



**Ochsner Health System
Quarterly Financial Information Disclosure**

**For the Six Months Ended
June 30, 2017**

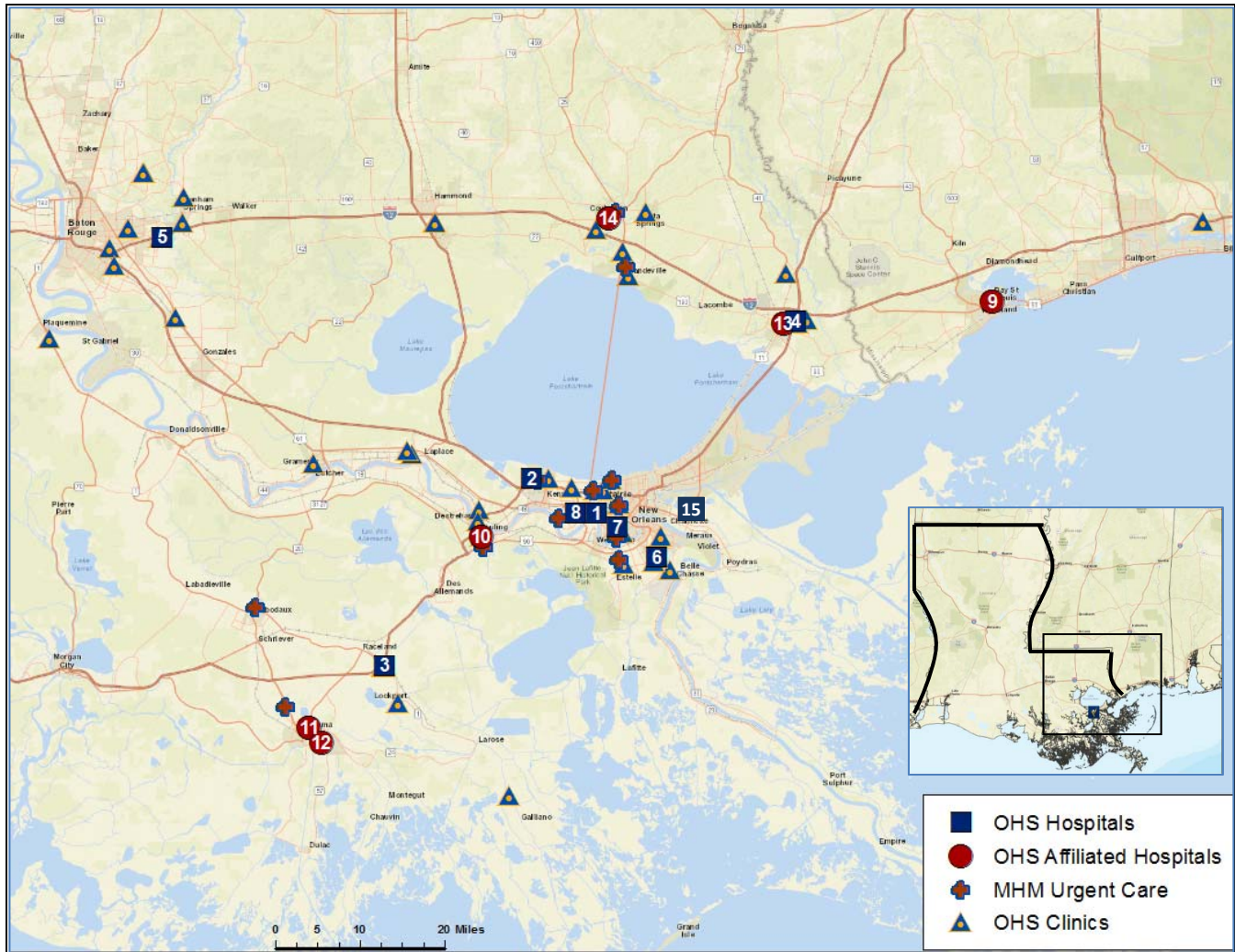
System Overview

Ochsner Health System (“OHS”) is a Louisiana-based nonprofit corporation and an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the “Code”) founded on providing the best patient care, research and education. OHS is the “parent company” of the largest non-profit, academic, multi-specialty, integrated healthcare delivery system in the Gulf Coast region (“Ochsner” or the “System”) with eight hospitals, 69 health centers, 12 Urgent Care Clinics and 4 Occupational Health Clinics. When combined with affiliated hospitals, Ochsner owns, provides management assistance and support, or is affiliated with 30 hospitals. It also employs over 1,200 active staff physicians that have 1,179 board certifications in 68 specialties, trains over 280 medical residents and fellows annually, has 478 Doctor of Medicine students enrolled in the University of Queensland, Ochsner Clinical School, and is currently conducting over 1,000 clinical research studies. In 2016, more than 446,000 people from all 50 states and more than 80 countries visited Ochsner.

Ochsner is recognized nationally for quality. Awards and recognitions in 2016-2017 include:

- Ochsner Medical Center, Ochsner Baptist, a campus of Ochsner Medical Center, and Ochsner Medical Center – West Bank Campus were ranked among the best hospitals in the country in four medical specialties, according to *U.S. News and World Report’s* 2017-18 Best Hospitals rankings. Ochsner Medical Center, Ochsner Baptist and Ochsner Medical Center – West Bank Campus were also ranked #1 among the best hospitals in Louisiana and #1 among the best hospitals in the New Orleans metro area as well as being recognized among the Best Hospitals in Southeastern Louisiana.
- Ochsner Medical Center, Ochsner Baptist, a campus of Ochsner Medical Center, and Ochsner Medical Center – West Bank Campus received the Healthgrades 2016 Distinguished Hospital Award for Clinical Excellence™ for the seventh year in a row.
- Ochsner Health System was named one of four finalists in the Health Acceleration Challenge by the Forum on Health Care Innovation – a collaboration between Harvard Business School (HBS) and Harvard Medical School (HMS) – for its work on the Ochsner Hypertension Digital Medicine Program.
- Ochsner Medical Center was recognized as first in the country for liver transplants for the fifth year in a row by CareChex® – a division of Comparion®.
- Ochsner was named the number one transplant center in the country for overall transplant care quality by CareChex® – a division of Comparion®, caring for patients from all over the country and world.
- Ochsner Medical Center, Ochsner Baptist, a campus of Ochsner Medical Center, and Ochsner Medical Center - West Bank Campus were named to the Truven 100 Top Hospitals Award list as one of the 15 U.S. Major Teaching Hospitals.
- Ochsner Medical Center - Baton Rouge became one of only 10 hospitals in the United States to receive both the 2017 100 Top Hospitals® Award by Truven Health Analytics and the 100 Top Hospitals® Everest Award.
- *Becker’s Hospital Review* recognized Ochsner Medical Center as one of the “100 Great Hospitals in America” for 2017. This is the sixth consecutive year that Ochsner Medical has been recognized with this award and is the only Louisiana hospital named to this list.
- Ochsner Hospital for Children was ranked among the top 50 children’s hospitals in the country for pediatric cardiology and heart surgery specialties in the new 2017-18 *U.S. News and World Reports* Best Children’s Hospitals rankings.
- For the 11th consecutive year, Ochsner Health System has been named as a Most Wired Advanced Hospital in the 19th annual Health Care’s Most Wired Survey by Hospitals & Health Networks (H&HN) magazine.

The following map indicates the locations of Ochsner’s acute care hospitals and health centers. See “Health Care Operations of the Credit Group – Facilities” herein for more information regarding Ochsner’s health care facilities.



Ochsner Health System Hospitals

Ochsner Medical Center (1)
Ochsner Medical Center Northshore (4)
Ochsner Baptist Medical Center (7)

Ochsner Medical Center Kenner (2)
Ochsner Medical Center Baton Rouge (5)
Ochsner Elmwood Hospital (8)

Ochsner St. Anne General Hospital (3)
Ochsner Medical Center West Bank (6)

Ochsner Health System Affiliate Hospitals

Hancock Medical Center (9)
Leonard J Chabert Medical Center (12)
St. Bernard Parish Hospital (15)

St. Charles Parish Hospital (10)
Slidell Memorial Hospital (13)

Terrebonne General Medical Center (11)
St Tammany Parish Hospital (14)

* Lafayette General Health’s 7 hospitals, CHRISTUS Health Louisiana’s 6 hospitals, Glenwood Regional Medical Center and Southwest Mississippi Regional Medical Center are excluded from map as each is located outside of the Service Area as hereinafter defined.

Forward Looking Information:

This Financial Information Disclosure contains disclosures, which contain “forward looking statements” within the meaning of the Federal securities laws. Forward looking statements include all statements that do not relate solely to historical or current fact and can be identified by the use of words “expect”, “anticipate”, “intend”, “project”, “likely”, “may”, “might”, “estimate”, “budget” and similar words or expressions. These forward looking statements are based on the current plans and expectations of Ochsner Health System (“OHS”) as of the date of this report and are subject to a number of known and unknown risks and uncertainties inherent in the operation of health care facilities, many of which are beyond OHS's control, that could significantly affect current plans and expectations and OHS's future financial position and results of operations.

Important factors that could cause results to differ materially from those expected by management include, but are not limited to, general, economic and business, competition from other healthcare facilities in the service areas, an unfavorable pricing environment, inability to achieve expected efficiencies in operations or effectively control health care costs, the efforts of insurers and others to contain health care costs, changes in Medicare or Medicaid reimbursement formulas, the risk that managed care provider arrangements will not be negotiated or renewed on acceptable terms, future divestitures or acquisitions which may have a financial impact, availability and terms of capital to fund future expansion and ongoing capital needs, new laws or regulations, the possible enactment of federal or state health care reform, fines or penalties related to regulatory matters, changes in accounting standards and practices, the outcome of pending and future litigation and government investigations, labor issues and the ability to attract and retain qualified management and other personnel, including physicians, nurses and medical support personnel.

Given these uncertainties, bondholders and prospective bondholders are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this report. OHS disclaims any obligation, and makes no promise, to update any such factors or forward looking statements or to disclose any facts, events or circumstances after the date hereof that may affect the accuracy of any forward looking statements, whether as a result of changes in underlying factors, to reflect new information, as a result of the occurrence of events or developments or otherwise.

Description of Credit Group

OHS was formed in July 2006 and is the sole corporate member of OCF and until December 31, 2016 the sole corporate member of Ochsner Community Hospitals (“OCH”). OCH, a Louisiana nonprofit corporation and an organization exempt from taxation under Section 501(c)(3) of the Code, was formed on July 17, 2006 for the purpose of acquiring certain medical facilities from Tenet Healthcare Corporation that now operate as Ochsner Medical Center - Kenner, Ochsner Medical Center – Westbank Campus and Ochsner Baptist Medical Center. Effective December 31, 2016 OCH was merged with and into OCF, with OCF continuing as the surviving entity.

OCF is the only Obligated Group Member under the Master Indenture. Certain affiliates of OCF have been designated as Designated Affiliates and Credit Group Members under the Master Indenture. Credit Group or Credit Group Members means all Obligated Group Members and Designated Affiliates. Under the Master Indenture, Obligated Group Members are jointly and severally liable to make payments with respect to Obligations issued under the Master Indenture. Designated Affiliates are not obligated to make payments with respect to Obligations but may be required to transfer to Obligated Group Members, to the extent legally available, amounts necessary to enable the Obligated Group Members to make payments under the Master Indenture. Obligated Group Members may designate entities as Designated Affiliates under the Master Indenture, and may rescind such designation at any time. Designated Affiliates have not changed since the 2017 Official Statement dated May 11, 2017. OCF and Designated Affiliates constituted 94.1% of the consolidated total assets of OHS as of June 30, 2017 and 99.9% of the consolidated total revenue of OHS for the six months ended June 30, 2017.

Obligated Group Member

OCF is the only Obligated Group Member under the Master Indenture. OCF is headquartered in New Orleans, Louisiana, and, either directly or through its fully owned affiliates or subsidiaries, owns and operates seven hospitals and other healthcare facilities, including:

- OMC, a 499-bed acute care hospital located in New Orleans, Louisiana, which serves as the flagship of Ochsner, and includes an 11-story clinic building, a 137-room hotel and related medical facilities located on a main campus in Jefferson Parish at the western end of New Orleans;
- Ochsner Elmwood Hospital, a 66 bed satellite hospital of OMC, located in Elmwood, Louisiana;
- Ochsner Medical Center – Westbank Campus, a 165-bed acute care satellite hospital of OMC in New Orleans, Louisiana,
- Ochsner Baptist Medical Center, a 129-bed acute care satellite hospital of OMC in New Orleans, Louisiana.
- Ochsner Medical Center - Kenner, a 110-bed acute care hospital in Kenner, Louisiana;
- Ochsner Medical Center – Baton Rouge, a 150-bed acute care hospital in Baton Rouge, Louisiana;
- Ochsner Medical Center – Northshore, a 157-bed acute care hospital in Slidell, Louisiana;
- 69 health centers throughout southeast Louisiana and Mississippi;
- 12 Urgent Care Clinics and 4 Occupational Health Clinics throughout Greater New Orleans; and,
- Several fitness centers that operate as Ochsner Fitness Center.

OCF, through its fully owned subsidiary, operates Ochsner St. Anne General Hospital, a 35-bed acute care hospital in Raceland, Louisiana;

OCF, either directly or through its fully owned affiliates or subsidiaries, provides management assistance and support to four hospitals:

- Leonard J. Chabert Medical Center (“LJCMC”), a 156-bed public, safety net hospital in Houma, Louisiana;
- Hancock Medical Center, a 47-bed acute care hospital in Bay St. Louis, Mississippi;
- St. Charles Parish Hospital (“SCPH”), a 59-bed public, safety net hospital in Luling, Louisiana;
- St. Bernard Parish Hospital (“SBPH”), a 16-bed public, safety net hospital in Chalmette, Louisiana.

OCF also has joint operating agreements with three hospitals:

- Terrebonne General Medical Center (“TGMC”), a 321-bed acute care hospital in Houma, Louisiana;
- St. Tammany Parish Hospital (“STPH”), a 232-bed acute care hospital in Covington, Louisiana;
- Slidell Memorial Hospital (“SMH”), a 229-bed public acute care hospital in Slidell, Louisiana

OCF also entered into strategic partnerships to create clinical affiliations with Lafayette General Health, CHRISTUS Health Louisiana, Glenwood Regional Medical Center and Southwest Mississippi Regional Medical Center.

In recent years, OCF and OHS have entered into several strategic partnership and affiliation agreements that increase local access to care, improve quality, reduce the cost of healthcare, and share best practices and resources in order to improve the health of Louisiana communities. Agreements completed in 2017 are as follows:

- On January 10, 2017, OCF completed the acquisition of Millennium Healthcare Management, Inc. (“MHM”). The acquisition added 12 Urgent Care and 4 Occupational Health clinic locations to the services OCF provides in the Greater New Orleans area with expanded services and program options and better access to the most appropriate care at a wider range of destinations.
- CHRISTUS Health Southwestern Louisiana. On June 28, 2017, Ochsner Health System and CHRISTUS Health announced a letter of intent (LOI) to pursue a joint venture of CHRISTUS operations in the Lake Charles area. Under the proposed transaction, Ochsner will acquire a minority ownership interest in CHRISTUS Health Southwestern Louisiana (“SWLA”), with CHRISTUS Health maintaining majority ownership interest. The joint venture will have responsibility for certain current and future health care facilities and services operated by the two health systems in the Lake Charles region.

Governance

As of the release date of this document, there have been no changes to Governance since the 2017 Official Statement dated May 11, 2017.

Executive Leadership

As of the release date of this document, there have been no changes to the Executive Leadership since the 2017 Official Statement dated May 11, 2017.

Management Discussion and Analysis of Financial Results

Executive Summary:

OHS had Income from Operations of \$36.7 million (2.5% of Total Unrestricted Revenues) for the first six months of 2017 compared to \$23.0 million (1.7% of Total Unrestricted Revenues) for the first six months of 2016 and operating EBITDA was \$122.9 million (8.2% of Total Unrestricted Revenues) for the first six months of 2017 compared to \$106.7 million (7.8% of Total Unrestricted Revenues) for the first six months of 2016.

Statement of Operations:

The System achieved Total Unrestricted Revenues of approximately \$1.5 billion for the first six months of 2017, an increase of \$130.2 million or 9.5% over the same period in 2016 primarily due to organic growth as well as an

increase in patients referred from affiliates and outlying facilities through OHS's regional referral center. Net Patient Service Revenue Less Provision for Bad Debts increased \$76.6 million or 7.2%. Premium Revenue increased \$5.5 million. When comparing the first six months of 2017 to the first six months of 2016, discharges increased 5.8%, patient days increased 6.3%, inpatient surgical procedures increased 6.0%, outpatient surgical procedures increased 10.8%, emergency room visits decreased less than 1%, clinic relative value units increased 7.7%, clinic visits increased 7.4%, and unique clinic patients visits increased 7.8%. OHS continues to see an increase in patients referred from affiliates and outlying facilities through its regional referral center. Inpatient transfers to Ochsner Medical Center in the first six months of 2017 increased 9.0% over the first six months of 2016. Revenue received from any of our managed or affiliated hospitals is not included within Net Patient Service Revenue.

Other Operating Revenue for the first six months of 2017 was \$210.2 million, a \$48.4 million increase over the first six months of 2016. Other Operating Revenue for the first six months of 2017 includes an \$11.7 million increase related to pharmacy revenue and a \$10.1 million increase related to funding in 2017 from partners of partially owned subsidiaries formed exclusively for charitable, educational and scientific purposes compared to the first three months of 2016. Other Operating Revenue for the first six months of 2017 also includes \$8.9 million of insurance proceeds. Other Operating Revenue includes \$21.4 million in the first six months of 2017 and \$18.3 million in the first six months of 2016 of revenue related to management agreements and joint operating agreements.

The Provision for Bad Debt for Ochsner Health System, as a percentage of Patient Service Revenue – Net of Contractual Allowances and Discounts and Premium Revenue net of Medical Services to Outside Providers, was 3.2% for the first six months of 2017 compared to 4.4% for the first six months of 2016. A portion of the reduction in bad debt can be attributed to Louisiana expanding Medicaid in July 2016 which increased Medicaid as a percentage of gross revenue from 13% in the first six months of 2016 to 17% in the first six months of 2017. Bad Debt and Charity Care combined accounted for 4.1% of Patient Service Revenue – Net of Contractual Allowances and Discounts and Premium Revenue net of Medical Services to Outside Providers for the first six months of 2017 compared to 6.5% for the first six months of 2016.

Salaries and Wages for the first six months of 2017 were \$661.2 million, a \$45.6 million increase over the first six months of 2016. The majority of the increase is related to additional staffing and additional providers needed to meet increased patient demand. Total providers increased by 9.4% or 126 full-time equivalents ("FTEs"). That includes an 8.4% increase in physicians, or 76 FTEs, and an 11.5% increase in the number of other providers, or 50 FTEs. Ochsner employs over 1,200 active staff physicians and over 560 Other Providers.

Medical Services to Outside Providers expense for the first six months of 2017 decreased by \$4.7 million from the first six months of 2016. The System currently provides services to approximately 35,000 senior members under a capitation contract for both physician and hospital services.

Medical Supplies and Services increased by \$37.7 million when comparing the first six months of 2017 to the first six months of 2016. Medical Supplies and Services as a percentage of Total Unrestricted Revenues was 17.7% for the first six months of 2017 and 16.6% for the first six months of 2016. Approximately \$8 million of the increase is due to increased drug expenses primarily due to an increased volume of chemotherapy and infusion drugs. Ochsner continues to see a continuing shift toward higher acuity patients, causing an approximate \$11 million increase in medical supplies and implants related to Transapical Valve replacements, Cath Lab procedures and Electrophysiology Lab procedures.

Other operating expenses which includes building and equipment, insurance, professional services and general and administrative expenses for the first six months of 2017 increased by \$28.2 million over the first six months of 2016. \$5.6 million of the increase is related to software maintenance contracts. \$4.0 million of the increase is related to sales tax due to changes to the Louisiana State Sales Tax legislation that went into effect during April 2016. \$4.1 million of the increase is related to Medicaid Provider Assessment.

OHS had net non-operating gains of \$25.2 million for the first six months of 2017 compared to net non-operating losses of \$41.5 million for the first six months of 2016. Non-operating gains and losses include realized gains and

losses, as well as changes in the market value of the pooled investment portfolio, and losses on the early extinguishment of debt.

Ratings

As of the release date of this document, there have been no changes to the ratings since the 2017 Official Statement dated May 11, 2017. Moody's Investors Service, Inc. has provided a rating for the Bonds of A3. Fitch Ratings has provided a rating for the Bonds of A-.

Liquidity and Cash Position:

At June 30, 2017, Ochsner Health System had unrestricted cash and investments of \$863.5 million which equates to 112 days cash on hand. Cash and Investments increased \$12.5 million from December 2016, however days cash on hand decreased as a result of increased daily operating expenses. The increase includes reimbursement from the Series 2017 bond proceeds. OHS expects to draw down an additional \$75 million during the remainder of 2017. The increase is partially offset by the cumulative effect of seasonal timing differences including a \$4.1 million increase in Other Receivables and a \$14.5 million increase in Prepaid Expenses and Other Current Assets. The increase is also partially offset by the January 10, 2017 acquisition of Millennium Healthcare Management, Inc.'s 12 Urgent Care and 4 Occupational Health Clinics. As of June 30, 2017, OHS had \$85.4 million of donor restricted investments.

Cash and Investments; Days Cash on Hand:

The table below includes Cash and Investments and Days Cash on Hand. Dollar amounts are in thousands.

	<u>Cash and Investments</u>		<u>Days Cash on Hand</u>	
	<u>Jun. 30,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Jun. 30,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>
Monthly Liquidity	\$ 724,323	\$720,629	94	99
Liquidity greater than 30 days and less than one year	123,272	114,000	16	16
Locked Up (liquidity one year or more)	15,939	16,376	2	2
Total	\$ 863,534	\$851,005	112	117

Debt:

As of June 30, 2017, OHS had \$1.2 billion in total long term debt outstanding.

Series	Par Amt O/S	Final Maturity	Interest Mode
OCHSNER CLINIC FOUNDATION			
Series 2015 Taxable New Money	252,820,000	5/15/2045	Fixed
Series 2015 Tax Exempt Refunding	110,775,000	5/15/2047	Fixed
Series 2016	155,660,000	5/15/2047	Fixed
Series 2017 New Money	160,645,000	5/15/2046	Fixed
Series 2017 Tax Exempt Refunding	260,910,000	5/15/2042	Fixed
March 2013 Note Payable ⁽¹⁾	5,998,691	3/31/2033	Fixed
December 2013 Note Payable ⁽¹⁾	52,390,275	12/31/2028	Fixed
July 2014 Note Payable ⁽¹⁾	72,971,247	8/15/2034	Fixed
December 2013 Promissory Note	13,660,417	12/30/2020	Variable ⁽³⁾
October 2014 Promissory Note	18,333,333	10/31/2021	Fixed
September 2015 Promissory Note	25,500,000	9/30/2022	Variable ⁽³⁾
2006 Working Capital Note ⁽²⁾	8,670,739	5/1/2026	Variable
Software and Equipment Loans ⁽²⁾	942,354	N/A	N/A
Capital Lease Obligations ⁽²⁾	12,472,771	N/A	N/A
SUBTOTAL	1,151,749,827		

Note:

(1) Not an obligation of a credit group member or a supplemental obligation of the Master Indenture.

(2) Not secured by an Obligation issued under the Master Indenture.

(3) Interest on this loan has been fixed through an interest rate swap agreement.

Ochsner Health System and Subsidiaries
Consolidated Statements of Operations
As of June 30, 2017 and 2016
(\$ In Thousands)

	<u>2017</u>	<u>2016</u>	<u>Difference</u>
Unrestricted revenues:			
Patient service revenue, net of contractual allowances and discounts	\$ 1,174,271	\$ 1,108,513	\$ 65,758
Provision for bad debts	<u>(40,502)</u>	<u>(51,371)</u>	10,869
Net patient service revenue, less provision for bad debts	1,133,769	1,057,142	76,627
Premium revenue	150,187	144,730	5,457
Other operating revenue	210,160	161,714	48,446
Net assets released from restriction, used for operations	<u>2,651</u>	<u>2,952</u>	(301)
Total unrestricted revenues	<u>1,496,767</u>	<u>1,366,538</u>	130,229
Expenses:			
Salaries and wages	661,209	615,623	45,586
Benefits	95,338	88,025	7,313
Medical services to outside providers	68,817	73,469	(4,652)
Medical supplies and services	264,983	227,234	37,749
Other operating expenses	283,948	255,718	28,230
Depreciation and amortization	61,065	55,732	5,333
Interest	<u>24,699</u>	<u>27,694</u>	(2,995)
Total expenses	<u>1,460,059</u>	<u>1,343,495</u>	116,564
Income from operations	<u>36,708</u>	<u>23,043</u>	13,665
Non-operating gains and losses:			
Investment and other realized gains (losses) - net	20,536	(7,031)	27,567
Loss on early extinguishment of debt	(9,135)	(39,110)	29,975
Unrealized gains on alternative investments - net	<u>13,771</u>	<u>4,650</u>	9,121
Total non-operating gains (losses)	<u>25,172</u>	<u>(41,491)</u>	66,663
Excess of revenues over expenses	<u>\$ 61,880</u>	<u>\$ (18,448)</u>	<u>\$ 80,328</u>

Ochsner Health System and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2017 and December 31, 2016
(\$ In Thousands)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 128,568	\$ 121,569
Assets limited as to use, required for current liabilities	5,600	5,600
Patient accounts receivable, net	243,688	252,598
Other receivables	103,584	99,516
Inventories	61,836	56,022
Prepaid expenses and other current assets	54,197	39,731
Estimated third-party payor settlements	23,642	19,626
Total current assets	621,115	594,662
Assets limited as to use:		
By Board for capital improvements, charity, research, and other	734,965	729,436
Under bond indenture agreements	135,008	21,477
Under self-insurance trust fund	12,941	9,135
Donor-restricted long-term investments	85,443	78,433
Total assets limited as to use	968,357	838,481
Less assets limited as to use, required for current liabilities	(5,600)	(5,600)
Non-current assets limited as to use	962,757	832,881
Investments in unconsolidated affiliates, real estate, and other	14,243	14,045
Property, net	870,779	821,692
Goodwill	71,713	43,558
Intangible assets	12,961	11,467
Other assets	32,631	32,534
Total assets	<u>\$ 2,586,199</u>	<u>\$ 2,350,839</u>

Ochsner Health System and Subsidiaries

Consolidated Balance Sheets

As of June 30, 2017 and December 31, 2016

(\$ In Thousands)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 150,887	\$ 150,332
Accrued salaries, wages, and benefits	145,832	149,483
Deferred revenue	35,782	9,669
Estimated third-party payor settlements	3,888	3,769
Bonds payable, current portion	2,095	7,030
Notes payable, current	52,430	52,430
Long-term debt, current portion	13,601	15,566
Other current liabilities	<u>26,408</u>	<u>30,927</u>
Total current liabilities	430,923	419,206
Pension and postretirement obligations	162,643	166,532
Bonds payable	989,638	828,408
Long-term debt	181,645	188,693
Other long-term liabilities	<u>44,533</u>	<u>36,982</u>
Total liabilities	1,809,382	1,639,821
Net assets:		
Unrestricted	660,785	596,966
Temporarily restricted	90,184	88,219
Permanently restricted	<u>25,848</u>	<u>25,833</u>
Total net assets	776,817	711,018
Total liabilities and net assets	<u><u>\$ 2,586,199</u></u>	<u><u>\$ 2,350,839</u></u>

Ochsner Health System and Subsidiaries
Condensed Consolidated Statements of Cash Flows
As of June 30, 2017 and 2016
(\$ In Thousands)

	<u>2017</u>	<u>2016</u>
<u>Cash Flows from Operating Activities:</u>		
Increase in net assets	\$ 65,799	\$ 4,404
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	61,065	55,732
Provision for bad debts	40,502	51,371
Non-cash portion of loss on early extinguishment of debt	8,958	3,196
Income from equity-method investments, net of cash received	(12)	(436)
Net realized and unrealized gains on investments	(38,598)	(14,112)
Other reconciling items, net	(11)	(9,465)
Changes in operating assets and liabilities, net of acquisitions:		
Patient accounts receivable	(31,592)	(94,052)
Other current and noncurrent assets	(26,979)	(39,226)
Accounts payable	4,018	(20,160)
Accrued expenses and other liabilities	1,800	32,835
Net cash provided by (used in) operating activities	<u>84,950</u>	<u>(29,913)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchases of assets whose use is limited and other investments	(282,448)	(299,461)
Sales and maturities of assets whose use is limited and other investments	191,071	239,363
Capital expenditures	(91,823)	(62,589)
Acquisitions of businesses	(30,816)	(1,025)
Other	220	61
Net cash used in investing activities	<u>(213,796)</u>	<u>(123,651)</u>
<u>Cash Flows from Financing Activities:</u>		
Repayment of bonds payable and long-term debt	(314,837)	(167,343)
Proceeds from bonds payable and long-term borrowings	458,024	174,369
Payments of debt financing costs	(4,064)	(2,003)
Payments on capital lease obligations	(3,293)	(1,787)
Proceeds from contributions restricted for long-term investments	15	537
Net cash provided by financing activities	<u>135,845</u>	<u>3,773</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,999	(149,791)
Cash and Cash Equivalents, Beginning of Year	121,569	290,803
Cash and Cash Equivalents, End of Period	<u>\$ 128,568</u>	<u>\$ 141,012</u>

OCHSNER HEALTH SYSTEM UTILIZATION STATISTICS

	2014	2015	2016	Jun 2016 YTD	Jun 2017 YTD
Licensed Beds (1)	1,267	1,283	1,284	1,278	1,311
Average Number of Beds in Use (2)	1,346	1,371	1,372	1,366	1,376
Discharges Including Newborn	62,517	65,843	67,454	32,938	34,883
Discharges Excluding Newborn	56,771	60,186	61,341	30,084	31,840
Patient Days Including Newborn	301,055	313,483	326,145	160,326	170,459
Patient Days Excluding Newborn	287,706	300,526	312,349	153,808	163,531
Average Daily Census (3)	788	824	853	845	903
Percent Occupancy (3)	58.54%	60.04%	62.20%	61.86%	66.04%
Average Length of Stay	4.8	4.8	4.8	4.9	4.9
Adjusted Patient Days (3)	576,981	612,443	659,409	323,988	346,441
Clinic Visits	1,520,006	1,650,544	1,806,594	896,089	962,790
Clinic RVUs (4)	5,037,600	5,455,838	6,050,375	2,960,344	3,188,375
Unique Clinic Patients (5)	384,181	411,988	446,515	428,826	462,454
Employed Physician FTEs	822.8	875.0	924.1	900.4	976.1
Transfers through Regional Referral Center	6,442	8,787	10,201	4,862	5,299

	Ochsner Medical Center	OMC West Bank	Ochsner St. Anne	OMC Baton Rouge	OMC North Shore	OMC Kenner	Ochsner Baptist Med. Ctr.	TOTAL
Licensed Beds (1)	565	165	35	150	157	110	129	1,311
Average Number of Beds in Use (2)	561	181	35	159	166	110	164	1,376
Discharges Including Newborn	14,154	4,067	980	4,377	2,521	3,812	4,972	34,883
Discharges Excluding Newborn	14,154	3,583	848	3,721	2,521	3,358	3,655	31,840
Patient Days Including Newborn	88,558	17,072	3,609	15,104	10,963	13,819	21,334	170,459
Patient Days Excluding Newborn	88,558	15,899	3,309	13,721	10,963	12,735	18,346	163,531
Average Daily Census (3)	489	88	18	76	61	70	101	903
Percent Occupancy (3)	87.21%	48.53%	52.23%	47.68%	36.49%	63.96%	61.80%	65.66%
Average Length of Stay	6.3	4.2	3.7	3.5	4.3	3.6	4.3	4.9
Adjusted Patient Days (3)	160,709	33,474	15,823	42,840	22,811	31,286	39,498	346,441

(1) Data excludes NICU and Nursery Beds.

(2) Data excludes Nursery beds, but includes NICU beds, a large number of beds in use will yield an amount greater than the number of licensed beds.

(3) Data excludes Normal Newborn Days.

(4) Clinic RVUs were restated in 2013 and 2014 to conform to the 2015 and 2016 presentation.

(5) Data includes the numbers of patients seen in a 12 months rolling period.

**OCHSNER HEALTH SYSTEM GROSS REVENUE BY PAYOR
FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016**

Payor Groupings	6/30/2016	6/30/2017
Managed Care and Commercial	39%	35%
Medicare Managed Care	24%	25%
Medicare - Traditional	21%	21%
Medicaid	13%	17%
Other	3%	2%
TOTAL	100%	100%