

Non-Profit Health Care Investor Conference

Presented by:

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Overview of CHRISTUS Health

- Faith-based, not-for-profit health ministry formed in 1999
- Sponsored by the CCVIs of San Antonio and Houston
- More than 50 hospitals, long-term care facilities, and long-term acute care facilities (LTAC's)
- More than 175 clinics, outpatient centers and physician offices
- Stehlin Foundation for Cancer Research
- Supporting Regional Foundations
- Managed Care Product (USFHP)



Service Locations



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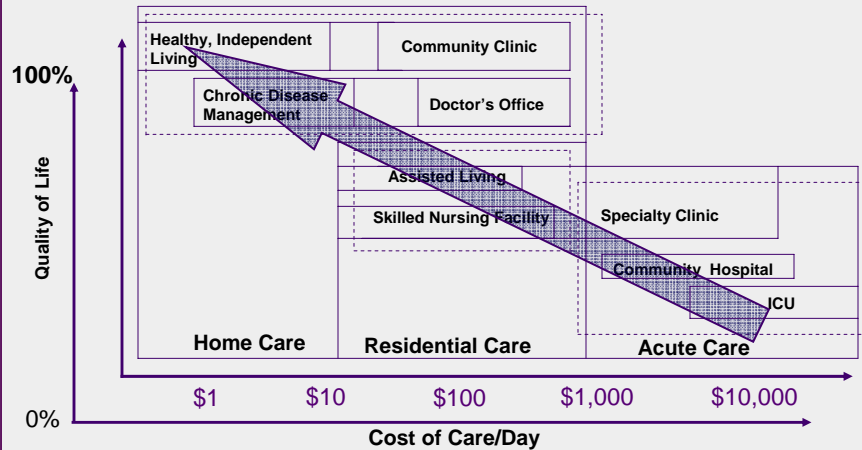
Strategic Direction

<i>1/3 Acute Care</i>	<i>1/3 Non-Acute Care</i>	<i>1/3 International</i>
Acute inpatient stay and related outpatient services	Post-acute Community-based Services Senior Services Physician Clinics Retail Services	Mexico Other

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Continuum of Care Integration



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Journey to Excellence

- Balanced Scorecard – Four Directions to Excellence
 - » Clinical Quality
 - » Service Quality
 - » Community Value
 - » Business Literacy
- Service Guarantee
- Associate Covenant
- Governance Process
- Physician Compact

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Continuing Trends Shape Healthcare

- Pressure on reimbursement
- Accelerated shift to ambulatory driven by new technologies
- Inpatient roles continue to change
- Physician-hospital relationships reshaped
- Increased demand for transparency
- Impact of aging baby boomers

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Futures Task Force II

Members

Board Members

Sponsors

Senior Leaders

External Experts

Regional Leaders

Process

Research

Workshops

Experiential Learning

Scenario Planning

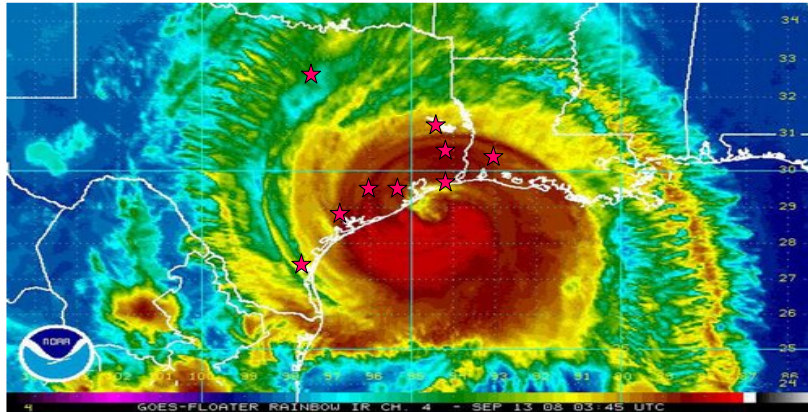
Rapid Prototyping

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2009: The Perfect Storm

Hurricane Ike, Sept. 2008



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Hurricane Ike

- Preemptively closed 2 facilities, evacuated > 500 patients
- Sustained damage to 8 facilities (including 4 hospitals)
- Incurred property damage and business interruption
 - St. John, St. Elizabeth and St. Mary sustained significant losses
- Estimated loss total of \$59,000,000
- Estimated CHRISTUS Health portion of \$22.5 million
 - \$10 million self-retention
 - \$12.5 million Emerald Assurance

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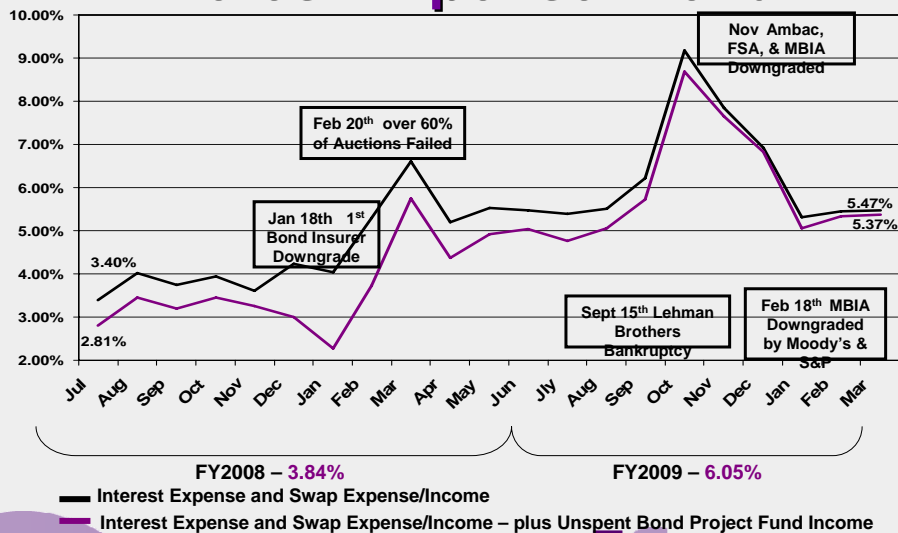
Financial Hurricane

- Significant Interest Rate Increase
 - Bond insurer downgrades
 - Failure of auction rate markets
 - Limited access to fixed rate market
- Significant Investment Losses
 - 24.2% portfolio loss YTD through February 2009
 - Decline in days cash on hand
- Significant Decline in Pension Assets
 - Funded Status declined from 95% to 75% of AOB

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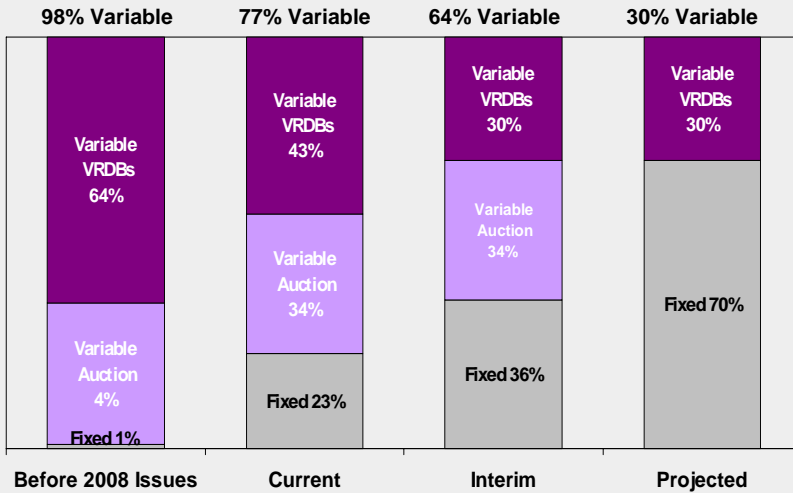
Interest Expense Trend



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Bond Portfolio



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Quarterly Statement of Operations

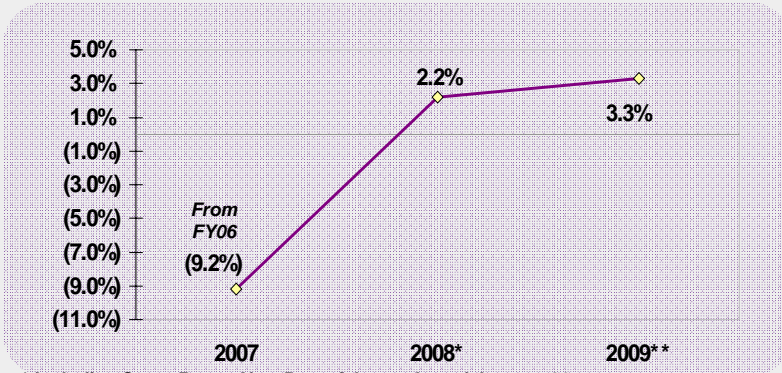
(In thousands)

	09/30/08	12/31/08	03/31/09	% Inc/(Decr) Q1 to Q2	% Inc/(Decr) Q2 to Q3
UNRESTRICTED REVENUES:					
Net patient service revenue	\$ 758,347	\$ 771,472	\$ 811,355	1.7%	5.2%
Premium revenue	37,027	38,011	37,438	2.7%	(1.5%)
Other revenue	39,411	30,962	52,009	(21.4%)	68.0%
Equity in (loss) income of unconsolidated organizations	(2,765)	(8,162)	606	(195.2%)	107.4%
Total revenues	832,020	832,283	901,408	0.0%	8.3%
EXPENSES:					
Employee compensation and benefits	395,197	391,181	389,632	(1.0%)	(0.4%)
Services and other	207,267	204,041	245,034	(1.6%)	20.1%
Supplies	146,373	147,716	149,632	0.9%	1.3%
Depreciation and amortization	58,455	59,505	57,389	1.8%	(3.6%)
Provision for uncollectible accounts	37,713	37,996	40,490	0.8%	6.6%
Interest	15,241	20,542	13,254	34.8%	(35.5%)
Total expenses	860,246	860,980	895,431	0.1%	4.0%
OPERATING (LOSS) INCOME	(28,227)	(28,697)	5,977	(1.7%)	120.8%

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Admissions Growth



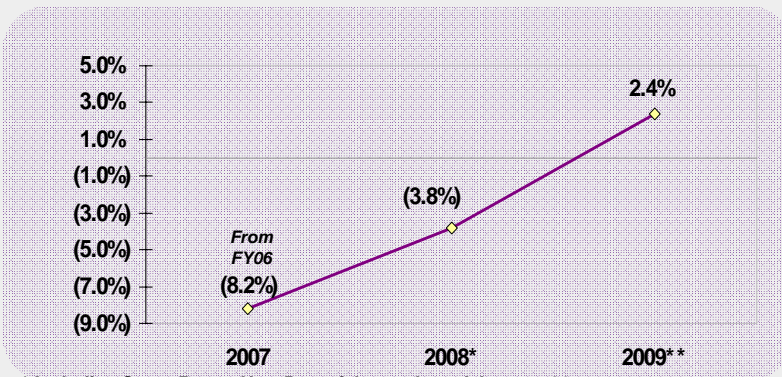
* Including Santa Rosa - New Braunfels purchased January 30, 2008, and New Mexico - St. Vincent a partnership formed April 9, 2008.

** FY2009 projected based on March YTD

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Surgeries Growth



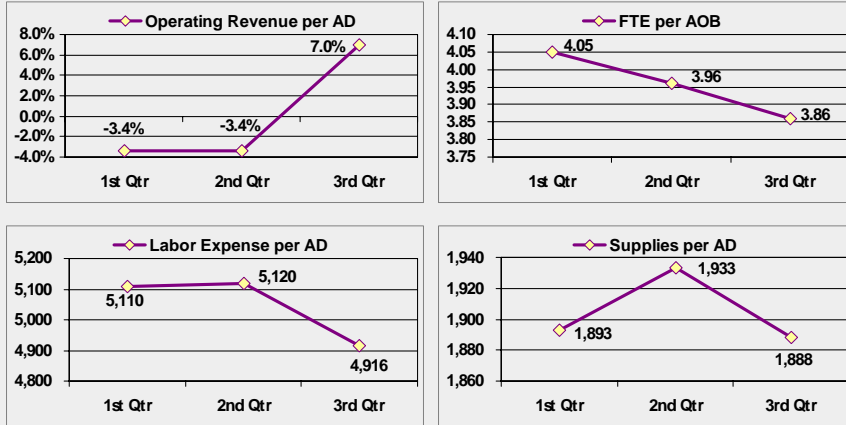
* Including Santa Rosa - New Braunfels purchased January 30, 2008, and New Mexico - St. Vincent a partnership formed April 9, 2008.

** FY2009 projected based on March YTD

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Key Indicator Trends



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Labor Expense per Adjusted Discharge

	09/30/08	12/31/08	% Inc/(Decr)		03/31/09	% Inc/(Decr)
New Mexico	5,826	6,179	6.1%	↓	5,990	(3.1%) ↑
Southeast Texas	3,978	3,800	(4.5%)	↑	3,679	(3.2%) ↑
Gulf Coast	3,708	3,882	4.7%	↓	3,948	1.7% ↓
Ark-La-Tx	3,251	3,371	3.7%	↓	3,020	(10.4%) ↑
Spohn	3,956	3,766	(4.8%)	↑	3,652	(3.0%) ↑
Santa Rosa	4,758	5,159	8.4%	↓	4,933	(4.4%) ↑
Northern Louisiana	4,119	4,235	2.8%	↓	4,087	(3.5%) ↑
Southwest Louisiana	3,824	3,800	(0.6%)	↑	3,740	(1.6%) ↑
Central Louisiana	3,764	3,992	6.1%	↓	3,556	(10.9%) ↑

Improvement ↑
Decline ↓

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Supplies Expense per Adjusted Discharge

	09/30/08	12/31/08	% Inc/(Decr)		03/31/09	% Inc/(Decr)
New Mexico	1,595	1,524	(4.5%)	↑	1,600	5.0%
Southeast Texas	1,511	1,705	12.9%	↓	1,633	(4.2%)
Gulf Coast	1,183	1,217	2.9%	↓	1,382	13.6%
Ark-La-Tx	1,481	1,494	0.9%	↓	1,361	(8.9%)
Spohn	1,672	1,731	3.5%	↓	1,752	1.2%
Santa Rosa	1,889	2,132	12.9%	↓	2,073	(2.8%)
Northern Louisiana	1,893	1,986	4.9%	↓	1,950	(1.8%)
Southwest Louisiana	2,255	2,302	2.1%	↓	2,051	(10.9%)
Central Louisiana	1,890	1,814	(4.0%)	↑	1,788	(1.4%)

Improvement ↑
Decline ↓

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Operating Margin %

	09/30/08	12/31/08	% Inc/(Decr)		03/31/09	% Inc/(Decr)
New Mexico	1.2%	0.3%	(73.4%)	↓	1.3%	293.5%
Southeast Texas	0.1%	2.4%	1,547.5%	↑	3.5%	46.0%
Gulf Coast	0.8%	2.0%	136.7%	↑	8.4%	324.4%
Ark-La-Tx	3.6%	3.2%	(10.2%)	↓	3.8%	16.7%
Spohn	(4.2%)	2.9%	170.0%	↑	4.4%	49.7%
Santa Rosa	4.5%	3.5%	(22.8%)	↓	3.2%	(6.8%)
Northern Louisiana	(6.9%)	(5.0%)	26.8%	↑	(4.6%)	8.4%
Southwest Louisiana	(15.8%)	(2.0%)	87.6%	↑	(0.2%)	88.9%
Central Louisiana	(5.6%)	0.6%	110.1%	↑	3.7%	555.3%

Improvement ↑
Decline ↓

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Operating Cash Flow Margin %

	09/30/08	12/31/08	% Inc/(Decr)		03/31/09	% Inc/(Decr)
New Mexico	5.2%	4.7%	(8.9%) ↓		5.4%	14.4% ↑
Southeast Texas	10.0%	12.0%	20.6% ↑		12.4%	3.5% ↑
Gulf Coast	11.2%	11.5%	2.7% ↑		17.6%	53.3% ↑
Ark-La-Tx	13.4%	13.5%	1.1% ↑		15.2%	11.9% ↑
Spohn	3.9%	10.7%	176.6% ↑		11.6%	8.8% ↑
Santa Rosa	13.3%	12.9%	(2.9%) ↓		11.1%	(13.4%) ↓
Northern Louisiana	5.1%	7.1%	40.0% ↑		7.2%	1.4% ↑
Southwest Louisiana	(4.4%)	8.3%	287.5% ↑		10.6%	27.6% ↑
Central Louisiana	4.3%	10.5%	143.7% ↑		13.3%	26.0% ↑

Improvement ↑
Decline ↓

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Region Turnarounds

SETX Region

- ❖ Operating margin improvement in 2.4% and 3.5% in Q2 and Q3, respectively.
- ❖ FTE's per adjusted occupied bed reduction of 6.2% and 4.1% in Q2 to Q3, respectively.
- ❖ Labor Expense per adjusted discharge reduction of 4.5% and 3.2% in Q2 to Q3, respectively.

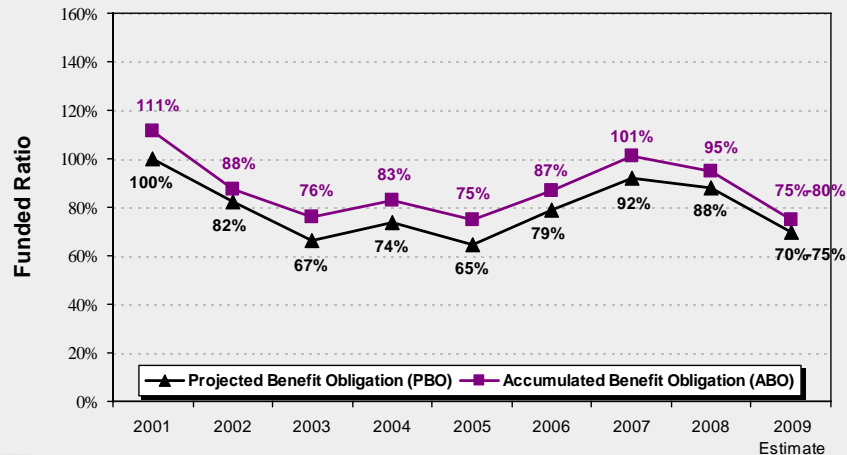
NLA Region

- Operating loss improvement from Q1 to Q3 of 30.5%
- FTE's per adjusted occupied bed reduction of 3.8% from Q1 to Q3.
- Total operating revenue per adjusted discharge increase of 4.0% from Q1 to Q3.

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Funded Status of Pension Plan



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Discount Rate

7.25%

7.25%

6.50%

6.25%

5.00%

6.00%

6.00%

6.23%



Vision: 2016 and Beyond

- Some diseases will be “cured”
- Trauma leading cause of death age <55
- Some diseases treated by alternative medicine
- Increase in global warming related illnesses
- Home health and remote monitoring drive retail orientation
- Increase in retail services including e-commerce

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Vision: 2016 and Beyond

- Increase in philanthropy
- Improved disease management through provider-payor partnerships
- Innovations in physician employment models
- System integration of medical tourism and international strategies
- Integrated EMR and IT strategies
- Expansion of non-acute programs and partnerships

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Questions and Discussion

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