

Mission Health System, Inc.

Agreed-Upon Procedures

Year Ended September 30, 2014



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mission Health System, Inc., North Carolina Department of Justice,
and Department of Health and Human Services

We have performed the procedures enumerated below, which were agreed to by Mission Health System, Inc. ("Mission" or the "Hospital"), North Carolina Department of Justice, and Department of Health and Human Services ("DHHS") (the specified parties), solely to assist you in determining Mission's compliance with the terms outlined in the Certificate of Public Advantage ("COPA") agreement between Mission and DHHS for the year ended September 30, 2014. Mission's management is responsible for the Hospital's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows (Numbering below corresponds to Section III of the Third Amended Certificate of Public Advantage):

1. Obtain and read the most recent report from The Joint Commission regarding Mission's participation in the Hospital Accreditation Program.

We obtained and read the most recent reports from the Joint Commission regarding Mission's participation in the Hospital Accreditation Program. The reports indicated that Mission is fully accredited.

2. Obtain Mission's North Carolina Hospital Community Benefits Report and agree the amounts reported to supporting documentation (e.g., audited financial statements, client supporting schedules).

We obtained Mission Hospital's North Carolina Hospital Community Benefits Report and agreed amounts reported to supporting documentation without exception.

Perform the following procedures for a sample of charity care patient discounts granted during the year that results in a 95% confidence level that Mission followed its Financial Assistance and Charity Care Policy:

- a. Obtain documentation supporting the charity discount granted from Mission's patient accounting system including the completed application and other supporting documentation.

We selected a sample of 60 charity care patient discounts granted during the year and obtained documentation supporting the charity care discount granted including the completed application and other supporting documentation.

- b. Read the patient's completed Mission Health System Financial Statement. If total amount of charity discount exceeded \$2,000, determine that proof of income and assets was performed and the financial statement was signed by the patient.

We obtained and read the patient's completed Mission Health System Financial Statement for the sample of charity care patient discounts referred to above. We determined that proof of income and assets was performed and that the financial statement was signed by the patient for each of the charity care patient discounts that exceeded \$2,000. No exceptions were noted during this procedure.

- c. Determine that the charity discount was approved in accordance with the approval levels reflected in the Hospital's Financial Assistance and Charity Care Policy.

We determined that the charity discount was approved in accordance with the approval levels reflected in the Hospital's Financial Assistance and Charity Care Policy for the sample of charity care patient discounts referred to above. No exceptions were noted during this procedure.

- d. Determine that the patient's account was classified as "charity care" and the account was written off using the designated general ledger code.

We determined that the patient's account was classified as "charity care" and the account was written off using the designated general ledger code for the sample of charity care patient discounts referred to above. No exceptions were noted during this procedure.

- e. Determine that the Revenue Cycle management team completed regular audits of compliance with authorized signatory approval levels and documentation requirements for charity discounts granted.

We obtained documentation indicating that the Revenue Cycle management team completed regular audits of compliance with authorized signatory approval levels and documentation requirements for charity discounts granted in accordance with the Mission Health System Financial Assistance and Charity Care Policy in place during fiscal year 2014.

- f. Determine that the Mission Health System Financial Assistance and Charity Care Policy was reviewed at least annually by the Vice President of Revenue Cycle Management and any revisions, updates, or confirmation of no changes to the policy were approved by the Senior Vice President of Finance and CFO.

We obtained documentation indicating that the Mission Health System Financial Assistance and Charity Care Policy was reviewed by the Vice President of Revenue Cycle Management and any revisions, updates, or confirmation of no changes to the policy was approved by the Senior Vice President of Finance and CFO during fiscal year 2014.

3. Perform the following procedures for a sample of purchases during the year that results in a 95% confidence level that Mission followed its Materials Management Policy and Procedures Manual:

- a. Determine that the equipment or supply item was purchased under a global purchasing contract.

We selected a sample of 60 purchases during the year and obtained documentation indicating whether the equipment or supply item was purchased under a global purchasing contract.

- b. If the equipment or supply item was not purchased under a global purchasing contract, obtain documentation of the Hospital obtaining bids as outlined in the matrix on page 2 of the Materials Management Policy and Procedure Manual covering the Solicitation of Bids.

For the equipment and supply items selected that were not purchased under a global purchasing contract, we obtained documentation of the Hospital obtaining bids as outlined in the matrix on page two of the Materials Management Policy and Procedure Manual covering the Solicitation of Bids. No exceptions were noted during this procedure.

4. Perform the following procedures related to Controls on Costs and Margins.

- a. Obtain the data elements listed in Schedule 2 for the hospitals listed in Schedule 1A.

We obtained the data elements shown in Attachment 1.

- b. Based on the data elements collected, we will calculate the ratios in Schedule 3.

We computed the calculations and reported these amounts in Attachment 2.

Note:

Charity care (at cost) and bad debt expense were obtained for information only and were not used to calculate ratios listed.

5. Obtain the Hospital's five largest provider contracts (by revenue) and perform the following:
 - a. Read the provider contract and determine whether the agreement contains a provision that prohibits the Hospital from entering into a provider contract for any services it offers with any other health plan.

We obtained and read the five largest provider contracts (by revenue) and determined that none of the agreements contained a provision that prohibits the Hospital from entering into a provider contract for any services it offers with any other health plan.

- b. Read the provider contract and determine whether the agreement contains a provision that requires the payer to contract with the Hospital's employed physicians as a precondition to contracting with the Hospital or any of its affiliated facilities.

We obtained and read the five largest provider contracts (by revenue) and determined that none of the agreements contained a provision that requires the payer to contract with the Hospital's employed physicians as a precondition to contracting with the Hospital or any of its affiliated facilities.

6. Obtain a listing of all contracts between the Hospital and individual physicians or groups of physicians. Excluding contracts with anesthesiologists, radiologists, nuclear medicine physicians, pathologists, psychiatrists, emergency-room physicians, infectious disease physicians, neonatologists, nephrologists, pediatric subspecialists (e.g., pediatric cardiologists); perinatologists, pulmonologists, radiation oncologists, trauma surgeons, cardiologists, cardiovascular surgeons, neurologists, and physicians providing services in Mission Health's community access clinics, select a sample of physician contracts that results in 95% confidence level regarding whether the agreements contain an exclusive provision that requires the physician or group of physicians to render services only at Mission Hospitals, or which requires only one physician or group of physicians to provide particular services at Mission Hospitals.

We obtained a listing of all contracts between the Hospital and individual physicians or groups of physicians (excluding the aforementioned exempted contracts) and selected all 16 physician contracts per the listing to determine whether the physician contracts contained an exclusive provision that requires the physician or group of physicians to render services only at the Hospital, or which requires only one physician or group of physicians to provide particular services at the Hospital. Based on our procedures, we noted no contracts between the Hospital and individual physicians or groups of physicians (excluding the aforementioned exempted contracts) containing exclusive provisions that require the physician or group of physicians to render services only at the Hospital, or which requires only one physician or group of physicians to provide particular services at Mission Hospitals.

7. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.

8. Obtain the Hospital's calculation of the percentage of physicians in Buncombe and Madison counties under exclusive contracts and perform the following procedures:

- a. Agree the data utilized in the numerator and denominator to supporting documentation.

We obtained the Hospital's calculation of the percentage of physicians in Buncombe and Madison counties under exclusive contracts and agreed numerator and denominator to supporting documentation without exception.

- b. Re-compute the percentage.

We recomputed the Hospital's percentage of physicians in Buncombe and Madison counties under exclusive contracts without exception. Per the Third Amended COPA, Mission Health may employ or enter into exclusive contracts with no more than 30% of the physicians in its primary service area of Buncombe and Madison Counties, except those practicing in the following areas: cardiology, genetics, hospitalist, neuro-hospitalist, and neurology. Per the Third Amended COPA, Section 6.1, Mission Health may enter into exclusive contracts with anesthesiologist; radiologists; nuclear medicine physicians; pathologists; psychiatrists; emergency-room physicians; infectious disease physicians; neonatologists; nephrologist; pediatric subspecialists; perinatologists; pulmonologists; radiation oncologists; trauma surgeons; cardiologists; cardiovascular surgeons; neurologists; and physicians providing services in Mission Health's community access clinics. We noted that Mission is under exclusive contract with over 30% of emergency room physicians, pathologists, and radiation oncologists as allowed in Section 6.1 of the Third Amended COPA.

9. Obtain and read the provider agreements with the five largest payers (by revenue) and determine whether the agreement contains a most favored nation provision that guarantees either party that it will receive the benefit of any better price, term, or condition that the other party to the contract allows to a third person for the same service.

We obtained and read the five largest provider agreements (by revenue) noting that none of the agreements contained a most favored nation provision that guarantees either party that it will receive the benefit of any better price, term, or condition that the other party to the contract allows to a third person for the same service.

10. Perform the following procedures for a sample of referrals for durable medical equipment, home health services, and home infusion services made by the Hospital that results in a 95% confidence level that Mission followed its policy regarding such referrals:

- a. Obtain documentation of Hospital staff informing patient or patient's family of the freedom to choose a particular provider.

We selected a sample of 60 referrals for durable medical equipment, home health services, and home infusion services made by the Hospital and obtained documentation to determine that Hospital staff informed patient or patient's family of the freedom to choose a particular provider. Based on our procedures, we noted one instance where documentation was not available to

demonstrate that the patient or the patient's family was informed of his/her freedom to choose a particular provider. As a result of the documentation not being available for this item, we were not able to achieve a 95% confidence level.

- b. Determine that the patient's discharge plan identifies disclosable financial interests between the Hospital and particular providers on choice lists provided to the patient.

We obtained the patient's discharge plan for the sample of referrals for durable medical equipment, home health services, and home infusion services made by the Hospital, as referred to above, to determine that the discharge plan identifies disclosable financial interests between the Hospital and particular providers on choice lists provided to the patient. Based on our procedures, we noted one instance where documentation was not available to demonstrate that the patient was notified of a financial interest between the Hospital and particular providers. As a result of the exception noted, we were not able to achieve a 95% confidence level that Mission followed its policy regarding such referrals.

11. Obtain the Periodic Report and any Interim Report filed for the year and determine that the respective reports were filed in accordance with the terms of the Certificate of Public Advantage.

We obtained the Interim Report filed for the fiscal year ended September 30, 2014. This Interim Report was filed in accordance with the terms of the Certificate of Public Advantage.

12. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.
13. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.
14. Obtain documentation of the Hospital's status as a non-profit entity.

We obtained correspondence from the Internal Revenue Service dated July 18, 2011 indicating that the Hospital was granted exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code in March 1982. No further communication has been received.

15. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.
16. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.
17. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.
18. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.



19. No procedures performed for this item of Section III of the Third Amended Certificate of Public Advantage.

20. Perform the following procedures related to the Certificate of Public Advantage Update:

- a. Obtain and read Mission's Certificate of Public Advantage Update for the fiscal year ending September 30, 2014. This report is included as an attachment to the agreed-upon procedures report.

We obtained and read the aforementioned update and have included it as Attachment 3 to this report.

- b. Obtain and read the reconciliation of operating margins reported on the Mission Health System, Inc. COPA Report and Mission Hospital, Inc. Cost Report. This reconciliation is included as an attachment to the agreed-upon procedures report.

We obtained and read the aforementioned reconciliation and have included it as Attachment 4 to this report.

- c. Agree amounts reported to supporting documentation (e.g., audited financial statements, client supporting schedules).

We agreed amounts reported to supporting documentation without exception.

- d. Re-perform mathematical computations presented in the report.

We re-performed mathematical computations presented in the report without exception.

Procedures outside the scope of Section III of the Third Amended Certificate of Public Advantage were also performed. Those procedures and findings are as follows:

21. Perform the following procedures related to Controls on Costs and Margins.

- a. Obtain the data elements listed in Schedule 2 for the health systems listed in Schedule 1B.

We obtained the data elements shown in Attachment 5.

- b. Based on the data elements collected, we will calculate the ratios in Schedule 3.

We computed the calculations and reported these amounts in Attachment 6.

Note:

Charity care (at cost) and bad debt expense were obtained for information only and were not used to calculate ratios listed.



We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is considered proprietary in nature and is intended solely for the information and use of Mission, North Carolina Department of Justice, and DHHS and is not intended to be and should not be used by anyone other than those specified parties.

Dixon Hughes Goodman LLP

Charlotte, North Carolina
January 29, 2016

Schedules and Attachments

Schedule 1A – Benchmarking Hospitals

Organization	Hospital
Novant Health	Forsyth Medical Center
Palmetto Health	Palmetto Richland Hospital
Spartanburg Regional Healthcare System	Spartanburg Regional Medical Center
First Health of the Carolinas	Moore Regional Hospital
Wake Medical	Wake Medical – New Bern Avenue Campus
New Hanover Health Network	New Hanover Regional Medical Center
Cape Fear Valley Health System	Cape Fear Valley Medical Center
Centra Health, Inc.	Lynchburg General Hospital
Mission Health System, Inc.	Mission Hospital

Schedule 1B – Benchmarking Health Systems

Health System	Location
Vidant Health	Greenville, North Carolina
Greenville Health System	Greenville, South Carolina
Cone Health	Greensboro, North Carolina
Carilion Clinic	Roanoke, Virginia
Mission Health System, Inc.	Asheville, North Carolina

Mission Health System, Inc.
Schedule 2 – Requested Data Elements for Benchmarking

All data elements listed below are based on the fiscal year ended 2014.

The information requested below includes hospital activity only and excludes any psych, rehab, newborns, joint ventures, skilled nursing facilities and investments.

For the hospitals and health systems listed in Schedule 1A and Schedule 1B, we obtained the following data elements:

- Cost Report (Gross Inpatient Service Revenue, Gross Outpatient Service Revenue, Net Patient Service Revenue, Operating Expenses, Other Revenue)
- Number of Inpatient Discharges, excluding newborns
- Overall Case-Mix Index, excluding newborns
- Bad Debt Expense
- Cost of Charity Care amount (ANDI methodology, if available)
- Provider number

Mission Health System, Inc.
Schedule 3 – Benchmarking Procedures

All procedures listed below are based on the fiscal year ended 2014.

Based on the data elements collected in Schedule 2, we calculated the following ratios:

- Discharges Adjusted for Case-Mix Index, excluding newborns
- Inpatient Revenue per Discharge Adjusted for Case-Mix Index (“CMI”), excluding newborns
- Total Adjusted Discharges Adjusted for CMI
- Total Operating Expenses per Adjusted Discharge Adjusted for CMI
- Operating Margin (Deficit) (Total Net Patient Service Revenue plus Other Revenue less Total Operating Expenses divided by Total Net Patient Service Revenue plus Other Revenue).

Mission Health System, Inc.
Attachment 1 – 2014 Hospital Benchmarking Data Elements
Year Ending September 30, 2014

Name of Hospital	Inpatient Discharges, excluding newborns	Overall Case Mix Index, excluding newborns	Gross Inpatient Revenue	Gross Outpatient Revenue	Total Operating Expenses	Total Bad Debt Expense	Net Patient Service Revenue	Charity Care (based on cost)	Other Revenue
Forsyth Medical Center	42,780	1.5600	\$1,310,868,252	\$1,250,193,008	\$ 1,154,842,448	\$ 32,297,325	\$1,125,310,247	\$46,001,411	\$ 19,632,967
Palmetto Richland Hospital	31,884	1.5318	1,735,244,876	950,935,457	696,619,844	41,181,033	658,923,882	41,225,314	51,613,134
Spartanburg Regional Medical Center	24,580	1.4743	1,068,446,911	898,417,219	641,935,704	71,500,196	684,912,351	18,935,096	16,833,117
FirstHealth Moore Regional Hospital	19,708	1.5923	694,964,200	698,198,099	493,882,237	38,606,404	495,303,024	9,272,464	53,566,867
Wake Medical - New Bern Avenue Campus	31,086	1.5604	1,490,084,451	1,214,470,710	666,883,179	37,325,041	710,349,002	79,602,838	12,213,303
New Hanover Regional Medical Center	35,817	1.6487	1,216,103,354	971,425,210	706,611,875	98,771,000	727,183,989	11,355,000	43,968,308
Cape Fear Valley Medical Center	29,699	1.4400	1,374,254,216	1,015,929,681	583,745,908	124,229,769	590,756,339	53,909,387	33,096,201
Centra Health, Inc.	23,813	1.4790	631,432,090	484,320,028	630,822,541	24,637,884	553,322,371	15,335,772	56,753,831
Mission Hospital	39,219	1.7351	1,371,620,979	1,102,601,734	895,438,537	63,496,019	937,216,719	31,069,441	44,276,454

Mission Health System, Inc.
Attachment 2 – 2014 Hospital Benchmarking Ratio Comparison
Year Ended September 30, 2014

Hospital System	Number of inpatient discharges, excluding newborns	Overall Case Mix Index, excluding newborns	Discharges Adjusted for Case Mix Index, excluding newborns	Gross Inpatient Revenue	Inpatient Rev. per Discharge Adjusted for Case Mix Index, excluding newborns	Gross Outpatient Revenue
Forsyth Medical Center	42,780	1.5600	66,737	\$ 1,310,868,252	\$ 19,642	\$ 1,250,193,008
Palmetto Richland Hospital	31,884	1.5318	48,840	1,735,244,876	35,529	950,935,457
Spartanburg Regional Medical Center	24,580	1.4743	36,238	1,068,446,911	29,484	898,417,219
FirstHealth Moore Regional Hospital	19,708	1.5923	31,381	694,964,200	22,146	698,198,099
Wake Medical - New Bern Avenue Campus	31,086	1.5604	48,507	1,490,084,451	30,719	1,214,470,710
New Hanover Regional Medical Center	35,817	1.6487	59,051	1,216,103,354	20,594	971,425,210
Cape Fear Valley Medical Center	29,699	1.4400	42,767	1,374,254,216	32,134	1,015,929,681
Centra Health, Inc.	23,813	1.4790	35,219	631,432,090	17,929	484,320,028
Mission Hospital	39,219	1.7351	68,049	1,371,620,979	20,156	1,102,601,734
Total w/o Mission	239,367	12.2865	368,740	9,521,398,350	208,177	7,483,889,412
Avg. w/o Mission	29,921	1.5358	46,093	1,190,174,794	26,022	935,486,177
Total all entities	278,586	14.0216	436,789	10,893,019,329	228,333	8,586,491,146
Average of totals	30,954	1.5580	48,532	1,210,335,481	25,370	954,054,572
Mission over (under) avg. of entities w/o Mission	9,298	0.1993	21,957	181,446,185	(5,866)	167,115,558
Mission over (under) avg. of all entities	8,265	0.1771	19,517	161,285,498	(5,214)	148,547,162

Mission Health System, Inc.
Attachment 2 – 2014 Hospital Benchmarking Ratio Comparison
Year Ended September 30, 2014

(Continued)

Hospital System	Total Adjusted Discharges, adjusted for CMI	Total Operating Expenses	Total Operating Expense per Adj. Discharge, adj. for CMI	Net Patient Service Revenue	Other Revenue	Operating Margin (Deficit)
Forsyth Medical Center	130,386	\$ 1,154,842,448	\$ 8,857	\$ 1,125,310,247	\$ 19,632,967	-0.86%
Palmetto Richland Hospital	75,605	696,619,844	9,214	658,923,882	51,613,134	1.96%
Spartanburg Regional Medical Center	66,709	641,935,704	9,623	684,912,351	16,833,117	8.52%
FirstHealth Moore Regional Hospital	62,908	493,882,237	7,851	495,303,024	53,566,867	10.02%
Wake Medical - New Bern Avenue Campus	88,042	666,883,179	7,575	710,349,002	12,213,303	7.71%
New Hanover Regional Medical Center	106,221	706,611,875	6,652	727,183,989	43,968,308	8.37%
Cape Fear Valley Medical Center	74,382	583,745,908	7,848	590,756,339	33,096,201	6.43%
Centra Health, Inc.	62,232	630,822,541	10,137	553,322,371	56,753,831	-3.40%
Mission Hospital	122,752	895,438,537	7,295	937,216,719	44,276,454	8.77%
Total w/o Mission	666,485	5,575,343,736	67,757	5,546,061,205	287,677,728	38.75%
Avg. w/o Mission	83,311	696,917,967	8,470	693,257,651	35,959,716	4.84%
Total all entities	789,237	6,470,782,273	75,052	6,483,277,924	331,954,182	47.52%
Average of totals	87,693	718,975,808	8,339	720,364,214	36,883,798	5.28%
Mission over (under) avg. of entities w/o Mission	39,441	198,520,570	(1,175)	243,959,068	8,316,738	3.93%
Mission over (under) avg. of all entities	35,059	176,462,729	(1,044)	216,852,505	7,392,656	3.49%



Mission Health System, Inc

COPA Financial Review – FY14 Results

Updated, December 2015

Mission Hospital, Inc.

COPA Peer Hospital Trend (Cost per CMI Adjusted Case)

	COPA Average Benchmark Determination						Mission Hospital Actuals	Mission Hospital Yr Chg	Variance
	PPI %	PPI Adjusted	COPA Peer Median	Truven Median	Peer Blend				
					Average	Yr Chg			
FY07	2.90%	7,437	7,667	7,973	7,692	2.3%	7,338	4.4%	354
FY08	3.20%	7,675	8,022	8,239	7,979	3.7%	7,653	4.3%	326
FY09	3.30%	7,928	9,303	8,042	8,424	5.6%	7,777	1.6%	647
FY10	3.00%	8,166	7,877	8,186	8,076	-4.1%	7,867	1.2%	209
FY11	2.40%	8,362	8,693	8,559	8,538	5.7%	7,961	1.2%	577
FY12	2.50%	8,571	8,766	8,717	8,685	1.7%	7,619	-4.3%	1,066
FY13	1.90%	8,734	8,631	8,513	8,626	-0.7%	7,535	-1.1%	1,091
FY14	1.50%	8,865	8,470	8,466	8,600	-0.3%	7,295	-3.2%	1,305

Mission Health System, Inc.

COPA Financial Operating Margin Constraint

FY12 – FY14 Operating Margin – Mission Health System

	Net Revenue	Mission Health Operating Margin	Mission Health Margin %	Blended AA Median Plus 1%	Difference	(Payback)/Surplus
FY12	\$ 1,054,401,000	55,506,000	5.26%	5.32%	0.06%	\$ 632,641
FY13	\$ 1,232,756,000	29,803,000	2.42%	5.40%	2.98%	\$ 36,736,129
FY14	\$ 1,381,887,000	21,500,000	1.56%	6.30%	4.74%	<u>\$ 65,501,444</u>
FY12, FY13, FY14 Cumulative Surplus / (Payback)						\$ 102,870,213

Mission Health System, Inc.

COPA Financial Operating Margin Constraint

FY10 - FY14 Operating Margin – Mission Health System

	Net Revenue	Mission Health Operating Margin	Mission Health Margin %	Blended AA Median Plus 1%	Difference	(Payback)/Surplus
FY10	\$ 966,669,000	36,409,000	3.77%	5.79%	2.02%	\$ 19,526,714
FY11	\$ 1,029,544,000	32,157,000	3.12%	5.47%	2.35%	\$ 24,194,284
FY12	\$ 1,054,401,000	55,506,000	5.26%	5.32%	0.06%	\$ 632,641
FY13	\$ 1,232,756,000	29,803,000	2.42%	5.40%	2.98%	\$ 36,736,129
FY14	\$ 1,381,887,000	21,500,000	1.56%	6.30%	4.74%	<u>\$ 65,501,444</u>
FY10 - FY14 Cumulative Surplus / (Payback)						\$ 146,591,211

Mission Health System, Inc.
Attachment 4– Operating Margin Reconciliation
September 30, 2014

Amounts per Attachment “3”
(COPA – Financial review – FY14):

Operating income	\$	21,500,000
Operating margin		1.56%

Amounts per Attachment “2”
(taken from Mission Health, Inc.’s Cost Report):

Operating income		86,055,000
Operating margin		8.77%

Difference

\$	(64,555,000)
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Reconciling items:

Related organization transactions from Worksheet A-8 of cost report	\$	(21,197,000)
Consolidated entities operating margin		(43,358,000)

Total reconciling items

\$	(64,555,000)
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Mission Health System, Inc.
Attachment 5 - Health System Benchmarking Data Elements
Year Ended September 30, 2014

Hospital System	Inpatient Discharges, excluding newborns	Overall Case Mix Index, excluding newborns	Gross Inpatient Revenue	Gross Outpatient Revenue	Total Operating Expenses	Total Bad Debt Expense	Net Patient Service Revenue	Charity Care (at cost)	Other Revenue
Vidant Health	57,320	1.6056	\$ 2,385,918,000	\$ 1,802,124,000	\$ 1,531,350,000	\$ 146,361,000	\$ 1,513,019,000	\$ 52,100,000	\$ 84,211,000
Greenville Health System	44,375	1.9200	2,002,455,000	2,989,383,000	1,740,606,000	202,426,000	1,726,103,000	77,214,000	75,619,000
Cone Health	60,848	1.5800	1,532,284,000	2,026,118,000	1,370,465,000	124,489,000	1,460,097,000	76,000,000	68,243,000
Carilion Clinic	48,659	1.5321	1,726,720,000	1,763,626,000	1,438,473,000	115,030,000	1,328,427,000	58,616,000	164,734,000
Mission Health System	46,845	1.6556	1,597,526,000	1,699,189,000	1,360,387,000	98,645,000	1,307,374,000	40,023,000	74,513,000

Mission Health System, Inc.
Attachment 6 - Health System Benchmarking Ratio Comparison
Year Ended September 30, 2014

Name of Hospital	Number of inpatient discharges, excluding newborns	Overall Case Mix Index, excluding newborns	Discharges Adjusted for Case Mix Index, excluding newborns	Gross Inpatient Revenue	Inpatient Rev. per Discharge Adjusted for Case Mix Index, excluding newborns	Gross Outpatient Revenue	Equivalent Outpatient Discharge
Vidant Health	57,320	1.6056	92,033	\$ 2,385,918,000	\$ 25,925	\$ 1,802,124,000	69,513
Greenville Health System	44,375	1.9200	85,200	2,002,455,000	23,503	2,989,383,000	127,192
Cone Health	60,848	1.5800	96,140	1,532,284,000	15,938	2,026,118,000	127,125
Carilion Clinic	48,659	1.5321	74,550	1,726,720,000	23,162	1,763,626,000	76,143
Mission Health System	46,845	1.6556	77,557	1,597,526,000	20,598	1,699,189,000	82,493
Total w/o Mission	211,202	6.6377	347,923	\$ 7,647,377,000	\$ 88,528	\$ 8,581,251,000	399,973
Avg. w/o Mission	52,801	1.6594	86,981	1,911,844,250	22,132	2,145,312,750	99,993
Total all entities	258,047	8.2933	425,480	9,244,903,000	109,126	10,280,440,000	482,466
Average of totals	51,609	1.6587	85,096	1,848,980,600	21,825	2,056,088,000	96,493
Mission over (under) avg. of entities w/o Mission	(5,956)	(0.0038)	(9,424)	(314,318,250)	(1,534)	(446,123,750)	(17,500)
Mission over (under) avg. of all entities, excluding Cone Health	(2,455)	(0.0227)	(4,778)	(330,628,750)	(2,699)	(364,391,500)	(6,342)
Mission over (under) avg. of all entities	(4,764)	(0.0031)	(7,539)	(251,454,600)	(1,227)	(356,899,000)	(14,000)

Mission Health System, Inc.
Attachment 6 - Health System Benchmarking Ratio Comparison
Year Ended September 30, 2014

(Continued)

Hospital System	Total Adjusted Discharges, adjusted for CMI	Total Operating Expenses	Total Operating Expense per Adj. Discharge, adj. for CMI	Net Patient Service Revenue	Other Revenue	Operating Margin (Deficit)
Vidant Health	161,546	\$ 1,531,350,000	\$ 9,479	\$ 1,513,019,000	\$ 84,211,000	4.12%
Greenville Health System	212,392	1,740,606,000	8,195	1,726,103,000	75,619,000	3.39%
Cone Health	223,265	1,370,465,000	6,138	1,460,097,000	68,243,000	10.33%
Carilion Clinic	150,693	1,438,473,000	9,546	1,328,427,000	164,734,000	3.66%
Mission Health System	160,050	1,360,387,000	8,500	1,307,374,000	74,513,000	1.56%
Total w/o Mission	747,896	\$ 6,080,894,000	\$ 33,358	\$ 6,027,646,000	\$ 392,807,000	21.50%
Avg. w/o Mission	186,974	1,520,223,500	8,340	1,506,911,500	98,201,750	5.38%
Total all entities	907,946	7,441,281,000	41,858	7,335,020,000	467,320,000	23.06%
Average of totals	181,589	1,488,256,200	8,372	1,467,004,000	93,464,000	4.61%
Mission over (under) avg. of entities w/o Mission	(26,924)	(159,836,500)	161	(199,537,500)	(23,688,750)	-3.82%
Mission over (under) avg. of all entities, excluding Cone Health	(11,120)	(157,317,000)	(430)	(161,356,750)	(25,256,250)	-1.62%
Mission over (under) avg. of all entities	(21,539)	(127,869,200)	128	(159,630,000)	(18,951,000)	-3.05%