,099,866 | 1,099,866 |
| TOTAL LIABILITIES AND NET ASSETS | \$90,012 | \$660,348 | \$1,279,429 | \$229,836 | \$264,900 | \$27,253 | \$21,392 | \$2,504,251 | \$2,475,679 | \$2,382,708 | \$2,382,708 |

*The Current Month, Prior Month, and Audited Dec 2015 totals are net of eliminating entries.

West Virginia University Health System
Comparative Balance Sheet (Obligated Group Only)
December 31, 2016
(unaudited) (in thousands)

| | Current Month Actual | | | | | | | Obligated Group Totals | WVUHS | | |
|--|----------------------|--------------------|------------------|-----------------|---------------------|------------------|-----------------|------------------------|--------------------|--------------------|--------------------|
| | UHC | WVUH | BMC | JMC | Univ. HC Foundation | CCMC | WVUHS | Curr Total* | Prior Month* | Audited Dec-15* | Curr Mo Last Yr* |
| ASSETS | | | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | | | |
| Cash & Short Term Investments | \$55,698 | \$2,612 | \$23,066 | \$15,440 | \$2,630 | \$6,485 | \$2,923 | \$108,854 | \$117,058 | \$95,320 | \$95,320 |
| Patient Receivables - Gross | 105,905 | 217,598 | 36,046 | 7,840 | | 73,027 | | \$440,416 | 468,307 | 401,377 | 401,377 |
| Less: Reserve for Deductions/Uncollectible | (65,433) | (102,328) | (19,503) | (3,088) | | (48,547) | | (\$238,899) | (263,617) | (226,327) | (226,327) |
| Other Current Receivables | 9,596 | 54,461 | 9,611 | 2,007 | 169 | 5,933 | 22,823 | \$46,568 | 36,059 | 19,843 | 19,843 |
| Supplies Inventory | 3,778 | 19,850 | 2,082 | 792 | | 5,188 | | \$31,690 | 32,174 | 27,771 | 27,771 |
| Trusteed Funds - Current | 6,990 | 6,167 | 2,192 | 284 | | 3,026 | | \$18,659 | 14,853 | 21,320 | 21,320 |
| Prepaid Expenses/Other Current Assets | 4,666 | 3,632 | 258 | 29 | 117 | 4,837 | 1,044 | 14,583 | 14,078 | 15,805 | 15,805 |
| Total Current Assets | 121,199 | 201,992 | 53,752 | 23,305 | 2,916 | 49,950 | 26,789 | 421,871 | 418,912 | 355,108 | 355,108 |
| FIXED ASSETS | | | | | | | | | | | |
| Property, Plant, & Equipment | 455,419 | 963,006 | 134,367 | 35,704 | 28,126 | 313,801 | 30,389 | 1,960,812 | 1,893,440 | 1,746,084 | 1,746,084 |
| Less: Accumulated Depreciation | (176,264) | (421,640) | (76,360) | (20,422) | (9,957) | (170,447) | (1,506) | (876,597) | (870,363) | (795,991) | (795,991) |
| Net Property, Plant & Equipment | 279,155 | 541,366 | 58,007 | 15,282 | 18,169 | 143,353 | 28,883 | 1,084,215 | 1,023,077 | 950,092 | 950,092 |
| INVESTMENTS & OTHER NONCURRENT ASSETS | | | | | | | | | | | |
| Bond Funds - Noncurrent | | 42 | 107 | 22 | 2 | 8,926 | | 9,099 | 9,080 | 85,075 | 85,075 |
| Board Designated Funds | 174,643 | 466,743 | 15,663 | 11,122 | 12,205 | 34,926 | | 715,301 | 711,239 | 724,565 | 724,565 |
| Self Insurance Fund - Noncurrent | 13,357 | 30,425 | 2,632 | 1,600 | | 6,862 | | 54,876 | 57,702 | 54,835 | 54,835 |
| Other Assets | 4,452 | 38,862 | 3,032 | 5,560 | 1,048 | 10,119 | 7,576 | 59,762 | 52,408 | 54,918 | 54,918 |
| Total Other Noncurrent Assets | 192,452 | 536,071 | 21,434 | 18,304 | 13,255 | 60,833 | 7,576 | 839,037 | 830,429 | 919,393 | 919,393 |
| TOTAL ASSETS | \$592,806 | \$1,279,429 | \$133,193 | \$56,890 | \$34,340 | \$254,136 | \$63,248 | \$2,345,124 | \$2,272,419 | \$2,224,594 | \$2,224,594 |
| LIABILITIES AND NET ASSETS | | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | |
| Long Term Debt - Current | 6,077 | 7,051 | 1,800 | 735 | 306 | 13,815 | | 29,785 | 26,610 | 30,734 | 30,734 |
| Accounts Payable & Accrued Expense | 13,500 | 56,960 | 10,630 | 3,191 | 303 | 19,036 | 18,017 | 63,605 | 36,917 | 49,524 | 49,524 |
| Accrued Wages & Fringe Benefits | 15,796 | 42,087 | 8,126 | 1,797 | 7 | 8,829 | 5,253 | 81,895 | 72,292 | 74,983 | 74,983 |
| Accrued Interest Payable | 712 | 1,299 | 178 | 36 | 46 | 212 | | 2,483 | 1,770 | 5,442 | 5,442 |
| Other Accrued Liabilities | 7,980 | 36,487 | 5,165 | 3,662 | | 5,525 | 4,519 | 63,338 | 54,405 | 55,139 | 55,139 |
| Total Current Liabilities | 44,065 | 143,884 | 25,899 | 9,422 | 661 | 47,417 | 27,789 | 241,106 | 191,994 | 215,822 | 215,822 |
| LONG-TERM DEBT - NONCURRENT | | | | | | | | | | | |
| Bonds Payable | 212,652 | 375,556 | 47,849 | 9,202 | 8,412 | 201,954 | | 855,625 | 859,758 | 856,684 | 856,684 |
| Notes Payable | 5,504 | 13,901 | 935 | 148 | (7) | 95 | | 20,577 | 20,527 | 20,999 | 20,999 |
| Total Long Term Debt | 218,157 | 389,457 | 48,785 | 9,350 | 8,404 | 202,049 | | 876,202 | 880,285 | 877,683 | 877,683 |
| OTHER NONCURRENT LIABILITIES | | | | | | | | | | | |
| Accrued Malpractice Liability | 8,043 | 21,476 | 5,566 | 721 | | 8,228 | | 44,034 | 45,084 | 40,821 | 40,821 |
| Other Liabilities -Noncurrent | 17,890 | 11,426 | 1,764 | 249 | 72 | 18,840 | 1,309 | 40,662 | 54,155 | 48,337 | 48,337 |
| Total Other Noncurrent Liabilities | 25,933 | 32,902 | 7,330 | 970 | 72 | 27,068 | 1,309 | 84,696 | 99,238 | 89,157 | 89,157 |
| NET ASSETS | 304,652 | 713,186 | 51,178 | 37,148 | 25,202 | (22,398) | 34,150 | 1,143,119 | 1,100,902 | 1,041,932 | 1,041,932 |
| TOTAL LIABILITIES AND NET ASSETS | \$592,806 | \$1,279,429 | \$133,193 | \$56,890 | \$34,340 | \$254,136 | \$63,248 | \$2,345,124 | \$2,272,419 | \$2,224,594 | \$2,224,594 |

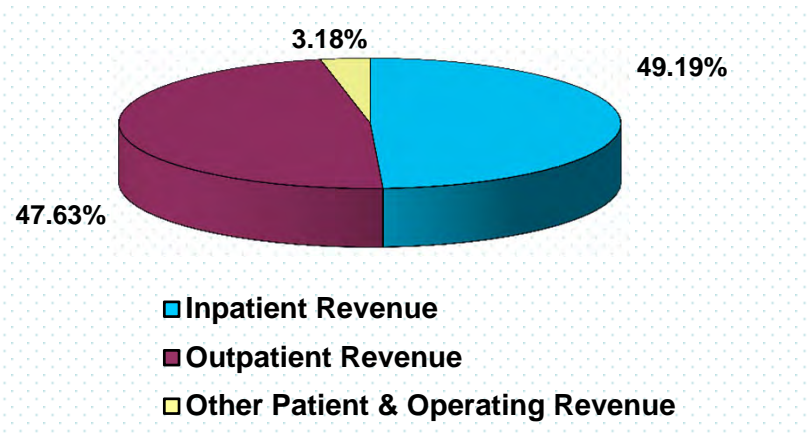
*The Current Month, Prior Month, and Unaudited Dec 2015 totals are net of eliminating entries.



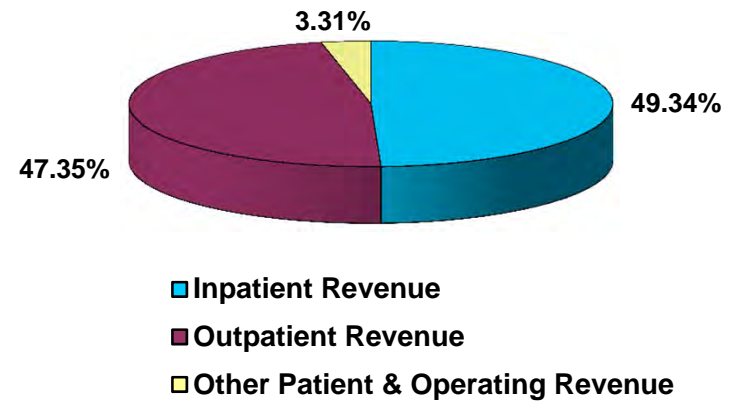
WVUHS Totals Do Not Include Reynolds Memorial Hospital

PATIENT SERVICE REVENUE

2016 YTD

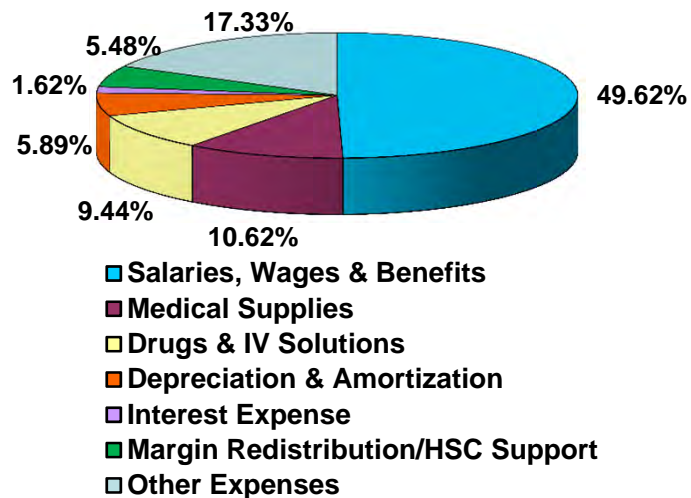


2015 YTD

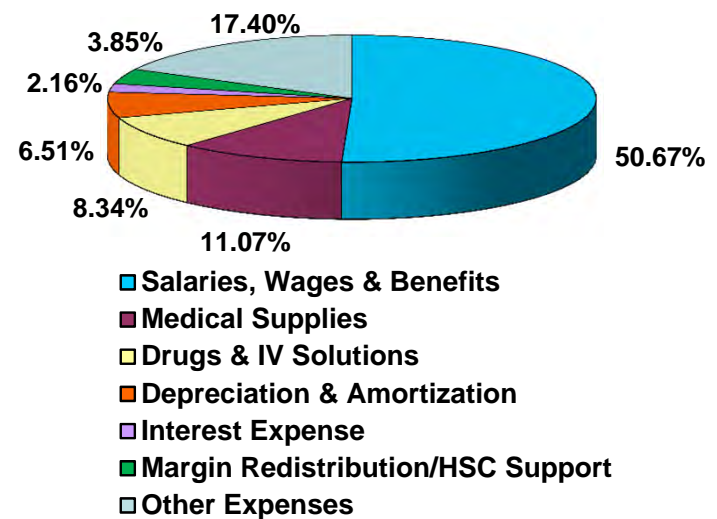


OPERATING EXPENSES

2016 YTD



2015 YTD



West Virginia University Health System
Consolidated
Statement of Revenue and Expenses
For the Period Ending December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | Current Month | | | | Year To Date | | | | YTD PY* |
|--------------------------------------|---------------|-----------|----------|--------|--------------|-------------|----------|---------|-------------|
| | Actual* | Budget* | Variance | % | Actual* | Budget* | Variance | % | |
| PATIENT SERVICE REVENUE | | | | | | | | | |
| Inpatient Revenue | \$183,255 | \$172,304 | \$10,951 | 6% | \$2,148,027 | \$2,075,169 | \$72,858 | 4% | \$1,899,126 |
| Outpatient Revenue | 178,140 | 165,636 | 12,504 | 8% | 2,088,042 | 2,030,384 | 57,658 | 3% | 1,822,656 |
| Other Patient Revenue | 1,198 | 3,868 | (2,670) | -69% | 12,141 | 45,567 | (33,425) | -73% | 16,662 |
| Gross Patient Service Revenue | 362,593 | 341,808 | 20,785 | 6% | 4,248,210 | 4,151,120 | 97,090 | 2% | 3,738,444 |
| Medicare Deductions | 109,217 | 93,277 | 15,940 | 17% | 1,218,715 | 1,136,302 | 82,413 | 7% | 1,030,122 |
| Medicaid Deductions | 60,171 | 57,968 | 2,203 | 4% | 738,355 | 715,724 | 22,631 | 3% | 647,860 |
| Other Contractual Adjustments | 36,300 | 41,194 | (4,894) | -12% | 442,600 | 504,769 | (62,169) | -12% | 412,017 |
| Provision for Bad Debt | 2,906 | 5,317 | (2,412) | -45% | 59,016 | 61,497 | (2,481) | -4% | 53,520 |
| Charity Deductions | 3,765 | 3,345 | 420 | 13% | 41,402 | 41,312 | 90 | 0% | 35,043 |
| Total Deductions | 212,358 | 201,102 | 11,256 | 6% | 2,500,088 | 2,459,604 | 40,484 | 2% | 2,178,562 |
| NET PATIENT SERVICE REVENUE | 150,235 | 140,706 | 9,529 | 7% | 1,748,122 | 1,691,516 | 56,606 | 3% | 1,559,883 |
| OTHER REVENUES | 13,322 | 8,521 | 4,800 | 56% | 126,618 | 101,468 | 25,151 | 25% | 110,803 |
| TOTAL OPERATING REVENUE | 163,557 | 149,227 | 14,329 | 10% | 1,874,741 | 1,792,984 | 81,757 | 5% | 1,670,685 |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 56,289 | 52,151 | 4,138 | 8% | 613,346 | 597,969 | 15,377 | 3% | 555,641 |
| Physicians Salaries & Wages | 8,942 | 8,090 | 852 | 11% | 90,297 | 90,772 | (475) | -1% | 99,881 |
| Employee Benefits | 16,331 | 14,745 | 1,586 | 11% | 192,357 | 174,568 | 17,789 | 10% | 159,378 |
| Professional Services | 9,008 | 6,674 | 2,335 | 35% | 89,447 | 78,584 | 10,863 | 14% | 85,010 |
| Medical/Surgical Supplies | 18,347 | 15,336 | 3,011 | 20% | 190,962 | 187,304 | 3,659 | 2% | 178,060 |
| Drugs & IV Solutions | 14,609 | 11,413 | 3,196 | 28% | 169,221 | 144,973 | 24,248 | 17% | 134,091 |
| Travel & Registration | 444 | 353 | 91 | 26% | 3,706 | 4,233 | (526) | -12% | 3,753 |
| Maintenance & Repairs | 7,164 | 4,851 | 2,312 | 48% | 51,173 | 57,201 | (6,028) | -11% | 38,340 |
| Licenses and Taxes | 4,721 | 4,134 | 586 | 14% | 53,912 | 49,420 | 4,492 | 9% | 47,016 |
| Utilities Expense | 2,450 | 1,875 | 575 | 31% | 20,973 | 21,839 | (866) | -4% | 19,334 |
| Insurance Expense | 2,944 | 1,545 | 1,399 | 91% | 17,688 | 18,455 | (767) | -4% | 10,162 |
| Other Expenses | 10,456 | 6,125 | 4,331 | 71% | 76,780 | 73,475 | 3,305 | 4% | 76,269 |
| Depreciation and Amortization | 9,389 | 10,111 | (722) | -7% | 105,879 | 115,380 | (9,502) | -8% | 104,758 |
| Interest Expense | 944 | 3,305 | (2,361) | -71% | 29,203 | 38,733 | (9,530) | -25% | 34,700 |
| JOA Physicians Support | 9,209 | 4,855 | 4,354 | 90% | 78,614 | 69,686 | 8,928 | 13% | 61,891 |
| Contributions to HSC | 1,723 | 1,723 | 0 | 0% | 20,678 | 20,678 | 0 | 0% | 0 |
| Total Direct Expenses | 172,969 | 147,285 | 25,684 | 17% | 1,804,237 | 1,743,270 | 60,966 | 3% | 1,608,284 |
| Contribution Margin | (9,413) | 1,942 | (11,355) | -585% | 70,504 | 49,714 | 20,791 | 42% | 62,401 |
| Shared Services Allocation | () | 37 | (38) | -101% | | 99 | (99) | -100% | |
| Total Operating Expenses | 172,969 | 147,323 | 25,646 | 17% | 1,804,237 | 1,743,369 | 60,867 | 3% | 1,608,284 |
| TOTAL OPERATING MARGIN | (9,413) | 1,905 | (11,317) | -594% | 70,504 | 49,615 | 20,890 | 42% | 62,401 |
| INVESTMENT INCOME | 9,576 | 3,659 | 5,917 | 162% | 25,004 | 42,398 | (17,393) | -41% | 63,134 |
| UNREALIZED INVESTMENT INCOME | 522 | 1 | 522 | 95566% | 32,798 | 26 | 32,772 | 124589% | (66,865) |
| SWAP - GAIN OR LOSS | 15,442 | 206 | 15,235 | 7384% | 5,746 | 2,436 | 3,310 | 136% | 949 |
| IMPAIRMENT LOSS | | | | 0% | -372 | | -372 | -100% | -25545 |
| OTHER NON-OPER REVENUES | (203) | (27) | (176) | 652% | (2,363) | (175) | (2,188) | 1250% | (1,964) |
| EXTRAORDINARY ITEM | | | | 0% | (32,460) | | (32,460) | -100% | |
| EXCESS REVENUES OVER EXPENSES | 15,925 | 5,744 | 10,181 | 177% | 98,858 | 94,300 | 4,558 | 5% | 32,111 |
| OTHER CHANGES IN NET ASSETS | (1,000) | 1,709 | (2,708) | -159% | 380 | 21,951 | (21,570) | -98% | (8,935) |

*All Current and Year-to-Date totals include eliminating entries.

West Virginia University Health System
Obligated Group Only - Consolidated
Statement of Revenue and Expenses
For the Period Ending December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | Current Month | | | | Year To Date | | | | YTD PY* |
|--------------------------------------|---------------|-----------|----------|--------|--------------|-------------|----------|---------|-------------|
| | Actual* | Budget* | Variance | % | Actual* | Budget* | Variance | % | |
| PATIENT SERVICE REVENUE | | | | | | | | | |
| Inpatient Revenue | \$179,226 | \$163,925 | \$15,301 | 9% | \$2,124,580 | \$2,035,794 | \$88,786 | 4% | \$1,890,100 |
| Outpatient Revenue | 153,990 | 146,729 | 7,261 | 5% | 1,843,885 | 1,810,685 | 33,200 | 2% | 1,672,146 |
| Other Patient Revenue | 351 | 349 | 2 | 0% | 3,258 | 4,127 | (869) | -21% | (601) |
| Gross Patient Service Revenue | 333,568 | 311,004 | 22,564 | 7% | 3,971,723 | 3,850,606 | 121,117 | 3% | 3,561,645 |
| Medicare Deductions | 101,764 | 86,612 | 15,152 | 17% | 1,163,967 | 1,078,647 | 85,320 | 8% | 998,019 |
| Medicaid Deductions | 55,991 | 53,801 | 2,190 | 4% | 695,237 | 674,558 | 20,679 | 3% | 618,597 |
| Other Contractual Adjustments | 32,552 | 36,446 | (3,894) | -11% | 404,513 | 456,579 | (52,066) | -11% | 390,914 |
| Provision for Bad Debt | 2,627 | 4,479 | (1,852) | -41% | 53,301 | 53,114 | 187 | 0% | 49,230 |
| Charity Deductions | 3,524 | 3,163 | 361 | 11% | 39,451 | 39,247 | 204 | 1% | 34,384 |
| Total Deductions | 196,459 | 184,501 | 11,957 | 6% | 2,356,468 | 2,302,145 | 54,323 | 2% | 2,091,143 |
| NET PATIENT SERVICE REVENUE | 137,109 | 126,503 | 10,606 | 8% | 1,615,255 | 1,548,461 | 66,794 | 4% | 1,470,502 |
| OTHER REVENUES | 9,316 | 6,425 | 2,891 | 45% | 107,167 | 78,412 | 28,755 | 37% | 77,476 |
| TOTAL OPERATING REVENUE | 146,425 | 132,927 | 13,497 | 10% | 1,722,422 | 1,626,874 | 95,549 | 6% | 1,547,978 |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 48,498 | 44,058 | 4,440 | 10% | 533,439 | 513,776 | 19,662 | 4% | 493,716 |
| Physicians Salaries & Wages | 6,342 | 5,871 | 472 | 8% | 70,670 | 68,818 | 1,852 | 3% | 88,759 |
| Employee Benefits | 13,807 | 12,499 | 1,307 | 10% | 170,394 | 150,050 | 20,343 | 14% | 143,376 |
| Professional Services | 9,743 | 7,679 | 2,065 | 27% | 98,097 | 92,541 | 5,556 | 6% | 67,802 |
| Medical/Surgical Supplies | 17,336 | 14,383 | 2,953 | 21% | 183,566 | 178,060 | 5,506 | 3% | 174,121 |
| Drugs & IV Solutions | 11,946 | 10,789 | 1,156 | 11% | 160,858 | 137,517 | 23,341 | 17% | 132,425 |
| Travel & Registration | 339 | 250 | 89 | 36% | 2,621 | 3,058 | (437) | -14% | 2,760 |
| Maintenance & Repairs | 6,861 | 4,578 | 2,283 | 50% | 48,430 | 54,819 | (6,390) | -12% | 35,973 |
| Licenses and Taxes | 4,409 | 3,876 | 533 | 14% | 51,636 | 47,068 | 4,568 | 10% | 45,164 |
| Utilities Expense | 2,199 | 1,538 | 661 | 43% | 18,125 | 18,555 | (430) | -2% | 16,988 |
| Insurance Expense | 2,621 | 1,253 | 1,368 | 109% | 14,740 | 15,377 | (637) | -4% | 8,825 |
| Other Expenses | 9,448 | 4,777 | 4,671 | 98% | 65,901 | 60,735 | 5,165 | 9% | 67,119 |
| Depreciation and Amortization | 8,799 | 9,373 | (574) | -6% | 99,119 | 107,770 | (8,651) | -8% | 99,341 |
| Interest Expense | 849 | 3,209 | (2,360) | -74% | 27,939 | 37,502 | (9,563) | -25% | 33,720 |
| JOA Physicians Support | 9,014 | 4,855 | 4,159 | 86% | 78,418 | 69,686 | 8,733 | 13% | 61,891 |
| Contributions to HSC | 1,723 | 1,723 | 0 | 0% | 20,678 | 20,678 | 0 | 0% | 0 |
| Total Direct Expenses | 153,934 | 130,711 | 23,223 | 18% | 1,644,630 | 1,576,011 | 68,619 | 4% | 1,471,980 |
| Contribution Margin | (7,509) | 2,216 | (9,725) | -439% | 77,792 | 50,863 | 26,930 | 53% | 75,998 |
| Shared Services Allocation | (1,534) | (941) | (593) | 63% | (12,175) | (11,637) | (539) | 5% | 0 |
| Total Operating Expenses | 152,400 | 129,770 | 22,629 | 17% | 1,632,455 | 1,564,374 | 68,080 | 4% | 1,471,980 |
| TOTAL OPERATING MARGIN | (5,975) | 3,157 | (9,132) | -289% | 89,968 | 62,499 | 27,468 | 44% | 75,998 |
| INVESTMENT INCOME | 9,374 | 3,420 | 5,954 | 174% | 23,886 | 41,428 | (17,542) | -42% | 62,462 |
| UNREALIZED INVESTMENT INCOME | 477 | 1 | 476 | 87231% | 32,712 | 26 | 32,686 | 124257% | (66,988) |
| SWAP - GAIN OR LOSS | 15,442 | 206 | 15,236 | 7402% | 5,746 | 2,430 | 3,316 | 136% | 949 |
| IMPAIRMENT LOSS | | | | 0% | -372 | | -372 | 0% | -25545 |
| OTHER NON-OPER REVENUES | (19) | 9 | (28) | -309% | (1,476) | 257 | (1,733) | -674% | (2,095) |
| EXTRAORDINARY ITEM | | | | 0% | (32,460) | | (32,460) | -100% | 0 |
| EXCESS REVENUES OVER EXPENSES | 19,299 | 6,793 | 12,506 | 184% | 118,004 | 106,641 | 11,364 | 11% | 44,781 |
| OTHER CHANGES IN NET ASSETS | (1,601) | 2,094 | (3,695) | -176% | (32,053) | 6,632 | (38,685) | -583% | (46,956) |

*All Current and Year-to-Date totals include eliminating entries.

West Virginia University Health System
Statement of Cash Flows
YTD - December 31, 2016
Comparison of Actual vs. Budget
(unaudited)(in thousands)

| | WVU Medicine Consolidated | | | WVU Medicine Consolidated | | |
|---|---------------------------|----------|----------|---------------------------|-----------|----------|
| | Month To Date | | | Year To Date | | |
| | Actual | Budget | Variance | Actual | Budget | Variance |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Excess of Revenues over Expenses | 15,925 | 5,744 | 10,181 | 98,858 | 94,300 | 4,558 |
| Add (deduct) items not req. cash | | | | | | |
| Depreciation/Amortization | 9,389 | 10,111 | (722) | 105,879 | 115,380 | (9,502) |
| Unrealized (Gain) Loss on Investments | (522) | (1) | (522) | (32,798) | (26) | (32,772) |
| Provision for Bad Debt | 2,906 | 5,317 | (2,412) | 59,016 | 61,497 | (2,481) |
| (Increase) Decrease in: | | | | | | |
| Patient Accounts Receivable | 802 | (3,170) | 3,972 | (88,907) | (80,197) | (8,709) |
| Other Current Receivables | (20,442) | 1,275 | (21,717) | (25,108) | 6,895 | (32,003) |
| Supplies Inventory | 728 | (88) | 816 | (5,359) | (1,511) | (3,848) |
| Prepaid Expenses | (1,525) | (275) | (1,250) | (5,877) | (3,865) | (2,011) |
| (Decrease) Increase in: | | | | | | |
| Accounts Payable & Accrued Expense | 39,119 | (2,644) | 41,763 | 32,254 | 4,936 | 27,318 |
| Accrued Wages & Fringe Benefits | 4,547 | (6,837) | 11,384 | 6,872 | 4,790 | 2,082 |
| Accrued Interest Payable | 547 | (4,615) | 5,162 | (3,202) | (495) | (2,708) |
| Other Accrued Expenses | 5,093 | 172 | 4,921 | 5,804 | 373 | 5,430 |
| Accrued Malpractice Liability | (973) | 169 | (1,142) | 3,756 | 2,099 | 1,657 |
| Other Noncurrent Liabilities | (14,659) | 82 | (14,741) | (5,668) | (1,012) | (4,656) |
| Net Cash provided from (used in) operating activities | 40,934 | 5,240 | 35,693 | 145,520 | 203,164 | (57,644) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| (Decrease) Increase in: | | | | | | |
| Bonds Payable - Current & Noncurrent | (818) | (203) | (615) | (39) | 16,290 | (16,329) |
| Notes Payable - Current & Noncurrent | (450) | (285) | (165) | 2,442 | 2,953 | (511) |
| Net cash provided from (used in) financing activities | (1,268) | (489) | (780) | 2,403 | 19,243 | (16,840) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| (Increase) Decrease in: | | | | | | |
| Property, Plant & Equipment | (47,093) | (27,356) | (19,737) | (243,817) | (234,756) | (9,061) |
| Trusted Funds - Current & Noncurrent | (1,049) | 196 | (1,245) | 81,237 | 24,201 | 57,036 |
| Board Designated Funds | (3,392) | 23,892 | (27,284) | 37,560 | (2,725) | 40,285 |
| Other Assets | 1,192 | 1,560 | (368) | (9,942) | (5,911) | (4,031) |
| Capital Contribution | (1,000) | 1,709 | (2,708) | 380 | 21,951 | (21,570) |
| Net Cash provided from (used in) investing activities | (51,341) | 1 | (51,342) | (134,582) | (197,241) | 62,659 |
| INCREASE (DECREASE) IN CASH | (11,676) | 4,753 | (16,429) | 13,341 | 25,165 | (11,824) |
| CASH AND SHORT TERM INVESTMENTS, Beginning | 152,061 | 153,189 | (1,127) | 127,044 | 132,776 | (5,732) |
| CASH AND SHORT TERM INVESTMENTS, Ending | 140,385 | 157,941 | (17,556) | 140,385 | 157,941 | (17,556) |

West Virginia University Health System
Statement of Changes in Net Assets
YTD - December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | WVU Medicine Consolidated | | | WVU Medicine Consolidated | | |
|--------------------------------------|---------------------------|-------------|------------|---------------------------|-------------|------------|
| | Month To Date | | | Year To Date | | |
| | Actual | Budget | Variance | Actual | Budget | Variance |
| NET ASSETS, BEGINNING BALANCE | \$1,184,180 | \$1,240,774 | (\$56,594) | \$1,099,866 | \$1,131,975 | (\$32,109) |
| ADJUSTMENTS TO NET ASSETS | | | | | | |
| Net Income Summary | 15,925 | 5,744 | 10,181 | 98,858 | 94,300 | 4,558 |
| Market Adjustments | | | | | | |
| Related Organization Capitalization | (395) | 2,028 | (2,423) | | 24,169 | (24,169) |
| Donated Capital | | | | (649) | | (649) |
| Other | 64 | (993) | 1,057 | 9,054 | (774) | 9,828 |
| JOA Contribution to SOM | (669) | 674 | (1,343) | (8,025) | (1,444) | (6,581) |
| Total Adjustments to Net Assets | 14,925 | 7,453 | 7,472 | 99,239 | 116,251 | (17,012) |
| NET ASSETS, ENDING BALANCE | \$1,199,105 | \$1,248,226 | (\$49,121) | \$1,199,105 | \$1,248,226 | (\$49,121) |

West Virginia University Health System
Census Statistics Totals
December 31, 2016

| DESCRIPTION | Hospital Totals | | | | | | |
|------------------------------------|-----------------|-----------------|-------------------|----------------|-----------------|-------------------|----------------|
| | 2016 | 2016 | ACT/BUD | ACT/BUD | 2015 | 2015/2016 | 2015/2016 |
| | Y-T-D ACTUAL | Y-T-D BUDGET | Y-T-D VARIANCE | Y-T-D VAR % | Y-T-D ACTUAL | Y-T-D VARIANCE | Y-T-D VAR % |
| INPATIENT DAYS | | | | | | | |
| Acute | 228,934 | 228,129 | 805 | 0.4% | 217,917 | 11,017 | 5.1% |
| Critical Care | 60,269 | 60,606 | (337) | -0.6% | 59,194 | 1,075 | 1.8% |
| Behavioral Distinct | 19,701 | 20,351 | (650) | -3.2% | 19,959 | (258) | -1.3% |
| Behavioral Long Term | 4,472 | 6,164 | (1,692) | -27.4% | 5,732 | (1,260) | -22.0% |
| Skilled Nursing/Swing | 16,962 | 16,992 | (30) | -0.2% | 10,224 | 6,738 | 65.9% |
| Newborn | 13,181 | 13,001 | 180 | 1.4% | 10,843 | 2,338 | 21.6% |
| Observation (Inpt & Outpt) | 32,329 | 31,925 | 403 | 1.3% | 30,935 | 1,393 | 4.5% |
| TOTAL | 375,848 | 377,169 | (1,321) | -0.4% | 354,804 | 21,043 | 5.9% |
| DISCHARGES | | | | | | | |
| Acute | 55,939 | 54,997 | 942 | 1.7% | 52,942 | 2,997 | 5.7% |
| Critical Care | 5,278 | 4,656 | 622 | 13.4% | 4,865 | 413 | 8.5% |
| Behavioral Distinct | 3,427 | 3,175 | 252 | 7.9% | 3,207 | 220 | 6.9% |
| Behavioral Long Term | 15 | 23 | (8) | -34.8% | 23 | (8) | -34.8% |
| Skilled Nursing/Swing | 814 | 873 | (59) | -6.8% | 783 | 31 | 4.0% |
| Newborn | 5,089 | 5,170 | (81) | -1.6% | 4,642 | 447 | 9.6% |
| Observation (Inpt & Outpt) | 21,766 | 22,699 | (933) | -4.1% | 20,303 | 1,463 | 7.2% |
| TOTAL | 92,328 | 91,592 | 736 | 0.8% | 86,765 | 5,563 | 6.4% |
| AVERAGE LENGTH OF STAY | | | | | | | |
| Acute | 4.09 | 4.15 | (0.06) | -1.3% | 4.12 | (0.02) | -0.6% |
| Critical Care | 11.42 | 13.02 | (1.60) | -12.3% | 12.17 | (0.75) | -6.2% |
| Behavioral Distinct | 5.75 | 6.41 | (0.66) | -10.3% | 6.22 | (0.47) | -7.6% |
| Behavioral Long Term | 298.13 | 268.00 | 30.13 | 11.2% | 249.22 | 48.92 | 19.6% |
| Skilled Nursing/Swing | 20.84 | 19.46 | 1.37 | 7.1% | 13.06 | 7.78 | 59.6% |
| Newborn | 2.59 | 2.51 | 0.08 | 3.0% | 2.34 | 0.25 | 10.9% |
| TOTAL (Acute & Critical Care Only) | 4.72 | 4.84 | (0.12) | -2.4% | 4.79 | (0.07) | -1.4% |
| AVERAGE DAILY CENSUS | | | | | | | |
| Acute | 637.74 | 636.92 | 0.82 | 0.1% | 597.66 | 40.08 | 6.7% |
| Critical Care | 167.53 | 168.70 | (1.18) | -0.7% | 162.12 | 5.41 | 3.3% |
| Behavioral Distinct | 53.83 | 55.61 | (1.78) | -3.2% | 56.17 | (2.34) | -4.2% |
| Behavioral Long Term | 12.22 | 16.84 | (4.62) | -27.4% | 15.70 | (3.49) | -22.2% |
| Skilled Nursing/Swing | 45.64 | 45.37 | 0.27 | 0.6% | 25.58 | 20.06 | 78.4% |
| Newborn | 45.02 | 47.26 | (2.24) | -4.7% | 29.68 | 15.34 | 51.7% |
| Observation (Inpt & Outpt) | 90.63 | 89.74 | 0.89 | 1.0% | 84.69 | 5.94 | 7.0% |
| TOTAL | 1,052.61 | 1,060.45 | (7.84) | -0.7% | 971.60 | 81.01 | 8.3% |
| OCCUPANCY PERCENTAGE | | | | | | | |
| Acute | 68.17% | 68.43% | -0.26% | -0.4% | 66.89% | 1.28% | 1.9% |
| Critical Care | 82.23% | 82.69% | -0.46% | -0.6% | 81.91% | 0.32% | 0.4% |
| Behavioral Distinct | 64.08% | 54.51% | 9.57% | 17.6% | 65.10% | -1.02% | -1.6% |
| Behavioral Long Term | 45.25% | 62.38% | -17.12% | -27.4% | 58.16% | -12.91% | -22.2% |
| Skilled Nursing/Swing | 64.28% | 63.54% | 0.74% | 1.2% | 39.97% | 24.31% | 60.8% |
| Newborn | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Observation (Inpt & Outpt) | 40.16% | 47.63% | -7.47% | -15.7% | 51.59% | -11.43% | -22.2% |
| TOTAL | 67.45% | 67.69% | -0.24% | -0.4% | 65.04% | 2.41% | 3.7% |

West Virginia University Health System
Census Statistics Totals by Financial Class
December 31, 2016

| DESCRIPTION | Hospital Totals | | | | | |
|---|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | 2016 Y-T-D ACTUAL | | 2016 Y-T-D BUDGET | | 2015 Y-T-D ACTUAL | |
| | Statistic | % of Total | Statistic | % of Total | Statistic | % of Total |
| INPATIENT DAYS | | | | | | |
| Medicare | 160,398 | 47% | 161,549 | 47% | 151,680 | 47% |
| Medicaid | 106,606 | 31% | 101,431 | 30% | 94,155 | 29% |
| Blue Cross | 32,456 | 10% | 35,759 | 10% | 34,952 | 11% |
| P.E.I.A. | 12,161 | 4% | 12,502 | 4% | 12,038 | 4% |
| Other Governmental | 5,545 | 2% | 5,464 | 2% | 5,673 | 2% |
| Commercial/Managed Care | 18,893 | 6% | 20,102 | 6% | 19,232 | 6% |
| Private Pay | 4,249 | 1% | 5,058 | 1% | 3,110 | 1% |
| TOTAL | 340,308 | 100% | 341,864 | 100% | 320,841 | 100% |
| DISCHARGES | | | | | | |
| Medicare | 30,336 | 44% | 31,932 | 47% | 29,550 | 45% |
| Medicaid | 19,718 | 28% | 17,286 | 26% | 17,045 | 26% |
| Blue Cross | 8,786 | 13% | 8,440 | 12% | 8,596 | 13% |
| P.E.I.A. | 3,230 | 5% | 2,978 | 4% | 3,043 | 5% |
| Other Governmental | 1,376 | 2% | 1,298 | 2% | 1,393 | 2% |
| Commercial/Managed Care | 4,860 | 7% | 4,899 | 7% | 4,869 | 7% |
| Private Pay | 1,074 | 2% | 892 | 1% | 880 | 1% |
| TOTAL | 69,380 | 100% | 67,725 | 100% | 65,376 | 100% |
| AVERAGE LENGTH OF STAY | | | | | | |
| Medicare | 5.3 | | 5.1 | | 5.1 | |
| Medicaid | 5.4 | | 5.9 | | 5.5 | |
| Blue Cross | 3.7 | | 4.2 | | 4.1 | |
| P.E.I.A. | 3.8 | | 4.2 | | 4.0 | |
| Other Governmental | 4.0 | | 4.2 | | 4.1 | |
| Commercial/Managed Care | 3.9 | | 4.1 | | 3.9 | |
| Private Pay | 4.0 | | 5.7 | | 3.5 | |
| TOTAL | 4.9 | | 5.0 | | 4.9 | |
| INPATIENT REVENUE (in thousands) | | | | | | |
| Medicare | 1,037,574 | 48% | 975,154 | 47% | 896,841 | 47% |
| Medicaid | 575,030 | 27% | 522,681 | 25% | 501,952 | 26% |
| Blue Cross | 234,328 | 11% | 237,085 | 11% | 221,641 | 12% |
| P.E.I.A. | 92,902 | 4% | 94,963 | 5% | 85,030 | 4% |
| Other Governmental | 48,770 | 2% | 76,244 | 4% | 43,712 | 2% |
| Commercial/Managed Care | 136,885 | 6% | 138,510 | 7% | 129,657 | 7% |
| Private Pay | 22,740 | 1% | 17,828 | 1% | 17,461 | 1% |
| TOTAL | 2,148,229 | 100% | 2,062,465 | 100% | 1,896,295 | 100% |
| OUTPATIENT REVENUE (in thousands) | | | | | | |
| Medicare | 746,701 | 38% | 718,115 | 37% | 637,185 | 37% |
| Medicaid | 451,737 | 23% | 423,563 | 22% | 371,113 | 22% |
| Blue Cross | 342,345 | 17% | 353,070 | 18% | 312,633 | 18% |
| P.E.I.A. | 135,596 | 7% | 134,075 | 7% | 111,882 | 7% |
| Other Governmental | 55,107 | 3% | 55,787 | 3% | 46,695 | 3% |
| Commercial/Managed Care | 200,972 | 10% | 213,452 | 11% | 182,064 | 11% |
| Private Pay | 43,325 | 2% | 47,866 | 2% | 40,987 | 2% |
| TOTAL | 1,975,783 | 100% | 1,945,929 | 100% | 1,702,559 | 100% |

West Virginia University Health System
Procedure Statistics Totals
December 31, 2016

| DESCRIPTION | Hospital Totals | | | | | | |
|---|-----------------|----------------|---------------------|------------------|----------------|-----------------------|--------------------|
| | Y-T-D | Y-T-D | Y-T-D | Y-T-D | Y-T-D | Y-T-D | Y-T-D |
| | 2016 ACTUAL | 2016 BUDGET | ACT/BUD VARIANCE | ACT/BUD VAR % | 2015 ACTUAL | 2015/2016 VARIANCE | 2015/2016 VAR % |
| INPATIENT | | | | | | | |
| Surgery (Excluding Endo) | 19,646 | 18,852 | 794 | 4.2% | 18,511 | 1,135 | 6.1% |
| Endo Cases | 2,904 | 3,027 | (123) | -4.1% | 2,697 | 207 | 7.7% |
| MRI | 9,384 | 7,660 | 1,724 | 22.5% | 7,607 | 1,777 | 23.4% |
| PET Scans | 24 | 114 | (90) | -78.9% | 19 | 5 | 26.3% |
| CT Scan | 44,497 | 41,235 | 3,262 | 7.9% | 41,807 | 2,690 | 6.4% |
| Radiation Therapy | 2,601 | 3,023 | (422) | -13.9% | 2,401 | 200 | 8.3% |
| Infusion Therapy Procedures | 360 | 190 | 170 | 89.5% | 244 | 116 | 47.5% |
| Diagnostic Radiology | 128,450 | 124,624 | 3,826 | 3.1% | 122,386 | 6,064 | 5.0% |
| Births | 5,287 | 41,535 | (36,248) | -87.3% | 5,202 | 85 | 1.6% |
| Laboratory (Including Blood Bank) | 2,120,071 | 1,993,288 | 126,783 | 6.4% | 1,978,557 | 141,514 | 7.2% |
| Rehab Therapy Services | 272,843 | 253,695 | 19,148 | 7.5% | 217,164 | 55,679 | 25.6% |
| Cardiac Cath & Interventional Radiology | 20,964 | 16,030 | 4,934 | 30.8% | 15,596 | 5,368 | 34.4% |
| Dialysis | 6,357 | 6,932 | (575) | -8.3% | 6,759 | (402) | -5.9% |
| OUTPATIENT | | | | | | | |
| Surgery (Excluding Endo) | 39,152 | 39,013 | 139 | 0.4% | 35,302 | 3,850 | 10.9% |
| Endo Cases | 21,626 | 22,701 | (1,075) | -4.7% | 19,588 | 2,038 | 10.4% |
| MRI | 24,481 | 25,970 | (1,489) | -5.7% | 23,357 | 1,124 | 4.8% |
| PET Scans | 2,458 | 1,883 | 575 | 30.5% | 2,424 | 34 | 1.4% |
| CT Scan | 105,437 | 101,431 | 4,006 | 3.9% | 94,771 | 10,666 | 11.3% |
| Radiation Therapy | 54,368 | 55,754 | (1,386) | -2.5% | 50,368 | 4,000 | 7.9% |
| Infusion Therapy Procedures | 58,733 | 47,844 | 10,889 | 22.8% | 44,507 | 14,226 | 32.0% |
| Diagnostic Radiology | 316,230 | 318,074 | (1,844) | -0.6% | 272,387 | 43,843 | 16.1% |
| Laboratory (Including Blood Bank) | 3,393,914 | 3,374,828 | 19,086 | 0.6% | 3,154,040 | 239,874 | 7.6% |
| Rehab Therapy Services | 170,028 | 150,725 | 19,303 | 12.8% | 137,939 | 32,089 | 23.3% |
| Cardiac Cath & Interventional Radiology | 15,504 | 15,668 | (164) | -1.0% | 15,330 | 174 | 1.1% |
| Dialysis | 1,081 | 926 | 155 | 16.7% | 1,050 | 31 | 3.0% |
| Hospice Home Health | 96,558 | 83,775 | 12,783 | 15.3% | 82,222 | 14,336 | 17.4% |
| Clinic Visits | 1,472,426 | 422,775 | 1,049,651 | 248.3% | 1,245,821 | 226,605 | 18.2% |
| EMERGENCY ROOM | | | | | | | |
| Treated and Released | 224,413 | 243,091 | (18,678) | -7.7% | 216,281 | 8,132 | 3.8% |
| Admitted as Inpatient | 35,045 | 36,709 | (1,664) | -4.5% | 33,556 | 1,489 | 4.4% |
| Placed in Observation | 17,152 | 7,752 | 9,400 | N/A | 16,162 | 990 | 6.1% |
| Total ER Visits | 276,610 | 292,960 | (16,350) | -5.6% | 263,366 | 10,611 | 5.0% |

NOTE:

Cardio Invasive includes Cardiovascular Labs and Interventional Radiology
Rehab Therapy Services includes, PT, OT and Speech
Clinic Visits include Cancer Center, Breast Care Ctr, Cheat Lake and other UHA Clinics

Appendix

WVU Medicine - Divisional Analysis

For the Month Ending December 31, 2016

| | Consolidated | | | | Positive Variances Negative Variances | | | | |
|-----------------------------------|------------------|-----------------|------------------|----------------|--|-----|------|----|-------|
| | Actual | Budget | \$ Var | % Var | WVUH | UHC | CCHS | UH | WVUHS |
| Patient Service Revenue | | | | | | | | | |
| Inpatient | \$ 183,255 | \$ 172,304 | \$ 10,951 | 6.4% | | | | | |
| Outpatient | \$ 178,140 | \$ 165,636 | 12,504 | 7.5% | | | | | |
| Other | \$ 1,198 | \$ 3,868 | (2,670) | -69.0% | | | | | |
| Gross patient revenue | 362,593 | 341,808 | 20,785 | 6.1% | | | | | |
| Medicare deductions | 109,217 | 93,277 | 15,940 | 17.1% | | | | | |
| Medicaid deductions | 60,171 | 57,968 | 2,203 | 3.8% | | | | | |
| Other contractals | 36,300 | 41,194 | (4,894) | -11.9% | | | | | |
| Bad Debt | 2,905 | 5,317 | (2,412) | -45.4% | | | | | |
| Charity | 3,765 | 3,346 | 419 | 12.5% | | | | | |
| Total deductions | 212,358 | 201,102 | 11,256 | 5.6% | | | | | |
| deduction % | 58.57% | 58.83% | | | | | | | |
| Net Patient Service Revenue | 150,235 | 140,706 | 9,529 | 6.8% | | | | | |
| Other Revenue | 13,322 | 8,521 | 4,801 | 56.3% | | | | | |
| Total Operating Revenue | 163,557 | 149,227 | 14,330 | 9.6% | | | | | |
| Operating Expenses | | | | | | | | | |
| Salaries & wages | 56,289 | 52,151 | 4,138 | 7.9% | | | | | |
| Physician salaries | 8,942 | 8,090 | 852 | 10.5% | | | | | |
| Employee benefits | 16,331 | 14,745 | 1,586 | 10.8% | | | | | |
| Professional services | 9,008 | 6,674 | 2,334 | 35.0% | | | | | |
| Medical supplies | 18,347 | 15,336 | 3,011 | 19.6% | | | | | |
| Drugs & IV Solutions | 14,609 | 11,413 | 3,196 | 28.0% | | | | | |
| Travel & registration | 444 | 353 | 91 | 25.8% | | | | | |
| Maintenance & repairs | 7,164 | 4,851 | 2,313 | 47.7% | | | | | |
| Licenses & taxes | 4,721 | 4,134 | 587 | 14.2% | | | | | |
| Utilities | 2,450 | 1,875 | 575 | 30.7% | | | | | |
| Insurance | 2,944 | 1,545 | 1,399 | 90.6% | | | | | |
| Other expenses | 10,456 | 6,124 | 4,332 | 70.7% | | | | | |
| Depreciation | 9,389 | 10,111 | (722) | -7.1% | | | | | |
| Interest | 944 | 3,305 | (2,361) | -71.4% | | | | | |
| Margin Redistribution | 9,209 | 4,855 | 4,354 | 89.7% | | | | | |
| Contributions to HSC | 1,723 | 1,723 | 0 | 0.0% | | | | | |
| Total Direct Expenses | 172,970 | 147,285 | 25,685 | 17.4% | | | | | |
| Contribution Margin | (9,413) | 1,942 | (11,355) | -584.7% | | | | | |
| Shared Services Allocation | | 37 | (37) | | | | | | |
| Total Operating Expenses | 172,970 | 147,322 | 25,648 | 17.4% | | | | | |
| Total Operating Margin | (9,413) | 1,905 | (11,318) | -594.1% | | | | | |
| Investment Income | 9,576 | 3,660 | 5,916 | 161.6% | | | | | |
| Unrealized Inv. Income | 523 | 0 | 523 | #DIV/0! | | | | | |
| SWAP-gain or (loss) | 15,442 | 206 | 15,236 | 7396.1% | | | | | |
| Impairment Loss | | | | | | | | | |
| Other Non-oper. Revenue | (203) | (27) | (176) | 651.9% | | | | | |
| Extraordinary Item | | | 0 | -100% | | | | | |
| Excess of Revenue Over Exp | \$ 15,925 | \$ 5,744 | \$ 10,181 | 177.2% | | | | | |

This Analysis page is intended to graphically illustrate where significant variances (both positive and negative) exist within the WVU Medicine hospital divisions. Explanation for variances may be found within the Division specific Management Discussion and Analysis included in this Appendix.

The threshold to be identified as a significant variance within a WVU Medicine Division is \$375,000 (which is approximately 0.25% of total system monthly operating budget) and 5%.

| West Virginia University Health System Comparative Ratio Analysis December 2016 | YTD HOSPITAL ONLY | | | | | | | | | | | | | | |
|--|-------------------|---------|----------|-----------|---------|--------|--------|---------|---------|----------|--------------------|----------|-----------------|----------------|-------------------------|
| | | | | | | | | | | YTD | | | Median | Desired | |
| | | | | | | | | | | UHC | Univ Healthcare | CCHS | System Total | Ratios 2015 | Position Compared to |
| | WVUH | UHC | Berkeley | Jefferson | CCMC | PVH | SJH | RMH | Total | Division | Division | Division | 2016 | A Rated | Median & Trend |
| Profitability Ratios: | | | | | | | | | | | | | | | |
| Operating Margin | 4.38% | 7.58% | 5.92% | 4.24% | 6.11% | -0.13% | 0.80% | -18.06% | 10.72% | 6.34% | 5.22% | 0.13% | 3.76% | 3.60% | Above/Up |
| Total Margin | 4.15% | 7.64% | 5.73% | 3.01% | 6.36% | -0.13% | -0.23% | -22.04% | 15.56% | 6.40% | 5.07% | 0.75% | 4.89% | 5.20% | Above/Up |
| EBITDA Margin | 10.63% | 16.85% | 9.17% | 8.39% | 13.60% | 6.83% | 3.05% | -16.88% | 22.46% | 14.55% | 10.44% | 8.74% | 12.01% | 11.10% | Above/Up |
| Operating Cash Flow Margin | 102.39 | 102.39 | 97.74 | 101.31 | 102.67 | 107.10 | 102.50 | 122.29 | 18.01 | 102.36 | 100.44 | 107.93 | 10.97 | 10.60 | Above/Up |
| Liquidity Ratios: | | | | | | | | | | | | | | | |
| Current Ratio | 1.40 | 2.75 | 2.08 | 2.47 | 1.06 | 1.04 | 1.58 | 0.99 | 1.65 | 2.66 | 2.29 | 1.09 | 1.71 | 2.00* | Above/Up |
| Unrestricted Cash / L.T. Debt | 118.37% | 102.72% | 76.56% | 263.38% | 19.23% | 2.77% | 79.29% | 13.96% | 89.79% | 106.66% | 120.87% | 20.07% | 90.31% | 116.00% | Above/Up |
| Days in AR-Net | 49.45 | 48.29 | 32.83 | 35.44 | 39.51 | 44.78 | 35.94 | 63.29 | 32.69 | 47.17 | 33.49 | 38.07 | 45.68 | 49.10 | Below/Down |
| Average Payment Period | 63.28 | 61.46 | 55.15 | 78.68 | 86.63 | 81.82 | 79.96 | 78.16 | 51.06 | 63.89 | 61.41 | 76.69 | 60.94 | 64.30* | Average |
| Days Cash on Hand-Total | 203.28 | 311.13 | 82.89 | 216.84 | 73.14 | 9.72 | 79.07 | 9.92 | 146.02 | 278.80 | 143.92 | 64.90 | 182.40 | 182.50 | Above/Up |
| Capital Structure Ratios: | | | | | | | | | | | | | | | |
| Funded Indebtedness (LT Debt to Capitalization) | 35.73% | 42.40% | 49.71% | 21.35% | 105.73% | 84.72% | 64.54% | 50.03% | 45.03% | 41.72% | 37.73% | 103.74% | 44.31% | 40.60% | Below/Down |
| Cash Flow / Total Debt | 16.11% | 17.17% | 23.62% | 19.16% | 10.76% | 4.54% | 3.26% | -38.30% | 43.89% | 15.78% | 6.84% | 4.03% | 13.04% | 15.60% | Above/Up |
| LT Debt to Cash Flow | 4.35 | 4.53 | 2.61 | 2.67 | 7.25 | 18.62 | 15.59 | (1.26) | 1.69 | 4.70 | 2.65 | 13.65 | 5.61 | 2.70* | Below/Down |
| Cushion Ratio | 15.16 | 14.40 | 9.53 | 32.22 | 3.20 | n/a | n/a | n/a | 12.31 | 16.03 | 17.16 | 3.34 | 13.14 | 18.10 | Above/Up |
| Maximum Debt Service Coverage | 3.36 | 3.63 | 4.55 | 5.10 | 2.87 | n/a | n/a | n/a | 5.84 | 3.75 | 5.38 | 1.60 | 3.04 | 4.10 | Above/Up |
| Max Debt Service / Total Oper Rev | 3.31% | 5.03% | 2.14% | 1.70% | 5.50% | n/a | n/a | n/a | 2.72% | 4.15% | 2.04% | 5.02% | 3.46% | 2.70% | Below/Down |
| Historical Debt Service Coverage | 3.36 | 3.63 | 5.07 | 5.52 | 2.83 | n/a | n/a | n/a | 10.09 | 3.73 | 5.19 | 1.76 | 0.00 | 5.20* | |
| Operating/Acuity Ratios: | | | | | | | | | | | | | | | |
| Average Daily Census | 484 | 198 | 121 | 18 | 163 | 8 | 30 | 34 | 1,468 | 198 | 139 | 163 | 1,030 | n/a | n/a |
| Adjusted Patient Days | 259,439 | 147,754 | 93,506 | 19,438 | 96,756 | 14,169 | 86,542 | 9,498 | 727,102 | 147,754 | 112,944 | 96,756 | 727,102 | n/a | n/a |
| Adjusted Discharges | 46,039 | 28,787 | 21,380 | 6,784 | 23,074 | 3,728 | 18,089 | 1,740 | 149,621 | 28,787 | 28,164 | 23,074 | 149,621 | n/a | n/a |
| Total Hospital FTE's | 4,986 | 1,627 | 996 | 253 | 1,425 | 200 | 349 | 355 | 10,191 | 1,627 | 1,249 | 1,425 | 10,191 | n/a | n/a |
| Salary & Benefits/NPR | 44.50% | 47.91% | 45.23% | 45.14% | 42.08% | 51.73% | 58.99% | 76.20% | 43.57% | 51.80% | 50.46% | 50.58% | 51.25% | 57.70% | Below/Down |
| Bad Debts/Net Patient Rev. | 1.83% | 3.97% | 3.77% | 5.00% | 6.12% | 5.69% | 5.74% | 6.58% | 3.23% | 4.09% | 4.04% | 5.81% | 3.27% | n/a | n/a |
| Nonoperating Revenue % | 4.31% | 7.59% | 5.75% | 3.04% | 6.53% | -0.13% | 0.79% | -22.04% | 5.43% | 6.43% | 5.10% | 0.92% | 1.19% | 1.50% | Above/Up |
| Average Age of Plant | 8.34 | 7.61 | 9.76 | 8.97 | 12.73 | 2.87 | 0.98 | 40.95 | 6.24 | 7.40 | 8.67 | 12.71 | 10.34 | 11.60 | Below/Down |
| Case Mix Index-Medicare Only | 1.9397 | 1.5664 | 1.4873 | 1.1551 | 1.5270 | 1.0408 | 1.1324 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Case Mix Index-Total | 1.8006 | 1.4358 | 1.3466 | 1.1011 | 1.4433 | 1.0487 | 1.0055 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

*2015 Moody's A1 and A2 rated median (all others are 2015 S&P)
(2015 Audit Reported in 2016)

WVU Hospitals – MANAGEMENT’S DISCUSSION AND ANALYSIS
December 2016

Summary – WVUH Morgantown Division

For the month of December, WVUH reported a negative contribution margin of (\$415,000) compared to a budgeted contribution margin of \$4,688,000. The contribution margin percentage for the month was - 0.5%.

Patient Revenue & Deductions

Gross revenues were \$20,236,000 above budget with the largest favorable variances in Cardio Labs (\$4,735,000), OR (\$3,351,000 (Neuro (\$676,000), Plastics (\$578,000), CVT (\$493,000), Urology (\$349,000), Endo (\$290,000), ENT (\$281,000), Eye (\$116,000), and Ortho (-\$175,000)), Pharmacy (\$2,853,000), Clin Labs (\$1,965,000), 8 West (\$976,000), Respiratory (\$814,000), CT Scan (\$725,000), 7 East (\$652,000), and SICU (\$455,000). Total inpatient and outpatient surgeries (excluding endo) were above budget by 236 or 12.81%, with Plastics, Vascular, Cardio, Neuro, and Urology above budget, 141%, 139%, 36%, 23%, and 13%, respectively, contributing to the noted favorable revenue variance. Additionally, acute care days were above budget by 10.7% (or 900 days), and critical care days were below budget by 1.7% (or 53 days). In terms of average daily census, acute ADC was above budget by 29.03 (or 10.7%) and critical care ADC was below budget by 1.71 (or 1.7%) primarily due to lower NICU/PICU census. Overall deductions were \$9,516,000 over budget for the month. This was due to increased Medicare revenue (\$14,705,000), increased Medicaid revenue (\$7,238,000), self pay revenue above budget (\$306,000), and charity deductions above budget (\$11,000), offset by other payor revenues below budget (\$2,012,000), and bad debt deductions below budget (\$257,000). Overall WVUH’s deduction rate as a percentage of gross revenue was 57.5% for the month compared to a budget of 58.9%.

Other Revenue

From an other revenue perspective, WVUH was \$1,449,000 above budget for the month, due to higher Med Center Pharmacy scripts (\$645,000) and Specialty scripts (\$388,000), recorded revenue from HealthNet flights (\$167,000), and Watchman rebates (\$154,000).

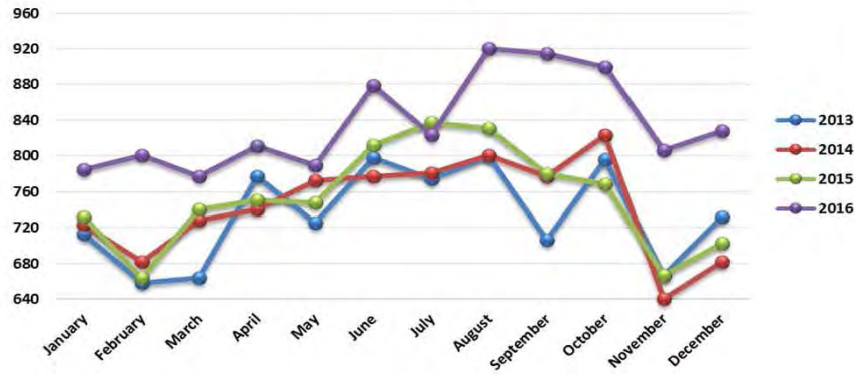
Direct Expenses

WVUH ended the month \$17,271,000 (or 27.4%) over budget in total direct expenses. Expense categories over budget include Margin Redistribution (\$5,102,000), other expense (\$3,922,000) (Med Center AR write-off \$3,000,000), medical/surgical supplies (\$2,833,000) (HVI surgical expense (\$1,201,000), and year end inventory adjustments (\$1,000,000)), salaries & wages (\$2,793,000) (FTEs +500), professional services (\$1,625,000) (increased contract labor (HIM Staffing (\$223,000), Bone Marrow (\$144,000), Reference Lab (\$139,000), facility repairs (\$121,000), Contract Pharmacy fees (\$102,000), Perfusion contract (\$97,000), MRI/PET to UHA (\$94,000), and outside hiring services (\$81,000)), employee benefits (\$1,409,000) (contractuals reclass to health insurance claims expense, drugs & IV expense (\$629,000) (Specialty drug exp. in MCP (\$537,000)), and utilities expense (\$462,000) (minimum purchase agreement (\$223,000) and steam re-bill September – November (\$51,000)). The expense categories under budget were insurance expense (\$1,127,000) (year end medical malpractice adjustment), and licenses & taxes (\$217,000) (recalculation of Broad Based provider tax). The shared services allocation was over budget for the month (\$1,953,000).

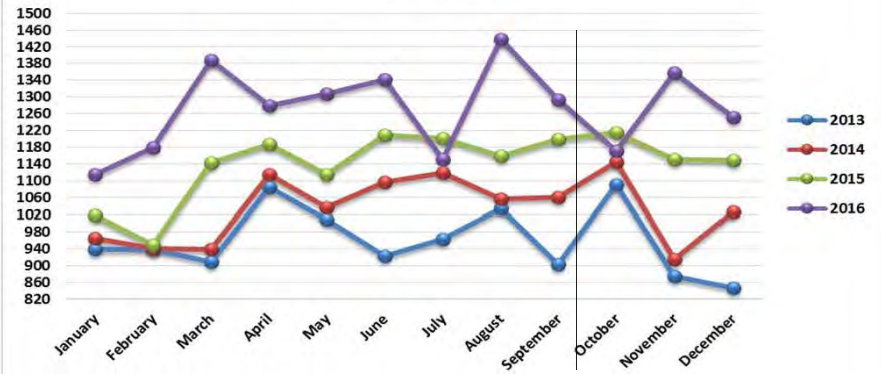
Balance Sheet

Noteworthy items on the balance sheet for the month, as compared to November 30, 2016, include a decrease in cash of \$10,383,000, which is a result of SET and HVI capital spend. Net patient receivables decreased \$4,742,000 due to patient collections exceeding current month charges. As a result of the timing of receipts and payments, accounts payable and accrued expenses, other current receivables, and accrued wages and fringe benefits increased \$20,317,000, \$4,636,000, and \$4,030,000, respectively. Accrued interest payable increased \$1,447,000, as compared to November 30, 2016 due to interest accruals of \$342,000 and \$744,000 on the 2016A and 2013A bonds, respectively, and \$417,000 of shared interest adjustment.

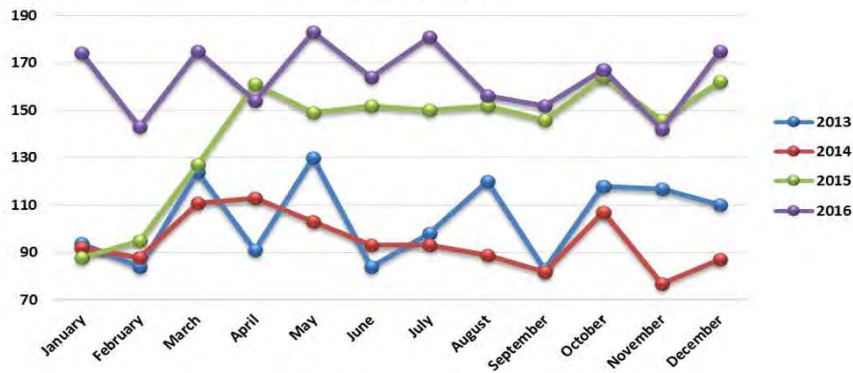
WVUH
Inpatient Surgery



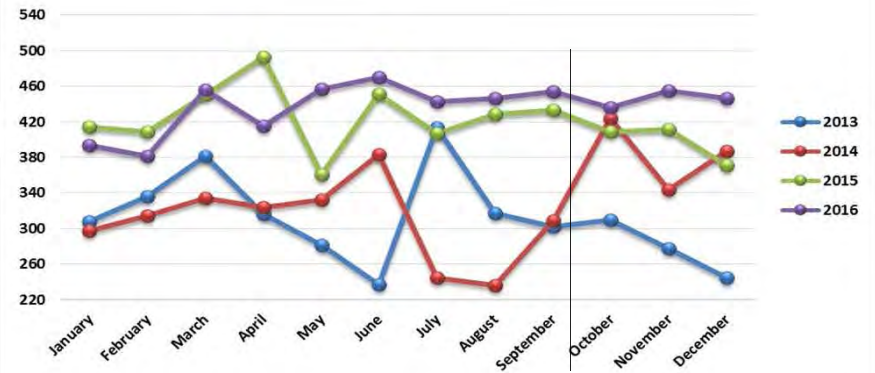
WVUH
Outpatient Surgery

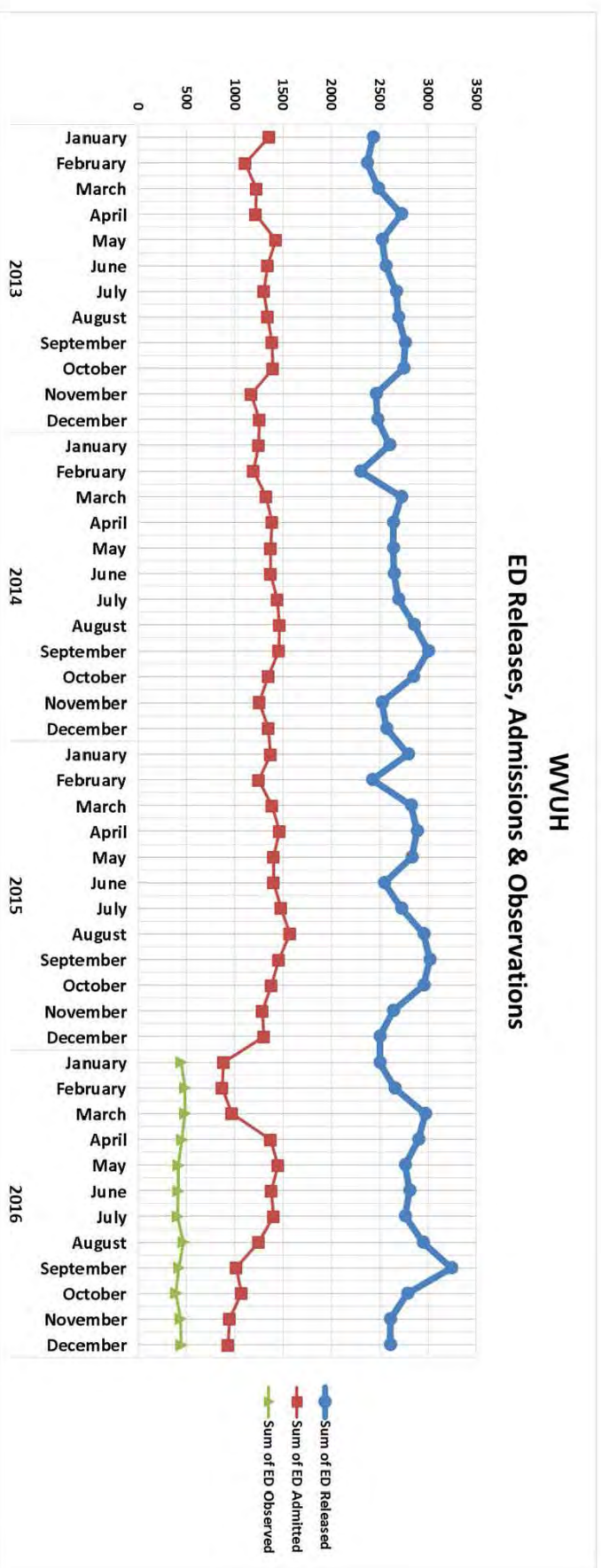
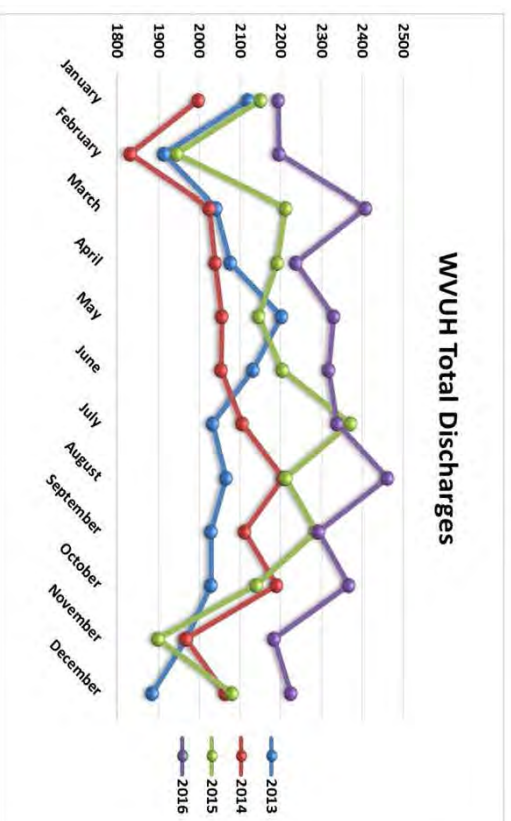


WVUH
Inpatient Endo



WVUH
Outpatient Endo





West Virginia University Health System
WVU Hospitals-Mgmt and Subsidiaries
Statement of Revenue and Expenses
For the Period Ending December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | Current Month | | | | Year To Date | | | | YTD |
|---------------------------------------|---------------|----------|----------|-------|--------------|-------------|----------|---------|-------------|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | PY |
| PATIENT SERVICE REVENUE | | | | | | | | | |
| Inpatient Revenue | \$110,318 | \$99,282 | \$11,036 | 11% | \$1,321,033 | \$1,249,428 | \$71,605 | 6% | \$1,144,872 |
| Outpatient Revenue | 63,196 | 53,995 | 9,201 | 17% | 739,346 | 696,158 | 43,188 | 6% | 640,845 |
| Other Patient Revenue | | | | 0% | | | | 0% | |
| Gross Patient Service Revenue | 173,513 | 153,277 | 20,236 | 13% | 2,060,380 | 1,945,586 | 114,793 | 6% | 1,785,717 |
| Medicare Deductions | 50,412 | 37,889 | 12,522 | 33% | 553,665 | 484,204 | 69,461 | 14% | 440,420 |
| Medicaid Deductions | 31,104 | 29,281 | 1,823 | 6% | 395,329 | 374,046 | 21,283 | 6% | 340,109 |
| Other Contractual Adjustments | 15,749 | 20,331 | (4,583) | -23% | 222,428 | 261,044 | (38,615) | -15% | 219,422 |
| Provision for Bad Debt | 566 | 823 | (257) | -31% | 15,931 | 10,506 | 5,425 | 52% | 10,212 |
| Charity Deductions | 1,967 | 1,957 | 11 | 1% | 19,794 | 25,088 | (5,295) | -21% | 21,444 |
| Total Deductions | 99,798 | 90,282 | 9,516 | 11% | 1,207,148 | 1,154,889 | 52,259 | 5% | 1,031,607 |
| NET PATIENT SERVICE REVENUE | 73,716 | 62,996 | 10,720 | 17% | 853,232 | 790,697 | 62,534 | 8% | 754,111 |
| OTHER REVENUES | 6,218 | 4,769 | 1,449 | 30% | 83,369 | 57,764 | 25,605 | 44% | 62,479 |
| TOTAL OPERATING REVENUE | 79,933 | 67,765 | 12,169 | 18% | 936,601 | 848,462 | 88,139 | 10% | 816,590 |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 24,458 | 21,698 | 2,761 | 13% | 263,656 | 251,324 | 12,332 | 5% | 247,512 |
| Physicians Salaries & Wages | 2,314 | 2,282 | 32 | 1% | 27,298 | 27,050 | 248 | 1% | 46,786 |
| Employee Benefits | 6,971 | 5,562 | 1,409 | 25% | 88,773 | 65,503 | 23,270 | 36% | 65,997 |
| Professional Services | 3,569 | 1,943 | 1,625 | 84% | 29,169 | 23,830 | 5,338 | 22% | 34,174 |
| Medical/Surgical Supplies | 11,194 | 8,361 | 2,833 | 34% | 111,731 | 104,563 | 7,168 | 7% | 101,255 |
| Drugs & IV Solutions | 7,024 | 6,395 | 629 | 10% | 101,207 | 81,292 | 19,915 | 24% | 80,676 |
| Travel & Registration | 96 | 70 | 25 | 36% | 814 | 891 | (77) | -9% | 1,455 |
| Maintenance & Repairs | 422 | 487 | (65) | -13% | 5,670 | 5,763 | (93) | -2% | 17,859 |
| Licenses and Taxes | 1,575 | 1,791 | (217) | -12% | 22,483 | 22,483 | 1 | 0% | 21,247 |
| Utilities Expense | 977 | 515 | 462 | 90% | 6,924 | 6,177 | 748 | 12% | 6,700 |
| Insurance Expense | (420) | 707 | (1,127) | -159% | 4,907 | 8,439 | (3,531) | -42% | 3,404 |
| Other Expenses | 6,295 | 2,373 | 3,922 | 165% | 34,712 | 29,630 | 5,081 | 17% | 29,808 |
| Depreciation and Amortization Expense | 4,300 | 4,366 | (66) | -2% | 50,572 | 52,395 | (1,823) | -3% | 45,269 |
| Interest Expense | 1,215 | 1,189 | 26 | 2% | 12,842 | 14,274 | (1,432) | -10% | 12,037 |
| JOA Physicians Support | 8,636 | 3,613 | 5,023 | 139% | 68,715 | 56,154 | 12,561 | 22% | 49,696 |
| Contributions to HSC | 1,723 | 1,723 | | 0% | 20,678 | 20,678 | | 0% | |
| Total Direct Expenses | 80,348 | 63,077 | 17,271 | 27% | 850,150 | 770,445 | 79,705 | 10% | 763,874 |
| Contribution Margin | (415) | 4,688 | (5,102) | -109% | 86,451 | 78,017 | 8,434 | 11% | 52,716 |
| Shared Services Allocation | 5,728 | 3,775 | 1,953 | 52% | 45,462 | 45,305 | 157 | 0% | |
| Total Operating Expenses | 86,076 | 66,853 | 19,224 | 29% | 895,613 | 815,750 | 79,863 | 10% | 763,874 |
| TOTAL OPERATING MARGIN | (6,143) | 912 | (7,055) | -773% | 40,988 | 32,712 | 8,277 | 25% | 52,716 |
| INVESTMENT INCOME | 7,177 | 2,426 | 4,751 | 196% | 17,159 | 29,109 | (11,950) | -41% | 52,934 |
| UNREALIZED INVESTMENT INCOME | 344 | | 344 | 0% | 20,368 | | 20,368 | 0% | (55,332) |
| SWAP - GAIN OR LOSS | 3,008 | | 3,008 | 0% | 1,247 | | 1,247 | 0% | 295 |
| OTHER NON-OPER REVENUES | (44) | | (44) | 0% | (1,569) | | (1,569) | #DIV/0! | (1,798) |
| EXTRAORDINARY ITEM | | | | 0% | (10,740) | | (10,740) | -100% | |
| EXCESS REVENUES OVER EXPENSES | 4,342 | 3,338 | 1,004 | 30% | 67,453 | 61,821 | 5,633 | 9% | 48,816 |
| OTHER CHANGES IN NET ASSETS | (5,167) | 674 | (5,841) | -867% | (18,330) | (1,444) | (16,886) | 1169% | (12,155) |

UNITED HOSPITAL CENTER – MANAGEMENT’S DISCUSSION AND ANALYSIS
December 2016

Summary – UHC Division

The UHC Division consists of United Hospital Center (UHC), United Summit Center (USC), St. Joseph’s Hospital (SJH) and United Health Foundation. The acquisition of SJH was effective October 1, 2015. The Contribution Margin achieved by the Division was \$3,066,000 in December which exceeded budget by 90% while the Total Operating Margin of \$1,117,000 was 212% greater than budget. Key highlights of the month and year to date explanations follow:

Income Statement

Gross Patient Service Revenue exceeded budget for the month by \$8,364,000 (12.2%) due primarily to continued strong volumes experienced at UHC during the month plus the effect of the room and board increase implemented on September 1. Endoscopy cases (12.0%), OP Surgery (11.1%), OP CT (9.2%), OP MRI (14.9%), OP Infusion Therapy (30.3%), Cardiac Cath (10.1%), Home Health/Hospice (30.2%), Physician Clinic Visits (14.7%) and total OP Visits (13.1%) all exceeded budget by considerable margins. IP volumes remained extremely strong at UHC as acute discharges exceeded budget by 8.3% and patient days were 56 days (1.2%) over budget. Outpatient revenue was 10.3% above budget while inpatient revenues were 15.7% higher than budget. Acute patient days for the month were 4,622 compared to the budget of 4,566 which coupled with acute patient discharges of 1,073 (compared to a budget of 991) produced a 6.5% decrease in ALOS. YTD discharges total 12,668 which are 86 greater (0.7%) than the budgeted YTD total.

Below are statistics of the significant ancillary areas for month of December:

| Ancillary Department | Monthly Statistic | MTD Variance | YTD Statistic | YTD Variance |
|---|----------------------|-----------------|------------------|-----------------|
| Emergency Room | 5,756 | -7.7% | 72,454 | -1.5% |
| Outpatient Infusion | 2,744 | 30.6% | 33,929 | 27.4% |
| Operating Room - Surgery & Endo Cases | 1,914 | 8.8% | 22,856 | 4.7% |
| Operating Room - Total Minutes | 106,134 | 9.1% | 1,270,097 | 2.6% |
| Total Laboratory | 93,095 | 10.4% | 1,107,353 | 5.8% |
| Cath Lab/Special Procedures | 406 | 6.3% | 4,621 | -0.3% |
| CT Scans | 2,572 | 9.8% | 30,677 | 10.5% |
| MRI Scans | 1,124 | 16.7% | 12,568 | 10.6% |
| Radiation Oncology | 1,578 | 11.0% | 17,363 | -3.3% |
| Diagnostic Imaging | 12,070 | 5.8% | 144,746 | 2.3% |
| Physical Therapy | 8,590 | -6.5% | 113,562 | -0.4% |
| Hospice - Program Days | 2,105 | -2.6% | 23,872 | 5.4% |
| Home Health - Visits | 4,925 | 52.1% | 51,572 | 25.2% |
| Physician Clinics (Women's Health, Ortho, ENT, Thoracic, GI, Urology, General Surgery, Plastics & Oncology) | 11,944 | 10.1% | 133,796 | -0.2% |

Total Deductions from Patient Service Revenue, Charity and Bad Debt were approximately 17.5% over

budget for December. This result was driven by the significantly higher revenues generated in December coupled with a UHC year-end adjustment of approximately \$800,000 to recalibrate our Medicare IP allowance. As a result December's deductions equaled 61.1% of gross revenue (Budget 58.4%). YTD Deductions equal 58.9% of gross revenue while the budgeted percentage is 58.3%. Below is a summary of significant items that affected total deductions:

*Medicare – Medicare Deductions were approximately 28.7% over budget for the month ended December 31, 2016 as total Medicare gross revenue was 22.1% higher than budget. December's average IP charge per discharge remained up (11.3% above budget) as impacted by the rate increase. The average length of stay (LOS) at UHC was lower than budget at 4.76 days (9.7%). YTD the ALOS is 7.3% below budget (.39 days). The estimated December UHC case mix index (1.4824) was 1.6% lower than budget. The largest contributing factor to the contractual increase remains OP revenue which totaled \$19.93M, exceeding the budgeted total for the month by 22.8%. Medicare deductions were increased by the unfavorable adjustment noted previously.

*Medicaid – For the month, Medicaid deductions were approximately 17.2% over budget as Medicaid gross revenue exceeded budget by 15.6%. Discharges and patient days were both higher than budget (19.8% and 26.1% respectively) in December. The increase in contractals resulted from considerably higher IP volume plus higher than budgeted OP revenues during December totaling \$9.34M (8.0% over budget).

*Charity/Uncollectible Accounts – Deductions related to self-pay responsibilities continued to be lower than budget by \$1,104,000. Self-pay revenue at UHC represented 0.6% of total patient revenue in December 2016 - much improved over the December 2015 percentage of 1.2 %. Charity expense remained higher in December (\$311k) as a System-wide initiative began earlier this year that designated "presumptive charity" for patients meeting certain criteria when screened during Registration.

Total Operating Expenses were approximately \$30,482,000 in December 2016, which was \$1,048,000 or 3.6% over budget for the month. YTD expenses are \$5,892,000 (1.7%) over budgeted totals. A summary of significant fluctuations for the month and YTD follows:

1. Salaries and wages (non-physician) were \$670,000 (6.9%) above budget in December 2016. Vacation accruals were favorable in December (\$350,000) while we continued to accrue \$219,000 monthly at UHC for potential associate bonuses at year end. The monthly accrual began in July and if warranted after final results are known a recommendation will be made to the Board to proceed. In addition, the Premier and Mountain State practices (unbudgeted – 33 FTE's) were brought on board during July and August respectively increasing salary costs over prior months and budget. The FTE/Adjusted Patient Day ratio at UHC (including physician office clinics) increased to 4.95 in December (from 4.61), which is above the budgeted ratio of 4.30. Higher utilization of non-productive time generated the higher FTE ratio in December. Steps previously taken to reduce nursing hours on weekends by closing the Observation unit have continued and new staffing patterns were implemented that feature weekend staffing models when census is generally lower. Productivity is reviewed each pay period and any department not meeting standard is required to provide an action plan to address staffing variances. Significant improvement in the nursing units has been noted over the last several months.
2. Physician Salaries were lower than budget by \$290,000 (11.2%) for the month. The bonus accrual calculation was reconciled resulting in a positive year end adjustment.
3. Medical Supplies were \$148,000 (5.7%) over budget for the month based on higher patient volumes especially orthopedic surgeries.

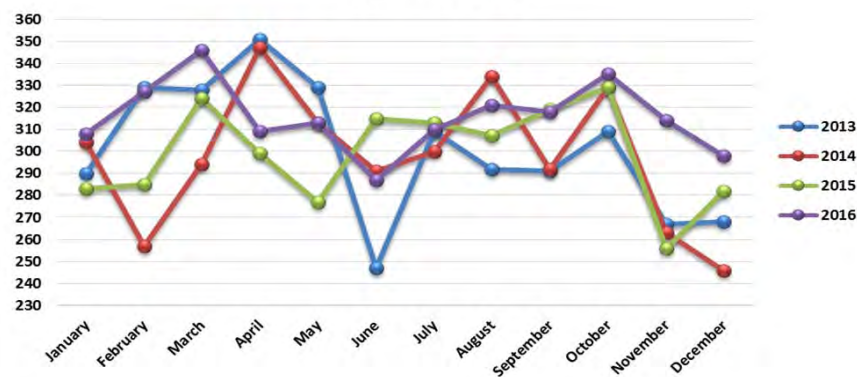
4. Drugs/IV Solutions were \$418,000 (22.0%) over budget. The increase appears in line with volume as UHC Pharmacy OP revenue increased 23.8%.
5. Licenses/Taxes exceeded budget by \$172,000 as the 1% sales/use tax increase was reflected plus higher revenues increased the Medicaid tax.
6. Interest Expense generated a credit in December resulting from favorable year end reconciliation adjustments.
7. Shared Services Allocations (IT, legal, Biomed, etc) are now being identified separately on our Income Statement below the Contribution Margin. The December allocation was \$695,000 (55.3%) higher than budgeted. The significant increase in expense resulted from year end expense reconciliations. Regular expense totals mirroring budget should return in January.

Balance Sheet

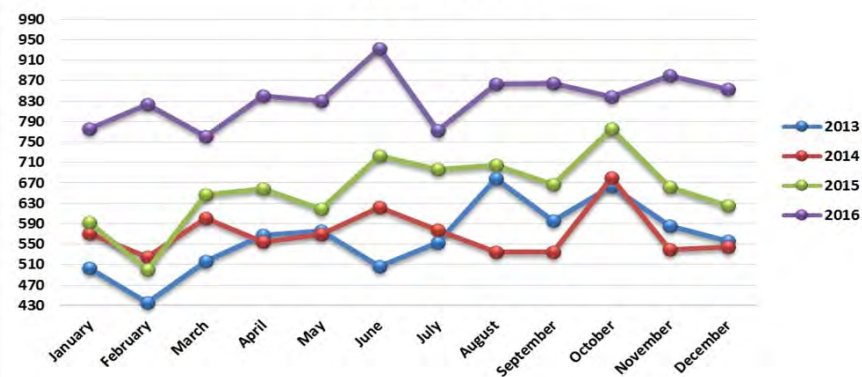
A summary of significant items that impacted the hospital's assets and liabilities for the month follows:

1. Gross Accounts Receivable decreased \$4.6M in December despite continued high revenue totals. Gross Days in A/R at UHC remained unchanged from November at 51.1 days. Gross Days were 50.5 on December 31, 2015. The Allowance for Contractual Adjustments and Uncollectible Accounts as a percentage of gross accounts receivable at December 31, 2016 was 62.1%.
2. Cash balances improved by \$5.6M which resulted from another strong collections effort from all entities (\$20.6M - UHC) during the month. Accrued payroll taxes increased \$1.9M resulting from the timing of December's payroll periods. Accounts payable increased \$2.8M due to the timing of prefunding the WVUHS IT payment in December. Other non-current Liabilities declined \$6.3M as a result of the favorable SWAP adjustment.
3. Funded Depreciation balances increased by \$1,300,000 in December after experiencing a \$1,200,000 increase during November. During December 2016, the S&P 500 Stock Index increased 1.8%, while the fixed income market (Aggregate Bond Index) decreased 0.2%. Our portfolio consists of approximately 40% equity style investments. The Hospital will record fluctuations in market value monthly in accordance with generally accepted accounting principles.
4. The hospital issued approximately \$240 million in tax exempt bonds (primarily in 2006) related to the new hospital project, including \$8.5 million to establish a debt service reserve fund. Interest payments on the variable rate bonds are made monthly. Interest payments on the fixed rate bonds and SWAP agreements are paid semi-annually (December 1 and Dec 1). Principal payments are made annually on December 1st. The System successfully refunded several bond series during November (most notably for the UHC 2006 and 2009 issues). The result is expected to be a \$3M reduction in interest expense annually for the System. These improvements began to be reflected in the November financial statements.
5. The Unrealized Loss of Value related to the SWAP agreements at December 31, 2016 was approximately \$18 million. Future changes in value of the SWAP agreement will be recorded on a calendar quarter basis. The fluctuations in market value can be significant, but will not impact the actual cash flow of the hospital.

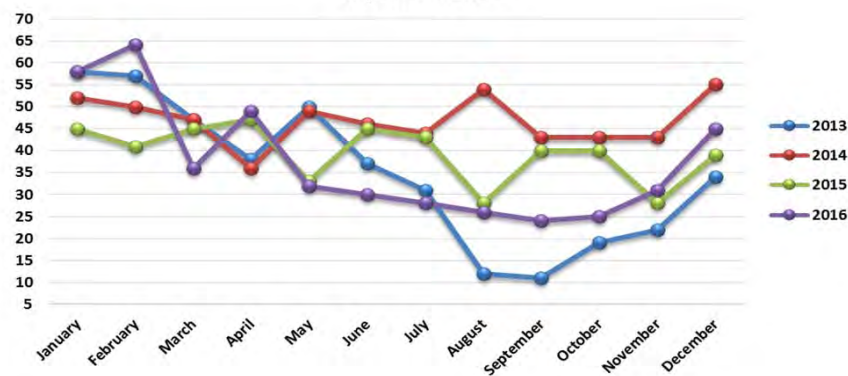
UHC
Inpatient Surgery



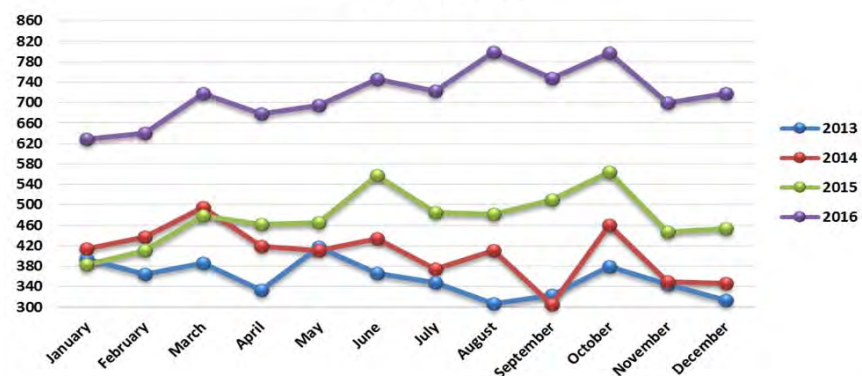
UHC
Outpatient Surgery



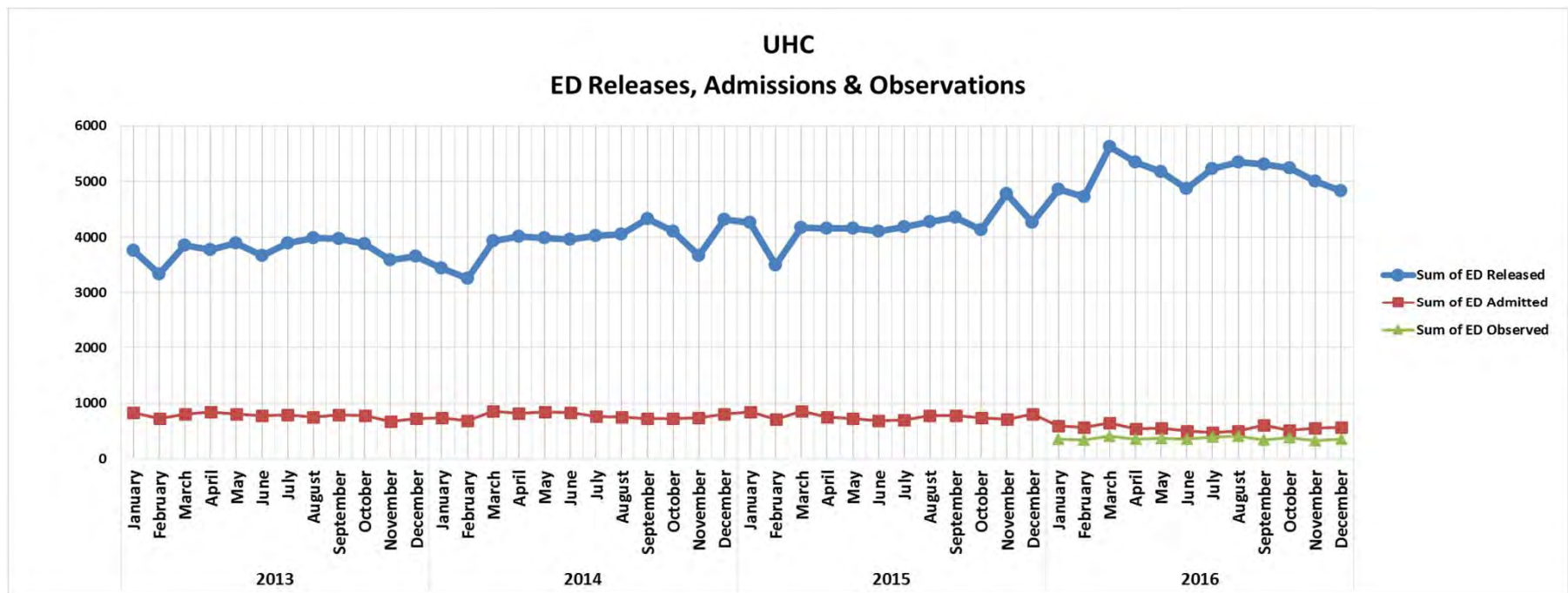
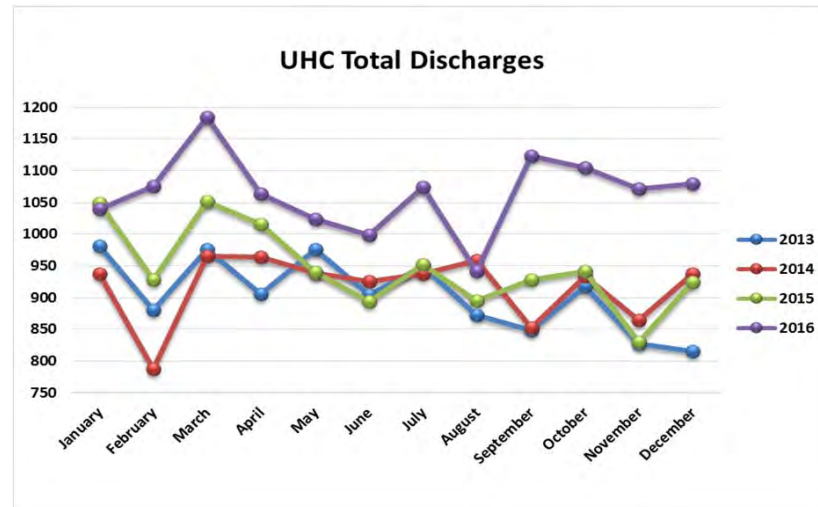
UHC
Inpatient Endo



UHC
Outpatient Endo



UHC Totals include St. Joseph Hospital Starting in January 2016



UHC Totals include St. Joseph Hospital Starting in January 2016

West Virginia University Health System
United Hospital Center and Subsidiaries
Statement of Revenue and Expenses
For the Period Ending December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | Current Month | | | | Year To Date | | | | YTD PY |
|---------------------------------------|---------------|----------|----------|--------|--------------|-----------|----------|-------|-----------|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | |
| PATIENT SERVICE REVENUE | | | | | | | | | |
| Inpatient Revenue | \$27,322 | \$23,607 | \$3,715 | 16% | \$311,975 | \$297,070 | \$14,904 | 5% | \$276,376 |
| Outpatient Revenue | 49,628 | 44,979 | 4,649 | 10% | 583,423 | 546,916 | 36,506 | 7% | 456,821 |
| Other Patient Revenue | | | | 0% | | | | 0% | |
| Gross Patient Service Revenue | 76,950 | 68,586 | 8,364 | 12% | 895,397 | 843,987 | 51,411 | 6% | 733,197 |
| Medicare Deductions | 25,357 | 19,699 | 5,658 | 29% | 272,137 | 243,850 | 28,286 | 12% | 222,102 |
| Medicaid Deductions | 11,555 | 9,861 | 1,694 | 17% | 136,028 | 121,009 | 15,019 | 12% | 109,769 |
| Other Contractual Adjustments | 8,295 | 7,866 | 429 | 5% | 93,911 | 96,448 | (2,537) | -3% | 71,046 |
| Provision for Bad Debt | 971 | 2,075 | (1,104) | -53% | 15,716 | 24,888 | (9,173) | -37% | 19,813 |
| Charity Deductions | 837 | 526 | 311 | 59% | 9,474 | 6,266 | 3,208 | 51% | 4,238 |
| Total Deductions | 47,015 | 40,027 | 6,988 | 17% | 527,266 | 492,462 | 34,804 | 7% | 426,968 |
| NET PATIENT SERVICE REVENUE | 29,935 | 28,559 | 1,376 | 5% | 368,131 | 351,525 | 16,607 | 5% | 306,228 |
| OTHER REVENUES | 1,664 | 1,232 | 431 | 35% | 17,826 | 14,856 | 2,970 | 20% | 14,232 |
| TOTAL OPERATING REVENUE | 31,599 | 29,791 | 1,807 | 6% | 385,957 | 366,381 | 19,576 | 5% | 320,460 |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 10,320 | 9,650 | 670 | 7% | 117,479 | 115,306 | 2,173 | 2% | 101,742 |
| Physicians Salaries & Wages | 2,289 | 2,578 | (290) | -11% | 32,143 | 30,318 | 1,825 | 6% | 25,895 |
| Employee Benefits | 3,709 | 3,669 | 40 | 1% | 41,065 | 45,045 | (3,980) | -9% | 39,126 |
| Professional Services | 1,870 | 1,598 | 272 | 17% | 21,446 | 19,214 | 2,232 | 12% | 18,740 |
| Medical/Surgical Supplies | 2,762 | 2,614 | 148 | 6% | 31,678 | 32,192 | (514) | -2% | 28,227 |
| Drugs & IV Solutions | 2,317 | 1,898 | 418 | 22% | 30,055 | 23,725 | 6,330 | 27% | 21,230 |
| Travel & Registration | 181 | 133 | 48 | 36% | 1,558 | 1,646 | (88) | -5% | 1,392 |
| Maintenance & Repairs | 212 | 253 | (41) | -16% | 3,031 | 3,072 | (41) | -1% | 5,303 |
| Licenses and Taxes | 957 | 785 | 172 | 22% | 10,589 | 9,668 | 920 | 10% | 8,002 |
| Utilities Expense | 289 | 368 | (78) | -21% | 4,100 | 4,603 | (503) | -11% | 3,634 |
| Insurance Expense | 348 | 220 | 128 | 58% | 3,201 | 2,987 | 213 | 7% | 1,602 |
| Other Expenses | 1,457 | 1,276 | 180 | 14% | 16,218 | 15,499 | 719 | 5% | 17,422 |
| Depreciation and Amortization Expense | 2,023 | 2,257 | (234) | -10% | 24,762 | 26,773 | (2,011) | -8% | 25,192 |
| Interest Expense | (202) | 878 | (1,081) | -123% | 8,829 | 10,540 | (1,710) | -16% | 9,982 |
| Total Direct Expenses | 28,532 | 28,179 | 354 | 1% | 346,153 | 340,588 | 5,565 | 2% | 307,487 |
| Contribution Margin | 3,066 | 1,613 | 1,454 | 90% | 39,804 | 25,792 | 14,012 | 54% | 12,973 |
| Shared Services Allocation | 1,950 | 1,255 | 695 | 55% | 15,317 | 14,990 | 327 | 2% | |
| Total Operating Expenses | 30,482 | 29,434 | 1,048 | 4% | 361,471 | 355,578 | 5,892 | 2% | 307,487 |
| TOTAL OPERATING MARGIN | 1,117 | 357 | 759 | 212% | 24,487 | 10,802 | 13,684 | 127% | 12,973 |
| INVESTMENT INCOME | 1,237 | 793 | 445 | 56% | 5,483 | 8,493 | (3,010) | -35% | 5,488 |
| UNREALIZED INVESTMENT INCOME | 156 | | 156 | 0% | 6,468 | | 6,468 | 0% | (5,936) |
| SWAP - GAIN OR LOSS | 6,360 | | 6,360 | 0% | 2,035 | | 2,035 | 0% | 200 |
| OTHER NON-OPER REVENUES | (140) | 10 | (150) | -1559% | (104) | 265 | (369) | -139% | 791 |
| EXTRAORDINARY ITEM | | | | 0% | (17,713) | | (17,713) | -100% | |
| EXCESS REVENUES OVER EXPENSES | 8,729 | 1,160 | 7,570 | 653% | 20,656 | 19,561 | 1,096 | 6% | 13,516 |
| OTHER CHANGES IN NET ASSETS | (2,038) | (814) | (1,225) | 0% | (10,294) | (9,750) | (544) | 0% | (4,317) |

CAMDEN CLARK HEALTH SERVICES - MANAGEMENT DISCUSSION & ANALYSIS

December 2016

Summary – Camden Clark Health Services Division (CCHS)

Camden Clark Health Services, Inc. (CCHS) consists of Camden Clark Medical Center (CCMC) and CCMC's ownership in Ohio Valley Ambulatory Surgical Center. Together these are the hospital operations of Camden Clark, and represent the significant majority of the consolidated revenues and assets. Other consolidated entities consist of Camden Clark Physician Corporation (CCPC) and Camden Clark Foundation (CCF).

For the month of December, CCHS reported a loss from operations totaling \$3,291,638 compared to a budgeted loss from operations of \$237,069. This was an unfavorable variance of \$3,054,569. Gross patient revenues were \$7,243,002 below budget. Overall deductions were \$4,484,058 favorable to budget for the month. Other operating revenues were favorable to budget by \$733,445. Operating expenses were \$1,029,070 unfavorable to budget.

Summary – Camden Clark Medical Center (including OVASC) (CCMC)

For the month ended December 2016, CCMC's total operating margin was (\$1,937,100), which was \$2.9M lower than budgeted total operating margin. Total operating revenue was \$916,949 lower than budget, and operating expenses were \$2,006,101 above budget.

Volumes & Statistics

- Inpatient days and inpatient discharges were above budget. However, admissions were lower this December than in the past several Decembers. Inpatient surgeries (excluding endoscopy) were 16.73% above budget. For the month, observation days were up 7.16% from the prior year. Behavioral Health discharges were higher than December prior year. Several Inpatient Ancillary procedures were higher than budget.
- Adjusted patient days were 627 above prior month.
- Average Daily Census (ADC) for December was 169, which was 2 above budget.
- Medicare case mix index is below budget for the month.
- Total case mix index is at budget for the month and lower than prior year (YTD).
- Outpatient visits were below budget by 10.13%.
- Visits to the Emergency Department were below budget by 1.96%. However, this December had the highest number of admits since 2012.

Below are the statistics of the significant ancillary areas for the hospital:

| Current Month Actual | Current Month Budget | Current Month Var % | Same Month PY Actual | PY Month Var % | DESCRIPTION | 2016 YTD ACTUAL | 2016 YTD BUDGET | YTD Var % | 2015 Y-T-D ACTUAL | PY Var % |
|----------------------|----------------------|---------------------|----------------------|----------------|---|-----------------|-----------------|-----------|-------------------|----------|
| OUTPATIENT | | | | | | | | | | |
| 513 | 611 | -16.08% | 598 | -14.21% | Surgery Cases (excluding Endo) | 6,680 | 7,323 | -8.79% | 7,224 | -7.53% |
| 218 | 317 | -31.27% | 259 | -15.83% | Endo Cases | 3,142 | 3,794 | -17.19% | 3,656 | -14.06% |
| 425 | 489 | -13.15% | 526 | -19.20% | MRI | 5,439 | 5,829 | -6.69% | 6,522 | -16.61% |
| 72 | 64 | 12.16% | 71 | 1.41% | PET | 758 | 768 | -1.30% | 760 | -0.26% |
| 1,561 | 1,443 | 8.19% | 1,338 | 16.67% | CT Scan | 19,286 | 17,122 | 12.64% | 16,503 | 16.86% |
| 1,273 | 1,272 | 0.11% | 1,007 | 26.42% | Radiation Therapy | 13,159 | 15,183 | -13.33% | 12,813 | 2.70% |
| 222 | NA | NA | NA | NA | Infusion Therapy Procedures | 2,930 | NA | NA | NA | NA |
| 4,958 | 5,372 | -7.70% | 5,099 | -2.77% | Diagnostic Radiology | 62,358 | 64,437 | -3.23% | 62,251 | 0.17% |
| 41,587 | 55,330 | -24.84% | 48,378 | -14.04% | Laboratory (including Blood Bank) | 567,624 | 657,320 | -13.65% | 674,920 | -15.90% |
| 455 | 663 | -31.41% | 396 | 14.90% | Rehab Therapy Services | 5,632 | 7,741 | -27.24% | 5,950 | -5.34% |
| 117 | 196 | -40.31% | 113 | 3.54% | Cardiac Cath & Interventional Radiology | 1,554 | 2,325 | -33.15% | 2,096 | -25.86% |

Revenues and Deductions

Gross revenues were \$4,876,402 below budget. Inpatient revenue was higher than budget by \$706K. Outpatient revenue was below budget by over \$5.4M as a result of low volumes in most areas. Deductions were \$3.2M below budget for the month. Other Patient Revenue was lower than budget by 19.5%. Total deductions were 8.8% lower than budget. The net to gross was 36.1% which was slightly higher than the budget of 36%.

Other Revenues were above budget by \$761K or 222.2%. Meaningful Use (EHR) of \$681K is expected to be received in March or April of 2017.

Operating Expenses

Total Operating Expenses were \$21,774,216 in December 2016, which was \$2,006,101 and 10.1% above budget for the month. Year-to-date, Total Operating Expenses were 5.6% below budget totals. Total Operating Margin for the month was (\$1,937,100) or \$2.9M unfavorable to budget for the month. A summary of significant fluctuations for the month and year to date is as follows:

- Salaries and wages were \$407,386 or 6.9% above budget for the month. Year-to-date salaries and wages is 1.4% below budget. The FTE/APD was 5.66 through December, which was slightly higher than the budget ratio of 5.51. Overtime was 1.82% for December and 1.53% for the year-to-date.
- Physicians Salaries & Wages were \$663,265 above budget for the month. Year-to-date, Physicians Salaries & Wages is \$721K below budget. Marshall Medical (ED) was paid \$1.5M in invoices that were recently received for prior months. Of that \$500K was accrued for in November.
- Benefits were 23.3% above budget. They were 31.0% of salaries. The budget for the year to date is 28.1%. Pension year-end adjustment of \$400K and work comp \$34K.
- Medical Supplies were below budget \$183,985 or 7.5% for the month. Year-to-date, medical supplies were under budget by \$2,965,205.
- Insurance Expense was \$824K or 329.1% above budget for the month. Year-to-date, insurance expense is \$1.1M or 36.9% above budget. Casco year-end report adjustment of \$600K.
- Depreciation & Amortization Expense was \$534K or 30.1% less than budget. This was a result of lower capital spending until the end of the fiscal year. The expense increased for November and December for the new ED opening.
- Shared Allocation expense was over \$827K. The IT portion was \$700K more than in previous months.
- Swap entries are done quarterly and a gain of \$5M was recorded.
- The Contribution Margin, although below by \$2M for the month, was better than the budget for the year by \$3.4M.
- The Operating Margin compared to FY15 was better by \$10.6M.

Balance Sheet

A summary of significant items that impacted the hospital's assets and liabilities for the month is as follows:

- Days Cash on Hand was 62.65 for the month and 73.14 for the year.
- Gross Accounts Receivable increased \$5M from the prior month. Days in AR (net) were 39.6.

Summary – Camden Clark Physician Corporation (CCPC)

For the month ended December 2016, CCPC's contribution margin was a loss of \$ (1,350,544) which was an unfavorable variance of \$94,801 from budget. Total operating revenue was \$(1,071,765) below budget and operating expenses were \$(976,963) below budget. Revenues and expenses were down significantly because of the delayed purchase of the MOV. When the budget was removed for the MOV, the income from operations loss was \$1.5M unfavorable to budget year to date.

Volumes & Statistics

Primary care visits were over budget by 27 or 1.2% for the month and over 18.7% for the year. However, work RVU's were 26.9% below budget. New patient visits and established visits were down from prior month. The budgeted Work RVU's with the largest favorable variances were Pulmonology (212.05%), Resident Clinic (100.10%) and OB/GYN- Casalenuovo (38.74%). The budgeted Work RVU's with the largest unfavorable variances were Intensivists (-100%), OB/GYN-Irvin (-53.9%) and Diabetes and Endocrine (-53.03%).

Revenues and Deductions

Gross Revenues were \$2,366,599 below budget due to specialty visits and work RVUs being down. Deductions were \$1,286,014 below budget for the month. The net revenue to gross revenue for the month was 41.25%.

Operating Expenses

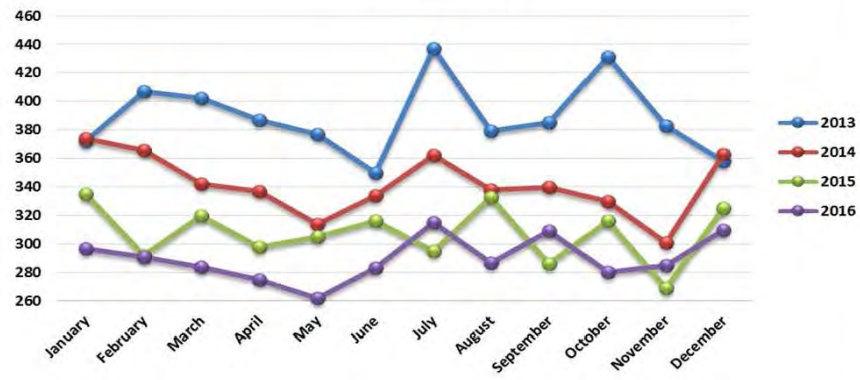
Total Operating Expenses were approximately \$3,017,223 in December 2016, which was \$976,963 or 24.5% below budget for the month. Year-to-date, Total Operating Expenses were 22.5% below budget. Total Operating Margin for the month was (\$1,350,544) or \$94,801 unfavorable to budget for the month.

Balance Sheet

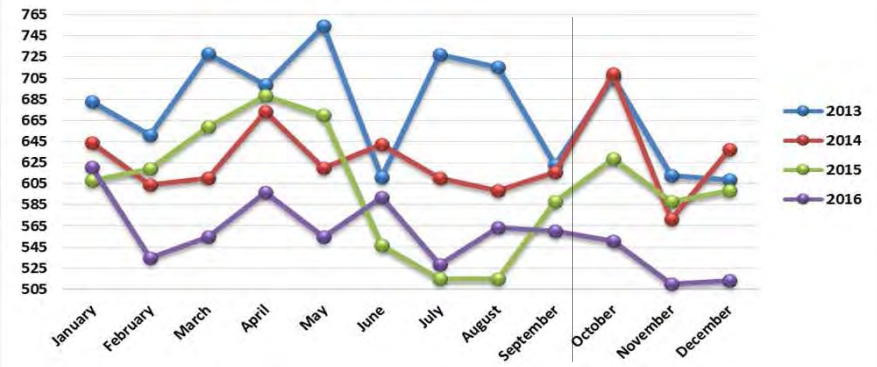
A summary of significant items that impacted the hospital's assets and liabilities for the month is as follows:

- Cash was low and below the 12-month average by \$185K.
- Gross Accounts Receivable decreased \$369K from the prior month.

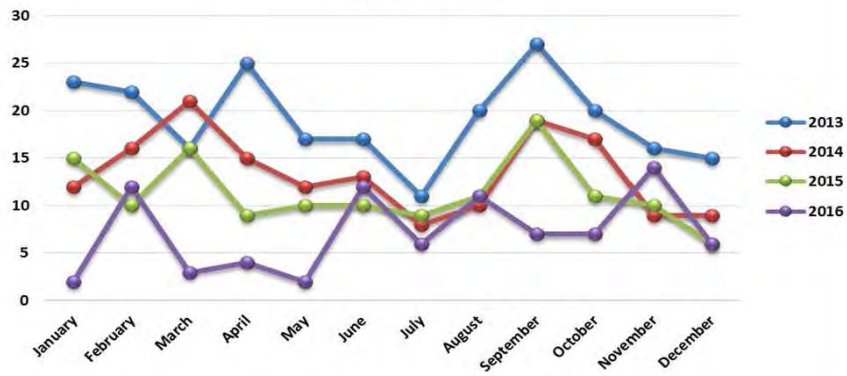
CCMC
Inpatient Surgery



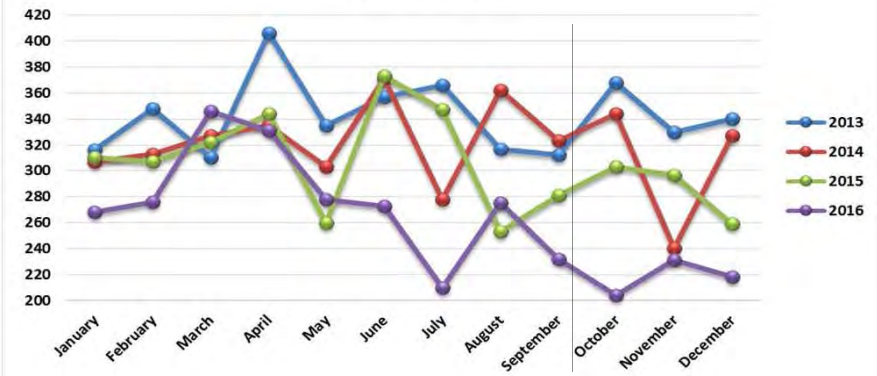
CCMC
Outpatient Surgery

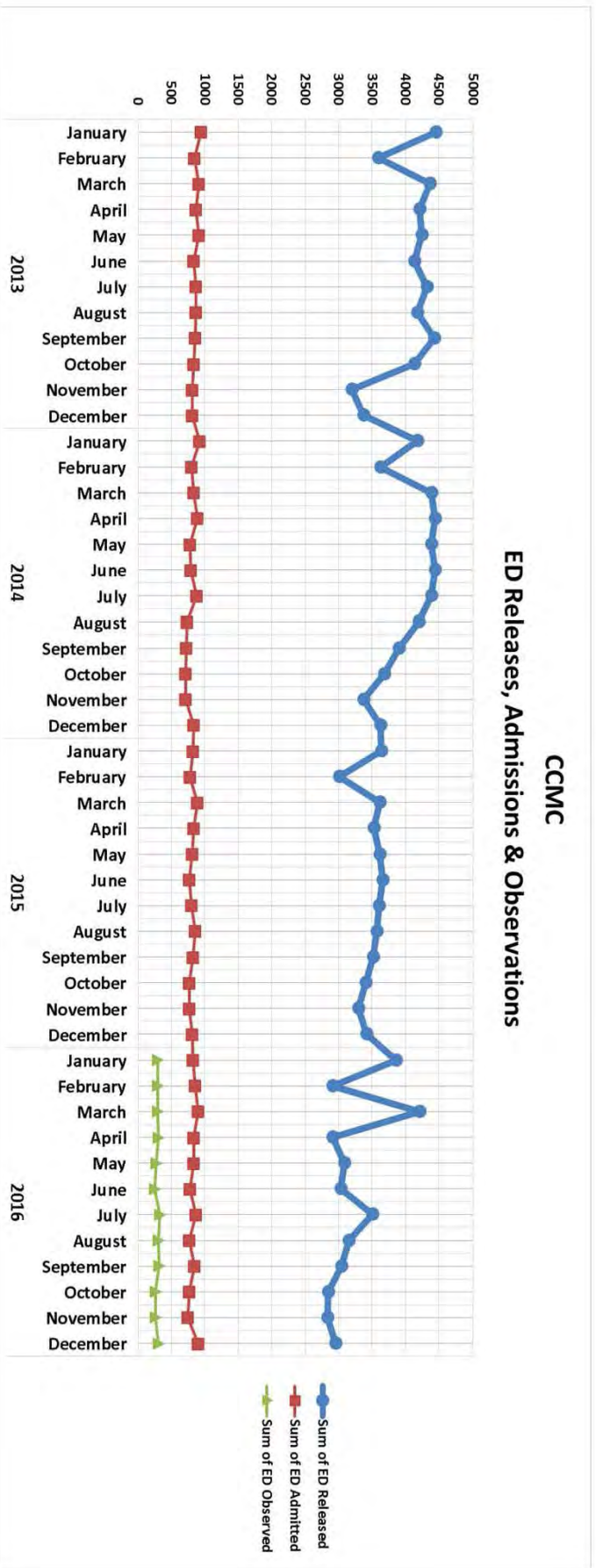
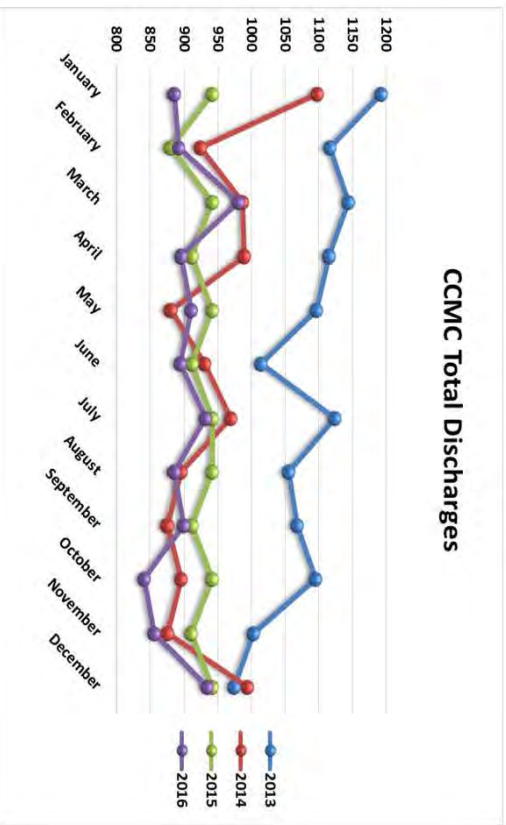


CCMC
Inpatient Endo



CCMC
Outpatient Endo





West Virginia University Health System
Camden Clark Health Services and Subsidiaries
Statement of Revenue and Expenses
For the Period Ending December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | Current Month | | | | Year To Date | | | | YTD |
|---------------------------------------|---------------|----------|----------|-------|--------------|-----------|----------|-------|-----------|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | PY |
| PATIENT SERVICE REVENUE | | | | | | | | | |
| Inpatient Revenue | \$27,082 | \$26,376 | \$706 | 3% | \$310,954 | \$311,412 | (\$458) | 0% | \$296,421 |
| Outpatient Revenue | 27,996 | 32,966 | (4,970) | -15% | 372,119 | 389,881 | (17,762) | -5% | 372,987 |
| Other Patient Revenue | 661 | 3,639 | (2,979) | | 8,783 | 43,595 | (34,811) | | 4,665 |
| Gross Patient Service Revenue | 55,739 | 62,982 | (7,243) | -12% | 691,857 | 744,888 | (53,031) | -7% | 674,073 |
| Medicare Deductions | 19,533 | 21,460 | (1,927) | -9% | 245,397 | 253,689 | (8,292) | -3% | 236,025 |
| Medicaid Deductions | 8,605 | 10,051 | (1,446) | -14% | 110,062 | 118,805 | (8,743) | -7% | 107,875 |
| Other Contractual Adjustments | 6,322 | 7,320 | (998) | -14% | 66,044 | 84,810 | (18,766) | -22% | 68,462 |
| Provision for Bad Debt | 603 | 830 | (227) | -27% | 15,446 | 10,179 | 5,267 | 52% | 10,941 |
| Charity Deductions | 339 | 226 | 113 | 50% | 4,319 | 2,673 | 1,646 | 62% | 1,884 |
| Total Deductions | 35,402 | 39,887 | (4,484) | -11% | 441,269 | 470,157 | (28,888) | -6% | 425,188 |
| NET PATIENT SERVICE REVENUE | 20,337 | 23,096 | (2,759) | -12% | 250,588 | 274,731 | (24,143) | -9% | 248,885 |
| OTHER REVENUES | 1,173 | 440 | 733 | 167% | 7,945 | 5,209 | 2,736 | 53% | 6,228 |
| TOTAL OPERATING REVENUE | 21,510 | 23,535 | (2,026) | -9% | 258,533 | 279,940 | (21,407) | -8% | 255,113 |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 7,571 | 7,980 | (409) | -5% | 88,578 | 93,757 | (5,180) | -6% | 89,228 |
| Physicians Salaries & Wages | 2,204 | 1,713 | 491 | 29% | 16,095 | 20,550 | (4,455) | -22% | 16,478 |
| Employee Benefits | 2,257 | 1,897 | 360 | 19% | 22,069 | 23,220 | (1,151) | -5% | 21,848 |
| Professional Services | 1,613 | 1,706 | (94) | -5% | 18,630 | 20,477 | (1,848) | -9% | 23,020 |
| Medical/Surgical Supplies | 2,300 | 2,486 | (186) | -7% | 26,824 | 29,787 | (2,963) | -10% | 29,213 |
| Drugs & IV Solutions | 1,491 | 1,211 | 280 | 23% | 16,780 | 17,094 | (313) | -2% | 16,452 |
| Travel & Registration | 28 | 9 | 19 | 206% | 174 | 111 | 63 | 57% | 187 |
| Maintenance & Repairs | 140 | 286 | (146) | -51% | 2,475 | 3,432 | (957) | -28% | 8,653 |
| Licenses and Taxes | 807 | 679 | 128 | 19% | 8,777 | 8,153 | 624 | 8% | 9,370 |
| Utilities Expense | 274 | 365 | (90) | -25% | 3,222 | 4,377 | (1,154) | -26% | 4,947 |
| Insurance Expense | 1,130 | 353 | 777 | 220% | 4,861 | 4,239 | 622 | 15% | 3,923 |
| Other Expenses | 818 | 1,025 | (207) | -20% | 11,177 | 12,643 | (1,466) | -12% | 15,583 |
| Depreciation and Amortization Expense | 1,247 | 1,784 | (537) | -30% | 13,845 | 17,851 | (4,006) | -22% | 17,024 |
| Interest Expense | 669 | 852 | (183) | -21% | 6,990 | 9,492 | (2,501) | -26% | 7,773 |
| Total Direct Expenses | 22,549 | 22,346 | 202 | 1% | 240,498 | 265,183 | (24,685) | -9% | 263,698 |
| Contribution Margin | (1,039) | 1,189 | (2,228) | -187% | 18,035 | 14,757 | 3,278 | 22% | (8,585) |
| Shared Services Allocation | 2,253 | 1,426 | 827 | 58% | 17,701 | 16,839 | 862 | 5% | |
| Total Operating Expenses | 24,801 | 23,772 | 1,029 | 4% | 258,199 | 282,022 | (23,823) | -8% | 263,698 |
| TOTAL OPERATING MARGIN | (3,292) | (237) | (3,055) | 1288% | 334 | (2,082) | 2,416 | -116% | (8,585) |
| INVESTMENT INCOME | 721 | 270 | 451 | 167% | 727 | 3,183 | (2,456) | -77% | 2,686 |
| UNREALIZED INVESTMENT INCOME | (355) | (102) | (253) | 248% | 1,886 | (1,205) | 3,091 | -257% | (3,070) |
| SWAP - GAIN OR LOSS | 5,151 | 206 | 4,945 | 2397% | 2,078 | 2,436 | (359) | -15% | 340 |
| IMPAIRMENT LOSS | | | | 0% | (372) | | (372) | -100% | (25,545) |
| OTHER NON-OPER REVENUES | (25) | (37) | 12 | -33% | (447) | (440) | (6) | 1% | (431) |
| EXTRAORDINARY ITEM | | | | 0% | -2077 | | -2077 | -100% | |
| EXCESS REVENUES OVER EXPENSES | 2,201 | 100 | 2,101 | 2098% | 2,501 | 1,892 | 609 | 32% | (9,059) |
| OTHER CHANGES IN NET ASSETS | (2,633) | (829) | (1,804) | 218% | (5,494) | (11,631) | 6,137 | -53% | (1,279) |

UNIVERSITY HEALTHCARE – MANAGEMENT’S DISCUSSION AND ANALYSIS

December 2016

For the month of December, University Healthcare reported a contribution margin of \$2,933,000 compared to a budgeted contribution margin of \$2,190,000 which was over budget by \$743,000. Berkeley’s contribution margin was under budget by \$6,000 and Jefferson’s contribution margin was over budget by \$381,000. University Healthcare Foundation had a loss of \$ 65,600, which was under budget \$62,900.

Patient Revenue & Deductions

Gross revenues were \$2,378,000 under budget with I/P revenue under budget by \$495,000 and O/P revenue under budget by \$1,883,000. I/P census was under budget by 428 patient days and 10.2% for the month. Total discharges were over budget by 2.8 %. Case mix index was slightly below budget for Medicare, but over by 3.5% for all payers. Total inpatient and outpatient surgeries (excluding endo) were under budget by 84 cases or 11%, with BMC under by 93 cases or 15%, and JMC over by 9 cases or 6.77%.

Deductions were under budget by \$1,867,000 for the month with every major payer category under budget except Medicaid. This correlates with revenue being under budget. There was an increase in contractual deductions for Medicare and Medicaid at JMC of \$83,000 due to the reduction in their self-insurance expense. Bad debt was under budget for University Healthcare by \$795,000 and charity was under budget by \$46,000. The deduction rate for the month as a percentage of gross revenue was 52.74 % compared to a budget of 54.11%.

Other Revenue

Other revenue was under budget by \$31,000 due primarily to meaningful use dollars budgeted but not accrued. This was offset by retail pharmacy revenue, donations at BMC, and cash discounts on drug purchases. Foundation donations and rental income was under budget by \$40,000.

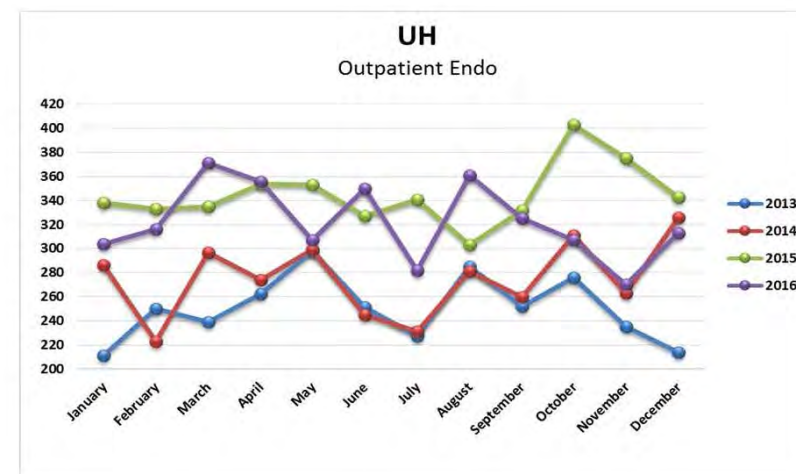
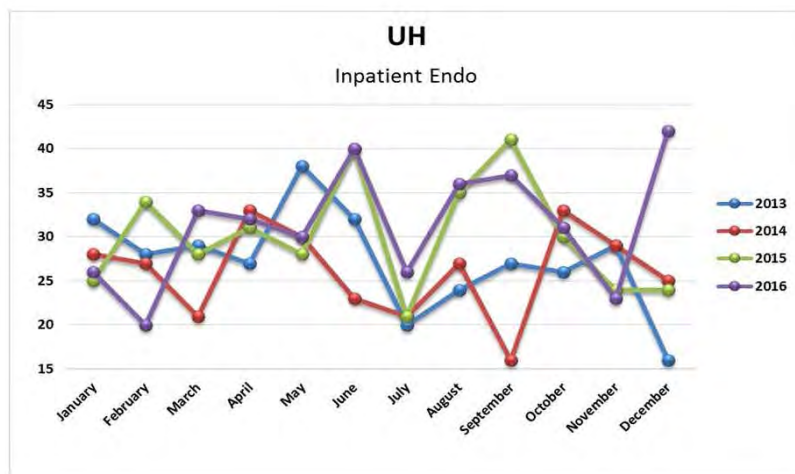
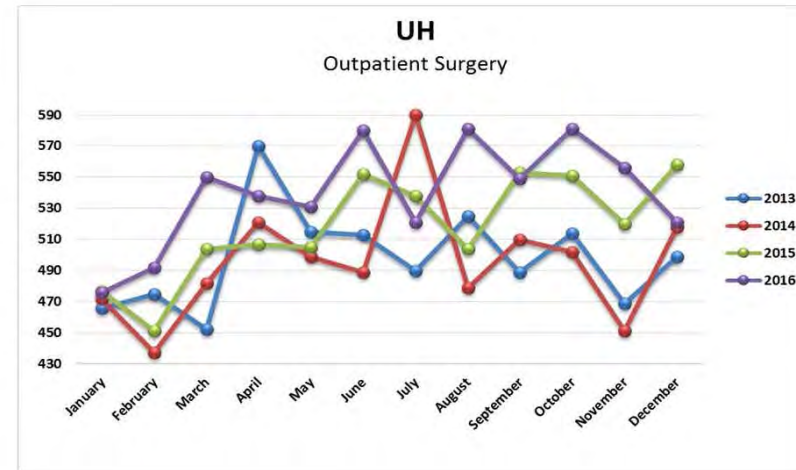
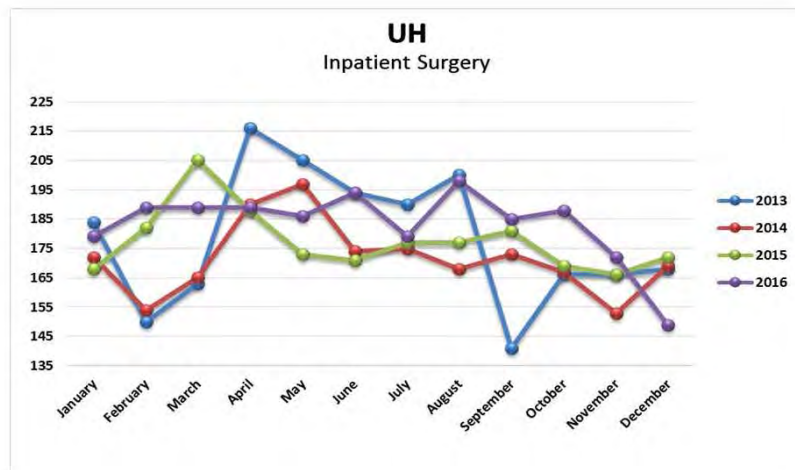
Direct Expenses

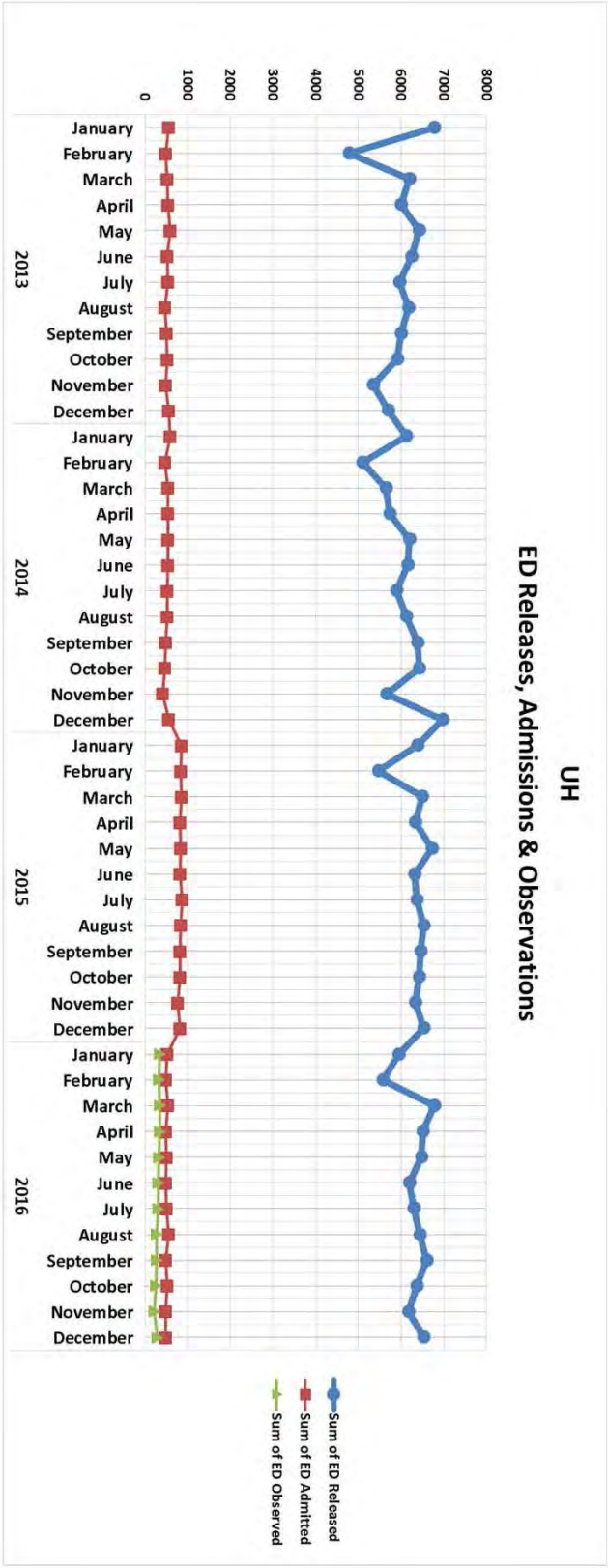
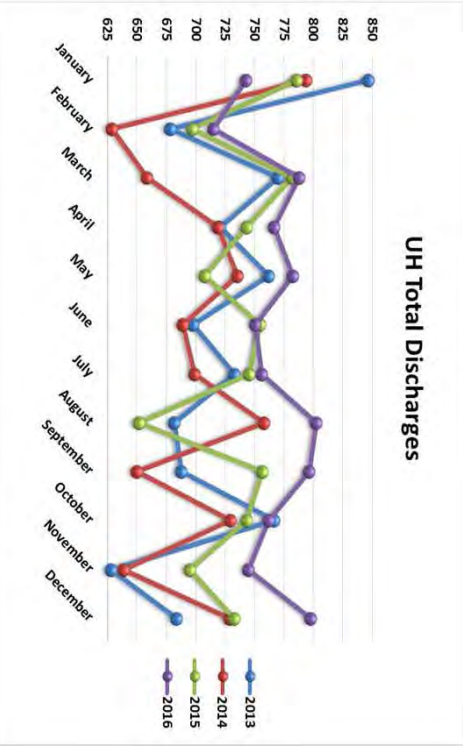
University Healthcare ended the month \$ 1,286,000 or 6.8% under budget in direct expenses. There was a \$919,000 reduction in interest for the 2009c bond interest at Berkeley, which is higher than the \$586,000 adjustment that was made from August through November. There was also a \$123,000 positive adjustment to interest based on the WVUHS semi-annual shared interest model. Mission support was under budget by \$864,000 due to a \$1,179,000 adjustment in University Healthcare Physician’s incentive liability account. During prior years, accrued incentives had not been reconciled against actual payments, causing a higher liability on the books than necessary. Employee benefits was under budget by \$917,000 due to a year end 403b contribution reconciliation adjustment causing pension expense to be under budget by \$688,000. Health claims were also under budget by \$ 218,000. The largest negative variance for the month was for the self insurance liability program. There was a \$2,000,000 negative adjustment on Berkeley Medical Center due to unfavorable loss development for specific cases from 2013. Jefferson Medical Center experienced a positive adjustment of \$426,000.

Balance Sheet

Noteworthy items on the balance sheet for the month, as compared to prior month is a decrease in cash of \$1,544,000. Net patient receivables increased by \$1,261,000 and net property, plant and equipment decreased by \$1,385,000. The Foundation sold Spring Mills Property to University Healthcare Physicians for \$1,494,048. A reclass was made to the self insurance trust funds to true up current versus long-term funds.

Current Liabilities decreased by \$2,349,000 , which included an increase in other accrued liabilities due to increasing the current portion of malpractice liability. Non-Current Accrued Malpractice liability also increased based on the 2016 actuarial report.





West Virginia University Health System
University Healthcare and Subsidiaries
Statement of Revenue and Expenses
For the Period Ending December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | Current Month | | | | Year To Date | | | | YTD |
|---------------------------------------|---------------|----------|----------|-------|--------------|-----------|----------|-------|-----------|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | PY |
| PATIENT SERVICE REVENUE | | | | | | | | | |
| Inpatient Revenue | \$15,273 | \$15,769 | (\$495) | -3% | \$190,910 | \$190,939 | (\$29) | 0% | \$175,723 |
| Outpatient Revenue | 26,943 | 28,827 | (1,883) | -7% | 324,125 | 343,693 | (19,568) | -6% | 315,839 |
| Other Patient Revenue | | | | 0% | | | | 0% | |
| Gross Patient Service Revenue | 42,217 | 44,595 | (2,378) | -5% | 515,035 | 534,632 | (19,597) | -4% | 491,562 |
| Medicare Deductions | 10,210 | 10,870 | (660) | -6% | 129,949 | 136,218 | (6,269) | -5% | 121,873 |
| Medicaid Deductions | 7,533 | 7,503 | 30 | 0% | 90,093 | 95,021 | (4,928) | -5% | 86,494 |
| Other Contractual Adjustments | 3,491 | 3,886 | (396) | -10% | 44,892 | 49,167 | (4,275) | -9% | 44,288 |
| Provision for Bad Debt | 469 | 1,264 | (795) | -63% | 9,801 | 13,629 | (3,828) | -28% | 10,983 |
| Charity Deductions | 561 | 607 | (46) | -8% | 7,565 | 7,000 | 565 | 8% | 7,213 |
| Total Deductions | 22,263 | 24,130 | (1,867) | -8% | 282,299 | 301,034 | (18,735) | -6% | 270,851 |
| NET PATIENT SERVICE REVENUE | 19,953 | 20,465 | (511) | -2% | 232,736 | 233,597 | (862) | 0% | 220,711 |
| OTHER REVENUES | 658 | 689 | (31) | -5% | 6,431 | 7,960 | (1,529) | -19% | 28,845 |
| TOTAL OPERATING REVENUE | 20,612 | 21,154 | (543) | -3% | 239,167 | 241,557 | (2,391) | -1% | 249,556 |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 7,110 | 7,296 | (186) | -3% | 85,317 | 83,435 | 1,882 | 2% | 90,549 |
| Physicians Salaries & Wages | 737 | 762 | (26) | -3% | 8,734 | 8,265 | 469 | 6% | 8,324 |
| Employee Benefits | 1,250 | 2,166 | (917) | -42% | 23,390 | 25,440 | (2,050) | -8% | 25,485 |
| Professional Services | 1,247 | 1,090 | 156 | 14% | 14,233 | 13,150 | 1,084 | 8% | 24,771 |
| Medical/Surgical Supplies | 1,504 | 1,496 | 8 | 1% | 18,332 | 18,289 | 44 | 0% | 17,900 |
| Drugs & IV Solutions | 1,341 | 1,322 | 19 | 1% | 15,536 | 15,846 | (310) | -2% | 14,449 |
| Travel & Registration | 43 | 39 | 4 | 11% | 320 | 468 | (148) | -32% | 468 |
| Maintenance & Repairs | 152 | 165 | (13) | -8% | 1,800 | 1,942 | (142) | -7% | 5,807 |
| Licenses and Taxes | 757 | 712 | 45 | 6% | 8,410 | 7,856 | 554 | 7% | 7,521 |
| Utilities Expense | 189 | 198 | (9) | -5% | 2,382 | 2,263 | 119 | 5% | 2,700 |
| Insurance Expense | 1,713 | 171 | 1,543 | 903% | 3,542 | 2,050 | 1,493 | 73% | 913 |
| Other Expenses | 765 | 738 | 27 | 4% | 8,555 | 9,305 | (749) | -8% | 11,736 |
| Depreciation and Amortization Expense | 1,287 | 1,238 | 49 | 4% | 13,428 | 13,700 | (271) | -2% | 15,301 |
| Interest Expense | (794) | 330 | (1,124) | -340% | 101 | 3,963 | (3,862) | -97% | 4,533 |
| JOA Physicians Support | 378 | 1,242 | (864) | -70% | 9,703 | 13,531 | (3,828) | -28% | 12,195 |
| Total Direct Expenses | 17,678 | 18,964 | (1,286) | -7% | 213,784 | 219,502 | (5,718) | -3% | 242,651 |
| Contribution Margin | 2,933 | 2,190 | 743 | 34% | 25,382 | 22,055 | 3,328 | 15% | 6,905 |
| Shared Services Allocation | 1,609 | 1,006 | 603 | 60% | 12,904 | 12,075 | 829 | 7% | |
| Total Operating Expenses | 19,287 | 19,971 | (683) | -3% | 226,688 | 231,577 | (4,889) | -2% | 242,651 |
| TOTAL OPERATING MARGIN | 1,324 | 1,184 | 141 | 12% | 12,479 | 9,980 | 2,498 | 25% | 6,905 |
| INVESTMENT INCOME | 385 | 153 | 232 | 152% | 1,291 | 1,594 | (303) | -19% | 2,059 |
| UNREALIZED INVESTMENT INCOME | 375 | 103 | 272 | 265% | 4,249 | 1,231 | 3,018 | 245% | (2,516) |
| SWAP - GAIN OR LOSS | 922 | | 922 | 0% | 387 | | 387 | 0% | 113 |
| OTHER NON-OPER REVENUES | 15 | | 15 | 0% | (88) | | (88) | 0% | (527) |
| EXTRAORDINARY ITEM | 0 | | | 0% | -1929669 | | (1,930) | -100% | 0 |
| EXCESS REVENUES OVER EXPENSES | 3,022 | 1,439 | 1,583 | 110% | 16,388 | 12,805 | 3,582 | 28% | 6,034 |
| OTHER CHANGES IN NET ASSETS | (1,052) | 679 | (1,731) | -165% | (3,857) | 81 | (3,938) | -102% | (1,391) |

**WEST VIRGINIA UNIVERSITY HEALTH SYSTEM – MANAGEMENT’S DISCUSSION
AND ANALYSIS
December 2016**

The WVUHS Division consist of the corporate offices, United Physician Care, Allied Health Services, and West Virginia United Insurance Services. Below is a summary of the significant variances for the month that exceeded \$375,000 and 5% of specific line items and were identified on the divisional analysis summary:

1. Salaries and Wages were above budget for the month by \$1,273,000 and 36%. The majority of the variance (\$859,000) is attributed to WVUHS corporate offices is primarily caused by the initiation of 3 severance type arrangements. Although the majority of the amounts will be paid in 2017, the obligation and expense will be recognized in the last quarter of 2016. The remaining variance is primarily attributed to UPC (\$258,000) and was caused by the assumption of new physician offices that were not originally budgeted for in 2016.
2. Professional Services were above budget \$498,000 in December 2016 with overages existing at UPC (\$250,000) related to contracted Emergency Room physicians, at Allied Health (\$100,000) for above budget primarily for reference lab costs, and the remaining overages at WVUHS corporate offices for outside legal costs and purchased services related to IT and the back filling of staff during the implementation of Beaker/EPIC Lab application.
3. Drugs and IV Solutions were \$1,850,000 and 362% above budget and was primarily attributed to Allied Health Services Medical related to specialty pharmacy. In October, the filling of specialty pharmacy prescriptions for non-WVUH business began. The volume of non-WVUH business is higher than budget expectations (see offset in higher than expected Other Revenues).
4. Maintenance and Repairs were above budget (\$2.5M and 72%) in December. Majority of variance is due to first year of operating as a combined IT department for our system. The budget was spread evenly during the year. However, there were contracts that are not "prepaid" agreements that were either paid in December or accrued in anticipation of real costs related to 2016. The spreading of the budget should be more accurate in 2017. Year to date, expenses were 11% below budget.
5. License and taxes were \$466,000 above budget due primarily to the overages above in Drug/IV Solutions and Maintenance and Repairs. There is WV State Sales Tax on all of these spend items.

There were no other significant variances noted in December with respect to the WVUHS Division.

West Virginia University Health System
WV University Health System and Subsidiaries
Statement of Revenue and Expenses
For the Period Ending December 31, 2016
Comparison of Actual vs. Budget
(unaudited) (in thousands)

| | Current Month | | | | Year To Date | | | | YTD |
|---------------------------------------|---------------|--------|----------|-------|--------------|---------|----------|------|---------|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | PY |
| PATIENT SERVICE REVENUE | | | | | | | | | |
| Inpatient Revenue | \$ | \$ | \$ | - | \$ | \$ | \$ | - | \$ |
| Outpatient Revenue | 3,049 | 1,485 | 1,564 | 105% | 23,564 | 19,548 | 4,016 | 21% | 6,916 |
| Other Patient Revenue | 623 | 280 | 343 | 123% | 4,301 | 2,573 | 1,728 | 67% | 12,598 |
| Gross Patient Service Revenue | 3,672 | 1,765 | 1,907 | 108% | 27,865 | 22,121 | 5,744 | 26% | 19,513 |
| Medicare Deductions | 123 | 133 | (10) | -8% | 1,525 | 1,597 | (73) | -5% | 1,408 |
| Medicaid Deductions | 71 | 81 | (9) | -11% | 808 | 967 | (159) | -16% | 822 |
| Other Contractual Adjustments | 1,383 | 638 | 745 | 117% | 10,065 | 8,038 | 2,027 | 25% | 6,594 |
| Provision for Bad Debt | 37 | 33 | 4 | 12% | 228 | 323 | (95) | -29% | 208 |
| Charity Deductions | 3 | 2 | 1 | 32% | 42 | 30 | 12 | 42% | 44 |
| Total Deductions | 1,618 | 888 | 730 | 82% | 12,667 | 10,955 | 1,713 | 16% | 9,075 |
| NET PATIENT SERVICE REVENUE | 2,054 | 877 | 1,177 | 134% | 15,197 | 11,166 | 4,031 | 36% | 10,438 |
| OTHER REVENUES | 16,061 | 9,845 | 6,216 | 63% | 115,465 | 117,840 | (2,375) | -2% | 24,667 |
| TOTAL OPERATING REVENUE | 18,116 | 10,722 | 7,393 | 69% | 130,663 | 129,006 | 1,656 | 1% | 35,105 |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 4,783 | 3,510 | 1,273 | 36% | 45,825 | 41,609 | 4,216 | 10% | 18,114 |
| Physicians Salaries & Wages | 676 | 281 | 395 | 141% | 3,953 | 3,013 | 940 | 31% | 2,191 |
| Employee Benefits | 1,455 | 1,071 | 384 | 36% | 14,211 | 12,829 | 1,382 | 11% | 5,290 |
| Professional Services | 1,203 | 705 | 498 | 71% | 12,534 | 8,400 | 4,135 | 49% | 4,857 |
| Medical/Surgical Supplies | 181 | 85 | 95 | 112% | 593 | 677 | (85) | -12% | 170 |
| Drugs & IV Solutions | 2,361 | 511 | 1,850 | 362% | 4,761 | 6,040 | (1,279) | -21% | 403 |
| Travel & Registration | 83 | 80 | 3 | 4% | 734 | 978 | (244) | -25% | 167 |
| Maintenance & Repairs | 6,094 | 3,552 | 2,541 | 72% | 37,786 | 42,604 | (4,818) | -11% | 237 |
| Licenses and Taxes | 504 | 39 | 466 | 1199% | 3,028 | 455 | 2,573 | 566% | 356 |
| Utilities Expense | 605 | 317 | 288 | 91% | 3,748 | 3,816 | (69) | -2% | 966 |
| Insurance Expense | 59 | 28 | 31 | 113% | 457 | 349 | 109 | 31% | 296 |
| Other Expenses | 923 | 500 | 423 | 85% | 6,779 | 6,942 | (163) | -2% | 3,429 |
| Depreciation and Amortization Expense | 337 | 268 | 69 | 26% | 1,869 | 3,239 | (1,369) | -42% | 875 |
| Interest Expense | 26 | 22 | 4 | 16% | 280 | 268 | 12 | 5% | 212 |
| Total Direct Expenses | 19,291 | 10,969 | 8,322 | 76% | 136,559 | 131,218 | 5,341 | 4% | 37,563 |
| Contribution Margin | (1,175) | (247) | (928) | 376% | (5,896) | (2,212) | (3,684) | 167% | (2,458) |
| Shared Services Allocation | 37 | 8 | 29 | 368% | 291 | 96 | 195 | 203% | |
| Total Operating Expenses | 19,328 | 10,977 | 8,351 | 76% | 136,849 | 131,314 | 5,535 | 4% | 37,563 |
| TOTAL OPERATING MARGIN | (1,213) | (255) | (958) | 376% | (6,187) | (2,308) | (3,879) | 168% | (2,458) |
| INVESTMENT INCOME | 1 | 1 | () | -14% | 77 | 14 | 63 | 446% | 28 |
| UNREALIZED INVESTMENT INCOME | 1 | | 1 | 0% | 78 | | 78 | 0% | (11) |
| SWAP - GAIN OR LOSS | | | | 0% | | | | 0% | |
| OTHER NON-OPER REVENUES | (9) | | (9) | 0% | (155) | | (155) | 0% | 1 |
| EXTRAORDINARY ITEM | | | | 0% | | | | 0% | |
| EXCESS REVENUES OVER EXPENSES | (1,220) | (254) | (966) | 381% | (6,187) | (2,293) | (3,893) | 170% | (2,440) |
| OTHER CHANGES IN NET ASSETS | 10,106 | 2,823 | 7,283 | 258% | 29,442 | 35,386 | (5,943) | -17% | 10,207 |