

COMMUNITY HEALTH SYSTEMS INC
Form 10-Q
November 01, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

Commission file number 001-15925

COMMUNITY HEALTH SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

**4000 Meridian Boulevard
Franklin, Tennessee**
(Address of principal executive offices)

13-3893191
*(I.R.S. Employer
Identification Number)*

37067
(Zip Code)

615-465-7000

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject

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to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 25, 2012, there were outstanding 91,196,196 shares of the registrant's Common Stock, \$0.01 par value.

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For the Three and Nine Months Ended September 30, 2012

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	September 30, 2012	December 31, 2011
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 240,650	\$ 129,865
Patient accounts receivable, net of allowance for doubtful accounts of \$2,199,088 and \$1,891,334 at September 30, 2012 and December 31, 2011, respectively	2,091,217	1,834,167
Supplies	364,972	346,611
Prepaid income taxes	20,233	101,389
Deferred income taxes	89,797	89,797
Prepaid expenses and taxes	132,807	112,613
Other current assets	267,735	231,647
Total current assets	3,207,411	2,846,089
<i>Property and equipment</i>		
Less accumulated depreciation and amortization	(2,875,982)	(2,513,552)
Property and equipment, net	7,105,794	6,855,976
<i>Goodwill</i>		
	4,397,473	4,264,845
<i>Other assets, net</i>		
	1,530,477	1,241,930
Total assets	\$ 16,241,155	\$ 15,208,840
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 99,194	\$ 63,706
Accounts payable	809,255	748,997
Accrued interest	110,864	110,121
Accrued liabilities	961,910	988,315
Total current liabilities	1,981,223	1,911,139
<i>Long-term debt</i>		
	9,472,869	8,782,798
<i>Deferred income taxes</i>		
	704,725	704,725
<i>Other long-term liabilities</i>		
	999,080	949,990

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<i>Total liabilities</i>	13,157,897	12,348,652
<i>Redeemable noncontrolling interests in equity of consolidated subsidiaries</i>	370,514	395,743
EQUITY		
<i>Community Health Systems, Inc. stockholders' equity</i>		
Preferred stock, \$.01 par value per share, 100,000,000 shares authorized; none issued	-	-
Common stock, \$.01 par value per share, 300,000,000 shares authorized; 92,161,852 shares issued and 91,186,303 shares outstanding at September 30, 2012, and 91,547,079 shares issued and 90,571,530 shares outstanding at December 31, 2011	922	915
Additional paid-in capital	1,104,570	1,086,008
Treasury stock, at cost, 975,549 shares at September 30, 2012 and December 31, 2011	(6,678)	(6,678)
Accumulated other comprehensive loss	(148,721)	(184,479)
Retained earnings	1,704,396	1,501,330
Total Community Health Systems, Inc. stockholders' equity	2,654,489	2,397,096
<i>Noncontrolling interests in equity of consolidated subsidiaries</i>	58,255	67,349
Total equity	2,712,744	2,464,445
<i>Total liabilities and equity</i>	\$ 16,241,155	\$ 15,208,840

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME***(in thousands, except share and per share data)**(Unaudited)*

	Three Months Ended September 30, 2012		Nine Months Ended September 30, 2011	
		2011	2012	2011
Operating revenues (net of contractual allowances and discounts)	\$ 3,696,661	\$ 3,395,773	\$ 11,226,580	\$ 10,183,654
Provision for bad debts	484,631	450,296	1,474,541	1,283,267
<i>Net operating revenues</i>	3,212,030	2,945,477	9,752,039	8,900,387
<i>Operating costs and expenses:</i>				
Salaries and benefits	1,525,111	1,393,151	4,547,532	4,156,614
Supplies	484,212	459,146	1,472,520	1,366,242
Other operating expenses	694,857	623,608	2,140,025	1,893,138
Electronic health records incentive reimbursement	(30,622)	(40,227)	(73,592)	(40,227)
Rent	68,637	64,481	202,324	190,082
Depreciation and amortization	182,207	161,515	536,362	481,046
Total operating costs and expenses	2,924,402	2,661,674	8,825,171	8,046,895
<i>Income from operations</i>	287,628	283,803	926,868	853,492
<i>Interest expense, net</i>	158,565	159,480	462,347	485,928
<i>Loss from early extinguishment of debt</i>	52,024	-	115,453	-
<i>Equity in earnings of unconsolidated affiliates</i>	(7,419)	(8,194)	(32,613)	(38,345)
<i>Income from continuing operations before income taxes</i>	84,458	132,517	381,681	405,909
<i>Provision for income taxes</i>	25,700	36,717	121,038	125,630
<i>Income from continuing operations</i>	58,758	95,800	260,643	280,279
<i>Discontinued operations, net of taxes:</i>				
Loss from operations of entities sold	-	(3,103)	(466)	(4,546)
Impairment of hospitals sold	-	-	-	(47,930)
Loss on sale, net	-	(66)	-	(3,300)
<i>Loss from discontinued operations, net of taxes</i>	-	(3,169)	(466)	(55,776)
<i>Net income</i>	58,758	92,631	260,177	224,503
Less: Net income attributable to noncontrolling interests	14,525	18,327	57,111	53,486
Net income attributable to Community Health Systems, Inc. stockholders	\$ 44,233	\$ 74,304	\$ 203,066	\$ 171,017

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<i>Basic earnings (loss) per share attributable to Community Health Systems, Inc. common stockholders:</i>							
Continuing operations	\$	0.50	\$	0.87	\$	2.29	\$ 2.51
Discontinued operations		-		(0.04)		(0.01)	(0.62)
Net income	\$	0.50	\$	0.83	\$	2.28	\$ 1.89