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EXCELA HEALTH MID YEAR FINANCES SHOW NARROW NET GAIN

GREENSBURG, PA, February 28 ... Excelsa Health, Westmoreland County's largest health care provider, finished the first half of the fiscal year with a net margin of 1.2% compared to last year's negative 1.8% net margin. Income from investments was \$10 million, offsetting the system's negative 3.1% operating margin.

Utilization declines seen across western Pennsylvania are impacting Excelsa Health, Chief Financial Officer Timothy Loch said. Excelsa Health also experienced significant increases in charity care and bad debts during the first half of the fiscal year. "We are very fortunate to have the cash balances that allow us to benefit in the market gains from our investment portfolio. Many health care systems are experiencing similar utilization declines but do not have the cash position of Excelsa Health, or the corresponding investment income that allows Excelsa Health to generate positive net margins during these changing periods."

Loch said the system expected to break even from operations in the current year, but is slightly behind plan as it focuses on a physician alignment strategy that includes the hefty cost of practice acquisition. It is all part of the challenging landscape of health care in western Pennsylvania. Providers and insurers have to find a way to jointly benefit from utilization declines that ultimately result in benefits to patients and employers.