HCA Healthcare Ecosystem

HCA Healthcare
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Nashville, Tennessee, 37203
Phone: 615-344-9551 Site: hcahealthcare.com

Outside Relationships

Regulators

Federal Regulation

Emergency Medical Treatment and Active Labor Act (EMTALA)
Required Screening (Requirements to (a) Medically Screen Exam for Every Patient Who Presents to Hospital Emergency Room for Treatment and (b) Stabilize any Emergency Medical Condition)

Antitrust
Prohibition on Anti-Competitive Behavior (No Price Fixing, Market Allocation, Bid-Rigging, Concerted Refusal to Deal, Market Monopolization, Price Discrimination, Tying Arrangements, or Acquisition of Competitors Resulting in Dominate Market Position that Substantially Lessens Competition)

Disclosure Requirements and Anti-Bribery Law
U.S. Securities and Exchange Commission (SEC) (Securities Disclosure & Financial Reporting Requirements; Anti-Bribery Requirements)

Protection of the Environment
U.S. Environmental Protection Agency (EPA) (Regulation of Discharges, Leaks, Emissions, Disposals, Storage of Particulate Matter, Hazardous Waste, and Toxic Substances in the Water, Air and Soil; Superfundd Cleanup Requirement for Contamination)

State Regulation
Health Care Facility Construction and Operation (Adequacy of Medical Care, Equipment, Personnel, Operating Policies and Procedures, Maintenance of Records, Fire Prevention, Rate-Setting, Building Codes and Environmental Protection)

Certificates of Public Need (Notifications to and Prior Review and Approval by, Some State Agencies for, Construction or Expansion of Health Care Facilities, Acquisition of Existing Facilities, Transfer or Change of Ownership, Capital Expenditures, and Addition of New Beds or Services)

Fee-Splitting Prohibition (Some States Prohibit Companies from Employing Physicians and Then Practicing for Profit/Splitting Fees with Health Care Providers to Induce Referral of Patients)

Federal Health Care Programs
Anti-Kickback Law (*Social Security Act*: No Solicitation, Offers or Receipt of Remuneration to Generate Referrals for Services Covered by Federal Health Care Program)

Audits, Investigations and Inspections (*Office of Inspector General of U.S. Dept. of Health and Human Services (HHS)*: Audits to Identify and Eliminate Fraud, Waste, and Abuse)

Stark Law (*Social Security Act*: Physicians Cannot Refer Medicare and Medicaid Patients to Entities in Which They or Family Members Have a Financial Interest)

Federal and State False Claims Act
Fraudulent Claims (*False Claims Act*: No False or Fraudulent Claims in Submission of Statements to Medicare and Medicaid for Reimbursement; Accurately Code Claims, Return Overpayments, Prepare Cost Reports; Whistleblower and *Qui Tam* Enforcement of Government's Behalf; Education, Training and Policies)

Federal and State Data and Data Privacy
Administrative Simplification (Uniform Electronic Data Transmission Standards and Code Sets for Health Care Claims and Payment Transactions Submitted or Received Electronically; Requires Use of National Provider Identifier)

Protect Health Data (Protect Security and Maintain Privacy of "Protected Health Information" under Health Insurance Portability and Accountability Act (HIPAA) and State Laws, Report Breaches to HHS and State Agencies, Report for Health Care Claims and Payment Transactions Submitted or Received Electronically; Requires Use of National Provider Identifier)

Personal Data Privacy (*California Consumer Privacy Act and European Union General Data Protection Regulation (GDPR)*: Protect, and Report to State Agency Breaches of Personal Information)

Licensure, Certification and Accreditation (Includes Periodic Inspections to Ensure Compliance with Standards and Maintain Medicare or Medicaid Certification; No Reimbursement from Federal Health Care Programs Without Certification)

Capital

Public Debt Holders

Commercial Banks

Suppliers

Accountable Care Organizations (ACO)
Medicare Shared Savings Program
Next Generation ACO Model

Key Partners

Outreach & Education
EVERFI (Student Mental Health Education)
Belmont University (New College of Medicine)
March of Dimes (Charity Events & Neonatal Care)
The Jason Foundation (Youth Suicide Prevention)
American Red Cross (Disaster Relief Support)

Technology
Digital Reasoning (AI & Data Analytics)

Research
Center for Disease Control (CDC) & Harvard Pilgrim Institute (Infection Prevention Research for Critically Ill Patients)

Medical Product Suppliers
Beckton Dickinson (Medical Devices, Instrument Systems, and Reagents)
ThermoFisher Scientific (Life Science Solutions, Specialty diagnostics, Laboratory Products and Services)
Medtronics (Products and Systems for Surgery, Cardiovascular, Diabetes Monitoring, Gastrointestinal , Ear, Nose, and Throat, Urological, Neurological Gynecological, Oral, Respiratory, Spinal)
Georgia Pacific (Paper Products, Soap, Towel, Toilet Tissue Dispensers, Packaging Products)
Medline Industries (as Manufacturer) (Mobility Aids, Bath Safety, Orthopedic and Continence Care Products, First Aid, Medical Gear, and Protective Gear)

Customers

Uninsured and Self-Pay Patients
Self-Pay Patients
Uninsured, Indigent Patients (e.g., Emergency Room Patients)

Medicare-Insured Patients
Seniors (Over age 65)
Persons With Permanent Kidney Failure
Persons With Lou Gehrig's Disease
Persons Eligible For Social Security Disability Insurance (SSDI)
Other Eligible Persons

Medicare and Medicaid Insurers
Centers for Medicare and Medicaid Services
State Government Agencies for Medicaid
Supplemental Private Insurers of Medicare

Medicaid Health Insurance Coverage

Medicare Health Insurance Coverage

Bond Financing

Working Capital Financing

Collaboration to Invest in Infrastructure and Delivery Processes

Partnerships for Outreach, Education, Technology, and Research

Full or Discounted Payments for Patient Care Services

Patient Care Services

Co-Pays and Payments for Services Outside of Coverage and Deductibles

Reimbursement for Services Rendered to Medicare- and Medicaid-Insured Patients

HCA Healthcare [Delaware Corporation]

Debt Structure

Debt ($33.7 B @12/31/19) Credit Ratings: Moody's (Ba2), S&P (BB+), Fitch (BB)

- Senior Secured Revolving Credit Facility ($2B, none outstanding)
- Asset-Based Revolving Credit Facility ($3.75B, $2.5B outstanding)
- Senior Secured Term Loan Facilities ($3.7B)

Senior Unsecured Notes
- $12.4B in Senior Notes, 2021-2033
- $125B in Medium-Term Notes, 2025
- $736M in Debentures, 2036-2095

Senior Secured First Lien Notes

4.75% Notes Due 2023 $1.25B	5% Notes Due 2024 $2B	5.25% Notes Due 2025 $1.4B	4.75% Notes Due 2026 $1.5B	4.5% Notes Due 2027 $1.2B	4.2% Notes Due 2029 $2B	5.2% Notes Due 2039 $1B	5.5% Notes Due 2047 $1.5B	5.2% Notes Due 2049 $2B

Equity Structure

Equity

Stock Repurchase Programs
2020: $2 Billion Authority
2019: $2 Billion Authority
($1.2 Billion Remaining)

Common Stock
Authorized: 1.8 Billion Shares
Outstanding: 338 Million Shares

Governance

Board of Directors

Thomas Frist III (Chair) (F)	Meg Crofton (C,P)	Robert Dennis (C, F, N)	Audit (A), Compensation (C), Finance & Investments (F), Nominating & Governance (N), Patient Safety & Quality of Care (P)
Charles Holliday Jr. (A, C, F)	William Frist (P)	Michael Michelson (A, F)	
Nancy-Ann DeParle (N, P)	Samuel Hazen	Wayne Riley (A, N, P)	

Management Team

Samuel Hazen: CEO	Michael Cuffe: President, Physician Services Group	Sandra Morgan: SVP, Provider Relations	Joseph Sowell, III: SVP & Chief Development Officer
Jane Englebright, PhD, RN, CENP, FAAN: SVP & Chief Nursing Executive	William Rutherford: CFO & EVP	Will Morrow: SVP, Finance & Treasurer	Kathryn Torres: SVP, Payer Contracting & Alignment
Jennifer Berres: SVP & Chief Human Resources Officer	Jon Foster: President, American Group	P. Martin Paslick: SVP & Chief Information Officer	Robert Waterman: SVP & General Counsel
Phillip Billington: SVP, Internal Audit Services	Charles Hall: President, National Group	Kathy Whalen, J.D.: SVP & Chief Compliance Officer	Jonathan Perlin, MD, PhD, MSHA, MACP, FACMI: President, Clinical Services Group & Chief Medical Officer
Jeff Cohen: SVP, Government Affairs	A. Bruce Moore, Jr.: President, Service Line & Operations Integration	Deborah Reiner: SVP, Marketing, Communications, & CRM	Chris Wyatt: SVP & Controller

Human Resources
- Talent Acquisition
- Leadership and Organizational Development
- Compensation and Benefits
- Labor & Employee Relations
- Diversity and Inclusion
- Employee Engagement

Development
- Investments
- Acquisitions
- Divestitures
- Real Estate Development

Payer Contracting/Alignment
- Payer Recruitment
- Payer Strategy
- Price Negotiations
- Legislation Monitoring

Medicine & Nursing
- Clinical Operations
- Clinical Studies
- Nursing Operations
- Provider Management
- Professional Practice Matters

Marketing & Communications
- Marketing Strategy
- Communications
- Community Relations
- Audience Engagement

Finance and Accounting
- Corporate Finance
- Investment Management
- Treasury/Cash Management
- Financial Reporting
- Special Assets
- Corporate Accounting

Internal Audit
- Financial Reporting Controls
- Facility Financial Statements
- Revenue Cycle Processes
- Information System Controls
- Regulatory Compliance
- Business Continuity

Legal, Ethics, & Compliance
- Legal Oversight
- Regulatory Compliance
- Information Protection and Security
- Ethics and Compliance

Corporate Matters

Information Technology
- Business Analysis
- Systems Development
- Systems Integration
- Information Security
- Customer Support
- Training & Education
- Infrastructure Support

Government Affairs
- Global Government Affairs Management
- Lobbying

Service Lines & Operations
- Service Line Development
- Ambulatory Surgery Centers Operations
- Behavioral Health Operations
- Post-Acute Operations
- Telehealth Operations
- Research Operations
- National Provider Relations

Provider Relations
- National Physician and Provider Relations
- Transfer Center Programs

Operations

Medicare Revenue Stream (2019 Revenues: $17.25 Billion)

Medicare ($10.798 Billion)
- Federal Program Administered by the U.S. Centers for Medicare and Medicaid Services (CMS)
- Provides Certain Hospital And Medical Insurance Benefits to Persons Age 65 and Over, Some Disabled Persons, and Persons With Certain Chronic Diseases
- In 2013, CMS Began Imposing A 2.0% Reduction on Medicare Payments, and These Reductions Have Been Extended Through 2029.

Managed Medicare ($6.452 Billion)
- Federal Program in Which the Federal Government Contracts with Private Insurers
- Provides Members With Medicare Part A, Part B, And Part D Benefits. Health Insurers May Choose To Offer Supplemental Benefits.
- Part A: Inpatient/Hospital Coverage
- Part B: Outpatient/Medical Coverage
- Part D: Prescription Drug Coverage
- Managed Medicare Plans Can Be Structured As HMOs, PPOs or Private Fee-for-Service Plans

Medicaid Revenue Stream (2019 Revenues: $4.022 Billion)

Medicaid ($1.572 Billion)
- Federal and State-Funded Program Administered Through States
- Provides Certain Hospital and Medical Benefits to Qualifying Persons Who are Unable to Afford Health Care
- The Patient Protection and Affordable Care Act ("Obamacare") Requires States to Expand Medicaid Coverage to All Individuals under Age 65 With Incomes at or Below 138% of the Federal Poverty Level. However, States May Opt Out of the Expansion Without Losing the Original Federal Funding

Managed Medicaid ($2.45 Billion)
- Federal and State-Funded Program (Administered Through States) in Which States Contract With One or More Entities for Patient Enrollment, Care Management, and Claims Adjudication
- Provides Certain Hospital and Medical Benefits to Qualifying Persons Who Are Unable To Afford Health Care
- The Provisions of Health Care Services Under These Programs are State-Specific

Managed Care and Other Insurers (U.S. and U.K.) Revenue Stream (2019 Revenues: $27.706 Billion)

Managed Care Plans
- Managed Care Plans are a Type of Health Insurance in Which Managed Care Organizations Contract with Hospitals to Offer Discounts From Established Charges
- Health Maintenance Organizations (HMOs)
- Preferred Provider Organizations (PPOs)
- Point of Service Plans (POSs)
- Exclusive Provider Organizations (EPOs)

Private Insurers

Top US Health Insurers
- UnitedHealth Group
- Aetna (a CVS Health Company)
- Anthem Blue Cross Blue Shield
- Humana
- Cigna

Top UK Health Insurers
- BUPA
- Prudential
- Aviva
- Axa PPP

Other Revenue Stream (2019 Revenues: $2.358 Billion)

TRICARE
- U.S. Department of Defense Health Care Program for Members of the Armed Forces.

Accountable Care Organizations and Bundled Payment Initiatives
- An Accountable Care Organization ("ACO") is a Network of Providers and Suppliers That Work Together to Invest in Infrastructure and Redesign Delivery Processes

Uninsured and Self-Pay Patients
- Self-Pay Revenues are Derived From (a) Providing Health Care Services to Patients Without Health Insurance Coverage and (b) the Patient Responsibility Portion of Payments for Our Health Care Services That Are Not Covered By An Individual's Health Insurance Plan
- A High Percentage of Uninsured Patients are Initially Admitted Through HCA Healthcare's Emergency Rooms

Services

Behavioral Health
- Treatment of Mental Health Episodes and Disorders
- Substance Abuse Treatment
- 70 Inpatient Psychiatry Locations

Cardiovascular Services
- Treatment of Various Heart Diseases and Disorders
- Cardio-Oncology
- Advanced Imaging
- Advanced Surgery

Children's Services
- Largest System of Providers of Pediatric Services in the United States
- 85+ Neonatal Intensive Care Units and 20+ Pediatric Intensive Care Units

Oncology
- Sarah Cannon, Cancer Institute of HCA Healthcare
- Individualized Treatment
- Clinical Trials
- Stem Cell Transplants

Orthopedic Services
- Largest Orthopedics Program in the World
- Joint Replacements
- Extensive Surgery Database
- Treatment of Various Ailments

Primary Care
- Internal Medicine
- Hospital Care
- Urgent Care
- Affiliated Private Practices



Graduate Medical Education
- 244 Residency Programs
- 40+ Specialties
- 20 states, 38 markets (including UK)

Surgery
- Neurological Surgery
- Robot-Assisted Surgery
- Plastic & Reconstructive Surgery
- Other Surgical Specialties

Neuroscience
- Stroke Treatment
- Brain Tumor Treatment
- Epilepsy and Movement Disorder Treatments
- Other Services

Trauma Services
- 40 Level I and II Centers
- 50 Level III and IV Centers
- Trauma Surgery
- Emergency Surgery
- Surgical Critical Care

Urgent Care
- CareNow, (HCA's Urgent Care Brand)
- 100+ U.S. Locations
- Various Primary Care Services

Critical Care
- Intensive Care Consortium (ICC)
- Treatment Of Critically Ill Patients
- ICC Mentorship Program

Women's Services
- Labor and Delivery Services
- Gynecological Treatment
- Fertility Treatments
- Maternal-Fetal Medicine
- Neonatology

Facilities
- Freestanding Emergency Rooms
- Physician Clinics
- 2000 Sites of Care
- Surgery Centers
- Urgent Care Centers
- 184 Hospitals
- HealthTrust Consolidated Distribution Centers
- Supply Chain Facilities
- HealthTrust Warehouses

Competitors
- Tenet Healthcare
- Community Health Systems (CHS)
- Mayo Clinic
- Cleveland Clinic
- Non-Profit Hospitals
- Regional Hospital Chains
- University and Teaching Hospitals

Patient Care Services

Co-Pays and Payments for Services Outside of Coverage and Deductibles

Direct Sales of Medical Devices, Packaging, Chemicals, and Transportation Supplies

Wholesale Sales of Medical Devices

Wholesale Sales of Over-the-Counter Consumer Products

Wholesale Sales of Medicines and Branded and Generic Pharmaceuticals for Prescription Use

Patient Care Services

Co-Pays and Payments for Services Outside of Coverage and Deductibles

Reimbursement for Patient Care Services Rendered

Medicaid-Insured Patients
- Low Income Families and Individuals
- Individuals with Tuberculosis
- Disabled Adult Children
- Persons Who Qualify for Supplemental Security Income (SSI)
- Other Qualifying Persons

Privately-Insured Patients
- Employer-Insured Patients (US and UK)
- Patients who Independently Procure Coverage (e.g., via the "Obamacare" Federal Insurance Exchange or a State Exchange)

Premium Payments

Health Insurance Coverage

Key Private Insurers

UnitedHealth (US)	BUPA (UK)	Aviva (UK)
Aetna (US)	Anthem (US)	Prudential (UK)
Humana (US)	Cigna (US)	Axa PPP (UK)

Sales to Wholesale Distributors of Medical Devices

Wholesale Distributors
- McKesson (Medical Products, Branded and Generic Pharmaceuticals, and Over-the-Counter Medicines and Supplies)
- Amerisource Bergen (Medical Products, Generic and Branded Pharmaceuticals, and Consumer Health Supplies)
- Cardinal Health (Medical Devices, Generic and Branded Pharmaceuticals, and Over-the-Counter Medicines and Supplies)
- Medline Industries (Mobility Aids, Bath Safety, Orthopedic and Continence Care Products, First Aid, Medical Gear, and Protective Gear)

Sales to Wholesale Distributors of Consumer Medicines and Pharmaceutical Products for Prescription Use

- Merck (*Sitagliptin*—Type 2 Diabetes)
- Bayer (*Xarelto*—Oral Anticoagulant)
- Abbott (*Influvac*—Seasonal Flu Vaccine, Nutrition and Branded Generic Pharmaceuticals)
- Celgene (*Revlimid*—Mylodysplastic Multiple Myeloma and Syndromes)
- Pfizer (*Enbrel*—Rheumatoid Arthritis; *Lipitor*—Cholesterol; *Lyrica*—Neuropathic Pain; *Viagra*—Erectile Dysfunction; *Eliquis*-- Anticoagulant)
- Novartis (*Gleevac and Gilvec*—Leukemia; *Zelia*—Cholesterol)
- AstraZeneca (*Crestor*—Cardiovascular Diseases; *Symbicort*—Asthma)
- AbbVie (*Humira*—Rheumatoid Arthritis, Psoriasis, and Crohn's Disease)

Direct Sales of Branded and Generic Pharmaceuticals for Prescription Use and Over-the-Counter Medicines and Consumer Health Products

- Philips (Diagnosis and Treatment, Connected Care, and Personal Health Devices)
- Kimberly-Clark (Sanitary Paper Products and Medical Instruments)
- 3M Medical (Facility-to-Home Medical Supplies and Clinical Care)
- Siemens Healthineers (Imaging, Diagnostics, Advanced Therapies)
- Abbott (Rapid Disease Detection and Diagnostics Devices, Glucose-Monitoring System, FreeStyle Libre and Heart Valve Treatment MitraClip, Chemistry Analyzer, i-STAT and Other Lab Solutions and Medical Devices)
- GE Healthcare (Imaging, Ultrasound, Software, and Life Care Solutions, 3D Printing, Surgical Robotics, and Virtual Care)
- Fresenius Medical Care (Products and Services for Home Dialysis Treatment (NxStage), Hospital and Outpatient Treatment)
- Johnson & Johnson (Orthopaedic Products, General Surgery, Biosurgical, Endomechanical and Energy Products Electrophysiology Products to Treat Cardiovascular Disease, and Vision Products (e.g., Disposable Contact Lens) and Ophthalmic Products for Cataract and Laser Refractive Surgery)

Outside Relationships

Customers

Securities Regulation and Stock Exchange Listing Rules

Dividends and Common Stock Repurchases

Equity Capital

Professional Services

Patient Care Services

Co-Pays and Payments for Services Outside of Coverage and Deductibles

Reimbursement of Patient Care Services Rendered

Direct Sales of Branded and Generic Pharmaceuticals for Prescription Use and Over-the-Counter Medicines and Consumer Health Products

TRICARE-Insured Patients
- Active-Duty and Retired Uniformed Service Members
- Spouses or Children of Active-Duty or Retired Active Service Members
- National Guard or Reserve Members
- Survivors of Deceased Military Members
- Medal of Honor Recipients
- Other Eligible Persons

TRICARE Health Insurance Coverage

U.S. Defense Health Agency

Suppliers of Prescription Drugs and Over-the-Counter Consumer Medicines

Roche (*Herceptin*—Breast Cancer; *Mabthera and Rituxan*—Lymphoma, Leukemia, and Autoimmune Disorders; *Avastin*—Metastatic Cancers)

Gilead Sciences (*Atripla* and *Complera*—HIV Infection)

Bristol-Myers Squibb (*Optivo – Cancer*)

GSK (*Seretide*—Asthma; *Advair*—Chronic Obstructive Pulmonary Disease)

Johnson & Johnson (Therapies for Rheumatoid Arthritis, Inflammatory Bowel Disease, Psoriasis, Vaccines for Infectious Diseases, Prostate Cancer and Hematologic Malignancies, Diabetes, and Hypertension)

Suppliers

Professional Services
- Ernst & Young (Audit Services)
- Seigfreid Bingham (Legal Services)
- Brown, Parker, & DeMarinis (Advertising)
- Healthcare Success (Advertising)

Capital

Significant Shareholders
- T. Rowe Price Associates (6.66%)
- The Vanguard Group (5.84%)
- Wellington Management Co. (5.65%)
- BlackRock Fund Advisors (3.56%)
- SSgA Funds Management (3.47%)
- Institutional Ownership (71.03%)

Regulators

Securities Regulators
- U.S. Securities and Exchange Commission
- New York Stock Exchange

Key Company Data

Financial Highlights

Results of Operations
- Sales: $51.336 Billion
- SG&A and Depreciation: $46.092 Billion
- Earnings Before Taxes: $5.244 Billion
- Net Income: $4.145 Billion

Financial Condition
- Total Assets: $45.058 Billion
- Long-Term Debt: $33.577 Billion
- Total Liabilities: $45.623 Billion
- Total Shareholders' Equity: ($565 Million)

Net Cash Flows
- From Operations: $7.602 Billion
- From Investing: ($5.72 Billion):
- From Financing: ($1.771 Billion)
- Total Net: $621 Million

Share Information
- NYSE Ticker Symbol: HCA
- Share Price: $153.03 (11/17/2020)
- 2019 Diluted Earnings Per Share: $10.07
- Earnings Per Share (Trailing 12 Months): $9.89
- 2019 Dividends: $3.75 Per Share
- Forward Dividend: Suspended
- Market Capitalization: $51.782 Billion

Resources
- Employees: 280,000 (210,000 Full-Time Employees and 70,000 Part-Time Employees)
- 179 General, Acute Care Hospitals (with 48,443 Licensed Beds)
- 3 Psychiatric Hospitals (with 412 Licensed Beds)

Selected Subsidiaries

HealthTrust
HealthTrust is the supply chain engine behind HCA's network of hospitals and care sites

HealthTrust is a wholly-owned indirect subsidiary of HCA Healthcare and a GPO.

HealthTrust created a COVID-19 Interactive Dashboard to monitor the pandemic's spread

- CareONE Home Health Services, Inc.
- HCA Management Services, L.P.
- HCA-HealthONE LLC
- HCA, Inc.
- HCA- Urgent Care Holdings, LLC
- HCA Psychiatric Company

Recent Developments
- HCA Healthcare to return $6 billion in COVID-19 Emergency Relief Funds to the federal government
- HCA Healthcare hosts second annual national opioid take back day for a safe disposal of prescription drugs
- HCA Healthcare partners with EVERFI to launch a digital mental health course for students
- HCA Healthcare colleagues teamed up to help ensure health and safety for the final presidential debate
- Belmont University and HCA Healthcare announced plans to establish a new College of Medicine

thinking
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