



**Montana Facility Finance Authority Hospital Revenue Bonds Series 2011A \$42,085,000**  
**Montana Facility Finance Authority Hospital Revenue Bonds Series 2007 \$125,000,000**  
**Benefis Health System**  
**Continuing Disclosure Quarterly Report**  
**(Quarter ended 6/30/2016)**

The accompanying unaudited balance sheet, statements of operations, and supplemental data present the financial position as of June 30, 2016 and results of operations of Benefis Health System for the six month period ended June 30, 2016. These financial statements are based on management's estimates and available information, are not audited, and omit cash flows and all of the footnote disclosures that otherwise would be required by accounting principles generally accepted in the United States of America. If the omitted cash flows and footnote disclosures were included in the financial statements, they might influence the user's conclusions about Benefis Health System's financial position and results of operations. Accordingly, these financial statements are not intended to be a complete presentation of Benefis Health System's financial position and results of operations. Management makes estimates and assumptions that affect the accompanying information including financial position, results of operations and supplemental data. Actual results could differ from those estimates and assumptions. Accordingly for the calendar year ending December 31, 2016, or any future period, financial position, results of operations and supplemental data may differ from those presented in the accompanying financial statements and supplemental data.

# Benefis Health System

## Consolidated Balance Sheet- Obligated Group

**June 30, 2016**  
**(Unaudited)**

	<u>June 30, 2016</u>	<u>Dec. 31, 2015</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 68,672,521	\$ 60,610,746
Net Patient Accounts Receivable	85,062,229	102,472,840
LESS: ALLOWANCE FOR BAD DEBTS	(30,326,426)	(37,021,496)
Affiliate Receivable	9,883,235	6,585,044
Other Receivables	1,155,444	4,769,693
Supplies Inventory	8,254,593	9,141,362
Other Current Assets	4,047,665	1,945,513
<b>CURRENT ASSETS</b>	<u>146,749,261</u>	<u>148,503,702</u>
<b><u>ASSETS WHICH USE IS LIMITED</u></b>		
Board Designated Cash and Investments	139,930,908	129,614,324
Funds Held by Trustees	14,276,346	16,353,662
Restricted Cash and Investments	4,242,165	4,174,992
<b>ASSETS WHICH USE IS LIMITED</b>	<u>158,449,419</u>	<u>150,142,978</u>
<b><u>PROPERTY, PLANT, AND EQUIPMENT</u></b>		
Gross Property, Plant and Equipment	575,507,825	567,495,527
LESS: ACCUMULATED DEPRECIATION	(322,340,422)	(310,997,997)
<b>PROPERTY, PLANT, AND EQUIPMENT</b>	<u>253,167,403</u>	<u>256,497,530</u>
<b><u>OTHER ASSETS</u></b>		
Unamortized Financing Costs	3,191,871	3,327,828
Other Assets	32,740,216	30,749,103
<b>OTHER ASSETS</b>	<u>35,932,087</u>	<u>34,076,931</u>
<b>TOTAL ASSETS</b>	<u>\$ 594,298,170</u>	<u>\$ 589,221,141</u>

# Benefis Health System

## Consolidated Balance Sheet- Obligated Group

June 30, 2016

(Unaudited)

	June 30, 2016	Dec. 31, 2015
<b><u>CURRENT LIABILITIES:</u></b>		
Accrued Compensation	\$ 17,100,042	\$ 17,928,291
Accounts Payable	11,805,750	17,989,053
Affiliates Payable	12,954,038	7,204,726
Payable to Contractual Agencies	3,168,356	3,972,805
Other Current Liabilities	9,715,383	7,315,258
Current Portion of Long Term Debt	5,129,527	5,190,497
<b>CURRENT LIABILITIES:</b>	<b>59,873,096</b>	<b>59,600,630</b>
<b><u>LONG TERM DEBT</u></b>		
Loans from Affiliates	0	0
Long Term Debt	167,765,449	172,943,285
<b>LONG TERM DEBT</b>	<b>167,765,449</b>	<b>172,943,285</b>
<b><u>OTHER LONG TERM LIABILITIES</u></b>		
OTHER LONG TERM LIABILITIES	21,957,591	22,793,501
OTHER LONG TERM LIABILITIES	21,957,591	22,793,501
<b>Total Liabilities</b>	<b>249,596,136</b>	<b>255,337,416</b>
<b><u>FUND BALANCES</u></b>		
UNRESTRICTED	344,702,034	333,883,725
<b>FUND BALANCES</b>	<b>344,702,034</b>	<b>333,883,725</b>
<b>TOTAL LIABILITIES and FUND BALANCE</b>	<b>\$ 594,298,170</b>	<b>\$ 589,221,141</b>

**Benefis Health System Obligated Group**  
**Consolidated Statement of Operations**  
**Six Month Period Ended June 30, 2016**

(Unaudited)

MONTH-TO-DATE			YEAR-TO-DATE					
Jun 16 Act	Jun 16 Bud	Var %		Act2016	Bud 16	Var %	Act2015	16Act -vs- 15Act Var %
			<u>Gross Service Revenues</u>					
\$ 27,193,702	\$ 30,837,807	(11.82) %	In-Patient Revenue	\$ 170,811,264	\$ 186,677,205	(8.50) %	\$ 184,333,520	(7.34) %
41,258,538	38,591,965	6.91 %	Out Patient Revenue	242,249,980	230,405,867	5.14 %	219,681,851	10.27 %
2,597,405	2,512,445	3.38 %	Long Term Care	15,141,174	14,535,275	4.17 %	14,542,012	4.12 %
71,049,645	71,942,217	(1.24) %	<b>Total Gross Service Revenues</b>	428,202,418	431,618,347	(0.79) %	418,557,383	2.30 %
			<u>Revenue Deductions</u>					
(698,631)	(900,291)	22.40 %	Charity Care	(5,934,436)	(5,426,133)	(9.37) %	(5,617,501)	(5.64) %
(30,289,245)	(28,130,190)	(7.68) %	Medicare and Medicaid	(186,546,157)	(168,989,865)	(10.39) %	(167,602,816)	(11.30) %
(7,966,729)	(9,128,316)	12.73 %	Negotiated Contracts	(48,144,599)	(54,688,263)	11.97 %	(54,896,850)	12.30 %
(18,802)	(80,492)	76.64 %	Other	(154,493)	(625,257)	75.29 %	(102,893)	(50.16) %
(985,478)	(2,663,081)	62.99 %	Provisions for Bad Debt	(10,140,005)	(15,991,161)	36.59 %	(12,970,972)	21.83 %
(39,958,885)	(40,902,370)	2.31 %	<b>Total Revenue Deductions</b>	(250,919,690)	(245,720,679)	(2.12) %	(241,191,032)	(4.03) %
31,090,760	31,039,847	0.16 %	<b>Total Net Patient Revenue</b>	177,282,728	185,897,668	(4.63) %	177,366,351	(0.05) %
88,232	369,832	(76.14) %	Rental and Education Revenue	969,775	1,700,151	(42.96) %	1,029,173	(5.77) %
795,375	1,257,455	(36.75) %	Other Revenue	9,107,459	7,290,983	24.91 %	6,391,274	42.50 %
883,607	1,627,287	(45.70) %	<b>Total Other Operating Revenue</b>	10,077,234	8,991,134	12.08 %	7,420,447	35.80 %
31,974,367	32,667,134	(2.12) %	<b>Total Net Service Revenue</b>	187,359,962	194,888,802	(3.86) %	184,786,798	1.39 %
			<u>Operating Expenses</u>					
12,805,445	13,516,771	5.26 %	Salaries & Wages	78,200,444	80,179,836	2.47 %	72,821,229	(7.39) %
2,428,398	2,649,507	8.35 %	Employee Benefits	15,110,562	16,009,883	5.62 %	14,555,641	(3.81) %
2,064,927	1,608,136	(28.40) %	Professional Fees	12,249,727	10,273,214	(19.24) %	8,847,588	(38.45) %
3,893,466	6,332,414	38.52 %	Supplies	34,046,719	37,805,242	9.94 %	34,740,005	2.00 %
2,162,598	2,402,793	10.00 %	Purchased Services	13,303,790	14,940,658	10.96 %	12,426,364	(7.06) %
1,900,312	2,058,253	7.67 %	Depreciation	11,353,443	12,240,049	7.24 %	12,276,552	7.52 %
804,938	830,219	3.05 %	Interest & Amortization	4,833,060	4,981,314	2.98 %	4,514,957	(7.05) %
1,270,340	1,809,808	29.81 %	Other Expenses	8,777,424	10,705,147	18.01 %	10,147,263	13.50 %
27,330,424	31,207,901	12.42 %	<b>Total Operating Expenses</b>	177,875,169	187,135,343	4.95 %	170,329,599	(4.43) %
4,643,943	1,459,233	218.25 %	<b>Total Operating Revenue and Expenses</b>	9,484,793	7,753,459	22.33 %	14,457,199	(34.39) %
127,048	282,940	(55.10) %	<b>Total Non Operating Gain (Loss)</b>	952,465	1,695,859	(43.84) %	1,234,996	(22.88) %
4,770,991	1,742,173	173.85 %	<b>Net Income (Loss)</b>	10,437,258	9,449,318	10.46 %	15,692,195	(33.49) %
(279,465)	266,146	(205.00) %	<b>Total Other Activity Unrestricted</b>	381,051	1,667,640	(77.15) %	1,921,471	(80.18) %
\$ 4,491,526	\$ 2,008,319	123.65 %	<b>Increase (Decrease) in UR Net Assets</b>	\$ 10,818,309	\$ 11,116,958	(2.69) %	\$ 17,613,666	(38.58) %

**Benefis Health System Obligated Group**  
**Consolidating Income Statement Year to Date**  
**Six Month Period Ended**  
**June 30, 2016**  
(Unaudited)

	<b>101-Benefis Hospitals</b>	<b>107 Benefis Medical Group</b>	<b>114 - Benefis Senior Services</b>	<b>190-Benefis Health System Administration</b>	<b>195-Obligated Group Eliminations</b>	<b>Total</b>
Gross Service Revenues	\$413,061,244	\$0	\$15,141,174	\$0	\$0	\$428,202,418
Revenue Deductions	(244,652,424)	0	(6,652,517)	385,255	0	(250,919,686)
<b>Net Patient Revenue</b>	<b>168,408,820</b>	<b>0</b>	<b>8,488,657</b>	<b>385,255</b>	<b>0</b>	<b>177,282,732</b>
<b>Other Operating Revenue</b>	6,366,468	24,011,805	16,818	3,813,701	(24,131,558)	10,077,234
<b>Net Service Revenue</b>	<b>174,775,288</b>	<b>24,011,805</b>	<b>8,505,475</b>	<b>4,198,956</b>	<b>(24,131,558)</b>	<b>187,359,966</b>
Salaries & Wages	44,538,298	21,352,635	5,573,490	6,736,021	0	78,200,444
Employee Benefits	9,435,846	1,884,680	1,117,747	2,672,289	0	15,110,562
Professional Fees	30,577,101	0	78,796	3,909,635	(22,315,805)	12,249,727
Supplies	32,340,277	0	992,116	714,326	0	34,046,719
Purchased Services	9,025,568	0	322,520	4,050,913	(95,211)	13,303,790
Depreciation	4,047,462	0	780,276	6,525,705	0	11,353,443
Interest and Amortization	2,486,802	0	0	2,346,258	0	4,833,060
Other Expenses	4,869,073	774,518	368,375	4,486,000	(1,720,542)	8,777,424
<b>Total Operating Expenses</b>	<b>137,320,427</b>	<b>24,011,833</b>	<b>9,233,320</b>	<b>31,441,147</b>	<b>(24,131,558)</b>	<b>177,875,169</b>
<b>Operating Income</b>	<b>37,454,861</b>	<b>(28)</b>	<b>(727,845)</b>	<b>(27,242,191)</b>	<b>0</b>	<b>9,484,797</b>
Minority Interest	0	0	0	0	0	0
<b>Operating Income less Minority Interest</b>	<b>37,454,861</b>	<b>(28)</b>	<b>(727,845)</b>	<b>(27,242,191)</b>	<b>0</b>	<b>9,484,797</b>
Non operating Gain (Loss)	0	0	0	952,465	0	952,465
<b>Net Income</b>	<b>37,454,861</b>	<b>(28)</b>	<b>(727,845)</b>	<b>(26,289,726)</b>	<b>0</b>	<b>10,437,262</b>
Other Activity Unrestricted	34,051	0	0	346,996	0	381,047
<b>Inc(Dec) in UR Net Assets</b>	<b>\$37,488,912</b>	<b>(\$28)</b>	<b>(\$727,845)</b>	<b>(\$25,942,730)</b>	<b>\$0</b>	<b>\$10,818,309</b>



**BENEFIS HEALTH SYSTEM - OBLIGATED GROUP  
HOSPITAL REVENUE BONDS  
ANNUAL CONTINUING DISCLOSURE FINANCIAL RATIOS**

YTD June 30, 2016

(Based on Unaudited Financial Statements)

***Long-Term Debt Service Coverage Ratio***

EBITDA		\$26,623,761
INTEREST EXPENSE	\$4,833,060	
CURRENT PORTION OF LT DEBT	\$5,129,527	
ANNUAL DEBT SERVICE		\$9,962,587
<b>ANNUAL DEBT SERVICE COVERAGE</b>		<b>2.7</b>
<b>REQUIRED RATIO(Must be more than)</b>		<b>1.2</b>

***Liquidity Ratio/Days Cash on Hand (Based on 12 months rolling)***

CASH	\$ 68,672,521	
BOARD DESIGNATED CASH	\$ 139,930,908	
		\$208,603,429
TOTAL OPERATING EXPENSES	\$ 371,722,346	
DEPRECIATION	\$ (22,860,873)	
	\$348,861,473	
DAYS THROUGH JUNE 30, 2016	366	
DAYS CASH		\$953,173
<b>DAYS CASH ON HAND</b>		<b>218.9</b>
<b>REQUIRED DAYS(Must be more than)</b>		<b>85.0</b>

***Long-Term Debt to Capitalization Ratio***

LONG-TERM DEBT		\$167,765,449
UNRESTRICTED NET ASSETS	\$344,702,034	
LONG-TERM DEBT	\$167,765,449	
		\$512,467,483
<b>LT DEBT TO CAPITALIZATION</b>		<b>32.7%</b>
<b>REQUIRED RATIO</b>		<b>65.0%</b>
<b>(Must be less than 65% if Benefis Incurs Additional Debt)</b>		

BENEFIS HEALTH SYSTEM  
UTILIZATION DATA  
2ND QUARTER 2016

	Quarter End June 30		Year to Date June 30	
	2016	2015	2016	2015
<u>Total Beds</u>				
Adult Medical/Surgical/ICU/CCU	261	261	261	261
Obstetrics	24	24	24	24
Newborns - Cribs & Bassinets	24	24	24	24
Pediatrics	16	16	16	16
NICU	24	24	24	24
Hospice	20	20	20	20
<b>Hospital Total</b>	<b>369</b>	<b>369</b>	<b>369</b>	<b>369</b>
<b>Senior Services Total</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>
<b>Grand Total</b>	<b>586</b>	<b>586</b>	<b>586</b>	<b>586</b>
<u>Admissions</u>				
Adult Medical/Surgical/ICU/CCU	2,184	2,554	4,434	4,930
Obstetrics	410	401	742	793
Newborns	360	354	655	688
Pediatrics	57	76	134	183
NICU	54	62	110	128
<b>Hospital Total</b>	<b>3,065</b>	<b>3,447</b>	<b>6,075</b>	<b>6,722</b>
<b>Senior Services Total</b>	<b>187</b>	<b>165</b>	<b>349</b>	<b>342</b>
<b>Grand Total</b>	<b>3,252</b>	<b>3,612</b>	<b>6,424</b>	<b>7,064</b>
<u>Average Length of Stay (days)</u>				
Adult Medical/Surgical/ICU/CCU	4.8	5.0	5.0	5.3
Obstetrics	2.1	2.0	2.1	2.0
Newborns	1.7	1.7	1.7	1.7
Pediatrics	3.0	3.4	3.5	3.2
NICU	9.9	9.5	10.5	9.8
<b>Hospital Total</b>	<b>4.1</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>
<b>Senior Services Total</b>	<b>96.3</b>	<b>99.2</b>	<b>103.0</b>	<b>99.2</b>
<u>Occupancy</u>				
Adult Medical/Surgical/ICU/CCU	44%	54%	47%	55%
Obstetrics	39%	36%	35%	36%
Newborns	28%	27%	25%	27%
Pediatrics	12%	18%	16%	20%
NICU	24%	27%	26%	29%
<b>Hospital Total</b>	<b>38%</b>	<b>45%</b>	<b>39%</b>	<b>46%</b>
<b>Senior Services Total</b>	<b>91%</b>	<b>83%</b>	<b>91%</b>	<b>82%</b>
<b>Grand Total</b>	<b>58%</b>	<b>59%</b>	<b>58%</b>	<b>59%</b>

BENEFIS HEALTH SYSTEM  
UTILIZATION DATA  
2ND QUARTER 2016

	Quarter End June 30		Year to Date June 30	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Patient Days				
Adult Medical/Surgical/ICU/CCU	10,498	12,864	22,195	26,004
Obstetrics	844	797	1,526	1,578
Newborns	621	585	1,091	1,152
Pediatrics	172	255	468	578
NICU	532	591	1,156	1,258
<b>Hospital Total</b>	<b>12,667</b>	<b>15,092</b>	<b>26,436</b>	<b>30,570</b>
<b>Senior Services Total</b>	<b>18,008</b>	<b>16,360</b>	<b>35,941</b>	<b>32,367</b>
<b>Grand Total</b>	<b>30,675</b>	<b>31,452</b>	<b>62,377</b>	<b>62,937</b>
Surgical Procedures				
Inpatient	672	798	1,340	1,545
Outpatient	1,795	1,793	3,437	3,484
Endoscopy	1,487	1,264	2,988	2,827
<b>Total</b>	<b>3,954</b>	<b>3,855</b>	<b>7,765</b>	<b>7,856</b>
Laboratory Tests	204,409	212,647	418,436	416,686
Radiology Examinations	29,993	31,911	60,145	61,658
Emergency Visits	7,598	8,686	15,694	16,919
Physical Therapy Procedures	12,569	13,323	26,376	26,462
Cardiology Tests	11,016	10,757	22,020	21,051
FTE Employees	2,390	2,390	2,418	2,368

**BENEFIS HEALTH SYSTEM****PAYOR MIX  
2ND Quarter 2016**

Payor	2nd Qtr 2016	2nd Qtr 2015	YTD June 30 2016	YTD June 30 2015
Medicare	47.7%	47.0%	47.4%	46.6%
Blue Cross	12.0%	10.8%	11.7%	10.9%
Commercial	17.4%	22.4%	18.3%	21.9%
Medicaid	20.3%	12.0%	19.0%	13.0%
Self Pay	2.6%	7.8%	3.6%	7.6%
TOTAL	100.0%	100.0%	100.0%	100.0%