

HCA Healthcare, Inc.
Form 10-Q
November 06, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended September 30, 2018

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from to

Commission file number 1-11239

HCA Healthcare, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-3865930
(I.R.S. Employer
Identification No.)

One Park Plaza

Nashville, Tennessee
(Address of principal executive offices)

37203
(Zip Code)

(615) 344-9551

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class of Common Stock
Voting common stock, \$.01 par value

Outstanding at October 31, 2018
344,160,500 shares

HCA HEALTHCARE, INC.

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HCA HEALTHCARE, INC.**CONDENSED CONSOLIDATED INCOME STATEMENTS****FOR THE QUARTERS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017****Unaudited****(Dollars in millions, except per share amounts)**

	Quarter		Nine Months	
	2018	2017	2018	2017
Revenues	\$ 11,451	\$ 10,696	\$ 34,403	\$ 32,052
Salaries and benefits	5,377	5,081	15,940	14,878
Supplies	1,890	1,777	5,722	5,369
Other operating expenses	2,097	2,075	6,325	5,970
Equity in earnings of affiliates	(9)	(13)	(25)	(36)
Depreciation and amortization	582	539	1,697	1,581
Interest expense	442	427	1,309	1,257
Gains on sales of facilities	(6)	(7)	(420)	(10)
Losses on retirement of debt	9	39	9	39
	10,382	9,918	30,557	29,048
Income before income taxes	1,069	778	3,846	3,004
Provision for income taxes	173	248	702	902
Net income	896	530	3,144	2,102
Net income attributable to noncontrolling interests	137	104	421	360
Net income attributable to HCA Healthcare, Inc.	\$ 759	\$ 426	\$ 2,723	\$ 1,742
Per share data:				
Basic earnings	\$ 2.20	\$ 1.18	\$ 7.82	\$ 4.77
Diluted earnings	\$ 2.15	\$ 1.15	\$ 7.65	\$ 4.64
Shares used in earnings per share calculations (in millions):				
Basic	345.823	360.170	348.411	365.398
Diluted	353.639	369.834	356.124	375.013

The accompanying notes are an integral part of the condensed consolidated financial statements.

HCA HEALTHCARE, INC.**CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS****FOR THE QUARTERS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017****Unaudited****(Dollars in millions)**

	Quarter		Nine Months	
	2018	2017	2018	2017
Net income	\$ 896	\$ 530	\$ 3,144	\$ 2,102
Other comprehensive income (loss) before taxes:				
Foreign currency translation	(13)	32	(35)	87
Unrealized (losses) gains on available-for-sale securities	(2)		(8)	5
Defined benefit plans				
Pension costs included in salaries and benefits	5	5	15	14
	5	5	15	14
Change in fair value of derivative financial instruments	10	(1)	60	(9)
Interest (benefits) costs included in interest expense	(3)	4	(5)	17
	7	3	55	8
Other comprehensive (loss) income before taxes	(3)	40	27	114
Income taxes related to other comprehensive income items	2	15	15	44
Other comprehensive (loss) income	(5)	25	12	70
Comprehensive income	891	555	3,156	2,172
Comprehensive income attributable to noncontrolling interests	137	104	421	360
Comprehensive income attributable to HCA Healthcare, Inc.	\$ 754	\$ 451	\$ 2,735	\$ 1,812

The accompanying notes are an integral part of the condensed consolidated financial statements.

HCA HEALTHCARE, INC.**CONDENSED CONSOLIDATED BALANCE SHEETS****Unaudited****(Dollars in millions)**

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 578	\$ 732
Accounts receivable	6,532	6,501
Inventories	1,634	1,573
Other	1,266	1,171
	10,010	9,977
Property and equipment, at cost	41,978	40,084
Accumulated depreciation	(22,937)	(22,189)
	19,041	17,895
Investments of insurance subsidiaries	367	418
Investments in and advances to affiliates	238	199
Goodwill and other intangible assets	7,759	7,394
Other	629	710
	\$ 38,044	\$ 36,593
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Accounts payable	\$ 2,414	\$ 2,606
Accrued salaries	1,456	1,369
Other accrued expenses	2,170	1,983
Long-term debt due within one year	191	200
	6,231	6,158
Long-term debt, less net debt issuance costs of \$163 and \$164	32,916	32,858
Professional liability risks	1,239	1,198
Income taxes and other liabilities	1,388	1,374
Stockholders' deficit:		
Common stock \$0.01 par; authorized 1,800,000,000 shares; outstanding 345,085,800 shares in 2018 and 350,091,600 shares in 2017	3	4
Accumulated other comprehensive loss	(266)	(278)
Retained deficit	(5,342)	(6,532)

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Stockholders' deficit attributable to HCA Healthcare, Inc.	(5,605)	(6,806)
Noncontrolling interests	1,875	1,811
	(3,730)	(4,995)
	\$ 38,044	\$ 36,593

The accompanying notes are an integral part of the condensed consolidated financial statements.

HCA HEALTHCARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT

FOR THE QUARTERS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

Unaudited

(Dollars in millions)

	Equity (Deficit) Attributable to HCA Healthcare, Inc.							Total
	Common Stock Shares (in millions)	Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Deficit	Equity Attributable to Noncontrolling Interests		
Balances, December 31, 2016	370.536	\$ 4	\$	\$ (338)	\$ (6,968)	\$ 1,669	\$ (5,633)	
Comprehensive income				18	659	118	795	
Repurchase of common stock	(5.121)		(32)		(392)		(424)	
Share-based benefit plans	3.280		35				35	
Distributions						(145)	(145)	
Other			(3)			18	15	
Balances, March 31, 2017	368.695	4		(320)	(6,701)	1,660	(5,357)	
Comprehensive income				27	657	138	822	
Repurchase of common stock	(6.404)		(83)		(459)		(542)	
Share-based benefit plans	0.604		82				82	
Distributions						(103)	(103)	
Other			1			18	19	