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Catholic Health Initiatives Shows Solid Improvement in Overall Finances in the 2018 Fiscal Year

National Health System Posts 53% Improvement in Operating Income

ENGLEWOOD, Colo. – Oct. 1, 2018 -- Catholic Health Initiatives, one of the nation’s largest health systems, continued its steady path in fiscal 2018 toward positive financial results, generating an improvement of nearly \$317 million in operating income— a 53% increase over the previous year.

Overall, the health system earned about \$222 million for an excess margin of 1.4%, including nonoperating gains – or about \$111 million more than during fiscal 2017. CHI’s operating earnings before interest, depreciation and amortization (EBIDA) prior to restructuring, impairments and other losses rose by approximately \$150 million, or nearly a 17% increase. And operating EBIDA jumped \$478 million, or 119% over fiscal 2017, adjusted for transactional gains and other one-time items.

“We saw substantial improvements in key metrics in the 2018 fiscal year as we continue our progress toward becoming a higher-performing health system in every way – quality, safety, efficiency and finances,” said Dean Swindle, CHI’s president for enterprise business lines and chief financial officer. “Despite challenges in some markets and a difficult environment overall for health care in this country, we are pleased with the results and look forward to significant progress throughout the current fiscal year.”

Swindle said CHI, which has assets of approximately \$20.6 billion and hundreds of facilities across 18 states, is well-positioned for better results in the current fiscal year as it continues its focused efforts on improvement in a couple of especially challenging markets. A difficult environment in those markets contributed to an overall operating loss in fiscal 2018 of \$277 million, a figure that amounted to a 53% reduction from the previous year.

The health system signed an agreement in December 2017 with San Francisco-based Dignity Health to align the two ministries into a single, nonprofit Catholic system. It is expected that the combination will close by the end of the current calendar year, creating the nation’s largest nonprofit health system, with annual revenues of almost \$29 billion.

CHI boasts strong geographic mix, with a combination of facilities in both urban and rural locations, as well as diversification of operating revenues: No single region represents more than about 18.4% of total operating revenues. Four regions – Colorado, Nebraska, Texas and the Pacific Northwest – each generated more than \$2 billion in operating revenue in the 2018 fiscal year.

Two of the organization’s best-performing regions continued to post strong numbers in FY 18 – Colorado generated operating EBIDA margin before restructuring, impairment and other losses of 13.2%, while the Pacific Northwest division ended the year with a 10.6% operating EBIDA margin. Meantime, CHI Health, a statewide system based in Omaha, posted an operating EBIDA margin of 11.4%, which more than doubled last year’s number.

“We’ve seen positive trends on a consolidated basis within most of the 10 regions across the CHI enterprise, and the organization maintains a solid balance sheet,” Swindle said. “And although we experienced declines in volume in most regions, which reflects the same difficult overall environment other health systems across the country are facing, we feel we have a very effective enterprise-wide strategy that will drive continued improvement.”

ABOUT CATHOLIC HEALTH INITIATIVES: Catholic Health Initiatives, a nonprofit, faith-based health system formed in 1996 through the consolidation of four Catholic health systems, expresses its mission each day by creating and nurturing healthy communities in the hundreds of sites across the nation where we provide care. One of the nation’s largest nonprofit health systems, Englewood, Colo.-based CHI operates in 18 states and comprises 100 hospitals, including two academic health centers, major teaching hospitals and 30 critical-access facilities; community health-services organizations; accredited nursing colleges; home-health agencies; living communities; and other facilities and services that span the inpatient and outpatient continuum of care. In fiscal year 2018, CHI provided more than \$1.14 billion in financial assistance and community benefit for programs and services for the poor, free clinics, education and research. Financial assistance and community benefit totaled approximately \$2.1 billion with the inclusion of the unpaid costs of Medicare. The health system, which generated operating revenues of \$15 billion in fiscal year 2018, has total assets of approximately \$20.5 billion. Learn more at www.catholichealthinitiatives.org

