

UNIVERSAL HEALTH SERVICES INC

Form 10-Q

November 08, 2016

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, 2016

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 1-10765

UNIVERSAL HEALTH SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE 23-2077891
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

UNIVERSAL CORPORATE CENTER

367 SOUTH GULPH ROAD

KING OF PRUSSIA, PENNSYLVANIA 19406

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (610) 768-3300

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 and posted on its corporate website, 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

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. Common shares outstanding, as of October 31, 2016:

Class A	6,595,308
Class B	89,669,238
Class C	663,940
Class D	22,100

UNIVERSAL HEALTH SERVICES, INC.

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This Quarterly Report on Form 10-Q is for the quarter ended September 30, 2016. This Report modifies and supersedes documents filed prior to this Report. Information that we file with the Securities and Exchange Commission (the “SEC”) in the future will automatically update and supersede information contained in this Report.

In this Quarterly Report, “we,” “us,” “our” “UHS” and the “Company” refer to Universal Health Services, Inc. and its subsidiaries. UHS is a registered trademark of UHS of Delaware, Inc., the management company for, and a wholly-owned subsidiary of Universal Health Services, Inc. Universal Health Services, Inc. is a holding company and operates through its subsidiaries including its management company, UHS of Delaware, Inc. All healthcare and

management operations are conducted by subsidiaries of Universal Health Services, Inc. To the extent any reference to “UHS” or “UHS facilities” in this report including letters, narratives or other forms contained herein relates to our healthcare or management operations it is referring to Universal Health Services, Inc.’s subsidiaries including UHS of Delaware, Inc. Further, the terms “we,” “us,” “our” or the “Company” in such context similarly refer to the operations of Universal Health Services Inc.’s subsidiaries including UHS of Delaware, Inc. Any reference to employees or employment contained herein refers to employment with or employees of the subsidiaries of Universal Health Services, Inc. including UHS of Delaware, Inc.

PART I. FINANCIAL INFORMATION

UNIVERSAL HEALTH SERVICES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share amounts)

(unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net revenues before provision for doubtful accounts	\$2,610,911	\$2,439,071	\$7,869,352	\$7,271,852
Less: Provision for doubtful accounts	201,039	211,416	578,827	543,640
Net revenues	2,409,872	2,227,655	7,290,525	6,728,212
Operating charges:				
Salaries, wages and benefits	1,149,729	1,057,226	3,428,801	3,132,993
Other operating expenses	597,270	529,383	1,744,849	1,571,060
Supplies expense	257,793	242,259	767,465	721,979
Depreciation and amortization	103,712	99,442	309,172	295,697
Lease and rental expense	23,799	24,544	73,057	70,631
Electronic health records incentive income	0	(356)	0	(1,751)
	2,132,303	1,952,498	6,323,344	5,790,609
Income from operations	277,569	275,157	967,181	937,603
Interest expense, net	32,129	27,130	92,171	84,851
Income before income taxes	245,440	248,027	875,010	852,752
Provision for income taxes	88,175	84,373	306,577	293,371
Net income	157,265	163,654	568,433	559,381
Less: Income attributable to noncontrolling interests	5,400	13,367	40,232	52,602
Net income attributable to UHS	\$151,865	\$150,287	\$528,201	\$506,779
Basic earnings per share attributable to UHS	\$1.56	\$1.52	\$5.43	\$5.12
Diluted earnings per share attributable to UHS	\$1.54	\$1.48	\$5.36	\$5.02
Weighted average number of common shares - basic	97,118	98,858	97,278	98,924
Add: Other share equivalents	1,203	2,301	1,257	1,987
Weighted average number of common shares and equivalents - diluted	98,321	101,159	98,535	100,911

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

UNIVERSAL HEALTH SERVICES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(amounts in thousands, unaudited)

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net income				